

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release ("Settlement Agreement") is made and entered into by and between Plaintiffs Kim Stapleton ("Stapleton"), Lisa Bo ("Bo") and Raquel Martinez ("Martinez") (collectively, "Plaintiffs"), both individually and as the authorized proxies and agents for the State of California and the California Labor & Workforce Development Agency ("LWDA") on behalf of all allegedly aggrieved employees, and Defendants Covenant Care California, LLC; Covenant Care Capitola, LLC; Covenant Care Courtyard, LLC; Covenant Care Encinitas, LLC; Covenant Care La Jolla, LLC; Covenant Care Lodi, LLC; Covenant Care Long Beach, Inc.; Covenant Care Mission, Inc.; Covenant Care Morgan Hill, LLC; and Covenant Care Orange, Inc. (collectively, "Covenant Care") (Plaintiffs and Covenant Care are referred to collectively as the "Parties," or individually as a "Party").

This Settlement Agreement is subject to the terms and conditions set forth below and to the approval of the Court. This Settlement Agreement supersedes any and all prior memoranda of understanding and accurately sets forth the Parties' Private Attorneys General Act ("PAGA") representative settlement of the action.

I. DEFINITIONS

The following terms, when used in this Settlement Agreement, shall have the following meanings:

1. **Action or Stapleton Action** means the civil action, styled *Kim Stapleton v. Covenant Care California, LLC, et al.*, Case No. 37-2018-00010777-CU-OE-CTL, and any amendments thereto, filed in the Superior Court of California in and for the County of San Diego.
2. **Bo Action** means the civil action, styled *Lisa Bo v. Covenant Care California, LLC*, Case No. 30-2018-0079789-CU-OE-CXC, and any amendments thereto, filed in the Superior Court of California in and for the County of Orange.
3. **PAGA Notice Letters** means the letters alleging violations of the California Labor Code that Stapleton sent to the LWDA on or about October 16, 2017 and March 1, 2018; the letter

Bo sent to the LWDA on or about March 9, 2018; and the letter Martinez sent to the LWDA on or about June 3, 2020.

4. **Operative Complaint** means the Third Amended Complaint filed in the Stapleton Action.

5. **Settlement Administrative Expenses** means those expenses and costs incurred by the Settlement Administrator in effectuating the Settlement and approved by the Court in an amount estimated to be \$33,500.

6. **ADEA Releasers** means Stapleton and Bo.

7. **PAGA Member** means each individual employed by Covenant Care in a Covered Position between December 27, 2016 and the date of entry of the Court's Approval Order.

8. **Covered PAGA Pay Periods** means, as reflected on Covenant Care's internal records, all pay periods worked for Covenant Care by a PAGA Member while employed in a Covered Position between December 27, 2016 and the Settlement Approval Date.

9. **Approval Order and Judgment** means the Order entered by the Court in the Action following the filing of the Motion for Settlement Approval and Judgment and the hearing on the motion, including, inter alia, (1) approving the terms and conditions of this Settlement Agreement, including the payments and the release of claims as set forth herein; (2) approving the amount of attorneys' fees and litigation costs to be awarded to Plaintiffs' Counsel, the Settlement Administration Expenses, and the Service Enhancements to be awarded from the Maximum Settlement Amount; and (3) entering judgment in the Action pursuant to and consistent with the terms and conditions of this Settlement Agreement.

10. **Covered Position** means a nonexempt job position at any Covenant Care skilled nursing facility in California.

11. **Court** means the Superior Court of California in and for the County of San Diego, which presides over the Action.

12. **Settlement Approval Date** means the date the Court approves this Settlement Agreement, and enters the Approval Order and Judgment to that effect.

13. **Defendants or Covenant Care** means Covenant Care California, LLC; Covenant Care Capitola, LLC; Covenant Care Courtyard, LLC; Covenant Care Encinitas, LLC; Covenant Care La Jolla, LLC; Covenant Care Lodi, LLC; Covenant Care Long Beach, Inc.; Covenant Care Mission, Inc.; Covenant Care Morgan Hill, LLC; and Covenant Care Orange, Inc.

14. **Covenant Care's Counsel** means Morgan, Lewis & Bockius LLP.

15. **LWDA** means the State of California Labor & Workforce Development Agency.

16. **Effective Date** means the latest of (a) the date of final affirmance on an appeal of the Approval Order and Judgment; (b) the date of final dismissal with prejudice of the last pending appeal from the Approval Order and Judgment; or (c) if no appeal is filed, the expiration date of the time for the filing or noticing of any form of valid appeal from the Approval Order and Judgment.

17. **Service Enhancement** means the incentive payment paid to Plaintiffs in an amount not to exceed \$7,500 for Stapleton, \$2,500 for Bo, and \$2,500 for Martinez for their efforts and work in prosecuting the Action and for a general release of all claims against Covenant Care.

18. **Maximum Settlement Amount** means the sum of Three Million One Hundred and Ten Thousand Dollars (\$3,110,000), which represents the maximum amount payable in this Settlement by Covenant Care, and includes all attorneys' fees, litigation costs and expenses, all Settlement Administrative Expenses, the Service Enhancements to Plaintiffs, all settlement payments to the LWDA, and all settlement payments to the PAGA Members.

19. **Individual Settlement Fund** means the twenty-five percent (25%) of the PAGA Settlement Fund allocated for the Individual Settlement Payments to the PAGA Members.

20. **Individual Settlement Payment** means the final gross amount to be paid to any PAGA Member under this Settlement Agreement.

21. **PAGA Settlement Fund** equals the Maximum Settlement Amount less Plaintiffs' Counsel's attorneys' fees, litigation costs and expenses, settlement administration fees, and the Service Enhancement to Plaintiffs. The PAGA Settlement Fund will be allocated 75% to the LWDA and 25% to the PAGA Members.

22. **PAGA** means the California Labor Code Private Attorneys General Act of 2004, California Labor Code §§ 2698 et seq.

23. **Parties** means, collectively, Plaintiffs and Covenant Care, as defined herein.

24. **Plaintiffs** means Kim Stapleton, Lisa Bo, and Raquel Martinez.

25. **Plaintiffs' Counsel** means Phillips, Erlewine, Given & Carlin LLP; Light & Miller LLP; and Sutton Hague Law Corporation, P.C., collectively.

26. **Qualified Settlement Fund** or **QSF** means a qualified settlement fund established by the Settlement Administrator for the purpose of administering the settlement.

27. **Released Claims** means any and all claims, obligations, demands, actions, rights, causes of action, and liabilities against the Covenant Care Releasees under PAGA for failure to pay minimum wages, failure to pay overtime or pay overtime at the correct rate of pay, failure to pay double-time or pay double-time at the correct rate of pay, failure to pay for all hours worked (including off-the-clock work), failure to provide meal and rest periods, failure to pay meal and rest period premiums, failure to timely pay wages during employment and upon termination of employment, failure to pay wages due and payable upon demand, failure to provide reimbursement for necessary business-related expenditures, and failure to maintain wage-related and timekeeping records and/or furnish accurate wage statements, and includes all claims for recovery of compensation, overtime pay, minimum wage, premium pay, and/or all penalties under the California Labor Code and California's Wage Orders, including but not limited to provisions of California's Industrial Welfare Commission Wage Orders 2-2001, 4-2001 and 5-2001, or any other applicable Wage Order, and including but not limited to California Labor Code §§ 201, 202, 203, 204, 206, 208, 210, 216, 221, 223, 224, 225.5, 226, 226.3, 226.7, 256, 432, 510, 512, 558, 558.1, 1102.5, 1174, 1174.5, 1194, 1194.2, 1197.1, 1198, 1198.5, 1199, 2802, 2698 et seq., and 6310 that arise out of or relate to the allegations in the Operative Complaint in the Action and/or the PAGA Notice Letters and were or could have been asserted between December 27, 2016 and the Settlement Approval Date.

28. **Covenant Care Releasees** means individually and collectively, Covenant Care California, LLC; Covenant Care Capitola, LLC; Covenant Care Courtyard, LLC; Covenant Care

Encinitas, LLC; Covenant Care La Jolla, LLC; Covenant Care Lodi, LLC; Covenant Care Long Beach, Inc.; Covenant Care Mission, Inc.; Covenant Care Morgan Hill, LLC; and Covenant Care Orange, Inc. and their parents, partners, subsidiaries, and affiliates, and their respective directors, officers, owners, members, managers, employees, agents, insurers and reinsurers, representatives, administrators, attorneys, consultants, shareholders, joint venturers, joint employers, predecessors, and employee benefit plans (and the trustees, administrators, fiduciaries, insurers and reinsurers of such plans), past, present, and future, and their heirs, executors, administrators, representatives, successors and assigns.

29. **Settlement Agreement** or **Settlement** means this Settlement Agreement and Release.

30. **Settlement Administrator** means Simpluris, or another a reputable third-party claims administrator, to be selected by the Parties to administer this Settlement.

31. **Judgment** means the judgment that is executed and entered by the Court in the Action pursuant to this Agreement.

II. DESCRIPTION OF THE LITIGATION

1. On or about October 16, 2017, Stapleton served the LWDA by mail with a PAGA notice stating she intended to seek civil penalties against Covenant Care for failure to properly pay overtime and double time, pay all wages owed each pay period, provide compliant meal periods, provide compliant rest periods, furnish compliant wage statements, timely pay all wages owed to employees upon termination of employment at the place of discharge or within 72 hours of resignation, pay raises, and pay wages due and payable after demand; and retaliated against employees in violation of Labor Code §§ 1102.5 and 6310.

2. On or about March 1, 2018, Stapleton amended the October 16, 2017 PAGA notice to specifically name each of the Defendants and assert joint employer and integrated enterprise theories.

3. On or about March 2, 2018, Stapleton filed the Action against Covenant Care seeking PAGA civil penalties on behalf of Stapleton and all allegedly aggrieved employees for the following alleged Labor Code violations (1) failure to provide meal periods; (2) failure to provide

rest periods; (3) failure to pay overtime wages; (4) failure to pay for all hours worked; (5) failure to timely pay all earned wages; (6) failure to timely pay wages due upon termination of employment or resignation of employment; and (7) violation of wage statement and record keeping requirements, pursuant to the following provisions of the California Labor Code: §§ 201, 202, 203, 204, 206, 221, 223, 224, 226, 226.3, 226.7, 510, 512, 558, 1194, 1198, 2698 et seq., and 2802 as well as the provisions of the relevant Industrial Wage Orders.

4. On or about May 17, 2018, Stapleton filed a First Amended Complaint (“FAC”), to include reference to the March 1, 2018 PAGA notice to the LWDA.

5. On July 19, 2018, in response to Stapleton’s FAC, Covenant Care filed a petition to compel arbitration of claims asserted for unpaid wages pursuant to Labor Code § 558. On August 24, 2018, the court stayed its ruling on the motion to compel arbitration of all but the statutory penalties claims and stayed the Action pending a ruling by the California Supreme Court in *Lawson v. ZB N.A.* (2018) 8 Cal.5th 175.

6. On or about November 21, 2019, following issuance of the *Lawson* decision, Stapleton filed a Second Amended Complaint (“SAC”) striking all claims for victim-specific relief.

7. On or about March 9, 2018, Bo served the LWDA by mail with a PAGA notice letter that stated she intended to seek civil penalties against Covenant Care for failure to provide rest periods, reimburse employees for business-related expenses, pay all wages due at termination, pay wages due and payable upon demand, and provide accurate itemized wage statements.

8. On or about March 15, 2018, Bo filed the Bo Action as a putative class action against Covenant Care California, LLC, alleging claims for (1) failure to provide rest breaks; (2) failure to issue accurate wage statements; (3) failure to timely pay wages due at termination; (4) violation of California Business and Professions Code § 17200; and (5) failure to reimburse business-related expenses.

9. On or about April 19, 2018, Bo filed a First Amended Complaint (“Bo FAC”) adding causes of action for civil penalties under PAGA pursuant to the following provisions of the

California Labor Code: §§ 204, 210, 216, 221, 224, 225.5, 226, 226.3, 226.7, 256, 558, 1174.5, 2698 et seq., and 2802, as well as the provisions of the relevant Industrial Wage Orders.

10. On or about June 1, 2018, Covenant Care California, LLC filed a notice of related case in the Bo Action identifying the Stapleton Action as a related case and a notice of related case in the Stapleton Action identifying the Bo Action as a related case.

11. On or about June 29, 2018, Bo filed a Second Amended Complaint (“Bo SAC”) by dismissing without prejudice the class action allegations and causes of action, leaving only the PAGA causes of action for civil penalties.

12. On July 27, 2018, Covenant Care California, LLC moved to stay the Bo Action on the grounds that the Stapleton Action was filed first, involved substantially similar parties, and substantially similar issues, and any resolution of the claims asserted in the Stapleton Action would include the claims asserted in the Bo Action.

13. On September 7, 2018, the Bo Action was stayed pending resolution of Stapleton Action, or until further order of the Court.

14. On June 3, 2020, Martinez served the LWDA by mail with a PAGA notice letter that stated Martinez intended to seek civil penalties against Covenant Care for failure to provide meal periods, rest periods, pay employees at least minimum wages for all hours worked including COVID-19 screenings, pay employees worked after clocking out at the end of their shifts, pay overtime pay for similar off-the-clock work as required by California law, provide accurate itemized wage statements, pay wages on a timely basis, and accurately record employee hours worked.

15. Within seven (7) days following full execution of this Settlement Agreement, Stapleton shall submit for filing a Third Amended Complaint (“Operative Complaint”), adding Bo and Martinez as named plaintiffs in the Stapleton Action, and adding additional allegations regarding the off-the-clock, minimum wage, and necessary business expenditure claims. The claims asserted by Bo shall relate back to the date of the filing of the Bo Action.

16. Covenant Care denies Plaintiffs’ claims and asserts that it has complied fully with California’s labor laws. Consequently, Covenant Care does not believe that any liability to

Plaintiffs, the State of California or the LWDA or to any other PAGA Member exists or that Plaintiffs, the State of California or the LWDA, or any other PAGA Member, is entitled to any recovery in the Action. Covenant Care also asserts that Stapleton's claims can only be made, if at all, against the entity that Covenant Care contends was her sole employer (Covenant Care La Jolla, LLC).

17. On June 24, 2020, counsel participated in mediation with experienced mediator Lisa Klerman, Esq. Although the mediation lasted a full day, the Parties were unable to reach a resolution.

18. On October 26, 2020 the Parties participated in a second mediation with experienced mediator Jeffrey Krivis, Esq. With Mr. Krivis's assistance and mediator's proposal, the Parties negotiated a complete settlement of Plaintiffs' claims. The terms of the settlement are now set forth in complete and final form in this Settlement.

19. Neither this Settlement, nor any final judgment pursuant to this Settlement, will constitute an admission of any form of wrongdoing or liability on the part of Covenant Care or the accuracy of any allegation raised in the Action. This Settlement is entered into in compromise of disputed claims. Plaintiffs and Covenant Care intend, by their actions pursuant to this Settlement, merely to avoid the expense, delay, uncertainty, and burden of litigation. This Settlement and any related court documents or orders may not be cited or otherwise admitted as evidence of liability. There has been no final determination by any Court as to the merits of the Action.

20. It is the desire of the Parties to fully, finally, and forever settle, compromise, and discharge all PAGA claims against the Covenant Care Releasees arising from or related to the Action.

21. It is the intention of the Parties that this Settlement Agreement will constitute a full and complete settlement and release of the claims averred in the Action by the Plaintiffs, both individually and as the authorized proxy and agent of the State of California and the LWDA on behalf of all PAGA Members pursuant to PAGA. This release includes in its effect a release of all the Covenant Care Releasees.

III. JURISDICTION AND VENUE

This Court has jurisdiction over the Parties and the subject matter of this Settlement. This Court will have continuing jurisdiction over the terms and conditions of this Settlement Agreement, until all payments and obligations provided for herein have been fully executed.

IV. TERMS OF SETTLEMENT

NOW, THEREFORE, in consideration of the mutual covenants, promises, and undertakings set forth herein, the Parties agree, subject to the Court's approval, as follows:

1. **Non-Admission of Liability.** Nothing in this Settlement Agreement, or any communications, papers, or orders related to this Settlement Agreement, will be construed to be or deemed an admission by the Covenant Care Releasees of any liability, culpability, negligence, or wrongdoing toward Plaintiffs, the PAGA Members, or any other person, and the Covenant Care Releasees specifically disclaim any liability, culpability, negligence, or wrongdoing toward Plaintiffs, the PAGA Members, or any other person. Covenant Care also maintains that, for any purpose other than settlement, the claims alleged in the Action are not suitable or appropriate for representative action treatment pursuant to California Labor Code §§ 2698 et seq., nor are the claims alleged in the Action suitable or appropriate for class and/or collective action treatment under California Code of Civil Procedure § 382, the Fair Labor Standards Act, or any other applicable laws or rule(s). Each of the Parties has entered into this Settlement Agreement with the intention to avoid further disputes and litigation with the attendant inconvenience, expenses, and contingencies, including the Action. This Settlement Agreement and any communications, papers, or orders related to the Settlement Agreement may not be cited or otherwise admitted as evidence of liability, whether in the Action or elsewhere. There has been no final determination by any Court as to the merits of the claims asserted by Plaintiffs against Covenant Care. Furthermore, nothing in this Settlement Agreement will be considered any form of waiver of arbitration or any other applicable alternative dispute resolution policy, and Covenant Care expressly does not waive any right to enforce arbitration agreements and class, collective, and representative action waivers in any other circumstance.

2. **Non-Approval by the Court.** In the event that this Settlement Agreement is not approved by the Court, fails to become effective, or is reversed, withdrawn or modified by the Court:

(a) The Settlement Agreement will have no force or effect, other than the

confidentiality provisions in Paragraph XI.8 and the non-admission provisions in Paragraph II.19 and IV. 1 of this Settlement Agreement;

- (b) The Settlement Agreement will not be admissible in any judicial, administrative or arbitral proceeding for any purpose or with respect to any issue, substantive or procedural;
- (c) None of the parties to this Settlement Agreement will be deemed to have waived any claims, objections, defenses or arguments with respect to the merits of Plaintiffs' claims; and
- (d) Covenant Care does not waive, and instead expressly reserves, its rights to challenge the propriety of the Action proceeding as a representative action.

3. **Settlement Payments.** Covenant Care agrees to pay a Maximum Settlement Amount of Three Million One Hundred Ten Thousand Dollars (\$3,110,000), inclusive of (a) all PAGA penalty settlement payments to the LWDA and PAGA Members; (b) any award of attorneys' fees and out-of-pocket litigation costs and expenses to Plaintiffs' Counsel; (c) any award of Service Enhancements; and (d) Settlement Administration Expenses. The Parties specifically agree, subject to Court approval, to the following allocations to be paid from the Maximum Settlement Amount:

- (a) From the Maximum Settlement Amount, Plaintiffs' Counsel may seek from the Court attorneys' fees up to 35% (\$1,088,500) of the Maximum Settlement Amount, and actual litigation costs and expenses up to \$32,500. Covenant Care will not oppose Plaintiffs' application for fees and costs up to these amounts as long as Plaintiffs and Plaintiffs' Counsel are not in breach of the Settlement Agreement. Covenant Care will not oppose Plaintiffs' Counsel's application for attorneys' fees and costs so long as that request is consistent with this Settlement Agreement. An approval by the Court of less than the amount of requested attorneys' fees and/or costs shall not be a basis upon which Plaintiffs' Counsel may void this Settlement Agreement, and any amounts of requested fees or costs not approved shall be included in the PAGA Payment. The Settlement Administrator will issue an IRS Form 1099 to Plaintiffs' Counsel as required by IRS regulations.

The Settlement Administrator shall pay the amount for fees and costs approved by the Court to Plaintiffs' Counsel within the time frame set forth in Section VI 1 (d) below. This payment shall include and satisfy all past and future fees and costs incurred to prosecute, settle, and administer the settlement of the Actions, including obtaining approval of the settlement and securing dismissal(s) required by the Settlement. Plaintiffs and Plaintiffs' Counsel represent that they are not aware of and have no knowledge of any liens filed or placed on these Actions by any person.

- (b) From the Maximum Settlement Amount, Plaintiffs' Counsel may seek from the Court a Service Enhancement award for each Plaintiff not to exceed \$7,500 for Stapleton, \$2,500 for Bo, and \$2,500 for Martinez. Covenant Care will not oppose Plaintiffs' application as long as Plaintiffs and Plaintiffs' Counsel are not in breach of the Settlement Agreement.
- (c) From the Maximum Settlement Amount, Settlement Administration Expenses in a reasonable amount currently estimated at \$33,500.
- (d) From the PAGA Settlement Fund (i.e., the remainder of the Maximum Settlement Amount, including interest accruing to it, after payments have been made for attorneys' fees and litigation expenses, the Service Enhancement, and the Settlement Administration Expenses), settlement payments attributable to PAGA penalties will be allocated and paid to the LWDA and the PAGA Members as follows:
 - (i) Seventy-five percent (75%) of the PAGA Settlement Fund will be paid to the LWDA as its share of the Settlement attributable to PAGA penalties.
 - (ii) The remaining twenty-five percent (25%) of the PAGA Settlement Fund will be the Individual Settlement Fund and will be distributed as Individual Settlement Payments to the PAGA Members.
- (e) If the Court approves a lesser amount of attorneys' fees and litigation costs and expenses, the Service Enhancement, or the Settlement Administrator Expenses

than the amount sought by Plaintiffs and Plaintiffs' Counsel, any amount disallowed by the Court will be added to the Individual Settlement Fund to be distributed in pro rata shares to the PAGA Members or, if it is not feasible to do so, paid to the LWDA. The Parties agree that the Settlement Agreement will remain binding with such modification(s) as ordered by the Court, and its terms will be otherwise unchanged. This Settlement is not conditioned upon the Court's approval of Plaintiffs' Counsel's petition for attorneys' fees and litigation costs and expenses or the amount of any Service Enhancement(s).

- (f) The Settlement Administrator will disburse monies from the PAGA Settlement Fund as and when authorized as provided in this Settlement Agreement and by order of the Court, will file and issue any necessary tax-reporting documents, and will inform the Parties and (as required) the Court of its fulfillment of the duties imposed by this Settlement Agreement.
- (g) The Settlement Administrator will issue settlement checks to the LWDA and the PAGA Members under this Settlement Agreement, as well as the Service Enhancements to Plaintiffs and attorneys' fees and expenses awarded to Plaintiffs' Counsel, by sending such payments by mail or other reliable means to the respective recipients as specified below.

4. **Court Approval and Sequencing of Settlement Approval.** Within ten (10) court days of the full execution of this Settlement Agreement, Bo, through her counsel, will file with the Orange County Superior Court a request for dismissal without prejudice of the Bo Action in its entirety, and Plaintiffs' Counsel will file a declaration explaining that the Parties have entered into a Settlement which resolves all claims asserted in the Stapleton Action and in the Bo Action, and that dismissal of the Bo Action is appropriate and necessary prior to seeking approval of the combined settlement in the Stapleton Action. In the event that the Orange County Superior Court refuses to enter the dismissal without prejudice of the Bo Action, the Parties agree to work promptly and cooperatively to attempt to secure such dismissal. After full execution of this Settlement Agreement, and within 10 court days after Plaintiffs and Defendants obtain a copy of dismissal of the Bo Action, the Parties shall submit in the Stapleton Action a Joint Motion for

Settlement Approval by the Court, along with the Settlement Agreement, proposed Notice Form described below and attached to this Settlement Agreement as Exhibit A, and declaration(s) from Plaintiffs' Counsel providing support for Plaintiffs' Counsel's request for attorneys' fees and expenses, as well as justification for the settlement's fairness and adequacy, and a proposed judgment that is consistent with the terms of this Settlement Agreement. At the same time, Plaintiffs' Counsel will submit a copy of the Settlement Agreement to the LWDA. If the San Diego Superior Court enters the Approval Order and Judgment, then Plaintiffs' Counsel in accordance with Labor Code § 2699(1)(3) will submit a copy of the Approval Order and Judgment to the LWDA within ten (10) days of entry of the Approval Order and Judgment.

5. **Released Claims.** Upon the Effective Date, Plaintiffs individually, and the State of California, the LWDA, and all PAGA Members through Plaintiffs acting as the proxies and agents for the State of California and the LWDA and as Private Attorneys General acting on behalf of all allegedly aggrieved current and former employees of Covenant Care, will be deemed to have fully, finally, and forever released the Covenant Care Releasees from all Released Claims. Plaintiffs, in conjunction with their requesting the Service Enhancements, also will enter into the General Release as set forth in Paragraph IV.6 of this Settlement Agreement.

6. **Release by Named Plaintiffs.** For and in accepting the consideration of the Service Enhancements awarded, Stapleton, Bo and Martinez, and each of them, further will make a general release ("General Release") on behalf of themselves and their heirs, executors, administrators, representatives, successors and assigns, and of their own free will knowingly and voluntarily release and forever discharge and covenant not to sue the Covenant Care Releasees, to the full extent permitted by law, of and from any and all claims, obligations, demands, actions, rights, causes of action, and liabilities against the Covenant Care Releasees, from any and all actions, causes of action, claims for relief, suits, claims, benefits, charges, complaints, injuries, in law or equity, contracts (whether oral or written, express or implied from any source), promises, monies, losses, wrongs, injuries, debts, claims, expenses of any kind or description, or damages, which Plaintiffs may have against the Covenant Care Releasees, whether known or unknown, disclosed or undisclosed anticipated or unanticipated, from the beginning of the world to the Settlement Approval Date, arising out of or relating to Plaintiffs' employment by Covenant Care and the cessation of said employment, and including, but not limited to, any alleged violation of the National Labor Relations

Act, Title VII of the Civil Rights Act of 1964, Sections 1981 through 1988 of Title 42 of the United States Code and all amendments thereto, the Employee Retirement Income Security Act of 1974 ("ERISA"), the Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967 ("ADEA"), the Equal Pay Act; the Fair Labor Standards Act ("FLSA"), the Occupational Safety and Health Act ("OSHA"), the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), the California Family Rights Act ("CFRA"), the Federal Family and Medical Leave Act ("FMLA"), the California Fair Employment and Housing Act ("FEHA"), the California Labor Code (excluding workers' compensation laws), and any other alleged violation of any local, state or federal law, regulation or ordinance, and/or public policy, under the laws of the State of California, or any other state or territory, or any rights or remedies in contract or tort or common-law arising out of or relating to Plaintiffs' employment by Covenant Care. This release does not apply to any claim that as a matter of law cannot be released by private or court-approved agreement.

The Parties intend for this definition to be all encompassing and to act as a full and total release of any of Plaintiffs' claims that Plaintiffs may legally waive or release against Covenant Care Releasees arising from any work Plaintiffs performed for Covenant Care, whether specifically enumerated herein or not, that the Plaintiffs might have or had, that exists or ever has existed on or to the Settlement Approval Date. Plaintiffs' General Release also includes the waiver of any right to bring, maintain, or participate in a class, collective, or representative action against the Covenant Care Releasees to the maximum extent permitted by law. Plaintiffs' General Release, however, shall not constitute a release of any claims that may not lawfully be waived; further, Plaintiffs do not waive any right to file an administrative charge with the Equal Employment Opportunity Commission ("EEOC") or the National Labor Relations Board ("NLRB"), and subject to the condition that Plaintiffs not seek, or in any way obtain or accept, any monetary award, recovery or settlement therefrom and understand that such limitation does not in any way restrict their ability to file and pursue such charge; and further, Plaintiffs do not waive any rights with respect to, or release Covenant Care Releasees from, any claims for California Workers' Compensation benefits, unemployment insurance or indemnification provided by state law.

Thus, for the purpose of implementing a full and complete release and discharge of the Covenant Care Releasees, Plaintiffs expressly acknowledge that this General Release is intended to include in its effect, without limitation, all claims which Plaintiffs do not know or suspect to exist in Plaintiffs' favor at the time of execution hereof, and that this General Release contemplates the extinguishment of any such claim or claims.

In connection with such waiver and relinquishment, Plaintiffs hereby acknowledge that Plaintiffs or their attorneys may hereafter discover claims or facts in addition to, or different from, those which they now know or believe to exist, but that they expressly agree to fully, finally and forever settle and release any and all claims, known or unknown, suspected or unsuspected, which exist or may exist on their behalf against the Covenant Care Releasees at the time of execution of the Settlement Agreement, including, but not limited to, any and all claims relating to or arising from Plaintiffs' employment with Covenant Care Releasees or the cessation of that employment. Plaintiffs and Covenant Care further acknowledge, understand and agree that this representation and commitment is essential to each Party and that this Settlement Agreement would not have been entered into were it not for this representation and commitment.

It is further understood and agreed that as a condition of this General Release, and to effect a full and complete general release as described above, Plaintiffs hereby expressly waive and relinquish any and all claims, rights or benefits that they may have under California Civil Code § 1542, which provides as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Plaintiffs warrant that they have read this Settlement Agreement, including the waiver of California Civil Code § 1542, and that they have consulted with or had the opportunity to consult with counsel of their choosing and specifically about the waiver of Section 1542, that they understand this Settlement Agreement and the Section 1542 waiver, and that they freely and

knowingly enter into this Settlement Agreement, this General Release, and the Section 1542 waiver.

Plaintiffs further agree that, unless required to do so by law, they will not testify, provide documents, or otherwise participate, or request others to participate on their behalf, in any proceeding or litigation that is related to any conduct by any Covenant Care Releasee as of the Settlement Approval Date. Notwithstanding the foregoing, nothing in this General Release will prohibit or restrict Plaintiffs from (i) providing information to, or otherwise assisting in, an investigation by Congress, the Equal Employment Opportunity Commission or the NLRB, the Securities and Exchange Commission ("SEC") or any other federal regulatory or law enforcement agency or self-regulatory organization ("SRO"); (ii) testifying, participating, or otherwise assisting in a proceeding relating to an alleged violation of any federal law relating to fraud or any rule or regulation of the SEC or any SRO; or (iii) complying with a lawful subpoena or other legal process.

If any of the provisions, terms, clauses, waivers or releases of claims and rights contained in this General Release are declared illegal, unenforceable, or ineffective in a legal forum of competent jurisdiction, such provisions, terms, clauses, waivers or releases of claims or rights will be modified, if possible, in order to achieve, to the extent possible, the intentions of the parties and, if necessary, such provisions, terms, clauses, waivers and releases of claims and rights will be deemed severable, such that all other provisions, terms, clauses, waivers and releases of claims and rights contained in this General Release will remain valid and binding upon both parties, provided, however, that, notwithstanding any other provision of this General Release, if any portion of the waiver or release of claims or rights is held to be unenforceable, Covenant Care may, at its option, seek modification or severance of such portion, or terminate the Settlement Agreement. Plaintiffs further covenant that they will not participate in any other legal action against the Covenant Care Releasees and will opt out of such action if they become aware of such action.

7. **ADEA Release.** In connection with ADEA Releasors' release of all claims under the ADEA, ADEA Releasors acknowledge and agree that they are hereby waiving and releasing any age claims or rights ADEA Releasors may have under the ADEA, and ADEA Releasors agree that (i) ADEA

Releasors are hereby entering into this ADEA waiver knowingly and voluntarily, (ii) the ADEA waiver does not apply to any rights or claims that may arise under the ADEA after the date ADEA Releasors execute the Settlement Agreement, (iii) the consideration given for the release of the ADEA claims is in addition to anything of value to which Plaintiffs were already entitled, and (iv) ADEA Releasors have been advised by this writing that:

- (a) ADEA Releasors should consult with an attorney prior to executing the Settlement Agreement;
- (b) ADEA Releasors have twenty-one (21) days from receipt of the Settlement Agreement to consider whether to execute the Settlement Agreement and release any age claim under the ADEA. If ADEA Releasors choose to execute the Settlement Agreement before the twenty-one (21) day period has elapsed, ADEA Releasors do so knowingly and voluntarily;
- (c) ADEA Releasors have seven (7) days following their execution of the Settlement Agreement to revoke the Settlement Agreement by providing notice, in an email, to Kathryn McGuigan, counsel for Defendants (kathryn.mcguigan@morganlewis.com), of their revocation; and
- (d) ADEA Releasors' acceptance of the Settlement Agreement including the release of all ADEA claims is effective on the eighth (8th) calendar day following the date ADEA Releasors signed and returned the Settlement Agreement, assuming ADEA Releasors have not provided their revocation of the Settlement Agreement.

8. **Covenant Care's Policy Changes.** Covenant Care agrees to revise its Employee Handbook and its Break and Meal Periods policy disseminated to employees to state that non-exempt employees in California are free to leave the premises during 10-minute duty-free rest breaks. Prior to the approval hearing for the instant Settlement Agreement, Covenant Care's Counsel will confirm that these revisions have been made.

V. SETTLEMENT ADMINISTRATION

1. **The Settlement Administrator's Duties.** Pursuant to the terms of this Settlement Agreement, the Settlement Administrator will be responsible for and the Maximum Settlement Amount

will cover (a) calculating and determining the LWDA's 75% share of the PAGA Settlement Fund, and preparing and mailing that payment to the LWDA; (b) preparing a list of all PAGA Members, calculating the Individual Settlement Payments due to each PAGA Member from the Individual Settlement Fund, and issuing and mailing checks payable to said PAGA Members, including taking appropriate steps to trace, update and locate any PAGA Members whose address or contact information as provided to the Settlement Administrator is inaccurate or outdated; (c) maintaining the Maximum Settlement Amount account in an interest-bearing account at a federally insured banking institution, as discussed below; (d) preparing and mailing the amount of attorneys' fees and litigation costs awarded to Plaintiffs' Counsel from the Maximum Settlement Amount; (e) preparing and mailing the Service Enhancements awarded to Plaintiffs from the Maximum Settlement Amount; (f) reporting to Covenant Care's Counsel, Plaintiffs' Counsel, and, if necessary, the Court regarding the completion of the tasks identified in this paragraph; and (g) carrying out other related tasks including the proper maintenance of undisbursed amounts from PAGA Settlement Funds, or uncashed checks in an interest-bearing account and reporting required for that account, in accordance with the terms of this Settlement Agreement. All disputes relating to the Settlement Administrator's ability and need to perform its duties will be referred to the Court, if necessary, which will have continuing jurisdiction over the terms and conditions of this Settlement Agreement, until all payments and obligations contemplated by the Settlement Agreement have been fully executed.

2. **Calculating and Issuing Payments to PAGA Members.**

- (a) The Settlement Administrator will create a QSF to be funded by the Maximum Settlement Amount paid by Covenant Care and administered by the Settlement Administrator. The Settlement Administrator shall have control over the distribution of funds from the QSF, once funded. With respect to the QSF, the Settlement Administrator shall (1) satisfy all federal, state, local, income and other tax reporting, return, and filing requirements with respect to the QSF and any interest or other income earned by the QSF; and (2) satisfy out of the QSF all fees, expenses and costs incurred in connection with the opening and administration of the QSF and the performance of its duties and functions as described in this Settlement Agreement. The aforementioned fees, costs and expenses shall be

treated as and included in the costs of administering the QSF and as Settlement Administration Expenses. The Parties agree to cooperate with the Settlement Administrator and one another to the extent reasonably necessary to carry out the provisions of this Paragraph.

(b) The Settlement Administrator shall calculate pro rata settlement payments to PAGA Members based on each PAGA Member's Covered PAGA Pay Periods. Individual Settlement Payments will be calculated as follows:

- (i) Total the number of Covered PAGA Pay Periods for all PAGA Members to obtain the Denominator;
- (ii) Divide the number of Covered PAGA Pay Periods for each PAGA Member by the Denominator to obtain each PAGA Member's portion of the Individual Settlement Fund; and
- (iii) Multiply each PAGA Member's portion of the Individual Settlement Fund by the Individual Settlement Fund to determine each PAGA Member's estimated Individual Settlement Payment.

3. **Payment to the LWDA.** In addition to the payments to PAGA Members, Covenant Care, through the Settlement Administrator, shall also make a payment to the California LWDA as consideration for the release of all PAGA claims that are the subject of the Action on behalf of the State of California. Of the PAGA Settlement Fund, seventy-five percent (75%) shall be paid to the LWDA.

4. **Tax Treatment of Settlement Payments.** All settlement payments, including any payment to the LWDA, any Individual Settlement Payment, will be treated as civil penalties under PAGA, and will be reported on an IRS Form 1099 without withholdings. Any Service Enhancements approved by the Court will also be reported on an IRS Form 1099 without withholdings. Plaintiffs and PAGA Members will be exclusively liable for any and all tax liability, if any, on payments made to them under this Settlement Agreement. All Parties represent that they have not received, and will not rely on, advice or representations from other Parties or their agents or attorneys regarding the tax treatment of payments under federal, state, or local law.

5. **Mailing and Skip Trace.** Prior to mailing the Individual Settlement Payments to PAGA

Members, the Settlement Administrator will update the addresses for the PAGA Members using the National Change of Address database and other available resources deemed suitable by the Settlement Administrator. Any returned envelopes from the initial mailing with forwarding addresses will be used by the Settlement Administrator to locate PAGA Members and re-mail the Individual Settlement Payments to the correct or updated address. The Settlement Administrator will use appropriate tracing methods, including skip tracing, to ensure that the Individual Settlement Payments are received by PAGA Members. The Settlement Administrator will also take reasonable steps, including skip tracing, to locate any PAGA Member whose Individual Settlement Payment is returned as undeliverable.

6. **Notice Form.** The Individual Settlement Payments will be mailed to each PAGA Member with the Notice Form attached to this Settlement Agreement as **Exhibit A.**

7. **The Settlement Administrator's Costs and Expenses.** All costs and expenses due the Settlement Administrator in connection with its administration of the Settlement including, but not limited to, locating PAGA Members, and calculating, administering and distributing Notice Forms and Individual Settlement Payments to the Aggrieved Employees, shall be paid from the Maximum Settlement Amount.

VI. DISTRIBUTION OF PAGA SETTLEMENT FUND

1. Process and Deadlines.

- (a) Within thirty (30) days after the Effective Date, Covenant Care will provide payment of the Maximum Settlement Amount to the Settlement Administrator to fund the QSF to be created by the Settlement Administrator.
- (b) Within thirty (30) days after the Effective Date, Covenant Care will provide information in an electronic format regarding all PAGA Members, including name(s), last known residence addresses, Social Security numbers, and all Covered PAGA Pay Periods worked, to the Settlement Administrator only, which will be subject to a Settlement Administrator confidentiality agreement ("PAGA Member Data"). PAGA Member Data only will be used by the Settlement Administrator for the purpose of calculating settlement shares and finding and paying PAGA Members their portion of the Individual Settlement Fund. PAGA Member Data will be kept confidential by the Settlement Administrator, and will

not be disclosed to Plaintiffs, Plaintiffs' Counsel, the LWDA, or any other PAGA Member without the written consent of Covenant Care.

- (c) Within fifteen (15) days after the Settlement Administrator's receipt of the PAGA Member Data and the Maximum Settlement Amount, the Settlement Administrator will calculate the PAGA Settlement Fund and will make the calculation of payments to be distributed to the LWDA (representing its 75% share under PAGA of the PAGA Settlement Fund) and to each of the PAGA Members (representing, in the aggregate, their 25% share under PAGA of the PAGA Settlement Fund). Upon completion of its calculation of payments, and at least five (5) days prior to the distribution of payments to the LWDA and PAGA Members, the Settlement Administrator will provide Covenant Care's Counsel with a report listing the amount of all payments to be made to the LWDA and to each PAGA Member from the PAGA Settlement Fund.
- (d) Within thirty (30) days after the Settlement Administrator's receipt of the PAGA Member Data and the Maximum Settlement Amount, the Settlement Administrator will distribute checks for the Individual Settlement Payments to all PAGA Members by First Class U.S. Mail using the mailing address information provided by Covenant Care and the results of the skip trace performed, issue a settlement check to the LWDA for its payment of PAGA penalties by means requested or required by the LWDA payment submission processes, pay Plaintiffs the Service Enhancements by means agreed to by Plaintiffs and the Settlement Administrator, and pay Plaintiffs' Counsel any awarded attorneys' fees and costs by means agreed to by Plaintiffs' Counsel and the Settlement Administrator.

2. **No Right to Exclusion or Objection.** Because this settlement resolves claims and actions brought pursuant to PAGA by Plaintiffs acting as proxies and as Private Attorneys General of and for the State of California and the LWDA, the Parties agree that no PAGA Member has the right to exclude himself or herself from the Settlement. PAGA Members will be bound by the terms of the Settlement Agreement, upon its approval by the Court, regardless of whether he or she cashes any Individual Settlement Payment

received as a result of this Settlement. The Parties also agree that no PAGA Member has the right to object to the terms of the Settlement Agreement or to intervene in the Action.

3. **Returned Settlement Checks.** In the event that an Individual Settlement Payment check is returned to the Settlement Administrator with a forwarding address, the Individual Settlement Payment check will be re-mailed to the forwarding address. In the event an Individual Settlement Payment check is returned to the Settlement Administrator without a forwarding address or is otherwise undeliverable, the Settlement Administrator will make a diligent effort to correct the address and re-mail the returned Individual Settlement Payment check. If within the 180-calendar-day period following issuance of the Individual Settlement Payment check, the Aggrieved Employee contacts the Settlement Administrator or counsel for either Party with a new address, the Individual Settlement Payment check will be re-issued and mailed to the new address provided any such re-issued Individual Settlement Payment check will indicate on its face that it is void if not negotiated within 180 calendar days of its issuance.

4. **Disposition of Uncashed Individual Settlement Payment Checks.** Individual Settlement Payment checks shall be negotiable for not less than 180 calendar days from issuance. All Individual Settlement Payment checks will indicate on their face that they are void if not negotiated within 180 calendar days of issuance. The Notice Form enclosed with each Individual Settlement Payment will also note this 180-day requirement. For Individual Settlement Payment checks remaining uncashed for more than 180 calendar days after issuance, the funds shall be distributed to the LWDA.

5. **Final Report by Settlement Administrator.** Within ten (10) business days after the disbursement of all settlement funds from the QSF, the Settlement Administrator will serve on the Parties a declaration providing a final report on the disbursements of all funds from the QSF.

VII. TAX TREATMENT OF INDIVIDUAL SETTLEMENT PAYMENTS

1. **Tax Treatment.** Because each Individual PAGA Payment is a payment to resolve a claim for alleged civil penalties, the Individual PAGA Payment will be treated as non-wage income with no tax withholdings to be made, and no employer payroll taxes to be paid, and will be reported, only if required by applicable tax laws, by the Settlement Administrator on IRS Forms 1099 to the respective PAGA Settlement Employee and applicable governmental authorities.

VIII. ADVICE OF ATTORNEY

1. Plaintiffs, by and through their counsel, represent and warrant that they have the right and exclusive authority to execute this Settlement Agreement and that they have carefully read and understand the full contents of this Settlement Agreement and are voluntarily entering into this Settlement Agreement after having received legal advice from Plaintiffs' Counsel with respect to the advisability of making the settlement provided for herein and the advisability of executing this Settlement Agreement. Plaintiffs represent and warrant that they have not assigned, transferred, purported to assign or transfer, filed for bankruptcy, do not currently plan to file for bankruptcy, and have not taken any other legal action that would assign or transfer to any person or entity, any claim or portion thereof, or interest therein, which is or may be subject to this Settlement Agreement.

2. Plaintiffs represent that they have not participated in or encouraged the bringing of any claims against Covenant Care by any of Covenant Care's former or current employees that are not covered by the PAGA Settlement Employees' PAGA Released Claims. Plaintiffs' Counsel represent that, aside from any claims of the Plaintiffs, they do not currently represent any person(s) who have filed any other pending claims, complaints, or grievances against any of the Covenant Care Releasees, or who are considering filing any claims, complaints, or grievances against any of the Covenant Care Releasees. Plaintiffs' Counsel represent that neither they nor Plaintiffs will use any information obtained in connection with the mediations of the Action, or this corresponding Settlement, to solicit or assist any other persons or attorneys to commence a claim or proceeding against Covenant Care.

3. All originals, copies, and summaries of records and data provided to Plaintiffs' Counsel by Covenant Care's Counsel in connection with the mediations in the Actions may be used only with respect to the Settlement Agreement and the settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule. Plaintiffs' Counsel may retain said documents until 30 days after the Effective Date, and thereafter Plaintiffs' Counsel will destroy and confirm in writing to Covenant Care's Counsel the destruction of all such records and data.

IX. MISCELLANEOUS PROVISIONS

1. **Captions and Titles.** Paragraph titles, headings, or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Settlement Agreement or any provision hereof. Each term of this Settlement Agreement is contractual and not merely a recital.
2. **Drafting.** The Parties hereto agree that the terms and conditions of this Settlement Agreement are the result of lengthy, intensive arms'-length negotiations between the Parties. Neither party will be considered the "drafter" of the Settlement Agreement for purposes of having terms construed against that Party, and this Settlement Agreement will not be construed in favor of or against any Party by reason of the extent to which any Party or his, her or its counsel participated in the drafting of this Settlement Agreement.
3. **Extensions of Time.** If a Party cannot reasonably comply with an obligation under this Settlement Agreement by the deadline set forth herein applicable to that obligation, that party may apply to the Court for a reasonable extension of time to fulfill that obligation. Consent to such a request for an extension will not be unreasonably withheld by the other party.
4. **Governing Law.** The rights and obligations of the parties hereunder will be construed and enforced in accordance with, and will be governed by, the laws of the State of California, without regard to principles of conflict of laws.
5. **No Impact on Benefit Plans.** Neither the Settlement Agreement nor any amounts paid under the Settlement Agreement will modify any previously credited hours of service under any employee benefit plan, policy, or bonus program sponsored by Covenant Care. Such amounts will not form the basis for additional contributions to, benefits under, or any other monetary entitlement under any Covenant Care-sponsored benefit plans, policies, or bonus programs. The payments made under the terms of this Settlement will not be applied retroactively, currently, or on a going-forward basis, as salary, earnings, wages, or any other form of compensation for the purposes of any Covenant Care benefit plan, policy, or bonus program. Covenant Care retains the right to modify the language of its benefit plans, policies and bonus programs to effect this intent, and to make clear that any amounts paid pursuant to this Settlement Agreement are not for "hours

worked,” “hours paid,” “hours of service,” or any similar measuring term as defined by applicable plans, policies and bonus programs for purposes of eligibility, vesting, benefit accrual, or any other purpose, and that additional contributions or benefits are not required by this Settlement Agreement.

6. **Entire Agreement.** This Settlement Agreement is the complete and entire agreement between the Parties regarding the Released Claims as of the effective date of the Agreement and is intended to be fully integrated. Any and all prior agreements and/or understandings, whether written or oral, that are not set forth in this Settlement Agreement shall have no force or effect. Notwithstanding the foregoing, the Parties acknowledge that Bo and Martinez, respectively, and Covenant Care have entered into separate confidential agreements to settle all potential claims for discrimination, wrongful termination, retaliation, and other individual damages, which may be provided to the Court for in camera review to the extent necessary for the Court’s approval of this Settlement. Each Party acknowledges and represents that in executing this Settlement Agreement he, she, or it has not relied upon any inducements, promises, or representations made by the other Party or any person representing any other Party that are not specifically set forth in this Settlement Agreement.

7. **No Prior Assignments.** This Settlement Agreement will be binding upon and inure to the benefit of the Parties hereto and their respective heirs, trustees, executors, administrators and successors. The Parties hereto represent, covenant, and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action or rights herein released and discharged except as set forth herein.

8. **Confidentiality and Publicity.**

- (a) Names of PAGA Members and their allocation amounts will be kept strictly confidential by the Settlement Administrator, who will not release such information to Plaintiffs’ Counsel and will only file such information under seal if necessary. Plaintiffs’ Counsel agrees that any information they receive or have received in connection with this Settlement and the mediations, may be used for

the purposes of settling the Action only, and may not be used for any purpose or in any other action or proceeding.

- (b) Plaintiffs and Plaintiffs' Counsel agree to keep this settlement strictly confidential and not to disclose the terms of this settlement except in court papers or if required by legal process, except as set forth in this Paragraph. Plaintiffs and Plaintiffs' Counsel shall not issue a press release, hold a press conference, publish information about the settlement on any website, or otherwise publicize the settlement. Plaintiffs and Plaintiffs' Counsel agree not to respond to any press inquiries except to refer reporters to the papers filed with the Court. Plaintiffs' Counsel may put information about the settlement in their resumes or the like in order to describe their experience to the Court. Plaintiffs' Counsel may state in any marketing materials, including but not limited to their firm websites, that they obtained a settlement against a healthcare company, and the amount, but without stating Defendants' names or the names of the Covenant Care Releasees as defined herein or any other details about the Settlement or the Action, except that Plaintiff's Counsel may generally describe the nature of the claims as wage and hour, including missed meal and rest breaks, unpaid overtime, off-the-clock violations, wage statement violations, and failure to reimburse employee expenses.

9. **Successors.** This Settlement Agreement shall be binding upon and inure to the benefit of the Parties hereto, and their respective heirs, trustees, executors, administrators, successors, and assigns.

10. **Modification.** This Settlement Agreement may not be modified, except by an express written agreement signed by all Parties.

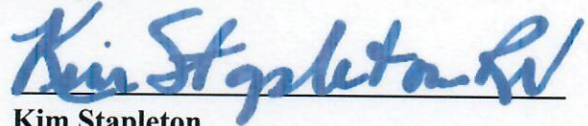
11. **Counterparts and Electronic Signatures.** This Settlement Agreement may be executed in counterparts with signatures transmitted by facsimile or as an electronic image (including DocuSign) of the original signature. When each Party has signed and delivered at least one such counterpart, each counterpart will be deemed an original, and, when taken together with other signed counterparts, will constitute one Settlement Agreement, which will be binding upon

and effective as to all Parties. A facsimile signature or electronic image will have the same force and effect as the original signature.

12. **Action to Enforce Agreement.** To the extent any Party seeks to enforce the terms of this Agreement with the Court, the prevailing party to any such enforcement action shall be entitled to its reasonable attorneys' fees and costs incurred in connection with any such enforcement action. Before bringing an enforcement action, the Parties agree to meet and confer in good faith in an attempt to resolve any issues related to the terms of this Agreement prior to the filing of any enforcement action.

IN WITNESS WHEREOF, the Parties and their counsel have executed this Settlement Agreement on the date below their signatures or the signature of their representatives. The date of the Settlement Agreement shall be the date of the latest signature.

Dated: 2.22.2021



Kim Stapleton
Plaintiff and PAGA Representative

Dated: _____

Lisa Bo
Plaintiff and PAGA Representative

Dated: _____

Raquel Martinez
Plaintiff and PAGA Representative

Dated: _____

Name:
Title:
On Behalf of Defendants
Covenant Care California, LLC,
Covenant Care Capitola, LLC, Covenant
Care Courtyard, LLC, Covenant Care
Encinitas, LLC, Covenant Care La Jolla,
LLC, Covenant Care Lodi, LLC,
Covenant Care Long Beach, Inc.,
Covenant Care Mission, Inc., Covenant
Care Morgan Hill, LLC, and Covenant
Care Orange, Inc.

and effective as to all Parties. A facsimile signature or electronic image will have the same force and effect as the original signature.

12. **Action to Enforce Agreement.** To the extent any Party seeks to enforce the terms of this Agreement with the Court, the prevailing party to any such enforcement action shall be entitled to its reasonable attorneys' fees and costs incurred in connection with any such enforcement action. Before bringing an enforcement action, the Parties agree to meet and confer in good faith in an attempt to resolve any issues related to the terms of this Agreement prior to the filing of any enforcement action.

IN WITNESS WHEREOF, the Parties and their counsel have executed this Settlement Agreement on the date below their signatures or the signature of their representatives. The date of the Settlement Agreement shall be the date of the latest signature.

Dated: _____

Dated: 2/18/2021 _____

Dated: _____

Dated: _____

Kim Stapleton
Plaintiff and PAGA Representative

Lisa Bo
Plaintiff and PAGA Representative

Raquel Martinez
Plaintiff and PAGA Representative

Name:
Title:
On Behalf of Defendants
Covenant Care California, LLC,
Covenant Care Capitola, LLC, Covenant
Care Courtyard, LLC, Covenant Care
Encinitas, LLC, Covenant Care La Jolla,
LLC, Covenant Care Lodi, LLC,
Covenant Care Long Beach, Inc.,
Covenant Care Mission, Inc., Covenant
Care Morgan Hill, LLC, and Covenant
Care Orange, Inc.

and effective as to all Parties. A facsimile signature or electronic image will have the same force and effect as the original signature.

12. **Action to Enforce Agreement.** To the extent any Party seeks to enforce the terms of this Agreement with the Court, the prevailing party to any such enforcement action shall be entitled to its reasonable attorneys' fees and costs incurred in connection with any such enforcement action. Before bringing an enforcement action, the Parties agree to meet and confer in good faith in an attempt to resolve any issues related to the terms of this Agreement prior to the filing of any enforcement action.

IN WITNESS WHEREOF, the Parties and their counsel have executed this Settlement Agreement on the date below their signatures or the signature of their representatives. The date of the Settlement Agreement shall be the date of the latest signature.

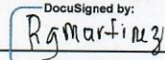
Dated: _____

Kim Stapleton
Plaintiff and PAGA Representative

Dated: _____

Lisa Bo
Plaintiff and PAGA Representative

Dated: February 22, 2021

DocuSigned by:

Raquel Martinez
Plaintiff and PAGA Representative

Dated: _____

Name:
Title:
On Behalf of Defendants
Covenant Care California, LLC,
Covenant Care Capitola, LLC, Covenant
Care Courtyard, LLC, Covenant Care
Encinitas, LLC, Covenant Care La Jolla,
LLC, Covenant Care Lodi, LLC,
Covenant Care Long Beach, Inc.,
Covenant Care Mission, Inc., Covenant
Care Morgan Hill, LLC, and Covenant
Care Orange, Inc.

and effective as to all Parties. A facsimile signature or electronic image will have the same force and effect as the original signature.

12. **Action to Enforce Agreement.** To the extent any Party seeks to enforce the terms of this Agreement with the Court, the prevailing party to any such enforcement action shall be entitled to its reasonable attorneys' fees and costs incurred in connection with any such enforcement action. Before bringing an enforcement action, the Parties agree to meet and confer in good faith in an attempt to resolve any issues related to the terms of this Agreement prior to the filing of any enforcement action.

IN WITNESS WHEREOF, the Parties and their counsel have executed this Settlement Agreement on the date below their signatures or the signature of their representatives. The date of the Settlement Agreement shall be the date of the latest signature.

Dated: _____

Kim Stapleton
Plaintiff and PAGA Representative

Dated: _____

Lisa Bo
Plaintiff and PAGA Representative

Dated: _____

Raquel Martinez
Plaintiff and PAGA Representative

Dated: 3/2/2021

Andrew F. TOROK
Title: Executive Vice President
On Behalf of Defendants
Covenant Care California, LLC,
Covenant Care Capitola, LLC, Covenant
Care Courtyard, LLC, Covenant Care
Encinitas, LLC, Covenant Care La Jolla,
LLC, Covenant Care Lodi, LLC,
Covenant Care Long Beach, Inc.,
Covenant Care Mission, Inc., Covenant
Care Morgan Hill, LLC, and Covenant
Care Orange, Inc.

APPROVED AS TO FORM AND CONTENT

Dated: _____

**PHILLIPS, ERLEWINE, GIVEN &
CARLIN LLP**

By _____

R. SCOTT ERLEWINE
MICHAEL D. LEVINSON
Attorneys for Plaintiffs
KIM STAPLETON, LISA BO, and
RAQUEL MARTINEZ

Dated: _____

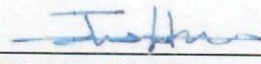
LIGHT & MILLER, LLP

By _____

MICHAEL MILLER
CHRISTOPHER LIGHT
Attorneys for Plaintiff
KIM STAPLETON

Dated: February 18, 2021

**SUTTON HAGUE LAW CORPORATION,
P.C.**

By  _____

S. BRETT SUTTON
JARED HAGUE
Attorneys for Plaintiffs
KIM STAPLETON AND LISA BO

Dated: _____

MORGAN, LEWIS & BOCKIUS LLP

By _____

KATHRYN T. MCGUIGAN
CHRISTOPHER J. TAYLOR
Attorneys for Defendants
COVENANT CARE CALIFORNIA, LLC,
COVENANT CARE CAPITOLA, LLC;
COVENANT CARE COURTYARD, LLC;
COVENANT CARE ENCINITAS, LLC;
COVENANT CARE LA JOLLA, LLC;
COVENANT CARE LODI, LLC;
COVENANT CARE LONG BEACH, INC.;
COVENANT CARE MISSION, INC.;
COVENANT CARE MORGAN HILL,
LLC; COVENANT CARE ORANGE, INC.

APPROVED AS TO FORM AND CONTENT

Dated: 3/5/2021

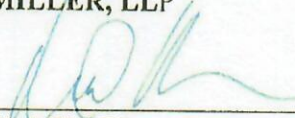
PHILLIPS, ERLEWINE, GIVEN &
CARLIN LLP

By 

R. SCOTT ERLEWINE
MICHAEL D. LEVINSON
Attorneys for Plaintiffs
KIM STAPLETON, LISA BO, and
RAQUEL MARTINEZ

Dated: 3.5.21

LIGHT & MILLER, LLP

By 

MICHAEL MILLER
CHRISTOPHER LIGHT
Attorneys for Plaintiff
KIM STAPLETON

Dated: _____

SUTTON HAGUE LAW CORPORATION,
P.C.

By _____

S. BRETT SUTTON
JARED HAGUE
Attorneys for Plaintiffs
KIM STAPLETON AND LISA BO

Dated: _____

MORGAN, LEWIS & BOCKIUS LLP

By _____

KATHRYN T. MCGUIGAN
CHRISTOPHER J. TAYLOR
Attorneys for Defendants
COVENANT CARE CALIFORNIA, LLC,
COVENANT CARE CAPITOLA, LLC;
COVENANT CARE COURTYARD, LLC;
COVENANT CARE ENCINITAS, LLC;
COVENANT CARE LA JOLLA, LLC;
COVENANT CARE LODI, LLC;
COVENANT CARE LONG BEACH, INC.;
COVENANT CARE MISSION, INC.;
COVENANT CARE MORGAN HILL,
LLC; COVENANT CARE ORANGE, INC.

APPROVED AS TO FORM AND CONTENT

Dated: _____

**PHILLIPS, ERLEWINE, GIVEN &
CARLIN LLP**

By _____

R. SCOTT ERLEWINE
MICHAEL D. LEVINSON
Attorneys for Plaintiffs
KIM STAPLETON, LISA BO, and
RAQUEL MARTINEZ

Dated: _____

LIGHT & MILLER, LLP

By _____

MICHAEL MILLER
CHRISTOPHER LIGHT
Attorneys for Plaintiff
KIM STAPLETON

Dated: _____

**SUTTON HAGUE LAW CORPORATION,
P.C.**

By _____

S. BRETT SUTTON
JARED HAGUE
Attorneys for Plaintiffs
KIM STAPLETON AND LISA BO

Dated: March 5 2021

MORGAN, LEWIS & BOCKIUS LLP

By _____

KATHRYN T. MCGUIGAN
CHRISTOPHER J. TAYLOR
Attorneys for Defendants
COVENANT CARE CALIFORNIA, LLC,
COVENANT CARE CAPITOLA, LLC;
COVENANT CARE COURTYARD, LLC;
COVENANT CARE ENCINITAS, LLC;
COVENANT CARE LA JOLLA, LLC;
COVENANT CARE LODI, LLC;
COVENANT CARE LONG BEACH, INC.;
COVENANT CARE MISSION, INC.;
COVENANT CARE MORGAN HILL,
LLC; COVENANT CARE ORANGE, INC.

EXHIBIT A

<<FIRST_NAME>><<LAST_NAME>>

<<ADDRESS1>>

<<ADDRESS2>>

Re: Settlement Payment from *Stapleton, et al. v. Covenant Care California, LLC, et al.* Lawsuit

Enclosed is your settlement payment from the settlement of the lawsuit entitled *Stapleton, et al. v. Covenant Care California, LLC, et al.*, San Diego County Superior Court Case No. 37-2018-00010777-CU-OE-CTL (the "lawsuit" or "Action").

The lawsuit is asserting claims against Covenant Care California, LLC, Covenant Care Capitola, LLC, Covenant Care Courtyard, LLC, Covenant Care Encinitas, LLC, Covenant Care La Jolla, LLC, Covenant Care Lodi, LLC, Covenant Care Long Beach, Inc., Covenant Care Mission, Inc., Covenant Care Morgan Hill, LLC, and Covenant Care Orange, Inc. (collectively, "Covenant Care"), pursuant to the Private Attorneys General Act of 2004, California Labor Code §§ 2698, et seq. (called "PAGA"). The lawsuit was brought on behalf of the State of California and all hourly, non-exempt employees of Covenant Care who worked at any of Covenant Care's skilled nursing care facilities in California.

The plaintiffs in the lawsuit claimed that Covenant Care owed penalties under PAGA for certain California Labor Code violations because Covenant Care allegedly did not pay overtime or double time, did not pay wages for off-the-clock work, did not pay all earned wages (including straight time wages, overtime or double time compensation, minimum wages, wages for off-the-clock work, premium pay for missed meal and rest breaks and compensation at promised hourly rates), did not pay wages at least twice a month and at the time of termination or within 72 hours of resignation, did not provide compliant meal or rest periods, did not pay wages due and payable upon demand, did not issue accurate itemized wage statements, did not maintain required payroll or timekeeping records, and did not reimburse employees for all necessary business expenses. Covenant Care denies that it has done anything wrong and denies that it owes any penalties. The parties agreed to resolve the lawsuit, and as part of that settlement, Covenant Care agreed to pay a certain amount of money categorized as PAGA penalties. Under the PAGA statute, penalties are divided between the state and aggrieved employees.

You have been identified as one of the employees on whose behalf the lawsuit was brought because you were employed by one of the Covenant Care entities as an hourly, non-exempt employee at one of Covenant Care's skilled nursing facilities during the period from December 27, 2016 through _____ [insert Approval Date] _____ ("Settlement Approval Date").

Enclosed is a check made out to you. The check represents your share of the settlement for PAGA civil penalties (\$____). Whether you cash or deposit that check, you are bound by the release of claims approved by the Court. That release provides that you and other aggrieved employees release Covenant Care from all PAGA civil penalties based on:

all claims, obligations, demands, actions, rights, causes of action, and liabilities against Covenant Care, under PAGA for failure to pay minimum wages, failure to pay overtime or pay overtime at the correct rate of pay, failure to pay double-time or pay double-time at the correct rate of pay,

failure to pay for all hours worked (including off-the-clock work), failure to provide meal and rest periods, failure to pay meal and rest period premiums, failure to timely pay wages during employment and upon termination of employment, failure to pay wages due and payable upon demand, failure to provide reimbursement for necessary business-related expenditures, and failure to maintain wage-related and timekeeping records and/or furnish accurate wage statements, and includes all claims for recovery of compensation, overtime pay, minimum wage, premium pay, and/or all penalties under the California Labor Code and California's Wage Orders, including but not limited to provisions of California's Industrial Welfare Commission Wage Orders 2-2001, 4-2001 and 5-2001, or any other applicable Wage Order, and including but not limited to California Labor Code §§ 201, 202, 203, 204, 206, 208, 210, 216, 221, 223, 224, 225.5, 226, 226.3, 226.7, 256, 432, 510, 512, 558, 558.1, 1102.5, 1174, 1174.5, 1194, 1194.2, 1197.1, 1198, 1198.5, 1199, 2802, 2698 et seq., and 6310 that arise out of or relate to the allegations in the Operative Complaint in the Action and/or the PAGA Notice Letters and were or could have been asserted between December 27, 2016 and the Settlement Approval Date.

If you have any questions, you can contact the settlement administrator (whose contact information is at the top of this letter), or visit the Court's website at the address below, where you can type in the case number "37-2018-00010777-CU-OE-CTL":

<http://courtindex.sdcourt.ca.gov/CISPublic/casesearch>

Sincerely,

[Administrator]