

SETTLEMENT AGREEMENT

This Settlement Agreement (“Settlement”) is entered into by Reflection Lake Community Association (“RLCA”) and Reflection Water Association (“RWA”), effective 10/11/2022

RECITALS:

- A. RLCA is a nonprofit corporation and homeowner’s association serving the community developed around Reflection Lake, near Elk, Washington.
- B. RWA is a Washington nonprofit corporation and long-time manager of the Reflection Lake east side water system, #717006 (“Water System”).
- C. A dispute arose between the association members concerning ownership of the Water System.
- D. On September 30, 2020, James Powers (who had days earlier been voted out as RLCA President and was still at that time serving on the RWA Board) recorded a deed purporting to quitclaim the Water System (including appurtenant land, equipment, and rights) to RWA.
- E. RLCA and RWA are parties to Spokane County Superior Court matter no. 20-2-03213-32, which involves – among other issues – claims regarding ownership of the Water System.
- F. Recent elections for the RWA Board were held at the annual RWA members meeting in September, 2021, and at a special members meeting held in March, 2022. The existing RWA Board disputed the validity of those elections and disregarded their results.
- G. An election was held at the annual RWA members meeting on September 24, 2022. As of that date, the RWA Board was composed of Gerald Freitas (President), Kathy McIntire (Vice President), Debbie Myers (Secretary), Jim Powers (Treasurer), with Chad Boyd and Raymond Borkton as alternates.
- H. At a special board meeting on September 29, the RWA Board created three additional board positions, appointed Wayne Moore, Mike Hooper, and Charlie Bennett to fill those positions, and reorganized their executive positions. The RWA Board is now composed of Wayne Moore (President), Mike Hooper (Vice President), Charlie Bennett (Secretary), and Raymond Borkton (Treasurer), with Jim Powers, Gerald Freitas, Chad Boyd, Kathy McIntire, and Debbie Myers as alternates.
- I. In the good faith belief of the parties hereto, the elections, appointments, and executive selections referred to in paragraphs F-H, above, complied with all applicable law and bylaws.
- J. RLCA and RWA now desire to resolve and dismiss all claims between them and to clarify the future ownership and operation of the Water System.

Now therefore, in consideration of the covenants and agreements herein, the sufficiency of which the parties acknowledge, the parties agree as follows:

1. Ownership of the Water System. RWA acknowledges and agrees that RLCA is and shall be the sole owner of the Water System. RWA hereby disclaims any right to the Water System and agrees to undertake with all deliberate speed all actions necessary to convey the Water System to RLCA, including but not limited to the water right certificate, equipment, infrastructure, personal property, funds, operational records, and all other property interests necessary to the lawful operation and management of the Water System.

2. Water System Management Agreement. The parties intend for RWA to act as RLCA's agent in managing the Water System on such terms and for such a period as will be set forth in a Water System Management Agreement which shall be negotiated between the parties.

3. Comprehensive Mutual Release. Each party hereby waives, releases and forever discharges any and all complaints, claims, charges, liabilities, claims for relief, demands, suits, actions or causes of action, whether in law or in equity, which it has or could assert, at common law or under any statute, rule, regulation, order or law, whether federal, state or local, or on any grounds whatsoever against the other party with respect to any event, matter, claim, damage, or injury. This release does not extend to individual members of either board who acted ultra vires or in violation of the bylaws.

4. Dismissal. Upon RWA's fulfillment of its obligations in Paragraph 1, above, the parties will execute and file with the court a stipulation to dismiss RWA from Spokane County case no. 20-2-03213-32, with prejudice, and without an award of fees to either party.

5. No Admission of Liability. This Settlement reflects the compromise and settlement of disputed claims among the parties. Neither this Settlement nor any action taken to carry out this Settlement shall constitute an admission or concession on any point of fact or law, of any alleged fault, wrongdoing, or liability whatsoever.

6. Remedies for Breach; Specific Performance. In any formal dispute over the interpretation or enforcement of this Settlement, the prevailing party shall be entitled to recover its reasonable attorney's fees. To the extent allowed by applicable law, the parties shall be entitled to specific performance of the promises made and obligations assumed herein.

7. Warranty Against Assignment of Claims. The parties warrant that they have not assigned or transferred any claim, or part or portion of any claim, released in this Settlement, and that no person not a party to this Settlement has any interest in any claim released in this Settlement. The parties further warrant that if any such agreement or transfer has occurred, or if any other person claims an interest in such a released claim, the party whose released claim is being asserted will indemnify and hold harmless the other parties to this Settlement from and against all claims based upon or arising out of the assignment or transfer or interest purported or claimed. This obligation to indemnify and hold harmless shall include the obligation to pay reasonable attorneys' fees and costs actually incurred in defending against such claims, whether or not litigation is commenced.

8. Construction. This Settlement shall be construed and enforced according to the laws of the State of Washington. The Settlement has been drafted following negotiations between the parties, through their counsel, or after opportunity to retain counsel. It shall be construed according to the fair intent of the language as a whole, and not for or against any party.

