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Dallas council may split convention center hotel agreements

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Jason Trahan contributed to this report.

The Dallas City Council is poised today to approve separate operating and development agreements for a planned Dallas Convention Center hotel despite a flurry of ultimately unsuccessful legal actions against the city aimed at halting construction.

Associate District Court Judge Sheryl McFarlin on Tuesday evening denied a temporary restraining order request from Citizens Against the Taxpayer Owned Hotel, an organization primarily funded by Dallas real estate developer Harlan Crow.

The request sought to prohibit city officials from "entering into a binding development agreement" or "using any money or other property of the city, directly or indirectly ... for the purpose of siting, financing, constructing, acquiring, leasing, or operating a hotel or other lodging facility."

The group has successfully petitioned the city to conduct a citywide referendum May 9 on whether Dallas may publicly own a convention hotel – a referendum that many city officials say won't affect construction of the hotel if construction begins within the next 11 weeks.

Dallas Mayor Tom Leppert, a chief supporter of constructing the hotel, called the hotel opponents' legal maneuvers "a special interest's attempt to hold our community hostage."

Anne Raymond, leader of Citizens Against the Taxpayer Owned Hotel, said Leppert is "ignoring the voters by arrogantly proceeding with the hotel when the referendum is just 70 days away."

Neither side would rule out future legal action.

Tuesday's court ruling came on a day when the City Council's economic development committee unanimously recommended that the full council approve today a development agreement with Dallas-based Matthews Southwest to build the hotel.

City officials released details of the \$346 million development agreement Tuesday. Dallas intends to pay the costs by selling revenue bonds, which would be reimbursed primarily by the people who use the hotel's facilities.

The overall project cost is expected to exceed \$500 million, including related retail and entertainment developments for which the city would not be responsible.

A separate hotel operating agreement, which taps Irving-based Omni Hotels, will not be publicly

released until the council votes on it today, District 12 council member Ron Natinsky said, citing "business proprietary information."

It isn't unusual for city officials to keep contract deal points private. But given the convention hotel's contentious nature, at least one council member, District 14's Angela Hunt, criticized the final-day disclosure of the development agreement as irresponsible and sealing of the operating agreement as unfortunate.

"We should not, as council members, abdicate our duty to study this material because the mayor wants to move swiftly and start building [the hotel] before the referendum," she said.

Leppert noted that the development of this latest convention hotel concept is more than a year old, with dozens of public meetings on the issue conducted along the way.

The mayor said the council will "do what we need to do" to get the hotel built, regardless of any actions taken by Citizens Against the Taxpayer Owned Hotel.

Citizens Against attorney Michael Jung, however, said his reading of the hotel development agreement indicates Dallas City Hall's development pact with Matthews Southwest "does not irrevocably commit the city to build the hotel."

Therefore, Jung said, if Dallas voters in May approve the change to the city charter that his group is seeking, Dallas could be legally compelled to cancel its development agreement and stop hotel construction.

Said Leppert, "They can read the development agreement any way they want."

The mayor added that anti-hotel representatives this week sought assurances from Dallas city attorneys that the May referendum would be binding – assurances the city did not grant.

Raymond, however, said she knows of no representative from her organization doing any such thing.

Dallas City Attorney Tom Perkins did not return messages seeking comment.

Staff writer Jason Trahan contributed to this report.