

## SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into on this Eleventh (11<sup>th</sup>) day of June, 2009 ("Effective Date"), by and among the State of Rhode Island, through the Rhode Island Department of Administration ("DOA") and the Rhode Island Department of Human Services ("DHS")(collectively "State"), and Lucas Group Partners, LLP ("Lucas Group") (hereinafter all shall be referred to collectively as the "Parties").

WHEREAS, the Director of DHS and his staff, with approval of the Governor, proceeded with an extraordinary effort to reform Medicaid, under significant time pressures and with a substantial lack of resources;

WHEREAS, the Lucas Group provided an array of services to assist the State in obtaining an unprecedented Medicaid Global Waiver ("Global Waiver") from the federal government which allows the State significant flexibility in reforming the State's Medicaid program and is estimated to save the State tens of millions of dollars over a five year period;

WHEREAS, the Lucas Group provided temporary and necessary assistance to the State during this period in which there were critical State staffing shortages, to aid the State in identifying significant savings initiatives for Fiscal Year 2009 in the area of health and human services including, but not limited to, a template for developing and implementing substantial reforms related to the Global Waiver;

WHEREAS, as a result of a significant team effort and commitment of staff and resources by DHS, with the assistance of the State's other health and human service agencies, and the Lucas Group, the Global Waiver was successfully achieved and DHS is currently in the process of implementing reforms;

WHEREAS, a dispute as to the services and work performed arose between the State and the Lucas Group;

WHEREAS, over the past several months legal counsel for DHS, the Office of the Governor and Lucas Group met on several occasions in an attempt to resolve the disputed claim without litigation;

WHEREAS, after not being able to resolve the disputed claim after several months of negotiation, legal counsel for all parties agreed to attempt a mediation process in order to resolve the matter without litigation;

WHEREAS, legal counsel for the Parties agreed that mediation would be conducted and facilitated by Retired Associate Justice Richard Israel on June 1, 2009;

WHEREAS, Justice Israel heard from both sides involving the facts and legal arguments, and using his vast experience and knowledge he helped facilitate a fair and equitable resolution after helping the Parties weigh the risks and consider the likelihood of potential outcomes achieved through litigation;

WHEREAS, all statements, documents and information exchanged during the meetings and during the mediation process between the Parties and legal counsel shall remain confidential and privileged unless otherwise prescribed by Rhode Island law;

WHEREAS, as a result of intense mediation of the issues involved, the Parties have agreed to settle the issue to avoid further litigation and financial hardship on the Parties in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, the Parties, in consideration of the mutual covenants set forth herein and other good and valuable consideration, receipt of which is hereby acknowledged, hereby agree as follows:

1. **Whereas Clause Incorporation** – The precatory (“Whereas”) clauses are hereby incorporated herein and made part of this Agreement.
2. **Settlement Amount** – The claim of the Lucas Group for services rendered related to reform of the Medicaid program is hereby settled for three hundred seventy thousand dollars (\$370,000)(“Settlement Funds”), payable by DHS to the Lucas Group in the following manner: one hundred fifty thousand dollars (\$150,000), to be paid on or before June 12, 2009; and two hundred twenty thousand dollars (\$220,000) to be paid on or before July 3, 2009.
3. **Exclusions and Waiver** – This Agreement hereby settles and forever resolves any and all issues and disputes, known or unknown by the Parties, arising out of any and all claims which the Lucas Group may have against the State of Rhode Island, any of its agencies or employees related to any services performed including those services concerning the Global Waiver, Medicaid reform or associated budgetary savings initiatives, from the beginning of time through and including the Effective Date of this Agreement. Without limiting the generality of the foregoing, the Lucas Group expressly agrees to waive any and all claims related to this dispute, for assisting the State in acquiring the Global Waiver, facilitating Medicaid reforms, identifying associated budgetary savings initiatives or in resolving this dispute, through and including the Effective Date of the Agreement, against the State of Rhode Island, its agencies or its employees.
4. **Non-Disparagement and Confidential Information** – The Parties agree to not directly or indirectly disseminate, publish or cause to be published in any manner, disparaging, defamatory, or negative remarks or comments about each other.

- Additionally, all statements, documents and information exchanged during the meetings and during the mediation process between the Parties and legal counsel shall remain confidential and privileged unless otherwise prescribed by Rhode Island law;
5. **Admission of Liability** – Neither the settlement of the Lucas Group’s claim, nor any statement included within this Agreement shall constitute an admission of liability, wrongdoing or improper conduct by the Parties.
  6. **Choice of Law** – This agreement and all of its terms and conditions shall be governed by the laws of the State of Rhode Island.
  7. **No Third-Party Rights** – This Agreement shall inure to the benefit of, and be binding upon, the Parties hereto and their respective successors and assigns and no third-party rights shall be created hereunder unless expressly provided herein.
  8. **Headings** – the headings contained in this agreement are for reference only and shall not affect in any way the meaning or interpretation of this agreement.
  9. **Numbers** – Words shall take precedence over numerals in the event of a discrepancy.
  10. **Severability** – A determination that any provision(s) of the Agreement is invalid, illegal or otherwise unenforceable in any respect in any instance shall not affect the validity, legality or enforceability of any other provision or provisions of the Agreement.
  11. **Counterparts** – This Agreement shall become effective when executed by all Parties and may be executed in counterparts, any one of which shall be deemed to be an original instrument. Any proof of the Agreement shall require production of only one such counterpart duly executed by the party to be charged therewith.

12. **Entire Agreement** – The Parties agree that the Agreement constitutes the entire agreement among the parties and that there are no other agreements, understandings, representations or warranties made or given, except as expressly provided herein. All and any prior agreements, express or implied, understandings, letters and/or communications, electronic or otherwise, relating to the subject matter of the Agreement shall be null and void and shall be superseded in their entirety by this Agreement.
13. **Alterations to Agreement** – The modification, amendment and/or waiver of the Agreement, or of any of the provisions of the Agreement, shall not become effective unless executed in writing by the Parties.
14. **Rules of Construction** – Should any provision of this Agreement require interpretation or construction, the Parties agree that the court, administrative body, or other entity interpreting or construing the Agreement shall not apply a presumption that the provisions herein shall be more strictly construed against one party by reason of the rule of construction that the provisions of the document shall be more strictly construed against the party who itself or through its representatives prepared the Agreement. Rather, it is agreed by the Parties and their respective attorneys that this Agreement was established through equal participation in the preparation of all of the provisions of the Agreement.
15. **Notice** – All notices and communications required by or pertaining to this Agreement shall be sent via regular mail to:


**DHS:** Gary Alexander, Director  
Rhode Island Department of Human Services  
600 New London Avenue  
Cranston, RI 02920  
(401) 462-2121

**DOA:** Gary Sasse, Director  
Rhode Island Department of Administration  
One Capitol Hill  
Providence, RI 02903  
(401) 222-2280


**Lucas Group:** Lucas Group Partners, LLP  
c/o Linn Freedman, Esq.  
Nixon Peabody LLP  
One Citizens Plaza, Suite 500  
Providence, RI 02903

15. **Authorization to Execute** – Each of the undersigned individuals represents, warrants and certifies that he is authorized to execute this agreement in their capacity indicated.

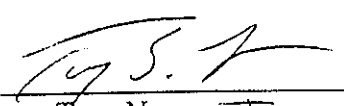
RHODE ISLAND DEPARTMENT  
OF HUMAN SERVICES

By:   
Print or Type Name: Gary Alexander  
Title: Director

RHODE ISLAND DEPARTMENT OF  
ADMINISTRATION

By:   
Print or Type Name: Gary Sasse  
Title: Director

LUCAS GROUP PARTNERS, LLP

By:   
Print or Type Name: Jay S. Lucas  
Title: