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HEADLINE: Cantwell vetoes council's resolution to hire its own bankruptcy attorney; Mayor, council at odds

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BODY:

While a legal battle surrounding Lawrence Utilities LLC continues in Indianapolis' U.S. Bankruptcy Court, Mayor Deborah Cantwell is sparring with the City Council over whether it needs attorneys for the proceedings.

Although there was talk of a possible postponement, Bankruptcy Court Judge James K. Coachys was scheduled today to hear arguments about whether the city-owned waterworks operator's Chapter 11 bankruptcy reorganization filing should be dismissed.

City officials, by way of their bankruptcy attorneys, are requesting the dismissal or, alternatively, for a judge to abstain from ruling on the case until another one -- in Marion Superior Court -- is complete, said James J. Ammeen Jr., bankruptcy attorney.

A decision on that might not come today.

"I would expect the court to rule quickly, but probably not until next week," Ammeen said.

Lawrence City Council members are trying to retain their own legal representation for bankruptcy court proceedings.

Earlier this week, though, Lawrence Mayor Deborah Cantwell told council members she is vetoing their resolution to hire legal counsel.

"The council's determination . . . that it, as a legislative body, somehow has a claim in the Lawrence Utilities LLC bankruptcy case is misguided, at best," the letter says. "The city of Lawrence, not the Lawrence Common Council, has a claim in the bankruptcy case."

The letter goes on to say that the council does not have available funds in its budget to hire such counsel.

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"If I were not required by law to veto . . . I still would veto Resolution 8 because there is no practical need to spend more taxpayer dollars to pay a bankruptcy expert to duplicate the efforts of city legal and this administration," the letter says.

Cantwell's veto was expected, said Paul Whitehead, president of the City Council.

"We'll deal with it, and see if we have the votes to override," he said. "I certainly don't want to be able to speak for my fellow council members, yet. But I suspect we will be able to do that."

Also this week, a scheduled bankruptcy court hearing was canceled.

Attorneys were scheduled to argue Wednesday over whether a trustee is necessary for Lawrence Utilities. But the city's request for a trustee was withdrawn after the company came to an agreement with one of its creditors, Fifth Third Bank.

Call Star reporter Cathy Kightlinger at (317) 444-5534.

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