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## Silverdome's bargain price reflects financial woes in Detroit suburb of Pontiac

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PONTIAC, MICH. -- Once this city had its own car, 23,000 busy factory workers and the \$55.7 million Silverdome, a storied Teflon-coated stadium where the Detroit Lions played, Elvis Presley sang, WrestleMania's Hulk Hogan stalked and Pope John Paul II prayed.

Today, Pontiac is in such bad shape -- a \$7 million deficit, roughly \$100 million in debt -- that the state has declared a financial emergency and sent in a turnaround expert to oversee finances. The car is gone -- General Motors is killing off its Pontiac brand. Most of the factories are deserted -- GM has only 3,882 employees here now. And the turnaround expert, Fred Leeb, has sold the Silverdome to a Canadian developer, who paid just \$583,000 for the 80,300-seat stadium and 127 acres of land -- less than many Washingtonians pay for a house.

In their efforts to live on ever-shrinking revenue, governments across the country are trying to get unprofitable public property off their books. Arizona, facing a \$1.5 billion budget shortfall, has started auctioning off a passel of buildings, including the governor's and legislators' offices, in a sale-leaseback plan in hopes of getting enough money to totter along another month. California, confronting a \$20 billion deficit, talked about selling the Los Angeles Memorial Coliseum and San Quentin State Prison. Instead, the state put the Orange County Fairgrounds up for auction and decided to sell and lease back 11 state office buildings.

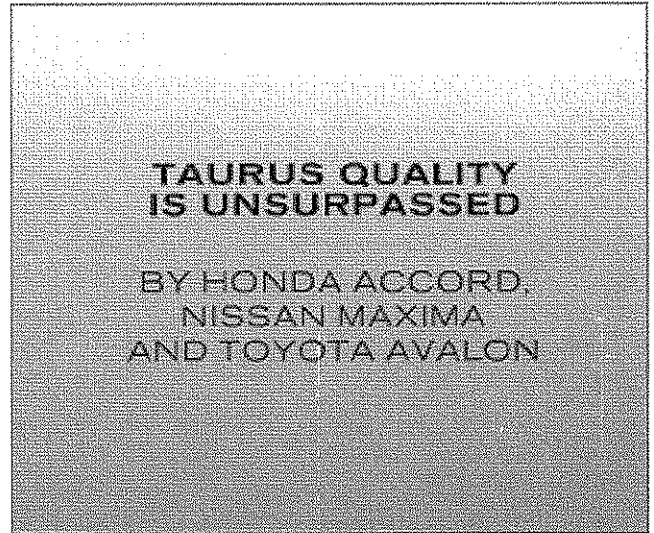
Here in Pontiac, the process has unsettled many residents. How could the Silverdome go so cheaply? What was Leeb thinking?

Leeb, 57, arrived last year and quickly took aim at unprofitable projects. Over the years, the city has invested about \$80 million building and maintaining the Silverdome, a theater, an outdoor entertainment pavilion and other projects that have become a major burden in a time of recession and a diminished GM, the largest taxpayer.

Since taking on the \$150,000-a-year job, Leeb has slashed city payrolls, cut expenses on photocopiers and printers (savings: \$54,000 a year), and renegotiated an expensive contract with the city's firefighters union that is expected to create between \$2 million and \$3 million a year in savings.

The Silverdome, he decided, had to go. The stadium and its 127 acres had been empty, save for some weeds and cracked concrete, for eight years. Tearing it down would be too expensive, and local developers and real estate salesmen said the stadium would surely fetch bidders.

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Pontiac's taxpayers built the Silverdome for the Detroit Lions in 1975 -- it was one of the NFL's largest stadiums at the time, and it had its profitable years. When the Lions left in 2002 for Ford Field in downtown Detroit, the team paid Pontiac \$26 million to break the lease. Over the years, the Silverdome was used for a variety of events, including the 1979 NBA All-Star Game, the 1982 Super Bowl and a stop on Michael Jackson's 1984 Victory Tour. It drew its biggest crowd -- 93,682 people -- for a 1987 Mass by Pope John Paul II.

Attempts to sell it never got far, and the city was stuck spending \$12 million -- \$1.5 million a year -- in maintenance. Lately, a tractor-trailer driving school has rented the huge parking lots to train drivers.

For almost a month, the city accepted sealed bids on the Silverdome. It got three offers.

One offered a range of \$13 million to \$22.5 million to turn the site into a landfill, but it had many contingencies involving zoning and financing. The other two offered \$500,000 bids-- including one from Andreas Apostolopoulos, a Toronto real estate investor -- without details of their plans, Leeb said.

Leeb decided to host a face-off auction.

On Nov. 16, two of the bidders showed up at the Pontiac Marriott. Apostolopoulos called in by phone. The auctioneer's first call for \$1 million was met with silence, Leeb said.

Any takers at \$750,000?

None.

\$650,000?

Nothing.

\$550,000?

Apostolopoulos spoke up, according to Leeb, and with \$33,000 in fees on top, the enormous stadium was sold.

"Nobody bid more," Leeb said. "You can hope and dream whatever you want, but that's the reality of what we got."

Apostolopoulos said he's "always wanted to own something like" the Silverdome. He's thinking of it as a venue for soccer or other sports events and concerts, and expects he'll have to spend around \$10 million to upgrade it.

"I think I got a very good deal," he said. "I thought it was going to be higher, but it's not the price you pay, it's the price you have to put in to fix it up."

Some Pontiac residents worry he got too good of a deal. The sale price and Pontiac's poor fiscal state, they say, have been the butt of jokes in town -- even though real estate prices here have fallen as much as 50 percent on housing and almost as much on office buildings and shopping malls.

"We're the laughingstock of the country," said Quincy Stewart, a 51-year-old music teacher who lives in Pontiac. "Our town is broke. We're poor, and then you sell our Silverdome for peanuts. This is an insult."

Two lawsuits are seeking to overturn the deal. Angry residents gathered outside the county courthouse, wearing T-shirts with a picture of Leeb and "Pimpin' ain't dead" on the front.

Others say Leeb did just the right thing.

"I'm glad he got it off of our hands," said John O. Herron Sr., who has run a barbershop in Pontiac since 1971. "We're paying millions of dollars to support it, and we haven't done anything with it. It's time to do something and bring in some income on it."

Leeb defends the sale. "It's a miracle we found a person who wants to invest in it and make it a success again," he said. "No one here wanted to do that. We are extremely lucky to have Mr. Andreas."

Leeb, the son of a Milwaukee lawyer, is fond of quoting "The Sopranos" -- saying he'll have to "whack" expenses. Those who have negotiated with him on city contracts call him a tough, straightforward businessman. He's worked for the accounting firm that is now PricewaterhouseCoopers, as well as a turnaround firm now called AlixPartners, and set up his own turnaround company 15 years ago.

With the Silverdome sold, Leeb has turned his attention to half a dozen other projects. He wants to sell the city's two cemeteries and golf course -- Pontiac lost roughly \$1 million operating them last year -- or lease them to an operator.

Leeb would also like to attract a company to run concerts at an outdoor pavilion, called the Phoenix Center, in the city's downtown. Residents call the pavilion "The Bra," for the two white tents that stick up. It was built as an office and retail complex in the 1970s as part of a downtown revival, but it has gone in and out of use and hasn't generated the kind of revenue city officials hoped for.

A block away sits the boarded-up beige Strand Theater, built in the 1920s. The city has pumped in about \$10 million to try to renovate it, but the project was never finished and now another \$4 million to \$6 million is needed, Leeb said.

"What happened in Pontiac is that a lot of cash was used for projects that created no return," he said. "There are a number of projects where you'd have an investment go into it and have it generate nothing. We're trying to do something about it and get value from these."

With the city's projected tax revenue expected to decline as much as 25 percent over the next two years and a 35 percent unemployment rate, cuts must be made, Leeb said.

For now, he is hopeful that Apostolopoulos will make something of the Silverdome as a first step in turning around Pontiac.

"You don't do these things with one silver bullet and everything's fine," Leeb said. "You have to do a thousand things to be successful."

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