AGENDA
HOUSTON FIRST CORPORATION

BOARD OF DIRECTORS MEETING
April 23, 2020 – 3:00 P.M.
Live Video and Audio Conference Meeting
Join the Meeting Here

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 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

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 – March 26, 2020

IV. Presentations, Reports, and Updates
   A. Report by Houston First Chairman
   B. HFC President & CEO Report
   C. Sales Report
   D. Hilton Americas-Houston Hotel Report
   E. Facilities Report
   F. Chief Financial Officer Report
V. **Board Business**
   A. Consideration and possible approval for extension financing with AIG Asset Management, LLC for the Hilton Americas-Houston Hotel.
   
   B. Consideration and possible approval 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. **Adjourn**
III. Minutes – March 26, 2020
MINUTES
HOUSTON FIRST CORPORATION

BOARD OF DIRECTORS MEETING
March 26, 2020– 3:00 P.M.
Live Video and Audio Conference Meeting

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. GOVT. CODE ANN. §394.001 et seq., held a meeting via Live Video and Audio Conference on Thursday, March 26, 2020, commencing at 3:00 p.m.

In accordance with the modified Texas Open Meetings Act provisions announced by Texas Governor Greg Abbott on March 16, 2020, this Agenda was 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.

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, Reginald Martin, Ryan Martin, Tom Segesta, Bobby Singh, Gerald Womack, Jay Zeidman, Council Member Dave Martin, Ex-Officio, and Council Member David Robinson, Ex-Officio.

The Chairman of the Board thanked all Board Members for their participation and HFC staff for hosting a telephonic meeting. He then asked Brenda Bazan to call on all Board Members in attendance to establish a quorum. A quorum was established at 3:04 p.m.

1. **Public Comments**. The Chairman addressed a letter that was submitted to HFC from Janissary LLC. Brenda Bazan confirmed that a response was issued and circulated to all Board Members.

   Jay Zeidman stated it's important for Board Members to better understand the rights and processes for subcontractors to dispute issues related to diversity requirements.

   The Chairman requested that both the letter submitted and response be included in the record.

2. **Review and approval of minutes from prior meeting**.

   Following a motion duly seconded, the meeting minutes of February 20, 2020 were approved as presented.
3. **Presentations and Reports.**

   A. **Report by Houston First Chairman.** Chairman Mincberg stated since the Board last met things have changed drastically and the situation has taken hold of the entire world. As a result, Board Members have been called upon to act appropriately given their fiduciary duties and a number of meetings have been held between Board Members and senior staff.

   B. **HFC President & CEO Update.** Brenda Bazan stated the past few weeks have been the most difficult in her career. According to Ms. Bazan, the new 2020 budget forecast will reflect a $30 million deficit.

      Ms. Bazan discussed the state of the hotel industry, based in part on information provided by Stephanie Haynes. She also explained that the Texas Comptroller will allow hotels to postpone payment of state taxes up to 90 days, if a hotel makes an initial down payment. However, there has been no discussion of similar accommodations being made by the City of Houston for hotel occupancy taxes at this time.

      She also informed the Board that she holds a weekly phone call with other destination marketing organization CEOs in major cities in Texas to address challenges related to COVID-19.

      For the W Hotel update, Ms. Bazan confirmed that Stephen Jacobs received an email from the developer’s attorney to discuss the timing of the project.

      The Chairman of the Board further addressed the weekly stakeholders meeting. He confirmed that all theaters in Houston are closed, which has created a financial disaster for many performing arts groups still recovering from Hurricane Harvey.

   C. **Sales Report.** [Item was taken out of order]. John Solis stated in Q1 there were 111 meetings scheduled with approximately 136,000 room nights and ten city-wide conventions. However, according to Mr. Solis, there were twenty-three meeting cancellations, not including four city-wide conventions. In Q2, he added, thirty-six meetings were scheduled to be held, sixteen have been rescheduled, and fourteen have been cancelled; on the city-wide side, eleven meetings were scheduled, four have cancelled, and five are still scheduled. Mr. Solis explained that many programs are still scheduled for legal reasons due to concerns regarding reimbursements and attrition fees. Mr. Solis presented statistics that show a 63% decrease in room nights for Q2 and a 65% decrease for Q3, but he anticipates Q4 will not be impacted. Mr. Solis and the sales team are actively working to re-schedule meetings and have spoken with a number of groups looking to re-locate to Houston. The client services team has had a drastic decline in planning site-visits or attending promotional trips, he said, however, some groups planning meetings for 2021 are contacting HFC. Mr. Solis also added that he has implemented a cost savings initiative to cut sales travel, client events, and site-visits. He concluded his sales report with a COVID-19 summary and predictions for hotel market recovery.
D. **Hilton Americas-Houston Hotel Report.** Jacques D'Rovencourt stated that once the Hilton received notice that CERA Week was cancelled, and as COVID-19 has continued to spread, the hotel has had a number of postponements, cancellations, and re-bookings. The hotel also reduced a variety of hotel services and began reducing costs until further notice. He concluded his report with an announcement that the Hilton Americas-Houston Hotel received the Grand Award of Excellence for the 9th consecutive year.

Chairman Mincberg asked for the number of hotel employees that have been furloughed. Mr. D'Rovencourt responded that approximately 550 out of 620 employees have been furloughed.

E. **Facilities Report.** Luther Villagomez stated that operations have been reduced to essential staff, including operators, engineers, security, etc. He added that all partner staff have been reduced to levels that reflect the closed condition of HFC facilities.

In the Theater District, according to Mr. Villagomez, a lot of pending business in June remains. He noted that the ballet spring season has been cancelled and, the youth opera camp scheduled for June is still pending. Mr. Villagomez said that the Houston Symphony would like to begin hosting events in May, but there is a possibility of postponement or cancellation; the Society for the Performing Arts will not begin hosting events until September. Additionally, Mr. Villagomez stated that events at Miller Outdoor Theatre have been cancelled until June.

Mr. Villagomez reported that all restaurants are closed with the exception of the Grotto and Rustic for take-out service only. He also stated that event parking is completely wiped out; however, there are reports that baseball is scheduled to begin in mid-June that could generate parking revenues. Mr. Villagomez concluded his report by informing the Board that he continues to work with the sales team and Theater District to re-schedule events.

Chairman Mincberg asked that, since events through June 30, 2020 have been cancelled, if there is hope that events will begin July 1, 2020. Mr. Villagomez confirmed that events may not be held until the end of July or first of August.

F. **Chief Financial Officer Update.** Frank Wilson discussed HFC's reserve position and available credit based on the 2020 revised budget forecast. Mr. Wilson stated the reforecast reflects a 35% decrease in revenues with a 20% decrease in expenses resulting in a $30 million deficit. Mr. Wilson said HOT is projected to go down 30% for the year and HFC does not foresee any net cash revenue from the Hilton in March or April; however, HFC anticipates some revenues through the end of the year. Parking revenues are also down, according to Mr. Wilson, who said HFC anticipates a 50% decrease in parking revenues or more, and HFC will receive no facility rental revenues or food and beverage revenues from April through June.
Chairman Mincberg called upon Nicki Keenan to share some comments before Mr. Wilson addressed HFC's expense reductions.

Ms. Keenan stated Landry's operates dining, entertainment, hospitality, gaming, and sports facilities on a global level so they have been monitoring the pandemic for some time. Ms. Keenan stated there is a road map out there during these unprecedented times, if HFC will watch what is going on at a global level and in other cities. According to Ms. Keenan, Landry's has furloughed 40,000 employees and the leadership team has agreed to take a 50% pay-cut because of their commitment to get through the pandemic. Additionally, she noted, they have retooled their products to meet the needs of consumers and keep as many people employed as possible. Ms. Keenan also stated that the Houston team has been working four times as hard to keep one-tenth of the business to re-schedule meeting associations, as many groups also face the threat of going out of business. She also expressed the need to be responsive, caring, and understanding when working with various groups. She stressed the importance of having a strong communications and public relations team in place. She concluded her remarks by stating it is critical to the success of HFC that that the sales team and marketing team remain intact.

Chairman Mincberg asked what HFC might anticipate in 2021. Ms. Keenan stated there is a socialization issue as people work from home and there is a pent-up demand on travel and tourism. Ms. Keenan believes meetings and tourism will surge and HFC has to be prepared. Mr. Solis added that he put a plan in place to contact accounts and make the most of any new opportunities, but it will be a challenge. Ms. Keenan stated HFC cannot wait and should be forward thinking.

Chairman Mincberg then asked Mr. Wilson to move forward with the CFO Update.

Frank Wilson outlined the reduction in expenses, including reductions in all service contracts, temporary suspension of building operations, reductions in supplies, materials, and equipment, reductions in building maintenance and utilities, postponement of capital projects, a hiring freeze, temporary furloughs, elimination of travel and promotional expenses, reductions in site visits and sales calls, reductions in hosted events and company meetings, and closure of the Starbucks, Avenida Eats, and Welcome Center. He added that the use of consultants has also been curtailed or eliminated as have community sponsorships.

Chairman Mincberg asked Ms. Bazan to elaborate further on the furlough situation.

Ms. Bazan stated HFC furloughed approximately 140 employees as a temporary measure and that all of the employees will receive benefits until they return. She added that employees have been encouraged to file for unemployment and may wish to seek other employment. Ms. Bazan further explained that the decision to furlough employees was based on job function and responsibilities so as demand returns they will bring employees back in intervals.
Ms. Keenan explained that HFC can anticipate negative PR in dealing with the furlough that will not only impact employees personally, but may impact HFC’s ability to generate business. She further explained that the marketing team should be ready to address headlines, and implement a marketing strategy to retain employees.

Ms. Bazan clarified that while they have encouraged employees to seek temporary work, HFC desires all employees to return. Ms. Keenan stated that once employees find another job, they may not return and HFC should be prepared.

Chairman Mincberg suggested that the strategy going forward for furloughed employees should be discussed by the Executive Team rather than the Board, but asked that Ms. Keenan continue to share her experience with Brenda.

Brenda Bazan announced that the Greater Houston Convention and Visitors Bureau made the decision to cancel Comicpalooza. She also confirmed that the national search for their Destination Marketing Officer has been put on hold.

Chairman Mincberg opened the discussion to other Board Members.

Paul Puente stated he is still processing all the information that has been discussed.

Gerald Womack thanked the staff for having a conference call with him and he thanked Nicki Keenan for her comments. He also cautioned staff to continue to be thoughtful in their approach.

Elizabeth Brock also thanked Ms. Keenan for sharing her experience. She reiterated the importance of being intuitive and taking advantage of data, such as the impact of the virus in warmer temperatures in Houston. She also thanked staff for their hard work and offered any additional support.

Ryan Martin stated it is a challenging time, but HFC has to continue to be agile. He also thanked Brenda and Frank for their discussions and offered any additional support in navigating this situation.

Reginald Martin also thanked HFC staff and stated that he echoes a lot of what has been said by Ms. Keenan in the industry. Mr. Martin also stated that HFC should activate as many experts as possible to generate new revenue streams and take full advantage of any opportunities.

Chairman Mincberg closed the meeting with an optimistic perspective on future business. He thanked staff for their efforts and encouraged everyone to exercise caution and stay safe.

4. Adjournment. The meeting was adjourned at 4:34 p.m.
V. (A) – Consideration and possible approval for extension financing with AIG Asset Management, LLC for the Hilton Americas-Houston Hotel.
Consideration and possible approval of extension 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.
V. (B) – Consideration and possible approval 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 approval 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 refinancing 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.