

Memorandum of Agreement

This Memorandum of Agreement is entered into by and between the City of Central Falls, Rhode Island (hereinafter referred to as the "City") and the R.I. Council 94, AFSCME, AFL-CIO, Local 1627 (hereinafter referred to as the "Local") (collectively referred to as the "Parties").

WHEREAS, the Parties have entered into a new Collective Bargaining Agreement (the "New Collective Bargaining Agreement") for a term from November 23, 2011 through June 30, 2016, to have full force and effect as of the date of execution, a copy of which is annexed hereto as Exhibit A, and

WHEREAS, the Parties acknowledge their mutual desire to resolve and settle all claims between them that have arisen or could have arisen by virtue of the City's filing of its Bankruptcy Petition with the United States Bankruptcy Court for the District of Rhode Island on August 1, 2011 (the "Bankruptcy Case"), including but not limited to all claims set forth in the Amended Proof of Claim filed on behalf of the Local on October 3, 2011 with the Bankruptcy Court, with respect to the prior Collective Bargaining Agreement, defined therein as the "First CBA," through the execution of this Memorandum of Agreement.

WHEREAS, the Parties acknowledge that the terms of the New Collective Bargaining Agreement hereby immediately replaces and supersedes the terms of the so-called Pendency Plan put in place by the Receiver by Memorandum to "All Employees of the City of Central Falls" dated August 19, 2011, effective August 1, 2011 as it applies to members of the Local.

NOW THEREFORE, in consideration of the mutual covenants and promises contained herein and in the New Collective Bargaining Agreement, and intending to be legally and equitably bound thereby, the City and the Local agree as follows:

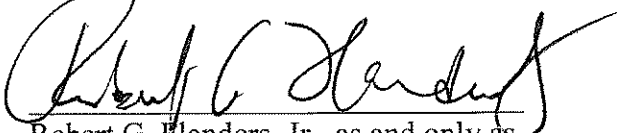
1. The City shall amend its Plan of Debt Adjustment (a "Plan") to (i) incorporate the terms of the New Collective Bargaining Agreement, (ii) provide that the Local and its members shall be deemed to have released the City from any and all claims which it has asserted or could assert in the Bankruptcy Case, including, without limitation, any and all rejection claims for benefits under the prior collective bargaining agreement expired as of June 30, 2011 (the "Prior Collective Bargaining Agreement") and (iii) to provide that the Local, the City, the Receiver, and the Director of the Rhode Island Department of Revenue shall have standing post confirmation to seek performance of the terms of the confirmed Plan and the order confirming the Plan. If such a Plan complies with this paragraph, the Local and its members shall support such a Plan and shall not object to such a plan.
2. On behalf of itself and its members, the Local hereby waives any objection to the City's pending motion to reject the Prior Collective Bargaining Agreement.
3. The Local further agrees not to challenge, or support, 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, either in the Bankruptcy Court or in any other state or federal forum.

4. Nothing herein shall be deemed to be an admission of liability or culpability by either party; nor shall this Memorandum of Agreement be deemed to constitute a past practice or considered as precedent for any future case or proceeding before any court, arbitrator or quasi-judicial body.
5. This Memorandum of Agreement is subject to the approval of the Bankruptcy Court as a settlement of disputes among the parties.

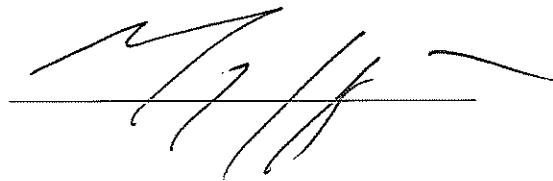
IN WITNESS WHEREOF, the City and the Local have caused this Memorandum of Agreement to be executed by their respective representatives who have actual authority to bind and enter into the various obligations set forth herein.

FOR THE CITY

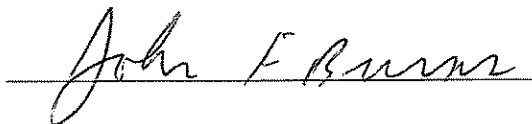


Robert G. Flanders, Jr., as and only as
Receiver of Central Falls, Rhode Island,
and not individually

ATTEST

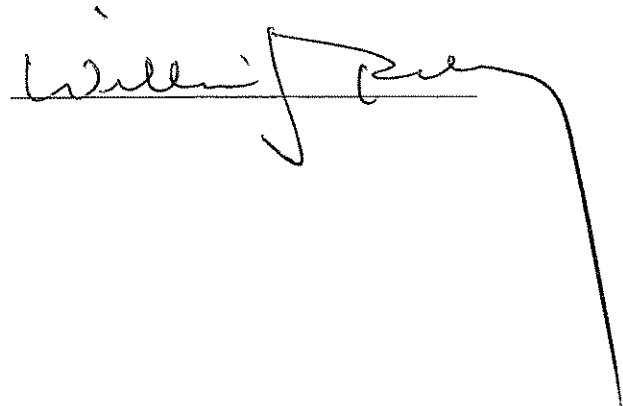


FOR THE LOCAL



RI Council 94, AFSCME AFL-CIO, Local 1627

ATTEST



DATE:

11/23/11