

EXHIBIT B

PRIVATE ATTORNEYS GENERAL ACT
SETTLEMENT AGREEMENT AND RELEASE

This Private Attorneys' General Act ("PAGA") Settlement Agreement and Release ("Agreement") is made by and between Plaintiff Marion Tellez ("Plaintiff" or "Tellez"), on behalf of herself and as the authorized proxy and agent for the State of California and the Labor and Workforce Development Agency, on the one hand, and Defendant Mercy Housing Management Group, a Corporation ("Defendant" or "MHMG"), on the other hand. (Plaintiff and Defendant are collectively referred to as the "Parties").

1. THE CONDITIONAL NATURE OF THIS AGREEMENT

1.1 This Agreement and all associated exhibit(s) or attachment(s) are made for the purpose of settling the PAGA Released Claims and PAGA Representative General Release, as described herein, in the Action (defined below). This Agreement and the settlement it evidences are made in compromise of disputed claims. The Parties enter into this Agreement and associated settlement on a conditional basis. If the Court does not enter the Approval Order and Judgment and/or the Effective Date does not occur, then, with the exception of the provisions on non-admission of liability/wrongdoing and confidentiality, this Agreement shall be deemed null and void *ab initio*, it shall be of no force or effect whatsoever, it shall not be referred to or utilized for any purpose whatsoever, and the negotiation of the Agreement shall remain subject to the provisions of California Evidence Code section 1152 and any other analogous rules of evidence that are applicable.

1.2 Defendant denies all the allegations asserted in the Complaint and also denies any claims for relief, including claims for civil penalties, attorneys' fees, and costs of suit. Defendant has agreed to resolve Plaintiff's sole cause of action for violation of the Private Attorneys General Act [Labor Code §§ 2698 *et seq.*] via this Agreement, but to the extent this Agreement is not approved or the Effective Date does not occur, Defendant does not waive, but rather expressly reserves, all rights to challenge Plaintiff's Complaint upon all procedural and factual grounds, as well as asserting any and all other potential defenses or privileges. Plaintiff

and Plaintiff's Counsel agree that Defendant retains and reserves these rights, and agree not to argue or present any argument, and hereby waive any argument that, based on this Agreement, Defendant cannot assert any and all potential defenses and privileges if this Action were to proceed.

2. DEFINITIONS

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

2.1 "Action" means the lawsuit entitled *Marion Tellez, as an individual and on behalf of others similarly situated, Plaintiff, vs. Mercy Housing Management Group, a corporation, et al.*, Alameda County Superior Court Case No. 23CV031003, filed April 11, 2023.

2.2 "Approval Date" means the date that the Court enters the Approval Order.

2.3 "Approval Order" means an Order from the Court approving this Private Attorneys General Act Settlement Agreement and Release.

2.4 "Complaint" means the First Amended Complaint filed on June 20, 2023, in this Action.

2.5 "Court" means the Superior Court of the State of California for the County of Alameda.

2.6 "Defendant' Counsel" means Simpson, Garrity, Innes, and Jacuzzi, P.C.

2.7 "Effective Date" means the latest of: (i) the date a signed order granting approval of the settlement set forth in this Agreement has been filed; or (ii) if an appeal, review, or writ is sought from the Approval Order and Judgment, the day after the Approval Order and Judgment is affirmed or the appeal, review, or writ is dismissed or denied, and the Approval Order and Judgment is no longer subject to further judicial review.

2.8 "Enhancement Payment" means the amount up to \$5,000.00 to be approved by the Court to be paid to the PAGA Representative in recognition of the PAGA Representative's efforts in coming forward as a PAGA Representative, participating in the Action, and providing a general release of all claims.

2.9 “Individual PAGA Payment” means a PAGA Settlement Employee’s pro rata share of 25 percent of the PAGA Payment calculated according to the number of PAGA Pay Periods worked by the PAGA Settlement Employee.

2.10 “Judgment” means the judgment to be executed and entered by the Court pursuant to this Agreement.

2.11 “Maximum Settlement Amount” is the sum of Two Hundred Ninety Thousand Dollars and Zero Cents (\$290,000.00), which represents the maximum amount payable pursuant to this settlement by Defendant, and which includes the PAGA Payment (as defined below), Plaintiff’s Counsel’s attorney’s fees (not to exceed 33 and 1/3 percent of the Maximum Settlement Amount) and costs (not to exceed \$15,000), Settlement Administration Costs, and an Enhancement Payment to the PAGA Representative.

2.12 “PAGA” means the California Labor Code Private Attorneys General Act of 2004, codified at Cal. Lab. Code § 2698 *et seq.*

2.13 “PAGA Notice” means Plaintiff’s April 6, 2023, letter and supplemental April 10, 2023, letter to MHMG and the LWDA providing notice pursuant to Labor Code section 2699.3(a).

2.14 “PAGA Payment” means the portion of the Maximum Settlement Amount (after excluding Plaintiffs’ Counsel’s attorney’s fees and costs, settlement administrator costs, and the Enhancement Payment to the PAGA Representative) that represents the amount payable in this settlement for PAGA civil penalties, 75% of which will be paid to the Labor and Workforce Development Agency (“LWDA”) and 25% of which will be paid to the PAGA Settlement Employees. All PAGA Settlement Employees will receive a monetary payment from the PAGA Payment.

2.15 “PAGA Pay Period” means any pay period in which a PAGA Settlement Employee received a bonus for a quarter in which the PAGA Settlement Employee was paid one or more of the following: (1) overtime pay; (2) meal period premium; (3) rest period premium; and/or (4) sick pay or PTO pay.

2.16 “PAGA Release Period” means the period from August 1, 2022, through December 31, 2024.

2.17 “PAGA Released Claims” means the claims released by Plaintiff and PAGA Settlement Employees as described in Paragraph 4.6.2 below.

2.18 “PAGA Representative General Release” means Plaintiff’s general release of claims as described in Paragraph 4.6.1 and 4.6.1(a) below.

2.19 “PAGA Representative” and/or “Plaintiff” means Plaintiff Marion Tellez. “PAGA Settlement Employees” means and includes all current and former non-exempt, hourly-paid employees of MHMG who worked for MHMG in California at any time during the PAGA Release Period, who received non-discretionary incentive pay and received any of the following during the same time period for which the non-discretionary incentive pay was paid: 1) overtime pay; 2) meal or rest period premium pay, or 3) PTO/paid sick leave pay.

2.20 “Plaintiff’s Counsel” means Diversity Law Group, P.C.; Polaris Law Group; Hyun Legal, APC; and Law Offices of Choi & Associates, P.C.

2.21 “Qualified Settlement Fund” or “QSF” means a qualified settlement fund established by the Settlement Administrator for the purpose of administering the settlement.

2.22 “Releasees” means Mercy Housing Management Group, and its parent companies, related companies, subsidiaries, affiliates, owners, shareholders, predecessors, successors, trustees, directors, and officers.

2.23 “Settlement Administration Costs” means the amount to be paid to the Settlement Administrator for the cost of administering this settlement, which are currently estimated to be approximately \$6,500.00.

2.24 “Settlement Administrator” shall be Xpand Legal Consulting, or any other third-party settlement administrator that the Parties jointly select, subject to Court approval.

3. RECITALS

3.1 Plaintiff was employed by Mercy Housing as a non-exempt assistant property manager from approximately November 1, 2021, until her termination on February 15, 2023.

3.2 Pursuant to Labor Code section 2699.3(a), Plaintiff gave timely written notice to MHMG and the LWDA by filing her PAGA Notice.

3.3 On April 11, 2023, Plaintiff filed a class action lawsuit in Alameda County Superior Court, Case No. 23CV031003, against MHMG alleging various violations of the California Labor Code. On or about June 20, 2023, Plaintiff filed a First Amended Complaint in the class action. The First Amended Complaint alleges no class claims but asserts single cause of action under PAGA transforming the class action into a PAGA only action. Plaintiff seeks PAGA penalties for: (1) MHMG's alleged failure to issue wage statements which are compliant with Labor Code section 226(a); (2) MHMG's alleged failure to pay overtime, meal and rest period premiums, and sick pay/PTO at the regular rate of pay; and (3) MHMG's alleged failure to timely pay all overtime wages, meal and rest period premium wages, and sick pay/PTO wages owed at termination.

3.4 Defendant denies all of the allegations in the Complaint, and maintains that it has properly and timely paid all wages due and earned to their employees. Defendant denies that it has violated any section of the Labor Code or committed any misconduct, statutory, or regulatory violation, wrongdoing, or any other actionable conduct of any kind, and denies that it owes PAGA civil penalties.

3.5 The Parties understand, acknowledge, and agree that this Agreement constitutes a compromise of Plaintiff's representative PAGA claims, and that it is the desire and intention of the Parties to affect a final and complete resolution of the representative PAGA claim (on behalf of the State of California) against Defendant. The Parties further acknowledge that this Agreement is a compromise of disputed claims and that nothing in this Agreement shall be construed as an admission by Defendant of liability.

3.6 The Parties believe and agree that this Agreement provides for a fair, adequate, and reasonable resolution of the PAGA Released Claims and the PAGA Representative's general release of claims, given the strengths and weaknesses of Plaintiff's claims, Defendant's defenses to any liability, and the risk that the Court would significantly reduce any penalties that could be

awarded under Labor Code section 2699(e)(2). The Parties have arrived at this settlement after extensive, arm's-length negotiations, taking into account all relevant factors, present and potential.

4. OPERATIVE TERMS OF THE PAGA SETTLEMENT

The Parties to the Action agree as follows:

4.1 **Maximum Settlement Amount.** Defendant shall pay a Maximum Settlement Amount of Two Hundred Ninety Thousand Dollars and Zero Cents (\$290,000.00) to resolve the representative PAGA claim in this Action. The Maximum Settlement Amount includes the PAGA Payment, Plaintiff's Counsel's attorneys' fees (not to exceed 33 and 1/3 percent (33 1/3%) of the Maximum Settlement Amount) and costs (not to exceed \$15,000), Settlement Administration Costs (not to exceed \$6,500.00), and an Enhancement Payment of up to \$5,000 to the PAGA Representative.

4.2 **Settlement Administrator.**

4.2.1 The Settlement Administration Costs shall include: all costs of administering the Settlement, including, but not limited to, administering the Qualified Settlement Fund; all tax document preparation, custodial fees, and accounting fees incurred by the Settlement Administrator; all costs and fees associated with preparing, issuing and mailing any and all communications to PAGA Settlement Employees; all costs and fees associated with issuing the Individual PAGA Payments and the payments to the State of California LWDA; and all costs and fees associated with issuing IRS Form 1099s (to the extent any are required by applicable law), relating to payments made under the settlement; all costs and fees associated with preparing any tax returns and any other filings required by any governmental taxing authority or agency; all costs and fees associated with preparing any other notices, reports, or filings to be prepared in the course of administering the settlement, and any other costs and fees incurred and/or charged by the Settlement Administrator in connection with the execution of its duties under this Agreement.

4.2.2 The actions of the Settlement Administrator shall be governed by the terms of this Agreement, any Orders from the Court, and any agreement by counsel of record regarding communications with the Settlement Administrator.

4.2.3 In the event that either Defendant' Counsel or Plaintiff's Counsel takes the position that the Settlement Administrator is not acting in accordance with the terms of the Agreement, such party shall meet and confer first with opposing counsel and/or, if necessary, with the Settlement Administrator or the Court to attempt to resolve the issue.

4.3 **Calculation of Individual PAGA Payments.**

4.3.1 Each PAGA Settlement Employee, including Plaintiff, will be entitled to receive an Individual PAGA Payment which shall be calculated as follows:

(a) Based on its business records, Defendant will calculate, and provide to the Settlement Administrator, the estimated or actual number of PAGA Pay Periods worked during the PAGA Release Period by each PAGA Settlement Employee.

(b) The Settlement Administrator will determine each PAGA Settlement Employee's PAGA Settlement Percentage based on the data provided by Defendant. The PAGA Settlement Percentage will be determined by dividing the number of PAGA Pay Periods worked by the PAGA Settlement Employee during the PAGA Release Period by the total number of PAGA Pay Periods worked by all PAGA Settlement Employees during the PAGA Release Period.

(c) Each PAGA Settlement Employee will be paid from the 25% of the PAGA Payment allocated to the PAGA Settlement Employees based on their own PAGA Settlement Percentage according to the following formula: *(25% of the PAGA Payment) x (individual employee's PAGA Settlement Percentage) = Individual PAGA Payment.*

4.3.2 Because the Individual PAGA Payment is a payment in compromise and settlement of a claim for alleged civil penalties, the Individual PAGA Payment will be treated as non-wage income with no payroll tax withholdings to be made, and will be reported, if required, by applicable tax laws, by the Settlement Administrator on IRS Form 1099s to the respective

PAGA Settlement Employee and applicable governmental authorities. The Settlement Administrator will issue an IRS Form 1099 to Plaintiff's Counsel and applicable governmental authorities for the payment of attorney's fees and costs in the amount approved by the Court. Plaintiff and Plaintiff's Counsel each agree to hold Defendant harmless from and against any damage or penalty incurred by Defendant as a result of any taxing authority assessing any tax or penalty upon Defendant as a consequence of any tax being due and unpaid on each of their portions of the Maximum Settlement Amount.

4.4 **Enhancement Payment.** Subject to Court approval, the Enhancement Payment to the PAGA Representative will be paid in an amount not to exceed Five Thousand Dollars and Zero Cents (\$5,000.00) from the Maximum Settlement Amount for the PAGA Representative's service and assistance in this Action and in exchange for her general release of claims. The Enhancement Payment to the PAGA Representative will be in addition to her Individual PAGA Payment. Because the Enhancement Payment represents payment to the PAGA Representative for service in this Action, payroll taxes will not be withheld from the Enhancement Payment. The Settlement Administrator will report the Enhancement Payment on a Form 1099, and any other required tax forms, and will provide the form(s) to the PAGA Representative and to the pertinent taxing authorities as required by law. The PAGA Representative assumes full responsibility for paying all taxes, federal and state, if any, due as a result of the Enhancement Payment and agrees to indemnify Defendant for any such taxes owed by it. An award by the Court of less than the amount of the requested Enhancement Payment shall not be a basis upon which Plaintiff's Counsel may void this Agreement, and any amount not awarded shall remain included in the amount available for distribution to the PAGA Settlement Employees.

4.5 **Estimated PAGA Pay Periods; Escalator Clause.** Defendant estimates that, as of September 17, 2024, PAGA Settlement Employees worked approximately 8,000 PAGA Pay Periods. If it is determined that the total number of PAGA Pay Periods described has increased by more than ten percent (10%) (i.e. exceeds 8,800) at the conclusion of the PAGA Release Period, then the Maximum Settlement Amount will be increased on a pro rata basis equal to the

percentage increase in the number above 8,800 PAGA Pay Periods (e.g., if the threshold of 8,800 Workweeks is exceeded by 1% (8,888), the Maximum Settlement Amount will increase by 1% (\$2,900.00).

4.6 **Releases.** Effective on the date when MHMG funds the Maximum Settlement Amount, Plaintiff and the PAGA Settlement Employees will release claims against the Releasees as follows:

4.6.1 **Plaintiff's General Release.** Plaintiff agrees that the consideration set forth in this Agreement, including the PAGA Representative Enhancement Payment set forth above, represents full settlement of all claims that were or could have been raised against the Releasees arising from her employment with Defendant. In exchange for the promises contained in this Agreement, to the maximum extent waivable under applicable law, Plaintiff may not sue or bring any claim against any of the Releasees for any reason whatsoever. Specifically, Plaintiff, to the maximum extent waivable under applicable law, on behalf of herself and her heirs, personal representatives, successors, spouses, registered domestic partners, children, and assigns hereby releases and forever discharges Releasees from any and all claims, liens, demands or liabilities whatsoever, whether known or unknown or suspected to exist by Plaintiff, which she ever had or may now have against Releasees, or any of them, arising at any time up to the date MHMG funds the Maximum Settlement Amount. The claims that Plaintiff, and her heirs, personal representatives, successors, spouses, registered domestic partners, and children, waive above include, but are not limited to, claims under contract law, common and statutory law regarding employee benefits, tort law, defamation law, wrongful discharge law, privacy rights, whistleblower protections, constitutional protections, the California Fair Employment and Housing Act and any similar state law (which may include claims for age, race, color, ancestry, national origin, disability, medical condition, marital status, sexual orientation, gender, gender identity, gender expression, religious creed, genetic information, military and veteran status, reproductive health decision-making, pregnancy, sex discrimination and harassment), the Federal Civil Rights Act of 1964 and 1991, as amended, the Americans With Disabilities Act ("ADA"),

the Employee Retirement Income and Securities Act ("ERISA"), the Family and Medical Leave Act ("FMLA"), the California Family Rights Act ("CFRA"), the Equal Pay Act, the National Labor Relations Act ("NLRA"), the Labor Management Relations Act ("LMRA"), the Fair Labor Standards Act ("FLSA"), any and all protections pursuant to any Industrial Welfare Commission Order, and any and all claims pursuant to the California Labor Code, including but not limited to all claims for reimbursement of business expenses under Labor Code section 2802, with the sole exclusion of any claims for unemployment insurance with the State of California, any claims against Defendant's workers' compensation insurance carrier and any claims that cannot be waived under applicable law.

(a) Plaintiff's Waiver of Rights Under California Civil Code Section 1542. For purposes of Plaintiff's General Release, Plaintiff expressly waives and relinquishes the provisions, rights, and benefits, if any, of section 1542 of the California Civil Code, which reads: *A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release, and that if known by him or her would have materially affected his or her settlement with the debtor or Released Party.*

4.6.2 Release by PAGA Settlement Employees: All PAGA Settlement Employees (including Plaintiff) are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Releasees from all claims for PAGA penalties (and associated attorneys' fees, costs, and interest) that were alleged, or reasonably could have been alleged, for based on the facts alleged in the PAGA Notice and the Complaint arising during their work for MHMG in California during the PAGA Release Period.

4.7 **Settlement Payment Procedures.**

4.7.1 Within ten (10) calendar days after the Approval Date, the Settlement Administrator shall send counsel for Defendant electronic wiring instructions to fund the

Qualified Settlement Fund established by the Settlement Administrator through Defendant's payment of the Maximum Settlement Amount.

4.7.2 Within ten (10) calendar days after the Approval Date, Defendant will send to the Settlement Administrator a list of information in electronic form that, for each PAGA Settlement Employee, includes that employee's name, last known address, social security number and actual or estimated PAGA Pay Periods worked during the PAGA Release Period. This information shall be treated as and remain confidential by the Settlement Administrator and shall be used solely to manage the notice and payment process described herein, shall not be disclosed to anyone (including Plaintiff or Plaintiff's counsel) other than the Settlement Administrator, except to applicable taxing authorities if required, or pursuant to express written authorization of Defendant, the individual in question, or by order of the Court.

4.7.3 Within fourteen (14) calendar days after the Effective Date, Defendant will wire to the Settlement Administrator the Maximum Settlement Amount to fund the QSF.

4.7.4 Within ten (10) calendar days following receipt of the Maximum Settlement Amount, the Settlement Administrator shall mail a Notice (substantially in the form attached hereto as **Exhibit A**) and a settlement check to each PAGA Settlement Employee in the amount of their respective Individual PAGA Payment.

4.7.5 Prior to mailing the Notice and settlement check, the Settlement Administrator shall check the addresses provided by Defendant using the National Change of Address database and shall update any addresses accordingly. Should any of the Notices be returned as undeliverable, the Settlement Administrator will conduct a search for a more current address (via a skip trace or other reasonable method) and re-mail the Notice and settlement check to the more current address, if any.

4.7.6 **Expiration of Settlement Checks.** Individual PAGA Payment checks issued to PAGA Settlement Employees pursuant to this Agreement will expire 180 calendar days from the date they are issued by the Settlement Administrator. After the 180-day period, the Settlement Administrator shall remit any unclaimed funds to Legal Aid at Work.

4.8 **Attorneys' Fees and Costs.** The Settlement Administrator shall pay to Plaintiff's Counsel from the Maximum Settlement Amount the amount of attorney's fees (not to exceed 33 and 1/3 percent (33 1/3%) of the Maximum Settlement Amount) and costs (not to exceed \$15,000) awarded by the Court. Defendant's Counsel will not oppose Plaintiff's Counsel's request for attorneys' fees and for costs so long as that request is consistent with this Agreement. An award by the Court of less than the amount of requested attorneys' fees and/or costs shall not be a basis upon which Plaintiff's Counsel may void this Agreement, and any amounts of requested fees or costs not awarded shall remain included in the amount available for distribution to the PAGA Settlement Employees. The Settlement Administrator will issue an IRS Form 1099 to Plaintiff's Counsel as required by IRS regulations. The Settlement Administrator shall pay the amount awarded by the Court to Plaintiff's Counsel no later than three (3) calendar days following the date on which Defendant funds the Maximum Settlement Amount. This payment shall include and satisfy all past and future fees and costs incurred to prosecute, settle, and administer this Action, including obtaining approval of the settlement and securing dismissals required by the settlement. Plaintiff and Plaintiff's Counsel represent that they are not aware of and have no knowledge of any liens filed or placed on this Action by any person.

4.9 **Non-Reversionary.** This settlement is non-reversionary. Any portion(s) of the requested Enhancement Payment to the PAGA Representative or the requested attorneys' fees or costs not awarded by the Court shall become part of the PAGA Payment.

4.10 **Tax Liability.** Defendant, Defendant's Counsel, and Plaintiff's Counsel make no representation as to the tax treatment or legal effect of the payments called for in this Settlement Agreement, and Plaintiff and PAGA Settlement Employees are not relying on any statement, representation, or calculation by Defendant, Defendant's Counsel, Plaintiff's Counsel, or the Settlement Administrator in this regard. Plaintiff and participating PAGA Settlement Employees understand and agree that they will be solely responsible for the payment of any taxes and penalties assessed on the payments described herein.

4.11 **Circular 230 Disclaimer.** EACH PARTY TO THIS AGREEMENT (FOR PURPOSES OF THIS SECTION, THE “ACKNOWLEDGING PARTY” IS EACH PARTY TO THIS AGREEMENT, AND AN “OTHER PARTY” IS ANY PARTY OTHER THAN THE ACKNOWLEDGING PARTY) ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS AGREEMENT, AND NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN OR AMONG THE SETTLING PARTIES OR THEIR ATTORNEYS AND OTHER ADVISERS, IS OR WAS INTENDED TO BE, NOR WILL ANY SUCH COMMUNICATION OR DISCLOSURE CONSTITUTE OR BE CONSTRUED OR BE RELIED UPON AS, TAX ADVICE WITHIN THE MEANING OF UNITED STATES TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY UPON HIS, HER OR ITS OWN, INDEPENDENT LEGAL AND TAX COUNSEL FOR ADVICE (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS AGREEMENT, (B) HAS NOT ENTERED INTO THIS AGREEMENT BASED UPON THE RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY TO ANY OTHER PARTY OR ANY ADVISOR TO ANY OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR ADVISER TO ANY OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISER TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY’S OR ADVISER’S TAX STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX STRUCTURE OF ANY TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY THIS AGREEMENT.

4.12 **Approval Order Entering Judgment.** Along with Plaintiff’s motion to approve the PAGA settlement (“Motion”), the Parties will submit a proposed Approval Order granting the Motion, which will enter Judgment thereon consistent with the terms of this settlement. The

Court will retain continuing jurisdiction over this Action and over all Parties, to the fullest extent necessary to enforce and effectuate the terms and intent of this Agreement.

4.13 **Impact of Non-Approval by Court.** This Agreement is expressly conditioned upon the Court's granting the Motion and entering the Approval Order and Judgment. If the Parties cannot obtain approval from the Court, or if the Effective Date does not occur, the Parties shall be restored to their litigation positions prior to execution of this Agreement, and this Agreement shall be deemed null and void, shall be of no force or effect whatsoever, and shall not be referred to or used in this or any other action.

4.14 **No Right to Object or Opt Out.** Since this is not a settlement of a class action but a PAGA settlement on behalf of the State of California, no person can (a) object to the settlement after the Court's Approval Order is made, or (b) opt out from being covered by release of claims at any time before or after the Approval Order is made.

4.15 **No Admission of Wrongdoing.** Neither the acceptance nor the performance by Defendant of the terms of this Agreement, nor any of the related negotiations or proceedings, is or shall be claimed to be, construed as, or deemed to be, an admission by Defendant of the truth of any of the allegations in the Complaint, the appropriateness of the PAGA Released Claims or the Action, the validity of any of the claims that were or could have been asserted by Plaintiff and/or any PAGA Settlement Employee in the Action, or of any liability or wrongdoing of Defendant. Defendant specifically disclaims any liability, culpability, negligence, or wrongdoing toward each and all of them. Each of the Parties has entered into this Agreement with the intention to avoid further disputes and litigation with the attendant inconvenience, expenses, and contingencies. Except for the purposes of effectuating and enforcing the terms of this Agreement, which includes barring claims that are released pursuant to this Agreement, neither this Agreement nor any of its terms nor the settlement itself shall be: (a) construed as, offered, or admitted in evidence as, received as, or deemed to be evidence for any purpose adverse to Defendant and/or any of the Releasees, including but not limited to, evidence of a presumption, concession, indication, or admission by any of the Releasees of any liability, fault,

wrongdoing, omission, concession, or damage, or (b) disclosed, referred to, or offered in evidence against Defendant and/or any of the Releasees in any other civil, criminal, or administrative action or proceeding.

4.16 **Dispute Resolution.** The Parties agree to cooperate fully with one another to accomplish and implement the terms of this settlement. Such cooperation shall include, but not be limited to, execution of such other documents and the taking of such other action as may reasonably be necessary to fulfill the terms of this Agreement. The Parties to this settlement shall exercise reasonable efforts, including all efforts contemplated by this Agreement and any other efforts that may become necessary by Court order, or otherwise, to effectuate this Agreement and the terms set forth herein.

4.17 **Confidentiality.** The Parties and their Counsel agree not to disclose the terms of this settlement except in papers filed with the Court and the LWDA in seeking approval of the Agreement or as required by legal process. Neither Plaintiff nor Plaintiff's Counsel, directly or indirectly, shall issue a press release or hold a press conference, publish information about the settlement on any website, or otherwise publicize the settlement. Plaintiff and Plaintiff's Counsel agree not to respond to any press inquiries concerning the settlement except to refer reporters to the papers filed with the Court.

4.18 **Entire Agreement.** This Agreement sets forth the entire agreement between the Parties hereto and fully supersedes any and all prior and/or supplemental understandings, whether written or oral, between the Parties concerning the subject matter of this Agreement. Any modification to this Agreement must be in writing and signed by Plaintiff or Plaintiff's Counsel and an authorized officer of Defendant or Defendant's Counsel. This Agreement may not be changed, altered, or modified, except in writing signed by the Parties hereto and approved by the Court.

4.19 **Choice of Law.** The rights and obligations of the Parties under this Agreement shall be construed and enforced in accordance with, and governed by, the laws of the State of California. California law shall govern the interpretation of this Agreement even if a choice-of-

law analysis under state or federal law would dictate that another forum's law be applied. To the extent any Party seeks to enforce the terms of this Agreement with the Court, the prevailing party to any such enforcement action shall be entitled to its reasonable attorneys' fees and costs incurred in connection with any such enforcement action. Before bringing an enforcement action, the Parties agree to meet and confer in good faith in an attempt to resolve any issues related to the terms of this Agreement prior to the filing of any enforcement action.

4.20 **Severability.** Except as provided below, if any provision of this Agreement is held to be invalid by a court of competent jurisdiction, that provision shall be deemed severed and deleted from this Agreement, and neither that provision nor its severance and deletion shall affect the validity of the remaining provisions. If the Court invalidates or amends a provision that either of the Parties in good faith considers to be a material term of this Agreement, then that Party shall have the option to send a written notice to the other Party no later than fourteen (14) calendar days after the applicable Court order that it wishes to void the entire Agreement and to restore the Parties to their litigation positions prior to the execution of this Agreement. If the Parties are thereafter unable to resolve the issue by reasonable efforts, this Agreement in its entirety shall be deemed null and void, shall be of no force or effect whatsoever, and shall not be referred to or used for any purpose whatsoever. Notwithstanding the foregoing, no portion of any release contained herein may be deemed severed or deleted from this Agreement except upon express agreement in writing by the applicable Released Party(ies).

4.21 **Additional Terms.**

4.21.1 Plaintiff's Counsel shall be responsible for preparing and filing the Motion. At least five (5) business days prior to filing the Motion, Plaintiff's Counsel shall send the Motion to Defendant's Counsel for their review and comment and the Parties shall work cooperatively to finalize the Motion.

4.21.2 The Parties agree to work cooperatively to comply with the notice requirements to the LWDA pursuant to Labor Code sections 2699(1)(2) and 2699(1)(3), but

Plaintiff shall be responsible for submitting a copy of the Court's Judgment to the LWDA within 10 days after the Court enters the Judgment.

4.21.3 Neither Plaintiff's Counsel nor any other attorneys acting for, formerly acting for, or purporting to act for, Plaintiff, may recover or seek to recover any amounts for fees, costs, or disbursements from Defendant or the Maximum Settlement Amount except as expressly provided herein.

4.21.4 This Agreement shall be binding upon and inure to the benefit of the Parties hereto, and their respective heirs, trustees, executors, administrators, successors, and assigns.

4.21.5 This Agreement shall become effective upon its execution by all of the undersigned and may be executed in counterparts which shall have the same force and effect as if all signatories had signed the same instrument.

4.21.6 Paragraph titles or captions contained in the Agreement are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Agreement, or any provision thereof.

4.21.7 This Agreement shall be construed and interpreted as if all of its language were prepared jointly by the Parties. No language in this Agreement shall be construed against a Party on the ground that such Party drafted or proposed that language.

5. REPRESENTATIONS BY PLAINTIFF

5.1 Plaintiff, by and through her counsel, represents and warrants that she has the right and exclusive authority to execute this Agreement and that she has carefully read and understands the full contents of this Agreement and is voluntarily entering into this Agreement after having received legal advice from Plaintiff's Counsel with respect to the advisability of making the settlement provided for herein and the advisability of executing this Agreement.

5.2 Plaintiff represents and warrants that she has not assigned or transferred, or purported to assign or transfer to any person or entity, any claim or portion thereof, or interest therein, which is or may be subject to this Agreement. Defendant shall have the right to

withdraw from this Agreement if it discovers, prior to entry of the Court's Judgment, that Plaintiff has assigned, transferred, or purported to assign or transfer any claim or portion thereof, or interest therein, which is or may be subject to this Agreement.

[SIGNATURES ON NEXT PAGE]

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

Dated: December 27, 2024



Marion Tellez

Dated: _____

Mercy Housing Management Group

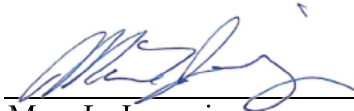
By: _____

Its: _____

Dated: December 27, 2024

SIMPSON GARRITY INNES JACUZZI, PC

By



Marc L. Jacuzzi

Sarah E. Lucas

Attorneys for Defendant

Mercy Housing Management Group

Dated: December 27, 2024

By



Larry W. Lee

William L Marder

Dennis Hyun

Edward W. Choi

Attorneys for Plaintiff

Marion Tellez

EXHIBIT A

<<FIRST_NAME>><<LAST_NAME>>

<<ADDRESS1>>

<<ADDRESS2>>

Re: Settlement Payment from *Tellez v. Mercy Housing Management Group, Inc., et al.* Lawsuit

Enclosed is your settlement payment from the settlement of the lawsuit entitled *Tellez v. Mercy Housing, et al.*, Alameda County Case No. 23CV031003.

This lawsuit is seeking claims against Mercy Housing Management Group, Inc. (“Mercy Housing”) pursuant to the Private Attorneys General Act of 2004, California Labor Code §§ 2698, *et seq.* (called “PAGA”). The lawsuit was brought by Plaintiff Marion Tellez as a proxy and agent of the State of California Labor Workplace Development Agency (“LWDA”) and all similarly situated “aggrieved employees” of Mercy Housing who worked as non-exempt employees in California during the relevant time period.

The plaintiff in the case claimed that Mercy Housing owed penalties under PAGA for certain California Labor Code violations because Mercy Housing allegedly failed to properly pay overtime wages, meal and rest break premium wages, and/or PTO and Sick pay wages in quarters in which employees also were paid bonuses, and that Mercy Housing allegedly failed to timely pay all final wages owed at termination and provide compliant wage statements. Mercy Housing denies that it did anything wrong and denies that it owes any penalties. The parties agreed to resolve the case, and as part of that settlement, Mercy Housing agreed to pay a certain amount of money categorized as PAGA penalties. Under the PAGA statute, penalties are divided between the LWDA and aggrieved employees.

You have been identified as one of the employees on whose behalf the case was brought because you were employed by Mercy Housing in California during the period from August 1, 2022, through December 31, 2024, as a non-exempt employee and were paid overtime, meal and/or rest period premiums, and/or PTO or Sick Leave in the same time period you were paid a bonus.

Enclosed is a check made out to you. The check represents your share of the settlement for PAGA civil penalties (\$____). Whether you cash or deposit that check, the LWDA is waiving and releasing any PAGA penalty claim, from August 1, 2022, through December 31, 2024, for various alleged California Labor Code violations, including the alleged failure to properly pay overtime wages, meal and rest break premium wages, PTO or Sick pay wages in the same quarter a bonus was paid, as well as PAGA penalties based on alleged failure to timely pay all wages owed upon termination and the alleged failure to provide compliant wage statements.

If you have any questions, you can contact the settlement administration (whose contact information is at the top of this letter).

Sincerely,

[Administrator]