

SETTLEMENT AGREEMENT

This Settlement Agreement (“**Agreement**”) is dated as of _____, 2022 and is between COUNTY SANITATION DISTRICT NO. 2 OF LOS ANGELES COUNTY (the “**District**”), a county sanitation district organized and existing pursuant to the provisions of the County Sanitation District Act, Health and Safety Code section 4700 *et seq.* and California Country Club, a California legacy corporation by and through its owner SR Mutual Investment Corp., a California corporation (collectively, “**CCC**”). The District and CCC are each a “**Party**” and together are the “**Parties**”.

Pursuant to the June 23, 2010, *Agreement for Purchase and Sale of Recycled Water* (“**Agreement**”) between the District and CCC, CCC is responsible for the annual costs of recycled water usage and operation and maintenance associated with the delivery of recycled water by the District.

The revised costs associated with the delivery of recycled water during Fiscal Years 2017-2018 (“FY17-18”), 2018-2019 (“FY18-19”), 2019-2020 (“FY19-20”), and 2020-2021 (“FY20-21”) were invoiced to CCC on June 28, 2022, which amount to \$789,553.32. CCC has not paid any portion of these costs.

The Parties desire to resolve their differences and to confirm the amount to be paid by CCC to the District.

The Parties therefore agree as follows:

1. *Debt*. A total of \$789,553.32 is due to the Sanitation District for recycled water used by CCC from FY 17-18 to FY 20-21 (“the Debt”). CCC may not raise against the Sanitation District any defense, offsets, claims, counterclaims, or any other argument with respect to the payment of the Debt.
2. *Payment Schedule*. CCC must pay the Debt under the following terms, which are further detailed in Exhibit A:
 - a) Payment plan period is approximately 24 months and consists of eight (8) payments with first payment due October 31, 2022.
 - b) First two (2) payments will be in the amount of \$75,000 each. These payments are due on October 31, 2022, and January 30, 2023.
 - c) The remaining six (6) payments will be in the amount of \$106,592.22 each. These payments will be due beginning April 28, 2023, and continuing every subsequent three (3) months until July 30, 2024.
 - d) The final payment will be due July 30, 2024.
3. *Prepayment*. No provision in this Payment Agreement is meant to limit CCC’s right or privilege to prepay any portion of the Debt. Any payment made in excess of the quarterly scheduled amount will be credited toward the next consecutive payment.

4. Form of Payment. All payments must be by check and either mailed or hand-delivered to the Sanitation District at the following address:

Los Angeles County Sanitation Districts
Attention: Accounting Section
Post Office Box 4998
Whittier, CA 90607-4998

5. Delinquency. If the full quarterly payment is not received by the date in which it is due, as specified in Exhibit A, CCC will be delinquent on the Payment Schedule.
6. Default. Failure by CCC to cure a delinquency within five (5) days after notice constitutes default on this Payment Agreement. Upon default, the Sanitation District may take any and all legal actions available to it, without any further notice to CCC. Should the Sanitation District grant CCC's request for a brief extension of time to cure any delinquency, the Parties acknowledge that an extension of time is not intended to be a waiver of the Sanitation District's right to demand timely payment in the future.
7. Limited Release. This Payment Agreement resolves and releases all of CCC's outstanding recycled water costs from FY17-18 to FY20-21 and only these obligations, and does not in any way release, affect, reduce, or limit any of CCC's other obligations or liabilities to the Sanitation District.
8. Attorneys' Fees. If any legal action or other proceeding is brought for the enforcement or interpretation of this Payment Agreement, or because of an alleged dispute, breach, default, or misrepresentation in connection with this Payment Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.
9. Interpretation. The Parties acknowledge that they have been represented by independent counsel of their choice throughout the negotiations that preceded the execution of this Payment Agreement. Each Party has participated in negotiating this Payment Agreement, so if an ambiguity or a question of intent or interpretation arises, this Payment Agreement is to be construed as if the Parties had drafted it jointly as opposed to being construed against a Party because it was responsible for drafting one or more provisions of this Payment Agreement. The Parties waive California Civil Code section 1654.
10. Representations and Warranties. Each Party represents to the other Party that it is not aware of any other person or entity having an interest (nor has it assigned or otherwise transferred any interest) in the claim that is the subject of this Agreement. Each Party shall indemnify and hold harmless the other Party from any and all liabilities, claims, demands, obligations, damages, costs, expenses and attorneys' fees as a result of anyone asserting such interest, assignment, or transfer. Each Party additionally warrants that each person signing this Agreement is authorized to enter into and execute this Agreement on behalf of the Party for which that person is signing.
11. Other Obligations to the Sanitation District. CCC must stay current on all other financial obligations owed to the Sanitation District.

Each Party is signing this Agreement on the date stated in the introductory clause.

SR MUTUAL INVESTMENT CORP.

LOS ANGELES COUNTY SANITATION
DISTRICT NO. 2

By: _____
Secretary

By: _____
Chairperson, Board of Directors

ATTEST

By: _____
Secretary to the Board of Directors

APPROVED AS TO FORM

APPROVED AS TO FORM

By: _____
SR Mutual Investment Corp. Counsel

By: _____
District Counsel

EXHIBIT A: PAYMENT SCHEDULE

Payment	Due Date	Amount	Balance
			\$789,553.32
1	October 31, 2022	\$75,000	\$714,553.32
2	January 30, 2023	\$75,000	\$639,553.32
3	April 28, 2023	\$106,592.22	\$532,961.10
4	July 31, 2023	\$106,592.22	\$426,368.88
5	October 31, 2023	\$106,592.22	\$319,776.66
6	January 31, 2024	\$106,592.22	\$213,184.44
7	April 30, 2024	\$106,592.22	\$106,592.22
8	July 30, 2024	\$106,592.22	\$0