



FEDERAL ELECTION COMMISSION
WASHINGTON DC 20463

November 21, 1989

MEMORANDUM

TO: FRED EILAND
PRESS OFFICER

FROM: ROBERT J. COSTA *RC*
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: PUBLIC ISSUANCE OF THE FINAL AUDIT REPORT ON THE 1988
DEMOCRATIC NATIONAL CONVENTION COMMITTEE, INC.

Attached please find a copy of the Final Audit Report on the 1988 Democratic National Convention Committee, Inc., which was approved by the Commission on November 15, 1989.

Informational copies of the report have been received by all parties involved and the report may be released to the public.

Attachment as stated

cc: Office of General Counsel
Office of Public Disclosure
Reports Analysis Division
FEC Library

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

FINAL AUDIT REPORT
ON THE
1988 DEMOCRATIC NATIONAL CONVENTION COMMITTEE, INC.

I. Background

A. Overview

This report is based on an audit of the 1988 Democratic National Convention Committee, Inc. ("the Committee"), to determine whether there has been compliance with the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit was conducted pursuant to Section 9008(g) of Title 26 of the United States Code which directs the Commission to conduct an examination and audit of the payments for presidential nominating conventions no later than December 31 of the calendar year in which the presidential nominating convention involved is held.

The Committee registered with the Federal Election Commission on June 25, 1986, as the national convention committee of the Democratic Party. The Committee maintains its headquarters in Washington, D.C. The audit covered the period June 24, 1986, the earliest date of financial activity by the Committee, through September 30, 1988, the final coverage date of the most recent report filed at the time of the audit. During the period, the Committee reported an opening cash balance of \$0, total receipts of \$9,739,194.45, total disbursements of \$9,187,778.81 and a closing cash balance on September 30, 1988 of \$551,415.64. In addition, certain financial activity was reviewed through December 14, 1988.

This report is based on documents and working papers which support each of its factual statements. They form part of the record upon which the Commission based its decisions on the matters in the report and were available to Commissioners and appropriate staff for review.

B. Key Personnel

The Treasurer for the period audited was Ms. Sharon Pratt Dixon.

C. Scope

The audit included tests such as verification of total reported receipts, disbursements and individual transactions;

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review of required supporting documentation; analysis of Committee debts and obligations; review of expenditure limitations and such other audit procedures as deemed necessary under the circumstances.

II. Findings and Recommendations^{1/}

A. Discounts By Retail Businesses

Section 9008.7(c)(1)(i) of Title 11 of the Code of Federal Regulations states that retail businesses may sell, lease, or rent their products, materials, services or space to the national committee with respect to a presidential nominating convention at reduced or discounted rates, provided that such reductions are in the ordinary course of business. For purposes of this section, a bank shall not be considered a retail business.

During the review of contracts negotiated by the Committee with the two co-headquarter hotels, the Atlanta Marriott Marquis and the Hyatt Regency Atlanta, the Audit staff noted the following matters:

(1) The Atlanta Marriott Marquis provided to the Committee on a complimentary basis two hundred fifty (250) room nights^{2/} to be used prior to the convention week, and one complimentary room for each fifty (50) rooms utilized from July 1 to July 25, 1988. In addition, the hotel provided, on a complimentary basis, a total of fifty (50) sleeping rooms/offices (Headquarter Offices) for varying periods, as well as meeting rooms, banquet areas, common areas, ballrooms and exhibitor's space during the convention week. (Attachment I)

(2) The Hyatt Regency Atlanta provided the Committee 300 complimentary room nights^{2/} to be assigned at the sole discretion of the Committee before July 14, 1988, a portion of its meeting space prior to the convention week, and all of its meeting space during the convention week. (Attachment II)

In the Interim Audit Report, the Committee was requested to provide evidence that the Hyatt and Marriott hotels have an established practice of providing free rooms and services on the same scale to non-political clients; that the value of the

^{1/} The matters addressed in this report relate solely to the activity of the 1988 Democratic National Convention Committee, Inc. Matters noted in the report of the Audit Division on The Atlanta '88 Committee, Inc. (Host Committee) which effect the 1988 Democratic National Convention Committee, Inc., if any, will be addressed in an addendum to this report.

^{2/} Both contracts define a "room night" as one night's use of a single or double room with conversion factors provided for suites, etc.

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goods and services provided does not exceed the value of the commercial benefit; that the value provided is in proportion to the value provided in similar situations; and that the benefit received is promotional and commercial rather than political. (See Advisory Opinion 1988-25)

In response to the Interim Audit Report, the Democratic National Convention Committee provided a statement by Arleigh Greenblat, General Manager of the Democratic Party's 1988 National Nominating Convention.

Mr. Greenblat states that he has been working as a consultant arranging conventions and similar large meetings for corporations, trade associations and labor organizations for approximately 18 years; that as part of his responsibilities in assisting sponsoring organizations in making arrangements for their conventions, he has negotiated the larger procurement contracts with the principal vendors to such conventions including contracts with the headquarters and other host hotels; that he has worked closely with convention bureaus of the major cities in North America and as a result, is quite familiar with standard discounts, complimentary services, and other prerequisites offered by convention bureaus and the hotel industry in those cities.

Mr. Greenblat states that he was engaged by the Democratic National Convention and that he was responsible for advising senior Convention officers of the commercial reasonableness of the terms offered by the various hotels in light of the standard practices in the industry. He explains that it is typical in the industry for headquarters hotels to offer inducements in order to gain business. Included among the inducements often offered are free rooms during the event period (1 for each 40 to 50 rooms reserved) depending upon the circumstances, a certain number of free rooms for use by event planning staff before the event, complimentary use of meeting rooms, complimentary set-ups and equipment drayage, etc. Mr. Greenblat further explains that the extent to which such services are offered on a complimentary basis depends on a whole range of factors, including expected attendance, anticipated profit on other services offered, and the period of the year when the event occurred, etc.

In closing, Mr. Greenblat states that in his opinion, the negotiations of the agreements with the headquarters hotels were conducted on an arm's length basis in a fashion typical in the industry. In no event were the complimentary services afforded by the hotels greater than what would have been expected for a non-political convention of similar size and business potential. (Attachment III)

However, in order to resolve this matter, the Commission requested additional information. In particular, information from the host hotels which addresses the following points from the Interim Audit Report recommendation:

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1. Whether hotels have an established practice of providing free rooms and services on the same scale to non-political clients. This information should include examples.

2. Whether value of the goods and services provided exceeded the value of the commercial benefit.

3. Whether value of the free goods and services provided was in proportion to the value provided in similar situations. Here again examples should be provided.

4. Whether benefits received by hotels was promotional and commercial rather than political.

In response to the Commission's request for additional information the Democratic National Convention Committee provided statements from the Atlanta Marriott Marquis and the Hyatt Regency Atlanta respectively which address the points as stated in the Interim Audit Report recommendation. However, it should be noted that the respective hotels did not include with their statements examples of similar situations with non political clients, as requested in numbers 1 and 3 of the Commission's request for additional information.

Mr. Leroy Neal, Director of Convention Service, Atlanta Marriott Marquis states in relevant part:

"1. The Marriott Marquis has a well established policy of providing complimentary guest rooms, ballrooms, banquet rooms and common space to groups holding large conventions in our hotel. All such complimentary space made available to the Democratic National Convention Committee, Inc. was made pursuant to this policy and was consistent with the manner in which all such conventions are handled. The amount of complimentary space given a committee is determined by several factors including the size of the groups and the estimated income to the Hotel from the convention.

2. The commercial benefit received by the Marriott Marquis far exceeded the value of the complimentary space provided to the committee.

3. The Marriott Marquis received no "political" benefit in connection with hosting your Committee's convention. Any benefit received by this Hotel was promotional and/or commercial in nature." (Attachment IV, p.2)

Mr. Michael Caccavo, Director of Convention Services, Hyatt Regency Atlanta states in relevant part:

"1. The Hyatt Regency Atlanta has a well established policy of providing complimentary guest rooms and meeting space to groups holding large conventions in our Hotel. All such complimentary space made available to the Democratic National

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Convention Committee, Inc. was made pursuant to this policy and was consistent with the manner in which all such conventions are handled. The amount of complimentary space given a committee is determined by several factors including the size of the group and the estimated income to the Hotel from the convention.

2. The Hyatt Regency Atlanta received no "political" benefit in connection with hosting your Committee's convention. Any benefit received by this Hotel was promotional and/or commercial in nature." (Attachment IV, p.3)

The Audit staff, after having reviewed the Committee response to the Interim Audit Report, copies of the two contracts at issue, Mr. Greenblat's statement concerning his participation with respect to these matters, and the additional information provided by the Committee in statements from the host hotels, the Atlanta Marriott Marquis and the Hyatt Regency Atlanta, respectively, finds that the inducements and/or discounts at issue appear to have been entered into by the parties in the ordinary course of business as detailed at Section 9008.7 (c) (1) (i) Title 11 of the Code of Federal Regulations.

Recommendation

The Audit staff recommends no further action in this matter.

B. Unspent Portion of Fund Payment

Section 9008(h) of Title 26 of the United States Code states, in part, that the Commission shall have the same authority to require repayments from the national committee of a major party as it has with respect to repayments from any eligible candidate under Section 9007(b).

In addition, 11 C.F.R. § 9008.10(e)(1) and (2) state that if any portion of the payment under 11 C.F.R. § 9008.3 remains unspent after all convention expenses have been paid, that portion shall be returned to the Secretary of the Treasury; the national committee or convention committee shall make an interim repayment of unspent funds based on the financial position of the committee as of the end of the sixth month following the last day of the convention, allowing for a reasonable amount as determined by the Commission to be withheld for unanticipated contingencies. If, after written request by the national committee or convention committee, the Commission determines, upon review of evidence presented by either committee, that amounts refunded are needed to defray convention expenses, the Commission shall certify such amount for payment.

Finally, 11 C.F.R. § 9008.10(g)(1) and (2) state, in part, that if the Commission determines that repayment is required, it shall give written notification of the amounts required to be paid and the reasons therefor; and the national

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committee shall repay to the Secretary, within 90 days of the notice, the amount of the repayment. Upon application submitted by the national committee, the Commission may grant a 90 day extension of the repayment period.

Our review of the Committee's financial position at the close of business December 14, 1988 revealed that the unspent portion of the fund payment totaled \$64,389.70. The financial position of the Committee is shown below:

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Calculation of Unspent Portion of the Entitlement
of the 1988 Democratic National Convention
Committee, Inc. as of December 14, 1988

November 30, 1988 Adjusted Bank Balance

Operating	\$ 215,888.82	
Payroll	5,033.45	
		<hr/>
Sub-Total	\$ 220,922.27	
 <u>Add:</u>		
Refunds received After November 30, 1988	3,722.37	
Total Cash on Hand as of December 14, 1988		\$224,644.64
 <u>Less:</u>		
Disbursements for Convention Expenses from December 1 to December 14, 1988	\$ 58,292.90	
Estimated Winding Down Costs as of December 14, 1988		
- Printing of Proceedings	\$ 47,119.00	
- Payroll	20,100.00	
- Accounts Payable and Allowance for Unanticipated Contingencies	* / 35,489.26	
- Offsets to Operating Expenditures (Stale Dated Checks)	(746.22)	
Total Disbursements & Winding Down Costs		<u>160,254.94</u>
Amount Repayable to U.S. Treasury		<u>\$ 64,389.70</u>

* / This figure contains estimates.

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The interim audit report stated that absent a showing to the contrary, the Audit staff would recommend that the Commission make an initial determination that \$64,389.70 in unspent funds are repayable to the United States Treasury. The Committee's response to the interim audit report did not address the calculation of the amount of unspent funds.

Recommendation

The Audit staff recommends that the Commission make an initial determination that \$64,389.70 in unspent funds is repayable to the U.S. Treasury pursuant to 26 USC § 9008(h) and 11 CFR § 9008.10(e).

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EXHIBIT "F"

CO-HEADQUARTERS HOTEL AGREEMENT

1988

• DEMOCRATIC NATIONAL CONVENTION

THIS AGREEMENT is entered into on September 17, 1987, by and among the Atlanta Marriott Marquis (the "Hotel"), and the 1988 Democratic National Convention Committee, Inc., a District of Columbia non-profit corporation (the "DNCC"). In consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. GUEST ROOMS AND SUITES

The Hotel agrees to reserve 1,300 guest rooms (hereinafter collectively referred to as the "Room Block"), including 75 suites, to be under the exclusive control of DNCC respecting the period July 16 to July 24, 1988 (hereinafter referred to as the "Convention Week"), to be assigned to guests by DNCC at its sole discretion. On July 3, 1988, any portion of the Room Block then unassigned by DNCC reverts to the Hotel. In addition, the Atlanta Marriott Marquis will reserve beginning July 1 through July 6, 1988, 60 bedrooms only, and beginning July 7 through July 13, 1988, an additional 40 bedrooms for a total of 100. All rooms will be reserved at the agreed convention rate.

The Atlanta Marriott Marquis is pleased to confirm to the DNCC the following rates applicable to the room block, which has been set aside. These rates will not hereafter be increased, and will be available to all users designated by DNCC from July 1, 1988, to five (5) days after Convention Week, consistent with the number of rooms blocked.

FRI. 7/1 60	SAT. 7/2 60	SUN. 7/3 60	MON. 7/4 60	TUE. 7/5 60	WED. 7/6 60	THU. 7/7 100	FRI. 7/8 100
SAT. 7/9 100	SUN. 7/10 100	MON. 7/11 100	TUE. 7/12 100	WED. 7/13 100	THU. 7/14 300	FRI. 7/15 600	SAT. 7/16 1000
SUN. 7/17 1300	MON. 7/18 1300	TUE. 7/19 1300	WED. 7/20 1300	THU. 7/21 1300	FRI. 7/22 800	SAT. 7/23 600	SUN. 7/24 300
MON. 7/25 0							

SINGLES : \$105
DOUBLES : \$125
SUITES : \$295 and up
ADDITIONAL PERSONS : \$ 20
(above age 18)

Two (2) children up to age 18 may occupy the same room as their parents free of charge, when utilizing the existing bed space. Reservations must be accompanied by one (1) nights room deposit, which would be applied to the first or last night. Deposit will be refundable if reservation is cancelled up to 48 hours before 6:00PM on the date of scheduled arrival.

Reservations received without deposits, will be held on a stand-by basis up to fourteen (14) days prior to arrival. If deposits are not received by this time (14 days prior to arrival), reservations will be cancelled.

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The Hotel has confirmed to DNCC rates applicable to Room Block, net of customary convention discounts and commissions. Such rates will not hereafter be increased, and will be available to all users designated by the DNCC from July 1, 1988, to five (5) days after Convention Week.

2. PUBLIC SPACE

The Hotel agrees to reserve the meeting rooms indicated on attached function information agenda (Hotel Exhibit A) beginning July 1 through July 15, 1988, and all of its meeting rooms, banquet areas, common areas, ballrooms, 10th floor Skyline Level, and exhibitors' space (hereinafter collectively referred to as the "Public Space") for the exclusive control of DNCC beginning July 16 through July 24, 1988, to be assigned to users at the sole discretion of DNCC. Space reserved does not include the restaurants and lounges located on the Garden Level (GL).

On July 1, 1988, any portion of the Public Space then unassigned by DNCC reverts to Hotel; provided that, the Hotel agrees to obtain the prior written approval of DNCC as to any other user during Convention Week. 'Whether or not DNCC grants such approval, neither DNCC nor Atlanta '88 shall be responsible for any charges associated with any portion of public space which so reverts back to the hotel.'

With the exceptions of Media Space (as such term is hereinafter below defined), and food and beverage charges, there is to be no charge to DNCC, or to users designated by DNCC, for

Public Space or for furnishings, accessories, sound engineering, sound systems, microphones, labor, cartage or drayage required in connection with the use of Public Space.

3. MEDIA SPACE

The Hotel agrees to reserve its entire meeting Cluster IV (see attached Hotel Exhibit A) of Public Space of the Hotel (hereinafter referred to as the "Media Space") for the exclusive control of DNCC respecting the period July 1, 1988, through and including 5 days after the last day of Convention Week, to be assigned to users at the sole discretion of DNCC. On May 1, 1988, any then unassigned portion of the Media Space reverts to Public Space. It is agreed that all charges incurred by the Media will be billed directly to the specific corporation (media) subject to approved billing.

The Hotel will confirm to DNCC guaranteed rental rates to be applicable to the Media Space, and charges for services provided to users thereof, no later than January 15, 1988. User of Media Space will be required to deposit one day's space rental, which deposit will be refundable in full up to thirty (30) days in advance of arrival. (See Hotel Exhibit "B" for rentals.)

4. COMPLIMENTARY ROOMS

The Hotel will provide to DNCC two hundred fifty (250) complimentary room nights to be used prior to Convention Week (hereinafter referred to as the "Complimentary Rooms") over and above the one complimentary room for each fifty rooms utilized,

over the length of the Room Block beginning July 1 through July 25, 1988, to be assigned at the sole discretion of DNCC based on availability and upon which DNCC may begin drawing as of October 1, 1987. In addition, Complimentary Rooms will be in blocks of no more than 50 prior to Convention Week, reservations made with less than two (2) weeks notice will be accepted on a space available basis. For the purposes of the within Agreement, one night's single or double occupancy of a single sleeping room is defined as one "room night", as is each night's use of each parlor, and of each sleeping room, in a suite. Should DNCC request Complimentary Rooms when they are unavailable at the Hotel, Hotel will use its best efforts to obtain comparable alternate complimentary accommodations. The Hotel will also provide to DNCC on a complimentary basis the use of a Presidential Suite during Convention Week.

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5. HEADQUARTERS OFFICES/COMPLIMENTARY ROOMS

The Hotel agrees to provide on a complimentary basis a total of fifty (50) sleeping rooms/offices contiguous or as nearby as to as is physically possible, on the lowest guest room floor of the Hotel. These rooms will either be used as complimentary sleeping rooms, or be converted to office space (herein referred to as the Headquarters Offices). The furnishings of the Headquarters Offices with such furniture and office equipment (including word processing), as is reasonably required by the DNCC, including labor, cartage, drayage, storage or furniture rental in connection with either the

conversion of guest rooms to the Headquarters Offices and returning of same to guest rooms, and any costs for damages over and above the normal damage for move-in and move-out will be paid for by the DNCC.

The Headquarters Offices/Comp Rooms will be prepared for occupancy on the following schedule.

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- (1) Twenty (20) headquarters offices/complimentary rooms from June 1, 1988 through August 1, 1988; (20)
 - (2) Twenty (20) additional headquarters offices/complimentary rooms from June 15, 1988 through August 1, 1988; (40)
 - (3) Ten (10) additional headquarters offices/complimentary rooms from July 1, 1988 through August 1, 1988. (50)

The Headquarters Offices/Complimentary Rooms will be vacated by the DNCC no later than 12:00PM (noon) eight (8) days beyond the end of the Convention Week, or by Monday, August 1, 1988, whichever occurs last.

6. UNION LABOR

The provision by the Hotel of all services contemplated by the within agreement will be provided by the Hotel's employees. If, and when, additional labor is needed, the Hotel will not

restrict the performance of such activities to union or non-union labor, but will choose employees or companies capable of performance in an effort to deliver all services contemplated.

7. MODIFICATIONS

Structural modifications to the premises (other than Offices) of the Hotel necessary to comply with the provisions of the within Agreement will be effected by the Hotel and charged to the DNCC or appropriate user identified by the DNCC. It is acknowledged by the parties hereto that, in addition, certain other modifications may be requested by users of the premises of the Hotel. In this event, Hotel will use its best efforts to assist in such additional modifications; provided that, such additional modifications shall not unduly interfere with the regular activities of the Hotel, and that the premises modified can be returned to its original state.

8. JANITORIAL SERVICES

The Hotel will provide without charge, sufficient cleaning services to maintain the highest standards of cleanliness.

9. ELECTRICAL POWER

The Hotel will provide, without charge, ordinary electrical power to the Room Block, Complimentary Rooms, the Presidential Suite and Public Space, and sufficient electrical power to the Headquarters Offices and Media Space to operate typewriting, photocopying, computer, recording, word processing, facsimile

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transmission, radio and television broadcasting and communications equipment. Users other than DNCC requesting the installation of additional electrical outlets, or the availability of power supplies above and beyond that ordinarily available, will be required to reimburse Hotel for the direct cost thereof. All extra power and additional outlets in excess of the standard amounts supplied to function areas and guest rooms, will be paid for by the specific media or other entities needing the extra service.

10. ELEVATORS

The Hotel will provide, without charge, sufficient personnel to operate, maintain and repair promptly, on a 24-hour on-call basis during Convention Week, each of the Hotel's escalators, passenger and service elevators. Throughout Convention Week, Hotel personnel will permit designated DNCC personnel the use of service elevators.

11. ACCESS

Users assigned by DNCC will be permitted 24-hour access to the Public Space, Headquarters Offices, Media Space, Room Block, Presidential Suite and Complimentary Rooms during Convention Week.

12. SECURITY AND MEDICAL PERSONNEL

The Hotel will provide, at no charge, 24-hour peak level security throughout Convention Week, consistent with the number of officers deemed by the Hotel to be necessary to provide a

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secure environment for our guests. The Hotel will supply to a representative of the DNCC a listing of emergency numbers and the telephone numbers of doctors who have agreed to be on-call on a 24-hour basis, and who have represented themselves as being emergency room certified. The Hotel cannot recommend or guarantee the quality of any physician or nurses services.

13. FOOD AND BEVERAGE SERVICE

The Hotel's ordinary food and beverage services will be provided throughout the Pre-Convention and Convention Week; the Hotel will confirm guaranteed prices by January 15, 1988. Room service will be available throughout Convention Week on a 24 hour basis.

There will be no labor charge for food or beverage functions. A guarantee of the number of persons attending each catered food or beverage function will be provided to Hotel no less than forty-eight (48) hours in advance of the function. Hotel agrees to provide for five percent (5%) over the guarantee for functions up to three hundred (300) people, and three percent (3%) for functions over three hundred (300) people.

The Hotel requires that all food and beverage serviced in hospitality suites and parlors must be purchased from the Hotel's Room Service Department. If alcoholic beverages are to be served on the Hotel's premises (or elsewhere under the Hotel's alcoholic beverage license), the Hotel would require that beverages be dispensed only by our Hotel servers and bartenders.

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14. REGISTRATION MATERIALS AND FACILITIES

Hotel will provide without charge to DNCC registration materials designed by DNCC in consultation with Hotel to be used by DNCC to make assignments of guest rooms and function space. Hotel will cooperate with personnel from the Atlanta Convention and Visitors Bureau assisting DNCC in making such assignments. Hotel will provide without charge registration information desk facilities in the Hotel common area for the exclusive use of DNCC.

15. MASTER ACCOUNT

There will be a room and tax Master Account and a Food and Beverage Master Account established for DNCC. Hotel will be advised by DNCC from time to time as to the persons authorized to sign for charges billed to the Master Account. DNCC representatives should review all charges with our Credit Manager or Assistant Controller in charge of Accounts Receivable prior to your departure, before presentation of the Master Account billings. Seventy-five percent (75%) of the total Master Account billing will be paid by July 31, 1988, upon the final departure of all DNCC personnel, and the final Master Account balance will be due within 30 days thereafter. Before presentation of the Master Account billings, Hotel will review Master Account charges with a person designated by DNCC.

From the date of initial occupancy by DNC or DNCC personnel throughout July 31, 1988, Hotel will provide DNCC with itemized Master Account charges and documentation on a weekly basis. For

the period June 1, 1988, through the final departure of all DNCC personnel, Hotel will provide DNCC itemized Master Account charges and documentation on a daily basis.

16. COMPLIANCE WITH LAWS

In the performance of this Agreement, Hotel shall comply, with all applicable laws and regulations, including federal, state and local campaign finance laws and laws relating to fair employment practices, and shall not discriminate against any person because of race, creed, color, religion, sex, age, national origin or sexual orientation.

17. REPRESENTATIONS AND WARRANTIES

The Hotel hereby represents, warrants, and covenants as follows: This agreement constitutes the legal, valid and binding obligation of Hotel, enforceable in accordance with its terms. Neither the Hotel nor any person in its behalf has paid or agreed to pay any commission, percentage or fee of any kind to any person or entity contingent upon or resulting from entering into this Agreement.

18. TERMINATION

DNCC may, by written notice to Hotel, terminate this Agreement if Hotel fails (other than by reason of a breach or default by DNCC under this Agreement) to provide facilities, goods and services required under and in accordance with the schedule prescribed by any provision of this agreement. In the

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event of termination, DNCC shall have all other remedies available to it under applicable law.

19. ARBITRATION (OPEN FOR DISCUSSION WITH MARRIOTT CORPORATION
LEGAL REPRESENTATIVE)

Any dispute or claim arising out of or relating to this Agreement, any modification or extension hereof or any breach hereof (including the question of whether any particular matter is arbitrable hereunder) shall be settled exclusively by arbitration in Georgia, in accordance with the rules of the American Arbitration Association then in force, except as modified by this Agreement. The party requesting arbitration shall serve upon the other party to the dispute or claim, and upon the American Arbitration Association, a written demand for arbitration stating the substance of the dispute or claim and the contention of the party requesting arbitration, and the name, address and telephone number of an arbitrator appointed by it. The party receiving such demand and the American Arbitration Association shall each appoint an additional arbitrator within 12 hours after receipt of such demand for arbitration. There shall be no prehearing discovery, and the arbitrators shall convene to hear the dispute or claim within 24 hours after receipt of such demand for arbitration. The hearing shall not be continued or recessed, and each party shall have one hour after commencement of the hearing to present oral and documentary evidence. The arbitrators shall announce an award to the parties by telephone or in person within one hour after conclusion of the hearing,

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shall enter an award in writing within 24 hours, and shall serve notice thereof in writing upon each of the parties thereto. The parties hereto agree to abide by all awards rendered in such arbitration proceedings, and all such awards and decisions may be filed by the prevailing party with any court of competent jurisdiction as a basis for judgement and the issuance of execution thereon. Such judgement shall not be open to review exception to the extent permitted by the Federal Rules of Civil Procedure. The fees of the arbitrator(s), attorney fees and related expenses of arbitration shall be awarded to the prevailing party as determined by the arbitrator(s), in addition to any other relief to which the prevailing party is otherwise entitled.

20. MISCELLANEOUS PROVISIONS

20.01 Additional Actions and Documents. Each of the parties hereto agrees to take or cause to be taken such further actions, to execute, deliver and file or cause to be executed, delivered and filed such further documents, and to use their best efforts to obtain such consents, as may be necessary or as may be reasonably requested in order to fully effectuate the purposes, terms and conditions of this Agreement. Such actions shall include without limitation fully and effectively resisting and defending against any action by any third party which interfere with the full and timely performance of this Agreement by Hotel.

20.02 Notices. All notices, demands, requests or other communications relating to this Agreement shall be in writing and shall be mailed by first class, registered or certified mail, return receipt requested, postage prepaid, or transmitted by hand deliver, telegram or telex, addressed as follows:

If to Hotel:

ATLANTA MARRIOTT MARQUIS HOTEL
265 Peachtree Center Avenue, NE
Atlanta, GA 30303
Attention : Mr. Ted Renner
Title : General Manager
Telephone : (404) 586-6100
Telex No. : 671-2053

With a copy (which shall not constitute notice) to:

Ms. Carolyn Colton
MARRIOTT CORPORATE HEADQUARTERS
Law Department
One Marriott Drive
Washington, DC 20058
(301) 897-9000

If to DNCC:

1988 Democratic National
Convention Committee, Inc.
430 South Capitol Street, S.E.
Washington, DC 20003
Attention : Ursula Culver, Controller
Telephone : 202/863-8000
Telex No. : _____

With copies (which shall not constitute notice) to:

Paul G. Kirk, Jr., President
1988 Democratic National
Convention Committee, Inc.
430 South Capitol Street, S.E.
Washington, DC 20003
Telephone : 202/863-8000

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Joseph A. Rieser, Jr., Esquire
General Counsel
Democratic National Committee
c/o Reed Smith Shaw & McClay
1150 Connecticut Avenue, NW
Suite 900
Washington, DC 20036
Telephone : 202/457-6100

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Each party's address may be changed by written notice to the other parties. Each notice, demand, request or other communication transmitted in the manner described above shall be deemed sufficiently given, served, sent and received for all purposes at such time as it is delivered to the addressee (with the return receipt, the delivery receipt, the affidavit of messenger or (with respect to a telex) the answer back being deemed conclusive evidence of such deliver) or at such time as delivery is refused by the addressee.

20.03 Severability. If any provision of this Agreement or any other agreement, document or writing given pursuant to or in connection with this Agreement shall be invalid or unenforceable under applicable law, such provision shall be ineffective to the extent of such invalidity only, without in any way affecting the remaining provisions of this Agreement.

20.04 Survival. All covenants, agreements, statements, representations, warranties and indemnities made in this Agreement shall survive the execution and delivery of this Agreement and any investigation, audit or inspection made by any other party.

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20.05 Waiver. Neither the waiver by either of the parties hereto of a breach or default under any of the provisions of this Agreement, nor the failure of any of the parties to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder, shall thereafter be construed as a waiver of any subsequent breach or default of a similar nature or as a waiver of any other provisions, rights or privileges hereunder. No failure or delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

20.06 Assignment and Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, provided that this Agreement shall not be assignable by any party without the prior written consent of the other party hereto except, in the case of DNCC, to another organization affiliated with the Democratic Party.

20.07 Amendment. No amendment, modification or discharge of this Agreement, and no waiver hereunder, shall be valid or binding unless set forth in writing and duly executed by the party against whom enforcement thereof is sought.

20.08 Entire Agreement. This Agreement (including the Exhibits hereto) constitutes the entire Agreement among the

parties hereto with respect to the subject matter hereto, and it supersedes all prior oral and written agreements, commitments, understandings or proposals with respect to the matters provided for herein.

20.09 Headings. Paragraph headings contained in this Agreement are inserted for convenient reference only, shall not be deemed to be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

20.11 Execution in Counterparts. This Agreement may be executed in as many counterparts as may be desired, and it shall not be necessary that the signatures of, or on behalf of, each party appear on each counterpart. It shall not be necessary in making proof of this Agreement to produce or account for more than a number of counterparts containing the respective signatures of, or on behalf of, all of the parties hereto.

20.12 Indemnification. The Hotel agrees to defend, indemnify and hold harmless DNCC, the Democratic Party, Democratic National Committee, the Committee on arrangements, and the Site Selection Committee, together with their affiliated organizations, directors, officers, employees, agents, attorneys, volunteers, consultants and consulting staffs (the "Indennities"), against and from any and all liabilities, obligations, damages, penalties, claims, costs, charges and

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expenses (including accountant and attorney fees), which may be imposed upon, incurred by or asserted against the Marriott Corporation or the Hotel. The Indemnities agree to Hold Harmless the Hotel and Marriott Corporation, its employees, agents, and officers, from any and all liabilities, obligations, damages, penalties, claims, costs, charges and expenses (including account and attorney fees), which may be imposed upon, incurred by or asserted against the hotel arising out of the negligence or the intentional misconduct of the Indemnities.

20.13. The Hotel will designate by January 1, 1988, a senior executive as liaison with DNCC respecting the activities contemplated by the within Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed on their behalf as of the date first hereinbefore set forth.

By: Donald L. Fowler
Mr. Donald L. Fowler
Chief Executive Officer
Democratic National
Convention Committee

20 Oct 87
Date

Ted Renner
Mr. Ted Renner
General Manager
Atlanta Marriott Marquis

9/21/87
Date

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Paul G. Kirk, Jr.

Mr. Paul G. Kirk, Jr.
President
Democratic National
Convention Committee

10/24/87
Date

Sharon Pratt Dixon
Treasurer
Democratic National Committee

Date

Abbey V. Wilburg
Abbey V. Wilburg
Hotel Representative
Atlanta Marriott Marquis

9/17/87
Date

Leroy Neal
Mr. Leroy Neal
Director of Convention Service
Atlanta Marriott Marquis

9/17/87
Date

Sharon Pratt Dixon
Sharon Pratt Dixon
Treasurer
Democratic National Convention
Committee

10/30/87
Date

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CO-HEADQUARTERS HOTEL AGREEMENT

1988

DEMOCRATIC NATIONAL CONVENTION

THIS AGREEMENT is entered into on September 18th, 1987, by and among the Hyatt Corporation D/B/A/Hyatt Regency Atlanta, ("the hotel"), and the 1988 Democratic National Convention Committee, Inc., a District of Columbia non-profit corporation (the "DNCC"). In consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. GUEST ROOMS AND SUITES

The Hyatt Regency Atlanta agrees to reserve 1,000 guest rooms including at least 35 suites and 20 Regency Club rooms to be under the exclusive control of the DNCC respecting the period July 14 to July 25, 1988. The block in total is as follows:

Date:	7/14	7/15	7/16	7/17	7/18	7/19
Day:	THU	FRI	SAT	SUN	MON	TUE
Block:	220	440	770	1000	1000	1000
Date:	7/20	7/21	7/22	7/23	7/24	
Day:	WED	THU	FRI	SAT	SUN	
Block:	1000	1000	660	440	220	

On July 3, 1988 DNCC requests any portion of the Room Block then unassigned or undeposited by DNCC or its attendees reverts back to the hotel for general resale at the prevailing rack rates.

The Hyatt Regency Atlanta has confirmed the DNCC the net guest room rate of \$125.00 single occupancy and \$145.00 double occupancy, to include our regular deluxe guest rooms excluding Regency Club Level and Suites. These rates are net, non-commissionable and will be subject to the prevailing combined sales and occupancy tax which is currently 11%. These rates will not be increased and will be available to all users designated by the DNCC from five (5) working days before to five (5) working days after the Convention Week, 7/18-24/88. Two (2) children under the ages of 18 years old will be permitted in the guest room of the parent free of charge. All additional guests will require a charge of \$20.00 per person.

The Hyatt Regency Atlanta will request a four (4) night minimum stay for all designated rooms to be handled by the DNCC. In addition, once we receive the appropriate reservations, we will require a one night deposit to be received in our Reservations Office within 14 days of making the reservation. This deposit will guarantee the guest room for late arrival on the appropriate arrival date. Once the guest arrives at the hotel, that deposit will then be credited for their last nights stay which will have been reverified upon check-in. Refunds will be granted only if cancellation is received 120 hours or 5 days prior to arrival date.

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2. PUBLIC SPACE/MEDIA SPACE

The Hyatt Regency Atlanta will hold all meeting space in the International Tower for the DNCC exclusive control of during the period of July 11-24, 1988 on a 24 hour period. Furthermore, the Hyatt Regency Atlanta offers the remainder of our meeting space for the exclusive control of DNCC July 16-24 on a 24 hour basis. This will allow the DNCC to have a total of 105,000 square feet of meeting and exhibition space over the prime dates of your meeting. We ask that 18 days prior to the opening of your 1988 convention any portion of the public space then unassigned by DNCC reverts to the hotel; provided that, hotel must obtain the prior written approval of DNCC as to any other user during convention week. The hotel will furnish these meeting facilities with the appropriate number of tables, chairs, labor to set up the meeting space, a standing podium, and all normal existing lighting and electrical requirements at no charge. Any additional furnishings, accessories, microphones, sound engineering, or alterations to the meeting space must be the responsibility of the DNCC or appropriate parties.

3. COMPLIMENTARY ROOMS

The Hyatt Regency Atlanta will be happy to provide the DNCC with 300 complimentary room nights to be assigned at the sole discretion of the DNCC and may be utilized any time up until July 14th, 1988. If the total 300 room nights are not utilized at that time, this particular offer will be considered null and void. For purposes of this agreement, the following chart will illustrate our policy on complimentary room utilization:

VIP Suite	(for one night)	Two Units
Deluxe Panorama	(for one night)	Two Units
Hospitality Suite	(for one night)	Two Units
Panorama Suite	(for one night)	Two Units
Crown Suite	(for one night)	Two Units
Regency Club Level Room	Single or Double (for one night)	Two Units
Guest Room	Single or Double (for one night)	One Unit

The above scale is for one bedroom suites, two bedroom suites would require one more unit of accounting.

5. UNION LABOR

Wherever possible, the provisions by the hotel of all services contemplated within the agreement will be provided by union labor.

6. MODIFICATIONS

Any limited decorative modifications to the hotel premises necessary to comply with the provisions within this agreement will be the responsibility of the DNCC as approved by hotel management. Notwithstanding any of the provisions provided within, DNCC shall not have the right to request modifications at the hotel which involve structural changes.

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7. JANITORIAL SERVICES

The Hotel will provide without charge to DNCC, sufficient cleaning services to maintain the highest standards of cleanliness.

8. ELECTRICAL POWER

The Hyatt Regency Atlanta will provide, without charge to DNCC, existing electrical power to all Guest Rooms, Complimentary Rooms, all Suites and Public Space. Users other than DNCC requesting installation of additional electrical outlets or the availability of power supplies above and beyond that ordinarily available, will be required to reimburse the hotel for the direct cost thereof.

9. ELEVATORS

The Hyatt Regency Atlanta will provide without charge sufficient personnel to operate, maintain, and repair promptly, on a 24-hour on-call basis during Convention Week, each of the Hotel's escalators, passenger and service elevators. Throughout Convention Week, Hotel personnel will permit designated DNCC personnel the use of service elevators as long as it does not interrupt the regular activities and services of the Hotel. DNCC shall provide proper identification to those parties it is allowing to utilize these service elevators.

10. ACCESS

Users will be permitted 24 hour access to the Public Space, Headquarters Office, Meeting Space, Room Block, all Suites, and Complimentary Rooms, over the dates of July 14-24, 1988.

11. SECURITY AND MEDICAL PERSONNEL

The Hotel will provide, at no charge to DNCC, 24-hour peak level security throughout Convention Week, that will insure the safety of all guests. The number of Security Officers will be dependent upon the occupancy of the Hotel. The Hotel will make available on a 24-hour on-call basis at no charge to the DNCC, the services of a nurse and physician, each Emergency Room Certified.

12. FOOD AND BEVERAGE

The Hyatt Regency Atlanta's ordinary Food and Beverage services will be provided throughout Convention Week. On or before January 15, 1988, Hotel will confirm guaranteed prices which will not exceed by more than 5% those prices in effect as of January 15, 1988, and provided further that the charge for mixed drinks at organized food and beverage functions will not exceed \$4.50. Room Service will be available throughout Convention Week from 6:00 a.m. to 2:00 a.m.

There will be no labor charge for food or beverage functions with twenty (20) or more persons in attendance. A guarantee of the number of persons attending each food or beverage function will be provided to Hotel no less than forty-eight (48) hours in advance of the function. The Hyatt Regency Atlanta agrees to provide five percent (5%) over the guarantee for functions up to three hundred (300) people, and three percent (3%) for functions over three hundred (300) people.

13. REGISTRATION MATERIALS AND FACILITIES

The Hyatt Regency Atlanta will provide without charge to DNCC registration materials designed by DNCC in consultation with the Hyatt Regency Atlanta to be used by DNCC to make assignments of guest rooms and function space. The Hyatt Regency Atlanta will cooperate with personnel from the Atlanta Convention & Visitors Bureau assisting DNCC in making such assignment. The Hyatt Regency Atlanta will provide without charge registration information desk facilities in the Hotel common area for the exclusive use of DNCC.

14. MASTER ACCOUNT

There will be two separate Master Accounts set up for DNCC, one of which will be for rooms and related expenses and the other for food and beverage functions. The Hyatt Regency Atlanta is to be advised by the DNCC prior to arrival as to the persons authorized to sign for charges to be billed to these accounts. Of the total Master Account balance, 75% will be paid upon the final departure date of all DNCC personnel and the remaining 25% of the Master Account balance will be due within 30 days thereafter. The establishment of the above Master Accounts shall be predicated on the approval of a standard Hyatt Regency Atlanta Credit Application, to be filed with the Hyatt Regency Atlanta no later than January 1, 1988. This application will be subject to all standard Hyatt Corporation criteria.

Before presentation of the Master Account billing, a representative from the Accounting Department of the Hyatt Regency Atlanta will review the Master Account charges with the designated person of the DNCC. From the date of initial occupancy by DNCC or DNCC personnel through May 31, 1988, Hyatt Regency Atlanta will provide DNCC with itemized Master Account charges and documentation on a weekly basis. For the period June 1, 1988, through the final departure of all DNCC personnel, Hotel will provide DNCC itemized Master Account charges and documentation on a daily basis.

15. COMPLIANCE WITH LAWS

In the performance of the Agreement, Hotel shall comply, and assure that all independent contractors engaged by Hotel comply with all applicable laws and regulations, including federal, state and local campaign finance laws and laws relating to fair employment practices, and shall not discriminate against any person because of race, creed, color, religion, sex, age, national origin or sexual orientation.

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16. REPRESENTATIONS AND WARRANTIES

The Hotel hereby represents, warrants, and covenants as follows: This Agreement constitutes the legal, valid and binding obligation of Hotel, enforceable in accordance with its terms. All facilities, goods and services furnished by Hotel under this Agreement will be safely constructed and free from defects in design, materials and workmanship, will be suitable for the intended purpose and will conform to the specifications established under this Agreement. Neither the Hotel nor any person in its behalf has paid or agreed to pay any commission, percentage or fee of any kind to any person or entity contingent upon or resulting from entering into this Agreement.

17. TERMINATION

Other than by breach or default by DNCC under this Agreement to provide facilities, goods and services required under and in accordance with the schedule prescribed under this Agreement provided that: such failures shall only result in the right of termination if it substantially affects DNCC's ability to continue on with its convention and results in substantial and proveable damages. In the event of termination, DNCC shall have all other remedies available to it under applicable law.

18. ARBITRATION

Any dispute or claim arising out of or relating to this Agreement, any modification or extension hereof or any breach hereof (including the question of whether any particular matter is arbitrable hereunder) shall be settled exclusively by arbitration in Atlanta, Georgia, in accordance with the rules of the American Arbitration Association then in force, except as modified by this Agreement. The party requesting arbitration shall serve under the other party to the dispute or claim, and upon the American Arbitration Association, a written demand for arbitration stating the substance of the dispute or claim and the contention of the party requesting arbitration, and the name, address and telephone number of an arbitrator appointed by it. The party receiving such demand and the American Arbitration Association shall each appoint an additional arbitrator within 12 hours after receipt of such demand for arbitration. There shall be no pre-hearing discovery, and the arbitrators shall convene to hear the dispute or claim within 24 hours after receipt of such demand for arbitration. The hearing shall not be continued or recessed, and each party shall have one hour after commencement of the hearing to present oral and documentary evidence. The arbitrators shall announce an award to the parties by telephone or in person within one hour after conclusion of the hearing, shall enter an award in writing within 24 hours, and shall serve notice thereof in writing upon each of the parties thereto. The parties thereto agree to abide by all awards rendered in such arbitration proceedings, and all such awards and decisions may be filed by the prevailing party with any court of competent jurisdiction as a basis for judgement and the

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issuance of execution thereon. Such judgement shall not be open to review except to the extent permitted by the Federal Rules of Civil Procedure. The fees of the arbitrator(s), attorney fees and related expenses of arbitration shall be awarded to the prevailing party as determined by the arbitrator(s), in addition to any other relief to which the prevailing party is otherwise entitled.

19. MISCELLANEOUS PROVISIONS

20.01. Additional Actions and Documentations. Each of the parties hereto agree to take or cause to be taken such further actions, to execute, deliver and file or cause to be executed, delivered and filed such further documents, and to use their best efforts to obtain such consents, as may be necessary or as may be reasonably requested in order to fully effectuate the purposes, terms and conditions of this Agreement. Such actions shall include without limitation fully and effectively resisting and defending against any action by any third party which would interfere with the full and timely performance of this Agreement by Hotel.

20.02 Notices. All notices, demands, requests or other communications relating to this Agreement shall be in writing and shall be mailed by first class, registered or certified mail, return receipt requested, postage prepaid, or transmitted by hand delivery, telegram or telex, addressed as follows:

If to Hotel: Mr. Bill Rhodes
Regional V.P. & Managing Director
Hyatt Regency Atlanta
265 Peachtree Street, N.E.
Atlanta, GA 30303
Telephone: (404) 577-1234
Telex No.: 542485

With a copy (which shall not constitute notice) to:

Brian R. Gamache
Director of Sales & Marketing
Hyatt Regency Atlanta
265 Peachtree Street, N.E.
Atlanta, GA 30303
Telephone: (404) 577-1234
Telex No: 542485

If to DNCC: 1988 Democratic National Convention
Committee, Inc.
430 South Capitol Street, S.E.
Washington, D.C. 20003
Attention: Ursula Culver, Controller
Telephone: (202) 863-8000
Telex No.:

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With copies (which shall not constitute notice) to:

Paul Kirk, Jr., President
1988 Democratic National Convention
Committee, Inc.
430 South Capitol Street, S.E.
Washington, D.C. 20003
Telephone: (202) 863-8000

Joseph A. Rieser, Jr., Esquire
General Counsel
Democratic National Convention
c/o Reed Smith Shaw & McClay
1150 Connecticut Avenue, N.W.
Suite 900
Washington, D.C. 20036
Telephone: (202) 457-6100

Each party's address may be changed by written notice to the other party. Each notice, demand, request or other communication transmitted in the manner described above shall be deemed sufficiently given, served, sent and received for all purposes at such time as it is delivered to the addressee (with the return receipt, the delivery receipt, and the affidavit of messenger or (with respect to a telex) the answer back being deemed conclusive evidence of such delivery) or at such time as delivery is refused by the addressee.

20.03. Severability. If any provision of this Agreement or any other agreement, document or writing given pursuant to or in connection with this Agreement shall be invalid or unenforceable under applicable law, such provision shall be ineffective to the extent of such invalidity only without in any way affecting the remaining provisions of this Agreement.

20.04. Survival. All covenants, agreements, statements, representations, warranties and indemnities made in this Agreement shall survive the execution and delivery of this Agreement and any investigation, audit or inspection made by any other party.

20.05. Waiver. Neither the waiver by either party hereto of a breach of or default under any of the provisions of this Agreement, nor the failure of either party to enforce any of the provisions of this Agreement or to exercise any right to privilege hereunder shall thereafter be construed as a waiver of any subsequent breach or default of a similar nature or as a waiver of any other provisions, rights, or privileges hereunder. No failure or delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

20.06. Assignment and Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, provided that this Agreement shall not be assignable by any party without the prior written consent of the other parties hereto except, in the case of assignment by DNCC, to another

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20.07. Amendment. No amendment, modification or discharge of this Agreement, and no waiver hereunder, shall be valid or binding unless set forth in writing and duly executed by the party against whom enforcement thereof is sought.

20.08. Entire Agreement. This Agreement (including the Exhibitors hereto) constitutes the entire Agreement among the parties hereto with respect to the subject matter hereto, and it supersedes all prior oral or written agreements, commitments, understandings or proposals with respect to the matters provided for herein.

20.09. Headings. Paragraph headings contained in this Agreement are inserted for convenient reference only, shall not be deemed to be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

20.10. Governing Law. This Agreement, the rights and obligations of the parties hereto, and any disputes or claims relating thereto, shall be governed by and construed in accordance with the laws of Georgia (but not including the choice-of-law rules thereof).

20.11. Execution in Counterparts. This Agreement may be executed in as many counterparts as may be desired, and it shall not be necessary that the signatures of, or on behalf of, each party appear on each counterpart. It shall not be necessary in making proof of this Agreement to produce or account for more than a number of counterparts containing the respective signatures of, or on behalf of, all of the parties hereto.

20.12. Indemnification. The Hotel agrees to defend, indemnify and hold harmless DNCC, the Democratic Party, the DNCC, the Committee on Arrangements, and the Site-Selection Committee, together with their affiliated organizations, directors, officers, employees, agents, attorneys, volunteers, consultants and consulting staff (the "Indemnitees"), against and from any and all liabilities, obligations, damages, penalties, claims, costs, charges and expenses (including accountant and attorney's fees) which may be imposed upon, incurred by or asserted against the Indemnitees in any manner arising out of the performance or breach of the Hotel's obligations and representations under this Agreement or any other acts or omissions of the Hotel or its officers, employees, agents or otherwise out of any and all activities contemplated by this Agreement.

20.13. The Hotel will designate by January 1, 1988, a senior executive as liaison with DNCC respecting the activities contemplated by the within Agreement.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed on their behalf as of the date first hereinbefore set forth.

1988 DEMOCRATIC NATIONAL CONVENTION COMMITTEE, INC

BY: Donald L. Fowler 20 Oct 87
Mr. Donald L. Fowler Date
Chief Executive Officer
DEMOCRATIC NATIONAL CONVENTION COMMITTEE

Alan Garache 9/14/87
Mr. Alan Garache Date
Director of Sales & Marketing
HATT AGENCY MILWAUKEE

Paul G. Kirk Jr. 10/28/87
Paul G. Kirk Jr. Date
President
DEMOCRATIC NATIONAL CONVENTION COMMITTEE

Sharon Pratt Dixon 10/31/87
Sharon Pratt Dixon Date
Treasurer
DEMOCRATIC NATIONAL CONVENTION COMMITTEE

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Democratic National Committee

April 13, 1989

Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Attention: Audit Division

RE: Interim Audit Report

Dear Sir or Madam:

On behalf of the 1988 Democratic National Convention Committee, Inc. (the "DNCC"), I write to respond to the Interim Report of the Audit Division on the 1988 Democratic National Convention Committee, Inc. (the "report").

The report's findings resulted in two recommendations to the DNCC. Each is addressed in turn.

The Audit Division's review of Convention contracts included an examination of the contracts entered into by the DNCC and the two co-headquarters hotels, namely the Atlanta Marriott Marquis and the Hyatt Regency Atlanta. The staff noted that the two hotels provided the DNCC with complimentary rooms to be used by the DNCC both prior to and during the week of the National Convention.

As the report noted, under Section 9008.7(c)(1)(i) of Title 11 of the Code of Federal Regulations, retail businesses (such as hotels) may sell, lease or rent their products, materials, services or space to the national committee with respect to a presidential nominating convention at reduced or discounted rates, provided that such reductions are in the ordinary course of business. (See Advisory Opinion 1988-25) The report recommends that the DNCC provide evidence to the Federal Election Commission ("FEC") that its agreements with the hotels, pursuant to which the DNCC was provided complimentary rooms, fall within the parameters of Section 9008.7. (c)(1)(i).

In response to the Audit Division's recommendation regarding the DNCC's agreement with the co-headquarters hotels, the DNCC is providing the enclosed statement by Arleigh Greenblat, General

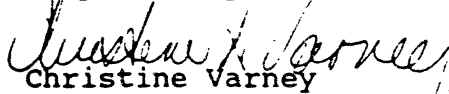
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Manager of the Democratic Party's 1988 National Nominating Convention.

The second issue addressed by the report is the unspent portion of the federal entitlement provided to the DNCC for its National Nominating Convention pursuant to 11 C.F.R. 9008.3. The report found that the unspent portion of the fund payment, as of December 14, 1988, totaled \$64,389.70. The report recommends, pursuant to 11 C.F.R. 9008.10(e)(1) and (2) and 9008.10(e)(g)(1) and (2), that that unspent portion of the federal entitlement be returned to the Secretary of the Treasury within 90 days of the notice of the interim audit report.

Pursuant to 11 C.F.R. 9008.10(e)(g)(2), the DNCC may request that it be given a 90 day extension of the repayment period. The DNCC hereby formally requests such an extension.

Respectfully submitted,


Christine Varney
General Counsel

Enclosure

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BEFORE THE
FEDERAL ELECTION COMMISSION

Re: Interim Report of the Audit Division)	
)	File No. DNC/022789
)	
)	

STATEMENT OF
ARLEIGH GREENBLAT

1. I am presently self-employed as a consultant to trade associations, labor organizations, large corporations, etc., and provide them general advice and assistance with respect to making arrangements for their annual conventions, shows and similarly large meetings. I have been involved in this line of work for approximately 18 years.

2. During this period, I have acted as a consultant with overall responsibility for some of the largest non-political meetings in the United States. These include the annual meeting of the National Education Association, a convention with approximately 9,000 delegates and more than 4,000 other attendees. I lecture often before groups regarding various aspects of convention arrangements and am a frequent contributor of articles on such matters to trade publications.

3. As part of my responsibilities in assisting sponsoring organizations in making arrangements for their conventions, I often negotiate the larger procurement contracts with the principal vendors to such conventions, including contracts with the headquarters and other host hotels. I also

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have worked closely with the convention bureaus of the major cities in North America. As a result, I am quite familiar with the standard discounts, complimentary services and other prerequisites offered by convention bureaus and the hotel industry in these cities in order to induce sponsoring organizations to select their city and their hotel as the convention site.

4. In 1987 and 1988 I was engaged by the Democratic National Committee to be General Manager of the Democratic Party's 1988 National Nominating Convention. Prior to that, I was its principal consultant in evaluating the proposals (and associated costs, including hotel costs) submitted by the various cities competing to be selected as the host city for the 1988 Convention.

5. As General Manager for the Convention, I had overall responsibility for identifying and evaluating the principal vendors offering to supply goods and services to the Convention and personally negotiated many of the major contracts. In particular, I was one of the principal negotiators with respect to the agreements with the Party's headquarters hotels. In that role, one of my principal responsibilities was to advise senior Convention officers of the commercial reasonableness of the terms offered by the various hotels in light of the standard practices in the industry.

6. It is typical in the industry for headquarters hotels to offer various inducements to sponsoring organizations in order to gain the business. Included among the inducements often offered are free rooms during the event period (at the rate, depending upon the circumstances, of 1 for each 40 to 50 rooms

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reserved), a certain number of free rooms for use by event planning staff before the event itself, complimentary use of meeting rooms, complimentary set-ups and equipment drayage, reduced labor charges at certain food and beverage receptions, etc. The extent to which such services are offered on complimentary basis depends on a whole range of factors, including the expected attendance, the anticipated profit on other services offered by the hotels, the degree to which the event is held during a period of the year when business would otherwise be slow, etc.

7. In my opinion the negotiations of the agreements with the headquarters hotels were conducted on an arm's length basis in a fashion typical in the industry. In short, these were difficult, tense negotiations in which the hotels tried to concede as little as possible consistent with retaining the business.

8. In my opinion, the arrangements with the host hotels were well within the letter and spirit of 11 C.F.R. § 9008.7(c)(1)(i), which permits discounts and rate reductions in the ordinary course of business. In no event were the complimentary services afforded by the hotels greater than what would have been expected for a non-political convention of similar size and business potential, especially since the Convention was scheduled for a hot summer month in a southern city, where it can be expected that business would otherwise be slow and the merchants otherwise eager for patronage. Indeed, if anything, the contrary is true because, since there were very few hotels (particularly unionized hotels) available which were suitable as

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headquarters hotels, the Party's bargaining leverage was weaker than I would have hoped for in light of the volume and profitability of the business which the hotels could expect, and the proposal offered by the hotels reflected that.

9. The free rooms which the hotels provided were well within industry norms, particularly in light of the other services which were not offered on a complimentary basis. For example, under the agreements the hotels did not offer complimentary dinners or receptions or complimentary drayage of furniture, although these are frequently offered in the industry. Further, because the Hyatt Regency had other commitments for its public space, it could not offer much such space on a complimentary basis, contrary to normal practice; and the number of complimentary rooms offered by it reflected that deficiency. Similarly, the Marriott Marquis had very limited public space; and its undertaking to convert a certain number of sleeping rooms to such use was a reasonable accommodation to comply with normal industry practices.


Arleigh Greenblat 4/19/8

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Democratic National Committee

Rec'd in file

9/25/89

4:45 pm
Attachment IV
Page 1 of 3

September 25, 1989

Mr. Robert Costa
Audit Division
Federal Election Commission
999 E Street, N.W.
Washington, DC 20463

Dear Mr. Costa:

I am writing in response to your letter of August 23, 1989. You have requested additional information regarding the contractual arrangements between the Democratic National Convention Committee, Inc. and both the Atlanta Marriott Marquis and the Hyatt Regency Atlanta.

Enclosed you will find the requested information in the form of a letter from the Director of Convention Services at each of the respective hotels.

Should you require any further information on this matter, please feel free to contact me.

Sincerely,

Bill Cross
Staff Counsel

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ATLANTA
Marriott
MARQUIS

September 19, 1989

Mr. William Cross
Staff Counsel
1988 DEMOCRATIC NATIONAL
CONVENTION COMMITTEE, INC.
430 South Capitol Street, S.E.
Washington, DC 20003

Dear Mr. Cross:

For the purposes of an audit being conducted by the Federal Election Commission, you have asked that I outline the arrangements made between this Hotel and your Committee regarding last summer's national convention. You have asked, in particular, for information regarding the complimentary rooms and public space provided to your Committee.

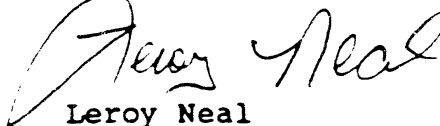
1. The Marriott Marquis has a well established policy of providing complimentary guest rooms, ballrooms, banquet rooms and common space to groups holding large conventions in our hotel. All such complimentary space made available to the Democratic National Convention Committee, Inc. was made pursuant to this policy and was consistent with the manner in which all such conventions are handled. The amount of complimentary space given a committee is determined by several factors including the size of the groups and the estimated income to the Hotel from the convention.

2. The commercial benefit received by the Marriott Marquis far exceeded the value of the complimentary space provided to the Committee.

3. The Marriott Marquis received no "political" benefit in connection with hosting your Committee's convention. Any benefit received by this Hotel was promotional and/or commercial in nature.

Sincerely,

ATLANTA MARRIOTT MARQUIS



Leroy Neal
Director of Convention Service

87070164754

404 577 1234 TELEX 542485

September 20, 1989

Mr. William Cross
Staff Counsel
1988 Democratic National Convention
Committee, Inc.
430 South Capitol Street, S.E.
Washington, D.C. 20003

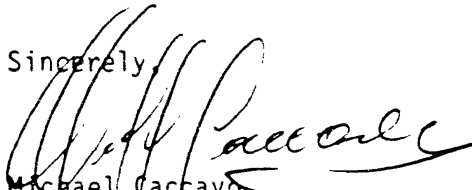
Dear Mr. Cross:

For purposes of an audit being conducted by the Federal Election Commission, you have asked that I outline the arrangements made between this Hotel and your Committee regarding last summer's national convention. You have asked, in particular, for information regarding the complimentary rooms and meeting space provided to your Committee.

1. The Hyatt Regency Atlanta has a well established policy of providing complimentary guest rooms and meeting space to groups holding large conventions in our Hotel. All such complimentary space made available to the Democratic National Convention Committee, Inc. was made pursuant to this policy and was consistent with the manner in which all such conventions are handled. The amount of complimentary space given a committee is determined by several factors including the size of the group and the estimated income to the Hotel from the convention.

2. The Hyatt Regency Atlanta received no "political" benefit in connection with hosting your Committee's convention. Any benefit received by this Hotel was promotional and/or commercial in nature.

Sincerely,


Michael Caccavo
Director of Convention Services
Hyatt Regency Atlanta
Atlanta, GA

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