

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

INDEPENDENT MANAGEMENT SERVICES,
an assumed name for THE CARSWELL GROUP, INC.
and PETERBORO PARTNERS GP, LLC,

Plaintiffs,

Case No.26-006117-CK

v

Hon. Leslie Kim Smith

CITY OF DETROIT, acting through its
DETROIT WATER & SEWERAGE DEPARTMENT,

Defendant.

MARK K. WASVARY, P.C.
By: MARK K. WASVARY P51575
Attorney for Plaintiffs
2401 W. Big Beaver Rd., Suite 100
Troy, Michigan 48084
(248) 649-5667
mark@wasvarylaw.com

**LAW OFFICES OF AARON D. COX,
PLLC**
By: AARON D. COX P69346
Attorney for Plaintiffs
23380 Goddard Rd.
Taylor, MI 48180
(734) 287-3664
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**DETROIT WATER AND SEWERAGE
DEPARTMENT**
NIKKIYA BRANCH PENSON (P68844)
Deputy General Counsel
Attorney for Defendant
735 Randolph St.
Detroit, MI 48226
(313) 880-2683
Nikkiya.branch@detroitmi.gov

SETTLEMENT AGREEMENT

This Settlement Agreement sets forth the basic agreement between the parties of this lawsuit but is subject to the appropriate approval of governmental agents and/or executives of the City of Detroit.

It is hereby agreed by and between and among INDEPENDENT MANAGEMENT SERVICES, an assumed name for THE CARSWELL GROUP, INC. ("IMS") and PETERBORO PARTNERS GP, LLC ("Peterboro") through their duly authorized counsel that a putative class action lawsuit filed in the Circuit Court for the County of Wayne, State of Michigan (the "Court") and captioned Independent Management Services, an assumed name for The Carswell Group, Inc. and Peterboro Partners GP, LLC v. City of Detroit, acting through its Detroit Water & Sewerage Department, Case No. 26-006117 CK (the "Lawsuit") and the matters raised in the Lawsuit shall be settled, compromised and a judgment entered consistent with the terms and conditions set forth in this Settlement Agreement (this "Settlement") and subject to the formal approval of the Detroit Board of Water Commissioners.

WHEREAS IMS and Peterboro filed a class action complaint with the Court on April 13, 2026; and,

WHEREAS the Complaint asserts claims alleging that Defendant had for a number of years been charging an Industrial Waste Control Charge (the "IWC") to persons or entities that are exempt from the IWC and that such actions by the Defendant violate an ordinance, policy and prior settlement agreements reached in USDC EDM Case #07-cv-12963 (the "2007 action") and USDC EDM Case #17-cv-10761 (the "2017 action"); and,

WHEREAS through the joint efforts of the Plaintiffs and the Defendant informal discovery was conducted to determine appropriate members of the class; and,

WHEREAS Plaintiffs' counsel and Defendant's counsel have discussed with each other the merits of both the Plaintiffs' claims and the defenses thereto; and,

WHEREAS statutes of the State of Michigan, MCLA 123.162, makes water and sewage charges a lien against Real Estate and therefore the IWC charges are matters which run with the land; and,

WHEREAS Plaintiffs and Plaintiffs' counsel have carefully analyzed the merits of claims and merits of the defenses raised by the Defendant;

WHEREAS based upon the aforementioned discovery and investigation and evaluation of the facts and the law related to the matters alleged in the pleadings, Plaintiffs' counsel and Plaintiffs on behalf of the class as defined herein have agreed to settle the lawsuit pursuant to the provisions of this Settlement Agreement. This settlement is made after considering, among other things, (i) the substantial benefits to the Plaintiffs and the class under the terms of this Settlement Agreement, (ii) the intended risks and uncertainty of litigation especially in complex actions such as this lawsuit as well as the difficulties and delays inherent in such litigation, (iii) the possibility and likelihood of appeals even if Plaintiffs prevail on a class wide basis and (iv) the desirability of consummating the Settlement Agreement promptly in order to provide effective relief to the Plaintiffs and the class;

WHEREAS Plaintiffs and Plaintiffs' counsel agree that this settlement is fair, reasonable and adequate because it provides substantial and immediate relief by way of equitable intervention as to further improper IWC charges as well as providing relief by way of credits to the class, is in the best interest of the class, results in fairly resolving the claims alleged in the lawsuit and avoids the considerable risks and delays of further litigation;

WHEREAS Defendant expressly denies any wrong doing alleged in the pleadings filed in the Lawsuit and does not admit or concede any actual potential fault, wrongdoing or liability in connection with any facts or claims that have been or could have been alleged against it in the lawsuit;

WHEREAS the Defendant considers it desirable to eliminate potential claims and achieve a final resolution of all potential issues in this lawsuit;

WHEREAS Plaintiffs consider it desirable for the lawsuit to be settled because the settlement will (1) insure that it will not be overburdening on Defendant's budget since the refund to the class will be by way of credit to water and sewer bills (2) it will assist in putting Plaintiffs' claims and the underlying matters to rest (3) provide the parties with a final resolution to the dispute and (4) avoid substantial expenses, burdens and uncertainties associated with continuing litigation of the claims;

WHEREAS both Plaintiffs and Defendant wish to settle this lawsuit subject to approval of the Court and pursuant to a judgment to be approved by the Court;

WHEREAS Plaintiffs seek to represent the settlement class as defined herein and Defendant agrees that the settlement class should be certified for the purposes of effectuating a settlement;

NOW THEREFORE it is hereby agreed and stipulated by the parties that the actions shall be settled subject to formal approval by the Detroit Board of Water Commissioners, and final approval of the Court on the following terms and conditions:

Accordingly, IT IS AGREED AS FOLLOWS:

1. For settlement purposes, the parties hereto agree to the following Settlement Class (the "Settlement Class") should be certified.

ALL PERSONS OR ENTITIES WHO OR WHICH ARE WATER CUSTOMERS WITHIN THE CITY OF DETROIT AND ARE EXEMPT FROM THE INDUSTRIAL WASTE CONTROL CHARGE (IWC) YET WERE ASSESSED THE IWC DURING A PERIOD OF TIME FROM APRIL 13, 2020 THROUGH MAY 1, 2026. EXCLUDED FROM THE CLASS ARE THE STATE OF MICHIGAN, THE COUNTY OF WAYNE, MICHIGAN, DEFENDANT AND ANY ENTITIES CONTROLLED BY DEFENDANT.

2. If the settlement in its entirety is not approved, and any representation in this Agreement or related pleading, Defendant's and Plaintiffs' stipulation to certification of the above settlement class shall be null and void, ab Initio and may not be used or relied upon by Plaintiffs' Class Counsel or any Settlement Class member for any purpose whatsoever in the lawsuit or

otherwise. Settlement Class Counsel as used herein shall mean Mark K. Wasvary and the law firm of Mark K. Wasvary, PC, and Aaron D. Cox and the Law Offices of Aaron D. Cox, PLLC.

3. After execution of this Settlement Agreement, Counsel for Plaintiffs shall seek certification of the Settlement Class and appointment of Settlement Class Counsel by asking the Court to enter an order for preliminary approval in the form attached as **Exhibit A**. The Preliminary Approval Order shall approve this settlement, preliminarily certify a settlement class, appoint Settlement Class Counsel and approve and authorize the distribution of the class notice in the form of **Exhibit B** to all Settlement Class members. The class notice will be provided to all Settlement Class members in English in accordance with the terms hereinafter set forth. Thereafter, counsel for Plaintiffs with the consent of counsel for the Defendant shall file a motion requesting the court to grant final approval of the settlement and requesting entry of an order (the Final Approval Order) finally approving the settlement (**Exhibit C**).

4. This settlement only encompasses IWC charges assessed from April 13, 2020 through the date of final judgment in this matter. Defendant represents that it will cease charging the IWC to the class defined herein. Thereafter, the Defendant agrees to comply with the definitions set forth in Article III of the Detroit Code of Ordinances, specifically and without limitation, Section 56-3-58.1 and any city policies promulgated thereunder.

5. As further consideration, and as complete settlement of this matter, Defendant will pay a total sum of \$600,000.00 to be distributed as follows: \$440,000.00 will be distributed by way of credits as hereinafter provided. The balance will be distributed in accordance with Paragraph 6 below.

6. Mark K. Wasvary, PC and the Law Offices of Aaron D. Cox, PLLC as Settlement Class Counsel shall apply to the Court for an award of attorney fees and costs to be paid from the

settlement fund of up to \$150,000.00 of the settlement fund (attorney fees and costs award). The amount includes not only attorney fees but reimbursement of reasonable out of pocket litigation expenses and costs. Class Counsel shall also apply for an incentive fee of \$5,000 each for the named Plaintiffs. Said attorney fees and incentive fees shall be paid on the Effective Date of the Final Approval Order as hereunder defined by wire transfer to Mark K. Wasvary, P.C. client trust account.

7. All costs associated with notification to class members shall be borne and absorbed by the Plaintiffs pursuant to the terms and conditions of this Settlement Agreement.

8. For the consideration stated herein, the receipt, adequacy and sufficiency of which are hereby acknowledged, Plaintiffs agree that the lawsuit shall be dismissed with prejudice, and Plaintiffs and all settlement class members who do not timely exclude themselves from the Settlement Class, including any other person acting on their behalf or for their benefit, and including all Settlement Class members whose mail is returned as undeliverable mail for any reason hereby releases, covenants, not to sue, remises and forever discharges Defendant, as well as its predecessors and successors in interest and present and former employees, directors, officers, appointees and elected officials. (collectively "releasees") from any causes of action, claims, debts, contracts, agreements, obligations, liabilities, suits, claims, damages, losses, or demands whatsoever ("claims"), in law or in equity, known or unknown at this time, suspected or unsuspected, which Plaintiff and the class now have or ever had, or may in the future have, against the releasees, under any legal theory, including but not limited to, claims of restitution, unjust enrichment, breach of contract, breach of settlement agreement, attorneys fees and/or costs of suit in connection with such claims, whether or not alleged, arising out of the allegations in or subject matter of the Class Action Complaint filed on April 13, 2026. This release is conditioned upon the

final approval of this Settlement Agreement by the Court and upon Plaintiffs, Class Counsel and Defendant meeting its obligations herein.

9. The credit portion of the settlement fund following the payment of attorney fees and incentive fees shall be expended in connection with the settlement and no money shall revert to the Defendant. Said credits will be distributed in accordance with the schedules and allocations set forth hereinafter.

10. After reducing the settlement fund by the attorney fees and costs award, and incentive fees to the named Plaintiffs, the credits will be distributed based upon the meters applicable to the Settlement Class members who do not exclude themselves from the settlement.

11. The method to be utilized for the calculation of the distributions due to the class members through credits will be as follows:

a. A list of water and sewage meters applicable to the class members has been compiled setting forth the class member which owns exempt property to which the meter applies as of the date of final judgment and listing each meter applicable to a given class member along with historical data of improper IWC charges assessed relative to each such meter commencing April 13, 2020. See **Exhibit D**.

b. Defendant will cause to be employed, at its expense, such personnel as needed to provide Plaintiffs' counsel and the Court with information sufficient to determine the appropriate credit each class member is to receive. The formula for that determination will be structured by taking the entire amount of the improper IWC charges covered by this settlement for the period of time covered by the settlement, determine each meter's percentage of the charge and then take that meter's percentage against the total credit amount to determine the credit applicable to each meter.

c. Plaintiffs' counsel will post on its website aaroncoxlaw.com a list of all Class Members with an estimate of the credits available to each meter account applicable to a Class members' property. An estimate is necessary since the proceeds otherwise due a Class Member who opts out will need to be redistributed to the remaining Class Members in accordance with the formula above provided.

12. Because Water and Sewage charges by statute, MCLA 123.162, are liens against real estate the credit will run with the land and is available only to the owner of the real estate to which the meter applies at the time the credit is issued.

13. In order to exclude themselves from the settlement, Settlement Class members must mail to the Class Counsel, with a copy to Defendant's counsel, by first class mail a letter stating that he/she/it wishes to be excluded from the settlement containing his/her/its name and address, account number, signature and date. In order to be effective this letter must actually be received by the Class Counsel no later than the date set forth in the Preliminary Approval Order. With respect to the date of receipt for purposes of this subparagraph Class Counsel's records shall be deemed dispositive.

14. If more than 10% of the meters listed in **Exhibit D** opt out/exclude themselves from the class, Defendant shall have the right in its sole discretion to: A) proceed with the settlement as written, or B) proceed with the settlement as agreed except that Defendant shall be entitled to reduce the settlement by the amount that would be received under the terms of this Agreement by the persons or entities opting out, or C) withdraw from the Settlement Agreement, with the Court then scheduling a status conference regarding further proceedings.

15. Not later than 30 days following the cutoff date for exclusion from the class, Plaintiffs shall provide an updated calculation of amounts due each claimant, as a result of

excluded Class members in accordance with the percentage provided in the formula heretofore submitted. Defendant will cooperate with providing information regarding meter charges for this purpose.

16. Settlement Class members may also appear at the final approval hearing to object to the settlement. A Settlement Class member may only appear at the final approval hearing to object to the settlement if the Settlement Class member submits a letter to Class Counsel with a copy to Defendant's counsel stating the Settlement Class member's intention to object and containing his/her/its name and address, account number and date, along with the name of any attorney that assisted in drafting the objection and the name and case number of any other class action lawsuit in which he/she/it objected to the settlement. In order to be effective this letter must be received by the Class Counsel no later than the date set forth in the Preliminary Approval Order.

17. All class notice forms will provide that Settlement Class members who do not timely exclude themselves from the settlement class will be deemed to be part of the settlement class.

18. Settlement Class Counsel shall apply to the Court for an award of attorney fees and costs to be paid from the settlement fund in an amount up to \$150,000.00 of the settlement fund. The amount includes all costs borne by Settlement Class Counsel. Defendant has agreed not to oppose Settlement Class Counsel's fee application in said amount. Settlement is contingent upon Court approval of the amount sought in Settlement Class Counsel's fee application.

19. Class Counsel shall also apply to the Court for an incentive fee of \$5,000 each to named Plaintiffs. Defendant has agreed not to oppose the incentive fees for purpose of settlement only.

20. Effective Date. This Agreement shall not be effective until the Effective Date. "Effective Date" means the calendar date five days after the later of (a) the Court enters the Final Approval Order, substantially in the form of **Exhibit C** to this Agreement, or in a form agreed to by the Parties, dismissing with prejudice the claims of all Settlement Class Members (including Plaintiffs) who do not properly exclude themselves as provided in the Notice or (b) if any Settlement Class Member objected to the settlement, the date on which the date for filing an appeal has expired or, if there are appeals, the date on which the settlement and judgment has been affirmed in all material respects by the appellate court of last resort to which such appeals have been taken and such affirmances are no longer subject to further appeal or review.

21. Plaintiffs, Settlement Class Counsel, Defendant, and Defendant's Counsel agree not to encourage, assist or solicit persons to exclude themselves from the settlement class or object to the settlement.

22. Plaintiffs and Defendant agree to cooperate fully with one another to effect the consummation of this Agreement and to achieve the settlement provided for herein.

23. It is expressly agreed and understood that this Settlement Agreement does not constitute an admission by any party and may not be offered, introduced or admitted as evidence of liability or appended to any pleadings, motions or briefs except in an action brought to enforce the terms of this Settlement Agreement or as a defense to any cause of action, claim or allegation including but not limited to a cause or action or claim barred or released by the terms hereof.

24. This Settlement Agreement shall be binding upon and inure to the benefit of the Plaintiffs, Settlement Class members, their heirs, administrators, successors and assigns.

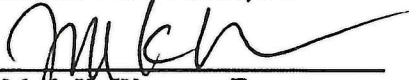
25. All parties hereto shall be considered to be the drafters of this agreement and it shall not be interpreted or construed more favorably to any party.

IN WITNESS WHEREOF we have hereunto laid our hands and seals on the _____ day of July,
2026.

WITNESSED

Plaintiffs' Counsel

MARK K. WASVARY, PC



By: Mark K. Wasvary, Esq.
Its: President

LAW OFFICES OF AARON D. COX, PLLC

By: Aaron D. Cox, Esq.
Its: Manager

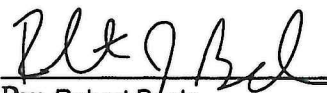
Plaintiffs

The Carswell Group, Inc.
(d/b/a Independent Management Services)



By: Zachary Stavedahl
Its: Corporate Counsel

Peterboro Partners GP, LLC



By: Robert Beale
Its: Manager

"Defendant's Counsel"

By: Nikkiya Branch Penson, Deputy General Counsel

IN WITNESS WHEREOF we have hereunto laid our hands and seals on the _____ day of July,
2026.

WITNESSED

Plaintiffs' Counsel

MARK K. WASVARY, PC

By: Mark K. Wasvary, Esq.
Its: President

LAW OFFICES OF AARON D. COX, PLLC



By: Aaron D. Cox, Esq.
Its: Manager

Plaintiffs

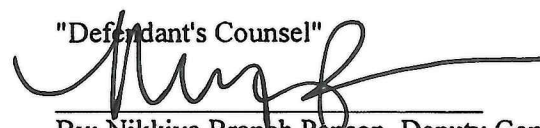
The Carswell Group, Inc.
(d/b/a Independent Management Services)

By: Zachary Stavedahl
Its: Corporate Counsel

Peterboro Partners GP, LLC

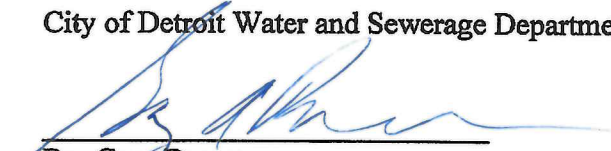
By:
Its:

"Defendant's Counsel"



By: Nikkiya Branch Pearson, Deputy General Counsel

City of Detroit Water and Sewerage Department



By: Gary Brown
Its: Director



**Detroit Water and Sewerage
Department
Certified Copy**

735 Randolph Street
Detroit, Michigan 48226
(313) 224-4704 Office
dwsd.legistar.com

Case Settlement, Other: 2026-165

File Number: 2026-165

The Board of Water Commissioners for the City of Detroit, Water and Sewerage Department **approves the settlement agreement for the matter of *Independent Management Services, et al v. City of Detroit, Third Circuit of Michigan Case No. 26-006117-CK***, and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

Agenda of July 15, 2026

Item No. 2026-165

TO: The Honorable
Board of Water Commissioners
City of Detroit, Michigan

FROM: Scott MacGriff, General Counsel and Chief Compliance Officer, Detroit Water and Sewerage Department

RE: *Independent Management Services, et al. v. City of Detroit*
Third Circuit of Michigan Case No. 26-006117-CK

MOTION

Upon the request of General Counsel and Chief Compliance Officer, Scott MacGriff, the Board of Water Commissioners for the City of Detroit Water and Sewerage Department (DWSD), approves the settlement agreement in the matter of *Independent Management Services, et al v. City of Detroit, Third Circuit of Michigan Case No. 26-006117-CK*, and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND AND JUSTIFICATION

The Background and Justification for this action are contained in confidential attorney-client privileged communication and provided under separate cover.

I, Marian King-Bell certify that this is a true copy of Case Settlement, Other No. 2026-165, passed by the Board of Water Commissioners on 7/15/2026.

Attest: Marian king-bell

7/15/2026

Date Certified