

**ATTORNEY-CLIENT PRIVILEGED**

**IN THE CIRCUIT COURT OF THE CITY OF ST. LOUIS  
STATE OF MISSOURI**

LCRA HOLDINGS CORPORATION,	)	
	)	
Plaintiff,	)	
	)	
vs.	)	
	)	
BANK OF WASHINGTON,	)	Cause No.
Serve: Officer	)	
200 West Main Street	)	
Washington, MO 63090	)	
	)	Division
and	)	
	)	
NORTHSIDE REGENERATION, LLC,	)	
Serve: Registered Agent	)	
PEM Agency Corporation	)	
1001 Boardwalk Springs Place, #200	)	
O’Fallon, MO 63368	)	
	)	
Defendants.	)	

**PETITION TO QUIET TITLE**

COMES NOW Plaintiff LCRA Holdings Corporation and, for its cause of action against Defendants Bank of Washington and Northside Regeneration, LLC (collectively referred to herein as “Defendants”), states as follows:

**PARTIES**

1. Plaintiff LCRA Holdings Corporation (“LCRAH”) is a not-for-profit corporation existing under the laws of the State of Missouri.
2. Defendant Bank of Washington (the “Bank”) is a Missouri banking corporation in good standing.
3. Defendant Northside Regeneration, LLC (“Northside”) is a Missouri limited liability company in good standing.

## **JURISDICTION AND VENUE**

4. Venue is proper in this Court pursuant to Mo.Rev.Stat. § 508.030 because this cause of action arises from the ownership and possession of real property located within the City of St. Louis.

## **FACTUAL BACKGROUND**

5. LCRAH, was created, in part, to hold title and perform site development work on a large tract of ground in North St. Louis that was acquired to accommodate the new construction and the relocation of the National Geospatial-Intelligence Agency (“NGA”). That tract of land is approximately 97 acres generally bounded by N. 22nd Street on the east, Cass Avenue on the south, N. Jefferson and Parnell Street on the west and the first alley south of St. Louis Avenue on the north (“NGA Project Area”). LCRAH acquired clear title to the NGA Project Area, which originally consisted of approximately 550 separate parcels, in 2015 and 2016.

6. NGA will construct its regional headquarters facility in the NGA Project Area at an estimated cost of \$1.75 billion. In doing so, NGA will retain and attract thousands of high-wage jobs and create many growth and redevelopment opportunities for the City of St. Louis.

7. Prior to December 20, 2016, 337 parcels within the NGA Project Area totaling 38.2 acres were owned by Defendant Northside (“Northside Parcels”). The Northside Parcels consisted of parcels previously conveyed to it by Land Clearance for Redevelopment Authority of the City of St. Louis (“LCRA”), Land Reutilization Authority of the City of St. Louis, Missouri (“LRA”) and Planned Industrial Expansion Authority of the City of St. Louis (“PIEA”), as well as parcels acquired by Northside from other private parties. Of the 337 parcels constituting the Northside Parcels that were acquired by LCRAH from Northside (i) 287 parcels

(32.07 acres) were originally acquired by Northside from LCRA, LRA and PIEA, and (ii) 50 parcels (6.13 acres) were acquired by Northside from third parties.

8. The balance of the 67 acres making up the NGA Project Area was acquired directly by LCRAH. Thus, out of the 97 acres that are the NGA Project Area, all but 6.13 acres were assembled by the development agencies of LCRA, LRA, PIEA and LCRAH.

9. The Northside Parcels were sold to Northside due to the fact it was the redeveloper in an area consisting of approximately 1,500 acres pursuant to the terms of a Redevelopment Agreement entered into with the City of St. Louis in 2009 and amended in 2014. (The “Redevelopment Agreement”). The 1,500 acres included the area within the NGA Project Area.

10. The Bank is the lender to Northside in connection with the redevelopment of the 1,500 acres, (the “Northside Redevelopment Area”) and has numerous deeds of trust on parcels of property within the Northside Redevelopment Area.

11. On January 27, 2016, LCRAH and Defendants entered into a Purchase and Sale Agreement (“PSA”), whereby Northside agreed to sell to Defendant LCRAH all of Northside’s rights, title and interest in the Northside Parcels free and clear of all liens, claims, and encumbrances in exchange for (1) the payment to the Bank of \$3,318,441 pursuant to the Escrow Agreement between the Bank, Northside, LCRA and LCRAH dated January 27, 2016 (“Escrow Agreement”); (2) the transfer of four deeds of trust with an original principal value of \$12 million to the Bank encumbering 362 properties outside the NGA Project Area; and (3) transfer of title to three parcels. The Bank also agreed to release its liens on the Northside Parcels.

12. In addition to the payment of \$3,318,441 million and the transfer of other parcels of property and deeds of trust, the PSA also specified that LCRAH shall pay the Bank an

additional \$2 million upon closing of the sale of the NGA Project Area to NGA. This additional payment has been escrowed with the bond trustee.

13. On the same day as the execution of the PSA, LCRAH and Defendants entered into a Future Assurances Agreement (“FAA”) that was originally suggested and drafted by the Northside and its attorneys, whereby the parties outlined certain modifications to Northside’s Redevelopment Agreement with the City that would be proposed to the City’s Board of Aldermen.

14. In connection with the development of the NGA Project Area, the PSA and the FAA, LCRA sought and received approval of the Board of Aldermen of Ordinance No. 70074, which authorized a Financing Agreement among LCRA, the City of St. Louis, and the State of Missouri. The Financing Agreement provided for the use of 100% of the City’s earnings tax revenues and a significant portion of the State withholding tax revenues associated with the NGA operations to support the payment of approximately \$114,000,000 in bonds to pay for the NGA site acquisition and remediation. The LCRA (as issuer of the bonds) and numerous investors relied upon Northside and the Bank’s commitments to sell the property, release the Bank’s liens and for the Defendants to release any claim to the earnings tax revenues for the NGA Project Area.

15. On December 20, 2016, LCRAH satisfied all existing obligations to the Defendant by providing all contractual payments and property transfers to the Bank in connection with both the PSA and the FAA.

16. Also, on December 20, 2016, LCRAH obtained title to the Northside Parcels, pursuant to a Special Warranty Deed from Northside dated December 14, 2016 (the “Special Warranty Deed”). A true and correct copy of the deed is attached hereto as **Exhibit A**.

17. The Bank executed a series of Partial Deeds of Release whereby it discharged its liens on the Northside Parcels (the “Bank Releases”), which were released and recorded pursuant to the PSA and Escrow Agreement at closing. A true and correct copy of the Bank Releases is attached hereto as **Exhibit B**.

18. After closing on the Northside Parcels, LCRAH entered into a series of agreements with the United States Government, acting by and through the Secretary of the Air Force, and the NGA for the remediation of the NGA Project Area and the ultimate transfer of the NGA Project Area to the United States Government (“NGA Contracts”).

19. The NGA Contracts required LCRA and LCRAH to undertake and complete a substantial amount of work in order to bring the NGA Project Area into a condition acceptable to the NGA. The NGA Contracts provide for completion of that work and transfer of the NGA Project Area to the United States Government in November 2018.

20. To date, with all site work not yet complete, LCRAH and its affiliate LCRA have spent \$118,876,745.84 to acquire the parcels in the NGA Project Area and to prepare the property for transfer to the United States Government, including demolition of improvements, removal of streets, removal of utilities and remediation of contamination, using proceeds from the sale of \$114,485,000 in LCRA-issued revenue bonds, an allocation of \$42,132,295 in Brownfield Tax Credits, and a loan of \$13 million from the St. Louis Municipal Finance Corporation.

21. On June 12, 2018, the City of St. Louis sent Northside a Notice of Default (unrelated to the NGA Project Area, the FAA or the PSA) stating that Northside has committed multiple defaults in its tax increment financing redevelopment agreement (the “Redevelopment Agreement”) with the City and advising that the agreement would be terminated if the defaults

were not cured. The Bank received a copy of that letter. Notably none of the defaults related to the NGA Project Area.

22. Less than a month later, in a transparent attempt to cause the City, LCRA, LRA and PIEA to ignore the serious defaults of its borrower, Northside, under the terms of the Redevelopment Agreement and other agreements, the Bank filed a lawsuit in Franklin County, Missouri, requesting that its liens be reinstated on the Northside Parcels. (the “Franklin County Action”). Northside is a party to the Franklin County Action.

23. The Franklin County Action seeks, among other things, to rescind the PSA and FAA and to reinstate the Bank’s liens and a deed of trust on a portion of the NGA Project Area (formerly consisting of the Northside Parcels). The reinstatement of the Bank’s liens would be a cloud on the title which may threaten the redevelopment of the NGA Project Area, the transfer of the property to the United States Government, the retention of more than 3,000 jobs in the City of St. Louis and the repayment of \$114,485,000 of revenue bonds issued by the LCRA.

24. Moreover, the Bank seeks to reestablish its liens even though it has reaped the benefits of millions of dollars of payments for the release of those liens by LCRAH, and the Northside Parcels, along with the remaining NGA Project Area, have been improved by the use of more than \$100 million in bond, loan and tax credit proceeds.

### **QUIET TITLE**

25. Plaintiff reasserts and incorporates by reference the allegations contained in paragraphs 1 through 24 as though fully set out herein.

26. This action is brought pursuant to Mo.Rev.Stat. § 527.150, which allows any person claiming any title, estate, or interest in real property to institute an action against any person or persons having or claiming to have any title, estate or interest in such property to

determine the estate, title and interest of said parties, respectively, in such real estate, and to define and adjudge by its judgment or decree the title, estate and interest of the parties severally in and to such real property.

27. By virtue of the Franklin County Action, the Bank claims an interest in the Northside Parcels that is in conflict with LCRAH's ownership.

28. Although the Bank previously released all of its liens in exchange for valuable consideration, it seeks to rescind the PSA, the Special Warranty Deed from Northside and the Bank Release and to restore its liens and previously-held security interest in the Northside Parcels through the Franklin County Action.

29. Even though Northside previously conveyed the Northside Parcels to LCRAH in exchange for valuable consideration, upon information and belief, Northside has or may join with the Bank in seeking to rescind the transfer of the property to LCRAH, and Northside may seek to reinstate its ownership rights.

30. Plaintiff holds superior title to the Northside Parcels free and clear from any claim by the Bank or by Northside.

31. The Bank's lawsuit unjustly interferes with the NGA Contracts by seeking to prohibit LCRAH's ability to transfer clear title to the entire NGA Project Area to the United States Government.

WHEREFORE, Plaintiff LCRAH prays for an Order of this Court that fully and finally determines any and all rights, claims, interest, liens, and demands whatsoever of the parties and award LCRAH relief which includes quieting title to the property in the name of LCRAH free and clear of any lien rights asserted in the Franklin County Action, declaring that the Bank cannot reinstate any prior liens against the property, declaring that Northside

Regeneration, LLC, has no ownership rights in the property, and such other and further relief as it deems just and proper.

Respectfully submitted,

CARMODY MacDONALD P.C.

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