



DR. DEIRDRE WATERMAN
MAYOR
CITY OF PONTIAC

FOR IMMEDIATE RELEASE

Aug. 27, 2019

CONTACT:

City of Pontiac
Deputy Mayor
248-758-3326

You're Invited: A Town Hall Discussion on the Phoenix Center's Future

WHEN: 6-8 p.m. on Wednesday, Aug. 28

WHERE: The amphitheater on top of the Phoenix Center at Saginaw and Water St. in downtown Pontiac. Enter at Phoenix Center garage Judson Street entrance; ushers will direct you.

The City of Pontiac and Ottawa Towers ended six years of litigation last winter over the future of the Phoenix Center and rooftop plaza. It's time for the city to take the next step to ensure that the critical deadlines laid out in the settlement agreement are met.

Mayor Deirdre Waterman is hosting a town hall meeting on the future of the Phoenix Center from 6-8 p.m. on Wednesday, Aug. 28 at the facility's amphitheater so the public can hear what designers, attorneys, contractors and local leaders have to say about its restoration.

City Council members have been presented with several options for financing the terms of the settlement since they signed off on the settlement agreement in November 2018. The agreement stipulated that the city is responsible for repairs and upkeep of the Phoenix Center. Some of these repairs must be completed by November 1, 2020 to avoid the city being in jeopardy of default and possibly risk losing the property altogether. Funding for approximately \$16 million in repairs and delayed maintenance is needed to bring the structure up to building code standards and make it fully functional again.

If the Phoenix Center settlement were to fall apart, the cost of a judgment could amount to an \$802.00 assessment for every resident in Pontiac.

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"Time is weighing down on City Council to save the Phoenix Center. We could still lose this case and expose the city to a potential loss of \$33.6 million, including the Phoenix Center property itself," says Mayor Waterman.

"We must avoid the mistakes made in the past with city assets such as the Silverdome and hold up our end of the bargain by funding the repairs to the Phoenix Center. This settlement is a win-win for both parties and the best possible outcome after years in court."

Other features of the Town Hall will include a performance by Pontiac native songstress Gwen Foxx. Another highlight planned for the Town Hall will be the dramatic re-lighting of the long darkened tented canopy which crowns the Phoenix Center structure. City planners are hoping this will evoke memories of the glory days when special events were held on the amphitheater as well as offering a foretaste of the excitement a restored Phoenix Center could bring to the city.

The settlement allows the city to retain ownership of the Phoenix Center and control its destiny as a catalyst for downtown development.

Once the repairs and improvements are completed, Pontiac will have a state-of-the-art parking facility that will generate revenue and provide parking for the city's rejuvenated downtown.

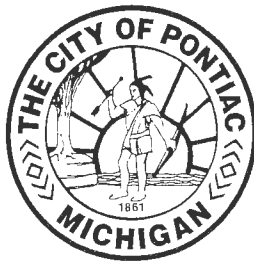
One of the financing plans that City Council is considering is the of issuance of capital improvement bonds. This is the only one of the options that would not result in a cash payout from the city residents or an accompanying increase in their property taxes. According to the city's Bond Counsel, Ron Lipscombe of Miller, Canfield, Paddock and Stone and Financial Advisor, Brian LeFlore of Robert W. Baird & Co., the bonding process would take about 18 weeks.

Ideally, City Council could have begun the bonding process in March in order to leave a comfortable timeline to complete the design and bids for the improvements, as well as the construction itself.

If the city were to rely entirely on the general fund surplus to pay for the construction, it would cause a budget deficit. Pontiac is able to issue bonds once again due to the hard-fought restoration of the city's financial stability, emergence from state financial oversight and establishment of a budget surplus.

Presenters will answer questions about financing options at the Town Hall. The Town Hall is open to the public. Parking for the event is free at the Phoenix Center garage.

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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

DW/mb

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Options to Pay for the Phoenix Center Improvements

1. Do nothing, violate the Settlement Agreement & risk a judgement levy

- City Council approved Settlement Agreement and Executed on 11/1/2018
- Judgement levy (a new tax) split amongst all Pontiac residents & businesses
- Comes to roughly \$802 per taxpayer

2. Pay the full \$16.6 million from the General Fund

- Not enough uncommitted surplus money to cover entire cost
- May cause reallocation of funding from other City services (e.g. Police and Fire)
- May cause a deficit in the General Fund and possibly take city back to financial crisis

3. Issue Bonds for the full \$16.6 million

- ONLY OPTION THAT DOES NOT INCREASE TAXES
- Recommended by advisors and administration
- Repay bond issue over useful life of Phoenix Center Improvements

4. Combination of #2 and #3: Use surplus and issue bonds

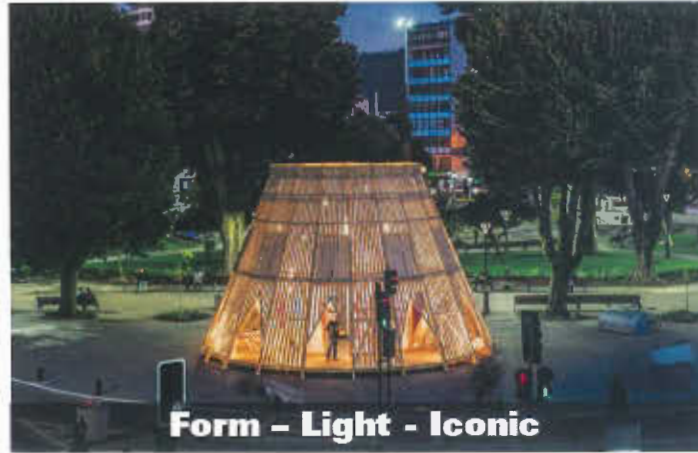
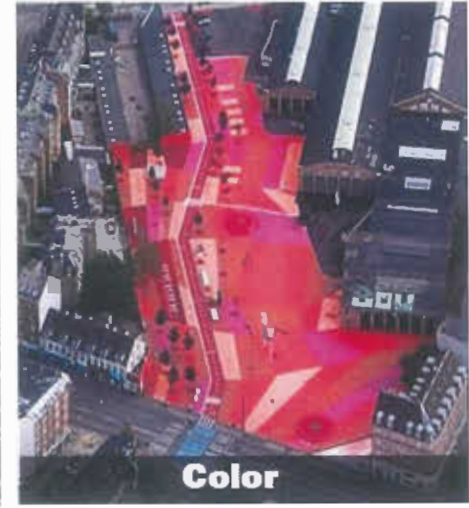
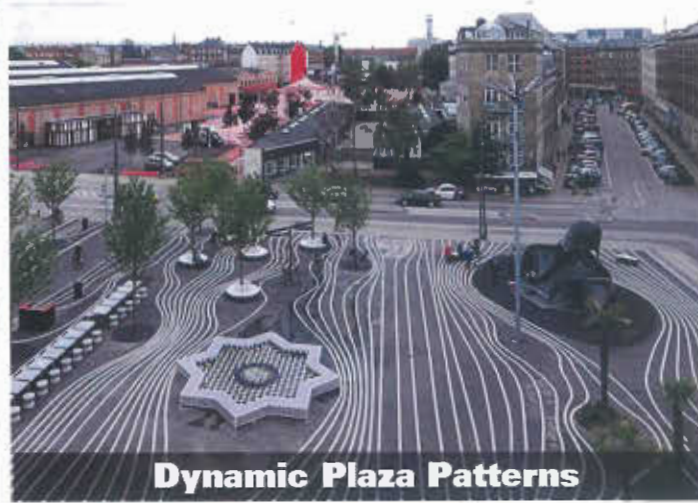
- Still could cause an increase in taxes
- Still requires Council approval

**We need City Council's support to meet Settlement Agreement Requirements
WITHOUT raising taxes or risking a deficit.**



Phoenix Center 2.0

Dynamic Connected Inventive Community Focused



Influential Reference Images

THE OAKLAND PRESS

Pontiac's Phoenix Center opening to public for town hall on amphitheater's future

By Natalie Broda nbroda@medianewsgroup.com; @NatalieBroda on Twitter Aug 26, 2019



Photo by Natalie Broda – Digital First Media

The city of Pontiac has invited the public to attend a town hall discussion about the future of the Phoenix Center this week.

Hosted by Mayor Deirdre Waterman, the event will take place atop the center at the amphitheater. Few have had a chance to visit the rooftop plaza since the center became

embroiled in a six-year legal battle between the city and the owners of the adjacent Ottawa Towers in 2012.

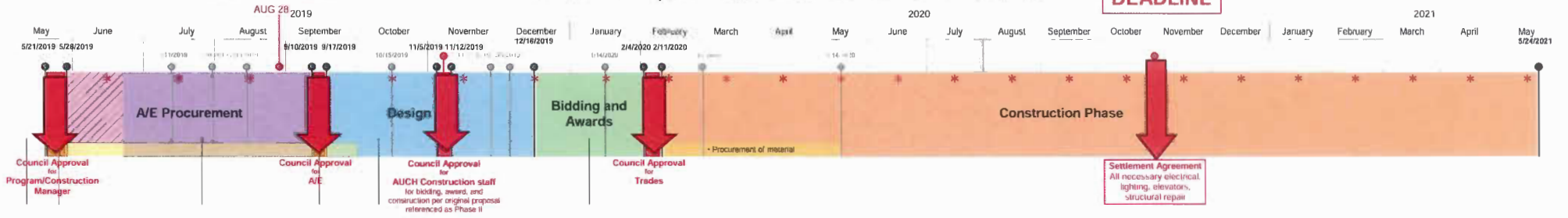
A final settlement agreement was reached in October 2018, leaving Pontiac ownership of the Phoenix Center, but also with a \$6 million bill to make improvements on it over the next 10-years. Designers, contractors, city attorneys and government representatives will be on hand to discuss future plans for the center and the timeline of the settlement terms. The public will also have the opportunity to ask questions and share their ideas for the renovation of the Phoenix Center.

The town hall takes place from 6 to 8 p.m. on Wednesday, Aug. 28. Attendees can enter at the Phoenix Center garage and will be directed to the amphitheater by ushers.

WE ARE HERE!
(Council must approve)

CITY OF PONTIAC PHOENIX CENTER PRELIMINARY RESTORATION TIMELINE
UPDATED AUGUST 28, 2019 TO SHOW CURRENT STATUS OF CRITICAL ACTIVITIES

DEADLINE



DEADLINE

- * There will be monthly updates to the City Council as required
- City to review options for alternate funding until Bond is sold in September 2019 (CRITICAL)
- Denotes activities completed