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# Messenger: Redacted pages, ignored advice and conflicts galore: Welcome to airport privatization, St. Louis style

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Tony Messenger

Tony Messenger is the metro columnist for the St. Louis Post-Dispatch.



Passengers walk through a hallway in Terminal 2, Thursday, May 17, 2018, at St. Louis Lambert International Airport in St. Louis. Photo by Nikos Frazier, nfrazier@post-dispatch.com

Before the city of St. Louis hired a Rex Sinquefield-funded group to oversee the process by which the city considers privatizing St. Louis Lambert International Airport, at least four firms with experience in airport privatization issued a warning:

Hiring consultants who only get paid if the airport is eventually leased to a private operator is a bad idea. It's rife with potential conflicts of interest, ethical minefields and perverse incentives that leave taxpayers with no protection.

City leaders turned a deaf ear.

On Wednesday afternoon, after months of denying multiple Sunshine Law requests for the documents, the city released the proposals it received last fall from 11 consultants, law firms and financial advisers. The city's selection committee chose Grow Missouri as the lead consultant, the same nonprofit that had already been hired by the city to help create the request for proposal that it eventually won. Grow Missouri is funded by Sinquefield, the billionaire investor and philanthropist who started talking to the city about privatizing its airport under the administration of Mayor Francis Slay.

Many of the bidding documents — which the city denied previously because it said the contract with Grow Missouri had yet to be fully executed — have a common theme:

“It is our experience that advisor consortia, coupled with a single success fee establish a significant conflict of interest,” wrote the bidders for Credit Suisse Securities.

Why? The company outlined its case: “The combination of a predefined consortia and a joint success fee creates strong incentives for technical advisors to bend analysis towards supporting the execution of a transaction rather than providing independent data that is used to understand and define the best path forward for the City, the airport, and the travelling public. CS strongly suggests that the city separately engage technical, consulting and legal advisors under normal course fee arrangements and engage the financial advisor.”

Credit Suisse was not alone.

Here's Ernst & Young:

“It is our experience that ‘success fee’ arrangements can create perverse incentives for advisors, as well as potential challenges related to ethics and professional obligations.”

And law firm Faegre Baker Daniels:

“A solely contingent compensation method incentivizes advisors to try to close the matter ‘at all costs’ instead of providing their most candid views of the City’s best interests.”

Of the 11 bids, the city’s selection committee, led by deputy city counselor Michael Garvin and deputy mayor for development Linda Martinez, determined that only two of them — Grow Missouri and California-based p3point — were fully comprehensive bids.

But there was one problem with the p3point proposal. That consortium, too, wanted the city to hire a consultant free from conflict.

“It’s clear there would be a misalignment of incentives that a 100 percent success fee arrangement might create, and in the least a public perception of the same ... limiting all compensation to its advisors until the project reaches financial close creates numerous issues, which we believe are not in the City’s best interests.”

The city begged to differ.

Garvin, his boss, Julian Bush, and Martinez, voted to dismiss all the other bids and go with the only proposal that ever stood a chance.

Even now, though, it’s not entirely clear how Grow Missouri intends to pay all of the advisers tied up with its consortium.

In the bidding documents released by the city this week, dozens of pages of the Grow Missouri bid are redacted, significantly more than any of the other bidders, some of which redacted nothing. Garvin says the redactions are allowed under the Sunshine Law to protect “trade secrets.” Among the Grow Missouri secrets? The entire section titled “compensation.”

There are no scoring forms that analyze the various proposals side-by-side. Instead, the selection committee simply dismissed as “unresponsive” all of the bids except that of Grow Missouri.

It’s no wonder the city took seven months to release the documents that add fuel to the dumpster fire that has become the airport privatization process. It’s not even pretending to run the open and transparent process promised by Mayor Lyda Krewson.

Neither, frankly, is Grow Missouri.

Among the nonredacted pages of its proposal is an indication that the Sinquefield group has already made up its mind on privatization. Last year, it says, it conducted a public opinion poll using “proprietary software” that found 78 percent of city voters would support a long-term lease of the airport. Never mind that only 33 voters were polled. Grow Missouri has dangled the bait, and the Krewson administration has swallowed it hook, line and sinker.