

HOUSTON FIRST CORPORATION

MINUTES OF HOUSTON FIRST CORPORATION BOARD OF DIRECTORS NOVEMBER 8, 2017

The Board of Directors 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.TRANSF.CODE ANN. §431.101 et seq. and TEX.LOC.GOV'T.CODE ANN §394.001 et seq., held a meeting at the Partnership Tower, 701 Avenida de las Americas, Houston, Texas, on Wednesday, November 8, 2017, commencing at 2:00 p.m. Written notice of the meeting, including the date, hour, place and agenda, was posted in accordance with the Texas Open Meetings Act. The following members participated in the meeting: David Minberg, Elizabeth Brock, Katy Caldwell, Ryan Martin, Alex Brennan Martin, Desrye Morgan, Paul Puente, Bobby Singh, Jay Tatum, Gerald Womack, Jay Zeidman, Council Member Martin and Council Member Robinson. Sofia Adrogué was absent. Council Member Gallegos was also in attendance.

The meeting began at 2:05 p.m.

1. **Public Comments.**

Jacques d'Rouvencourt announced that following the retirement of Andy Slater, Area Vice President, Hilton Worldwide restructured its leadership team and named Tom Loughlin as Area Vice President for the North and Central Regions. Tom Loughlin stated that he was thrilled to be a part of the Hilton Americas-Houston team.

Lauren Davis, associate in the food and beverage department at Marriott Marquis, spoke to the Board about an unsafe parking situation for those working at the Marriott who have to park a distance from the Marriott and walk to work at all hours of the day and night. Chairman Minberg assigned Houston First's CEO, Dawn Ullrich, to get personally involved to improve the situation.

Elizabeth Mosquera, Marriott Marquis, was assisted by an interpreter and echoed the sentiments of Ms. Davis.

Alese Lugo, an organizer with SEIU Texas, spoke on behalf of the janitors working in Houston First facilities. She stated that Houston First janitors were currently in negotiations with Midwest Maintenance Company, Houston First's contractor, to attempt to raise wages and have access to better healthcare. She then introduced five members of the janitorial staff who attended, but did not speak.

Bill Franks stated that he appreciated the respectfulness of the Board. He shared that he had been downtown since 1994 and involved in many developments as a historical and development consultant. He said that he approached Houston First two years ago to offer assistance with building a hotel on the top of the Partnership Tower garage. Mr. Franks is currently working on a response to the enhanced submittal to the Hotel RFP and should have it completed in a couple of weeks. Finally, he stated that he would like to do a full presentation to the Board in the future.

Al Kashani stated that he echoed Bill Franks' comments and will be submitting an enhanced offer to his previously submitted proposal. He stated that the proposed hotel carry the W flag and would provide a wow factor as well as complement what Houston First has done. He also stated that he would like to do a full presentation to the Board.

2. **Item III - Minutes.** Following a motion duly seconded, the minutes of the September 25, 2017 meeting were approved as presented.
3. **Item V.A. - Consideration of and possible approval of the annual election of officers pursuant to the Houston First Corporation Bylaws.** After a motion duly seconded, the Board of Directors, in accordance with the Bylaws of the Corporation, elected and appointed the following persons as officers of the Corporation [Desrye Morgan was not in attendance at the time of the vote]:
 - Dawn Ullrich, President
 - Brenda Bazan, Treasurer
 - Pamela Walko, Secretary
 - Frank Wilson, Investment Officer
4. **Item V.B. - Consideration and possible approval of the 2018 Compensation Philosophy.** The Benefits & Compensation Committee thoroughly discussed this item in detail at their meeting on November 8, 2017 and voted to recommend it to the Board for review and approval. Dawn Ullrich gave a PowerPoint presentation that provided background on the inception of the Compensation Philosophy, the goals for the amended policy, and differences between the forms of compensation. Following discussion on this item, a motion was made and duly seconded to approve the 2018 Compensation Philosophy.
5. **Item V.C. - Consideration and possible approval of the 2018 Hilton Americas-Houston Business Plan and Budget.** The Hotel Committee thoroughly discussed this item in detail at their meeting on October 17, 2017 and voted to recommend it to the Board for review and approval. Jacques d'Rovencourt provided an explanation for some of the variances. Following discussion on this item, a motion was made and duly seconded to approve the 2018 Hilton Americas-Houston Business Plan and Budget.
6. **Item V.D. - Consideration and possible approval of Houston First Corporation's 2018 Business Plan and Budget, inclusive of Capital Plans.** The Governance, Audit & Finance Committee thoroughly discussed this item in detail at their meeting on October 27, 2017 and again at the November 7, 2017 meeting and voted to recommend it to the Board for review and approval. Dawn Ullrich gave a presentation that highlighted the significant accomplishments and challenges of 2017. She proceeded with sharing some of the proposed work for planning and/or completion in 2018. Following Ms. Ullrich's presentation, Brenda Bazan provided an overview of the budget including variance explanations. Gerald Womack made a motion to table this item to provide time for him to meet with the staff regarding procurement goals included in the 2018 Business Plan. The motion to table was seconded by Bobby Singh, Paul Puente and Ryan Martin. Those who opposed the motion to table were Alex Brennan Martin, Katy Caldwell and Desrye Morgan. Abstentions were David Minberg, Elizabeth Brock, Jay Tatum and Jay Zeidman; therefore, the motion to table did not pass. Chairman Minberg called for a break at 3:08. The Board reconvened at 3:11 p.m. Upon return from break, Katy Caldwell made a motion to pass Houston First

Corporation's 2018 Budget separate from the Business Plan, which was seconded and passed. The Business Plan will be discussed further at a future HFC Board meeting.

7. **Item V.E. - Consideration and endorsement of the issuance of Subordinate Lien Hotel Occupancy Tax and Parking Revenue Flexible Rate Notes, Series A, by the City of Houston, in an aggregate principal amount not to exceed \$75,000,000 and providing for the payment thereof by Houston First Corporation.** To eliminate any perception of a conflict of interest, Desrye Morgan left the room for the discussion and vote on this item. The Governance, Audit & Finance Committee thoroughly discussed this item at their November 7, 2017 meeting and voted to recommend it to the Board for review and approval. Frank Wilson provided the terms of this item. Following discussion, a motion was made and duly seconded to approve the payment obligation of the \$75 million Subordinate Lien Hotel Occupancy Tax and Parking Revenue Flexible Rate Note program issued by the City of Houston.

Following the vote, Desrye Morgan reentered the room.

Prior to discussion on item V.F, Jim Springer with Gilbane Reconstruction Services, provided the Board with the status of the clean-up efforts occurring in Wortham and the Theater District garages, including the four elements affected by the storm and an overview of remediation.

Bobby Singh left the meeting at 3:23 p.m. and was not in attendance at the time of Board discussion on Item V.F.

8. **Item V.F - Consideration and possible approval of a First Amendment to a Single Project Program Management Agreement between Houston First Corporation and Gilbane Reconstruction Services LLC for continued disaster emergency and assessment services related to Hurricane Harvey for certain Theater District facilities.** The Governance, Audit & Finance Committee thoroughly discussed this item at their meeting on November 7, 2017 and voted to recommend it to the Board for review and approval. Peter McStravick stated that the environment in the Theater District Facilities was continuing to be stabilized and Houston First is still in the recovery phase. Following discussion on this item, a motion was made and duly seconded to approve a First Amendment to a Single Project Program Management Agreement between Houston First Corporation and Gilbane Reconstruction Services. Paul Puente voted no on this item.
9. **Item V.G. - Consideration and possible approval of the Construction Manager-at-Risk delivery method to select a general contractor to perform disaster emergency and assessment services related to Hurricane Harvey for certain Theater District facilities.** The Governance, Audit & Finance Committee thoroughly discussed this item at their meeting on November 7, 2017 and voted to recommend it to the Board for review and approval. Peter McStravick stated that Houston First is recommending the selection of a Construction Manager-at-Risk delivery method to select a general contractor to oversee recovery efforts and work with TetraTech to assist with FEMA reimbursement. Following discussion on this item, a motion was made and duly seconded to approve the Construction Manager-at-Risk delivery method.

