

**SUMMARY EXPLANATION AND BACKGROUND**

This Agreement is the result of efforts to resolve differences and disputes between Saltz Michelson Architects, Inc. ("SMA") and The School Board of Broward County, Florida (the "SBBC") arising from the design and construction of renovations and additions to the North Andrews Gardens Elementary School, Project No.: 0521-95-01 (hereinafter "the Project").

On or about May 4, 1999, SMA executed a Professional Services Agreement (hereinafter "PSA") with the SBBC to act as Architect of Record for the Project. The SBBC incurred additional costs on the Project attributed to alleged design errors and omissions of SMA. SMA denied such allegations and asserted various defenses.

Unable to resolve their differences and disputes, SBBC filed a Complaint against SMA in Broward County Circuit Court, Case Number 08-53338 (02), alleging entitlement to damages, inter alia, for alleged design errors and omissions (the "Lawsuit" unless otherwise referenced).

SMA asserted various defenses to the Lawsuit, maintained the claims asserted against it are without merit, and filed a Counterclaim against the SBBC alleging entitlement to damages. The SBBC asserted various defenses to the Counterclaims.

Through settlement negotiations, SMA has agreed to pay the SBBC \$1,560,000 in settlement of SBBC's errors and omissions claims and has agreed to dismiss its Counterclaims against the SBBC. This Agreement does not settle, and specifically excludes the settlement of or release of SMA from any liability, duty or responsibility of SMA relating to latent defects for North Andrews Gardens Elementary School, Project No.: 0521-95-01 (the "Project"), with the exception of latent defects which could have been discovered by the School Board through the exercise of reasonable diligence through the date of School Board's execution of this agreement.

Neither party admits liability for the claims.

The School Board's Cadre Counsel, F. Malcolm Cunningham, Jr., with the concurrence of District Staff and the General Counsel's Office, recommend approval of the Settlement Agreement as a fair, reasonable and cost-effective resolution of the dispute between the parties.

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