SETTLEMENT AGREEMENT

This Settlement Agreement is made and entered into this 18th day of August, 2026 by and between Wardson Construction, Inc. and Homequest Builders, Inc. (collectively, "Plaintiffs"), individually and on behalf of the Settlement Class (as defined below) and the City of Raleigh ("the City") (Plaintiffs and the City are collectively referred to as the "Parties") in *Wardson Construction, Inc., et al. v. City of Raleigh*, pending in the General Court of Justice, Superior Court Division, Wake County, North Carolina, File No. 19-CVS-010860-910 (the "Class Action").

WHEREAS, on August 12, 2019, Plaintiffs commenced the Class Action against the City in the Superior Court of Wake County through the filing of a Complaint, seeking relief on behalf of themselves and a Class under a cause of action for a declaration that the City's collection of water and sewer capital facilities fees for the period from January 12, 2016 through June 30, 2018 (the "CFFs") exceeded the City's lawful authority under N.C.G.S. § 160A-314, the City's Charter, and other applicable law, and that the CFFs must be refunded to Plaintiffs and the Class, plus interest at the rate of six percent (6%) per annum, pursuant to N.C.G.S. § 160D-106; and

WHEREAS, the City denies each one of Plaintiffs' allegations, and the City has asserted various legal and other affirmative defenses; and

WHEREAS, the City moved to dismiss the Complaint, and on April 12, 2022, the Hon. Rebecca W. Holt, Superior Court Judge, denied that motion; and

WHEREAS, on May 5, 2022, the City filed a Petition for Writ of Certiorari with the North Carolina Court of Appeals seeking review of the order denying its motion to dismiss, and on July 20, 2022, the North Carolina Court of Appeals denied the City's Petition for Writ of Certiorari, NCCOA No. P22-209; and

WHEREAS, the City moved for judgment on the pleadings, and on December 1, 2022, the Hon. Mark A. Sternlicht, Superior Court Judge, denied that motion; and

WHEREAS, the Parties engaged in extensive discovery, including (i) multiple sets of interrogatories, requests for production, and requests for admission, (ii) voluminous document productions consisting of tens of thousands of pages of documents, (iii) depositions of eight (8) current or former City representatives and employees, (iv) five (5) depositions of Plaintiffs' corporate representatives, and (v) the deposition of the City's expert witness; and

WHEREAS, Plaintiffs' Motion for Class Certification and the Parties' cross-Motions for Summary Judgment were heard by the Hon. G. Bryan Collins, Jr., Superior Court Judge, on August 19 and 20, 2024; and

WHEREAS, on September 16, 2024, Judge Collins entered an Order Granting Plaintiffs' Motion for Class Certification, and certified the following Class pursuant to Rule 23 of the North Carolina Rules of Civil Procedure:

> All natural persons, corporations, or other entities who (a) at any point from January 12, 2016 through June 30, 2018 (b) paid water or sewer Capital Facilities Fees to the City of Raleigh pursuant to the Schedule of Fees and Code of Ordinances adopted by the City of Raleigh; and

WHEREAS, on September 16, 2024, Judge Collins entered an Order and Judgment granting Plaintiffs' Motion for Summary Judgment and denying the City's Motion for Summary Judgment, and entered judgment in favor of Plaintiffs and the Class in the principal amount of $16,484,400.00, plus interest at the rate of 6.00% per annum from the date of each CFF payment through the date of judgment, and with interest thereafter at the legal rate; and

WHEREAS, on October 15, 2024, the City appealed the Order Granting Plaintiffs' Motion for Class Certification to the North Carolina Supreme Court, and appealed the Order and Judgment granting Plaintiffs' Motion for Summary Judgment and denying the City's Motion for Summary Judgment to the North Carolina Court of Appeals, where that appeal was docketed on April 30, 2025 as No. COA25-416; and

WHEREAS, the City's Petition for "Bypass Review" of the Order and Judgment granting Plaintiffs' Motion for Summary Judgment and denying the City's Motion for Summary Judgment directly to the North Carolina Supreme Court was denied; and

WHEREAS, the Parties engaged in a mediation with Scott Hart, certified North Carolina Superior Court Mediator, on January 7, 2025, which resulted in an impasse; and

WHEREAS, following oral argument on October 28, 2025, the North Carolina Supreme Court issued an opinion on March 20, 2026 in *Wardson Construction, Inc. v. City of Raleigh*, No. 115A25 (N.C. Mar. 20, 2026), affirming the Order Granting Plaintiffs' Motion for Class Certification; and

WHEREAS, on July 15, 2026, the North Carolina Court of Appeals issued an opinion in *Wardson Construction, Inc. v. City of Raleigh*, No. COA25-416 (N.C. Ct. App. July 15, 2026), affirming the Order and Judgment granting Plaintiffs' Motion for Summary Judgment and denying the City's Motion for Summary Judgment; and

WHEREAS, from January 12, 2016 through June 30, 2018, the City collected a total of $16,477,509.40 in CFFs from the Class; from the date of each CFF payment through September 16, 2024, a total of $7,352,975.87 in prejudgment interest at the rate of 6.00% per annum accrued on each payment; and from September 17, 2024 through July 15, 2026, a total of $2,405,264.00; and

WHEREAS, as of July 15, 2026, the City's total liability under the Order and Judgment granting Plaintiffs' Motion for Summary Judgment and denying the City's Motion for Summary Judgment is $26,235,749.27; and

WHEREAS, after seven years of protracted litigation and arms-length settlement negotiations between Class Counsel and the City, this Settlement Agreement has been reached; and

WHEREAS, Class Counsel has thoroughly investigated the facts and claims of the Class Action and has concluded that it is in the best interest of the Class to enter into this Settlement Agreement, and Class Counsel considers the Settlement set forth below to be fair, reasonable, adequate, and in the best interests of the Class, subject to Court approval; and

WHEREAS, James R. DeMay, J. Hunter Bryson, and Daniel K. Bryson of Bryson Harris Suciu DeMay PLLC are Class Counsel and are fully authorized to enter into this Settlement Agreement on behalf of Plaintiffs and the Class; and

WHEREAS, the City has concluded (despite its belief that it is not liable for the claims asserted) that it will enter into this Settlement Agreement in order to, among other things, avoid the further expense, inconvenience, burden, and risk of further litigation.

NOW, THEREFORE, intending to be legally bound, the Parties have entered into this Settlement Agreement for All Claims (as defined below) of the Class to be dismissed with prejudice, without costs to any party (except as provided below), on the following terms and conditions:

I. DEFINITIONS

For purposes of this Settlement Agreement, the following terms shall have the meanings set forth below.

A. "Administration Costs" shall mean any and all costs associated with the administration of the benefits under this Settlement Agreement, including the fees and expenses of the Administrator, the expenses of mailing notices, and the expenses of paying Class Member Benefit Awards (as defined in Section IV.B.1).

B. "Administrator" means Angeion Group, who will administer the Settlement. The Parties have agreed to retain Angeion Group, as the Settlement Administrator, and to seek the Court's approval of such entity, in connection with the preliminary approval of this Settlement. The Administrator shall perform its duties for the benefit of the Settlement Class, shall act under the supervision of Class Counsel and subject to the continuing jurisdiction of the Court, and shall provide Class Counsel and counsel for the City with reasonable access to its records, data, and reports relating to notice, distribution, and the administration of the Common Fund. If the Administrator becomes unable or unwilling to perform its duties, or if the Court so orders, the Parties shall promptly propose a successor administrator for the Court's approval.

C. "Agreement" or "Settlement Agreement" means this Settlement Agreement, including any subsequent amendments agreed to by the Parties and any exhibits to such amendments.

D. "All Claims" shall mean any and all claims, demands, actions, suits and causes of action against the City and/or its Council members, officers, employees, attorneys, insurers, agents or successors, whether known or unknown, asserted or unasserted, that any member of the Class ever had, or could have had, now has or hereafter can, shall or may have, arising out of the same factual predicate as the claims asserted in the Class Action, namely the payment of CFFs to the City during the Class Period. These claims include claims for refunds, damages or remedies (including, without limitation, actual, compensatory, punitive, or exemplary), or for compensation of any type or for accounting or reconciliation, reimbursement or statutory remedies or for pre- or post-judgment interest, or for other damages arising from or relating to the Class Members' claims that were asserted or that could have been asserted in the Class Action, including claims for the City's *ultra vires* conduct, as it relates to CFFs paid to the City during the Class Period. All Claims

does not include: (i) any claim to enforce this Settlement Agreement or the Final Order and Judgment; (ii) any claim of a person or entity that timely and properly exercises an Opt-Out Right (as defined in Section III.A.1); or (iii) any claim that does not arise out of the same factual predicate as the claims asserted in the Class Action.

E. "Attorneys' Fees and Expenses" means such funds as may be awarded by the Court to Class Counsel in accordance with the terms and conditions of this Settlement, in order to compensate Class Counsel for all past, present and future attorneys' fees, costs (including court costs), expenses, and disbursements earned or incurred collectively and individually by any and all of them, their investigators, experts, staff, and consultants in connection with the Class Action.

F. "CFFs" means the water and sewer Capital Facilities Fees charged and collected by the City during the Class Period, which are also referred to in the Class Action as capacity fees or impact fees.

G. "Claim Amount" means a Class Member's total CFFs paid to the City, plus interest at the rate of six percent (6%) per annum from the date of each payment through September 16, 2024, and interest at the legal rate from September 17, 2024 through August 1, 2026.

H. "Class Action" or "Class Action Litigation" shall mean the class action bearing the following caption: *Wardson Construction, Inc., et al. v. City of Raleigh*, pending in the General Court of Justice, Superior Court Division, Wake County, North Carolina, File No. 19-CVS-010860-910.

I. "Class Counsel" or "Counsel for the Settlement Class" shall mean James R. DeMay, J. Hunter Bryson, and Daniel K. Bryson of Bryson Harris Suciu DeMay PLLC.

J. "Class" shall have the same meaning as "Settlement Class," and "Class Members" shall mean members of the Settlement Class.

K. "Class Period" shall mean the period from January 12, 2016 through June 30, 2018.

L. "Class Representatives" shall mean Wardson Construction, Inc. and Homequest Builders, Inc.

M. "Common Fund" or "Settlement Fund" means the fund established under Section IV.A, from which all Class Member Benefit Awards, Administration Costs, Attorneys' Fees and Expenses, Service Awards, and other costs of this Settlement Agreement shall be paid.

N. "Court" or "Trial Court" means the General Court of Justice, Superior Court Division for Wake County, North Carolina.

O. "Fairness Hearing" shall be the hearing set for a definite date by the Court at the Preliminary Approval Hearing, which will be conducted by the Court to determine the fairness, adequacy and reasonableness of this Settlement Agreement under North Carolina Rules of Civil Procedure and North Carolina law, at which time the Court may issue a Final Order and Judgment.

P. "Final Judicial Approval" means the date of occurrence of all the following events:

1. This Settlement is approved in all respects by the Court;
2. The Court enters a Final Order and Judgment as provided below; and
3. If there are any objections to this Settlement, the time for any objectors to appeal or seek permission to appeal from the Court's Final Order and Judgment has expired, or, if appealed, the Final Order and Judgment has been affirmed in its entirety by the court of last resort to which such appeal has been taken and such affirmance has become no longer subject to further appeal or review.

Q. "Final Order and Judgment" shall be the order and judgment entered in the Class Action that approves the Settlement Agreement and dismisses the Class Action with prejudice following the Fairness Hearing.

R. "Opt-Out Date" means the last day of the Opt-Out Period and the postmark date by which members of the Settlement Class must mail their request to be excluded from the Settlement Class in order for that request to be considered timely.

S. "Opt-Out Period" shall mean a period of forty-five (45) days after the mailing of the Settlement Notice during which Class Members may exercise the right to opt out of the Settlement.

T. "Parties" shall mean the City and the Plaintiffs, and, for purposes of the release and the binding effect of this Settlement Agreement, all Class Members who do not timely and properly exclude themselves from the Settlement as provided herein.

U. "Payment Records" shall mean the City's books and records of CFF payments made during the Class Period, including the payment receipt, refund, and reimbursement records identifying the amount, date, and method of each payment, refund, or reimbursement and the name, address, and any affiliated business, organization, or account associated with the payment, together with any supplemental records or information the Administrator obtains under Section IV.B.

V. "Preliminary Approval Hearing" shall mean the hearing in North Carolina Superior Court, as designated by the Trial Court, upon motion for an Order Granting Preliminary Approval of the Settlement Agreement as specified herein.

W. "Service Awards" means such funds as may be awarded by the Court to the Class Representatives, within the limits set forth in this Agreement, to compensate the Class Representatives for the efforts and risks undertaken by them in bringing and prosecuting the Class

Action on behalf of the Settlement Class and achieving the benefits of this Agreement on behalf of the Settlement Class.

X. "Settlement" means the terms of this Settlement Agreement which resolve the claims between the Parties, including payments to the Class Members and release of the City.

Y. "Settlement Class" is defined as follows:

> All natural persons, corporations, or other entities who (a) at any point from January 12, 2016 through June 30, 2018 (b) paid water or sewer Capital Facilities Fees to the City of Raleigh pursuant to the Schedule of Fees and Code of Ordinances adopted by the City of Raleigh.

Z. "Settlement Notice" means the legal notice of the terms of this Settlement. The Settlement Notice shall contain the following information:

1. A plain, neutral, objective and concise summary description of the nature of the action and the terms of the proposed Settlement. This description shall also disclose, among other things, that: (a) any relief to Class Members offered by the Settlement is contingent upon the Court's approval of the Settlement, which will not become effective until Final Judicial Approval; (b) the City has agreed to state to the Court, if asked, that it is contractually bound not to object to Class Counsel's application for an award of Attorneys' Fees and Expenses up to one-third (1/3) of the Common Fund; (c) that the Settlement is not made contingent upon any Service Awards or Attorneys' Fees and Expenses being awarded by the Court, and that if such awards are approved by the Court, they will be paid from the Common Fund; and (d) that the sums paid in this Settlement are made in exchange for the release of All Claims by the named Plaintiffs and each of the Class

Members, and that a copy of this Settlement Agreement is available for review from the Administrator.

2. The Settlement Notice shall include a description of the Settlement Class.

3. The Settlement Notice shall inform the Class Members of their right to seek exclusion from the Settlement Class and the Settlement. The Settlement Notice shall provide the deadlines and procedures for exercising this right.

4. The Settlement Notice shall inform Class Members of their right to object to the proposed Settlement and to appear at the Fairness Hearing. The Settlement Notice shall provide the deadlines and procedures for exercising these rights.

5. The Settlement Notice shall summarize the proposed terms of the Release contemplated by this Settlement.

6. The Settlement Notice shall disclose where Class Members may direct written or oral inquiries regarding the Settlement.

AA. "City" or "the City" means the City of Raleigh, North Carolina.

II. COURT APPROVAL AND CLASS NOTICE

A. Best Efforts: Class Counsel and counsel for the City agree to recommend approval of this Settlement Agreement to the Court. Class Counsel and counsel for the City also agree to use their best efforts to obtain approval of the Settlement Agreement and to carry out the terms thereof. Nothing in this Settlement Agreement requires Class Counsel to act in a manner inconsistent with their duties to the Settlement Class or with any order of the Court.

B. Certification of Settlement Class

1. For settlement purposes only, Class Counsel will request, as part of the Order Granting Preliminary Approval of the Settlement Agreement, that the

Court make preliminary findings and enter an Order granting provisional certification of the Settlement Class subject to final findings and ratification in the Final Order and Judgment, appointing Plaintiffs Wardson Construction, Inc. and Homequest Builders, Inc. as Class Representatives of the Settlement Class, and appointing Class Counsel as counsel for the Settlement Class.

2. The City does not consent to the certification of the Settlement Class for any purpose other than to effectuate this Settlement Agreement and the resolution of claims relating to CFFs paid by the Settlement Class to the City during the Class Period. In the event the Settlement Agreement is declared null and void for any reason, or in the event the Court fails to approve the Settlement Agreement or certify the Settlement Class, the order conditionally certifying the Settlement Class shall be automatically vacated upon notice to the Court of the termination of the Settlement Agreement and the matter shall proceed as though the Settlement Class had never been conditionally certified and such finding had never been made.

C. Approval by The Court

1. Class Counsel shall submit to the Court within ten (10) days after full execution of this Settlement Agreement a motion for preliminary approval of the Settlement Agreement on behalf of the Settlement Class, together with a proposed preliminary approval order, which will be unopposed by the City. The motion for preliminary approval shall seek: (i) certification of the Settlement Class (for settlement purposes only); (ii) appointment of

Plaintiffs Wardson Construction, Inc. and Homequest Builders, Inc. as Class Representatives of, and Class Counsel as counsel for, the Settlement Class; (iii) preliminary approval of the terms of the Settlement Agreement as fair, adequate and reasonable; and (iv) approval of the form and manner of notice and opt-out procedures as set forth in the Settlement Agreement. The motion for preliminary approval shall also ask the Court to schedule a hearing date for final approval of the Settlement Agreement. If the Settlement is terminated or does not obtain Final Judicial Approval, then the status of class certification in this litigation shall be as it existed prior to the execution of the Settlement Agreement.

2. After the Opt-Out Date has passed, Class Counsel shall file a motion seeking entry by the Court of a Final Order and Judgment, which shall be unopposed by the City:

   (a) Certifying the Settlement Class, appointing Plaintiffs Wardson Construction, Inc. and Homequest Builders, Inc. as Class Representatives of the Settlement Class, and appointing Class Counsel as counsel for the Settlement Class;

   (b) Determining that the City and the Settlement Class have submitted to the jurisdiction of the Court for purposes of this Settlement, that the Court has personal jurisdiction over the City and all members of the Settlement Class and that the Court has jurisdiction to approve this Settlement Agreement as fair, reasonable and adequate under Rule 23 of the North Carolina Rules of Civil Procedure;

(c) Finding that the notice provided for in the Settlement Agreement constitutes reasonable and the best practicable notice; constitutes notice that is reasonably calculated, under the circumstances, to apprise members of the Settlement Class of the pendency of this action, the terms of this Settlement Agreement, the right to object or exclude themselves from this Settlement and to appear at the hearing on final approval; constitutes due, adequate, and sufficient notice to all persons or entities entitled to receive such notice; and meets the requirements of due process, the North Carolina Rules of Civil Procedure and any other applicable law or rules of the Court;

(d) Reserving for the Court exclusive jurisdiction over this Settlement, including the administration, consummation, and enforcement of this Settlement Agreement;

(e) Determining that there is no just reason for delay and directing that the final judgment shall be final and appealable;

(f) Directing that for a period of four (4) years from the Final Judicial Approval date of the Settlement, the Clerk of Court shall maintain the record of those members of the Settlement Class who have timely excluded themselves from the Settlement Class; and

(g) Incorporating the release set forth in the Settlement Agreement and forever discharging the City from All Claims.

3. Upon Final Judicial Approval of this Settlement Agreement, Class Counsel and counsel for the City shall join in seeking dismissal with prejudice of the

claims in the Class Action as they relate to the City's collection of CFFs during the Class Period, to the extent that the Court does not otherwise dismiss those claims with prejudice in its Final Order and Judgment.

D. Notice

1. Through a motion styled Motion for Preliminary Approval of Class Action Settlement, Class Counsel shall apply to the Court for an order authorizing notice to the Settlement Class substantially in the form to be agreed upon by the Parties and as approved by the Court. Such notice shall inform the Settlement Class of the conditional certification of the Settlement Class and the terms of the Settlement Agreement, advise of the right to request exclusion from the Settlement Class, and state the date scheduled by the Court for the Fairness Hearing.

2. Class Counsel and counsel for the City agree that under the circumstances, the best practicable means of notice to the Settlement Class is notice by direct mail.

3. The Administrator will provide notice to all identifiable members of the Settlement Class by United States Mail by mailing notice, in the form agreed upon by the Parties and as approved by the Court, to the last known address of each member of the Settlement Class. Before mailing, the Administrator shall update the address for each member of the Settlement Class through the United States Postal Service National Change of Address database and other reasonable address-verification methods. For any notice returned as undeliverable, the Administrator shall promptly perform a

reasonable address search and re-mail the notice to any updated address obtained. Where an electronic mail address for a member of the Settlement Class is reasonably available, the Administrator may also provide notice by electronic mail as a supplement to, and not a substitute for, notice by United States Mail. The cost of such notice and all other Administration Costs will be paid from the Common Fund.

4. A copy of the direct mail notice will also be posted on an Internet web site from the date the Settlement Notice is mailed through the Fairness Hearing. Class Counsel and counsel for the City shall agree on an Internet web site address, and the Administrator will manage the web site. The Settlement Notice shall identify Class Counsel's telephone number and the web site address, which shall provide an opportunity for Class Members to obtain information regarding the Settlement. The web site shall post copies of the Complaint, the Settlement Agreement, the Order Granting Preliminary Approval of the Settlement Agreement, the Settlement Notice, Class Counsel's application for an award of Attorneys' Fees and Expenses (promptly upon its filing), and Frequently Asked Questions. The web site will also make available a Change of Address Form for Class Members who wish to notify the Administrator of a change of address. The notice by direct mail will direct the Settlement Class to the Internet web site and to Class Counsel's telephone number, from which additional information may be obtained.

5. A copy of the notice by direct mail will also be available upon request from the Administrator.

6. The written notice shall be mailed no later than thirty (30) days after the Court enters an order preliminarily approving the Settlement Agreement. Class Counsel and counsel for the City shall use all reasonable efforts to ensure that notice is completed in a timely fashion.

III. REQUESTS TO OPT OUT OF THE SETTLEMENT CLASS AND OBJECTIONS TO THE SETTLEMENT AGREEMENT

A. Opt-Out Procedures

1. Class Counsel and counsel for the City will recommend that the Court approve an Opt-Out Date that is forty-five (45) days after the mailing of the Settlement Notice. Any member of the Settlement Class may request exclusion from ("opt-out" of) the Settlement on or before the Opt-Out Date through the method described in this Section III.A (an "Opt-Out Right"). Except as authorized by law, no person may opt out on behalf of any other person, class, or sub-class.

2. Each member of the Settlement Class wishing to opt out of the Settlement Class must individually sign and submit timely written notice to an address designated by the Administrator. This written notice must contain the name, address and valid telephone number of the Class Member wishing to opt out of the Settlement Class. This written notice must clearly manifest an intent to be excluded from the Settlement Class. To be considered timely, written notice must be postmarked for mailing to the Administrator on or before the Opt-Out Date.

3. The Administrator shall promptly forward copies of any Opt-Out letter that it receives to Class Counsel and counsel for the City. Not later than fourteen (14) days prior to the Fairness Hearing, the Administrator shall file with the Court a summary chart and the original Opt-Out notices identifying all Class Members who have exercised an Opt-Out Right, with copies to Class Counsel and counsel for the City.

4. If a Class Member exercises an Opt-Out Right pursuant to this section, such opt-out shall only be effective at the conclusion of the Opt-Out Period and upon Final Judicial Approval of the Settlement Agreement; unless otherwise ordered by the Court.

B. Objections to Class Action Settlement Agreement

1. Subject to Court approval, any member of the Settlement Class who intends to object to the fairness of the Settlement Agreement must file the objection in writing, postmarked no later than forty-five (45) days after the mailing of the Settlement Notice, and serve the same upon the Administrator, Class Counsel, and counsel for the City.

2. Objections to the Settlement Agreement must: (a) contain a caption or title that identifies it as "Objection to Class Settlement in *Wardson Construction, Inc., et al. v. City of Raleigh*, Wake County Case No. 19-CVS-010860-910"; (b) identify whether the objection is to the Settlement Class; (c) set forth the specific reason(s) for each objection, including the legal support and factual evidence the Settlement Class Member wishes to bring to the Court's attention; (d) include the name and address of the Settlement Class Member;

(e) be personally signed by the Settlement Class Member; (f) include an identification, by case style and number, of any other class settlements in which the objector or the objector's attorney(s) have asserted an objection; (g) include an identification of all attorneys having a financial interest or stake in the objection; and (h) state whether the objecting Settlement Class Member intends to appear at the Fairness Hearing, personally or through counsel. Any party may seek discovery from an objector without leave of Court, including requiring the objector to sit for a deposition and produce documents, and such discovery shall be responded to by the objector prior to the Fairness Hearing.

3. Class Members submitting objections to the Settlement Agreement may also file a statement of intent to appear at the Fairness Hearing, either personally or through their counsel. The statement of intent to appear at the Fairness Hearing must be filed with the Wake County Clerk of Superior Court in *Wardson Construction, Inc., et al. v. City of Raleigh*, Wake County Case No. 19-CVS-010860-910, and be served upon Class Counsel and counsel for the City in the manner provided by Rule 5 of the North Carolina Rules of Civil Procedure, no later than fourteen (14) days before the date of the Fairness Hearing. The Court will determine whether Class Members filing statements of intent to appear at the Fairness Hearing will be permitted to enter appearances and participate at the Fairness Hearing.

4. Any Class Member who does not raise an objection to the Settlement Agreement in accordance with the terms set forth herein prior to the

Fairness Hearing shall be foreclosed from seeking review of the Settlement Agreement by appeal or otherwise without Court approval.

IV. CLASS SETTLEMENT & BENEFITS

A. Class Settlement Amount & Payment from the Common Fund: The City shall pay into the Common Fund a total of $26,235,749.27 for Class Member Benefit Awards, Administration Costs, Class Counsel's Attorneys' Fees and Expenses, Service Awards, and all other costs of this Settlement Agreement. Those funds shall be paid within ten (10) days after Final Judicial Approval to the Administrator. The Administrator shall hold the Common Fund in a segregated, interest-bearing account maintained for the benefit of the Settlement Class, and all interest earned shall become part of the Common Fund. If the City does not fund the Common Fund when due, the unpaid amount shall accrue interest at the legal rate from the date payment was due until paid, and that interest shall become part of the Common Fund. From the Common Fund, the Administrator shall issue payments for Class Member Benefit Awards, Administration Costs, Service Awards, and Class Counsel's Attorneys' Fees and Expenses.

B. Class Member Benefit Awards:

1. After the Court finally approves the Administration Costs, Service Awards, and Class Counsel's Attorneys' Fees and Expenses, and after the same are deducted from the Common Fund, the Administrator will determine each Class Member's *pro-rata* share of the remaining Common Fund based on each Class Member's Claim Amount (each, a "Class Member Benefit Award"). The Administrator shall calculate Claim Amounts from the Payment Records and shall provide the proposed allocation to Class Counsel and counsel for the City for review before any checks are issued.

2. Any Class Member that has not timely and properly exercised an Opt-Out Right will be issued a check from the Administrator for that Class Member's Class Member Benefit Award from the Common Fund. The Administrator will mail the checks to Class Members at their last known addresses. In issuing and mailing checks, the Administrator shall determine the appropriate payee name, payee designation, and mailing address for each Class Member Benefit Award based on the Payment Records and any other information reasonably available to it, and the Administrator may name as payee the person or entity that made the CFF payment reflected in the Payment Records. The Administrator is authorized, without further order of the Court, to make reasonable conforming corrections to payee names, payee designations, and addresses, including to reflect name changes, mergers, conversions, dissolutions, successors, assignees, current business affiliations, and current mailing addresses, and to honor a written payee designation submitted by a Class Member or its authorized representative. Nothing in this paragraph reduces the aggregate amount payable to any Class Member.

3. The City shall provide the Administrator with access to any necessary records relating to the City's collection of CFFs, including the Payment Records, to ensure that all Class Member Benefit Awards are distributed to the appropriate payee for the CFFs paid to the City. The City shall respond to reasonable requests from the Administrator within fourteen (14) days.

4. The Administrator shall take commercially reasonable measures to ensure that Class Member Benefit Awards are received and negotiated, including updating addresses before mailing, promptly researching and re-mailing any check returned as undeliverable, maintaining a toll-free telephone line staffed by trained personnel and the Settlement website through the conclusion of distribution, and, no later than thirty (30) days before the expiration of the one hundred eighty (180) day period described in Section IV.B.6, providing a written reminder to each Class Member whose check remains uncashed. The Administrator may reissue a check upon the request of a Class Member, or upon its own determination that reissuance is necessary to effect delivery to the appropriate payee.

5. The following process shall govern any question or dispute concerning the direction of a Class Member Benefit Award (a "Payment Direction Question"):

   (a) A Payment Direction Question may be raised by the Administrator, Class Counsel, counsel for the City, a Class Member, or any other interested person or entity, and shall be submitted in writing to the Administrator. The Administrator shall promptly notify Class Counsel and counsel for the City of any Payment Direction Question.

   (b) The Administrator shall attempt to resolve the Payment Direction Question within thirty (30) days after it is submitted, based on the Payment Records and any documentation submitted by the affected

persons or entities. Class Counsel shall have the authority to direct the resolution of any Payment Direction Question the Administrator does not resolve within that period, and the Administrator shall implement Class Counsel's direction.

(c) If Class Counsel determines that a Payment Direction Question cannot be fairly resolved, or if an affected person or entity objects in writing within fourteen (14) days after receiving notice of the resolution, Class Counsel or another interested party may bring the matter to the Court by motion, and the Court shall resolve it. The Court's determination shall be final and binding on the affected persons and entities.

(d) Pending resolution of a Payment Direction Question, the Administrator shall hold the disputed portion of the Common Fund and shall not issue a check for that Class Member Benefit Award. Upon resolution, the Administrator shall promptly issue a check to the payee identified by that resolution.

(e) If a Payment Direction Question remains unresolved on the date that is thirty (30) days before the expiration of the one hundred eighty (180) day period described in Section IV.B.6, the Administrator shall promptly submit the matter to the Court by motion so that it may be resolved before that period expires. If the Court has not resolved the matter by the expiration of that period, the disputed funds shall continue to be held by the Administrator and shall be

distributed as the Court directs; and if the Court determines that no eligible payee can be identified, those funds shall be disposed of as provided in Section IV.B.6.

6. Subject to the provisions of this Section IV.B, for any Class Member Benefit Award checks that have not been cashed or deposited within one hundred eighty (180) days of issuance, those funds shall be paid to the City of Raleigh water and sewer enterprise fund and used by the City for any of the purposes provided in N.C.G.S. § 162A-211..

7. For purposes of this Section IV.B, the one hundred eighty (180) day period applicable to any check that is reissued, or that is issued following the resolution of a Payment Direction Question, shall be measured from the date that check is issued.

8. No later than one hundred twenty (120) days after the expiration of the one hundred eighty (180) day period described in Section IV.B.6, the Administrator shall serve on Class Counsel and counsel for the City, a declaration accounting for the administration of the Common Fund, including the number and value of Class Member Benefit Awards issued, cashed, reissued, and uncashed; all Administration Costs incurred; the disposition of any Payment Direction Questions; and the amount of any funds paid to the City under Section IV.B.6.

9. Subject to entry of the Final Order and Judgment, all payments under this Settlement Agreement, including Class Member Benefit Awards, Administration Costs, Attorneys' Fees and Expenses, Service Awards, and

any other costs, shall be paid solely from, and shall not exceed, the Common Fund. The final amount paid to Class Members shall be determined by the Administrator after determining opt-outs from the Class and deducting Administration Costs, Attorneys' Fees and Expenses, Service Awards, and other costs of this Settlement Agreement. No payments shall be made under this Agreement except as provided herein.

C. Attorneys' Fees and Expenses and Service Awards. As additional consideration for the dismissal of the Class Action with prejudice on the merits and entry of the release set forth in Section V, the Administrator will pay or cause to be paid from the Common Fund any Attorneys' Fees and Expenses and Service Awards that may be awarded by the Court, subject to the terms, conditions, and maximum amount limitations set forth in Sections VI and VII.

D. Administration Costs. All Administration Costs, including the costs of notice to the Settlement Class, shall be paid from the Common Fund.

V. RELEASE

A. Upon Final Judicial Approval, Plaintiffs and each member of the Settlement Class expressly and irrevocably waive and fully, finally and forever settle and release All Claims against the City and its Council members, officers, employees, attorneys, insurers, agents and successors, whether known or unknown, asserted or unasserted, arising out of or relating to the payment of CFFs to the City during the Class Period, and covenant not to sue the City with respect to All Claims.

1. In addition to the provisions above, each member of the Settlement Class expressly and irrevocably waives and fully, finally, and forever settles and releases, upon Final Judicial Approval, any and all defenses, rights and benefits that the Class Member may have, or that may be derived from the

provisions of applicable law, which, absent such waiver, may limit the extent or effect of the release contained above, in each case solely with respect to All Claims as defined and limited in Section I.D.

2. Consideration: As consideration for the release set forth above, the agreement to dismiss All Claims with prejudice, and entry of the Final Order and Judgment, the Administrator shall pay Class Member Benefit Awards to Class Members in accordance with Section IV following Final Judicial Approval.

B. Each Class Member who paid CFFs to the City during the Class Period and who does not timely and properly exercise an Opt-Out Right shall receive a Class Member Benefit Award as provided in Section IV, representing that Class Member's *pro-rata* share, based on that Class Member's Claim Amount, of the Common Fund remaining after deduction of Court-approved Administration Costs, Service Awards, and Class Counsel's Attorneys' Fees and Expenses.

VI. ATTORNEYS' FEES AND EXPENSES

A. Class Counsel may apply to the Court for a percentage-of-the-fund award of reasonable Attorneys' Fees and Expenses of up to one-third (1/3) of the Common Fund for professional services rendered on behalf of the Settlement Class relating to the claims settled, released, and discharged by the Settlement Agreement.

B. Subject to Court approval, Attorneys' Fees and Expenses shall be paid by the Administrator from the Common Fund, and the City will not directly or indirectly challenge, object, or otherwise take a position regarding Class Counsel's request for Attorneys' Fees and Expenses up to one-third (1/3) of the Common Fund. Class Counsel agrees not to seek an award of Attorneys' Fees and Expenses of more than one-third (1/3) of the Common Fund. In no event

shall more than one-third (1/3) of the Common Fund be paid for any past, present, or future Attorneys' Fees and Expenses incurred by Class Counsel for any Plaintiff, Class Representative, or Class Member in the Class Action, and in no event shall the City be obligated to fund any amount in excess of the Common Fund, regardless of any order purporting to award a greater amount.

C. Class Counsel shall apply to the Court for an award of Attorneys' Fees and Expenses no later than seven (7) days before the date of the Fairness Hearing.

D. Attorneys' Fees and Expenses shall be paid from the Common Fund within ten (10) days following the later of (i) Final Judicial Approval and (ii) the Administrator's receipt of the Common Fund from the City.

VII. SERVICE AWARDS

A. Subject to Court approval, Service Awards shall be paid from the Common Fund, and the City will not directly or indirectly challenge, object, or otherwise take a position regarding Class Counsel's request for Service Awards to the Class Representatives, Wardson Construction, Inc. and Homequest Builders, Inc., in the amount of $25,000.00 each.

B. Service Awards approved by the Court shall be paid from the Common Fund within ten (10) days following the later of (i) Final Judicial Approval and (ii) the Administrator's receipt of the Common Fund from the City.

VIII. OTHER PROVISIONS

A. No Admission: By entering into this Settlement Agreement, the City does not admit any liability or wrongdoing or the truth of any of the claims or allegations asserted in the Class Action. To the contrary, the City specifically denies each one of the allegations of unlawful conduct and damages. It is expressly understood and agreed that this Settlement Agreement is being entered into solely for the purpose of amicably resolving All Claims between the City and

the Settlement Class. Class Counsel agrees not to represent, publicly or otherwise, that the Settlement in any way embodies, reflects, implies, or can be used to infer any culpability by the City or any of its Council members, officers, employees, attorneys, insurers, or agents. Nothing in this paragraph restricts Class Counsel from accurately describing the procedural history, the orders and judgment entered in the Class Action, the appellate opinions issued in the Class Action, the terms of this Settlement, or the amount recovered; from communicating with Plaintiffs, Class Members, the Administrator, or the Court; or from complying with any law, court order, or rule of professional conduct.

B. Binding Effect: This Settlement Agreement shall be binding on and inure to the benefit of Plaintiffs, each member of the Settlement Class, and the City, and their respective successors and assigns.

C. Choice of Law: This Settlement Agreement shall be construed under and governed by the laws of the State of North Carolina without regard to its choice of law or conflict of laws principles.

D. Integrated Agreement: This Settlement Agreement and any exhibits attached hereto constitute the entire agreement and the complete and integrated statement of each and every term and provision agreed to by the Parties, and are not subject to any condition not provided for herein. This Settlement Agreement shall not be subject to any change, modification, amendment, or addition without the express written consent of all signatories hereto. The Parties expressly acknowledge that no other agreements, arrangements, or understandings not expressed in this Settlement Agreement exist among or between them.

E. Jurisdiction: The Court shall retain continuing and exclusive jurisdiction over all provisions of the Settlement Agreement and over all disputes of any kind relating in any way to, or arising in any way out of, the Settlement Agreement.

F. Notice: Any notice, request, instruction, or other document to be given by the City to Class Counsel, or by Class Counsel to the City, shall be in writing and shall be (a) delivered by email or (b) sent by overnight delivery service with signature confirmation, addressed as follows:

If to the City:

Robin L. Tatum
Smith, Anderson, Blount, Dorsett, Mitchell & Jernigan, L.L.P.
Wells Fargo Capitol Center
150 Fayetteville Street, Suite 2300
Raleigh, North Carolina 27601
rtatum@smithlaw.com

Carolyn A. Bachl
City of Raleigh
P.O. Box 590
Raleigh, North Carolina 27602
carolyn.bachl@raleighnc.gov

If to the Settlement Class:

James R. DeMay
J. Hunter Bryson
Daniel K. Bryson
Bryson Harris Suciu DeMay PLLC
900 W. Morgan Street
Raleigh, North Carolina 27603
jdemay@brysonpllc.com
hbryson@brysonpllc.com
dbryson@brysonpllc.com

G. Electronic Execution in Counterparts: The Settlement Agreement may be executed with an electronic or facsimile signature, such as manually executed signatures transmitted by facsimile or other electronic format (including, without limitation, "pdf", "tif", or "jpg") and other

electronic signatures (including, without limitation, DocuSign and AdobeSign), and may be executed in counterparts by the parties hereto, each of which shall constitute a duplicate original.

IN WITNESS WHEREOF, the parties have duly executed this Settlement Agreement as of this ____ day of August, 2026.

[SIGNATURES ON FOLLOWING PAGES]

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

APPROVED BY CLASS COUNSEL AND CLASS REPRESENTATIVES:

Dated: _____ _____

James R. DeMay
J. Hunter Bryson
Daniel K. Bryson
Bryson Harris Suciu DeMay PLLC
900 W. Morgan Street
Raleigh, North Carolina 27603

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

Dated: _____

_____
Wardson Construction, Inc.
By: _____
Title: _____

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

Dated: _____ _____

Homequest Builders, Inc.
By: _____
Title: _____

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APPROVED ON BEHALF OF THE CITY OF RALEIGH:

Dated: _____ CITY OF RALEIGH:

By: _____

This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.

_____
Finance Officer, City of Raleigh

Counsel for the City of Raleigh:

_____
Robin L. Tatum
Smith, Anderson, Blount, Dorsett, Mitchell & Jernigan, L.L.P.