

MINUTES

HOUSTON FIRST CORPORATION

**Governance, Audit & Finance Committee
February 20, 2019 – 2:00 P.M.
Partnership Tower, 701 Avenida de las Americas, Ste. 200
Houston, Texas 77010
HFC BOARD ROOM**

The Governance, Audit & 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 Wednesday, February 20, 2019, commencing at 2:00 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 Committee members were present for the meeting: Katy Caldwell (Chair), Alex Brennan-Martin, John Johnson, Linda Toyota, and Jay Zeidman,

The meeting was called to order at 2:00 p.m. and a quorum was established.

1. **Public Comments.** None.
2. **Review and approval of minutes from prior meeting.** Following a motion duly seconded, the meeting minutes of December 19, 2018 were approved as presented.
3. **Presentations and Reports.**
 - A. **CFO Financing Update.** Frank Wilson, Chief Financial Officer, provided the finance report. HOT collections for the first quarter came in just under budget.

Mr. Wilson explained that there will be a disruption in service during the Hilton guestroom renovation project and that net income from the Hilton to HFC is down as a matter of timing.

Mr. Wilson stated that HFC is working with the City of Houston to complete debt restructuring with interim financing. He expressed that one option available is subordinate debt secured by HOT and pledged parking revenues to fund long lead items for the Hilton refresh project and Harvey related expenses.

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Mr. Wilson announced that HFC may receive a FEMA reimbursement of \$16.1 million in two months.

4. **Committee Business.**

- A. **Consideration and possible recommendation regarding 2019 Property Insurance Options.** Peter McStravick stated that the goal for HFC this year was to work with the City to obtain insurance policies for the leased assets managed by HFC.

According to Mr. McStravick the total value of properties insured by the City is approximately \$11,459,812,608, and the George R. Brown Convention Center ("GRB") and Wortham Theater are among the top valued locations.

Mr. McStravick noted that Hurricane Harvey caused \$152,085,000 in damage to HFC managed facilities and the City insurance policy was for \$100,000,000. Due to this exposure, he added, HFC was invited to go with the City insurance broker to market the city's insurance policy in London.

Mr. McStravick discussed the City's proposed property insurance programs and stated that HFC staff recommends a stand-alone policy for the GRB and separate insurance policy for all other HFC facilities. He added that HFC will be the named insured on the insurance policies.

Lisa Hargrove stated that this is a big step for the City and HFC.

A motion was made for the recommendation of the 2019 property insurance options. The motion was approved unanimously.

5. **Adjournment.** The meeting was adjourned at 2:46 p.m.