

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 Minckberg, 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 Mincberg 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 Mincberg 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 Mincberg 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 Mincberg 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.