

Relief, and (8) Violation of Civil Rights (42 U.S.C. §1983). The Cross-Defendants (with the exception of CSGUA) have not appeared in the Action.

2.13. The Parties desire to avoid the expense of further attorneys' fees and desire to resolve their differences in a manner which is acceptable to each side. Therefore, the Parties through their respective counsel, have engaged in settlement discussions with regard to the claims set forth in the Action. As a result of those settlement discussions, the Parties have reached an agreement to resolve, fully and finally, their disputes with respect to the Action.

2.14. TERMS: In full settlement of all claims which have been or may be asserted by either Party, and subject to the approval of the City Council of the City of South Gate, and subject to a determination of good faith by the court, the Parties agree as follows:

2.15. PSOMAS has agreed to pay, and CSGUA has agreed to accept, the total sum of eight hundred seventy five thousand hundred dollars and zero cents (\$875,000.00) in full and final settlement of the claims asserted by CSGUA against PSOMAS in the Action ("Settlement Amount").

2.16. PSOMAS shall tender a check drawn on a corporate checking account of PSOMAS in the sum of eight hundred seventy five thousand hundred dollars and zero cents (\$875,000.00) ("Settlement Check") in payment of the Settlement Amount. The Settlement Check shall be made payable to "City of South Gate Utility Authority" and shall be delivered to CSGUA'S attorney of record, Raul F. Salinas, at his business address, which is 633 West Fifth Street, Suite 1150, Los Angeles, CA 90071, in payment of the Settlement Amount. In the alternative, PSOMAS may satisfy its

payment obligation under this Agreement by remitting the Settlement Amount by wire transfer to a bank account designated by CSGUA or the City.

2.17. PSOMAS shall tender delivery of the Settlement Amount, by check or wire transfer, following the Parties' mutual execution of this Agreement, and no later than February 19, 2007 or seven (7) calendar days after entry of a signed order by the court's determining the good faith of this settlement under C.C.P. §877.6, whichever occurs later.

2.18. Request for Dismissal: No later than three (3) business days after clearance of the Settlement Check or confirmation of receipt of the Settlement Amount by wire transfer, whichever is applicable, PSOMAS shall file a Request for Dismissal of the Cross-Complaint with prejudice as to CSGUA and the Cross-Defendants. In addition, no later than three (3) business days after receipt of the Settlement Check or, alternatively, if applicable, confirmation of receipt of the Settlement Amount by wire transfer, CSGUA shall file a Request for Dismissal with prejudice as to PSOMAS only in the Action.

2.19 The Parties hereto have mutually agreed to the press release attached hereto as Exhibit "A".

3. MUTUAL RELEASES: In consideration of the mutual general releases contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged by CSGUA and PSOMAS, the Parties promise, agree and generally release as follows:

3.1. Except as to such rights or claims as may be created by this Agreement, CSGUA hereby releases and forever discharges PSOMAS, and its

6.8. This Agreement consists of twelve (12) pages.


IN WITNESS WHEREOF, the Parties hereto have executed this SETTLEMENT AGREEMENT AND RELEASE, as of the day and year last below written.

THE CITY OF SOUTH GATE UTILITY AUTHORITY,
a public body

DATED: February 15, 2007

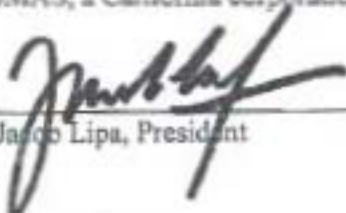
By: 
Name: Maria Davila
Title: Chair

ATTEST

By: 
Name: Carmen Avalos
Title: City Clerk

PSOMAS, a California corporation

DATED: November __, 2006

By: 
Jacco Lipa, President

APPROVED AS TO FORM AND CONTENT ONLY

ADORNO YOSS ALVARADO & SMITH
A Professional Corporation

DATED: February 15, 2007

By: 
Raul F. Salinas
Attorneys for Plaintiff
The City of South Gate Utility Authority

DATED: November __, 2006

By: 
Debra Tilson Lambeck
General Counsel, PSOMAS