

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

THE CITY OF PONTIAC RETIRED  
EMPLOYEES ASSOCIATION, DELMER  
ANDERSON, JOHN CLAYA, THOMAS  
HUNTER, HENRY C. SHOEMAKER,  
YVETTE TALLEY and DEBRA WOODS,

Plaintiffs,

Case No. 2:12-cv-12830

v.

Hon. Avern Cohn

LOUIS SCHIMMEL, INDIVIDUALLY  
AND IN HIS CAPACITY AS EMERGENCY  
MANAGER OF THE CITY OF PONTIAC,  
CATHY SQUARE, INDIVIDUALLY AND  
IN HER OFFICIAL CAPACITY AS  
DIRECTOR OF THE HUMAN RESOURCES  
AND LABOR RELATIONS DEPARTMENT  
OF THE CITY OF PONTIAC AND  
THE CITY OF PONTIAC,

Defendants.

---

GREGORY T. GIBBS (P26440)  
ALEC SCOTT GIBBS (P73593)  
LAW OFFICE OF GREGORY T. GIBBS  
Attorneys for Plaintiffs  
717 S. Grand Traverse Street  
Flint, MI 48502  
(810) 239-9470

John C. Clark (P51356)  
Stephen J. Hitchcock (P15005)  
GIARMARCO MULLINS & HORTON PC  
Attorneys for Defendants  
101 W. Big Beaver Road, 10<sup>th</sup> Floor  
Troy, MI 48084  
(248) 457-7000

Richard W. Warren (P63123)  
Michael A. Alaimo (P29610)  
Brian M. Schwartz (P69018)  
MILLER CANFIELD PADDOCK & STONE PLC  
Attorneys for Defendant Pontiac  
150 W. Jefferson, Suite 250  
Detroit, MI 48226  
(313) 963-6420

---

**SETTLEMENT AGREEMENT**

1.	The Parties .....	1
2	The Class.....	1
3.	The Claims and the Dispute .....	1
4.	Settlement .....	2
5.	Approval Process .....	2
6.	New Plans .....	2
7.	Merger.....	3
8.	The City of Pontiac’s Contributions to the New VEBA Plan.....	3
9.	Level of Coverage for Retiree Health Care .....	4
10.	Retiree Vision and Dental Care .....	5
11.	Opt-Out Option .....	5
12.	Administrative Costs.....	5
13.	Transition Period.....	5
14.	Fees .....	5
15.	Cooperation.....	6
16.	Conditions of Settlement and Termination.....	6
17.	Release of All Claims .....	6
	a. Release of Defendants.....	6
	b. Release of Plaintiffs .....	7
	c. Continued Authority to Enforce Settlement .....	7
18.	Authority of Class Counsel.....	7
19.	No Admission of Liability .....	7
20.	Voluntary Signatures .....	7
21.	Signatures in Counterparts; Photocopies .....	7
22.	Negotiation and Preparation .....	8
23.	Best Efforts .....	8
24.	Mediation .....	8
25.	Disputes.....	8
26.	Governing Law .....	8
27.	Modification.....	8
28.	Complete Agreement .....	8

## SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is between all parties to the lawsuit titled *The City of Pontiac Retired Employees Association, Delmer Anderson, John Claya, Thomas Hunter, Henry C. Shoemaker, Yvette Talley, and Debra Woods v. Louis Schimmel, individually and in his capacity as Emergency Manager of the City of Pontiac, Cathy Square, individually and in her capacity as Director of the Human Resources and Labor Relations Department of the City of Pontiac, and the City of Pontiac*, pending in the U.S. District Court for the Eastern District of Michigan (“Court”), Docket No. 2:12-cv-12830. This Agreement is intended to fully and finally resolve the lawsuit, subject to Court approval obtained in the process prescribed by Fed. R. Civ. P. 23 and on the terms specified in this Agreement.

1. **The Parties.** The parties to the lawsuit and to this Agreement are as follows. The Plaintiffs are Plaintiffs and class representatives: The City of Pontiac Retired Employees Association, Delmer Anderson, John Claya, Thomas Hunter, Henry C. Shoemaker, Yvette Talley, and Debra Woods (the “Class Representatives”), on behalf of themselves and on behalf of the class certified by the Court on [DATE]. The Defendants are Louis Schimmel, individually and in his official capacity as Emergency Manager of the City of Pontiac, Cathy Square, individually and in her official capacity as Human Resource Director and Director of Labor Relations, and the City of Pontiac. These parties are jointly referred to as “Defendants.” Collectively, the Plaintiffs, Class Representatives, Class they seek to represent and the Defendants are referred to below as the “Parties.”
2. **The Class.** The class certified by the Court pursuant to Rule 23(a)(1)-(4), (b)(1) and (2), and (g) consists of approximately 1,573 retirees, spouses of retirees, surviving spouses of retirees, dependents and vested but deferred retirees as of the date of the commencement of this lawsuit [including Housing Commission retirees who are eligible for retiree health benefits who had at least ten years of service credits at the time of separation]. This includes retirees who are members of the General Employee Retirement System (excluding hospital employees and retirees), police and fire retirees, and certain executive employees who have received retiree health care benefits from or through the City of Pontiac, as well as their spouses, surviving spouses and eligible dependents who receive or who have received health benefits from the City of Pontiac. This class shall only include those retirees and vested deferred retirees, and their eligible spouses and dependents, who were eligible for health insurance coverage at the time the Emergency Manager Orders attached as Exhibit \_\_ were issued, December 22, 2011, and will not include any retiree who retired or vested after the date of those orders. The parties acknowledge that these numbers represent the best estimate available at the time that this Agreement was entered into, and are subject to final confirmation of the census by all parties.
3. **The Claims and the Dispute.** In the lawsuit, Plaintiffs claim that Defendants wrongfully and unilaterally reduced and cancelled vested health benefits contrary to collectively-bargained promises of lifetime health benefits for retirees and others in the class. Plaintiffs sued under impairment of contract rights, the Bankruptcy clause and Supremacy clause, and deprivation of property interests without due process. Defendants deny any and all liability and wrongdoing, dispute that there were promises of lifetime

health benefits, dispute that any health benefits are vested, and assert the legal right to reduce and cancel health benefits for all class members.

4. **Settlement.** In the course of the lawsuit, the parties investigated and evaluated the disputed issues, assessed one another's positions and viewpoints, recognized that each side has advanced substantial arguments in support of that side's position, and recognized that the resolution of the disputed issues through continued litigation would entail prolonged hardship for class members and substantial expense, accompanied by a risk that one side or the other could suffer an adverse result. Accordingly, the parties engaged in negotiations, reached a mutually-acceptable compromise, and agreed to settle the lawsuit to end the uncertainties and risks of continued litigation and to achieve a final resolution of the lawsuit which provides for continued health benefits for class members, as detailed in this Agreement.
5. **Approval Process.** The parties will seek approval by the Court pursuant to Rule 23(e) of the settlement on the terms specified in this Agreement. They will seek the Court's preliminary approval of the Settlement Agreement, and a notice for distribution to all class members. They will provide the Court with an agreed-upon proposed notice. They will distribute the Court-approved notice along with a copy of this Agreement to all class members by first-class mail to each class member's last known address, with the City of Pontiac undertaking the expense of printing, mailing, and the administration of the notice process and compliance with any other Court-directed notice and distribution requirements. The parties will participate in the Court hearing specified in the approved notice and will ask that the Court: (1) find that the settlement is fair, reasonable, and adequate and in compliance with Rule 23 and other legal requirements and (2) enter judgment reflecting these findings and approving the settlement.
6. **New Plans.** The City of Pontiac will terminate the General Employees Retirement System Pension Plan ("GERS Plan") and establish a new GERS Plan, which will receive assets equal to 130% of the pension liabilities of the old GERS Plan. Prior to the transfer of assets to the new GERS Plan, the City and CPREA shall be given the pension plan assumptions and shall have an opportunity to approve those assumptions. If the City and/or CPREA do not approve those assumptions, the Parties shall immediately submit the dispute to Judge Cohn for resolution. The Board of the new GERS Plan shall have the identical membership and proportional representation as exists on the old GERS Plan Board at the time of its termination. However, on the new GERS Plan Board, a super majority of seven (7) members of the Pension Board shall be required: (a) whenever the board votes to invest in any alternative investment, including but not limited to real estate, private equity, hedge funds, etc.; and (b) whenever the board votes on any investment decision if the new GERS Plan is under 90% funded. In exchange for this supermajority requirement, the City of Pontiac agrees to indemnify the Plaintiff CPREA and its Board for any and all claims, suits, demands, damages, liabilities, obligations, losses, settlements, judgments, costs and causes of action arising out of Plaintiffs' agreement to this super majority requirement, and which arise out of the New GERS Board members' compliance with the super majority requirement set forth in this Paragraph. The Parties agree that in any and all proceedings which Plaintiffs claim triggers a right to indemnification, the City of Pontiac has sole and complete discretion to

propose, for CPREA's review, three options for defense counsel, and CPREA shall be permitted to choose one of those three options. CPREA shall not be permitted to select counsel outside of these three options.

The eligible retirees to receive pension benefits under the new GERS Plan will be identical to those receiving benefits under the old GERS Plan and all deferred vested or active vested employees of the City who are eligible to receive pension, at some point, under the old GERS Plan will be entitled to the same benefits under the new GERS Plan. The City will also establish a New VEBA Plan Trust Agreement, which will receive the excess assets from the old GERS Plan that exceed 130% of the pension liabilities of the old GERS Plan. The City of Pontiac will obtain a determination letter ruling from the U.S. Internal Revenue Service that the termination of the old GERS Plan will not present any adverse effect upon the City or retirees. The City will also seek a determination ruling from the U.S. Internal Revenue Service that the new GERS Plan qualifies as a tax exempt Plan, and that the New VEBA Plan qualifies as a Voluntary Employee Beneficiary Association Plan in the meaning of Section 501(c)(9) of the Internal Revenue Code. The parties agree that this Agreement is contingent upon the City receiving favorable ruling from the U.S. Internal Revenue Service with regard to the above captioned requests. In the event that the U.S. Internal Revenue Service determines that any of the provisions of this Agreement and/or the new GERS and VEBA Plans are insufficient to grant the requested determination letters, the parties agree that they will make good faith, reasonable efforts to modify the terms of this Agreement and the Trust Agreements and ordinances consistent with the material purposes of this settlement to eliminate the barriers to obtaining the determination letters from the U.S. Internal Revenue Service.

7. **Merger.** The Board of Trustees of the Pontiac Police and Fire Retiree Pre-Funding Group Health Insurance Trust will merge into the New VEBA Plan with the New VEBA Plan being the surviving entity. After the merger, the Police and Fire Retirees and deferred vested Police and Fire Retirees will receive health insurance benefits in retirement under the terms and provisions of the New VEBA Plan. The Board of Trustees of the City of Pontiac Police and Fire Retiree Pre-Funded Group Health Insurance Trust and the City of Pontiac agree to seek a determination letter from the U.S. Internal Revenue Service that the mergers of the two VEBA Plans do not in any way effect the past or future qualification of the Plans as qualified voluntary employee benefits cessation Plans under Section 501(c)(9) of the U.S. Internal Revenue Code.
8. **The City of Pontiac's Contribution to the New VEBA Plan.** The City of Pontiac agrees that:
  - a. It shall make an initial contribution to the New VEBA Plan of \$4,250,000. This initial contribution shall be due within ninety (90) days of either the date the New VEBA Plan is approved by the Internal Revenue Service, or the date the New VEBA Plan is created, whichever comes later in time. The Parties to this Agreement understand that the City of Pontiac is involved as a party to *Pontiac Police and Fire Retiree Prefunded Group Health and Insurance Trust Board of Trustees v. City of Pontiac No. 2*, Docket No. \_\_\_\_\_, that this case is

currently pending before the Michigan Supreme Court (the “Police and Fire Retiree Lawsuit”) and that Appellants claim the City owes them, and the class they represent, certain contributions toward their retiree health benefits in the amount of approximately \$3.6 million. The Parties to this Agreement, including the Pontiac Police and Fire Retirees, agree that no matter what the decision on the merits is in the Police and Fire Retiree Lawsuit, the City of Pontiac will owe an initial contribution to the New VEBA Plan of no more than \$4.25 million and shall not be required to pay anything additional in settlement of, or after an adverse determination in, the Police and Fire Retiree Lawsuit. For example, if the Police and Fire Lawsuit results in an award of \$2.25 million against the City of Pontiac, the Initial Contribution to the New VEBA Plan shall be \$2.0 million, i.e., the Police and Fire Lawsuit award, if any, shall become part of the initial contribution.

- b.** in any fiscal year in which actuaries hired by the Trustees of the New VEBA Plan determine that a required contribution exists to the New VEBA Plan for unfunded liability of the New VEBA Plan, the City will make a contribution to the New VEBA Plan on or before June 30<sup>th</sup> of the fiscal year in the amount of the lesser of the actuarial required contribution, or \$1,500,000. The City’s first contribution of up to \$1,500,000 shall be due within one (1) year and six (6) months of the date that an actuarial valuation determines that a contribution to the New VEBA Plan is required (*e.g.*, if an actuarial valuation dated December 31, 2018 determines that a contribution is required, that contribution will be due on July 1, 2020). Under no circumstances shall the City’s contribution to the New VEBA Plan exceed \$1,500,000 in any fiscal year. The New VEBA Plan Board shall consist of seven (7) members, two (2) of whom will be chosen by the Mayor of the City of Pontiac, with no City Council approval required, one (1) selected by the Pontiac City Council, and three (3) of whom will be chosen by Retirees by election and ballot as follows: One member shall be chosen by and from the members of the Police and Fire Retirement System, one member shall be chosen by and from the members of the new General Employees Retirement System, and one member shall be chosen by and from the membership of the New VEBA as a whole. These six (6) members shall confer and select the seventh Board Member within thirty (30) days of any vacancy. If the six members cannot agree on a seventh member within thirty (30) days, they will, within fourteen (14) days of the thirty (30) day deadline, select an arbitrator and submit proposals to the arbitrator, who shall decide the seventh and final board member. The Parties to this Agreement agree that the arbitrator’s decision is final and may not be appealed. If the six Board Members cannot agree on the selection of an arbitrator within thirty (30) days, the Board Members selected by the Mayor, on the one hand, and Board Members selected by the Plaintiffs, on the other hand, shall each select one (1) person per side, with the only selection prohibition being that these two individuals must not be participants in the New VEBA Plan, or be employed by, or represent, the City of Pontiac. These two individuals shall then select the arbitrator within fourteen (14) days of the thirty (30) day deadline referenced above. The New VEBA Plan shall retain a professional management company experienced in managing public and private sector VEBA Plans. The fee for the

services of such management shall be paid out of the assets of the New VEBA Plan. A Request for Proposal (“RFP”) will be issued for qualified applicants. A successful bidder will be chosen by the New VEBA Plan Board.

9. **Level of Coverage for Retiree Health Care.** The New VEBA Plan shall provide eligible pre-65 retirees with Blue Cross/Blue Shield Simply Blue 500 plan, or an equivalent plan with equivalent coverage levels at equivalent cost. It contains 20% co-insurance with \$500 deductible for individual/\$1,000 deductible for family for in-network services for pre-65 age retirees, with a co-insurance maximum of \$2,500. The post-65 age retirees will receive a Plan which is supplemental to Medicare and/or Medicare Advantage Plan with a \$500 deductible, without any coinsurance, with a \$500 limit on out of pocket costs. Both the pre- and post-65 age retirees will receive prescription drug coverage with a \$10 co-pay for generic, \$40 for preferred brand names, and \$80 for all other brand name drugs. No retiree shall be responsible for paying any part of the premium for these plans, unless modified by the Trustees as set forth below. Under the New VEBA Plan the Trustees will have the flexibility to review comparable coverage and make decisions on better, comparable, equivalent and lower cost coverages. (*Exhibit 2, BC/BS Simply Blue 500 Plan benefits-at-a-glance*). Any cost-sharing premiums described in the attached Exhibit 2 are not incorporated by reference, as no retiree is responsible for paying any part of the premium of the plans unless the New VEBA Plan has insufficient funds to provide the level of benefits and coverage specified above in a given fiscal year. If and when the New VEBA Plan has insufficient funds to provide the level of benefits and coverage specified above in a given fiscal year, the Board of the New VEBA Plan shall have the discretion to make reasonable plan design changes, and change benefit, and coverage levels. Notwithstanding the foregoing, the City of Pontiac’s annual contribution is limited to a maximum of \$1.5 million, and shall not exceed that amount under any circumstances, as set forth in Paragraph 8.
10. **Retiree Vision and Dental Care.** The New VEBA Plan will provide vision and dental care described in *Exhibit 3* (i.e., the coverage levels described in the relevant Exhibit as Dental Option 2 and Vision Option 5), for eligible retirees. The premium costs of this coverage is to be paid for by the VEBA Plan.
11. **Retiree Life Insurance.** Under no circumstances shall any class member be entitled to life insurance benefits without regard to any prior claim or entitlement under a collective bargaining agreement, City policy or City ordinance. Retirees eligible for health insurance coverage under the terms of this Agreement may elect to terminate their eligibility for any and all benefits provided by the new VEBA in exchange for a one-time payment of \$20,000. Any retiree who elects this opt out option at the time the New VEBA is formed will not be eligible to receive any benefits from the new VEBA, and by their election, forever waive their right – on behalf of themselves, their spouses and dependents – to receive any benefits under this Agreement, including health, vision, dental and life insurance benefits. Eligible deferred retirees will be afforded an opportunity to exercise this opt out option at the time they are eligible to receive pension benefits. At least 90 days prior to the time that the New VEBA begins providing benefits to the class members, eligible retirees shall have the option to select this one-time

\$20,000 payment. Any retiree who receives benefits from the new VEBA will not be eligible to exercise this opt out payment option.

12. **Administrative Costs.** Administrative costs of the operation of the New VEBA Plan shall be paid out of the assets of the VEBA Plan.
13. **Transition Period.** The parties agree that the current stipend payment being paid to retirees under the GERS Plan will continue until, but not beyond, such time as the U.S. Internal Revenue Service has approved the new Plans identified in this Agreement, and they have begun operation and are providing the benefits identified in this Agreement.
14. **Attorneys' Fees and Costs.** Except as provided for in paragraph 12, no fees will be sought by or paid to any party or counsel in the lawsuit from the settlement amount. In particular, no fees or expenses will be sought by or paid to Defendants or defense counsel from the settlement amount and no fees will be sought by or paid to Class Representatives from the settlement amount. No Class Representative has received, or is entitled to receive, any fee for participating in the lawsuit or for serving as a Class Representative. Plaintiffs will file a Motion for Attorneys' fees and costs for Judge Cohn's decision after this Settlement Agreement has been finalized, and Defendants shall have the option of opposing that Motion. For purposes of settlement, the City of Pontiac acknowledges that counsel for CPREA is entitled to fees for purposes of 42 U.S.C. §§ 1983 and 1988, but the amount of those fees will be at the discretion on the Court based on the pleadings and proofs submitted by the Parties.
15. **Cooperation.** Plaintiffs, Defendants, and Trustee of the existing Pension and VEBA Boards will cooperate with the City of Pontiac as necessary to facilitate the effective formation, tax qualification and other legal qualification, and initial operation and administration, of the new GERS Plan and VEBA Plan. The parties will also cooperate as directed in this Settlement Agreement, and as otherwise reasonably necessary to implement this Agreement.
16. **Conditions of Settlement and Termination.** This Agreement is subject to the fulfillment of the following conditions, and will not be final unless and until the following occur: (1) the Court enters judgment approving settlement in the form of a consent judgment that is materially consistent with the terms of this Agreement and the lawsuit is resolved as to all parties with finality; (2) U.S. Internal Revenue Service approves the termination and formation of a new GERS Pension Plan; (3) a new qualified VEBA is formed that is materially consistent with this Agreement and in compliance with applicable law; and (4) a merger is concluded between the Police and Fire VEBA and the New VEBA. If despite the best efforts of the parties, judgment approving a materially consistent settlement in the form of a consent judgment cannot be obtained or a qualified Plans materially consistent with this Agreement and in compliance with applicable law cannot be formed or operated, this Agreement shall terminate unless all parties agree in writing to proceed with the Agreement or some alternative to it. In the event that this Agreement is terminated, and no alternative settlement is agreed to, the positions of the parties shall return to pre-settlement status and the parties may continue

the lawsuit. In the event that these conditions are satisfied and the settlement becomes final, at that time the release provided in paragraph 18 will be effective.

17. **Release of All Claims.**

- a. **Release of Defendants.** In consideration of and upon Defendants' full compliance with their obligations under this Agreement, all Plaintiffs and class members, all individuals included in Paragraph 2 above and anyone else asserting any claim on behalf of or through any Plaintiff or class member, including but not limited to their heirs, executors, administrators, agents, attorneys, representatives, and assigns, fully, finally, and forever release Defendants, and Defendants' past and present parent corporations, affiliates, subsidiaries, predecessors, successors, assigns, distributors, related companies or entities, divisions, joint ventures, employee benefit plans, including the plans' past and present trustees, fiduciaries, administrators, and vendors, and Defendants' and the plans' past or present officers, directors, partners, insurers, agents, emergency managers, representatives, attorneys, consultants, advisors, investors, shareholders, and employees, from any and all claims, rights, demands, obligations, actions, causes of action, debts, liens, contracts, liabilities, agreements (other than this Agreement), attorney fees, costs, restitution claims, and expenses of any nature, whether now known or unknown, for retiree health benefits having arisen before and up to the effective date of this Agreement, whether any such claim or other obligation is asserted or arises under federal, state or local statutes, regulations, ordinances, or under the common law, which any Plaintiff or class member has, had, or may in the future have, against any Defendant which relate to the facts, transactions, occurrences, conduct, representations, events, or circumstances alleged or which could have been alleged in the lawsuit relating to health benefits for class members. The parties intend that this release be construed to the fullest extent possible as a full and final release of all claims raised in the lawsuit and a complete and final resolution of Defendants' obligations, if any, to provide Plaintiffs and class members with health benefits.
- b. **Release of Plaintiffs.** In consideration of the release extended to Defendants in paragraph 17a, Defendants and others released in paragraph 17a release Plaintiffs, class members, class representatives and their representatives, including their attorneys, from all claims related to the lawsuit, including the litigation and settlement of the lawsuit, and any transaction or occurrence that is the subject of the lawsuit, including but not limited to all claims for litigation costs and expenses and attorney fees.
- c. **Continued authority to enforce settlement.** The releases set out in paragraphs 17a and 17b shall not limit the parties' right to enforce this Settlement Agreement or any court order regarding the settlement and resolution of the lawsuit.

18. **Authority of Class Counsel.** All parties, including the Class Representatives on their own behalf and on behalf of the class, authorize class counsel, Gregory Gibbs and Alec Gibbs and the law firm of the Law Offices of Gregory T. Gibbs, to take all appropriate action to implement this Agreement and the Court orders related to settlement.

19. **No Admission of Liability.** Neither this Agreement nor any statement in this Agreement nor any action taken to implement this Agreement is an admission of liability for any act or omission claimed in the lawsuit on the part of Defendants or on the part of anyone associated with Defendants within the scope of paragraph 18a, all of whom deny liability. Nor is this Agreement or any statement in this Agreement or action to implement this Agreement an admission of any kind on the part of Plaintiffs. The parties enter into this Agreement solely to resolve disputed issues of fact and law for the purpose of achieving finality and ending the lawsuit with a mutually-acceptable compromise that will provide class members with health benefits into the future.
20. **Voluntary Signatures.** The parties have had a reasonable time to read and consider this Agreement, and to consult counsel regarding this Agreement, and represent by their signatures that they enter into this Agreement knowingly, voluntarily, and of their own free will, intending to be bound by its terms.
21. **Signatures in Counterparts; Photocopies.** This Agreement may be signed by the parties in any number of counterparts, which together will constitute a comprehensive Agreement. Accurate photocopies of the comprehensive agreement may be used as originals.
22. **Negotiation and Preparation.** The parties participated equally in the negotiation and preparation of this Agreement. This Agreement shall not be construed against any party as drafter.
23. **Best Efforts.** The parties intend to implement this Agreement and will use their best efforts to do so and will diligently undertake such action as may be necessary to implement this Agreement or such other settlement as may be necessary to conform to legal requirements consistent with the material terms and purposes expressed in this Agreement. The best efforts will include cooperation as provided by paragraph 16 and participation in mediation as provided by Paragraph 20.
24. **Mediation.** If a condition addressed in Paragraph 16 or a legal requirement precludes implementation of this Agreement without modification and if the parties are not able to eliminate barriers to the implementation of this Agreement promptly, before terminating this Agreement, the parties will ask the Court to convene facilitative mediation, appoint a mediator mutually-acceptable to the parties, on terms directed by the Court in consultation with the parties, for the purpose of aiding the parties' best efforts to achieve settlement that is consistent with the purposes of this Agreement and that will achieve legal compliance and obtain final Court approval.
25. **Disputes.** The parties will agree to enter into a consent judgment for the purpose of vesting the Court with continuing jurisdiction. The Court may, upon the stipulation and application of the parties, enter a Consent Judgment in the form attached hereto as Exhibit 4. The Court will retain exclusive jurisdiction to resolve any disputes relating to or arising out of this Agreement or the enforcement, interpretation, or implementation of

the terms of this Agreement, and each party submits to the jurisdiction of the Court for this purpose and waives any objection it might have to jurisdiction or venue.

26. **Governing law.** This Agreement shall be construed in accordance with federal law to the extent applicable, and otherwise by Michigan law.
27. **Modification.** This Agreement may not be modified except in writing signed by or on behalf of all parties and, as necessary, with Court approval.
28. **Complete agreement.** This Agreement is the complete agreement between the parties. It supersedes any prior agreements and understandings, oral or written, addressing the subject matter of this Agreement.

*{PAGE BREAK INTENTIONAL}*

*{ACKNOWLEDGMENTS TO FOLLOW}*

**FOR THE CLASS, THE CLASS REPRESENTATIVES, AND THE DEFENDANT, RETIRED EMPLOYEES ASSOCIATION**

LAW OFFICE OF GREGORY T. GIBBS

\_\_\_\_\_  
Alec Gibbs

Date: \_\_\_\_\_

**FOR THE PONTIAC POLICE AND FIRE RETIREE CLASS MEMBERS**

As to Merger described in Paragraph 7:

\_\_\_\_\_  
By: \_\_\_\_\_

Date: \_\_\_\_\_

**FOR THE DEFENDANTS**

GIARMARCO, MULLINS & HORTON, P.C.

\_\_\_\_\_  
John Clark

Date: \_\_\_\_\_