

SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement (“Agreement”) is made as of this 13th day of January 2015, by, between, and among the following undersigned parties:

Federal Deposit Insurance Corporation as Receiver for Centennial Bank (“FDIC”), and Clint E. Williams, Suzanne Gnehm, Larry E. Grant, W. Alan Thomson, Bruce H. Jones, R. Scott Priest, and Neil J. Wall (collectively the “Settling Defendants”), and The Employers’ Fire Insurance Company (“Employers’ Fire”) (individually, the FDIC, the Settling Defendants, and Employers’ Fire may be referred to herein as a “Party” and collectively as the “Parties”).

RECITALS

WHEREAS:

Prior to March 5, 2010, Centennial Bank (“Bank”) was a depository institution organized and existing under the laws of Utah.

On March 5, 2010, the Bank was closed by the Utah Department of Financial Institutions and pursuant to 12 U.S.C. § 1821(c), the FDIC was appointed as Receiver. In accordance with 12 U.S.C. § 1821(d), the FDIC as Receiver succeeded to all rights, titles, powers and privileges of the Bank, including those with respect to its assets.

Among the assets to which the FDIC as Receiver succeeded were any and all of the Bank’s claims, demands, and causes of actions against its former directors, officers and employees arising from the performance, nonperformance and manner of performance of their respective functions, duties and acts as directors, officers, and/or employees of the Bank.

The FDIC has asserted claims against certain persons, including the Settling Defendants, who had each served at various times as directors and/or officers of the Bank. Those claims for damages are now pending in the United States District Court for the District of Utah in *Federal Deposit Insurance Corporation as Receiver for Centennial Bank v. Clint E. Williams, Suzanne Gnehm, Larry E. Grant, W. Alan Thomson, Bruce H. Jones, R. Scott Priest and Neil J. Wall*,

Case No. 2:13-cv-00883 (the “Action”). The Settling Defendants have denied liability for the FDIC’s claims.

Employers’ Fire issued directors’ and officers’ liability policy number (the ~~_____~~ (b)(4) “Policy”), under which the Bank’s directors and officers were Insureds subject the terms, provisions and conditions of the Policy. The Settling Defendants have made claims under the Policy, and Employers’ Fire has reserved all of its rights under the Policy.

The undersigned Parties, without admission of liability, coverage or wrongdoing, deem it in their best interests to enter into this Agreement to avoid the uncertainty, trouble, and expense of further litigation.

NOW, THEREFORE, in consideration of the promises, undertakings, payments, and releases stated herein, the sufficiency of which consideration is hereby acknowledged, the undersigned Parties agree, each with the other, as follows:

SECTION I: Payment to FDIC

A. As an essential covenant and condition to this Agreement, Employers’ Fire, on behalf of the Settling Defendants, agrees to pay the FDIC the sum of \$1,100,000.00 (the “Settlement Funds”). The Settlement Funds shall be received by the FDIC no later than 30 calendar days following the FDIC’s delivery to counsel for the Settling Defendants of (i) FDIC’s executed signature page, whether an original or counterpart, of this Agreement and (ii) FDIC’s wire transfer instructions (the “Payment Due Date”). The Settlement Funds shall be delivered to the FDIC by direct wire transfer into an account designated by the FDIC.

B. In the event that the Settlement Funds are not delivered to the FDIC (or its counsel) by the Payment Due Date, interest shall accrue on all unpaid amounts at the rate of 5% per annum from the Payment Due Date until the date of payment.

C. If the FDIC does not receive the Settlement Funds in full on or before the Payment Due Date, then the FDIC, in its sole discretion, shall have the right at any time prior to receipt of the Settlement Funds in full (including all accrued interest, if any) to:

1. Extend this Agreement for any period of time until it receives all Settlement Funds (including all accrued interest, if any);
2. Enforce this Agreement, in which event the Settling Defendants and Employers' Fire agree to jurisdiction in the United States District Court for the District of Utah, and Employers' Fire agrees to pay all of the FDIC's reasonable attorneys' fees expended in successfully enforcing the terms of this Agreement;
3. Return any partial payment of the Settlement Funds or interest, terminate the Agreement, move to vacate any dismissal order, to which the Settling Defendants and Employers' Fire agree to consent, and re-institute an action on the FDIC's claims. The Settling Defendants and Employers' Fire further agree to waive any statute of limitations defense that did not exist before the execution of this Agreement and waive all other objections, defenses, claims or counterclaims, and covenant and agree not to assert any objections, defenses, claims or counterclaims that did not exist or were otherwise unavailable as of the date of the Agreement; and/or
4. Seek any other relief available to it in law or equity.

Any decision by the FDIC to extend the terms of this Agreement under Section I.C.1 or to accept a portion of the Settlement Funds shall not prejudice the FDIC's rights to take any of the actions set forth in Section I.C.2 through I.C.4 at any time prior to receipt of the Settlement Funds in full (including all accrued interest, if any).

SECTION II: Stipulation and Dismissal

Within three (3) business days of execution of this Agreement by each of the undersigned Parties and receipt of the Settlement Funds, plus accrued interest, if any, by the FDIC, the FDIC shall dismiss with prejudice the Action. The undersigned Parties agree to execute and file a stipulation for dismissal with prejudice of the Action, with each Party to bear his, her, or its own attorney fees, mediator fees, and costs.

SECTION III: Releases

A. Release of Settling Defendants by the FDIC

Effective upon receipt in full of the Settlement Funds plus all accrued interest, if any, and the dismissal described in Sections I and II above, and except as provided in Section III.H. below, the FDIC, for itself and its successors and assigns, hereby releases and discharges each of the Settling Defendants and their respective heirs, executors, administrators, representatives, successors and assigns, from any and all claims, demands, obligations, damages, actions, and causes of action, direct or indirect, known or unknown, in law or in equity, belonging to the FDIC, that arise from or relate to, the performance, nonperformance, or manner of performance of the Settling Defendants' respective functions, duties and actions as officers, directors and/or employees of the Bank, including without limitation, the causes of action alleged in the Action.

B. Release of the FDIC by the Settling Defendants

Effective simultaneously with the release granted in Section III.A. above, the Settling Defendants, on behalf of themselves individually, and their respective heirs, executors, administrators, agents, representatives, successors and assigns, hereby release and discharge the FDIC, and its employees, officers, directors, representatives, successors and assigns, from any and all claims, demands, obligations, damages, actions, and causes of action, direct or indirect, known or unknown, in law or in equity, that arise from or relate to, the Bank or to the performance, nonperformance, or manner of performance of the Settling Defendants' respective

functions, duties and actions as officers, directors and/or employees of the Bank, including without limitation, the causes of action alleged in the Action.

C. Release by Settling Defendants of Each Other

Effective simultaneously with the releases granted in Sections III.A. and III.B. above, the Settling Defendants, and their respective heirs, executors, administrators, representatives, successors and assigns, hereby release and discharge each other from any and all claims, demands, obligations, damages, actions, and causes of action, direct or indirect, known or unknown, in law or in equity, that arise from or relate to the performance, nonperformance, or manner of performance of their respective functions, duties and actions as officers, directors and/or employees of the Bank, including without limitation, the facts or causes of action alleged or which could have been alleged in the Action.

D. Release of Employers' Fire by FDIC

Effective simultaneously with the releases granted in Sections III.A. and III.B. above, the FDIC, for itself and its successors and assigns, hereby releases and discharges Employers' Fire, its parents, subsidiaries, affiliates and reinsurers, and their respective employees, officers, directors, agents, representatives, successors and assigns, from any and all claims (sounding in contract or tort), demands, obligations, damages, fees, costs, actions and causes of action, direct or indirect, known or unknown, in law or in equity, that arise from or relate to the Policy. The FDIC agrees that any interest it may have under the Policy is extinguished upon payment in full of the Settlement Funds and any accrued interest thereon.

E. Release of FDIC by Employers' Fire

Effective simultaneously with the release granted in Section III.D. above, Employers' Fire, for itself and its successors and assigns, and on behalf of its parents, subsidiaries, affiliates and reinsurers, and their successors and assigns, hereby releases and discharges the FDIC, and its employees, officers, directors, agents, representatives, successors and assigns, from any and all claims (sounding in contract or tort), demands, obligations, damages, fees, costs, actions, and

causes of action, direct or indirect, known or unknown, in law or in equity, that arise from or relate to the Policy.

F. Release of Employers' Fire by the Settling Defendants

Effective simultaneously with the release granted in Section III.A. above, the Settling Defendants, on behalf of themselves individually, and their respective heirs, executors, administrators, agents, representatives, successors and assigns, hereby release and discharge Employers' Fire and its parents, subsidiaries, affiliates, employees, officers, directors, representatives, successors and assigns, from any and all claims (sounding in contract or tort), demands, obligations, damages, fees, costs, actions, and causes of action, direct or indirect, known or unknown, in law or in equity, that arise from or relate to the Action and/or the Policy.

Notwithstanding the foregoing, this release does not apply to the Settling Defendants' claim for coverage for defense costs incurred prior to the final execution of this Agreement.

G. Release of the Settling Defendants by Employers' Fire

Effective simultaneously with the release granted in Section III.F. above, Employers' Fire, for itself and its successors and assigns, and on behalf of its parents, subsidiaries, affiliates and reinsurers, and their successors and assigns, hereby releases and discharges each of the Settling Defendants and their respective heirs, executors, administrators, agents, representatives, successors and assigns, from any and all claims (sounding in contract or tort), demands, obligations, damages, fees, costs, actions, and causes of action, direct or indirect, known or unknown, in law or in equity, that arise from or relate to the Action and/or the Policy.

H. Express Reservations From Releases by the FDIC

1. Notwithstanding any other provision of this Agreement, the FDIC does not release, and expressly preserves fully and to the same extent as if the Agreement had not been executed, any claims or causes of action:

a. against the Settling Defendants or any other person or entity for liability, if any, incurred as the maker, endorser or guarantor of any promissory note or indebtedness payable or owed by them to the FDIC, the Bank, other financial institutions, or any

other person or entity, including without limitation any claims acquired by the FDIC as successor in interest to the Bank or any person or entity other than the Bank, except for the lines of credit of R. Scott Priest and Neil J. Wall, account numbers [redacted] and [redacted] that were (b)(4) expressly released by the FDIC in that certain Settlement and Release Agreement dated December 16, 2013, which agreement remains in full force and effect;

b. against any person or entity not expressly released by the FDIC in this Agreement; and

c. which are not expressly released in Sections III.A. or III.D. above.

2. Notwithstanding any other provision, nothing in this Agreement shall be construed or interpreted as limiting, waiving, releasing or compromising the jurisdiction and authority of the FDIC in the exercise of its supervisory or regulatory authority or to diminish its ability to institute administrative enforcement proceedings seeking removal, prohibition or any other administrative enforcement action which may arise by operation of law, rule or regulation.

3. Notwithstanding any other provision, this Agreement does not purport to waive, or intend to waive, any claims which could be brought by the United States through either the Department of Justice, the United States Attorney's Office for the District of Utah or any other federal judicial district. In addition, the FDIC specifically reserves the right to seek court-ordered restitution pursuant to the relevant provisions of the Victim and Witness Protection Act, 18 U.S.C. § 3663, *et seq.*, if appropriate.

SECTION IV: Waiver of Dividends

To the extent any of the Settling Defendants are or were shareholders of the Bank or its holding company, Centennial Bankshares, Inc., and by virtue thereof are or may be entitled to a dividend, payment, or other distribution upon resolution of the receivership of the Bank, they hereby knowingly assign to the FDIC any and all rights, titles and interest in and to any and all such dividends, payments or other distributions, or such proceeds.

SECTION V: Confidential Materials

Within thirty (30) calendar days of receiving a written request from the FDIC, counsel for Employers' Fire and counsel for the Settling Defendants shall certify to the FDIC that all confidential documents, electronically stored information, and other materials provided by the FDIC (hereinafter "Confidential Materials") have been destroyed and deleted, with no copies retained, in a manner designed to protect the confidential nature of the Confidential Materials; provided, however, that counsel for Employers' Fire and counsel for the Settling Defendants may retain a copy of any such Confidential Materials as may be required by law or by counsel's document retention policies. Furthermore, Employers' Fire and the Settling Defendants, along with their respective counsel, shall continue to comply with all provisions of the Confidentiality and Non-Disclosure Agreement that the Parties executed on or about March 10, 2012.

SECTION VI: Representations and Acknowledgements

A. No Admission of Liability or Coverage. The undersigned Parties each acknowledge and agree that the matters set forth in this Agreement constitute the settlement and compromise of disputed claims, and that this Agreement is not an admission or evidence of liability or coverage by any of them regarding any claim.

B. Execution in Counterparts. This Agreement may be executed in counterparts by one or more of the Parties named herein and all such counterparts when so executed shall together constitute the final Agreement as if one document had been signed by all Parties hereto; and each such counterpart, upon execution and delivery, shall be deemed a complete original, binding the Party or Parties subscribed thereto upon the execution by all Parties to this Agreement.

C. Binding Effect. Each of the undersigned persons represents and warrants that they are a Party hereto or are authorized to sign this Agreement on behalf of the respective Party, and that they have the full power and authority to bind such Party to each and every provision of this Agreement. This Agreement shall be binding upon and inure to the benefit of the

undersigned Parties and their respective heirs, executors, administrators, representatives, successors and assigns.

D. Choice of Law. This Agreement shall be interpreted, construed and enforced according to applicable federal law, or in its absence, the laws of the State of Utah.

E. Entire Agreement and Amendments. This Agreement constitutes the entire agreement and understanding between and among the undersigned Parties concerning the matters set forth herein. This Agreement may not be amended or modified except by another written instrument signed by the Party or Parties to be bound thereby, or by their respective authorized attorney(s) or other representative(s).

F. Reasonable Cooperation.

1. The undersigned Parties agree to cooperate in good faith to effectuate all the terms and conditions of this Agreement, including doing or causing their agents and attorneys to do, whatever is reasonably necessary to effectuate the signing, delivery, execution, filing, recording, and entry, of any documents necessary to conclude the Action and to otherwise perform the terms of this Agreement.

2. Further, the Settling Defendants agree to cooperate fully with the FDIC in connection with any action required under this Agreement. Any such cooperation that involves any out-of-pocket costs is subject to reasonable reimbursement by the FDIC pursuant to its internal guidelines and policy for such reimbursement.

G. Advice of Counsel. Each Party hereby acknowledges that he, she, or it has consulted with and obtained the advice of counsel prior to executing this Agreement, and that this Agreement has been explained to that Party by his, her, or its counsel.

H. Agreement Not Confidential. Pursuant to 12 U.S.C. § 1821(s), this Agreement cannot be and shall not be deemed to be confidential.

The rest of this page is intentionally left blank.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by each of them or their duly authorized representatives on the dates hereinafter subscribed.

Federal Deposit Insurance Corporation as Receiver for Centennial Bank

(b)(6) By:

Thomas J. O'Brien
Counsel

Date: January 12, 2015

The Employers' Fire Insurance Company

By:

(b)(6)

Print Name: DANIEL J. RYAN
Title: AVP - Financial Services Claim

Date: January 20, 2015

Clint E. Williams

Print Name: _____

Date: _____

Suzanne Gnehm

Print Name: _____

Date: _____

Bruce H. Jones

Print Name: _____

Date: _____

[Signatures Continued on Next Page]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by each of them or their duly authorized representatives on the dates hereinafter subscribed.

Federal Deposit Insurance Corporation as Receiver for Centennial Bank

By: _____
Thomas J. O'Brien
Counsel

Date: _____

The Employers' Fire Insurance Company

By: _____
Print Name: _____
Title: _____

Date: _____

Clint E. Williams



(b)(6)

Print Name: Clint E. Williams

Date: 10 January 2015

Suzanne Gnehm

Print Name: _____

Date: _____

Bruce H. Jones

Print Name: _____

Date: _____

[Signatures Continued on Next Page]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by each of them or their duly authorized representatives on the dates hereinafter subscribed.

Federal Deposit Insurance Corporation as Receiver for Centennial Bank

The Employers' Fire Insurance Company

By: _____
Thomas J. O'Brien
Counsel

By: _____
Print Name: _____
Title: _____

Date: _____

Date: _____

Clint E. Williams

Print Name: _____

Date: _____

Suzanne Gnehm

(b)(6) _____

Print Name: Suzanne Gnehm

Date: 1/13/15

Bruce H. Jones

Print Name: _____

Date: _____

[Signatures Continued on Next Page]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by each of them or their duly authorized representatives on the dates hereinafter subscribed.

Federal Deposit Insurance Corporation as Receiver for Centennial Bank

The Employers' Fire Insurance Company

By: _____
Thomas J. O'Brien
Counsel

By: _____
Print Name: _____
Title: _____

Date: _____

Date: _____

Clint E. Williams

Print Name: _____

Date: _____

Suzanne Gnehm

Print Name: _____

Date: _____

Bruce H. Jones

(b)(6)

Print Name: Bruce H. Jones

Date: 1/9/2015

[Signatures Continued on Next Page]

(b)(6)

Larry E. Grant

(b)(6)

Print Name: LARRY E. GRANT

Date: 1/14/15

Neil J. Wall

Print Name: _____

Date: _____

W. Alan Thomson

Print Name: _____

Date: _____

R. Scott Priest

Print Name: _____

Date: _____

Larry E. Grant

Print Name: _____

Date: _____

Neil J. Wall

(b)(6)

Print Name: Neil Wall

Date: 1-9-2015

W. Alan Thomson

Print Name: _____

Date: _____

R. Scott Priest

Print Name: _____

Date: _____

Larry E. Grant

Print Name: _____

Date: _____

Neil J. Wall

Print Name: _____

Date: _____

W. Alan Thomson

(b)(6)



Print Name: W. Alan Thomson

Date: 1/13/2015

R. Scott Priest

Print Name: _____

Date: _____

Larry E. Grant

Print Name: _____

Date: _____

Neil J. Wall

Print Name: _____

Date: _____

W. Alan Thomson

Print Name: _____

Date: _____

R. Scott Priest

(b)(6)



Print Name: R Scott Priest

Date: 1/12/15