

# HOUSTON FIRST CORPORATION

## MINUTES OF BOARD OF DIRECTORS MEETING

SEPTEMBER 12, 2011

The Board of Directors (the "Board") meeting of the 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., was held in 3<sup>rd</sup> Floor Executive Conference Room, 1001 Avenida de las Americas, Houston, Harris County, Texas 77010, on Monday, September 12, 2011, commencing at 11:00 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 directors participated in the meeting: Ric Campo, David Arpin, Katy Caldwell, Desrye Morgan, Hasu Patel, Dick Rabinow, and Deon Warner. Dawn Ullrich, President, Brenda Bazan, Investment Officer, Peter McStravick, Treasurer, and Councilmember James Rodriguez, Honorary Member, were also in attendance.

Chairperson Campo called the meeting to order at approximately 11:00 a.m. and a quorum was established.

1. **Review and approval of minutes from prior meeting.** After a motion duly seconded, the Minutes of the Meeting of the Board of Directors for July 28, 2011 were approved. (due to his absence from the July 28, meeting, Hasu Patel abstained)
2. **Consideration of, and possible action with the Houston Downtown Management District related to Greenlink.** Dick Rabinow explained to the Board that the Strategic Planning committee had met on September 8<sup>th</sup> and that this joint project was discussed. Mr. Rabinow turned to Bob Eury of the Houston Downtown Management District for more about the project. Mr. Eury advised that this would be a joint project with Houston Downtown Management District, as owner and operator. Funding would be provided in part by the District, a federal government grant and corporate sponsorship by BG North America, LLC. The District is requesting participation by Houston First Corporation. The "Greenlink" concept is a project of circulator buses that would operate on a downtown loop route. The proposed contract with the Corporation would include a four year term, with up to four two (2) year renewal terms. The Corporation's contribution for equipment is \$600,000 and its share of the annual operating cost would be a capped amount of \$375,000, subject only to increases based on increases in the cost of fuel. Discussion followed by all including questions regarding reaction of METRO and other operational aspects of the project. After a motion duly seconded, the Board of Directors approved the Greenlink project and contract with the Houston Downtown Management District, such contract being in the form presented to the Board.
3. **Consideration of a convention servies agreement with 806 Main Hotel, LLC, related to a hotel to be developed at 806 Main.** Mr. Rabinow gave a brief overview of the City's incentive program relating to hotel development noting that this project due to the distance from the Convention Center would only receive 50% of the annual hotel's HOT which is expect to be between \$325,000 to \$400,000. He advised the board that the Strategic Planning Committee had reviewed the project and although the hotel that is

to be developed at 806 Main would have only 255 rooms, the project merited the rebate in exchange for a room block covering 70% of its rooms running in favor of the Corporation. Mr. Rabinow advised that the committee was recommending that the Board of Directors authorize negotiation and execution of a convention services agreement and taking other action in regard thereto. Mr. Rabinow noted that the City of Houston's rebate policy had expired and, as a result of the consolidation, the Corporation was now tasked with administering rebate programs. He further indicated that at present the Strategic Planning Committee is not recommending a fixed methodology of formula for the amount of rebates that any particular project may merit, but rather believes that each proposed project should be individually analyzed for its benefits to tourism in relation to the rebate proposed. After a motion duly seconded the Board of Directors approved the negotiation and completion of the contract on the terms outlined by Mr. Rabinow.

4. **Consideration of an office space sublease at the GRBCC with the Dynamos Soccer, LLC.** Dick Rabinow explained that Dynamo Soccer, LLC was a current office tenant at the George R. Brown Convention Center due to an agreement between the Dynamos and the City of Houston. He advised that they occupied about 7,900 square feet of space and it was on a month to month basis. The proposal is to enter into a longer term sublease with the Dynamo for a proposed annual rental of \$21,505.72, exclusive of janitorial and broadband/phone, with a 5 year term, with one 5 year renewal in favor of the Dynamo. Mr. Campo explained that rent was set at the amount of costs to the Corporation to provide the space. Discussion followed. After a motion duly seconded, the Board of Directors hereby authorizes the President.
5. **Consideration of the acceptance of the list of obsolete property presented by Hilton.** Mr. McStravick advised the board that the Hotel Committee met on August 31, 2011 and reviewed a list of obsolete and excess assets presented by Hilton and that based on the information presented, the Committee recommends acceptance of the list. He noted that the proposed disposition would be made in accordance with Corporation policy governing such matters. After a motion duly seconded, the Board of Directors approved the list of obsolete property as presented by Hilton (attached as Exhibit A) to be disposed of in accordance with Houston First Corporation's policy.
6. **Ratification of the creation of Houston First Foundation, confirmation of Houston First Foundation Board.** After a motion duly seconded, the Board of Directors ratified the formation of the Foundation and the role of the Corporation as the member thereof.
7. **Consideration of an agreement with the Houston First Foundation related to employee matters.** Mr. Campo provided the background for this agreement and description of its terms and purpose. After motion duly seconded, the Board of Directors approved the agreement between the Corporation and Houston First Foundation to provide staffing for Houston First Corporation, such agreement being in the form presented to the Board.
8. **Audit and Finance Committee.** Katy Caldwell advised the Board that the Audit and Finance Committee had met on August 22, 2011 and Ms. Bazan had given a report on the Management and Accountability Report. She explained that Dawn and Peter were working on the audit contract since the services to be provided by the auditors would be increased. She also advised that it was budget time, noting that a budget calendar had been provided. Discussion followed.

9. **Theater Committee.** Desrye Morgan advised that the Theater Committee had met that morning at 9am, discussing items related to priority projects, Jones Plaza, 25yr anniversary of the Wortham and GRB and late night parking in the Theater District Garages. The next meeting is scheduled for October 26, 2011.
10. **Strategic Planning Committee.** Dick Rabinow advised the Strategic Planning Committee met on September 8, 2011 and that in addition to the items presented today, they were given a presentation of the 2025 GRB Long Range Plan. He explained the plan was not finalized but visualizes the expansion of the area in and around the GRB that would foster use and increase tourism. He explained that other items discussed included the possibility of leasing the Tundra Garage from the Sports Authority, SE Rail Line, Metro Airport Direct, New Hotel development and the progress on the Regional Tourism Center.
11. **Hotel Committee.** Peter McStravick advised that Chairperson Solomon and Stephen Jacobs had recently visited with Sheryl Johns of the Houston Endowment concerning the purchase of Block 99. He explained that the meeting with Ms. Johns was productive and that the Corporation had presented a non binding offer, to Ms. Johns and that a response was expected later this month. Mr. McStravick updated the Board with regard to the renovation of the Hotel, noting that the work was about 90-95% complete and presently under budget but slightly behind schedule. He briefly explained that the Hotel was having a moisture issue which was being handled during the rooms renovation project and anticipated the cost would be approximately \$750,000 for repairs. David Arpin asked about the street expansion and beautification project and Mr. McStravick advised that the scope of the project was being reconsidered in light of planning recommendations. He further indicated that a subsequent presentation to the Board was likely as well as an increase in costs of the project if the Board approved the expanded scope of the project.

After a motion duly seconded, the meeting was adjourned at approximately 12:10 p.m.

  
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Dolores Kerr, Secretary

### OBSOLETE ITEMS

1. VMI dough mixer model # spi170au



USED

1

No longer used.

2. bowls for VMI dough mixer



USED

2

Bowls for above mixer.

3. Dough Docker



USED

1

No longer used.

4. Stantion



USED

24

Broken; irreparable.

5. Double Head Heat lamp USED 14 No longer used in operation.



6. 55 gal coffee brewer USED 1 Not operational



7. Fetco Brewer in Cafe. USED 1 Replaced by "show" omlet station



8. Café Capicino Machine USED 1 No longer used in operation.



9. Ice Cream making machine

USED

1

No longer used in operation.



10. Reach in refer w/stainless top

USED

1

No longer used in operation.

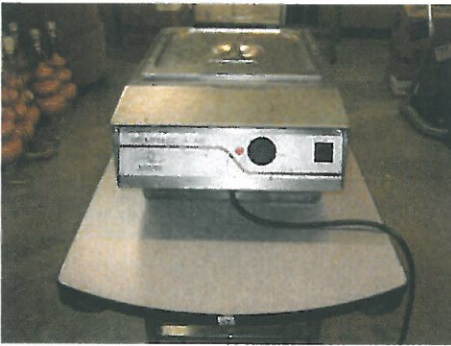


11. Chocolate tempering machine

USED

2

No longer used in operation.



12. Table top mixer

USED

2

No longer used in operation



13. Mixer mounted to tabel with parts rack

NEW

1

No longer used in operation.



14. Floor cleaning machine operation.

USED

1

Broken and no longer used in

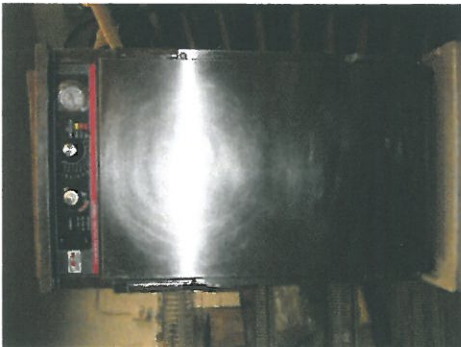


15. Humidified holding cabinet

USED

1

Removed from operation



16. Pool Furniture – Lounge Chairs - Length: 6 ft., 10 inches

USED

17

Replaced in 2011 CapEx



17. Pool Furniture - Bench - Length: 5 ft, 5 ¼ inches

USED 4 Replaced in 2011 CapEx



18. Pool Furniture - Chairs

USED 5 Replaced in 2011 CapEx



20. Pool Furniture - Tables - Diameter: 3 ft.

USED 4 Replaced in 2011 CapEx





21. Pool Furniture - Side table – Diameter: 18 inches

USED

3

Replaced in 2011 CapEx



22. Kiosks

USED

4

Product discontinued



23. Mini Bar Service stock carts

USED 3

Mini bar services discontinued.



24. Mini Bars

USED 1200 Mini Bar services discontinued.



25. Onity Encoders

USED 15 Upgraded to new Encoders



26. Orange Programmers and Old remotes

USED 1200+ Replaced by new TVs/Systems



## HOUSTON FIRST CORPORATION

### MINUTES OF BOARD OF DIRECTORS MEETING

NOVEMBER 14, 2011

The Board of Directors (the "Board") meeting of the 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., was held in 3<sup>rd</sup> Floor Executive Conference Room, 1001 Avenida de las Americas, Houston, Harris County, Texas 77010, on Monday, November 14, 2011, commencing at 2:00 p.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 directors participated in the meeting: Ric Campo, David Arpin, Katy Caldwell, Joe Ting, Hasu Patel, Dick Rabinow, and Deon Warner. Dawn Ullrich, President, Brenda Bazan, Treasurer, Peter McStravick, Investment Officer, and Bradley Wray from the office of Councilmember James Rodriguez, Honorary Member, were also in attendance.

Chairperson Campo called the meeting to order at approximately 2:15 p.m. and a quorum was established.

1. **Review and approval of minutes from prior meeting.** After a motion duly seconded, the Minutes of the Meeting of the Board of Directors for September 12, 2011 were approved. (due to his absence from the September 12, meeting, Joe Ting abstained)
2. **New Years Eve Live 2011.** Sharon Adams introduced DJ Mackovets, the Executive Director of New Years Eve Live 2011. Mr. Mackovets gave a brief overview of the plans for the event and explained that the name had officially changed and the event would be known from this year on as 'New Years Eve Live'. He advised donations were slow in coming in but he felt certain the event would exceed last year.
3. **Election of Officers for 2012.** 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:

Dawn Ullrich, President  
Brenda Bazan, Chief Financial Officer and Treasurer  
Stephany Bland, Assistant Treasurer  
Peter McStravick, Investment Officer  
Dolores Kerr, Secretary  
Pamela Walko, Assistant Secretary

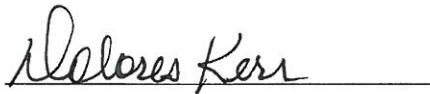
4. **Consideration of, and possible action on, an employment services agreement with Convention and Cultural Services, Inc.** Chairperson Campo explained that this agreement was the same document that was previously approved by the Houston First Foundation. Mr. Lewis, General Counsel, advised the only difference was the addition of health insurance coverage that was previously provided to the employees by the City. After a motion duly seconded, the Board of Directors approved the employment services agreement between the Corporation and Convention and Cultural Services, Inc. Further,

the Board of Directors authorizes and directs the President to execute and deliver, for and on behalf of the Corporation, said agreement and any other document or instrument deemed necessary or desirable by the President to effect such agreement.

5. **Consideration of, and possible action on, the approval of the operating and capital budgets of the Houston First Corporation for calendar year 2012.**  
Katy Caldwell advised the Board that the budgets had been presented to the Audit and Finance Committee. Ms. Caldwell asked Brenda Bazan to give a brief overview of the budget. Mr. Rabinow questioned the contingency and discussion followed. After a motion duly seconded, the Board of Directors approved the Corporation's 2012 operating and capital budgets as recommended by the Audit and Finance Committee. A copy of each such budget is attached hereto as Exhibit A.
6. **Consideration of, and possible action on, the approval of Hilton's operating and capital budgets for calendar year 2012.** Peter McStravick gave a brief overview of Hilton's operating and capital budgets for calendar year 2012. After a motion duly seconded, the Board of Directors approved Hilton's operating and capital budgets (attached as Exhibit B) for calendar year 2012.
7. **Consideration of the acceptance of the list of obsolete property presented by Hilton.**  
Mr. McStravick advised the board that the Hotel Committee met and reviewed a list of obsolete and excess assets presented by Hilton and that based on the information presented, the Committee recommends acceptance of the list. After a motion duly seconded, the Board of Directors approved the list of obsolete property as presented by Hilton (attached as Exhibit C) to be disposed of in accordance with Houston First Corporation's policy.
8. **Consideration of, and possible action, with regard to the annual review and acceptance of the Investment Policy.** Katy Caldwell advised the Board that the Audit and Finance Committee reviewed the policy and after making one (1) change recommends that the Board accept the policy. After a motion duly seconded, the Board of Directors accepted the Investment Policy as recommend by the Audit and Finance Committee.
9. **Consideration of, and possible action, with regard to approval of GRB 2025 Master Plan.** Mr. Rabinow advised the Board that the Strategic Planning Committee had reviewed the GRB 2025 Master Plan and recommends that the Board of Directors approve and adopt the plan in all respects. After a motion duly seconded the Board of Directors approved the GRB 2025 Master Plan.
10. **Consideration of, and possible action, with regard to approval of an agreement with the Buffalo Bayou Partnership related to the International Coffee Building.**  
Removed from consideration.
11. **Management and Accountability.** Brenda Bazan gave a brief overview of the significant changes in the report. She advised that HOT for the quarter was up 12% over last year at this same time.

12. **Insurance coverage for leased properties.** Peter McStravick advised the Board that the savings on property insurance would be approximately \$340,000 and moving to a stand alone insurance program will now need to be approved by the Mayor.
13. **GHCVB's contract amendment and other issues.** Dawn Ullrich advised the Board that a draft amended and restated contract had been given to the Greater Houston Convention and Visitors Bureau. The final document will be presented to the Board in January.
14. **Olympic Trials Marathon, January 14, 2012.** Luther Villagomez advised the Board that the Olympic Marathon Trials would have an impact of \$50,000,000 for the City.

After a motion duly seconded, the meeting was adjourned at approximately 3:00 p.m.

A handwritten signature in cursive script, reading "Dolores Kerr", is written over a horizontal line.

Dolores Kerr, Secretary

CY 12 Budget Presentation

	CY10 ACTUAL	CY11 Estimate	CY12 PROPOSED BUDGET	Adjustments	Total	Houston First/Leased Premises	Convention & Cultural Services, Inc.	CEFD
<p>Estimated Beginning fund balance @ 1/1/12 (Houston First Corp. Only)</p> <p style="text-align: right;">36,354,584 *</p>								
<b>OPERATING REVENUE</b>								
Venue Revenue	11,665,340	11,489,107	13,516,954	-	13,516,954	13,206,069	-	308,885
Parking Revenue	10,094,361	9,524,177	9,479,099	-	9,479,099	1,366,856	-	8,110,440
Miscellaneous Revenue	1,594,394	459,838	762,900	-	762,900	-	-	-
<b>Total Revenues</b>	<b>23,354,095</b>	<b>21,473,122</b>	<b>23,759,953</b>	-	<b>23,759,953</b>	<b>15,339,825</b>	-	<b>8,419,328</b>
<b>OPERATING EXPENSES</b>								
Personnel	10,092,122	10,024,815	10,046,639	-	10,046,639	3,823,127	6,221,511	-
Termination pay	69,847	50,574	666,215	-	666,215	-	-	666,215
Supplies	632,427	587,485	622,576	-	622,576	622,976	-	-
Utilities	6,628,880	6,638,424	6,594,895	-	6,594,895	6,394,895	-	-
Facility maintenance	5,750,284	5,534,898	5,951,198	-	5,951,198	5,951,198	-	-
Security	3,953,640	3,968,220	4,147,911	-	4,147,911	4,147,911	-	-
Janitorial	2,844,080	2,995,096	3,306,128	-	3,306,128	3,306,128	-	-
Parking	2,408,324	2,259,567	2,185,338	-	2,185,338	2,185,338	-	-
Insurance	1,132,887	1,203,549	1,163,920	-	1,163,920	1,163,920	-	-
Other	3,061,478	4,446,624	3,403,782	-	3,403,782	3,208,734	195,048	-
<b>Total Operating Expenses</b>	<b>38,603,950</b>	<b>37,727,222</b>	<b>37,868,997</b>	-	<b>37,868,997</b>	<b>30,806,223</b>	<b>8,416,559</b>	<b>686,215</b>
<b>Net Operating Income/(Loss)</b>								
	<b>(13,249,865)</b>	<b>(16,234,302)</b>	<b>(14,130,047)</b>	-	<b>(14,130,047)</b>	<b>(15,466,588)</b>	<b>(9,416,589)</b>	<b>7,753,110</b>
<b>NON-OPERATING INCOME (EXPENSE)</b>								
Hotel Occupancy Tax (current and delinquent)	57,165,325	63,752,377	66,350,000	-	66,350,000	-	-	66,350,000
Contributions from Others	4,412,925	7,928,849	11,535,273	-	11,535,273	6,535,273	-	5,000,000
Lease Income	-	1,380,000	1,380,000	-	1,380,000	-	-	1,380,000
Personnel Services Contract Income	-	-	-	7,016,559	7,016,559	-	7,016,559	-
Transfers from Gen Fund	1,277,321	-	-	-	-	-	-	-
Initial working capital transfer revenue	-	16,189,623	-	-	-	-	-	-
Net available pledged revenues income	-	24,142,324	-	-	-	-	-	-
Interest Income	1,283,777	995,113	950,000	-	950,000	180,000	-	780,000
Sale of Capital Assets	-	3,386,312	-	-	-	-	-	-
GHCVB contract expense	(12,282,308)	(13,768,885)	(14,950,000)	-	(14,950,000)	(14,950,000)	-	-
Sponsorship expense	(12,897,815)	(2,175,000)	(3,725,000)	-	(3,725,000)	(3,725,000)	-	-
Contingency	(53,820)	(56,960)	(28,100,000)	-	(28,100,000)	(25,500,000)	(600,000)	-
Equipment	(289,418)	(685,184)	(638,000)	-	(638,000)	(638,000)	-	-
Capital Projects	(2,203,120)	(5,701,808)	(7,318,000)	-	(7,318,000)	(7,318,000)	-	-
Debt Service	(19,202,801)	(22,045,505)	(21,950,057)	-	(21,950,057)	-	-	(21,950,057)
Net available pledged revenues expenses	-	(24,142,324)	-	(52,884,792)	(52,884,792)	-	-	(52,884,792)
Initial working capital transfer expense	-	(16,189,523)	-	-	-	-	-	-
COH contractual obligations	(658,865)	(20,120,734)	(20,715,476)	-	(20,715,476)	(13,621,000)	-	(7,094,476)
Personnel Services Contract expense	-	-	-	(7,016,559)	(7,016,559)	(7,016,559)	-	-
<b>Total Non-Operating Income (Expense)</b>	<b>16,551,303</b>	<b>12,968,949</b>	<b>(15,369,260)</b>	-	<b>(15,369,260)</b>	<b>(13,396,484)</b>	<b>6,416,539</b>	<b>(8,419,328)</b>
<b>Net Income/(Loss)</b>								
	<b>3,301,438</b>	<b>(3,245,353)</b>	<b>(29,498,307)</b>	-	<b>(29,498,307)</b>	<b>(28,883,092)</b>	-	<b>(686,215)</b>
<b>Estimated Ending Fund Balance</b>								
<b>(Houston First Corp. Only)</b>								
								<b>7,521,492</b>

\* Transfers approved by City Council 8/11

**DRAFT**  
**CY12 FUNDED NON-RECURRING EXPENDITURES**

Priority	Description	Cost
1	Upgrade remaining 12 escalators at Lobby B, C, D – Steps and chains	\$ 750,000
2	Building Automation A/C Controls Replacement – Original Building	2,000,000
3	Exhibit Hall, Public Area, Dock Area, Lamp Retrofit	500,000
4	ADLA Re-design (GRB 2025)	200,000
6	Re-upholster Hotel Furniture	100,000
9	Lighting – Registration Level (Starbucks)	175,000
10	Telescoping Glass Doors on Skybridge to Garage	46,000
	<b>TOTAL</b>	<b>\$ 3,771,000</b>

Houston First Corporation Theater District CY2012 Capital Improvement Plan- PRIORITIZED			
Item	Facility	Name of Project	Budget
1	TD Parking	Purchase 4-14 passenger shuttle buses	240,000
2	Wortham	Prairie street lobby brass handrail additions	20,000
3	Jones	Exterior Travertine evaluation/repairs	60,000
4	Wortham	Outdated lighting - Dimming system replacement	650,000
5	Jones	Electrical improvements (Phase 2 of 3)	300,000
6	TD Parking	Replace Entry Signs	175,000
7	Parks	Replace ground light fixtures Fish Plaza Gazebos	15,000
8	Wortham	Computers and copier (TDI)	10,000
9	Jones	Computers (TDI)	9,000
10	TD Parking	Computer (TDI)	5,000
11	Wortham	Install DDC Controls on 5 AHU for Humidity Control	60,000
12	Wortham	Replace 3 cooling tower sumps, add 1 new stainless steel sump screens & replace cooling tower base anchors (TDI)	60,000
13	Wortham	Sewer Injector Rebuilds (TDI)	65,000
14	Jones	Rebuild Front Doors to Boilers (TDI)	5,000
15	Jones	Condenser Water Pumps (TDI)	75,000
16	Jones	BAS System upgrade (TDI)	40,000
17	Miller	HVAC (TDI)	20,000
18	TD Parking	Fan Repair (TDI)	30,000
19	Parks	Costswald Fountain repairs and light fixtures replacement 2 on Preston @ Main (TDI)	77,000
20	TBH	Mitigate water penetration	50,000



<b>Houston First Corporation Theater District CY2012 Capital Improvement Plan- PRIORITIZED</b>			
<b>Item</b>	<b>Facility</b>	<b>Name of Project</b>	<b>Budget</b>
21	Parks	Paver Repairs	15,000
22	Wortham	Upgrade Fire Alarm system	150,000
23	Parks	RMSF gazebo roof replacement	16,000
24	Wortham	Box office expansion construction	200,000
25	Wortham	Fourth floor administration office expansion & air balancing design & construction	100,000
26	TD Parking	Orange concourse ceiling replacement and HVAC repairs	248,000
27	Wortham	Greenroom Kitchen Redesign	30,000
28	Jones	Backstage Equipment	50,000
29	Wortham	Backstage Equipement	350,000
30	TD Parking	2 New golf cart (To replace existing 13 year old golf carts)	16,000
31	TD Parking	Relamp to garages with new energy efficient bulbs and ballasts	130,000
32	TD Parking	Design of additional interior way finding signage	23,000
33	TBH	Irrigation system and 1 smart controller	23,000
34	Parks	Install (15) new smart irrigation controllers	45,000
35	Jones	New signage on Texas and courtyard entrance design	15,000
36	Jones	Brass coating of handrails, door handles, and other brass fixtures	40,000
37	Wortham	Refurbish brass finish in elevator cabs and FOH handrails	50,000
38	Parks	FP - paint spheres	12,000
39	Wortham	Additional monitors in the foyer, Texas lobby & tunnel entrance	70,000
40	Wortham	Purchase new Christmas tree	47,000
41	Jones	Professional Service Consultant to properly label theater doors numbering system	10,000

<b>Houston First Corporation Theater District CY2012 Capital Improvement Plan- PRIORITIZED</b>			
<b>Item</b>	<b>Facility</b>	<b>Name of Project</b>	<b>Budget</b>
42	Wortham	Install 56 shower doors in the dressing rooms	30,000
43	Jones	Replace exterior café table & chairs	10,000
44	Jones	25 brass trash cans for lobbies	9,000
45	Parks	Replace 6 benches at Fish Plaza	5,000
46	Miller	Engineering and Design Stage Left Platform Loft	30,000
47	Wortham	Professional Interior Design Services for banquet seating & Prairie lobby drapes	10,000
48	TD Parking	Security office modifications	11,000
49	TD Parking	Parking solution service for CY13 parking equipment	25,000
50	TD Parking	Refurbish 7 Parking Booths	21,000
51	TD Parking	Diamond polish Alley tunnel floor	30,000
<b>THEATER DISTRICT CY 2012 GRAND TOTAL</b>			<b>3,787,000</b>



Hotel Administration

**Proposed Budget - Calendar 2012**

		<b>Proposed Budget</b>
Cash Flow From Hilton Americas-Houston		\$ 29,500,000
Less Capital Expense for 2012		\$ (3,618,083)
Estimated Rebates		\$ 8,864,393
Interest Earnings		<u>\$ 399,418</u>
 Total Operating Cash Flow		 \$ 35,145,729
 Operating Expenses (less E.C. expense)	\$ 885,983	
Crawford/Dallas Street Improvements	\$ 1,163,000	
2012 Debt Service	\$ 22,357,402	
2011 Excess Preferred Return	\$ 5,164,986	
Payments to the City of Houston	\$ 6,380,000	
Payments to HFC for CC portion of Garage	\$ 719,241	
Contract for Discovery Green	<u>\$ 300,000</u>	<u>\$ 36,970,612</u>
 Net Cash Activity		 <u>\$ (1,824,884)</u>

Houston First Corporation - Hotel Administration

	Adopted Calendar 2011	Projected Calendar 2011	Proposed Calendar 2012	2012 vs 2011 %	2012 vs 2011 \$ Change
<u>Personnel</u>	\$ 2,322,140.08	\$ 2,257,156.26	\$ 2,418,810.90	7.2%	\$ 161,654.64
<u>Supplies</u>	\$ 7,700.00	\$ 6,554.68	\$ 7,000.00	6.8%	\$ 445.32
<u>Office Services</u>	\$ 91,300.00	\$ 89,724.50	\$ 10,450.00	-88.4%	\$ (79,274.50)
<u>Professional Services</u>	\$ 251,350.00	\$ 352,365.00	\$ 551,000.00	56.4%	\$ 198,635.00
<u>Special Projects</u>	\$ 555,000.00	\$ 112,000.00	\$ 1,163,000.00	938.4%	\$ 1,051,000.00
<u>Contingency</u>	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	0.0%	\$ -
<u>Distributions, Preferred Return and Rent</u>					
Total Monthly P & I Payments (7)	\$ 22,502,000.00	\$ 19,835,013.63	\$ 22,357,402.01	12.7%	\$ 2,522,388.38
2012 Remainder of Preferred Return	-	-	2,642,597.99		2,642,597.99
2011 Remainder of Preferred Return	2,498,000.00	-	5,164,986.37		5,164,986.37
2010 Remainder of Preferred Return	3,174,000.00	4,008,849.00	-	-100.0%	(4,008,849.00)
Closing Fee and Annual Rent Payment	-	5,000,000.00	6,380,000.00	27.6%	1,380,000.00
Distribution for Discovery Green	300,000.00	300,000.00	300,000.00	0.0%	-
<u>Sub-total</u>	\$ 28,474,000.00	\$ 29,143,862.63	\$ 36,844,986.37	26.4%	\$ 7,701,123.74
<u>Total Expenses</u>	\$ 31,726,490.08	\$ 31,986,663.07	\$ 41,020,247.27	28.2%	\$ 9,033,584.20

Houston First Corporation - Hotel Administration: Summary of Cash Flows  
 Summary of Actual and Projected Cash Flows as of October 31, 2011  
 December 2009 through December 31, 2020

Date and Time: 11/9/2011 7:12

Interest Rate Assumptions: Earnings: 0.70% in 2011, 1.2% in 2012 and 2% thereafter  
 Hotel Growth after 2016: 3%  
 Variable Rate Bonds: 2% in 2012, 3.5% in 2013, 5.2% 2014 and out.

Sources of Funds	Estimate Full Year 2011	Fcst Full Year 2012	Fcst Full Year 2013	Fcst Full Year 2014	Fcst Full Year 2015	Fcst Full Year 2016	Fcst Full Year 2017	Fcst Full Year 2018	Fcst Full Year 2019	Fcst Full Year 2020
Total Distributions from Hilton	27,288,880	29,500,000	30,783,863	31,117,923	34,776,443	37,379,328	38,500,708	39,655,729	40,845,401	42,070,763
Rebates	8,316,141	\$ 8,864,393	9,603,606	1,170,514	0	0	0	0	0	0
Interest Earnings/Deposits	116,235	399,418	837,637	1,010,927	993,818	1,024,820	1,140,264	1,296,282	1,273,754	990,027
<b>Total Sources of Funds</b>	<b>35,721,256</b>	<b>38,763,812</b>	<b>41,225,106</b>	<b>33,299,364</b>	<b>35,770,262</b>	<b>38,404,148</b>	<b>39,640,972</b>	<b>40,952,011</b>	<b>42,119,156</b>	<b>43,060,790</b>
Debt Service	19,835,014	22,357,402	20,564,306	19,843,494	19,566,556	19,425,119	18,196,091	19,394,319	19,303,681	19,088,669
Ex. PR + \$300M	4,308,849	5,464,986	2,942,598	4,735,694	5,456,506	5,733,444	5,874,881	7,103,909	5,905,681	5,996,319
Contractual Distribution to the City + Lease	5,000,000	6,380,000	1,380,000	5,234,521	1,380,000	1,449,000	1,449,000	3,962,941	3,430,441	6,795,368
<b>Total Payments to City</b>	<b>29,143,863</b>	<b>34,202,388</b>	<b>24,886,904</b>	<b>29,813,709</b>	<b>26,403,062</b>	<b>26,607,563</b>	<b>25,519,972</b>	<b>30,461,169</b>	<b>28,639,804</b>	<b>31,880,356</b>
HFC - Hotel Administration	695,613	885,983	588,112	616,538	647,365	666,786	686,789	707,393	728,615	750,473
Contractual Payments to Hilton - Sub Man Fe	0	0	0	0	0	0	0	5,000,000	6,000,000	8,048,923
Payment to City for Garage Income	698,292	719,241	755,203	792,963	832,612	857,590	883,318	909,817	937,112	965,225
HFC - Hotel Administration Capital	112,000	1,163,000	0	0	0	0	0	0	0	0
Capital Expense	3,135,544	3,618,083	2,250,000	2,700,000	4,250,000	4,500,000	4,750,000	5,000,000	20,000,000	5,000,000
Rooms & Corridors Renovation	11,257,158	0	0	0	0	0	0	0	0	0
<b>Total Uses</b>	<b>45,042,470</b>	<b>40,588,695</b>	<b>28,480,220</b>	<b>33,923,210</b>	<b>32,133,039</b>	<b>32,631,938</b>	<b>31,840,079</b>	<b>42,078,379</b>	<b>56,305,530</b>	<b>46,644,977</b>
<b>Net Cash Activity</b>	<b>(9,321,213)</b>	<b>(1,824,884)</b>	<b>12,744,886</b>	<b>(623,846)</b>	<b>3,637,223</b>	<b>5,772,210</b>	<b>7,800,893</b>	<b>(1,126,368)</b>	<b>(14,186,374)</b>	<b>(3,584,186)</b>
<b>Cumulative Ending Balance</b>	<b>\$ 26,567,121</b>	<b>\$ 24,742,237</b>	<b>\$ 37,487,123</b>	<b>\$ 36,863,277</b>	<b>\$ 40,500,500</b>	<b>\$ 46,272,710</b>	<b>\$ 54,073,604</b>	<b>\$ 52,947,236</b>	<b>\$ 38,760,862</b>	<b>\$ 35,176,676</b>