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VIA E-MAIL - Tom.Leppert@dallascityhall.com

The Honorable Tom Leppert
Dallas City Hall
1500 Marilla Street
Room 5EN
Dallas, Texas 75201-6390

Dear Mayor Leppert:

Over the past several years, the Dallas Convention and Visitor's Bureau has been lobbying that Dallas needs an "attached" convention center hotel in order to effectively compete for national convention business. The reason Dallas does not have a convention center hotel today is simple – IT IS NOT ECONOMICALLY VIABLE.

In order for Dallas to have an attached convention center hotel, the City of Dallas will have to do some or all of the following:

1. Guarantee all or a portion of the debt on a \$300+ million project
2. Pay for operating losses that are likely for many years
3. Own the hotel outright because it is not a viable investment for the private sector

The voters would agree that the City of Dallas should not be in the hotel business – that it should be left to the private sector. The voters would also agree there are higher priorities for the City's tax dollars and funding commitments.

Our understanding is that the City staff has been secretly working with Woodbine to cut a deal that would:

- A. Be detrimental to taxpayers
- B. Be detrimental to existing privately-funded, tax-paying hotels; AND,

- A. Be in direct conflict with a letter from the City of Dallas which says, **“the City will not pledge its full faith and credit on long-term debt for the construction of a convention center hotel”** and **“the City will not underwrite any operating losses of the hotel”**.

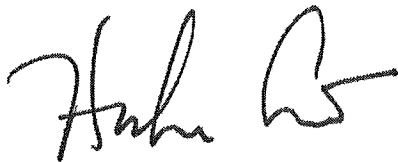
It would be unethical for the City of Dallas to take tax dollars from privately funded hotels to subsidize a convention hotel under the guise that another hotel will help the City of Dallas.

What Phillip Jones fails to tell the Council is:

1. Orlando and Las Vegas have taken an enormous share of the traditional convention center business that Dallas (and many other cities) enjoyed in the 80's and 90's.
2. Those cities' marketing budgets and entertainment options far surpass what Dallas (and many other cities) has to offer – it is NOT about an attached hotel.
3. Adding 1000+ rooms to the Dallas market will cannibalize the business of privately-funded, tax-paying hotels in a market that has the 3rd lowest occupancy of major markets in the US (followed only by St. Louis and Detroit).

The Convention Center staff has used the lack of an “attached” hotel as the primary reason for lack of higher utilization of the convention center, rather than addressing the facts that the supply of convention center space has grown dramatically since 2000 while the demand for such space has been flat. It would be very detrimental for the city to become entangled in a \$300+ million project that is not financially viable.

Sincerely,



Harlan R. Crow
Chief Executive Officer



Anne Raymond
Chief Financial Officer