## **HOUSTON FIRST CORPORATION**

## MINUTES OF THE GOVERNANCE, AUDIT & FINANCE COMMITTEE April 27, 2017

The Governance, Audit & Finance 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 6<sup>th</sup> floor conference room at the Partnership Tower, 701 Avenida de las Americas, Houston, Harris County, Texas 77010, on Thursday, April 27, 2017, commencing at 10:30 a.m. Written notice of the meeting, including the date, hour, place and agenda was posted in accordance with the Texas Open Meetings Act. The following members participated in the meeting: Katy Caldwell, John Johnson, Alex Brennan Martin, Paul Puente, and Dawn Ullrich. Lisa Anderson was absent.

A quorum was established and a motion was made and duly seconded to call the meeting to order at approximately 10:33 a.m. Alex Brennan Martin arrived at 10:37 a.m. following approval of the minutes.

- 1. Public Comments. None.
- Review and Approval of Minutes. A motion was made and duly seconded to approve the minutes from the February 23, 2017 meeting as presented. Alex Brennan Martin was not in attendance at the time of the vote.
- 3. Consideration of and possible recommendation to the Board of Directors regarding the Fourth Amended and Restated Accounting/Internal Cash Control Policy. Chairperson Caldwell took Item V.A. out of order. Brenda Bazan explained that the existing policy was put in place in 2011 when Houston First merged with the Houston Convention Center Hotel Corporation. The purpose of the Fourth Amendment to the Restated Accounting/Internal Cash Control Policy is to update Section 4 to reflect the implementation of one company-wide accounting system and related internal controls. This action will also give signature authority to Frank Wilson, Sr. Vice President of Finance and Administration. Following discussion on this item, a motion was made and duly seconded to recommend this item to the HFC Board of Directors for approval at their meeting on May 18, 2017.
- 4. <u>Presentations.</u> John Rolfe provided an update regarding the 4 Houston Center lease. He explained that Houston First is working with Griffin Partners to identify sublease candidates. Peter McStravick then discussed the specific lease terms, focusing on the timing and payment required to terminate the lease early. The Committee discussed various options and agreed that Houston First should continue to explore the least expensive option.

5. Executive (closed) session pursuant to Texas Government Code Section 551.072 for the purpose of deliberations regarding certain real property within the Central Business District.

The Committee went into Executive Session at 10:47 a.m. and back into open session at approximately 11:00 a.m. No action was taken during the Executive Session.

## 6. **Updates.**

- a. <u>Economic Overview Report.</u> Frank Wilson provided an economic overview that included economic indicators correlated to HOT collection. He discussed the relevance of US rig count versus price of WTI, unemployment rate, business-cycle index, and the purchasing managers index effect on HOT collection. He concluded with 2003-2017 annual collection and March 2015-March 2017 quarterly collections and observed that the downward trend is beginning to reverse, but still too early to tell if the reversal will be sustained.
- b. <u>CFO Report.</u> Brenda Bazan provided explanations on certain budget to actual variances reflected on the March 31, 2017 Dashboard. Ms. Bazan also informed the Committee of a recent investment proposal from the Super Bowl Host Committee and that additional information had been requested. Following receipt and review of that information, this topic may be considered at a future Governance, Audit & Finance Committee meeting.
- c. <u>Insurance Overview.</u> Ann Harris, representing Upstream Brokers, provided a high-level summary of insurance schedules for Hilton Americas, the George R. Brown Convention Center, general liability, umbrella liability and premium summary of lines of coverage.
- d. <u>Diversity and Outreach</u>. Roger Harris covered outreach activities during the first quarter, providing information on community-sponsored events, pre-submittal conferences, janitorial services proposal and new vendors. Further, he stated that he is actively working on touting our success stories.
- e. <u>2016 Community Impact Report.</u> This item was pulled from the agenda and will be discussed at a future meeting.

<u>/s/</u>	
Pamela Walko. Secretary	

The meeting adjourned at approximately 12:09 p.m.