

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (“Agreement”) is entered into by and between Moses Lake School District No. 161 (the “School District”) and Design West Architects, P.A. (“Design West”). The School District and Design West are identified throughout this Agreement individually as a “Party” and together as the “Parties.”

RECITALS

A. *The School District is the owner of the Groff Elementary School construction project, located in Moses Lake, Washington (the “Project”). The School District engaged Design West to serve as the architect of record for the Project. The School District and Design West memorialized their agreement related to the Project in a modified AIA B-103 Form of Agreement Between Owner and Architect for a Complex Project (the “Design Contract”).*

B. *Certain disputes have arisen between the Parties regarding the Project. The School District asserted claims against Design West for alleged professional errors and omissions, together with claims against the Project’s general contractor, Fowler General Construction, Inc. (“Fowler”), for construction defects, in a lawsuit captioned Moses Lake School District No. 161 v. Fowler General Construction, Inc., et al., Grant County Superior Court Case No. 25-2-00393-13 (the “Lawsuit”). Fowler thereafter filed counterclaims against the School District and joined various of its subcontractors as third-party defendants in the Lawsuit. Other third-party claims followed. Design West denies the School District’s claims and asserts multiple defenses thereto.*

C. *The claims asserted by the School District against Design West in the Lawsuit and Design West’s answer and defenses thereto are referred to herein as the “Dispute.”*

D. *On June 2, 2026, the parties engaged in mediation regarding the Dispute with Terence Scanlan acting as mediator. As a result of arms-length negotiations, and without admitting liability, the Parties executed at mediation a binding Civil Rule 2A (CR 2A) Settlement Agreement resolving the Dispute (“CR 2A Agreement”).*

E. *The Parties intend for this Agreement to effect a full and final closeout of the Design Contract and resolution of the Dispute. Upon its execution, this Agreement shall supersede and replace the CR 2A Agreement in full and the CR 2A Agreement shall be null and void.*

TERMS

By this Agreement, and in consideration of the respective agreements of the Parties, the Parties intend to achieve a full and complete settlement and compromise of all claims, disputes, and controversies between and among them with respect to the Dispute, except as otherwise provided in this Agreement.

1. Board Approval. Following execution of this Agreement, the School District will take reasonably prompt steps to obtain formal approval and ratification of this Agreement by the School District's Board of Directors. The School District anticipates obtaining approval and ratification of this Agreement on or about July 9, 2026. The School District's Board of Directors may approve or reject this Agreement in its sole discretion. The Effective Date of the Agreement shall be the date on which the Agreement is mutually executed and has been approved and ratified by the Board of Directors. If the Board of Directors, in its discretion, declines to approve the Agreement, the Agreement (and the CR 2A Agreement), and all terms and conditions set forth therein, shall be null and void and subject to ER 408 and RCW 7.07.

2. Settlement Payment. To achieve the full and complete settlement, compromise, and release set forth in this Agreement, Design West agrees to pay to the School District a one-time settlement payment totaling One Million, Eight Hundred and Fifty Thousand Dollars (\$1,850,000) (the "Settlement Payment"). The School District shall bear any tax consequences of this Settlement Payment. Design West's insurer shall make the Settlement Payment by wire transfer to the School District within thirty (30) calendar days of the Effective Date and receipt of the following materials/information from the School District: (1) a current W-9; (2) wire instructions; and (3) for fraud prevention purposes, verification by a knowledgeable District representative that the financial information reflected in the two foregoing records is true and accurate.

3. Dismissal of Claims Against Design West. Following receipt of the Settlement Payment, the School District will promptly take all necessary action to dismiss the claims it has asserted against Design West in the Lawsuit with prejudice and without costs or fees awarded to either Party. The School District's dismissal of the claims it has asserted against Design West in the Lawsuit shall not be construed to impair the School District's ability to enforce the terms of this Agreement.

4. Closeout of Design Contract. Design West acknowledges that, as of the Effective Date, it has been fully compensated for all services rendered under the Design Contract, and Design West waives any claim for additional compensation thereunder. The School District acknowledges that, as of the Effective Date and subject to receipt of the Settlement Payment, the School District has no further claims against Design West arising under the Design Contract except as expressly reserved in this Agreement.

a. Mutual Releases. Except for their obligations under this Agreement, the Parties, for and on behalf of themselves, their Boards, officers, directors, parent companies, obligees, employees (current and former), independent contractors, consultants, subconsultants, attorneys, insurers, assigns, and agents, past and present, as well as anyone acting on their behalf, hereby fully and mutually waive, release, and discharge one another and the other Party's Boards, officers, directors, parent companies, employees (current and former), attorneys, insurers, assigns, agents, independent contractors, consultants, and subconsultants, from any and all debts, obligations, promises, agreements, contracts, disputes, claims, and demands of any and every nature whatsoever, known or unknown, asserted or unasserted, vested or contingent, ripe or unripe, which exist, have existed or may have

existed, or which hereafter can, shall or may exist, arising out of or related to the Design Contract and/or the Project, whether asserted in the Dispute or not. The preceding release includes, without limitation, all claims by either Party against the other Party for damages based on contract, tort, or statutory violations, or any other theory of recovery, including but not limited to all claims asserted by the School District in the Dispute against Design West, as well as all claims for costs, expert expenses, and attorneys' fees against the other Party, except as set forth in this Agreement. For the avoidance of ambiguity, this release does not include, and shall not be interpreted to waive or release, any claims by the School District against any other party to the Lawsuit other than Design West and its subconsultants.

5. Reserved Claims. The Parties specifically reserve and do not release the following claims:

- a. Claims for breach of this Agreement.
- b. Claims by either Party against the other for contribution or indemnity relating to or arising out of unknown claims for personal injury or property damage to third parties, with the exception of any personal injury and/or property damage claims that are known by the School District as of the Effective Date, which claims are expressly included in the release above. The Parties represent that they do not presently know of any claims for personal injury or property damage to third parties related to the Project, other than those already asserted in the Lawsuit, which are waived (as between the School District and Design West exclusively) by this Agreement.
- c. The School District expressly reserves and does not waive or release its claims against Fowler, Fowler's subcontractors, Western Surety Company, and/or any other defendant or third-party defendant in the Lawsuit except Design West and its subconsultants.

6. Cooperation and Witness Access. The Parties agree to cooperate fully and to take all additional actions that may be necessary or appropriate to give full force and effect to the basic terms and intent of this Agreement. In addition, Design West agrees to provide the School District with reasonable assistance in the School District's pursuit of claims against Fowler and its subcontractors and surety in connection with the Project in the Lawsuit. This cooperation shall be limited to ten (10) hours of assistance / meetings requested by the District. Assistance in excess of ten (10) hours is at Design West's sole discretion. The School District shall have no obligation to compensate Design West or Design West's counsel for this ten (10) hours of cooperation or for any subpoenaed or compelled involvement in the Lawsuit by parties other than the District. Design West shall have no obligation, pursuant to this Paragraph, to secure or compel the assistance of its subconsultants, on whom this Paragraph has no effect. The Parties further expressly acknowledge that Design West and its employees and representatives are obligated to and will testify truthfully if/when compelled to do so.

7. No Admission of Liability. This Agreement is not and shall not be construed as an admission of liability or fault by either Party. The settlement embodied in this Agreement is intended solely to compromise disputed claims and to avoid the expense of

litigation. No Party shall at any time or in any manner characterize it as an admission of liability or wrongdoing by either Party. The Parties further acknowledge that no Party is a “prevailing party.”

8. Binding Effect. This Agreement and the terms, covenants, conditions, provisions, obligations, undertakings, rights, and benefits hereto shall be binding upon and shall inure to the benefit of the Parties and their respective Boards, parent companies, representatives, officers, directors, agents, attorneys, employees, successors, and assigns.

9. Amendments. This Agreement may not be amended or modified except by a written, signed agreement by the Parties to be bound thereby.

10. Costs, Expenses, and Attorneys’ Fees. All costs, expenses, and attorneys’ fees incurred by the Parties through the Effective Date of this Agreement shall be borne by the Party incurring them.

11. Free Will. The Parties acknowledge that they have been represented by competent counsel in the negotiation of this Agreement and, being fully advised as to the legal effect of this Agreement, execute this instrument freely and voluntarily. The Parties further represent that they have not been induced to enter into this Agreement by any statement, act, or representation of any kind or character on the part of anyone except as expressly set forth in this Agreement.

12. Authority. The individual signatories to this Agreement represent that they have been duly authorized to execute this Agreement on behalf of the Party they purport to represent herein.

13. Entire Agreement. This Agreement contains all of the promises and covenants made by the Parties, and supersedes all prior discussions relating to the subject matter of this Agreement. In executing this Agreement, each Party warrants that it is relying solely on its own judgment and knowledge, and that it is not relying on any statement or representation made by the other Party or its representatives or agents.

14. Severability. The provisions of this Agreement are severable, and if any part of it is found to be invalid, void, or unenforceable, the other paragraphs shall remain fully valid and enforceable.

15. Construction. This Agreement has been mutually drafted by the Parties. In the event of an ambiguity in its interpretation, the Agreement shall be construed without regard to the drafter.

16. Counterparts. This Agreement may be executed in one or more counterparts and by PDF copy or facsimile, each of which shall constitute an original binding agreement.

17. Arbitration of Disputes. All questions with respect to construction of this Agreement and the rights and liabilities incurred hereto will be decided by binding arbitration with Terence Scanlan acting as arbitrator. This Agreement will be governed by the laws of the

State of Washington without regard to its choice of law provisions, and any arbitration will be conducted in accordance with the laws of the State of Washington.

DESIGN WEST ARCHITECTS, P.A. <small>DocuSigned by:</small> <i>Ned Warnick</i> <small>ZC98353E74884DE...</small> By: <u>Ned Warnick</u> Its: <u>Principal</u> Date: <u>6/30/2026</u>	MOSES LAKE SCHOOL DISTRICT <i>Carol Lewis</i> By: <u>Carol Lewis</u> Its: <u>Superintendent</u> Date: <u>6/26/2026</u>
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