

County wants more revenue from Hillside

Panel refuses to OK contract that reflects merger with Palace.

By Chad Selweski Macomb Daily Staff Writer

In a move that stunned Hillside Productions, county officials Tuesday refused to recognize the merger between Hillside and Palace Sports and Entertainment that creates a new partnership for the concert venue at Freedom Hill County Park in Sterling Heights.

The county Board of Commissioners was expected to revise their contract with Hillside to put the new corporate entity, PSE Hillside, in control of the lease. Instead, the commissioners postponed the matter until PSE Hillside agrees to reopen the 1999 contract and negotiate more revenues for the county.

"We've been complaining for six years about what an atrocious contract this is," said Commissioner Diana Kolakowski, a Sterling Heights Democrat. "This was the time to be talking to the people from the Palace and what an awful contract this is and ask them if there is any way they can help us out with some changes."

Some officials now fear the county may be headed for a showdown with Hillside, similar to the company's 2001-04 legal fight with the city of Sterling Heights, that could lead to a lawsuit.

Under the 20-year lease agreement, the county only receives parking revenues from the Freedom Hill concerts. At the same time, the county covers key expenses, such as utilities.

As a result, the tax-funded expenses for the park have grown from \$533,000 in 2000 to \$956,000 this year. At the same time, overall park revenues fell from \$290,000 to \$236,000.

An additional revenue source kicks in this year, with the county receiving 1 percent of the total ticket sales from the approximately 28 shows held at the amphitheater, also known as the Jerome-Duncan Ford Theatre.

After the board's Operational Services Committee voted 6-4 to postpone the contract update, Hank Riberas, a Hillside executive, was whisked away by the company's attorney. As he left he said he had no comment on the matter.

Hillside has declined to reveal the financial details of the merger recently reached between Hillside and the Palace, a deal that Riberas has labeled "a marriage." Sterling Heights Mayor Richard Notte has said that he believes Hillside's goal was to sell controlling interest to the Palace.

A spokesman for the Palace declined to comment on the implications of the county board's postponement.

"We don't think they should have a problem with us taking over," said Bryant Fillmore.

Hillside's claim of confidentiality about the merger has further infuriated county officials who believe it's a multimilliondollar deal that relies on public property but shares none of the gains with the public.

"There was no consideration given to the taxpayer in this 'marriage,'" said Commissioner Phil DiMaria, an Eastpointe Democrat.

The county's chief attorney, George Brumbaugh, had warned the commissioners that they could not reject the proposed revision in the lease agreement unless the new entity, PSE Hillside, lacked the financial resources or experience to run the amphitheater.

Riberas told the committee that neither of those concerns applies to a company with the resources of Palace Sports and Entertainment. The company owns the Detroit Pistons, the Palace of Auburn Hills, Meadowbrook Music Festival in Rochester Hills, DTE Energy Music Theater in Clarkston and an amphitheater in Florida.

"They are, without question, the premier sports/entertainment enterprise in North America," Riberas said. "This is going to be a much stronger entity than what we have now."

The legal implications of the county board's action are unclear because the 1999 agreement was reached with the county Parks and Recreation Commission, which unanimously approved the contract revision weeks ago. Hillside could argue that the Board of Commissioners has no authority to block the update putting the lease in the hands of PSE Hillside.

While DiMaria repeatedly dared Hillside to sue the county, Commissioner Pete Lund, who sits on the 11-member recreation commission, said the county has no legal standing to block the contract amendment. Lund argued that any attempt to reopen the entire contract could lead to an expensive lawsuit with Hillside such as the court fight that led to Sterling Heights paying a \$31 million settlement to the company.

"Ask the city of Sterling Heights if you can go out and break a contract," said Lund, a Shelby Township Republican. "They'll give you 31 million reasons why you can't."

But Commissioner Nicki Brandenburg, who made the motion for postponement, said she believes the county is in a good position to negotiate a better deal. Hillside, she said, does not want to put their business at a standstill.

"They probably want to get along with it as much as we do," said the Macomb Township Republican. "They're reasonable people."