

SETTLEMENT AGREEMENT AND MUTUAL RELEASE OF CLAIMS

This Settlement Agreement and Mutual Release of Claims ("Agreement") is made by and among the County of Los Angeles ("COLA"), the Los Angeles County Sheriff's Department ("LASD") and Southern California Regional Rail Authority ("SCRRA") dba Metrolink ("Metrolink") (collectively, the "Parties"). The Parties hereby recite as follows:

1. RECITALS

1.1 On December 1, 2000, Metrolink and the County entered into a contract, Contract SP132-00 ("Law Enforcement Services Contract," or "the Contract") under which, among other things, LASD agreed to provide certain law enforcement services to Metrolink and Metrolink agreed to pay certain sums to COLA.

1.2 On January 26, 2005, two Metrolink trains derailed near Glendale when a sports utility vehicle was left on the tracks. As a result of that derailment, 11 people were killed and hundreds injured. Thereafter, various lawsuits were filed on behalf of the estates and heirs of the deceased and on behalf of the injured. Multiple such cases were designated collectively as the "Glendale Metrolink Derailment Cases," Lead Case No. BC332426 filed April 25, 2005, in Los Angeles Superior Court. On or about August 4, 2006, the Plaintiffs in the Glendale Metrolink Derailment Cases filed a Second Amended Master Allegations For Liability Only For Personal Injury, Wrongful Death and Related Claims ("Master Allegations") (the "Underlying Action").

1.3 By letter dated February 5, 2007, Metrolink tendered its defense and indemnity of the Underlying Action to COLA and LASD. By letter dated April 3, 2007, COLA declined Metrolink's tender of defense, asserting that it had no such obligation to defend or indemnify Metrolink.

1.4 On July 3, 2008, COLA and LASD filed a declaratory relief action entitled County of Los Angeles, Los Angeles County Sheriff's Department v. Southern California Regional Rail Authority dba Metrolink, Certain Underwriters at Lloyd's of London (Lloyd's), LASC Case No. BC393817, seeking adjudication that they owed no duty to defend or indemnify Metrolink in the Underlying Action. On August 1, 2008, Metrolink filed an answer to the complaint and a cross-complaint asserting breach of contract: express indemnity; breach of insurance certificate; and breach of contract: failure to procure comprehensive general liability coverage. On August 4, 2008, Lloyd's filed its answer to the complaint and its own cross complaint for equitable contribution, comparative equitable indemnity, equitable subrogation, breach of contract and declaratory relief. (The complaint and cross actions are hereinafter referred to as the "Litigation").

1.5 Litigation of the matter proceeded from that time to the present. In the Litigation, Metrolink contends that LASD and COLA owe the full amount of its fees and costs incurred in its defense during the period of February 5, 2007, through February 27, 2009. LASD and COLA contend to the contrary and make other related contentions.

1.6 The Parties, through this Agreement, desire to settle any and all claims alleged in or giving rise to the Litigation between them without admitting liability.

2. TERMS OF AGREEMENT

2.1 COLA/LASD shall pay Metrolink, and Metrolink shall accept, the total sum of \$500,000.00, pursuant to the terms and subject to the conditions stated herein, as a negotiated amount representing the Parties' agreed determination of a fair and adequate total payment.

2.1.1 Such payment shall be made in three installments of \$166,666.66 each, with the first installment made in the 2010-2011 fiscal year (commencing July 1, 2010, and ending June 30, 2011), the second installment made in the 2011-2012 fiscal year (commencing July 1, 2011, and ending June 30, 2012), and the third installment made in the 2012-2013 fiscal year (commencing July 1, 2012, and ending June 30, 2013).

2.1.2 Such payment shall be made by way of deductions from amounts invoiced by COLA/LASD to Metrolink for LASD services provided to Metrolink over a three-fiscal-year period starting with invoices for the fiscal year July 1, 2010 through June 30, 2011. By way of example, the payment for fiscal year 2010-2011 shall be accomplished by COLA/LASD deducting the amount of \$166,666.66 from the amount otherwise invoiced to and owed by Metrolink for that fiscal year.

2.1.3 In the event that the Law Enforcement Services Contract or any successor contract for law enforcement services terminates for any reason on or before June 30, 2013, the obligation of COLA/LASD to make further installment payments, as stated in paragraph 2.1.2 shall be in the form of a straight monthly monetary payments rather than a deduction until the full \$500,000 amount as set forth in paragraph 2.1 has been satisfied, but in no event later than June 30, 2013.

2.2 Adjustment of Liability Fee.

During the course of the fiscal year 2010-2011, the parties will negotiate new language for a Law Enforcement Services Contract to be effective July 1, 2011 with indemnification and insurance/self-insurance terms consistent with the terms of the law enforcement services contract entered into by COLA and LASD with LA METRO for its public transit law enforcement services. Metrolink acknowledges that the liability fee for the Contract effective July 1, 2011, like the liability fee for LA METRO contract, may be adjusted to reflect the costs to COLA of buying liability insurance to cover the risks attendant to LASD's services under the law enforcement services contracts with LA METRO and Metrolink.

2.3 Release and Waiver of Attorney's Fees and Costs

2.3.1 Release of Claims by Metrolink

Metrolink, on behalf of itself and its officers, directors, shareholders, agents and its member agencies, employees, successors-in-interest, attorneys and assigns, but specifically, not including any rights or claims asserted by or on behalf of its excess insurance carriers, does hereby release, acquit, and forever discharge COLA and LASD and each of their officers, directors, supervisors, employees, agents, servants and attorneys from any and all past, present, and future rights, actions, causes of action, claims for attorney's fees, claims, demands, damages, costs, losses, expenses, and

CONFIDENTIAL
(Subject to Evidence Code § 1152)

compensation arising out of or in any way related to the Litigation described in paragraphs 1.3, 1.4 and 1.5 hereof or the Underlying Action described in paragraph 1.2 hereof.

COLA and LASD understand that Metrolink's insurer, Lloyd's, was pursuing claims against them. Such claims, which are subject to Lloyd's cross-complaint against COLA/LASD, are specifically excluded from the matters herein released by Metrolink as Metrolink does not possess and has no authority to release such claims. Irrespective of the foregoing, COLA acknowledges that it has entered into a settlement agreement with Lloyd's and pursuant to their respective formal requests, on April 23, 2010 the court entered dismissals with prejudice as to the COLA and Lloyd's respective actions against each other in the subject Litigation.

2.3.2 Release of Claims By COLA and LASD.

COLA and LASD, on behalf of themselves and their officers, directors, shareholders, agents and their member agencies, employees, successors-in-interest, attorneys and assigns, do hereby release, acquit, and forever discharge Metrolink and each of its officers, directors, supervisors, employees, agents, servants and attorneys from any and all past, present, and future rights, actions, causes of action, claims for attorney's fees, claims, demands, damages, costs, losses, expenses, and compensation arising out of or in any way related to the litigation described in paragraphs 1.3, 1.4 and 1.5 hereof.

2.4 Matters Not Included In Releases.

The releases stated in paragraphs 2.3.1 and 2.3.2 hereof are collectively referred to as "the Released Matters." The Released Matters do not include (1) any claims asserted by Lloyd's which are the subject of Lloyd's cross-complaint against COLA/LASD or (2) any liability or obligation created by this Agreement or (3) any obligation by Metrolink to pay for future services provided by LASD, subject to the deductions as provided in paragraph 2.1.2. This notwithstanding, as referenced above in paragraph 2.3.1, COLA acknowledges that it has entered into a settlement agreement with Lloyd's and pursuant to their respective formal requests, on April 23, 2010 the court entered dismissals with prejudice as to the COLA and Lloyd's respective actions against each other in the subject Litigation.

2.5 Dismissal

In consideration of the above-referenced payment, deductions, fee increase and other consideration stated herein, the Parties agree to dismiss their respective actions against each other with prejudice.

2.6 Warranties

Each Party and its undersigned authorized representative represents and warrants to each other that (1) all necessary approvals to the execution of this Agreement, including those of the applicable governing board, have been given, (2) it has the right, power, legal capacity, and authority to enter into and perform the obligations under this Agreement on its behalf and (3) no further

CONFIDENTIAL
(Subject to Evidence Code § 1152)

approval or consent of any person(s) or entity is necessary for it to enter into and perform such obligations.

3. BREACH OF AGREEMENT

3.1 In the event of any action, suit or other proceeding concerning the interpretation, validity, performance or breach of this Agreement, the prevailing Party or Parties shall be entitled to recover all of such Party's attorney's fees, expenses and costs, not limited to costs of suit, incurred in each and every such action, suit or other proceeding, including any and all appeals or petitions relating thereto. As used herein, "attorney's fees" shall mean reasonable attorney's fees at the standard rate paid by Metrolink for its panel counsel as of the time of such dispute.

4. ADDITIONAL TERMS AND WARRANTIES

4.1 Entire Agreement.

This Agreement constitutes and is intended to constitute the entire agreement of the Parties concerning the subject matter hereof. No covenants, agreements, representations or warranties of any kind whatsoever have been made by any party hereto, except as specifically set forth herein. All prior discussions and negotiations with respect to the subject matter hereof are superseded by this Agreement. This Agreement may be amended only upon an agreement in writing by the Parties.

4.2 No Admission of Wrongdoing.

This Agreement is entered into in compromise of disputed claims. The Parties, and each of them, acknowledge that the execution of this Agreement and the performances and releases hereunder are not, and shall not be construed in any way as, an admission of wrongdoing or liability on the part of any released Party. The Parties intend, by their actions pursuant to this Agreement, merely to avoid the expense, delay, uncertainty, and burden of litigation.

4.3 Further Actions.

Each Party hereto shall do all acts and execute and deliver all documents necessary, convenient or desirable to effect all provisions of this Agreement.

4.4 No Influence.

Each Party acknowledges: (i) this Agreement is the resolution of a fully matured set of facts and each Party individually declares and represents it is executing this Agreement in reliance solely on its own judgment, belief, and knowledge of the facts surrounding the transactions described in this Agreement; (ii) this Agreement is made without reliance upon any statement or representation not contained in this Agreement of any other Party, or any representative, agent or attorney of any other Party; (iii) no promise, inducement or agreement not expressed in this Agreement has been made to any Party; and (iv) the recitals, terms and conditions contained in this Agreement are contractual and not mere recitals.

CONFIDENTIAL
(Subject to Evidence Code § 1152)

4.5 Advice of Counsel.

Each Party represents, warrants and agrees that in executing this Agreement, it does so with full knowledge of any and all rights which it may have with respect to the other Parties and that each Party has received, or has had the opportunity to receive, independent legal advice from such Party's attorneys with respect to the facts involved in the controversy compromised by this Agreement and with regard to such Party's execution of this Agreement.

4.6 Mistaken Facts.

Each Party acknowledges it may subsequently discover facts different from, or in addition to, those which it now believes to be true with respect to the Released Matters, and agrees this Agreement shall be and remain effective in all respects notwithstanding such different or additional facts.

4.7 No Assignment or Encumbrances.

Each Party represents and warrants it has not assigned its rights in any of its claims, demands, actions, causes of action or rights herein released or discharged against the other to any other person or entity.

5. CONSTRUCTION AND APPLICATION

5.1 Severability.

If any provision of this Agreement is determined by a court of competent jurisdiction to be illegal or unenforceable, said provision shall be deemed to be severed and deleted; and neither such provision, its severance nor deletion shall affect the validity of the remaining provisions of this Agreement.

5.2 Successors and Assigns.

This Agreement shall bind and inure to the benefit of the undersigned and their agents, officers, directors, supervisors, shareholders, successors in interest, and assigns.

5.3 Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

5.4 Signature.

A facsimile signature attached to the original Agreement is acceptable as if it were an original signature.

CONFIDENTIAL
(Subject to Evidence Code § 1152)

5.5 Costs and Fees.

Each Party agrees to bear its own costs and attorney fees in connection with the Litigation.

5.6 Headings.

The headings and the order in which the paragraphs appear in this Agreement have no significance whatsoever.

5.7 California Law.

This Agreement is and shall be subject to, governed by, and construed and enforced pursuant to the internal laws of the State of California.

I HAVE READ THE FOREGOING SETTLEMENT AGREEMENT AND FULLY UNDERSTAND AND ACCEPT IT.

Dated: 7-22-10

COUNTY OF LOS ANGELES AND LOS ANGELES SHERIFF'S DEPARTMENT

By: *Charles Rosen*
Authorized Representative
Los Angeles County Counsel

Dated: 6/29/10

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

By: *John E. Fenton*
Authorized Representative
JOHN E. FENTON
Chief Executive Officer