PAGA SETTLEMENT AGREEMENT

This PAGA Settlement Agreement ("Agreement") is made by and between plaintiffs Carlos Ruano and Nicole Martinez Larez, on the one hand ("Plaintiffs") and defendant Avenue5 Residential LLC, on the other ("Defendant"). The Agreement refers to Plaintiffs and Defendant collectively as "Parties," or separately as a "Party."

1. DEFINITIONS.

In addition to the other terms defined in this Agreement, the terms below have the following meaning:

1.1. "Administration Expenses Payment" means the costs incurred by the Settlement Administrator to administer this Settlement, which shall be allocated, subject to the Court's approval, to the Settlement Administrator for services rendered in administering the Agreement, and which the Parties agree will not exceed $6,750.00. All Settlement Administration Costs shall be paid from the Gross Settlement Amount. Any amount not awarded by the Court or needed by the Settlement Administrator will be distributed to the PAGA Members and LWDA on a pro-rata basis.

1.2. "Court" means the Superior Court of California, County of Los Angeles.

1.3. "Defendant" means Avenue5 Residential LLC, the named defendant in the Action.

1.4. "Defense Counsel" means Jennifer G. Redmond, Gal Gressel, and Nina Montazeri of Sheppard, Mullin, Richter & Hampton.

1.5. "Effective Date" means the date by which the Judgment "becomes final," which occurs only after the Court grants the motion for approval of the Settlement and upon the latter of (i) the period for filing any appeal, writ, or other appellate proceeding challenging or opposing the Settlement (i.e., 60 days following entry of judgment) has elapsed without any appeal, writ, or other appellate proceeding having been filed; (ii) any appeal, writ or other appellate proceeding challenging or opposing the Settlement has been dismissed finally and conclusively with no right to pursue further remedies or relief; or (iii) any appeal, writ or other appellate proceeding has upheld the Court's final order with no right to pursue further remedies or relief. In this regard, it is the intention of the Parties that the Settlement shall not become effective, and Defendants will not be obligated to fund this Settlement, until the Court's order approving the Settlement is completely final, final judgment is entered, and there is no further recourse by an appellant, objector, or intervenor who seeks to contest the Settlement.

1.6. "Individual PAGA Member Payment" means each PAGA Member's pro rata share of the 25% of PAGA Penalties calculated according to the number of Pay Periods the PAGA Member worked during the PAGA Period.

1.7. "Judgment" means the judgment entered by the Court based upon its Order granting approval of this Agreement.

1.8. "Larez Action" means the action captioned *Nicole Martinez Larez v. Avenue5 Residential LLC et al.*, Case No. EDCV23-01591-JGB-SHK initiated on December 12, 2022 in San Bernardino Superior Court, Case No. CIVSB 2227714. The Larez Action is pending in the United States District Court Central District of California. Plaintiff's claims in the Larez Action will be added and incorporated into the Ruano Action, and the Larez Action will be dismissed as set forth in Section 6.1.

1.9. "Lawsuit" means the Ruano Action and the Larez Action, which the Parties have agreed to consolidate through the filing of an amended Complaint as part of this Agreement.

1.10. "LWDA" means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subd. (i).

1.11. "LWDA PAGA Payment" means the 75% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subd. (i).

1.12. "Net Settlement Amount" means the Total Settlement Amount, less the following payments in the amounts approved by the Court: PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, and the Administration Expenses Payment.

1.13. "Operative Complaint" means the First Amended Complaint that Plaintiff Ruano will file in *Ruano II* to add Plaintiff Larez as a named plaintiff in the Ruano Action and to add all PAGA claims she asserts on behalf of the LWDA to the Ruano Action.

1.14. "PAGA" means the Private Attorneys General Act (Labor Code §§ 2698. et seq.).

1.15. "Plaintiffs' Counsel" or "PAGA Counsel" means Samuel Wong, Kashif Haque, Jessica Campbell, and Kristy R. Connolly of Aegis Law Firm, PC and David Bibiyan and Vedang Patel of Bibiyan Law Group, P.C., the attorneys representing the Plaintiffs in the Lawsuit.

1.16. "PAGA Counsel Fees Payment" and "PAGA Counsel Litigation Expenses Payment" mean the amounts allocated to PAGA Counsel for reimbursement of reasonable attorneys' fees and expenses, respectively, incurred to prosecute the Lawsuit.

1.17. "PAGA Members" means all current or former non-exempt employees employed by Defendant in California at any time during the Settlement Period.

1.18. "PAGA Member Address Search" means the Settlement Administrator's investigation and search for current PAGA Member mailing addresses using all reasonably available sources, methods and means including, but not limited to, the National Change of Address database, skip traces, and direct contact by the Settlement Administrator with PAGA Members.

1.19. "PAGA Member Data" means PAGA Member identifying information in Defendant's possession including the PAGA Member's name, last-known mailing address, Social Security number, and number of Pay Periods.

1.20. "PAGA Notice" means Plaintiff's Carlos Ruano's December 20, 2022 letter and Plaintiff Larez's December 9, 2022 letter to Defendant and the LWDA providing notice pursuant to Labor Code section 2699.3, subd.(a) that Plaintiffs intended to assert claims against Defendant under the PAGA.

1.21. "PAGA Penalties" means the total amount of civil penalties to be paid from the Net Settlement Amount, allocated 25% to the PAGA Members and 75% to the LWDA in settlement of the PAGA claims.

1.22. "Pay Period" means any pay period during which an PAGA Member worked for Defendant for at least one day during the Settlement Period.

1.23. "Plaintiffs" means Plaintiff Carlos Ruano and Plaintiff Nicole Martinez Larez, the named plaintiffs in the Lawsuit.

1.24. "Released PAGA Claims" means the claims being released, to the fullest extent allowed by law, by Plaintiffs on behalf of the State of California (and the LWDA) and PAGA Members as described in Paragraph 5 below during the Settlement Period.

1.25. "Released Parties" means Defendant, Avenue5 California Inc., their affiliates, and each of their respective past, present and future agents, employees, servants, officers, directors, partners, trustees, representatives, shareholders, stockholders, investors, attorneys, parents, subsidiaries, equity sponsors, related companies/corporations and/or partnerships (defined as a company/corporation and/or partnership that is, directly or indirectly, under common control with Defendant or Avenue5 California Inc. or any of their respective parents and/or affiliates), divisions, assigns, predecessors, successors, insurers, consultants, joint ventures, any actual or alleged joint employers, and alter-egos, and all of their respective past, present and future employees, directors, officers, agents, attorneys, insurers, stockholders, fiduciaries, parents, subsidiaries, and assigns.

1.26. "Ruano Action" means the Plaintiff Carlos Ruano's lawsuits alleging wage and hour violations against Defendant captioned *Carlos Ruano v. Avenue5 Residential LLC*, Case No. 22STCV39521, initiated on December 20, 2022 ("*Ruano I*") and *Carlos Ruano v. Avenue5 Residential LLC,* Case No. 23STCV07665 initiated on April 6, 2023 ("*Ruano II*"), both pending in the Superior Court of California, County of Los Angeles.

1.27. "Settlement" means the disposition of the Lawsuit effected by this Agreement.

1.28. "Settlement Administrator" means ILYM Group, Inc., the neutral entity the Parties have agreed to appoint to administer the Settlement.

1.29. "Settlement Period" means the period from January 31, 2022 through March 14, 2025.

1.30. "Total Settlement Amount" means Four Hundred and Forty-Five Dollars and Zero Cents ($445,000.00) which is the total amount Defendant agrees to pay under the Settlement except as provided in Paragraph 8 below. The Total Settlement Amount will be used to pay Individual PAGA Member Payments, the LWDA PAGA Payment, PAGA Counsel Fees Payment, as approved by the Court, PAGA Counsel Litigation Expenses Payment, as approved by the Court, and the Settlement Administrator's Expenses Payment, as approved by the Court.

2. RECITALS.

2.1. On December 20, 2022, Plaintiff Ruano filed a PAGA Notice. On December 20, 2022, Plaintiff Ruano filed *Ruano I*, a class action lawsuit, alleging wage and hour violations against Defendant. On April 6, 2023, Plaintiff Ruano commenced *Ruano II*, seeking PAGA penalties against Defendant for alleged Labor Code violations. Defendant removed *Ruano I* to federal court, and the parties later stipulated to remand and dismissal of the class action claims. On December 14, 2023, based on the parties' stipulation, this Court dismissed the class action claims in *Ruano I* (leaving just Plaintiff's individual claims), and stayed *Ruano II* (the PAGA case). Defendant denies the allegations made in the Ruano Action.

2.2. On December 9, 2022, Plaintiff Larez filed a PAGA Notice. On December 12, 2022, Plaintiff Larez filed the Larez Action in the Superior Court of California, County of San Bernardino, Case No. CIVSB 2227714, a class action lawsuit alleging wage and hour violations. On July 19, 2023, Plaintiff Larez filed a First Amended Complaint to add a cause of action against Defendant for Enforcement of Labor Code § 2698 et seq. (PAGA). On August 11, 2023, Defendant removed the Larez Action to the United States District Court, Central District of California. On January 18, 2024, the District Court granted Defendant's motion to compel arbitration and dismissed Plaintiff Larez's class action claims, stayed the representative PAGA claim, and compelled her individual claims to arbitration. Defendant denies the allegations made in the Larez Action.

2.3. Defendant denies the allegations in the Lawsuit, denies any failure to comply with the laws identified in in the Lawsuit, and denies any and all liability for the causes of action alleged.

2.4. Pursuant to Labor Code section 2699.3, subd.(a), Plaintiffs gave written notice to Defendant and the LWDA by sending the PAGA Notices.

2.5. On December 16, 2024, the Parties participated in an all-day mediation with Francis Joseph Ortman III, which led to this Agreement to settle the Action.

2.6. Prior to mediation, Plaintiffs obtained, through informal discovery, Plaintiffs' personnel files, relevant wage and hour policies, and a sample of PAGA Members' time and pay records.

2.7. Upon the filing of the Operative Complaint, Plaintiff Larez will file a request for dismissal, without prejudice, dismissing the Larez Action in order to obtain approval of the Settlement in the Lawsuit.

2.8. Defendant denied and continues to deny each of the claims and contentions alleged in the Lawsuit. Defendant repeatedly asserted and continued to assert defenses thereto, and expressly denied and continues to deny any wrongdoing or legal liability arising out of any of the facts or conduct alleged in the Lawsuit. Neither this Agreement, nor any document referred to or contemplated herein, nor any action taken to carry out this Agreement, is or may be construed as, or may be used as an admission, concession, or indication by or against Defendant or any of the Released Parties of any fault, wrongdoing, or liability whatsoever. There has been no final determination by any court as to the merits of the claims asserted by Plaintiffs against Defendant.

3. MONETARY TERMS.

3.1. Total Settlement Amount. Except as otherwise provided by Paragraph 8 below, Defendant promises to pay Four Hundred and Forty-Five Thousand Dollars and Zero Cents ($445,000.00) and no more as the Total Settlement Amount. Defendant has no obligation to pay the Total Settlement Amount prior to the deadline stated in Paragraph 4.4 of this Agreement. The Settlement Administrator will disburse the entire Total Settlement Amount without asking or requiring PAGA Members to submit any claim as a condition of payment. None of the Total Settlement Amount will revert to Defendant.

3.2. Payments from the Total Settlement Amount. The Settlement Administrator will make and deduct the following payments from the Total Settlement Amount, in the amounts specified by the Court in the Judgment.

3.3. To PAGA Counsel. A PAGA Counsel Fees Payment of not more than one third (1/3) of the Total Settlement Amount, which is currently estimated to be One Hundred Forty-Eight Thousand Three Hundred Thirty-Three Dollars and Zero Cents ($148,333.33), and PAGA Counsel Litigation Expenses Payment of not more than Forty Thousand Dollars and Zero Cents ($40,000). Defendant agrees not to oppose an application for a PAGA Counsel Fees Payment of not more than one-third (1/3) of the Total Settlement Amount and up to $40,000 in PAGA Counsel Litigation Expenses Payment. Plaintiffs and/or PAGA Counsel will file an application or motion for PAGA Counsel Fees Payment and PAGA Litigation Expenses Payment. If the Court approves a PAGA Counsel Fees Payment and/or a PAGA Counsel Litigation Expenses Payment less than the amounts requested, the Settlement Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to PAGA Counsel or any other Plaintiff's Counsel arising from any claim to any portion any PAGA Counsel Fee Payment and/or PAGA Counsel Litigation Expenses Payment. The Settlement Administrator will pay the PAGA Counsel Fees Payment and PAGA Counsel Expenses Payment using one or more IRS 1099 Forms. PAGA Counsel assumes full responsibility and liability for taxes owed on the PAGA Counsel Fees Payment and the PAGA Counsel Litigation Expenses Payment and holds

Defendant and the Released Parties harmless, and indemnifies Defendant and the Released Parties, from any dispute or controversy regarding any division or sharing of any of these Payments.

Neither PAGA Counsel nor any other current or past counsel for Plaintiffs shall be permitted to petition the Court for, or accept, any additional payments for fees, costs, or interest, and the PAGA Counsel Fees Payment shall be for all claims for attorneys' fees and costs whenever incurred, including past and present fees and costs incurred in the Lawsuit to date and through and including the Effective Date, as well as final distribution of all payments under this Agreement and through and after final judgment. Upon the date Defendant funds the Settlement, payment of the PAGA Counsel Fees Payment to PAGA Counsel as set forth herein shall constitute full satisfaction of the obligation to pay any amounts to any person, attorney or law firm for attorneys' fees, expenses or costs in the Lawsuits incurred by any attorney on behalf of Plaintiffs and any PAGA Member, and shall relieve the PAGA Member, Defendant, the Settlement Administrator, and Defendant's Counsel of any other claims or liability to any other attorney or law firm for any attorneys' fees, expenses and/or costs to which any of them may claim to be entitled on behalf of Plaintiffs or the PAGA Member in connection with the claims released in this Settlement.

3.4. <u>To the Settlement Administrator</u>. An Administrator Expenses Payment not to exceed \$6,750.00, as approved by the Court. To the extent the Administration Expenses are less or the Court approves payment less than \$6,750.00, the Settlement Administrator will allocate the remainder in the Net Settlement Amount.

3.5. <u>To the LWDA and PAGA Members</u>. PAGA Penalties will be paid from the Net Settlement Amount, with 75% allocated to the LWDA PAGA Payment and 25% allocated to the Individual PAGA Member Payments.

3.6. <u>Individual PAGA Member Payments</u>. All PAGA Members, including Plaintiffs, will receive an Individual PAGA Member Payment. The Settlement Administrator will calculate each Individual PAGA Member Payment by (a) dividing the amount of the PAGA Members' 25% share of PAGA Penalties by the total number of Pay Periods worked by all PAGA Members during the Settlement Period and (b) multiplying the result by each PAGA Members' Pay Periods. PAGA Members assume full responsibility and liability for any taxes owed on their Individual PAGA Payment. The Settlement Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

4. SETTLEMENT FUNDING AND PAYMENTS.

4.1. <u>PAGA Member Pay Periods</u>. Based on a review of its records, Defendant estimates there are a total of 17,855 Pay Periods from January 31, 2022 through December 16, 2024.

4.2. <u>PAGA Member Data</u>. Within 15 calendar days of the Effective Date, Defendant will deliver the PAGA Member Data to the Settlement Administrator in the form of a Microsoft

Excel spreadsheet. To protect PAGA Members' privacy rights, the Settlement Administrator must maintain the PAGA Member Data in confidence, use the PAGA Member Data only for purposes of this Settlement and for no other purpose, and restrict access to the PAGA Members Data to Settlement Administrator employees who need access to the PAGA Members Data to effect and perform under this Agreement. Defendant has a continuing duty to immediately notify PAGA Counsel if it discovers that the PAGA Member Data omitted employee identifying information and to provide corrected or updated PAGA Members Data as soon as reasonably feasible. Without any extension of the deadline by which Defendant must initially send the PAGA Member Data to the Settlement Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted PAGA Member Data. No later than 3 business days after receipt of the PAGA Member Data, the Settlement Administrator shall notify PAGA Counsel that the list has been received and state the number of PAGA Members and Pay Periods in the PAGA Member Data.

4.3. Funding of Total Settlement Amount. Defendant shall fully fund the Total Settlement Amount by transmitting the funds to the Settlement Administrator no later than 30 calendar days after the Effective Date.

4.4. Settlement Administrator's Disbursement Duties. Subject to the Court's approval of the Agreement, the Settlement Administrator shall distribute funds pursuant to the terms of this Agreement and the Court's approval order and judgment. The Settlement Administrator shall keep Defendant's Counsel and Plaintiffs' Counsel apprised of all distributions from the Total Settlement Amount. The Settlement Administrator shall respond to questions from Defendant's Counsel and Plaintiffs' Counsel.

4.5. Disbursement. Within 30 calendar days after Defendant funds the Total Settlement Amount, the Settlement Administrator will mail checks for all Individual PAGA Member Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the PAGA Counsel Expenses Payment, and the PAGA Counsel Fees Payment. Disbursement of the PAGA Counsel Litigation Expenses Payment and PAGA Counsel Fees Payment shall not precede disbursement of Individual PAGA Member Payments. No person shall have any claim against Defendant, Defendant's Counsel, Plaintiffs, Plaintiffs' Counsel, or the Settlement Administrator based on the distributions and payments made in accordance with this Agreement.

4.6. Checks. The Settlement Administrator will issue checks for the Individual PAGA Member Payments and send them to the PAGA Members via First Class U.S. Mail, postage prepaid. A notice letter explaining why the check is being sent, in a mutually-agreed upon form that has been approved by the Court, in substantially the form that is attached hereto as "Exhibit A," will be included in the mailing of each Individual PAGA Member Payment. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided. Before mailing any checks, the Settlement

Administrator must update the recipients' mailing addresses using the National Change of Address Database.

4.7. Address Search. The Settlement Administrator must conduct a PAGA Member Address Search for all PAGA Members whose checks are returned undelivered without USPS forwarding address. Within 7 days of receiving a returned check the Settlement Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the PAGA Member Address Search. The Settlement Administrator need not take further steps to deliver checks to PAGA Members whose re-mailed checks are returned as undelivered. The Settlement Administrator shall promptly send a replacement check to any PAGA Member whose original check was lost or misplaced, requested by the PAGA Member prior to the void date.

4.8. Unclaimed Checks. The Settlement Administrator will cancel all checks not cashed by the void date. For any PAGA Member whose Individual PAGA Member Payment check is uncashed and cancelled after the void date, the Settlement Administrator shall transmit the funds represented by such checks to the California Controller's Unclaimed Property Fund in the name of the PAGA Member whose check was uncashed.

4.9. Final Report by Settlement Administrator. Within ten (14) days after the disbursement of all funds, the Settlement Administrator will serve on the Parties a declaration providing a final report on the disbursements of all funds.

4.10. No Additional Benefits. The payment of Individual PAGA Payments shall not obligate Defendant to confer any additional benefits or make any additional payments to the PAGA Members (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

5. RELEASES OF CLAIMS.

5.1. Separate and apart from this Settlement, Plaintiff Ruano and Plaintiff Larez will each enter into a separate settlement agreement with Defendant that include a general release and section 1542 waiver of all claims they may have against Defendant, whether such claims are known or unknown. The execution and non-revocation of these separate settlement agreements constitute a material term of this Agreement.

5.2. Upon full funding of the Settlement, the LWDA and PAGA Members fully and finally release the Released Parties from all claims that arose during the PAGA Settlement Period for PAGA civil penalties that were alleged in the PAGA Notices filed by Plaintiff with the LWDA and the Operative Complaint, or that could have been based on the facts alleged in the PAGA Notices filed by Plaintiffs with the LWDA and the Operative Complaint, including, but not limited to unpaid wages, failure to pay minimum wages; failure to pay for travel time; failure to pay straight time compensation, overtime compensation, double-time compensation, reporting time compensation, and/or interest; missed, late, short or interrupted meal and/or rest periods, including any claim for any alleged failure to provide meal or rest periods or pay premiums for missed, late, short or interrupted meal or rest periods, or to pay such premiums at the regular rate of compensation; failure to pay or provide paid sick leave, including any claim for alleged failure to pay paid sick leave at the regular rate of pay; unlawful deduction of pay; failure to reimburse for any business expenses; failure to pay accrued vacation or paid time off; penalties arising out of or related to any or all of the aforementioned claims, including, but not limited to, recordkeeping penalties, wage statement penalties, minimum wage penalties, and waiting time penalties; untimely payment of wages; inaccurate or otherwise improper wage statements and/or failure to keep or maintain accurate records; failure to furnish employment records (personnel, earnings, time, signed, etc.) upon request; failure to provide information at the time of hire under the Wage Theft Prevention Act; unlawful and unfair business practices; preventing disclosure of wages; preventing disclosure and use of skills, knowledge, and experience obtained for Defendant for purposes of competition; preventing disclosure of violations of state and federal law; preventing engaging in lawful conduct; preventing disclosure of working conditions, including unsafe work environment/conditions; preventing disclosure of discrimination; preventing employees from exercising rights under the Labor Commissioner; preventing exercise of free speech; unequal pay based on sex; and attorneys' fees and costs. This release includes claims for civil PAGA penalties alleging a violation of the Wage Orders of the California Industrial Welfare Commission, including but not limited to Wage Order 5-2001; and/or alleging a violation of the California Labor Code (including, but not limited to, sections 96, 98.6, 201-203, 201.3, 204, 210, 212, 213, 221, 223, 226, 226.3, 226.7, 227.3, 232, 232.5, 233, 245 *et seq.*, 404, 432, 432.3, 432.5, 432.6, 432.7, 432.8, 510, 512, 558, 1102.5, 1174, 1174.5, 1182.12, 1194, 1194.2, 1197, 1197.1, 1197.5, 1198, 1198.5, 1527, 2699 *et seq.*, 2802, 2810.5, 3366, 3457, 8397.4, 6401, 6402, 6403, and 6409.6) ("Released Claims").

5.3. The express purpose of this release and Settlement is to forever bar Plaintiffs and any PAGA Member from acting on behalf of or purporting to act on behalf of the LWDA from asserting any of the Released Claims in any future litigation. It is the intent of the Parties that, to the greatest extent provided by law, including under the holding of *Arias v. Superior Court*, 46 Cal.4th 969, 986 (2009), the ability of Plaintiffs or any PAGA Member to bring a PAGA claim on behalf of the LWDA arising from the Released Claims occurring during the Settlement Period is completely and forever foreclosed. Any Party to this Agreement may use the Agreement to assert that this Settlement and the judgment entered by the Court following approval bars any later-filed action asserting the Released Claims against any of the Released Parties during the Settlement Period.

6. AMENDMENTS, EXHAUSTION, AND DISMISSALS.

6.1. The Parties will stipulate and request the court's approval to amend the complaint in *Ruano II* to include Plaintiff Larez and all of Plaintiffs' claims, which shall include all PAGA claims released by the Settlement. Plaintiffs will exhaust PAGA claims with the LWDA, as needed to conform to the terms of the Agreement, prior to filing the Operative Complaint. Within 15 days of the Court's approval of an amended complaint, Plaintiff

Larez will seek dismissal without prejudice of the Larez Action. The Parties will work cooperatively and do all things necessary to give effect to the terms of this provision.

7. MOTION OR APPLICATION FOR APPROVAL OF SETTLEMENT.

7.1. Plaintiffs will prepare and file an application or motion for approval of this Settlement. Defendant agrees that said motion shall be filed as unopposed provided that Plaintiffs provide a draft of the approval motion to Defendant's Counsel at least ten days prior to it being filed with the Court and an opportunity to comment on the approval motion's content.

7.2. Plaintiff shall submit the Agreement to the LWDA as required by law.

7.3. Effect of Denial of Settlement Approval. Should the Court decline to approve Sections 5.1 and 5.2 or any other material aspects of the Agreement, the Agreement will be null and void, and the Parties will have no further obligations under it. Provided, however, that the amounts of the PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, and Settlement Administration Costs, shall be determined by the Court, and the Court's determination on these amounts shall be final and binding, and that the Court's approval or denial of any amount requested for these items are not conditions of this Agreement, and are to be considered separate and apart from the fairness, reasonableness, and adequacy of the Agreement. Any order or proceeding relating to an application for the PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, and Settlement Administration Costs shall not operate to terminate or cancel this Agreement. In the event that the Court reduces or does not approve the requested PAGA Counsel Fees Payment or PAGA Counsel Litigation Expenses Payment, Plaintiffs and Plaintiffs' Counsel shall not have the right to modify or revoke the Agreement, nor will Plaintiffs or Plaintiffs' Counsel seek, request, or demand an increase to the Gross Settlement Amount on that basis.

7.4. Proposed Order and Judgment. Simultaneous with the filing of this Agreement, and solely for the purposes of this Settlement, Named Plaintiffs will request the Court to enter the Approval Order (attached as Exhibit B), requesting that the Court enter judgment and retain jurisdiction with respect to the interpretation, implementation, and enforcement of the terms of this Agreement and all orders and judgments entered in connection therewith as may be appropriate under Court rules and applicable law.

8. SETTLEMENT ADMINISTRATION.

8.1. Selection of Settlement Administrator. The Parties have jointly selected ILYM Group, Inc. to serve as the Settlement Administrator and verified that, as a condition of appointment, ILYM Group, Inc. agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Administration Expenses. The Parties, Defense Counsel, and PAGA Counsel represent that they have no interest or relationship, financial or otherwise, with the Settlement Administrator other than a professional relationship arising out of prior experiences administering settlements.

8.2. Employer Identification Number. The Settlement Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholdings and providing reports state and federal tax authorities.

8.3. Qualified Settlement Fund. The Settlement Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund ("QSF") under US Treasury Regulation section 468B-1.

8.4. Settlement Administrator Duties. The Settlement Administrator has a duty to perform or observe all tasks to be performed or observed by the Settlement Administrator contained in this Agreement or otherwise. The Settlement Administrator shall be responsible for performing skip traces and NCOA searches on PAGA Members' addresses; preparing and mailing Notices and Individual PAGA Member Payment checks to PAGA Members; calculating each PAGA Members' Individual PAGA Member Payment; providing a declaration for submission to the Court prior to the Settlement Approval hearing; calculating and mailing the LWDA's portion of the Total Settlement Amount to the LWDA; distributing the PAGA Counsel Fees Payment and PAGA Counsel Litigation Expenses Payment to Plaintiffs' Counsel; calculating and paying amounts owed, if any, to the appropriate tax authorities; printing and providing PAGA Members and Plaintiffs with 1099 forms as required under this Agreement and applicable law; providing a due diligence/post-disbursement declaration for submission to the Court upon the completion of the Settlement; providing any funds remaining as a result of uncashed checks to the State Controller's Unclaimed Property Fund in the PAGA Member's name, and for such other tasks as the Parties mutually agree.

9. ESCALATOR CLAUSE.

9.1. Defendant represents that from January 31, 2022 through December 16, 2024, nonexempt California employees worked a total of approximately 17,855 pay periods ("Estimated Pay Periods"). If the total number of Pay Periods for all PAGA Members exceeds 17,855 by more than 10% (i.e., more than 19,673 pay periods), Defendant shall have the option of paying a proportional increase in the Total Settlement Amount for each additional pay period over 19,673 pay periods, i.e., if the Pay Periods are 11% higher than the Estimated Pay Periods, the Total Settlement Amount will be increased by 1%. If Defendant does not exercise this option then the Pay Periods released by the Settlement shall not exceed 19,673. The total number of Pay Periods for all PAGA Members through March 14, 2025 is 19,577. Because Defendant will not pay any proportional increase in the Total Settlement, the Settlement Period will run through March 14, 2025.

10. CONTINUING JURISDICTION OF THE COURT.

10.1. Jurisdiction. The Parties agree that, after entry of Judgment, the Court will retain jurisdiction over the Parties, the Lawsuit, and the Settlement solely for purposes of (i) enforcing this Agreement and/or Judgment, (ii) addressing settlement administration matters, and (iii) addressing such post-Judgment matters as are permitted by law.

10.2. Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Agreement, specifically including the PAGA Counsel Fees Payment and PAGA Counsel Litigation Expenses Payment, the Parties, their respective counsel waive all rights to appeal from the Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or appeals. If another party appeals the Judgment, the Parties' obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the Judgment becomes final.

11. ADDITIONAL PROVISIONS.

11.1. No Admission of Liability or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by Defendant that any of the allegations in the Operative Complaint have merit or that Defendant has any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiffs that Defendant's defenses in the Lawsuit have merit. The Parties agree that representative treatment is appropriate for purposes of this Settlement only. If, for any reason the Court does not approve this Agreement, Defendant reserves all available defenses to the claims in the Lawsuit, and Plaintiff reserves the right to contest Defendant's defenses. The Settlement, this Agreement and Parties' willingness to settle the Lawsuit will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).

11.2. No Press. Except as set forth above, the Parties intend this Agreement to be and remain confidential until the motion for approval is filed. Neither Party may disclose this Agreement or the Parties' settlement terms to any third party (except to the agreed-upon Settlement Administrator) in any manner until the date of the filing of the motion for approval. The Parties and their counsel agree that they will not issue any press releases, initiate any contact with the press, respond to any press inquiry or have any communications with the press about the facts, amount or terms of the Agreement prior to approval. Plaintiffs and Plaintiffs' Counsel agree that, prior to court approval of the Agreement, they will keep the terms of the Agreement confidential except for purposes of communicating with Plaintiffs only and to the extent necessary to fulfill duties as Plaintiffs' Counsel. The terms of this Agreement shall be kept strictly confidential until such time as it is submitted to the Court. From and after approval of the Settlement, Plaintiffs and their counsel may comment regarding the specific terms of the Agreement: (1) as required by law; (2) as required under the terms of the Agreement; (3) as required under counsel's duties and responsibilities as Plaintiffs' Counsel. In all other cases, Plaintiffs and Plaintiffs' Counsel agree to limit their statements regarding the terms of the

Agreement, whether oral, written or electronic (including the world wide web), to say the Lawsuits have been resolved and that Plaintiffs and their counsel are satisfied with the terms of the Settlement. Plaintiffs' Counsel shall not, at any time, advertise or mention the terms of the Settlement on personal or firm website(s) or blogs; and shall not discuss the terms of the Settlement with media, general public, or issue press releases. Nothing in this paragraph is intended to interfere with Plaintiffs' Counsel's duties and obligations to faithfully discharge their duties.

11.3. Privacy of Documents and Information. Plaintiffs and PAGA Counsel agree that none of the documents and information provided to them by Defendants shall be used for any purpose (including in any other litigation) other than settlement of the Lawsuit.

11.4. Integrated Agreement. After this Agreement is signed and delivered by all Parties, PAGA Counsel, and Defense Counsel this Agreement and its exhibits will constitute the entire Agreement between the Parties relating to the Settlement, and it will then be deemed that no oral representations, warranties, covenants, or inducements have been made to any party concerning this Agreement or its exhibits, other than the representations, warranties, covenants, and inducements expressly stated in this Agreement and its exhibits.

11.5. Authorization. PAGA Counsel and Defendants' Counsel warrant and represent that they are authorized by Plaintiffs and Defendant, respectively, to take all appropriate action required or permitted to be taken by such Parties under this Agreement to effectuate its terms, and to execute any other documents required to effectuate the terms of this Agreement. The Parties, PAGA Counsel and Defense Counsel will cooperate with each other and use their best efforts to effect the implementation of the Settlement.

11.6. Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution.

11.7. No Prior Assignments. Plaintiffs hereby represent, covenant, and warrant that they have not directly or indirectly, assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action or rights herein released and discharged.

11.8. No Tax or Legal Advice. Plaintiffs, PAGA Counsel, Defendant, and Defense Counsel are not providing any advice regarding taxes or taxability, making any representations regarding tax obligations or consequences related to this Agreement, and nothing in this Agreement shall be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise. The PAGA Members will assume any such tax obligations or consequences that may arise from this Agreement, and PAGA Members shall not seek any indemnification from the Parties or any of the Released Parties in this regard. In the event that any taxing body determines that additional taxes are due from any PAGA Member, such PAGA Member assumes all responsibility for the payment of such taxes. Neither Plaintiffs' nor PAGA Counsel, Defendants, Defense Counsel or the Settlement Administrator shall have any responsibility for any employee tax obligations resulting from treatment of such payments as non-taxable damages. The Parties further acknowledge and agree that each Party is relying solely on its own tax advisors for tax advice, and has not received or obtained tax advice from any other Party.

11.9. Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by counsel for all Parties or their representatives or their successors-in-interest.

11.10. Invalidity of Any Provision; Severability. Before declaring any provision of this Agreement invalid, the Parties request that the Court first attempt to construe the provisions valid to the fullest extent possible consistent with applicable precedents, so as to define all provisions of this Agreement valid and enforceable. In the event any provision of this Agreement shall be found unenforceable, the unenforceable provision shall be deemed deleted, and the validity and enforceability of the remaining provisions shall not be affected thereby.

11.11. Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.

11.12. Applicable Law. All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the internal laws of the state of California, without regard to conflict of law principles.

11.13. Fair, Adequate, and Reasonable Settlement. The Parties and their respective counsel believe and warrant that this Agreement reflects a fair, reasonable, and adequate settlement of the Action and have arrived at this Agreement through arms-length negotiations, taking into account all relevant factors, current and potential.

11.14. Cooperation in Drafting. The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.

11.15. Confidentiality. To the fullest extent permitted by law, all agreements made, and orders entered during Lawsuit and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.

11.16. Exhibits and Headings. The terms of this Agreement include the terms set forth in the attached exhibits, which are incorporated by this reference as though fully set forth herein. Any exhibits to this Agreement are an integral part of the Settlement and must be approved substantially as written. The descriptive headings of any paragraphs or sections of this

Agreement are inserted for convenience of reference only and do not constitute a part of this Agreement.

11.17. Calendar Days. Unless otherwise noted, all reference to "days" in this Agreement shall be to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.

11.18. Notice. All notices, demands, or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

To Plaintiffs: **AEGIS LAW FIRM, PC**
Kashif Haque
Samuel Wong
Jessica L. Campbell
jcampbell@aegislawfirm.com
Kristy Connolly
kconnolly@aegislawfirm.com
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David D. Bibiyan
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Los Angeles, CA 90024

To Defendant: **SHEPPARD, MULLIN, RICHTER & HAMPTON LLP**
JENNIFER G. REDMOND
GAL GRESSEL
NINA MONTAZERI
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Telephone: 415.434.9100
Facsimile: 415.434.3947
Email: jredmond@sheppardmullin.com
ggressel@sheppardmullin.com
nmontazeri@sheppardmullin.com

11.19. Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e. DocuSign), or email which for purposes of this Agreement

Defendant and the Released Parties harmless, and indemnifies Defendant and the Released Parties, from any dispute or controversy regarding any division or sharing of any of these Payments.

Neither PAGA Counsel nor any other current or past counsel for Plaintiffs shall be permitted to petition the Court for, or accept, any additional payments for fees, costs, or interest, and the PAGA Counsel Fees Payment shall be for all claims for attorneys' fees and costs whenever incurred, including past and present fees and costs incurred in the Lawsuit to date and through and including the Effective Date, as well as final distribution of all payments under this Agreement and through and after final judgment. Upon the date Defendant funds the Settlement, payment of the PAGA Counsel Fees Payment to PAGA Counsel as set forth herein shall constitute full satisfaction of the obligation to pay any amounts to any person, attorney or law firm for attorneys' fees, expenses or costs in the Lawsuits incurred by any attorney on behalf of Plaintiffs and any PAGA Member, and shall relieve the PAGA Member, Defendant, the Settlement Administrator, and Defendant's Counsel of any other claims or liability to any other attorney or law firm for any attorneys' fees, expenses and/or costs to which any of them may claim to be entitled on behalf of Plaintiffs or the PAGA Member in connection with the claims released in this Settlement.

3.4. To the Settlement Administrator. An Administrator Expenses Payment not to exceed $6,750.00, as approved by the Court. To the extent the Administration Expenses are less or the Court approves payment less than $6,750.00, the Settlement Administrator will allocate the remainder in the Net Settlement Amount.

3.5. To the LWDA and PAGA Members. PAGA Penalties will be paid from the Net Settlement Amount, with 75% allocated to the LWDA PAGA Payment and 25% allocated to the Individual PAGA Member Payments.

3.6. Individual PAGA Member Payments. All PAGA Members, including Plaintiffs, will receive an Individual PAGA Member Payment. The Settlement Administrator will calculate each Individual PAGA Member Payment by (a) dividing the amount of the PAGA Members' 25% share of PAGA Penalties by the total number of Pay Periods worked by all PAGA Members during the Settlement Period and (b) multiplying the result by each PAGA Members' Pay Periods. PAGA Members assume full responsibility and liability for any taxes owed on their Individual PAGA Payment. The Settlement Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

4. SETTLEMENT FUNDING AND PAYMENTS.

4.1. PAGA Member Pay Periods. Based on a review of its records, Defendant estimates there are a total of 17,855 Pay Periods from January 31, 2022 through December 16, 2024.

4.2. PAGA Member Data. Within 15 calendar days of the Effective Date, Defendant will deliver the PAGA Member Data to the Settlement Administrator in the form of a Microsoft

Excel spreadsheet. To protect PAGA Members' privacy rights, the Settlement Administrator must maintain the PAGA Member Data in confidence, use the PAGA Member Data only for purposes of this Settlement and for no other purpose, and restrict access to the PAGA Members Data to Settlement Administrator employees who need access to the PAGA Members Data to effect and perform under this Agreement. Defendant has a continuing duty to immediately notify PAGA Counsel if it discovers that the PAGA Member Data omitted employee identifying information and to provide corrected or updated PAGA Members Data as soon as reasonably feasible. Without any extension of the deadline by which Defendant must initially send the PAGA Member Data to the Settlement Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted PAGA Member Data. No later than 3 business days after receipt of the PAGA Member Data, the Settlement Administrator shall notify PAGA Counsel that the list has been received and state the number of PAGA Members and Pay Periods in the PAGA Member Data.

4.3. Funding of Total Settlement Amount. Defendant shall fully fund the Total Settlement Amount by transmitting the funds to the Settlement Administrator no later than 30 calendar days after the Effective Date.

4.4. Settlement Administrator's Disbursement Duties. Subject to the Court's approval of the Agreement, the Settlement Administrator shall distribute funds pursuant to the terms of this Agreement and the Court's approval order and judgment. The Settlement Administrator shall keep Defendant's Counsel and Plaintiffs' Counsel apprised of all distributions from the Total Settlement Amount. The Settlement Administrator shall respond to questions from Defendant's Counsel and Plaintiffs' Counsel.

4.5. Disbursement. Within 30 calendar days after Defendant funds the Total Settlement Amount, the Settlement Administrator will mail checks for all Individual PAGA Member Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the PAGA Counsel Expenses Payment, and the PAGA Counsel Fees Payment. Disbursement of the PAGA Counsel Litigation Expenses Payment and PAGA Counsel Fees Payment shall not precede disbursement of Individual PAGA Member Payments. No person shall have any claim against Defendant, Defendant's Counsel, Plaintiffs, Plaintiffs' Counsel, or the Settlement Administrator based on the distributions and payments made in accordance with this Agreement.

4.6. Checks. The Settlement Administrator will issue checks for the Individual PAGA Member Payments and send them to the PAGA Members via First Class U.S. Mail, postage prepaid. A notice letter explaining why the check is being sent, in a mutually-agreed upon form that has been approved by the Court, in substantially the form that is attached hereto as "Exhibit A," will be included in the mailing of each Individual PAGA Member Payment. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided. Before mailing any checks, the Settlement

Administrator must update the recipients' mailing addresses using the National Change of Address Database.

4.7. Address Search. The Settlement Administrator must conduct a PAGA Member Address Search for all PAGA Members whose checks are returned undelivered without USPS forwarding address. Within 7 days of receiving a returned check the Settlement Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the PAGA Member Address Search. The Settlement Administrator need not take further steps to deliver checks to PAGA Members whose re-mailed checks are returned as undelivered. The Settlement Administrator shall promptly send a replacement check to any PAGA Member whose original check was lost or misplaced, requested by the PAGA Member prior to the void date.

4.8. Unclaimed Checks. The Settlement Administrator will cancel all checks not cashed by the void date. For any PAGA Member whose Individual PAGA Member Payment check is uncashed and cancelled after the void date, the Settlement Administrator shall transmit the funds represented by such checks to the California Controller's Unclaimed Property Fund in the name of the PAGA Member whose check was uncashed.

4.9. Final Report by Settlement Administrator. Within ten (14) days after the disbursement of all funds, the Settlement Administrator will serve on the Parties a declaration providing a final report on the disbursements of all funds.

4.10. No Additional Benefits. The payment of Individual PAGA Payments shall not obligate Defendant to confer any additional benefits or make any additional payments to the PAGA Members (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

5. RELEASES OF CLAIMS.

5.1. Separate and apart from this Settlement, Plaintiff Ruano and Plaintiff Larez will each enter into a separate settlement agreement with Defendant that include a general release and section 1542 waiver of all claims they may have against Defendant, whether such claims are known or unknown. The execution and non-revocation of these separate settlement agreements constitute a material term of this Agreement.

5.2. Upon full funding of the Settlement, the LWDA and PAGA Members fully and finally release the Released Parties from all claims that arose during the PAGA Settlement Period for PAGA civil penalties that were alleged in the PAGA Notices filed by Plaintiff with the LWDA and the Operative Complaint, or that could have been based on the facts alleged in the PAGA Notices filed by Plaintiffs with the LWDA and the Operative Complaint, including, but not limited to unpaid wages, failure to pay minimum wages; failure to pay for travel time; failure to pay straight time compensation, overtime compensation, double-time compensation, reporting time compensation, and/or interest; missed, late, short or interrupted meal and/or rest periods, including any claim for any alleged failure to provide meal or rest periods or pay premiums for missed, late, short or interrupted meal or rest periods, or to pay such premiums at the regular rate of compensation; failure to pay or provide paid sick leave, including any claim for alleged failure to pay paid sick leave at the regular rate of pay; unlawful deduction of pay; failure to reimburse for any business expenses; failure to pay accrued vacation or paid time off; penalties arising out of or related to any or all of the aforementioned claims, including, but not limited to, recordkeeping penalties, wage statement penalties, minimum wage penalties, and waiting time penalties; untimely payment of wages; inaccurate or otherwise improper wage statements and/or failure to keep or maintain accurate records; failure to furnish employment records (personnel, earnings, time, signed, etc.) upon request; failure to provide information at the time of hire under the Wage Theft Prevention Act; unlawful and unfair business practices; preventing disclosure of wages; preventing disclosure and use of skills, knowledge, and experience obtained for Defendant for purposes of competition; preventing disclosure of violations of state and federal law; preventing engaging in lawful conduct; preventing disclosure of working conditions, including unsafe work environment/conditions; preventing disclosure of discrimination; preventing employees from exercising rights under the Labor Commissioner; preventing exercise of free speech; unequal pay based on sex; and attorneys' fees and costs. This release includes claims for civil PAGA penalties alleging a violation of the Wage Orders of the California Industrial Welfare Commission, including but not limited to Wage Order 5-2001; and/or alleging a violation of the California Labor Code (including, but not limited to, sections 96, 98.6, 201-203, 201.3, 204, 210, 212, 213, 221, 223, 226, 226.3, 226.7, 227.3, 232, 232.5, 233, 245 *et seq.*, 404, 432, 432.3, 432.5, 432.6, 432.7, 432.8, 510, 512, 558, 1102.5, 1174, 1174.5, 1182.12, 1194, 1194.2, 1197, 1197.1, 1197.5, 1198, 1198.5, 1527, 2699 *et seq.*, 2802, 2810.5, 3366, 3457, 8397.4, 6401, 6402, 6403, and 6409.6) ("Released Claims").

5.3. The express purpose of this release and Settlement is to forever bar Plaintiffs and any PAGA Member from acting on behalf of or purporting to act on behalf of the LWDA from asserting any of the Released Claims in any future litigation. It is the intent of the Parties that, to the greatest extent provided by law, including under the holding of *Arias v. Superior Court*, 46 Cal.4th 969, 986 (2009), the ability of Plaintiffs or any PAGA Member to bring a PAGA claim on behalf of the LWDA arising from the Released Claims occurring during the Settlement Period is completely and forever foreclosed. Any Party to this Agreement may use the Agreement to assert that this Settlement and the judgment entered by the Court following approval bars any later-filed action asserting the Released Claims against any of the Released Parties during the Settlement Period.

6. AMENDMENTS, EXHAUSTION, AND DISMISSALS.

6.1. The Parties will stipulate and request the court's approval to amend the complaint in *Ruano II* to include Plaintiff Larez and all of Plaintiffs' claims, which shall include all PAGA claims released by the Settlement. Plaintiffs will exhaust PAGA claims with the LWDA, as needed to conform to the terms of the Agreement, prior to filing the Operative Complaint. Within 15 days of the Court's approval of an amended complaint, Plaintiff

Larez will seek dismissal without prejudice of the Larez Action. The Parties will work cooperatively and do all things necessary to give effect to the terms of this provision.

7. MOTION OR APPLICATION FOR APPROVAL OF SETTLEMENT.

7.1. Plaintiffs will prepare and file an application or motion for approval of this Settlement. Defendant agrees that said motion shall be filed as unopposed provided that Plaintiffs provide a draft of the approval motion to Defendant's Counsel at least ten days prior to it being filed with the Court and an opportunity to comment on the approval motion's content.

7.2. Plaintiff shall submit the Agreement to the LWDA as required by law.

7.3. Effect of Denial of Settlement Approval. Should the Court decline to approve Sections 5.1 and 5.2 or any other material aspects of the Agreement, the Agreement will be null and void, and the Parties will have no further obligations under it. Provided, however, that the amounts of the PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, and Settlement Administration Costs, shall be determined by the Court, and the Court's determination on these amounts shall be final and binding, and that the Court's approval or denial of any amount requested for these items are not conditions of this Agreement, and are to be considered separate and apart from the fairness, reasonableness, and adequacy of the Agreement. Any order or proceeding relating to an application for the PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, and Settlement Administration Costs shall not operate to terminate or cancel this Agreement. In the event that the Court reduces or does not approve the requested PAGA Counsel Fees Payment or PAGA Counsel Litigation Expenses Payment, Plaintiffs and Plaintiffs' Counsel shall not have the right to modify or revoke the Agreement, nor will Plaintiffs or Plaintiffs' Counsel seek, request, or demand an increase to the Gross Settlement Amount on that basis.

7.4. Proposed Order and Judgment. Simultaneous with the filing of this Agreement, and solely for the purposes of this Settlement, Named Plaintiffs will request the Court to enter the Approval Order (attached as Exhibit B), requesting that the Court enter judgment and retain jurisdiction with respect to the interpretation, implementation, and enforcement of the terms of this Agreement and all orders and judgments entered in connection therewith as may be appropriate under Court rules and applicable law.

8. SETTLEMENT ADMINISTRATION.

8.1. Selection of Settlement Administrator. The Parties have jointly selected ILYM Group, Inc. to serve as the Settlement Administrator and verified that, as a condition of appointment, ILYM Group, Inc. agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Administration Expenses. The Parties, Defense Counsel, and PAGA Counsel represent that they have no interest or relationship, financial or otherwise, with the Settlement Administrator other than a professional relationship arising out of prior experiences administering settlements.

8.2. Employer Identification Number. The Settlement Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholdings and providing reports state and federal tax authorities.

8.3. Qualified Settlement Fund. The Settlement Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund ("QSF") under US Treasury Regulation section 468B-1.

8.4. Settlement Administrator Duties. The Settlement Administrator has a duty to perform or observe all tasks to be performed or observed by the Settlement Administrator contained in this Agreement or otherwise. The Settlement Administrator shall be responsible for performing skip traces and NCOA searches on PAGA Members' addresses; preparing and mailing Notices and Individual PAGA Member Payment checks to PAGA Members; calculating each PAGA Members' Individual PAGA Member Payment; providing a declaration for submission to the Court prior to the Settlement Approval hearing; calculating and mailing the LWDA's portion of the Total Settlement Amount to the LWDA; distributing the PAGA Counsel Fees Payment and PAGA Counsel Litigation Expenses Payment to Plaintiffs' Counsel; calculating and paying amounts owed, if any, to the appropriate tax authorities; printing and providing PAGA Members and Plaintiffs with 1099 forms as required under this Agreement and applicable law; providing a due diligence/post-disbursement declaration for submission to the Court upon the completion of the Settlement; providing any funds remaining as a result of uncashed checks to the State Controller's Unclaimed Property Fund in the PAGA Member's name, and for such other tasks as the Parties mutually agree.

9. ESCALATOR CLAUSE.

9.1. Defendant represents that from January 31, 2022 through December 16, 2024, nonexempt California employees worked a total of approximately 17,855 pay periods ("Estimated Pay Periods"). If the total number of Pay Periods for all PAGA Members exceeds 17,855 by more than 10% (i.e., more than 19,673 pay periods), Defendant shall have the option of paying a proportional increase in the Total Settlement Amount for each additional pay period over 19,673 pay periods, i.e., if the Pay Periods are 11% higher than the Estimated Pay Periods, the Total Settlement Amount will be increased by 1%. If Defendant does not exercise this option then the Pay Periods released by the Settlement shall not exceed 19,673. The total number of Pay Periods for all PAGA Members through March 14, 2025 is 19,577. Because Defendant will not pay any proportional increase in the Total Settlement, the Settlement Period will run through March 14, 2025.

10. CONTINUING JURISDICTION OF THE COURT.

10.1. Jurisdiction. The Parties agree that, after entry of Judgment, the Court will retain jurisdiction over the Parties, the Lawsuit, and the Settlement solely for purposes of (i) enforcing this Agreement and/or Judgment, (ii) addressing settlement administration matters, and (iii) addressing such post-Judgment matters as are permitted by law.

10.2. Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Agreement, specifically including the PAGA Counsel Fees Payment and PAGA Counsel Litigation Expenses Payment, the Parties, their respective counsel waive all rights to appeal from the Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or appeals. If another party appeals the Judgment, the Parties' obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the Judgment becomes final.

11. ADDITIONAL PROVISIONS.

11.1. No Admission of Liability or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by Defendant that any of the allegations in the Operative Complaint have merit or that Defendant has any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiffs that Defendant's defenses in the Lawsuit have merit. The Parties agree that representative treatment is appropriate for purposes of this Settlement only. If, for any reason the Court does not approve this Agreement, Defendant reserves all available defenses to the claims in the Lawsuit, and Plaintiff reserves the right to contest Defendant's defenses. The Settlement, this Agreement and Parties' willingness to settle the Lawsuit will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).

11.2. No Press. Except as set forth above, the Parties intend this Agreement to be and remain confidential until the motion for approval is filed. Neither Party may disclose this Agreement or the Parties' settlement terms to any third party (except to the agreed-upon Settlement Administrator) in any manner until the date of the filing of the motion for approval. The Parties and their counsel agree that they will not issue any press releases, initiate any contact with the press, respond to any press inquiry or have any communications with the press about the facts, amount or terms of the Agreement prior to approval. Plaintiffs and Plaintiffs' Counsel agree that, prior to court approval of the Agreement, they will keep the terms of the Agreement confidential except for purposes of communicating with Plaintiffs only and to the extent necessary to fulfill duties as Plaintiffs' Counsel. The terms of this Agreement shall be kept strictly confidential until such time as it is submitted to the Court. From and after approval of the Settlement, Plaintiffs and their counsel may comment regarding the specific terms of the Agreement: (1) as required by law; (2) as required under the terms of the Agreement; (3) as required under counsel's duties and responsibilities as Plaintiffs' Counsel. In all other cases, Plaintiffs and Plaintiffs' Counsel agree to limit their statements regarding the terms of the

Agreement, whether oral, written or electronic (including the world wide web), to say the Lawsuits have been resolved and that Plaintiffs and their counsel are satisfied with the terms of the Settlement. Plaintiffs' Counsel shall not, at any time, advertise or mention the terms of the Settlement on personal or firm website(s) or blogs; and shall not discuss the terms of the Settlement with media, general public, or issue press releases. Nothing in this paragraph is intended to interfere with Plaintiffs' Counsel's duties and obligations to faithfully discharge their duties.

11.3. Privacy of Documents and Information. Plaintiffs and PAGA Counsel agree that none of the documents and information provided to them by Defendants shall be used for any purpose (including in any other litigation) other than settlement of the Lawsuit.

11.4. Integrated Agreement. After this Agreement is signed and delivered by all Parties, PAGA Counsel, and Defense Counsel this Agreement and its exhibits will constitute the entire Agreement between the Parties relating to the Settlement, and it will then be deemed that no oral representations, warranties, covenants, or inducements have been made to any party concerning this Agreement or its exhibits, other than the representations, warranties, covenants, and inducements expressly stated in this Agreement and its exhibits.

11.5. Authorization. PAGA Counsel and Defendants' Counsel warrant and represent that they are authorized by Plaintiffs and Defendant, respectively, to take all appropriate action required or permitted to be taken by such Parties under this Agreement to effectuate its terms, and to execute any other documents required to effectuate the terms of this Agreement. The Parties, PAGA Counsel and Defense Counsel will cooperate with each other and use their best efforts to effect the implementation of the Settlement.

11.6. Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution.

11.7. No Prior Assignments. Plaintiffs hereby represent, covenant, and warrant that they have not directly or indirectly, assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action or rights herein released and discharged.

11.8. No Tax or Legal Advice. Plaintiffs, PAGA Counsel, Defendant, and Defense Counsel are not providing any advice regarding taxes or taxability, making any representations regarding tax obligations or consequences related to this Agreement, and nothing in this Agreement shall be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise. The PAGA Members will assume any such tax obligations or consequences that may arise from this Agreement, and PAGA Members shall not seek any indemnification from the Parties or any of the Released Parties in this regard. In the event that any taxing body determines that additional taxes are due from any PAGA Member, such PAGA Member assumes all responsibility for the payment of such taxes. Neither Plaintiffs' nor PAGA Counsel, Defendants, Defense Counsel or the Settlement Administrator shall have any responsibility for any employee tax obligations resulting from treatment of such payments as non-taxable damages. The Parties further acknowledge and agree that each Party is relying solely on its own tax advisors for tax advice, and has not received or obtained tax advice from any other Party.

11.9. Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by counsel for all Parties or their representatives or their successors-in-interest.

11.10. Invalidity of Any Provision; Severability. Before declaring any provision of this Agreement invalid, the Parties request that the Court first attempt to construe the provisions valid to the fullest extent possible consistent with applicable precedents, so as to define all provisions of this Agreement valid and enforceable. In the event any provision of this Agreement shall be found unenforceable, the unenforceable provision shall be deemed deleted, and the validity and enforceability of the remaining provisions shall not be affected thereby.

11.11. Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.

11.12. Applicable Law. All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the internal laws of the state of California, without regard to conflict of law principles.

11.13. Fair, Adequate, and Reasonable Settlement. The Parties and their respective counsel believe and warrant that this Agreement reflects a fair, reasonable, and adequate settlement of the Action and have arrived at this Agreement through arms-length negotiations, taking into account all relevant factors, current and potential.

11.14. Cooperation in Drafting. The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.

11.15. Confidentiality. To the fullest extent permitted by law, all agreements made, and orders entered during Lawsuit and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.

11.16. Exhibits and Headings. The terms of this Agreement include the terms set forth in the attached exhibits, which are incorporated by this reference as though fully set forth herein. Any exhibits to this Agreement are an integral part of the Settlement and must be approved substantially as written. The descriptive headings of any paragraphs or sections of this

Agreement are inserted for convenience of reference only and do not constitute a part of this Agreement.

11.17. Calendar Days. Unless otherwise noted, all reference to "days" in this Agreement shall be to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.

11.18. Notice. All notices, demands, or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

To Plaintiffs: **AEGIS LAW FIRM, PC**
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ggressel@sheppardmullin.com
nmontazeri@sheppardmullin.com

11.19. Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e. DocuSign), or email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.

11.20. Jurisdiction. The Court shall retain jurisdiction with respect to the interpretation, implementation and enforcement of the terms of this Agreement and all orders and judgments entered in connection therewith, and the Parties and their counsel hereto submit to the jurisdiction of the Court for purposes of interpreting, implementing and enforcing the settlement embodied in this Agreement and all orders and judgments entered in connection therewith.

12. EXECUTION BY PARTIES AND COUNSEL.

The Parties and their counsel execute this Agreement.

Agreed to by the Parties:

Dated: 02/06/2026 By: Carlos Ruano

Carlos Ruano

Dated: 2/4/2026 | 3:56 PM PST By: DocuSigned by: BCEBD1862A754F0...

Nicole Martinez Larez

Avenue5 Residential LLC

Dated: ____________ By: ____________

Chief Financial Officer

Pal Ottesen

Agreed As to Form Only:

AEGIS LAW FIRM, PC

Dated: 02/05/2026

By: Jessica Campbell

Kristy Connolly
Attorneys for Plaintiff, Nicole Martinez Larez

BIBIYAN LAW GROUP, P.C.

Dated: February 6, 2026

By: Vedang J. Patel

Vedang Patel
Attorneys for Plaintiff Carlos Ruano

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

Dated: ______________

By: ______________________________

Gal Gressel
Attorneys for Defendant Avenue5 Residential LLC

shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.

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12. EXECUTION BY PARTIES AND COUNSEL.

The Parties and their counsel execute this Agreement.

Agreed to by the Parties:

Dated: ______________ By: ___________________________
Carlos Ruano

Dated: ______________ By: ___________________________
Nicole Martinez Larez

Avenue5 Residential LLC

Dated: 2/4/2026 By: Signed by: 7969217002A8405...
Chief Financial Officer
Pal Ottesen

Agreed As to Form Only:

AEGIS LAW FIRM, PC

Dated: ______________ By: ______________________________

Kristy Connolly
Attorneys for Plaintiff, Nicole Martinez Larez

BIBIYAN LAW GROUP, P.C.

Dated: ______________ By: ______________________________

Vedang Patel
Attorneys for Plaintiff Carlos Ruano

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

Dated: 2/4/2026 By: DocuSigned by: Gal Gressel F3611E7E431E4BE...

Gal Gressel
Attorneys for Defendant Avenue5 Residential LLC

<<Mailing Date>>

To: <<First Name>><<Last Name>>
<<Address>>
<<City>> <<State>> <<Zip>>

Re: Individual PAGA Member Payment from *Carlos Ruano v. Avenue5 Residential LLC*
Los Angeles County Superior Court, Case No. 23STCV07665

Dear <<First Name>><<Last Name>>:

Please find enclosed a check in the amount of **<<amount of payment>>** ("Individual PAGA Payment"). This check is your payment from the settlement of a lawsuit entitled *Carlos Ruano v. Avenue5 Residential LLC et al.*, Case No. 23STCV07665 ("Action"), filed in the Superior Court of California for the County of Los Angeles ("Court").

The lawsuit was brought by Carlos Ruano and Nicole Martinez Larez ("Plaintiffs"), two former employees of Avenue5 Residential LLC ("Defendant"), with respect to themselves and other alleged aggrieved employees, to seek recovery of civil penalties pursuant to the California Private Attorneys General Act of 2004, California Labor Code § 2698, *et seq.* ("PAGA"). Plaintiffs alleged that Defendant violated the California Labor Code by failing to pay minimum wages and overtime wages; failing to provide and permit meal periods and rest breaks; failing to provide accurate itemized wage statements; failing to pay wages timely during employment; failing to reimburse business expenses, failing to properly provide and pay paid sick leave, and failing to pay all wages due upon separation of employment.

Defendant denies Plaintiffs' claims in their entirety, maintains that Defendant complied with the law, and denies that any penalties are owed. However, in an effort to avoid the expense of protracted litigation, Defendant and Plaintiffs reached a resolution of the claims alleged in the Lawsuit through a settlement. The Court has not made a determination about Plaintiffs' allegations. This Notice is not to be understood as an expression of any opinion by the Court as to the merits of Plaintiffs' claims.

The settlement was reached between Plaintiffs and Defendant, on behalf of Plaintiffs, the State of California, and the following PAGA Members: all current or former non-exempt employees employed by Defendant in California at any time from January 31, 2022 through March 14, 2025. You are receiving a portion of the settlement (the enclosed Individual PAGA Member Payment check) because you have been identified as an PAGA Member. You will not be retaliated against by Defendant for cashing your check.

On <<Approval Date>>, the settlement was approved by the Court, with a portion to be paid to the State of California and a portion to be paid to the PAGA Members. Your Individual PAGA Member Payment is based on the total number of pay periods that you worked as an PAGA Member during the period between January 31, 2022 through March 14, 2025 (the "Settlement Period"). The Individual PAGA Member Payment is considered to be 100% penalties, which will be reported on an IRS Form 1099. You are responsible for paying any and all taxes that may be due as a result of any payment issued to you under the settlement and should consult a tax advisor regarding the tax consequences of such payment.

By way of the settlement, the State of California and all PAGA Members released Defendant, Avenue5 California Inc. and each of their respective past, present and future agents, employees, servants, officers, directors, partners, trustees, representatives, shareholders, stockholders, investors, attorneys, parents, subsidiaries, equity sponsors, related companies/corporations and/or partnerships (defined as a company/corporation and/or partnership that is, directly or indirectly, under common control with Defendant or Avenue5 California Inc. or any of their respective parents and/or affiliates), divisions, assigns, predecessors, successors, insurers, consultants, joint ventures, any actual or alleged joint employers, affiliates, and alter-egos, and all of their respective past, present and future employees, directors, officers, agents, attorneys, insurers, stockholders, fiduciaries, parents, subsidiaries, and assigns (the "Released Parties") from any and all claims for PAGA penalties arising during the Settlement Period that were alleged or could have been alleged, based on the facts stated in the Operative Complaint and the PAGA Notices.

Your Individual PAGA Member Payment check is valid for 180 calendar days from the date of issuance, and if you do not cash, deposit, or otherwise negotiate the check within the 180-day timeframe, your Individual PAGA Member Payment will be cancelled and the funds will be transmitted to the State Controller's Office Unclaimed Property Fund in your name.

Do <u>not</u> call or write the Court or Office of the Clerk of the Court to ask questions about the settlement. If you have any questions concerning the settlement, you may contact the Settlement Administrator at <<INSERT CONTACT INFORMATION>>.