

L.A.
HOTEL DOWNTOWN

June 19, 2013

Mr. Miguel Santana
City Administrative Officer (CAO)
City of Los Angeles
1500 City Hall East
Los Angeles, CA 90012-4190

*Re: Recommendation of CAO dated June 4, 2013 – Los Angeles Convention Center Request
for Proposal for Management and Operations*

Dear Mr. Santana,

I am writing this letter on behalf of The L.A. Hotel Downtown soon to be a Hyatt Regency (hereafter, the "Hotel"). The purpose of this letter is to express the Hotel's very serious concerns regarding your recommendation that Anschutz Entertainment Group ("AEG") be permitted to manage and operate the Los Angeles Convention Center (the "Convention Center").

The Hotel's primary point of concern is the clear conflict of interest created in awarding operational control of the Convention Center to AEG when AEG currently has interests in and control of the JW Marriott Los Angeles and the Ritz-Carlton Los Angeles hotels. The City's own Conflict of Interest Policy developed for the Convention Center specifically establishes the following as a conflict of interest subject to a disclosure requirement during the evaluation process:

"Any interest in or income from real property located within a one-mile radius of the Los Angeles Convention Center." (Los Angeles Convention Center Conflict of Interest Code, Schedule "B" – Disclosure Categories, Category 1, A.)

The clear purpose of this provision is to address a very legitimate concern: that the recipient of the RFP award will be prone to self-dealing or other anticompetitive conduct regarding hotel business or other business arising from Convention Center events. Indeed, once AEG has taken operational control of the Convention Center, what is to stop AEG from using its power abusively to drive hotel business generated by the Convention Center to the hotels in which AEG has an interest, to the detriment of other hotels in Los Angeles?

333 South Figueroa Street, Los Angeles, CA 90071

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Surely AEG must have disclosed its interest in the JW Marriott and Ritz-Carlton to the Evaluation Panel during the RFP process. In the face of this disclosure, and considering that at least one other qualified responsive bidder that did not have such a conflict was available, the Hotel is mystified as to how a supposedly neutral Evaluation Panel could possibly conclude that a recommendation to award the bid to AEG is appropriate.

Notably, the City made representations that it would include in the membership of the Evaluation Panel a member of the Hotel Association of Los Angeles or some other individual with expertise in the hotel and/or convention industries. However, no such person was appointed to serve on the Evaluation Panel. The lack of representation of the local hotel and convention industries certainly calls into question the reliability of the Evaluation Panel's recommendation.

We are also aware that a competing bidder has raised questions as to whether any City officials or employees might derive personal financial benefit from the award of the RFP bid to AEG. If so, this would violate the City's general Conflict of Interest Code. While the Hotel has no specific knowledge that such a situation exists, it is not clear that the Evaluation Panel even vetted this issue.

In short, the Hotel believes that there were serious deficiencies in the evaluation process. We believe that the June 4, 2013 recommendation of the CAO is questionable at best and did not consider, or did not assign appropriate weight to, the existence of AEG's clear conflict due to its interest in hotels near the Convention Center.

The Hotel therefore strongly urges that the City undertake a legal review of the evaluation process, the conflict of interest of AEG, and the question of whether any other conflicts of interest exist, prior to a vote of City Council to approve the bid award to AEG.

Thank you for your attention and consideration.

Sincerely,



Regina Stryker-Guthrie, General Manager
The L.A. Hotel Downtown

*Cc: Members of the Los Angeles City Council
c/o Office of the City Clerk
200 North Spring Street .
Room 360
Los Angeles, CA 90012*