

# **Bond Case Briefs**

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## **NYT: In Shepherding Detroit Bankruptcy, Lawyer Tackles a Job He Didn't Ask For.**

DETROIT — Kevyn D. Orr, the man who must now revive Detroit, commutes each week from Maryland to a cavernous old office building here that seems to dare him to succeed: the former headquarters of a company, itself recently in bankruptcy, that once sold more than half of America's cars — General Motors.

His office, on the 14th floor, is sparsely furnished, but in the stack of papers on his desk he keeps a few photographs — of New York City at its financial low in the 1970s. Gritty streets that look, he says, like some of Detroit's unlit, forgotten neighborhoods today.

"Anytime somebody says it can't happen, I whip those pictures out and say, 'Oh, don't you bet against it,' " Mr. Orr said the other day, not long after a federal judge allowed Detroit to become the nation's largest city ever to enter bankruptcy. "Let me show you what can happen."

Mr. Orr, 55, who has never run for political office, finds himself in an extraordinary role. He holds power even more concentrated than that of the emergency control board that intervened when New York City was teetering near bankruptcy, an unelected lawyer chiefly responsible for the reinvention of a major American city in decay. And there's a deadline — 10 months.

The assignment is enormous, a peculiar mix of duties, some stated and others not, for a man who by all accounts had been leading a comfortable life as a bankruptcy lawyer. His new job? Urban planner, numbers cruncher, city spokesman, negotiator, politician, good cop, bad cop.

The job could not be more politically fraught. Mr. Orr's harshest critics call him a "dictator" (his authority trumps that of the city's elected leaders), an "Uncle Tom" (he is black and was sent to run this mostly black city by a white governor) and a "pension killer" (he has said the city can no longer afford the pensions it promised retirees). But Mr. Orr, who was a partner at the law firm Jones Day until his wife and a mentor helped talk him into taking the Detroit job, seems unfazed by the storm around him. He is full of smiles and quips, coolly pressing on.

"If we don't do something to address the unfunded liability that we have, the 700,000 residents — some of them schoolchildren, some of them sort of skinny, dorky kids like I was, who got beaten up every day at the bus stop by the toughs, who have to walk home in the dark — don't they deserve better services?" said Mr. Orr, who grew up in Florida and visited Detroit as a youth. "There has to be some balance here. This is our chance."

This year, with Detroit's financial troubles becoming desperately apparent, Gov. Rick Snyder, a Republican, called on Mr. Orr, who had worked on Chrysler's bankruptcy and at the Resolution Trust Corporation, to be sent as an emergency manager with sweeping powers.

At first, Mr. Orr said, he resisted. The salary, \$275,000 a year, from the state, would be a pay cut. His wife, who is a physician, would be caring for their two children, 6 and 7, at home in Chevy Chase, Md., when he was in Detroit. And the circumstances were certain to be volatile in a city that

was hardly asking for an outsider to step in. Ultimately, Mr. Orr said, he became convinced that it was a call to action.

In the nearly nine months since, Mr. Orr has been continually on the move, meeting with community groups, issuing reports, filing for bankruptcy, firing and hiring people at City Hall.

His supporters say he is astute and charming, but also direct. "The thing is, his stock is as high today as it was when he walked in the door," said Sandy K. Baruah, the president of the Detroit Regional Chamber.

But he has also been a target during protests. Detroiters groaned at the attitude they perceived in a comment he made to The Wall Street Journal: "For a long time the city was dumb, lazy, happy and rich." Mr. Orr has said it was in no way meant as an insult against contemporary Detroiters, but an observation about circumstances 100 years ago.

And Detroit's mayor, Dave Bing, who is leaving office at the end of the year, has said Mr. Orr arrived in the municipal building (where Mr. Orr has a second office, not far from Mr. Bing's) with a slew of outside consultants and personnel changes, but precious little expertise in running a city.

"Kevyn has tried to take on way too much," Mr. Bing said in an interview, adding that he doubted speculation that the incoming mayor, Mike Duggan, might get some larger role. "Whoever the mayor is and the City Council are, they won't have a say in how to run the city."

Some critics bristle at the suggestion that Mr. Orr — rather than Governor Snyder and the Republican majority in the state capital, Lansing — is running this city, where tensions over race and class have long simmered. Mr. Orr and Governor Snyder both attended law school, in overlapping years, at the University of Michigan, where Mr. Orr had also gotten his undergraduate degree. The two meet and talk regularly, the governor's spokeswoman said. Mr. Orr stays in a condominium at the Westin Book Cadillac that has been paid for by a tax-exempt fund the governor created.

"They pull the levers, and he reads the script at the press conferences," said the Rev. Charles Williams II of the National Action Network. "In our community, we call that window dressing."

Mr. Orr has heard it all before; mainly he dismisses it. He says that he is a Democrat and has never voted for a Republican and that Governor Snyder was a "fleeting acquaintance" in law school.

And however his life may appear to others — the classic suits and the state police security detail — Mr. Orr says simply that he sees himself as a part of Detroit. In the city's churches, he says, he smells the Florida church his grandfather led, the old Bibles and the organs. Both his grandmothers had studied to the eighth grade and worked as maids.

"When I say, 'I'm them,' " Mr. Orr said of Detroiters, "I want people to understand, don't look at who I am now. I have by no means forgotten."

On the most contentious issues, Mr. Orr has held hard lines. He refuses to promise that works at the Detroit Institute of Arts will go untouched in bankruptcy. He says city pensions for retirees are unaffordable as they are now, despite state constitutional protections.

Not long ago, Mr. Orr's mother, a retired school administrator from Florida who receives a pension, met a Detroit retiree at a conference. "They were crying together," Mr. Orr said. "She said, 'Kevyn, do you have to do this?' "

"If we don't do something in the next 10 or 12 years," Mr. Orr said, "there won't be pensions for the

30-, 40- and 50-year olds. Is that fair?”

Mr. Orr has cleared one of his biggest hurdles: getting approval for bankruptcy. Though he is more accustomed to asking questions in courtrooms, he spent days testifying about Detroit’s dismal conditions, providing a pivotal basis for the judge’s determination.

But the trial also shed light on his tactics in filing for bankruptcy. Judge Steven W. Rhodes found that Mr. Orr and his team had not bargained in good faith before heading to court (though the judge also found that bargaining would have been impracticable given the some 100,000 creditors). In one testy exchange, the judge asked Mr. Orr about a statement he had made at a town-hall-style meeting in June that pensions were “sacrosanct.”

“What would you say to that retiree now?” the judge asked.

“I would say his rights are subject to the supremacy clause in the U.S. Constitution,” Mr. Orr said.

“That’s a little bit different than sacrosanct, isn’t it?”

By next October — when, under state law, Detroit’s elected leaders can remove Mr. Orr — he hopes the city will have emerged from court with eased debts and reinvestment in services, from streetlights to garbage pickup.

It is a tall order. He expects a new agency to put thousands of streetlights on key roads and near bus stops. He wants a remade police department — he has already hired a new chief — to drive down crime. He wants a “supercharged” effort to remove tens of thousands of abandoned buildings.

“In three years, hopefully the blight is gone,” Mr. Orr said. “That would be my dream.”

By MONICA DAVEY and BILL VLASIC