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CRITICAL LLC (formerly known as
SALUTE INCORPORATED)

SUPERIOR COURT OF CALIFORNIA

FOR THE COUNTY OF SACRAMENTO

KHALIL MCGHEE, individually and on behalf
of all other similarly situated employees,

Plaintiff,

vs.

SALUTE INCORPORATED, a Michigan
Corporation; and DOES 1 to 100, inclusive,

Defendants.

Case No.: 34-2022-00315317

**CLASS ACTION AND PAGA SETTLEMENT
AGREEMENT AND RELEASE**

Filed: February 10, 2022

FAC Filed: April 25, 2022

Trial Date: None Set

1 This Class Action and PAGA Settlement Agreement and Release is made and entered into between
2 the Plaintiff Khalil McGhee ("Plaintiff"), on behalf of himself, Class Members, and Aggrieved Employees,
3 and Defendant Salute Mission Critical, LLC (formerly known as Salute Incorporated) ("Defendant"). This
4 Agreement is subject to the terms and conditions set forth below and the approval of the Court.

5 **1. DEFINITIONS**

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

7 1.1 "Action" means the above stated lawsuit, *McGhee v. Salute Incorporated*, Sacramento
8 County Superior Court, Case No. 34-2022-00315317, filed February 10, 2022.

9 1.2 "Aggrieved Employee(s)" means all non-exempt employees who have or continue to work
10 for Defendant in California during the PAGA Claim Period.

11 1.3 "Agreement" or "Settlement" or "Settlement Agreement" means this Class Action and
12 PAGA Settlement Agreement and Release.

13 1.4 "Class Counsel" means Galen T. Shimoda, Justin P. Rodriguez and Brittany V. Berzin of
14 Shimoda & Rodriguez Law, PC.

15 1.5 "Class Data" means a list of all Class Members that includes name, social security number,
16 last known address, last known telephone number and dates of employment worked in the Class Period.
17 The Settlement Administrator shall maintain the Class Data as confidential and it will not be provided to
18 Class Counsel.

19 1.6 "Class Member(s)" means any and all non-exempt employees who have worked, or
20 continue to work, for Defendant in California during the Class Period.

21 1.7 "Class Period" means February 10, 2018 up to either: (1) the Preliminary Approval Date,
22 or (2) July 24, 2023, whichever is earlier.

23 1.8 "Class Representative" means Plaintiff Khalil McGhee.

24 1.9 "Complaint" means the operative Complaint on file in the Action with the Court.

25 1.10 "Court" means the Sacramento County Superior Court.

26 1.11 "Defendant" means Salute Mission Critical LLC, which was formerly known as Salute
27 Incorporated.

1.12 “Defendant’s Counsel” means Britney N. Torres and Douglas L. Ropel of Littler Mendelson P.C.

1.13 “Enhancement Payment” means the amount approved by the Court to be paid to the Class Representative in recognition of the time and effort expended on behalf of Class Members for the benefit of Class Members, which is in addition to any Individual Settlement Amount paid to the Class Representative as a Participating Class Member.

1.14 “Effective Date” means the Final Approval Date unless there is a timely objection lodged that has not later been withdrawn, in which case the Effective Date will be either (a) the 60th calendar day after a signed order approving this settlement has been filed provided no appellate proceeding having been filed; or (b) seventh (7th) calendar day after any appellate proceeding opposing the settlement has been finally dismissed with no material change to the terms of this settlement and there is no right to pursue further remedies or relief, whichever is later.

1.15 “Final Approval Date” means the date a signed order granting final approval of this Agreement is filed with the Court.

1.16 “Gross Settlement Amount” is the sum of One Hundred Twenty-Five Thousand Dollars and Zero Cents (\$125,000.00).

1.17 “Individual Settlement Amount” means an individual Class Member’s and Aggrieved Employee’s allocation of the Net Settlement Amount and 25% of the PAGA Payment, respectively, as defined in Sections 1.20, 1.24, 5.5, and 5.8.

1.18 “LWDA” means the California Labor and Workforce Development Agency.

1.19 “Net Settlement Amount” is the portion of the Gross Settlement Amount available for distribution to Class Members, as described in this Agreement, after deduction of Class Counsel’s attorneys’ fees and litigation costs, Settlement Administrator Costs, the PAGA Payment, and Enhancement Payment to the Class Representative.

1.20 “Notice of Settlement” means the document substantially in the form attached hereto as Exhibit 1.

1.21 “Notice Period” means forty-five (45) calendar days from the initial mailing of the Notice of Settlement to Class Members and Aggrieved Employees.

1.22 “PAGA” means Private Attorneys General Act.

1.23 “PAGA Payment” means the amount allocated from the Gross Settlement Amount towards resolving claims under the Private Attorneys General Act of 2004, California Labor Code §§ 2698 *et seq.*, as further defined in Section 5.5.

1.24 “PAGA Claim Period” means from December 17, 2020 up to either (1) the Preliminary Approval Date, or (2) July 24, 2023, whichever is earlier.

1.25 “Parties” mean Defendant and Plaintiff.

1.26 “Participating Class Member” means any and all Class Members who have not made any timely request to opt-out of the Agreement.

1.27 “Preliminary Approval Date” means the date a signed order granting preliminary approval of this Agreement is filed with the Court.

1.28 “QSF” means a Qualified Settlement Fund set up by the Settlement Administrator for the benefit of the Participating Class Members and/or Aggrieved Employees and from which the payments under this Agreement shall be made. Any amounts Defendant has agreed to pay under this Agreement shall remain the property of Defendant until the payments required under the Agreement are made.

1.29 “Qualifying Pay Periods” are pay periods worked by Class Members and/or Aggrieved Employees during the Class Period and/or PAGA Claim Period, respectively, in California. The calculation of a Class Member’s and/or Aggrieved Employee’s pay periods and a determination as to whether a Class Member and/or Aggrieved Employee was actively employed in California in a particular pay period shall be construed from Defendant’s records.

1.30 “Released Class Claims” means any and all class claims that are alleged in the Complaint and LWDA letters, and any additional wage and hour claims that could have been brought based on the facts alleged in the Complaint and LWDA letters, through the Class Period, including claims for failure to pay overtime wages, failure to pay minimum wages, meal period violations, rest period violations, wage statement violations, waiting time penalties, failure to reimburse expenses, and unfair competition claims based on the foregoing, including without limitation any claims asserted in the Complaint and LWDA letters, and any additional wage and hour claims that could have been brought based on the facts alleged in the Complaint and LWDA letters under California Labor Code §§ 201-204, 210, 226, 226.3, 226.7, 510,

512, 1194, 1197.1, 2802, the applicable Wage Orders of the Industrial and Welfare Commission (the “IWC”), and California Business and Professions Code § 17200, *et seq.*, and includes all types of relief available based on the above-referenced released claims, including any claims for damages, restitution, losses, penalties, fines, liens, attorneys’ fees and costs under Code of Civil Procedure § 1021.5 or otherwise, expenses, debts, interest, injunctive relief, declaratory relief, liquidated damages, or any other related relief of any nature. This release excludes the release of claims not permitted by law. The Released Class Claims exclude claims for workers’ compensation or unemployment insurance benefits. This release will cover all Class Members who do not opt out.

1.31 “Released PAGA Claims” means any and all claims that were brought under the Private Attorneys General Act, Labor Code §§ 2698 *et seq.*, contained in the Complaint and LWDA letters and any additional wage and hour PAGA claims that could have been brought based on the facts alleged in the Complaint and LWDA letters during the PAGA Claim Period, including penalties based on alleged failure to pay overtime wages, failure to pay minimum wages, meal period violations, rest period violations, wage statement violations, waiting time penalties, failure to reimburse expenses, including without limitation any claims for PAGA penalties asserted in the Complaint and LWDA letters, and any additional wage and hour PAGA claims that could have been brought based on the facts alleged in the Complaint and LWDA letters under California Labor Code §§201-204, 210, 226, 226.3, 226.7, 510, 512, 558, 558.1, 1194, 1197.1, 2802, and the applicable Wage Orders of the Industrial and Welfare Commission the IWC. Aggrieved Employees cannot opt out of this waiver of claims.

1.32 “Released Parties” means Defendant, Defendant’s present and former parent companies, subsidiaries, and related or affiliated companies, as well as Defendant’s officers, shareholders, directors, agents, employees, attorneys, insurers, successors and assigns, and any individual or entity that could be liable for any of the claims raised in the Complaint.

1.33 “Settlement Administrator” means and refers to ILYM Group, Inc., the third-party entity that will administer the Agreement as outlined in Sections 4 and 7, or any other third-party administrator agreed to by the Parties and approved by the Court for the purposes of administering this Agreement. The Parties each represent that they do not have any financial interest in the Settlement Administrator.

1.34 “Settlement Administrator Costs” means the fees and expenses reasonably incurred by the Settlement Administrator as a result of the procedures and processes expressly required by this Agreement, and shall include all costs of administering the Agreement, including, but not limited to, all tax document preparation, custodial fees, and accounting fees incurred by the Settlement Administrator; all costs and fees associated with preparing, issuing and mailing any and all notices and other correspondence to Class Members and/or Aggrieved Employees; all costs and fees associated with communicating with Class Members and/or Aggrieved Employees, Class Counsel, and Defendant's Counsel; all costs and fees associated with computing, processing, reviewing, and paying the Individual Settlement Amounts, and resolving disputes; all costs and fees associated with calculating tax withholdings and payroll taxes, if any, making related payment to federal and state tax authorities, if any, and issuing tax forms relating to payments made under the Agreement; all costs and fees associated with preparing any tax returns and any other filings required by any governmental taxing authority or agency; all costs and fees associated with preparing any other notices, reports, or filings to be prepared in the course of administering Individual Settlement Amounts; and any other costs and fees incurred and/or charged by the Settlement Administrator in connection with the execution of its duties under this Agreement.

2. DESCRIPTION OF THE LITIGATION

2.1 On December 17, 2021, Plaintiff sent notice to the LWDA to exhaust administrative remedies under the PAGA for failure to provide meal periods or pay premiums in lieu thereof, failure to provide rest periods or pay premiums in lieu thereof, failure to provide accurate wage statements, failure to pay final wages, failure to pay reimbursements for expenses, violation of provisions regulating hours and days of work in the Labor Code and/or in any industrial welfare commission order, failure to maintain accurate records, untimely payment of wages, and failure to pay overtime wages. On February 9, 2022, Plaintiff sent an amended notice to the LWDA to add a claim for failure to pay minimum wages. The LWDA did not respond to the notices within the statutorily required time frame and, as such, Plaintiff became authorized to act as a Private Attorneys General on all alleged PAGA claims.

2.2 On February 10, 2022, Plaintiff filed a Complaint in Sacramento County Superior Court on behalf of himself and Class Members alleging claims for failure to pay overtime wages, failure to pay minimum wages, meal period violations, rest period violations, wage statement violations, waiting time

1 penalties, failure to reimburse expenses, and unfair competition. Plaintiff filed a First Amended Complaint
2 on April 25, 2022 to add a PAGA cause of action based on the violations alleged in the notices sent to the
3 LWDA.

4 2.3 Through informal discovery, Defendant and Defendant's Counsel provided Class Counsel
5 with copies of all applicable versions of its policies and procedures, employee handbooks, information on
6 Class Members including, but not limited to, Class Members' pay periods, dates of employment, total
7 number of Class Members, their rates of pay, and pay periods as well as timecard data and payroll reports
8 for a randomly selected sample of Class Members.

9 2.4 After Class Counsel received the data, the Parties engaged in settlement negotiations over
10 the course of 13 months before reaching a resolution. At all times, the Parties' settlement negotiations
11 have been non-collusive, adversarial, and at arm's length.

12 2.5 Discussions between Plaintiff and Class Counsel and between counsel for the Parties,
13 document productions, extensive legal analysis, the provision of information by Defendant to Plaintiff and
14 the detailed analysis of the records, including expert analysis, have permitted each side to assess the relative
15 merits of the claims and the defenses to those claims.

16 2.6 In the Action, Plaintiff contends that Defendant violated California law by 1) failing to
17 compensate Class Members for time spent during required weekly meetings and time spent outside of their
18 scheduled shifts waiting for relief (*i.e.*, the next employee to arrive at the work location); 2) failing to
19 provide Class Members with duty-free meal and rest periods; and 3) failing to reimburse Class Members
20 for the use of their personal cellphones for work. The wage statement, waiting time, and unfair competition
21 claims are derivative. Defendant has denied each of Plaintiff's claims and Defendant has denied that this
22 Action is appropriate for class certification for anything other than settlement purposes. The agreed upon
23 Gross Settlement Amount was reached after thoroughly evaluating the Parties' theories of liability and
24 potential exposure for the underlying claims, along with the class data supporting these claims. The Parties
25 also assessed appropriate discounts to the potential liability based on Defendant's factual and legal
26 contentions and defenses.

27 2.7 The Parties agree that the above-described investigation and evaluation, as well as discovery
28 and the information exchanged to date, are more than sufficient to assess the merits of the respective

Parties' positions and to compromise the issues on a fair and equitable basis. Plaintiff, Class Counsel, Defendant, and Defendant's Counsel have concluded that it is desirable that the Action be settled in a manner and upon such terms and conditions set forth herein in order to avoid further expense, inconvenience and distraction of further legal proceedings, and the risk of an adverse outcome each of the Parties potentially face in the Action. Therefore, the Parties desire to resolve the claims in the Action. Plaintiff, Class Counsel, Defendant, and Defendant's Counsel are of the opinion that the Agreement for the consideration and terms set forth herein is fair, reasonable, and adequate in light of all known facts and circumstances.

3. THE CONDITIONAL NATURE OF THIS AGREEMENT

3.1 This Agreement and all associated exhibits or attachments are made for the sole purpose of settling the Action. This Agreement and the settlement it evidences are made in compromise of disputed claims. Because the Action was pled as a class action, this Agreement must receive preliminary and final approval by the Court. Accordingly, the Parties enter into this Agreement and associated settlement on a conditional basis. If the Effective Date does not occur, or if the Court's approval of the settlement is reversed or materially modified on appellate review, this Agreement shall be deemed null and void; it shall be of no force or effect whatsoever; it shall not be referred to or utilized for any purpose whatsoever; and the negotiation, terms and entry of the Agreement shall remain subject to the provisions of California Evidence Code Sections 1119 and 1152, Federal Rule of Evidence 408, and any other analogous rules of evidence that may be applicable.

3.2 Defendant has denied all claims as to liability, damages, liquidated damages, penalties, interest, fees, restitution, injunctive relief and all other forms of relief asserted in the Action. Defendant has agreed to resolve the Action via this Agreement, but to the extent this Agreement is deemed void or the Effective Date does not occur, Defendant does not waive, but rather expressly reserves, all rights to challenge all such claims and allegations in the Action upon all procedural and factual grounds, including, without limitation, the ability to challenge class or representative treatment on any grounds, as well as to assert any and all other potential defenses or privileges.

1 **4. SCOPE OF THE CLASS**

2 4.1 The scope of the class of individuals encompassed under the Agreement and subject to all
3 obligations and duties required under the Agreement, shall include all Class Members as defined in Section
4 1.5 and all Aggrieved Employees as defined in Section 1.2. However, it shall not include any Class
5 Members who submit valid and timely requests to opt-out of the Agreement and settlement, as set forth in
6 Section 7.5.1.

7 4.2 Only Participating Class Members and all Aggrieved Employees are entitled to recover
8 under this Agreement.

9 4.3 Any person who believes that he or she is a Class Member or Aggrieved Employee and
10 wishes to participate in the Agreement, but did not receive a Notice of Settlement because his or her name
11 did not appear on the Class List provided to the Settlement Administrator prior to mailing, may submit a
12 data request to the Settlement Administrator. The data request must contain all of the following
13 information: (a) the full name and, if applicable, Social Security Number of the individual making the
14 request; (b) the name used by such employee as of the time his or her employment with Defendant ended;
15 (c) the individual's dates of employment with Defendant; and (d) a return address to which a response may
16 be sent. Every data request must be postmarked on or before the conclusion of the Notice Period or
17 otherwise submitted to the Settlement Administrator such that it is received before the conclusion of the
18 Notice Period. Upon receipt of any data request, the Settlement Administrator shall promptly (in no event
19 more than two business days) transmit the data request to Defendant's Counsel and request that Defendant
20 review its records. The data request will not be provided to Class Counsel.

21 4.4 If Defendant agrees that the person listed in a data request is a Class Member and/or
22 Aggrieved Employee, the Settlement Administrator shall promptly mail a Notice of Settlement to the
23 person who submitted the data request, at the address designated for that purpose in the data request. All
24 provisions of this Agreement relating to the Notice of Settlement shall apply to Notice of Settlements sent
25 in response to data requests, and any person who submits a data request and is sent a Notice of Settlement
26 in response shall be treated by the Settlement Administrator as a Class Member and/or Aggrieved
27 Employee for all other purposes.
28

1 4.5 If Defendant does not agree that the person listed in a data request is a Class Member and/or
2 Aggrieved Employee, Defendant's Counsel and Class Counsel shall attempt to resolve any such dispute in
3 good faith within seven (7) calendar days of Class Counsel being advised in writing of the data request
4 dispute. Defendant's records shall control unless the individual submitting the data request provides
5 persuasive evidence to doubt the accuracy of those records. Each data request dispute that Defendant's
6 Counsel and Class Counsel cannot timely resolve shall be resolved by the Settlement Administrator. The
7 Settlement Administrator must accept and weigh all the evidence provided in a good faith attempt to resolve
8 the dispute. The Settlement Administrator must resolve any dispute submitted to it within seven (7)
9 calendar days after Defendant's Counsel and Class Counsel submit the dispute to the Settlement
10 Administrator. The decision by the Settlement Administrator shall be final as between the Parties, subject
11 to Court review.

12 **5. TERMS OF THE SETTLEMENT**

13 The Parties agree as follows:

14 5.1 Gross Settlement Amount: In consideration and exchange for the releases described in
15 Section 6, Defendant shall pay the Gross Settlement Amount (\$125,000). Funding of the Gross Settlement
16 Amount shall occur within 21 calendar days after the Effective Date or of receiving employer-side tax
17 calculations and wire instructions, whichever is later, to be held in trust in a QSF by the Settlement
18 Administrator. The Gross Settlement Amount includes payments to Participating Class Members, all
19 Aggrieved Employees, all attorneys' fees, costs and litigation expenses related to the Action incurred to
20 date, as well as all such fees and costs incurred in documenting the Agreement, administering the
21 Agreement (including Settlement Administrator Costs), and obtaining final approval of the Agreement, the
22 Enhancement Payment to the Class Representative and the PAGA Payment. Any monies necessary to
23 satisfy Defendant's tax obligations (*e.g.* employer FICA, FUTA and SDI contributions on wage payments)
24 on any monies distributed to Participating Class Members will be paid in addition to the Gross Settlement
25 Amount.

26 5.2 Attorneys' Fees and Costs: Class Counsel will apply to the Court for attorney's fees of 35%
27 of the Gross Settlement Amount, which shall be paid from the Gross Settlement Amount. Defendant has
28 agreed to not oppose Class Counsel's application for attorneys' fees so long as it does not exceed the 35%

1 threshold. Class Counsel will also be entitled to reimbursement for advanced litigation expenses not to
2 exceed \$6,000, which shall be paid from the Gross Settlement Amount. Defendant has agreed to not oppose
3 Class Counsel's request for reimbursement for advanced litigation expenses so long as they do not exceed
4 the \$6,000 threshold. The Settlement Administrator will issue Class Counsel an IRS Form 1099 for the
5 attorneys' fees and costs paid under this Agreement. In the event that the Court awards less than the
6 requested attorney's fees and/or costs, the portion of the requested amounts not awarded to Class Counsel
7 shall be added to the Net Settlement Amount to be distributed to Participating Class Members on a pro rata
8 basis.

9 5.3 Settlement Administrator Costs: The Settlement Administrator Costs shall be paid from the
10 Gross Settlement Amount and shall not exceed \$10,000. The difference between any actual costs and the
11 allocated \$10,000 shall be added to the Net Settlement Amount to be distributed to Participating Class
12 Members on a pro rata basis.

13 5.4 Enhancement Payment: Class Counsel, on behalf of Plaintiff, shall apply to the Court for
14 an Enhancement Payment to the Class Representative in an amount not to exceed Ten Thousand Dollars
15 (\$10,000) to compensate for the risks, time, and expense of his involvement in the Action and securing the
16 benefits of this Agreement for Class Members. The Enhancement Payment is in addition to the Individual
17 Settlement Amount Plaintiff would otherwise be due under the Agreement as a Participating Class Member.
18 Defendant has agreed to not oppose Class Counsel's request for an Enhancement Payment to Plaintiff so
19 long as it does not exceed the amount stated herein. The Enhancement Payment will be designated as a
20 non-wage payment and reported on an IRS Form 1099-MISC. In the event that the Court awards less than
21 the Enhancement Payment amount requested, then any portion of the requested amount not awarded to the
22 Class Representative shall be added to the Net Settlement Amount to be distributed to Participating Class
23 Members on a pro rata basis.

24 5.5 PAGA Payment: Ten Thousand Dollars (\$10,000) of the Gross Settlement Amount shall
25 be allocated to resolving claims under the PAGA. Seventy-Five percent (75%) of the PAGA Payment will
26 be paid to the LWDA and Twenty-Five percent (25%) will be paid to Aggrieved Employees on a pro rata
27 basis as described below in Section 5.8. Any amount not approved by the Court for the allocated PAGA
28

1 Payment shall be added to the Net Settlement Amount to be distributed to Participating Class Members on
2 a pro rata basis.

3 5.6 Treatment of Residue and Cy Pres: For any portion of the Net Settlement Amount or PAGA
4 Payment allocated to Participating Class Members and/or Aggrieved Employees that are not claimed by
5 cashing their respective settlement checks before the deadline to do so, that remaining amount shall be
6 donated equally, *i.e.* 50/50, to Capital Pro Bono, Inc., and the Center for Workers' Rights under the doctrine
7 of *cy pres*. No portion of the Gross Settlement Amount will revert to Defendant for any reason.

8 5.7 No Additional Benefits Contributions: All Individual Settlement Amounts paid to
9 Participating Class Members and Aggrieved Employees shall be deemed to be income solely in the year in
10 which such amounts were actually received. It is expressly understood and agreed that the receipt of such
11 Individual Settlement Amounts will not entitle any Participating Class Member or Aggrieved Employee to
12 any new or additional compensation or benefits under any company bonus or other compensation or benefit
13 plan or agreement in place during the period covered by the Agreement, nor will it entitle any Participating
14 Class Member Aggrieved Employee to any increased retirement, 401(k) and/or 403(b) benefits or matching
15 benefits, or deferred compensation benefits. It is the intent of this Agreement that the Individual Settlement
16 Amounts provided for in this Agreement are the sole payments to be made by Defendant to the Participating
17 Class Members and Aggrieved Employees in connection with this Agreement (notwithstanding any
18 contrary language or agreement in any benefit or compensation plan document that might have been in
19 effect during the period covered by this Agreement).

20 5.8 Pro Rata Distribution Formula: Payment to Participating Class Members and Aggrieved
21 Employees of their Individual Settlement Amount will not require the submission of a claim form. A Net
22 Settlement Amount will be determined by subtracting from the Gross Settlement Amount any amounts for
23 approved attorneys' fees and costs, any Enhancement Payment to the Class Representative, the Settlement
24 Administrator Costs, and the PAGA Payment.

25 5.8.1 Each Class Member's share will be initially determined by dividing their total
26 Qualifying Pay Periods within the Class Period by the total Qualifying Pay Periods
27 of all Class Members. That fraction will then be multiplied by the Net Settlement
28 Amount to arrive at the Class Member's individual share of the Net Settlement

Amount. Any funds allocated to Class Members under this formula who timely opt out of the Settlement will be redistributed to Participating Class Members on a pro rata basis, *i.e.*, each Participating Class Member's share will be determined by dividing their total Qualifying Pay Periods within the Class Period by the total Qualifying Pay Periods of all Participating Class Members and that fraction will then be multiplied by the Net Settlement Amount to arrive at the Participating Class Member's individual share of the Net Settlement Amount.

5.8.2 Each Aggrieved Employee's share of the 25% portion of the PAGA Payment will be determined by dividing their total Qualifying Pay Periods within the PAGA Claim Period by the total Qualifying Pay Periods by all Aggrieved Employees within the PAGA Claim Period. That fraction will then be multiplied by the 25% portion of the PAGA Payment to arrive at the Aggrieved Employee's individual share. Because there is no right to opt out of a PAGA settlement, a timely opt out of the Settlement by a Class Member would not result in a change to the payments due under this Settlement as an Aggrieved Employee.

5.9 Tax Allocation: The Parties recognize that the Individual Settlement Amounts to be paid to Participating Class Members and/or Aggrieved Employees reflect a settlement of a dispute over claimed penalties and wages. The Settlement Administrator shall calculate the employer's share of payroll taxes on the amounts paid to Participating Class Members as wages as well as calculating all required withholdings and deductions from said wage payments. The characterization of Individual Settlement Amounts to Participating Class Members and Aggrieved Employees are as follows:

5.9.1 Twenty percent (20%) of each Participating Class Members' Individual Settlement Amount shall be allocated for payment of disputed wages and shall be subject to required employer taxes. Participating Class Members shall receive an IRS Form W-2 for reporting of this portion of their Individual Settlement Amount.

5.9.2 Eighty percent (80%) of each Participating Class Members' Individual Settlement Amount shall be allocated for disputed statutory penalties and interest, and no amount shall be deducted

1 for any taxes. This portion of the Individual Settlement Amount consists of other income, not wages, for
2 which the Participating Class Members shall receive an IRS Form 1099-MISC.

3 5.9.3 The entirety (100%) of each Aggrieved Employee's share of the 25% portion of the
4 PAGA Payment shall be allocated for payment of disputed civil penalties, and no amount shall be deducted
5 for any taxes. This portion of the Individual Settlement Amount consists of other income, not wages, for
6 which the Aggrieved Employees shall receive an IRS Form 1099-MISC.

7 5.10 Participating Class Members and all Aggrieved Employees shall be solely responsible for
8 the reporting and payment of their share of any federal, state and/or municipal income or other taxes on
9 payments made pursuant to this Agreement, and shall hold the Parties, Class Counsel, and Defendant's
10 Counsel free and harmless from any claims resulting from treatment of such payments as non-taxable,
11 including the treatment of such payments as not subject to withholding or deduction for payroll and
12 employment taxes. No party has made any representation to any of the other Parties as to the taxability of
13 any payments pursuant to this Agreement, including the payments to Participating Class Members, the
14 payments to Aggrieved Employees, the payments to Class Counsel, the payments to the Class
15 Representative, the payroll tax liability of Defendant, or the allocation of the Net Settlement Amount or
16 PAGA Payment to wage and non-wage income as provided in this Section, or otherwise as to tax
17 implications of any provision of this Agreement.

18 5.11 No Additional Contribution by Defendant: Defendant's monetary obligation under this
19 Agreement is limited to the Gross Settlement Amount and any employer side payroll taxes owed on
20 amounts characterized as wages under this Agreement. All other costs and expenses arising out of or in
21 connection with the performance of this Agreement shall be paid from the Gross Settlement Amount, unless
22 expressly provided otherwise herein. However, in the event this agreement is deemed null and void as
23 described in Section 3 because the Court, in its independent determination, finds that the Agreement does
24 not meet the standards for settlement approval, then Defendant and Plaintiff shall be equally responsible
25 for the costs of the Settlement Administrator incurred between the date the Agreement was executed and
26 the date of such event.

1 5.12 Certification For Settlement Purposes: The Parties agree that, for purposes of settlement
2 only, certification of the class as defined in Section 1.6 and 4.1 is appropriate and the requisites for
3 establishing class certification have been met and are met.

4 5.13 Adequacy of Class Counsel and Class Representative: The Parties agree that, for purposes
5 of settlement only, Class Counsel and Plaintiff are adequate representatives for Class Members and
6 Aggrieved Employees.

7 **6. RELEASE**

8 6.1 Release of Claims by Participating Class Members: Upon the Effective Date, all
9 Participating Class Members will be deemed to fully, finally and forever release the Released Class Claims
10 as to all Released Parties. In addition, on the Effective Date, all Participating Class Members and their
11 successors in interest will be permanently enjoined and forever barred from prosecuting any of Released
12 Class Claims against any of the Released Parties.

13 6.2 Release of Claims by Aggrieved Employees: Upon the Effective Date, all Aggrieved
14 Employees will be deemed to fully, finally and forever release the Released PAGA Claims as to all
15 Released Parties. In addition, on the Effective Date, all Aggrieved Employees and their successors in
16 interest will be permanently enjoined and forever barred from prosecuting any of the Released PAGA
17 Claims against any of the Released Parties.

18 6.3 Release of Claims by Class Representative: In addition to discharging the Released Claims
19 as set forth in Sections 6.1 and 6.2 above, to the maximum extent allowed by law, Class Representative
20 will be deemed to have released claims as follows: Class Representative hereby fully and finally releases
21 and discharges the Released Parties from any and all claims, charges, complaints, liens, demands, causes
22 of action, obligations, damages and liabilities, known or unknown, suspected or unsuspected, that the Class
23 Representative had, now has, or may hereafter claim to have against the Released Parties arising out of, or
24 relating in any way to, the Class Representative's hiring by, employment with, or otherwise relating to the
25 Released Parties ("Class Representative's Released Claims"), arising or accruing from the beginning of
26 time up through the date of the Final Approval Hearing. The Class Representative's Released Claims
27 include, but are not limited to, claims arising from or dependent on the California Labor Code, the Wage
28 Orders of the California Industrial Welfare Commission, California Business and Professions Code Section

1 17200, *et seq.*, California Labor Code Private Attorneys General Act of 2004, Labor Code § 2699, *et seq.*,
2 the California Fair Employment and Housing Act, Cal. Gov't Code Section 12900 *et seq.*, the California
3 common law of contract and tort, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities
4 Act, 42 U.S.C. Section 12101 *et seq.*, the Employee Retirement Income Security Act of 1974, 29 U.S.C.
5 Section 1001 *et seq.*, the Fair Labor Standards Act, 29 U.S.C. Section 201 *et seq.* and the Portal to Portal
6 Act, 29 U.S.C. Section 251, *et seq.*, except for such claims that cannot be released by law.

7 In this regard, the Class Representative waives California Civil Code Section 1542, which
8 provides:

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

14 7. SETTLEMENT ADMINISTRATION

15 7.1 Duties of Settlement Administrator: The Settlement Administrator shall be responsible for:
16 1) receiving Class Member and Aggrieved Employee contact information and confirming addresses are
17 valid; 2) calculating estimated Individual Settlement Amounts and any and all taxes associated with the
18 Individual Settlement Amounts, including employer taxes; 3) taking appropriate steps to trace and locate
19 any individual Class Members and Aggrieved Employee whose address or contact information as provided
20 to the Settlement Administrator is inaccurate or outdated, and mailing the Notice of Settlement to Class
21 Members; 4) providing notification to the appropriate state and federal officials of this Agreement as
22 required under the law; 5) receiving, independently reviewing, and resolving any challenges (in
23 consultation with Class Counsel and Defendant's Counsel) from Class Members or Aggrieved Employees,
24 including any associated documentation, regarding their Qualified Pay Period calculations; 6) receiving
25 and serving on Class Counsel, Defendant's Counsel, and the Court, copies of any written objections, and/or
26 any opt out statements; 7) establishing a toll free telephone line and responding to inquiries and requests
27 for information or assistance from Class Members and/or Aggrieved Employees; 8) maintaining a QSF;
28 9) determining and paying the final amounts due to be paid under the Agreement after resolution of all
challenges, disputes, opt-outs, awarded attorneys' fees and costs, Settlement Administrator Costs, PAGA

1 Payment, taxes, any Enhancement Payments, and for funds that cannot be distributed due to the inability
2 to locate Class Members or Aggrieved Employees; 10) determining the validity of any disputes or late opt-
3 outs by previously unidentified Class Members or Aggrieved Employees; 11) paying any residual funds
4 from uncashed checks; 12) reporting to Class Counsel and Defendant's Counsel regarding the statistics of
5 the administration, including (a) the number of initial Notice of Settlements mailed; (b) the number of
6 forwarded Notice of Settlements; (c) the number of re-mailed Notice of Settlements; (d) the number of
7 total undeliverable Notice of Settlements; (e) the number of address traces performed for undeliverable
8 Notice of Settlements; (f) the number of Notice of Settlements undeliverable from traced addresses; (g) the
9 number of total objections received; (h) the number of opt-out requests received; (i) the number of disputes
10 received; (j) the number of disputes resolved; 13) providing a declaration to the Court regarding the final
11 statistics of the administration and compliance with all payment obligations under the Agreement;
12 14) completing all necessary tax reporting on the QSF and payment of the Individual Settlement Amounts
13 to Participating Class Members and Aggrieved Employees; and 15) carrying out other related tasks as
14 necessary to effectuate the terms of this Agreement and any Order of the Court. All disputes relating to
15 the Settlement Administrator's ability and need to perform its duties shall be referred to the Court, if
16 necessary, which will have continuing jurisdiction over the terms and conditions of this Agreement, until
17 all payments and obligations contemplated by the Agreement have been fully executed.

18 7.2 Notice to Class Members and Aggrieved Employees: Defendant represents and warrants
19 that Class Members and Aggrieved Employees are able to read and write in English such that no translation
20 of the Notice of Settlement into another language is necessary. The Notice of Settlement will provide Class
21 Members and Aggrieved Employees with a summary of the terms and conditions of the Agreement, how
22 to participate in the settlement, how to object to the Agreement, how to dispute the individual's Qualifying
23 Pay Periods, and how to opt-out from the Agreement. The Notice of Settlement will also inform Class
24 Members and Aggrieved Employees of the Gross Settlement Amount, Net Settlement Amount, proposed
25 attorneys' fees and costs allocations, any proposed Enhancement Payments, proposed Settlement
26 Administrator Cost allocations, proposed PAGA Payment allocations, the scope of the class, the nature and
27 extent of the released claims, dates set for a fairness hearing and hearing on Class Counsels' motion for
28 attorneys' fees and costs. The Notice of Settlement shall include information regarding Class Member's

1 and Aggrieved Employee's estimated Individual Settlement Amount. The Notice of Settlement will
2 provide information on how to access electronic copies online of the Notice of Settlement, any motions for
3 approval of the Agreement, any motions for approval of attorneys' fees and costs, and any other documents
4 as the Court directs.

5 7.3 Class Data and Mailing: No later than fourteen (14) calendar days after the Preliminary
6 Approval Date, Defendant shall provide the Settlement Administrator with the Class Data. The Settlement
7 Administrator shall review the Class Data to determine the number of Qualifying Pay Periods for each
8 Class Member and Aggrieved Employee. No later than seven (7) calendar days after receipt of the Class
9 Data, the Settlement Administrator will perform a national change of address ("NCOA") search, update
10 the addresses per the results of the NCOA search, and then mail the Notice of Settlement, substantially in
11 the form attached as Exhibit 1, to each Class Member and Aggrieved Employee by first-class mail, postage
12 prepaid. The Settlement Administrator shall maintain all information received from Defendant confidential
13 to itself, and Defendant's Counsel. However, Class Counsel shall be able to review the breakdown of
14 Qualified Pay Periods and estimated Individual Settlement Amounts for Class Members and Aggrieved
15 Employees prior to mailing for quality assurance provided the personal identifying information is redacted
16 and/or omitted.

17 7.4 Returned and/or Re-mailed Notice of Settlements: In the event that a Notice of Settlement
18 is returned to the Settlement Administrator as undeliverable on or before the conclusion of the Notice
19 Period, the Notice of Settlement shall be sent to the forwarding address affixed thereto within five (5)
20 calendar days. If no forwarding address is provided, then the Settlement Administrator shall promptly
21 attempt to determine a correct address using a skip-trace, computer or other search using the name, address
22 and/or Social Security number of the individual involved, and shall then perform a single re-mailing within
23 five (5) calendar days to any more recent address found as a result of the search. Following each search
24 that does not result in a corrected address, for those Class Members who appear to be current employees
25 of Defendant at the time of the Preliminary Approval Date, the Settlement Administrator shall contact
26 Defendant's Counsel for assistance and Defendant shall cooperate in good faith with the Settlement
27 Administrator's reasonable efforts to obtain valid mailing addresses for Class Members to the extent they
28 are active' employees of Defendant. In the event the Notice of Settlement is forwarded to a new address

1 and/or re-mailed to a Class Member, the deadline for the Class Member to submit any request to opt-out,
2 a dispute' or an objection shall be the end of the Notice Period or 10 days from the date of the re-
3 mailing/forwarding to a new address, whichever is later. In the event the procedures in this Section are
4 followed and the Class Member does not timely and properly request to opt-out, the Class Member shall
5 be bound by all terms of the Agreement, including the releases contained in Section 6.

6 7.5 Responses to Notice of Settlement:

7 7.5.1 *Opt-Outs:* The Notice of Settlement shall provide that Class Members who wish to
8 exclude themselves from the Agreement must submit a request to opt-out as provided in this Section. The
9 request to opt-out must (a) state the Class Member's full name and date of birth; (b) a statement that he or
10 she does not want to be a Class Member, does not want to participate in the settlement, and/or wants to be
11 excluded from the settlement; (c) identify the case name and number (*i.e.*, *McGhee v. Salute Incorporated*,
12 Case No. 34-2022-00315317); (d) be signed; and (e) be post-marked no later than the conclusion of the
13 Notice Period or the re-mailing timeline stated in Section 7.4. The Class Member must personally sign the
14 request to opt-out. No request to opt-out may be made on behalf of a group of Class Members. The date
15 of the postmark on the return-mailing envelope shall be the exclusive means used to determine whether a
16 request to opt-out has been timely submitted. Any Class Member who requests to opt-out of the Agreement
17 will not be entitled to any portion of the Net Settlement Amount nor will they have any right to object,
18 appeal or comment thereon. The name of any Class Member who submits a valid and timely opt out request
19 will be specifically identified in any proposed order granting final approval. Class Members who fail to
20 submit a valid and timely request to opt-out shall be bound by all terms of the Agreement and any order or
21 final judgment thereon. Regardless of whether an Aggrieved Employee opts out of being a Class Member,
22 they will still receive their share of the PAGA Payment, as Aggrieved Employees cannot opt out of this
23 Agreement as it relates to the PAGA Payment or Released PAGA Claims.

24 7.5.2 *Objection Procedures:* Any Class Member who does not opt-out but who wishes to
25 object to this Agreement or otherwise to be heard concerning this Agreement shall send their written
26 objections to the Settlement Administrator, and also serve copies of the objections on Class Counsel and
27 Defendant's Counsel. The Notice of Settlement shall make clear that the Court can only approve or deny
28 the Agreement, not change the terms of the Agreement. The objection must (a) state the Class Member's

1 full name and date of birth; (b) provide evidence that the individual is, in fact, a Class Member; (c) state
2 the reasons for the objection(s), including any supporting documentation; (d) identify the case name and
3 number (*i.e.*, *McGhee v. Salute Incorporated*, Case No. 34-2022-00315317) (e) be signed; and (f) be post-
4 marked no later than the conclusion of the Notice Period or the re-mailing timeline stated in Section 7.4.
5 The Notice of Settlement will inform the Class Member that they should also file a notice of intent to
6 appear with the Court and serve the notice on Class Counsel and Defendant's Counsel, if they intend to
7 appear at the final approval hearing.

8 7.5.3 *Dispute Procedures:* Any Class Member who disputes the number of Qualifying
9 Pay Periods on the Notice of Settlement shall contact the Settlement Administrator. The dispute must
10 (a) identify the nature of the dispute; (b) provide any information or documentation supporting the dispute;
11 (c) be signed; and (d) be post-marked no later than the conclusion of the Notice Period or the re-mailing
12 timeline stated in Section 7.4. The Settlement Administrator shall promptly (in no event more than two
13 business days) forward all such disputes to Defendant's Counsel and request that Defendant review the
14 dispute. Defendant's records shall presumptively control unless the Class Member can produce
15 documentation evidencing other periods of employment worked. If Defendant agrees with submitted
16 information, the Class Member shall be credited or subtracted Qualifying Pay Periods in accordance with
17 their submitted dispute and that final number of Qualified Pay Periods shall govern the calculation of that
18 Class Member's Individual Settlement Amount. If Defendant disagrees with the submitted information,
19 Defendant's Counsel will promptly advise Class Counsel of the dispute, which includes turning over any
20 documentation submitted by the Class Member as part of the dispute. Defendant's Counsel and Class
21 Counsel shall attempt in good faith to resolve any such dispute within five (5) calendar days of Class
22 Counsel being advised of the dispute. Each dispute that Defendant's Counsel and Class Counsel cannot
23 timely resolve shall be resolved by the Settlement Administrator, subject to Court review.

24 7.5.4 *Deficient Opt-Outs, Objections, or Disputes:* In the event that a deficient opt-out,
25 objection, or dispute is received on or before the conclusion of the Notice Period, the Settlement
26 Administrator shall mail a letter to the Class Member within five (5) calendar days informing them of the
27 deficiency. If a deficiency letter is mailed to a Class Member, the deadline for the Class Member to cure
28

the deficiency shall be the end of the Notice Period or 10 calendar days from the date of the deficiency letter, whichever is later.

7.6 Due Process Acknowledgement: Compliance with the procedures set forth in Sections 7.1 to 7.5.4 shall constitute due and sufficient notice to Class Members of the Action and the Agreement and shall satisfy Class Members' due process rights. Nothing else shall be required of the Parties, Class Counsel or Defendant's Counsel to provide notice of the proposed Agreement.

7.7 Settlement Administrator Declaration Regarding Notice Period: Within seven (7) calendar days after the conclusion of the Notice Period, the Settlement Administrator shall provide Class Counsel and Defendant's Counsel with a signed declaration under penalty of perjury providing a complete and detailed report regarding the statistics and responses of settlement administration to date and all the Settlement Administrators' obligations under Sections 5.8 to 5.9.3 and 7.1 to 7.5.4.

7.8 Settlement Administrator Payments to Participating Class Members, Class Counsel and Plaintiff: By the Final Approval Date, Defendant will provide the Settlement Administrator with all necessary information to complete employer-side tax calculations. Within seven (7) calendar days after the Effective Date and the Court's determination of the amount of attorneys' fees and costs payable to Class Counsel, the Enhancement Payment payable to Plaintiff, the PAGA Payment, and Settlement Administrator Costs, the Settlement Administrator shall calculate the final Net Settlement Amount, the final Individual Settlement Amounts for Participating Class Members and/or Aggrieved Employees, any applicable taxes thereon, and report the results of these calculations to Class Counsel and Defendant's Counsel. Defendant shall wire the Gross Settlement Amount and applicable taxes necessary to fund the Settlement, as described in Section 5.1, to the Settlement Administrator within twenty-one (21) calendar days after the Effective Date or of receiving employer-side tax calculations and wire instructions, whichever is later, to be to be held in trust in a QSF. Within seven (7) calendar days after Defendant funds the settlement, the Settlement Administrator shall deliver payment of Class Counsels' attorney's fees and costs, the Enhancement Payment payable to Plaintiff, the 75% portion of the PAGA Payment payable to the LWDA, Settlement Administrator Costs, and payment to Participating Class Members and/or Aggrieved Employees as required under this Agreement and approved by Court.

1 7.8.1 The Settlement Administrator shall wire the Court-approved attorneys' fees and
2 costs to Class Counsel unless another method is requested by Class Counsel. Class Counsel shall provide
3 the Settlement Administrator with the pertinent taxpayer identification number and payment instructions
4 after the Final Approval Date.

5 7.8.2 The Settlement Administrator shall send a check by mail for the Court-approved
6 Enhancement Payment to the Class Representative, care of Class Counsel unless another method is
7 requested by Class Counsel.

8 7.8.3 Only Participating Class Members and all Aggrieved Employees will receive their
9 Individual Settlement Amount.

10 7.8.4 The Settlement Administrator shall remit and report the applicable portions of the
11 payroll tax payment to the appropriate taxing authorities on a timely basis pursuant to its duties under this
12 Agreement. Defendant agrees to reasonably cooperate with the Settlement Administrator to the extent
13 necessary to determine the amount of the payroll tax payment required.

14 7.9 Settlement Check Expiration and Uncashed Checks: The Settlement Administrator shall
15 issue Individual Settlement Amounts to Participating Class Members and Aggrieved Employees in the
16 form of a check, which shall become null and void if not deposited within one hundred eighty (180)
17 calendar days of issuance. After one hundred eighty (180) calendar days of issuance, the checks shall be
18 voided and funds from all uncashed checks shall be transmitted in accordance with Section 5.6. The
19 Settlement Administrator shall deliver these funds within fourteen (14) calendar days after the check
20 cashing deadline.

21 7.10 Settlement Administrator Declaration Regarding Compliance and Settlement
22 Administration: Within twenty-one (21) calendar days after the last day for Participating Class Members
23 and Aggrieved Employees to cash their settlement checks, the Settlement Administrator shall provide Class
24 Counsel and Defendant's Counsel with a signed declaration under penalty of perjury providing a complete
25 and detailed report regarding the settlement administration documenting that all payments under the
26 Agreement have been made, that the Court's final approval order has been complied with, and that all the
27 obligations of the Settlement Administrator have been completed.

8. PRELIMINARY SETTLEMENT ADMINISTRATION SCHEDULE

8.1 The schedule may be modified depending on whether and when the Court grants necessary approvals, orders notice to Class Members and Aggrieved Employees, and sets further hearings. The schedule may also be modified to correct clerical errors and to reflect the provisions in the Agreement as described above. In the event of such modification, the Parties shall cooperate to complete the settlement procedures as expeditiously as reasonably practicable. The preliminary schedule for notice, approval, and payment procedures carrying out the Agreement is as follows:

Last day for Defendant to provide Settlement Administrator with Class Data	Within 14 calendar days after the Preliminary Approval Date
Last day for Settlement Administrator to complete NCOA search, update Class Member and Aggrieved Employee mailing information, and mail Notice of Settlement	Within 7 calendar days after the Settlement Administrators' receipt of Class Data
Last day for Class Members to opt-out, submit disputes, submit objections, and submit data requests	45 calendar days after mailing of Notice of Settlement or within 10 days after Notice of Settlement is re-mailed, whichever is later
Last day for Settlement Administrator to provide Parties with signed declaration reporting on settlement administration statistics	Within 7 calendar days after end of the Notice Period
Last day for Defendant to provide Settlement Administrator with all necessary information to complete employer-side tax calculations	By the Final Approval Date
Last day for Settlement Administrator to calculate the final Net Settlement Amount, the final Individual Settlement Amounts for Participating Class Members and/or Aggrieved Employees, any applicable taxes thereon, and report the results of these calculations to Class Counsel and Defendant's Counsel	Within 7 calendar days after the Effective Date
Last day for Defendant to fund settlement	Within 21 calendar days after the Effective Date or of receiving employer-side tax calculations and wire instructions, whichever is later

Last day for Settlement Administrator to deliver payment of Class Counsel's attorney's fees and costs, Enhancement Payments, PAGA Payment, Settlement Administrator Costs, payment to Participating Class Members, and payment to Aggrieved Employees	Within 7 calendar days after Defendant has funded the settlement
Last day for Participating Class Members and Aggrieved Employees to cash settlement checks	180 calendar days after issuance of checks to Participating Class Members and Aggrieved Employees
Last day for Settlement Administrator to deliver value of uncashed settlement checks to <i>cy pres</i> beneficiaries	Within 14 calendar days after settlement check cashing deadline
Last day for Settlement Administrator to provide Parties with compliance declaration	Within 21 calendar days after settlement check cashing deadline

9. DUTIES OF THE PARTIES

9.1 Preliminary Approval: The Parties will cooperate in obtaining, through an unopposed motion to be filed as soon as reasonably practicable, an order from the Court preliminarily approving this Agreement at the earliest possible date concurrently with the Court's certification of the Action as a class action for settlement purposes. The Parties further agree to fully cooperate in the drafting and/or filing of any further documents or filings reasonably necessary to be prepared or filed, shall take all steps that may be requested by the Court relating to, or that are otherwise necessary to the approval and implementation of this Agreement and shall otherwise use their respective best efforts to obtain certification for settlement purposes, approval of, and implementation of this Agreement. The Parties will submit this Agreement to the Court for preliminary approval of its terms and for approval of the steps to be taken to obtain its final approval. Within one week of signing this Agreement, Class Counsel shall provide a draft of the Preliminary Approval Motion to Defendant's Counsel. Defendant's Counsel will provide comments and/or proposed revisions within one week after receipt of the draft Preliminary Approval Motion from Class Counsel. With regard to the final approval documents, a similar one-week maximum review and response time shall be observed by the Parties. The Parties will request that the Court's preliminary approval of this

1 Agreement be embodied in an Order Granting Preliminary Approval of Class Action and PAGA
2 Settlement.

3 9.1.1 Plaintiff's motion shall seek an order: 1) Preliminarily approving the Agreement;
4 2) Approving as to form and content the proposed Notice of Settlement; 3) Directing the mailing of the
5 Notice of Settlement by first class mail to Class Members and Aggrieved Employees; 4) Preliminarily
6 appointing Plaintiff and Class Counsel as representatives of Class Members; 5) Preliminarily approving
7 settlement administration services to be provided by the Settlement Administrator; 6) Preliminarily
8 approving the proposed Enhancement Payment to Plaintiff; 7) Preliminarily approving the application for
9 payment of reasonable attorneys' fees and reimbursement of litigation-related expenses to Class Counsel;
10 and 8) Scheduling a fairness hearing on the question of whether the proposed Agreement should be finally
11 approved as fair, reasonable and adequate as to the Class Members.

12 9.1.2 Defendant shall not oppose Plaintiff's motion for approval of the proposed
13 Agreement.

14 9.1.3 The Parties shall cooperate with each other and the Settlement Administrator during
15 the process of giving Class Members notice and opportunity to object to the Agreement, as necessary and
16 appropriate to assure effective communication to individual Class Members of information about their
17 rights and obligations under this Agreement.

18 9.2 Final Approval and Fairness Hearing: On a date approved by the Court and set forth in the
19 Notice of Settlement, the Court shall hold the Final Approval and Fairness Hearing where objections, if
20 any, may be heard. Class Counsel shall provide the Court as part of the motion for final approval of the
21 Agreement, a declaration by the Settlement Administrator of due diligence and proof of mailing of the
22 Notice of Settlement required to be mailed to Class Members by this Agreement, and of the delivery results
23 of the Claim Administrator's mailings including tracing and re-mailing efforts.

24 9.2.1 Class Counsel and Defendant shall work in good faith to draft a mutually agreeable
25 Proposed Order Granting Final Approval of Class Action and PAGA Settlement and Final Judgment. The
26 Proposed Order Granting Final Approval of Class Action and PAGA Settlement and Final Judgment shall
27 include findings and orders: 1) Approving the Agreement, adjudging the terms thereof to be fair, reasonable
28 and adequate, and directing that its terms and provisions be carried out; 2) Approving the payment of an

Enhancement Payment to the Class Representative; 3) Approving Class Counsel's application for an award of attorneys' fees and reimbursement of out-of-pocket litigation expenses; 4) Approving the Settlement Administrator Costs; and 5) Providing that the Court will retain jurisdiction to oversee administration and enforcement of the terms of the Agreement and the Court's orders.

9.2.2 Following entry of the Court's order granting final approval of the Agreement, the Parties will each act to ensure the fulfillment of all its provisions, including but not limited to the following:

1) Should an appeal be taken from the final approval of the Agreement or motion to set aside the judgement be filed, all parties will support the final approval order on appeal or otherwise; 2) Class Counsel will assist the Settlement Administrator as needed or requested in the process of identifying and locating Participating Class Members and Aggrieved Employees entitled to payments under the Agreement and assuring delivery of such payments; 3) Class Counsel and Defendant's Counsel will cooperate with each other and assist the Settlement Administrator as needed or requested in completing the distribution of any residual amounts, as specified above, to the *cy pres* beneficiaries; 4) Class Counsel, in conjunction with the Settlement Administrator, will certify to the Court completion of all payments required to be made by this Agreement.

9.3 Final Judgment: If the Court approves this Agreement at the final approval and fairness hearing, the Parties will request that the Court enter an Order Granting Final Approval of Class Action and PAGA Settlement and Final Judgment.

9.4 Notice to LWDA: Plaintiff will provide notice to the Labor and Workforce Development Agency ("LWDA") of this settlement in accordance with Labor Code § 2699(1)(2).

10. MISCELLANEOUS TERMS

10.1 Defendants Right to Withdraw Based on Opt-Outs: If, prior to the Final Approval Date, 10% or more of the Class Members have submitted proper and timely requests to opt-out in accordance with the provisions of the Agreement, Defendant may rescind the Agreement and all actions taken in its furtherance will be thereby null and void. Defendant must exercise this right of rescission, in writing, to Class Counsel, within seven (7) calendar days after the Settlement Administrator notifies the Parties of the total number of opt-outs. If the option to rescind is exercised, then any Settlement Administrator Costs shall be paid by Defendant.

1 10.2 Escalator Clause: Defendant has represented that there are no more than 1,648 pay periods
2 during the Class Period. In the event the number of pay periods during the Class Period is more than
3 1,813 (*i.e.*, greater than 10% more than 1,648), then the Gross Settlement Amount shall be increased
4 proportionally by the pay periods in excess of 1,813 (*i.e.*, if the actual pay periods in the Class Period
5 were 15% greater than 1,648, the Gross Settlement Amount would be increased by 5%). For example, if
6 there were 1,895 pay periods in the Class Period, the Gross Settlement Amount would be increased by
7 5% (*i.e.*, $\$125,000 \times 1.05 = \$131,250$).

8 10.3 Circular 230 Disclaimer: EACH PARTY TO THIS AGREEMENT (FOR PURPOSES OF
9 THIS SECTION, THE “ACKNOWLEDGING PARTY” AND EACH PARTY TO THIS AGREEMENT
10 OTHER THAN THE ACKNOWLEDGING PARTY, AN “OTHER PARTY”) ACKNOWLEDGES AND
11 AGREES THAT (1) NO PROVISION OF THIS AGREEMENT, AND NO WRITTEN
12 COMMUNICATION OR DISCLOSURE BETWEEN OR AMONG THE PARTIES OR THEIR
13 ATTORNEYS AND OTHER ADVISERS, IS OR WAS INTENDED TO BE, NOR SHALL ANY SUCH
14 COMMUNICATION OR DISCLOSURE CONSTITUTE OR BE CONSTRUED OR BE RELIED UPON
15 AS, TAX ADVICE WITHIN THE MEANING OF UNITED STATES TREASURY DEPARTMENT
16 CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS
17 RELIED EXCLUSIVELY UPON HIS, HER OR ITS OWN, INDEPENDENT LEGAL AND TAX
18 COUNSEL FOR ADVICE (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS
19 AGREEMENT, (B) HAS NOT ENTERED INTO THIS AGREEMENT BASED UPON THE
20 RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR ADVISOR TO ANY
21 OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY COMMUNICATION OR
22 DISCLOSURE BY ANY ATTORNEY OR ADVISER TO ANY OTHER PARTY TO AVOID ANY TAX
23 PENALTY THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO
24 ATTORNEY OR ADVISER TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION THAT
25 PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY’S OR ADVISER’S TAX
26 STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON
27 DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX
28

1 STRUCTURE OF ANY TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY
2 THIS AGREEMENT.

3 10.4 No Prior Assignments: The Parties represent, covenant, and warrant that they have not
4 directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to
5 any person or entity any portion of any liability, claim, demand, action, cause of action or right released
6 and discharged in this Agreement.

7 10.5 Waiver of Appeal and Ability to Opt Out: To the extent permitted by applicable law, by
8 signing this Agreement Defendant is waiving any rights to appeal from the Court's approval of the
9 settlement unless the Court materially modifies the settlement. Furthermore, by signing this Agreement
10 Plaintiff is waiving any right or ability to opt out of this Agreement during the Notice Period or otherwise.

11 10.6 Exhibits Incorporated by Reference: The terms of this Agreement include the terms set
12 forth in any attached Exhibits, which are incorporated by this reference as though fully set forth in this
13 Agreement. Any Exhibits to this Agreement are an integral part of the Settlement.

14 10.7 Judgment and Retention of Jurisdiction to Enforce: Upon the Effective Date, judgment will
15 be entered according to this Agreement. The Parties stipulate and agree that the Sacramento County
16 Superior Court shall have continuing jurisdiction to enforce the terms of the Agreement pursuant to Code
17 of Civil Procedure section 664.6 and that the prevailing party any action necessary to enforce the terms of
18 the Agreement after default by the other party may recover reasonable attorney's fees and costs related
19 thereto.

20 10.8 Mutual Cooperation: The Parties agree to cooperate fully with one another to accomplish
21 and implement the terms of this Agreement. Such cooperation shall include, but not be limited to, execution
22 of such other documents and the taking of such other action as may reasonably be necessary to fulfill the
23 terms of this Agreement. The Parties to this Agreement shall use their best efforts, including all efforts
24 contemplated by this Agreement and any other efforts that may become necessary by Court order, or
25 otherwise, to effectuate this Agreement and the terms set forth herein.

26 10.9 No Admission of Liability: Neither the acceptance nor the performance by Defendant of
27 the terms of this Agreement, nor any of the related negotiations or proceedings, is or shall be claimed to
28 be, construed as, or deemed to be, an admission by Defendant of the truth of any of the allegations in the

1 Complaint, the representative character of the Action, the validity of any of the claims that were or could
2 have been asserted by Plaintiff and/or Class Members in the Action, or of any liability or guilt of Defendant
3 in the Action. Nothing in this Agreement shall be construed to be or deemed an admission by Defendant
4 of any liability, culpability, negligence, or wrongdoing toward Plaintiff, the Class Members, or any other
5 person, and Defendant specifically disclaim any liability, culpability, negligence, or wrongdoing toward
6 Plaintiff, the Class Members, or any other person. Each of the Parties has entered into this Stipulation with
7 the intention to avoid further disputes and litigation.

8 10.10 Notices: Unless otherwise specifically provided herein, all notices, demands, or other
9 communications given hereunder shall be in writing and shall be deemed to have been duly given as of the
10 third business day after mailing by United States certified mail, return receipt requested, addressed as set
11 forth below. A courtesy copy shall be sent via email to the email addresses specified below:

12 To Plaintiff and the Class:

13 Galen T. Shimoda
14 attorney@shimodalaw.com
15 Justin P. Rodriguez
16 jrodriguez@shimodalaw.com
17 Brittany V. Berzin
18 bberzin@shimodalaw.com
19 Shimoda & Rodriguez Law, PC
20 9401 East Stockton Blvd., Suite 120
21 Elk Grove, CA 95624

18 To Defendant:

19 Britney N. Torres
20 btorres@littler.com
21 Douglas L. Ropel
22 dropel@littler.com
23 Littler Mendelson P.C.
24 500 Capitol Mall Ste. 200
25 Sacramento, CA 95814
26 Phone: (916) 830-7200
27 Facsimile: (916) 561-0828

28 10.11 Mutual Drafting of Agreement: The Parties hereto agree that the terms and conditions of
this Agreement are the result of lengthy, intensive, arm's-length negotiations between the Parties and that
this Agreement shall not be construed in favor of or against any party by reason of the extent to which any
party or its counsel participated in the drafting of this Agreement.

1 10.12 Attorneys' Fees and Costs Limitations: Neither Class Counsel nor any other attorneys
2 acting for, or purporting to act for, the Class, Class Members, or Plaintiff, may recover or seek to recover
3 any amounts for fees, costs, or disbursements from the Releasees or the Gross Settlement Amount except
4 as expressly provided in this Agreement.

5 10.13 No Modifications: This Agreement may be amended or modified only by a written
6 instrument signed by counsel for all Parties or their successors-in-interest. This Agreement may not be
7 discharged except by performance in accordance with its terms.

8 10.14 Authorization to Enter Into Settlement Agreement: Counsel for all Parties warrant and
9 represent they are expressly authorized by the Parties whom they represent to negotiate this Agreement and
10 to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement
11 to effectuate its terms and to execute any other documents required to effectuate the terms of this
12 Agreement.

13 10.15 Class Member Signatories: Because the Action has not yet been certified, and the Class
14 Members are so numerous, the Parties agree that it is impossible or impractical to have each Class Member
15 sign this Agreement. It is agreed that, for purposes of seeking approval of the Agreement, this Agreement
16 may be executed on behalf of all Class Members by the Class Representative.

17 10.16 Counterparts: This Agreement shall become effective upon its execution by all of the
18 undersigned. Plaintiff, Class Counsel, Defendant and Defendant's Counsel may execute this Agreement
19 in counterparts, and execution of counterparts shall have the same force and effect as if each had signed
20 the same instrument. Facsimile, electronic, and/or scanned copies of signatures shall have the same force
21 and effect of originals.

22 10.17 Choice of Law: The Agreement and any exhibits hereto shall be considered to have been
23 negotiated, executed, and delivered, and to have been wholly performed, in the State of California, and the
24 rights and obligations of the Parties to the Agreement shall be construed and enforced in accordance with,
25 and governed by, the substantive laws of the State of California without giving effect to that State's choice
26 of law principles.

1 10.18 Headings and Captions: Section titles or captions contained in the Agreement are inserted
2 as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of
3 this Agreement, or any provision thereof.

4 10.19 No Retaliation or Discouragement: The Parties agree they will take no action that could be
5 construed as retaliation against any Class Members for participating or seeking to participate in this class
6 action settlement. The Parties will not discourage any class member from participating or seeking to
7 participate in this class action settlement. This is a material term of the Agreement and non-breaching
8 Parties will seek court intervention if this provision is breached.

9 10.20 Integrated Agreement: This Agreement sets forth the entire understanding between the
10 Parties and supersedes any and all prior agreements, oral or written, pertaining to the subject matter hereof.
11 Each party acknowledges that there is no representation, inducement, promise or agreement which has been
12 made, orally or otherwise, by the other party, concerning the terms or conditions of this Agreement, which
13 is not expressly embodied in this Agreement. In entering into this Agreement, the Parties represent that the
14 terms of this Agreement are fully understood and voluntarily accepted by the Parties.

15 10.21 Binding on Successors and Assigns: This Agreement will be binding upon, and inure to the
16 benefit of, the successors or assigns of the Parties to this Agreement, as previously defined.

17 10.22 Invalidity of Any Provision: Before declaring any provision of this Agreement invalid, the
18 Court will first attempt to construe the provision as valid to the fullest extent possible consistent with
19 applicable precedents so as to define all provisions of this Settlement Agreement valid and enforceable.

20 10.23 Waiver of Compliance: No waiver of any condition or covenant contained in this
21 Agreement or failure to exercise a right or remedy by any of the Parties hereto will be considered to imply
22 or constitute a further waiver by such party of the same or any other condition, covenant, right or remedy.

23 ///

24 ///

25 ///

26 ///

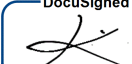
27 ///

28 ///

1 IN WITNESS WHEREOF, this Agreement is executed by the Parties and their duly authorized
2 attorneys, as of the day and year herein set forth.

3 **For Plaintiff:**

4 Date: 6/22/2023

DocuSigned by:

1CF559AC89EA43E...
Khalil McGhee

6 **For Defendant:**

7 Date: _____

8 By: _____
9 For Salute Mission Critical LLC

10
11
12 APPROVED AS TO FORM AND CONTENT

Shimoda & Rodriguez Law, PC

13 Dated: 6/22/23

14 By: 
15 Galen T. Shimoda
16 Justin P. Rodriguez
17 Brittany V. Berzin
Attorneys for Plaintiff

18 APPROVED AS TO FORM

LITTLER MENDELSON P.C.

19
20 Dated: _____

21 By: _____
22 Britney N. Torres
23 Douglas L. Ropel
24 Attorneys for Defendant

1 IN WITNESS WHEREOF, this Agreement is executed by the Parties and their duly authorized
2 attorneys, as of the day and year herein set forth.

3 **For Plaintiff:**

4 Date: _____

5 _____
Khalil McGhee

6 **For Defendant:**

7 Date: _____

8 _____
9 By:
For Salute Mission Critical LLC

10
11
12
13 APPROVED AS TO FORM AND CONTENT

Shimoda & Rodriguez Law, PC

14
15 Dated: _____

16 By: _____
Galen T. Shimoda
Justin P. Rodriguez
Brittany V. Berzin
Attorneys for Plaintiff

17
18 APPROVED AS TO FORM

LITTLER MENDELSON P.C.

19
20 Dated: 6/22/23

21 By:  _____
Britney N. Torres
Douglas L. Ropel
Attorneys for Defendant

IN WITNESS WHEREOF, this Agreement is executed by the Parties and their duly authorized attorneys, as of the day and year herein set forth.

For Plaintiff:

Date: _____

Khalil McGhee

For Defendant:

Date: 6/22/2023

DocuSigned by:
Erich Sanchez
3C52375C4E5C4E3

By:
For Salute Mission Critical LLC

APPROVED AS TO FORM AND CONTENT

Shimoda & Rodriguez Law, PC

Dated: _____

By: _____
Galen T. Shimoda
Justin P. Rodriguez
Brittany V. Berzin
Attorneys for Plaintiff

APPROVED AS TO FORM

LITTLER MENDELSON P.C.

Dated: _____

By: _____
Britney N. Torres
Douglas L. Ropel
Attorneys for Defendant

Exhibit 1

CALIFORNIA SUPERIOR COURT
FOR THE COUNTY OF SACRAMENTO

KHALIL MCGHEE individually and on behalf
of all other similarly situated employees,

Plaintiff,

vs.

SALUTE INCORPORATED, a California
Corporation; and DOES 1 to 100, inclusive,

Defendants.

Case No. 34-2022-00315317

**NOTICE OF PROPOSED CLASS ACTION
AND PAGA SETTLEMENT, AND HEARING
DATE FOR FINAL COURT APPROVAL OF
SETTLEMENT**

ATTENTION: any and all non-exempt employees who have worked, or continue to work, for Defendant in California from February 10, 2018 up to [REDACTED] (the "Class Members").

PLEASE READ THIS NOTICE CAREFULLY. THIS NOTICE RELATES TO A PROPOSED SETTLEMENT OF CLASS ACTION LITIGATION AND POTENTIAL DISBURSEMENT OF SETTLEMENT FUNDS TO YOU. IF YOU ARE A CLASS MEMBER, IT CONTAINS IMPORTANT INFORMATION ABOUT YOUR RIGHT TO PARTICIPATE IN OR OPT OUT OF THE SETTLEMENT ACCORDING TO THE PROCEDURES DESCRIBED BELOW.

You are receiving this notice pursuant to an order from the Sacramento County Superior Court ("Court") granting Plaintiff's motion for preliminary approval of a Class Action and PAGA Settlement and Release ("Agreement" or "Settlement") as fair, reasonable, and adequate. The Settlement was entered into between Khalil McGhee (hereinafter referred to as "Plaintiff" or Class Representative), and Salute Mission Critical LLC (formerly Salute Incorporated and hereinafter referred to as "Defendant") on behalf of Class Members as defined above. The terms of the Settlement are outlined herein. You are receiving this notice because Defendant's records indicate you fall within the definition of "Class Member." Defendant's records also indicate that you worked [REDACTED] pay periods during the applicable Class Period (as defined below), which means your total share of the settlement proceeds is estimated to be [REDACTED]. Your actual share of the settlement proceeds will vary depending on the total number of Class Members that choose to participate and the resolution of any pay period disputes as described in this notice.

The terms of the Agreement and a description of the case are identified in this notice. Pursuant to the Court's order, YOU ARE HEREBY NOTIFIED AS FOLLOWS:

I. BACKGROUND OF THE CASE

On February 10, 2022, Plaintiff filed a Complaint against Salute Incorporated in the Sacramento County Superior Court of California on behalf of himself and Class Members. The term "Action" means this putative class action pending in Sacramento County Superior Court, Case No. 34-2022-00315317. The Class Period is February 10, 2018 up to [REDACTED] (the "Class Period").

In the Action, Plaintiff sought to obtain unpaid wages, interest, statutory penalties, civil penalties, fees, and costs on behalf of himself, Class Members, and Aggrieved Employees. Plaintiff alleged that Defendant violated California law by 1) failing to compensate Class Members for time spent during required weekly meetings and time spent outside of their scheduled shifts waiting for relief (*i.e.*, the next employee to arrive at the work location); 2) failing to provide Class Members with duty-free meal and rest periods; and 3) failing to reimburse Class Members for the use of their personal cellphones for work. Defendant has denied all of Plaintiff's allegations. The Action has been actively litigated. There have been on-going investigations, and there has been an exchange of extensive documentation and information. Based upon the negotiations, and all known facts and circumstances, including the various risks and uncertainties related to legal actions, the Parties reached a class-wide settlement. By settling, the Parties will avoid the risks associated with a lengthy litigation process. Despite agreeing to and supporting the Agreement, Defendant continues to deny all allegations and claims. Defendant has entered into this Settlement to fully, finally, and forever resolve this Action, based on the terms set forth in the Agreement, in order to avoid the burden and expense associated with ongoing litigation.

The Agreement applies to any and all Class Members, which are defined as any and all non-exempt employees who have worked, or continue to work, for Defendant in California from February 10, 2018 up to [REDACTED]. The Agreement also applies to Aggrieved Employees, which are defined as all non-exempt employees who have or continue to work for Defendant in California from December 17, 2020 up to [REDACTED]. If you are a Class Member, you have the opportunity to participate in the Settlement, or to exclude yourself (“opt out”) from the Settlement. This notice is to advise Class Members of how they can either participate in the Settlement or be excluded from the Settlement. As set forth below, Aggrieved Employees cannot opt out of this Agreement as it relates to the PAGA Payment or Released PAGA Claims regardless of whether they opt out of being a Class Member. Aggrieved Employees will receive their share of the PAGA Payment regardless of whether they opt out of being a Class Member.

II. SUMMARY OF THE PROPOSED SETTLEMENT

A. The Amount of the Settlement

Under the terms of the Agreement, Defendant has agreed to pay a total sum of One Hundred Twenty-Five Thousand Dollars and Zero Cents (\$125,000.00) (“Gross Settlement Amount”). Deducted from this Gross Settlement Amount will be sums approved by the Court for attorneys’ fees not to exceed 35% of the Gross Settlement Amount, attorneys’ costs not to exceed \$6,000.00, Settlement Administrator Costs estimated not to exceed \$10,000.00, Class Representative’s Enhancement Payment of \$10,000.00, and \$10,000.00 for alleged PAGA penalties (the “PAGA Payment”), which will result in a “Net Settlement Amount” for distribution to all Class Members. Any employer side taxes attributable to payments allocated as wages will be paid by Defendant in addition to the Gross Settlement Amount. As explained further below, the amount of each Class Member’s share of the Net Settlement Amount will depend on the number of pay periods worked by participating Class Members during the Class Period. Of the \$10,000.00 allocated to resolving the PAGA claims, 75% of the PAGA Payment will be paid to the State of California Labor and Workforce Development Agency and 25% of the PAGA Payment will be divided among Aggrieved Employees.

The number of pay periods you worked during the Class Period and your estimated total share of the Net Settlement Amount and PAGA Payment (“Individual Settlement Amount”) is stated on the first page of this notice. The actual amount received may be more or less than the amount stated depending on the actual number of pay periods worked by Participating Class Members (*i.e.*, those who do not opt out of the Settlement), the resolution of any disputes regarding pay periods, and on the distributions finally approved and allocated by the Court. However, whether Class Members opt out will have no effect on Aggrieved Employees’ allocations for the PAGA claims.

B. Individual Settlement Amounts and Allocation Between Class Members and Aggrieved Employees

Defendant will pay Individual Settlement Amounts through the Settlement Administrator, as described below, to each Participating Class Member and to Aggrieved Employees. All Individual Settlement Amounts will be subject to appropriate taxation. The Parties have agreed, based on the allegations in the Action that all Individual Settlement Amounts payable to eligible Class Members will be allocated from the Net Settlement Amount and paid as 80% for disputed interest, statutory penalties, and other non-wage damages for which IRS Forms 1099-MISC and 1099-INT will issue and 20% for disputed wages for which IRS Forms W-2 will issue. The PAGA Payment to Aggrieved employees will be paid as 100% for civil penalties.

Payment to Participating Class Members and Aggrieved Employees will not require the submission of a claim form. Each Participating Class Member’s share will be determined by dividing their total pay periods worked within the Class Period by the total pay periods worked by all Participating Class Members within the Class Period. That fraction will then be multiplied by the Net Settlement Amount to arrive at the Class Member’s individual share of the Net Settlement Amount. Each Aggrieved Employee’s share of the 25% portion of the PAGA Payment will be determined by dividing their total pay periods worked within the PAGA Claim Period by the total pay periods worked by all Aggrieved Employees within the PAGA Claim Period. That fraction will then be multiplied by the 25% portion of the PAGA Payment to arrive at the Aggrieved Employee’s individual share. The PAGA Claim Period is defined as December 17, 2020 to [REDACTED]. Defendant’s records indicate that you worked [REDACTED] pay periods during the applicable PAGA Claim Period, which means your share of the PAGA Payment is estimated to be [REDACTED]. This amount is included in your estimated Individual Settlement Amount stated on the first page of this notice, not in addition to it. You will still receive your share of the PAGA Payment even if you opt out of being a Class Member. Receipt of the Individual Settlement Amounts will not entitle any Class Member or Aggrieved Employee to additional compensation or benefits under any compensation, retirement or benefit plan or agreement in place during the period covered by the Settlement.

C. Calculations to Be Based on Defendant's Records and Resolution of Pay Period Disputes

For each Class Member, the amount payable will be calculated by the Settlement Administrator from Defendant's records. Defendant's records will be presumed correct unless evidence to the contrary is provided to the Settlement Administrator. Defendant's records and any additional evidence will be reviewed by the Settlement Administrator in the event of a dispute about the number of pay periods worked by an individual Class Member. If a Class Member disputes the accuracy of Defendant's records, all supporting documents evidencing additional pay periods must be submitted by the Class Member. The dispute must (a) identify the nature of the dispute; (b) provide any information or documentation supporting the dispute; (c) be signed; and (d) be post-marked no later than [REDACTED]. The dispute will be resolved by the Settlement Administrator based on the records and evidence provided.

D. Release of Claims

For those Class Members who do not opt out and Aggrieved Employees, the Agreement contains the following releases:

Class members who do not opt out will be deemed to have released any and all class claims that are alleged in the Complaint and LWDA letters, and any additional wage and hour claims that could have been brought based on the facts alleged in the Complaint and LWDA letters, through the Class Period, including claims for failure to pay overtime wages, failure to pay minimum wages, meal period violations, rest period violations, wage statement violations, waiting time penalties, failure to reimburse expenses, and unfair competition claims based on the foregoing, including without limitation any claims asserted in the Complaint and LWDA letters, and any additional wage and hour claims that could have been brought based on the facts alleged in the Complaint and LWDA letters under California Labor Code §§ 201-204, 210, 226, 226.3, 226.7, 510, 512, 1194, 1197.1, 2802, the applicable Wage Orders of the Industrial and Welfare Commission (the "IWC"), and California Business and Professions Code § 17200, *et seq.*, and includes all types of relief available based on the above-referenced released claims, including any claims for damages, restitution, losses, penalties, fines, liens, attorneys' fees and costs under Code of Civil Procedure § 1021.5 or otherwise, expenses, debts, interest, injunctive relief, declaratory relief, liquidated damages, or any other related relief of any nature. This release excludes the release of claims not permitted by law. This release excludes claims for workers' compensation or unemployment insurance benefits. This release will cover all Class Members who do not opt out.

Aggrieved Employees will be deemed to have released any and all claims that were brought under the Private Attorneys General Act, Labor Code §§ 2698 *et seq.*, contained in the Complaint and LWDA letters and any additional wage and hour PAGA claims that could have been brought based on the facts alleged in the Complaint and LWDA letters during the PAGA Claim Period, including penalties based on alleged failure to pay overtime wages, failure to pay minimum wages, meal period violations, rest period violations, wage statement violations, waiting time penalties, failure to reimburse expenses, including without limitation any claims for PAGA penalties asserted in the Complaint and LWDA letters, and any additional wage and hour PAGA claims that could have been brought based on the facts alleged in the Complaint and LWDA letters under California Labor Code §§ 201-204, 210, 226, 226.3, 226.7, 510, 512, 558, 558.1, 1194, 1197.1, 2802, and the applicable Wage Orders of the Industrial and Welfare Commission the IWC. Aggrieved Employees cannot opt out of this waiver of claims.

The individuals released ("Released Parties") include Defendant, Defendant's present and former parent companies, subsidiaries, and related or affiliated companies, as well as Defendant's officers, shareholders, directors, agents, employees, attorneys, insurers, successors and assigns, and any individual or entity that could be liable for any of the claims raised in the Complaint.

Class Members and/or Aggrieved Employees should direct questions about this notice, the above release, or the settlement to the Settlement Administrator appointed by the Court (phone number at the bottom of each page of this notice) or Class Counsel.

III. WHAT ARE YOUR RIGHTS AS A CLASS MEMBER

A. Participating in the Settlement as a Class Member

If you wish to be a Participating Class Member and believe your pay period information is accurate, **you do not need to take any further action**. Payment will be automatically made to you consistent with the terms of the Agreement and Court Order. If you wish to dispute the pay period calculation, you may follow the procedures outlined in Section II.C above. California law protects Class Members from retaliation based on their decision to participate in the Settlement.

B. Excluding Yourself from the Settlement as a Class Member

The Court will exclude you from the being a Class Member if you request this by [REDACTED]. If you do not wish to be bound by the Settlement as a Class Member, you may request to be excluded (*i.e.*, “opt out”) by submitting a timely written request to the Settlement Administrator. The request to opt-out must (a) state your full name and date of birth; (b) a statement that you do not want to be a Class Member, do not want to participate in the Settlement, and/or want to be excluded from this Settlement; (c) identify the case name and number (*i.e.* *McGhee v. Salute Incorporated*, Case No. 34-2022-00315317); (d) be signed; and (e) be post-marked no later than [REDACTED]. The request to opt out must be mailed by First Class U.S. Mail, or the equivalent, to:

[admin info]

If you submit a request to opt out which is not postmarked by [REDACTED], your request to opt out will be rejected, and you will be bound by the release and all other terms of the Agreement. Do not use a postage meter as that may not result in a postmark appearing on the envelope containing your request to opt out. Any Class Member who submits a complete and timely request to opt out shall, upon receipt by the Settlement Administrator, no longer be a Class Member and not receive their share of the Net Settlement Amount. Aggrieved Employees cannot opt out of this Agreement and will receive their share of the PAGA Payment regardless of whether they opt out of being a Class Member.

C. Objection to Settlement

If you do not opt out of the Settlement, you can object to the terms of the Settlement. However, if the Court rejects your objection, you will still be bound by the terms of the Settlement. You can ask the Court to deny approval by filing an objection. You cannot ask the Court to order a larger settlement; the Court can only grant or deny approval of the settlement. If the Court denies approval, no settlement payments will be sent out and the lawsuit will continue. The objection must (a) state your full name and date of birth; (b) provide evidence that you are, in fact, a Class Member; (c) state the reasons for the objection(s), including supporting documentation; (d) identify the case name and number (*i.e.* *McGhee v. Salute Incorporated*, Case No. 34-2022-00315317) (e) be signed; and (f) be post-marked no later than [REDACTED]. The objection must be sent to the Settlement Administrator at the address identified in Section III.B and to counsel for Plaintiff and Defendant at the addresses identified in Section VI of this notice.

If you have submitted a written objection as outlined above, you may also appear at the final approval hearing to state your objection. Any Class Member who does not request exclusion may, if the Class Member so desires, enter an appearance through an attorney. If you appear through your own attorney, you are responsible for paying that attorney. You should also file a notice of intent to appear with the Court and serve the notice on counsel for Plaintiff and Defendant.

IV. EFFECT OF THE SETTLEMENT: RELEASED RIGHTS AND CLAIMS

If the Court grants final approval of the Settlement, the Court will make and enter judgment consistent therewith. The judgment will bind all Class Members who do not request exclusion. After final approval, each and every Class Member who does not opt out of the Settlement and each and every Aggrieved Employee, will release Defendant and the Released Parties from the Released Class Claims and the Released PAGA Claims, respectively, as described above. In other words, if you were employed as a Class Member by Defendant in California during the Class Period, and you do not exclude yourself from the Settlement, you will be deemed to have entered into these releases and to have released the above-described claims. In addition, you will be barred from ever suing Defendant and the Released Parties with respect to the claims covered by this Settlement. If the Settlement is not approved by the Court or does not become final for some other reason, the litigation will continue.

V. FINAL SETTLEMENT APPROVAL HEARING

The Court will hold a hearing in Department 28, 780 9th Street Sacramento, California 95814 on [REDACTED] at 9:00 a.m. to determine whether the Agreement should be finally approved as fair, reasonable and adequate. The Court also will be asked to approve Class Counsel’s request for attorneys’ fees and costs, the Settlement Administrator Costs, and the Class Representative’s Enhancement Payment. The hearing may be continued without further notice. It is not necessary for you to appear at this hearing.

VI. ADDITIONAL INFORMATION

You may access any motions for approval of the Agreement, any motions for approval of attorneys’ fees and costs, and any other

documents as the Court directs through the Court's public case access site: <https://services.saccourt.ca.gov/PublicCaseAccess/>

If you need more information or have any questions, you may contact the Settlement Administrator at the address and telephone number listed below, toll free.

McGhee v. Salute
[NAME]
[STREE ADDRESS]
[CITY, STATE ZIP]
[PHONE NUMBER]

You can also contact Class Counsel as follows:

Galent T. Shimoda
Justin P. Rodriguez
Brittany V. Berzin
Shimoda & Rodriguez Law, PC
9401 East Stockton Blvd., Suite 120
Elk Grove, CA 95624
Telephone: (916) 525-0716

PLEASE DO NOT TELEPHONE THE COURT OR THE COURT CLERK'S OFFICE TO INQUIRE ABOUT THIS SETTLEMENT OR THE CLAIM PROCESS. IF YOU HAVE ANY QUESTIONS, CALL [number]

BY ORDER OF THE COURT