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STATE OF RHODE ISLAND 2013 FEB 26 AM 9:38 SUPERIOR COURT
KENT, SC.

Girard Bouchard, in his capacity as
President of the Board of Directors
of the Central Coventry Fire District
Plaintiff

vs.

Central Coventry Fire District
Defendant

K.B. No. 12-1150

794651

SUPERIOR COURT
FILED
HENRY S. KING JR., CLERK

2013 FEB 19 P 2:25

ORDER

This matter having come before the Court on February 14 and 15, 2013, on the Special Master's Emergency Petition to Authorize Liquidation, and upon consideration thereof and after two days of hearings thereon, and after considering the arguments of the Special Master, counsel involved in this matter, chiefs of the other fire districts located in the Town of Coventry (the "Town"), Gary Cote, President of the Coventry Town Council, Chief Baynes of the Central Coventry Fire District ("CCFD" or the "District"), David Gorman, representative of the CCFD firefighters' union, and concerned residents living within CCFD, the Court makes the following findings:

a. That the Special Master prepared and presented a fiscal year 2012-2013 budget (the "Budget") to the registered voters of CCFD that constituted a balanced budget in accordance with applicable law and which included significant savings resulting from good faith negotiations between the Special Master and the CCFD firefighters' union;

b. That the Budget was rejected by a vote of 228 against, 204 in favor, on February 11, 2013;

c. That as a result of the rejection of the Budget by the registered voters of CCFD, the Special Master is not likely to have sufficient funds to continue the operations of CCFD and that the current cash on hand in the Special Mastership will permit only approximately three (3) weeks of operations, after which CCFD will need to cease operations;

d. That the public would be at risk if CCFD terminated operations within the next three (3) weeks;

e. That the amount of money available to CCFD for operations consisting of approximately three (3) weeks of expenses will not allow for an orderly liquidation that would provide for the health, safety and welfare of the residents within CCFD;

f. That the health, safety and welfare of the residents of the other fire districts within the Town would also be at risk if CCFD terminated operations within three (3) weeks as the

other fire districts would be required to cover fire and emergency medical services within CCFD and would not have automatic aid from CCFD available within their respective districts upon which they presently rely;

g. That neither the Town, the State of Rhode Island, nor any other entity has offered to fund the continuing operations of CCFD;

h. That the enabling legislation of CCFD, both in 1959 and the amendments thereto, does not provide for any procedure for the levying of taxes without a vote, nor the process and procedure if the fire district is insolvent or can no longer operate;

i. That the proper termination of operations and liquidation of CCFD will require an extended period, not less than 120 days, to complete;

j. That in order for the liquidation process to result in a system that can provide for the health, safety and welfare of CCFD and the Town as a whole, some time is required for the Town and the other fire districts to formulate and implement a plan;

k. That in order for the liquidation process to result in a system that can provide for the health, safety and welfare of CCFD and the Town as a whole, the General Assembly of the State of Rhode Island and/or the Executive Branch of the State of Rhode Island may be required to introduce and seek the passage of new legislation;

l. That there are a myriad of legal issues that need to be addressed, including the effect of a liquidation on any existing collective bargaining agreements, the benefits firefighters may receive from the "MERS" retirement system, and the ability to transfer buildings and equipment of CCFD that will in the future provide fire and emergency services within the Town;

m. That the CCFD Charter does not provide any mechanism for the removal of Directors, but it does compel compliance with ethics requirements;

n. That issues have been presented to the Court relating to the conduct of the vote on February 11, 2013, and possible improprieties of voters in connection therewith;

o. That the CCFD Charter does not prohibit another vote should the voters reject a proposed budget;

p. That in light of all of the foregoing, the need to preserve adequate fire and emergency services to provide for the health, safety and welfare of the residents of CCFD and the Town as a whole, constitutes an extraordinary circumstance requiring the Court to invoke its equity jurisdiction to fashion a remedy to preserve the status quo.

Accordingly, it is hereby

ORDERED, ADJUDGED AND DECREED:

1. That the taxpayers of CCFD shall pay the first, second and third quarter quarter installments as set forth on the tax invoices sent by the Special Master, at the rates previously approved by the District, as and when such installments come due, such funds to be held by the Special Master and used to pay the operating expenses of the Special Mastership or as hereafter ordered by the Court;

2. That any person or entity affected by the requirements of paragraph 1, above, may request a hearing thereon by notifying the Court of such request, whereupon the Court will schedule a hearing the week of February 25, 2013;

3. That the Special Master shall develop a closure and liquidation plan for CCFD (the "Closure Plan") and shall submit such Closure Plan to the Court for review within fourteen (14) days of the date of entry of this Order, said Closure Plan to be considered for approval by the Court after notice and hearing;

4. That, without passing judgment on the actions of the members of the CCFD Board of Directors, the Court recommends that the Directors resign their positions within one (1) week of the entry of this Order, and that, in the event said Directors fail or refuse to do so, this Court will exercise its equitable powers to schedule an evidentiary hearing the week of February 25, 2013, to determine whether or not one or more of said Directors should be removed for cause based upon evidence presented to the Court;

5. That the Special Master is authorized to schedule another meeting of registered voters of CCFD to present a revised, balanced budget based upon further concessions proposed by the CCFD firefighters' union, such meeting to be scheduled within or subsequent to thirty (30) days from the date of this Order, and further, that the Court shall schedule a hearing within fourteen (14) days of the date of this Order to review said revised budget and to authorize the process and procedure for the meeting of voters to approve said revised budget; and

6. That the Superior Court Clerk shall add as Exhibits to this Order the transcripts from the Court's hearings on February 14 and 15, 2013 on this matter, as and when said transcripts become available.

ENTER:

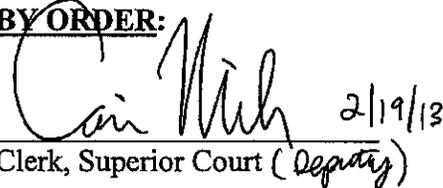


Associate Justice

Associate Justice

Dated: 2/19/13

BY ORDER:



Clerk, Superior Court (Deputy)