

Litigation Settlement Summary

The Moores brought two (2) Actions against the District in 2023.

The first action alleged a breach of a prior partial settlement agreement in 2016 and sought damages estimated to potentially exceed \$500,000. The District denied all the various claims of breach of contract.

The second claim sought damages from the District relating to various disputes over the maintenance of certain unpaved roads in the area of the District commonly known as the Acreage Parcels.

In August 2025, the District settled both these actions. The settlement involves the following terms:

- The District will not oppose the Moores de-annexing their properties in the area of the District known as Nichols Ranch. The District has no current water delivery system in place to serve the properties in Nichols Ranch, and it would likely be prohibitively expensive for the Moores to pay for the facilities necessary to connect to the District's infrastructure.
- The District will assume repair and maintenance of unpaved portion of a road known as the loop road in the acreage parcels. The District's ability to use and access these roads are vital because the District uses these roads to access its three wells; water tanks 2, 4, and 5; and the upper diversion on Irish Gulch Creek. The District will have no responsibility for capital road improvements.
- The District confirms it is accepting the existing pipeline known as the Martin Pipeline in the acreage parcel area. This pipeline will allow the District to serve parcels in the acreage parcels in the future.
- The District modifies a prior agreement with the Moores to allow up to 31 connections at no connection charge. This term encourages the development of presently undeveloped parcels to put water to maximum beneficial use, which helps district maintain its water rights to Irish Gulch.
- The Moores and the District agreed on options in which ownership of the parcel known as the Corporation Yard/Garden Parcel can be resolved via court related processes in which the District's costs are paid by the Moores. The Parcel was intended to be a treatment plant site for water diverted from Mallo Pass. In 2009, the Mallo Pass permit was terminated by the SWRCB due to slow development within Irish Beach, and it is unlikely the District will need the parcel for a treatment plant site at any time in the future.
- District agreed to pay the judgment in the 2009 Litigation by December 15, 2025.

The Agreement settles almost 40 years of various legal disputes [resolves the 1988, 1995, 2002 and 2016 settlements].