



DR. DEIRDRE WATERMAN
MAYOR
CITY OF PONTIAC

November 13, 2018

RE: Settlement of Phoenix Center Lawsuit

Dear Fellow Citizens of Pontiac,

Today I signed the final settlement documents that will formally free our city from the Ottawa Towers/Phoenix Center litigation that has lingered over us since it was initiated by the Emergency Manager. After six years and four mediations, it is a relief that this chapter of Pontiac's history is now successfully concluded.

For the city, the settlement is a victory, in that we get to keep ownership of the Phoenix Center garage as an asset (unlike the other assets that were lost/sold off by the Emergency Manager e.g. Silverdome, Lot 9 to Warco, water/sewer treatment plant, all downtown parking lots etc., etc.). This was a far different outcome than what was predicted when I first started as Mayor. In addition, the settlement amount is considerably less than what the city would have had to pay if we were paying the annual repair and maintenance costs for the garage that our Finance Director calculated at \$1.9 million annually. It calculates to about \$11.4 million for the six-plus years that the city was paying virtually nothing toward these costs. Essentially, the amount we are paying in the settlement equates to a payback of the expenditures, Ottawa Towers owners paid toward the upkeep and repairs during the years that the city could not afford to maintain the structure.

In addition, the city is in a financial position to pay the entire settlement amount in cash, so there will be no additional burden to the taxpayers. Even though the city, after 12 years of being unbondable, is now able to achieve a bond rating, City Council voted not to seek bonding. By Council's action, the settlement payment will be paid out of the city's cash surplus including the insurance coverage and the \$2 million set aside by the Emergency Manager for demolition, which will not occur now.

It is a victory for the city that this long-standing conundrum has now been mediated without an adverse ruling, which could have possibly resulted in the loss of the property and /or bankruptcy for the city. This also lifts the black cloud that was hanging over the development of our downtown because of the uncertainty of potential investors while this matter was being litigated.

Just as important, when Ottawa Towers owner and I signed the TSA when the agreement was finally reached at the mediation, we both indicated that this should end the standing dispute and free both city and developer to proceed with constructive plans for development of the property as a catalyst for our whole downtown area. That is certainly a win for both entities.

Sincerely,

Mayor Deirdre Waterman

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