



To: Phillip Schmandt, President, ACE Board of Directors  
From: Chad Sorensen  
CC: Jolsna Thomas, ACE Board of Directors  
Sherri Greenberg, ACE Board of Directors  
Date: August 31, 2020  
Re: ACE President Position – Draft for Discussion

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Pursuant to our discussions regarding the creation of the position and hiring of a paid President to manage Austin Convention Enterprises (“ACE”), CHMWarnick (“CHMW”) conducted due diligence on the oversight structure for 9 municipality controlled/sponsored hotel projects to gain insight on best practices and considerations. While a number of the oversight structures do not have a directly paid leadership position, based on our experience with ACE and similar projects, CHMW supports your desire to install a paid President. We believe that if executed upon properly, this change would bring significant value to ACE. Below are summary bullet points for review and consideration as you embark on this initiative.

- + Documented Job Description (Winstead has begun)
- + Salary Range; \$125,000- \$175,000
  - o If properly structured and executed upon, the position could be cost neutral based on reduced third party expenses
- + Part-time
  - o The position should not require full-time focus
  - o The candidate should have other work interests and not treat this role as a primary source of income to mitigate the risk of over-stepping responsibilities and compromising the structure
- + Stability is important and it is recommended that an appropriate mid/long-term contract be established as part of the process to select a candidate
- + An understanding of real estate and/or municipality entities and inter-workings is recommended
- + Non-Voting: ACE Board of Directors to remain in place and recommended that the President position serve the Board of Directors (“Board”), but not have voting rights
  - o This initiative provides an opportunity to revisit the structure of the ACE Board of Directors (within the parameters of the underlying project documents)

- Optimally the Board will have representatives that are key business professionals from the Austin market and potentially representatives from the City of Austin
    - It is important that Board members are not looking to leverage their position on the Board for any reason other than solely working towards the success of ACE. If a City employee is appointed to the Board, it is recommended that individual hold a senior-level position within the City with the ability to perform duties required by ACE for the sole benefit of ACE.
    - It is recommended that a thorough conflict of interest process be adhered to in conjunction with the interviewing and appointment of Board members
  - Finding balance between achieving the City's objectives for ACE and remaining independent as mandated by the underlying project documents is critical
  - To that end, it is recommended that a formal and sustainable process to appoint Board members be developed
  - It is critical that the Board members have capacity and interest in being active in their role when it comes to understanding the business of ACE and associated decision making; engaged Board members will be key to a balanced approach to ACE's success
- + It is important the President have the ability to manage a diverse team and leverage the expertise of stakeholders involved in the process, while ensuring that all individuals or groups working with/for ACE "stay in their lane"
  - Defined structure and reporting lines (and adherence to) is important
  - It is important to have defined roles and responsibilities for all parties involved with ACE (i.e. legal team, asset management, accounting, capex project management, etc.)
- + In addition to above, and in conjunction with the hiring a President, we recommend, at a minimum, establishing the following:
  - Monthly Board meetings, with a core agenda and structure
  - A monthly calendar, that is updated during each annual budgeting season, that contains all critical functions that require management by the President, many of which will be required by the Indenture and Hotel Operating Agreement (i.e. annual audit(s), insurance review, etc.)
  - New Board member orientation program
  - Annual budget for ACE
  - Rating Agency management
  - Third party contract management
  - Process to communicate with City of Austin stakeholders
  - Annual audit of tasks required by the project documents