

## COMPROMISE AND SETTLEMENT AGREEMENT

In the matters of:

*401 Church Street, LLC v. State of Tennessee; Steven G. Cates, in his capacity as Commissioner of the Tennessee Department of General Services; Larry Martin, in his capacity as Commissioner of the Tennessee Department of Finance and Administration; and Robert J. Martineau, Jr., in his capacity as Commissioner of the Tennessee Department of Environment and Conservation*  
**Claims Commission Claim No. 2013166**

This Compromise and Settlement ("Agreement") is made by and among 401 Church Street, LLC ("Claimant") v. State of Tennessee; Steven G. Cates, in his capacity as Commissioner of the Tennessee Department of General Services; Larry Martin, in his capacity as Commissioner of the Tennessee Department of Finance and Administration; and Robert J. Martineau, Jr., in his capacity as Commissioner of the Tennessee Department of Environment and Conservation (collectively, "Respondents"). (Claimant and the Respondents are collectively referred to herein as the "Parties"). This Compromise and Settlement Agreement is made to compromise and settle the Claims Commission Claim No. 2013166 (the "Claim") styled *401 Church Street, LLC v. State of Tennessee; Steven G. Cates, in his capacity as Commissioner of the Tennessee Department of General Services; Larry Martin, in his capacity as Commissioner of the Tennessee Department of Finance and Administration; and Robert J. Martineau, Jr., in his capacity as Commissioner of the Tennessee Department of Environment and Conservation*.

Claimant and the State of Tennessee are the current parties to that certain lease between LC Tower, LLC and the State of Tennessee dated July 20, 2004, as the same has been amended (the "Lease"), pursuant to which the State of Tennessee occupies approximately 177,706 square feet in the building located at 401 Church Street, Nashville, Tennessee (the "Leased Premises"). Based on the Parties' shared desire to compromise and settle, fully and finally, all matters in dispute that exist by and between them as stated in the Claim, the Parties agree to be bound by

the promises and conditions stated in this Agreement. Therefore, for and in consideration of the foregoing mutual agreements and covenants set forth herein below and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. The Parties recognize and agree that this Agreement is a contractual agreement for the purpose of advancing the mutual best interests of the Parties hereto. Accordingly, neither this Agreement nor any covenant made pursuant hereto shall be construed as an admission of liability or fault on the part of any Party hereto. This Agreement shall not be used or deemed as evidence of any kind, other than for the sole purpose of enforcing the terms hereof.

2. The Parties agree to keep the negotiations of settlement that preceded this Agreement and all of the terms and conditions of this Agreement confidential and not subject to disclosure, unless otherwise required by law. Claimant acknowledges that consideration for this Agreement specifically includes this confidentiality provision, and if Claimant discloses any of the terms and conditions of this Agreement, then the entire Agreement shall be invalid. Claimant, if necessary, may disclose this Agreement to its agents, accounts, tax advisors, auditors, and legal counsel, from whom Claimant shall obtain an agreement to keep such matters confidential as required in this Agreement. Claimant has disclosed and may continue to disclose information concerning negotiations of and the terms of this Agreement to its, agents, legal counsel, lender, and representatives of its lender, provided that, before any future disclosure is made, Claimant shall obtain an agreement to keep the matters concerning this Agreement confidential before any additional disclosure is made.

3. Respondents agree to pay Claimant the lump sum amount of nine hundred thousand dollars (\$900,000.00).

4. Claimant agrees to take ownership of and responsibility for all furniture and fixtures, cabling, equipment, all personal property in the Leased Premises that the State owns (collectively, the "Personal Property"). Claimant also agrees that the State is no longer required to leave the L & C Tower in the condition set forth in Section 10 of the Lease when it vacates the Leased Premises. The intent of the Parties is that Claimant may sell or dispose of any Personal Property as it sees fit. Claimant shall be responsible for the cost of removing, disposing, and handling the Personal Property. In the event Claimant recoups any money from salvaging, selling, or otherwise disposing of the Personal Property, Claimant will retain that money. The Parties recognize that the Claimant's decision to waive the requirements of Section 10 of the Lease and allow the State of Tennessee to leave the Leased Premises in their current "as is" "where is" condition, abandoning the Personal Property in place is a significant, material term of the Agreement. The Parties furthermore acknowledge and agree that as of August 31, 2013, the Lease shall have been fully terminated and that neither Claimant nor Respondents shall have any further rights, obligations or responsibilities pursuant to the terms of the Lease, except for the rights of the Office of the Comptroller of the Treasury of the State of Tennessee to audit books and records of Claimant related to the Lease.

5. Claimant agrees to, and hereby does, completely release and discharge the Respondents, and the State of Tennessee, its agencies, departments, and personnel, including, but not limited to, officials, employees, and agents, whether current or former, all in their official and individual capacities, and their successors, assigns, servants, agents, attorneys,

officers, directors, representatives, subsidiaries, and affiliates, of and from any and all claims, demands, actions, and causes of action of any and every kind and character, known or unknown, that Claimant may have had or may now have against them, including, but not limited to, all matters asserted in the Claim.

6. Claimant shall execute a notice of dismissal with prejudice and file it with the Claims Commission within ten days of Claimant's receipt of the sum set forth in Paragraph 3 above and the completion of the obligations described therein. Said stipulation will not state that the reason for the dismissal is that this matter has been compromised and settled.

7. Claimant further acknowledges that the payment and obligations described in Paragraph 3 herein constitute the entire consideration for the complete release provided for herein. The terms set forth herein are, and are intended to be, the full and complete settlement of all matters referenced herein. No additional compensation, or other relief of any kind whatsoever, whether in law or equity, is to be paid or implemented regarding damages, injuries to persons or property, interest, expenses, costs, attorneys' fees, or experts' fees. Claimant hereby agrees to indemnify and hold harmless the Respondents from any losses or expenses of any type or character whatsoever, arising out of any attempt hereafter made by Claimant or any of his successors, heirs, assigns, servants, agents, or representatives to sue or collect on any claims arising under the Lease that are being released and discharged by this Agreement.

8. The Claimant agrees that, regardless of whether it hereafter discovers facts different from, or in addition to, those now known or believed to be true with respect to any aspect of his claims or damages sustained, that this Agreement shall, nevertheless, be and remain in full force and effect in all respects.

9. This Agreement shall be governed by and controlled by the laws of the State of Tennessee. Should any provision of this Agreement be declared by any court of a competent jurisdiction to be illegal or invalid, the validity of the remaining parts, terms, or provisions will not be affected thereby, and said illegal or invalid part, term or provision will be deemed not to be a part of this Agreement; provided, however, that if Claimant breaches any of the provisions or releases contained herein or if the releases contained herein be declared invalid, then the entire Agreement shall be invalid and the consideration paid to Claimant shall be immediately due and payable to the State of Tennessee, for, and on behalf of Respondents released herein.

10. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document. A copy of a signature to this Agreement shall have the same force and effect as an original signature.

11. This agreement is subject to the approval of the Attorney General, Comptroller and Governor pursuant to Tenn. Code Ann. § 20-13-103.

12. The Parties acknowledge that they are executing this Agreement entirely upon their own volition, individual judgment, belief, and knowledge with consultation of counsel; that this Agreement is made without reliance upon any statement or representation of any party or any person not herein expressed; that no promise, inducement, or agreement, not herein expressed, has been made to them; that the Agreement contains, and is, the entire agreement and understanding between the parties herein; and that the terms of this Agreement are contractual and not mere recitals.

13. The undersigned declare that all of the terms of this Agreement have been completely read, are fully understood, and accepted by them, and that they have had the benefit of counsel with their attorneys in connection herewith. The undersigned further declare that these terms have been agreed to voluntarily, without any undue influence, coercion, or improper motive.

**Claimant:**

  
\_\_\_\_\_  
401 Church Street, LLC

9/3/13  
\_\_\_\_\_  
date

**Respondent:**

\_\_\_\_\_  
State of Tennessee

\_\_\_\_\_  
date

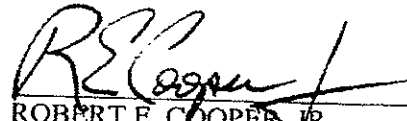
**AUTHORIZATION OF COMPROMISE AND SETTLEMENT OF**

*401 Church Street, LLC v. State of Tennessee; Steven G. Cates, in his capacity as Commissioner of the Tennessee Department of General Services; Larry Martin, in his capacity as Commissioner of the Tennessee Department of Finance and Administration; and Robert J. Martineau, Jr., in his capacity as Commissioner of the Tennessee Department of Environment and Conservation*


Pursuant to Tenn. Code Ann. § 20-13-103, the undersigned Attorney General, with the approvals of the Governor and Comptroller of the Treasury, as evidenced by their signatures below, authorizes settlement of *401 Church Street, LLC v. State of Tennessee; Steven G. Cates, in his capacity as Commissioner of the Tennessee Department of General Services; Larry Martin, in his capacity as Commissioner of the Tennessee Department of Finance and Administration; and Robert J. Martineau, Jr., in his capacity as Commissioner of the Tennessee Department of Environment and Conservation*, Claims Commission, Claim No. 2013166, upon the following terms:

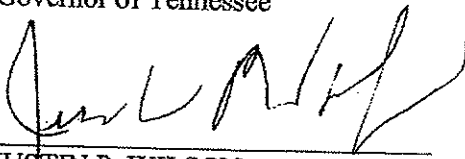
- (1) The State will pay to Claimant \$900,000.00;
- (2) Claimant agrees to take ownership of and responsibility for all furniture and fixtures, cabling, equipment, all personal property that the State owns in the Leased Premises;
- (3) Claimant will agree to keep the terms of this settlement confidential, unless otherwise required by law;
- (4) Claimant will dismiss with prejudice the Claims Commission Claim No. 2013166.

A settlement on this basis is reasonable, safeguards the revenue of the State of Tennessee, and is in the overall fiscal interest of the State. Accordingly, settlement of the subject litigation upon the terms and conditions set forth above is hereby authorized.

  
ROBERT E. COOPER, JR.  
Attorney General and Reporter

APPROVED:

  
BILL HASLAM  
Governor of Tennessee

  
JUSTIN P. WILSON  
Comptroller