

RELEASE AND SETTLEMENT AGREEMENT

This Settlement Agreement and Full Release of All Claims (the “Agreement”) is entered into by and among: (i) John Chang and Rebecca Zhu, as surviving parents of Joshua Chang, deceased, and Rebecca Zhu, as Personal Representative/Administrator of the Estate of Joshua Chang (the “Estate”) (collectively, “Plaintiffs”); (ii) the City of Milton, Georgia, a Georgia municipal corporation (the “City”); and (iii) the Georgia Interlocal Risk Management Agency (“GIRMA”). Plaintiffs, the City, and GIRMA are referred to collectively as the “Parties.”

WITNESSETH:

WHEREAS, Plaintiffs filed a civil action in the State Court of Fulton County, Georgia, styled *JOHN CHANG and REBECCA ZHU, as surviving parents of JOSHUA CHANG, DECEASED, and REBECCA ZHU, as Personal Representative/Administrator of the ESTATE OF JOSHUA CHANG*, Civil Action File No. 18EV004442 (the “Action”), arising from a motor vehicle accident involving Joshua Chang on November 19, 2016 in which Joshua was driving along Batesville Road in Milton, Georgia when he struck a large stone and concrete structure or “planter” that was in the shoulder of the roadway, which resulted in his injury and death (the “Incident”);

WHEREAS, Plaintiffs asserted claims on behalf of the Estate of Joshua Chang for conscious pain and suffering and special damages and asserted claims on behalf of themselves for the full value of the life of Joshua Chang;

WHEREAS, following trial, the jury returned a verdict of \$5,000,000 for conscious pain and suffering and \$30,000,000 for the full value of the life, and apportioned 7% fault to Joshua Chang resulting in a reduction to a final judgment of \$32,550,000;

WHEREAS, the judgment was appealed to the Georgia Court of Appeals and subsequently to the Supreme Court of Georgia, which vacated the judgment of the Court of Appeals and remanded the case to that court for further proceedings, such case currently being assigned Case No. A24A0802;

WHEREAS, GIRMA issued coverage to the City under a Member Coverage Agreement with a stated limit of liability of \$2,000,000, and GIRMA defended the City in the Action;

WHEREAS, GIRMA entered into a reinsurance treaty with NLC Mutual Insurance Company (“NLC”) for the coverage period beginning May 1, 2016, the coverage period in which the Incident occurred, under which NLC served as GIRMA’s reinsurer in connection with the claim and Action;

WHEREAS, without admitting liability, coverage, bad faith, negligence, breach of duty, or any other wrongful conduct, the Parties participated in mediation and agreed to resolve all disputes among them for a total settlement payment of \$10,000,000, funded as follows: GIRMA, on behalf of itself and NLC, shall contribute \$6,666,666.67; and the City shall contribute \$3,333,333.33;

WHEREAS, as a material part of their settlement with the Plaintiffs, the City and GIRMA, on behalf of itself and, NLC, require, in exchange for the payments described in the foregoing paragraph, a full and complete release by the Plaintiffs of any and all claims arising out of or relating to the Incident; and

WHEREAS, as a material part of this settlement, GIRMA requires, in exchange for its contributions above the stated \$2,000,000 policy limit, a full and complete release of GIRMA and NLC by the City of any and all claims arising out of or relating to the defense, handling, adjustment, coverage, settlement, or administration of the claim and Action; and

WHEREAS, as a material part of this settlement, the City requires, in exchange for its contribution of \$3,333,333.33 toward settlement and its release of all claims against GIRMA, a full and complete release and waiver of any claim or entitlement by GIRMA and NLC, as applicable, against the City and its officers, agents, and employees, as set forth in Section 4.

NOW, THEREFORE, in consideration of the mutual promises, releases, covenants, and payments set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree that the claims released in Sections 2, 3, and 4 are the “Released Claims” and further agree as follows:

1. Settlement Payment. Subject to execution of this Agreement by all Parties and satisfaction of any conditions set forth below, the Parties agree that the Action and all Released Claims, as defined below, shall be settled for the total sum of Ten Million Dollars (\$10,000,000) (the “Settlement Amount”). The Settlement Amount shall be funded as follows: (a) GIRMA, on behalf of itself and NLC, shall pay Six Million Six Hundred Sixty-Six Thousand Six Hundred Sixty-Six Dollars and 67/100 cents (\$6,666,666.67) (“GIRMA Payment”); and (b) the City shall pay Three Million Three Hundred Thirty-Three Thousand Three Hundred Thirty-Three Dollars and 33/100 cents (\$3,333,333.33) (“City Payment”). The Settlement Amount shall be paid in the manner directed in written payment instructions provided by Plaintiffs’ counsel, subject to any applicable court approval, probate approval, conservatorship approval, lien resolution, or allocation requirements. Unless otherwise agreed in writing, payment shall be due within fourteen (14) days after all Parties have executed this Agreement and Plaintiffs have provided all documentation reasonably necessary to issue payment.

2. Plaintiffs’ Full Release of the City, GIRMA, and NLC. For and in consideration of the Settlement Amount and the covenants contained in this Agreement, Plaintiffs, for themselves and for their respective heirs, executors, administrators, personal representatives, beneficiaries, successors, assigns, attorneys, agents, and all persons or entities claiming by, through, or under them, fully, finally, and forever release, acquit, and discharge the City, GIRMA, NLC, and each of their respective past, present, and future elected officials, officers, directors, employees, agents, representatives, attorneys, insurers, reinsurers, excess insurers, claims administrators, third-party administrators, affiliates, predecessors, successors, assigns, and all other persons or entities alleged to be liable by, through, or on behalf of them (collectively, the “Plaintiff Released Parties”) from any and all claims, demands, actions, causes of action, suits, debts, liens, damages, losses, expenses, attorney’s fees, costs, judgments, executions, rights, liabilities, and obligations of every kind and nature, whether known or unknown, suspected or unsuspected, asserted or unasserted,

fixed or contingent, arising out of, relating to, or in any way connected with the Incident, the injuries to and death of Joshua Chang, the Action, the verdict, the judgment or potential judgment, the defense of the Action, the insurance coverage for the Action, the settlement of the Action, and any claim for damages recoverable by Plaintiffs or the Estate under Georgia law. This release includes, without limitation, claims for wrongful death, full value of life, conscious pain and suffering, funeral expenses, medical expenses, punitive or exemplary damages, interest, costs, attorney's fees, penalties, and any claim that was or could have been asserted in the Action.

3. City's Full Release of GIRMA and NLC. For and in consideration of GIRMA's contributions to the Settlement Amount, reinsured in part by NLC, including contributions in excess of the stated \$2,000,000 policy limit, the City, for itself and for its past, present, and future elected officials, officers, employees, agents, representatives, attorneys, administrators, insurers, reinsurers, affiliates, successors, and assigns, fully, finally, and forever releases, acquits, and discharges GIRMA, NLC, and each of their respective past, present, and future officers, directors, employees, agents, representatives, attorneys, claims professionals, third-party administrators, affiliates, parent companies, subsidiaries, reinsurers, retrocessionaires, predecessors, successors, and assigns (collectively, the "City Released Parties") from any and all claims, demands, actions, causes of action, suits, debts, damages, losses, expenses, attorney's fees, costs, rights, liabilities, and obligations of every kind and nature, whether known or unknown, suspected or unsuspected, asserted or unasserted, fixed or contingent, arising out of, relating to, or in any way connected with the Incident, the claim, the Action, the verdict, the defense of the City, the handling or adjustment of the claim, the administration of the claim, the evaluation of coverage, any reservation of rights or coverage position, any settlement demand or opportunity, any alleged failure to settle, any alleged negligent or bad-faith claim handling, any alleged breach of contract, any alleged breach of fiduciary duty or duty of good faith, any alleged excess exposure, and any contribution, indemnity, reimbursement, subrogation, or equitable claim relating to the Action or settlement. The City acknowledges that this release is a material inducement for GIRMA to contribute amounts toward settlement above the stated \$2,000,000 policy limit and that GIRMA would not make those contributions without this release.

4. GIRMA/NLC Release of City. GIRMA and the City agree that \$2,000,000 of the GIRMA Payment, but no defense costs or other claim expenses, shall be reflected as the City's loss experience for the May 1, 2016 coverage period. In consideration of the City Payment and the City's release of GIRMA and NLC, GIRMA, for itself and on behalf of NLC, releases the City, to include its officers, employees, and agents, from, and covenants not to seek, any reimbursement, contribution, indemnity, subrogation, recoupment, setoff, chargeback, assessment, surcharge, retrospective adjustment, increased deductible, reduced credit or dividend, or other direct or indirect recovery of any portion of the GIRMA Payment or related defense costs or expenses. This paragraph does not prohibit GIRMA from applying its ordinary prospective underwriting practices to the \$2,000,000 payment or from imposing generally applicable changes or legally required assessments applied uniformly to all GIRMA members, provided that no amount above \$2,000,000, and no defense cost or expense, is attributed to or used adversely against the City. The City shall not be non-renewed because of this claim. GIRMA represents and warrants that it has authority to bind NLC to this paragraph.

5. **No Admission of Liability, Coverage, or Wrongdoing.** This Agreement is a compromise of disputed claims. Nothing in this Agreement, the payment of the Settlement Amount, or the participation of any Party in settlement shall be construed as an admission of liability, negligence, causation, damages, coverage, bad faith, breach of duty, breach of contract, or wrongdoing by any Party or released person or entity. The City and GIRMA expressly deny liability and deny any coverage or claim-handling obligation beyond the obligations expressly undertaken in this Agreement.

6. **Dismissal of the Appeal and Satisfaction of Judgment.** Upon receipt and clearance of the Settlement Amount, Plaintiffs shall cooperate with the City in presenting a joint submission to the Court of Appeals notifying the court that the case has been conclusively resolved and requesting dismissal of the pending appeal or further proceedings as moot, with each Party to bear its own attorney's fees and costs except as otherwise expressly provided in this Agreement. However, the Parties acknowledge and agree that notwithstanding their best and good faith efforts to have the Court of Appeals take no further action on the pending appeal or remand proceedings, except dismissal or other disposition as moot, the Court of Appeals is under no obligation to do so; therefore, the settlement embodied in this Agreement is in no way contingent on any action that may be taken by the Court of Appeals with respect to the pending case on remand from the Supreme Court of Georgia. To the extent any judgment has been entered or may be entered on the verdict, Plaintiffs shall execute and file any satisfaction, cancellation, dismissal, or other document necessary to confirm that the judgment, verdict, and all claims arising from the Action have been fully compromised, settled, released, and satisfied.

7. **Liens, Subrogation Interests, and Expenses.** Plaintiffs represent that they are responsible for satisfying, resolving, compromising, or otherwise addressing any and all liens, subrogation claims, reimbursement claims, medical-payment claims, Medicare, Medicaid, ERISA, health-insurance, hospital, funeral, attorney-fee, litigation-expense, probate, estate, tax, or other claims to the Settlement Amount or arising from the Incident, the injuries to or death of Joshua Chang, or the Action. Plaintiffs agree to indemnify and hold harmless the Plaintiff Released Parties from any such lien, claim, demand, reimbursement right, or expense asserted against any Plaintiff Released Party as a result of the Settlement Amount or the claims released by Plaintiffs in this Agreement.

8. **Authority and Capacity.** Each person signing this Agreement represents and warrants that he or she has full authority and capacity to execute this Agreement and to bind the party, entity, or capacity on whose behalf the Agreement is signed specifically including GIRMA's authority to bind NLC as set forth in Section 4. Plaintiffs further represent that all persons or entities necessary to release the wrongful-death claims, estate claims, survival claims, funeral-expense claims, and all other claims arising from the Incident have executed this Agreement or will be bound by it through proper legal authority.

9. **Allocation and Court Approval.** The Parties acknowledge that any allocation of the Settlement Amount among wrongful-death claims, estate claims, funeral expenses, liens, attorney's fees, costs, or other interests is the responsibility of Plaintiffs and their counsel, subject to any required court, probate, or other approval. The City and GIRMA take no position on and assume no responsibility for any such allocation, approval, or distribution.

10. No Assignment. The Parties represent that they have not assigned, transferred, conveyed, or otherwise disposed of any claim, right, interest, or cause of action released by this Agreement.

11. Waiver of Unknown Claims. Each releasing party acknowledges that the releases in this Agreement extend to claims that are known or unknown, suspected or unsuspected, asserted or unasserted, fixed or contingent, and that each releasing party voluntarily assumes the risk that facts or law may later be discovered that differ from those now known or believed to be true. Each releasing party nevertheless intends this Agreement to be a full, final, and complete release of the Released Claims described in this Agreement. Notwithstanding the comprehensive nature of the releases set forth herein, the Parties agree that claims to enforce the terms of this Agreement are reserved. Any claim arising thereunder shall be brought in Fulton County, Georgia Superior Court.

12. Entire Agreement; Amendments. This Agreement contains the entire agreement among the Parties concerning the settlement and release of the claims described in this Agreement and supersedes all prior or contemporaneous negotiations, discussions, agreements, understandings, or representations concerning those matters. This Agreement may be modified only by a written instrument signed by all Parties to be bound by the modification.

13. Construction. The Parties acknowledge that this Agreement is the product of negotiation and that each Party has had the opportunity to consult with counsel. No presumption or rule of construction shall apply against any Party as the drafter of this Agreement. Headings are for convenience only and do not limit the meaning of any provision.

14. Counterparts and Electronic Signatures. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one agreement. Signatures transmitted electronically, by scanned copy, or by similar means shall be deemed original signatures for all purposes.

15. Effective Date. This Agreement shall become effective when it has been signed by all Parties.

IN WITNESS WHEREOF, the Parties have executed this Settlement Agreement and Full Release of All Claims as of the dates set forth below.

PLAINTIFFS:

John Chang, individually

Date: _____

Rebecca Zhu, individually
Date: _____

Rebecca Zhu, as Personal Representative/
Administrator of the Estate of Joshua Chang
Date: _____

CITY OF MILTON, GEORGIA:

By: _____
Name: _____
Title: _____
Date: _____

GEORGIA INTERLOCAL RISK MANAGEMENT AGENCY:

By: _____
Name: _____
Title: _____
Date: _____

APPROVED AS TO FORM:

Counsel for Plaintiffs

Counsel for City

Counsel for GIRMA

