

# HOUSTON FIRST CORPORATION

## MINUTES OF HOTEL COMMITTEE

MAY 20, 2014

The Hotel Committee of Houston First Corporation (the "Corporation"), a Texas non-profit 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 in the 3<sup>rd</sup> Floor Executive Board Room, 1001 Avenida de las Americas, Houston, Harris County, Texas 77010, on Tuesday, May 20, 2014, commencing at 11:30 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 members participated in the meeting: David Solomon, Hasu Patel and Dawn Ullrich. Irma Diaz-Gonzalez was absent.

Chairperson Solomon called the meeting to order at approximately 11:39 A.M. and a quorum was established.

1. Approval of Minutes. After a motion duly seconded, the minutes of February 26, 2014 were approved.
2. Presentations - Starbucks. Jacques D'Rovencourt gave a presentation regarding a proposed Starbucks on the northeast corner of Hilton Americas-Houston. Starbucks has approved the location for a licensed store, and is considering approval of this location for its new "Evening Service" which will allow the sale of beer and wine in the evenings. The design will be a unique "Houston-centric" coffee shop with high-end finishes. If and when approvals are secured, this would be the first Starbucks to serve beer and wine in Houston and the largest Starbucks in the United States. Jay Bush discussed the proforma. Chairperson Solomon requested the breakdown of the sale of coffee versus other Starbucks products, particularly in our region. Joe Palmieri added that this would be an activation of underutilized space. Peter McStravick explained that we would like to move quickly and will bring this item back before the Committee when approvals are received. Hilton would like to open this facility by the end of 2014 or early 2015.
3. Consideration of, and possible recommendation on, the acceptance of Hilton's recommendation of MDU Enterprises, Inc. d/b/a Bulk TV & Internet to serve as the provider of Free-To-Guest television service at Hilton Americas-Houston. Jacques D'Rovencourt provided an overview of the proposed agreement with Bulk TV. The current provider's contract (with LodgeNet) expires at the end of May. After further discussion on specific costs and benefits of the agreement, the committee agreed to recommend this item for consideration by the Houston First Corporation Board of Directors.
4. Hilton Operations and Sales Reports. Joe Palmieri reported a strong first quarter with 49 sellouts year-to-date versus 36 for the same period last year. Revenue for parking, food and beverage and rooms are all up, mainly due to transient business. He continued to advise the Committee that the revenue forecast for group rooms this year is lower than last year due to the lack of large conventions; however, they continue to work to book groups in July and August. Vitaliy Skripkin provided a report on Rooms Revenue and Janice O'Neill-Cox updated the

Committee on the booking position. Jacques D’Rovencourt added that the construction for Pappasito’s will be completed on May 23, and the restaurant will be open for dinner on May 30 and expand to a lunch/dinner schedule on June 4. In addition, replacement of the guest room door locks began and is expected to continue for the next couple of months.

5. COO Report. Peter McStravick briefed the Committee on the hotels participating in the rebate program, provided an update on the management agreement and potential retail space. He also discussed the concept of the addition of a sports bar in the garage and distributed preliminary renderings of the proposed space. It was agreed that this may be a viable proposal and a proforma should be created and presented to the Committee at the next meeting.

The meeting adjourned at approximately 12:54 P.M.

*Pamela Walko*

Pamela Walko, Secretary