

## SETTLEMENT AGREEMENT

This agreement is entered into by and between Caledonia Charter Township ("Caledonia") and the OWOSSO TOWNSHIP/CALEDONIA TOWNSHIP UTILITY AUTHORITY (the "Authority") (Caledonia and the Authority sometimes jointly referred to as "Plaintiffs"), and the CITY OF CORUNNA ("Corunna" or "Defendant"), as of the dates appearing on the parties' signature blocks, but effective April 1, 2019.

### Background

On or about February, 2018, Caledonia and the Authority filed suit against Corunna, seeking declarative relief and damages for alleged non-payment by Corunna of certain sewer charges (Shiawassee County Circuit Court Case No. 2018-2388-CZ) (the "Litigation"). A First Amended Complaint was filed on or about March 2, 2018; and

On or about April 10, 2018, Corunna filed its answer to Plaintiffs' complaint, denying liability, and asserted a counterclaim in the Litigation seeking declaratory relief and a judgment for alleged overcharges by Plaintiffs for certain sewer charges; and

On or about April 30, 2018, Plaintiffs filed their answer to Corunna's counterclaim, denying liability; and

On March 6 and 19, 2019, the parties voluntarily engaged in facilitation with the Honorable Peter D. Houk, resulting in an agreement of the parties to settle the case in accordance with a Letter of Intent executed by the parties on March 19, 2019, with this Settlement Agreement to contain in detail the terms of the parties' settlement.

### NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. Effective April 1, 2019, the Authority will bill Corunna directly \$850 per month (\$10,200 on an annual basis) for the labor and administrative costs associated with the routine operation and maintenance of the shared lines and pump stations 7 and 8. Such monthly billings shall be in lieu of the current \$15.00 daily labor rate, prorated, currently being billed to Corunna. The monthly bills shall increase effective April 1 beginning in 2020 and each year thereafter by 1½%.

2. Corunna shall pay to the Authority the sum of \$26,215 for past labor and administrative costs referenced in paragraph 1, above. Once paid, all outstanding issues in the Litigation between the parties shall be resolved, and the parties will enter a Consent Order of Dismissal With Prejudice and Without Costs in the form attached as Exhibit A.

3. Effective April 1, 2019, Corunna will send its meter reads, including the Ferry Street pump station master meter and the meter/flow information from Corunna customers not tributary to the Ferry Street pump station, directly to the Mid-County Wastewater Treatment Plant ("WWTP"), and the WWTP will then bill Corunna directly for its flows. For non-metered Corunna customers not tributary to the Ferry Street pump station, flows will be calculated at

6,000 gallons/month per REU. The Authority will continue to bill Corunna for pump stations 7 and 8 (as modified by paragraph 1, above), and for Corunna's portion of shared line improvements as required by existing agreements.

4. The parties agree in good faith to negotiate and attempt to reach agreement on the following issues: a) a new Sewer Service and Use Agreement, to replace the current agreements between the parties; b) the possible sale/transfer of plant capacity by Caledonia and/or Owosso Township of capacity in the Mid-County WWTP to Corunna; and c) the current disputes between the parties regarding payments by Corunna under Phases II and III of the 2012 sewer repair and major maintenance project.

5. The Authority will provide a revised draft of a new Sewer Service and Use Agreement to Corunna on or before May 15, 2019, such revised draft to include the provisions contained in paragraphs 1 and 3 of this Agreement and such other proposed provisions the Authority believes appropriate. The parties will thereafter attempt to negotiate the remaining issues as described in paragraph 4 of this Agreement. If agreements are not reached as to some or all of the issues described in paragraph 4 of this Agreement, the parties will re-convene for further facilitation with Judge Houk on July 16, 2019, at 10:00 a.m.

6. The Authority, Caledonia and Corunna hereby each mutually release and forever discharge each other, including their respective elected officials, employees and agents, of and from any and all claims or actions, filed or unfiled: (1) made or that could have been made in connection with the disputes identified in the Litigation; or (2) arising from or in any way connected with the provision of sewer services by the Authority and/or Caledonia to Corunna, through the date of this Agreement, *provided, however*, that this mutual release is not applicable to disputes among the parties with respect to Phases II and III of the Owosso Township/Caledonia Township Utility Authority Rehabilitation Project, Nos. 5529-02 and 5529-03, which disputes the parties have agreed to negotiate to attempt to resolve.

7. Miscellaneous.

- a. This Agreement shall be governed by and enforced pursuant to Michigan law.
- b. This Agreement constitutes the entire integrated agreement of the parties on the subject matter addressed in this Agreement, superseding all prior writings, negotiations, discussions and/or agreements.
- c. The parties agree that the consideration given for this Agreement is not an admission of liability.
- d. This Agreement may be executed in any number of counterparts which when taken together, shall constitute a single instrument, and the signatures may be provided by facsimile and such facsimile signatures will have the same force and effect as original signatures.

e. Those signing on behalf of the parties to this Agreement each individually warrant that he or she is duly authorized to sign on behalf of such party.


8. Representations as to Governing Board Approval.

a. The Authority represents that the execution of this Agreement was duly approved by its Board of Trustees at a meeting complying with the Open Meetings Act on MAY 1, 2019.

b. Caledonia represents that the execution of this Agreement was duly approved by its Board of Trustees at a meeting complying with the Open Meetings Act on MAY 20, 2019.


c. Corunna represents that the execution of this Agreement was duly approved by its City Council at a meeting complying with the Open Meetings Act on MAY 6, 2019.

**OWOSSO TOWNSHIP/CALEDONIA  
TOWNSHIP UTILITY AUTHORITY**

By:   
Its: CHAIRMAN


Dated: 5-1-19

**CALEDONIA CHARTER TOWNSHIP**

By:   
Its: SUPERVISOR

Dated: 5-24-19

**CITY OF CORUNNA**

By:   
Its: City Manager

Dated: 5-22-19

# EXHIBIT A

STATE OF MICHIGAN  
IN THE CIRCUIT COURT FOR THE COUNTY OF SHIAWASSEE

CALEDONIA CHARTER TOWNSHIP,  
a Michigan Municipal Corporation, and  
OWOSSO TOWNSHIP/CALEDONIA  
TOWNSHIP UTILITY AUTHORITY,  
a Michigan Municipal Corporation,

Plaintiffs and Counter-Defendants,

Case No. 2018-2388-CZ

Judge Matthew Stewart

v

CITY OF CORUNNA,  
a Michigan Municipal Corporation,

Defendant and Counter-Plaintiff.

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CLARK HILL PLC  
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Attorney for Plaintiffs-Counter/Defendants

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**CONSENT ORDER OF DISMISSAL  
WITH PREJUDICE AND WITHOUT COSTS**

The parties have reached a settlement of this matter, and have executed a Settlement Agreement. As a result, by consent of counsel for the parties, endorsed below, and the Court being otherwise fully informed,

IT IS ORDERED that this matter is dismissed in its entirety with prejudice and without costs or attorney fees to any of the parties.

This order resolves the last pending claim in this matter and closes the case.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Circuit Judge

APPROVED FOR ENTRY:

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Lynn D. Bowne (P25976)  
Attorney for Plaintiffs/Counter-Defendants,  
Caledonia Charter Township and Owosso Township/  
Caledonia Township Utility Authority

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Mark W. McInerney (P29077)  
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City of Corunna