

MINUTES

HOUSTON FIRST CORPORATION

BOARD OF DIRECTORS MEETING
October 18, 2018 – 3:00 P.M.
Partnership Tower, 701 Avenida de las Americas, Ste. 200
Houston, Texas 77010
HFC BOARD ROOM

The Board of Directors ("Board") of Houston First Corporation (the "Corporation" or "HFC"), a Texas local corporation created and organized by the City of Houston as a local government corporation pursuant to TEX. TRANSP. CODE ANN. §431.101 et seq. and TEX LOC. GOV'T. CODE ANN. §394.001 et seq., held a meeting at Partnership Tower, 701 Avenida de las Americas, Houston, Harris County, Texas, 77010, on Thursday, October 18, 2018, commencing at 3:00 p.m.

Written notice of the meeting including the date, hour, place and agenda for the meeting was posted in accordance with the Texas Open Meetings Act.

The following Board members participated in the meeting: David Mincberg (Chair), Desrye Morgan (Vice Chair), Sofia Adrogué, Katy Caldwell, Nicki Keenan, Alex Brennan-Martin, Elizabeth Brock, Bobby Singh, Gerald Womack, Jay Zeidman, Council Member David Robinson, Ex-officio and Council Member Dave Martin, Ex-officio.

The Chairman of the Board called the meeting to order at 3:05 p.m. and a quorum was established.

1. **Public Comments.** Kathryn McNiel, CEO of Theater District Houston, thanked HFC for the grant provided for the 25th Annual Theater District Open House that took place August 26, 2018. With the additional funds provided, Theater District Houston was able to hire a professional firm to conduct an audience survey.

Ms. McNiel shared the results of the audience survey and noted there were an estimated 12,000 attendees at the event. Of those in attendance, 55% had attended Theater District Open House before and the remaining 45% were first time patrons. She also shared the demographic information of those in attendance.

Overall, the event was a great success and Mayor Sylvester Turner and Harris County Commissioner, Rodney Ellis, were also able to attend.

The Chairman of the Board asked if Ms. McNiel could provide the results of the audience survey to the entire Board.

Roger Harris, HFC Development Specialist Manager, introduced Jermaine Morgan of Sterling Technologies to discuss his experience working with HFC as a small minority owned business.

Jermaine Morgan, Managing Partner of Sterling Technologies, discussed his time working with HFC. Mr. Morgan was approached by Roger Harris about working on a cyber security project with the IT Department in 2015 and has continued to do business with HFC since then. Mr. Morgan explained that his business has flourished and he is now reaching out to other small firms to give him the same opportunity HFC gave him.

Gerald Womack commented that he was happy to hear Mr. Morgan was able to help others and he believed his example was what the diversity program was all about.

2. **Review and approval of minutes from prior meeting.** Following a motion duly seconded, the minutes of September 20, 2018 were approved as presented. Desrye Morgan, Elizabeth Brock, and Council Member Dave Martin were not present for the vote.
3. **Presentations and Reports.**

- A. **Flood Recovery Status.** Phil Restivo, Vice President of Management and Operations at Turner Construction Company, gave the Project Manager Report.

Mr. Restivo started the presentation with a side by side photo of the stage at Wortham Theater September 2017 and the first performance that took place on September 26, 2018.

Mr. Restivo thanked the project management team and HFC staff for all the work they put into restoring power to the theater after the sprinkler event.

According to Mr. Restivo, the project schedule has not changed much with expected completion of the Blue and Yellow Garages in the First Quarter of 2019. The Nutcracker Move-In is scheduled for November 13, 2018 with performances scheduled November 23 - Dec. 29, 2018.

The project budget has increased by \$3,600,000 due to interim funding for the sprinkler event; therefore, the guaranteed maximum price for the total project budget is \$73,600,000.

Mr. Restivo asked Roksan Okan-Vick, Senior Vice President of Regional Product Development, to give an update on mitigation.

Ms. Okan-Vick stated that HFC was considering several mitigation designs based on different flood elevations. The general approach to mitigation is still the same; to tighten up the perimeter and provide secondary protection wherever possible.

Ms. Okan-Vick further noted that \$2,700,000 for flood mitigation at Wortham Theater had already been approved by the Board.

She also showed a rendering of one of the flood mitigation designs with floating flood walls and additional protection of the garage stairway.

In conclusion, Ms. Okan-Vick stated the design team was working hard to complete the design and pricing will be presented to the Board in December.

Council Member David Robinson thanked Mr. Restivo and Ms. Okan-Vick for the update and presenting various options for flood mitigation. He also cautioned Ms. Okan-Vick of the importance in adhering to any new standards approved by the City of Houston under Chapter 19 for flood mitigation. Additionally, he noted that it was important to keep him informed as HFC moved forward in the design process.

Bobby Singh asked what firm was working on the mitigation design concept and Ms. Okan-Vick clarified that Harrison Kornberg and Arup were completing the work as part of the scope of services of the project.

Mr. Singh also suggested that the staff put some thought into how they would present the mitigation designs and pricing in December. Mr. Singh suggested a phased approach given the difficult decision the Board will face with approving funding.

Paul Puente asked for further clarification of when the Board could expect to receive the design and pricing and Ms. Okan-Vick clarified that the Board would receive the information in December.

Gerald Womack asked if it would be more resourceful for HFC to consider an automated design to enable flood doors in the event of emergency rather than using HFC staff to raise the flood doors manually.

Ms. Okan-Vick further explained that HFC staff had discussed various options at length, including the pros and cons of an automated system.

B. Financial Report. Frank Wilson, Chief Financial Officer, gave a brief financial report over the actual budget for three quarters.

Mr. Wilson explained that HFC remains on track to finish the year in the black due to strong performance at the Hilton Americas-Houston Hotel ("Hotel").

He further noted that expenses are up slightly due to additional fees to the City of Houston related to hotel occupancy taxes ("HOT") and none of the expenses provided include disaster related funding.

Mr. Wilson commented that HOT collections have slowed slightly in the third quarter, however, HFC anticipates that fourth quarter collections will exceed budget.

Additionally, Mr. Wilson stated that the net income trend for the Hotel was strong with a projected budget of \$37,200,000, if not more, according to Jacques D' Rovencourt, General Manager of the Hotel.

Major expenditures are at or below budget; however, some of these expenditures may increase due to the re-opening of Wortham Theater such as the janitorial services contract.

In conclusion, Mr. Wilson reviewed uses of cash related to Hurricane Harvey recovery projects.

Desrye Morgan asked if there were any outstanding reimbursements due to HFC and both Frank Wilson and Brenda Bazan discussed additional funds.

The Chairman of the Board further discussed the financials related to Hurricane Harvey relief and the shortfall that HFC will have to overcome.

Mr. Wilson acknowledged the shortfall and explained that he had been in communication with the City of Houston about reimbursement.

- C. Community Sponsorship Report. Arcy Muñoz, Community Relations Manager, provided a 180 day summary of Community Events from July 2018 through January 2019.

The Chairman of the Board encouraged Board members to avail themselves of the events discussed.

- D. 2018 Purchase Orders between \$50,000 - \$250,000. Frank Wilson stated a spreadsheet with purchase orders between \$50,000 and \$250,000 had been included in the board materials.

Jay Zeidman asked about the number of payments made to consultants and what results HFC had seen as a result of these contracts.

According to Frank Wilson, there is a review of consultant contracts during the budget process and HFC expects the payments attributed to consultants to decrease. Brenda Bazan noted since the change in leadership on the HFC Board that line item had decreased over the past two years.

The Chairman of the Board encouraged staff to remain vigilant of expenditures related to consultant contracts.

Gerald Womack commented that he is more concerned with how HFC selects its vendors and how HFC tracks the information.

Mr. Womack stated he had spoken with Frank Wilson and thanked him for keeping him informed of HFC processes.

Paul Puente asked how many of the contractors included on the list provided were local contractors and Mr. Wilson stated he was unsure but he could provide that information.

Desrye Morgan noted there were very few minority and women-owned firms represented on the list provided and Mr. Wilson clarified that the information given only included a small percentage of HFC contracts.

E. Third Quarter Operational Report. John Gonzalez, Vice President & General Manager of Convention Services, gave the operational report.

Mr. Gonzalez stated the George R. Brown Convention Center ("GRB") has had strong third quarter attendance numbers with more than thirty conventions including NAPE, Grace Hopper, AKA Boulee, Trimble, and the Islamic Society of North America. Overall attendance from quarter three is over 999,750 guests.

Events at the GRB for fourth quarter are expected to generate over 157,000 attendees.

HFC has been pursuing the National Safety Council Congress & Expo ("NSC Congress & Expo") since 2007 and Mr. Gonzalez was happy to announce the event will be hosted at GRB October 20-26, 2018.

Mr. Gonzalez noted there has been a 3% increase in revenue and 6% increase in overall participation of the NSC Congress & Expo in previous years and GRB anticipates more than 14,000 attendees.

The next Party on the Plaza event is October 25, 2018 with Hayes Carll and Charley Crockett.

Todd Holloman, Director of Convention Services, has worked very hard to promote the Party on the Plaza event series. Attendance has grown to approximately 4,000 a night with concession sales between \$4,000 and \$5,000 a night. Mr. Gonzalez also noted the team was looking at ways to get the restaurants on Avenida more involved in the action.

Desrye Morgan commented that it was exciting to see the success of Party on the Plaza and thanked Todd Holloman and Holly Clapham-Rosenow for their efforts.

Brenda Bazan directed Board members' attention to their board materials at an image of the Avenida Houston sign that will be added to the skybridge. Brenda Bazan also thanked her partner from the City of Houston, Susan Christian, for her assistance in getting approval.

The Chairman of the Board also stated he was excited to see Avenida Houston crawling with people and the recognition that Houston is really where it's at.

Council Member David Robinson mentioned all the activity on Avenida Houston the night of the Consular Ball.

- F. Texas Monthly Collaboration. The Chairman of the Board was contacted by Texas Monthly and Board Members Ryan Martin and Jay Zeidman have been asked to work on a project to highlight innovation in Houston.

Jay Zeidman explained a meeting was conducted last week with Micheal Heckman, Senior Vice President of Partnerships and Event Development, to come up with ideas and concepts but they were unsure what the event would be at this time. Mr. Zeidman also noted there would be some cost associated with the event so he would be coming to the Board at a later date.

The three main goals of the event are to: 1) highlight some of the great things going on in the State; 2) generate revenue by putting heads in beds and; 3) showcase Houston as a city of the future and bring in guests from all over the world.

Mr. Zeidman stated he hoped to have a formal presentation with representatives from Texas Monthly at the next Board meeting.

The Chairman of the Board thanked Jay Zeidman and Ryan Martin for their help.

Desrye Morgan asked if there was an opportunity to include gaming in the event.

Mr. Zeidman stated he was unsure at this time as they were in the early stages of planning but that her point was noted.

- G. Summer Internship Program Recap. Arneita McKinney, Director of Corporate Affairs, gave an overview of the 2018 Summer Internship Program.

HFC hosted nine interns over a seven week period that represented five universities.

Ms. McKinney showed a brief video clip of the 2018 summer interns and went on to discuss some of the highlights of the internship program.

The HFC Summer Internship Program is designed to provide students with real world work experience and promote new skills and knowledge in a well-rounded work environment.

Interns had the opportunity to participate in lunch and learns, business meetings, Toastmasters, and behind the scenes tours of HFC facilities.

Ms. McKinney concluded the presentation by reading a few of the thank you notes she received from summer interns. She also thanked HFC staff for their help and support.

Bobby Singh asked how applicants apply to the internship program and what the criteria was.

Ms. McKinney explained that the statistics change every year because the number of applicants selected is often based on the HFC budget and need of each department. HFC recruits interns through the HFC website, local universities, and by referrals.

Gerald Womack stated he raised the question to the Legal Department about giving law students from Texas Southern University an opportunity to participate in the internship program and at least one of those students reached out to him personally to thank him and is now an attorney.

Elizabeth Brock asked if HFC worked with the City of Houston and the Hire Houston First Program and Brenda Bazan answered that HFC did work with the City of Houston.

Desrye Morgan asked what the criteria was for high school, university, and graduate level students and asked how often HFC participated in the internship program.

Ms. McKinney stated a lot of emphasis is on whether or not the student is the right fit for that department. For example, interns in the Theater District may be required to have specialized knowledge and skills in electrical. She also clarified that HFC does not participate in the internship program throughout the year and only host a summer program.

Ms. Morgan asked that the Board be informed about the internship program so that they can be a resource to the staff.

- H. President's Report. Brenda Bazan stated the branded skybridges would soon be displayed on Avenida Houston.

She also announced KHOU had its first news broadcast from the Avenida Studio yesterday.

Board members should have received an invite to the employee appreciation event at Wortham Theater Center Tuesday, October 23, 2018 at 3:00-4:30 p.m. Invitations to the VIP ribbon cutting event for the Rustic are also forthcoming.

Lastly, Brenda announced that Shelia Turkiewicz, Interim Chief Operating Officer of the Theater District, is retiring after fifteen years of service to the Theater District. Brenda expressed her gratitude for all the work she has done and the tremendous efforts she has made this past year with the Wortham reconstruction project. Brenda and Council Member David Robinson presented Sheila with a token of their appreciation.

Council Member David Robinson presented Sheila with a proclamation from the City of Houston and Mayor Sylvester Turner in honor of her service to the Theater District.

Sheila gave a few words to the Board and HFC staff. She expressed her gratitude to HFC and her staff in the Theater District.

4. **Executive Session.** Executive (closed session) pursuant to Texas Government Code Section 551.072 for the purpose of deliberations regarding real estate.

The Board entered executive session at 4:23 p.m. and returned from executive session at 4:55 p.m.

5. **Announcement.** The next Board meeting will be held November 15, 2018 at 3:00 P.M.
6. **Adjournment.** The meeting was adjourned at 4:57 p.m.