

**KING CITY CIVIC ASSOCIATION, INC.**  
**Resolution of the Board of Directors**

**Approval of Full Settlement of Construction Defect Litigation**

WHEREAS, the King City Civic Association, Inc. (the “**Association**”) initiated litigation against KKLA Contractors LLC (“**KKLA**”) and MFIA, Inc., dba MFIA Inc. Consulting Engineers (“**MFIA**”) for damages relating to the construction of the Crown Center Aquatics Center (“**Aquatics Center**”) and the HVAC system installed therein, including the dehumidifier, which was designed, specified and installed in the Aquatics Center, as well as other construction defects associated with the Aquatics Center.

WHEREAS, in turn, KKLA sued many of its subcontractors for those defects, including, DM Stone Construction, Inc. (“**DM Stone**”); JC & Sons Construction, Inc. (“**JC**”); ML Framing LLC (“**ML**”); Baxter North Construction, LLC (“**Baxter**”); Jet Industries, Inc. (“**Jet**”); Perfexion Construction Inc. (“**Perfexion**”); and G.W. Paulson Co., dba Paulson’s Floor Coverings (“**Paulson**”) for damages claimed by the Association relating to or resulting from defective design, construction, repairs, renovation, inspection, and condition of the Aquatics Center owned and operated by the Association;

WHEREAS, Jet, in turn, sued Applied Systems NW, Inc. (“**Applied**”) and Seresco USA, Inc. (“**Seresco**”) for products liability, negligence, and contribution for the damages claimed by the Association based on issues with the dehumidifier and the Aquatics Center’s HVAC system.

WHEREAS, the litigation is commonly known as *King City Civic Association, Inc. v. KKLA Contractors, LLC et al.*, Washington County Circuit Court Case No. 20CV07044 (the “**Litigation**”);

WHEREAS, the Board of Directors (“**Board**”) of the Association previously agreed to accept the KKLA’s and DM Stone’s offer for an issue release that would settle all claims relating to or resulting from DM Stone’s work at the Aquatics Center, including, without limitation, DM Stone’s defective installation of brick on the exterior of the Aquatics Center;

WHEREAS, the Board of the Association previously agreed to accept the KKLA’s and JC’s offer for an issue release that would settle all claims relating to or resulting from JC’s work at the Aquatics Center, including, without limitation, JC’s defective installation of siding and trim on the exterior of the Aquatics Center;

WHEREAS, the Board of the Association previously agreed to accept the ML’s and Baxter’s offers for an issue release that would settle all claims relating to or resulting from ML’s and Baxter’s work at the Aquatics Center, including, without limitation, ML’s and Baxter’s defective installation of framing, framing-related components, and attic venting at the Aquatics Center;

WHEREAS, specifically exempted from the settlements with DM Stone, JC, ML, and Baxter are any claims the Association may have against KKLA and any other subcontractors who

performed work on the Aquatics Center, and work by architects, designers, engineers, and any other party other than DM Stone, JC, ML, and Baxter who performed work on the Aquatics Center or manufactured or supplied products for use on, at, or in the Aquatics Center;

WHEREAS, the Board of the Association previously agreed to accept the settlement offers from KKLA, MFIA, Jet, Perfexion, Paulson, Applied and Seresco to fully and finally settle the Litigation, including, without limitation, all claims relating to or resulting from the defective design, construction, repairs, renovation, inspection, and condition of the Aquatics Center and its components, including the dehumidifier and HVAC system;

WHEREAS, by offer of a full and complete settlement and release of claims by the Association relating to or resulting from KKLA's defective design, construction, repairs, renovation, inspection, and condition of the Aquatics Center, KKLA has offered to pay the Association \$125,000.00;

WHEREAS, by offer of a full and complete settlement and release of claims by the Association relating to or resulting from Paulson's defective design, construction, repairs, renovation, inspection, and condition of the Aquatics Center, Paulson has offered to pay the Association \$50,000.00;

WHEREAS, by offer of a full and complete settlement and release of claims by the Association relating to or resulting from Jet's defective design, construction, repairs, renovation, inspection, and condition of the Aquatics Center, including, without limitation, the installation of the dehumidifier and HVAC system, Jet has offered to pay the Association \$50,000.00;

WHEREAS, by offer of a full and complete settlement and release of claims by the Association relating to or resulting from MFIA's defective design of the HVAC system and dehumidifier in the Aquatics Center, MFIA has offered to pay the Association \$10,000.00;

WHEREAS, by offer of a full and complete settlement and release of claims by the Association relating to or resulting from Perfexion's defective design, construction, repairs, renovation, inspection, and condition of the Aquatics Center, Perfexion has offered to pay the Association \$75,000.00;

WHEREAS, by offer of a full and complete settlement and release of claims by the Association relating to or resulting from Applied's defective design, and delivery of the dehumidifier, Applied has offered to pay the Association \$30,000.00;

WHEREAS, by offer of a full and complete settlement and release of claims by the Association relating to or resulting from Seresco's defective design and delivery of a defective dehumidifier, Seresco has offered to give the Association a \$30,000.00 credit with an extended warranty on a replacement dehumidifier manufactured by Seresco;

WHEREAS, the proposed settlement would result in the full settlement and release of all issues, claims, judgments, and awards related to the Litigation against KKLA, MFIA, Jet, Perfexion, Paulson, Applied, and Seresco;

WHEREAS, the proposed settlement would require the Association to defend, indemnify, and hold harmless Defendants from any claims or demands from any other person or entity, including current and future members of the Association or any tenant or other non-party to the Litigation; and

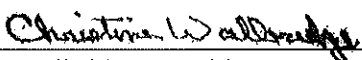
WHEREAS, the Board of the Association and the Association's attorneys of record, Vial Fotheringham LLP, have reviewed the Settlement Agreement (the "Agreement"), which is attached hereto and incorporated by reference herein, the Association's attorneys have advised the Board that this is likely the best settlement offer the Association will receive with respect to KKLA, MFIA, Jet, Perfexion, Paulson, Applied, and Seresco, and the Association's attorneys recommend that the Association accept the offer.

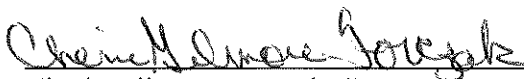
NOW THEREFORE, BE IT RESOLVED THAT the Board of Directors, on behalf of the Association, hereby:

1. Approves and accepts the settlement offer made by KKLA, MFIA, Jet, Perfexion, Paulson, Applied, and Seresco;
2. Appoints and authorizes the Association President, Chris Walbridge, to execute and sign all documents necessary to effectuate the settlement, including the attached Agreement; and
3. Authorizes the Association's attorneys, Vial Fotheringham LLP to execute, on behalf of the Association, all documents and pleadings necessary to finalize the settlement with the Washington County Circuit Court.

ADOPTED THIS 4<sup>th</sup> day of June, 2024.

ATTEST TO BY:

  
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Chris Walbridge, President  
King City Civic Association, Inc.

  
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Cherie Gilmore-Forczak, Secretary  
King City Civic Association, Inc.