

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

July 17, 2020

A regular meeting of the Board of Directors of Austin Convention Enterprises, Inc. (the "Corporation") was held by video-conference on July 17, 2020, at 9:00 a.m. This meeting was open to the public. Notice of the meeting was given in accordance with Chapter 551, Texas Government Code, as amended and the March 17, 2020 directive by the Governor of Texas suspending certain open meeting laws.

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

Phillip Schmandt called the roll of duly constituted members of the Board of Directors (the "Board"), who are as follows: Phillip Schmandt, Jolsna Thomas and Sherri Greenberg. All were present thus constituting a quorum of the Board. Noting that a quorum was present, Mr. Schmandt called the meeting to order at 9:05 a.m. Also on the video-conference were David Dawson of Winstead PC, general counsel to the Corporation, John Roberts, Advisor to the Board, Chad Sorensen and Joe DeFrank of CHMWarnick ("CHMW"), operations monitor, Teo Gomez, facilities consultant to the Corporation, and Joe Bolash, General Manager, of the Hilton Austin (the "Hotel").

2. Agenda item 2 was considered: Registered public speaker comments.

Mr. Roberts noted there were no registered speakers.

3. Agenda item 3 was considered: Approve minutes for the July 10, 2020 Corporation Board meeting.

Mr. Roberts noted a correction to the spelling of Mr. Schmandt's name in item 10. Ms. Thomas moved to approve the minutes with the spelling correction. Ms. Greenberg seconded the motion, and the motion was approved unanimously.

4. Agenda item 4 was considered: Receive information from Joe Bolash, General Manager of the Hilton Austin Hotel (the "Hotel"), and Chad Sorensen and Joe DeFrank, CHMWarnick, Operations Monitor for the Corporation, on operating performance of, and cash flow from, the Hotel.

Mr. Sorensen and Mr. Bolash noted there were no meaningful updates from the information provided at the July 10, 2020 Board meeting.

5. Agenda items 5 and 6 were considered: 5. Receive information from Chad Sorensen and Joe DeFrank on the status of negotiations with Hilton for fee relief with regard to the current management agreement for the Hotel. Consider possible action related to same. 6. Receive information from Chad Sorensen and Joe DeFrank regarding the ongoing negotiations to extend and amend the management agreement with Hilton. Consider possible action related to same.

Mr. Sorensen explained that he has received a response from Hilton corporate regarding the term sheet for extending the management agreement, and that the response included Hilton's position on fee relief under the current contract. Mr. Sorensen noted there is a call with Hilton corporate representatives on July 22nd to continue negotiations and that the negotiations for fee relief and extension of the contract will be a combined negotiation. Mr. Sorensen will report results at the next Board meeting.

6. Agenda item 7 was considered: Receive information from Chad Sorensen on the proposed scope of work and fee schedule for CHMWarnick to provide a certification report pursuant to Section 7.24(a) of the Amended and Restated Indenture of Trust dated May 1, 2017. Consider possible action related to same.

Mr. Sorensen presented a proposal to the Board for scope of work, timing and fee structure and total cost estimate. The proposal includes work to be done by CHMWarnick, Winstead and Greenberg Traurig ("GT"). Mr. Sorensen noted cost is based on an hourly rate, but that he estimated total cost to be \$40-50 thousand for CHMWarnick and an additional \$40 thousand for legal advice. Mr. Sorensen noted that work had been done in 2019 regarding a portion of the management agreement, but the current analysis will be based on the currently negotiated management agreement extension in whole. The work done by both CHMWarnick and GT in 2019 will be useful for the current review, per Mr. Sorensen. Finally, Mr. Sorensen noted the review will commence immediately in a parallel path to the negotiations with Hilton for the contract extension and that the report should be delivered within 60 days, subject to the timing of completing the negotiations with Hilton on the contract extension.

Mr. Schmandt moved to approve the proposal and engage CHMWarnick to proceed immediately. Ms. Greenberg seconded the motion and the motion was unanimously approved.

7. Agenda item 8 was considered: Receive information from John Roberts regarding 2020 cash flow projections for the Corporation administrative account. Consider possible action related to same, including amending the 2020 administrative budget for Corporation.

Mr. Roberts reviewed an updated schedule of cash sources and uses for the Corporation administrative account through 12/31/20 noting that the review included the cost estimate for the CHMWarnick study as well as the \$25,000 labor counsel budget increase approved at the July 10, 2020 Board meeting. The Board concluded to not make any amendments to the Corporation administrative budget at this time, but did request Mr. Roberts to continue to monitor and update administrative cash flow projections and review the projections at each of the remaining 2020 Board meetings. The Board will continue to evaluate the need to amend the 2020 administrative budget at each Board meeting.

Mr. Schmandt moved to waive the requirement to amend the administrative budget for the July 10 approval to increase the budget for labor counsel. Ms. Greenberg seconded the motion and the motion passed unanimously.

At 9:44 a.m., Mr. Schmandt, citing Section 551.071 of the Texas Government Code, called the Board into executive session to receive advice from counsel with regard to agenda item 4. Mr.

Schmandt moved to convene in executive session, Ms. Thomas seconded the motion and the motion passed unanimously with Board moving to executive session.

At 10:15 a.m. the Board ended the executive session and returned to the regular session.

Noting that there were no other matters to discuss, and there being no further business to come before the Board, Mr. Schmandt moved to adjourn the meeting. Ms. Thomas seconded the motion and the motion was unanimously approved.

THE MEETING ADJOURNED AT 10:15 A.M.

APPROVED:



Jolsna Thomas, Secretary

Date: 08/21/2020