

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 Central Falls Police Department, Fraternal Order of Police, Lodge No. 2 (hereinafter referred to as the "FOP Lodge 2") (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 some, but not all, claims between them that have arisen or could have arisen by virtue of the City's filing of its Motion to Reject 3 Collective Bargaining Agreements (the "Rejection Motion,"), including the prior Collective Bargaining Agreement due to expire June 30, 2012 by and between the Parties (the "First CBA"), at the time of the City's filing of a Bankruptcy Petition with the United States Bankruptcy Court for the District of Rhode Island on August 1, 2011 (the "Bankruptcy Case"), including claims set forth in (1) the Administrative Proof of Claim filed by the FOP Lodge 2 on October 3, 2011 ("Claim #10); (2) FOP Claim in the Amount of \$1,750.00 (Claim #13); and (3) FOP Claim in the Amount of \$51,187.50 (Claim #14). The parties acknowledge and agree that all claims of the FOP Lodge 2 and its individual members relating to the First CBA are not resolved and settled by the terms of this MOA and that certain claims are preserved and unaffected by this MOA, including, but not limited to, those claims enumerated in Exhibit B attached hereto (collectively the "Preserved Claims").

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 FOP Lodge 2.

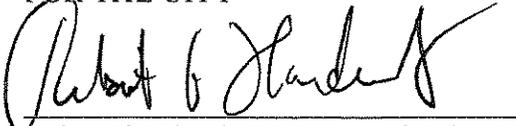
NOW THEREFORE, in consideration of the mutual covenants and promises contained herein and in the New Collective Bargaining Agreement, and intending to be legally and equitably bound thereby, the City and the FOP Lodge 2 agree as follows:

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 FOP Lodge 2 and its members shall be deemed to have released the City from the Released Claims and (iii) to provide that the FOP Lodge 2, 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 FOP Lodge 2 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 FOP Lodge 2 hereby waives any objection to the City's pending Rejection Motion.
3. The FOP Lodge 2 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 of the Parties; 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.

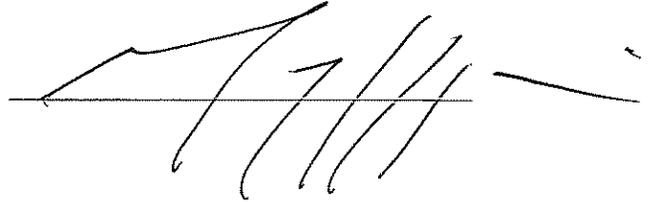
IN WITNESS WHEREOF, the City and the FOP Lodge 2 have caused this Memorandum of Agreement to be executed by their respective representatives who have actual authority to bind and enter into the various obligations set forth herein.

FOR THE CITY



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

ATTEST

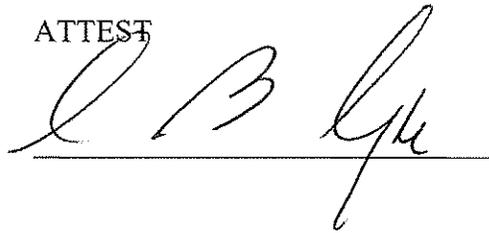


FOR THE FOP LODGE No. 2



Central Falls Police Department,
Fraternal Order of Police
Lodge No. 2

ATTEST



DATE:

11/23/11

EXHIBIT B

The following claims, filed by the Fraternal Order of Police, Lodge 2 ("Lodge 2"), or on behalf of members or former members of Lodge 2, in the matter Chapter 9 bankruptcy case of *In re: City of Central Falls*, are expressly not waived or compromised as part of the resolution described in the Memorandum of Agreement and instead are expressly preserved.

1. Claim #28 – Filed 10/4/11 on behalf of Kevin Guindon in the amount of \$25,000.00, and as further described in that claim.
2. Claim #58 – Filed 10/31/11 on behalf of Adrian Cybowicz in the amount of \$4,628.40, and as further described in that claim.
3. Claim #59 – Filed 10/31/11 on behalf of David Joseph in the amount of \$16,321.20 and as further described in that claim.
4. Claim #60 – Filed 10/31/11 on behalf of Hovsep Sarkisian in the amount of \$13,154.40, and as further described in that claim.
5. Claim #61 – Filed 10/31/11 on behalf of Charles Walkup in the amount of \$4384.80, and as further described in that claim.