



Thomas A. Schweich
Missouri State Auditor

St. Louis
Convention Center Hotel
Transportation Development
District



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Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the St. Louis Convention Center Hotel Transportation Development District

Background	The St. Louis Convention Center Hotel Transportation Development District (TDD) was organized in March 2010 and is located in the City of St. Louis. The TDD was formed for the purpose of assisting in the funding of operation and maintenance costs of a parking garage and the repayment of public debt incurred in the construction of the parking garage. The parking garage was completed in 2003 and had a debt of approximately \$15.3 million when the TDD was formed. A 1-cent (1 percent) sales tax is imposed on all taxable transactions within the boundaries of the district, which is expected to remain in effect for 13 years, unless terminated sooner. Because the TDD is located within a TIF area, 50 percent of the sales tax collected is deposited into accounts relating to the TIF projects.
Professional Services	The TDD did not solicit requests for proposals for legal and administrative services. TDD officials believed potential bidders had conflicts of interest and believed no other bidders could have provided comparable services at a lower cost. Soliciting proposals for services is a good business practice which helps provide a range of possible choices and allows the district to make better-informed decisions.

In the areas audited, the overall performance of this entity was **Good**.*

American Recovery and Reinvestment Act (Federal Stimulus)	The St. Louis Convention Center Hotel Transportation Development District did not receive any federal stimulus monies during the audited time period.
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*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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St. Louis Convention Center Hotel
Transportation Development District
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THOMAS A. SCHWEICH

Missouri State Auditor

Brian Krippner, Chairman and Executive Director
and
Board of Directors
St. Louis Convention Center Hotel Transportation Development District
St. Louis, Missouri

We have audited certain operations of the St. Louis Convention Center Hotel Transportation Development District in fulfillment of our duties under Section 238.272, RSMo. The scope of our audit included, but was not necessarily limited to, the 3 years ended June 30, 2012. The objectives of our audit were to:

1. Evaluate the district's internal controls over significant management and financial functions.
2. Evaluate the district's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the district, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in our audit of the district.

For the areas audited, we identified (1) no significant deficiencies in internal controls, (2) no significant noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the St. Louis Convention Center Hotel Transportation Development District.

A handwritten signature in black ink, reading "Thomas A. Schweich". The signature is fluid and cursive, with the first name "Thomas" and last name "Schweich" clearly legible.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Chris Vetter, CPA
In-Charge Auditor:	Christina Davis
Audit Staff:	Katie Twiehaus

St. Louis Convention Center Hotel

Transportation Development District

Management Advisory Report - State Auditor's Findings

Professional Services

The district did not solicit requests for proposals for legal and administrative services. Proposals were not solicited because transportation development district (TDD) officials believed potential bidders had conflicts of interest due to work performed for other entities involved in the financing of the project located in the TDD and Tax Increment Financing area and no other bidders could have provided the same level of quality service at a lower cost. However, this is not documented in the Board minutes or other TDD documentation. Without requesting proposals for professional services, the district cannot ensure it has received quality services at a fair price. The district disbursed \$5,120 and \$6,227 for legal and administrative services for the fiscal years ended June 30, 2012 and 2011, respectively.

Soliciting proposals for services is a good business practice, helps provide a range of possible choices, and allows the district to make better-informed decisions to ensure necessary services are obtained from the best qualified provider after taking expertise, experience, and cost into consideration.

Recommendation

The TDD Board solicit proposals for professional services.

Auditee's Response

The TDD Board provided the following written response:

The District notes that Missouri law does not require a TDD to solicit proposals for professional services. However, the District acknowledges that soliciting proposals for professional services, may under certain circumstances, enable the District to ensure that professional services are obtained from the lowest and best bidder. In furtherance of this acknowledgement, the District instructed the District Administrator to solicit bids from various accounting firms for the purpose of completing the District's compiled financial statements. The District did not solicit proposals for legal counsel or district administration because it believed that due to the integration of the District into a previously existing and complex, multi-party public-private financing mechanism, (1) other potentially qualified bidders had conflicts of interest due to representation of other parties in the overall financing mechanism and (2) no other responsible bidders could have provided the same level of quality service at a lower cost. For the fiscal year ended June 30, 2011, legal and administrative costs represented approximately 2.2% of the District's total expenditures. For the fiscal year ended June 30, 2012, legal and administrative costs represented approximately 1.3% of the District's total expenditures.

St. Louis Convention Center Hotel

Transportation Development District

Organization and Statistical Information

The St. Louis Convention Center Hotel Transportation Development District (TDD) is located in the City of St. Louis. The TDD was organized in March 2010 by petition of the property owners within the proposed TDD. The Board of Directors and officers include representatives of the property owners.

The qualified voters of the TDD, in this case the property owners, approved the imposition of a sales tax of 1-cent (1 percent) on all transactions which are taxable within the boundaries of the district. The Board of Directors subsequently passed a resolution which set the sales tax rate at 1-cent (1 percent) in March 2010 and it is currently expected to remain in effect for 13 years, unless terminated sooner after all obligations have been paid.

The TDD was formed for the purpose of assisting in the funding of operation and maintenance costs of a parking garage along with assisting in the repayment of public debt incurred by a governmental agency in financing the construction of the parking garage. The parking garage had debt of approximately \$15.3 million when the TDD was formed. The Missouri Development Finance Board (MDFB) is the public entity with jurisdiction over the project. The project was completed in 2003.

The TDD is located within a Tax Increment Financing (TIF) area; therefore, 50 percent of the sales tax collected is deposited into accounts relating to the TIF projects. The MDFB issued Taxable Infrastructure Facilities Revenue bonds of \$6.5 million and Tax-Exempt Infrastructure Facilities Revenue bonds of \$14.6 million in 2000 to finance the TIF projects.

The TDD has a fiscal year end of June 30 and did not have independent audits performed during the 3 years ended June 30, 2012.

District Board

An elected board acts as the policy-making body for the district's operations. The board's five members serve 3-year terms without compensation. Members of the board at June 30, 2012, were:

Brian Krippner, Chairman and Executive Director
Laura Roberson, Vice Chairman
Linda Krull, Treasurer and Secretary
Laura Lashley, Assistant Treasurer
Paul Meier, Assistant Secretary

American Recovery and Reinvestment Act 2009 (Federal Stimulus)

The St. Louis Convention Center Hotel Transportation Development District did not receive any federal stimulus monies during the 3 years ended June 30, 2012.



St. Louis Convention Center Hotel
Transportation Development District
Organization and Statistical Information

Financial Activity

A summary of the district's financial activity for the 3 years ended June 30, 2012, follows:

	Year Ended June 30,		
	2012	2011	2010
Receipts:			
Sales taxes	\$ 382,540	281,324	0
Miscellaneous	1,057	0	0
Total Receipts	383,597	281,324	0
Disbursements:			
Rent	305,558	222,822	0
Insurance	2,074	4,646	0
Professional services	6,920	6,227	0
Tax increment financing	69,045	47,629	0
Total Disbursements	383,597	281,324	0
Receipts Over (Under) Disbursements	0	0	0
Beginning Cash Balance	0	0	0
Ending Cash Balance	\$ 0	0	0