
**MUTUAL RELEASE
AND
SETTLEMENT AGREEMENT**

This MUTUAL RELEASE AND SETTLEMENT AGREEMENT ("**Agreement**") is made this _____ day of _____ 2026 ("**Effective Date**"), by and between ALPAUGH IRRIGATION DISTRICT, a California irrigation district ("**Alpaugh**"), ATWELL ISLAND WATER DISTRICT, a California water district ("**Atwell**"), and the TULARE COUNTY LOCAL AGENCY FORMATION COMMISSION, a local agency formation commission organized and existing pursuant to Government Code § 56325 ("**LAFCO**"). Alpaugh, Atwell, and LAFCO may be referred to collectively as "**Parties**" or individually as "**Party**".

RECITALS

WHEREAS, on or about April 28, 2025, Alpaugh filed in the Tulare County Superior Court, Case No. VCU320903, a Verified Petition for Writ of Mandate under Code of Civil Procedure §§ 1085, 1094.5, and Public Resources Code § 21000, et seq., challenging Atwell's annexation of approximately 13,280 acres of land located in Tulare County (the "**Annexation**"), under the California Environmental Quality Act ("**CEQA**");

WHEREAS, on or about April 28, 2025, Alpaugh filed in the Tulare County Superior Court, Case No. VCU320904, Verified Petition for Writ of Mandate under Code of Civil Procedure §§ 1085, 1094.5, and Public Resources Code § 21000, et seq., challenging LAFCO's approval of the Annexation (hereinafter, together with VCU320903, the "**Litigation**");

WHEREAS, Alpaugh has raised concerns related to Atwell's use of Deer Creek and/or White River, in the County of Tulare, as a result of the Annexation;

WHEREAS, Atwell acknowledges Alpaugh's historical use of Deer Creek and White River to move water for services within Alpaugh's service area.

WHEREAS, Atwell and Alpaugh agree to hold a joint conference to discuss Alpaugh's concerns regarding Deer Creek and White River, in order to create a working relationship regarding Alpaugh and Atwell's use of Deer Creek and/or White River in the future.

WHEREAS, the Parties now desire to compromise and settle the Litigation on the terms and conditions set forth in this Agreement. Accordingly, the Parties have entered into this Agreement in order to fully and finally settle the claims raised in the Litigation.

AGREEMENT

NOW THEREFORE, in consideration of the agreements, obligations, terms, and conditions contained herein, and intending to be legally bound thereby, Alpaugh, Atwell, and LAFCO agree as follows:

1. Meeting Regarding Alpaugh Concerns Over White River and Deer Creek. As set forth in the Recitals, above, Alpaugh has concerns related to Atwell's anticipated use of White River and Deer Creek as a result of the Annexation. Prior to dismissal of the Litigation, Alpaugh and Atwell will hold a joint conference to discuss Alpaugh's concerns regarding Deer Creek and White River, in order to coordinate regarding Alpaugh and Atwell's use of Deer Creek and/or White River in the future for surface water deliveries and other purposes. The purpose of this joint conference is to establish lines of communications and work toward Atwell and Alpaugh developing a working relationship and coordinating surface water deliveries with respect to of Deer Creek and White River to avoid, as much as possible, Alpaugh's surface water deliveries from being negatively impacted by Atwell's future use of Deer Creek and White River to service the lands subject to the Annexation. As discussed above, Alpaugh and Atwell shall meet in good faith to discuss the parties' respective interests and past and prospective uses of the Deer Creek and White River facilities to service the public without negatively impacting the other agency's efforts to do the same. Nothing herein shall, in any way, waive or modify any water rights of the Parties hereto, including, but not limited to, the rights of Alpaugh or Atwell with respect to the waters of Deer Creek or White River, or the use of Deer Creek or White River as a means of water conveyance.

2. Advance Notice. Between the Effective Date and December 31, 2040, Atwell shall provide Alpaugh not less than thirty (30) days' advance notice of any approval or final determination with respect to projects or actions involving the land subject to the Annexation. Such "**projects**" or "**actions**" involving the land subject to the Annexation shall include, but not be limited to, projects or actions concerning water conveyance, pumping, pipelines, canals, or other water infrastructure. The notice provided by Atwell to Alpaugh shall be in writing and contain all the information that would be required in any notice or determination required under CEQA; however, said notice need not be provided in any specific format.

3. Dismissal of Litigation. By not later than ten (10) days following the joint conference described in Section 1 hereof, Alpaugh shall duly execute and file with the court requests for dismissal of the Litigation as to all Defendants, with prejudice, in the form required by the court ("**Alpaugh's Request for Dismissal**"), and shall provide Atwell with a court endorsed copy of the dismissal of the Litigation as to all Defendants, with prejudice, once entered by the court. The date on which the court grants Alpaugh's request for dismissal and enters a dismissal of the Litigation as to all Defendants, with prejudice, is sometimes referred to herein as the "**Dismissal Date**".

4. Release by Alpaugh of Atwell. In consideration of the covenants and promises contained herein, effective as of the Effective Date of this Agreement, Alpaugh, on behalf of each of itself and its Directors, and its successors, predecessors, affiliates,

assigns, employees, agents, and attorneys, hereby releases and forever discharges Atwell, and its Directors, and their successors, predecessors, affiliates, assigns, employees, agents, and insurers, and each of them (collectively "**Atwell Releasees**") from any and all claims, demands, causes of action, suits, obligations, damages, judgments, attorneys' fees, costs, liabilities, and demands, in law or in equity, whether known or unknown, liquidated or unliquidated (collectively, "**claims**"), which Alpaugh has asserted (or could have asserted) in the Litigation, or which Alpaugh may have ever had, now have, or may claim to have had against Atwell Releasees (or any of them), whether directly or indirectly, by reason of any act or omission whatsoever, concerning any matter, cause, or thing, from the beginning of time to the Effective Date of this Agreement, relating in any way to the Litigation. Alpaugh retains and reserves its right to participate in, contest, or challenge Atwell and the Atwell Releasees regarding any future actions, reports, CEQA determinations, circumstances, projects, or programs that arise from the Annexation and which were not raised in the Litigation. Nothing in the foregoing release shall be deemed to release Atwell of any obligations under this Agreement.

5. Release by Alpaugh of LAFCO. In consideration of the covenants and promises contained herein, effective as of the Effective Date of this Agreement, Alpaugh, on behalf of each of itself and its Directors, and its successors, predecessors, affiliates, assigns, employees, agents, and attorneys, hereby releases and forever discharges LAFCO, and its Directors, and their successors, predecessors, affiliates, assigns, employees, agents, and insurers, and each of them (collectively "**LAFCO Releasees**") from any and all claims, demands, causes of action, suits, obligations, damages, judgments, attorneys' fees, costs, liabilities, and demands, in law or in equity, whether known or unknown, liquidated or unliquidated (collectively, "**claims**"), which Alpaugh has asserted (or could have asserted) in the Litigation, or which Alpaugh may have ever had, now have, or may claim to have had against LAFCO Releasees (or any of them), whether directly or indirectly, by reason of any act or omission whatsoever, concerning any matter, cause, or thing, from the beginning of time to the Effective Date of this Agreement, relating in any way to the Litigation. Nothing in the foregoing release shall be deemed to release LAFCO of any obligations under this Agreement.

6. Release by Atwell of Alpaugh. In consideration of the covenants and promises contained herein, effective as of the Dismissal Date, Atwell, on behalf of itself and its Directors, and on behalf of each of their respective successors, predecessors, affiliates, assigns, employees, agents, and attorneys, hereby release and forever discharge Alpaugh, and its Directors, and their successors, predecessors, affiliates, assigns, employees, agents, and insurers, and each of them (collectively "**Alpaugh Releasees**") from any and all claims which Atwell may have ever had, now have, or may claim to have had against Alpaugh Releasees to the extent the same are based upon the filing or pursuit of the Litigation (such as any claim for malicious prosecution, abuse of process or for recovery of attorney's fees or litigation costs). The release set forth in this Section 6 is only for the purpose of releasing claims against Alpaugh Releasees that are based upon the filing or pursuit of the Litigation (collectively, "**Atwell Released Claims**"). Nothing in the foregoing release shall be deemed to release Alpaugh of any obligations under this Agreement. Without limiting the foregoing, in no manner shall anything herein constitute a release by

Atwell of Alpaugh (or of any other person) from any claims that may exist, hereafter arise or otherwise be asserted against Alpaugh (or any other person) in connection with or otherwise relating to anything other than the Atwell Released Claims.

7. Release by LAFCO of Alpaugh. In consideration of the covenants and promises contained herein, effective as of the Dismissal Date, LAFCO, on behalf of itself and its Directors, and on behalf of each of their respective successors, predecessors, affiliates, assigns, employees, agents, and attorneys, hereby release and forever discharge Alpaugh, and its Directors, and their successors, predecessors, affiliates, assigns, employees, agents, and insurers, and each of them (collectively "**Alpaugh Releasees**") from any and all claims which LAFCO may have ever had, now have, or may claim to have had against Alpaugh Releasees to the extent the same are based upon the filing or pursuit of the Litigation (such as any claim for malicious prosecution, abuse of process or for recovery of attorney's fees or litigation costs). The release set forth in this Section 7 is only for the purpose of releasing claims against Alpaugh Releasees that are based upon the filing or pursuit of the Litigation (collectively, "**LAFCO Released Claims**"). Nothing in the foregoing release shall be deemed to release Alpaugh of any obligations under this Agreement. Without limiting the foregoing, in no manner shall anything herein constitute a release by LAFCO of Alpaugh (or of any other person) from any claims that may exist, hereafter arise or otherwise be asserted against Alpaugh (or any other person) in connection with or otherwise relating to anything other than the LAFCO Released Claims.

8. Waiver of Civil Code Section 1542. Each Party acknowledges that it, its attorneys, and/or representatives have fully read, are familiar with, and understand Civil Code Section 1542, which states the following:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

The Parties expressly understand and agree to waive the provisions of, and all rights and benefits afforded by, California Civil Code Section 1542 as set forth in this Section 8. In the event that any waiver of the provisions of California Civil Code Section 1542 provided for in this Agreement shall be judicially determined to be invalid, voidable, or unenforceable, for any reason, such waiver to that extent shall be severable from the remaining provisions of this Agreement, and the invalidity, voidability, or unenforceability of the waiver shall not affect the validity, effect, enforceability, or interpretation of the remaining provisions of this Agreement.

10. No Admission of Liability. This Agreement is the compromise of disputed claims. Neither the performance of any obligation hereunder nor anything contained in this Agreement shall be interpreted or construed to be an admission on the part of, or to the prejudice of, any person or party named herein. Except for the obligations created by this document, the Parties hereto expressly deny any and all liability associated with or related to the Litigation and claims therein described.

11. Warranty of Authority. Each Party represents and warrants that it has the full right, power, legal capacity, and authority to enter into and perform its obligations under this Agreement and that no approvals or consents of any persons are necessary in connection with it.

12. Assignment of Claims. Each of the Parties hereto warrants and represents that such Party has not assigned, transferred or conveyed, or purported to assign, transfer or convey, to anyone any claim, demand, debt, sum of money, liability, account, obligation, action, or cause of action that is the subject of a waiver or release given or made by such Party under this Agreement. Each Party hereto agrees to indemnify, defend, and hold harmless the other Party hereto from any claims which may be asserted against such Party, based on, or arising out of, or in connection with any such assignment, transfer, or conveyance, or purported assignment, transfer, or conveyance.

13. Choice of Law. This Agreement shall be deemed to be executed in the State of California and governed by and construed in accordance with the laws of the State of California. The Parties to this Agreement agree that any breach of this Agreement will be deemed to occur in the County of Tulare, California. The Parties agree that jurisdiction of any dispute arising out of this Agreement shall be in the courts of the State of California, County of Tulare.

14. Waiver of Costs and Fees. Each Party to this Agreement shall bear their own costs, expenses, and attorneys' fees including, but not limited to, costs, expenses or attorneys' fees incurred in or related to the Litigation, except as otherwise provided in Section 16 below.

15. Binding Upon Successors. This Agreement shall be binding upon and inure to the benefit of, each of the Parties hereto and their respective predecessors, successors, heirs, assigns, past, present or future executors, administrators, trustees, beneficiaries, affiliated and related entities, officers, directors, agents, employees, and representatives.

16. Attorneys' Fees. If any additional or further legal proceedings are necessary by any of the Parties for enforcement of this Agreement or declaration of any rights under the terms of this Agreement, the prevailing party in that litigation shall be entitled to receive from the other Party or Parties who oppose such action all costs incurred, including, but not limited to, reasonable attorneys' fees.

17. Confidentiality. Except as to the fact of this settlement and as may be required to be disclosed by the California Public Records Act or court order, or as necessary to enforce this Agreement, all Parties to this Agreement and their attorneys shall maintain in confidence any information disclosed to them by the other Parties in the negotiations leading to the settlement of the Litigation, and the contents of this Agreement, as well as all facts and circumstances underlying and/or relating to the Litigation and/or the purported claims made therein (hereinafter collectively referred to as the "**Confidential Information**"), and shall take every reasonable step or precaution to prevent disclosure of such Confidential

Information to all third parties, except for the parties' legal counsel, tax consultants, and/or duly appointed board members, directors, or other authorized representatives and/or agents of the Party's organization who have a need to know such Confidential Information (i.e., for purposes of approving this Agreement, etc.).

18. Time of Essence. Time is of the essence in the performance of this Agreement.

19. Execution of Documents. Each Party to this Agreement shall cooperate fully with respect to the performance of this Agreement and in the execution of any and all other documents required by this Agreement, and in the completion of any additional action that may be necessary or appropriate to give full force and effect to the terms and intent of this Agreement.

20. Construction of Agreement. This Agreement is the product of negotiation and preparation by and among each Party and its respective attorneys. Therefore, the Parties expressly waive the provisions of Civil Code Section 1654 and acknowledge and agree that the Agreement shall not be deemed prepared or drafted by any one Party, and shall be construed accordingly.

21. Integration. This Agreement supersedes all prior or contemporaneous negotiations, promises, covenants, agreements, and representations of every nature whatsoever with respect to the subject matters referred to in this Agreement, all of which have become merged and finally integrated into this Agreement.

22. Modification. Any modification of this Agreement must be in writing and signed by all Parties. No oral modifications shall be effective to vary or alter the terms of this Agreement.

23. Entire Agreement. All representations and promises pertaining to this Agreement are set forth herein and the Parties acknowledge and represent to each other that they are not entering into this Agreement on the basis of any other promises or representations, express or implied, oral or written. Each Party has fully and personally investigated the subject matter of the Agreement, and has consulted with and been represented by independent counsel in negotiation and execution thereof. No Party is relying upon any statement of fact or opinion by or of the other Party except as expressly set forth herein.

24. Authorized Signature. Each signatory hereto warrants and represents that he or she is competent and authorized to enter into this Agreement on behalf of the Party for whom the signatory purports to sign.

25. No Action. Each Party hereby represents and warrants to the other Party that there is no action, suit, claim, cause of action or proceeding in law or in equity, or before any governmental agency, official commission, board, bureau, or instrumentality or authority of any local, state or federal government, now pending or threatened against or affecting them

which would prevent the consummation of the transactions required or contemplated by this Agreement, or the performance by the Parties hereto of their obligations in connection with this Agreement. Further, each Party hereby represents and warrants to the other Party that said Party is not in violation or alleged to be in violation of any law, regulation of any governmental agency, official or authority, or of any order of any court or governmental agency, official or authority in entering into this Agreement.

26. Cooperation. As part of their duties to one another under this Agreement, each Party agrees to cooperate fully with each other Party, its counsel and representatives, and to execute all documents and papers necessary to effectuate the stated purposes of this Agreement, including but not limited to those documents specifically described in this Agreement.

27. Severability. If any provision or any part of any provision of this Agreement shall, for any reason, be held invalid, unenforceable or contrary to public policy or law, the remainder of this Agreement shall not be affected thereby, and shall continue to be valid and enforceable.

28. Enforceable Obligations. When executed by both Parties, this Agreement will be valid, binding and legally enforceable in accordance with its terms.

29. Counterparts. This Agreement may be executed in counterparts, including true and accurate copies of the original, all of which, when taken together, shall be deemed one original agreement. Any executed copy shall not be binding upon any Party until all Parties have duly executed and delivered a copy of this Agreement to the other Party (through its counsel).

WITNESS the due execution hereof the date set forth below.

ALPAUGH IRRIGATION DISTRICT

By: _____

Dated: _____

ATWELL ISLAND WATER DISTRICT

By: _____

Dated: _____

**TULARE COUNTY LOCAL AGENCY
FORMATION COMMISSION**

By: _____

Pete Vander Poel, LAFCO Chair

Dated: September 2, 2026

ALPAUGH IRRIGATION DISTRICT

By: 

Dated: 8-28-2026

ATWELL ISLAND WATER DISTRICT

By: _____

Dated: _____

**TULARE COUNTY LOCAL AGENCY
FORMATION COMMISSION**

By: _____

Dated: _____

ALPAUGH IRRIGATION DISTRICT

By: _____

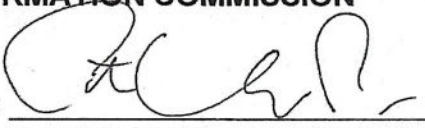
Dated: _____

ATWELL ISLAND WATER DISTRICT

By:  _____
ALAN BECKER, AIWD GM

Dated: 09/03/2026

**TULARE COUNTY LOCAL AGENCY
FORMATION COMMISSION**

By:  _____
Pete Vander Poel, LAFCO Chair

Dated: September 2, 2026