

HOUSTON FIRST CORPORATION
MINUTES OF THE HILTON AMERICAS-HOUSTON HOTEL COMMITTEE
SEPTEMBER 9, 2015

The Hilton Americas-Houston Hotel Committee ("Hilton 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 3rd Floor Executive Board Room, 1001 Avenida de las Americas, Houston, Harris County, Texas 77010, on Wednesday, September 9, 2015, commencing at 12:00 noon. 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, Robert Sakowitz, and Dawn Ullrich.

Chairperson Solomon called the meeting to order at approximately 12:12 P.M. and a quorum was established.

1. Public Comments. None.
2. Approval of Minutes. Per a request made at the March 24, 2015 meeting, Peter McStravick provided handouts on the downtown Houston block numbers and a Downtown Houston Development Map. A motion was made and duly seconded to approve the minutes of the March 24, 2015 Hilton Hotel Committee.
3. Presentations. None.
4. Consideration and possible recommendation to amend the Hilton Americas-Houston 2015 capital budget. Jacques D'Rovencourt gave a presentation on the proposed relocation of the Executive Lounge to the 24th floor. This would provide an opportunity for guests using the Lounge to have unencumbered views from large picture windows of the skyline and Discovery Green along with an outdoor component. Further, he explained that the current Executive Lounge location could be converted to seven additional guest rooms. These additional rooms will add value to the hotel by generating additional revenue. The overall goal of this initiative is to create a unique Executive Lounge experience to enhance loyalty, increase guest satisfaction, create up-sell opportunities and add profitability while remaining competitive with new products in the market.

In addition to the Executive Lounge and additional guest rooms, Mr. D'Rovencourt discussed the shortage in the current restroom capacity on the east side of the hotel lobby, particularly with the opening of Starbucks, retail and events utilizing the east drive for valet. The development of additional restrooms will help to better service the needs of hotel patrons and guests.

A motion was made and duly seconded to recommend the amended Hilton Americas-Houston 2015 capital budget.

5. Consideration and recommendation for retail development in the Hilton Americas-Houston. Peter McStravick led the discussion related to the current retail space in the hotel. It is proposed to combine the two existing spaces into one larger gift shop to not only serve the needs of hotel guests, but to provide a unique assortment of fine goods infused with a Houston and regional flair. The committee members were provided with a proforma for this proposal. Additionally, costs for this project would be reflected in the 2016 budget. Following discussion on this item, a motion was made and duly seconded to recommend retail development in the Hilton Americas-Houston.
6. Consideration and possible recommendation of a lease agreement between Hilton Worldwide and Federal Express for the operation of a business center at the Hilton-Americas Houston. Jacques D'Rovencourt explained to the committee that the lease for the current business center operator, The UPS Store, expires on March 26, 2016. Following a request for proposal process led by Hilton Worldwide, the hotel is recommending awarding the lease for a new five-year term to Federal Express who has offered to pay higher rents to the hotel and has committed \$250,000 for capital improvements in the business center at the Hotel. This will also include Federal Express operating a satellite business center at the George R. Brown Convention Center. Following discussion on this item, a motion was made and duly seconded to recommend a lease agreement between Hilton Worldwide and Federal Express.
7. Updates. Joe Palmieri advised the committee that the hotel had a great start in the first half of 2015 in food and beverage (revenues were up), increased market share and great service scores. Jacques D'Rovencourt announced that Hilton-Americas was ranked #1 of Hilton's big box hotels at the end of July, based on experience, service and loyalty. Mr. Palmieri said that the union negotiations were going smoothly and collaboratively and Pappasito's has done well. Janice O'Neill-Cox provided an update on Hilton's booking position. Jeff Sachs gave an update on the garage hotel. Peter McStravick provided an update on the downtown hotels currently under construction and new retail development.
8. Announcements. None.

The meeting adjourned at approximately 1:35 P.M.

Pamela Walko

Pamela Walko, Secretary