

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 International Association of Fire Fighters, Local 1485, AFL-CIO (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 all claims set forth in the Proof of Claims that were timely filed on behalf of the Local on October 4, 2011 (Claims 23, 24, and 25) 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 (the "Released Claims.") The parties acknowledge and agree that the Released Claims do not include any and all timely filed Proof of Claims individually filed by retired fire fighters nor the outstanding grievance filed on behalf of Acting Fire Chief Dion.

WHEREAS, the Parties acknowledge that the terms of the New Collective Bargaining Agreement at the time of its signing immediately replaced and superseded the terms of the so-called Pendency Plan put in place by the Receiver by Memorandum to "All Employees of the City of Central Falls" dated August 19, 2011,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 Collective Bargaining Agreement, and intending to be legally and equitably bound thereby, the City and the Local agree as follows:

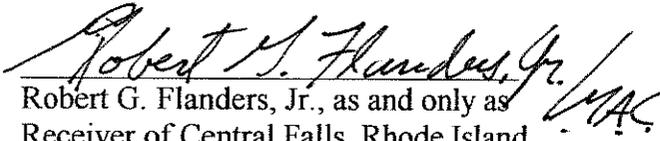
1. The City shall amend its Plan of Debt Adjustment (a "Plan") to (i) incorporate the terms of the New Collective Bargaining Agreement; (ii) provide that the Local and its members shall be deemed to have released the City for the Released Claims; and (iii) provide that the Local, the City, the Receiver, 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. The City hereby agrees to withdraw with prejudice its pending motion to reject the Prior Collective Bargaining Agreement as it applies to the Local.

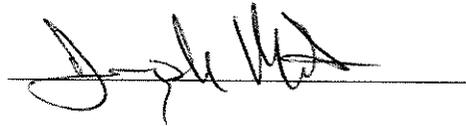
3. The Local further agrees not to challenge, or support, finance or join in any challenge to R.I. Gen. Laws § 45-12-1, sometimes referred to as the Statutory Lien Statute or the Municipal Indebtedness Statute, either in the Bankruptcy Court or in any other state or federal forum with respect to the August 1, 2011 Bankruptcy Case.
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

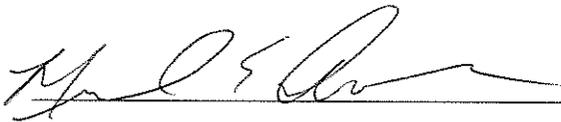
ATTEST

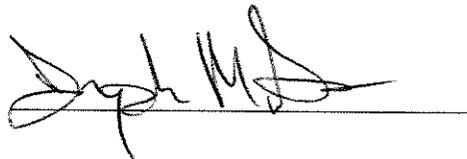

Robert G. Flanders, Jr., as and only as
Receiver of Central Falls, Rhode Island,
and not individually



FOR THE LOCAL

ATTEST





Local 1485, I.A.F.F., AFL-CIO

DATE:

12/8/11

Local 1485
International Association of Fire Fighters, AFL-CIO

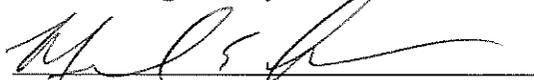
The City of Central Falls, Rhode Island (hereinafter referred to as the "City") and the International Associate of Fire Fighters, AFL-CIO, Local 1485 (hereinafter referred to as the "Local") (collectively referred to as the "Parties") have entered into a new Collective Bargaining Agreement (the "New 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.

The Parties have also executed a Memorandum of Agreement setting forth the terms of their agreement with respect to the City's Plan of Debt Adjustment filed in connection with the City's Bankruptcy Petition filed with the United States Bankruptcy Court for the District of Rhode Island on August 1, 2011, and the amendment and confirmation of said Plan.

The Parties understand that the terms of the New Collective Bargaining Agreement will need to be disclosed as part of the City's filing of an Amended Disclosure Statement and that the question of the enforceability of the New Collective Bargaining Agreement beyond the three year term set forth in the state statute will likely be determined by the Bankruptcy Court in the context of confirmation proceedings with respect to the City's Plan of Debt Adjustment. The Parties further understand and agree that should the Bankruptcy Court determine in the context of confirmation proceedings or any post confirmation proceedings that the term of the New Collective Bargaining Agreement can only extend for three years, (i) all of the terms and conditions set forth in the New Collective Bargaining Agreement shall have full force and effect, except that the term shall only be a three year term, and (ii) upon the expiration of the three-year term, it is the parties' intention, detrimentally relied upon herein, to immediately enter into a two-year agreement with the same material terms and conditions.


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

Acknowledgment by the Local



Local 1485, L.A.F.F., AFL-CIO

DATE:

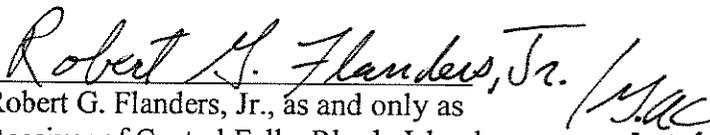
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Local 1485
International Associate of Fire Fighters, AFL-CIO

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The Parties have also executed a Memorandum of Agreement setting forth the terms of their agreement with respect to the City's Plan of Debt Adjustment filed in connection with the City's Bankruptcy Petition filed with the United States Bankruptcy Court for the District of Rhode Island on August 1, 2011, and the amendment and confirmation of said Plan.

Although the City has agreed to amend its Plan of Debt Adjustment filed with the Bankruptcy Court to consent to the Bankruptcy Court's continuing jurisdiction over all aspects of the Plan and its enforcement thereof, and, 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 the Parties agree and acknowledge that the City does not and cannot offer any legal opinion regarding the validity or enforceability of the term of the Collective Bargaining Agreement beyond the three year term set forth in R.I. Gen. Laws §28-9.1-6, or otherwise, and that the Local should rely on the advice of its own counsel for an opinion in this regard.


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

Acknowledgment by the Local



Local 1485, L.A.F.F., AFL-CIO

DATE:

12/8/11