

SETTLEMENT AGREEMENT AND SPECIAL RELEASE

This Settlement Agreement and Special Release (this “Agreement”) is made and entered into by and among Telos, Inc. (“Telos”) and the City of Milwaukee (“City”).

RECITALS

WHEREAS, Telos is wholly owned non-profit subsidiary of the School Sisters of St. Francis and the owner of two apartment buildings at 1003-1033 West Atkinson Avenue, Milwaukee, Wisconsin (the “Site”). Telos for purposes of this Agreement shall include the School Sisters of St. Francis; and

WHEREAS, Telos has conducted environmental remedial activities at the Site as required by the Wisconsin Department of Natural Resources (“WDNR”). Telos has asserted claims against the City of Milwaukee to recover a portion of the costs paid of the remedial activities; and

WHEREAS, the City conveyed the Site to Telos via Quit Claim Deed dated May 26, 1981; and

WHEREAS, the City is the owner of the alley abutting the Site and has been identified as a Responsible Party for the environmental remedial activities due to a percentage of the mass of chlorinated solvent contamination located in the alley. The City has asserted defenses to Telos’ Claims, and denies any and all liability to Telos or its insurers, or to any of the other Responsible Parties, for the costs associated with the remedial activities; and

WHEREAS, the Parties (as defined below) desire to settle and resolve Telos’ Claims against the City relating to or arising from the City’s ownership of the alley abutting the Site including possession and control of a certain percentage of the contaminant mass.

NOW, THEREFORE, in consideration of the foregoing, the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. Purpose and Scope.

The purpose of this Agreement is to (A) settle and resolve Telos' Claims against the City of Milwaukee relating to or arising from costs paid or to be paid by Telos and/or its insurers for environmental remedial activities at the Site; while also (B) preserving Telos and its insurers' contribution Claims against any Other Responsible Parties, or insurers, who may be liable for a pro rata share of the cost of the remedial activities.

2. Definitions.

As used in the entirety of this Agreement, and for the purpose of this Agreement only, the following terms have the following meanings, and each defined term stated in a particular number or gender shall include all other numbers and genders.

2.1 "Claims" means any and all claims, actions, rights, liabilities, obligations, demands, lawsuits, suits, complaints, cross-claims, counterclaims, third-party actions, direct actions, garnishments, orders, consent orders, unilateral administrative orders, administrative orders on consent, decrees, consent decrees, notices or proceedings or requests of every kind and nature, or causes of action of any type, whether made or not made, whether brought or not brought or which could be made or brought, whether known or unknown, whether anticipated or unanticipated, whether accrued or unaccrued, fixed or contingent, mature or unmatured, liquidated or unliquidated, direct or consequential, foreseen or unforeseen, whether in law or equity, and whether or not sounding in tort, contract, equity or any federal or state statutory or common law

causes of action of any type including, but not limited to, Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) cost recovery, Resource Conservation and Recovery Act (RCRA) injunctive relief, negligence, common law duty of care, strict liability, statutory liability, contribution, allocation, apportionment, indemnification, subrogation, third-party beneficiary, breach of contract, diminution in value, loss of use, toxic tort, nuisance, trespass, quiet enjoyment, unjust enrichment, personal injury, bodily injury, property damage, compensatory damages, punitive damages, exemplary damages, extra-contractual damages, interest, costs, penalty, remediation, attorneys' fees, breach of fiduciary duty or contractual duty, fraud, malice, oppression, defamation or intentional tort.

2.2 "Effective Date" means the date upon which a fully executed version of this Agreement is delivered to all Parties.

2.3 "Claim for Recovery" means the pro-rata claim asserted by Telos and its insurers against the City, Other Responsible Parties and or insurers, seeking recovery of environmental response costs including investigation and remedial costs, related damages, and other relief arising from environmental contamination existing in the soil, soil vapor and groundwater at, in, on or under buildings, located at the properties currently owned and operated by Telos at 1003-1033 West Atkinson Avenue, Milwaukee, Wisconsin.

2.4 "Other Responsible Parties" means any insurance companies or other Persons who may be or are identified as Responsible Parties for the cost of the cleanup of contaminants at the Site or adjacent thereto, together with their past, present and future holding companies, parent companies, subsidiaries, affiliates, divisions, acquired companies, directors, officers, managers, members, principals, owners, shareholders, employees, agents, representatives, attorneys, joint ventures, joint venturers, predecessors and predecessors in interest,

successors, beneficiaries, and assigns, whether known or unknown, and all other Persons acting on behalf of, by, through or in concert therewith. “Other Responsible Parties” does not include the City of Milwaukee.

2.5 “Party” means individually Telos, as the context of this Agreement requires, along with the School Sisters of St. Francis. “Parties” collectively refers to Telos and the City.

2.6 “Person” means any individual or entity, including, but not limited to, any human being, corporation, partnership, association, sole proprietor, trust or any other entity (including, but not limited to, any estate, guardian or beneficiary thereof) and any organization, governmental entity or agency, or municipality, or agent of any of the above.

2.7 “Site” means the 1003-1033 West Atkinson Avenue apartment buildings in Milwaukee, and the alleyway abutting the parcels.

3. **Lump Sum Settlement Amount.** In exchange for the special release provided in Section 4 of this Agreement, the City agrees to incur the sum total of One-Hundred Sixty One Thousand Seven Hundred and Fifty and no/100 dollars (\$161,750.00 USD) in remedial costs for cleanup of contamination at the Site. Such remedial costs may be paid by the City, or through The Sigma Group, directly to the excavating contractor selected to perform the remedial excavation work. The Parties shall work together and use reasonable efforts to facilitate and coordinate the City’s direct payment for these costs.

4. **Special Releases and Covenants Not to Sue.**

4.1 **Special Release by Telos to City.** In consideration of the payment under Section 3. of this Agreement and the other consideration set forth herein, Telos does hereby fully and forever release, acquit and forever discharge the City and all of its respective affiliates, divisions, acquired entities and companies, directors, officers, managers, principals, employees,

agents, representatives, attorneys, joint ventures, joint venturers, predecessors and predecessors in interest, successors, beneficiaries, and assigns, whether known or unknown, and The Sigma Group, from any and all Claims arising out of Telos' remedial activities at the Site, in whole or in part, on or prior to and hereafter through NR 726 case closure of the Site, that were alleged or could have been alleged by Telos and its insurers as part of the Claim. Furthermore, Telos does hereby fully and forever release, acquit and forever discharge the City and all above named employees and affiliates, from any and all Claims arising from the City's former ownership of the Site and conveyance thereof to Telos. Except as otherwise specifically provided in this Agreement, this special release shall not affect Telos' Claims against any responsible parties who fall within the definition of Other Responsible Parties, or any other third party such as, but not limited to, Other Responsible Parties' insurers. This release shall also not affect Telos' rights to enforce the terms of this Agreement.

4.2 Release by Telos. In consideration of the above release and the other consideration set forth herein, Telos does hereby fully and forever release, acquit and forever discharge the City of Milwaukee and all of its past, present, or future acquirers, subsidiaries, affiliates, divisions, acquired companies, directors, officers, managers, principals, owners, shareholders, members, employees, agents, representatives, attorneys, joint ventures, joint venturers, predecessors and predecessors in interest, successors, beneficiaries, and assigns, whether known or unknown, and all other Persons acting on behalf of, by, through or in concert with them (collectively, the "City of Milwaukee Released Parties"), from any and all Claims arising, in whole or in part, on or prior to and hereafter through NR 726 case closure of the Site. This release shall not affect Telos' respective rights to enforce the terms of this Agreement. Telos represents and warrants that it has not previously sold, assigned, conveyed or otherwise

transferred, and will not attempt to sell, assign, convey or otherwise transfer in the future, any Claim against the City that it is now being released in this Agreement.

5. Indemnification and Judgment and Claim Reduction.

5.1 Telos agrees to fully and completely defend, indemnify and hold harmless the City up to the Lump Sum Settlement Amount under Section 3 of this Agreement, in relation to Claims brought by Other Responsible Parties that were alleged, are alleged, or could be alleged by the Other Responsible Parties (“Indemnified Claims”). Indemnified Claims under this Section 5.1 of this Agreement shall include Claims by Other Responsible Parties for contribution.

5.2 The City shall reasonably cooperate with Telos in the prosecution of Telos’ Claims against Other Responsible Parties, as well as in the defense of any of the Indemnified Claims.

5.3 In no event will Telos or its insurers be responsible for the City’s legal fees, costs, or other expenses related to the Claim or any Claims brought by Other Responsible Parties against the City or any discovery served on the City by Other Responsible Parties in any future litigation.

5.4 In the event that any Other Responsible Party obtains a judicial determination that it is entitled to obtain a sum certain from the City as a result of any of the Indemnified Claims, Telos through its insurers shall voluntarily reduce its judgment(s) or Claim(s) against, or settlement with, such Other Responsible Parties to the extent necessary to eliminate such Indemnified Claim against the City. To ensure that such a reduction is accomplished, Telos as indemnitor of the City shall be entitled to assert this Section as a complete defense to any of the Indemnified Claims against the City for any such portion of the judgment or Indemnified Claim and shall be entitled to have the Court issue such orders as are necessary to effectuate the reduction

to protect the City from any liability for the judgment or Indemnified Claim.

6. Representations and Warranties.

6.1 Each Party represents and warrants, as of the Effective Date of this Agreement, that the Person executing this Agreement on its behalf is duly authorized to do so, and that this Agreement constitutes a valid and binding obligation of such Party.

6.2 Each Party represents and warrants that this Agreement was negotiated at arm's-length and was drafted with each Party receiving advice from independent legal counsel. It is the intent of the Parties hereto that no part of this Agreement is to be construed against any Party because of the identity of the drafter, and the Parties agree that they shall not make any assertions to the contrary.

7. Miscellaneous.

7.1 No Admission of Liability. This Agreement and the assignment of Claims described in Section 3.1 of this Agreement are for the negotiated compromise of disputed claims and do not constitute an admission by the City that it is liable for any Claims in any way relating to or arising from the Site, including, but not limited to, Claims that were alleged or could have been alleged.

7.2 Execution. This Agreement may be executed in three (3) or more counterpart originals, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Electronic submission by a party or its representative to the other party or its representative of a copy of the signature page hereto showing a signature of such party shall be deemed, for all purposes, as the equivalent of the execution and delivery of a complete original of this Agreement signed by such party to such other.

7.3 Amendments. This Agreement may not be amended, altered or modified, except by written amendment executed by the original Parties or their successors or assigns.

7.4 Enforcement. In any action or litigation to enforce any of the provisions or rights under this Agreement, the non-prevailing Party to such action or litigation, as determined by the court in such action or litigation, shall pay the prevailing Party all of its reasonable and necessary costs, expenses, and attorneys' fees incurred therein (including, but not limited to, reasonable and necessary costs, expenses, and fees on any appeal), and such costs, expenses, and attorneys' fees shall be included in and be part of the judgment in any action or litigation, except that this provision shall not apply to any action or litigation prompted or caused by claim(s) made or suit(s) brought by any Person or entity not within a Party's control.

7.5 Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Wisconsin. The Parties agree that all disputes concerning the interpretation or implementation of this Agreement shall be resolved by a Wisconsin court of competent jurisdiction.

7.6 Successors and Assigns. This Agreement is and shall be binding upon the Parties, their respective parents, subsidiaries, agents, predecessors, successors, assigns, heirs, beneficiaries, personal representatives, trustees, administrators and any committee or other arrangement of creditors organized with respect to the affairs of any of them.

7.7 Severance. If any section of this Agreement, except for the releases in Paragraph 4, shall for any reason be or become invalid or unenforceable, it shall not affect the remaining provisions of this Agreement, which shall continue in full force and effect.

7.8 Waiver. Any delay or failure by the Parties hereto to exercise any of their respective rights or obligations hereunder shall not constitute a waiver of any such rights or obligations under this Agreement.

7.9 Headings. Paragraph headings contained herein are for purposes of organization only and shall not constitute a part of this Agreement.

7.10 Integration. This Agreement constitutes the final, complete and exclusive agreement and understanding between the Parties with respect to the terms embodied in this Agreement. The Parties acknowledge they have not relied on any representations, agreements or understandings other than those expressly contained in this Agreement.

7.11 No Rights of Third Parties. This Agreement is intended to confer rights, benefits and obligations solely on the Parties, as described in this Agreement, and is not intended to confer any right or benefit upon any other Person. No such other Person shall have any legally enforceable right under this Agreement, and no action taken pursuant to this Agreement shall relieve or be construed as relieving any Persons, other than the Parties hereto, of any financial or other obligation it had, presently has, or may have in the future.

7.12 Attorneys' Fees. Each Party hereto shall bear its own attorneys' fees and costs incurred through the Effective Date and in connection with its negotiation and execution of this Agreement. In addition, each Party shall bear its own attorneys' fees and costs as set forth in Section 6.3 above.

IN WITNESS WHEREOF, the Parties have executed duplicate originals of this Agreement as of the latest date appearing below.

TELOS, INC.

Date: _____

By: _____

Its: _____

[THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK]

CITY OF MILWAUKEE

Date: _____

By: _____

Its: _____

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