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Big City, Big Deals

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March 11, 2013 3:01 PM

## Kilpatrick verdict one step toward improving perceptions of Detroit

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Today's guilty verdict — and perhaps more importantly, an end — to the Kwame Kilpatrick federal corruption trial is one step toward improving national perceptions about Detroit and could prove to be a significant milestone to attract more out-of-state investors, business leaders and real estate brokers said.

The verdict is just one piece of the uncertainty hanging over the city, but Detroit's growing notoriety as a place that's cleaning up its act seems to have momentum even as the city's dire fiscal situation threatens to put it under the control of a state-appointed emergency financial manager.

Gov. Rick Snyder is expected to reaffirm this week whether an EM is needed; an appeals hearing for the **Detroit City Council** is scheduled for 10 a.m. Tuesday in Lansing.

Ronald Gantner, partner at Southfield-based **Plante Moran Cresa**, said the Kilpatrick verdict's impact will be felt more nationally than locally.

"It's part of the past, and as we get more and more of that negative news out of the media, the better it's going to be" for the city's perceptions to potential investors, he said.

That's because Metro Detroit businesses and residents see first-hand, and on a day-to-day basis, the changes coming downtown, Gantner said.

"This trial often overshadowed the significant progress made in Detroit over the past few years," said Sandy Baruah, CEO of the **Detroit Regional Chamber**, in an emailed statement. "With the trial now concluded, it's important that we focus on continued collaboration and building partnerships to continue to move our city and region forward." Hopefully the spotlight will now shift to the positive momentum under way across the Detroit region and all the great opportunities here."

John Latessa, senior managing director of Southfield-based **CBRE Inc.**, said he was not surprised by the guilty verdict on several crimes, including racketeering conspiracy, which carries a maximum punishment of 20 years in prison. But the conclusion of the trial sends a positive message to potential outside investors that the city is turning a corner.

"I received a couple emails from folks abroad as the story was breaking, saying 'Wow!' or 'Unbelievable,'" Latessa said. "Any time the market knows and there's certainty, that's a better thing than uncertainty."

Paula Silver, vice president of communications for Dan Gilbert's **Quicken Loans Inc.**, declined comment Monday.

"(The Kilpatrick verdict) is one part of turning the page, putting this bad time period behind us," said Doug Bernstein, a partner at **Plunkett Cooney PC** in Bloomfield Hills. "This is one part of the black eye, and then getting the financial house in order was the other part of the equation to get a fresh start. In both instances, you've got this cloud looming over the city."

Detroit is facing a \$327 million budget deficit in the current fiscal year, and it has over \$14 billion in long-term debt, according to the state **Financial Review Team**.

Detroit Mayor Dave Bing said in a statement today that he is pleased the Kilpatrick trial is over and that the city "can finally put this negative chapter in Detroit's history behind us."

City Council President Pro Tem Gary Brown said residents who felt betrayed by the Kilpatrick saga can now move forward.

"Eyes from around the world have been on this city, detracting from the progress we are making," Brown said in a statement. "It's time for Detroit — for all Detroiters — to close the era of wrong-doing, corruption and lack of integrity within our city."

Kilpatrick's time as mayor was seen as a stain on Detroit since he resigned in 2008 and pleaded guilty to obstructing justice by lying in a civil case about having sex with Christine Beatty, his former chief of staff.

He served 14 months in prison for violating his probation in that case.

The former Detroit mayor, and former city construction contractor Bobby Ferguson each face prison time for racketeering and extortion.

Ferguson's construction company got millions of dollars in city work during Kilpatrick's tenure as mayor.

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The prosecution contended that Kilpatrick rigged contracts to benefit Ferguson and get a share of the spoils.

**Internal Revenue Service** agents said Kilpatrick spent \$840,000 beyond his mayoral salary.

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POWERED BY Pluck



**William J** wrote:

Detroit has been on the mat for so long it will have a long road back to being even regarded with neutrality---much less in a positive light. However, the City will owe Mayor Bing a standing O for one thing if nothing else.

Sort of like Pres Ford after Nixon he (Bing) sent a clear message that a new leader was not the "same old same old". People may or may not think Bing has done a good job. But he has started the path to (we can hope) "clean" government returning to Detroit. For that alone he gets a standing O.

3/12/2013 1:52 PM EDT

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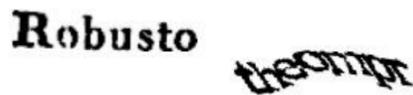
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