

HOUSTON FIRST CORPORATION
MINUTES OF THE
AUDIT AND FINANCE COMMITTEE

May 9, 2012

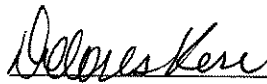
The Audit and Finance Committee of the Houston First Corporation (the "Corporation"), a Texas non-profit corporation created and organized by the City of Houston as a local government corporation pursuant to TEX.TRANSP.CODE ANN. §431.101 et seq. And TEX. LOC. GOV'T. CODE ANN §394.001 et seq., held a committee meeting in the 1st Floor Conference Room at the George R. Brown Convention Center, 1001 Avenida de las Americas, Houston, Harris County, Texas 77010, on May 9, 2012, commencing at 1:00 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 Meeting Act. The following committee members participated in the meeting: Katy Caldwell, David Arpin, Desrye Morgan and Dawn Ullrich.

Chairperson Caldwell called the meeting to order at approximately 3:30 p.m. and a quorum was established.

1. Review and Approval of Minutes from Prior Meeting. After a motion duly seconded, the minutes from the February 1, 2012 meeting were approved.
2. Discussion of and possible action on a recommendation to the Board of Directors to accept the financial audit for the calendar year ended December 31, 2011. Ross Johnson of Deloitte & Touche presented the financial audit for calendar year ended December 31, 2011. Mr. Johnson noted that audit was completed with full cooperation of staff and that there were no uncorrected or material misstatements. After a motion duly seconded the Committee agreed to recommend to the Board of Directors the audit be accepted.
3. Management and Accountability Report. Brenda Bazan presented the monthly dashboard report. She gave an update of the hotel occupancy tax collection for the 1st and 2nd quarters of Fiscal Year 2013 noting that based on 2nd quarter results, she is expecting HOT will be approximately 8% above budget for calendar year 2012.

4. Bond Refunding. Was being delayed due to the Hotel Developer RFP
5. New software systems. Brenda Bazan advised the committee that the new accounting system is scheduled to go live on July 1, 2012. She explained that the HOT software was being studied and that she anticipated the program designed in 2012 to implement in 2013.
6. Property insurance (Leased Assets). Peter McStravick explained that the Corporation had purchased a supplemental policy to be used in lieu of the City's policy for the George R. Brown Convention Center,
7. Electric Supply. Peter McStravick advised the committee that electricity prices were locked in on April 26, 2012 for the leased assets at \$0.04711 per kWh (July 2013 through June 2014) vs current rate of \$0.07097 and the Hotel at \$0.04542 per kWh (June 2013 through May 2014) vs current rate of \$0.04900.

After motion duly seconded, the meeting was adjourned at approximately 4:25 p.m.



Dolores Kerr, Secretary