

**HOUSTON FIRST CORPORATION  
MINUTES OF HOTEL COMMITTEE  
JULY 23, 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. GOVT. 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 Wednesday, July 23, 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 Irma Diaz-Gonzalez. Dawn Ullrich was absent.

Chairperson Solomon called the meeting to order at approximately 11:36 A.M. and a quorum was established.

1. Approval of Minutes. After a motion duly seconded, the minutes of May 20, 2014 were approved. Due to her absence at the May 20, 2014 meeting, Irma Diaz-Gonzalez abstained.
2. Consideration of, and possible recommendation of, a Term Sheet with Starbucks Corporation at Hilton Americas-Houston including an amendment of Hilton Americas-Houston's 2014 Capital Budget. Peter McStravick provided an overview of the terms with Starbucks for a proposed store on the northeast corner of Hilton Americas-Houston. Starbucks has approved the location for a licensed store, as well as approving this location for its new "Evening Service", which will allow the sale of beer and wine in the evenings, and to offer Reserve Service. Further, he explained that Phase 1 of this project, the interior renovation, will increase the 2014 capital budget by \$2.5 million. Starbucks is preparing a test fit, which is due the week of July 28, 2014. It is anticipated that it will take approximately 6 months to complete the interior. Following completion of the interior design phase, Hilton management will come back to the Hotel Committee for review and consideration of Phase 2, the exterior of the store. The Committee agreed to recommend this item for Houston First Corporation's Board to review and consideration.
3. Consideration of, and possible recommendation on, a revised Term Sheet for the management agreement with Hilton Worldwide, Inc. Jeff Sachs provided the benefits and cost savings related to extending the management agreement for a total of 15 years, retroactive to January 1, 2014. The Committee agreed to recommend this item to the Houston First Corporation Board for review and consideration.
4. Hilton Operations and Sales Reports. Joe Palmieri reported an historic increase in revenue numbers for parking, food and beverage and rooms, mainly due to the growth of transient business. Further, he reported that expenses were on budget and a very successful Pappasito's opening. Janice O'Neill-Cox updated the Committee on the booking position.
5. COO Report. Peter McStravick advised the Committee that the foundation permit was received for the north garage.

The meeting adjourned at approximately 12:27 P.M.



Pamela Walko, Secretary