

SUMMARY EXPLANATION AND BACKGROUND

This Agreement is the result of efforts to resolve differences and disputes between DeRose Design Consultants, Inc. ("DEROSE") and The School Board of Broward County, Florida (the "SBBC") arising from the design and construction improvement of the Twin Lakes Administration Center, Project No.: 9387-22-01 and Silver Lakes Middle School, Project No.: 2971-94-50 (the "Projects").

On May 2, 2000 and May 16, 2000 respectively, the School Board and DEROSE entered into Professional Services Agreements pursuant to which DEROSE agreed to provide architectural, engineering and other professional design services, as further defined in the Professional Services Agreements, for the Projects. The SBBC incurred additional costs on the Projects attributed to alleged delays, design errors and omissions of DEROSE. DEROSE denied such allegations and asserted that it was owed for unpaid contract balances, additional services and delays.

Unable to resolve their differences and disputes, the SBBC filed a claim against DEROSE in a case styled The School Board of Broward County, Florida v. DeRose Design Consultants, Inc.: Case No.: 07-29240 CACE (07) in the Circuit Court for the Seventeenth Judicial Circuit in and for Broward County, Florida (the "Lawsuit"). Through settlement negotiations, DEROSE has agreed to pay the SBBC \$500,000 in full and complete settlement of the Lawsuit. This item resolves and settles the litigation between the SBBC and DEROSE, except potential future claims for latent defects. Neither party admits liability for the claims.

The School Board's Cadre Counsel, F. Malcolm Cunningham, Jr., Esq., with the concurrence of District Staff and the General Counsel's Office, recommend approval of the Settlement Agreement.

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