


MEMORANDUM

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

FROM: M. J. Brodie, President 

DATE: November 23, 2010

SUBJECT: City Council Bill Resolution 10-0230R
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 10-0230R. This resolution directs representatives from the Baltimore Hotel Corporation and the Baltimore Development Corporation to appear before the Council to report on the reasons for the convention center hotel's initial returns, the effect of losses on the City's overall finances, and the City's options for disposing of the convention center hotel.

Recently, there has been considerable attention by the media about the City's Convention Center Hotel, the Hilton Baltimore. Some reports about the hotel's financial results have been accurate and balanced; others have focused on certain limited aspects of the financial statement prepared under generally accepted accounting principles (GAAP), to the exclusion of all other reports on the hotel's performance. Some reports have suggested that the City taxpayers will be saddled with hotel losses -- **a statement that is not accurate.**

We cannot discuss the twenty-six months since the hotel opened on August 22, 2008 without addressing the recession and its impact on the national, regional and local economy. Historically, Baltimore hotels had fared better than hotels in most cities in economic downturns; this was certainly the case following the "9/11" economic downturn. The 757-room Hilton Baltimore opened three weeks before the financial meltdown on Wall Street; the 2008 – 2010 recession has resulted in a significant decline in occupancy and room rates in downtown Baltimore. Despite the economic downturn, BDC is pleased to report that we have maintained sufficient cash flow to pay all of the Hilton Baltimore operating expenses and debt service payments.

BDC welcomes the opportunity to review the 2008 – 2010 hotel financial performance for the City Council.

cc: Kaliopé Parthemos
Angela Gibson

Comments

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BALTIMORE DEVELOPMENT CORPORATION