

# **Bond Case Briefs**

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## **St. Louis City Hall Sides With the Blues in Scottrade Center Lawsuit.**

St. Louis City Hall is standing by a deal with the Blues to renovate Scottrade Center as the pact faces a legal challenge, the city's top attorney said Friday.

City Counselor Michael Garvin said a lawsuit against the public financing agreement "has no merit." The city and the Blues hockey ownership are both named as defendants in the petition filed Aug. 11, but Friday was the first time the city weighed in on the merits of the case.

Also Friday, plaintiffs in the case sought to make additional claims against the renovation plan's constitutionality.

In an amendment motion, plaintiffs' attorneys say the \$64 million deal relies in part on funding from a Community Improvement District they claim violates the Missouri Constitution. They say the terms of bonds to finance the project are also unconstitutional.

The CID, others of which are usually formed by land developers or other private entities with city approval, would include only Scottrade Center. Because the city owns Scottrade Center, the deal's opponents say the city is in effect imposing a sales tax without voter approval.

The Blues argue in court filings that there is no uncertainty about the city's standing as owner of Scottrade Center, and opponents appear now to be using those words against them in the amended petition.

"To the extent that Hockey Ownership claims that the City is the owner of Scottrade Center, the CID fails for two reasons," the amended petition states.

The second challenge to the CID is that such taxing districts need the signature of the comptroller, Darlene Green, to take effect. Green has not signed any of the documents needed for the financing agreement to take effect, which the Blues owners Kiel Center Partners are now [challenging in court](#) in a separate lawsuit.

In a news release, Kiel Center Partners said that the amendments "are as shallow and embarrassing to our city as the original lawsuit itself."

The plaintiffs are Alderwoman Cara Spencer, former state Rep. Jeanette Oxford and former city counselor James Wilson.

Friday's motion from the plaintiffs also adds an allegation that the amount of debt the city would incur for the Scottrade Center renovation, totaling \$105 million with interest, is an unconstitutional proposal unless it gets voter approval.

They say the financial agreement between the city and the Blues constitutes "an unconditional promise to pay" the amounts without making them subject to annual appropriations. Without a

public vote, that's unconstitutional under state law, attorneys wrote.

Garvin said he had not reviewed the proposed amendments fully, but at first blush believed the plaintiffs were confusing different statutes when it comes to bonds.

"The language they're suggesting is required for certain types of deals, but I don't think it is for this kind," Garvin said.

It's unclear yet whether the new counts brought by the plaintiffs will be allowed to be added to their lawsuit. That decision is now up to a judge, who is likely to let the Blues weigh in before taking action.

Kiel Center Partners did not elaborate on the Blues' qualms with the proposed amendments, but said, "It is clear the plaintiffs and their attorneys have either failed to read or are disregarding underlying documents and statutes."

In court filings, [the Blues argue](#) that the financing agreement does not violate the law, and they allege that the plaintiffs have no standing because they aren't part of the Blues' lease with the city.

In court filings, attorneys for the Blues say the case harkens back to a 2006 case involving public funds for the new Busch Stadium, [Moschenross v. St. Louis County. Oxford](#), a longtime advocate against public funding for major sports venues, was one of the defendants in that case, losing both in trial court and on appeal.

Relevant to the current lawsuit is the judge in *Moschenross* said public financing for professional sports venues aren't unconstitutional if private profits are incidental and the project ultimately serves economic development. Blues attorneys said the current financing agreement "further recognizes public purposes."

The result of the *Moschenross* case was the undoing of a county voter-approved proposition requiring voter approval for publicly financing professional sports venues. In February, Oxford was one of two plaintiffs in a lawsuit against the Scottrade Center renovations that was [dropped](#) less than 24 hours after it was filed.

Court hearings on motions in the Spencer case and the Blues' lawsuit against the comptroller are both set for Sept. 8.

By Mike Faulk

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