

HOUSTON FIRST CORPORATION
MINUTES OF THE
GOVERNANCE, AUDIT & FINANCE COMMITTEE
August 31, 2016 – 12:00 Noon

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 at the George R. Brown Convention Center, 1001 Avenida de las Americas, Houston, Harris County, Texas 77010, on Wednesday, August 31, 2016, commencing at 12:00 noon. 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, Lisa Anderson, John Johnson, Alex Brennan Martin, Paul Puente and Dawn Ullrich.

A quorum was established and the meeting was called to order at approximately 12:01 p.m.

1. **Public Comments.** None.
2. **Review and Approval of Minutes.** A motion was made and duly seconded to approve the minutes of the June 8, 2016 meeting as presented.
3. **Presentations.** None.
4. **Consideration and possible recommendation of the Houston First Corporation 2015 Annual Audit.** Elaine Reyes and Scott Elliott of Deloitte & Touche attended the meeting and provided the highlights of the audit. In summary, HFC received an unqualified, or clean, opinion. There were no material misstatements, no significant changes in adopted accounting policies, no disagreement with management related to matters that are material to the consolidated financial statements and no knowledge of fraud or suspected fraud affecting the Corporation. In addition, the agreed-upon procedures report on compliance with HFC's Investment Policy was presented by Deloitte with no exceptions. Following discussion on this item, a motion was made and duly seconded to recommend the Houston First Corporation 2015 Annual Audit to the Houston First Corporation's Board of Directors for review and approval.
5. **Consideration and possible recommendation of the refunding of certain hotel occupancy bonds and the issuance of certain revenue and refunding bonds.** This item was pulled from the agenda and was not considered.
6. **Consideration and possible recommendation of an Additional Sponsorship Amount with the Houston Cinema Arts Society.** Michael Heckman provided background information on the Houston Cinema Arts Festival event that began in 2009. This event has identified Houston, both nationally and internationally, as a thriving arts town that celebrates innovative films, media installations and performances. Houston First is seeking to help the Festival grow and reach beyond the Houston region with an additional \$50,000 sponsorship of cash and in-kind services. In return, Houston First will receive recognition on all year-round marketing and promotion

materials. In addition, 10% of the total funding will be earmarked to promote the festival outside of the Houston region. David Minberg requested statistical information from last year's festival. Following discussion on this item, a motion was made and duly seconded to recommend this item to the Houston First Corporation's Board of Directors for review and approval.

7. **Consideration and possible recommendation of "The ICE and Roller Rink at Discovery Green" sponsorship.** Michael Heckman provided the history of this event that began in 2009. An estimated 60,000 skaters and 350,000 spectators visit the ICE during the holidays. For the proposed \$75,000 sponsorship investment, benefits to the Corporation include title sponsorship of "Santa, Visit Houston First" during the "ICE at Discovery Green event; title sponsorship of Houston First's Roller Rink at Discovery Green; prominent branding and recognition on site and through various media outlets and promotional channels; and, corporate hospitality benefits. Following discussion on this item, a motion was made and duly seconded to recommend this item to the Houston First Corporation's Board of Directors for review and approval.
8. **Consideration and possible recommendation of a First Amendment to Sponsorship Agreement with the Houston Super Bowl LI Host Committee.** This item was pulled from the agenda and was not considered.
9. **Updates.**
 - a. Karen Williams reported very little change on the Investment Report between 1st quarter 2016 and 2nd quarter 2016.
 - b. Roger Harris provided an update on the supplier diversity program from January – June, which indicated an increase of 3% since the 1st quarter. He assured the committee that increased focus would be placed on monitoring prime contractors, proactive reporting procedures and enhanced outreach using new software. He committed to provide an example of reports at the next meeting. Suggestions from the committee for future reports included the addition of a definition for diversity, details of the composition of the miscellaneous category, and communication with Council Members regarding outreach in their respective communities.
 - c. Drew Masterson and Trey Cash of Hilltop Securities, formerly First Southwest, briefed the committee on the Corporation's long-term financial model, which included the definition and purpose of the model structure, control over revenues and expenditures, debt capacity, scenarios and assumptions on Hotel Occupancy Tax revenues, recession scenarios and possible mitigation strategies. At the next meeting, an overview of the HOT stakeholders meeting scheduled for September 15 will be provided.

7. **Announcements.** None.

The meeting adjourned at approximately 1:30 P.M.

/s/ _____

Pamela Walko, Secretary