

IN THE CIRCUIT COURT OF MOBILE COUNTY, ALABAMA

SPANISH FORT WATER  
SYSTEM,

Plaintiff,

v.

BOARD OF WATER AND  
SEWER COMMISSIONERS  
OF THE CITY OF MOBILE,

Defendant.

CIVIL ACTION NO.: CV-2018-000198

**SETTLEMENT AGREEMENT**

The parties mediated all claims and counterclaims arising between them as a result of the above-styled matter. As a result of that mediation, a settlement agreement has been reached. The enforceability of this Settlement Agreement is contingent upon the managing boards of the two (2) entities entering into a new Water Purchase Contract (the "Agreement"), a copy of which is attached hereto as Exhibit "A". This Agreement will supersede and replace all current water purchase agreements between the parties. As it concerns the other matters and claims arising out of this suit, the parties agree as follows:

1. Spanish Fort Water System, Inc. ("SFWS") and Board of Water and Sewer Commissioners of the City of Mobile d/b/a Mobile Area Water and Sewer ("MAWSS") shall enter into the Water Purchase Contract, which is attached hereto as Exhibit "A".

2. SFWS will pay Eight Hundred Nine Thousand Four Hundred Seventy-Two And 81/100ths (\$809,472.81) Dollars to MAWSS, in full settlement of all claims by MAWSS against SFWS for the cost of service-portion of the past due water arrearage claims made by MAWSS in this suit.

3. SFWS will pay MAWSS Six Hundred Eighty Thousand And No/100ths (\$680,000.00) Dollars in full and final settlement of all claims for repair costs reimbursement that are encompassed within the past due arrearage claims made by MAWSS, as well as any unbilled portion for repair costs, as a result of the line break(s) occurring in or before 2017;

4. MAWSS will repair or replace the Causeway Line, thereby remedying all current breaks to the Causeway Line. SFWS agrees to contribute Two Million Nine Hundred Five Thousand And No/100ths (\$2,905,000.00) Dollars to fund repairs of the Causeway Lines for all current breaks as follows:

- a. Three Hundred Five Thousand And No/100ths (\$305,000.00) Dollars upon execution of the Agreement; and
- b. Two Million Six Hundred Thousand And No/100ths (\$2,600,000.00) Dollars, subject to paragraph 4(c) below, amortized over a twenty-eight (28) year period at an interest rate of two percent (2%). The monthly repayment amount shall be added to the monthly water invoice supplied to SFWS by MAWSS. The repayment amount shall be subject to all provisions concerning payment, collection and delinquency, as is provided for in the new Agreement. Other than as may be reflected in current or future volumetric rate component calculations concerning capital contributions applicable to all MAWSS volumetric customers, the amounts contributed by SFWS to MAWSS are a one-time contribution and SFWS has no obligation or duty to contribute funds to repair or replace anything related to MAWSS'

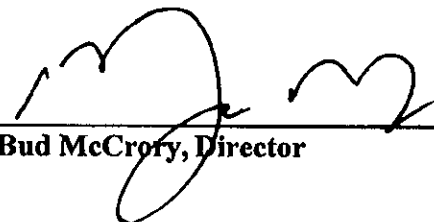
Causeway Line unless the need for repair or replacement is due to injury or damage caused by SFWS Customers connected to the Causeway line.

- c. SFWS will waive any claims to service credits that have been or could have been made prior to the date of this document.
- d. MAWSS agrees to provide SFWS access to all information regarding repairs and work to be performed on the Causeway Line, including but not limited to engineering data, plans, designs, specifications, bids, contracts, invoices, and payments.


5. The payments referred to in paragraph 2, 3, and 4(a) herein will be made contemporaneously with the execution of the contemplated new Water Purchase Contract. In addition, the parties will also at that time execute a Mutual Release of Claims and file a Joint Stipulation of Dismissal of all claims with prejudice, with each party to bear its own costs.

Dated this the 21<sup>st</sup> day of October, 2022.

**MOBILE AREA WATER AND SEWER SYSTEM (MAWSS)**

By:   
Bud McCrofy, Director

**SPANISH FORT WATER SYSTEM (SFWS)**

By:   
Hank Bauer, President  
*as it's President.*