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Public Funding for Scottrade Center Faces Lawsuit, Comptroller's Opposition.

ST. LOUIS – Opponents of the publicly funded $64 million renovation to Scottrade Center filed suit Friday to keep the city from paying for the project, alleging the plan is unconstitutional in Missouri.

And on the same day, a spokesman for St. Louis Comptroller Darlene Green said she had no intention of signing the financial agreement that would fund the city's commitment to the arena.

"The Comptroller has not approved the transaction to issue bonds for the renovation of Scottrade Center, as it would incur debt to the city's general fund for nonessential services and negatively impact the city's credit," Green spokesman Tyson Pruitt said.

In a statement, Kiel Center Partners, the Blues ownership group, called the lawsuit "frivolous" and said Green has a legal obligation to sign the finance agreement.

Pruitt said the comptroller was asking other city officials to find a new way to fund the project. Her refusal to approve the bond transaction raises legal questions about the comptroller's ability to impede proposals passed by the Board of Aldermen.

Green has apparently refused to sign the documents since February when the financial agreement was approved by the Board of Aldermen and the Board of Estimate and Apportionment. Now, her argument could be bolstered by the fact that litigation is pending to stop the agreement.

The city of St. Louis, the St. Louis Blues, and the leaseholders Kiel Center Partners are among the defendants named in the lawsuit filed Friday. It was filed on behalf of Alderman Cara Spencer, former state Rep. Jeanette Oxford and former city counselor James Wilson.

The lawsuit alleges the ordinance is unenforceable under Article VI of the Missouri Constitution, "in that it permanently grants substantial public money to a for-profit corporation for the purpose of assisting that corporation to make further profits for itself." The city owns Scottrade Center through a public-private partnership signed in 1992, which the lawsuit alleges the ordinance also violates.

In a prepared statement, Deputy City Counselor Michael Garvin said the city would not comment on the litigation, but noted the ordinance and financing agreement were approved properly by the city.

"We will vigorously defend the City, its ordinances and agreements," Garvin wrote.

Mayor's spokesman Koran Addo did not comment in response to questions on the comptroller's statement.

Kiel Center Partners specifically attacked Spencer's intentions for filing suit.

"This lawsuit, spearheaded by one member of the Board of Aldermen in a clear attempt to counter the consensus of her fellow elected officials, is frivolous, disappointing and embarrassing to our

city," read the statement, issued under Scottrade Center letterhead. "It also has the potential to be extremely costly, not only to taxpayers, but to the regional and national reputation of St. Louis."

In response, Spencer said, "We're exploring the legality of the ordinance. I would think the Blues would want to welcome that."

Under the 1992 agreement, the plaintiffs argue the city's ownership of the building is limited to what is called a "bare legal title" where the Blues have exclusive control over the property for 50 years. Aldermen who supported public financing for the renovations argued earlier this year the city is obligated to pay because the city owns the building, but opponents say the lease essentially grants the building to the Blues through 2042.

The original ordinance passed by the Board of Aldermen in 1992 also notes the city was entering the agreement because it did not have the funds to pay to renovate the former Kiel Auditorium.

The Board of Aldermen approved the new renovations funding in a contentious meeting in February by a 15-12 vote. Coupled with interest on the bonds, the city is expected to pay $105 million on the project over 30 years.

Erich Vieth, attorney for two of the plaintiffs, said the original lease also stipulates that if the city were to pay for renovations, the owners would be obliged to pay it back in the form of increased rent. The Blues owners currently pay $1 a year in rent.

Work already has begun on the three-year renovation project, but how it's currently being financed isn't clear.

The suit was filed in the 22nd Circuit Court in St. Louis. It has been assigned to Judge Robert Dierker Jr.

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By Mike Faulk

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