

## SETTLEMENT AGREEMENT AND RELEASE OF ALL CLAIMS

### RECITALS

A. This Settlement Agreement and Release of All Claims ("**Agreement**") is entered into by and between Plaintiff **CITY OF PHOENIX** ("**City**") and Defendants **TOWN OF PARADISE VALLEY** ("**Town**"), **SDB, INC.** ("**SDB**"), and **SDB's insurer, OLD REPUBLIC INSURANCE COMPANY** ("**Old Republic**"), (hereinafter, singular or plural, referred to as "**Defendants**").

B. City filed a lawsuit against Defendants Town and SDB, as more particularly identified as Cause No. CV2023-007361, pending in Superior Court of Arizona, Maricopa County ("**Lawsuit**") arising out of the alleged negligence, gross negligence, interference with the City's property rights, and vicarious liability in connection with a June 1, 2022, water main break, as more particularly described therein ("**Incident**").

C. Pursuant to its contract with SDB, Defendant Town tendered its defense and indemnity to SDB and its insurer, Old Republic. Old Republic ultimately accepted tender without reservation.

D. City and Defendants, including Old Republic (hereinafter jointly "**the Parties**") desire to finally and fully resolve all past, present, and potential claims or liability arising out of the Incident that is the subject of the Lawsuit, and as may exist or could exist against each other, its agents, employees, contractors and all other persons, firms, or corporations with whom any of them have been, are now, or may hereafter be affiliated.

E. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties enter into this Agreement.

### AGREEMENT

#### 1. Incorporation of Recitals

The foregoing recitals are incorporated herein by reference as agreements of the Parties.

#### 2. Payment of the Claim

For and in consideration of the release and other obligations set forth below, Old Republic will make a single lump-sum payment to the City in the amount of **Four Hundred Thousand Dollars and no/100 (\$400,000.00)**, by a check in that amount made payable to the City of Phoenix within thirty (30) days of the execution of this Agreement.

### 3. General Release

In consideration of the payment called for herein, Parties, on Parties' own behalf, and on behalf of all Parties' heirs, devisees, executors, administrators, successors, and assignees hereby completely RELEASE, ACQUIT AND FOREVER DISCHARGE each other of and from any and all past, present or future claims, demands, obligations, actions, causes of action in any form, including, but not limited to, economic loss, loss of services, loss of business, business interruption, indemnity whether express or implied, expenses and compensation of any nature whatsoever, whether based on tort, contract, or other theory of recovery, and whether for compensatory or punitive damages, which Parties now have, or which may hereafter accrue or otherwise be acquired on account of, or in any way growing out of, or which are the subject of the Lawsuit or Incident including, without limitation, any and all known or unknown claims which now exist or may hereafter arise in favor of Parties, in connection with the Lawsuit or Incident. This Agreement shall be fully binding and a complete settlement between the Parties.

Parties hereby acknowledge and agree that this Agreement constitutes a general release, and expressly waive and assume the risk of any and all claims for damages which exist as of this date, including those which the Parties do not know or suspect to exist, whether through ignorance, oversight, error, negligence, gross negligence or otherwise, and which, if known, would materially affect Parties' decision to enter into this Agreement.

Homeowners Alan Yudell and Betty Hum filed suit against the City as the sole defendant. Neither the Town nor SDB are parties to that lawsuit and, further, the statute of limitations to file a claim against the Town and SDB related to the June 1, 2022, Incident has now passed. The City agrees not to pursue the Town or SDB, separately from this Agreement, for any sums it has paid or will pay in connection with that lawsuit.

The City states upon information and belief that no other claim or lawsuit has been filed related to the June 1, 2022, Incident that is the subject of this lawsuit other than the suit referenced in the previous paragraph. Parties further acknowledge that the statute of limitations to file any claim related to the June 1, 2022, Incident has passed and, even if a claim or lawsuit was to be filed, it would not be viable.

### 4. No Admission of Liability

It is understood and agreed by the Parties to this Agreement that this settlement is a compromise of a disputed claim, and the payment is not to be construed as an admission of liability on the part of the Released Parties by whom liability is expressly denied.

### 5. Notification of Court; Delivery of Dismissal

Following the October 2025 Mediation, Counsel for the City filed a Notice of Settlement with the Court.

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Upon execution of this Agreement, counsel for the Parties shall execute a Stipulation to Dismiss the Complaint With Prejudice. The Parties agree to cooperate fully and to execute any supplementary documents and to take additional actions which may be necessary to give full force and effect to this Agreement.

6. Warranty of Capacity to Execute Agreement

Parties represent and warrant that no other person or entity has or has had any interest in the claims, demands, obligations or causes of action referred to in this Agreement, and that Parties have the sole right and exclusive authority to execute this Agreement and receive the sum specified in it; and that Parties have not sold, assigned, transferred, conveyed or otherwise disposed of any of the claims, demands, obligations, or causes of action referred to in this Agreement.

7. Entire Agreement and Successors in Interest

This Agreement contains the entire agreement between the Parties with regard to the matters set forth herein and shall be binding upon and inure to the benefit of the executors, administrators, personal representatives, heirs, successors, and assigns of each. Parties further declare and represent that no promise, inducement, or agreement not herein expressed has been made to Parties, and that this Agreement contains the entire agreement between the Parties.

8. Representation of Comprehension of Document

The Parties agree that they have been advised by their own counsel and other professionals and that the Parties are fully advised as to all of the terms of this Agreement.

9. Governing Law

This Agreement shall be construed and interpreted in accordance with the laws of the State of Arizona.

10. Income Tax Consequences

The Parties have made no representations concerning, nor shall they be responsible in any manner for, the income tax consequences to Parties resulting from the execution of this Agreement, or from any payment made pursuant to this Agreement.

11. Severability

To the extent any term of this Settlement Agreement is deemed to be invalid or unenforceable, the remaining valid and enforceable terms shall remain in effect.

12. Counterparts

This Settlement Agreement may be executed in counterparts, but shall be signed physically and before a Notary.

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13. Notice

Any notice required or permitted under this Settlement Agreement will be provided in writing to counsel of record for each Party, at the mailing addresses and at the email addresses provided on the Parties' filings as required by Rule 5.2(a)(1)(A), Ariz. R. Civ. P.

14. Effectiveness

This Agreement shall become effective following its execution by both Parties and counsel.

This is the last section of this Agreement. Signatures follow.

**SIGNATURES ON NEXT PAGE(S)**

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THE UNDERSIGNED HAVE READ THE FORGOING AGREEMENT AND FULLY UNDERSTANDS IT.

**CAUTION: READ BEFORE SIGNING BELOW**

\_\_\_\_\_  
*Plaintiff City of Phoenix*  
By: \_\_\_\_\_

\_\_\_\_\_  
*Date*

*Its:* \_\_\_\_\_

State of \_\_\_\_\_ )

)SS.

County of \_\_\_\_\_ )

On this the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally appeared \_\_\_\_\_ whose identity was proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to this instrument, and acknowledged that he/she executed the same.

Notary Public: \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

*Approved as to form:*

\_\_\_\_\_  
*Counsel for Plaintiff*

\_\_\_\_\_  
*Date*

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THE UNDERSIGNED HAVE READ THE FORGOING AGREEMENT AND FULLY UNDERSTANDS IT.

**CAUTION: READ BEFORE SIGNING BELOW**

\_\_\_\_\_  
*Defendant Town of Paradise Valley*  
By:

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Its:*

State of \_\_\_\_\_ )

)SS.

County of \_\_\_\_\_ )

On this the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally appeared \_\_\_\_\_ whose identity was proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to this instrument, and acknowledged that he/she executed the same.

Notary Public: \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

*Approved as to form:*

\_\_\_\_\_  
*Counsel for Defendants*  
*Town of Paradise Valley*

\_\_\_\_\_  
*Date*

*Approved as to form:*

\_\_\_\_\_  
*Counsel for Defendants*  
*Town of Paradise Valley*

\_\_\_\_\_  
*Date*

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THE UNDERSIGNED HAVE READ THE FORGOING AGREEMENT AND FULLY UNDERSTANDS IT.

**CAUTION: READ BEFORE SIGNING BELOW**

\_\_\_\_\_ *Defendant SDB, Inc.* \_\_\_\_\_ *Date*  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

State of \_\_\_\_\_ )  
County of \_\_\_\_\_ )SS.

On this the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally appeared \_\_\_\_\_ whose identity was proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to this instrument, and acknowledged that he/she executed the same.

Notary Public: \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

*Approved as to form:*

\_\_\_\_\_ *Counsel for Defendant SDB, Inc.* \_\_\_\_\_ *Date*

