



4 of 19 DOCUMENTS

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HEADLINE: City Council OKs paying for deal;
Ricketts says it's the best that could be done

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BODY:

A plan to take on as much as \$19.85 million in debt for Lawrence's water and sewer utilities got unanimous approval Thursday from Lawrence City Council members.

The council voted 9-0 to approve each of the required four ordinances -- a move that outgoing Mayor Deborah Cantwell and incoming Mayor Paul Ricketts supported.

Cantwell, who attended the meeting, said she thinks the action will provide for an eventual decrease in utility rates -- which are among the highest in Marion County.

Public concern about rates and Lawrence Utilities, the city water and sewer utilities' former operator, helped Cantwell unseat then-Mayor Thomas Schneider four years ago. But in November, Republican Paul Ricketts unseated Cantwell, a Democrat.

"I'm happy we've kind of come full circle in the four years," Cantwell said. "I think this gives the new council next year the flexibility to be able to lower the rates. I hope they do."

Ricketts, who also attended the meeting, had a different view.

"This is the best resolution we could come up with for the agreement that was put in place," he said, referring to the deal the Cantwell administration brokered in October to end years of litigation with Lawrence Utilities.

"We will not be in the red . . . and I think we can move forward with trying to find a rate decrease for the ratepayers."

The new debt, which will be repaid by water and sewer ratepayers, lets officials refinance old debt taken on by Lawrence Utilities, the private company that formerly operated the utilities.

About \$9.2 million in bonds that have been guaranteed through Fifth Third Bank can now be refinanced, said Tom Pitman, an attorney with Baker & Daniels. He is the city's bond counsel.

City Council OKs paying for deal; Ricketts says it's the best that could be done The Indianapolis Star (Indiana) December 8, 2007 Saturday

The measures also provide the funds for the utility to buy its operations center at an estimated \$3.1 million.

Lawrence also has agreed to pay the people and businesses associated with Lawrence Utilities money owed as part of the lawsuit settlement. In the settlement, city officials agreed to pay them \$3.3 million.

They also allow for payment of attorneys associated with the litigation and settlement. That includes paying about \$1.17 million to Lewis & Kappes, which represented the city in the litigation, and Ammeen & Associates an estimated \$115,000 for legal work by James Ammeen Jr.

Ammeen continues to represent the city, as two water and sewer utility ratepayers try to unravel the city's settlement with Lawrence Utilities.

Dr. G. Matthew Vail and Donald Tidwell, who maintain they represent other Lawrence ratepayers, are asking a judge to take back his approval of the settlement.

City Council members approved the ordinances Thursday despite the objection of the ratepayers' attorney, F. Ronalds Walker.

Wednesday, Walker told council members that they should not aid city officials in their settlement agreement with Lawrence Utilities.

"It was a dreadful deal. What you are being asked to do is make it worse," he said. "There was not due diligence done on this."

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

The plan

The new debt is expected to be used to:

- * Pay off about \$9.2 million in old bond debt, taken out by Lawrence Utilities, the city water and sewer utilities' former operator.

- * Pay about \$3.1 million for the utilities operations' center building.

- * Fund a roughly \$3.3 million litigation settlement agreement with people and businesses associated with Lawrence Utilities.

- * Pay attorneys and professionals involved with the city in litigation against Lawrence Utilities and the settlement agreement. Officials say professionals have billed the city about \$1.47 million, including \$1.17 million owed to attorneys Lewis & Kappes and an estimated \$115,000 to Ammeen & Associates. Attorneys Harrison & Moberly have been paid about \$55,000 and are still owed about \$53,000. Baker & Daniels law firm is owed \$29,000, and attorneys Rubin & Levin have been paid \$10,000. Accounting firm London Witte Group has estimated \$40,000 in fees.

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