



***THIS NOTICE CONTAINS IMPORTANT INFORMATION THAT IS OF INTEREST TO THE BENEFICIAL OWNERS OF THE SUBJECT SECURITIES. IF APPLICABLE, ALL DEPOSITORIES, CUSTODIANS, AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO EXPEDITE RETRANSMITTAL TO SUCH BENEFICIAL OWNERS IN A TIMELY MANNER.***

***THIS NOTICE AFFECTS CUSIP NUMBERS 791649HA7, HB5, HC3 and GZ3***

**NOTICE #52**

August 16, 2011

**TO THE HOLDERS OF (the “Holders”):**

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF ST LOUIS, MISSOURI SENIOR LIEN REVENUE BONDS (ST LOUIS CONVENTION CENTER HEADQUARTERS HOTEL PROJECT) SERIES 2000A (the “Series A Bonds”) CUSIP NUMBERS: 791649HA7, HB5, HC3 and GZ3**

This notice is being given by UMB Bank & Trust, N.A. (the “Master Trustee”) and UMB Bank, N.A. (the “Bond Trustee”) (together the “Trustee”).

#### **Reduction of PILOTS**

The Trustee reported during the conference call on May 3, 2011 for the holders of the Series Bonds (the “Series A Holders”) and subsequently in Bondholder Notice # 51, dated May 5, 2011, that the St. Louis City Board of Aldermen was considering a bill that would provide for the refinancing of the City’s loan with the Department of Housing and Urban Development (“HUD”) related to the Hotels project. The bill was passed by the Board of Aldermen, and the refunding of the HUD loan has been completed. The interest rate on the new HUD loan is currently adjustable, and it is anticipated that the interest rate will be converted to a fixed rate prior to the end of 2011. Based upon the reduced interest rate now in effect and the fact that the Hotels receive credit for 90% of Economic Activity Taxes and certain other taxes collected by the City and the state of Missouri, the cashflow benefit to the Hotels in 2011 is expected to be in excess of \$1,500,000. Although it is not possible to provide specific savings over the remaining life of the new HUD loan at this time, projections made by the City’s financial advisor anticipate benefit to the Hotels in excess of \$5 million.

## **Sale of Hotels**

During the last Series A Holders call, the Trustee had reported that discussions were underway to engage Jones Lang LaSalle Hotels (“JLLH”) to act as broker to sell the Hotels. An engagement agreement has been completed and JLLH is in the process of developing offering materials and a sales process. The Trustee anticipates an offering process in which prospective purchasers will be provided preliminary offering materials, interested purchasers will be provided the opportunity to conduct due diligence, and preliminary and final bidding opportunities would follow. Although no timeline for completion of the process has been set, at a minimum, the sale of the Hotels will require a number of months to complete.

## **Other Developments, Updates and Series A Holder Questions**

Since Bondholder Notice #51, dated May 5, 2011 was provided, information has been posted to the website, [www.conventionhotelbondholders.com](http://www.conventionhotelbondholders.com), which includes the 2010 Audit Report and Marriott’s Operating Data for the 1<sup>st</sup> quarter of 2011. In connection with this new information and other materials provided, a number of questions have been received from Series A Holders and those questions and answers are included below for the purpose of making such information public and available to all Series A Holders.

- 1) How many dollars are in the FF&E Fund?

As of August 1, 2011 the balance in the Sr. FF&E Fund is \$970,037.39. Marriott has recently advised the Trustee that the Hotels are in need of significant elevator repairs and other maintenance in connection with the Lennox Suites building. Such expenditures may result in a substantial reduction in the Sr. FF&E.

- 2) How are On-site Management and Base Management Fee expenses from Marriott’s Statement of Operations for 2010 reported in the Audit Report?

Marriott’s Statement of Operations reports General, Administrative and Training expense in the amount of \$4,192,064. The Audit Report reports General and Administrative expense in the amount of \$4,076,434, and the balance of \$115,629 is reported as part of Other expense. The Base Management Fee paid to Marriott Corporation is \$1,107,883 in both reports.

- 3) Where is Sales Tax Over/Under reported?

Sales Tax Over/Under, Insurance, Lease Expense and Parking Garage Lease Expense are included in Other expense in the Audit Report. Marriott’s Statement of Operations includes real estate taxes in Sales Tax Over/Under.

- 4) Where is revenue from the CID and TDD?

CID and TDD revenues are used directly to pay amounts due under the Parking Garage Lease. Marriott’s Statement of Operations nets these amounts and the Audit Report includes the net amount as Other revenue and Other expense, as applicable.

- 5) Why does Marriott's Statement of Operations have \$5,144,560 of Kitchen expense and no Kitchen sales?

Restaurant, Lounge and Banquets are revenue generating departments. Kitchen has no sales directly associated with it. Taken together, as provided in the Audit Report, food and beverage operations (including sales revenues and expenses for Restaurant, Lounge, Banquet and Kitchen) provided profit to the Hotels of \$858,225.

- 6) Where are the \$3,547,779 of Real Estate/Property Taxes?

This amount is included as Other expense in the Audit Report. In addition, Other includes from Marriott's Statement of Operations: Insurance, Sales Tax, Lease and \$115,629 of On-Site Management.

- 7) Is there currently a group of Series A Holders that is receiving additional information?

From time to time over the course of this case, there have been various Series A Holders who have elected to receive additional information. At this time the Trustee has no significant information to provide to the Series A Holders that has not been made public via bondholder notices and conference calls.

### **Invitation to Join Series A Holder Group**

Holder of the Series A Bonds are invited to join as a group to receive additional information about the Hotels as same is available, to have discussions about the situation as it develops, and to provide direction to the Trustee. Any such holders will likely have restrictions on their ability to buy or sell the Series A Bonds. Holders of the Series A Bonds should consider these restrictions and seek further guidance on this topic from their legal and investment advisors.

### **Sources of Additional Information**

A website has been created by the Trustee for the purpose of making publicly available certain information which may be of interest to Holders. The URL for the website is [www.conventionhotelbondholders.com](http://www.conventionhotelbondholders.com). Future information will be posted to this website as it becomes available.

Certain disclosure documents have been posted to the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access System ("EMMA System"). Holders and others may access official statement and secondary market information of the Bonds free of charge using the EMMA System through its website at <http://www.emma.msrb.org>. Using the CUSIP numbers shown above will be helpful in locating information on the Bonds through the EMMA System. The Trustee is not responsible for the maintenance or accuracy of the EMMA System. Holders should not utilize the Trustee or the EMMA System as their sole source of information on the Bonds. Holders may also view pictures of the Hotels through Marriott's website: <http://marriott.com/property/propertypage.mi?marshaCode=STLDT>

## **Counsel to the Master Trustee and Bond Trustee**

In connection with these matters, the Master Trustee has retained the law firm of Spencer, Fane, Britt and Browne, LLP, and the Bond Trustee has retained the law firm of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.

### **Miscellaneous**

Series A Holders who wish to receive future distributions of information directly and who have not already provided their contact and holding information to the Trustee may do so by contacting the Trustee by email at the address shown below. Capitalized terms herein shall have the meanings ascribed to them in the Master Indenture unless otherwise indicated herein or the context otherwise requires.

Please note that the Trustee may conclude that a specific response to particular inquiries from individual Holders is not consistent with equal and full dissemination of information to all Holders. Holders should not rely on the Trustee or its website as their sole source of information. The Trustee makes no recommendations and gives no investment or tax advice herein or as to the Master Notes or the Series A Bonds generally. CUSIP numbers appearing herein are included solely for the convenience of the Holders. The Trustee is not responsible for the use or the selection of the CUSIP numbers, nor is any representation made as to the correctness of such CUSIP numbers on the Bonds.

Very truly yours,

UMB Bank & Trust, N.A. As Master Trustee  
UMB Bank, N.A., As Bond Trustee

By: Brian P. Krippner, CCTS,  
Vice President

Any written correspondence to the Trustee should be addressed to:

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