PRIVATE ATTORNEYS' GENERAL ACT SETTLEMENT AGREEMENT

Plaintiff Jose Barcenas Alvarado ("Plaintiff"), individually and in his capacity as a representative of the State of California on behalf of other aggrieved employees, and Defendant Greenlight Drywall, Inc. ("Defendant") (Plaintiff and Defendant collectively referred to as the "Parties"), hereby enter into this Private Attorneys' General Act Settlement Agreement ("Settlement") as follows:

I. <u>DEFINITIONS</u>

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

1. "**Action**" shall mean the civil action entitled *Jose Bartenas Alvarado v. Greenlight Drywall, Inc.*, Monterey County Superior Court, Case No. 23CV001526. For purposes of this Settlement Agreement, the Action only includes Plaintiff's PAGA Claim and does not include Plaintiff's individual claims.

2. "**Defendant**" shall mean Greenlight Drywall, Inc.

3. "**Defense Counsel**" shall mean David S. Henshaw of Henshaw Law Office.

4. "**Effective Date**" is the date when two conditions are met: (i) the Superior Court of California for Monterey County approves the Settlement; and (ii) the Court's Judgment becomes final. The Judgment is final when the following happens: (1) no appeal is filed; (2) if an appeal is filed and the Approval Order is upheld, the deadline for further review passes; (3) if an appeal is filed and further review is requested, and denied; or (4) if reviewed, the Supreme Court affirms the Settlement.

5. **"Gross Settlement Amount"** refers to Twenty-Seven Thousand Five Hundred Dollars and 00/100 Cents ($27,500.00), which is the maximum amount that Defendant will pay pursuant to this Settlement, excluding Defendant's share of payroll taxes, excluding the Confidential Individual Settlement, and 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 September 28, 2021, through July 7, 2025 (subject to the

escalator provision set forth in Paragraph 28).

9. "**PAGA Settlement Members**" shall mean all individuals who are or previously were employed by Defendant in California, who are or were classified 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, and the Settlement Administration Costs.

11. "**Plaintiff**" refers to Jose Barcenas Alvarado, individually and in his capacity as representative of the State of California on behalf of other aggrieved employees.

12. "**Plaintiff's Counsel**" refers to B. James Fitzpatrick and Alison Baker of Fitzpatrick & Swanston.

13. "**Parties**" collectively refers to Plaintiff and Defendant.

14. "**Released Claims**" shall mean any and all claims, whether known or unknown, to recover civil penalties pursuant to PAGA for any alleged violations by Defendants of California Labor Code §§ 201, 201.3, 202, 203, 204, 207, 208, 209, 210, 216, 218, 218.5, 218.6, 223, 225.5, 226, 226.3, 226.7, 510, 512, 558, 1174, 1175, 1194, 1197, 1197.1, 1198, 1199, 2698, 2699, 2800, 2802, 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 Individual Claims.

15. "**Released Parties**" shall mean Defendant and each of its respective parent companies, subsidiaries, child companies, divisions, affiliates, related companies, common ownership entities, and co-employers through operation of law or otherwise, and the current, former, and/or future shareholders, board members, directors, officers, managers, employees, agents, representatives, attorneys, insurers, reinsurers, partners, investors, lenders, administrators, predecessors, successors, assigns, and joint ventures of each, collectively, and individually.

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

II. <u>RECITALS</u>

17. On September 28, 2022, Plaintiff served a Notice of Violations pursuant to the California Private Attorneys General Act ("PAGA") on the Labor & Workforce Development Agency ("LWDA") and Defendant ("PAGA Notice");

18. On May 11, 2023, Plaintiff filed his Complaint formally entitled *Jose Bartenas Alvarado v. Greenlight Drywall, Inc.*, Monterey County Superior Court, Case No. 23CV001526 (the "Action") alleging individual Labor Code claims and a representative claim pursuant to the Private Attorney General Act, Labor Code 2698, et seq. (the "PAGA").

19. On November 29, 2023, Plaintiff filed a First Amended Complaint ("FAC"). With the FAC, Plaintiff added individual claims under the Fair Employment and Housing Act ("FEHA"), and named Joe Faria as an additional named defendant.

20. On August 12, 2024, Plaintiff filed a Second Amended Complaint ("SAC") to: (1) correct Plaintiff's legal name; (2) correct Mr. Faria's legal name; and (3) clarify the scope of Plaintiff's individual claims under FEHA. The Parties have entered into a separate confidential settlement agreement relating to Plaintiff's individual claims.

21. Plaintiff's Counsel have 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 have 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 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 Twenty-Seven Thousand Five Hundred Dollars and 00/100 Cents ($27,500.00). This is the maximum required payment under this Settlement Agreement. The Gross Settlement Payment includes the PAGA Fund, Administration Costs, Attorneys' Fees, and Attorneys' Expenses. Defendant shall pay the Gross Settlement Payment to the Settlement Administrator on October 1, 2025, or 30 days after

the Court issues an Order approving the Settlement, whichever comes first.

B. Escalation Clause

28. The Gross Settlement Payment was calculated with, and is premised on, Defendant's representation that there are 167 aggrieved employees who collectively worked a total of approximately 4,376 pay periods ("PAGA Pay Periods") during the PAGA Period. If the total number of pay periods exceeds more than 110% of 4,376, Defendant shall increase the total Gross Settlement Amount by 1% for every 1% increase in pay periods over the 10% threshold.

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 of Nine Thousand One Hundred Sixty-Five Dollars and 75/100 Cents ($9,165.75) ("Attorneys Fees") and reasonable costs of up to Five Thousand Dollars and No Cents Dollars and 00/100 Cents ($5,000.00) ("Attorneys' Costs"). (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 documented and 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 Administrator 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 Administrator 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 an estimated cost not to exceed Two Thousand Five Hundred Dollars and 00/100 Cents ($2,500.00).

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 an interest-bearing 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 Defendants. There are no payroll deductions to be calculated under this Settlement, since no part of the Settlement will be classified as wages. All interest accrued will be allocated to the PAGA Fund.

38. Defendant shall pay the Gross Settlement Payment to the Settlement Administrator on October 1, 2025, or 30 days after the Court issues an Order approving the Settlement, whichever comes first.

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. <u>Distribution of PAGA Fund</u>

40. Defendant shall provide the Settlement Administrator with a list of the names and addresses of the PAGA Settlement Members, to be furnished to the Settlement Administrator on October 1, 2025, or thirty (30) days after the Court issues an Order approving the Settlement, whichever comes first. 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 in 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 Administrator Costs, or as 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.

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, Plaintiff, the LWDA, the State of

California, and the PAGA Settlement Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, fully release and forever discharge the Released Parties from any and all Released Claims, with the exception of Plaintiff's 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. Upon funding of the Settlement, the Court's judgment effectuating this Settlement shall also be binding on the PAGA Settlement Members who are not parties to this Action. (See *Arias v. Superior Court* (2009) 46 Cal.4th 969, 989 [Judgement in representative PAGA action "is binding not only on the named employee plaintiff but also on government agencies and any aggrieved employee not a party to the proceeding."]) Plaintiff's counsel releases, on behalf of their present and former attorneys, employees, agents, successors and assigns, the Released Parties from all claims for PAGA fees and litigation expenses incurred in connection with the Action.

B. <u>Tax Treatment and Tax Indemnification</u>

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.

50. Plaintiff's Counsel shall be responsible for preparing a Joint Stipulation for Court Approval of PAGA Settlement, or if the Court requires, a Motion for Approval of the Settlement ("Motion"). Plaintiff's Counsel will file the Motion as soon as practicable. Plaintiff's Counsel will serve the Motion on Defendant's Counsel and submit it to the LWDA. Pursuant to California Labor Code sections 2698, et seq., Plaintiff's Counsel shall undertake all required submissions and disclosures to the LWDA and the Court to obtain approval of the Settlement.

(a) The Parties are aware that some courts have approved a PAGA settlement and entered an order approving the settlement and judgment and thereafter closed the case, while others have approved a PAGA settlement and entered only an order approving the settlement with later instructions to file a request for dismissal of the action. The Parties agree to cooperate and take any and all steps required by the Court in the Actions to implement the settlement and terminate the Actions pursuant to the settlement (i.e., to terminate the Actions by way of judgment or dismissal).

(b) If the Parties disagree on any aspect of the proposed application or motion for approval of this Settlement and/or the supporting declarations and documents, PAGA Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant the motion for approval of this Settlement or conditions its approval on any material change to this Agreement, PAGA Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court's concerns.

B. Dismissal

51. The Settlement Administrator will provide the Parties with a declaration confirming that distribution of payments has been completed in accordance with the Settlement Agreement and the Court's orders within ten (10) business days of distributing all payments under the Settlement. To the extent required by the Court, Plaintiff's Counsel will file the declaration with the Court and required dismissal papers (i.e., a Request for Dismissal of the Action with prejudice) within ten (10) business days of receipt or as otherwise ordered by the Court. This Settlement Agreement is expressly conditioned upon the Court entering the dismissal of the Action in its entirety. The dismissal will not release or bar any claims other than the PAGA Released Claims as to Plaintiff, PAGA Settlement Members, the LWDA, and State of California

C. Parties' Authority

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

D. Binding Nature of the Settlement

53. 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.

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

55. This Settlement constitutes the entire agreement between Plaintiff and Defendants 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.

56. 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.

E. Joint Drafting of Settlement Documents

57. 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.

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

F. Execution of the Settlement

59. 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.

G. Continuing Jurisdiction of the Court

60. 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 the Settlement, and/or (ii) resolve any disputes over this Settlement or the administration of the benefits of this Settlement.

H. Representations by Plaintiff

61. 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 his 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.

I. Representations by Defendant

62. Defendant acknowledges the following: (a) Defendant has carefully read and fully understands all of the provisions of this Settlement; (b) Defendant 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) 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: 08/07/2025

Firmado por:
Jose Barcenas
13844F6670204D7...
Jose Barcenas Alvarado

Dated: 9/1/2025

Signed by:
Jose Eduardo Faria
1248FDB969EB41D...
Jose Eduardo Faria, individually and on behalf of Greenlight Drywall, Inc.

Approved as to form only:
Dated: 8/7/2025

B. James Fitzpatrick
Counsel for Plaintiff
Jose Barcenas Alvarado

Dated: August 12, 2025

David S. Henshaw
Counsel for Defendants
Greenlight Drywall, Inc. and
Jose Eduardo Faria