

Leaders mourn loss of home-grown businesses

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Constellation Energy's glass-encased office building will still host conference calls. Executives will buy lunch for clients. The charity golf game will go on.

Much will survive the looming takeover of Baltimore's last Fortune 500 company.

But the city, some say, is in store for a significant, if ephemeral, loss: prestige.

If Des Moines-based MidAmerican Energy Holding Co.'s plans go forward, home-grown Constellation goes from Baltimore big shot to a box somewhere in the middle of Warren Buffett's vast organization chart.

"A staple of the entire state, and they are gone," said a shaken Ed Hale, head of Baltimore's 1st Mariner Bank. "When does it end?"

Hale and others have watched as a number of Baltimore-based headquarters moved elsewhere during the past decade. Trading house Alex. Brown Inc. was bought by a New York firm, Baltimore's Allfirst Financial Inc. was swallowed by Buffalo's M&T Bank. In the mid-1980s, the A.S. Abell Co. was bought by a Los Angeles media company, and *The Baltimore Sun* is now controlled by a Chicago real estate mogul.

MidAmerican officials promise a light touch on Constellation's operations, saying decisions will still be made on Pratt Street.

But there's a sense of abandonment — even loneliness — among city leaders.

From the Colts' midnight gallop out of the city to the exit of General Motors, "Baltimore has been dealt

so many blows over the years," said Kip Mandris, a city public relations executive. "Now we have another blow."

And it happened, he said, just when the city seemed to be on the rebound.

"It is like we got built up too high, and now we have to bring you down a couple rungs," Mandris said.

Is there a psychological impact when a large company is sold to outsiders?

"You are the second person to ask me that question," said Donald C. Fry, the head of the Greater Baltimore Committee.

The answer is yes, he said, but it is a pain dulled by repetition.

"We've seen the mergers and acquisitions in the financial field, so Baltimore has gone through this," Fry said. "Not that it makes it any easier, and you'd always like to have somebody here."

The loss of a corporate headquarters signals a drop in municipal prestige, said Gary N. Chaison, a labor relations professor at Clark University in Worcester, Mass.

"It makes people think a city is on decline," he said. Corporate headquarters attract ambitious and motivated people, adding buzz to a city. Even if executives appear buttoned-down, their money supports writers, artists and restaurateurs.

And the presence of a corporate headquarters can create a cottage industry of executive services, in-

cluding accountants, lawyers and corporate coaches, said Matt Erskine, executive director of the Greater Washington Initiative, a group that tries to attract headquarters to the District of Columbia area.

But it's important to look at the big picture, said Baltimore Mayor Sheila Dixon.

Early in the week it looked as though Constellation might become the next Lehman Brothers — running out of cash and filing for bankruptcy. Instead, Constellation's Pratt Street building will still be full of tax-paying employees.

"People would have just been in a total state of uncertainty," Dixon said. "It's good to have some assurance."

Money from a corporate headquarters flows to more than just its business partners. Charities and not-for-profit groups benefit from philanthropy, experts say.

Dixon says she expects Constellation's new owners to continue the company's legacy of generosity.

And Woody Collins, an M&T Bank executive, says that a company can become part of the fabric of a city when its headquarters are elsewhere.

"We've certainly become a local institution," he said, speaking before a meeting held a stone's throw from the professional football stadium that bears his company's name. He even pulled out his Maryland driver's license to show a reporter that he's a card-carrying resident of the **Free State**.

Fry, the head of the **Greater Baltimore Committee**,

jumped in to agree. "It is exactly the example that I hope MidAmerican follows if it comes here as well."

And there is some evidence it might.

Two years ago, MidAmerican took over PacifiCorp, a utility with strong ties to Portland, Ore. Some there worried that the new leadership would scale back the utility's civic roles. But that didn't happen, said Megan Doern, a spokeswoman for the Portland Business Alliance.

"They continue to be engaged," she said, noting that the president of a subsidiary sits on their board and chairs a gubernatorial task force on transportation and infrastructure. The company is a sponsor of Portland's Rose Festival, a prominent annual event.

"From a community standpoint, the company has not skipped a beat," agreed Patrick Reiten, the president of Pacific Power, an operating group within PacifiCorp. "We continue to be a local company run by local people who are familiar with the markets."

The sale took PacifiCorp from Scottish hands to American hands, something many in the community viewed as an improvement.

Still, there is a wariness in Baltimore, now that just one Fortune 500 company is based in the region — Towson's Black & Decker.

Outsiders who come to town pledging to be good corporate citizens don't always keep their promises, warned Hale, the 1st Mariner founder.

"They never do. Or they'll do it for a while, and it stops," he said. "So it is unsettling, I'll tell you that."