

MEMORANDUM

TO: Honorable President and Members of the City Council
Attention: Karen Randle, Executive Secretary

FROM: Brenda McKenzie, President *BMC*

DATE: February 21, 2013

SUBJECT: City Council Bill Resolution 13-0086R
Informational Hearing – Convention Center Hotel Performance

Baltimore Development Corporation (BDC), on behalf of the Baltimore Hotel Corporation and itself, is responding to City Council Resolution 13-0086R. This resolution directs representatives from the Baltimore Hotel Corporation, the Baltimore Development Corporation, and the Department of Finance to appear before the Council to provide information about the current financial situation of the City's convention center hotel and the measures being undertaken to improve its financial performance.

The debt obligations of the Hotel Corporation were set in 2006 when the bonds used to build the hotel were issued. The 2008 – 2011 Recession, which began as the Hilton Baltimore opened for business, brought a market-wide decline in occupancy and room rates that produced lower revenue for the hotel than forecast. The national downturn also placed pressure on the project's available fund sources and reserves, but never to the detriment of the timely payment of bond obligations.

With the country's burgeoning economic recovery, the revenue outlook for the Hilton Baltimore is on an upward trend. From 2011 to 2012, the hotel grew its revenue by \$560,000 and current bookings indicate growth in 2013 to be significantly greater. This growth has been bolstered by the tactical sales strategies, return-based expense management, and expanded collaborative arrangements employed to strengthen the hotel's financial posture.

BDC welcomes the opportunity to review the hotel's recent financial performance and the overall strategic outlook for the City Council.

cc: Kaliope Parthemos
Angela Gibson

Comments

