

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (“Agreement”) is entered into by and between City of Dalton (“City of Dalton,” and as further defined in Section 2.A of this Agreement) and Arch Insurance Company (“Arch,” and as further defined in Section 2.B of this Agreement). City of Dalton and Arch are referred to from time to time collectively as the “Parties” and individually as a respective “Party.”

RECITALS

WHEREAS, Arch and City of Dalton entered an insurance contract numbered PDPKG0084300, which was effective from May 1, 2024 through and including May 1, 2025 (the “Policy,” and as further defined in Section 2.C of this Agreement);

WHEREAS, the Policy, subject to its terms, conditions, and other provisions, provided certain insurance coverage to property located at 114 Pentz Street, Dalton, Georgia (the “Property”, and as further defined in Section 2.D of this Agreement);

WHEREAS, on or about May 6, 2024, the Property allegedly sustained water damage (the “Loss Event” and as further defined in Section 2.E of this Agreement);

WHEREAS, the City of Dalton sought insurance proceeds under the Policy for the damage the Property allegedly incurred from the Loss Event, and that matter was assigned claim number 4A24057BVSR-0001 by Arch (the “Claim,” and as further defined in Section 2.F of this Agreement);

WHEREAS, Arch and City of Dalton disagreed about the compensability of the Claim;

WHEREAS, the Parties have weighed and balanced the risks of loss against the risks of gain inherent in continuing the dispute and have determined that it is in their

best interests to compromise, resolve, settle, and release, fully, finally, and forever, per the terms of this Agreement, any and all claims that could have, are being, or may be brought in the future, and all matters relating in any way to the Loss Event or the Claim, leaving no matter open, unresolved, or subject to doubt.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein and intending to be legally bound hereby, the Parties agree as follows:

1. **Recitals.** The foregoing Recitals are true and correct and shall constitute an integral part of this Agreement. This Agreement shall be interpreted in light of the Recitals.

2. **Definitions.** For purposes of this Agreement, the following definitions apply:

A. The term "City of Dalton" includes, as set forth above and herein, without limitation, the City of Dalton, Georgia, as well as all past, present, and future, affiliated entities, joint ventures, employees, governing officers, board members, councilpersons, Mayor, directors, managers, agents, attorneys, consultants, representatives, predecessors, successors, and assigns, both individually and jointly, as well as all other persons or entities that were, are now, or in the future claim to have any rights or interest under or related to the Policy, the Property, the Loss Event, or the Claim, including but not limited to any and all additional insureds, loss payees, and all other parties or entities claiming an interest in the amounts to be paid under Paragraph 3 below, entitled "Settlement Amount," upon complete execution of this Agreement by the Parties.

B. The term “Arch” includes without limitation, Arch Insurance Company, and all past, present, and future, partners, subsidiaries, co-insurers, re-insurers, affiliates, parent entities, joint ventures, employees, adjusters, third party administrators including Sedgwick, officers, directors, shareholders, principals, managers, members, agents, attorneys, consultants, representatives, predecessors, successors, and assigns.

C. The term “Policy” means the insurance contract issued by Arch to City of Dalton, numbered PDPKG0084300, which was effective from May 1, 2024 through and including May 1, 2025.

D. The term “Property,” means, without limitation, all real and personal property, irrespective of ownership or title, located at any time at 114 Pentz Street, Dalton, Georgia as well as all related buildings, structures, additions, improvements, fixtures, machinery, signs, fences, business personal property, stock, and any parts thereof, as well as any and all other realty, business personal property, or other property of any kind which City of Dalton contended, contends now, or in the future contends is or was covered, in any way, by the Policy which is located at 114 Pentz Street Dalton, Georgia.

E. The term “Loss Event” means the May 6, 2024 event, wherein the Property allegedly sustained water damage per the Claim and the Policy.

F. The term “Claim” includes, without limitation, any and all matters related to City of Dalton’s insurance claim to Arch, which was assigned claim number 4A24057BVSR-0001; City of Dalton’s request for indemnification for damages to the Property that it incurred relative to the Loss Event; and any and all other matters, whether known or unknown, which involve or relate in any way to the Loss Event or the

Property as of the date of this Agreement, as well as includes, but is not limited to, all claims for Policy proceeds, damages, losses, indemnification, or expenses, whether relating in any way to property damage, building materials, business personal property, business income, ordinance or law coverage, code upgrades, building repair, loss of use, permits, other structures, and any and all other losses or expenses, irrespective of insurance claim type, as well as all legal claims, whether in law or equity, and whether involving penalties, extra-contractual claims, unfair and deceptive trade practices, common law or statutory bad faith, compensatory damages, special damages, punitive damages, damages for annoyance and/or inconvenience, litigation costs, attorneys' fees whether under or related to any law, or any implied covenant, whether subject to notice or not, however arising or characterized, and wherever located or transpiring that relate in any way, directly or indirectly, to the Claim, or the Loss Event. The Parties intend by this Agreement to fully, finally, and forever resolve all matters that could have, are being, or may be brought in the future, relating in any way to the Claim or the Loss Event, leaving no matter open or subject to further claim, discussion, doubt, or adjustment now or ever in the future by any person or entity.

3. Settlement Amount and Manner of Payment. Within 30 days of execution and notarization of this Agreement by all Parties (the "Payment Date"), Arch shall issue payment to "**City of Dalton**" for the sum of **\$100,000.00 (one hundred thousand dollars and no cents)** (the "Settlement Amount" or "Settlement Payment"). Issuance of the Settlement Payment represents full and final settlement of the Policy for the Loss Event and the Claim, including any and all matters, whether now existing, previously existing, or which may exist in the future, which are related in any way to any

or all Loss Event or Claims. No amount of this settlement payment is being issued as compensation for any bad faith or extra-contractual damages, even though such actions are being released herein.

4. Mutual Release. Upon issuance of the Settlement Payment, Arch and City of Dalton, individually, jointly, and collectively, acquit, release, and forever discharge each other from any and all claims, duties, obligations, responsibilities, liabilities, causes of action, demands, damages (including but not limited to compensatory, special, extra-contractual, punitive, treble, and exemplary damages), costs, penalties, expenses, losses, claims for interest or attorneys' fees, allegations of contractual and extra-contractual damages, allegations of bad faith conduct, allegations of unfair or deceptive trade practices, warranties, any implied covenants, allegations of impropriety, requests for declaratory judgment, demands for subrogation, and any and all contributions and indemnities whatsoever, in law or in equity, which City of Dalton ever had, now has, or may hereafter have for any claims arising out of or related, in any way, to the Loss Event or the Claim, except as necessary to enforce the terms of this Agreement.

5. Representations of City of Dalton.

A. City of Dalton represents and warrants that it is the sole and unconditional owner of all claims, rights, causes of actions, and any and all other entitlements that could have, are being, or may be brought in the future, relating to the Loss Event, the Claim, the Policy, or the Property which are the subject of or related to this Agreement. City of Dalton further represents and warrants that (1) it has not assigned, pledged, hypothecated, or otherwise divested or encumbered all or part of any of these, and that

(2) no other person or entity has any interest in any of these claims, payments, rights, actions, causes of action, or other entitlements which are the subject of or related to this Agreement, other than the City's Lessee, which the City agrees to satisfy from the Settlement Payment.

B. City of Dalton represents and warrants that it has taken all necessary municipal, corporate, legislative, legal, and/or other action to duly approve the making and performance of this Agreement and that no further action or approval is necessary.

C. City of Dalton represents and warrants that it has the authority to and does release all claims, damages, and matters that could have, are being, or may be brought in the future, relating in any way to the the Loss Event and the Claim.

D. City of Dalton represents and warrants that there are no pending liens on the Settlement Amount of any kind, including but not limited to any attorney's liens.

6. Mutual Covenant. City of Dalton and Arch covenant not to sue or initiate arbitration or any other dispute resolution, or to permit such action in their name, against the other in connection with the Loss Event or the Claim, other than to enforce the terms of this Agreement. City of Dalton and Arch each acknowledge that the filing of any such action would be a material breach of this Agreement entitling the non-breaching party to assert all applicable rights, including, by way of example only Arch's right to off-set any payment due hereunder against any and all additional obligations alleged to be due and owing in that matter as though the amounts had not previously extinguished other elements of claim or debt.

7. **Representations of Arch.** Arch represents and warrants that it has taken all necessary municipal, corporate, legislative, legal and/or other action to duly approve the making and performance of this Agreement and that no further action or approval is necessary.

8. **Non-Prejudice/Construction of Agreement.** This Agreement is not intended to be construed as an admission of liability by any Party; nor shall it be construed as a waiver, modification or retraction of the positions of the Parties with respect to the interpretation or application of the Policy. By signing below, the Parties agree that this Agreement is the product of an informed negotiation and involves compromises of the Parties' previously stated positions, as well as full and complete compromise of all issues and claims that could, are being, or may be brought in the future, relating to the Loss Event or the Claim. This Agreement does not reflect upon the Parties' views as to their rights and obligations under the Policies and it is entered without prejudice to the positions taken by Arch with regard to other policyholders. The Parties specifically disavow any intention to create rights in any third parties under or in relation to this Agreement, except as specifically set forth in this Agreement. The Parties reaffirm that this Agreement and the negotiations surrounding this Agreement shall not be admissible in any suit, action, or other proceeding, except as shall be necessary to enforce the terms of this Agreement or as may be required or permitted by law. Nothing in this Agreement shall be deemed to alter, modify, or delete any of the terms or conditions of the Policy.

9. **No Modification.** No change or modification to this Agreement shall be valid unless it is contained in writing and signed by the Parties hereto.

10. Execution in Counterparts. This Agreement may be executed in multiple counterparts and shall be effective when completely executed by all Parties.

11. Notices. Unless another person is designated in writing for receipt of any notice required hereunder, every notice shall be sent electronically to the Parties with a copy sent by certified mail, postage prepaid, to the persons identified on pages 11 through 12 of this Agreement, via their respective legal counsel.

12. Governing Law of Agreement. This Agreement shall be governed by and shall be construed in accordance with the laws of the State of Georgia.

13. Forum Selection. Any dispute arising between the Parties related to this Agreement, including, without limitation, proceedings to enforce the terms hereof, shall be brought in the state or federal courts serving Whitfield County, Georgia.

14. Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior discussions, agreements, and understandings, both written and oral, between the Parties with respect hereto. The Parties are informed commercial and/or municipal entities entering into this Agreement with the intent that each of the undertakings is valid and fully enforceable as written. To the extent that any relevant statute, regulation or court decision requires that certain citations, words, or phrases appear in the text of this Agreement to make it fully enforceable, the Parties stipulate and agree that those citations, words, or phrases shall be deemed to appear in the text of this Agreement. The Parties further waive any claim or argument that this stipulation and Agreement was or is void, invalid, or without the effect stated. Without limiting the generality of the foregoing statement, the Parties, specifically agree that any citation, words or phrases

required to invoke an unqualified, unconditional, and unlimited release and waiver of future or unknown claims is incorporated in this Agreement as if it appeared fully in text.

IN WITNESS WHEREOF, the Parties hereto have caused this Confidential Settlement Agreement and Mutual Release, containing 11 pages, inclusive of signatures, to be executed as of the date last set forth below.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.

CITY OF DALTON

By: _____
Print Name: _____
Its: _____
Date: _____

COUNTY OF _____

STATE OF _____

Before me, the undersigned Notary Public of the State and county aforesaid, personally appeared _____, with whom I am personally acquainted (or provide to me a basis of satisfactory evidence) and who, upon oath, acknowledged himself or herself to be the _____ of City of Dalton and that he or she, as such officer) and who, upon oath, executed the foregoing instrument for the purposes therein contained and with full authority to do so by signing the names of the municipality as officer.

WITNESS my hand and notary seal, at office this _____ day of _____, 202__.

Notary Public
Print Name _____

My Commission Expires _____

ARCH INSURANCE COMPANY

By: _____
Print Name: _____
Its: _____
Date: _____

COUNTY OF _____

STATE OF _____

Before me, the undersigned Notary Public of the State and county aforesaid, personally appeared _____, with whom I am personally acquainted (or provide to me a basis of satisfactory evidence) and who, upon oath, acknowledged himself or herself to be the _____ of Arch Insurance Company and that he or she, as such officer, upon oath, executed the foregoing instrument for the purposes therein contained and with full authority to do so by signing the names of the corporation as officer.

WITNESS my hand and notary seal, at office this _____ day of _____, 202__.

Notary Public
Print Name _____

My Commission Expires _____