

EXHIBIT 3

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JERIME SAUNDERS

SUPERIOR COURT OF CALIFORNIA, COUNTY OF SACRAMENTO

JERIME SAUNDERS, an individual, on
behalf of all others similarly situated,

Plaintiff,

v.

PROGRESSIVE HOUSING, INC., a
California corporation, CATHY LEMKE, an
individual, FRED LEMKE, an individual, and
DOES 1 through 20 inclusive,

Defendants.

CASE NO.: 34-2022-00331427

CLASS ACTION

**JOINT STIPULATION RE: CLASS
ACTION AND REPRESENTATIVE
ACTION SETTLEMENT**

Complaint filed: 12/13/2022

First Amended Complaint filed: 01/09/2023

This Joint Stipulation re: Class Action and Representative Action Settlement (“Settlement”
or “Agreement” or “Settlement Agreement”) is made by and between Plaintiff JERIME
SAUNDERS (“Plaintiff”) individually and on behalf of the Settlement Class, on the one hand; and

Exhibit 3.1

1 Defendants PROGRESSIVE HOUSING, INC., CATHY LEMKE and FRED LEMKE
2 (collectively “Defendants”), on the other hand, in the lawsuit entitled *Jerime Saunders v.*
3 *Progressive Housing, Inc., et al.*, filed in Sacramento County Superior Court, Case No. 34-2022-
4 00331427 (the “Action”). Plaintiff and Defendants shall be, at times, collectively referred to as
5 “the Parties.” This Agreement is intended by the Parties to fully, finally, and forever resolve the
6 claims as set forth herein, based upon and subject to the terms and conditions of this Agreement.

7 **1. DEFINITIONS**

8 **A. “Action”** means *Jerime Saunders v. Progressive Housing, Inc., et al.*, filed in
9 Sacramento County Superior Court, Case No. 34-2022-00331427.

10 **B. “Aggrieved Employees”** means Class Members working for Defendants during the
11 PAGA Period as non-exempt, hourly-paid employees in California. Defendants calculated 359
12 Aggrieved Employees worked 7,661 PAGA Pay Periods from December 13, 2018, to November
13 6, 2024 (120 days from the date of Mediation).

14 **C. “Class Counsel”** means Gabriel J. Pimentel and Jenna Koleson of Pimentel Law,
15 P.C. The term “Class Counsel” shall be used synonymously with the term “Plaintiff’s Counsel.”

16 **D. “Class Period”** means December 13, 2018, through the Approval Date or 120 days
17 from the date of mediation, whichever occurs first.

18 **E. “Class Notice”** means and refers to the notice sent to Class Members after
19 preliminary approval of the Settlement in the manner described in Paragraph 9(A) of this
20 Agreement.

21 **F. “Court”** means the Superior Court of the State of California for the County of
22 Sacramento.

23 **G. “Final Approval Date”** means the later of: (1) the date the Court signs an Order
24 granting final approval of this Settlement (“Final Approval”) and Judgment; (2) if there is an
25 objector, 60 days from the date the Final Approval and Judgment; or (3) to the extent any appeals
26 have been filed, the date on which they have been resolved or exhausted.

27 **H. “Defendants”** means, collectively, Progressive Housing, Inc., Cathy Lemke, and
28 Fred Lemke.

Exhibit 3.2

1 **I. “Defendants’ Counsel”** means Dylan T. De Wit and David R. Norton of Porter
2 Scott, a Professional Corporation.

3 **J. “Employer Taxes”** means employer-funded taxes and contributions imposed on
4 the wage portions of the Individual Settlement Payments under the Federal Insurance
5 Contributions Act, the Federal Unemployment Tax Act, and any similar state and federal taxes
6 and contributions required of employers, such as for unemployment insurance.

7 **K. “General Release”** means the broader release of claims by Plaintiff, which is in
8 addition to Plaintiff’s limited release of claims as a Participating Class Member.

9 **L. “Gross Settlement Amount”** means a non-reversionary fund in the sum of Four
10 Hundred Fifty Thousand Dollars and Zero Cents (\$450,000.00), which shall be paid by
11 Defendants, from which all payments for the Individual Settlement Payments to Participating Class
12 Members, the Court-approved amounts for attorneys’ fees and reimbursement of litigation costs
13 and expenses to Class Counsel, Settlement Administration Costs, the Service Award, the PAGA
14 Payment, and the LWDA Payment shall be paid. It expressly excludes Employer Taxes, which
15 shall be paid by Defendants separate, apart, and in addition to the Gross Settlement Amount.

16 **M. “Individual PAGA Payment”** means a payment made to an Aggrieved Employee
17 for his or her share of the PAGA Payment, which may be in addition to his or her Individual
18 Settlement Share if he or she is also a Participating Class Member.

19 **N. “Individual Settlement Payment”** means a payment to a Participating Class
20 Member of his or her net share of the Net Settlement Amount.

21 **O. “Individual Settlement Share”** means the gross amount of the Net Settlement
22 Amount that a Participating Class Member is projected to receive based on the number of
23 Workweeks that he or she worked as a Settlement Class Member during the Class Period, which
24 shall be reflected in his or her Class Notice.

25 **P. “LWDA Payment”** means the payment to the State of California Labor and
26 Workforce Development Agency (“LWDA”) for its sixty-five percent (65%) share of the total
27 amount allocated toward penalties under the PAGA all of which is to be paid from the Gross
28 Settlement Amount. The Parties have agreed that Twenty-Five Thousand Dollars and Zero Cents

Exhibit 3.3

1 (\$25,000) shall be allocated toward PAGA penalties, of which Sixteen Thousand Two Hundred
2 Fifty Dollars and Zero Cents (\$16,250.00) will be paid to the LWDA (*i.e.*, the LWDA Payment)
3 and Eight Thousand Seven Hundred Fifty Dollars and Zero Cents (\$8,750.00) will be paid to
4 Aggrieved Employees on a *pro rata* basis based on the Workweeks worked for Defendants as a
5 non-exempt, hourly-paid employee in California in the PAGA Period (*i.e.* the PAGA Payment).

6 **Q. “Net Settlement Amount”** means the portion of the Gross Settlement Amount that
7 is available for distribution to the Participating Class Members after deductions for the Court-
8 approved allocations for Settlement Administration Costs, a Service Award to Plaintiff, an award
9 of attorneys’ fees, reimbursement of litigation costs and expenses to Class Counsel, the LWDA
10 Payment, and the PAGA Payment.

11 **R. “Operative Complaint” or “Complaint”** means the Second Amended Complaint
12 that was filed with the Court on August 23, 2024.

13 **S. “PAGA Payment”** is the 35% portion of the Thirty-Five Thousand Dollars and
14 Zero Cents that is allocated toward PAGA penalties (Eight Thousand Seven Hundred Fifty Dollars
15 and Zero Cents (\$8,750.00)) that will be paid to Aggrieved Employees on a *pro rata* basis based
16 on the Workweeks worked as non-exempt, hourly-paid employees in California in the PAGA
17 Period, which would be in addition to their Individual Settlement Payment if they are Participating
18 Class Members, as well.

19 **T. “PAGA Period”** means the period between August 25, 2021, and the Approval
20 Date by the Court or 120 days from the date of mediation, whichever occurs first.

21 **U. “Participating Class Members”** means all Settlement Class Members who do not
22 submit a timely and valid Request for Exclusion.

23 **V. “Participating Individual Settlement Share”** means the gross amount of the Net
24 Settlement Amount that a Participating Class Member is eligible to receive based on the number
25 of Workweeks that he or she worked as a Settlement Class Member during the Class Period once
26 all opt-outs have been factored in, excluding any Individual PAGA Payment to which he or she
27 may be entitled if he or she is also an Aggrieved Employee.

Exhibit 3.4

1 **W. “Plaintiff,” “Named Plaintiff” or “Class Representative”** shall refer to Plaintiff
2 Jerime Saunders.

3 **X. “Preliminary Approval Date”** means the date on which the Court enters an Order
4 granting preliminary approval of the Settlement.

5 **Y. “Released Parties”** shall mean Defendants and each of their past, present, and
6 future respective subsidiaries, DBAs, affiliates, parents, insurers and reinsurers, and company-
7 sponsored employee benefit plans of any nature and their successors and predecessors in interest,
8 including all of their officers, directors, shareholders, employees, agents, principals, heirs,
9 representatives, accountants, auditors, consultants, attorneys, administrators, fiduciaries, trustees,
10 insurers, including but not limited to American Guarantee and Liability Insurance Company, and
11 agents.

12 **Z. “Response Deadline”** means the deadline for Settlement Class Members to mail
13 any Requests for Exclusion, Objections, or Workweek Disputes to the Settlement Administrator,
14 which is thirty (30) calendar days from the date that the Class Notice is first mailed in English and
15 Spanish by the Settlement Administrator, unless a Class Member’s notice is re-mailed. In such an
16 instance, the Response Deadline shall be fifteen (15) calendar days from the re-mailing, or forty-
17 five (45) calendar days from the date of the initial mailing, whichever is later, in which to postmark
18 a Request for Exclusion, Workweek Dispute or Objection. The date of the postmark shall be the
19 exclusive means for determining whether a Request for Exclusion, Objection, or Workweek
20 Dispute was submitted by the Response Deadline.

21 **AA. “Request for Exclusion”** means a written request to be excluded from the
22 Settlement Class pursuant to Paragraph 9(C) below.

23 **BB. “Service Award”** means monetary amount to be paid to Plaintiff of up to Ten
24 Thousand Dollars and Zero Cents (\$10,000.00), which subject to Court approval, will be paid out
25 of the Gross Settlement Amount. The Parties agree that the Service Award is due only upon
26 Plaintiff’s execution of a general release and waiver pursuant to Code of Civil Procedure section
27 1542.
28

Exhibit 3.5

1 **CC. “Settlement Administration Costs”** means all costs incurred by the Settlement
2 Administrator in administration of the Settlement, including, but not limited to, translating the
3 Class Notice to Spanish, the distribution of the Class Notice to the Settlement Class in English and
4 Spanish, calculating Individual Settlement Shares, Individual Settlement Payments, Individual
5 PAGA Payments, and Participating Individual Settlement Shares, as well as associated taxes and
6 withholdings, providing declarations, generating Individual Settlement Payment checks and
7 related tax reporting forms, doing administrative work related to unclaimed checks, transmitting
8 payment to Class Counsel for the Court-approved amounts for attorneys’ fees and reimbursement
9 of litigation costs and expenses, to Plaintiff for their Service Award, and to the LWDA for the
10 LWDA Payment, providing weekly reports of opt-outs, objections and related information, and
11 any other actions of the Settlement Administrator as set forth in this Agreement, all pursuant to
12 the terms of this Agreement. The Settlement Administration Costs are estimated not to exceed
13 \$7,500.00. If the actual amount of the Settlement Administration Costs is less than \$7,500.00, the
14 difference between \$7,500.00 and the actual Settlement Administration Costs shall be a part of the
15 Net Settlement Amount. If the Settlement Administration Costs exceed \$7,500.00 then such excess
16 will be paid solely from the Gross Settlement Amount and Defendants will not be responsible for
17 paying any additional funds in order to pay these additional costs.

18 **DD. “Settlement Administrator”** means “ILYM Group, Inc.”, the Third-Party
19 Administrator mutually agreed upon by the Parties that will be responsible for the administration
20 of the Settlement including, without limitation, translating the Class Notice in Spanish, the
21 distribution of the Individual Settlement Payments to be made by Defendants from the Gross
22 Settlement Amount and related matters under this Agreement.

23 **EE. “Settlement Class” or “Settlement Class Members”** means all current and former
24 non-exempt, hourly-paid employees who worked in California for Defendants at any time during
25 the Class Period. Defendants calculated 463 Settlement Class Members that worked 24,176
26 workweeks during the Class Period (December 13, 2018, to November 6 2024 (120 days from the
27 date of Mediation)).
28

Exhibit 3.6

1 **FF.** “**Workweeks**” means the number of weeks that a Settlement Class Member was
2 employed by and worked for the Defendants in a non-exempt, hourly position during the Class
3 Period in California, based on hire dates, re-hire dates (as applicable), and termination dates (as
4 applicable).

5 **2. BACKGROUND**

6 **A.** On August 25, 2022, Plaintiff filed with the LWDA and served on Defendants a
7 notice under Labor Code section 2699.3 stating Plaintiff intended to serve as a proxy of the LWDA
8 to recover civil penalties on behalf of Aggrieved Employees for various Labor Code violations
9 (“PAGA Notice”).

10 **B.** On December 13, 2022, Plaintiff filed a putative wage-and-hour class action
11 alleging that, during the Class Period, Defendants, as it pertains to Class Members: (1) failed to
12 pay overtime wages; (2) failed to pay minimum wages; (3) failed to provide meal periods or
13 compensation in lieu thereof; (5) failed to all wages due upon separation from employment; (6)
14 failed to issue accurate and compliant wage statements; (7) failed to reimburse employees for
15 business expenses; and (8) engaged in unfair competition.

16 **C.** On January 9, 2023, Plaintiff filed a First Amended Complaint, in which he added
17 a cause of action for civil penalties under PAGA. On July 3, 2024, Plaintiff filed the operative
18 Second Amended Complaint seeking class action damages and civil penalties based on the
19 following claims: (1) failed to pay overtime wages; (2) failed to pay minimum wages; (3) failed to
20 provide meal periods or compensation in lieu thereof; (5) failed to all wages due upon separation
21 from employment; (6) failed to issue accurate and compliant wage statements; (7) failed to
22 reimburse employees for business expenses; (8) engaged in unfair competition; (9) failed to
23 provide rest periods or compensation in lieu thereof; and (10) failed to pay paid sick leave in
24 accordance with California law.

25 **D.** Plaintiff filed an amended PAGA Notice with the LWDA on October 1, 2024
26 seeking penalties based on additional claims reaching back to Plaintiff’s original PAGA Notice
27 (“Amended PAGA Notice”).
28

1 **E.** The Parties agreed to attend mediation in hopes of resolving the Action. Prior to
2 mediation, the Parties engaged in significant written discovery and document production.

3 **F.** On May 10, 2024, the Parties participated in a mediation before Joann F. Rezzo,
4 Esquire, a well-regarded mediator experienced in mediating complex labor and employment
5 matters. On July 9, 2024, the Parties participated in a second mediation session with Joann F.
6 Rezzo. With the aid of the mediator's involvement and evaluation, the Parties reached the
7 Settlement to resolve the Action.

8 **G.** Class Counsel has conducted significant investigation of the law and facts relating
9 to the claims asserted in the Action, the PAGA Notice and the Amended PAGA Notice, and have
10 concluded that that the Settlement set forth herein is fair, reasonable, adequate, and in the best
11 interests of the Settlement Class, taking into account the sharply contested issues involved, the
12 expense and time necessary to litigate the Action through trial and any appeals, the risks and costs
13 of further litigation of the Action, the risk of an adverse outcome, the uncertainties of complex
14 litigation, the information learned through informal discovery regarding Plaintiff's allegations, and
15 the substantial benefits to be received by Settlement Class Members.

16 **H.** Defendants have concluded that, because of the substantial expense of defending
17 against the Action, the length of time necessary to resolve the issues presented herein, the
18 inconvenience involved, and the concomitant disruption to its business operations, it is in its best
19 interest to accept the terms of this Agreement. Defendants deny each of the allegations and claims
20 asserted against it in the Action, the PAGA Notice, and the Amended PAGA Notice. However,
21 Defendants nevertheless desire to settle the Action for the purpose of avoiding the burden, expense
22 and uncertainty of continuing litigation and for the purpose of putting to rest the controversies
23 engendered by the Action.

24 **I.** This Agreement is intended to and does effectuate the full, final, and complete
25 resolution of all Class Released Claims of Plaintiff and Participating Class Members, and all
26 PAGA Released Claims of Plaintiff and, to the extent permitted by law, of the State of California
27 and Aggrieved Employees.

28 **3. JURISDICTION**

Exhibit 3.8

1 The Court has jurisdiction over the Parties and the subject matter of the Action. The Action
2 includes claims that, if proven, would authorize the Court to grant relief pursuant to the applicable
3 statutes. After the Court has granted Final Approval of the Settlement and entered judgment, the
4 Court shall retain jurisdiction over the Parties to enforce the terms of the judgment pursuant to
5 California Rule of Court, rule 3.769, subdivision (h).

6 **4. STIPULATION OF CLASS CERTIFICATION**

7 The Parties stipulate to the certification of the Settlement Class under this Agreement for
8 purposes of settlement only.

9 **5. MOTIONS FOR APPROVAL OF SETTLEMENT**

10 After full execution of this Agreement, Plaintiff will move for an order granting
11 preliminary approval of the Settlement, approving and directing the mailing of the proposed Notice
12 of Class Action Settlement (“Class Notice”) attached hereto as **Exhibit “A,”** conditionally
13 certifying the Settlement Class for settlement purposes only, and approving the deadlines proposed
14 by the Parties for the submission of Requests for Exclusion, Workweek Disputes, and Objections.
15 When the Court preliminarily approves the Settlement, and after administration of the Class Notice
16 in a manner consistent with the Court’s Preliminary Approval Order, Plaintiff will move for an
17 order finally approving the Settlement and seek entry of a Judgment in line with this Settlement.
18 The Parties may both respond to any Objections lodged to final approval of the Settlement up to
19 five (5) court days before the Final Approval Hearing.

20 **6. STATEMENT OF NO ADMISSION**

21 Defendants deny any wrongdoing of any sort and further deny any liability to Plaintiff and
22 the Settlement Class with respect to any claims or allegations asserted in the Action and the
23 operative PAGA Notice. This Agreement shall not be deemed an admission by Defendants of any
24 claims or allegations asserted in the Action or the PAGA Notice. Except as set forth elsewhere
25 herein, in the event that this Agreement is not approved by the Court, or any appellate court, is
26 terminated, or otherwise fails to be enforceable, Plaintiff will not be deemed to have waived,
27 limited or affected in any way any claims, rights or remedies, or defenses in the Action or the
28 operative PAGA Notice, and Defendants will not be deemed to have waived, limited, or affected

1 in any way any of their objections or defenses in the Action and the operative PAGA Notice. The
2 Parties shall be restored to their respective positions in the Action prior to the entry of this
3 Settlement.

4 **7. RELEASE OF CLAIMS**

5 **A. Release by All Participating Class Members.**

6 Effective only upon the entry of an Order granting Final Approval of the Settlement, entry of
7 Judgment, and payment by Defendants to the Settlement Administrator of the full Gross Settlement
8 Amount and Employers' Taxes necessary to effectuate the Settlement, Plaintiff and all
9 Participating Class Members release all claims against the Released Parties asserted in the
10 Operative Complaint filed in the Action, or any and all claims that may be asserted against the
11 Released Parties based on the factual allegations in the operative Complaint, as follows: For the
12 duration of the Class Period, the release includes, for Participating Class Members: (1) all claims
13 for failure to pay overtime wages; (2) all claims for failure to pay minimum wages; (3) all claims
14 for failure to provide meal periods or compensation in lieu thereof; (4) all claims for failure to
15 provide rest periods or compensation in lieu thereof; (5) all claims for failure to pay all wages due
16 upon separation from employment; (6) all claims for failure to issue accurate and compliant wage
17 statements; (7) all claims for failure to pay paid sick leave in accordance with California law; (8)
18 all claims for failure to reimburse employees for business expenses; and (9) all claims asserted
19 through California Business & Professions Code section 17200, *et seq.* arising out of the Labor
20 Code violations referenced in the Complaint (the "Class Released Claims").

21 **B. Release of Claims**

22 For Aggrieved Employees, and, to the extent permitted by law, the State of California, the
23 release includes for the duration of the PAGA Period, all claims asserted in the PAGA Notice,
24 Amended PAGA Notice, and alleged in the Operative Complaint for PAGA civil penalties for (1)
25 failure to pay wages under Labor Code §§ 1182.12, 1194, 1194.2, 1197, 1197.1, 1198 and Cal.
26 Code Regs. tit. 8, § 11010; (2) overtime pay violations under Labor Code §§ 510, 1194, 1198; (3)
27 meal period violations under Labor Code §§ 226.7, 512, 1198; Wage Order Nos. 1–2001 to 16–
28 2001, § 11; Wage Order No. 17-2001, § 9; 8 Cal. Code Regs. §§ 11010-11160, § 11; 8 Cal. Code

1 Regs. § 11170, § 9; (4) failure to indemnify necessary business expenditures under Labor Code §
2 2802; (5) inaccurate wage statements and failure to keep employee records under Labor Code §§
3 226, 558.1, 1174, 1174.5, 1198; (6) untimely wage payment under Labor Code §§ 204 and 210;
4 (7) waiting time penalties under Labor Code §§ 201, 202, and 203; (8) unfair competition in
5 violation of Business and Professions Code §§ 17200, *et seq.* and Labor Code § 1021.5; (9) paid
6 sick leave violations under Labor Code §§ 246, 558, 1021.5, 1194.2, 1197.1, 1198, and 1199; and
7 (10) rest period violations under Labor Code §§ 226.7 and 1198; 8 Cal. Code Regs. §§ 11010-
8 11160; Wage Order Nos. 1–2001 to 16–2001, §§11–12.

9 **C. General Release.**

10 Effective only upon the entry of an Order granting Final Approval of the Settlement, entry
11 of Judgment, and payment by Defendants to the Settlement Administrator selected of the full Gross
12 Settlement Amount and Employers' Taxes necessary to effectuate the Settlement, in addition to
13 the Released Claims, Plaintiff makes the additional following General Release: Plaintiff releases
14 the Released Parties from all claims, demands, rights, liabilities and causes of action of every
15 nature and description whatsoever, known or unknown, asserted or that might have been asserted,
16 whether in tort, contract, or for violation of any state or federal statute, rule, law or regulation
17 arising out of, relating to, or in connection with any act or omission of the Released Parties through
18 the date of full execution of this Agreement in connection with Plaintiff's employment with
19 Defendants or the termination thereof, except for any and all other claims that may not be released
20 as a matter of law through this Agreement. To the extent of the General Release provided herein,
21 Plaintiff stipulates and agrees that, upon entry of an Order granting Final Approval of the
22 Settlement, entry of Judgment, and payment by Defendants to the Settlement Administrator
23 selected of the full Gross Settlement Amount and Employers' Taxes necessary to effectuate the
24 Settlement, Plaintiff shall have expressly waived and relinquished, to the fullest extent permitted
25 by law, the provisions, rights and benefits of Section 1542 of the California Civil Code, or any
26 other similar provision under federal or state law, which provides:

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

Exhibit 3.11

1 **8. SETTLEMENT ADMINISTRATOR**

2 **A.** Plaintiff and Defendants, through their respective counsel, have selected ILYM
3 Group, Inc. (“ILYM”) to administer the Settlement, which includes but is not limited to translating
4 the Class Notice to Spanish, distributing and responding to inquiries about the Class Notice and
5 calculating all amounts to be paid from the Gross Settlement Amount. Charges and expenses of
6 the Settlement Administrator, currently estimated to be Seven Thousand Two Hundred Fifty
7 Dollars and Zero Cents (\$7,250.00) will be paid from the Gross Settlement Amount. If the actual
8 amount of the Settlement Administration Costs is less than \$7,250.00, the difference between
9 \$7,250.00 and the actual Settlement Administration Costs shall be a part of the Net Settlement
10 Amount. If the Settlement Administration Costs exceed \$7,250.00, then such excess will be paid
11 solely from the Gross Settlement Amount and Defendants will not be responsible for paying any
12 additional funds in order to pay these additional costs.

13 **9. NOTICE, WORKWEEK DISPUTE, OBJECTION, AND EXCLUSION**
14 **PROCESS**

15 **A. Notice to the Settlement Class Members**

16 (1) Within fourteen (14) calendar days after the Preliminary Approval Date,
17 Defendants’ Counsel shall provide the Settlement Administrator with information with respect to
18 each Settlement Class Member, including his or her: (1) name; (2) last known address(es) currently
19 in Defendants’ possession, custody, or control; (3) last known telephone number(s) currently in
20 Defendants’ possession, custody, or control; (4) last known Social Security Number(s) in
21 Defendants’ possession, custody, or control; and (5) the dates of employment (*i.e.*, hire dates, and,
22 if applicable, re-hire date(s) and/or separation date(s)) for each Settlement Class Member (“Class
23 List”). The Settlement Administrator shall perform an address search using the United States
24 Postal Service National Change of Address (“NCOA”) database and update the addresses
25 contained on the Class List with the newly-found addresses, if any. Within seven (7) calendar
26 days, or soon thereafter, of receiving the Class List from Defendants, the Settlement Administrator
27 shall mail the Class Notice in English and Spanish to the Settlement Class Members via first-class
28 regular U.S. Mail using the most current mailing address information available. The Settlement

1 Administrator shall maintain the Class List and digital copies of all the Settlement Administrator's
2 records evidencing the giving of notice to any Settlement Class Member, for at least five (5) years
3 from the Final Approval Date.

4 (2) The Class Notice will set forth:

- 5 (a) the Settlement Class Member's estimated Individual Settlement
6 Payment and Individual PAGA Payment, and the basis for each;
- 7 (b) the information required by California Rule of Court, rule 3.766,
8 subdivision (d);
- 9 (c) the material terms of the Settlement;
- 10 (d) the proposed Settlement Administration Costs;
- 11 (e) the definition of the Settlement Class;
- 12 (f) a statement that the Court has preliminarily approved the Settlement;
- 13 (g) how the Settlement Class Member can obtain additional information,
14 including contact information for Class Counsel and Defendants'
15 Counsel;
- 16 (h) information regarding opt-out and objection procedures;
- 17 (i) the date and location of the Final Approval Hearing; and
- 18 (j) that the Settlement Class Member must notify the Settlement
19 Administrator no later than the Response Deadline if the Settlement
20 Class Member disputes the accuracy of the number of Workweeks as
21 set forth on his or her Class Notice ("Workweek Dispute"). If a
22 Settlement Class Member fails to timely dispute the number of
23 Workweeks attributed to him or her in conformity with the instructions
24 in the Class Notice, then he or she shall be deemed to have waived any
25 objection to its accuracy and any claim to any additional settlement
26 payment based on different data.

27 (3) If a Class Notice from the initial notice mailing is returned as undeliverable,
28 the Settlement Administrator will attempt to obtain a current address for the Settlement Class

1 Member to whom the returned Class Notice had been mailed, within five (5) calendar days of
2 receipt of the returned Class Notice, by: (1) contacting the Settlement Class Member by phone, if
3 possible, and (2) undertaking skip tracing. If the Settlement Administrator is successful in
4 obtaining a new address, it will promptly re-mail the Class Notice to the Settlement Class Member.
5 Further, any Class Notices that are returned to the Settlement Administrator with a forwarding
6 address before the Response Deadline shall be promptly re-mailed to the forwarding address
7 affixed thereto.

8 (4) No later than seven (7) calendar days from the Response Deadline, the
9 Settlement Administrator shall provide counsel for the Parties with a declaration attesting to the
10 completion of the notice process, including the number of attempts to obtain valid mailing
11 addresses for and re-sending of any returned Class Notices, as well as the identities, number of,
12 and copies of all Requests for Exclusion and Objections received by the Settlement Administrator.

13 **B. Objections.**

14 Only Participating Class Members may object to the Settlement. In order for any
15 Settlement Class Member to object to this Settlement in writing, or any term of it, he or she must
16 do so by mailing a written objection to the Settlement Administrator at the address or phone
17 number provided on the Class Notice no later than the Response Deadline. The Settlement
18 Administrator shall email a copy of the Objection forthwith to Class Counsel and Defendants'
19 Counsel and attach copies of all Objections to the Declaration it provides Class Counsel, which
20 Class Counsel shall file in support of Plaintiff's Motion for Final Approval. The Objection should
21 set forth in writing: (1) the Objector's name; (2) the Objector's address; (3) the last four digits of
22 the Objector's Social Security Number; (4) the Objector's signature; (5) a statement of whether
23 the Objector plans to appear at the Final Approval Hearing; and (6) the reason(s) for the Objection,
24 along with whatever legal authority, if any, the Objector asserts in support of the Objection. If a
25 Settlement Class Member objects to the Settlement, the Settlement Class Member will remain a
26 member of the Settlement Class and if the Court approves this Agreement, the Settlement Class
27 Member will be bound by the terms of the Settlement in the same way and to the same extent as a
28 Settlement Class Member who does not object. The date of mailing of the Class Notice to the

1 objecting Settlement Class Member shall be conclusively determined according to the records of
2 the Settlement Administrator. Settlement Class Members need not object in writing to be heard at
3 the Final Approval Hearing; they may object or comment in person at the hearing at their own
4 expense. Class Counsel and Defendants' Counsel may respond to any objection lodged with the
5 Court up to five (5) court days before the Final Approval Hearing.

6 **C. Requesting Exclusion.**

7 Any Settlement Class Member may request exclusion from (*i.e.*, "opt out" of) the
8 Settlement by mailing a written request to be excluded from the Settlement ("Request for
9 Exclusion") to the Settlement Administrator, postmarked on or before the Response Deadline. To
10 be valid, a Request for Exclusion must include: (1) the Class Member's name; (2) the Class
11 Member's Social Security Number; (3) the Class Member's signature; and (4) the following
12 statement: "Please exclude me from the Settlement Class in the *Saunders v. Progressive Housing,*
13 *Inc., et al.* matter" or any statement of similar meaning standing for the proposition that the Class
14 Member does not wish to participate in the Settlement. The Settlement Administrator shall
15 immediately provide copies of all Requests for Exclusion to Class Counsel and Defendants'
16 Counsel and shall report the Requests for Exclusions that it receives, to the Court, in its declaration
17 to be provided in advance of the Final Approval Hearing. Any Settlement Class Member who
18 requests exclusion using this procedure will not be entitled to receive any payment from the
19 Settlement and will not be bound by the Settlement Agreement or have any right to object to,
20 appeal, or comment on the Settlement. Any Settlement Class Member who does not opt out of the
21 Settlement by submitting a timely and valid Request for Exclusion will be bound by all terms of
22 the Settlement, including those pertaining to the Released Claims, as well as any Judgment that
23 may be entered by the Court if Final Approval of the Settlement is granted. A Settlement Class
24 Member cannot submit both a Request for Exclusion and an objection. If a Settlement Class
25 Member submits an Objection and a Request for Exclusion, the Request for Exclusion will control
26 and the Objection will be overruled. Settlement Class Members who worked during the PAGA
27 Period as Aggrieved Employees that submit a valid Request for Exclusion will still be deemed
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Aggrieved Employees, will still receive their Individual PAGA Payments, and will be bound by the release of the PAGA Released Claims.

D. Disputes Regarding Settlement Class Members' Workweek Data.

Each Settlement Class Member may dispute the number of Workweeks attributed to him or her on his or her Class Notice ("Workweek Dispute"). Any such disputes must be mailed to the Settlement Administrator by the Settlement Class Member, postmarked on or before the Response Deadline. The Settlement Administrator shall immediately provide copies of all disputes to Class Counsel and counsel for Defendants and shall immediately attempt to resolve all such disputes directly with relevant Settlement Class Member(s) with the assistance of Defendants and Class Counsel. If the dispute cannot be resolved in this manner, the Court shall adjudicate the dispute.

10. INDIVIDUAL SETTLEMENT PAYMENTS AND INDIVIDUAL PAGA PAYMENTS

Individual Settlement Payments will be calculated and distributed to Participating Class Members from the Net Settlement Amount on a *pro rata* basis, based on the Participating Class Members' respective number of Workweeks during the Class Period. Individual PAGA Payments to Aggrieved Employees will be calculated and distributed to Aggrieved Employees from the PAGA Payment on a *pro rata* basis based on Aggrieved Employees' respective number of Workweeks during the PAGA Period. Specific calculations of the Individual Settlement Shares and Individual PAGA Payments to Aggrieved Employees will be made as follows:

A. The Settlement Administrator will determine the total number of Workweeks worked by each Settlement Class Member during the Class Period ("Class Member's Workweeks"), as well as the aggregate number of Workweeks worked by all Settlement Class Members during the Class Period ("Class Workweeks"). Additionally, the Settlement Administrator will determine the total number of Workweeks worked by each Aggrieved Employee during the PAGA Period ("Aggrieved Employee's Workweeks"), as well as the aggregate number of Workweeks worked by all Aggrieved Employees during the PAGA Period ("PAGA Workweeks").

B. To determine each Settlement Class Member's Individual Settlement Share, the

Settlement Administrator will use the following formula: Individual Settlement Share =
(Settlement Class Member's Workweeks ÷ Class Workweeks) × Net Settlement Amount.

C. To determine each Participating Class Member's Participating Individual Settlement Share, the Settlement Administrator will determine the aggregate number of Workweeks worked by all Participating Class Members during the Class Period ("Participating Class Workweeks") and use the following formula: Individual Settlement Share =
(Participating Class Member's Workweeks ÷ Participating Class Workweeks) × Net Settlement Amount.

D. The net amount of the Participating Individual Settlement Share is to be paid out to Participating Class Members by way of check and is referred to as "Individual Settlement Payment(s)".

E. To determine each Aggrieved Employee's Individual PAGA Payment, the Settlement Administrator will use the following formula: Aggrieved Employee's Individual PAGA Payment = (Aggrieved Employee's Workweeks ÷ PAGA Workweeks) x \$5,625.00 (the PAGA Payment).

F. Individual Settlement Payments and Individual PAGA Payments shall be paid to Participating Class Members and/or Aggrieved Employees by way of check. When a Participating Class Member is also an Aggrieved Employee, one check may be issued that aggregates both the Individual Settlement Payment and the Individual PAGA Payment

11. DISTRIBUTION OF PAYMENTS

A. Distribution of Individual Settlement Payments.

Participating Class Members will receive an Individual Settlement Payment and Aggrieved Employees will receive an Individual PAGA Payment. Individual Settlement Payment and Individual PAGA Payment checks shall remain valid and negotiable for one hundred and eighty (180) calendar days after the date of their issuance. Within seven (7) calendar days after expiration of the 180-day period, checks for such payments shall be canceled and funds associated with such checks shall be considered unpaid, unclaimed or abandoned cash residue pursuant to Code of Civil Procedure section 384 ("Unpaid Residue"). The Unpaid

1 Residue plus accrued interest, if any, as provided in Code of Civil Procedure section 384, shall
2 be transmitted to Boys and Girls Club of America, a nonprofit 501(c)3 corporation, (EIN 13-
3 5562976) the *cy pres* recipient, for use in Sacramento County. The Settlement Administrator
4 shall prepare a report regarding the distribution plan pursuant to Code of Civil Procedure section
5 384 and the report shall be presented to the Court by Class Counsel along with a proposed
6 amended judgment that is consistent with the provisions of Code of Civil Procedure section 384.

7 **B. Funding of Settlement.**

8 Defendants shall, within fourteen (14) calendar days of Final Approval Date, make
9 payment of the Gross Settlement Amount (as the same may be escalated pursuant to Paragraph 17
10 of this Agreement) and Employer Taxes to the Settlement Administrator pursuant to Internal
11 Revenue Code section 1.468B-1 for deposit in an interest-bearing qualified settlement account
12 (“QSA”) with an FDIC insured banking institution, for distribution in accordance with this
13 Agreement and the Court’s Orders and subject to the conditions described herein.

14 **C. Time for Distribution.**

15 Within seven (7) calendar days after payment of the full Gross Settlement Amount and
16 Employer Taxes by Defendants, or as soon thereafter as practicable, the Settlement Administrator
17 shall distribute Payments from the QSA for: (1) the Service Award to Plaintiff as specified in this
18 Agreement and approved by the Court; (2) the Attorneys’ Fees and Cost Award to be paid to Class
19 Counsel, as specified in this Agreement and approved by the Court; (3) the Settlement
20 Administrator Costs, as specified in this Agreement and approved the Court; (4) the LWDA
21 Payment, as specified in this Agreement and approved by the Court; and (5) Individual PAGA
22 Payments as specified in this Agreement and approved by the Court. The balance remaining shall
23 constitute the Net Settlement Amount from which Individual Settlement Payments shall be made
24 to Participating Class Members, less applicable taxes and withholdings. All interest accrued shall
25 be for the benefit of the Class Members and distributed on a *pro rata* basis to Participating Class
26 Members based on the number of Workweeks worked by them in the Class Period.

27 **12. ATTORNEYS’ FEES AND LITIGATION COSTS**

1 Class Counsel shall apply for, and Defendants shall not oppose, an award of attorneys' fees
2 of up to 33% of the Gross Settlement Amount, which, unless escalated pursuant to Paragraph 17
3 of this Agreement, amounts to One Hundred Forty-Eight Thousand Five Hundred Dollars and No
4 Cents (\$148,500.00). Class Counsel shall further apply for, and Defendants shall not oppose, an
5 application or motion by Class Counsel for reimbursement of actual costs associated with Class
6 Counsel's prosecution of this matter as set forth by declaration testimony in an amount up to Forty-
7 Three Thousand Dollars and Zero Cents (\$43,000.00). Awards of attorneys' fees and costs shall
8 be paid out of the Gross Settlement Amount, for all past and future attorneys' fees and costs
9 necessary to prosecute, settle, and obtain Final Approval of the settlement in Action. The "future"
10 aspect of the amounts stated herein includes, without limitation, all time and expenses expended
11 by Class Counsel (including any appeals therein). Should the Court approve attorneys' fees and/or
12 litigation costs and expenses in amounts that are less than the amounts provided for herein, then
13 the unapproved portion(s) shall be a part of the Net Settlement Amount.

14 **13. SERVICE AWARD TO PLAINTIFF**

15 Plaintiff shall seek, and Defendants shall not oppose, a Service Award in an amount not to
16 exceed Ten Thousand Dollars and Zero Cents (\$10,000.00) for participation in and assistance with
17 the Class Action. Any Service Award awarded to Plaintiff shall be paid from the Gross Settlement
18 Amount and shall be reported on an IRS Form 1099. If the Court approves a Service Award to
19 Plaintiff that is less than the amounts sought herein, then the unapproved portion(s) shall be a part
20 of the Net Settlement Amount.

21 **14. TAXATION AND ALLOCATION**

22 **a.** Each Individual Settlement Share shall be allocated as follows: 15% as wages (to
23 be reported on an IRS Form W2); and 85% as interest and penalties (to be reported on an IRS
24 Form 1099). Each Individual PAGA Payment shall be allocated entirely as penalties. The Parties
25 agree that the employees' share of taxes and withholdings with respect to the wage-portion of the
26 Individual Settlement Share will be withheld from the Individual Settlement Share in order to yield
27 the Individual Settlement Payment. The amount of federal income tax withholding will be based
28 upon a flat withholding rate for supplemental wage payments in accordance with Treasury

Regulation § 31.3402(g)-1(a)(2) as amended or supplemented. Income tax withholding will also be made pursuant to applicable state and/or local withholding codes or regulations.

b. Forms W-2 and/or Forms 1099 will be distributed by the Settlement Administrator at times and in the manner required by the Internal Revenue Code of 1986 (the “Code”) and consistent with this Agreement. If the Code, the regulations promulgated thereunder, or other applicable tax law, is changed after the date of this Agreement, the processes set forth in this Section may be modified in a manner to bring Defendants into compliance with any such changes.

c. All Employer Taxes shall be paid by Defendants separate, apart, and in addition to the Gross Settlement Amount. Defendants shall remain liable to pay the employer’s share of payroll taxes as described above.

d. Neither Counsel for Plaintiff nor Defendants intend anything contained in this Agreement to constitute advice regarding taxes or taxability, nor shall anything in this Agreement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 C.F.R. Part 10, as amended) or otherwise.

15. PRIVATE ATTORNEYS’ GENERAL ACT ALLOCATION

The Parties agree to allocate Twenty-Five Thousand Dollars and Zero Cents (\$25,000.00) of the Gross Settlement Amount toward PAGA penalties. Pursuant to the PAGA, sixty-five percent (65%) of the amount allocated toward PAGA will be paid to the LWDA and thirty-five percent (35%) will be distributed to Aggrieved Employees on a *pro rata* basis based upon their respective Workweeks worked as Aggrieved Employees during the PAGA Period.

16. COURT APPROVAL

This Agreement is contingent upon an order by the Court granting Final Approval of the Settlement, and that the LWDA does not intervene and object to the Settlement. In the event it becomes impossible to secure approval of the Settlement by the Court and the LWDA, the Parties shall be restored to their respective positions in the Action prior to entry of this Settlement. If this Settlement Agreement is voided, not approved by the Court or approval is reversed on appeal, it shall have no force or effect and no Party shall be bound by its terms except to the extent: (a) the Court reserves any authority to issue any appropriate orders when denying approval; and/or (b)

there are any terms and conditions in this Settlement Agreement specifically stated to survive the Settlement Agreement being voided or not approved, and which control in such an event.

17. INCREASE IN WORKWEEKS

Defendants represent that there are no more than 24,176 Workweeks in the Class Period. In the event the number of Workweeks worked by Class Members during the Class Period increases by more than 15%, or 3,626 Workweeks, then Plaintiff has the right to rescind this Agreement.

18. NOTICE OF JUDGMENT

In addition to any duties set out herein, the Settlement Administrator shall provide notice of the Final Judgment entered in the Action by posting the same on its website for a period of no less than four (4) years.

19. WITHDRAWAL FROM SETTLEMENT BASED ON REQUESTS FOR EXCLUSION

Defendants shall retain the right to nullify the Agreement in the event that more than 10% of Class Members submit timely and valid Requests for Exclusion. Defendants must provide written notice to Class Counsel of their withdrawal within ten (10) calendar days of receiving sufficient information to determine that the opt out rate exceeds 10%. If Defendants exercise this right, it shall be solely responsible for the costs incurred for settlement administration up to the date of nullification.

20. MISCELLANEOUS PROVISIONS

A. Interpretation of the Agreement.

This Agreement constitutes the entire agreement between the Parties with respect to its subject matter. Except as expressly provided herein, this Agreement has not been executed in reliance upon any other written or oral representations or terms, and no such extrinsic oral or written representations or terms shall modify, vary or contradict its terms. In entering into this Agreement, the Parties agree that this Agreement is to be construed according to its terms and may not be varied or contradicted by extrinsic evidence. The Agreement will be interpreted and enforced under the laws of the State of California, both in its procedural and substantive aspects,

1 without regard to its conflict of law provisions. Any claim arising out of or relating to the
2 Agreement, or the subject matter hereof, will be resolved solely and exclusively in the Superior
3 Court of the State of California for the County of Sacramento, and Plaintiff and Defendants hereby
4 consent to the personal jurisdiction of the Court in the Action over it solely in connection therewith.
5 The foregoing is only limited to disputes concerning this Agreement. The Parties, and each of
6 them, participated in the negotiation and drafting of this Agreement and had available to them the
7 advice and assistance of independent counsel. As such, neither Plaintiff nor Defendants may claim
8 that any ambiguity in this Agreement should be construed against the other. The Agreement may
9 be modified only by a writing signed by counsel for the Parties and approved by the Court.

10 **B. Further Cooperation.**

11 The Parties and their respective attorneys shall proceed diligently to prepare and execute
12 all documents, to seek the necessary approvals from the Court, and to do all things reasonably
13 necessary to consummate the Settlement as expeditiously as possible. The Parties agree that they
14 will not take any action inconsistent with this Agreement, including, without limitation,
15 encouraging Class Members to opt out of the Settlement. In the event the Court finds that any
16 Party has taken actions inconsistent with the Settlement, including, without limitation, encouraging
17 Class Members to opt out of the Settlement, the Court may take any corrective actions, including
18 enjoining any Party from communicating regarding the Settlement on an *ex parte* basis, issuing (a)
19 corrective notice(s), awarding monetary, issue, evidentiary and/or terminating sanctions against
20 that Party, and/or enforcing this Agreement despite the presence of opt-outs and/or objections.

21 **C. Counterparts.**

22 The Agreement may be executed in one or more actual or non-original counterparts, all of
23 which will be considered one and the same instrument and all of which will be considered duplicate
24 originals.

25 **D. Authority.**

26 Each individual signing below warrants that he or she has the authority to execute this
27 Agreement on behalf of the Party for whom or which that individual signs.

28 **D. No Third-Party Beneficiaries.**

Plaintiff, Participating Class Members, Aggrieved Employees, the State of California, Class Counsel, Released Parties, and Defendants are direct beneficiaries of this Agreement, but there are no third-party beneficiaries.

F. Deadlines Falling on Weekends or Holidays.

To the extent that any deadline set forth in this Agreement falls on a Saturday, Sunday, or legal holiday, that deadline shall be continued until the following business day.

G. Continuing Jurisdiction

The Parties hereby agree that pursuant to Code of Civil Procedure section 664.6, the trial court shall retain jurisdiction over the Parties over the Action to enforce the terms of this Agreement.

H. Severability.

In the event that one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall in no way effect any other provision if Defendants' Counsel and Class Counsel, on behalf of the Parties and the Settlement Class, mutually elect in writing to proceed as if such invalid, illegal, or unenforceable provision had never been included in this Agreement.

IT IS SO AGREED:

Dated: Feb 11, 2025, 2024



jerime saunders (Feb 11, 2025 10:43 PST)

JERIME SAUNDERS
Plaintiff and Class Representative

Dated: _____, 2024

PROGRESSIVE HOUSING, INC.
Defendant

By: _____

Its: _____

Dated _____, 2024

CATHY LEMKE
Defendant

1 Plaintiff, Participating Class Members, Aggrieved Employees, the State of California,
2 Class Counsel, Released Parties, and Defendants are direct beneficiaries of this Agreement, but
3 there are no third-party beneficiaries.

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6 legal holiday, that deadline shall be continued until the following business day.

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14 unenforceability shall in no way effect any other provision if Defendants' Counsel and Class
15 Counsel, on behalf of the Parties and the Settlement Class, mutually elect in writing to proceed as
16 if such invalid, illegal, or unenforceable provision had never been included in this Agreement.

17 **IT IS SO AGREED:**

18 Dated: Feb 11, 2025, 2024



jerime saunders (Feb 11, 2025 10:43 PST)

JERIME SAUNDERS

Plaintiff and Class Representative

19 Dated: 3/5/2025, 2024

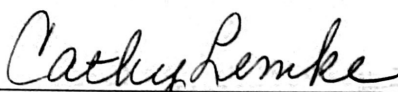
PROGRESSIVE HOUSING, INC.

Defendant

20 By: 

21 Its: 

22 Dated 3/5/2025, 2024



CATHY LEMKE

23 Defendant

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Dated:

3/5/2025, 2024



FRED LEMKE

Defendant

AGREED AS TO FORM:

Dated: Feb 11, 2025, 2024



GABRIEL PIMENTEL

JENNA KOLESON

Counsel for Plaintiff

Dated: _____, 2024

DYLAN T. DE WIT

DAVID R. NORTON

Counsel for Defendants

1 Dated: _____, 2024

FRED LEMKE
Defendant

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3 **AGREED AS TO FORM:**

4 Dated: Feb 11, 2025
5 _____, 2024


GABRIEL PIMENTEL
JENNA KOLESON
Counsel for Plaintiff

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8 Dated: March 5, 2025
9 _____, 2024


DYLAN T. DE WIT
DAVID R. NORTON
Counsel for Defendants