

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release ("Agreement") is made and entered into by and between Robert Gill, (hereinafter "Gill" or "Plaintiff") on the one-hand, and the Pioneer Fire Protection District (hereinafter the "District" or "Defendant") on the other (collectively the "Parties"), regarding an action filed by Plaintiff in the Superior Court of the State of California, in and for the County of El Dorado, Case No. PC 20090661 (the "Action").

1.0 Dismissal and Release

1.1 Dismissal. In exchange for the promises made by the District contained in this Agreement, Plaintiff agrees to dismiss, withdraw and terminate, with prejudice, any and all pending charges, suits, claims, grievances or other actions filed against or involving the District and its past and present agents, officers, directors, employees, attorneys, parents, subsidiaries, affiliates, insurers and assigns resulting from the claims asserted, or that could have been asserted, in the Action through the date the Agreement is executed.

1.2 Release. Except for those obligations created by or arising out of this Agreement, Plaintiff agrees to release and forever discharge the District, its present and former agents, officers, directors, employees, attorneys, parents, subsidiaries, affiliates, insurers and assigns, and all other persons related thereto (hereinafter "Released Parties") from any and all claims, demands or actions including, but not limited to, breach of contract; breach of the implied covenant of good faith and fair dealing; wrongful demotion in violation of public policy; discrimination or retaliation under the California Fair Employment and Housing Act or any other state or federal law governing employment discrimination; violation of the California Labor Code; claims for attorneys' fees and/or costs arising out of or relating to this Action; defamation; or any other past and present causes of action, known or unknown related to acts or omissions occurring prior to the execution of this Agreement, including all injuries and damages arising out of and in any way connected with or resulting from the claims referenced above. This Agreement does not apply to claims Plaintiff has filed or may file seeking workers' compensation benefits under California Labor Code section 3600 *et seq.*, but does apply to claims under California Labor Code sections 132a and 4553.

2.0 Settlement Terms. In exchange for the promises of Plaintiff contained in this Agreement, the District agrees to settle Plaintiff's claims as follows:

2.1 The District will extend Plaintiff's October 2008 Employment Agreement by two and a half (2.5) years until December 31, 2015.

2.2 The District will make monthly payments to Plaintiff, starting January 2011, for the term of his Employment Agreement, not to exceed five (5) years. The total payments for each year shall be equal to the maximum limit on contributions to 457 plans in effect for that year under Internal Revenue Code section 457(e)(15) [the limit for 2011 is \$16,500]. If permitted under the terms of a 457 plan or other qualified retirement plan sponsored by the District, the annual payments shall be made in the form of contributions to such plan(s) for the Plaintiff's benefit, and income taxes on the amounts contributed shall be deferred until the Plaintiff receives benefits from the plan(s). If not permitted, the District shall make taxable, cash

payments to the Plaintiff, deducting all required amounts for employment taxes and income tax withholding. If Plaintiff is terminated for cause under the terms of the Employment Agreement, the District shall continue the payments for a period of two (2) years after the date of his termination (not to extend beyond the term of Plaintiff's Employment Agreement), unless criminal charges are filed based on facts constituting the District's cause for Plaintiff's termination. Any payments made after termination of Plaintiff's employment will be taxable, cash payments, less required withholding, and will not be paid in the form of tax-deferred retirement plan contributions.

If the District's reserves fall below Twenty Thousand Dollars (\$20,000.00), the District may reduce the amount of the annual payments and extend the term of the Employment Agreement for a period of time such that the Plaintiff will receive additional compensation equal to the difference between the reduced annual payments and the total amount of the payments remaining to be paid, taking into account changes in the contribution limit under Code section 457.

2.3 The District will pay Forty Thousand Dollars (\$40,000.00) for attorneys' fees to Plaintiff as follows:

2.3.1 Twelve Thousand Dollars (\$12,000.00) on or before December 31, 2010; and

2.3.2 Twenty-Eight Thousand Dollars (\$28,000.00) paid in monthly installments of One Thousand Dollars (\$1,000.00) per month over twenty-eight (28) months beginning July 1, 2011.

The checks for attorneys' fees shall be made jointly payable to Robert Gill and the law firm of Wylie, McBride, Platten & Renner. Plaintiff and his attorneys agree that the District will have a 60-day deferral window for payment of monthly attorneys' fees for cash flow purposes. In order to effect these payments, Plaintiff and Wylie, McBride, Platten & Renner agree to provide the District with completed W-9 Forms within ten (10) business days of execution of this Agreement.

2.4 The District will pay the mediator's fee for this Action.

2.5 Dismissal of Action. Within ten (10) business days of execution of this Agreement, Plaintiff agrees to execute and file a Request for Dismissal, with prejudice, of the Action. Plaintiff shall provide an endorsed filed copy of the Request for Dismissal, with prejudice, to the District's attorneys within five (5) business days of receipt of a file-endorsed copy.

3.0 Waiver. Plaintiff acknowledges that this Agreement applies to all known or unknown, foreseen or unforeseen, injury or damage arising out of or pertaining to Plaintiff's claims as released above, and expressly waives any benefits he may have under Section 1542 of the California Civil Code, which provides as follows:

"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.”

Plaintiff understands and acknowledges that the significance and consequence of this waiver of California Civil Code Section 1542 is that if he should eventually suffer injury arising out of or pertaining to the claims released herein, he will not be able to make any claim for those injuries. Furthermore, Plaintiff acknowledges that he consciously intends these consequences even as to claims for injuries that may exist as of the date of this Agreement but which he does not now know to exist and which, if known, would materially affect his decision to execute this Agreement, regardless of whether his lack of knowledge is the result of ignorance, oversight, error, negligence, or any other cause.

4.0 No Admission of Liability. In reaching this settlement, the Parties have agreed to completely settle any and all Claims without an adjudication or a finding on the merits. Liability for said injuries, damages and actions is disputed and this release shall not be construed as an admission thereof.

5.0 Representation by Attorney. Plaintiff acknowledges that he has carefully read this Agreement; understands its final and binding effect; has consulted with an attorney; and understands the provisions of this Agreement and knowingly and voluntarily agrees to be bound by them.

6.0 No Reliance Upon Representations. Plaintiff hereby represents and acknowledges that in executing this Agreement, he has not relied upon any representation or statement made by the District, its past or present employees, officers, directors, agents, representatives or attorneys with regard to the subject matter, basis or effect of this Agreement.

7.0 Attorneys' Fees. Each party shall bear her/its own attorneys' fees in the preparation and review of this Agreement. Should suit or action be instituted to enforce any provision of this Agreement, the prevailing party shall be entitled to recover her/its costs and reasonable attorneys' fees.

8.0 Miscellaneous

8.1 Entire Agreement, Modification. This Agreement contains the entire Agreement between the Parties and supersedes all prior oral and/or written agreements if any. The terms of this release are contractual and not a mere recital. This Agreement may be modified only by the further written agreement of the Parties.

8.2 Severability. If any part of this Agreement is determined to be illegal, invalid or unenforceable, the remaining parts shall not be affected thereby and the illegal, unenforceable or invalid part shall be deemed not to be part of this Agreement. The Parties further agree to replace any such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business, or other purposes of the void or unenforceable provision.

8.3 Governing Law. Any action to enforce this Agreement or any dispute concerning the terms and conditions of this Agreement and the Parties' performance of the terms and conditions of this Agreement shall be governed by the laws of the State of California.

8.4 Construction. The language in all parts of the Agreement shall in all cases be construed as a whole according to its fair meaning and not strictly for or against any of the Parties.

8.5 Captions. All paragraph captions are for reference only and shall not be considered in construing this Agreement.

8.6 Execution and Counterparts. This Agreement may be executed in counterparts. Such counterparts, when taken together, shall constitute the agreement among the parties. Any counterpart upon being signed and photocopied or transmitted by facsimile machine shall be as effective as if the signature on the photocopy or transmitted copy appeared on the original.

DATED: 11/17/, 2010

Robert L. Gill
Robert Gill

PIONEER FIRE PROTECTION DISTRICT

DATED: 11/17, 2010

Walt Tyler
Walt Tyler, Board Chairman

DATED: 11/17, 2010

ABSTAIN
Dave Boucke, Board Member

DATED: NOV. 17, 2010

Rob Janzen
Rob Janzen, Board Member

DATED: 11/17, 2010

Ripley Howe
Ripley Howe, Board Member

DATED: 11/17/10, 2010

Russ Sime
Russ Sime, Board Member

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APPROVED AS TO FORM:

WYLIE, McBRIDE, PLATTEN & RENNER

DATED: _____, 2010

Amy Sekany
Attorney for Plaintiff Robert Gill

DOWNEY BRAND LLP

DATED: _____, 2010

Shaye Harrington
Attorney for Defendant Pioneer Fire Protection
District