

**AUSTIN-BERGSTROM LANDHOST ENTERPRISES, INC.
MINUTES OF MEETING OF THE BOARD OF DIRECTORS
NOVEMBER 29, 2011**

The Board of Directors of Austin-Bergstrom Landhost Enterprises, Inc. convened a meeting on Tuesday, November 29, 2011 in the Live Oak Room, Hilton Austin Airport Hotel, 9515 Hotel Drive, Austin, Texas 78719.

The following members of the Board and officers of the Corporation were present:

Jim Smith, Chair
Robert Goode, Boardmember
Art Alfaro, Boardmember
David Arthur, Boardmember

An introduction by Mr. Kevin Kilkeary of Prospera Hospitality began at 11:02 a.m. with presentations by Mr. Francis Carmello and Ms. Kendra Araujo following. Following these presentations, the Chair Jim Smith called the meeting to order at 12:15 p.m.

1. Presentation, discussion and possible action concerning FY 2011 2nd and 3rd Quarters review.
2. Presentation, discussion and possible action concerning FY 2011 operating and capital budgets, year to date results, and full year forecast.
3. Presentation, discussion and possible action concerning FY 2012 forecast.

Agenda items 1, 2, and 3 were presented together to the Board.

Mr. Francis Carmello, General Manager of the Hotel, on behalf of Prospera Hospitality, presented a summary of the operating results for the second and third quarters of FY 2011, a forecast snapshot for 2011, and the full year forecast at this time for 2012. For the 2nd Quarter of 2011, total revenue was approximately \$3.3 million; total expenses were approximately \$2.4 million; for a 2nd Quarter gross operating profit of \$956,000, compared to budgeted \$971,000. For the 3rd Quarter of 2011, total revenue was approximately \$3 million; total expenses were approximately \$2.2 million; for a 3rd Quarter gross operating profit of \$740,000, compared to budgeted \$755,000.

Mr. Carmello reported a full year forecast for 2011 of approximately \$13.1 million in total revenue; and \$3.8 million in gross operating profit, compared to budget of \$3.6 million gross operating profit. Occupancy is projected to be above budget for the year, with average daily rate slightly below budget, for an overall Room Revenue per Available Room ("Room RevPAR") of \$85.14 for the year, exceeding budgeted RevPAR by \$3.32.

Mr. Carmello then provided an overview of the hotel's guest satisfaction scores for the past six full months through October 2011, compared to Hilton benchmark scores. The hotel's scores were favorable and above the benchmark scores for key measures. Mr.

Carmello also discussed the hotel's Voice of the Customer ranking among full service Hilton Hotels in the Americas (#36 out of 297, currently) and the hotel's Problem Free Stay ranking (#9 out of 297, currently). He also discussed the hotel's franchise Quality Assurance score of 90.47% from the November 2011 Hilton inspection, which put the hotel in the "Outstanding Zone".

Mr. Carmello then presented a summary of capital projects for 2011, project costs, and status. Mr. Carmello explained that some of the capital projects are required in order to comply with Hilton Hotels brand standards and also to refurbish areas and replace aging fixtures.

The 2012 Forecast was presented with and without the Formula 1 impact. Ms. Kendra Araujo presented the 2012 Marketing Plan, which included Circuit of the Americas, V8 Supercars, and MotoGP. The 2012 budget with the Formula 1 impact had revenue of approximately \$14.6 million and a gross operating profit of \$4.6 million. This is an increase of \$1.5 million in revenue from 2011 and \$776,000 in gross operating profit from 2011. Without Formula 1, the projected revenue for 2012 is approximately \$14 million with a gross operating profit of \$4.1 million. This is an increase of \$872,000 in revenue and \$301,000 in gross operating profit from 2011. The hotel plans to make internal changes to increase transient and group rooms and decrease contract rooms.

No action was taken regarding Agenda items 1, 2, or 3.

4. Approve minutes of the July 30, 2010 Board Meeting.

Upon a motion from Art Alfaro seconded by Robert Goode, the Board voted 4 – 0 to approve the minutes.

5. Presentation, discussion and possible action concerning Hilton Austin Airport Hotel ("Hotel") operation and management.

Chair Jim Smith discussed the recent issue raised by bondholders to consider early termination of the existing contract with the current management firm (Prospera) instead of waiting until the contract term is complete at the end of 2012. Chair Jim Smith reported that the bondholders are not getting all of the payments they negotiated in a 2005 restructuring. ABLE has decided, and the bondholders agreed, to hire PKF Consulting to conduct an independent analysis of the hotel's performance before taking any action with respect to the hotel management agreement. The report is anticipated to be completed by PKF in January 2012. After the report is completed by PKF, there will be a presentation to ABLE and to bondholders.

No action was taken regarding Agenda item 5.

6. Presentation, discussion and possible action concerning the audited financial statements of the Corporation for FY 2010.

There was no presentation, discussion, or action taken regarding Agenda item 6.

7. Discussion, nomination and election of officers of the corporation.

The Board discussed taking the nomination of a new Boardmember to City Council. It was suggested to keep Mr. Robert Goode during the transition phase of Mr. Goode no longer being assigned to the Airport effective January 1, 2012. Ms. Sue Edwards, the new Assistant City Manager over Aviation effective 2012, will be recommended to City Council to take Ms. Leslie Browder's position on this board. An additional new Boardmember may be added when the new City of Austin CFO comes on board.

No action was taken regarding Agenda item 7.

Adjourn

Upon a motion from Art Alfaro, seconded by David Arthur, the Board voted 4 – 0 to adjourn. The meeting was adjourned at 12:29 p.m.



Elissa M. Fitzgerald, Aviation Law Clerk