

Hemisfair Park Area Redevelopment Corporation
Board of Directors Monthly Meeting
Executive Assembly Conference Center
San Antonio, TX 78205
August 8, 2014
8:00 a.m. – 10 a.m.

Board Attendance: Madison Smith, Sue Ann Pemberton, Paul Foster, Dirk Elmendorf, Ashley Hixon, Alan Schoenbaum, Sonia Rodriguez, Dan Lopez

HPARC Staff Attendance: Andres Andujar, Anne Krause, Roger Tavares, Gary Boyd, Rachel Holland

Additional Attendance: Linda Deatruck (Greener Cities), Karl Baker (Golden Steves), Drew Hicks (Rackspace), Veronica Zertuche (CoSA), Aaron Parks (ITC)

A. Call to Order

HPARC Chair Madison Smith officially called the meeting to order at 8:07am. Smith then welcomed and introduced newest HPARC Board member Sonia Rodriguez who is an attorney at Branton Hall and serves on the Mayor's Fitness Council, and served as Tri-Chair of SA2020.

B. Approval of the June 13, 2014 Meeting Notes

No changes were offered to the June 13, 2014 meeting minutes. HPARC Board Member Alan Schoenbaum made a motion to approve the minutes as written and Board Member Sue Ann Pemberton seconded the motion. The motion passed unanimously.

C. Citizens to be Heard

Stephen Cross with the Magik Theatre updated the Board that the Magik Theatre has reached the capacity of children for its summer camp. He reported that the Magik Theatre serves 200,000 children each theatre season, and that next week Shrek opens. The Magik Theatre plans to expand their programs to other downtown theatres.

D. Chief Executive Officer Report

HPARC CEO Andres Andujar reported on the following activities:

- The Mayor and City Council appointed Sonia Rodriguez to the HPARC Board
- HPARC hired newest staff member Drew Hicks who will begin as the Communications Manager on August 25, 2014
- The Hemisfair Conservancy continues to make progress cultivating donors and growing its Board of Directors. City Council will be voting soon on the Conservancy's Donor Recognition Policy, and the Conservancy just extended an offer for a new staff position
- Anne Krause, Doug Ward, Katie Reynolds, Ramiro Cavazos, and Andi Rodriguez are currently serving on the Hemisfair Conservancy Board
- HPARC staff traveled to Seattle to review the work of Hemisfair civic park designer. While in Seattle, staff visited the Bill and Melinda Gates Foundation grounds, the Seattle Center development, and Olympic Sculpture Park
- HPARC has drafted the Hemisfair Mixed Income Residential Policy and will present for Board approval at next meeting
- HPARC and the Conservancy are drafting an Operational and Relational Memorandum of Understanding between the two organizations
- HPARC received City Council approval to issue P3 RFQs for developments in the southwest corner of Hemisfair, a notice has been sent out to developers, and the formal RFQ will be released soon

- HPARC submitted interest for the CPS potential headquarters site to be located in the Hemisfair district
- HPARC selected images from ITC archives of the 1968 World’s Fair for display in the new VIA bus shelters along Cesar Chavez Blvd
- HDRC approved final design of Yanaguana Garden, the pergola concept, and the historic homes stabilization and restoration plan
- Coordination continues with all City leadership, City departments, local agencies, neighboring property owners, Board, staff, Convention Center expansion team, art organizations, and interested stakeholders

E. Briefing and Possible Action on Master Lease and Master Agreement

HPARC Legal Counsel Karl Baker gave the Board an overview of both the Master Lease and the Master Agreement, two separate documents that are pending City Council approval.

He first explained the Master Lease, the lease between the Hemisfair Park Public Facilities Corporation (the landlord) and HPARC (the tenant), regarding all land that may be developed within Hemisfair property. This document authorizes HPARC as Tenant to solicit and recommend selection for P3 Developers as Subtenants, to be approved by City Council. The Master Lease defers permitted uses to the development subleases when applicable. The tenant will be required to maintain the property. A summary of the document is as follows:

- Parties: Hemisfair Park Area Redevelopment Corporation (“Tenant”) and Hemisfair Park Public Facilities Corporation (“Landlord”). Landlord is a Public Facilities Corporation (PFC) that has been formed by the City to receive the developable parcels of land within Hemisfair. Landlord is governed by a Board of Directors comprising the City Council.
- Landlord leases PFC land tracts totaling 14.4 acres to Tenant for 99 years at \$10 per year
- Allows for P3 Developments (“Development Subleases”) with approval from City Council
- Minor Subleases (for tenants in existing buildings) requires City Manager approval
- Permitted Uses will be determined by the terms of the Development Sublease where applicable. Otherwise, the Permitted Uses will be the current uses of the Property or such other uses as may be approved by the City Manager
- Tenant is required to carry insurance and indemnify Landlord
- Tenant is required to maintain and repair improvements at its own risk and expense, an expense transferable to the Subtenants
- Event of default exists if: (1) monetary default, (2) insolvency, (3) bankruptcy, (4) termination of existence, (4) execution or levy on premises, or (5) other non-monetary defaults
- Remedies to default are: (1) terminate lease, (2) take possession of Premises, (3) perform obligation payable by Tenant with interest, or (4) exercise right to enjoin prohibited uses and enforce the Permitted Use restrictions

Baker then explained the Master Agreement, which is a three-party agreement with the City, the Public Facilities Corporation, and HPARC. It establishes the framework for future park management and utilization of historic buildings. This document also transfers existing leases from the City of San Antonio to HPARC as the landlord, establishes the authority to recognize donors through naming, and establishes permitted uses of P3 revenues. A summary of the Master Agreement is as follows:

- Parties: Hemisfair Park Public Facilities Corporation (“Landlord”), City of San Antonio (“City”) and Hemisfair Park Area Redevelopment Corporation (“HPARC”)
- Establishes agreement among the parties concerning the following:
 - Long-term development of Landlord Property through public-private partnerships negotiated by HPARC in accordance with Hemisfair P3 Process and Guidelines and approved by City
 - Establishes framework for future park management that will define HPARC’s role in the operations, maintenance and programming of the Hemisfair Parkland

- Utilization, improvement and preservation of Historic and Existing Buildings
- Provides that HPARC may enter into Minor Subleases with City Manager approval
- Provides for the transfer to HPARC of the City's interest as landlord in the UNAM, Palacio del Rio, and Magik Theatre leases
- Transfer of revenues and obligations under Existing Leases to HPARC
- Donor Recognition
 - HPARC provided right to enter agreements for the specific naming for Park Tracts subject to City Council approval
 - HPARC provided right to enter into agreements to name portions, improvements or elements within park tracts without City Council approval as long as they meet certain parameters
- Rules for utilization of Hemisfair Revenues derived from P3 Partnerships, Existing Leases, Minor Subleases, Parkland Concessions, etc.
- Establishes permitted uses of these revenues along with auditing and oversight procedures
- Funding Agreement with City is distinct but complementary

Future subjects that HPARC staff will negotiate with the City are a parking enterprise, a Hemisfair Tax Increment Refinance Zone, Public Art Funding and Selection Process, Mixed-Income Residential Policy, and River Building Use Agreement.

HPARC has been negotiating these agreements with City Attorney's office for several months now, and they should go before City Council vote within upcoming months. Staff recommends conceptual approval of the Master Lease Agreement and Master Agreement on the terms presented to the Board, and requests assignment of authority to a Board Member to finalize the agreements. The Executive Committee will review the final documents for execution by the Board President or CEO.

Before voting, Board Member Dan Lopez wanted to discuss whether or not the Hemisfair Public Facilities Corporation or the City Council should approve P3 agreements. The City Attorney recommends it be one or the other even though it is the same people, they are playing different roles. Lopez requested for HPARC to have final authority of negotiating and approving P3s, and City Attorney Veronica Zertuche recommended against this because there would be no checks and balances. The current language of the document allows the City to decide whether or not City Council or the Public Facilities Corporation will have final oversight.

After the brief discussion, Board Member Dan Lopez made a motion to approve, Board Member Ashley Hixon seconded, all were in favor, and the motion carried. Board Member Alan Schoenbaum was assigned the authority to finalize the agreements.

F. Briefing and Possible Action on FY15 Operational Budget

HPARC Director of Planning, Operations, and Development Omar Gonzalez first explained that the operational budget currently includes the Hemisfair Conservancy's costs. This budget does not capture HPARC's capital investments that include Bond dollars. This budget refers to the money required to operate HPARC and the Conservancy as organizations, and six months of Yanaguana Garden operation.

Revenues include \$12,000 from projected leases of existing structures. The City's General Fund contribution is expected to increase to 1,426,000, and HPARC had a rollover savings of approximately \$200,000 from FY14. Additionally, \$300,000 of philanthropic gifts is expected to be raised for operations. Gonzalez went through expense line items and explained differences from last year. The expenses for Yanaguana Garden are all associated with park programming activities and staffing. In addition to the HPARC operations budget, the City's

Parks and Recreation department has requested a budget mandate for \$410,000 to increase the quality and frequency of maintenance and operations at Yanaguana Garden.

Gonzalez presented to the Board through the staffing plan for FY15 and how the staff organization will change in the future. HPARC will hire four to five employees during fiscal year 2015.

Staff recommends Board approval of the FY15 Operational Budget, with the contingency that if Council changes the bottom line of the General Fund contribution, Finance Committee would have the authority to approve operational budget changes. Board Treasurer Dan Lopez motioned for approval, Board Secretary Sue Ann Pemberton seconded, all were in favor, and the motion passed.

Board discussion followed budget approval regarding budget management. The Board agreed that staff is responsible for managing the budget to the bottom line, rather than line by line. Treasurer Lopez requested that staff draft a budget management policy to reflect this philosophy.

G. Briefing on Civic Park Design Scenarios

CEO Andres Andujar thanked the Board members who were present at the Public Workshop that HPARC hosted on July 29, 2014 at Sunset Station. HPARC held the public workshop to review three design scenarios of the civic park produced by lead park designer Gustafson Guthrie Nichol. The meeting had over 200 participants plus over 30 volunteers and facilitators giving feedback on the design concepts. The purpose of the Workshop was to discover what the public liked and did not like about the concepts before a configuration was selected.

Andujar then reviewed the three design scenarios based on the community's vision from 2013 outreach sessions. Program areas include the Zocalo, Great Lawn, Shallows, Courtyards, Gardens, and Groves. The common framework of all three scenarios include a zocalo at the northwest corner site, a lawn in the center, the shallows near E. Nueva and Water Street, and a promenade that connects them all. Andujar presented the major features and showed images of similar concepts in other cities. Andujar explained that a public survey will be released based on the feedback received to gather more input and test concepts. Schematic design of the civic park will follow.

H. Committee Updates and Next Steps

- **Executive Committee** – Board Chair Madison Smith reported that new milestones for the semester have been created.
- **Communications Committee**
Hemisfair Communications Coordinator Rachel Holland reported that HPARC hired new Communications Manager Drew Hicks, and that Hemisfair received tremendous media coverage from radio, TV, and print for the Public Workshop.
- **Art, Civic and Cultural Committee**
Hemisfair Communications Coordinator Rachel Holland reported that Public Art San Antonio (PASA) has completed the second version of the Hemisfair Art Master Plan, and HPARC is developing a working relationship agreement with PASA related to art selection and installation at Hemisfair.
- **Finance Committee**
Finance Committee Chair Daniel Lopez reported that HPARC has finalized FY14 Q3 Financial Statements, Board has now approved FY15 Operational Budget, and staff is reviewing proforma and long-term sustainability strategies.
- **Historic Committee**

Historic Committee Chair Sue Ann Pemberton reported that HDRC approved historic homes stabilization and rehabilitation plan, and that construction contract proposals for the historic homes construction are due at the end of the month.

- **Planning and Development Committee**

Planning & Development Committee member Paul Foster reported that a construction fence will go up around southwest corner week of Aug. 18 to create Yanaguana Garden. HPARC Project Manager Roger Tavares also reported that the emergency access road to the Magik Theatre back of house will be completed in the next two weeks, and 100% CD review set of Water and E. Nueva Streets will be completed on Monday.

I. Board Member Comments

None

J. Executive Session

No executive session was held.

K. Adjournment

HPARC Chair Madison Smith adjourned the meeting at 9:56 AM.