SETTLEMENT AGREEMENT & GENERAL RELEASE

THIS SETTLEMENT AGREEMENT & GENERAL RELEASE ("Agreement") is made and entered into by and between the City of Costa Mesa ("City"), on the one hand, and Solid Landings Behavioral Health, Sure Haven, Rock Solid Recovery, FPS LLC, Stephen Fennelly and Elizabeth Perry (collectively, "Solid Landings"), on the other hand. The City and Solid Landings are referred to collectively at all times herein as the "Parties."

RECITALS

A. The City and Solid Landings are parties to two lawsuits, one each in federal and state court.

B. The first action, *Solid Landings Behavioral Health et al. v. City of Costa Mesa, Case No. 8:14-cv-01838-JVS-JCG* (the "Federal Case"), includes allegations of violations of the Federal Fair Housing Act, Americans with Disabilities Act, 42 U.S.C. sec. 1983 and preemption under federal law, premised on City Ordinance No. 14-11, among other matters. A ruling in favor of the City is currently on appeal to the 9th Circuit Court of Appeals, No. 15-55779.

C. The second action, *Solid Landings Behavioral Health et al. v. City of Costa Mesa, Case No. 30-2015-00915218-CU-WM-CJC* (the "State Case"), a petition for writ of mandate, seeks to set aside certain land use decisions of the City regarding property located at 657 W. 19th St. (the "19th St. Property"). The State Case also includes a cross-complaint by the City for a preliminary injunction and permanent injunction to abate a public nuisance (the "Abatement") against the named petitioners therein, as well as the owners of the 19th St. property, John Morehart and Lisa Cervantes.

D. This Agreement, inter alia, provides for the orderly closure of all existing Solid Landings' residential care facilities, residential alcoholism or drug abuse recovery or treatment facilities, group homes and/or sober living homes (collectively classified and referred to herein as "Homes"), whether licensed by the state or not, and for the requirements for the location and operation of two (2) group counseling facilities.

E. The Parties now desire to settle fully and finally any and all claims between them arising from or related to the Federal and State Actions, as well as any claims related to:

1. the operation and location of any and all properties owned, operated and/or leased by Solid Landings that are used for Homes and/or counseling activities;
2. any and all challenges to Ordinance No. 14-13, Ordinance No. 15-11 and or any other provisions of the Costa Mesa Municipal Code ("CMMC") that regulate, directly or indirectly, the location and/or operation of group homes, sober living homes, residential care facilities and/or group counseling centers, as defined therein; and
3. any requests for records under the Public Records Act.

AGREEMENT & RELEASE

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree to as follows:

1. Recitals Incorporated. The above-mentioned recitals are incorporated into the Agreement by this reference.

2. Solid Landings' Agreement for Closure of Homes. Solid Landings represents that the below listed Homes (collectively, the "Solid Landings Properties"; each individually a "Solid Landings Property") are a full and complete inventory of each and every Home within the City that it owns, operates, leases and/or has any interest in whatsoever, and that these properties shall cease operation as Homes on or before the date listed on the schedule below ("Scheduled Dates"), except as provided for herein. Solid Landings shall not operate any other Home within the City prior to receiving written approval from the City pursuant to the requirements of the CMMC. Solid Landings further agrees not to knowingly sell or transfer its ownership, leasehold, or any other interest in any Solid Landings Property or Properties, either directly or indirectly, on or after the effective date of this agreement to any person or entity that operates, or intends to operate, any Home at any of the listed Solid Landings Properties.

a. Scheduled Dates – immediate closure. Solid Landings will cease operating Homes at the following properties located in the City of Costa Mesa within thirty (30) days from the date of this Agreement:

973 Arbor St.

3145 Boston Way

1143 Charleston St.

1174 Charleston St.

1055 Cheyenne St.

1252 Conway Ave.

3004 Coolidge Ave.

924 Dahlia St.

3044 Grant Ave.

2829 La Salle Ave.

2822 Monterey Ave.

13741 Olympic Ave.

1965 Orange Ave.

2190 Placentia Ave., Unit B

271 Walnut St.

b. Scheduled Dates – Future Closures. Solid Landings will cease operating Homes at the following properties located in the City of Costa Mesa on or before the dates set forth below:

3107 Cassia Ave., Units A, B, C, and D	12/31/18
725/727 Center St. Units A and B	12/31/18
1811 Gisler Ave.	4/30/19
382 Hamilton St., Units A and B	12/31/18
394 Hamilton St., Unit B	12/31/18
396 Hamilton St., Units A and B	12/31/18
3072 Madison Ave.	3/31/19
3073 Madison Ave	3/31/19
3125 Pierce Ave.	6/30/19
3129 Pierce Ave.	6/30/19
697 Plumer St.	12/31/18
2068 Wallace Ave.	12/31/18

Nothing in this Agreement shall preclude Solid Landings from ceasing operations at any of the Homes that it currently has any interest in that are located in the City of Costa Mesa prior to the dates set forth herein.

c. The Home at 1811 Gisler shall be approved for operation with 7 bedrooms and 12 beds for that time it is allowed to operate as a Home.

3. City's Agreement to Temporarily Suspend Enforcement of Ordinance Nos. 14-13 & 15-11. In reliance on the Agreement to close the Homes pursuant the Scheduled Dates, above, the City agrees to temporarily suspend enforcement of the provisions of Ordinance Nos. 14-13 and/or 15-11 against any of the above-referenced Homes, provided that the each Home ceases operation on or before the Scheduled Date. Any Home listed in paragraph 2 that continues to be operated after the Scheduled Date by Solid Landings, or that is operated by an entity other than Solid Landings at any time, shall be subject to all applicable provisions of the Ordinance Nos.

14-13 and/or 15-11. Further, nothing stated herein shall relieve Solid Landings, temporarily or permanently, from complying with any other applicable provision of the CMMC, including but not limited to the Building Code, Fire Code, Electrical Code, Mechanical Code, Plumbing Code and any other construction code set forth or incorporated in the CMMC. Solid Landings agrees that it shall submit a completed application for all necessary approvals and/or permits under the CMMC, including Ordinance Nos. 14-13 and/or 15-11, at least 30 days prior to the Scheduled Date for any Home that it intends to operate beyond the Scheduled Date.

4. Solid Landings Agreement for Operation of Counseling Facilities. Except as set forth herein, or as otherwise permitted as a matter of right by the CMMC and Zoning Administrator's Determination ("ZAD") No. 08-05, Solid Landings agrees to permanently and completely cease any and all direct or indirect operations of any and all group counseling facilities, whether individual or group, in the City, including an immediate cessation of such operations at 657 W. 19th St. and cessation of such operation at 1954 Placentia Ave. within 30 days after state licensure of the campuses at Bristol Street and Airway Avenue [see 4.a and 4.b]. Solid Landings agrees to submit for state licensure of these two campuses within 30 days of the effective date of this Agreement, or, if the State requires any documentation from the City, within 30 days of the submittal by the City of the requested documentation, and to take all steps necessary to expeditiously obtain such licensure. Solid Landings further agrees not to open or reopen any group counseling facility, or own, manage, operate, rent or lease property to, have a financial stake in, volunteer for, or have any type of control over any counseling facility within the City, whether directly or indirectly, unless and until all required permits and/or licenses have first been issued by the City authorizing the lawful operation of a counseling facility within the City. Solid Landings may conduct group counseling at two (2) of the following locations based on compliance with the conditions set forth herein [as recognized by Recital D]:

a. 2729 Bristol. This location is approximately 18,110 sq. feet with 70 parking spaces in CL zone. Solid Landings may use up to 3,000 sq. feet for group counseling and 15,110 sq. feet for administrative office purposes. Solid Landings agrees to submit a floor plan to the City prepared by a licensed design professional within 30 days of the effective date of this Agreement that accurately depicts the floor areas for the above stated uses. All clients or other persons attending counseling sessions shall be dropped off at, and shall be picked up from, the parking lot at this location via Solid Landings' passenger van. No clients may drive their own vehicles to or from or walk to or from this property. No employee or client may park on any public street or any adjacent public or private property. For purposes of outdoor smoking, Solid Landings shall designate or create an outdoor smoking area that is located away from the property line abutting residential property in order to avoid impact to neighboring residences. Repeated violations of these provisions shall constitute a violation of this Agreement; however, the Parties agree to informally meet and confer prior to filing any action thereon.

b. 2990 Airway. This location is approximately 33,520 sq. feet in an MP - Industrial Park zone with 80 parking spaces. Solid landings may use up to 5,000 sq. feet for group counseling and 28,520 sq. feet for industrial use. Solid Landings agrees to submit a floor plan to the City prepared by a licensed design professional within 30 days of the effective date of this Agreement that accurately depicts the floor areas for above stated uses. All clients or other persons attending counseling sessions shall be dropped off at, and shall be picked up from, the parking lot at this location via Solid Landings' passenger van. No clients may drive their own vehicles to or from or walk to or from this property. Repeated violations of these provisions

shall constitute a violation of this Agreement; however, the Parties agree to informally meet and confer prior to filing any action thereon.

5. City's Agreement Regarding Operation of Counseling Facilities. For the 2729 Bristol St. and 2990 Airway properties identified in this Agreement, pursuant to the authority of CMMC 13-90, the City agrees to refine the interpretation of "Group Counseling" and the parking requirements therefore as set forth in ZAD No. 08-05 based on the lower parking demand caused when clients do not drive themselves to or from the counseling location. For purposes of this Agreement, the parking requirements for group counseling, where the participants are picked up and dropped off solely by passenger vans with a seating capacity of eight (8) or more, shall be the same as for "Industrial", currently 3 parking spaces per 1,000 square feet of gross floor area for the first 25,000 square feet of building; 2 parking spaces per 1,000 square feet of gross floor area between 25,000 and 50,000 square feet of building; and one and one-half parking spaces per 1,000 square feet of gross floor area over 50,001 square feet of building, pursuant to CMMC Table 13-89. In addition, for 2990 Airway, the City agrees: a) to base the above group counseling parking requirements on the 5,000 square feet of the building area allowed for group counseling; and b) that the use of this 5,000 square foot area for group counseling shall not constitute a specific use or change in use within the meaning of CMMC 13-89. Notwithstanding the interpretation of group counseling and the parking requirements stated herein, should any discretionary permits still be required under the CMMC to allow group counseling at the above stated locations, City agrees 1) to expeditiously process such applications; and 2) that the parking interpretation stated in this paragraph shall be the applicable parking standard to be applied to any such application. In addition, City agrees to expeditiously process any state requested zoning approval letters and/or fire clearance inspections as may be required to obtain state licensure of the Bristol and Airway properties. Further, City agrees to dismiss any outstanding unpaid administrative citations issued to properties listed in paragraphs 2 and 4, based on Solid Landings' compliance with the terms of this Agreement.

6. Mutual Dismissal of the Actions. The City agrees to promptly file and serve a dismissal with prejudice of the Abatement as to Solid Landings after the City receives a fully executed copy of this Agreement, including any and all original signatures of every Party to this Agreement. The Parties will jointly file a stipulated request to dismiss the Federal Case with prejudice. Solid Landings agrees to promptly file and serve a dismissal with prejudice of the State Action after the Solid Landings receives a fully executed copy of this Agreement, including any and all signatures of every Party to this Agreement.

7. Notice. All notices to be given pursuant to this Agreement shall be in writing and shall be delivered to the following addresses, or such other addresses as the Parties may later designate in writing:

If to Solid Landings:	If to the City:
Kristen Ford, Esq.	Tom Duarte Esq.
Solid Landings Behavioral Health, Inc.	Jones & Mayer
2900 Bristol Street, Suite B300	3777 North Harbor Blvd.
Costa Mesa, CA 92626	Fullerton, CA 92835

8. Release by Solid Landings. Solid Landings, individually, and on behalf of its successors, assigns, principals, agents, employees, consultants, representatives, members,

attorneys, bonding companies, and insurers, agree to release and forever discharge the City and its elected officials, successors, assigns, principals, agents, employees, consultants, representatives, members, attorneys, bonding companies, and insurers, from all liability in connection with all claims, damages, attorney's fees, costs, and allegations arising from or in any way related to the Federal Case, State Case, Injunction, and the matters stated in this Agreement, whether made or unmade, asserted or unasserted, stated or unstated or that could have been stated, and of any kind whatsoever, except as to the obligations set forth in this Agreement.

9. Release by the City. The City and its successors, assigns, principals, agents, employees, consultants, representatives, members, attorneys, bonding companies, and insurers, agree to release and forever discharge Solid Landings and their successors, assigns, principals, agents, employees, consultants, representatives, members, attorneys, bonding companies, and insurers, from all liability in connection with all claims, damages, attorney's fees, costs, and allegations arising from or in any way related the Federal Case, State Case, Injunction, and matters stated in this Agreement, whether made or unmade, asserted or un-asserted, stated or unstated or that could have been stated, and of any kind whatsoever, except as to the obligations set forth in this Agreement.

10. Civil Code Section 1542 Release. The Parties are aware of all rights that may be granted to them pursuant to California Civil Code section 1542, which provides in full 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.**

The Parties nevertheless waive all rights granted to them by California Civil Code section 1542, and any similar statute, code, law, or regulation of any state of the United States, or of the United States, and assume all risks for claims arising from the Federal Case, State Case, and Injunction, heretofore or hereafter arising, known or unknown, from the subject matters of this release. Furthermore, the Parties agree that the facts on which the release under which this Agreement is based may turn out to be different from the facts now known or believed to be true in respect to the matters referred to above. Nevertheless, the Parties accept and assume the risk that such facts may turn out to be different and agree that the terms of the release in this Agreement shall in all respects be effective and not subject to termination, rescission, or modification by any such difference in the facts.

11. No Admission of Liability. The Parties understand and agree that this Agreement is not to be construed as an admission of liability whatsoever by either Party, except as expressly agreed to herein, and that this Agreement is made solely for the purpose of avoiding the burden that would be imposed upon the Parties by further litigating the matters related to the Property.

12. No Assignment. The Parties, and each of them, represent and warrant that they have not assigned or transferred, or purported to transfer, and shall not hereafter assign or

transfer any obligations, liabilities, demands, claims, costs, expenses, debts, controversies, damages, actions, and causes of actions released under this Agreement.

13. No Participation in Future Actions. Solid Landings agrees that it will not aid, assist and/or participate in any way in the prosecution of any claim, lawsuit or other action initiated by any person or entity, corporate or otherwise, except as ordered by a court of competent jurisdiction, against the City involving Ordinance No. 14-13, Ordinance No. 15-11, CMMC section 13-30 and/or CMMC table 13-30. Nothing in this agreement shall be read to limit Solid Landings from defending claims made against it, or from prosecuting its own claims that arise after the date of this agreement that are unrelated to the validity of Ordinance No. 14-13, Ordinance No. 15-11, CMMC section 13-30 and/or CMMC table 13-30.

14. Consultation with Attorney. Each Party declares that prior to the execution of this Agreement, he/she/it has had the opportunity to consult with an attorney in order that he/she/it may intelligently exercise his/her/its own judgment in deciding whether to execute this Agreement.

15. Authority to Execute. Each party declares that he/she/it has read this Agreement and understands and knows the contents thereof, and represents and warrants that each of the persons executing this Agreement is lawfully empowered to do so and hereby binds the respective Party, and all of its successors, assigns, principals, members, agents, employees, consultants, representatives, attorneys, bonding companies, and insurers to the terms hereunder.

16. Counterparts. This Agreement may be executed in counterparts, and all so executed shall constitute an agreement binding on the Parties hereto. The Parties further agree that a facsimile or electronic copy of the executed counterparts shall have the same force and effect as an original.

17. Enforcing Agreement. This Agreement is enforceable under California Code of Civil Procedure section 664.6, and the court, upon motion of either Party, may enter judgment pursuant to the terms hereof. The Parties agree that the court may retain jurisdiction to enforce this Agreement. The Parties further agree that the obligations contained this Agreement shall be specifically enforceable via an action in superior court for injunctive relief, in addition to any other remedies that may be available to either Party at law or pursuant to this Agreement.

18. Choice of Law. This Agreement shall in all respects be interpreted, enforced, and governed under the laws of the State of California.

19. Choice of Venue. The Parties agree that the exclusive venue for any action arising out of the breach of interpretation of this Agreement or other documents delivered pursuant to any provision thereof shall be the Superior Court of the State of California for the County of Orange.

20. Entire Agreement. This Agreement constitutes the entire understanding between and among the Parties hereto. Each Party acknowledges that no Party, agent, or representative of the other Party has made any promise, representation, or warranty, express or implied, not expressly contained in this Agreement that induced the other Party to sign this document.

21. Amendments. Both Parties agree that this Agreement shall not be amended or modified, except in a writing that is signed by each Party.

22. Construction. Both Parties agree that this Agreement shall not be construed against any Party because that Party's representative drafted the Agreement or any portion of it.

23. Additional Acts. The Parties agree to perform such further acts and to execute and deliver such further documents as may be reasonably necessary or appropriate to carry out this Agreement.

24. No Third Parties. This Agreement is not for the benefit of any person or party who is not a signatory hereto or specifically named or referred to herein.

25. No Oral Modifications or Waiver. No supplement, modification, or amendment to this Agreement shall be binding unless executed in writing that is signed by all of the Parties. No waiver of any provision of this Agreement shall be binding unless executed in writing by the Party making the waiver. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver.

26. Severability. If any provision of this Agreement shall be determined to be invalid, void or illegal, such provision shall be construed and amended in a manner which would permit its enforcement, but in no event shall such provision affect, impair or invalidate any other provision hereof.

27. Agreement Binding on Successors. It is agreed that this Agreement, together with the releases, shall be binding upon and inure to the benefit of the heirs, executors, administrators, personal representatives, successors in interest and assigns of the respective Parties hereto.

28. Attorneys' Fees. The Parties shall each bear their own attorney's fees and costs incurred in the Lawsuit. However, should either Party initiate any action at law or in equity to enforce or interpret the terms of this Agreement, the prevailing Party shall be entitled to reasonable attorney's fees and costs.

29. Gender and Number. Within this Agreement, words of any gender shall be held and construed to include any other gender, and words in the singular number shall be held and construed to include the plural, unless the context otherwise requires.

30. Effective Date. This Agreement shall be effective as of the last date signed below by the Parties.

[Continued onto next page, page 9]

WHEREFORE, the undersigned having read the foregoing Settlement Agreement and General Release, and fully understanding it, and agreeing to its terms, hereby execute this Agreement and make it effective on the date of the last signature hereto.

DATED: 4-15-16

CITY OF COSTA MESA

By: _____
Mayor, City of Costa Mesa

DATED: _____

SOLID LANDINGS BEHAVIORAL HEALTH

_____

Print Name: _____

Title: _____

DATED: _____

SOLID LANDINGS BEHAVIORAL HEALTH

_____

Print Name: _____

Title: _____

DATED: _____

SURE HAVEN

_____

Print Name: _____

Title: _____

(Signatures continued on next page)

WHEREFORE, the undersigned having read the foregoing Settlement Agreement and General Release, and fully understanding it, and agreeing to its terms, hereby execute this Agreement and make it effective on the date of the last signature hereto.

DATED: _____

CITY OF COSTA MESA

By: _____
Mayor, City of Costa Mesa

DATED: _____

SOLID LANDINGS BEHAVIORAL HEALTH

_____
Print Name: Steve Fennelly
Title: CEO

DATED: _____

SOLID LANDINGS BEHAVIORAL HEALTH

_____
Print Name: _____
Title: _____

DATED: _____

SURE HAVEN

_____
Print Name: Steve Fennelly
Title: CEO

(Signatures continued on next page)

DATED: _____

SURE HAVEN

_____

Print Name: _____

Title: _____

DATED: _____

ROCK SOLID RECOVERY

_____

Print Name: Steve Fennelly

Title: CEO

DATED: _____

ROCK SOLID RECOVERY

_____

Print Name: _____

Title: _____

DATED: _____

FPS, LLC

_____

Print Name: Steve Fennelly

Title: CEO

DATED: _____

FPS, LLC

_____

Print Name: _____

Title: _____

(Signature continued on next page)

DATED: _____

_____
Stephen Fennelly

DATED: _____

_____
Elizabeth Perry

APPROVED AS TO FORM AND CONTENT:

DATED: 4-15-16

By: _____
Tarquin Preziosi, Esq.
Attorney for City of Costa Mesa

DATED: _____

By: _____
John Peterson, Esq.
Attorney for Solid Landings Behavioral Health, et. al.

DATED: _____

By: _____
Leonard Herr, Esq.
Attorney for Solid Landings Behavioral Health, et. al.

DATED: _____

_____
Stephen Fennelly

DATED: _____

_____
Elizabeth Perry

APPROVED AS TO FORM AND CONTENT:

DATED: _____

By: _____
Tarquin Preziosi, Esq.
Attorney for City of Costa Mesa

DATED: 4.15.16

By: _____ for
John Peterson, Esq.
Attorney for Solid Landings Behavioral Health, et. al.

DATED: _____

By: _____
Leonard Herr, Esq.
Attorney for Solid Landings Behavioral Health, et. al.

DATED: _____

Stephen Fennelly

DATED: _____

Elizabeth Perry

APPROVED AS TO FORM AND CONTENT:

DATED: _____

By: _____
Tarquin Preziosi, Esq.
Attorney for City of Costa Mesa

DATED: _____

By: _____
John Peterson, Esq.
Attorney for Solid Landings Behavioral Health, et. al.

DATED: 4-15-11

By: _____
Leonard Herr, Esq.
Attorney for Solid Landings Behavioral Health, et. al.