

## MUTUAL SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release of Claims ("this Agreement") is between Joseph Pandy ("Mr. Pandy") and Lansing Board of Water and Light, its Board and Commissioners ("BWL") (collectively, the "Parties"), and is entered into as a full and complete settlement between the Parties relating to any and all claims, whether known or unknown, between Mr. Pandy and BWL. Mr. Pandy was employed by BWL from December 1, 1984 until September 10, 2002. As a result of his termination of employment, he filed a Complaint against BWL in the Ingham County Circuit Court, File No. 03-1116-CZ, (the "Lawsuit"). Mr. Pandy makes certain claims in the Lawsuit. BWL denies those claims and asserts that all its actions toward Mr. Pandy were lawful. The Parties now desire to settle the Lawsuit and any other disputes between them without the uncertainty, expense, and delay of continued litigation.

For a settlement and mutual release of all claims, the Parties agree as follows:

1. **No Admission of Liability.** The Parties acknowledge that this Agreement represents a compromise of disputed claims between them arising out of Mr. Pandy's employment with BWL. Nothing in this Agreement shall be construed as an admission of liability by any of the Parties to this Agreement or represent a concession that any of the allegations in any of the parties' respective pleadings are true.

2. **Consideration.** In full and final settlement of all claims arising out of Mr. Pandy's employment with BWL and as Consideration for his agreement to the provisions of this Agreement:

- A. Upon behalf of the BWL, AIG shall pay a sum in the gross amount of Seven Hundred Twenty-five Thousand Dollars (\$725,000.00) and Philadelphia Insurance shall pay a sum in the gross amount of Five Thousand Dollars (\$5,000.00)(both amounts referred to jointly as the "Settlement Payment"). The Settlement Payment shall be payable to and sent to Mr. Pandy's attorneys, Fraser Trebilcock Davis & Dunlap, P.C. ("Fraser Trebilcock") The Settlement Payment will be remitted to Fraser Trebilcock no later than December 15, 2008. The BWL acknowledges receipt of Mr. Pandy's and Fraser Trebilcock's properly executed IRS "W-9" forms

At Mr. Pandy's request, taxes will not be withheld from this Settlement Payment. For that reason, Mr. Pandy will be responsible for the timely payment to the appropriate taxing authorities of any income and social security taxes that he owes as a result of the Settlement Payment. If any taxing authority asserts a claim against the BWL, wherein it is claimed that the BWL as an employer was required to report, withhold and make withholding payments from the Settlement Payment, or if Mr. Pandy fails to pay his tax obligations and, as a result thereof, claims are made against the BWL by a taxing authority, Mr. Pandy agrees to indemnify BWL for any and all tax

consequences of the tender of the gross amount of the Settlement Payment, including taxes, penalties, interest, and BWL's contribution to social security taxes. In the event that the BWL receives any such tax claims, the BWL shall thereafter promptly notify Mr. Pandy of such claims. If Mr. Pandy thereafter fails to timely address any such claims, Mr. Pandy also agrees that he will pay BWL its costs and actual attorney fees incurred in responding to any IRS inquiry or enforcement action concerning this matter or in pursuing its right for indemnification from Mr. Pandy. Mr. Pandy also agrees to submit to a court of competent jurisdiction in Ingham County.

- B. BWL will release to Mr. Pandy the full amount of the 457(f) fund, being Account Nos. 303744 and 300435 (the "Deferred Compensation Payment"). BWL shall withhold income and payroll taxes from the Deferred Compensation Payment to the extent required by applicable law. BWL's share of FICA or other employment taxes with respect to the Deferred Compensation Payment shall be paid by BWL out of separate funds and shall not reduce the Deferred Compensation Payment payable hereunder. BWL agrees to release the 457(f) funds to Mr. Pandy within twenty-one calendar days of Mr. Pandy's request, subject to and limited by the provisions of the Plan, and Mr. Pandy agrees to make the request for release of the funds prior to December 31, 2010. BWL will make such tax and other deductions, if any, from those payments as is required by law. Mr. Pandy shall have no additional claim to any portion of the 457(f) funds upon his receipt of the above described payments.

**3. Dismissal of Lawsuit.** Mr. Pandy will dismiss all claims in the Lawsuit with prejudice and without costs. A copy of the Stipulation the parties will submit to the court is attached as Exhibit A. Mr. Pandy shall provide the properly executed signed Stipulation to Scott Mandel at the time he returns this executed Mutual Settlement Agreement and Release and that Stipulation and Order shall be held by Scott Mandel and not submitted to the Court for entry until after Mr. Pandy, through his counsel, has received the \$730,000 set forth in paragraph 2A above.

**4. Release of Claims by Mr. Pandy.** Mr. Pandy releases, waives and forever discharges BWL and its current and past Commissioners, Board, officers, directors, employees, shareholders, successors, assigns, agents, attorneys, insurers and all affiliated entities, in individual and official capacities, of and from any and all claims, liabilities, demands, damages, lawsuits, actions, or causes of action, of whatsoever kind or nature, known or unknown, past, present, or future, arising out of or related to his employment and the termination of his employment with BWL, including but not limited to claims for breach of any express or implied employment contract or handbook or manual, wrongful discharge, whistleblower, employment discrimination, emotional distress, defamation, and any other claims he might have under any Michigan statute or federal statute and applicable state common law, including any claims under the Elliott Larsen Civil Rights Act, the Persons with Disabilities Civil Rights Act, Title VII of the Civil Rights Act, the Americans with Disabilities Act, and the Age Discrimination in Employment Act ("ADEA"); provided, however, that Mr. Pandy does not release any claims that may arise under the ADEA after the

date he signs this Agreement. Employee agrees that, other than the Consideration detailed in paragraph 2 of this Agreement, he has been provided with all compensation and benefits due him. Employee specifically agrees that his signature on this Agreement represents his dismissal, with prejudice, of his Complaint, captioned as File No. 03-1116-CZ.

5. **Release of Claims by the BWL.** The BWL releases, waives and forever discharges Mr. Pandy from any and all claims, liabilities, demands, damages, lawsuits, actions or causes of action, of whatever kind or nature, known or unknown, past, present or future, arising out of or related to Mr. Pandy's employment and the termination of his employment with BWL.

6. **Non-Disclosure.** Neither party shall issue a press release or otherwise, directly or indirectly, disclose the terms of this Agreement to any third person, except as necessary to effect its terms, secure its enforcement, as compelled by a court order, or to his attorneys, accountants or other professional tax advisors. Notwithstanding the preceding sentence, the parties acknowledge and understand that this Mutual Settlement Agreement and Release is a "public record" as that phrase is used in MCL 15.232(e) and is subject to disclosure pursuant to Michigan's Freedom of Information Act, being MCL 15.231 et. seq. Upon receipt of a request pursuant to Michigan's Freedom of Information Act, the BWL may release a copy of this Agreement and may make the statement which appears in the last sentence of this paragraph. Further, Mr. Pandy may disclose the terms of this Agreement to his spouse based upon her agreement to this paragraph 6, and Mr. Pandy's acknowledgment that a breach by his spouse will be considered to be a breach of this Agreement by Mr. Pandy. In conjunction with any communication regarding the Lawsuit, the parties shall reply only with the following statement and nothing more: "All matters between the Board of Water & Light and Mr. Pandy have been resolved."

7. **No Litigation by BWL and Mr. Pandy.** Other than the Lawsuit, Mr. Pandy warrants that he is not pursuing any claims arising out of his employment or the termination of his employment against BWL, its Commissioners, Board, officers, directors, employees, shareholders, successors, assigns, agents, attorneys, insurers and all affiliated entities before any court or administrative agency and that he will not file any such claims after signing this Agreement. The BWL warrants that it is not pursuing any claims arising out of Mr. Pandy's employment or the termination of his employment against Mr. Pandy before any court or administrative agency. The BWL also warrants that it shall not file any such claims after signing this Agreement.

8. **No Future Employment.** Mr. Pandy affirmatively declares that he has no interest in employment with BWL and will not seek employment with BWL after he signs this Agreement.

9. **Non-disparagement.** The Parties agree not to make or encourage anyone else to make any disparaging remarks or comments about or concerning the other either personally or professionally.

**10. Execution.** Mr. Pandy understands that this is BWL's final offer and that he must sign this Agreement and return it to the office of Scott Mandel; Foster, Swift, Collins & Smith, P.C., attorney for BWL, on or before the twenty-first calendar day after he received it ("Consideration Period"). Mr. Pandy then will have seven calendar days after he executes this Agreement to revoke it ("Revocation Period"). For the revocation to be effective, Mr. Mandel must receive the signed and written revocation in his office on or before 5:00 p.m. on the last day of the Revocation Period. This Agreement shall not become effective or enforceable until the expiration of the Revocation Period of this Agreement. If the expiration of the Revocation or Consideration Period is on a Saturday or Sunday, the relevant Period will be extended until the time of close of business on the first business day following the Saturday or Sunday. Mr. Pandy is voluntarily signing this Agreement, has had the benefit of advice of counsel regarding this Agreement, and waives any right that he may have to additional time to consider this Agreement.

**11. Paragraph Headings.** The paragraph headings in this Agreement are included for convenience only and should not be considered in interpreting this Agreement.

**12. General Rule of Construction.** This Agreement will be construed as a whole according to its terms. It will not be construed strictly for or against either party.

**13. Governing Law.** Except to the extent federal law governs, this Agreement will be governed by Michigan law. This Agreement and its terms shall be enforceable in a court of competent jurisdiction in Ingham County, Michigan, and each party submits itself to that jurisdiction.

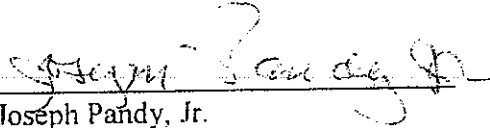
**14. Entire Agreement.** This Agreement is the entire agreement between the parties regarding the subjects it covers. It replaces all other agreements or understandings between the Parties regarding those subjects. This Agreement may not be changed except by another written agreement which refers to this Agreement and is signed by both parties.

**15. Presumption of Drafting.** In the event of ambiguity, this Agreement shall be determined to have been drafted by both parties.


**16. Injunctive Relief.** The release, non-disclosure and non-disparagement provisions in this Agreement are reasonable and necessary for the protection of the legitimate business interest of BWL and Mr. Pandy, are material terms of this Agreement and a violation of these covenants would cause substantial injury to BWL and Mr. Pandy. Therefore, if one of the parties should breach any of the provisions of this Agreement, the non-breaching party may, in addition to any other remedy it may have, be entitled to immediate Preliminary and Permanent Injunctive Relief, without bond.

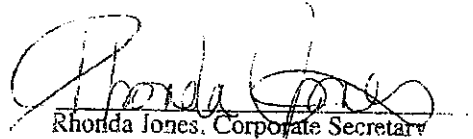
Mr. Pandy acknowledges that he has read and understands this Agreement; that he has been provided sufficient time to consider this Agreement; that he has had the opportunity to consult with his attorney concerning this Agreement; that he understands the consequences of entering into this Agreement; that he is entering into this Agreement knowingly and voluntarily; and that he is competent to execute the same.


Date: 10/22/08

  
Joseph Pandy, Jr.

Date: 10/29/08

By:   
Lansing Board of Water and Light

  
Rhonda Jones, Corporate Secretary  
10-29-08  
Date

APPROVED  
  
BOARD OF WATER & LIGHT  
LEGAL COUNSEL  
Date 10/30/2008

**LITIGATION RESOLUTION**

**WHEREAS**, Joseph Pandy, Jr. brought suit against the Lansing Board of Water & Light (LBWL) in Ingham County Circuit Court (2003-11169-CZ); and

**WHEREAS**, Joseph Pandy, Jr. and the LBWL desire to settle all disputes between them without the uncertainty, expense and delay of continued litigation; and

**WHEREAS**, Joseph Pandy, Jr. and representatives from LBWL participated in a facilitative mediation held on October 13<sup>th</sup> and 14<sup>th</sup> 2008 in the interest of resolving the above referenced matter; and

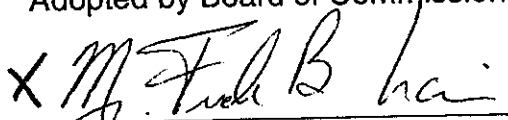
**WHEREAS**, Joseph Pandy, Jr. and representatives from LBWL tentatively reached a mutually agreeable settlement, subject to approval by the Board of Commissioners.


**RESOLVED**, that the Board of Commissioners hereby approves the tentative settlement reached at facilitative mediation.

**FURTHER RESOLVED**, that the Board of Commissioners hereby authorizes its insurers, American Insurance Group and Philadelphia Insurance Company to remit payment in accordance with the settlement.

**FURTHER RESOLVED**, that the Board of Commissioners hereby authorizes the release of the full amount, less applicable taxes, in Joseph Pandy, Jr.'s 457(f) account to Joseph Pandy, Jr., subject to and limited by the provisions of the Plan, in accordance with the settlement.

Adopted by Board of Commissioners at a Special Board meeting held OCT. 16, 2008

X   
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Frank Lain  
Board of Commissioners, Chair

  
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Rhonda Jones  
Corporate Secretary