

MINUTES

HOUSTON FIRST CORPORATION

**JOINT MEETING OF
HOTEL COMMITTEE AND BENEFITS, COMPENSATION & FINANCE
COMMITTEE February 14, 2023 – 8:00 A.M.
Partnership Tower, 701 Avenida de las Americas,
Suite 200 Houston, Texas 77010
HOUSTON FIRST BOARDROOM**

The Hotel Committee (“Committee”) and 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., held a joint meeting at Partnership Tower, 701 Avenida de las Americas, Houston, Harris County, Texas 77010 on, Tuesday, February 14, 2023, at 8:00 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 Benefits, Compensation, and Finance Committee Members were present for the meeting: Alex Brennan-Martin (Chair), Jay Zeidman (Vice-Chair), Sofia Adrogué, John Johnson, and Ryan Martin.

The following Hotel Committee Members were present for the meeting: Nicki Keenan (Chair), Ryan Martin (Vice-Chair), George DeMontrond, and Paul Puente.

- I. **Call to Order.** Nicki Keenan called the Hotel Committee meeting to order at 8:04 a.m. with a quorum present.

Alex Brennan-Martin called the Benefits, Compensation, and Finance Committee meeting to order at 8:05 a.m. with a quorum present.

- II. **Public Comments.** None

- III. **Review and approval of minutes from prior meeting.** Following a motion duly seconded, the minutes for the November 1, 2022, Hotel Committee Meeting were approved as presented.

Following a motion duly seconded, the minutes for the November 9, 2022, Benefits, Compensation, and Finance Committee Meeting were approved as presented. John Johnson was absent from the vote.

IV. Committee Business

A. Consideration and possible recommendation to acquire a loan from Equitable Financial Life Insurance Company for the Hilton Americas-Houston Hotel secured by a deed of trust lien against the Hilton-Americas Houston Hotel and Avenida South Garage.

Frank Wilson, Chief Financial Officer, stated that management has worked on refinancing a \$125 million loan with AIG to achieve a lower interest rate. According to Mr. Wilson, the Federal Reserve started raising interest rates in March of 2022, totaling a 4.5% increase in rates as of January 2023, and the current loan rate is 7.57%. He explained that Mike Melody, Walker Dunlop, evaluated fifteen insurers/vendors to assist with refinancing. The best refinancing option is with Equitable Financial Life Insurance Company, which offers a seven-year refinancing plan. The financing package includes a fixed seven-year loan with a 6.44% interest rate and would allow for prepayment flexibility.

Stephen Jacobs, Locke Lord LLP, reviewed the loan-related resolutions. He explained that the loan amount would be \$126,500,000 to cover closing costs and that Houston First Holdings LLC would be the borrower. The loan will be secured solely by the Hilton Americas-Houston Hotel and Avenida South Garage and that HFC does not maintain direct liability.

Following a motion duly seconded by Hotel Committee Members, Committee Members unanimously passed a resolution to acquire a loan from Equitable Financial Life Insurance Company for the Hilton Americas-Houston Hotel secured by a deed of trust lien against the Hilton Americas-Houston Hotel and Avenida South Garage.

Following a motion duly seconded by Benefits, Compensation, and Finance Committee Members, Committee Members unanimously passed a resolution to acquire a loan from Equitable Financial Life Insurance Company for the Hilton Americas-Houston Hotel secured by a deed of trust lien against the Hilton-Americas Houston Hotel and Avenida South Garage.

B. Consideration and possible recommendation of additional Design Services with Gensler and the issuance of a new job order with Chamberlin Houston, LLC for the Hilton Americas-Houston Hotel Roof Overlay Project and a waterproofing project for the Hilton Americas-Houston Hotel's loading dock.

Jacques D'rovencourt, General Manager of the Hilton Americas-Houston Hotel, reported that the sixth-floor roof overlay work concluded at the end of 2022. However, further work is needed, including installing a roof overlay covering floors 8, 20, 18E, and 25W and resealing the loading dock floors. Mr. D'rovencourt also emphasized the importance of continuing with Gensler and Chamberlin Houston, LLC for continuity and quality. Chamberlin met its 25% diversity goal for last year's project, and there will also be a new 25% diversity goal for this phase. FM Global Properties Insurance provider will inspect the sixth-floor roof overlay soon, and Mr. D'Rovencourt is hopeful for a reduction in property insurance cost after the inspection.

Mr. D'rovencourt further explained that resealing and waterproofing work is needed for six bays of the Hotel's loading dock because the sealant in these bays is weathered

and deteriorated, and the flooring is original. The expected work bays would include four receiving bays, one composting bay, and one compacting bay.

Following a motion duly seconded by Hotel Committee Members, Committee Members unanimously passed a resolution for additional Design Services with Gensler and issued a new job order with Chamberlin Houston, LLC for the Hilton Americas-Houston Hotel Roof Overlay Project and a waterproofing project for the Hotel's loading dock.

Following a motion duly seconded by Benefits, Compensation, and Finance Committee Members, Committee Members unanimously passed a resolution for additional Design Services with Gensler and issued a new job order with Chamberlin Houston, LLC for the Hilton Americas-Houston Hotel Roof Overlay Project and a waterproofing project for the Hotel's loading dock.

V. Presentations, Reports, and Updates

A. Financial Report

Mr. Wilson informed Committee Members that the third PPP loan for Hilton payroll expenses was forgiven in mid-December 2022. He also indicated significant revenue variances, including the Hilton Americas-Houston Hotel's Net Cash of \$1,775,000, which is 47.6% better than expected, and that the GRB Food and Beverage maintained a Net Cash of \$795,895, which is 40.5% better than expected. Theater District Parking was also better than budget by \$59,415.

Mr. Wilson explained that expenses were well-managed, which was illustrated by how GRB Food and Beverage is over budget by \$495,587, a windfall of 36.5% caused by the strength of GRB's F&B revenue and in connection with the hiring of a new Human Resources director for the Levy team.

VI. Adjourn. The Hotel Committee and the Benefits, Compensation, and Finance Committee adjourned at 8:46 a.m.