



becoming familiar with the key players who provide financing to complete such transactions.

4. I am aware that discussions to sell the Pontiac Silverdome and the surrounding land of approximately 127 acres (“Silverdome”) had been ongoing for nearly seven years prior to the time when I assumed my current position, and such discussions were all unsuccessful.
5. Throughout my tenure with the City, I have been involved in discussions with at least seven would-be purchasers in an attempt to sell the Silverdome which is currently owned by the City.
6. My negotiations with prospective purchasers, including this Plaintiff, have all been ineffectual because the prospective purchasers did not want to put up any cash to purchase the property. In fact, due to past difficulties in dealing with City administrations, the depressed state of the local economy, and the high cost of demolition, three major real estate developers stated that they would not take on the Silverdome even if it were provided to them at no cost.
7. As a result, in the late summer of 2009 the City decided to retain Williams & Williams, Inc. (“Williams & Williams”) to conduct an auction of the property as an alternative. Up until the date of the auction, however, the City continued to identify and negotiate with potential bidders, including Silver Stallion repeatedly, but all of these negotiations were completely unsuccessful. Mr. Parker, in particular, stated a number of times that he would complete his purchase of the Silverdome but he never put up the money on the dates that he had promised to complete the transaction.
8. Since 2002, when the Detroit Lions football team stopped playing its games at the Silverdome, the property has remained largely vacant and unused, outside of several isolated events during that time. Since this is a very large property that was built specially for an NFL team, the value of the property fell dramatically when the City allowed that team to move away from the Silverdome. There is no other sports team in Detroit that could draw 80,000 fans to a game; it is too large.
9. Since my arrival in March 2009, CB Richard Ellis (our real estate brokers) and I have been contacting many different potential buyers for the Silverdome. This has been for numerous reasons, including recovering some of the City’s past investment through the purchase price (although the City already received approximately \$26 million from the Lions when they left the stadium), reducing the City’s ongoing expenses involved in maintaining the property, generating future tax revenues for the City, and returning the property to a more beneficial use, all to enhance the public image of the City.
10. For example, ongoing maintenance expenses for the Silverdome to cover items such as utilities, upkeep, security, etc., are substantial, and total approximately \$1.5 million on an annual basis (or nearly \$30,000 per week). A sale of the Silverdome would remove these liabilities from the City’s funding requirements.

11. By prior City administrations not keeping the Lions at the Silverdome and by not selling the Silverdome afterward, the City already has wasted over approximately \$33 million. This is based on bids to purchase the Silverdome that were rejected by prior City administrations that were as high as \$22 million, \$12 million in operating costs for eight years, and at least \$1 million in property taxes that were not generated since the property has not been put on the City tax rolls. In addition, the City has lost an unknown amount of income taxes (due to virtually all jobs at the Silverdome being lost) and the negative ripple effects on surrounding businesses of the Silverdome being closed. The Silverdome itself also has deteriorated during this time due to inadequate upkeep, age and normal obsolescence over eight years.
12. In order to stop this bleeding of cash as quickly as possible and still take advantage of the celebrity status of the Silverdome (since most potential parties were interested in the building rather than just the vacant land), the City decided that the property should be auctioned prior to the onset of the winter months. By carefully selecting a nationally known auctioneer and marketing the property extensively, the auction would serve to value the property properly. There would be no need for a separate appraisal. The City chose to have the auction be absolute and without reserve. This was because a number of auctioneers had warned us that, due to the City's extremely unfavorable reputation of turning away previous qualified purchasers, without these auction features no bidders would be likely to invest adequate time to participate in the auction. The City did, however, strictly require that each bidder post a bidder's deposit of \$250,000 prior to the auction to ensure that the bids were from serious parties.
13. By returning the Silverdome to a private owner, the City would once again realize property and income tax revenues from the site and from the surrounding businesses who would benefit from the tremendous increase in economic activity, very badly needed by the City.
14. When the deadline for sealed bids for the auction were received November 12, 2009 and up until the open auction was conducted on November 16, 2009, the auctioneers told me a number of times that they repeatedly contacted the Plaintiff to clarify that the Plaintiff could not enter the auction if Plaintiff did not pay the required bid deposit of \$250,000.
15. The Plaintiff did not provide the required \$250,000 bid deposit by the sealed bid deadline of November 12, 2009 or prior to the open auction of November 16, 2009.
16. Accordingly, Williams & Williams did not permit the Plaintiff to take part in the auction.
17. Failure to close on the sale of the Silverdome within the next few days will, at a minimum, cause the City of Pontiac to incur at least \$30,000 per week in cost to

maintain that Property. It also may cause the successful bidder in the auction to withdraw and/or seek to enforce any contract rights that may exist, causing the City to try to identify another interested party.

18. This process could easily take another 6-12 months during which time the City would incur another \$1.5 million in expenses (if it continued to maintain the building) and additional marketing expenses. It also is likely that serious bidders would not participate at all, given the City's reputation for not being able to conclude a transaction successfully.

19. Since there is no budget to maintain the facility after December 31, 2009 (due to the plan for the auction transaction to be complete by then), it is highly likely, however, that the building upkeep would be stopped completely, the roof would be removed or allowed to cave in and the building would begin to deteriorate much more rapidly. This is likely to lead to the building eventually being demolished but this would not occur quickly since demolition has been estimated to cost between \$3-7 million and no cash is available in the City's budget to pay for this type of work to be done. In this event, the building will quickly become an eyesore.

20. I am of legal age and I am fully competent to testify to all of the foregoing and will do so if called upon.

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Fred Leeb

Subscribed and sworn to before me

this \_\_\_ day of November, 2009

\_\_\_\_\_

Notary Public, \_\_\_\_\_ County, MI

My Commission Expires: \_\_\_\_\_

Acting in the County of \_\_\_\_\_