

AGENDA

HOUSTON FIRST CORPORATION

BENEFITS, COMPENSATION, AND FINANCE COMMITTEE

April 17, 2020 – 10:00 A.M.

Live Video and Audio Conference Meeting

Join the Meeting [Here](#)

COMMITTEE MEMBERS:

Alex Brennan-Martin (Chair), Jay Zeidman (Co-Chair), Sofia Adrogué, John Johnson, Council Member Dave Martin, Ryan Martin, David Mincberg

In accordance with the modified Texas Open Meetings Act provisions announced by Texas Governor Greg Abbott on March 16, 2020, this Agenda is posted for public information, at all times, for at least 72 hours preceding the scheduled time of the meeting online at <https://www.houstonfirst.com>.

Any questions regarding this Agenda, should be directed to Lisa K. Hargrove, General Counsel at either 713.853.8965 or Lisa.Hargrove@houstonfirst.com

- I. Call to Order**
- II. Public Comments**
- III. Minutes – February 14, 2020**
- IV. Presentations, Reports, and Updates**
 - A. Chief Financial Officer Update
 - B. Human Resources Update
 - C. Operations Update
 - D. Hilton Americas-Houston Hotel Update
 - E. 2019 Diversity Update
- V. Committee Business**
 - A. Consideration and possible recommendation for interim financing with AIG Asset Management, LLC for the Hilton Americas-Houston Hotel.
 - B. Consideration and possible recommendation of a First Amendment to an agreement with Walker & Dunlop, LLC for brokerage services related to a refinancing for the Hilton Americas-Houston Hotel.
- VI. Adjournment**

MINUTES

HOUSTON FIRST CORPORATION

BENEFITS, COMPENSATION & FINANCE COMMITTEE
February 14, 2020– 10:00 A.M.
Partnership Tower, 701 Avenida de las Americas, Ste. 200
Houston, Texas 77010
HFC BOARD ROOM

The Benefits, Compensation, and Finance Committee (“Committee”) 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., posted a meeting at Partnership Tower, 701 Avenida de las Americas, Houston, Harris County, Texas, 77010, on, Friday, February 14, 2020 commencing at 10:00 a.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 Committee Members were present for the meeting: Alex Brennan-Martin (Chair), Jay Zeidman (Co-Chair), David Mincberg, Ryan Martin, and Sofia Adrogué.

The Chairman of the Committee called the meeting to order at 10:10 a.m.

1. **Public Comments.** None.
2. **Review and approval of minutes from prior meeting.** Following a motion duly seconded, the minutes of December 13, 2019 were approved as presented. Ryan Martin was not present for the vote.
3. **Presentations and Reports.**
 - A. **Strategic Plan Update.** Susan Tucker presented a 4th quarter report for HFC’s Strategic Plan. Ms. Tucker stated that at the end of 2019, an agreement was executed with Airbnb to collect hotel occupancy taxes (“HOT”) and 2020 will be the first full year of collections. She also stated that the sales team has successfully closed the gap in room nights booked through 3rd quarter. In fact, the sales team has exceeded expectations with 822,278 total room nights booked. Ms. Tucker also reported that 25% of those bookings were during need periods. The recovery project will be complete by 1st quarter 2020 and all revenue management systems in the parking garages will be fully operational.
 - B. **Human Resources Update.** Tim Moyer discussed HFC’s corporate culture survey. As a result, a cross-functional group of HFC employees was asked to re-evaluate HFC’s corporate values and create a new motto, “Houstonfirst puts Peoplefirst.” Tim Moyer explained that the new core values were presented to employees at an

event called, "One Team, One Vision" followed by a team building exercise. The core values are as follows: Be a Passionate Ambassador; Embrace Partnerships; Pursue Fulfillment; Respect All; and Own It. Additionally, employees were given the opportunity to pledge their commitment to the new core values by signing an "H" monument, which was displayed at the meeting. He also shared a calendar of employee trainings and events for 2020.

Jay Zeidman and David Minberg asked if staff would share the results of the corporate culture survey. Brenda Bazan stated that she will have a presentation at the HFC Board meeting.

David Minberg also requested that Mr. Moyer share a copy of all employee events so that Board Members may attend.

Sofia Adrogué stated the plans are impressive and she'd like to work at HFC.

- C. Chief Financial Officer Update. Frank Wilson began with a brief update on the coronavirus and its impact on market conditions. He then discussed HOT and explained that HFC is now receiving a remittance from Airbnb. The budget for the Hilton Americas-Houston Hotel ("Hotel") has been recast due to the delay in the guestroom renovation project. Gross revenues at the Hotel are showing growth despite displacement, but net revenues to HFC will decrease. All other major revenues are on or exceeding budget, excluding parking revenues, and all major expenses are at or below budget. Mr. Wilson also provided an update on Hurricane Harvey recovery. He also discussed HFC's possible financial obligations related to the pension matter.

Ryan Martin asked when HFC anticipates changes related to the pension will take effect.

Lisa Hargrove stated that staff will meet with City representatives next week, but the actuaries must make a determination before the City Attorney will proceed. In the interim, HFC has taken necessary steps to prepare for implementation of migrating employees into the pension plan.

- D. Financing Update. Frank Wilson stated that Walker & Dunlop, Inc. received ten competitive bids to refinance the current loan for the Hotel and Avenida South Garage. The most attractive offer received was from the incumbent lender, AIG Asset Management. Mr. Wilson then discussed the terms and conditions of the loan.

4. **Committee Business**

- A. Consideration of and possible action on a loan from AIG Asset Management to be secured by a deed of trust lien against the Houston Americas-Houston Hotel and garage.

Following a motion duly seconded, recommendation for a loan from AIG Asset Management to be secured by a deed of trust lien against the Hilton Americas-Houston Hotel and garage was approved unanimously.

B. Consideration and possible recommendation of the 2020 Investment Policy.

Frank Wilson informed the Committee that the HFC Investment Policy did not change from 2019. He stated that the policy closely mirrors that of the City's Investment Policy.

Alex Brennan-Martin asked if there was potential for HFC to earn more funds. Brenda Bazan stated an alignment with the City is the best course of action for HFC.

Following a motion duly seconded, recommendation of the 2020 Investment Policy was approved unanimously.

C. Consideration and possible recommendation of additional funding for Harrison Kornberg Architects LLC and ARUP Texas, Inc. for continued FEMA consulting services.

Roksan Okan-Vick informed the Committee that the National FEMA Administrator toured Wortham Theater and was very impressed with the recovery project. According to Ms. Okan-Vick, restoration of Wortham Theater is one of the most successful Hurricane Harvey related projects in the downtown area.

She explained that the project schedule is near final completion, but mitigation work continues. Phase one mitigation has slowed due to programming; however, it will be completed in November 2020 and phase two mitigation will begin.

Ms. Okan-Vick stated that FEMA consulting services have been vital to the success of the project and further explained the request of the Committee for continued FEMA services with Wendorf Beward & Partners, LLC.

Sofia Adrogué asked if there is a correlation between the FEMA consultants and FEMA reimbursements received. Frank Wilson informed the Committee that HFC has paid back its loan from Regions Bank, due in large part to how quickly HFC has received FEMA reimbursements.

Following a motion duly seconded, additional funding for Harrison Kornberg Architects LLC and ARUP Texas, Inc. for continued FEMA consulting services was approved unanimously.

D. Consideration and possible recommendation of a contract with Griffin Partners, Inc. for Owner Representative Services in connection with the development of the W Hotel. [This item was taken out of turn and discussed after item 4A].

Roksan Okan-Vick discussed the scope of services for the Owner Representative Services RFP. She explained that a pre-bid meeting was held and twenty firms attended. She also discussed the presentation provided to potential proposers, including several diagrams of the proposed W Hotel project design.

Frank Wilson discussed the solicitation process. Eleven proposals were received and, upon evaluation and scoring of all proposals submitted, the firm that received the highest score was Griffin Partners, Inc. As a member of the selection

committee, Mr. Wilson provided additional information regarding staff's recommendation.

Ryan Martin asked about Griffin Partners' background and experience. Mr. Wilson stated that Griffin Partners assisted HFC with the development of Partnership Tower and Avenida Houston.

Jay Zeidman asked if Griffin Partners has met the diversity requirements of HFC in previous contracts. Alex Brennan-Martin confirmed that they have and stated that the letter of commitment for this particular project exceeds the 15% diversity goal set by HFC.

Ms. Okan-Vick discussed HFC's strategy for managing project expenses and several Committee members raised additional questions.

Ryan Martin asked about staff's prior experience working with Griffin Partners. Brenda Bazan stated that staff was very pleased with the project team and had conversations with Griffin Partners almost on a daily basis, but clarified that the role of Griffin Partners under this project would solely be to advise HFC.

David Minberg asked if staff considered hiring a full-time representative rather than issue an RFP. Brenda Bazan stated they did take that option into consideration, but staff felt it was best to issue a solicitation. Jay Zeidman stated it would be a benefit to have a dedicated team of specialists, if project costs to HFC will be the same.

Alex Brennan-Martin asked if staff has evaluated the insurance requirements. Lisa Hargrove stated that staff has spent a lot of time reviewing this matter along with HFC's insurance broker, David Rosenthal, and there will be one builder's risk carrier. She also explained that once the item is approved by City Council, HFC will have sixty days to review and approve a number of project documents.

David Minberg cautioned staff not to underestimate the amount of work that will take place during pre-construction. He stated in his experience as a developer, pre-construction is the time to address any and all concerns.

Ms. Okan-Vick also informed the Committee that HFC has hired a civil engineer, Kristi Gollwitzer, who will also review the project documents in-house.

Alex Brennan-Martin thanked staff and stated that the procurement process continues to improve.

Following a motion duly seconded, recommendation for a contract with Griffin Partners, Inc. for Owner Representative Services in connection with the development of the W Hotel was approved unanimously.

5. **Adjournment.** The meeting was adjourned at 11:27 a.m.

V.(A) Consideration and possible recommendation for interim financing with AIG Asset Management, LLC for the Hilton Americas-Houston Hotel.

Consideration and possible recommendation for interim financing with AIG Asset Management, LLC for the Hilton Americas-Houston Hotel.

DESCRIPTION: Houston First Holdings LLC (“HFH”) original 2013 loan from AIG Asset Management secured by a deed of trust against the Hilton Americas-Houston Hotel and Avenida South Garage Property matures in May 2020. The HFC Board approved a proposal submitted by AIG Asset Management on February 20, 2020 for a long term re-finance loan. However, due to growing concerns regarding the global pandemic and COVID-19, AIG Asset Management has proposed a new financing package for interim financing as outlined in the letter attached.

RESOLVED, that Houston First Corporation, individually and in the various capacities reflected below, consummate and cause each entity for which it has acting authority, directly or indirectly as reflected below, to consummate the following transactions:

RESOLVED, to cause Houston First Holdings LLC (“HFH”) to consummate a loan (the “Loan”) from AIG Asset Management (together with any of its affiliates as it may designate and that are approved by any Authorized Person, herein called “Lender”) providing for a loan to HFH substantially on the terms and conditions set forth in the attached Term Sheet, with such changes thereto as may be deemed necessary or desirable and approved by the Chairperson and President of this Corporation, which Loan is to be secured by a deed of trust lien and security interest in the Hilton-Americas Houston Hotel and Avenida South Garage Property (and all other property related thereto) and may contain such other terms as may be approved by the Authorized Persons executing the Transaction Documents (defined below) related to such Loan, and also generally to take all such further and other actions, and execute and deliver such documents, instruments and agreement as may be necessary or desirable in connection therewith; and

FURTHER RESOLVED, that this Corporation (for itself and in the various capacities reflected below) execute such instruments, documents, and agreements as may be necessary or desirable to effect such transactions or that may be required by the Lender or otherwise including, without limitation, limited liability company agreements, deeds bills of sale, assignments, notices, notes, mortgages, deeds of trust, loan agreements, subordination non-disturbance and attornment agreements, affidavits indemnities, cash management agreements, deposit control account agreements, contracts, agreements, pledges, security agreements, financing statements, closing settlement statements, confirmations, and certificates, all on such terms and conditions as any Authorized Person deems necessary or advisable (collectively, the “Transaction Documents”); and that any Authorized Person be, and each acting alone hereby is, severally and without the necessity for joinder of any other person, authorized, empowered and directed for and on behalf of this Corporation (for itself and in the various capacities reflected below) to execute and deliver the Transaction Documents in the form and upon the terms as said Authorized Person may approve, such approval to be conclusively established by his or her execution and delivery of the Transaction Documents; and

FURTHER RESOLVED, that each of the Chairperson, President and Chief Executive Officer, Chief Operating Officer, General Counsel, and Chief Financial Officer of HFC is each hereby designated by the Board of Directors as an “Authorized Person” for purposes of this resolution and with respect to the Transactions; and;

FURTHER RESOLVED, that the Corporation shall be authorized to act in the various capacities reflected below in connection with the transaction and the execution and delivery of the Transaction Documents:

Capacity

For itself

As sole member

Entities

Houston First Corporation

Houston First Holdings LLC; and

FURTHER RESOLVED, that any and all transactions by any Authorized Person, for and on behalf of and in the name of this Corporation (for itself and in the various capacities reflected above) before or following the adoption of the foregoing resolutions, in connection with the described transaction or any of the foregoing matters, including without limitation negotiation of the terms of the transaction or execution and delivery of Transaction Documents be, and they are hereby ratified, confirmed and approved in all respects for all purposes.



AIG Investments
Commercial Mortgage Lending
777 S. Figueroa Street, 16th Floor
Los Angeles, CA 90017
www.aig.com

April 8, 2020

Houston First Holding LLC (“**Borrower**”)
c/o Houston First Corporation
1001 Avenida de las Americas
Houston, Texas 77010

VIA EMAIL TO: Michael Melody – Walker & Dunlop

Re: **NON-BINDING TERM SHEET** regarding the Loan in the principal amount of \$125,000,000.00 made by The Variable Annuity Life Insurance Company (“**Lender**”) to Borrower on April 4th, 2013. *All terms not otherwise defined shall have the meaning given them in the documentation for the Loan (the “**Loan Documents**” or the “**Loan Documentation**”).*

To the Borrower:

In accordance with the Discussions Letter dated March 27, 2020 and executed among Lender and Borrower, Lender has prepared this **non-binding** term sheet for the purpose of facilitating the Discussions by summarizing, “without prejudice” and for discussion purposes only, the basic terms of a possible modification of the Loan Documents, based upon the information that Lender has received and reviewed to date. Lender has asked Borrower to sign this term sheet to confirm the contents of the summary, so as to facilitate the preparation, negotiation, consideration and approval of definitive written documentation that would modify the Loan (the “**Definitive Documentation**”). Lender and Borrower all agree that despite such preparation and signing: (i) this term sheet does **not** constitute an agreement binding on any party, (ii) the term sheet is a part of the Discussions subject to the Discussions Letter, which remains in full force and effect, (iii) Borrower may not rely on this term sheet for any purpose, and (iv) either party may decide not to proceed with any modification or forbearance and to terminate further Discussions.

This non-binding term sheet does not constitute a waiver or release by Lender of any obligations or of any existing Event of Default or Event of Default which may arise following the date hereof, and shall not be deemed to be a consent to any amendment, waiver or modification of any other term or condition of any Loan Document, and shall not otherwise prejudice any right or remedy which the Lender may now have or may have in the future under or in connection with any Loan Document. The Lender expressly reserves all of its rights and remedies under the Loan Documents.

Subject to the foregoing and the Discussions Letter, the following summarizes said basic terms of the potential proposed modification:

General Terms:

1. The Maturity Date of the Loan shall be extended for a period of 12 months (the “**Extension Term**”).
2. The Interest Rate on the Loan during the Extension Term shall be 1-month LIBOR plus 3.50%, but in the event that LIBOR is below 1.0%, then the Interest Rate shall be 4.50% (1.0% LIBOR floor, plus 3.50%).
3. During the Extension Term, Borrower shall continue to make monthly payments of interest only, with the entire outstanding principal balance of the Loan and all accrued interest due at the end of the Extension Term.
4. During the first six (6) months of the Extension Term, prepayment of the Loan shall not be permitted. After the expiration of such six (6) month period, the Loan may be prepaid, in whole, but not in part, without any prepayment premium or exit fee.
5. At the Closing of the modification extending the term of the Loan, the Borrower shall pay to Lender an extension fee of \$156,250.00.
6. Borrower shall maintain at least \$4 million in the FF&E reserve, as additional collateral for the Loan during the Extension Term.
7. Borrower shall covenant to continue to diligently pursue and complete the renovation and water remediation work that is currently in progress and complete the same not later than February 28, 2021. The failure to continually and diligently pursue the same and complete the same shall be an Event of Default under the Loan. In addition, in such event, the interest on the Loan shall accrue at the default interest rate under the Loan Documents.
8. Borrower understands that the Lender has made no commitment and is under no obligation whatsoever to grant any additional extensions of the Maturity Date at the end of the Extension Term.
9. The Definitive Documentation shall contain provisions for enhanced and more frequent financial reporting mutually agreeable to the Borrower and the Lender. Such enhanced reporting shall include monthly operating statements, and monthly progress reports on the renovation, repairs, and remediation that is currently underway.
10. The Definitive Documentation shall be subject to certain conditions precedent, including acknowledgements from Borrower, customary lien and title searches satisfactory to the Lender, such endorsements to Lender’s existing title policy as Lender may reasonably request (or, if determined by Lender to be reasonably necessary a new policy of title

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insurance for Lender's benefit that is acceptable to Lender) and if and to the extent requested by the Lender, legal opinions, officer's certificates and resolutions.

Definitive Documentation: If approved by Lender's investment, loan or credit committee, Lender will require the drafting and execution of Definitive Documentation in the form of a definitive written agreement containing all terms and conditions of any modification. The form and substance of the definitive written agreement will be subject to Lender's approval in its sole discretion. The definitive written agreement may include other material and non-material terms and conditions not set forth in this term sheet including closing conditions, fees, changes in applicable margins or interest rates, covenants, defaults, indemnities, agreements, representations and warranties.

Expenses: Whether or not the modification or forbearance closes, all of Lender's out-of-pocket expenses ("Expenses") incurred for due diligence, closing, negotiation and documentation of the modification or forbearance, including the reasonable fees and expenses of Lender's counsel, will be paid at or prior to closing by the Borrower or on Lender's demand.

If Borrower finds this summary of terms acceptable, please execute a copy of this term sheet in the space indicated below, return a copy to servicer as a PDF attachment to an email.

[SIGNATURES FOLLOW ON THE NEXT PAGE]

Sincerely,

AIG Asset Management (U.S.), LLC,
a Delaware limited liability company,
on behalf of and solely in its capacity
as the investment adviser for Lender

By: Michael Johnson
Name: Michael Johnson
Title: Managing Director


Loan No. 8002170 – 2174 – Hilton Americas – NON-BINDING TERM SHEET
April 8, 2020
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AGREED AND ACCEPTED AS OF THE DATE FIRST WRITTEN ABOVE:

Borrower:

Houston First Holdings LLC,
a Texas limited liability company

By: Houston First Corporation,
a Texas local government
corporation, its sole member

By: 
Name: Brenda W. Bazan
Title: President & CEO

V.(B) Consideration and possible recommendation of a First Amendment to an agreement with Walker & Dunlop, LLC for brokerage services related to a refinancing for the Hilton Americas-Houston Hotel.

Consideration and possible recommendation of a First Amendment to an agreement with Walker & Dunlop, LLC for brokerage services related to a refinancing for the Hilton Americas-Houston Hotel.

DESCRIPTION: Houston First Holdings LLC (“HFH”) entered into a Loan Broker Agreement with Walker & Dunlop, LLC for the refinance of the loan for the Hilton Americas-Houston Hotel (the “Hotel”), effective October 9, 2019. HFH agreed to pay a fee of \$200,000 for brokerage services for a term of nine months (“Exclusivity Period”).

The parties now wish to amend the original Loan Broker Agreement (“First Amendment”) to modify the fee structure. HFH will pay Walker & Dunlop, LLC \$100,000 for interim financing with an additional \$200,000 for long-term financing for a period of twelve to eighteen months. The parties also wish to extend the Exclusivity Period to May 1, 2021.

Walker & Dunlop, LLC was selected through a public solicitation process as the broker of record for HFH to refinance the current mortgage on the Hotel held by AIG Asset Management (“AIG”). A solicitation was issued, and upon evaluation of offers submitted by a variety of lenders, AIG was re-selected for a long-term re-finance loan. However, due to growing concerns regarding the global pandemic and COVID-19, AIG will only allow interim financing.

Upon discussion with the Chairman of the HFC Board, staff recommends approval of a First Amendment to the Loan Broker Agreement with Walker & Dunlop, LLC to address the changes in market conditions and HFC’s financial position.

RESOLVED, that the Board of Directors of Houston First Corporation approves the following resolutions with respect to a First Amendment to the Loan Broker Agreement:

RESOLVED, that the Board of Directors of Houston First Corporation hereby approves the negotiation and finalization of a First Amendment to the Loan Broker Agreement (“First Amendment”) between Houston First Holdings LLC and Walker & Dunlop, LLC for the Hilton Americas-Houston Hotel based upon the above parameters together with such conditions or modifications that are approved by the Chairperson or President, as they may determine to be in the best interest of the Corporation and to execute such First Amendment; each acting alone hereby is, severally and without the necessity for joinder of any other person, authorized, empowered and directed for and on behalf of the Corporation to execute and deliver the Amendment in a form as approved by either the Chairperson or the President, or any Authorized Person (defined below), such approval to be conclusively established by the execution and delivery of the First Amendment by any Authorized Person; and

FURTHER RESOLVED, that each of the Chairperson, President and Chief Executive Officer, Chief Operating Officer, General Counsel, and Chief Financial Officer of this Corporation are each hereby designated by this Corporation as an “Authorized Person” for purposes of this resolution and with respect to the First Amendment to be executed hereunder; and

FURTHER RESOLVED, that the First Amendment executed by any Authorized Person, for and on behalf of and in the name of this Corporation before or following the adoption of the foregoing resolution, in connection with the described transaction, be and is hereby ratified, confirmed and approved in all respects for all purposes.