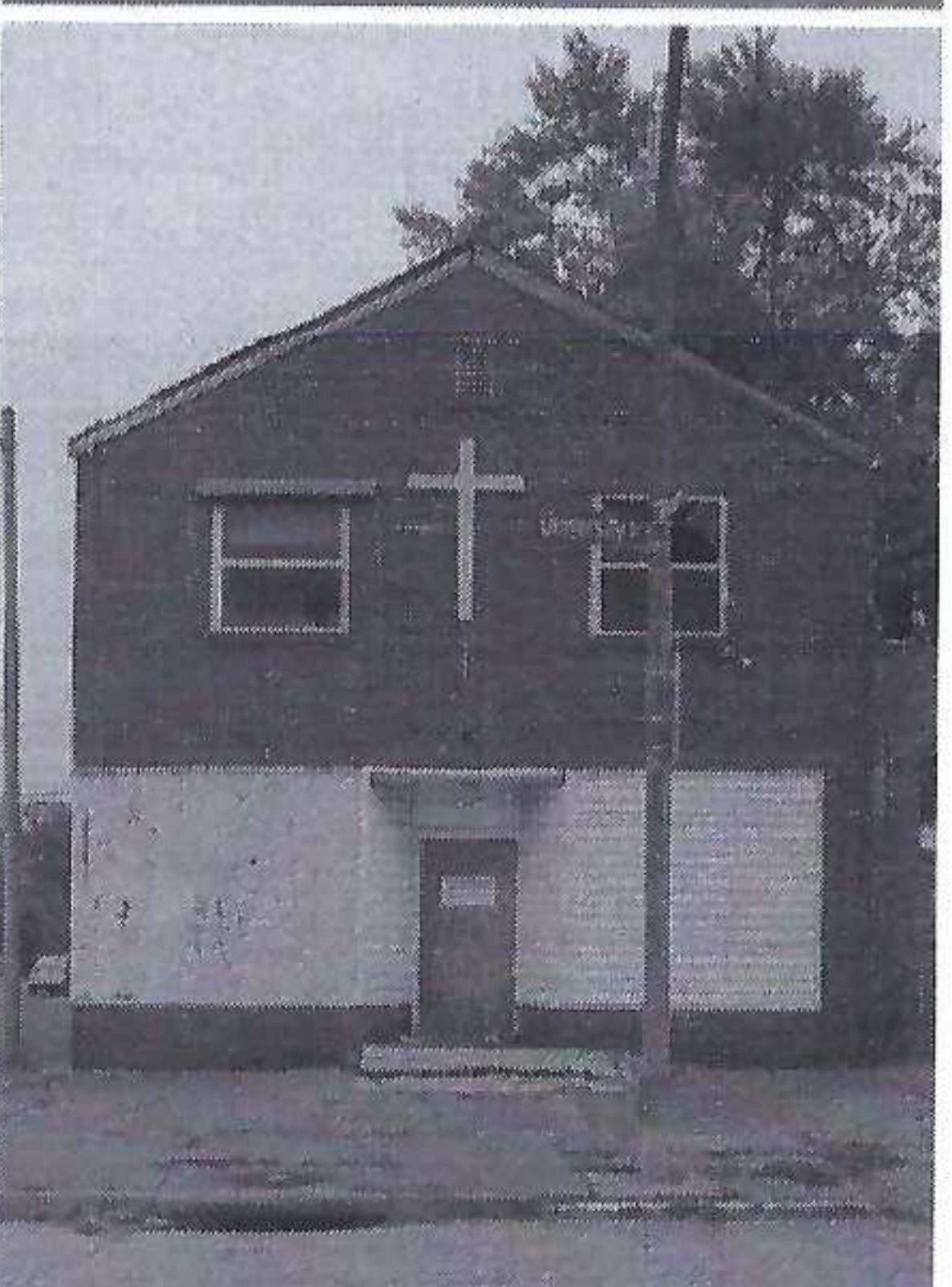
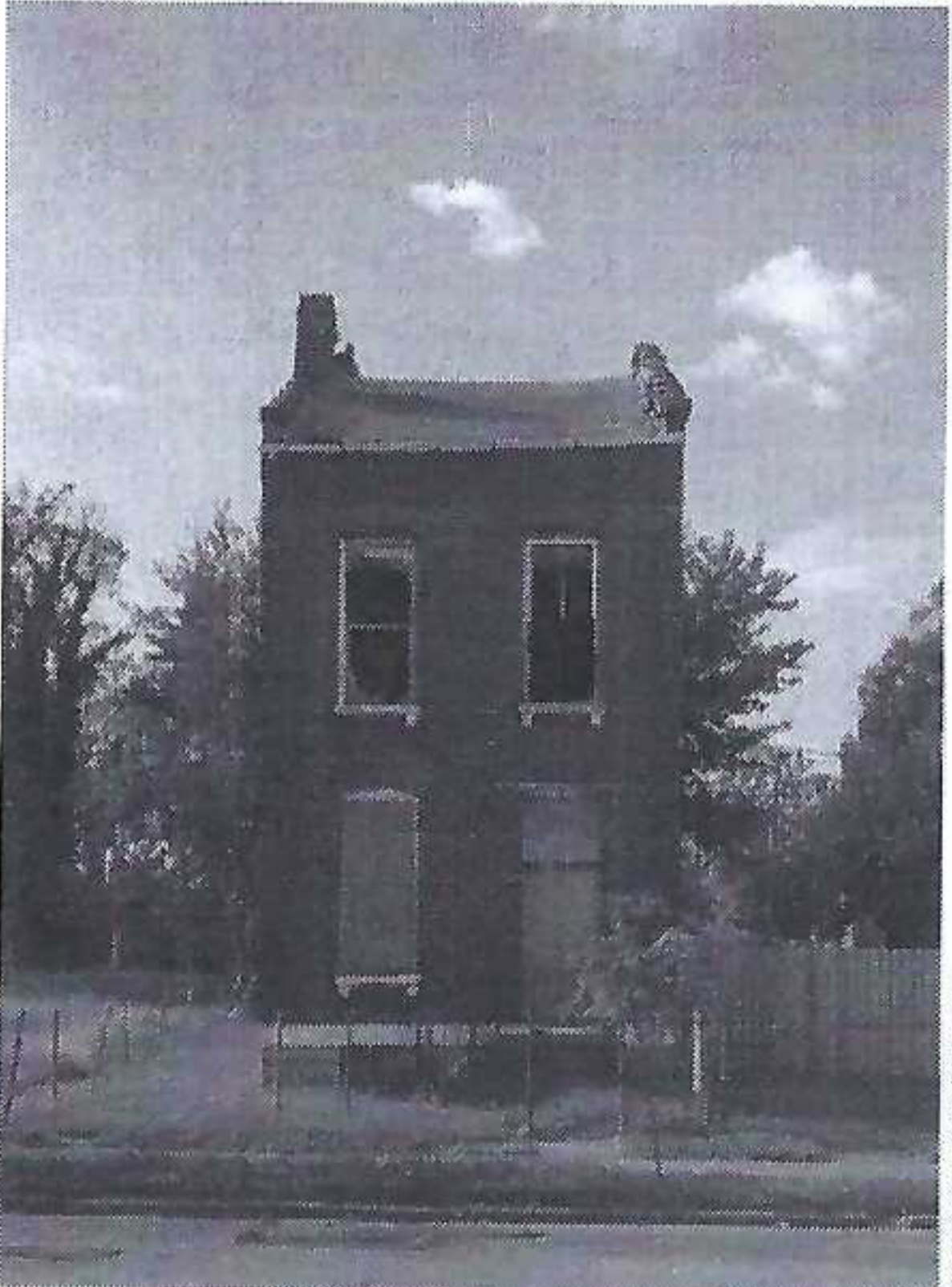
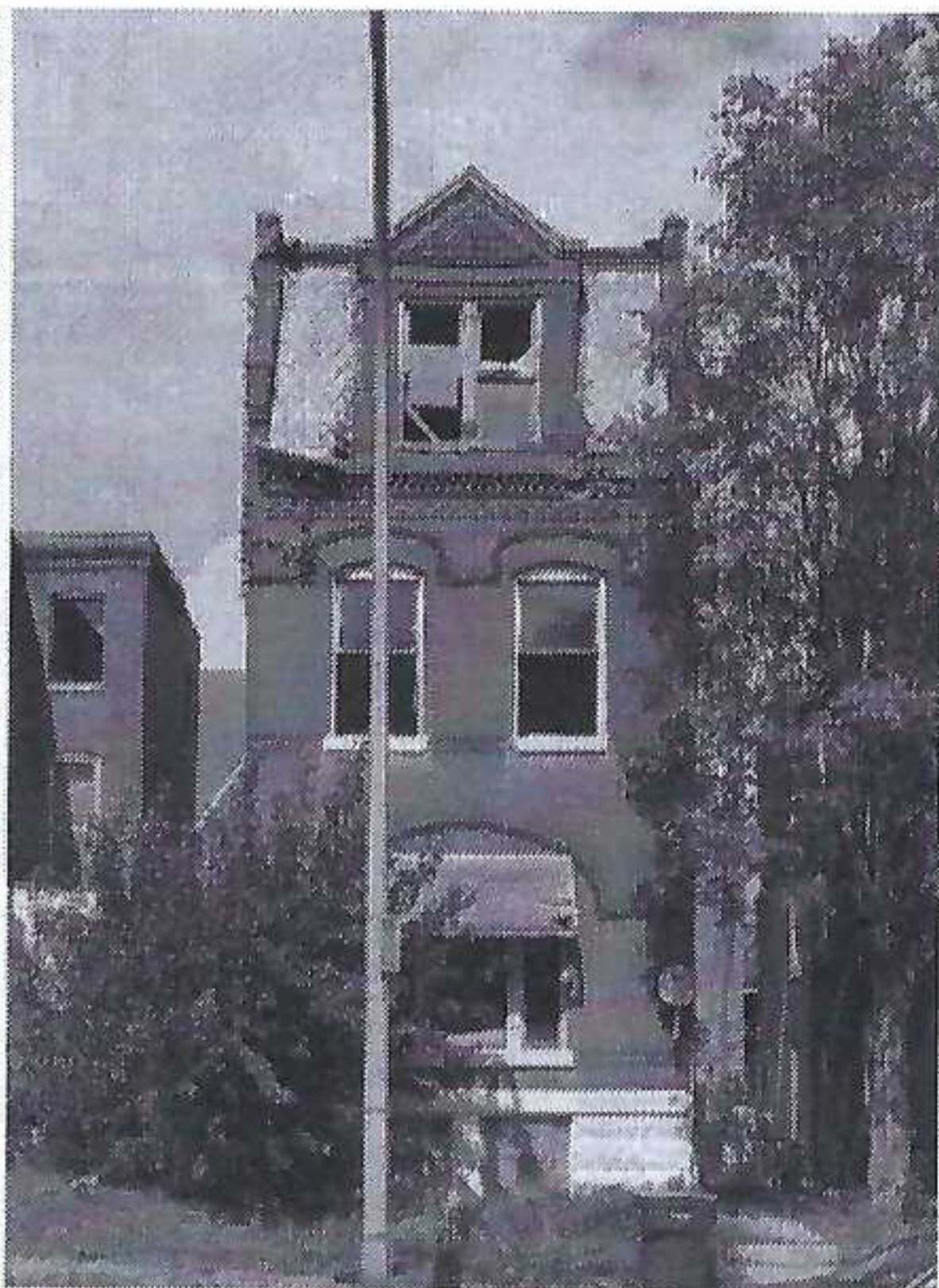


NORTH ST. LOUIS REDEVELOPMENT

Public Money vs. Outcomes Timeline (2004–2026)

Over 17 years, hundreds of millions in public incentives were committed while North St. Louis saw little redevelopment, mounting blight, and lost opportunity—forcing the city to unwind the project and start over.



2004–2008 | Assembly Phase

Public Actions / Money

- NSR begins acquiring properties in North St. Louis
- City later grants **exclusive redevelopment control**
- Early planning approvals granted

Outcome on the Ground

- Large-scale property aggregation
- **No significant redevelopment**
- Homes removed from active market

Reality Check

Land control without enforceable build deadlines

2009–2011 | Incentive Expansion

Public Actions / Money

- City authorizes **≈ \$360 million in TIF**
- State approves **≈ \$43 million in tax credits**
- NSR positioned as “master redeveloper.”

Outcome on the Ground

- Minimal construction activity
- Properties are increasingly **vacant and deteriorating**

Reality Check

Incentives approved before results existed

2012 | Financial Stall

Public Actions / Money

- Bank financing tied to tax-credit proceeds
- City continues cooperation

Outcome on the Ground

- **Loan payments to lenders stop**
- Redevelopment stalls almost entirely
- No enforcement action taken

Reality Check

Project effectively frozen, control retained

2013–2016 | Neighborhood Decline

Public Actions / Money

- Continued tax-credit utilization
- No meaningful claw-backs or termination

Outcome on the Ground

- ~1,700 parcels largely **vacant, condemned, or blighted**
- Growing neighborhood outrage
- City absorbs code enforcement & safety costs

Reality Check

The public bears costs while land sits idle

2017–2019 | Missed Deadlines

Public Actions / Money

- State and City deadlines unmet
- Portions of funding **forfeited**

Outcome on the Ground

- No transformational development
- Opportunity cost mounts
- Alternative developers blocked

Reality Check

Time expired, control did not

2020–2023 | Public Reassessment

Public Actions / Money

- Increased scrutiny by City officials
- Shift toward disentanglement strategies

Outcome on the Ground

- Properties still largely unchanged
- Public frustration peaks

Reality Check

Recognition of systemic failure

2024–2026 | Formal Unwinding

Public Actions / Money

- City moves toward **eminent domain**
- SLDC issues formal record-correction letter
- Public narrative officially reset

Outcome on the Ground

- End of exclusive control model
- Path cleared for new redevelopment approach

Reality Check

17+ years lost, reset required

BOTTOM-LINE COMPARISON

Category	Public Commitment	Result
TIF Authorization	~\$360 million	Largely unused / no return
State Tax Credits	~\$43 million	Spent, little redevelopment
Land Control	~1,500 acres	Mostly vacant
Parcels Held	~1,700	Worsened conditions
Tax Base	Suppressed	Lost revenue
Neighborhood Impact	Promised revival	Prolonged blight

Why City & State leaders didn't "go after" NSR sooner

This involves **NorthSide Regeneration**, developer **Paul McKee**, and the **St. Louis / State of Missouri**.

1. Deals were structured to favor land control, not performance

Most redevelopment agreements:

- **Did not require firm build deadlines**
- **Lacked automatic clawbacks**
- Allowed land to be held indefinitely as long as minimal compliance boxes were checked

Result:

NSR could fail to build *without* clearly violating contract terms.

Leaders could argue the project was "underperforming" but not "in breach."

2. Tax credits were state-issued, not city cash

The ~\$43M in tax credits:

- Came from the **State of Missouri**
- Were often legally "earned" once certain transactions occurred
- Were not tied tightly enough to **completed redevelopment**

Result:

Once credits were issued, clawing them back required proving **fraud or statutory misuse**, which is a high bar.

3. Fear of massive litigation

NSR assembled ~1,500 acres and ~1,700 parcels.

If the City moved aggressively early:

- NSR could sue for:
 - Contract interference
 - Regulatory takings
 - Bad-faith termination
- Exposure could reach **hundreds of millions**

Result:

City leaders often chose delay over risk, hoping the project would “eventually turn.”

4. Political turnover reset accountability

Over the 17 years:

- Multiple mayors
- Changing boards
- Rotating state officials

Each administration inherited:

- Prior approvals
- Existing contracts
- Political pressure not to admit earlier failures

Result:

No single leader “owned” the mistake long enough to unwind it early.

5. NSR controlled the land — leverage flipped

Because NSR already controlled most parcels:

- The City **couldn't easily replace the developer**
- Alternative developers were locked out
- Enforcement tools weakened over time

Result:

The City lost negotiating leverage the longer it waited.

6. Early hope turned into sunk-cost paralysis

For years, officials believed:

- “The market will turn.”
- “The next phase is coming.”
- “A big anchor deal is imminent.”

This is a classic **sunk-cost fallacy** in public finance.

Result:

Leaders delayed action to avoid admitting the strategy had failed.

7. No clear fraud case—only failure

This is critical:

What existed	What didn't
Poor outcomes	Clear criminal fraud
Missed promises	Explicit statutory violations
Bad policy	Easy prosecution case

Result:

Prosecutors and AGs typically avoid cases that look like **bad deals**, not crimes.

8. Why is it happening *now*

Things finally changed because:

- Missed deadlines became undeniable
- Grant forfeitures occurred
- Neighborhood conditions worsened
- Political tolerance collapsed
- Eminent domain became legally defensible

The City can now argue:

“This is not interference — it is correction after prolonged nonperformance.”

Bottom line (use this verbatim if needed)

City and State leaders didn't go after NSR sooner because the deals were poorly structured, enforcement tools were weak, litigation risk was high, and political leaders hoped the project would eventually succeed. The failure was obvious long before action occurred — but unwinding it required years of accumulated evidence and public pressure.

Here is strong evidence that Paul McKee’s Northside Regeneration (NSR) project failed to deliver promised redevelopment while consuming or tying up large amounts of public resources over roughly 17+ years — but whether that constitutes “wasted city money” depends on how narrowly you define waste. By most public-policy and accountability standards, the project is widely regarded as a **major misuse of public incentives and opportunity**, even if much of the money was technically spent “as authorized.”

Who and what these concerns are

- **Paul McKee**
 - **Northside Regeneration**
 - **St. Louis**
-

What the record shows (2008–2025)

1. Massive public incentives with minimal redevelopment

Over the life of the NSR project:

- The city committed **hundreds of millions in TIF authorization** (\approx \$360 million approved).
- The State of Missouri issued \approx **\$43 million in tax credits**.
- NSR obtained **exclusive redevelopment control** over \sim 1,500 acres in North St. Louis.

Result:

Despite these incentives, **the vast majority of properties remained vacant, condemned, or deteriorated** for well over a decade, with little vertical development.

2. Tax credits were used, but redevelopment largely did not occur

As reflected in the SLCD letter you shared:

- **NSR did receive** state tax credits.
- Those credits were allegedly used to:
 - Inflate land acquisition prices
 - Service private debt
 - Support internal financing arrangements rather than produce meaningful redevelopment.

This is a critical point: **money can be spent legally and still be wasteful** if it fails to achieve its statutory purpose.

3. Long-term property holding harmed neighborhoods

During the 17 years:

- ~1,700 parcels were assembled and then **left idle**
- Conditions **worsened**, not improved
- The City absorbed:
 - Code enforcement costs
 - Demolition liabilities
 - Lost tax base
 - Public safety impacts
 - Opportunity costs (blocking other developers)

This is often described by planners as “**land banking without outcomes.**”

4. City losses go beyond dollars spent

Even where funds were not directly paid out:

- **Foregone development** = foregone tax revenue
- **Exclusive control** prevented alternative redevelopment
- **Grant forfeitures** occurred due to missed deadlines
- Public trust and neighborhood stability were damaged

From a fiscal-impact perspective, this is a **real loss**, even if not all funds were written as checks.

So, was city money “wasted”?

By legal definition:

- Much of the spending appears **authorized** under TIF and tax-credit law.
- That makes it **not automatically illegal**.

By public-finance and accountability standards:

- **Yes — the project wasted public resources and opportunity.**
- **The return on public investment was effectively negligible.**
- **The City and State did not get what they paid for.**

A fair summary:

Public money and incentives were consumed, locked up, or forfeited over 17 years with little to no public benefit. That is widely considered waste, even if it was technically lawful at the time.

Why this matters now

- It explains why the city is **unwinding the relationship**
- It supports **eminent domain and reset strategies**
- It strengthens arguments for:
 - Claw back provisions
 - Performance-based incentives
 - Time-limited redevelopment control
 - Stronger oversight of quasi-public development deals

Missouri Sunshine Law Request

Email

Subject

Missouri Sunshine Law Request – Enforcement, Oversight, and Non-Performance of Northside Regeneration Project
Missouri Sunshine Law Request – Enforcement, Oversight, and Non-Performance of Northside Regeneration Project

Good morning,

Pursuant to the Missouri Sunshine Law, §§610.010–610.035 RSMo, I hereby request access to and copies of all public records relating to **the City of St. Louis’s enforcement, oversight, monitoring, and decision-making regarding the Northside Regeneration (NSR) redevelopment project**, from January 1, 2008, to the present.

This request specifically seeks records reflecting **why enforcement actions were not taken, how non-performance was evaluated, and what steps were considered or declined** despite a prolonged lack of redevelopment.

Requested Records

Please produce the following records, including drafts, attachments, and exhibits:

1. **Enforcement & Compliance Reviews**
 - All internal or external evaluations, audits, compliance reviews, performance assessments, or monitoring reports concerning NSR’s redevelopment obligations.
 - Any documents identifying missed deadlines, unmet milestones, non-performance, or failure to redevelop properties as contemplated in development agreements, TIF plans, or tax-credit approvals.
2. **Claw Back, Termination, or Default Analyses**
 - All memoranda, emails, reports, or legal analyses discussing:
 - Potential clawback of incentives
 - Default determinations
 - Termination of redevelopment agreements
 - Suspension or revocation of exclusive redevelopment rights
 - Any records explaining **why such actions were not pursued or were delayed**.
3. **Legal Advice and Risk Assessments**
 - Non-privileged portions of legal analyses, summaries, or communications addressing:
 - Litigation risk associated with enforcing redevelopment obligations
 - Takings claims, breach claims, or other legal exposure
 - If privilege is asserted, please provide a **privilege log** identifying the date, author, recipient, and general subject matter.

4. **Communications with Elected or Appointed Officials**
 - Communications between City staff and:
 - The Mayor's Office
 - Board members or leadership of SLDC or related authorities
 - Aldermen/Council members
 - Concerning enforcement, delays, extensions, forbearance, or continued support of NSR despite lack of redevelopment.
 5. **State Coordination**
 - Communications with the State of Missouri or any state agency regarding:
 - NSR tax credits
 - Compliance with statutory redevelopment requirements
 - Potential recapture, forfeiture, or enforcement actions.
 6. **Decisions to Continue or Extend NSR Control**
 - Records documenting decisions to:
 - Continue NSR's exclusive redevelopment control
 - Extend deadlines or modify requirements
 - Allow continued property holding without redevelopment
 - Including justifications, staff recommendations, and approvals.
 7. **Public Impact and Cost Assessments**
 - Documents estimating or discussing:
 - Foregone tax revenue
 - Code enforcement, demolition, or public safety costs
 - Neighborhood impacts resulting from prolonged vacancy or blight.
-

Format & Timing

- Records may be provided electronically (PDF preferred).
- If any portion of this request is denied, please cite the **specific statutory exemption** relied upon, as required by §610.023 RSMo.
- If records are not immediately available, please provide the **earliest date and time** they will be produced.
- If any records have been destroyed or are no longer retained, please identify the applicable **retention schedule**.

Given the prolonged public significance of this matter, I request that these records be produced **as soon as reasonably possible**, consistent with §610.023.3 RSMo.

Thank you for your attention to this request. Please confirm receipt.

Sincerely,



ST. LOUIS DEVELOPMENT CORPORATION

Cara Spencer • Mayor
Otis Williams • Interim President & CEO

1520 Market Street • Suite 2000
St. Louis, MO 63103
314.657.3700 • F: 314.613.7011
developstlouis.org

January 15, 2026

Mr. L.B. Eckelkamp, Jr.
Chairman of the Board &
Chief Executive Officer
Bank of Washington
200 West Main Street
Washington, MO 63090
lbe@bankofwashington.com

Re: Response to January 6, 2026 Letter

Dear L.B.:

I write in response to your January 6, 2026 letter. That letter comes 17 years after the City granted NSR exclusive redevelopment rights over approximately 1,500 acres of property in North St. Louis. At the same time, the City committed \$360 million in TIF funds to facilitate the redevelopment of that area. NSR also received \$43 million in tax credits to assist it in the promised redevelopment efforts. Notwithstanding this background, you decry “the City’s efforts to derail NSR’s development efforts.” Your persistence in blaming the City for NSR’s failure to achieve any meaningful development despite receiving millions of dollars in tax credits and other public support is striking. I believe it is important - both for the public record and for any meaningful path forward - to correct several material misstatements and omissions in your correspondence.

At the outset, your letter frames the Bank of Washington and NSR as longstanding, singular catalysts for revitalization in North St. Louis. That narrative is not supported by the facts. NSR began acquiring properties in North St. Louis as early as 2004. Over the ensuing two decades, NSR acquired nearly *1,700 parcels*, most of which are in worse condition today than when NSR acquired them. They remain vacant, dilapidated, condemned, overgrown, and the subject of sustained neighborhood outrage. During this same period, NSR received over *\$43 million in tax credits* from the State of Missouri, funds statutorily required to be used for redevelopment of the project area.

Rather than utilizing the credits for their intended redevelopment purpose, they were instead used to inflate acquisition prices, enrich NSR, and service debt owed to the Bank. Indeed, the Bank has testified that its only source of repayment from NSR was a portion of the tax credit proceeds. The Bank has not received any payments on its loans to NSR since 2012 but has not taken any action during that time to collect the long overdue payments. That is *not* a failure attributable to the City.

*Clean Energy Development Board • Enhanced Enterprise Zone Board • Industrial Development Authority
Land Clearance for Redevelopment Authority • Land Reutilization Authority • Local Development Company
Planned Industrial Expansion Authority • Port Authority • Tax Increment Financing Commission*

Most significantly, sworn testimony at a City trial established that millions of dollars in tax credits were secured by fraud. Ultimately, the Missouri Attorney General's Office filed suit against NSR for tax credit fraud, a fact noticeably absent from your letter, yet central to understanding why NSR's redevelopment rights and incentives were lawfully terminated.

Contrary to your assertion, the City has *never obstructed NSR's ability to sell property* to bona fide developers. The primary impediment to interested developers was the inflated price demanded by NSR (and the Bank) for property it owned. That price inflation resulted from a strategy in which the Bank's liens were cross-collateralized across the portfolio, thereby requiring a payoff of all of the Bank's debt before a single parcel could be sold.

The fact remains that the real obstacle to development has always been NSR's refusal to sell the properties at fair market value. NSR has demanded prices that exceed credible appraisals and, in some cases, exceed values of properties in Clayton and Frontenac. If NSR and the Bank genuinely believe that buyers other than the City would pay the values suggested in the JLL appraisal, nothing has ever prevented them from consummating such sales.

The only projects NSR ever completed were a gas station, a grocery store and a three-bed hospital – two of which have since closed. Notably, the hospital never really opened, despite assurances made to SLDC regarding timing and operations. These projects were not obstructed by the City; they were actively supported, including through incentives and other cooperation. The suggestion that the City somehow "chilled" development ignores the fact that no meaningful development occurred even when NSR held exclusive rights and incentives.

For completeness, as you may recall, we also note that NSR's redevelopment rights were terminated only after multiple, independent Events of Default, including but not limited to:

- misuse of DALA tax credits;
- failure to commence redevelopment in multiple project areas;
- failure to pay real estate taxes;
- failure to maintain or demolish condemned structures;
- failure to engage required co-developers; and
- failure to disclose property transfers as contractually required.

The NGA Project

Your letter suggests that NSR deserves credit for bringing the NGA to the Northside. This revisionist history, like many of the statements in your letter, is simply false. To be sure, initial gestures to the NGA were made by NSR. However, the responsibility for completing the complex process was handled entirely by SLDC. In fact, the Bank did everything in its power to abort the deal by filing the still-pending lawsuit in Franklin County. That suit asked the Court to rescind the transfer of the NSR parcels in the NGA area and reimpose the Bank's liens. The Bank's desired result was obvious: do what the Bank wants, or it will kill the entire NGA project.

The Current Discussions

Your letter also mischaracterizes the history surrounding the City's current discussions about acquiring NSR's properties. The City did not seek to take "all properties" as a matter of policy. Rather, Chris McKee approached me indicating his family was considering divesting themselves of the NSR portfolio. In response, and as a practical starting point, the City requested a global listing of the parcels owned by NSR.

As for valuation, the City has repeatedly invited NSR and the Bank to substantiate their pricing with actual comparable sales. None have been produced. The City's unwillingness to accept unsupported figures does not render its valuation "flimsy"; it reflects adherence to accepted appraisal practice and frankly, statutory requirements governing eminent domain.

Your suggestion that the City should pay over \$116 million to acquire NSR's properties is so extreme that no amount of negotiation would be realistic. We owe it to the long-suffering residents of North St. Louis to begin redevelopment efforts to abate the continuing decay that has been exacerbated by NSR's failures.

Given this history, the City will not reinstate the Redevelopment Agreement, restore incentives, or stay its lawful condemnation efforts. If NSR believes it can identify legitimate developers willing to purchase properties at defensible market values and undertake actual redevelopment, it is free to do so. In the meantime, the City will continue pursuing acquisition at fair market value, consistent with Missouri law and in furtherance of the long-overdue revitalization of North St. Louis.

Sincerely,



Otis Williams
Interim President & CEO
St. Louis Development Corporation (SLDC)