SETTLEMENT AND RELEASE AGREEMENT

THIS SETTLEMENT AND RELEASE AGREEMENT ("Agreement"), is made and entered into by and between Plaintiffs Dunwoody Recovery Place, LLC, a Georgia limited liability company, North Peachtree Holdings, LLC, a Georgia limited liability company, North Shallowford Properties, LLC, a Georgia limited liability company, Phoenix Supportive Housing, LLC, a Georgia limited liability company, North Atlanta Recovery Place, LLC, a Georgia limited liability company, Southern Live Oak Wellness Academy, LLC, a Georgia limited liability company, Dave Edmonson, as guardian for John Doe 1, Sandy Dugan, as Guardian for John Doe 2 and Wallace Glenn Sanders f/k/a John Doe 3 ("Plaintiffs"), and Defendant City of Dunwoody, a Georgia municipality ("City"), pending the formal approval of the Mayor and City Council of Dunwoody duly given at a public meeting. City and Plaintiffs are collectively referred to as "the Parties" hereafter.

RECITALS

WHEREAS, Plaintiffs asserted various claims against City in the lawsuits styled as *Dunwoody Recovery Place, LLC et al. v. The City of Dunwoody, Georgia,* No. 1:25-cv-02699, *North Atlanta Recovery Place, LLC and Southern Live Oak Wellness Academy, LLC v. The City of Dunwoody, Georgia*, No. 1:25-cv-04749, and *North Shallowford Properties, LLC et al. v. The City of Dunwoody, Georgia*, No. 1:25-cv-04900, all of which are pending in the United States District Court for the Northern District of Georgia (collectively, the "Lawsuits"). In addition, Plaintiff Dunwoody Recovery Place and Andrew Merker filed a Complaint against the City and certain individuals with the United States Department of Housing and Urban Development (HUD File No.: 04-25-8899-8) ("HUD Complaint"). The Lawsuits and HUD Complaint seek certain relief against City related to the corporate Plaintiffs' establishment and operation of Group Residential Behavioral Health Treatment Facilities which are live-in centers that provide a structured, 24/7 living environment for individuals needing support for mental health or substance use disorders and co-occurring morbidities, but who do not require a full inpatient hospital stay. The proposed facilities would operate at 4821 North Peachtree Road, Dunwoody, Georgia, 4609 North Peachtree Road, Dunwoody, Georgia, and 4484 North Shallowford Road, Dunwoody, Georgia (the "Properties). Plaintiffs John Does 1-3 are individuals who purportedly have mental health and/or substance use disorder and have stated they may benefit from the establishment of recovery houses in Dunwoody; and

WHEREAS, Plaintiffs specifically contend that the City's enactment of an ordinance in July of 2024 imposing restrictions on where Residential Behavioral Health Treatment Facilities (termed "community residences" or "recovery communities" and defined by the Ordinances of the City of Dunwoody (currently, Sec. 27-112(2)) are allowed to locate and operate within the City of Dunwoody without the first obtaining a Special Land Use Permit along with the subjective review criteria and clear and convincing standard of proof (currently, Sec. 27-146.1) (together, hereafter referred to as the "SLUP Requirement"), violates their statutory and constitutional rights; and

WHEREAS, Plaintiffs contend that the City's actions violated the Fair Housing Act ("FHA"), the Rehabilitation Act, the Americans with Disabilities Act ("ADA"), and Plaintiffs' federal and state constitutional rights by enacting the SLUP Requirement that purportedly discriminates against Plaintiffs on the basis of disability and that infringes on the corporate Plaintiffs' vested property rights. ("Plaintiffs' Claims"). City disputes Plaintiffs' Claims and the extent of damages claimed by Plaintiffs (hereinafter referred to as "the Dispute"); and

WHEREAS, As a result of the Parties' respective investigations regarding Plaintiffs' Claims, as well as the confidential settlement discussions of the Parties and their counsel, and to avoid the expense, inconvenience, and burden of litigation, the Parties agree to the settlement set forth herein to fully, completely, and in good faith resolve this matter, including, without limitation, Plaintiffs' Claims, and any and all claims related to the series of transactions and occurrences described in the Complaint that were or could have been alleged in the Complaint or Answer, with no admission of liability by any Party.

WHEREAS, the Parties recognize that this settlement is a compromise for the purpose of avoiding the perils of litigation and that this settlement is a compromise of a larger demand and this final compromise and settlement made hereunder shall never be treated by any person or other entity at any time for any purpose as an admission or evidence of negligence, liability or responsibility on the part of City who expressly denies any negligence, intentional misconduct, liability and responsibility for Plaintiffs' claims and damages;

NOW, THEREFORE, in consideration of the promises, agreements, covenants and representations contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

TERMS OF AGREEMENT

1.0 Effective date

The Effective Date of this Agreement shall be the date on which all Parties have executed this Agreement, as evidenced by the latest date on the signature pages below.

2.0 Plaintiffs' Release and Discharge

(a) For and in consideration of the promises, commitments and undertakings set forth herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged, and effective upon full execution of this Agreement, Plaintiffs, on behalf of themselves and those persons listed in 2.0(b), hereby completely release and forever discharge City and its respective public officials, employees (including but not limited to City Manager Eric Linton), contractors, officers, agents, insurers, representatives, servants, and attorneys (including but not limited to Ken Bernard and Thomas Mitchell), (collectively "City Released Parties") from any and all past, present or future claims, demands, obligations, actions, causes of action, rights, damages, costs, losses of services, expenses and compensation of any nature whatsoever, whether based on a tort, criminal act, constitutional violation, contract, statute, or other theory or recovery related to the series of transactions and occurrences described in the Complaint comprising the instant dispute, which Plaintiffs, or anyone claiming under or through them, now have accrued or otherwise may be acquired as of the Effective Date of this Agreement, on account of, or may in any way grow out of or relate to the Dispute, without limitation, any and all known or unknown claims of Plaintiffs, shareholders, parent, subsidiaries, divisions, affiliated business entities, predecessors in interest, successors in interest, insurers, successors, trustees, attorneys or assigns and any other representative, which have resulted or may result from the alleged acts or omissions of any of the City Released Parties.

(b) This release shall be a fully binding and complete settlement, accord and satisfaction by Plaintiffs, their shareholders, parent, subsidiaries, divisions, affiliated business entities, predecessors in interest, successors in interest, insurers, successors, trustees, attorneys or assigns, directors, officers, members, managers, including but not limited to Andrew Merker, and any other representative of Plaintiffs.

3.0 Obligations of City

In consideration of this Agreement and Plaintiff's Release, City agrees to perform or refrain from the following:

(a) Notwithstanding the current SLUP Requirement related to operation of certain community residences or recovery communities, the City will issue the necessary occupational tax certificate licenses for the corporate Plaintiffs to operate a community residence or a recovery community on the Properties. Except as specifically provided in 3.0(b), this consideration is limited to the current intended use of the Properties as Group Residential Behavioral Health Treatment Facilities as defined herein, for the benefit of the current owners or operators, and shall not run with the Properties.

(b) The consideration set forth and provided in this Section 3.0 shall not terminate if a Property is transferred to a Plaintiff Related Entity. A "Plaintiff Related Entity" shall mean any entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with a Plaintiff. "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting shares or interests, by contract, or otherwise.

(c) The City will issue the necessary license or licenses for 4609 North Peachtree Road, Dunwoody, Georgia, and 4484 North Shallowford Road, Dunwoody Georgia five days after the dismissal without prejudice of the Lawsuits. The City will issue the necessary license or licenses for 4821 North Peachtree Road, Dunwoody, Georgia five days after the later of the dismissal without prejudice of the Lawsuits or official notification from HUD that the HUD Complaint is resolved.

(d) After the occupational tax certificate license is issued for the Properties, the City shall not withhold a future occupational tax certificate license or similar business license from the current owners or operators solely on the basis that the Property does not have a SLUP.

(e) Plaintiffs acknowledge, except as specifically set forth herein, this Agreement does not limit, and is not intended to limit, the City's governmental authority otherwise granted by state law, the City's charter, ordinances, regulations, rules and policies as any of them may be amended from time to time.

4.0 Obligations of Plaintiffs

In consideration of this Agreement, Plaintiffs agree to perform the following:

(a) Plaintiffs shall file a dismissal without prejudice of the Lawsuits within five days of the Effective Date of this Agreement. Plaintiffs shall file dismissal WITH prejudice of the Lawsuits, or each of them, within five days after the City issues the necessary license or licenses for the Properties to operate.

(b) Dunwoody Recovery Place, LLC and Andrew Merker ("HUD Complainants") shall communicate to the Department of Housing and Urban Development that HUD Complainants desire to withdraw, close or resolve the pending HUD complaint and consider the matter satisfactorily resolved by this Agreement.

(c) Plaintiffs shall comply with all provisions of the Code of Ordinances of the City of Dunwoody as they may be amended from time to time, except those provisions currently requiring a Special Land Use Permit for the operation of community residences or recovery communities, as those uses are defined by the Ordinances of the City of Dunwoody (currently, Sec. 27-112(2)). Plaintiffs acknowledge that enforcement by the City of state laws or the City's ordinances and regulations, other than the SLUP Requirement, shall not violate this Agreement.

5.0 Attorneys' Fees

Each party hereto shall bear its own attorneys' fees and costs arising from the dealings of its own counsel in connection with the Dispute and/or this Agreement and the matters and documents referred to herein.

In the event that (1) Plaintiffs (or any Plaintiff individually) commence or file an additional charge, claim, or suit that is determined by the applicable court or agency to have been released herein, or (2) City Released Parties, or any one of them or their counsel has to defend a claim arising from the Dispute, Plaintiffs agree to pay for the defense of the claim, including attorney's fees, costs and any other expenses, and to indemnify and hold City Released Parties harmless from any such claim; provided, however, that in the event of a lawsuit as described in part (2), Plaintiffs shall have the right to approve defense counsel and assist in the defense.

Notwithstanding the foregoing, in the event that either party institutes a proceeding in any court of competent jurisdiction to enforce the terms of this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party all reasonable attorneys' fees, court costs, and expenses incurred by the prevailing party in connection with such enforcement proceedings.

6.0 Representation of Comprehension of Document

In entering into this Agreement, the Parties represent that they have relied upon the advice of an attorney(s) of their own choice concerning the legal consequences of this Agreement, that the terms of this Agreement have been completely explained to each Party by its respective attorney(s), and that the terms of this Agreement are fully understood and voluntarily accepted. Counsel for Plaintiffs verifies that they and their agents have explained this Release to Plaintiffs and Plaintiffs acknowledge and represent that they understand this Agreement in its entirety and freely and voluntarily enter into this Agreement. Counsel for City verifies that they and their agents have explained this Release to City and City acknowledges and represents that it understands this Agreement in its entirety and freely and voluntarily enters into this Agreement. This Agreement was arrived at after thorough bargaining and negotiations, and this Agreement shall be construed as if jointly prepared by the Parties; and any uncertainty or ambiguity shall not be construed or interpreted against the party actually preparing the Release.

7.0 Warranty of Capacity to Execute Agreement

The Parties represent and warrant that no other person or entity has, or had, any interest in the claims, demands, obligations, or causes of action released in this Agreement, except as otherwise set forth herein; that the representatives of the Parties executing this Agreement have the sole right and exclusive authority to execute this Agreement and Release that the Parties have not sold, assigned, transferred, conveyed, or otherwise disposed of any of the claims, demands, obligations or causes of action released in this Agreement.

8.0 Additional Documents

The Parties agree to cooperate fully and execute any and all supplementary documents and to take all additional actions that may be necessary or appropriate to give full force and effect to the basic terms and intent of this Agreement.

9.0 Governing Law

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Georgia and the laws of the United States and without giving effect to the principles of conflict of laws.

10.0 Entire Agreement and Successor in Interest

This Agreement contains the entire agreement among the Parties with regard to the matters set forth in it and shall be binding upon and inure to the benefit of their shareholders, parent, subsidiaries, divisions, affiliated business entities, predecessors in interest, successors in interest, insurers, successors, trustees, attorneys or assigns and any other representative of the Parties.

11.0 Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile, email, portable document format (PDF), or other electronic transmission, including scanned images thereof, shall be as effective as delivery of a manually executed counterpart of this Agreement. Electronic signatures, electronic copies, and photocopies of signatures shall be deemed original signatures and shall be fully binding on the parties hereto to the same extent as original signatures. The parties specifically acknowledge and agree that they may execute this Agreement by electronic signature, and that such electronic signatures shall be deemed original signatures for all purposes under this Agreement. No party shall assert that any signature or delivery made by electronic means is not adequate to bind such party to the same extent as if signed manually and delivered in person. This Agreement and its counterparts shall be governed by and construed in accordance with the laws of the State of Georgia, without regard to its conflict of law provisions.

The City and counsel for Plaintiffs must have a fully executed original of this Agreement before any of the provisions hereof are binding on the Parties.

12.0 No Third-Party Rights

This Agreement shall be exclusively for the benefit of the Parties hereto and shall not provide any third parties with any remedy, claim, liability, reimbursement, cause of action, or other right. The City has entered into this Agreement solely and exclusively to settle the Lawsuits and the HUD Complaint, and the City's consideration provided to Plaintiffs herein is not intended to set any precedent and gives no other party any right to operate a recovery community or community residence on any other property in the City.

13.0 Waiver

A waiver by any of the Parties of any breach of this Agreement or any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement or any subsequent breach of any provision by any of the Parties.

UNDER PENALTY OF PERJURY,

CITY OF DUNWOODY

Witness: ________________________

City Clerk

Date:____________________

____

By:_______________________(print name)

Title: ________________________

Approved as to form:

____

City Attorney

Sworn to and subscribed before me this _________ day of _____________, 2025

____

Notary Public

My Commission Expires:

NORTH ATLANTA RECOVERY PLACE, LLC

____

By: Andrew Merker

Title: Chief Executive Officer

Sworn to and subscribed before me this _________ day of _____________, 2025

____

Notary Public

My Commission Expires:

SOUTHERN LIVE OAK WELLNESS ACADEMY, LLC

____

By: Andrew Merker

Title: Chief Executive Officer

Sworn to and subscribed before me this
_________ day of _____________, 2025

____
Notary Public
My Commission Expires:

DUNWOODY RECOVERY PLACE, LLC

____
By: Andrew Merker
Title: Chief Executive Officer

Sworn to and subscribed before me this
_________ day of _____________, 2025

____
Notary Public
My Commission Expires:

NORTH PEACHTREE HOLDINGS, LLC

____
By: Andrew Merker
Title: Chief Executive Officer

Sworn to and subscribed before me this
_________ day of _____________, 2025

____
Notary Public
My Commission Expires:

NORTH SHALLOWFORD PROPERTIES, LLC

____
By: Andrew Merker
Title: Chief Executive Officer

Sworn to and subscribed before me this
_________ day of _____________, 2025

____
Notary Public
My Commission Expires:

PHOENIX SUPPORTIVE HOUSING, LLC

____
By: Andrew Merker
Title: Chief Executive Officer

Sworn to and subscribed before me this
_________ day of _____________, 2025

____
Notary Public
My Commission Expires:

____
By: Andrew Merker, Individually

Sworn to and subscribed before me this
_________ day of _____________, 2025

_______________________________ | _______________________________
Notary Public | By: Dave Edmondson,
My Commission Expires: | as Guardian for John Doe 1

Sworn to and subscribed before me this
_________ day of _____________, 2025

_______________________________ | _______________________________
Notary Public | By: Sandy Dugan,
My Commission Expires: | as Guardian for John Doe 2

Sworn to and subscribed before me this
_________ day of _____________, 2025

_______________________________ | _______________________________
Notary Public | By: John Doe 3
My Commission Expires: | a/k/a Wallace Glenn Sanders