

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

August 14, 2020

A regular meeting of the Board of Directors of Austin Convention Enterprises, Inc. (the "Corporation") was held by video-conference on August 14, 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 9:08 a.m. Also on the video-conference were David Dawson of Winstead PC, general counsel to the Corporation, John Roberts, Advisor to the Board, Joe DeFrank of CHMWarnick ("CHMW"), operations monitor, Teo Gomez, facilities consultant to the Corporation, Bruce Mills, asset manager to Austin Convention Condominium Association ("ACCA") 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 17, 2020 Corporation Board meeting.**

Ms. Thomas moved to approve the minutes. 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 Joe DeFrank of CHMWarnick, Operations Monitor for the Corporation, on operating performance of, and cash flow from, the Hotel. Receive information from John Roberts on projected usage of Corporation reserves. Consider possible action related to same.**

Mr. Bolash discussed that July Hotel performance lagged June due to a surge in COVID cases and related news stories. He noted that August, to date, has seen waning COVID activity and, thus, improvement in Hotel occupancy. Mr. Bolash further noted that transient occupancy at the Hotel will not materially improve until the public feels safe to travel again.

Mr. DeFrank then presented a slide presentation on current national, Austin and Hotel specific performance. He noted that there has been steady improvement, including Hotel guest activity, since April, but the market remains substantially below previous year performance, with the Austin CBD down 85%, year to year. Continued improvement, per Mr. DeFrank, will be based on

COVID activity and news. Mr. DeFrank said that Smith Travel Research (“STR”) predicts continued softening of the hotel markets well into 2021. Group business for the Hotel is down 40-50% from the historical 3-year average, and Mr. DeFrank does not expect material improvement until the 3<sup>rd</sup> quarter of 2021.

Mr. Bolash then stated, in response to inquiry from Ms. Thomas, that employee furloughs continue with an expectation of permanent terminations soon to right-size the staff for expected ongoing Hotel activity.

**5. Agenda item 5 was considered: Receive information from Joe DeFrank on the status of negotiations to extend and amend the management agreement with Hilton, and the status of negotiations for fee relief related to the current management agreement. Consider possible action related to same.**

Mr. DeFrank noted that Warnick is currently reviewing market data from STR to help resolve current negotiating points with Hilton, and that review will be completed the following week, allowing for a response to Hilton. Mr. DeFrank and Mr. Dawson stated confidence that the negotiations and certification review from Warnick can be completed by the expressed deadline to complete the negotiations of September 30<sup>th</sup>.

**6. Agenda item 6 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 based on current expense projections, the account remains positive through year end. Mr. Roberts recommended no budget adjustment at this time. 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.

**7. Agenda item 7 was considered: Receive information from John Roberts and Teo Gomez, Facilities Consultant, on the status of the previously approved capital project to convert 10th and 11th floor Hotel room bathroom tubs to showers.**

Mr. Roberts informed the Board that the project has achieved substantial completion, the final cost is >\$100,000 below the Board approved budget of \$2.0 million and that the process worked smoothly. Mr. Roberts specifically pointed out the great efforts of Teo Gomez, project supervisor, John Culp, Hilton facilities director, Raj Patel, Director of Finance for the Hotel and especially Laura Tejada, project administration for their efforts on the project. The Board conveyed their appreciation to the team for getting the project done.

**8. Agenda item 8 was considered: Receive information from Bruce Mills regarding ACCA issues including the ongoing review of subterranean voids found around the Hotel building site. Consider possible action related to same.**

Mr. Mills stated he sent an update of status to Mr. Schmandt and Ms. Thomas in their capacity as ACCA board members. He also stated the City of Austin representatives tell him they are ready to start the project to correct the void situation around the building immediately. He also stated that ACCA has engaged WP Moore engineers to monitor the project on ACCA's behalf to assure that the integrity of the building is protected. Ms. Thomas then inquired to the status of the Rule 11 agreement regarding the ACCA board. Mr. Dawson noted that he and counsel for the residential association are working to extend the agreement for an additional 30 days and such extension should be completed in the coming week.

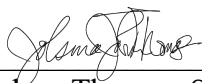
At 9:38 a.m., Mr. Schmandt, citing Section 551.071 of the Texas Government Code, called the Board into executive session to receive advice from counsel with regard to agenda items 4, 6, 9 and 10. Mr. Schmandt moved to convene in executive session, Ms. Greenberg seconded the motion and the motion passed unanimously with the Board moving to executive session.

At 10:27 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. Greenberg seconded the motion and the motion was unanimously approved.

THE MEETING ADJOURNED AT 10:27 A.M.

APPROVED:

  
\_\_\_\_\_  
Jolsna Thomas, Secretary

Date: 09/18/2020