

## SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement (the or this “Agreement”) is made as of the “Contract Date” as defined in Section 1 below, by and between **Robert G. Flanders, Jr.** (the “Receiver”) **in his capacity as receiver of the City of Central Falls, Rhode Island** (the “City”); the State of Rhode Island (the “State”) Department of Revenue (“DOR”) (as to Sections 3, 4, 7, 16, 18, 19 and 20 only); **the Central Falls Police Retirees Association, Inc.**, a Rhode Island non-profit corporation having a mailing address of c/o Michael Long, Esq., 640 Washington Highway, Lincoln, RI 02865 (the “CFPRA”); **the Central Falls Firefighter Retirees Association** having a mailing address of c/o Donald Cardin, 141 Shawmut Ave Central Falls R.I. 02863 (the “CFFRA”); and **each and every one of the undersigned individuals who are either Central Falls police or firefighter retirees, or the surviving spouse or beneficiary of such a retiree under R.I. Gen. Laws § 45-21.3-1** (such surviving spouses and other statutory beneficiaries under R.I. Gen. Laws § 45-21.3-1 being, collectively, the “Beneficiaries” or a “Beneficiary” hereunder), **under one or more pension plans established for such retirees** (collectively, the “Participating Retirees” and individually, a “Participating Retiree”). The CFPRA and the CFFRA may be referred to collectively in this Agreement as the “Retiree Groups.”

WHEREAS, Robert G. Flanders, Jr. is the State-Appointed Receiver of the City;

WHEREAS, the Participating Retirees are retired employees of the City and former members of (i) the Central Falls Police Department, Fraternal Order of Police, Central Falls Lodge No. 2 (the “Police Union”), or (ii) the International Association of Fire Fighters, Local 1485, AFL-CIO (the “Firefighters Union”), or are Beneficiaries, as the case may be;

WHEREAS, each Participating Retiree participated in either the so-called 1% Plan (the “1% Plan”) or the so-called John Hancock Pension Plan (which plan coupled with the 1% Plan may be referred to jointly in this Agreement as the “Pension Plans”), which were separate pension plans not administered by the State;

WHEREAS, on August 1, 2011, the Receiver filed a petition for relief under Chapter 9 of Title 11 of the United States Code in the name of the City with the United States Bankruptcy Court for the District of Rhode Island (the “Bankruptcy Court”);

WHEREAS, on August 1, 2011, the City filed with the Bankruptcy Court a Statement of Qualifications Under Section 109(c) of the Bankruptcy Code, with accompanying affidavits and exhibits setting forth the factual contentions to establish the City’s alleged “eligibility” under Section 109(c) to be a debtor under Chapter 9 of Title 11;

WHEREAS, on August 1, 2011, the City filed with the Bankruptcy Court a motion to reject three (3) collective bargaining agreements (the “Rejection Motion”),

including those respective collective bargaining agreements with the Police Union and with the Firefighters Union that were in existence on the Chapter 9 petition date;

WHEREAS, during the Chapter 9 case, the Pension Plans have been restructured and redesigned to form a single “Central Falls Pension Plan” providing for substantially-reduced benefits for retirees thereunder;

WHEREAS, effective on August 1, 2011, the City reduced the benefits that most of the City’s police and firefighter retirees were receiving under the Pension Plans;

WHEREAS, the Participating Retirees have various disputes with the City and, through their counsel, have objected to the City’s “eligibility” to have filed a petition for relief under Chapter 9, and to the City’s Rejection Motion;

WHEREAS, as part of the compromise and resolution of such disputes, there may be supplemental payments made available to Participating Retirees as the result of a potential one-time lump sum appropriation of State funds from the Rhode Island General Assembly (“Appropriation Payment(s)”);

WHEREAS, in addition to the Appropriation Payments, there may also be other potential supplemental payments, including as the result of potential impact fees from the Central Falls Detention Center Corporation that may be paid to the City during the “Term” (as defined herein) of this Agreement and other amounts as provided herein, (collectively referred to herein as the “Wyatt Payments”);

WHEREAS, certain City police retirees, firefighter retirees and/or their surviving spouses and/or their other statutory beneficiaries under R.I. Gen. Laws § 45-21.3-1, who are listed on the attached Schedule of Non-Participating Retirees, have chosen not to agree to, to participate in, or to be a signatory to this Agreement (collectively, the “Non-Participating Retirees”). Following the Contract Date, defined in Section 1 below, and until the date that the Bankruptcy Court enters an order regarding a motion filed by City to approve this Agreement, a Non-Participating Retiree who desires to become a party to this Agreement may become a Participating Retiree by executing two (2) copies of this Agreement and returning one (1) signed counterpart to attorney Matthew McGowan, counsel to the represented retirees, whose address is Salter, McGowan, Sylvia & Leonard, Inc., 321 South Main Street, Providence, Rhode Island, 02903; and one (1) signed copy to attorney Theodore Orson, counsel to the Receiver and DOR, whose address is Orson and Brusini, Ltd., 144 Wayland Avenue, Providence, Rhode Island 02906. An existing Participating Retiree shall be deemed to have provided his or her consent to such a newly added Participating Retiree becoming a signatory to this Agreement (and thereby to corresponding adjustments to “Assigned Percentages,” as defined herein, and to such required adjustments to other amounts set forth herein and in APPENDIX B hereto), provided that the payments and benefits to such a newly added Participating Retiree are consistent with and are not proportionately greater than those provided to all existing Participating Retirees. Subject to these provisions, a newly added Participating Retiree shall thereupon be deemed a “Participating Retiree” for all purposes

hereunder. Further, it is understood and agreed that from time to time such percentages set forth in APPENDIX B in the column entitled "Assigned Percentages" shall be recalculated to account for the deaths of Participating Retirees, if any, or if a Participating Retiree's pension benefits is revoked in the manner and subject to the provisions set forth in this Agreement.

**NOW THEREFORE**, for good and valuable consideration, including the representations and the mutual agreements, promises and undertakings set forth in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the Receiver, City, DOR (as to Sections 3, 4, 7, 16, 18, 19 and 20 only), the Participating Retirees and the Retiree Groups hereby agree as follows:

1. **Contract Date.** This Agreement shall be enforceable against the parties immediately upon their execution thereof. However, if this Agreement is not executed by at least 75 Participating Retirees, inclusive of non-represented retirees, within twenty (20) days of the time it is executed by the Receiver and DOR, then the Receiver reserves the right to declare that this Agreement is null and void and of no force or effect. The date that the Receiver, DOR, and the requisite number of Participating Retirees have executed this Agreement shall be deemed the "Contract Date."

2. **Retiree Benefits.** Except as otherwise specifically provided in this Agreement to the contrary, during the period commencing on the Contract Date and terminating on July 1, 2016 (the "Term"), any and all pension benefits and supplemental payments to Participating Retirees arising from, connected with, or related to his, her or their employment by or association with the City shall be solely and exclusively as provided for and set forth in this Agreement, including in APPENDIX A (Restructured Base Pension Benefits) and APPENDIX B (Impact of Supplemental Payments) and APPENDIX C (Impact of Cost of Living Adjustment Increase on Base Pension- 2% CPI Scenario) annexed to and made a part of this Agreement. Non-Participating Retirees who become newly added Participating Retirees shall be provided for as set forth in Appendices D-A, D-B, and D-C during the Term.

It is specifically understood and agreed that the supplemental payments to Participating Retirees and newly added Participating Retirees set forth in this Agreement, including in APPENDIX B and APPENDIX D-B, are only for the Term of this Agreement.

After the expiration of the Term, Participating Retirees and Non-Participating Retirees shall receive the restructured base pension benefits set forth in APPENDIX A and APPENDIX C and APPENDIX D-A and APPENDIX D-C, respectively, and such further or additional benefits, if any, that may be provided under state law as set forth in paragraph 16 a-d of this Agreement, or that the City, the State, and others may agree to provide at that point. All prior collective bargaining agreements with Participating Retirees, or subsets of Participating Retirees, shall be deemed rejected upon the Contract Date.

Except as otherwise specifically provided in this Agreement to the contrary, at all times during the Term, any and all pension benefits to Non-Participating Retirees arising from, connected with, or related to employment by or association with the City shall be solely and exclusively calculated for the restructured single Central Falls Pension Plan identified above and exhibited for illustrative purposes only in APPENDIX C (impact of annual cost of living adjustment (“COLA,” as defined herein)) on base pension benefits assuming 2% scenario), annexed to and made a part of this Agreement.

APPENDIX D-A, D-B and D-C annexed hereto contains the treatment of non-represented retirees who shall be provided with the opportunity to become Participating Retirees. APPENDIX D-A corresponds with the table in APPENDIX A; APPENDIX D-B corresponds with the table in APPENDIX B; and APPENDIX D-C corresponds with the table in APPENDIX C.

The existing, post-bankruptcy health care benefits being provided to the Participating Retirees shall continue to be provided to them during the Term and thereafter, and a Participating Retiree, who has opted out of such a plan, either prior to or after the Contract Date, shall retain the right to opt back into such a plan during the Term or thereafter.

2.1. Effective on July 1 of each fiscal year, subject to modification in the event the Central Falls Pension Plan is transitioned into MERS, the Participating Retirees shall be entitled to an annual cost of living benefit adjustment in an amount equal to the percentage increase, if any, in the Consumer Price Index for that year but not to exceed two percent (2%) in any given year (a or the “COLA”). The COLA shall be simple and non-compounding based upon the base retirement benefit for each Participating Retiree. To calculate the cost of living increase, the base retirement pension allowance shall be multiplied by the percentage of increase in Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor Statistics determined as of March 31 of that calendar year, or two percent (2%), whichever is less. Notwithstanding anything set forth in this Agreement to the contrary, the COLA for each Participating Retiree during the Term shall be solely and exclusively as set forth in the columns entitled “COLA” in APPENDIX C provided the applicable CPI-U is two percent (2%) or greater.

2.2. The City shall provide spousal benefits to Participating Retirees consistent with R.I. Gen. Laws § 45-21.3-1 as such statute existed on July 31, 2011, in that a spousal benefit will, in fact, be paid to the surviving spouse of a deceased Participating Retiree identified in APPENDIX A, who was married to such a retiree during his or her lifetime, or until he or she remarries, at the rate of Sixty Seven and 50/100 Percent (67.5%) of what was being paid to the deceased Participating Retiree at the time of his or her death, and if there is no surviving spouse or if the surviving spouse remarries, then the same amount shall be paid to the dependent children of such a deceased retiree until they attain age 18.

**3. Certain Retiree Rights Retained.** Nothing set forth in this Agreement shall restrict any Participating Retiree or his or her representatives from contacting, lobbying or otherwise communicating with any members of the Rhode Island General Assembly, their staff, any other government officer or official, or any other person or entity to urge and request additional appropriations or other benefits and assistance (including, without limitation, those related to health insurance costs, deductibles and co-pays) from the State to supplement his or her pension benefits, or those collectively of retired Central Falls police officers and firefighters, or otherwise at any time, including during or after the Term.

**4. State Appropriation.**

The term “Appropriation Legislation” as used in this Agreement shall mean the legislation described below under which the State appropriates between \$2,000,000 and \$2,636,932 to fund the payments identified in APPENDIX B under the column entitled “Step 2: Determine Additional Funds to Supplement Current Annual Pension;” provided however, in the event that the State appropriates an amount less than \$2,000,000, and the Participating Retirees do not exercise their right under Section 18 to opt out of the Agreement, then the legislation with the appropriation in an amount less than \$2,000,000 will be “Appropriation Legislation.”

Upon her and the Receiver’s execution of this Agreement, the Director of the DOR (including any successor to her, the “Director”) agrees that she shall advocate for and shall recommend to the Rhode Island General Assembly and the Governor of the State that the State enact legislation providing for an immediate single, one-time lump-sum appropriation of not less than \$2,636,932 by the State to the City to pay the portion of the Supplemental Payments of the Participating Retirees identified in the column of APPENDIX B entitled “Step 2 – Determine Additional Funds to Supplement Current Annual Pension,” the same being the earlier-defined “Appropriation Payments,” and that the appropriation from such Appropriation Legislation be fully funded within thirty (30) days of enactment into law.

If the amount appropriated by the State under the Appropriation Legislation is less than \$2,636,932, then, subject to Sections 15 and 18 below, the Director shall modify APPENDIX B to correspondingly adjust the percentage under the column “New Percentage Reduction from Original Pension”, which column total shall equal the amount appropriated. There shall be a further corresponding adjustment to APPENDIX B and such column if an election is made under the provisions of Section 12 hereof.

The Director agrees that promptly after the Contract Date, she and a group of no more than four (4) designated individuals on behalf of the Participating Retirees shall work cooperatively to make arrangements to meet with appropriate high-ranking members of the General Assembly and of the Office of the Governor to jointly demonstrate her and such group’s support and advocacy for (i) the enactment of the Appropriation Legislation and prompt funding of an Appropriation Payment in the amount of \$2,636,932, and (ii) for the enactment of the so-called MERS-transition

legislation having such Central Falls-specific exemptions and related legislation as is set out in Section 7 hereof.

**NOTWITHSTANDING ANYTHING SET FORTH HEREIN TO THE CONTRARY, IF THE APPROPRIATION MADE BY THE STATE IS IN AN AMOUNT EQUAL TO OR GREATER THAN TWO MILLION DOLLARS (\$2,000,000) AND SUCH APPROPRIATION IS FUNDED, THIS AGREEMENT, AND ALL RELEASES, WAIVERS AND ALL OTHER TERMS CONTAINED THEREIN, SHALL IMMEDIATELY BECOME IN FULL FORCE AND EFFECT.**

4.1. The Appropriation Legislation shall provide that the proceeds of the above-referenced one-time lump sum payment be immediately deposited by the City into a restricted federally backed or federally insured interest-bearing account under the name of the City and denominated the "Participating Retirees' Restricted 5-Year Account." Within thirty (30) days after receipt of the appropriation from the State, for fiscal year ending 2012, the City (jointly with either the Receiver or an administrative and finance officer appointed by the Director for the City) shall withdraw from the Participating Retirees' Restricted 5-Year Account exactly the funds needed to and shall thereupon promptly pay and distribute to Participating Retirees the so-called "Appropriation Payments" set forth on APPENDIX B. Thereafter, during the months of July in fiscal years ending 2013, 2014, 2015, and 2016, the City (jointly with either the Receiver or an administrative and finance officer appointed by the Director for the City) shall withdraw from the Participating Retirees' Restricted 5-Year Account exactly the funds needed to and shall thereupon promptly pay and distribute to Participating Retirees the so-called "Appropriation Payments" set forth on APPENDIX B.

Any and all withdrawals, transfers and payments from the Participating Retirees' Restricted 5-Year Account shall require the signature of two (2) persons, one of whom shall be either the Receiver or an administrative and finance officer of the City after the Receiver's duties are completed. Within thirty (30) days of the end of fiscal year ending 2016, the City shall withdraw the balance of the funds in the Participating Retirees' Restricted 5-Year Account (*i.e.* the accumulated interest and any remaining sums) and shall pay and distribute those funds to each Participating Retiree based on the percentage assigned to each Participating Retiree in APPENDIX B under the column entitled "Assigned Percentage," (such Assigned Percentage being the percentage portion that each individual Participating Retiree's "Step 3" amount is to the total of all Step 3 amounts for all Participating Retirees) including as the same may be adjusted for any Participating Retiree added or deleted after the Contract Date. After all of the funds in the Participating Retirees' Restricted 5-Year Account have been appropriately distributed, the City shall promptly close the Participating Retirees' Restricted 5-Year Account. The Appropriation Legislation shall provide that the Appropriation Payments shall be used solely for the purposes and subject to the restrictions set forth in this Agreement and in the Plan, and shall provide for and impose personal liability (among other penalties) on the part of any person who utilizes the funds in the Participating Retirees' Restricted 5-Year Account for any purpose other than as set forth in this Agreement and the Plan.

4.2. The Appropriation Legislation and/or a City ordinance shall further provide that the Participating Retirees' Restricted 5-Year Account shall remain under the control of the City jointly with either the Receiver or an administrative and finance officer appointed by the Director for the City, and that it shall be segregated from and shall not be controlled or managed by any third party managing the single Central Falls Pension Plan, whether administered by the City or if transitioned into the state-administered Municipal Employee Retirement System ("MERS"). Further, the Appropriation Payments shall be paid to Participating Retirees jointly by the City and the Receiver or an administrative and finance officer appointed by the Director for the City, and not by any third-party pension fund manager. Such Appropriation Payments shall cease after the distribution at the end of fiscal year ending 2016 as provided for in Section 4.1 has been completed.

The Appropriation Payments shall not be included in the calculation of the base pension benefits of Participating Retirees for purposes of determining a Participating Retiree's COLA. However, a spouse or statutory beneficiary under R.I. Gen. Laws § 45-21.3-1 shall be entitled to 67.5% of a deceased Participating Retiree's Appropriation Payment.

4.3 The City, as overseen by the Receiver or an administrative and finance officer, as the case may be, shall maintain appropriate account information and records relating to all receipts into, maintenance of, and distributions from the Participating Retirees' Restricted 5-Year Account, and shall allow at all reasonable times for the full inspection of and copying and sharing of information about such account and any and all Appropriation Payments by and with any Participating Retiree.

4.4 Any money distributed to a Participating Retiree from the Participating Retirees' Restricted 5-Year Account and not claimed by a Participating Retiree after the City has exercised good faith attempts over a six (6) month period to deliver it to the best last known address of such Participating Retiree shall not escheat under state law, but shall be deposited in the "Participating Retirees Wyatt Payments Account" as defined in Section 5.2, which shall thereafter be distributed based on the Assigned Percentage to the remaining Participating Retirees at the time of the next distribution in accordance with the assigned percentage set forth on APPENDIX B.

**5. Additional Contingent Payments.** The parties to this Agreement acknowledge that the City is presently receiving no impact fees from the Central Falls Detention Facility Corporation (including any successor entity to it; hereinafter "Wyatt") but that the Receiver and City have been and will continue to seek impact fees from Wyatt. The Participating Retirees acknowledge that the City may not receive any impact fees from Wyatt during the Term and that the City has made no representations that the City will receive any such payments from Wyatt during the Term. The Receiver and the City agree, however, that they shall exercise their best good faith efforts, diligently but reasonably carried out, to obtain as the maximum impact fees as may be reasonable, prudent and practicable from Wyatt. This Agreement provides for the conditions under

which impact fees that are received from Wyatt may be distributed to Participating Retirees and, if so, in what amounts. Impact fees obtained by the Receiver and/or City from Wyatt shall be distributed to Participating Retirees as follows:

a. If the amount of the Appropriation Payment is \$2,636,932, then the Participating Retirees shall not be entitled to receive any distribution from any impact fees from Wyatt;

b. If the Appropriation Payment is less than \$2,636,932, then the Participating Retirees shall be entitled to receive the following amounts of impact fees from Wyatt:

(i) in the event that impact fees paid by Wyatt to the Receiver and/or City in a fiscal year are equal to or less than \$200,000, the full amount of the impact fees shall be exclusively allocated to, paid to, and retained by the City;

(ii) in the event that impact fees paid by Wyatt to the Receiver and/or City in a fiscal year are greater than \$200,000 but equal to or less than \$350,000, then the first \$200,000 paid by Wyatt to the Receiver and/or City during that fiscal year shall be exclusively allocated to, paid to, and retained by the City; and, subject to Section 5(c) below, the balance, up to \$150,000, shall be exclusively allocated to and paid by the City to the Participating Retirees and shall be that fiscal year's "Participating Retirees' Wyatt Allocation"; and

(iii) in the event that impact fees paid by Wyatt to the Receiver and/or City in a fiscal year are greater than \$350,000, then the first \$200,000 paid by Wyatt to the Receiver and/or City during that fiscal year shall be exclusively allocated to, paid to, and retained by the City; subject to Section 5(c) below, the next \$150,000, shall be exclusively allocated to and paid by the City to the Participating Retirees and shall be that year's "Participating Retirees' Wyatt Allocation;" and the balance of such impact fees shall be exclusively allocated to, paid to, and retained by the City.

For illustrative purposes:

(i) If the Receiver and/or City receives a total of \$175,000 in Wyatt impact fees in a particular fiscal year during the Term, the entire \$175,000 shall be allocated to and retained by the City, and there would be no Participating Retirees' Wyatt Allocation during that particular fiscal year.

(ii) If the Receiver and/or City receives a total of \$300,000 in Wyatt impact fees in a particular fiscal year during the Term, the first \$200,000 would be allocated to and retained by the City, and, subject to Section 5(c) below, the next \$100,000 would be allocated to the Participating Retirees and that amount would become the Participating Retirees' Wyatt Allocation during that particular fiscal year.

(iii) If the Receiver and/or City receives a total of \$525,000 in Wyatt impact fees in a particular fiscal year during the Term, the first \$200,000 would be allocated to and retained by the City and, subject to Section 5(c) below, the next \$150,000 would be allocated to the Participating Retirees and that amount would become the Participating Retirees' Wyatt Allocation during that particular fiscal year, and the balance of \$175,000 would be allocated to and retained by the City.

c. Notwithstanding anything herein to the contrary, to the extent that the amount appropriated in the Appropriation Legislation is less than \$2,636,932, the Participating Retirees' shall receive a Wyatt Allocation for each fiscal year so long as the combined total of the Wyatt Allocation plus the amount appropriated in the Appropriation Legislation does not exceed \$2,636,932. So, for example, if \$2,400,000 is appropriated in the Appropriation Legislation, and the Participating Retirees Wyatt Allocation for a particular fiscal year would otherwise be \$150,000, then the Participating Retirees Wyatt Allocation for that fiscal year would be \$150,000; however, if the Participating Retirees Wyatt Allocation for the next fiscal year would be \$150,000, the amount allocated for that year would be \$86,932. For all subsequent years there would be no Wyatt Allocation.

d. The Receiver and City further agree that they shall provide to Participating Retirees or their representatives all public and non-attorney-client privileged information (accompanied by confidentiality and non-disclosure protections, as appropriate) regarding his and its efforts to seek impact fees from Wyatt.

5.1. All Participating Retirees' Wyatt Allocations shall be deposited into a restricted federally backed or federally insured interest-bearing account in the name of the City and entitled the "Participating Retirees Wyatt Payments Account." Any and all withdrawals, transfers and distributions from the Participating Retirees' Wyatt Payments Account shall require the signature of two (2) persons, one of whom shall be either the Receiver or an administrative and finance officer of the City after the Receiver's duties are completed. The City and the Receiver or such an administrative and finance officer, within thirty (30) days after the end of each fiscal year during the Term, shall withdraw all of the funds from such account, except for any account minimum required by the depository institution, and shall thereupon promptly distribute those funds to the Participating Retirees in accordance with the percentages set forth in APPENDIX B in the column named "Assigned Percentage." From time to time, such percentages set forth in APPENDIX B in the column entitled "Assigned Percentage" shall be recalculated to account for the deaths of Participating Retirees, or the 67.5% of restructured base pension benefits due to their Beneficiaries, if any, or if a Participating Retiree's pension benefits are revoked. The City and the Receiver or such an administrative and finance officer shall close the Participating Retirees' Wyatt Payments Account promptly after the final distribution, if any, is made after the end of the fiscal year ending 2016.

5.2. The Receiver and City shall enact an ordinance, providing that no person shall utilize the funds in the Participating Retirees' Wyatt Payments Account and established for the benefit of Participating Retirees, for any purpose other than as set forth in this Agreement, and imposing personal liability (among other penalties) upon any such person who uses any such funds for any other or unauthorized or improper purpose.

5.3 Any money distributed to a Participating Retiree from the Participating Retirees' Wyatt Payments Account and not claimed by a Participating Retiree after the City has exercised good faith attempts over a six (6) month period to deliver it to the best last known address of such Participating Retiree shall not escheat under state law, but shall be deposited in the "Participating Retirees Wyatt Payments Account," which shall thereafter be distributed based on the Assigned Percentage to the remaining Participating Retirees at the time of the next distribution in accordance with the assigned percentage set forth on APPENDIX B.

**6. Disability Retirements.** Except as provided in Section 6.1 hereof: (a) there shall be no reduction in the benefit to any Participating Retiree upon his or her attaining the age of 65 or any other age that may now or in the past have been considered a "retirement age" or "normal retirement age;" even if the overall amount paid to a Participating Retiree under the provisions of this Agreement turns out to be greater than such a Participating Retiree would otherwise have been entitled to receive, (b) there shall be no income offset implemented by the Receiver or the City which would reduce the benefits payable to Participating Retirees hereunder (including, without limitation, those Participating Retirees receiving disability or accidental disability pension benefits) who engage in gainful employment, or have received, or in the future shall receive, income or money from any other source; and (c) neither the Receiver nor the City shall implement or seek to implement a new standard for certifying or re-certifying whether any Participating Retiree who has been awarded a disability pension or other disability pension benefits remains disabled, with the operative standard for determining disability for a Participating Retiree having been and remaining that which is set forth in the operative collective bargaining agreements affecting Participating Retirees, namely, that the Participating Retiree was at the time in question unfit to perform active duties as a police officer or fire fighter. Nothing set forth herein, however, shall prevent the City from taking any such actions or entering into any such agreements with its active and future employees.

6.1. Notwithstanding anything set forth in this Agreement to the contrary, the Receiver and/or the City may seek to revoke a disability pension and to seek the recovery of all amounts paid to a Participating Retiree in the event that a Rhode Island court (or an appropriate governing agency or body) with subject matter jurisdiction enters a final order (or, as to an appropriate governing agency or body, there is a final decree or determination) that is not then stayed, or appealed or subject to an appeal, determining that the disability pension of such Participating Retiree was awarded as the result of fraud or misrepresentation. Any funds that the City may ultimately recover from any such Participating Retiree whose disability pension is so revoked (net of any reasonable attorney's fees, costs and expenses incurred by the Receiver or the City as a result

thereof) shall be deposited into the Participating Retirees' Wyatt Payments Account and distributed to the remaining Participating Retirees in the manner set forth in Section 5.1. All pension benefit amounts of any nature that are no longer payable to such a retiree whose disability pension has been so revoked shall similarly be deposited into the Participating Retirees' Wyatt Payments Account to be distributed to the remaining Participating Retirees as "Wyatt Payments" in the manner set forth in Section 5.1. Nothing in this Section or otherwise in this Agreement shall be deemed to be a waiver of any right of any Participating Retiree to contest or defend against any attempt by the Receiver or City to revoke the disability pension of any Participating Retiree, or to seek a stay of any order or determination, or to appeal therefrom, and all such rights and defenses of such Participating Retirees are hereby fully and expressly reserved.

**7. Transition to MERS.** The Director agrees that after the Contract Date, she and a group of no more than four (4) designated individuals on behalf of the Participating Retirees shall work cooperatively to make arrangements to advocate and recommend legislation (in the same manner as required and specified in Section 4 hereof) that would provide for the transition of the Central Falls Pension Plan into the state-administered Municipal Employees Retirement System ("MERS"), a retirement system governed by the Rhode Island General Laws, and shall further advocate for and recommend that, in view of the substantial reductions to the pension benefits imposed upon Participating Retirees and their release and relinquishment of various claims as set forth herein, said legislation exempt Participating Retirees from any state law or regulations governing MERS that might otherwise result in a reduction of pension benefits to any Participating Retiree due to the fact that such a Participating Retiree (i) is receiving a disability pension, or (ii) is receiving money or other sources of income, including income from the State of Rhode Island. If the Director's support and advocacy for such Central Falls-specific exemptions is not successful, she agrees that she shall recommend, support and advocate for provisions that would provide for the transfer of City-earned service and related credits into an affected Participating Retiree's state pension calculation.

However, in the event that the Participating Retirees in the Central Falls Pension Plan are transitioned into MERS, but the special or state-wide legislation implementing that transition does not exempt or fully exempt Participating Retirees in the manner set forth above, then notwithstanding anything set forth in this Agreement to the contrary, any and all payments to Participating Retirees under MERS shall conform to governing State law and any applicable regulations even if such compliance results in reduced or otherwise less generous pension benefits to Participating Retirees.

The Director understands that the Participating Retirees do not wish for any such legislation to become law if it fails to contain the exemptions and like provisions set forth herein.

The Director agrees that she shall provide public and non-privileged information to the Participating Retirees and their counsel about any such proposed legislation provided for in this section.

8. **Assignment.** Immediately upon satisfaction of the conditions set forth in Section 15(i) through (iv), and subject to the provisions hereof, the Receiver and the City shall assign to the trustee of a litigation trust to be established by and for Participating Retirees (or to such other person or entity as the Participating Retirees may designate upon a vote taken by them and tallied in the manner set out in Section 18 hereof) all of his and its rights, title, and interests in and to any and all claims of any nature that he and/or the City has, or may have against John Hancock Insurance Company and/or any of its subsidiaries or affiliates (collectively, "John Hancock"), including any such claims relating to any actions, inactions, malfeasance, negligence, or breach of contract or fiduciary or other duties by John Hancock with respect to any pension plan(s) that exist or existed to pay or administer pension benefits to any past or present police and/or firefighter retirees of the City. Provided, however, that the Receiver and the City make no representation or warranty that any such claims exist. The parties to this Agreement acknowledge that the Receiver and the City are making this assignment with no representations or warranties of any kind whatsoever as to the existence or viability of any such claims, with the sole exception that the Receiver has represented to the Participating Retirees that from the records he and/or his staff have reviewed, he has not discovered a basis for an action or claim to be asserted against John Hancock.

9. **Payments to Creditors.** Within thirty (30) days after the Contract Date, the City shall provide to the Participating Retirees records demonstrating all payments made by the City to creditors within ninety (90) days prior to August 1, 2011. Nothing set forth herein, however, shall affect the waiver of avoidance, preference or other claims by the Participating Retirees in Section 15 below.

10. **Continuing Spousal Health Insurance Coverage.** Upon the written request of any Participating Retiree, the City will attempt to obtain quotes regarding the cost of a rider, to be paid for solely by the Participating Retiree, under which upon the death of that Participating Retiree, his or her spouse or other beneficiary would continue to be covered under the City's health insurance plan until the spouse or beneficiary reaches age sixty-five (65).

11. **Disability Manifested During Term.** If over the Term, a Participating Retiree, as a former police officer or firefighter, becomes wholly or partially incapacitated by reason of injuries received or sickness contracted in the performance of his/her duties as a City police officer or firefighter, then upon evidence of the same being presented to the City and sufficiently established, such Participating Retiree's pension and associated benefits hereunder shall be converted into a disability pension benefit(s). In connection with this, any Participating Retiree who is a former firefighter shall be entitled to all those presumptions and determinations as are set forth in R.I. Gen. Laws §45-19.1-1 through § 45-19.1-3. Such a conversion to a disability pension shall not result in any reduction in overall pension benefits to any such affected Participating Retiree. The City shall provide such other injured-on-duty benefits to Participating Retirees as provided under applicable law, including, but not limited to those provided for in R.I. Gen. Laws § 45-19-1, and any associated presumption arising under R.I. Gen. Laws § 45-19.1-1 *et seq.*, and such claims or benefits as may exist or arise under promissory

estoppel or other legal theories -- all subject to and as and to the extent provided for under applicable decisional and other law.

**12. Establishment of Medical Trust Fund for Medical Expenses or Benefits.**

On or prior to the Contract Date, the Participating Retirees may elect that \$100,000, or such other amount, from the Appropriation Payment be allocated by the City on an annual basis to a Medical Trust Fund to be used to defer the medical costs to the Participating Retirees, such as costs of health insurance co-pays, Medicare penalties and extraordinary medical obligations that arise during the Term and that are not covered and paid for by the City or under the health insurance policy for such Participating Retiree. The Medical Trust Fund and any payments distributed therefrom will be administered solely and exclusively by individual(s) or entity(ies) to be determined by the Participating Retirees and the City will have no obligation hereunder apart from depositing \$100,000 or such other amount from the Appropriation Payment into the Medical Trust Fund at the same time the Appropriation Payments are distributed to the Participating Retirees as set forth in paragraph 4.1 above. An election must be made on or prior to the Contract Date in writing to Theodore Orson, counsel to the Receiver and DOR, whose address is Orson and Brusini Ltd., 144 Wayland Avenue, Providence, Rhode Island 02906

**13. Plan of Debt Adjustment.** The City shall amend its plan of debt adjustment filed with the Bankruptcy Court (as so amended, the “Plan”) to incorporate by reference, and, where required, to implement, the terms of this Agreement, and nothing in the Plan, or in the Confirmation Order shall be inconsistent with the terms and provisions of this Agreement. In addition, the City shall include the following provisions in the Plan:

a. The Bankruptcy Court shall retain continuing jurisdiction to interpret, apply, and enforce the terms and provisions of and the obligations arising under this Agreement; and

b. The Participating Retirees, the City, the Receiver, and DOR shall have standing post-confirmation to seek performance of the terms of the confirmed Plan and this Agreement.

Provided that the Appropriations Payment equals or exceeds \$2,000,000, each Participating Retiree hereby irrevocably agrees to vote in favor of the Plan provided it incorporates, implements, and has terms consistent with this Agreement.

**14. Waiver of Claims in Bankruptcy Proceeding.** Each Participating Retiree and each of the Retiree Groups, upon his, her and its execution of this Agreement, hereby authorizes and directs counsel to the Participating Retirees and Retiree Groups to withdraw, with prejudice, any and all objections to: (i) the City’s Rejection Motion; and (ii) to the City’s “eligibility” to be a debtor under Chapter 9 of Title 11.

**15. Release of Other Claims in Bankruptcy Proceeding.** Upon the latest to occur of: (i) the approval by the Bankruptcy Court of the Receiver’s motion for approval of compromise, seeking approval for this Agreement, (ii) the Appropriation Legislation

becoming law, (iii) the appropriations thereunder being fully and appropriately funded, and, (iv) if applicable, the failure of the Participating Retirees to properly and timely trigger the “Opt-Out Provisions” of Section 18 of this Agreement, each Participating Retiree shall be deemed to have irrevocably released any claims for or arising out of or related to, and not to challenge, support, or finance, or join in any challenge to, R.I. Gen. Laws § 45-12-1, sometimes referred to as the Statutory Lien Statute or the Municipal Indebtedness Statute (the “Lien Statute”), either in the Bankruptcy Court or in any other state or federal forum. Notwithstanding anything set forth herein to the contrary, including the City’s agreement to provide information to the Participating Retirees under Section 9 above, immediately upon the satisfaction of the conditions set forth in (i)-(iv) above, each Participating Retiree hereby irrevocably also waives the right to seek the avoidance of any non-Lien Statute related preference or other non-Lien Statute related voidable transfer that the City decides not to pursue.

Upon the conditions set forth in (i)-(iv) above being satisfied, each Participating Retiree shall also be deemed to have irrevocably waived the right to participate in distribution from the fund established under the Plan for payment of administrative, priority, or general unsecured creditors, except to the extent that any Participating Retiree has filed a timely proof of claim for unused sick time or vacation pay, or other non-pension claims. All claims of Participating Retirees for unused sick time and/or vacation pay, and for other non-pension claims to the extent ultimately allowed under Bankruptcy Code section 502, shall be paid as priority claims or general unsecured claims, as the case may be, in the manner provided for under the Bankruptcy Code and other applicable law, and no waiver or release of claims hereunder shall be deemed to have affected any such priority or general unsecured claims for sick time or vacation pay, or for other non-pension claims.

**16. Release.** Immediately upon the conditions set out in Section 15(i)-(iv) being satisfied, then for and in consideration of the agreements, promises, representations and undertakings set forth herein, and as a material inducement for the Receiver, City and DOR to enter into this Agreement, the Participating Retirees and the Retiree Groups, individually and collectively, for themselves and for their respective heirs, administrators, successors, assigns, executors, representatives, directors, and officers, jointly and severally, (collectively, the “Releasing Parties”), and except as otherwise expressly set forth in this Agreement to the contrary, shall be deemed to have irrevocably and unconditionally released, remised, acquitted, and forever discharged the City, the Receiver, the State, and DOR and each of their respective current and former, officers, agents, employees, attorneys, affiliates, departments, divisions, bureaus, boards, agencies, and bodies, and all persons or entities acting by, through, under, or in concert with any of the foregoing, jointly and severally, (collectively, the “Released Parties”), of and from any and all claims (including, without limitation, claims for misconduct, intentional misconduct, negligence, and gross negligence), actions, causes of action, charges, complaints, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, covenants, contracts, controversies, agreements, attorneys’ liens, rights to attorneys’ fees, promises, liabilities, damages, expenses, demands, rights, costs, losses of service, and/or compensation whatsoever, whether now known or unknown, now existing or which may

result hereafter from the existing state of things, which said Releasing Parties now have or ever had against the Released Parties from the beginning of the universe to the Contract Date, whether in law, in equity, or otherwise, including any and all claims in tort, contract, or otherwise, arising in any manner from or related in any way to any facts or circumstances pertaining to the relationship among the parties hereto. In particular, and without limitation of the foregoing, the Released Parties are specifically released from any and all claims, liabilities, and damages of any kind as further described above which the Releasing Parties ever had, now have, or may have in the future on account of, related to, or arising from conduct of the Released Parties occurring on or prior to the Contract Date, and/or any claims, liabilities, or damages as further described above brought in connection therewith, or which could have been brought in connection therewith, or otherwise related thereto. In addition, and subject to the provisions of Section 2 hereof, all prior collective bargaining agreements between the City and the Participating Retirees, or any subset of them, shall be deemed rejected and the Participating Retirees waive any claim on account of such rejection. Notwithstanding anything set forth in this Agreement to the contrary, including in the Section 16 release provisions set forth above, no release or waiver or relinquishment of claims has been granted by the Participating Retirees or the Retiree Groups for, nor shall any such release, waiver or relinquishment of claims of theirs or any one of them have occurred or be deemed to have occurred through this Agreement with respect to, the following claims:

a. Any and all rights and claims of Participating Retirees for pension and other benefits and entitlements arising under this Agreement;

b. The right of a Participating Retiree to raise a claim defensively, in the nature of setoff or recoupment, as a defense to any action that may be brought against him or her by the City or Receiver for an alleged overpayment;

c. Any and all claims or entitlements that any Participating Retirees have now or in the future may have against the State or any non-City sources for any direct, one-time or other specific obligations or benefits provided by or in the following provisions of Chapter 19 of Title 45 of the Rhode Island General Laws as they existed on the Chapter 9 petition date: R.I. Gen Laws §§ 45-19-1.1, 45-19-3, 45-19-4, 45-19-4.1, 45-19-4.2, 45-19-4.3, 45-19-7, 45-19-9, 45-19-10, 45-19-12, 45-19-12.1, 45-19-12.2, 45-19-12.3 and 45-19-14;

d. Any and all claims of Participating Retirees against, in their individual capacity, any City official, either elected or appointed, or other City employee, or any agent of any of the foregoing, for personal liability for the defalcation, conversion, misappropriation or breach of fiduciary duty in connection with any “trust fund” or other monies deducted or withheld from employees paychecks for pension contributions, including, without limitation, any such claims that may also arise under any state, local or federal statute, regulation or ordinance; and

e. Any and all claims of Participating Retirees against any State appointed receiver for the City that such receiver used pension funds distributed by John Hancock

to the City for any purpose other than for the payment of pension benefits, or that such receiver defalcated, misappropriated, or failed to properly reserve, segregate and/or remit monies that had been withheld or deducted from Participating Retirees' paychecks for pension contributions. This exception to the general release running in favor of the Receiver and others provided in this Agreement shall expire, however, one hundred and twenty (120) days after the last of the documents requested by the Participating Retirees from John Hancock through their Bankruptcy Court-filed Motion for Rule 2004 Examination, which were either agreed to between John Hancock and the Participating Retirees or ordered by the Bankruptcy Court, has been produced, unless during such 120-day period the Participating Retiree has, in good faith, brought an action or sought permission from an appropriate court to bring an action against such a receiver for such a specified claim(s).

Unless this Agreement is declared to be null and void under Section 17 below or the Participating Retirees elect to "opt out" of this Agreement under Section 18 below, all releases and waivers by the Participating Retirees shall survive and remain in full force and effect after the expiration of the Term.

**17. Non-Participating Retirees.** In the event that prior to final confirmation of the Plan, any one or more of the Non-Participating Retirees: (i) objects to the City's Rejection Motion; (ii) objects to the City's "eligibility" to be a Chapter 9 debtor; (iii) challenges, supports, or finances, or joins in any challenge to, R.I. Gen. Laws § 45-12-1; (iv) files a document with the Bankruptcy Court in which he/she/they directly or indirectly (such as by seeking the appointment of a special purpose trustee) seeks the avoidance of a voidable transfer that the City decides not to pursue; (v) objects to the confirmation of the Plan that incorporates the terms of and is consistent with this Agreement; and/or (vi) files a suit or asserts a claim against the City, the Receiver, the State, and/or DOR, or any of their respective employees, agents, attorneys, or others identified in Section 16, either in the Bankruptcy Court or in any other state, federal or other forum, which has been released by the Participating Retirees hereunder, then the City may elect in its sole and unfettered discretion, in writing, to have this Agreement declared to be null and void and of no further force and effect, except as to the Participating Retirees' waivers in Section 14 which would remain in full force and effect.

**18. Opt-Out Provisions.** Notwithstanding anything herein to the contrary, if by February 17, 2012, the State fails to enact Appropriation Legislation which provides for an appropriation in an amount equal to or greater than \$2,000,000, then the Participating Retirees shall have the right, option and election to "opt out" of this Agreement. Such an opt-out right shall be deemed properly and timely exercised if by February 29, 2012, (i) Participating Retirees who hold more than one-half (1/2) in number and more than two-thirds (2/3) in amount of "allowed claims" of all Participating Retirees (as calculated under Bankruptcy Code section 1126, (although any such vote on such an opt-out election shall not be considered to be a vote for or against the Plan)) vote to "opt out" of the Agreement, and (ii) counsel to Represented Retirees files a notice so indicating with the Bankruptcy Court (an "Opt Out Election"). In the event that an Opt Out Election is properly and timely made, the Participating Retirees' waivers and releases

under Sections 15 and 16 (including without limitation the Participating Retirees' release and waiver of any claims arising out of or related to the so-called "Municipal Lien Statute," R.I. Gen. Laws § 45-12-1) shall be deemed void and of no force or effect and all such otherwise waived or released claims shall remain valid and fully enforceable and capable of being asserted and prosecuted. The releases and waivers provided for by Participating Retirees under Section 14 hereof, however, shall remain in full force and effect notwithstanding the exercise of an Opt Out Election. In the event that there is no proper and timely exercise of an Opt Out Election, then the releases and/or waivers provided for in Sections 15 and 16 (including without limitation the Participating Retirees' release and waiver of any claims arising out of or related to the so-called "Municipal Lien Statute," R.I. Gen. Laws § 45-12-1) shall become fully binding and effective, and further, in such event, each Participating Retiree shall be deemed to have irrevocably agreed to vote in favor of the Plan provided it incorporates, implements, and has terms consistent with this Agreement.

19. **Other Matters.** Notwithstanding anything set forth herein to the contrary, the waivers provided for in Section 14 of this Agreement shall remain effective. Except as to the releases and waiver in Section 14 of the Agreement, the following shall be conditions precedent to the effectiveness of the Releasing Parties' obligations and agreements hereunder, (including, without limitation, the releases and waivers provided in Section 15 and 16 hereunder, and of the Participating Retirees' obligation to otherwise perform under this Agreement):

(i) that the Bankruptcy Court shall have approved this Agreement and the settlement and compromises provided for herein by its granting of a motion for approval of compromise to be filed by the Receiver under Federal Rule of Bankruptcy Procedure 9019, which motion shall be filed and served by the Receiver not later than seven (7) days after the Contract Date;

(ii) that the State shall have enacted the Appropriation Legislation by February 17, 2012 or such later date as may be agreed to in writing by the parties to this Agreement; and

(iii) that subject to Sections 17 and 18 above, the appropriation provided for in the Appropriation Legislation shall have been appropriately and fully funded.

Nothing contained in this Agreement shall be deemed to be or construed as an admission of liability by any of the parties to this Agreement with respect to any matters under this Agreement, or an admission of any unlawful conduct whatsoever.

This Agreement supersedes all prior negotiations and agreements, whether written or oral, between the parties to this Agreement, and sets forth the entire understanding and agreement of the parties with respect to the promises, agreements, undertakings, representations and transactions contemplated and provided for under this Agreement.

This Agreement shall be binding on, inure to the benefit of, and be enforceable by the parties and their respective heirs, executors, administrators, successors, assigns, and beneficiaries.

This Agreement was negotiated and reviewed by all parties hereto and their respective legal counsel. No portion of this Agreement shall be construed against any drafting party. The terms of this Agreement are contractual in nature and not a mere recital. THE UNDERSIGNED REPRESENT THAT HE, SHE OR IT HAS HAD THE OPPORTUNITY TO THOROUGHLY DISCUSS ALL ASPECTS OF THIS AGREEMENT WITH LEGAL COUNSEL OF HIS, HER OR ITS OWN CHOOSING, AND HAVE READ AND UNDERSTAND THE PROVISIONS HEREIN, AND HAVE VOLUNTARILY ENTERED INTO THIS AGREEMENT.

**20. Governing Law; Consent to Jurisdiction; Counterparts; Section Headings; Pronouns; Recitals; Facsimile or Electronic Transmission.** This Agreement is being delivered and is intended to be performed in the State of Rhode Island, and shall be construed and enforced in accordance with the laws of that State without reference to the rules of conflicts of laws thereof. In any litigation connected with or arising from this Agreement, the parties hereto hereby consent to jurisdiction being with the courts of the State of Rhode Island, the United States Bankruptcy Court for the District of Rhode Island (the “Bankruptcy Court”), and the United States District Court for the District of Rhode Island, and hereby expressly waive any objections to personal jurisdiction, venue, and *forum non conveniens* in any such courts.

The Bankruptcy Court shall retain continuing jurisdiction to interpret, apply and enforce the terms and provisions of and the obligations arising under this Agreement, and any party to this Agreement shall have standing to invoke such Court’s jurisdiction for such purposes.

This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. In making proof of this Agreement, it shall not be necessary to produce or account for more than one counterpart signed by each of the parties.

The section and other headings set forth herein are for reference and convenience only, and do not define, limit, or extend the scope of this Agreement in any way.

All pronouns and any variations thereof used herein shall be deemed to refer to masculine, feminine, neuter, singular, or plural as context may require.

Any and all recitals herein set forth are hereby deemed to be true and correct, and are and shall be deemed to be as fully a part of this Agreement as any other portion thereof.

This Agreement may be executed and delivered by facsimile and/or electronic signature and transmission.

*[the remainder of this page intentionally left blank]*

WITNESS:

\_\_\_\_\_  
Printed Name:

\_\_\_\_\_  
Robert G. Flanders, Jr., in his capacity  
as Receiver for the City of Central Falls,  
Rhode Island, and not individually

Rhode Island Department of Revenue  
(as to Sections 3, 4, 7, 16, 18, 19 and 20  
only)

\_\_\_\_\_  
Printed Name:

By: \_\_\_\_\_  
Rosemary Booth Gallogly, Director

**NOTICE TO RETIREES: BY SIGNING THIS DOCUMENT, YOU WILL BE BINDING YOURSELF TO CERTAIN OBLIGATIONS. PLEASE READ THIS DOCUMENT CAREFULLY AND THOROUGHLY, ASK ANY QUESTIONS THAT YOU MAY HAVE, AND BE SURE THAT YOU FULLY UNDERSTAND THE TERMS OF THIS DOCUMENT BEFORE YOU SIGN IT.**

\_\_\_\_\_  
Printed Name:

\_\_\_\_\_  
Name:  
Participating Retiree

\_\_\_\_\_  
Printed Name:

\_\_\_\_\_  
Name:  
Participating Retiree

\_\_\_\_\_  
Printed Name:

\_\_\_\_\_  
Name:  
Participating Retiree

**APPENDIX A**

**Restructured Base Pension Benefits**

**APPENDIX B**

**Impact of Supplemental Payments  
[Participating Retirees Only]**

## **APPENDIX C**

### **Impact of Cost of Living Adjustments On Base Pension – 2% CPI Scenario**

**APPENDIX D**

**Tables for Non-Represented Retirees**

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF RHODE ISLAND**

In re CITY OF CENTRAL FALLS, RHODE ISLAND

Debtor

)

) Case No. 11-13105

) Chapter 9

)

**NOTICE OF WAIVER OF CERTAIN OBJECTIONS**

The undersigned counsel to the Central Falls Police Retirees Association, Inc., the Central Falls Firefighter Retirees Association (collectively, the “Retiree Groups”) and the retired police and firefighters of the City of Central Falls, Rhode Island and statutory beneficiaries under R.I. Gen. Laws § 45-21.3-1., as listed on Exhibit A to the Memorandum of Understanding filed herewith (“Represented Retirees”) hereby notify the Court and all interested parties as follows:

1. The Retiree Groups and Represented Retirees hereby waive any and all objections to the City’s Pending Motion to Reject Three (3) Collective Bargaining Agreements and withdraw any previously filed objections thereto with prejudice;
2. The Retiree Groups and Represented Retirees hereby waive any and all objections to the City’s “eligibility” to be a debtor under Chapter 9 of Title 11 and withdraw any previously filed objections thereto with prejudice.

Undersigned counsel further represents that the Retiree Groups and Participating Retirees have been informed of, and in providing the waivers set forth herein, have fully relied upon, the primary terms and provisions of the that certain Settlement and Release Agreement, as referenced in the Memorandum of Understanding annexed hereto as Exhibit 1 (but which will not be publicly disclosed unless and until it is approved by the Represented Retirees) remaining in effect.

Salter McGowan Sylvia & Leonard, Inc.  
Counsel for the Central Falls Firefighter  
Retirees Association, the Central Falls  
Police Retirees Association, Inc., and the  
Participating Retirees

By: \_\_\_\_\_  
Matthew J. McGowan, Esq.