

SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement ("Agreement") is entered into by and between Gary Yeakel ("Owner"), Ismael Juarez and Colleen DeFeo ("Tenants"), and City of Redlands ("Redlands") who are collectively sometimes referred to herein as the "Parties."

RECITALS

A. Owner alleges that on February 4, 2001, a sewage overflow occurred from Redlands' sewers into the rental property located at 1012 Herald Street, Redlands, California causing damage to the two residential quarters and personal property of tenants.

B. It is the intention of the Parties to resolve and settle their disputes and to discharge all claims, demand, causes of action, obligations, damages and liabilities each Party may have against the other that arises from, or are related to, the incident which is the subject of the Tort Claim.

C. This Agreement is a compromise of the claims and liabilities asserted by the Parties and shall not be treated as an admission of liability by any Party.

D. Owner and Tenants have entered into an agreement whereby the Owner is authorized to negotiate on behalf of the Tenants to reach a settlement with the City and Tenants acknowledge the same by their execution of this Agreement.

AGREEMENT

1. The Parties acknowledge that the foregoing Recitals are true and correct and incorporate the Recitals into this Agreement.

2. Redlands shall pay to Owner and Tenants the sum of Twenty-One Thousand Dollars (\$21,000) within fifteen (15) days from the date Redlands executes this Agreement. The payment shall be made by check payable to Gary Yeakel, Ismael Juarez and Colleen DeFeo.

3. The Parties shall bear their own attorney's fees and costs incurred in connection with the Tort Claim.

4. Owner and Tenants, on behalf of themselves and their respective agents, attorneys, representatives, assigns and successors-in-interest hereby releases and forever discharges Redlands, and its Councilmembers, agents, attorneys, officers, employees, representatives, assigns and successors-in-interest from any and all claims, causes of action, actions, damages, losses, demands, accounts, rights, debts, liabilities, obligations, disputes, controversies, payments, costs and attorneys' fees, of every kind and character, known or unknown, existing or contingent, latent or patent, regarding any matter arising from or related to the incident.

5. Owner and Tenants represent and warrant that they have the legal authority to settle any and all causes of action and claims they may have against Redlands with regard to any and all claims and/or causes of action which relate or pertain to the Tort Claim. By executing this Agreement, Owner and Tenants hereby release and waive all claims or causes of action which in any way relate or pertain to the Tort Claim. To the extent any person or entity should file, subsequent to the execution of this Agreement, any claim or cause of action against Redland arising out of or which is related to the incident which is the subject of the Tort Claim, Owner and Tenants shall indemnify, defend and hold Redlands harmless from any and all damages, including any attorneys' fees and costs, that result therefrom.

6. Owner and Tenant expressly waive the rights afforded under Civil Code section 1542 which provides that:

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

7. Owner and Tenants were aware that they may hereafter discover claims or facts in addition to or different from those they now know or believe to be true with respect to the matters related herein. Nevertheless, it is the intention of the Owner and Tenants to fully, finally and forever settle and release all such matters, and all claims related to those matters.

8. Owner and Tenants represent and warrant that they have not assigned or transferred, or purported to assign or transfer, and shall not hereafter assign or transfer, any obligations, liabilities, demand, claims, costs, expenses, debts, controversies, damages, actions and causes of action released pursuant to this Agreement. Owner and Tenants also agree to defend, indemnify and hold Redlands Harmless against any obligation, liability, demand, claim, cost expense (including, but not limited to attorneys' fees incurred), debt, controversy, damage, action or cause of action based on, arising out of or in connection with any such transfer or assignment or purported transfer or assignment.

9. Owner and Tenants acknowledge that they have read this Agreement, that they are aware of the content and legal effect of the Agreement; and that they are not relying on any representations made by any other party or any of the employees, agents, representatives, or attorneys of any other party.

10. The Parties agree to execute and deliver any other instrument or document convenient or necessary to carry out the terms of this Agreement.

11. This Agreement constitutes the entire agreement between the Parties as to the matters contained herein. No modification of this Agreement shall be valid unless made in writing, signed by the Parties.

12. Failure of any Party to insist upon strict observance of, or compliance with all of the terms of this Agreement in one or more instances, shall not be deemed to be a waiver of a Party's right to insist upon such observance or compliance with the other terms of this Agreement.

13. This Agreement shall bind and inure to the benefit of the heirs, executors, administrators, successors and assigns of the Parties.

14. This Agreement has been jointly negotiated and drafted. The language of this Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any of the Parties.

15. Each person executing this Agreement represents and warrants to the other signatories that they have the authority to execute this Agreement on behalf of the entity for whom they are signing this Agreement.

16. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

17. Should an action be brought to enforce or interpret the terms of this Agreement, the prevailing Party shall be entitled to recover reasonable attorneys' fees and costs incurred in prosecuting the action.

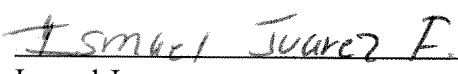
CLAIMANTS

Dated: 2-14-01



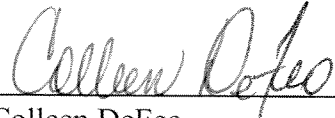
Gary Yeakel

Dated: 2-14-01



Ismael Juarez

Dated: 2-14-01



Colleen DeFeo

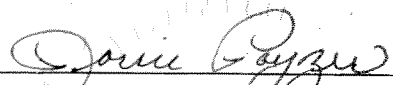
CITY OF REDLANDS



Pat Gilbreath, Mayor

Dated: March 6, 2001

ATTEST:



Lorrie Poyzer, City Clerk