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13
14 KYLE NEFF and ERICK HOLMBERG,
individually and on behalf of all other similarly
15 situated employees,

16 Plaintiff,

17 vs.

18 CASTLE TIRE DISPOSAL, LLC, a Delaware
Limited Liability Company; and DOES 1 to
19 100, inclusive,

20 Defendant.
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**JOINT STIPULATION REGARDING CLASS
ACTION AND PAGA SETTLEMENT AND
RELEASE**

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6 individually and on behalf of similarly situated employees

1 This Joint Stipulation Regarding Class Action and PAGA Settlement and Release is made and
2 entered into between the Plaintiffs Erick Holmberg and Kyle Neff, on behalf of themselves, the Labor and
3 Workforce Development Agency, Class Members, and PAGA Members, and Defendant Castle Tire
4 Disposal, LLC. This Agreement is subject to the terms and conditions set forth below and the approval of
5 the Court.

6 **1. DEFINITIONS**

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

8 1.1 “Actions” means and includes *Kyle Neff v. Castle Tire Disposal LLC*, Sacramento County
9 Superior Court Case No. 34-2023-00336483 (“*Neff Class Action*”), filed March 20, 2023; *Kyle Neff v.*
10 *Castle Tire Disposal LLC*, Sacramento County Superior Court Case No. 23CV002828 (“*Neff PAGA*
11 *Action*”), filed June 6, 2023; and *Erick Holmberg vs. Castle Tire Disposal, LLC*, San Joaquin County
12 Superior Court, Case No. STK-CV-UOE-2023-0006565, (“*Holmberg Action*”), filed June 27, 2023.

13 1.2 “Agreement” or “Settlement” or “Settlement Agreement” means this Joint Stipulation
14 Regarding Class Action and PAGA Settlement and Release.

15 1.3 “Class Counsel” means Shimoda & Rodriguez Law, PC and Bibiyan Law Group, P.C.

16 1.4 “Class Member(s)” means all current and former non-exempt employees employed by
17 Defendant in California at any time during the period from March 20, 2019, through February 15, 2024.

18 1.5 “Class Release Period” means March 20, 2019, through February 15, 2024.

19 1.6 “Class Representatives” means Erick Holmberg and Kyle Neff.

20 1.7 “Class Representatives’ Released Claims” means any and all claims of any nature, known
21 or unknown, contingent or accrued, against all Released Parties, whether in tort, contract, or equity,
22 including, but not limited to, the Released Claims, and any claims arising out of or relating to any work
23 performed by Plaintiffs and/or Plaintiffs’ engagement to perform any work. This includes waiving and
24 relinquishing any and all rights and benefits that Plaintiffs may have under the law of any other state or
25 jurisdiction, or common law principle, to the same or similar effect, concerning the claims released herein.
26 Notwithstanding the foregoing or the statement of released claims in Section 6.1-6.3, Plaintiff Erick
27 Holmberg is not waiving his individual, non-wage and hour claim asserted in the *Holmberg Action* (*i.e.*
28

retaliation/Violation of Labor Code Section 1102.5) as that claim is being resolved and waived through a separate individual agreement.

1.8 “Court” means the Sacramento County Superior Court.

1.9 “Defendant” means Castle Tire Disposal, LLC.

1.10 “Defendant’s Counsel” means Dorsey & Whitney LLP.

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

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

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

1.14 “Gross Settlement Amount” is the sum of Four Hundred Eighty Thousand Dollars (\$480,000).

1.15 “Individual Settlement Amount” means an individual Class Member’s and PAGA Members’ allocation of the Net Settlement Amount and PAGA Payment respectively, as defined in Sections 1.17, 1.23, 5.5, and 5.8.

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

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

1 1.18 “Notice of Settlement” means the document substantially in the form attached hereto as
2 Exhibit 1.

3 1.19 “Notice Period” means sixty (60) calendar days from the initial mailing of the Notice of
4 Settlement to Class Members and PAGA Members.

5 1.20 “Operative Complaint” means the proposed First Amended Complaint to be filed in the
6 *Neff* Class Action, attached hereto as Exhibit 2.

7 1.21 “PAGA” means Private Attorneys General Act.

8 1.22 “PAGA Members” means all current and former non-exempt employees employed by
9 Defendant in California at any time during the period from March 16, 2022, through February 15, 2024.

10 1.23 “PAGA Payment” means the amount allocated from the Gross Settlement Amount towards
11 resolving claims under the Private Attorneys General Act of 2004, California Labor Code §§ 2698 *et seq.*

12 1.24 “PAGA Release Period” means March 16, 2022, through February 15, 2024.

13 1.25 “Parties” mean Defendant and Plaintiffs.

14 1.26 “Participating Class Member” means any and all Class Members who have not made any
15 timely request to opt-out of the Settlement.

16 1.27 “Plaintiffs” means Erick Holmberg and Kyle Neff.

17 1.28 “Preliminary Approval Date” means the date a signed order granting preliminary approval
18 of this Agreement is filed with the Court.

19 1.29 “QSF” means a Qualified Settlement Fund set up by the Settlement Administrator for the
20 benefit of the Participating Class Members and/or PAGA Members and from which the payments under
21 this Agreement shall be made. Any amounts Defendant has agreed to pay under this Agreement shall
22 remain the property of Defendant until the payments required under the Agreement are made.

23 1.30 “Qualifying Workweeks” are weeks worked by Class Members and/or PAGA Members
24 during the Class Release Period and/or PAGA Release Period, respectively, in California. For Class
25 Members, workweeks shall be defined as the total length of service (in days) in California during the Class
26 Release Period divided by seven. For PAGA Members workweeks shall be defined as the total length of
27 service (in days) in California during the PAGA Release Period divided by seven. The calculation of a
28 Class Member’s and/or PAGA Members’ workweeks and a determination as to whether a Class Member

1 and/or PAGA Members was actively employed in California in a particular workweek shall be construed
2 from Defendant's records.

3 1.31 "Released Class Claims" means: all claims made in the Operative Complaint in the Action
4 or all claims that reasonably could have been alleged based on the factual allegations contained in the
5 Operative Complaint, including but not limited to all of the following claims for relief: (1) Failure to Pay
6 Overtime Wages, (2) Failure to Pay Minimum Wages, (3) Failure to Provide Meal Periods, (4) Failure to
7 Provide Rest Periods, (5) Failing to Pay Final Wages, (6) Wage Statement Violations, (7) Failure to Timely
8 Pay Wages, (8) Failure to Indemnify, (9) Violation of Labor Code § 227.3, and (10) Unfair Competition.
9 The period of the Released Class Claims shall extend to the limits of the Class Release Period. This release
10 excludes the release of claims not permitted by law. The Released Class Claims exclude claims for
11 workers' compensation or unemployment insurance benefits. This release will cover all Class Members
12 who do not opt out.

13 1.32 "Released PAGA Claims" means all claims made in the notices Plaintiffs filed with the
14 LWDA alleging PAGA claims or all claims that reasonably could have been alleged based on the factual
15 allegations contained in the notices Plaintiffs filed with the LWDA. The period of the Released PAGA
16 Claims shall extend to the limits of the PAGA Release Period. PAGA Members cannot opt out of this
17 waiver of claims.

18 1.33 "Released Parties" means Defendant, as well as any related entities, and their directors,
19 officers, members, and investors.

20 1.34 "Settlement Administrator" means and refers to Phoenix Class Action Administration
21 Solutions ("Phoenix"), the third-party entity that will administer the Agreement as outlined in Sections 4
22 and 7, or any other third-party administrator agreed to by the Parties and approved by the Court for the
23 purposes of administering this Agreement. The Parties each represent that they do not have any financial
24 interest in the Settlement Administrator. The Parties and their counsel each represent that they do not
25 have any financial interest in Phoenix or otherwise have a relationship with Phoenix that could create a
26 conflict of interest.

27 1.35 "Settlement Administrator Costs" means the fees and expenses reasonably incurred by the
28 Settlement Administrator as a result of the procedures and processes expressly required by this Agreement,

1 and shall include all costs of administering the Agreement, including, but not limited to, all tax document
2 preparation, custodial fees, and accounting fees incurred by the Settlement Administrator; all costs and fees
3 associated with preparing, issuing and mailing any and all notices and other correspondence to Class
4 Members and/or PAGA Members; all costs and fees associated with communicating with Class Members
5 and/or PAGA Members, Class Counsel, and Defendant's Counsel; all costs and fees associated with
6 computing, processing, reviewing, and paying the Individual Settlement Amounts, and resolving disputes;
7 all costs and fees associated with calculating tax withholdings and payroll taxes, if any, making related
8 payment to federal and state tax authorities, if any, and issuing tax forms relating to payments made under
9 the Agreement; all costs and fees associated with preparing any tax returns and any other filings required
10 by any governmental taxing authority or agency; all costs and fees associated with preparing any other
11 notices, reports, or filings to be prepared in the course of administering Individual Settlement Amounts;
12 and any other costs and fees incurred and/or charged by the Settlement Administrator in connection with
13 the execution of its duties under this Agreement.

14 **2. DESCRIPTION OF THE LITIGATION**

15 2.1 Prior to filing their respective lawsuits, Plaintiffs sent notice to the LWDA to exhaust
16 administrative remedies under the PAGA for alleged violations of the California Labor Code. Plaintiff
17 Neff sent notice on March 16, 2023, and Plaintiff Holmberg sent notice on June 16, 2023. The LWDA did
18 not respond to the notices within the statutorily required time frame and, as such, Plaintiffs became
19 authorized to act as a Private Attorney General on all alleged PAGA claims.

20 2.2 On or about March 20, 2023, Plaintiff Neff filed the *Neff* Class Action behalf of himself and
21 Class Members alleging claims for claims for (1) Failure to Pay Overtime Wages, (2) Failure to Pay
22 Minimum Wages, (3) Failure to Provide Meal Periods, (4) Failure to Provide Rest Periods, (5) Failing to
23 Pay Final Wages, (6) Wage Statement Violations, (7) Failure to Timely Pay Wages, (8) Failure to
24 Indemnify, (9) Violation of Labor Code § 227.3, and (10) Unfair Competition. On or about June 6, 2023,
25 Plaintiff Neff filed the *Neff* PAGA Action on behalf of himself and PAGA Members based on the claims
26 alleged in the March 16, 2023 notice to the LWDA.

27 2.3 On or about June 27, 2023, Plaintiff Holmberg filed the *Holmberg* Action on behalf of
28 himself and Class Members alleging class claims for claims for (1) Failure to Pay Overtime Wages, (2)

1 Failure to Pay Minimum Wages, (3) Meal Period Violations, (4) Rest Period Violations, (5) Wage
2 Statement Violations, (6) Failure to Pay Final Wages, (7) Failure to Reimburse Expenses, and (8) Unfair
3 Competition. On or about October 24, 2023, Plaintiff Holmberg filed a First Amended Complaint to add
4 a PAGA cause of action based on the violations alleged in the June 16, 2023 notice to the LWDA on behalf
5 of himself and PAGA Members.

6 2.4 Through informal discovery, Defendant and Defendant's Counsel provided Class Counsel
7 with copies of all applicable versions of its policies and procedures, employee handbooks, information on
8 Class Members including, but not limited to, Class Members' workweeks, total number of Class Members,
9 and a sample of time cards and paystubs for a randomly selected sample of Class Members.

10 2.5 On January 28, 2025, after receiving the class data, the Parties participated in a lengthy
11 mediation with private mediator Gig Kyriacou. At the conclusion of the mediation, the Parties were not
12 able to come to a resolution. However, on February 7, 2025, the Parties accepted a mediator's proposal to
13 resolve all claims asserted in the Actions. At all times, the Parties' settlement negotiations have been non-
14 collusive, adversarial, and at arm's length.

15 2.6 Discussions between Plaintiffs and Class Counsel, between counsel for the Parties,
16 document productions, extensive legal analysis, the provision of information by Defendant to Plaintiffs and
17 the detailed analysis of the records, including expert analysis, have permitted each side to assess the relative
18 merits of the claims and the defenses to those claims.

19 2.7 The Parties agree that the above-described investigation and evaluation, as well as discovery
20 and the information exchanged to date, are more than sufficient to assess the merits of the respective
21 Parties' positions and to compromise the issues on a fair and equitable basis. Plaintiffs, Class Counsel,
22 Defendant, and Defendant's Counsel have concluded that it is desirable that the Action be settled in a
23 manner and upon such terms and conditions set forth herein in order to avoid further expense,
24 inconvenience and distraction of further legal proceedings, and the risk of an adverse outcome each of the
25 Parties potentially face in the Action. Therefore, the Parties desire to resolve the claims in the Action.
26 Plaintiff, Class Counsel, Defendant, and Defendant's Counsel are of the opinion that the Agreement for the
27 consideration and terms set forth herein is fair, reasonable, and adequate in light of all known facts and
28 circumstances.

1 **3. THE CONDITIONAL NATURE OF THIS AGREEMENT**

2 3.1 This Agreement and all associated exhibits or attachments are made for the sole purpose of
3 settling the Action. This Agreement and the settlement it evidences are made in compromise of disputed
4 claims. Because the Action was pled as a class action, this Agreement must receive preliminary and final
5 approval by the Court. Accordingly, the Parties enter into this Agreement and associated settlement on a
6 conditional basis. If the Effective Date does not occur, or if the Court's approval of the settlement is
7 reversed or materially modified on appellate review, this Agreement shall be deemed null and void; it shall
8 be of no force or effect whatsoever; it shall not be referred to or utilized for any purpose whatsoever; and
9 the negotiation, terms and entry of the Agreement shall remain subject to the provisions of California
10 Evidence Code Sections 1119 and 1152, Federal Rule of Evidence 408, and any other analogous rules of
11 evidence that may be applicable.

12 3.2 Defendant has denied all claims as to liability, damages, liquidated damages, penalties,
13 interest, fees, restitution, injunctive relief and all other forms of relief asserted in the Action. Defendant
14 has agreed to resolve the Action via this Agreement, but to the extent this Agreement is deemed void or
15 the Effective Date does not occur, Defendant does not waive, but rather expressly reserve, all rights to
16 challenge all such claims and allegations in the Action upon all procedural and factual grounds, including,
17 without limitation, the ability to challenge class or collective treatment on any grounds, as well as to assert
18 any and all other potential defenses or privileges.

19 **4. SCOPE OF THE CLASS**

20 4.1 The scope of the class of individuals encompassed under the Agreement and subject to all
21 obligations and duties required under the Agreement, shall include all Class Members as defined in Section
22 1.4 and all PAGA Members as defined in Section 1.22. However, it shall not include any Class Members
23 who submit valid and timely requests to opt-out of the Settlement, as set forth in Section 7.5.1.

24 4.2 Only Participating Class Members and PAGA Members are entitled to recover under this
25 Agreement.

26 4.3 Any person who believes that he or she is a Class Member or PAGA Member and wishes
27 to participate in the Agreement, but did not receive a Notice of Settlement because his or her name did not
28 appear on the class list provided to the Settlement Administrator prior to mailing, may submit a data request

1 to the Settlement Administrator. The data request must contain all of the following information: (a) the
2 full name and, if applicable, Social Security Number of the individual making the request; (b) the name
3 used by such employee as of the time his or her employment with Defendant ended; (c) the individual's
4 dates of employment with Defendant; and (d) a return address to which a response may be sent. Every
5 data request must be postmarked on or before the conclusion of the Notice Period or otherwise submitted
6 to the Settlement Administrator such that it is received before the conclusion of the Notice Period. Upon
7 receipt of any data requests, the Settlement Administrator shall promptly (in no event more than two
8 business days) transmit the data requests to Defendant's Counsel and request that Defendant review its
9 records.

10 4.4 If Defendant agrees that the person listed in a data request is a Class Member and/or PAGA
11 Member, the Settlement Administrator shall promptly mail a Notice of Settlement to the person who
12 submitted the data request, at the address designated for that purpose in the data request. All provisions of
13 this Agreement relating to the Notice of Settlement shall apply to Notice of Settlements sent in response to
14 data requests, and any person who submits a data request and is sent a Notice of Settlement in response
15 shall be treated by the Settlement Administrator as a Class Member and/or PAGA Member for all other
16 purposes.

17 4.5 If Defendant does not agree that the person listed in a data request is a Class Member and/or
18 PAGA Member, Defendant's Counsel and Class Counsel shall attempt to resolve any such dispute in good
19 faith within seven (7) calendar days of Class Counsel being advised in writing of the data request dispute.
20 Defendant's records shall control unless the individual submitting the data request provides persuasive
21 evidence to doubt the accuracy of those records. Each data request dispute that Defendant's Counsel and
22 Class Counsel cannot timely resolve shall be resolved by the Settlement Administrator. The Settlement
23 Administrator must accept and weigh all the evidence provided in a good faith attempt to resolve the
24 dispute. The Settlement Administrator must resolve any dispute submitted to it within seven (7) calendar
25 days after Defendant's Counsel and Class Counsel submit the dispute to the Settlement Administrator. The
26 decision by the Settlement Administrator shall be final as between the parties, subject to Court review.

27 **5. TERMS OF THE SETTLEMENT**

28 The Parties agree as follows:

1 5.1 Gross Settlement Amount: In consideration and exchange for the releases described in
2 Section 6, Defendant shall pay the Gross Settlement Amount (\$480,000). Funding of the Gross Settlement
3 Amount shall occur within 65 calendar days after the Effective Date to be held in trust in a QSF by the
4 Settlement Administrator. The Gross Settlement Amount includes payments to Participating Class
5 Members, PAGA Members, all attorneys' fees, costs and litigation expenses related to the Action incurred
6 to date, as well as all such fees and costs incurred in documenting the Agreement, administering the
7 Agreement (including Settlement Administrator Costs), and obtaining final approval of the Agreement, the
8 Enhancement Payment to the Class Representatives and the PAGA Payment. Any amounts necessary to
9 satisfy Defendant's tax obligations (*e.g.* employer FICA, FUTA and SDI contributions on wage payments)
10 on the wage portion of payments distributed to Participating Class Members will be paid in addition to the
11 Gross Settlement Amount. There shall be no reversion to Defendant.

12 5.2 Attorney's Fees and Costs: Class Counsel will apply to the Court for attorney's fees of one-
13 third (1/3) of the Gross Settlement Amount, which shall be paid from the Gross Settlement Amount.
14 Defendant has agreed to not oppose Class Counsel's application for attorney's fees so long as it does not
15 exceed the one-third threshold. Class Counsel will also be entitled to reimbursement for advanced litigation
16 expenses not to exceed \$40,000.00, which shall be paid from the Gross Settlement Amount. Defendant
17 has agreed to not oppose Class Counsel's request for reimbursement for advanced litigation expenses so
18 long as they do not exceed the \$40,000.00 threshold. The Settlement Administrator will issue Class
19 Counsel an IRS Form 1099 for the attorneys' fees and costs paid under this Agreement. In the event that
20 the Court awards less than the requested attorney's fees and/or costs, the portion of the requested amounts
21 not awarded to Class Counsel shall be added to the Net Settlement Amount to be distributed to Participating
22 Class Members on a pro rata basis.

23 5.3 Settlement Administrator Costs: The Settlement Administrator Costs shall be paid from the
24 Gross Settlement Amount and shall not exceed \$8,250.00. The difference between any actual costs and
25 the allocated \$8,250.00 shall be added to the Net Settlement Amount to be distributed to Participating Class
26 Members on a pro rata basis.

27 5.4 Enhancement Payment: Class Counsel, on behalf of Plaintiffs, shall apply to the Court for
28 an Enhancement Payment to each of the Class Representatives in an amount not to exceed Ten Thousand

1 (\$10,000) per Plaintiff to compensate for the risks, time, and expense of their involvement in the Action
2 and securing the benefits of this Agreement for Class Members. The Enhancement Payment is in addition
3 to the Individual Settlement Amount Plaintiffs would otherwise be due under the Agreement as
4 Participating Class Members. Defendant has agreed to not oppose Class Counsel's request for an
5 Enhancement Payment to Plaintiffs so long as it does not exceed the amount stated herein. The
6 Enhancement Payment will be designated as a non-wage payment and reported on an IRS Form 1099-
7 MISC. In the event that the Court awards less than the Enhancement Payment amount requested, then any
8 portion of the requested amount not awarded to the Class Representatives shall be added to the Net
9 Settlement Amount to be distributed to Participating Class Members on a pro rata basis.

10 5.5 PAGA Payment: Twenty Thousand (\$20,000) of the Gross Settlement Amount shall be
11 allocated to resolving claims under the PAGA. Seventy-Five percent (75%) of the PAGA Payment will be
12 paid to the LWDA and Twenty-Five percent (25%) will be paid to PAGA Members on a pro rata basis as
13 described below in Section 5.8. Any amount not approved by the Court for the allocated PAGA Payment
14 shall be added to the Net Settlement Amount to be distributed to Participating Class Members on a pro rata
15 basis.

16 5.6 Treatment of Residue and Cy Pres: For any portion of the Net Settlement Amount or PAGA
17 Payment allocated to Participating Class Members and/or PAGA Members that were not claimed by
18 cashing their respective settlement checks before the deadline to do so, that remaining amount shall be
19 donated equally, *i.e.* 50/50, to Capital Pro Bono, Inc., and the Center for Workers' Rights under the doctrine
20 of *cy pres*. No portion of the Gross Settlement Amount will revert to Defendant for any reason.

21 5.7 No Additional Benefits Contributions: All Individual Settlement Amounts paid to
22 Participating Class Members and PAGA Members shall be deemed to be income solely in the year in which
23 such amounts were actually received. It is expressly understood and agreed that the receipt of such
24 Individual Settlement Amounts will not entitle any Participating Class Member or PAGA Member to any
25 new or additional compensation or benefits under any company bonus or other compensation or benefit
26 plan or agreement in place during the period covered by the Agreement, nor will it entitle any Participating
27 Class Member PAGA Member to any increased retirement, 401(k) and/or 403(b) benefits or matching
28 benefits, or deferred compensation benefits. It is the intent of this Agreement that the Individual Settlement

1 Amounts provided for in this Agreement are the sole payments to be made by Defendant to the Participating
2 Class Members and PAGA Members in connection with this Agreement (notwithstanding any contrary
3 language or agreement in any benefit or compensation plan document that might have been in effect during
4 the period covered by this Agreement).

5 5.8 Pro Rata Distribution Formula: Payment to Participating Class Members and PAGA
6 Members of their Individual Settlement Amount will not require the submission of a claim form. A Net
7 Settlement Amount will be determined by subtracting from the Gross Settlement Amount any amounts for
8 approved attorneys' fees and costs, any Enhancement Payment to the Class Representatives, the Settlement
9 Administrator Costs, and the PAGA Payment. Each Class Member's share will be initially determined by
10 dividing their total Qualifying Workweeks within the Class Release Period by the total Qualifying
11 Workweeks of all Class Members within the Class Release Period. That fraction will then be multiplied
12 by the Net Settlement Amount to arrive at the Class Member's individual share of the Net Settlement
13 Amount. Any funds allocated to Class Members under this formula who timely opt out of the Settlement
14 will be redistributed to Participating Class Members on a pro rata basis, *i.e.* each Participating Class
15 Member's share will be determined by dividing their total Qualifying Workweeks within the Class Release
16 Period by the total Qualifying Workweeks of all Participating Class Members and that fraction will then
17 be multiplied by the Net Settlement Amount to arrive at the Participating Class Member's individual share
18 of the Net Settlement Amount. Each PAGA Member's share of the 25% portion of the PAGA Payment
19 will be determined by dividing their total Qualifying Workweeks within the PAGA Release Period by the
20 total Qualifying Workweeks by all PAGA Members within the PAGA Release Period. That fraction will
21 then be multiplied by the 25% portion of the PAGA Payment to arrive at the PAGA Member's individual
22 share.

23 5.9 Tax Allocation: The Parties recognize that the Individual Settlement Amounts to be paid to
24 Participating Class Members and/or PAGA Members reflect a settlement of a dispute over claimed
25 penalties and wages. The Settlement Administrator shall calculate the employer's share of payroll taxes
26 on the amounts paid to Participating Class Members as wages as well as calculating all required
27 withholdings and deductions from said wage payments. The characterization of Individual Settlement
28 Amounts to Participating Class Members and PAGA Members are as follows:

1 5.9.1 Twenty Percent (20%) of each Participating Class Members' share of the Net
2 Settlement Amount shall be allocated for payment of disputed wages and shall be subject to required
3 employer taxes. Participating Class Members shall receive an IRS Form W-2 for reporting of this portion
4 of their Individual Settlement Amount.

5 5.9.2 Eighty Percent (80%) of each Participating Class Members' share of the Net
6 Settlement Amount shall be allocated for disputed statutory penalties and interest, and no amount shall be
7 deducted for any taxes. This portion of the Individual Settlement Amount consists of other income, not
8 wages, for which the Participating Class Members shall receive IRS Forms 1099-MISC and 1099-INT and
9 this payment shall be divided equally among the 1099-MISC and 1099-INT designations.

10 5.9.3 The entirety (100%) of each PAGA Member's share of the 25% portion of the
11 PAGA Payment shall be allocated for payment of disputed civil penalties, and no amount shall be deducted
12 for any taxes. This portion of the Individual Settlement Amount consists of other income, not wages, for
13 which the PAGA Members shall receive an IRS Form 1099-MISC.

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

25 5.11 No Additional Contribution by Defendant: Defendant's monetary obligation under this
26 Agreement is limited to the Gross Settlement Amount and any employer side payroll taxes owed on
27 amounts characterized as wages under this Agreement. All other costs and expenses arising out of or in
28 connection with the performance of this Agreement shall be paid from the Gross Settlement Amount, unless

expressly provided otherwise herein. However, in the event this agreement is deemed null and void as described in Section 3 because the Court, in its independent determination, finds that the Agreement does not meet the standards for settlement approval, then Defendant and Plaintiffs shall be equally responsible for the costs of the Settlement Administrator incurred between the date the Agreement was executed and the date of such event.

5.12 Certification For Settlement Purposes: The Parties agree that, for purposes of settlement only, certification of the class as defined in Section 1.5 and 4.1 is appropriate and the requisites for establishing class certification have been met and are met.

5.13 Adequacy of Class Counsel and Class Representatives: The Parties agree that, for purposes of settlement only, Class Counsel and Plaintiffs are adequate representatives for Class Members and PAGA Members.

6. RELEASE

6.1 Release of Claims by Participating Class Members: Upon the Effective Date, all Participating Class Members will be deemed to fully, finally and forever release the Released Class Claims as to all Released Parties.

6.2 Release of Claims by PAGA Members: Upon the Effective Date, all PAGA Members will be deemed to fully, finally and forever release the Released PAGA Claims as to all Released Parties.

6.3 Release by Plaintiffs: Upon the Effective Date, and in addition to the releases given by Plaintiffs by virtue of their being Class Members and PAGA Members as described above, Plaintiffs release, on behalf of themselves, their heirs, spouse, executors, administrators, attorneys, agents, assigns, and any entities or businesses where Plaintiffs have a controlling ownership interest, the Class Representatives' Released Claims as to all Released Parties, or any of them, arising from their employment with Defendant, separation of employment from Defendant, and any acts that have or could have been asserted in any legal action or proceeding against Defendant, whether known or unknown, arising under any federal, state, or local law, or statute, including, *inter alia*, those arising under the California Labor Code, Fair Labor Standards Act, Americans with Disabilities Act, Title VII of the Civil Rights Act of 1964, Employee Retirement Income Security Act, National Labor Relations Act, California Corporations Code, California Business and Professions Code, California Fair Employment and Housing Act, California

1 Constitution (all as amended), and law of contract and tort, as well as for discrimination, harassment,
2 retaliation, wrongful termination, lost wages, benefits, other employment compensation, emotional
3 distress, medical expenses, other economic and non-economic damages, attorney fees, and costs, arising
4 on or before the date of execution of the Settlement Agreement. Plaintiffs agree and represent that they are
5 aware of, and are familiar with, the provisions of California Civil Code Section 1542, which provides as
6 follows:

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

10 With full awareness and understanding of the above provisions, Plaintiffs will waive and
11 relinquish any and all rights and benefits that they may have under California Civil Code Section 1542,
12 or the law of any other state or jurisdiction, or common law principle, to the same or similar effect,
13 concerning the claims released herein.

14 **7. SETTLEMENT ADMINISTRATION**

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

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

19 7.2 Notice to Class Members and PAGA Members: The Notice of Settlement, to be mailed to
20 Class Members in English and Spanish, will provide Class Members and PAGA Members with a summary
21 of the terms and conditions of the Agreement, how to participate in the settlement, how to object to the
22 Agreement, how to dispute the individual's Qualifying Workweeks, and how to opt-out from the
23 Agreement. The Notice of Settlement will also inform Class Members and PAGA Members of the Gross
24 Settlement Amount, Net Settlement Amount, proposed attorneys' fees and costs allocations, any proposed
25 Enhancement Payments, proposed Settlement Administrator Cost allocations, proposed PAGA Payment
26 allocations, the scope of the class, the nature and extent of the released claims, dates set for a fairness
27 hearing and hearing on Class Counsels' motion for attorneys' fees and costs. The Notice of Settlement
28 shall include information regarding Class Member's and PAGA Member's estimated Individual Settlement

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

4 7.3 Class Member Data and Mailing: No later than fourteen (14) calendar days after the
5 Preliminary Approval Date, Defendant shall provide the Settlement Administrator with the first and last
6 name, last known mailing address, last known telephone number, Social Security Number, dates worked
7 as an hourly, non-exempt employee of Defendant in California during the Class Period and PAGA Period
8 (if applicable), and Defendant's calculation of Workweeks during the Class Period and PAGA Period (as
9 defined herein), which will be performed by Defendant's expert. Workweeks will be calculated in the
10 same manner used by Defendant to calculate Workweeks for purposes of mediation. No later than fourteen
11 (14) calendar days after receipt of such address information, the Settlement Administrator will perform a
12 national change of address ("NCOA") search, update the addresses per the results of the NCOA search,
13 and then mail the Notice of Settlement, substantially in the form attached as Exhibit 1, to each Class
14 Member and PAGA Member by first-class mail, postage prepaid. The Settlement Administrator shall
15 maintain all information received from Defendant confidential to itself, and Defendant's Counsel.
16 However, Class Counsel shall be able to review the breakdown of Qualified Workweeks and estimated
17 Individual Settlement Amounts for Class Members and PAGA Members prior to mailing for quality
18 assurance provided the personal identifying information is redacted and/or omitted.

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

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

8 7.5 Responses to Notice of Settlement:

9 7.5.1 *Opt-Outs:* The Notice of Settlement shall provide that Class Members who wish to
10 exclude themselves from the Agreement must submit a request to opt-out as provided in this Section. The
11 request to opt-out must (a) state the Class Member's full name and date of birth; (b) a statement that he or
12 she does not want to be a Class Member, does not want to participate in the settlement, and/or wants to be
13 excluded from the settlement; (c) identify the case name and number (*i.e. Neff v. Castle Tire Disposal LLC*
14 *et al*, Case No. 34-2023-00336483); (d) be signed; and (e) be post-marked no later than the conclusion of
15 the Notice Period or the re-mailing timeline stated in Section 7.4. The Class Member must personally sign
16 the request to opt-out. No request to opt-out may be made on behalf of a group of Class Members. The
17 date of the postmark on the return-mailing envelope shall be the exclusive means used to determine whether
18 a request to opt-out has been timely submitted. Any Class Member who requests to opt-out of the
19 Agreement will not be entitled to any portion of the Net Settlement Amount nor will they have any right
20 to object, appeal or comment thereon. The name of any Class Member who submits a valid and timely opt
21 out request will be specifically identified in any proposed order granting final approval. Class Members
22 who fail to submit a valid and timely request to opt-out shall be bound by all terms of the Agreement and
23 any order or final judgment thereon. Regardless of whether an PAGA Member opts out of being a Class
24 Member, they will still receive their share of the PAGA Payment as PAGA Members cannot opt out of this
25 Agreement as it relates to the PAGA Payment or Released PAGA Claims.

26 7.5.2 *Objection Procedures:* Any Class Member who does not opt-out, but who wishes
27 to object to this Agreement or otherwise to be heard concerning this Agreement, may submit a written
28 objection to the Settlement Administrator, who will promptly provide copies of the objection to Class

1 Counsel and Defendant's Counsel. The Notice of Settlement shall make clear that the Court can only
2 approve or deny the Agreement, not change the terms of the Agreement. The written objection should (a)
3 state the Class Member's full name and date of birth; (b) provide evidence that the individual is, in fact, a
4 Class Member; (c) state the reasons for the objection(s), including any supporting documentation; (d)
5 identify the case name and number (*i.e. Neff v. Castle Tire Disposal LLC et al*, Case No. 34-2023-
6 00336483); (e) be signed; and (f) be post-marked no later than the conclusion of the Notice Period or the
7 re-mailing timeline stated in Section 7.4. Additionally, or in the alternative to sending a written objection
8 to the Settlement Administrator, any Class Member may appear at the final approval hearing to state their
9 objection.

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

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

1 deficiency. If a deficiency letter is mailed to a Class Member, the deadline for the Class Member to cure
2 the deficiency shall be the end of the Notice Period or 10 calendar days from the date of the deficiency
3 letter, whichever is later.

4 7.6 Due Process Acknowledgement: Compliance with the procedures set forth in Sections 7.1
5 to 7.5.4 shall constitute due and sufficient notice to Class Members of the Action and the Agreement and
6 shall satisfy Class Members' due process rights. Nothing else shall be required of the Parties, Class
7 Counsel or Defendant's Counsel to provide notice of the proposed Agreement.

8 7.7 Settlement Administrator Declaration Regarding Notice Period: Within fourteen (14)
9 calendar days after the conclusion of the Notice Period, the Settlement Administrator shall provide Class
10 Counsel and Defendant's Counsel with a signed declaration under penalty of perjury providing a complete
11 and detailed report regarding the statistics and responses of settlement administration to date and all the
12 Settlement Administrators' obligations under Sections 5.8 to 5.9.3 and 7.1 to 7.5.4.

13 7.8 Settlement Administrator Payments to Participating Class Members, Class Counsel and
14 Plaintiff: Within seven (7) calendar days after the Effective Date and the Court's determination of the
15 amount of attorneys' fees and costs payable to Class Counsel, the Enhancement Payment payable to
16 Plaintiff, the PAGA Payment, and Settlement Administrator Costs, the Settlement Administrator shall
17 calculate the final Net Settlement Amount, the final Individual Settlement Amounts for Participating Class
18 Members and/or PAGA Members, any applicable taxes thereon, and report the results of these calculations
19 Class Counsel and Defendant's Counsel. Defendant shall wire the Gross Settlement Amount and
20 applicable taxes necessary to fund the Settlement as described in Section 5.1 to the Settlement
21 Administrator within sixty-five (65) calendar days after the Effective Date to be held in trust in a QSF.
22 Within seven (7) calendar days after Defendant fund the settlement, the Settlement Administrator shall
23 deliver payment of Class Counsels' attorney's fees and costs, the Enhancement Payment payable to
24 Plaintiff, the 75% portion of the PAGA Payment payable to the LWDA, Settlement Administrator Costs,
25 and payment to Participating Class Members and/or PAGA Members as required under this Agreement
26 and approved by Court.

27 7.8.1 The Settlement Administrator shall wire the Court-approved attorneys' fees and
28 costs to Class Counsel unless another method is requested by Class Counsel. Class Counsel shall provide

the Settlement Administrator with the pertinent taxpayer identification number and payment instructions after the Final Approval Date.

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

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

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

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

8. PRELIMINARY SETTLEMENT ADMINISTRATION SCHEDULE

8.1 The schedule may be modified depending on whether and when the Court grants necessary approvals, orders notice to Class Members and PAGA Members, and sets further hearings. The schedule may also be modified to correct clerical errors and to reflect the provisions in the Agreement as described above. In the event of such modification, the Parties shall cooperate to complete the settlement procedures

as expeditiously as reasonably practicable. The preliminary schedule for notice, approval, and payment procedures carrying out the Agreement is as follows:

Last day for Defendant to provide Settlement Administrator with Class Member and PAGA Member information	Within 14 calendar days after the Preliminary Approval Date
Last day for Settlement Administrator to complete NCOA search, update Class Member and PAGA Member mailing information, and mail Notice of Settlement	Within 14 calendar days after the Settlement Administrators' receipt of Class Members' information from Defendant
Last day for Class Members to opt-out, submit disputes, submit objections, and submit data requests	60 calendar days after mailing of Notice of Settlement or within 10 days after Notice of Settlement is re-mailed, whichever is later
Last day for Settlement Administrator to provide Parties with signed declaration reporting on settlement administration statistics	Within 14 calendar days after end of the Notice Period
Last day for Settlement Administrator to calculate the final Net Settlement Amount, the final Individual Settlement Amounts for Participating Class Members and/or PAGA Members, any applicable taxes thereon, and report the results of these calculations to Class Counsel and Defendant's Counsel	Within 7 calendar days after the Effective Date
Last day for Defendant to fund settlement	Within 65 calendar days after the Effective Date
Last day for Settlement Administrator to deliver payment of Class Counsel's attorney's fees and costs, Enhancement Payments, PAGA Payment, Settlement Administrator Costs, payment to Participating Class Members, and payment to PAGA Members	Within 7 calendar days after Defendant has funded the settlement
Last day for Participating Class Members and PAGA Members to cash settlement checks	180 calendar days after issuance of checks to Participating Class Members and PAGA Members

Last day for Settlement Administrator to deliver value of uncashed settlement checks to <i>cy pres</i> beneficiaries	Within 14 calendar days after settlement check cashing deadline
Last day for Settlement Administrator to provide Parties with compliance declaration	Within 21 calendar days after settlement check cashing deadline

9. DUTIES OF THE PARTIES

9.1 Stay of *Holmberg* Action Pending Preliminary Approval: Plaintiff Holmberg and Defendant will enter into a stipulation to stay the *Holmberg* Action until preliminary approval of the Settlement in the *Neff* Class Action. Upon preliminary approval, Plaintiff Holmberg will dismiss the *Holmberg* Action without prejudice.

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

1 9.2.1 In connection with preliminary approval, Plaintiff Neff will request leave to amend
2 the complaint in the *Neff* Class Action to consolidate the claims, causes of action, and allegations from the
3 *Neff* PAGA Action and the *Holmberg* Action into the *Neff* Class Action. The Parties shall stipulate, and
4 hereby do stipulate, to providing Plaintiff Neff leave to file the proposed First Amended Complaint,
5 (Operative Complaint). For statute of limitations purposes, the claims, causes of action, and allegations
6 asserted in the *Holmberg* Action will be treated as if they were originally pled in the *Neff* Class Action on
7 June 27, 2023, the same day the *Holmberg* Action was filed. Similarly, for statute of limitations purposes,
8 the claims, causes of action, and allegations asserted in the *Neff* PAGA Action will be treated as if they
9 were originally pled in the *Neff* Class Action on June 6, 2023, the same day the *Neff* PAGA Action was
10 filed.

11 9.2.2 Defendant shall not oppose Plaintiffs' motion for approval of the proposed
12 Agreement.

13 9.2.3 The Parties shall cooperate with each other and the Settlement Administrator during
14 the process of giving Class Members notice and opportunity to object to the Agreement, as necessary and
15 appropriate to assure effective communication to individual Class Members of information about their
16 rights and obligations under this Agreement.

17 9.3 Final Approval and Fairness Hearing: On a date approved by the Court and set forth in the
18 Notice of Settlement, the Court shall hold the Final Approval and Fairness Hearing where objections, if
19 any, may be heard. Class Counsel shall provide the Court as part of the motion for final approval of the
20 Agreement, a declaration by the Settlement Administrator of due diligence and proof of mailing of the
21 Notice of Settlement required to be mailed to Class Members by this Agreement, and of the delivery results
22 of the Settlement Administrator's mailings including tracing and re-mailing efforts. The Settlement
23 Administrator declaration shall identify, by name, any Class Member who submitted a timely and valid
24 request to opt out during the Notice Period.

25 9.3.1 By way of said motion, Plaintiffs will apply for the entry of the mutually-agreed
26 upon Proposed Order Granting Final Approval of Class Action and PAGA Settlement and Final Judgment.

27 9.3.2 Following entry of the Court's order granting final approval of the Agreement, the
28 Parties will each act to ensure the fulfillment of all its provisions, including but not limited to the following:

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

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

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

10. MISCELLANEOUS TERMS

10.1 Defendant's Right to Withdraw Based on Opt-Outs: At its sole discretion, Defendant may terminate this settlement if more than 7% of class members opt out, and all parties shall be returned to their respective positions as of the date of execution. Defendant will be responsible for paying any settlement administrator expenses incurred to the date of the termination of the settlement. The litigation shall be stayed except for matters relating to the settlement. Defendant must exercise this right of termination, in writing, to Class Counsel, within seven (7) calendar days after the Settlement Administrator notifies the Parties of the total number of opt-outs. If the option to rescind is exercised, then any Settlement Administrator Costs shall be paid by Defendant. Defendant has represented that there approximately 9,000 workweeks during the Class Release Period. This is a material representation for Plaintiffs to enter into this Settlement. Should the qualifying workweeks increase beyond 7%, or 630 Workweeks, then the Gross Settlement Amount shall be increased proportionally by the Workweeks in excess of 9,000 Workweeks multiplied by the Workweek Value. The Workweek Value shall be calculated by dividing the originally agreed-upon Gross Settlement Amount (\$480,000.00) by 9,000, which amounts to a Workweek value of \$53.33. Thus, for example, should there be 10,000 Workweeks in the Class Period, then the Gross

1 Settlement Amount shall be increased by \$53,330 ((10,000 Workweeks- 9,000 Workweeks) x \$53.33 per
2 Workweek.)

3 10.2 Tax Liability. Plaintiffs, Class Counsel, Defendant, and Defendant's Counsel make no
4 representations or warranties as to the tax consequences, treatment, or legal effect of any payments made
5 under the Settlement Agreement, do not intend anything contained in the Settlement Agreement to
6 constitute advice regarding taxes or taxability, nor shall anything in the Settlement Agreement be relied
7 on as such. Plaintiffs, PAGA Group Members, and Settlement Class Members understand and agree
8 that, except for Defendant's payment of the Employer Taxes, Plaintiffs, PAGA Group Members, and
9 Settlement Class Members will be solely responsible for correctly characterizing any compensation
10 received under the Settlement on his/her personal income tax returns and paying any and all taxes due
11 for any and all amounts paid to them under the Settlement.

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

1 PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY’S OR ADVISER’S TAX
2 STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON
3 DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX
4 STRUCTURE OF ANY TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY
5 THIS AGREEMENT.

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

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

14 10.6 Exhibits Incorporated by Reference: The terms of this Agreement include the terms set
15 forth in any attached Exhibits, which are incorporated by this reference as though fully set forth in this
16 Agreement. Any Exhibits to this Agreement are an integral part of the Settlement.

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

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

1 10.9 No Admission of Liability: Neither the acceptance nor the performance by Defendant of
2 the terms of this Agreement, nor any of the related negotiations or proceedings, is or shall be claimed to
3 be, construed as, or deemed to be, an admission by Defendant of the truth of any of the allegations in the
4 Complaint, the representative character of the Action, the validity of any of the claims that were or could
5 have been asserted by Plaintiff and/or Class Members in the Action, or of any liability or guilt of Defendant
6 in the Action. Nothing in this Agreement shall be construed to be or deemed an admission by Defendant
7 of any liability, culpability, negligence, or wrongdoing toward Plaintiff, the Class Members, or any other
8 person, and Defendant specifically disclaim any liability, culpability, negligence, or wrongdoing toward
9 Plaintiff, the Class Members, or any other person. Each of the Parties has entered into this Stipulation with
10 the intention to avoid further disputes and litigation.

11 10.10 Notices: Unless otherwise specifically provided herein, all notices, demands, or other
12 communications given hereunder shall be in writing and shall be deemed to have been duly given as of the
13 third business day after mailing by United States certified mail, return receipt requested, addressed as
14 follows:

15 To Plaintiffs and the Class:

16 Galen T. Shimoda
17 Justin P. Rodriguez
18 Renald Konini
19 Shimoda & Rodriguez Law, PC
20 9401 East Stockton Blvd., Suite 120
21 Elk Grove, CA 95624

22 David D. Bibiyan
23 Vedang J. Patel
24 Megan R. Lazar
25 **Bibiyan Law Group, PC**
26 1460 Westwood Blvd.
27 Los Angeles, California 90024

28 To Defendant:

 Nisha Verma
 Hannah R. Green
 Dorsey & Whitney LLP
 600 Anton Boulevard
 Costa Mesa, CA 92626

 10.11 Mutual Drafting of Agreement: The Parties hereto agree that the terms and conditions of
this Agreement are the result of lengthy, intensive, arm's-length negotiations between the Parties and that

1 this Agreement shall not be construed in favor of or against any party by reason of the extent to which any
2 party or its counsel participated in the drafting of this Agreement.

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

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

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

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

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

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

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

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

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

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

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

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

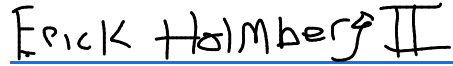
23 10.24 Confidentiality: Class Counsel agree to maintain this settlement as confidential until the
24 motion for preliminary approval is filed. Class Counsel agree not to publicize the settlement in any manner
25 that would identify Defendant as the defendant in this Action. However, nothing in this paragraph shall be
26 interpreted to alter or limit Class Counsel's ability to effectuate notice to Settlement Class Members and
27 seek approval of the Agreement.

1 10.25 Tolling of Settlement Time: The Parties agree that the period from the date that this Mediator's
2 Proposal is executed and extending so long as the Settlement has not been revoked or the Court has granted final
3 approval of the Settlement shall not count for purposes of C.C.P. § 583.310, but rather shall extend the period in
4 time in which to try the case by such time plus an additional 6 months pursuant to C.C.P. § 583.330.

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

7 **For Plaintiff:**

8 Date: 01/08/2026



Erick Holmberg II (Jan 8, 2026 11:13:38 PST)

Erick Holmberg

10 Date: _____

11 _____
12 Kyle Neff

13 **For Defendant:**

14 Date: _____

15 By: _____

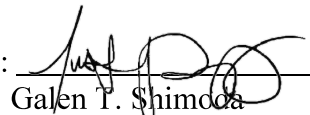
16 For Castle Tire Disposal, LLC

17 APPROVED AS TO FORM

Shimoda & Rodriguez Law, PC

18 Dated: 01/08/2026

19 By: _____


20 Galen T. Shimoda

21 Justin P. Rodriguez

22 Renald Konini

23 Attorneys for Plaintiff Holmberg and
24 similarly situated employees
25
26
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1 10.25 Tolling of Settlement Time: The Parties agree that the period from the date that this Mediator's
2 Proposal is executed and extending so long as the Settlement has not been revoked or the Court has granted final
3 approval of the Settlement shall not count for purposes of C.C.P. § 583.310, but rather shall extend the period in
4 time in which to try the case by such time plus an additional 6 months pursuant to C.C.P. § 583.330.

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

7 **For Plaintiff:**

8 Date: _____

9 _____
Erick Holmberg

10 Date: 12/10/2025

Kyle Neff

Kyle Neff

11 **For Defendant:**

12 Date: _____

13 _____
By:

For Castle Tire Disposal, LLC

14 APPROVED AS TO FORM

Shimoda & Rodriguez Law, PC

15 Dated: _____

16 _____
By:

Galen T. Shimoda

Justin P. Rodriguez

Renald Konini

Attorneys for Plaintiff Holmberg and
similarly situated employees

1 APPROVED AS TO FORM

Bibiyan Law Group, PC

2
3 Dated: 1/28/26

By: David Bibiyan
David D. Bibiyan
Vedang J. Patel
Attorneys for Plaintiff Neff and similarly
situated employees

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8 APPROVED AS TO FORM

DORSEY & WHITNEY LLP

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10
11 Dated: _____

By: _____
Nisha Verma
Hannah R. Green
Attorney for Defendant

10.25 Tolling of Settlement Time: The Parties agree that the period from the date that this Mediator's Proposal is executed and extending so long as the Settlement has not been revoked or the Court has granted final approval of the Settlement shall not count for purposes of C.C.P. § 583.310, but rather shall extend the period in time in which to try the case by such time plus an additional 6 months pursuant to C.C.P. § 583.330.

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

For Plaintiff:

Date: _____

Erick Holmberg

Date: _____

Kyle Neff

For Defendant:

Date: December 31, 2025

Signed by:

816C4067C91246D...
By: ~~Chandos Mahon~~
For Castle Tire Disposal, LLC

APPROVED AS TO FORM

Shimoda & Rodriguez Law, PC

Dated: _____

By: _____
Galen T. Shimoda
Justin P. Rodriguez
Renald Konini
Attorneys for Plaintiff Holmberg and
similarly situated employees

1 APPROVED AS TO FORM

Bibiyan Law Group, PC

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3 Dated: _____

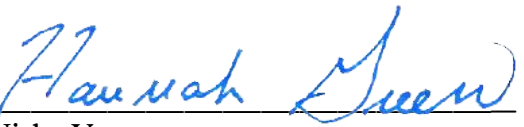
By: _____

4 David D. Bibiyan
5 Vedang J. Patel
6 Attorneys for Plaintiff Neff and similarly
7 situated employees

8 APPROVED AS TO FORM

DORSEY & WHITNEY LLP

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10
11 Dated: January 28, 2026

By: 

12 Nisha Verma
13 Hannah R. Green
14 Attorney for Defendant
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