

## SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement by and between the CITY OF RACINE and each of the retired non-represented employees of the City of Racine or their surviving spouses, as the case may be, who is a plaintiff in that certain civil action filed in the Circuit Court of and for Racine County, Wisconsin, entitled *Wanda Sorensen, et al. v. City of Racine*, Case No. 06CV1005:

1. Unless otherwise indicated, terms used in this Agreement have the following meanings:

“City” means the City of Racine, Wisconsin.

“Fire Staff” means all members of the Racine Fire Department above the rank of Fire Captain, except the Fire Chief.

“Lawsuit” means that certain civil action filed in the Circuit Court of and for Racine County, entitled *Wanda Sorensen, et al. v. City of Racine*, Case No. 06CV1005.

“Maller Agreement” means that certain “Settlement and Release Agreement” between the City and Jerome Maller, dated October 6, 1999.

“May 1994 Kozina Letter” means that certain letter from the City’s then personnel director, James C. Kozina, to its non-represented retirees, dated May 18, 1994, related to changes in the City’s health insurance plan.

“Medicare Part B” or “Part B” means the Federal Government’s voluntary supplementary insurance program to provide medical insurance benefits for aged and disabled individuals as provided in 42 U.S.C. § 1395j, *et seq.*

“Old Plan” means the “old plan” to which the May 1994 Kozina Letter refers, insofar as said “old plan” has remained in effect from and after July 1, 1994.

“Plaintiff” means any person named as a plaintiff in the Lawsuit.

“Plan” means the group medical-hospital insurance plan that the City provides to its active and retired employees, including but not limited to Retirees. The term “Plan” includes, but is not limited to, the “Partnership Health Care Plan,” to which the May 1994 Kozina Letter refers. The term “Plan” excludes the Old Plan.

“Police Staff” means all members of the Racine Police Department having the rank of Sergeant, Lieutenant or Captain.

“Released Claims” means any and all claims, charges, demands, rights, liabilities and causes of action of any kind whatsoever, known or unknown, with respect to, arising out of, or in any way connected with any modifications made to the terms of the Plan prior to the execution of this Agreement, including but not limited to any such claims, if any, arising under the federal Age Discrimination in Employment Act, 29 U.S.C. § 621, *et seq.*, the Wisconsin Fair Employment Act, Wis. Stat. § 111.31, *et seq.* or

any other federal, state or local law. The term "Released Claims" specifically excludes any and all claims for payment of health-care services or treatment pursuant to the terms of the Plan, whether or not such claims arose before or after the execution of this Agreement.

"Releasee" means the City or any of its elected officials, agents, employees, insurers, assigns and representatives.

"Retiree" means any retired City of Racine employee who –

- (a) Retired prior to January 1, 2005;
- (b) Immediately prior to his or her retirement was not a member of a bargaining unit represented by a labor organization;
- (c) Immediately prior to his or her retirement was not a member of the Police Staff; and
- (d) Participated in the Plan following his or her retirement from the City;

"Retiree" does not include any person who has been a participant in the Old Plan at all times from and after July 1, 1994.

"Spousal carve-out" means any condition imposed on a Retiree's or a Retiree's Spouse's eligibility, benefits or coverage under the Plan on the basis of the Spouse's eligibility for benefits or coverage under another employer's group health insurance plan.

"Spouse" means the husband or wife of a Retiree. "Spouse" does not include any person who has been a participant in the Old Plan at all times from and after July 1, 1994.

2. The City shall not require the Retiree or the surviving Spouse, as the case may be, to make any contribution toward the premium cost of his or her single or family coverage under the Plan at any time prior to January 1, 2009.

3. The City shall reimburse each Retiree or surviving Spouse, as the case may be, the full amount of any contributions that they paid for coverage under the Plan at any time from January 1, 2007 to and through the date of this settlement.

4. Beginning January 1, 2009 and continuing thereafter for the lifetime of the Retiree and the lifetime of the Retiree's surviving Spouse, if any, the City may require the Retiree or the surviving Spouse, as the case may be, to contribute five percent (5%) of the monthly premium for coverage selected by the Retiree or surviving Spouse, as the case may be, to a maximum monthly amount of \$40 for single coverage or \$70 for family coverage under the Plan.

5. For the lifetime of the Retiree and the lifetime of the Retiree's surviving Spouse, if any, the City shall reimburse the Retiree and his or her Spouse, if any, or the surviving Spouse, as the case may be, the total premium cost of their Medicare Part B coverage.

6. For the lifetime of the Retiree and the lifetime of the Retiree's surviving spouse, if any, the City shall provide to the Retiree or surviving Spouse, as the case may be, a Flex

Spending Account in the amount of \$200 per year, so long as the City provides a Flex Spending Account or similar benefit to any active or retired City employee, represented or non-represented.

7. For the lifetime of the Retiree and the lifetime of the Retiree's surviving Spouse, if any, the City shall provide them with the same benefits and coverages offered to other participants under the Plan, but shall, as to the Retiree and any surviving Spouse, maintain deductibles, co-payments and total out-of-pocket maximums at the levels in effect on the date of this Agreement.

8. For the lifetime of the Retiree and the lifetime of the Retiree's surviving Spouse, if any, the City may not require the Retiree, his or her Spouse, or his or her surviving Spouse, to pay more than the following percentages of the cost of prescription drugs as co-pays under the Plan:

Generic drugs	20%
Brand drugs where no generic drug is available	25%
Brand drugs where a generic drug is available	35%

9. For the lifetime of the Retiree and the lifetime of the Retiree's surviving Spouse, if any, the City shall not subject such Retiree, his or her Spouse, or his or her surviving Spouse, to any spousal carve-out that is not imposed on every active or retired City employee, represented or non-represented.

10. The City shall not disqualify any Retiree from single or family coverage as a Retiree under the Plan on the ground that his or her Spouse is also a City employee or Retiree entitled to single or family coverage under the Plan, unless every active or retired City employee, represented or non-represented, who is similarly situated is similarly disqualified.

11. The City shall reimburse each Retiree, Retiree's Spouse or surviving Spouse, as the case may be, the full amount of any unreimbursed Medicare Part B premiums that they incurred at any time from January 1, 2005 to and through the date of this settlement.

12. Notwithstanding any other provision of this Agreement, a Retiree's surviving Spouse who remarries after the date of execution of this Agreement shall, as a consequence thereof, forfeit all further rights, claims and coverages under (a) the Plan, and (b) this Agreement, except such as may have accrued prior to such remarriage. This paragraph shall not apply to any surviving Spouse who is also a Retiree.

13. Any Retiree who retired from the Fire Staff and any surviving Spouse of a Retiree who retired from the Fire Staff may make an irrevocable election whether to be covered by the terms of this Agreement or by the Retiree health insurance provisions of such agreement or agreements as the City may, from time to time, negotiate with the active members of the Fire Staff. Any such election must be received by the City or postmarked no later than January 15, 2008.

14. The City shall pay to the law firm of Hawks Quindel Ehlke & Perry, S.C., attorneys for the plaintiffs, the amount of \$15,000, as reimbursement of attorney fees earned and costs incurred in connection with this matter and the Lawsuit.

15. This Agreement shall govern Jerome Maller's rights with respect to the Plan except to the extent that the Maller Agreement provides him with greater rights with respect thereto. *Provided that* this Agreement shall have no applicability to Jerome Maller, and his rights with respect to the Plan shall be governed entirely and exclusively by the Maller Agreement, unless he consents in writing to the applicability of this Agreement no later than January 15, 2008.

16. The City shall restore separate single or family coverage under the Plan to any Retiree whose separate coverage under the Plan was terminated on the ground that his or her Spouse was a City employee or Retiree separately covered under the Plan, including but not limited to Thomas Weber or his wife, Janet Weber.

17. To the extent that it is inconsistent with the terms of this Agreement, the City shall not enforce Resolution No. 6222, which the Common Council adopted on or about November 16, 2004.

18. As consideration for this Settlement and Release Agreement, each Plaintiff, on behalf of himself or herself, his or her heirs, executors, administrators, successors, assigns and representatives, releases and forever discharges the City and all other Releasees from any and all Released Claims, as defined hereinabove, and releases and waives any claim or right to reinstatement, further compensation of any kind, or attorney fees or costs from the Releasees, except as may be expressly provided herein. Each Plaintiff further agrees that this settlement is in full and final compromise of all Released Claims he or she may have against the City.

19. As part of this settlement and release, each Plaintiff agrees to dismiss the Lawsuit, with prejudice and without costs, except as provided in this Agreement, and agrees that Jeffrey P. Sweetland or other attorney for the Plaintiffs may execute and deliver whatever papers may be necessary to effectuate such dismissal.

20. SINCE THIS AGREEMENT INCLUDES THE RELEASE AND WAIVER OF POTENTIAL CLAIMS, IF ANY, UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT, AS AMENDED, IT IS SUBJECT TO THE FOLLOWING CONDITIONS:

- (a) EACH PLAINTIFF HAS THE RIGHT TO TAKE UP TO FORTY-FIVE (45) DAYS IN WHICH TO CONSIDER THIS AGREEMENT.
- (b) EACH PLAINTIFF HAS THE RIGHT TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS AGREEMENT OR AGREEING TO ITS EXECUTION.
- (c) EACH PLAINTIFF HAS THE RIGHT TO REVOKE HIS OR HER CONSENT TO THIS AGREEMENT FOR A PERIOD OF SEVEN (7) DAYS AFTER ITS EXECUTION.

(d) THIS AGREEMENT SHALL NOT BE EFFECTIVE OR ENFORCEABLE UNTIL THE REVOCATION PERIOD DESCRIBED IN SUB. (c) OF THIS PARAGRAPH HAS EXPIRED.

IN WITNESS WHEREOF, the parties hereto have executed this Settlement and Release Agreement on the dates indicated below and on the attached signature pages.

[SIGNATURES]