

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This SETTLEMENT AGREEMENT & MUTUAL RELEASE (“Agreement”) is made and entered into on this ____ day of January, 2018, by and between Victor Valley Family Resource Center (“VVFRC”), Sharon Green, Daniel Avila, Harold Batts, Chris Dowdy, Jonathan Martin, and William Torres (collectively, “Plaintiffs”) on the one hand, and the City of Hesperia (“City”) and John McMahon in his official capacity as the Sheriff of San Bernardino County (together, “Defendants”) on the other hand. Each Plaintiff and Defendant is a “Party” and collectively, Plaintiffs and Defendants are the “Parties.”

WHEREAS, the City of Hesperia enacted and Defendants enforced Hesperia Municipal Code section 16.16.072 (the “Group Home Ordinance”) and Hesperia Municipal Code, Chapter 8.2 (the “Rental Housing Ordinance”).

WHEREAS, Plaintiffs commenced an action in the United States District Court for the Central District of California, Case No. 5:16-cv-00903-AB-SP (“Lawsuit”) on May 4, 2016. In the Lawsuit, Plaintiffs alleged that the Group Home Ordinance and the Rental Housing Ordinance violated provisions of the United States and California Constitutions, and that they sustained damages as a result of Defendants’ enforcement of the ordinances.

WHEREAS, on July 1, 2016, the United States District Court for the Central District of California issued an order preliminarily enjoining the enforcement of the Group Home Ordinance and the Rental Housing Ordinance against Plaintiffs.

WHEREAS, on March 21, 2017, the City Council for the City of Hesperia repealed the Group Home Ordinance.

WHEREAS, on July 24, 2017, the City Council for the City of Hesperia adopted revisions to the Rental Housing Ordinance.

WHEREAS, the Parties have agreed to settle and resolve all claims alleged in or arising out of the subject matter of the Lawsuit on the terms and conditions set forth in this Settlement Agreement, and the parties deem settlement to be in their own best interests to avoid the time, expense, and uncertainty of further litigation, without any Party admitting liability or wrongdoing of any kind.

NOW, THEREFORE, and incorporating by reference the foregoing recitals, which are made part hereof, the Parties agree as follows:

1. **Settlement Payment.** In full and complete consideration for dismissal of the Lawsuit, and within fourteen (14) business days of the full execution of the Agreement, Defendants shall pay to Plaintiffs the sum of Fifteen Thousand Two Hundred Dollars (\$15,200) , which shall be allocated among the Plaintiffs as follows: (i) the sum of \$369 to Plaintiff Jonathan Martin as reimbursement of fines imposed by the City; (ii) the sum of \$369 to Plaintiff William Torres as reimbursement of fines imposed by the City; and (iii) the sum of \$14,462 to Plaintiff VVFRC for all claimed damages. In addition, Defendants shall pay to Plaintiffs the

sum of Four Hundred Seventy Thousand Dollars (\$470,000) for attorneys' fees incurred in this matter. The total payment of Four Hundred Eighty-Five Thousand Two Hundred Dollars (\$485,200) (the "Settlement Payment") constitutes the full and complete settlement of any and all claims arising out of the subject matter of the Lawsuit, whether alleged or unalleged, asserted or unasserted, and of any kind, as to all Parties, including all damages, fees, and costs, including attorney's fees. Settlement Payment shall be made by way of wire transfer to Plaintiffs' counsel, with the following instructions:

Receiving Bank: Citibank Private Bank

ABA Transit Number: 271 070 801

Account Name: Jenner & Block LLP Escrow IOLTA

Account Number: 801354807

Reference for Beneficiary Information: Per Settlement Agreement, 64576-10005

2. Disposition of Prior Fines and Citations. Within fourteen (14) business days of the execution of this Agreement, Defendants shall: (a) rescind all currently outstanding fines and citations related to the properties leased by VVFC; (b) release all liens and encumbrances against properties leased by VVFC; (c) rescind all outstanding fines and citations related to enforcement of the Rental Housing Ordinance against properties owned or leased by Plaintiffs; and (d) (i) formally and officially record in its files that the aforementioned fines and citations are void, (ii) issue to Plaintiffs and any third party who the City knows receives or has received a record of any of the aforementioned fines and citations an official written statement declaring that the aforementioned fines and citations are void, (iii) refrain from disclosing the aforementioned fines and citations to any third party as part of a criminal background check, credit check, crime-free housing program, or rental housing program; and, retain all records in accordance with each respective Defendant's document retention policy..

3. Mutual Releases. The Parties hereby release and forever discharge each other, as well as their affiliates, directors, officers, employees, shareholders, partners, joint venturers, successors, predecessors, assigns, representatives, officials, and agents, from any and all claims, causes of action, costs, or demands, whether known or unknown, arising out of the subject matter of the Lawsuit, or arising out of the enactment, enforcement, and/or repeal of the Group Home Ordinance, or arising out of the enactment, enforcement, and/or revision of the Rental Housing Ordinance. Plaintiffs' release of Defendants is effective upon Plaintiffs' receipt of the full amount of the Settlement Payment specified in Paragraph 1, and Defendants' release of Plaintiffs is effective upon the Court's entry of the dismissals described in Paragraph 4.

4. Dismissal with Prejudice. Within twenty-one (21) business days of full execution of this Agreement, and upon the Court's anticipated dismissal of the claims of Nicholas Holt-Francis, the Parties shall file a stipulation with the Court seeking dismissal with prejudice of the Lawsuit without costs or expenses to either party, except as set forth above in paragraph 1 of this Agreement which is inclusive of all damages, fees, and costs, including attorney's fees, and the

entry of an order retaining jurisdiction to enforce this Agreement. Defendants acknowledge and agree that upon entry, such voluntary dismissal, with prejudice, shall not operate as a bar or estoppel to any future legal proceedings arising from any acts or omissions of Defendants subsequent to the effective date of this Agreement, but such voluntary dismissal, with prejudice, shall operate as a bar or estoppel to any future legal proceedings arising from the subject matter of the Lawsuit that could have been brought during the pendency of the Lawsuit.

5. Non-Admission of Liability. The Parties acknowledge and agree that this Agreement is in settlement of disputed claims. Neither the fact that the Parties have settled nor the terms of this Agreement shall be construed in any manner as an admission of liability by any party hereto, or any employees or former employees, or any affiliated person(s) or entity(ies), all of whom have consistently taken the position that they have no liability whatsoever to Plaintiffs.

6. Admissibility and Enforcement of the Agreement. Notwithstanding the voluntary dismissal of the Lawsuit, with prejudice, the Parties agree that the Court shall retain jurisdiction for the purpose of enforcement of the terms of this Agreement. The Parties agree and intend that this Settlement Agreement is fully enforceable and binding, and admissible in any court proceeding to enforce its terms. The Parties mutually drafted the Agreement, such that none of the terms shall be enforced against any Party as the primary or sole drafter.

7. Choice of Law. This Agreement shall be governed by and interpreted in accordance with the laws of the state of California, without regard to conflicts of law principles or rules.

8. Amendments. No amendment, modification, or supplement to this Settlement Agreement shall be binding on any of the Parties unless it is in writing and signed by the Parties in interest at the time of the amendment, modification, or supplement.

9. Invalidity; Severability. In case any one or more of the provisions of this Settlement Agreement shall be deemed invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained in this Agreement will not in any way be affected or impaired thereby.

10. Counterparts. This Settlement Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same Agreement.

11. Knowing and Voluntarily. This Agreement is an important legal document and in all respects has been knowingly and voluntarily executed by the Parties hereto. The Parties specifically represent that prior to signing this Agreement they have been provided a reasonable time within which to consider whether to accept this Agreement, that they have carefully read and fully understand all of the provisions of this Agreement, and that they are knowingly, voluntarily, and without coercion entering into this Agreement.

12. Miscellaneous. The Parties make the following representations and warranties: (i) that they are the sole owners of the claims encompassed by this Agreement; (ii) that they have

not assigned their claims to any other personal or entity; (iii) that they have full legal authority and are in all ways legally competent to execute this Agreement; (iv) that no representation, promise, or inducement of any kind has been offered except as set forth in this Agreement; (v) that in executing this Settlement Agreement, each party is relying upon its own judgment, investigation, belief, and knowledge, and not upon any representations or statements made by the opposing party or their representatives; (vi) that they have been advised by attorneys with respect to this Settlement Agreement to the extent they deem necessary; and (vii) that this Settlement Agreement represents the full and final expression of the agreement reached between the Parties with respect to the subject matter herein.

CITY OF HESPERIA

By 

NILS BENTSEN

Its City Manager

VICTOR VALLEY FAMILY RESOURCE
CENTER

By _____

Its _____

SHARON GREEN

DANIEL AVILA

HAROLD BATTS

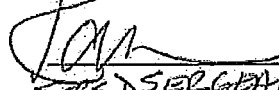
CHRIS DOWDY

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Its City Manager

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SERGEANT KAYCIE SMITH, CIVIL LIABILITIES
VICTOR VALLEY FAMILY RESOURCE CENTER

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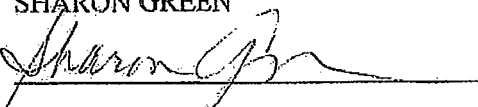
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Its City Manager

SHERIFF JOHN MCMAHON

VICTOR VALLEY FAMILY RESOURCE
CENTER

By  _____
Its Chief Executive Officer

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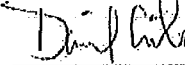
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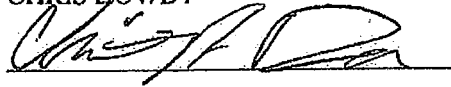
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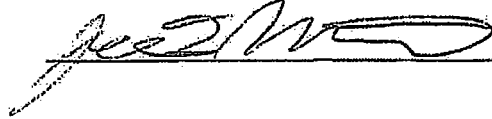


JONATHAN MARTIN

WILLIAM TORRES

CHRIS DOWDY

JONATHAN MARTIN



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