



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 12/1/2020

Item Creation Date:

FIN - HFC 2nd Amend to Lease

Agenda Item#: 26.

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Summary:

ORDINANCE amending Ordinance No. 2018-388 to increase the maximum contract amount for Lease Agreement between City of Houston and **HOUSTON FIRST CORPORATION, formerly HOUSTON CONVENTION CENTER HOTEL CORPORATION**; approving and authorizing an amendment to the aforementioned lease agreement approving and authorizing reimbursement for eligible COVID-19 expenditures

Background:

SUBJECT:

Approve ORDINANCE amending Ordinance No. 2018-388 to add a maximum contract amount for the Lease Agreement between the City of Houston and HOUSTON FIRST CORPORATION formerly HOUSTON CONVENTION CENTER HOTEL CORPORATION; approving and authorizing a second amendment to the aforementioned Lease Agreement; authorizing the Mayor to execute Promissory Note(s) and providing reimbursement for eligible Covid-19 expenditures from CRF.

SPECIFIC EXPLANATION:

The City's Chief Business Officer/Director of the Finance Department recommends City Council adopt the proposed ordinance for the second amendment to the Lease Agreement with Houston First Corporation ("Houston First") formerly Houston Convention Center Hotel Corporation to include provisions regarding the distribution of Coronavirus Relief Fund (CRF) proceeds and distribution and repayment of insurance proceeds as formalized in a Promissory Note.

On June 1, 2011, City Council adopted an ordinance approving the existing Lease under which Houston First Corporation manages several City-owned properties, such as the Wortham Theater Center, Jones Hall, Jones Plaza, and the George R. Brown Convention Center ("Leased Premises"). Under the terms of the Lease, the City insures the Leased Premises and in the event of any damage to the Leased Premises, the City will make the insurance proceeds available to Houston First to repair the Leased Premises. Hurricane Harvey damaged several of the Leased Premises, such as the landmark, City-owned Wortham Theater Center which sustained substantial flood damage from Hurricane Harvey.

Additionally, on May 9, 2018, City Council adopted the first lease amendment which made up to \$35 million available to Houston First from a combination of insurance proceeds and Commercial Paper for the repair of City-owned facilities, such as the construction necessary to ensure the Wortham Theater Center re-opened in 2018.

The second amendment allows Houston First to seek reimbursement for eligible COVID-19 or other disaster related expenses from the City to be paid out of the CRF portion of Disaster Funds. This second amendment allows the City to provide an additional approximately \$23 million from a combination of CRF (\$3 million) and insurance funds (\$20 million) to Houston First for the operation of the leased premises and/or to enable Corporation to make and expedite the necessary alterations, repairs and restorations to the leased premises. The second amendment increases the cumulative maximum dollar amount of promissory notes to \$45 million.

Disaster Note: This item is related to the impact of Hurricane Harvey DR-4332 and COVID-19 and it is the City's intent to seek reimbursement from federal, state and grant sources and/or use other federal funding sources for eligible expenditures.

Fiscal Note: No fiscal note is required for grant-funded items.

DocuSigned by:

Tantri Emo

Tantri Emo, Chief Business Officer/Director of Finance

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Prior Council Action:

No. 2011-390

No. 2018-388

Amount of Funding:

\$20,000,000.00 – Disaster Recovery (Fund 5303)

\$3,187,671.33 – CARES Act 2020 (Fund 5307)

\$23,187,671.33 - Total

Contact Information:

Melissa Dubowski

Phone: 832-393-9101

Arif Rasheed

Phone: 832-393-9013

ATTACHMENTS:

Description

Second Amendment to Lease Agreement

Revised ordinance

Type

Backup Material

Ordinance/Resolution/Motion