

## SETTLEMENT AGREEMENT

This Settlement Agreement (the "Agreement") shall be effective as of September 5, 2017 (the "Effective Date") and is entered into by and between the City of San Clemente and the City Council of San Clemente (the "City"), on the one hand, and Dual Diagnosis Treatment Center, Inc. d/b/a Sovereign Health of California, Satya Health of California, Inc. (together "Sovereign Health") and Vedanta Laboratories, Inc. ("Vedanta"), on the other hand. The City, Sovereign Health, and Vedanta are each a "Party" and together are the "Parties" to this Agreement.

### RECITALS

WHEREAS, On July 7, 2015, the City adopted two temporary moratoria, one concerning alcohol and drug abuse recovery facilities and sober living homes in residential zones (the "Residential Moratorium"), and the other concerning alcohol or other drug abuse treatment programs in commercial zones ("Commercial Moratorium"). Together, the Residential Moratorium and the Commercial Moratorium are the "Moratoria."

WHEREAS, on or about August 18, 2015 the City extended the Moratoria for approximately ten months.

WHEREAS, on or about February 2, 2016, the City enacted Ordinance No. 1616 (the "Commercial Ordinance"), which zoned certain medical and health-related uses for the Regional Medical Facility 1 (RMF1) and Community Commercial 4 (CC4) zones.

WHEREAS, on or about February 16, 2016, the City enacted Ordinance No. 1617, which defined Short Term Lodging Unit ("STLU") as a land use.

WHEREAS, on or about March 15, 2016, the City enacted Ordinance No. 1620, thereby repealing the Commercial Moratorium.

WHEREAS, on or about June 16, 2016, the City enacted ordinances that regulate residential zones (Ordinance Nos. 1622, 1623, 1624) (together, the "Residential Ordinances"), and the City has taken the position that these ordinances may apply to some or all of Sovereign Health's residential locations. Together, the Commercial Ordinance and the Residential Ordinances are the "New Ordinances."

WHEREAS, on August 18, 2015, the City filed a complaint against Dual Diagnosis Treatment Center, Inc. d/b/a Sovereign Health of California in state court, Orange County Superior Court State Case No. 30-2015-00805214-CU-MC-CJC, setting forth claims and causes of action including for alleged public nuisances at the company's residential locations and commercial facilities, and amended its complaint on November 2, 2016, adding Vedanta as a defendant and stating additional claims and causes of action ("State Case").

WHEREAS, on October 7, 2015 Vedanta and Sovereign Health filed suit against the City and City Council in federal court, Central District of California Case No. 8:15-cv-01611, setting forth claims and causes of action under federal and state law, including challenging the application of the City's Commercial Moratorium to Vedanta, and supplemented and amended

their complaint on October 27, 2016 to include allegations concerning both the Moratoria and the New Ordinances (“Federal Case”).

WHEREAS, without admitting fault or liability the Parties desire to avoid further litigation disruption, risk, and expenses, and have resolved and settled their differences on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises contained in this Agreement, the Parties hereby agree as follows:

#### TERMS AND CONDITIONS

1. **Dismissal of State Case.** Within two (2) business days of the Effective Date, the City will dismiss the State Case against Sovereign Health and Vedanta with prejudice. The City’s dismissal of the State Case shall constitute a full and final release of all claims arising thereunder.

2. **Dismissal of Federal Case.** Within two (2) business days of the Effective Date, Sovereign Health and Vedanta will dismiss the Federal Case against the City and City Council with prejudice. Sovereign Health’s and Vedanta’s dismissal of the Federal Case shall constitute a full and final release of all claims arising thereunder.

3. **Costs and Attorneys’ Fees.** Each Party shall bear its own costs and attorneys’ fees arising from or related to the State Case, the Federal Case, and this Agreement.

4. **Cessation of Debt Collection Efforts.** The City agrees that it will cease its debt collection efforts against Sovereign Health related to unpaid administrative citations at Sovereign Health’s residential properties as of the Effective Date. The City will instruct MD Collections Agency to cease its debt collection efforts against Sovereign Health, and will take reasonable steps to ensure that neither the City nor MD Collections Agency reports or causes adverse credit action to be taken against Sovereign Health on the basis of non-payment of the administrative citations described herein.

5. **Existing Locations.** As of the Effective Date, and for three years thereafter (the “Initial Term”), the Parties agree that Sovereign Health’s existing commercial facilities and residential locations are deemed consistent with the New Ordinances as provided in this Agreement.

6. **Commercial Locations.** Sovereign Health and Vedanta each represent that **Attachment “A”** hereto constitutes a complete list of the commercial facilities in San Clemente in which, as of the Effective Date of this Agreement, Sovereign Health or one of its affiliates, or Vedanta or one of its affiliates, has an ownership, leasehold, management, or any other kind of interest, including an interest in a facility’s operation. The Parties agree that:

- a. The “group counseling” and “specialty hospital” provisions of the New Ordinances do not concern or affect Vedanta, a laboratory, to the extent that the Vedanta laboratory continues to operate in conformity with the declaration provided by Vedanta on October 21, 2015;

- b. The New Ordinances do not concern or affect any Sovereign Health's commercial locations at which no group counseling is conducted, such as locations used solely for administrative purposes;
- c. Sovereign Health's commercial locations at which group counseling is performed as a legal non-conforming use, including its headquarters at 1211 Puerta del Sol, San Clemente, may operate under the amortization period in the New Ordinances until March 1, 2019. Thereafter, the City agrees pursuant to findings it has made under Section 17.72.060.F of its Municipal Code that Sovereign Health may continue to perform group counseling at such locations pursuant to an extension of the amortization period, which is hereby granted for an additional eighteen (18) months (to expire on September 1, 2020). As a condition precedent to such extension of the amortization period, and as part of Sovereign Health's commitment to be a good neighbor, Sovereign Health agrees to provide the City with an operations plan for its headquarters at 1211 Puerta del Sol outlining how Sovereign Health will conduct intake, treatment and counseling services, appointments, designated smoking areas, transportation, parking, medical waste disposal, and discharge/outtake in a way that reasonably conforms with the surrounding business uses. Sovereign Health agrees to provide the City with a draft of this plan within six (6) months of the Effective Date, and the Parties agree to meet and confer in good faith to finalize and implement this plan.
- d. If, during the Initial Term (due to the expiration of a lease) or after the expiration of the extended amortization period described in paragraph 6.c above, one of Sovereign Health's existing group counseling facilities must relocate, the City confirms that it will use best efforts to assist Sovereign Health in its efforts to find a suitable alternative location for the provision of group counseling services consistent with the City Zoning Ordinance — for example, through Staff or the Development Services Director recommending approval of entitlements if appropriate or through a Director's determination to grant Sovereign Health an accommodation, if appropriate, under circumstances substantially similar to those that have warranted such recommendations and determinations in other cases to date.

7. Limits On Residential Locations. For the first eighteen (18) months following the Effective Date, Sovereign Health will maintain no more than twelve (12) residential locations, other than those residential locations which are licensed by the State of California to serve six or fewer persons, as addressed more fully in paragraph 7.f below. For the eighteen (18) months immediately thereafter, Sovereign Health will maintain no more than eighteen (18) such residential locations.

- a. Sovereign Health represents that **Attachment "B"** hereto constitutes a complete list of the residential locations in San Clemente in which, as of the Effective Date of this Agreement, Sovereign Health or one of its affiliates has an ownership, leasehold, management, or any other kind of interest, including an interest in a facility's operation.

- b. Sovereign Health has represented, and continues to represent, that it does not provide or facilitate “alcoholism or drug abuse recovery or treatment services” (as defined in 9 CCR § 10501), “incidental medical services” (as defined in Health & Saf. Code § 11834.026) or “care and supervision” (as defined in 22 CCR § 80001) at its residential locations (other than those locations described in paragraph 7.g below). Sovereign Health affirms that it will obtain an appropriate state license (see Health & Saf. Code § 11834.01 *et seq.*; 9 CCR § 10502 *et seq.*; 22 CCR 80005) where such license is required by state law.
- c. Sovereign Health agrees to update the list described in paragraph 7.a above as necessary to keep it current, and to provide the City with a current copy of the list upon request, within 10 business days of such request.
- d. Occupancy in each residential location will be limited to a total of two (2) persons per bedroom plus an additional two (2) persons (*i.e.*, a location with four (4) bedrooms may have a total of ten (10) people). This occupancy limit varies from other limits that the City’s Municipal Code imposes on certain transitory lodging uses, but the City has determined that this is a reasonable way to accommodate Sovereign Health’s disabled customers and guests.
- e. Any residential location that Sovereign Health begins to operate after the Effective Date shall not be located within 300 feet of any existing Sovereign Health location, boarding house, short-term lodging unit (“STLU”), or any use that would constitute a boarding house or STLU but for a granted reasonable accommodation, measured by following a straight line without regard to intervening buildings from the nearest point of the parcel on which the proposed residential location is to be located to the nearest point of the parcel that contains the existing Sovereign Health location, boarding house, STLU, or use that would constitute a boarding house or STLU but for a granted reasonable accommodation.
- f. In the event the City discovers that Sovereign Health has exceeded the maximum number of residential locations allowed under this Agreement (see paragraph 7 above), the City agrees to notify Sovereign Health’s general counsel pursuant to the Notice paragraph of this Agreement, and may commence a hearing under the procedures set forth in Municipal Code sections 3.24.050, and 3.24.060. If, at the conclusion of the hearing and appeal process, Sovereign Health is found to be in violation of the terms of paragraph 7 above, then in addition to any other penalty, and notwithstanding paragraph 21 below, the Parties agree that the number of residential locations allowed to Sovereign Health under this Agreement shall be reduced by one (1) location for the remainder of the Initial Term. (For example, if a violation is found true six (6) months after the Effective Date, then Sovereign Health shall be allowed eleven (11) residential locations until 18 months after the Effective Date, and thereafter shall be allowed seventeen (17) locations for the following 18 months). Sovereign Health shall then have a reasonable time, (*i.e.* ninety (90) days) in which to cease operations at the number of residential

locations necessary to comply with the modified limits. Sovereign Health shall have discretion over which residential locations it will cease operating in this manner.

- g. This Agreement does not limit, and shall not be interpreted to place any limit on, the number of residential facilities that are licensed by the State of California, under Health & Safety Code sections 1566 through 1566.3 or sections 11834.01 through 11834.25, to serve six or fewer persons.

8. Good Neighbor. Sovereign Health endeavors to be a good neighbor, and agrees to adopt and adhere to a reasonable good-neighbor policy at each of its locations. Sovereign Health agrees that its good neighbor-policy will include, at a minimum, the following:

- a. Architectural Treatment – Sovereign Health’s practice has been to maintain the exterior architectural appearance of its residential locations in a residential character that is architecturally compatible with the neighborhood in which it is located. Sovereign Health affirms that it will continue this practice.
- b. Compliance – Sovereign Health agrees that it will continue to comply fully with all applicable codes regarding fire, building construction and safety, and all other relevant laws, regulations and ordinances.
- c. Insurance – Sovereign Health agrees that each of its locations, including those in residential zones, are and will be insured to cover liability and loss arising out of Sovereign Health’s use of the property.
- d. Responsible Contact – Sovereign Health agrees to provide the City, and any of Sovereign Health’s neighbors upon request, with a 24-hour manager-level emergency contact for each Sovereign Health location, who will respond immediately, or as soon thereafter as practicable (i.e. target response time of 30 minutes or less), to complaints about the condition, operation, or conduct of Sovereign Health’s guests, staff, or others at a Sovereign Health location.
- e. Smoking – For each of its locations, Sovereign Health agrees to stagger or otherwise arrange smoking so that it does not affect its neighbors’ quiet enjoyment of their property. Sovereign Health will continue to work directly with its neighbors to resolve any issues that may arise.

9. In the event any good-neighbor issues arise at Sovereign Health’s residential locations that are not resolved through contacting the responsible manager-level contact person, the City agrees to notify Sovereign Health’s general counsel pursuant to the Notice paragraph of this agreement, and to afford Sovereign Health the procedures set forth in Municipal Code Sections 3.24.067, 3.24.050, and 3.24.060. At the conclusion of process set forth in Municipal Code section 3.24.050, the hearing officer may, in his or her discretion, order Sovereign Health to permanently cease its operations at the residential location at issue in the hearing. Sovereign Health shall thereafter have a reasonable time (i.e. 90 days) in which to cease operations at that residential location only. If the disputed issue remains unresolved at the conclusion of such procedures, the Parties agree to submit the dispute to binding arbitration.

10. Subsequent Proceedings. The Parties understand and agree that the City may invoke the procedures set forth in paragraph 7.f above and paragraph 9 above multiple times, and that any reduction in the number of residential locations allowed to Sovereign Health that is imposed pursuant to paragraph 7.f above shall be cumulative with all other such reductions.

11. Notice. The Persons designated to receive notices under this Agreement are as follows, unless written notification of any change is given to the other Party pursuant to this Section:

For Plaintiffs:

Sovereign Health Group  
Attn: General Counsel  
1211 Puerta Del Sol, Suite 280  
San Clemente, CA 92673

For the City:

City of San Clemente  
Office of the City Manager  
100 Avenida Presidio  
San Clemente, CA 92672

12. Future Discussions. At least ninety (90) days prior to the conclusion of the Initial Term of this Agreement, the Parties will meet in good faith to discuss whether to renew this Agreement for an additional term (with or without modifications). If no agreement is reached through direct discussions, at least thirty (30) days prior to the conclusion of the Initial Term, the Parties will enlist the help of an independent outside mediator. If, despite such efforts, no further agreement is reached as of expiration of the Initial Term, either Party may take action against the other, including the commencement of litigation, concerning any acts or omissions alleged to have occurred on or after the Effective Date of this Agreement. Prior to commencing future litigation concerning the New Ordinances, Sovereign Health agrees to first request a reasonable accommodation from the City. If the City denies such request, Sovereign Health may challenge the City's denial of the request in subsequent litigation.

13. No Admission of Liability. This Agreement represents a compromise of disputed claims. It is not and shall not be construed as an admission of fault or liability by any Party. This Agreement is made solely for the purpose of avoiding the burden that would be imposed on the Parties by further litigating the matters at issue. The Parties further understand and agree that the Parties, and their respective employees, agents, and attorneys, shall not hold this Agreement out to the public as representing anything other than a compromise of litigation. Sovereign Health understands that this Agreement does not signify an endorsement by the City of Sovereign Health or its business model.

14. Assignment. Each Party represents and warrants that it has not assigned or otherwise transferred, or purported to transfer, and will not hereafter assign or otherwise transfer any

obligation, liability, demand, claim, cost, expense, debt, controversy, damage, action, or cause of action that is resolved pursuant to this Agreement.

15. No Third-Party Beneficiaries. This agreement is intended and agreed to be solely for the benefit of the Parties hereto, and no third party shall accrue any benefit, claim, or right of any kind whatsoever pursuant to, under, by, or through this Agreement.

16. Non-Transferrable. Neither Vedanta nor Sovereign Health shall voluntarily or by operation of law transfer or assign any or all of their collective or individual rights or benefits arising under, by, or through this Agreement to any other person, association, or entity, including without limitation through any sale, exchange, bankruptcy, liquidation, assignment, gift, or through any other device or contrivance. A change in control of Vedanta or Sovereign Health shall constitute a prohibited assignment of rights or benefits hereunder. The transfer, on a cumulative basis, of five percent (5%) or more of the voting control of Vedanta or Sovereign Health shall constitute a change in control for this purpose. The involvement of Vedanta or Sovereign Health, or either or both of their respective assets, in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buy-out, or otherwise), whether or not a formal assignment or transfer of this Agreement, or either or both of their respective assets occurs, shall be considered a prohibited transfer or assignment of this Agreement.

17. Consultation with Counsel. Each Party declares that before it executed this Agreement, it had the opportunity to consult with an attorney so that the party may intelligently exercise its own judgment in deciding whether to execute this Agreement.

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

19. Confidentiality. The Parties agree that the specific terms and nature of this Agreement are confidential between the Parties and shall not be disclosed to anyone else, except:

- a. as may be agreed upon in writing signed by the Parties;
- b. as necessary to effectuate the terms of the agreement;
- c. where necessary to share such information with the Parties' accountants or attorneys;
- d. where disclosure to a governmental entity is required;
- e. where disclosure is ordered by a court of competent jurisdiction; or
- f. where disclosure is required under other lawful process.

Notwithstanding the foregoing, either Party may disclose the following facts to any person at any time:

- a. that the Parties reached a settlement;
- b. that no Party paid any money to any other Party;
- c. that the State Case and Federal Case have been dismissed;
- d. that the New Ordinances remain in effect.

20. Entire Agreement. This Agreement constitutes the entire understanding among the Parties. Each Party acknowledges that no Party, agent, or representative of any 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 Agreement.

21. Amendments. Each Party agrees that this Agreement may not be amended or otherwise modified except in a writing that is signed by each Party.

22. Construction and Interpretation.

- a. This Agreement shall be interpreted, construed, and enforced in accordance with the laws of the State of California without reference to its choice of law rules. Any disputes arising in connection with this Agreement and dismissals of the State Case and Federal Case shall be brought in state or federal court in Orange County, California.
- b. Each Party agrees 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 might be reasonably necessary or appropriate to carry out the intent and purpose of this Agreement.

24. California Civil Code Section 1542 Waiver. With respect to the released claims set forth in paragraphs 1 and 2 above, the Parties acknowledge that they have been advised by legal counsel and are familiar with the provisions of California Civil Code Section 1542, which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR ITS 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, BEING AWARE OF SAID CODE SECTION, HEREBY EXPRESSLY WAIVE ANY RIGHTS THEY MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT PERTAINING TO THE RELEASED CLAIMS.



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

26. Counterparts. This agreement may be executed in counterparts, and all executed copies shall constitute an agreement binding the parties. The parties further agree that a facsimile or electronic copy of the executed counterparts has the same force and effect as an original.

Dual Diagnosis Treatment Center, Inc.,  
a California corporation  
dba Sovereign Health of California, Satya  
Health of California, Inc., and Vedanta  
Laboratories, Inc.

By:   
Name: TOUMDY SHARMA  
Title: CEO  
Date: 8/29/2017.

City of San Clemente  
a municipal corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form

By: \_\_\_\_\_  
City Attorney

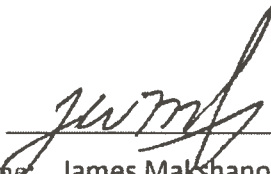
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Dual Diagnosis Treatment Center, Inc.,  
a California corporation  
dba Sovereign Health of California, Satya  
Health of California, Inc., and Vedanta  
Laboratories, Inc.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

City of San Clemente  
a municipal corporation

By:  \_\_\_\_\_  
Name: James Makshanoff  
Title: City Manager  
Date: September 7, 2017

Approved as to form

By:  \_\_\_\_\_  
City Attorney

**ATTACHMENT "A"**

**List of Sovereign Health  
& Vedanta Commercial Properties**

1. 1211 Puerta del Sol, San Clemente, CA 92673 (Counseling; Suite 120 is DHCS certified)
2. 180 Avenida La Pata, San Clemente, CA 92673 (Counseling)
3. 1050 Calle Cordillera, Ste. 102, San Clemente, CA 92673 (Counseling)
4. 1060 Calle Cordillera, Stes. 10, 101, 102, San Clemente, CA 92673 (Counseling)
5. 1020 Calle Recodo, San Clemente, CA 92673 (Vedanta laboratory) (Holds business licenses to operate (1) medical laboratory and (2) services in city; COLA/CLIA licensed)
6. 1021 Calle Recodo, San Clemente, CA 92673 (administrative offices)
7. 120 Calle Iglesia, San Clemente, CA 92672 (parking lot)
8. 971 Calle Amanecer, San Clemente, CA 92673
9. 1011 Calle Recodo, San Clemente, CA 92673
10. 1041 Avenida Pico, Ste. B, San Clemente, CA 92673

## ATTACHMENT "B"

### **List of Sovereign Health Residential Properties**

(Other than residential properties licensed by the State of California under Health & Saf. Code §§ 1566-1566.3, 11834.20-11834.25, to serve six or fewer persons)

1. 2931 Via San Gorgonio, San Clemente, CA, 92672
2. 200 E. Avenida Cordoba, San Clemente, CA, 92672
3. 1505 Calle Sacramento Unit A, San Clemente, CA, 92672
4. 1505 Calle Sacramento Unit B, San Clemente, CA, 92672
5. 923 Avenida Salvador, San Clemente, CA, 92672
6. 1303 Calle Toledo, San Clemente, CA, 92672
7. 3006 Avenida La Ventana, San Clemente, CA, 92672
8. 763 Calle Vallarta, San Clemente, CA, 92673
9. 764 Calle Vallarta, San Clemente, CA, 92673

## **FIRST ADDENDUM TO SETTLEMENT AGREEMENT**

This First Addendum to Settlement Agreement (the "Addendum") shall be effective as of September 6, 2017 and is entered into by and between the City of San Clemente and the City Council of San Clemente (the "City"), on the one hand, and Dual Diagnosis Treatment Center, Inc. d/b/a Sovereign Health of California, Satya Health of California, Inc. (together "Sovereign Health") and Vedanta Laboratories, Inc. ("Vedanta"), on the other hand. For purposes of this Addendum, the City is one "Party", Sovereign Health and Vedanta together are one "Party", and the City, Sovereign Health, and Vedanta together are the "Parties."

### **RECITALS**

WHEREAS, the Parties agree to the terms set forth in the Settlement Agreement as a compromise of litigation.

WHEREAS, the Parties desire to maintain the confidentiality provisions of the Settlement Agreement.

WHEREAS, actual damages for either Party's violation of the confidentiality provisions of the Settlement Agreement would be difficult to assess.

WHEREAS, paragraph 21 of the Settlement Agreement allows the Parties to amend or modify the Agreement in a writing signed by each Party.

NOW, THEREFORE, the Parties hereby agree as follows:

### **TERMS AND CONDITIONS**

1. **Incorporation by Reference:** Paragraphs 13, 19, and 21 of the Settlement Agreement are hereby incorporated by reference as if fully set forth herein.

2. **Modification of Agreement:** The Parties understand and agree that this Addendum is a modification of the Settlement Agreement authorized by Paragraph 21 of the Settlement Agreement. The Parties agree that this Addendum is written pursuant to, and in conformity with, Paragraph 21 of the Settlement Agreement.

3. **Confidentiality:** The Confidentiality provisions of Paragraph 19 of the Settlement Agreement are hereby amended and modified to include the specific terms and nature of this Addendum. The Parties agree that the specific terms and nature of this Addendum are confidential between the Parties and shall not be disclosed to anyone else except as allowed by Paragraph 19 of the Settlement Agreement, as modified herein.

4. **Liquidated Damages.** The Parties understand and agree that they are subject to the Confidentiality provisions of Paragraph 19 of the Settlement Agreement. The Parties further understand and agree that the Parties, and their respective employees, agents, and attorneys, are prohibited from holding the Settlement Agreement out to the public as representing anything other than a compromise of litigation, as fully set forth in Paragraph 13 of the Settlement Agreement. The Parties further understand and agree as follows:

- a. Characterization of the Settlement Agreement by one Party in a manner inconsistent with Paragraph 13 of the Settlement Agreement will cause irreparable harm to the other Party that is difficult to quantify and cannot be measured fully in money damages.
- b. Disclosure of the specific terms and nature of the Agreement or this Addendum, except as allowed in Paragraph 19 of the Settlement Agreement, will cause irreparable harm to the other Party that is difficult to quantify and cannot be measured fully in money damages.
- c. Liquidated damages in the amount of \$15,000.00 would serve to compensate the aggrieved Party for any characterization or disclosure contrary to Paragraphs 13 or 19 of the Settlement Agreement.
- d. The sum of \$15,000.00 is a reasonable estimate of the damages likely to be incurred by the aggrieved Party as a result of characterization or disclosure contrary to Paragraphs 13 or 19 of the Settlement Agreement, and is not intended by the Parties to serve as punishment for such disclosure or characterization.
- e. In the event of characterization or disclosure contrary to Paragraphs 13 or 19 of the Settlement Agreement by either Sovereign Health or Vedanta, the City shall be entitled, for each such characterization or disclosure, to Liquidated Damages in the amount of \$15,000.00.
- f. In the event of characterization or disclosure contrary to Paragraphs 13 or 19 of the Settlement Agreement by the City, Sovereign Health and Vedanta shall together be entitled, for each such characterization or disclosure, to Liquidated Damages in the total amount of \$15,000.00, to be paid either entirely to Sovereign Health, entirely to Vedanta, or split between Sovereign Health and Vedanta.

5. **Attorneys' Fees:** In any action brought to enforce the Liquidated Damages provisions outlined in paragraph 4 above, the prevailing Party shall be entitled to receive from the losing Party all of its costs and expenses, including, without limitation, reasonable attorney's fees, court costs, and disbursements actually and reasonably incurred in connection with said proceeding.

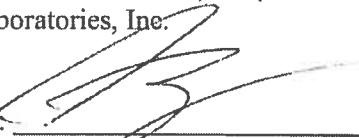
6. **Consultation with Counsel.** Each Party declares that before it executed this Addendum, it had the opportunity to consult with an attorney so that the party may intelligently exercise its own judgment in deciding whether to execute this Addendum.

7. **Authority to Execute.** Each Party declares that it has read this Addendum and understands and knows the contents thereof and represents and warrants that each of the persons executing this agreement on the Party's behalf is lawfully empowered to do so and hereby binds the respective party, and all its successors, assigns, principals, members, agents, employees, consultants, representatives, attorneys, bonding companies, and insurers to the terms of this Addendum.

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

9. Counterparts. This Addendum may be executed in counterparts, and all executed copies shall constitute an agreement binding the parties. The parties further agree that a facsimile or electronic copy of the executed counterparts has the same force and effect as an original.

Dual Diagnosis Treatment Center, Inc.,  
a California corporation  
dba Sovereign Health of California, Satya  
Health of California, Inc., and Vedanta  
Laboratories, Inc.

By:   
Name: Seth Zojac  
Title: General Counsel  
Date: 9/6/17

City of San Clemente  
a municipal corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form

By: \_\_\_\_\_  
City Attorney


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

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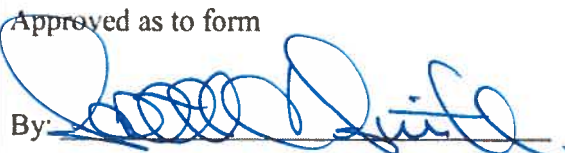
Dual Diagnosis Treatment Center, Inc.,  
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Health of California, Inc., and Vedanta  
Laboratories, Inc.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

City of San Clemente  
a municipal corporation

By:  \_\_\_\_\_  
Name: James Makshanoff  
Title: City Manager  
Date: September 7, 2017

Approved as to form

By:  \_\_\_\_\_  
City Attorney

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