

# AGENDA

## HOUSTON FIRST CORPORATION

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**BOARD OF DIRECTORS MEETING**  
**February 20, 2020 – 3:00 P.M.**  
**Partnership Tower, 701 Avenida de las Americas, Ste. 200**  
**Houston, Texas 77010**  
**HFC BOARD ROOM**

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**BOARD MEMBERS:**

*David Mincberg (Chair), Desrye Morgan (Vice-Chair), Sofia Adrogué, Elizabeth Brock, Nicki Keenan, Reginald Martin, Ryan Martin, Alex Brennan-Martin, Paul Puente, Bobby Singh, Tom Segesta, Gerald Womack, Jay Zeidman, Council Member Dave Martin, Ex-officio, Council Member David Robinson, Ex-officio*

*In accordance with the Texas Open Meetings Act, this Agenda is posted for public information, at all times, for at least 72 hours preceding the scheduled time of the meeting on the bulletin board located on the exterior wall of the Houston City Hall building, located at 901 Bagby. The Agenda is also available online at <https://www.houstonfirst.com>.*

*To reserve time to appear, come to the meeting at least ten minutes prior to the scheduled public session shown on the Agenda.*

*Any questions regarding this Agenda, or requests for special needs assistance, should be directed to Lisa K. Hargrove, General Counsel at either 713.853.8965 or [Lisa.Hargrove@houstonfirst.com](mailto:Lisa.Hargrove@houstonfirst.com)*

*Code of Business Conduct and Ethics – As a reminder, under Houston First Corporation’s Code of Business Conduct and Ethics Policy, if you have a potential conflict of interest that you have not previously disclosed relating to a transaction or arrangement being discussed or voted on, you should notify the Chair and refrain from voting on the transaction or arrangement and recuse yourself from the discussion on the matter at hand. You should have received a copy of the Policy, but if not, let us know and we will provide one for you.*

- I. Call to Order**
- II. Public Comments**
- III. Minutes – January 16, 2020**
- IV. Presentations, Reports, and Updates**
  - A. Report by Houston First Chairman
  - B. HFC President & CEO Update
  - C. Chief Financial Officer Update
  - D. Financing Update
  - E. W Hotel Update

## **V. Board Business – Consent Agenda**

- A. Consideration of and possible approval of a loan from AIG Asset Management to be secured by a deed of trust lien against the Hilton Americas-Houston Hotel and garage.
- B. Consideration and possible approval of the 2020 Investment Policy.
- C. Consideration and possible approval of additional funding for Harrison Kornberg Architects, LLC and ARUP Texas, Inc. for continued FEMA consulting services.
- D. Consideration and possible approval of a contract with Griffin Partners, Inc. for Owner Representative Services in connection with the development of the W Hotel.

## **VI. Adjournment**

**III. Minutes – January 16, 2020**

# MINUTES

## HOUSTON FIRST CORPORATION

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**BOARD OF DIRECTORS MEETING**  
**January 16, 2020– 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, January 16, 2020, 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 (Co-Chair), Nicki Keenan, Elizabeth Brock, Sofia Adrogué, Alex Brennan-Martin, Paul Puente, Ryan Martin, Reginald Martin, Tom Segesta, Bobby Singh, Gerald Womack, Jay Zeidman, Council Member Dave Martin, Ex-Officio, and Council Member David Robinson, Ex-Officio.*

*The following Houston City Council Members also attended the meeting: Council Member Sallie Alcorn, Council Member Martha Castex-Tatum, Council Member Jerry Davis, Council Member Edward Pollard, and Council Member Michael Kubosh.*

The Chairman of the Board called the meeting to order at 3:04 p.m. and a quorum was established.

1. **Public Comments.** Martye Kendrick and Reid Wilson spoke on behalf of Texas Hospitality Partners and thanked HFC staff for their assistance in finalizing documents for the W Hotel project.

Darnell Tiegle spoke in support of the W Hotel project on behalf of the local union. Mr. Tiegle explained that the construction of the W Hotel will create a number of good jobs for individuals in the hospitality industry. He also stated that the W Hotel is exactly what the City needs to help advance the community.

Neel Lund, VP of Global Development for the W Hotel, stated that Houston is an important market. Houston is the only major city in the U.S. that does not have a W brand. Mr. Lund also stated that the W Hotel would be a wonderful addition to the vibrant center of Houston’s downtown area alongside the Marriott Marquis and it will further bolster Houston’s appeal as a convention destination. Mr. Lund informed the Board that the



development team will work with Marriott to ensure that the lifestyle and food and beverage elements are consistent with other W Hotel properties. In conclusion, Mr. Lund stated he and his team are eager to begin the project.

Al Kashani thanked the Board and HFC staff for their assistance in finalizing the documents for the W Hotel. Mr. Kashani then discussed some of the project highlights. According to Mr. Kashani, taxpayer dollars will not be used to initiate the project. He also announced that the economic impact of the W Hotel is \$3.4 billion and it will create 300 new jobs. Additionally, diversity participation will be a priority during all phases of the project and operations. Mr. Kashani stated that he hopes the City of Houston will use the W Hotel as a model for future projects. He concluded by announcing that a documentary will be filmed throughout construction and he hopes that the Board will vote in favor of the agenda item.

The Chairman recognized all members of City Council in attendance at the meeting and opened the floor for remarks.

Council Member Martha Castex-Tatum stated she is honored to serve as a Houston City Council Member. She further stated that she is aware of the imprint that HFC has on the City. As the elected Vice Mayor Pro-Tem and Chair of the Economic Development Committee, she would like to be more in tune with the work that is happening at HFC.

David Minberg stated that he and HFC staff will reach out to Council Member Castex-Tatum soon to arrange a meeting.

Council Member Jerry Davis thanked the Board for their service. He also stated that it may be a challenge for Board Members to decide on today's agenda item. However, as a member of the City's Workforce Committee, he wants to put Houstonians to work and ensure everyone has a fair opportunity to earn a livable wage.

Council Member Michael Kubosh stated it has been a long journey for HFC and the development of Partnership Tower and Avenida. He thanked HFC's leadership and is glad to attend today's meeting.

Chairman Minberg thanked all Council Members for their remarks and stated all are welcome to attend future meetings. He also asked that they contact HFC if the Board can be of service.

2. **Review and approval of minutes from prior meeting.** [This item was taken out of order.]

Following a motion duly seconded, the meeting minutes of December 19, 2019 were approved as presented.

3. **Executive Session.** Executive (closed) session pursuant to Texas Government Code Section 551.072 for the purpose of consultation with Houston First General Counsel regarding certain real estate matters related to the construction of a hotel atop Partnership Tower.

The HFC Board entered Executive Session at 3:17 p.m. and returned at 4:43 p.m. No action was taken.

## 4. Board Business.

- A. Consideration and possible action with regard to a Development Agreement, Air Rights Lease and other ancillary documents with Texas Hospitality Partners I, LP for the construction of a hotel atop Partnership Tower.

A motion was made by Ryan Martin and duly seconded by Gerald Womack.

Bobby Singh thanked HFC staff for their hard work and effort on the W Hotel project as well as Brenda Bazan for her leadership. Board Members Paul Puente, Elizabeth Brock, Desrye Morgan, and Gerald Womack also echoed those sentiments and thanked staff for their leadership and due diligence.

A motion was made to vote on the item and approved with ten in favor and three opposed. The three Board Members opposed are David Minberg, Nicki Keenan, and Alex Brennan-Martin.

## 5. Presentations and Reports.

- A. Report by Houston First Chairman. None.
- B. HFC President & CEO Update. Brenda Bazan discussed Board Members' requests for quarterly updates. She also discussed her trip to the 2020 PCMA Conference and stated that there is a lot of excitement and enthusiasm about hosting the event in Houston in 2021. In order to raise funds for PCMA 2021, staff recommended a voluntary hotel fee be collected by 26 hotels in the downtown Houston area, and 17 hotels have confirmed participation.

Ms. Bazan stated that the Board approved a loan of \$4 million to host WPC 2020 and the first payment was received on-time on December 31, 2019. The second payment will be due on March 31, 2020 and the third and final payment is due on June 30, 2020.

Ms. Bazan stated this concludes her presentation and any additional information will be sent via email in her President's report.

- C. Chief Financial Officer Update. Frank Wilson informed the Board that he will have the 2019 year-end numbers by mid-March. Mr. Wilson stated year-over-year revenues from hotel occupancy taxes will increase. Revenues at the Hilton Americas-Houston Hotel are below budget, likely as a matter of timing.

Mr. Wilson also discussed the budget for the Hurricane Harvey Recovery Project and all funds received as a result of FEMA reimbursements.

Lastly, Mr. Wilson informed the Board of the revised 2020 Procurement Plan available on the Houston First website.

Ryan Martin asked what the net difference is for revenues spent on the recovery project compared to reimbursements. Mr. Wilson explained that HFC will have spent \$152 million at the end of the project and has received \$81.9 million in

reimbursements, thus far, with more to come. He also explained that he cannot confirm the total amount of project expenses that have been denied for approval by FEMA because HFC will submit several appeals.

Council Member Dave Martin asked if Mr. Wilson could further explain the reimbursement process as it relates to the City. Mr. Wilson discussed the amount of funds being withheld by the City in the event of deobligation. Council Member Martin stated that HFC is being treated unfairly and perhaps his fellow Council Members in attendance can assist HFC.

Reginald Martin asked what is HFC's timeline for outstanding FEMA reimbursements and Mr. Wilson stated he cannot provide a definitive answer. However, HFC has received reimbursement more quickly than expected.

Chairman Mincberg stated he would like to commend Mr. Wilson and the Finance team on the recovery process because it is very important that HFC recover those funds.

6. **Adjournment.** The meeting was adjourned at 5:15 p.m.

**V. A – Consideration of and possible action on a loan from  
AIG Asset Management to be secured by deed of trust lien  
against the Hilton Americas-Houston Hotel and Avenida  
South Garage.**



**Consideration of, and possible action on, a loan from AIG Asset Management to be secured by deed of trust lien against the Hilton Americas-Houston Hotel and Avenida South Garage.**

**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 matures in May, 2020. After evaluating offers from a variety of lenders for the refinance of the loan, staff is recommending acceptance of a proposal submitted by AIG Asset Management.

The terms of the proposed loan with AIG Asset Management are set forth in the attached Term Sheet.

**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 loan proceeds to HFH to be 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

Entities

Houston First Corporation

As sole member

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.



Investments

## Hilton Americas

### TERM SHEET

February 7, 2020

#### Basic Terms

Loan Amount:	\$125,000,000 – Initial Funding to pay off existing AIG Loan \$75,000,000 – Additional Funding provided in a maximum of three draws with a minimum of \$20,000,000 per draw over a period not to exceed 24 months;
Loan Term:	10 years
Loan Amortization:	5 years interest-only then 30-year amortization
Interest Rate (10-yr.):	150 bp over the 10-year treasury
Additional Funding Interest Rate:	The greater of the Note Rate at Closing or 175 bps over the 10-year treasury at the time of rate lock which will be defined to be no more than 45 days and no less than 30 days prior to Borrower's desired date of funding; Borrower will have 24 months after Closing to take down the Additional Funding;
Prepayment:	Closed to prepayment for 36 months; open thereafter at the greater of 1% or standard yield maintenance at T+50 bps; open the last 90 days at par.
Loan Fee:	25 bps
Loan Option Fee*:	\$200,000 *not required if Borrower elects to forego the option for any additional funding otherwise, refundable if Borrower draws at least \$50.0 million of additional proceeds.
Refundable Standby Deposit:	\$500,000
Collateral: Security:	Hilton Americas and the attached Parking Garage – Houston, TX. First Mortgage
Funding:	Closing will occur within 45-60 days of Commitment;

#### Ancillary Terms

Secondary Financing / Assumption/Transfers:	None
Impounds:	Customary tax and insurance escrow and 4% FF & E Reserve; The tax escrow will be waived so long as HFC maintains its tax exempt status;
Cash Management Account:	Standard Cash Management Account required with a DSCR Trigger of 2.0x (based on a defined NOI after a 4% FF & E reserve deduction and excluding real estate taxes); DSCR Trigger is subject to change if Borrower/HFC loses its tax exempt status;

#### Loan Funding Requirements

Hotel NOI:	Minimum T-12 NOI of \$32.0 million (after 4% FF & E reserve but excluding real estate taxes).
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Appraisal: MAI appraisal supporting a fully funded loan-to-value ratio not to exceed 55%;

Third Party Reports: Environmental reports and engineering report acceptable to Lender are required.

Title & Survey: Customary title and as-built survey;

Borrower acknowledges that this is a Preliminary Term Sheet and not an Application or Commitment; the terms and conditions described herein are subject to change and require execution by Borrower of a detailed Application and committee approval by AIG Asset Management.



**V. B – 2020 Investment Policy**

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

**DESCRIPTION:** Houston First Corporation (“HFC”), as a governmental entity, is required by statute to have an Investment Policy (“Policy”) that governs the investment of public funds under the Public Funds Investment Act, Texas Government Code Chapter 2256. Annually, the Board is required by Chapter 2256 to review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the entity. A list of qualified brokers is attached to the Policy as an exhibit.

**RESOLVED,** that the Board of Directors of Houston First Corporation approves the following resolutions with respect to the 2020 Investment Policy:

**RESOLVED,** that the Board of Directors of Houston First Corporation hereby approves and authorizes the 2020 Investment Policy in accordance with Texas Government Code Chapter 2256, 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.

**INVESTMENT POLICY**  
of  
**Houston First Corporation**

**1.0 PURPOSE:**

It is the policy of the Houston First Corporation (the "Corporation") to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the cash flow demands of the Corporation, and conforming to all state and local statutes governing the investment of public funds including the Public Funds Investment Act Texas Government Code, Chapter 2256 (the "Act"). This policy sets forth the investment program of the Corporation and the guidelines to be followed in achieving its objectives.

**2.0 SCOPE:**

This policy is applicable to all investment activities and all funds of the Corporation except trustee funds, or escrow funds - any of which is set up and administered separately and whose investment activities are conducted by third parties in accordance with instructions provided in statutes, contracts, or escrow agreements.

**3.0 OBJECTIVE:**

Investment of the funds covered by this policy shall be governed by the following investment objectives, in order of priority:

- 3.1 **Safety:** Preservation and safety of principal is the primary objective of the investment program. Investment of funds shall be undertaken in a manner that seeks to ensure the preservation of capital for the overall portfolio.
- 3.2 **Liquidity:** Investments will remain sufficiently liquid to enable the Corporation to meet all operating requirements which might be reasonably anticipated.
- 3.3 **Return on Investments:** Investments shall be made with the objective of attaining the best feasible rate of return, throughout budgetary and economic cycles, commensurate with the Corporation's investment risk constraints and cash flow characteristics. Return on investment, although important, is subordinate to the preservation, safety and liquidity objectives described above.

**4.0 DELEGATION OF AUTHORITY:**

Authority to manage the Corporation investment program is derived from State statutes and applicable ordinances and resolutions. The designated Investment Officers for the Corporation shall be designated by the Board from time to time.

## **5.0 INVESTMENT TRAINING:**

The Investment Officer and Treasurer of the Corporation shall attend at least one training session relating to responsibilities under this policy within 12 months after assuming duties; and attend an investment training session not less than once in a two-year period and receive not less than 10 hours of investment instruction from an independent source approved by their respective governing bodies. Training must include education in investment controls, security risks, strategy risks, market risks, and compliance with the Act.

## **6.0 ETHICS AND CONFLICTS OF INTEREST:**

Officers and employees involved in the investment process shall not engage in personal business activity that conflicts with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Investment officials and employees who are directly involved with the investment function shall disclose to the President of the Corporation in writing (which shall also be forwarded to the Texas Ethics Commission) any "personal business relationship" with a business organization offering to engage in an investment transaction with the Corporation ("personal business relationship" is defined in the Act as ownership of 10% or more of voting stock or shares of the business organization or ownership of more than \$5,000 of the fair market value of the business organization, or where funds received by the Investment Officer from the business organization exceed 10% of the Investment Officer's gross income for the previous year, or where the investment officer acquired for his personal account from the business organization during the previous year investments with a book value of \$2,500 or more). Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of their entity and shall subordinate their personal investment transactions to those of the City's, particularly with regard to the timing of purchases and sales.

## **7.0 PRUDENCE:**

Investments shall be made with judgment and care--under investment and economic circumstances then prevailing--which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived provided that any significant changes in market price or credit risk are reported to the Board in a timely manner and appropriate action is taken to control adverse developments.

- 7.1 The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio under prevailing economic conditions at the moment of investment commitments. Investment officials, acting in accordance with written procedures and the investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.



- 7.2 In determining whether an investment official has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the investment of all funds over which the official had responsibility rather than a consideration as to the prudence of a single investment and, whether the investment decision was consistent with the written investment policy of the entity.

#### 8.0 AUTHORIZED AND SUITABLE INVESTMENTS:

Investments described below are authorized by the Act and considered suitable by this policy. Section 9 of this Policy describes those investments, which are specifically prohibited by the Act. In addition, the purchase of specific investments may at times be restricted or prohibited by the Investment Officer due to current market conditions. Except as provided above, Corporation funds governed by this Policy may be invested in:

- 8.1 Obligations of the United States of America and federal agencies and instrumentalities.
- 8.2 Certificates of Deposit that are issued by a Corporation approved state, national, or savings bank, domiciled in this state, and are:
- a) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or
  - b) secured by obligations that are described by 8.1 above, which have a market value of not less than the principal amount of the certificates but excluding those securities prohibited by the Public Funds Investment Act and this policy; or
  - c) secured in any other manner and amount provided by law for deposits of the Corporation.

Certificates of Deposit may be transacted with approved public depositories provided the Corporation has on file a signed Security Agreement which complies with the Public Funds Collateral Act and details:

- a) eligible collateral;
  - b) collateralization ratios for the various types of eligible collateral;
  - c) standards for collateral custody and control;
  - d) collateral valuation; and
  - e) conditions for agreement termination.
- 8.3 SEC Registered and regulated no-load money market mutual funds with a dollar-weighted average stated maturity of 90 days or less, whose investment objectives include the maintenance of a stable net asset value of \$1 for each share, and provides the Corporation with a prospectus and other information required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.). The

Corporation's investment in any one money market mutual fund shall not exceed 10% of the total assets of the money market mutual fund. The Corporation has a sweep relationship with the main depository bank that sweeps the overnight funds into a money market mutual fund. This relationship is subject to the same limits as any other mutual fund relationship, as previously stated.

- 8.4 TexPOOL and TexSTAR, local government investment pools, that meet or exceed the requirements set out in the Texas Public Funds Investment Act.
- 8.5 The City of Houston's General Investment Pool, also referred to as Pool 960, which may include investments authorized by the City of Houston's Investment Policy, but not separately authorized above.
- 8.6 Any other investment permitted under City of Houston, Texas investment policy from time to time.

#### **9.0 PROHIBITED INVESTMENTS:**

Under the Act, the following are not authorized for direct investments, regardless of any other law to the contrary:

- 9.1 Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
- 9.2 Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.
- 9.3 Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years.
- 9.4 Collateralized mortgage obligations, the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

#### **10.0 COLLATERALIZATION:**

All deposits of Corporation funds will be fully collateralized by securities permitted under the City of Houston's Investment Policy. Collateral securities shall have a market value of not less than 102% of the amount of the deposits secured thereby, adjusted by the insurance coverage provided those deposits by the Federal Deposit Insurance Corporation. Collateral will always be held by an independent third party with whom the Corporation has a current custodial agreement. A clearly marked evidence of ownership (safekeeping or trust receipt) must be supplied to the Corporation and retained. Determination of market value on collateral shall be made on a weekly basis. All collateral relationships will comply with the terms of the Public Funds Collateral Act.

### 11.0 INVESTMENT STRATEGY:

The Corporation's investment strategy is to maintain excess working capital funds in qualified money market accounts and/or qualified local government investment pools as allowed in section 8 above. In cases where a specific liability has been identified for which payment is due for a time period exceeding 90 days, a separate investment may be made in like amount and maturity as the liability. In no case shall any investment be made in which the final maturity exceeds one year.

### 12.0 DIVERSIFICATION AND MAXIMUM MATURITIES:

The asset mix is stated in terms of a maximum or minimum commitment to each asset category rather than ranges or targets so as to allow flexibility in implementing investment decisions within the framework of this policy.

	Percentage of Total Pool	Maximum Maturity
Maximum Level Money Market Mutual Funds	(a) 100%	90 days
Maximum Level Local Government Investment Pools	(a) 100%	90 days
Maximum Level Certificates of Deposit	25%	1 yr
Maximum Level U.S. Treasuries	75%	1 yr

(a) *The Corporation's investment in any one money market mutual fund or local government investment pool shall not exceed 10% of the total assets of the money market mutual fund or local government investment pool.*

### 13.0 COMPETITIVE BIDDING:

It is the policy of the Corporation to require competitive bidding for all individual security purchases and sales except for those transactions with money market mutual funds (which are deemed to be made at prevailing market rates). At least three bidders must be contacted in all other transactions involving individual securities. Verification of competitive market levels must be documented.

### 14.0 INTERNAL CONTROL:

In conjunction with its annual financial audit the Corporation shall cause to be performed a compliance audit of management controls on investments, adherence to the established investment

policies and the reports prepared by the investment manager. The results of the review shall be reported to Board of Directors of the Corporation.

#### **15.0 REPORTING:**

As requested by the Board of Directors for the Corporation, but not less than quarterly, the Treasurer will prepare and submit to the Board of Directors investment reports which demonstrate conformance to the requirements and objectives of this policy.

#### **16.0 PERFORMANCE STANDARDS:**

The investment portfolio shall be designed with the objective of attaining the best feasible rate of return, throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs of the portfolio.

#### **17.0 SAFEKEEPING AND CUSTODY:**

The Corporation shall contract with a bank or banks for the safekeeping of securities either owned as part of its investment portfolio or as depository collateral. All collateral securing bank deposits must be held by a third-party banking institution acceptable to and under contract with the Corporation, or by the Federal Reserve Bank.

The purchase of individual securities shall be executed "delivery versus payment" (DVP) through the designated Safekeeping Agent. By so doing, funds are not released until the Corporation has received, through the Safekeeping Agent, the securities purchased. The security shall be held in the name of the Corporation or held on behalf of the Corporation. The Safekeeping Agent's records shall assure ownership of or explicit claim on the securities. The original copy of all safekeeping receipts shall be promptly delivered and a safekeeping statement sent to the Corporation each month for reconciliation with internal reports.

#### **18.0 APPROVED BROKER/DEALERS:**

Any Broker/Dealer seeking to transact investment business with the Corporation shall be presented a written copy of this Investment Policy. Additionally, the registered principal of the business organization seeking to transact investment business shall execute a certification to the effect that the registered principal has received and thoroughly reviewed this Investment Policy, and acknowledged that their organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities with the Corporation except to the extent that this authorization is dependent on an analysis of the makeup of the entire portfolio or requires an interpretation of subjective investment standards.

The Corporation shall not enter into an investment transaction with a business organization prior to receiving this written acknowledgement. The Board of Directors shall review, revise and approve a list of qualified brokers not less than annually.



#### **19.0 SALES OF SECURITIES:**

Securities shall not be sold prior to maturity except under the following circumstances:

- A. A decline in the credit quality of the issuer;
- B. Liquidity needs require that a security be sold; or
- C. Diversification limits in section 12.0 of this policy require the reduced concentration in a particular sector.

#### **19.0 INVESTMENT POLICY ADOPTION:**

The Corporation's investment policy shall be adopted by resolution of Board of Directors of Corporation. The policy shall be reviewed at least annually, and any modifications made to such policy must be approved by the Board of Directors. The Corporation shall evidence by resolution that it has conducted such review.

# INVESTMENT BROKERS

02/12/2020

BROKER	ADDRESS	PHONE #	FAX #	800 #
<b>BB&amp;T Capital Markets</b>	901 E. Byrd St Richmond, VA 23219	804-649-3976 312-322-1216		
<b>Loop Capital</b> (Minority)	200 W Jackson Blvd, Suite 1600 Chicago, IL 60606	312-356-5819 AH: 312-913-2274		888-294-8898
<b>Mizuho Securities USA</b>	320 Park Avenue New York, NY 10022	212-205-7583		
<b>UBS</b> (Paine Webber)	1610 Arden Way, Suite 200 Sacramento, CA 95815	916-648-7234 800-354-3895 916-648-7275		800-354-3895
<b>Robert W. Baird</b>	4400 Post Oak Parkway, Suite 1720 Houston, TX 77027	713-296-8013	713-599-0343	800-642-2757 877-792-8157
<b>Raymond James &amp; Associates, Inc.</b> (Morgan Keegan)	34851 Emerald Coast Parkway, Suite 200 Destin, FL 32541	850-269-8028		
<b>Rice Financial Product</b> (Apex)	888 Seventh Avenue, 6 <sup>th</sup> Floor New York, NY 10106	212-908-9260		
<b>Mesirow Financial</b>	353 N. Clark Chicago, IL 60654	312-595-6067		
<b>Samuel A Ramirez &amp; Co</b> (Minority)	61 Broadway New York, NY 10006	212-248-3882 718-848-2434		
<b>Jefferies Fixed Income</b>	3414 Peachtree Rd. N.E., Suite 200 Atlanta, GA 30326	404-264-5056		
<b>Blaylock Beal Van, LLC</b> (Minority)	600 Lexington Avenue New York, NY 10022	212-715-3302		
<b>FTN Financial</b>	845 Crossover Lane, Suite 150 Memphis, TN. 38117	901-435-7995 C: 901-834-6618	877-844-9965	866-668-2958
<b>Piper Jaffray</b>	777 South Post Oak Lane, Suite 1700 Houston, TX 77056	713-343-3915 C: 713-474-0118		
<b>RBC Capital Markets, LLC</b>	200 Crescent Court, Suite 1545 Dallas, TX 75201	214-989-1832		
<b>MBS Multi-Bank Securities</b> (Veteran Owned)	590 Milford Rd Downingtown, PA 19335	610-590-0448	248-291-1101	888-537-0742
<b>JPMorgan</b>	277 Park Avenue New York, NY 10172	212-272-2000		
<b>Bank of America</b>	One Bryant Park New York, NY 10036	212-764-0694		
<b>Citibank</b>	388 Greenwich St. New York, NY 10013	212-816-0267		
<b>Amegy Bank</b>	1717 West Loop South Houston, TX 77027	713-232-2454		800-287-0301
<b>BBVA</b>	2200 Post Oak Boulevard, 17 <sup>th</sup> Floor Houston, TX 77005	713-966-2383		
<b>Regions Bank</b>	3773 Richmond Avenue, Ste 1000 Houston, TX 77046			800-734-4667
<b>Goldman Sachs</b>	200 West Street New York, NY 10282	212-902-1000		

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

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

**DESCRIPTION:** On December 19, 2019, the HFC Board approved a reallocation of funds in the amount of \$334,083 to Harrison Kornberg Architects, LLC and ARUP Texas, Inc. (“HKA-Arup”), a joint venture, for continued repairs to Wortham Theater Center and the Theater District Parking Garages related to Hurricane Harvey recovery. Additionally, two task orders issued to HKA-Arup were modified to extend the services for general construction administration and FEMA assistance through January 31, 2020, and construction administration services for Wortham Theater mitigation through December 31, 2020.

HFC staff requests that an additional \$205,000 in the 2020 Disaster Expense budget be allocated to HKA-ARUP for continued FEMA assistance services through September 30, 2020 under the agreement between HKA-Arup and Wendorf Beward & Partners.

The overall project budget will remain \$152,084,810, and HFC staff does not foresee any additional requests for funding at this time.

**RESOLVED,** that the Board of Directors of Houston First Corporation approves the following resolutions with respect to Harrison Kornberg Architects, LLC and ARUP Texas, Inc., a joint venture:

**RESOLVED,** that the Board of Directors of Houston First Corporation hereby approves and authorizes the following: (i) the modification of a task order issued to Harrison Kornberg Architects, LLC and ARUP Texas, Inc., a joint venture, for additional FEMA assistance services in an amount not to exceed \$205,000; and (ii) an extension of the task order for FEMA assistance services through September 30, 2020; 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 Contract Amendments, Task Orders, Directives or other documents ( collectively the “Transaction Documents”) as may be required to effectively document the additional funding and FEMA assistance services; 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 Transaction Documents 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 Transaction Documents 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 Transaction Documents to be executed hereunder; and

**FURTHER RESOLVED,** that the Transaction Documents 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.



**V. D – Consideration and possible approval of contract with Griffin Partners, Inc. for Owner Representative Services in connection with the development of the W Hotel.**

**Consideration and possible recommendation of a contract with Griffin Partners, Inc. for Owner Representative Services in connection with the development of the W Hotel.**

**DESCRIPTION:** Houston First Corporation (“HFC”) issued a request for proposals (“RFP”) for Owner Representative Services for experienced capital project and construction managers, developers, and hospitality-industry consultants, as needed, in connection with the development of the W Hotel atop Partnership Tower (“Hotel Project”). The team selected will provide prompt and well-reasoned advice to HFC staff on all material matters arising in connection with the Hotel Project and represent the best interests of HFC as directed.

HFC received eleven proposals from experienced firms. Upon review and scoring of all proposals received, the firm that received the highest score was Griffin Partners, Inc. Staff recommends that the Board authorize the negotiation of an agreement based upon the following terms:

Term: Predevelopment through construction of the hotel.

Fees: An amount not to exceed \$1.1 million.

Diversity: Griffin Partners, Inc. has agreed to meet a 15% diversity goal.

**RESOLVED**, that the Board of Directors of Houston First Corporation approves the following resolutions with respect to an agreement for Owner Representative Services:

**RESOLVED**, that the Board of Directors of Houston First Corporation hereby approves and authorizes the finalization and negotiation of an Agreement for Owner Representative Services (the “Agreement”) with Griffin Partners, Inc. ; 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 Agreement; 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 Agreement 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 Agreement 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 Agreement to be executed hereunder; and

**FURTHER RESOLVED**, that the Agreement 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.