

SETTLEMENT AGREEMENT
AND GENERAL RELEASE OF ALL CLAIMS

This Settlement Agreement and General Release of All Claims (hereinafter "Agreement") is made and entered into between the City of Redlands, a municipal corporation (hereinafter "Employer") and Gary M. Luebbbers (hereinafter "Employee"), and is made in light of the following:

1. Employee was employed by Employer as the City Manager for the City of Redlands. Following settlement discussions, the parties hereto have agreed to settle any and all disputes, now in existence, or arising in the future, between Employer and Employee regarding the employment of Employee and the Employee's termination.

2. In consideration of this Agreement, Employer agrees to pay Employee a sum equivalent to the "Severance Pay" defined in Employee's former employment contract, and to also pay Employee life-time medical insurance for Employee and Employee's eligible dependants.

3. In consideration of the foregoing, Employee, on behalf of himself, his relatives, heirs, estate, executors, administrators, successors and assigns, does fully release and discharge Employer, its elected officials, officers, agents, employees, attorneys, successors and assigns (hereinafter "Employer and for its Agents") from all actions, causes of action, claims, judgments, obligations, damages and liabilities of whatsoever kind and character, including, but not limited to, any actions, causes of action, claims, judgments, obligations, damages, or liabilities relating to her employment with Employer, and the causes, procedures, and circumstances surrounding the termination of his employment with Employer, including, but not limited to, those arising out of any claims for violation of any alleged contract, express or implied; any covenant of good faith and fair dealing, whether express or implied; any tort or any federal, state, or local statute or regulation, including, but not limited to, the Age Discrimination in Employment Act, the California Fair Employment and Housing Act, the California Labor Code, and Title VII of the Civil Rights Act of 1964. Employee represents and warrants that he has not assigned any such action, cause of action, claim, judgment, obligation, damage, or liability or authorized any other person or entity to assert such on his behalf. Further, Employee agrees that under this Agreement, he waives any claim for damages incurred at any time after the date of this Agreement because of alleged continuing effects of any alleged unlawful acts or omissions involving Employer and/or its Agents which occurred on or before the date of this Agreement and any right to sue for injunctive relief against the alleged continuing effects of alleged acts or omissions occurring prior to the date of this Agreement.

4. Employee understands and expressly agrees that this Agreement extends to all claims of every nature and kind whatsoever, known or unknown, suspected or unsuspected, past or present, and all rights under Section 1542 of the California Civil Code are hereby expressly waived. Such section reads as follows:

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

5. Employee understands and agrees that, as a condition of this Agreement, he shall not be entitled to any employment with Employer, its subsidiaries or related entities, or any successor, and further agrees not to institute or join any action, lawsuit, or proceeding against Employer and/or its Agents, its subsidiaries or related entities, or any successor, for any failure to employ Employee.

6. Employee agrees not to initiate, or proceed with, any actions, causes of action, claims and the like, that could be or that have been asserted against Employer and/or its Agents arising out of his employment with Employer or the termination thereof, in any forum, whatsoever. To the extent that any such actions, causes of action or claims, are, or become, pending in any forum, whatsoever, Employee agrees to disclose such and to execute all documents necessary for the withdrawal of such actions, causes of action or claims, with prejudice, forthwith.

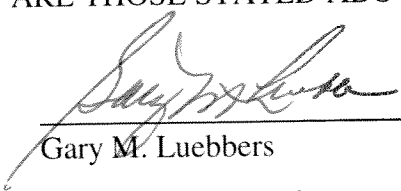
7. Age Discrimination Claims. Employee understands and agrees that, by entering into this Agreement, (i) he is waiving any rights or claims he might have under the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act; (ii) he has received consideration beyond that to which he was previously entitled; and (iii) he has been advised to consult with an attorney before signing this Agreement.

8. Severability. If any provision of this Agreement, or its application to any person, place or circumstance, is held by an arbitrator or a court of competent jurisdiction to be invalid, unenforceable, or void, such provision shall be enforced to the greatest extent permitted by law, and the remainder of this Agreement and such provision as applied to other persons, places, and circumstances shall remain in full force and effect.

9. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, all of which together shall constitute one and the same instrument.

10. EMPLOYEE FURTHER STATES THAT HE HAS CAREFULLY READ THIS AGREEMENT; THAT HE UNDERSTANDS THAT THE CONSIDERATION TO BE GIVEN TO HIM UNDER THIS AGREEMENT IS IN ADDITION TO WHAT HE IS ENTITLED TO IN THE ABSENCE OF THIS AGREEMENT; THAT HE HAS HAD THE OPPORTUNITY TO HAVE IT FULLY EXPLAINED TO HIM BY AN ATTORNEY OF HIS CHOICE; THAT ONCE EFFECTIVE, THIS AGREEMENT IS FINAL AND BINDING; THAT THE ONLY PROMISES MADE TO HIM TO SIGN THIS AGREEMENT ARE THOSE STATED ABOVE; AND THAT HE IS SIGNING IT VOLUNTARILY.

Dated: April 26, 2000


Gary M. Luebbers

Dated: April 25, 2000


Mayor, City of Redlands