

PRIVATE ATTORNEYS' GENERAL ACT SETTLEMENT AGREEMENT

Plaintiff Billie Jo Phillips ("Plaintiff"), individually and in her capacity as a representative of the State of California on behalf of other aggrieved employees, and Defendant 200 Lighthouse, LLC ("Defendant"), hereby enter into this Private Attorneys' Act Settlement Agreement ("Settlement") as follows:

I. DEFINITIONS

As used in this Settlement, the following terms shall have the following meanings:

1. **"Action"** shall mean the civil action filed on May 19, 2022, entitled *Phillips v. 200 Lighthouse, LLC*, Monterey County Superior Court, Case No. 22CV001389. For purposes of this Settlement Agreement, the Action only includes Plaintiff's PAGA Claim and does not include any non-PAGA, individual claims Plaintiff may have, or claim to have, against Defendant or any of Released Parties ("Plaintiff's Non-PAGA Individual Claims").
2. **"Defendant"** shall mean 200 Lighthouse, LLC.
3. **"Defense Counsel"** shall mean Jose-Manuel A. de Castro of De Castro Law Group, P.C.
4. **"Effective Date"** refers to the date upon which both of the following have occurred: (i) approval of the Settlement is granted by the Superior Court of California for the County of Monterey, or other court assuming jurisdiction of this matter, and (ii) the Court's Judgment approving the Settlement becomes Final. The Court's Judgment approving the Settlement becomes Final on the later of: (1) the day after the last day by which a notice of appeal of the Approval Order and/or of an order rejecting any motion to intervene may be timely filed, and none is filed; (2) if such an appeal is filed, and the Approval Order is affirmed, the day after the last date for filing a request for further review of the decision passes and no further review is requested; (3) if an appeal is filed and further review of the decision affirming the Approval Order is requested, the day after the request for review is denied with prejudice and/or no further review of the decision can be requested, or (4) if review is accepted, the day after the United States or California Supreme Court affirms the Settlement.

5. **“Gross Settlement Amount”** refers to Seventy-Six Thousand, Eight Hundred and Seventy-Five Dollars (\$76,875.00), which is the maximum amount that Defendant will pay pursuant to this Settlement, excluding Defendant’s share of payroll taxes, subject to the escalator provision in this Settlement.

6. **“LWDA”** refers to the California Labor & Workforce Development Agency.

7. **“PAGA”** refers to the Labor Code Private Attorneys General Act of 2004, California Labor Code Sections 2698 *et seq.*

8. **“PAGA Period”** shall mean March 15, 2021 through July 10, 2024 (subject to the escalator provision set forth in Paragraph 27).

9. **“PAGA Settlement Members”** shall mean all individuals who are or previously were employed by Defendant in California as hourly, non-exempt employees, at any time during the PAGA Period.

10. **“PAGA Fund”** shall mean the Gross Settlement Payment less Plaintiff’s Counsel Fees and Costs, Plaintiff’s Enhancement Award, and the Settlement Administration Costs.

11. **“Plaintiff”** refers to Billie Jo Phillips, individually and in her capacity as representative of the State of California on behalf of other aggrieved employees.

12. **“Plaintiff’s Counsel”** refers to B. James Fitzpatrick and Laura L. Franklin of Fitzpatrick & Swanston and Larry W. Lee and Kristen Agnew of Diversity Law Group, P.C.

13. **“Plaintiff’s Enhancement Award”** refers to the amount that the Court authorizes to be paid to Plaintiff, in addition to her share of the PAGA Fund, in recognition of Plaintiff’s efforts and risks in assisting with the prosecution of the Action. Subject to Court approval, the Parties agree that Plaintiff shall be paid up to Two Thousand, Five Hundred Dollars (\$2,500.00) from the Gross Settlement Amount.

14. **“Parties”** collectively refers to Plaintiff and Defendant.

15. **“Released Claims”** shall mean any and all claims, whether known or unknown, to recover civil penalties pursuant to PAGA for any alleged violations by Defendant of California Labor Code §§ 201, 201.3, 202, 203, 204, 207, 208, 209, 216, 218, 218.5, 218.6, 223, 225.5, 226, 226.7, 510, 512, 558, 1174, 1194, 1197, 1197.1, 1198, 1199, 2699, 2800, 2802, 2698, and any

category of violations identified in Labor Code § 2699.5, and the related applicable IWC Wage Order provision for the PAGA Period, and any other violations that were alleged or could have been alleged in Plaintiff's letter to the LWDA or any complaint filed in this Action, with the exception of Plaintiff's Non-PAGA Individual Claims.

16. **"Released Parties"** shall mean Defendant and its past, present and/or future, direct and/or indirect, officers, directors, owners, vendors, employees, representatives, administrators, attorneys, agents, related entities, parent companies, management companies, subsidiaries and affiliated corporations, and their entities, consultants, shareholders, joint ventures, insurers, re-insurers, predecessors, successors, and assigns, whether in their individual or official capacities.

17. **"Settlement Administrator"** refers to a qualified, third-party settlement administrator agreed to by the Parties to administer the terms of the Settlement.

II. RECITALS

18. On March 15, 2022, Plaintiff sent a letter to Defendant and the LWDA, on behalf of herself and other aggrieved employees, in compliance with California Labor Code section 2699.3.

19. On May 19, 2022, Plaintiff filed an individual and PAGA complaint. The PAGA Action seeks civil penalties and an award of reasonable attorneys' fees and costs.

20. On April 17, 2024, the Parties engaged in private mediation with Christopher Panetta, Esq., of Fenton & Keller, which ultimately led to this Settlement.

21. Plaintiff's Counsel has thoroughly investigated the facts relating to the claims alleged in the operative complaint and have made a thorough study of the legal principles applicable to the claims asserted against Defendant. Based on their independent investigation and evaluation of this case, Plaintiff's Counsel has concluded that the settlement is fair, reasonable, and adequate in light of all known facts and circumstances, including the defenses asserted by Defendant, potential adverse findings regarding liability, and potential appellate issues.

22. The Parties enter into this Settlement Agreement on a conditional basis. In the event the Court does not enter a Final Order and Judgment as defined in this Settlement Agreement, this Settlement Agreement will be deemed null and void *ab initio* and will be of no

force or effect whatsoever, and will not be referred to or utilized for any purpose whatsoever.

23. Defendant denies, and continues to deny, each and every claim and contention alleged in the Action and has always maintained that it never engaged in any unlawful acts regarding any of the matters alleged in the Action. Defendant does not waive, but rather expressly reserves, all rights to challenge all such claims and allegations upon all legal, procedural and factual grounds should this Settlement Agreement not become final. This Settlement Agreement reflects a compromise reached to end litigation.

24. The Parties stipulate and agree to the following terms of this Settlement Agreement with the intent that this Agreement finally disposes of the Action with prejudice, excluding Plaintiff's Non-PAGA Individual Claims.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and conditions set forth, the Parties agree as follows:

III. NON-ADMISSION OF LIABILITY

25. Based on the factual and legal issues involved, the expense and time necessary to prosecute the Action through trial, the risks, uncertainty and costs of further prosecution, and the relative benefits to the PAGA Settlement Members of an expeditious resolution to the Action, the Parties have concluded that the terms set forth in this Settlement are fair, reasonable, adequate and in the best interests of the PAGA Settlement Members.

26. Defendant denies any liability for any of the claims in the Action, as well as any other potential or unknown claims based on wage and hour violations under state or federal law. Neither this Settlement, nor any document referred to or contemplated herein, nor any action taken to carry out this Settlement, is, may be construed as, or may be used as, an admission, concession, or indication by or against Defendant of any unlawful conduct, fault, wrongdoing or liability whatsoever. Defendant specifically denies that it has engaged in any unlawful or wrongful conduct against Plaintiff or the PAGA Settlement Members.

IV. TERMS OF THE PAGA SETTLEMENT

A. The Gross Settlement Payment

27. Defendant shall pay a settlement payment in a total amount of Seventy-Six

Thousand, Eight Hundred and Seventy-Five Dollars (\$76,875.00) (the “Gross Settlement Payment”). This is the maximum required payment under this Settlement Agreement. The Gross Settlement Payment includes the PAGA Fund, Administration Costs, Attorneys’ Fees and Costs.

B. Escalation Clause

28. The Gross Settlement Payment was calculated with, and is premised on, Defendant’s representation that there are approximately 240 aggrieved employees who collectively worked a total of approximately 4,764 pay periods (“PAGA Pay Periods”) during the PAGA Period. If the final tally of PAGA Pay Periods increases by more than 10%, then Defendant may elect to either: (i) increase the Gross Settlement Payment by the same percentage above the 10% increase (*e.g.*, if the PAGA Pay Periods count is 11% greater than the estimate, the Gross Settlement Payment will be increased by 1%); or (ii) truncate the PAGA Period to a period as to which the final tally of PAGA Pay Periods does not exceed the foregoing estimate by more than 10%.

C. Plaintiff’s Counsel Payment of Attorneys’ Fees and Costs

29. Plaintiff’s Counsel will apply to the Court for an award of attorneys’ fees not to exceed 33.3% of the Gross Settlement Payment) and Plaintiff’s Counsel will also seek reimbursement of reasonable litigation costs not to exceed \$4,000.00 (attorneys’ fees and reasonable litigation costs are referred to as “Plaintiff’s Counsel Payment”).

30. Defendant will not oppose or object to Plaintiff’s Counsel’s application for attorneys’ fees, plus all reasonable litigation costs and expenses.

31. Plaintiff’s Counsel’s fees and costs payments shall be paid from the Gross Settlement Payment. Any reductions by the Court of Plaintiff’s Counsel’s request for attorneys’ fees or costs shall revert to the PAGA Fund.

D. Settlement Administration Fees and Costs

32. Settlement administration shall be done by a qualified, third-party settlement administrator agreed to by the Parties and approved by the Court (“Settlement Administrator”). The Parties agree that the Settlement Administrative Costs shall be paid from the Gross Settlement Payment. This includes all fees and costs for postage, envelopes, and computer searches to locate

addresses; and expenses of the Settlement Administrator to implement and complete the settlement process according to the terms of this Settlement, to calculate payments to individual PAGA Settlement Members, any cost associated with the escheatment process for any uncashed or undeliverable settlement checks, to prepare any necessary tax documents for PAGA Settlement Members, and any other related fees and costs (the "Settlement Administrative Costs").

33. The settlement administration fees and costs shall be paid from the Gross Settlement Payment. Any reductions by the Court or any unused amount shall revert to the PAGA Fund.

34. The Parties agree to utilize Phoenix Settlement Administrators to administer the Settlement, at an estimated cost not to exceed \$4,000.00.

E. PAGA Fund

35. After deducting the Plaintiff's Counsel Payment and Settlement Administration Costs, the remainder of the Gross Settlement Payment shall be allocated toward payment to the Labor & Workforce Development Agency and PAGA Settlement Members (the "PAGA Fund").

36. Seventy-five percent (75%) of the PAGA Fund will be sent to the LWDA and twenty-five percent (25%) of the PAGA Fund will be allocated among the PAGA Settlement Members, based on his or her proportionate share of the weeks worked during the PAGA Period.

V. COMPUTATION AND DISTRIBUTION OF TOTAL SETTLEMENT FUND

A. Deposit of Gross Settlement Payment

37. The Settlement Administrator shall establish a Qualified Settlement Fund pursuant to Section 468B(g) of the Internal Revenue Code for purposes of administering the Settlement. The Settlement Administrator shall furnish the Qualified Settlement Fund with its own Employer ID Number and calculate all settlement checks and withholdings (if any) required under law based on information that will be confidentially furnished by Defendant. There are no payroll deductions to be calculated under this Settlement, since no part of the Settlement will be classified as wages.

38. Defendant shall deposit the Gross Settlement Payment with the Settlement Administrator within thirty (30) calendar days of the Effective Date.

B. Formula for Calculating Share of PAGA Fund

39. The portion of the PAGA Fund that is paid to each PAGA Settlement Member shall be determined based on the following formula:

(a) The payment to PAGA Settlement Members will be based on the number of pay periods worked by each PAGA Settlement Member during the PAGA Period.

(b) The amount to be paid per pay period worked by a PAGA Settlement Member will be calculated by dividing the value of the portion of the PAGA Fund that will be paid to PAGA Settlement Members by the total number of pay periods worked by all PAGA Settlement Members during the PAGA Period.

(c) Defendant's records shall be determinative for purposes of calculating the number of pay periods worked and any payments to PAGA Settlement Members.

C. Distribution of PAGA Fund

40. Defendant shall provide the Settlement Administrator with a list of the names and addresses of the PAGA Settlement Members, to be furnished within thirty (30) days after the Court issues an Order approving the Settlement. The contact information is being provided confidentially to the Settlement Administrator only, and the Settlement Administrator shall treat the information as private and confidential and take all necessary precautions to maintain the confidentiality of contact information of the PAGA Settlement Members. This information is to be used only to carry out the Settlement Administrator's duties as specified in this Settlement.

41. Within seven (7) days after the Gross Settlement Payment is fully funded, the Settlement Administrator shall pay the following:

(a) Payment to LWDA an amount equivalent to seventy-five percent (75%) of the PAGA Fund, or as otherwise directed by the Court.

(b) Payment to the PAGA Settlement Members equivalent to their individual portion of the PAGA Fund (the "Individual Payment"), or as otherwise directed by the Court.

(c) Payment to Plaintiff's Counsel of the court-approved fees and litigation costs.

(d) Payment to the Settlement Administrator equivalent to the Settlement

Administrative Costs, or otherwise directed by the Court.

42. The Settlement Administrator will send the Individual Payment to the PAGA Settlement Members by postmarked First Class U.S. Mail, along with a letter explaining the settlement in substantially the same form as Exhibit A hereto.

43. To provide the best notice and delivery of Individual Payments practicable, any Individual Payment returned to the Settlement Administrator as non-delivered shall be sent by post-marked First Class U.S. Mail to the forwarding address affixed thereto, if any. If no forwarding address is provided for an Individual Payment that is returned as non-deliverable, the Settlement Administrator shall use the best available technology accessible (e.g. skip tracing, address verification, etc.) to the Settlement Administrator or other mutually agreeable method to locate PAGA Settlement Members and will then mail the Individual Payment to the address identified by the best available technology accessible to the Settlement Administrator or other mutually agreeable method. If no current address is located, the Individual Payment for that individual will be deemed undeliverable. If any PAGA Settlement Members cannot be located within two attempts at mailings by the Settlement Administrator, the Individual Payment for that individual will be deemed undeliverable.

44. The Settlement Administrator shall maintain a list of the postmark date for the original mailing of the Individual Payment to the PAGA Settlement Members, the postmark date of any subsequent mailing to any PAGA Settlement Members, and a list of PAGA Settlement Members who did not receive the Individual Payment due to the inability to locate a valid address using the procedures described herein or who otherwise could not be located within two attempts at mailing.

45. All settlement checks will remain valid and negotiable for 180 days from the date of their mailing by the Settlement Administrator. Any Individual Payment not cashed within 180 days from the date of their mailing by the Settlement Administrator shall be paid to the following *cy pres* recipient: Watsonville Law Center, a non-profit organization that provides free legal services, including employment-related services, to low-income individuals in Monterey, San Benito, and Santa Cruz counties.

46. No later than January 31 of the year following payment of their individual portion of the PAGA Fund, the Settlement Administrator will prepare and issue IRS Form 1099 to PAGA Settlement Members who received a payment.

VI. CLAIMS RELEASED BY PAGA SETTLEMENT MEMBERS

A. Claims Released by the LWDA and All PAGA Settlement Members

47. Upon the date of entry of an order by the Court in this Action approving this Settlement, and payment of all funds due under this Settlement, the LWDA and PAGA Settlement Members, including Plaintiff, fully release and forever discharge the Released Parties from any and all Released Claims, with the exception of Plaintiff's Non-PAGA Individual Claims. As a result of this release, the PAGA Settlement Members will be unable to bring a claim under, or recover in any other claim brought under, the California Private Attorneys General Act, California Labor Code § 2698 *et seq.*, for any violations of the Released Claims that took place during the PAGA Period.

B. Tax Treatment and Tax Indemnification

48. PAGA Settlement Members will assume any tax obligations or consequences which may arise from this Settlement. PAGA Settlement Members release any and all claims that they have or may have against Defendant for any claims, demands, deficiencies, levies, assessments, executions, judgments, penalties, taxes, indemnification, and any other recoveries related to any payments made under this Settlement. If any state or federal taxing authority contacts, investigates, or pursues any action against any PAGA Settlement Members for their individual share of taxes related to any payments made under this Settlement or any compensation provided at any time by Defendant or any of the Released Parties, each PAGA Settlement Member shall be responsible for their own defense of and payment for any claim of unpaid taxes, interest, or penalties brought by any state or federal taxing authority for the PAGA Settlement Member's share of any state or federal tax obligation. If a PAGA Settlement Member has questions about any liability to any state or federal taxing authority, they shall contact the Settlement Administrator. The PAGA Settlement Members shall not contact Defendant, any of the Released Parties, or Defense Counsel.

VII. MISCELLANEOUS PROVISIONS

A. Mutual Full Cooperation

49. Plaintiff and Defendant, Plaintiff's Counsel, and Defense Counsel agree to fully cooperate with each other to accomplish the terms of this Settlement, including, but not limited to, execution of such documents and to take such other action as may reasonably be necessary to implement the terms herein. The Parties agree to use their best efforts and any other efforts that may become necessary by Order of the Court, or otherwise, to effectuate this Settlement.

B. Parties' Authority

50. The signatories hereto represent that they are fully authorized to enter into this Settlement.

C. Binding Nature of the Settlement

51. This Settlement shall be binding upon, and inure to the benefit of, the successors or assigns of the Released Parties. Plaintiff represents, covenants, and warrants that she has not directly or indirectly, assigned, transferred, encumbered, any claim, demand, action, cause of action or rights released in the Released Claims in this Settlement. This Settlement also shall be binding upon Plaintiff and the PAGA Settlement Members.

52. This Settlement may be amended or modified only by a written instrument. No rights under this Settlement may be waived except in writing.

53. This Settlement constitutes the entire agreement between Plaintiff and Defendant relating to the settlement of the PAGA cause of action alleged in this Action. All prior or contemporaneous agreements, understandings and statements, whether oral or written, whether express or implied, and whether by a party or its counsel, concerning this Settlement are merged herein. No oral or written representations, warranties or inducements have been made to any party concerning this Settlement other than the representations, warranties and covenants contained and memorialized in such documents.

54. Paragraph titles or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Settlement or any of its provisions. Each term of this Settlement is intended to be contractual and not merely a

recital.

D. Joint Drafting of Settlement Documents

55. Plaintiff's Counsel and Defense Counsel have arrived at this Settlement as a result of a series of arm's-length negotiations, taking into account all relevant factors, present and potential.

56. This Settlement has been drafted jointly by Plaintiff's Counsel and Defense Counsel and, therefore, in any construction or interpretation of this Settlement, the same shall not be construed against any of the Parties.

E. Execution of the Settlement

57. This Settlement may be executed in one or more counterparts and by electronic signatures. All executed copies of this Settlement and photocopies thereof shall have the same force and effect and shall be as legally binding and enforceable as the original.

F. Continuing Jurisdiction of the Court

58. Pursuant to California Code of Civil Procedure section 664.6, the Parties agree that the Court shall retain jurisdiction over the Parties, and over this Settlement, in order to: (i) monitor and enforce compliance of Settlement, and/or (ii) resolve any disputes over this Settlement or the administration of the benefits of this Settlement.

G. Representations by Plaintiff

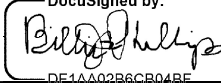
59. Plaintiff acknowledges the following: (a) Plaintiff has carefully read and fully understands all of the provisions of this Settlement; (b) Plaintiff knowingly and voluntarily agrees to all of the terms set forth in this Settlement and has not been coerced, threatened, or intimidated into executing this Settlement; (c) Plaintiff was advised, and hereby is advised in writing, to consider the terms of this Settlement and consult with her attorneys before signing this Settlement; and (d) Other than the fees and costs awarded pursuant to the terms of this Settlement, Plaintiff acknowledges that all parties shall bear their own fees and costs through the conclusion of this action.

H. Representations by Defendant

60. Defendant acknowledges the following: (a) Defendant has carefully read and fully

understand all of the provisions of this Settlement; (b) Defendant knowingly and voluntarily agrees to all of the terms set forth in this Settlement and have not been coerced, threatened, or intimidated into executing this Settlement; (c) Defendant was advised, and hereby is advised in writing, to consider the terms of this Settlement and consult with its attorneys before signing this Settlement; and (d) Other than the fees and costs awarded pursuant to the terms of this Settlement, Defendant acknowledges that all parties shall bear their own fees and costs through the conclusion of this action.

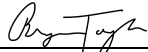
Dated: 08/16/2024

DocuSigned by:

DE1AA02B6CB04BE

Plaintiff Billie Jo Phillips

Defendant 200 Lighthouse, LLC

Dated: 8/23/24

By: 
Title: Ryan Taylor, Administrator

Approved as to form only:

FITZPATRICK & SWANSTON

Dated: 8/19/24

By: 
B. James Fitzpatrick
Attorneys for Plaintiff

DIVERSITY LAW GROUP

Dated: August 20, 2024

By: 
Larry W. Lee
Attorneys for Plaintiff

DE CASTRO LAW GROUP, P.C.

Dated: _____

By: Jose-Manuel A. de Castro
José-Manuel A. de Castro
Attorneys for Defendant 200 Lighthouse, LLC

Digitally signed by Jose-Manuel A. de Castro
Date: 2024.08.26 10:58:40 -07'00'