

November 7, 2005 Monday

Final Edition

**Guv puts squeeze on hotel to pay state debt: Off-limits for most state business until $27.5 million paid**

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SPRINGFIELD -- Gov. Blagojevich has decided to quit steering most state business to a Springfield hotel built by a Republican powerbroker until he and other investors repay a languishing $27.5 million debt to taxpayers.

In a significant policy shift from past GOP administrations, the governor has barred employees in his office and in all state agencies he controls from staying or hosting events at the President Abraham Lincoln Hotel and Conference Center except as a last resort.

"The investors from the hotel still have not paid back to the State of Illinois what they were loaned in order to get their venture going, and we want to in every case possible ensure that state resources are not being spent at that hotel as long as their debt is still an issue,'' Blagojevich spokeswoman Abby Ottenhoff said.

Since mid-2003, records show, the governor's office and agencies he oversees have spent $338,448 to house traveling state workers and host conferences and training seminars at the hotel. This year alone, the state will have spent more than $121,000 at the hotel.

**Only Available as 'Last Resort'**

Blagojevich's new rule will match similar policies in place in the state treasurer and attorney general's offices. Employees will be allowed to stay at the unprofitable hotel, once known as the Renaissance Springfield Hotel, only in rare instances when all other rooms in the state capital are already booked, Ottenhoff said.

"It's basically that this hotel is the hotel of last resort,'' she said.

Praised by a top government watchdog, Blagojevich's decision was prompted by a Chicago Sun-Times report last month showing that investors in the hotel have benefitted from more than $1.8 billion in state deals despite failing to repay a state-backed construction loan from the early 1980s.

"This is one thing the administration can do to use its purchasing power to show its displeasure,'' said Cindi Canary, director of the Illinois Campaign for Political Reform.

A lawyer representing William Cellini, president of the President Lincoln Hotel Corporation, declined comment Friday on the policy shift.

Since loan repayments are required only when the hotel makes money, under a controversial 1991 pact with the state, Cellini and his more than 80 fellow investors have made just two quarterly loan payments since 2001, totaling $143,000. The state-backed loan for $15.5 million in 1982 has nearly doubled in size as interest grows at a whopping rate of $70,000 a month.

Despite facing that debt, companies linked to Cellini have gotten $1.5 billion in state deals, led largely by the Commonwealth Realty Advisors investment company that he founded and now is controlled by his children.

Another hotel investor, Michael Cullinan, runs a pair of Peoria-area road building businesses with $494.9 million in state contracts since 2001, state records show. This year, his companies are getting more than $186 million.