

**MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF
AUSTIN CONVENTION ENTERPRISES, INC.**

March 6, 2020

A regular meeting of the Board of Directors of Austin Convention Enterprises, Inc. (the "Corporation") was held on January 22, 2020, at 2:30 p.m., at the administrative offices conference room at the Austin Convention Center, 500 E Cesar Chavez St., Austin, Texas 78701, such meeting having been called by the President of the Corporation. This meeting was open to the public and notice of the meeting was given in accordance with Chapter 551, Texas Government Code, as amended.

1. Agenda item 1 was considered together: Call to Order; determination of quorum.

Mark Tester, president, called the roll of duly constituted members of the Board of Directors (the "Board"), who are as follows: Mark Tester, Elaine Hart, and Greg Canally. All were present thus constituting a quorum of the Board. Noting that a quorum was present, Mr. Tester called the meeting to order at 2:37 p.m. Also in attendance were David Dawson of Winstead PC, general counsel to the Corporation, John Roberts, advisor to the Board, Joe de Frank of CHMWarnick ("CHMW"), operations monitor, and Hilton management including Joe Bolash, Raj Patel, Gene del Monte and John Culp.

2. Agenda item 2 was considered: Receive report from Mark Tester, Corporation president.

Mr. Tester thanked all in attendance. Mr. Tester stated he did not have any specific items to comment on and suggested the meeting proceed.

3. Agenda item 3 was considered: Approve minutes for the December 17, 2019 Corporation Board meeting.

After discussion, Mr. Tester moved to approve the December 17, 2019 minutes. Elaine Hart seconded the motion. The motion was approved unanimously.

4. Agenda item 4 was considered: Receive report from the Hilton Austin (the "Hotel") management team and Joe DeFrank, Asset Manager for the Corporation, on the operating performance of the Hotel.

Mr. de Frank and Mr. Bolash noted that the Hotel continues to perform as expected with January meeting budget. Mr. Bolash noted transient business is soft due to inventory added to the market. This presents risk of room rate erosion in the second and third quarters for transient business. Mr. Bolash also noted that the outlook medium term looks good into 2022 with the Hilton sales team booking 35,000 room nights during December. Mr. Bolash further noted that the Hilton team strategy has been modified to include smaller groups further out on the schedule to help shore up occupancies in the mid to long term.

5. Agenda item 5 was considered: Assign a board member to lead a review committee for 2020-2021 insurance program renewal proposal from Corporation's consultant Brown and Brown.

After discussion, Mr. Canally moved to appoint Elaine Hart to lead the insurance review committee and further authorize Ms. Hart to approve and authorize binding of the approved insurance renewal on behalf of the Corporation. Mr. Tester seconded the motion and the motion was approved unanimously.

6. Agenda item 6 was considered: Receive report from Teo Gomez, Facilities Consultant to the Corporation and John Roberts, Advisor to the Board on a proposal to convert hotel room bathroom tubs to showers on the lower floors of the Hotel. Consider approval of such proposal.

Mssrs. Roberts and Gomez explained to the Board that there have been several instances of leaks that travel from the Hotel space in the building down to the 8th and 9th floors of the building where the Five55 condominiums reside. These leaks have caused damage that the Corporation has committed to coordinate and pay for remediation and repair of the damage. Mr. Roberts noted that there have been 20 leaks over the past 3 years resulting in the Corporation funding +/- \$100,000 a year to make repairs. Mr. Roberts explained that he, Mr. Gomez, Mr. Culp and Mr. del Monte reviewed the situation to identify a workable solution to the leak problem. The result is the recommendation to convert bathroom tubs to showers, as was recently done on floors 25 and 26, but adding scope to the work to waterproof the slab penetrations. The combination of eliminating bathtubs (which can overflow if left running without attention) and sealing open penetrations will materially reduce the impact to floors 8 and 9 from leaks in the Hotel space.

Mr. Roberts further noted that Hilton corporate has indicated they will require the Corporation to convert all tubs to showers in the next room renovation, estimated to be in 2024.

After discussion, Mr. Canally moved to approve a budget not to exceed \$2.0 million for the design and implementation of conversion of tubs to showers on floors 10 and 11 combined with waterproofing of penetrations on the slabs between floors 9, 10, 11 and 12. Mr. Canally further moved to authorize himself to manage the process, review and execute a contract modification with Vertical Excellence to perform the contract work. Mr. Tester seconded the motion and it passed unanimously.

Mr. Canally further encouraged Mr. Bolash and Mr. de Frank to create a multi-year program starting in 2021 to be included in the Hilton capital budgets to continue the tub to shower conversions prior to the expected 2024 room renovation.

7. Agenda item 11 was considered: Receive report from Corporations' representative to Austin Convention Condominium Association (ACCA) on ACCA matters, if any.

Mr. Tester and Mr. Mills noted that the current paint and repair project for the building exterior was nearing completion with a March completion date. They also noted the recently approved additional scope of repair to balcony slab and railings is starting as the final phase of the exterior repair project and will be completed in April or May.

At 3:00 p.m. Mr. Tester, citing Section 551.071 of the Texas Government Code, called the Board into executive session to receive advice from counsel with regard to agenda items 7, 8, 9 and 10.

At 3:47 p.m. the Board ended the executive session and returned to the regular session.

8. Agenda item 7 was considered: Approve and asset valuation consulting and brokerage agreement with Jones Lang LaSalle Americas, Inc.

Mr. Dawson noted that in his discussions with Jones Lang, they indicated they would like to break the engagement into two parts; valuation first with any potential brokerage agreement being executed in the future. After discussion, Mr. Tester moved to authorize Mr. Canally to negotiate and enter into a valuation agreement with Jones Lang now and also to authorize Mr. Canally to negotiate and enter into a brokerage agreement with Jones Lang once the valuation agreement was completed and reviewed by the Corporation. Ms. Hart seconded the motion and the motion passed unanimously.

9. Agenda item 8 was considered: Approve indemnity agreements between the Corporation and its individual board members.

Mr. Dawson noted that the Corporation has the authority to indemnify its board members, but not the requirement to do so. Mr. Dawson further noted that current events surrounding the Corporation make it prudent to execute specific indemnity agreements at this time to clarify the intentions of the Corporation. Mr. Dawson then reviewed suggested agreements with the Board. After discussion, Mr. Canally moved to approve the indemnity agreements with suggested modifications and instruct Mr. Dawson to finalize them and distribute to the Corporation and board members for execution. Ms. Hart seconded the motion and the motion passed unanimously.

10. Agenda item 9 was considered: Review proposed response to the Austin City Manager required by Austin City Council Resolution No. 20191114-055 regarding the Excess Revenues Fund of Corporation.

The document provided by Mr. Roberts and Mr. Dawson was reviewed, edits were provided and Mr. Dawson was instructed to finalize the document and distribute it to the City Manager and Council members.

11. Agenda item 10 was considered: Evaluate need to approve new Corporation officers and approve as necessary.

Mr. Dawson advised the Board that there is not a current need to reassign or reappoint officers to the Corporation. No action was taken.

Noting that there were no other matters to discuss, and there being no further business to come before the Board, Mr. Tester adjourned the meeting.

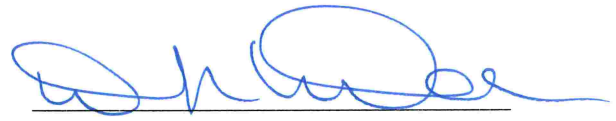
THE MEETING ADJOURNED AT 3:56 P.M.

AFFIDAVIT OF DAVID DAWSON

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

On this day, David Dawson, appeared before me, the undersigned notary public, and after I administered an oath to him, upon his oath he said:


I serve as legal counsel to Austin Convention Enterprises, Inc. ("ACE"). I was present at the January 22, 2020 meeting of the Board of Directors of ACE. I have reviewed the minutes of this meeting as presented to the Board of Directors of ACE at its March 6, 2020 meeting and find them to be true and accurate.



David Dawson

SUBSCRIBED AND SWORN TO BEFORE ME by the said David Dawson this 9th day of March, 2020, to certify which witness my hand and seal of office.

My Commission Expires:



Notary Public – State of Texas

Print Name: Beatriz D. Catano

