

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF RHODE ISLAND

IN RE: . Case No. 1:11-bk-13105 (FJB)  
. .  
. .  
THE CITY OF CENTRAL .  
FALLS, RHODE ISLAND . 380 Westminster Mall  
. Providence, RI 02903  
. .  
Debtor. . September 6, 2012  
. . . . . 1:38 p.m.

TRANSCRIPT OF DECISION  
BEFORE HONORABLE FRANK BAILEY  
UNITED STATES BANKRUPTCY COURT JUDGE

APPEARANCES:

For the Debtor: Orson and Brusini Ltd.  
By: THEODORE ORSON, ESQ.  
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Providence, RI 02906

CHRISTINE M. CURLEY, ESQ.  
275 Beacon Drive  
North Kingstown, RI 02852

For Police and Firefighter Retirees  
and Associates: Salter McGowan Sylvia &  
Leonard  
By: MATTHEW MCGOWAN, ESQ.  
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Suite 301  
Providence, RI 02903

Audio Operator: Samuel Noguerras

Proceedings recorded by electronic sound recording, transcript  
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APPEARANCES: (Cont'd)

For City of Central  
Falls City Council:

Lawrence Goldberg Law Associates  
By: LAWRENCE GOLDBERG, ESQ.  
92 Jefferson Boulevard  
Warwick, RI 02888

For Local 1627,  
RI Council 94,  
AFSCME, AFL-CIO:

Delaney DeMerchant & Heitke LLC  
By: SUSAN C. BENFEITO, ESQ.  
91 Friendship Street, Ste 1  
Providence, RI 02903

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1 (The following is the requested  
2 excerpted portion of the proceeding)

3 THE COURT: Based on all of the information that I  
4 have before me, I will -- without determining that Mr. Goldberg  
5 is authorized or that his clients, whoever they may be, have  
6 standing, and notwithstanding -- and not without making any  
7 determination as to whether -- that he provided proper notice  
8 of any objection, I will overrule his objection.

9 The only point that's been made -- there are two  
10 things that were established, I think, by the testimony and the  
11 arguments. First is that if I had any doubt about confirmation  
12 of the plan from a feasibility standpoint before Ms. Corrigan  
13 testified, those were eliminated by her testimony. Clearly,  
14 this is a -- these budgets, these projections, have been  
15 carefully and professionally prepared by competent, dare I say,  
16 simply by their identification by her expert, an expert group I  
17 think that the City of Central Falls is very fortunate to have  
18 had the assistance of people of that caliber.

19 Secondly, I don't think it factors into my decision  
20 with respect to confirmation as to when the control of the City  
21 is returned to the elected officials. That's an issue that's  
22 -- that is a matter of state law. If the State of Rhode Island  
23 were to determine that a receiver should remain in place during  
24 the entire period, that -- of the entire effective period of  
25 this plan, that would be a decision that the State of Rhode

1 Island has the power to make under its Fiscal Stability Act.

2           Consequently, any inquiry, any question that was  
3 raised by Mr. Goldberg on behalf of his clients with respect to  
4 that issue, an uncertainty regarding the return of governmental  
5 control, is not a matter that, in my view, factors into my  
6 determination about feasibility. So I overrule his objection  
7 and I'll issue an order confirming the plan.

8           Mr. Orson, you'll be prepared to provide an order  
9 with the changes that we have discussed during the course of  
10 today's hearing?

11           MR. ORSON: We will, Your Honor.

12           THE COURT: All right. When can I expect to see  
13 that? Why do you always have to ask her?

14           MR. ORSON: You can come to your own conclusion --

15           THE COURT: Well --

16           MR. ORSON: -- and it would probably be right on  
17 target. No question about it.

18           MS. CURLEY: We can get it to you the end of the day,  
19 Your Honor, as long as he gives me lunch.

20           THE COURT: All right. We'll look for it. We'll  
21 look for it by the close of business today. All right,  
22 anything else? That's everything we have on the docket for  
23 today.

24           MR. MCGOWAN: One final point, Judge, on the  
25 confirmation order which we saw yesterday for the first time,

1 we would like to also include a provision that the Court's  
2 going to retain jurisdiction to enforce the provisions of the  
3 settlement agreement. The settlement agreement which Your  
4 Honor had approved does have that provision in it --

5 THE COURT: Yes.

6 MR. MCGOWAN: -- that the Court will retain  
7 jurisdiction to enforce it. I understand that it will now be  
8 with the caveat that it will be subject to whatever -- either  
9 mandatory or discretionary abstention the Court wishes to  
10 apply.

11 THE COURT: All right. Include that -- include such  
12 language and I'll certainly consider it.

13 MR. MCGOWAN: Thank you.

14 THE COURT: You'll share the proposed order with  
15 interested parties that have appeared and identified themselves  
16 as interested.

17 MR. ORSON: Very good, Your Honor.

18 THE COURT: All right. Let me just say, at the time  
19 of confirmation Judge Votolato, for whom this courtroom is  
20 named and appropriately so, in a case, the Almax case -- a  
21 rather famous case here in Rhode Island -- did I say it right?

22 UNIDENTIFIED ATTORNEY: You did, Your Honor. I used  
23 to live --

24 THE COURT: Okay. I remember the store, but I --

25 UNIDENTIFIED ATTORNEY: I used to live a few box from

1 Almax.

2           THE COURT: I remember the store. He either coined a  
3 phrase or he echoed a phrase that counsel -- we often take  
4 credit for these things, but usually it's because lawyers tell  
5 us what to say -- he referred to bankruptcy as a community of  
6 pain. It's -- that -- every bankruptcy judge in America knows  
7 about that decision of your Judge Votolato.

8           Rarely does the shoe fit quite as cleanly as the shoe  
9 fits in this case where we in fact have had a community of pain  
10 for 13 months, and I -- from pain. It's my sincere hope that  
11 given the confirmation of this plan of adjustment that the  
12 parties will be able to join together now in a healing process  
13 with a healthy community, a healthy financial community.

14           I have to give credit to the state officials in Rhode  
15 Island, the governor, the legislature, which we all know passed  
16 statutes, at a rate in the state where I live certainly would  
17 never have happened, to help make this program a success.

18           I would certainly identify the receivers for their  
19 efforts, expertise, wisdom, in moving this case along. This  
20 case was filed 13 months ago. In my limited knowledge, this  
21 case is the fastest case to go in the history of Chapter 9, of  
22 real municipalities, to go from filing to confirmation. It's a  
23 record time and a record efficiency. I know that the fees are  
24 in the millions of dollars, but they're no match for what fees  
25 have been in similar cases.

1           In a way, I think that this is an example for, not  
2 only Rhode Island, but maybe the nation on how to run a Chapter  
3 9. So I commend Mr. Orson and his firm, Ms. Curley, who I know  
4 did all the work. He may have had some good thoughts along the  
5 way, but --

6           MR. ORSON: She humors me, Your Honor.

7           THE COURT: -- and all of the counsel from Rhode  
8 Island that have stepped up and worked in an area where there  
9 is exceedingly little precedent, and we're writing on a tabula  
10 rasa here. But I give -- I congratulate you on bringing this  
11 case along quickly, efficiently, and finally to confirmation.

12           I'm honored to have been part of it and look forward  
13 to seeing the case through to closure. Now, I realize I'll be  
14 around more often than I thought for that, but I hope rarely.  
15 Okay, anything else?

16           MR. ORSON: Nothing from the City, Your Honor.

17           THE COURT: Mr. Goldberg?

18           MR. GOLDBERG: No, Your Honor.

19           THE COURT: Thanks, very much.

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C E R T I F I C A T I O N

I, WENDY ANTOSIEWICZ, court approved transcriber, certify that the foregoing is a correct transcript from the official electronic sound recording of the proceedings in the above-entitled matter, and to the best of my ability.

/s/ Wendy Antosiewicz  
WENDY ANTOSIEWICZ

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