

**AUSTIN-BERGSTROM LANDHOST ENTERPRISES, INC.
MINUTES OF MEETING OF THE BOARD OF DIRECTORS
JANUARY 21, 2014**

The Board of Directors of Austin-Bergstrom Landhost Enterprises, Inc. convened a meeting on Tuesday, January 21, 2014 in Conference Room 4125, Austin City Hall, 301 W. 2nd Street, Austin, Texas 78701.

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

Jim Smith, President
David Arthur, Vice President, Assistant Secretary, and Assistant Treasurer
Art Alfaro, Board Member
Sue Edwards, Board Member
Patty Van Buren, Staff
Susana Carbajal, Staff

Chairman Jim Smith called the meeting to order at 4:00 p.m.

1. Approve minutes of the May 28, 2013 Board Meeting.

Upon a motion from Arthur, seconded by Alfaro, the Board voted 4-0 to approve the minutes.

2. Discussion and possible nomination and election of officers of the corporation.

Smith explained that the last time officers were elected was at the May 28, 2013 meeting. The same set of officers remained. This election is being brought up again due to the imminent retirement of Smith as Director at Austin-Bergstrom International Airport at the end of March 2014. Smith asked whether to immediately replace him as president and board member of Austin-Bergstrom Landhost Enterprises, Inc. (ABLE) or wait until the end of March when he officially retires. Smith also requested for a determination to be made on who the officers will be and who the board wants to take the lead with negotiating with the bond holders.

Edwards asked that the board wait until she can have further discussions with Smith. Smith noted that a meeting with the bond holders would be occurring the following day - warranting the need for another ABLE meeting within the next month or two anyway. It was decided to wait until that meeting to make any further decisions on ABLE board members.

3. Presentation, discussion, and possible action on refinancing the Hilton Austin Airport Hotel bonds.

At the last meeting the board had authorized Smith and Arthur to take the lead in negotiating with the existing bond holders at the time and come to a solution with the refinancing of the hotel. A presentation and offer was made to the bond holders, which was led by Carol Flynn

on behalf of Deutsche Bank. There were two sessions held with them but, at the last minute, Deutsche Bank sold out to Kayne Saybrook who bought their bonds, so we had to start dealing with the new bondholders. ABLE and Kayne Saybrook then entered into discussions and ultimately they gave us a proposal of two particular options. The first option was if we do nothing and what happens if we fail to extend the lease and the repercussions of that. The other was to extend the lease until 2046 and they would share in the revenue. It is not in the interest of the Airport [ABIA] to extend the term of the lease. HVS, a major hotel consultant, was retained to assist in determining the valuation of the hotel, as well as PFM to determine the bonding capacity and buy out the new bond holders. When meeting with the bond holders, it is our intention, unless the board wants to change it, to buy them out but still draw a line in the sand not to extend the term of the lease. Going back to the board discussion in May, it also assumes that the Airport [ABIA] backs the new bonds and brings that money to the table in order to make the bonds work. That still doesn't solve the problem of the B Bonds. Whether or not a bankruptcy or some other action is required, in addition to the bond issuance, we don't know the answer to that yet. In the short run, the question is, does the board still support the idea of drawing a line in the sand relative to the term of the lease, and if that's the case, do you support making an offer to Kayne Saybrook and start the negotiation again, given the parameters with what PFM has provided without extending the lease term.

Upon a motion from Alfaro, seconded by Edwards, the Board voted 4 – 0 to continue negotiations with the bondholders with Smith and Arthur leading the negotiations.

4. Presentation, discussion, and possible action concerning Hilton Austin Airport Hotel management agreement.

When Kayne Saybrook first came in they were evaluating management of the hotel. After providing them all the research done previously, including PKF's analysis of the hotel's performance, and stating the hotel is performing very well and doing well relative to its competitive set, Kayne Saybrook drafted a new management agreement with Prospera, the existing management company. So we are at the point now that we are comfortable with the management agreement, Prospera is comfortable with the management agreement, and it's time to send it back to the bond holders and have them look at it.

Upon a motion from Alfaro, seconded by Edwards, the Board voted 4 – 0 to continue with the management agreement with Prospera.

Adjourn

Upon a motion from Alfaro, seconded by Arthur, the Board voted 4 – 0 to adjourn. The meeting was adjourned at 4:15 p.m.



David Arthur, Vice President, Assistant Secretary, and
Assistant Treasurer