

**HOUSTON FIRST CORPORATION**  
**MINUTES OF THE**  
**AUDIT AND FINANCE COMMITTEE**

**May 15, 2013**

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 3<sup>rd</sup> Floor Executive Conference Room, 1001 Avenida de las Americas, Houston, Harris County, Texas 77010, on Wednesday, May 15, 2013 commencing at 3:30 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 members participated in the meeting: Katy Caldwell, David Arpin, C.C. Conner and Dawn Ullrich.

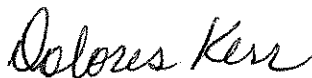
Chairperson Caldwell called the meeting to order at approximately 3:28 p.m. and a quorum was established.

1. Chairperson Caldwell welcomed the new member C.C. Conner.
2. She advised the committee that we were taking agenda item VI.A out of order
3. CY12 Annual Audit. Brenda Bazan introduced Ross Johnson of Deloitte & Touche who gave a brief update on the 2012 Financial Audit. He advised all that the audit was in the final stages and a report would be available by Tuesday of next week and would be presented to the Board on Thursday, May 23<sup>rd</sup> at the upcoming Board. Chairperson Caldwell advised that the Audit and Finance committee would meet on Thursday prior to the Board to consider the item for recommendation to the Board.
4. Public Comments. None

5. Review and Approval of Minutes from Prior Meeting. After a motion duly seconded, the minutes from the March 8, 2013 meeting were approved. (Mr. Conner abstained)
6. Presentations. None
7. Consideration of, and possible action on, the recommendation to the Board of Directors on a revised resolution with regard to authorizing execution of contracts and taking other action in regard thereto. Chairperson Caldwell advised the committee that Committee Member Desrye Morgan was unable to attend the meeting and had sent her questions to this item via an email and she would like staff to provide answers to her concerns. Dawn Ullrich gave the committee an overview of the changes from the present policy that was adopted in 2011 to the proposed policy being considered. Discussion followed and the questions submitted by Ms. Morgan were discussed. Ms. Ullrich agreed to answer Ms. Morgan questions via email. Ms. Caldwell requested that due to the concerns addressed during the meeting, Committee Member David Arpin and Brenda Bazan meet, to work on alternative language that would address these concerns. She emphasized the need to determine what if any adverse effects some of the concerns would cause the Corporation. The Committee would then meet again on May 23<sup>rd</sup> to discuss this item. No action was taken.
8. Consideration of, and possible action on, the recommendation to the Board of Directors on a 2013-2014 Procurement Plan. Brenda Bazan presented the Committee with a Procurement Plan. She explained that this would be done yearly at budget time for the next year. Discussion followed and will also be considered at the meeting of this Committee on May 23, 2013.
9. Consideration of, and possible action on, the recommendation to the Board of Directors on a revised HFC Code of Business Conduct and Ethics. Dawn Ullrich explained that the current Code of Conduct had been adopted prior to the hotel being built and that with the consolidation needed to be updated. Discussion followed by all. After a motion duly seconded, the committee agreed to recommend to the Board of Directors the revised HFC Code of Business Conduct and Ethics with alternate language provide by the Committee.

10. City of Houston's FY14 Budget. Brenda Bazan advised the Committee that the City of Houston had released their FY14 Budget.
11. Budget Process Timeline. Brenda Bazan addressed the budget timeline for the Corporation's 2014 Budget process. At this time she was exploring ways to provide the request for each division to be included in the process and would present a more detailed plan in September.
12. Investment Reports – 1st quarter 2013. Peter McStravick advised the group that the current investment report had been revamped to include Hotel Administration and HFC's Leased Assets. He gave a brief overview of the report and advised that format could continue to change since we were in a development stage of this new format.
13. Report on Diversity Participation. Ruben Brown, the Corporation's Diversity Consultant, gave an overview of the progress that has been accomplished in the diversity program. He was very pleased with the Corporation's support and commitment to the plan.
14. Quarterly Stress Test. Brenda Bazan gave an overview of the financial obligations. She advised that First Southwest was exploring the possibility of an increase in amount of Commercial Paper that is available.
15. Report on recommendation from Strategic Planning re: MATCH. Dawn Ullrich advised the committee that the Strategic Planning Committee heard a presentation from Jill Jewitt after which Chairperson Dick Rabinow requested additional information concerning the financial impact MATCH and other projects underway will have on HFC. Ms. Caldwell felt that all requests for financial support by HFC in addition to being considered by the Strategic Planning Committee should also be presented to the Audit and Finance Committee.

After motion duly seconded, the meeting was adjourned at approximately 5:31 p.m.



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Dolores Kerr, Secretary