

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 3rd 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 that reads "Dolores Kerr". The signature is written in black ink and is positioned above a solid horizontal line.

Dolores Kerr, Secretary

INVESTMENT POLICY

of

Houston First Corporation

1.0 PURPOSE:

It is the policy of the Houston First Corporation (the "Corporation") to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the cash flow demands of the Corporation, and conforming to all state and local statutes governing the investment of public funds including the Public Funds Investment Act Texas Government Code, Chapter 2256 (the "Act"). This policy sets forth the investment program of the Corporation and the guidelines to be followed in achieving its objectives.

2.0 SCOPE:

This policy is applicable to all investment activities and all funds of the Corporation except trustee funds, or escrow funds - any of which is set up and administered separately and whose investment activities are conducted by third parties in accordance with instructions provided in statutes, contracts, or escrow agreements.

3.0 OBJECTIVE:

Investment of the funds covered by this policy shall be governed by the following investment objectives, in order of priority:

- 3.1 **Safety:** Preservation and safety of principal is the primary objective of the investment program. Investment of funds shall be undertaken in a manner that seeks to ensure the preservation of capital for the overall portfolio.
- 3.2 **Liquidity:** Investments will remain sufficiently liquid to enable the Corporation to meet all operating requirements which might be reasonably anticipated.
- 3.3 **Return on Investments:** Investments shall be made with the objective of attaining the best feasible rate of return, throughout budgetary and economic cycles, commensurate with the Corporation's investment risk constraints and cash flow characteristics. Return on investment, although important, is subordinate to the preservation, safety and liquidity objectives described above.

4.0 DELEGATION OF AUTHORITY:

Authority to manage the Corporation investment program is derived from State statutes and applicable ordinances and resolutions. The designated Investment Officers for the Corporation shall be designated by the Board from time to time.

5.0 INVESTMENT TRAINING:

The Investment Officer and Treasurer of the Corporation shall attend at least one training session relating to responsibilities under this policy within 12 months after assuming duties; and attend an investment training session not less than once in a two-year period and receive not less than 10 hours of investment instruction from an independent source approved by their respective governing bodies. Training must include education in investment controls, security risks, strategy risks, market risks, and compliance with the Act.

6.0 ETHICS AND CONFLICTS OF INTEREST:

Officers and employees involved in the investment process shall not engage in personal business activity that conflicts with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Investment officials and employees who are directly involved with the investment function shall disclose to the President of the Corporation in writing (which shall also be forwarded to the Texas Ethics Commission) any "personal business relationship" with a business organization offering to engage in an investment transaction with the Corporation ("personal business relationship" is defined in the Act as ownership of 10% or more of voting stock or shares of the business organization or ownership of more than \$5,000 of the fair market value of the business organization, or where funds received by the Investment Officer from the business organization exceed 10% of the Investment Officer's gross income for the previous year, or where the investment officer acquired for his personal account from the business organization during the previous year investments with a book value of \$2,500 or more). Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of their entity and shall subordinate their personal investment transactions to those of the City's, particularly with regard to the timing of purchases and sales.

7.0 PRUDENCE:

Investments shall be made with judgment and care--under investment and economic circumstances then prevailing--which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived provided that any significant changes in market price or credit risk are reported to the Board in a timely manner and appropriate action is taken to control adverse developments.

- 7.1 The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio under prevailing economic conditions at the moment of investment commitments. Investment officials, acting in accordance with written procedures and the investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

- 7.2 In determining whether an investment official has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the investment of all funds over which the official had responsibility rather than a consideration as to the prudence of a single investment and, whether the investment decision was consistent with the written investment policy of the entity.

8.0 AUTHORIZED AND SUITABLE INVESTMENTS:

Investments described below are authorized by the Act and considered suitable by this policy. Section 9 of this Policy describes those investments, which are specifically prohibited by the Act. In addition, the purchase of specific investments may at times be restricted or prohibited by the Investment Officer due to current market conditions. Except as provided above, Corporation funds governed by this Policy may be invested in:

- 8.1 Obligations of the United States of America and federal agencies and instrumentalities.
- 8.2 Certificates of Deposit that are issued by a Corporation approved state, national, or savings bank, domiciled in this state, and are:
- a) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or
 - b) secured by obligations that are described by 8.1 above, which have a market value of not less than the principal amount of the certificates but excluding those securities prohibited by the Public Funds Investment Act and this policy; or
 - c) secured in any other manner and amount provided by law for deposits of the Corporation.

Certificates of Deposit may be transacted with approved public depositories provided the Corporation has on file a signed Security Agreement which complies with the Public Funds Collateral Act and details:

- a) eligible collateral;
 - b) collateralization ratios for the various types of eligible collateral;
 - c) standards for collateral custody and control;
 - d) collateral valuation; and
 - e) conditions for agreement termination.
- 8.3 SEC Registered and regulated no-load money market mutual funds with a dollar-weighted average stated maturity of 90 days or less, whose investment objectives include the maintenance of a stable net asset value of \$1 for each share, and provides the Corporation with a prospectus and other information required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.). The

Corporation's investment in any one money market mutual fund shall not exceed 10% of the total assets of the money market mutual fund. The Corporation has a sweep relationship with the main depository bank that sweeps the overnight funds into a money market mutual fund. This relationship is subject to the same limits as any other mutual fund relationship, as previously stated.

- 8.4 TexPOOL and TexSTAR, local government investment pools, that meet or exceed the requirements set out in the Texas Public Funds Investment Act.
- 8.5 The City of Houston's General Investment Pool, also referred to as Pool 960, which may include investments authorized by the City of Houston's Investment Policy, but not separately authorized above.
- 8.6 Any other investment permitted under City of Houston, Texas investment policy from time to time.

9.0 PROHIBITED INVESTMENTS:

Under the Act, the following are not authorized for direct investments, regardless of any other law to the contrary:

- 9.1 Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
- 9.2 Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.
- 9.3 Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years.
- 9.4 Collateralized mortgage obligations, the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

10.0 COLLATERALIZATION:

All deposits of Corporation funds will be fully collateralized by securities permitted under the City of Houston's Investment Policy. Collateral securities shall have a market value of not less than 102% of the amount of the deposits secured thereby, adjusted by the insurance coverage provided those deposits by the Federal Deposit Insurance Corporation. Collateral will always be held by an independent third party with whom the Corporation has a current custodial agreement. A clearly marked evidence of ownership (safekeeping or trust receipt) must be supplied to the Corporation and retained. Determination of market value on collateral shall be made on a weekly basis. All collateral relationships will comply with the terms of the Public Funds Collateral Act.

11.0 INVESTMENT STRATEGY:

The Corporation's investment strategy is to maintain excess working capital funds in qualified money market accounts and/or qualified local government investment pools as allowed in section 8 above. In cases where a specific liability has been identified for which payment is due for a time period exceeding 90 days, a separate investment may be made in like amount and maturity as the liability. In no case shall any investment be made in which the final maturity exceeds one year.

12.0 DIVERSIFICATION AND MAXIMUM MATURITIES:

The asset mix is stated in terms of a maximum or minimum commitment to each asset category rather than ranges or targets so as to allow flexibility in implementing investment decisions within the framework of this policy.

	Percentage of Total Pool	Maximum Maturity
Maximum Level Money Market Mutual Funds	(a) 100%	90 days
Maximum Level Local Government Investment Pools	(a) 100%	90 days
Maximum Level Certificates of Deposit	25%	1 yr
Maximum Level U.S. Treasuries	75%	1 yr

(a) *The Corporation's investment in any one money market mutual fund or local government investment pool shall not exceed 10% of the total assets of the money market mutual fund or local government investment pool.*

13.0 COMPETITIVE BIDDING:

It is the policy of the Corporation to require competitive bidding for all individual security purchases and sales except for those transactions with money market mutual funds (which are deemed to be made at prevailing market rates). At least three bidders must be contacted in all other transactions involving individual securities. Verification of competitive market levels must be documented.

14.0 INTERNAL CONTROL:

In conjunction with its annual financial audit the Corporation shall cause to be performed a compliance audit of management controls on investments, adherence to the established investment

policies and the reports prepared by the investment manager. The results of the review shall be reported to Board of Directors of the Corporation.

15.0 REPORTING:

As requested by the Board of Directors for the Corporation, but not less than quarterly, the Treasurer will prepare and submit to the Board of Directors investment reports which demonstrate conformance to the requirements and objectives of this policy.

16.0 PERFORMANCE STANDARDS:

The investment portfolio shall be designed with the objective of attaining the best feasible rate of return, throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs of the portfolio.

17.0 SAFEKEEPING AND CUSTODY:

The Corporation shall contract with a bank or banks for the safekeeping of securities either owned as part of its investment portfolio or as depository collateral. All collateral securing bank deposits must be held by a third-party banking institution acceptable to and under contract with the Corporation, or by the Federal Reserve Bank.

The purchase of individual securities shall be executed "delivery versus payment" (DVP) through the designated Safekeeping Agent. By so doing, funds are not released until the Corporation has received, through the Safekeeping Agent, the securities purchased. The security shall be held in the name of the Corporation or held on behalf of the Corporation. The Safekeeping Agent's records shall assure ownership of or explicit claim on the securities. The original copy of all safekeeping receipts shall be promptly delivered and a safekeeping statement sent to the Corporation each month for reconciliation with internal reports.

18.0 APPROVED BROKER/DEALERS:

Any Broker/Dealer seeking to transact investment business with the Corporation shall be presented a written copy of this Investment Policy. Additionally, the registered principal of the business organization seeking to transact investment business shall execute a certification to the effect that the registered principal has received and thoroughly reviewed this Investment Policy, and acknowledged that their organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities with the Corporation except to the extent that this authorization is dependent on an analysis of the makeup of the entire portfolio or requires an interpretation of subjective investment standards.

The Corporation shall not enter into an investment transaction with a business organization prior to receiving this written acknowledgement. The Board of Directors shall review, revise and approve a list of qualified brokers not less than annually.

19.0 SALES OF SECURITIES:

Securities shall not be sold prior to maturity except under the following circumstances:

- A. A decline in the credit quality of the issuer;
- B. Liquidity needs require that a security be sold; or
- C. Diversification limits in section 12.0 of this policy require the reduced concentration in a particular sector.

19.0 INVESTMENT POLICY ADOPTION:

The Corporation's investment policy shall be adopted by resolution of Board of Directors of Corporation. The policy shall be reviewed at least annually, and any modifications made to such policy must be approved by the Board of Directors. The Corporation shall evidence by resolution that it has conducted such review.

INVESTMENT BROKERS

BROKER	CONTACT	ADDRESS	PHONE #	FAX #	800 #
Bank of Americas	Mark Tranchina	1717 Main St., Floor LL-1	214-209-2067		800-492-6431
JP Morgan Chase Securities	Michael Bell / Pam Steuben	Mail Code TX1-2421, Dallas, TX 75201	214-290-4710	214-290-4387	800-926-0762
Loop Capital	Julie Karr juliek@loopcap.com	200 W Jackson Blvd, Suite 1600 Chicago, IL 60606	312-913-4900	312-913-4928	888-294-8898
UBS	Jon Curra/Bob Syngal/Jan Herman richard.curra@painewebber.com	109 N. Post Oak Lane, Suite 150 Houston, TX 77024	713-957-7050 713-957-7055	713-957-7064 713-957-7058	800-247-6155
Citigroup Global Markets	Connie Niehaus	717 Texas Ave., Suite 3050 Houston, TX 77002	713-658-2786 713-658-2708	713-658-2729	800-324-2726
Apex Pryor Securities	Kenneth Bruce brucek@rpf-co.com	590 Milford Road Downingtown, PA 19335	610-590-0448	610-468-2599	877-797-3614
Siebert Brandford Shank & Co., LLC	Theodore "Ted" L. Spencer tspencer@sbsco.com	1999 Harrison, Suite 2720 Oakland, CA 94612	510-645-2265	510-645-2275	800-334-6800