

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release is entered into by and between INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL and FAITH FELLOWSHIP FOURSQUARE CHURCH on the one hand and CITY OF SAN LEANDRO, a municipal corporation, and is effective September 24, 2012. Collectively, all entities shall be known as the "Parties."

RECITALS

WHEREAS, INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL ("ICFG") and FAITH FELLOWSHIP FOURSQUARE CHURCH ("FF") filed a complaint against CITY OF SAN LEANDRO, in the United States District Court – Northern District, Case No. 4:07-CV-03605-PJH. The complaint arose out of events concerning permit applications for property in San Leandro and alleged RLUIPA, civil rights, First Amendment and other violations ("the Action").

WHEREAS, the Parties have conducted discovery and/or negotiations and now desire to fully and finally resolve this matter.

WHEREAS, as ordered by United States District Court Judge Phyllis Hamilton, the Parties participated in a settlement conference before United States District Court Magistrate Judge Jacqueline Scott Corley on September 14, 2012. The terms of a settlement of the Action were negotiated with the assistance of Judge Corley and agreed to by the Parties, subject to the approval of the San Leandro City Council.

WHEREAS, on September 24, 2012, the San Leandro City Council reported that it met in closed session and authorized the settlement of the Action and the execution of this Settlement Agreement and Release.

AGREEMENT

In consideration of the recitals stated above and the payments, conditional releases, covenants and other agreements set out below, the Parties agree as follows:

1. Payment: By September 25, 2012 the CITY OF SAN LEANDRO will pay a total of \$2,300,000 and said funds shall be via wire transfer made payable to the: Client Trust Account for Sheppard Mullin Richter & Hampton LLP. Wiring shall be sent to:

2. Dismissals With Prejudice: Forthwith upon CITY OF SAN LEANDRO's completion of the obligations described under the "Payment" section of this Settlement Agreement and Mutual Release but no later than close of business on Friday, September 28, 2012, INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL and FAITH FELLOWSHIP FOURSQUARE CHURCH, and CITY OF SAN LEANDRO shall file with the Court a Request for Dismissal With Prejudice of the Action in its entirety.

3. Mutual General Releases: The Parties and their attorneys, officers, directors, shareholders, partners, board members, lenders, employees, consultants, representatives, agents, predecessors, successors, insurers, insureds, sureties, subcontractors, suppliers, assigns, subsidiaries, parent corporations, divisions, joint venturers and affiliated entities, both public and private and all persons and entities acting by or through in concert with them agree to mutual general releases and to forever discharge each other and each other's attorneys, officers, directors, shareholders, partners, board members, lenders, employees, consultants, representatives, agents, predecessors, successors, insurers, insureds, sureties, subcontractors, suppliers, assigns, subsidiaries, parent corporations, divisions, joint venturers and affiliated entities, both public and private and all persons and entities acting by or through in concert with them, from any and all claims, demands, actions, rights, causes of action, claims for injunctive relief and other equitable relief, suits, judgments, debts, liens, contracts, obligations, promises, agreements, costs, expenses, fines or attorneys' fees, losses, damages and liabilities of every kind and of any nature whatsoever, whether known or unknown on the date of execution of this Settlement Agreement and Mutual Release, suspected to exist or not suspected to exist, anticipated or unanticipated, liquidated or unliquidated, fixed or contingent, concealed or hidden, disputed or undisputed, which arise out of or any way related to the claims asserted, or the allegations contained in the Action or the circumstances giving rise to the underlying dispute.

4. INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL and FAITH FELLOWSHIP FOURSQUARE CHURCH agree that as to any future denial of a Rezoning Application in any zoning districts not currently zoned Residential or AU Overlay existing in the CITY OF SAN LEANDRO at the time of this Agreement neither ICFG nor FF will challenge the denial of such application by instituting legal action against the City of San Leandro under RLUIPA and any amendments thereto.

5. Waiver of Claims Unknown: It is understood and agreed that the Mutual General Releases provided herein by the Parties are given with knowledge of and the

intent to expressly waive all rights provided by California Civil Code § 1542, which provides:

GENERAL RELEASE: A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

6. No Admission of Facts or Liability: This Settlement Agreement is made regarding disputed facts. None of the parties to this Settlement Agreement either expressly or impliedly admits to any liability, obligation, wrongdoing, or fault, and the execution of this Settlement Agreement does not express, imply, or admit any liability, obligation, wrongdoing, or fault by any of the Parties to the Settlement Agreement. Each of the Parties hereto denies any liability in connection with any claim and intends merely to avoid the time and expense of further negotiation/litigation and to buy its peace.

7. Waiver of Costs and Attorneys' Fees: Each of the Parties shall bear its own costs and attorneys' fees incurred in the Action and events leading up to the Action and the negotiation and drafting of this Settlement Agreement and Mutual Release, and thereby waives its rights to recover the same under any and all theories providing for the recovery of costs and attorneys' fees.

8. The Parties agree that Judge Corley shall have continuing jurisdiction to enforce this Settlement Agreement and any disputes relating to this Settlement Agreement and Mutual Release.

9. Execution of Additional Documents: The Parties agree to execute and exchange such additional documentation as may be necessary to accomplish and fulfill their respective obligations and agreements as set forth herein.

10. Each of the Parties hereby represents and warrants to the other that it knows and understands the contents and effect of this Settlement Agreement and Mutual Release; that it has not relied on any statement not set out in this Settlement Agreement and Mutual Release.

11. Parties Represented by Counsel. The Parties hereto acknowledge that they have been represented and fully advised in the above-recited matters and with regard to the preparation and execution of this Settlement Agreement and Mutual Release; and that it entered into this Settlement Agreement and Mutual Release voluntarily. The Parties each acknowledge that they have each specifically reviewed with their attorney the meaning and effect of the releases set forth in paragraphs 3-5 including the the language from Civil Code Section 1542 quoted in paragraph 5, and the waiver contained in

paragraph 4, their attorneys have fully explained the impact of these provisions, and they knowingly and voluntarily accept the risks associated with these provisions.

a. Each of the Parties warrants and represents to the other that, as of the time it executed this Settlement Agreement and Mutual Release: Each party has the sole right and authority to execute this Settlement Agreement and Mutual Release; it had not sold, assigned, transferred, conveyed or otherwise disposed of any claim, cause of action or demand relating to any right surrendered by virtue of this Settlement Agreement and Mutual Release; and it knows of no liens, legal or equitable interests, or other encumbrances upon any right surrendered by virtue of this Settlement Agreement and Mutual Release; and

b. The person executing this Settlement Agreement and Mutual Release for each of the Parties is authorized to do so by and on behalf of the party.

12. Each of the Parties warrants that it is entering into this Settlement Agreement and Mutual Release on behalf of, and that this Settlement Agreement and Mutual Release is binding, on itself and its predecessors, successors, insurers, insureds, lenders, sureties, assigns, subsidiaries, parent corporations, divisions, partners, joint venturers and affiliated entities, both public and private.

13. This Settlement Agreement and Mutual Release is governed and controlled in all respects by California law and shall be enforceable in the Northern District of California. In the event of a dispute relating to this Settlement Agreement and Mutual Release, venue for resolution of any such dispute shall be in the Northern District of California.

14. This Settlement Agreement and Mutual Release represents and contains the entire agreement and understanding between the Parties and supersedes any and all prior agreements, representations and understandings with respect to the matters contained herein and may only be subsequently modified in writing signed by each party. Each Party agrees that it has not relied upon any representation, warranty, condition, understanding or agreement of any kind in entering into this Settlement Agreement and Mutual Release other than those actually set forth in this Settlement Agreement and Mutual Release.

15. If any provision of this Settlement Agreement and Mutual Release or if the application of this Settlement Agreement and Mutual Release to any person, entity or circumstance shall be held by a court to be invalid or unenforceable, the remainder of this Settlement Agreement and Mutual Release or the application of such provision to persons, entities or circumstances other than those as to which it is held invalid or unenforceable shall not be affected, and each provision of this Settlement Agreement and Mutual Release shall be enforced to the fullest extent permitted by law.

16. This Settlement Agreement and Mutual Release may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Facsimile signatures on this Settlement Agreement and Mutual Release shall be considered binding.

17. No waiver of any provisions of the Settlement Agreement and Mutual Release shall be effective unless agreed to in writing by the Parties against whom such waiver is sought to be enforced. The waiver of any breach of this Settlement Agreement and Mutual Release shall not constitute a waiver of any other or subsequent breach, whether similar or otherwise.

18. Each party represents that it has received independent advice from legal counsel of its own choice with respect to the advisability of entering into this Settlement Agreement. All Parties shall be deemed to have participated in drafting this Settlement Agreement and Mutual Release and any ambiguity in or dispute about the meaning of any part of this Settlement Agreement and Mutual Release shall not be presumptively construed against any of them.

INTERNATIONAL CHURCH OF THE
FOURSQUARE GOSPEL and FAITH
FELLOWSHIP FOURSQUARE CHURCH

CITY OF SAN LEANDRO, a municipal
corporation

By: *E. McClure*
as: General Counsel

By: *[Signature]*
as: City Manager

APPROVED AS TO FORM

SHEPPARD MULLIN RICHTER &
HAMPTON LLP, Attorneys for
INTERNATIONAL CHURCH OF THE
FOURSQUARE GOSPEL and FAITH
FELLOWSHIP FOURSQUARE CHURCH

MEYERS NAVE RIBACK & SILVER,
Attorneys for CITY OF SAN LEANDRO

By: *[Signature]*

By: *[Signature]*
Jayne W. Williams
City Attorney

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