

PAGA SETTLEMENT AGREEMENT

This PAGA Settlement Agreement (“**Agreement**”) is made by and between: **(1)** Plaintiffs Julie Russell, Barbara Pohanish, and Erinn Gatewood (“**Plaintiffs**”), individually and in their representative capacity as private attorneys general on behalf of the State of California; and **(2)** Defendant Southern California Healthcare System, Inc. (“**SCHS**”). The Agreement refers to Plaintiffs and SCHS collectively as “Parties,” or individually as “Party.”¹

1. DEFINITIONS

- 1.1. “**Action**” means the Plaintiffs’ PAGA lawsuit alleging wage and hour violations against SCHS and co-Defendants Alta Hospitals System, LLC and Prospect Medical Holdings, Inc. captioned *Yolanda Bailey v. Southern California Healthcare System, Inc., et al.*, Case Number 23STCV07482, initiated on April 5, 2023, and pending in the Superior Court of the State of California for the County of Los Angeles.
- 1.2. “**Administrator**” means CPT Group, Inc., the neutral entity the Parties have agreed to appoint to administer the Settlement.
- 1.3. “**Administration Expenses Payment**” means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator’s “not to exceed” bid submitted to the Court in connection with approval of this Settlement.
- 1.4. “**Aggrieved Employees**” mean all current and former non-exempt employees who worked for SCHS at Southern California Hospital at Culver City, Southern California Hospital at Hollywood, and Southern California Hospital at Van Nuys at any time during the PAGA Period except for the Excluded Employees.
- 1.5. “**Aggrieved Employee Data**” means each Aggrieved Employee’s identifying information in SCHS’s possession, including each Aggrieved Employee’s name, last-known mailing address, Social Security number, and number of PAGA Pay Periods.
- 1.6. “**Aggrieved Employee Address Search**” means the Administrator’s investigation and search for current Aggrieved Employee mailing addresses using all reasonably available sources, methods and means including, but not limited to, the National Change of Address database, skip traces, and direct contact by the Administrator with Aggrieved Employees.
- 1.7. “**Alta**” means co-Defendant Alta Hospitals System, LLC.

¹ This Agreement is based on the Los Angeles County Superior Court’s [Model] PAGA Settlement Agreement (LASC CIV 298) (“**Model Agreement**”), with modifications to reflect the agreement by the Parties and the facts of the case.

- 1.8. **“Approval Order”** means the proposed Court Order Granting Approval of PAGA Settlement.
- 1.9. **“Court”** means the Superior Court of the State of California for the County of Los Angeles.
- 1.10. **“Defendants”** means SCHS, Alta, and PMH.
- 1.11. **“Defense Counsel”** means Maria Z. Stearns, Esq., Peter Hering, Esq., and Jonas Trevethan, Esq. of RUTAN & TUCKER, LLP, the attorney representing Defendants SCHS, Alta, and PMH.
- 1.12. **“Effective Date”** means the later of (i) the 61st day after service of notice of entry of the Approval Order and Judgment, if no appeal, review, or writ 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.
- 1.13. **“Excluded Employees”** means anyone who was employed by SCHS as an RN, LVN, or CNA at Southern California Hospital at Hollywood between January 5, 2019, and December 8, 2022. Such individuals are excluded from the PAGA Settlement except to the extent they worked for SCHS after December 8, 2022.
- 1.14. **“Funding Date”** means the date by which SCHS must fully-fund the Settlement pursuant to Paragraph 4.3.
- 1.15. **“Gross Settlement Amount”** means Three Million and Three Hundred Thousand Dollars and Zero Cents (**\$3,300,000.00**), which is the total amount SCHS agrees to pay under the Settlement except as provided in Paragraph 8 below. The Gross Settlement Amount will be used to pay Individual PAGA Payments, the LWDA PAGA Payment, PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, the PAGA Representative Service Payment, and the Administrator’s Expenses Payment.
- 1.16. **“Individual PAGA Payment”** means the Aggrieved Employee’s pro rata share of 25% of the Net Settlement Amount calculated according to the number of Pay Periods the Aggrieved Employee worked during the PAGA Period.
- 1.17. **“Judgment”** means the judgment entered by the Court based upon the Approval Order.
- 1.18. **“LWDA”** means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subd. (i).
- 1.19. **“LWDA PAGA Payment”** means the 75% of the Net Settlement Amount paid to the LWDA under Labor Code section 2699, subd. (i).

- 1.20. **“Net Settlement Amount”** means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: PAGA Representative Service Payment, PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, and the Administration Expenses Payment. The remainder is the Net Settlement Amount, which shall be allocated as PAGA Penalties.
- 1.21. **“Notice of PAGA Settlement”** means the notice to be provided to the Aggrieved Employees by the Administrator in the form set forth as **Exhibit A** to this Agreement.
- 1.22. **“Operative Complaint”** means the Second Amended Complaint in this Action.
- 1.23. **“Original Plaintiff”** means the now-deceased named plaintiff Yolanda Bailey.
- 1.24. **“PAGA Counsel”** means Jonathan Melmed and Laura Supanich of Melmed Law Group P.C., and Mehrdad Bokhour of Bokhour Law Group, P.C., the attorneys representing the Plaintiffs in the Action.
- 1.25. **“PAGA Counsel Fees Payment”** and **“PAGA Counsel Litigation Expenses Payment”** mean the amounts allocated to PAGA Counsel for reimbursement of reasonable attorneys’ fees and expenses, respectively, incurred to prosecute the Action.
- 1.26. **“PAGA Pay Period”** means any pay period during which an Aggrieved Employee worked for SCHS for at least one day during the PAGA Period.
- 1.27. **“PAGA Period”** means the period from January 5, 2019, through the date of court approval of the settlement.
- 1.28. **“PAGA”** means the Private Attorneys General Act (Labor Code §§ 2698. et seq.).
- 1.29. **“PAGA Notices”** means Plaintiffs’ letters to SCHS, Alta, PMH, and the LWDA providing notice pursuant to Labor Code section 2699.3, subd. (a), including the April 5, 2023 letter, the October 4, 2023 letter, the August 12, 2024 letter, the October 8, 2024 letter, and the October 22, 2024 letter.
- 1.30. **“PAGA Penalties”** means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount (at least \$2,085,000.00), allocated 25% to the Aggrieved Employees (at least \$521,250.00) and the 75% to LWDA (at least \$1,563,750.00) in settlement of PAGA claims.
- 1.31. **“PAGA Representative Service Payments”** mean the payments to Plaintiffs for providing services in support of the Action.
- 1.32. **“Plaintiffs”** means Julie Russell, Barbara Pohanish, and Erinn Gatewood, the remaining named plaintiffs in the Action.
- 1.33. **“PMH”** means Prospect Medical Holdings, Inc.

- 1.34. **“Released PAGA Claims”** means all PAGA claims that were or could have reasonably been alleged against SCHS (and SCHS’s parent companies Alta and PMH) based upon the facts and circumstances identified in Plaintiffs’ PAGA Notices, and the Operative Complaint filed in the Action on behalf of the Aggrieved Employees, which arose during the PAGA Period. Without limiting the foregoing, and in addition to the foregoing, the release includes all (and only) civil penalties under California Labor Code Section 2699 *et seq.* for alleged failure to pay all wages, including overtime and minimum wages; failure to provide meal periods and rest breaks (and premium pay in lieu thereof); failure to pay all vacation wages; failure to pay reporting time pay; failure to pay split shift premiums; failure to provide notice of available paid sick leave; failure to pay paid sick leave; failure to provide notice of COVID-19 supplemental paid sick leave; failure to pay COVID-19 supplemental paid sick leave; failure to provide a day of rest; unlawful deductions; failure to maintain accurate time, payroll, and employment records; failure to provide compliant wage theft notice; failure to provide employment records; failure to reimburse for necessary business expenses; failure to provide accurate and complete itemized wage statements; failure to timely pay all wages owed during employment and upon separation; failure to provide suitable seating; preventing employees from using or disclosing the skills, knowledge, and experience they obtained at SCHS for purposes of competing with SCHS; preventing employees from disclosing violations of state and federal law; preventing employees from engaging in lawful conduct during non-work hours; requiring employees to waive rights under the FEHA or Labor Code; unlawful background checks; relying on salary history information for making employment decisions; failure to pay temporary workers weekly; failure to furnish and use safety devices and safeguards; failure to give sufficient notice of COVID-19 exposure; pursuant to the corresponding alleged violations of California Labor Code sections 96, 98.6, 201, 201.3, 202, 203, 204, 206, 210, 212, 213, 221, 223, 226, 226.3, 226.7, 227.3, 232, 232.5, 245, 245.5, 246, 248, 248.6, 249, 256, 432, 432.3, 432.5, 432.6, 432.7, 432.8, 510, 512, 515(a), 516, 551, 552, 558, 1102.5, 1174, 1174.5, 1182.11, 1182.12, 1185, 1194, 1194.2, 1197, 1197.1, 1198, 1198.5, 1199, 2800, 2802, 2804, 2810.5, 6401, 6402, 6403, 6409.6, 6432, and the applicable California Code of Regulations section 11050(5)(A), California Code of Regulations section 11050(4)(C), California Business and Professions Code sections 17200 through 17210 (“UCL”); and the Applicable Wage Orders (Cal. Code of Regs., tit. 8, §§ 11040 and 11050).
- 1.35. **“Released Parties”** means: Defendants and each of their former and present directors, officers, shareholders, owners, investors, members, partners, managers, employees, attorneys, representatives, agents, insurers, predecessors, successors, assigns, parent companies, holding companies, subsidiaries, and affiliates, and any individual or entity which could be jointly liable with SCHS, Alta, or PMH.
- 1.36. **“SCHS”** means Southern California Healthcare System, Inc.
- 1.37. **“Settlement”** means the disposition of the Action effected by this Agreement and the Judgment.

2. RECITALS

- 2.1. On April 5, 2023, Original Plaintiff Yolanda Bailey commenced this Action by filing a class action Complaint alleging causes of action against SCHS for (1) failure to pay minimum wages; (2) failure to pay overtime wages; (3) failure to provide rest periods and pay missed rest period premiums; (4) failure to provide meal periods and pay missed meal period premiums; (5) failure to maintain accurate employment records; (6) failure to pay wages timely during employment; (7) failure to pay all wages earned and unpaid at separation; (8) failure to indemnify all necessary business expenses; (9) failure to furnish accurate itemized wage statements; (10) unfair business practices; (11) Negligence; (12) Violation of California Customer Records Act; and (13) Violation of California Consumer Privacy Act (the “**Original Complaint**”).
- 2.2. Pursuant to Labor Code section 2699.3, subd. (a), Original Plaintiff Yolanda Bailey gave timely written notice to SCHS and the LWDA by sending the original PAGA Notice, dated April 5, 2023, alleging violations under PAGA based on the facts and circumstances alleged in the Original Complaint, which was attached to the letter (the “**Original PAGA Letter**”).
- 2.3. On October 4, 2023, Original Plaintiff Yolanda Bailey submitted an amended notice under PAGA to SCHS, Alta, PMH, and the LWDA, adding in additional underlying Labor Code violations, and adding Alta and PMH as defendants (the “**Amended PAGA Letter**”).
- 2.4. On February 13, 2024, Original Plaintiff Yolanda Bailey filed a First Amended Complaint alleging causes of action against Defendants for (1) negligence; (2) violation of California Customer Records Act; (3) violation of California Consumer Privacy Act; and (iv) civil penalties pursuant to PAGA, based on the allegations in the Original PAGA Letter and the Amended PAGA Letter (the “**FAC**”).
- 2.5. On July 1, 2024, Original Plaintiff Yolanda Bailey and SCHS participated in an all-day mediation presided over by Lou Marlin, an experienced mediator of wage and hour class and representative actions, which resulted in a mediator’s proposal accepted by Original Plaintiff Yolanda Bailey and SCHS on July 8, 2024. Original Plaintiff Yolanda Bailey and SCHS subsequently negotiated the terms of a binding memorandum of understanding to memorialize the principal terms of settlement of the Action (the “**MOU**”).
- 2.6. On July 31, 2024, Original Plaintiff Yolanda Bailey signed the MOU, and, on August 1, 2024, SCHS signed the MOU.
- 2.7. As part of the settlement, Original Plaintiff Yolanda Bailey and SCHS agreed to the submission of a further amended notice under PAGA to SCHS, Alta, PMH, and the LWDA, adding in additional underlying Labor Code violations, which were part of the negotiations during the mediation, and which are already listed in the

Released PAGA Claims. On August 12, 2024, Original Plaintiff Yolanda Bailey served the further amended PAGA notice on SCHS, Alta, PMH, and the LWDA (the “**Second Amended PAGA Letter**”).

- 2.8. Before the Parties could finalize the terms of this long-form settlement agreement, Original Plaintiff Yolanda Bailey unexpectedly passed away.
- 2.9. On October 8, 2024, and October 22, 2024, Plaintiffs Julia Russell, Barbara Pohanish, and Erinn Gatewood filed supplemental notices under PAGA with the LWDA, alleging the same Labor Code violations identified in the Original PAGA Letter, the Amended PAGA Letter, and the Second Amended PAGA Letter submitted by Original Plaintiff Yolanda Bailey and seeking to join the Action as additional PAGA representatives (the “**Supplemental PAGA Letters**”). For settlement purposes only, SCHS has agreed that the Supplemental PAGA Letters, the Amended PAGA Letter, and the Second Amended PAGA Letter, relate back to the date of the Original PAGA Letter served on April 5, 2023.
- 2.10. As part of the Settlement, the Parties agreed to stipulate to the filing of a Second Amended Complaint to (1) add Plaintiffs Julia Russell, Barbara Pohanish, and Erinn Gatewood as PAGA representatives in this Action, (2) add the allegations in the Second Amended PAGA Letter and the Supplemental PAGA Letters to the Action, and (3) dismiss the remaining class allegations (the “**Joint Stipulation**”). On October 24, 2024, the Parties submitted the Joint Stipulation together with a proposed order to the Court, which the Court signed on October 25, 2024.
- 2.11. On October 28, 2024, Plaintiffs filed the Second Amended Complaint (“**SAC**”) – the Operative Complaint.
- 2.12. SCHS denies the allegations in the Operative Complaint, denies any failure to comply with the laws identified in in the Operative Complaint, and denies any and all liability for the causes of action alleged.
- 2.13. Prior to mediation, Plaintiffs obtained, through informal discovery, various documents and information that allowed both sides to evaluate the potential exposure and potential risk, such as the operative employee handbook, policies and procedures related to the claims alleged in the Operative Complaint, and a representative sample of time and pay records for the Aggrieved Employees.
- 2.14. The Parties, PAGA Counsel, and Defense Counsel represent that they are aware of three other pending matters or actions asserting claims that will be extinguished or affected by the Settlement. They are entitled: (1) *Brendiana Abreau v. PMH, et al.*, LASC Case No. 20STCV21447 (the “**Abreau Action**”); (2) *Fernando Herrera v SCHS, et al.*, LASC Case No. 21SMCV01625 (the “**Herrera Action**”); and (3) *Latina Haywood v. SCHS*, LASC Case No. 23STCV06123 (the “**Haywood Action**”).

3. **MONETARY TERMS**

3.1. Gross Settlement Amount. Except as otherwise provided by Paragraph 8 below, SCHS promises to pay **\$3,300,000.00** and no more as the Gross Settlement Amount. SCHS has no obligation to pay the Gross Settlement Amount prior to the deadline stated in Paragraph 4.3 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to SCHS.

3.2. Payments from the Gross Settlement Amount. The Administrator will make and deduct the following payments from the Gross Settlement Amount, in the amounts specified by the Court in the Approval Order:

3.2.1. To Plaintiffs: PAGA Representative Service Payments to the Plaintiffs of not more than \$7,500.00 each for Yolanda Bailey, Julie Russell, Barbara Pohanish, and Erinn Gatewood (in addition to any Individual PAGA Payment the Plaintiffs are entitled to receive as an Aggrieved Employee). SCHS will not oppose Plaintiffs' request for a PAGA Representative Service Payments that does not exceed these amounts. As part of the application or motion for the approval of the Settlement or as a separate application or motion for PAGA Counsel Fees Payment and PAGA Litigation Expenses Payment, Plaintiffs will seek Court approval for any PAGA Representative Service Payments. If the Court approves PAGA Representative Service Payments less than the amount requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the PAGA Representative Service Payments using IRS Form 1099. Plaintiffs assume full responsibility and liability for employee taxes owed on the PAGA Representative Service Payment.

3.2.2. To PAGA Counsel: A PAGA Counsel Fees Payment of not more than one-third of the Gross Settlement Amount, which is currently estimated to be \$1,100,000.00 and a PAGA Counsel Litigation Expenses Payment of not more than \$20,000.00. SCHS will not oppose requests for these payments provided that they do not exceed these amounts. As part of the motion for approval of the Settlement or as a separate application or motion for PAGA Counsel Fees Payment and PAGA Litigation Expenses Payment, Plaintiffs and/or PAGA Counsel will seek Court approval for any PAGA Counsel Fees Payment and PAGA Litigation Expenses Payment. If the Court approves a PAGA Counsel Fees Payment and/or a PAGA Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to PAGA Counsel or any other Plaintiffs' counsel arising from any claim to any portion of any PAGA Counsel Fee Payment and/or PAGA Counsel Litigation Expenses Payment. The Administrator will pay the PAGA Counsel Fees Payment and PAGA Counsel Expenses Payment using one or more IRS 1099 Forms. PAGA

Counsel assumes full responsibility and liability for taxes owed on the PAGA Counsel Fees Payment and the PAGA Counsel Litigation Expenses Payment and holds SCHS and the Released Parties harmless, and indemnifies SCHS and the Released Parties, from any dispute or controversy regarding any division or sharing of any of these payments.

- 3.2.3. To the Administrator: An Administrator Expenses Payment not to exceed \$50,000.00 except for a showing of good cause and as approved by the Court. To the extent the Administration Expenses are less or the Court approves payment less than \$50,000.00, the Administrator will retain the remainder in the Net Settlement Amount.
- 3.2.4. To the Plaintiffs in the *Abreau, Herrera, and Hayward* Actions. PAGA Representative Service Payments to Fernando Herrera (not to exceed \$5,000.00), Latina Haywood (not to exceed \$5,000.00), and Brendiana Abreau (not to exceed \$5,000.00), subject to Court approval, if one or more of them later joins the Settlement as a named plaintiff. If one or more of them does not join the Settlement later, these amounts will be allocated to the Net Settlement Amount.
- 3.2.5. To the LWDA and Aggrieved Employees: The Net Settlement Amount in the amount of at least \$2,085,000.00, unless one or more of the plaintiffs from the *Abreau, Herrera, and Haywood* Actions join this Action, to be paid from the Gross Settlement Amount, with 75% (\$1,563,750.00) allocated to the LWDA PAGA Payment and 25% (\$521,250.00) allocated to the Individual PAGA Payments.
 - 3.2.5.1. The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties (\$526,875.00) by the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during the PAGA Period, and (b) multiplying the result by each Aggrieved Employee's PAGA Period Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.
 - 3.2.5.2. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.
- 3.2.6. Additional Attorneys' Fees and Costs: No Aggrieved Employee, or PAGA Counsel, or any other attorney acting for any Aggrieved Employee may recover or seek to recover any amounts for fees, costs, or disbursements arising from the Action or the Gross Settlement Amount from the Released Parties except as expressly provided for in this Agreement.

4. **SETTLEMENT FUNDING AND PAYMENTS**

- 4.1. Aggrieved Employee Pay Periods. Based on a review of its records in preparation for mediation, as of the date of mediation, July 1, 2024, SCHS estimates there are 3,482 Aggrieved Employees who worked a total 175,000 PAGA Pay Periods.
- 4.2. Aggrieved Employee Data. Within fifteen (15) days of the Effective Date, SCHS will deliver the Aggrieved Employee Data to the Administrator in the form of a Microsoft Excel spreadsheet. To protect Aggrieved Employees' privacy rights, the Administrator must maintain the Aggrieved Employee Data in confidence, use the Aggrieved Employee Data only for purposes of this Settlement and for no other purpose, and restrict access to the Aggrieved Employee Data to Administrator employees who need access to the Aggrieved Employee Data to effect and perform under this Agreement. SCHS has a continuing duty to immediately notify PAGA Counsel if it discovers that the Aggrieved Employee Data omitted employee identifying information and to provide corrected or updated Aggrieved Employee Data as soon as reasonably feasible. Without any extension of the deadline by which SCHS must send the Aggrieved Employee Data to the Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Aggrieved Employee Data.
- 4.3. Funding of Gross Settlement Amount. SCHS shall fund the Gross Settlement Amount in two installments. The first installment payment of \$1,650,000.00 shall be paid by the later of (i) 15 days after the Effective Date, or (ii) March 31, 2025. The second installment payment of \$1,650,000.00 shall be paid within six months of the first installment payment. The Gross Settlement Amount will be fully funded once the second installment has been made.
- 4.4. Payments from the Gross Settlement Amount. Within fifteen (15) days after Defendant fully funds the Gross Settlement Amount, the Administrator will mail checks for all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the PAGA Counsel Fees Payment, the PAGA Counsel Litigation Expenses Payment, and the PAGA Representative Service Payments. Disbursement of the PAGA Counsel Fees Payment, the PAGA Counsel Litigation Expenses Payment, and the PAGA Representative Service Payments shall not precede disbursement of Individual PAGA Payments.
 - 4.4.1. The Administrator will issue checks for the Individual PAGA Payments and send them to the Aggrieved Employees via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the date (not less than one hundred eighty (180) days after the date of mailing) when the check will be voided (the "**Void Date**"). The Administrator will cancel all checks not cashed by the Void Date. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database.

- 4.4.2. The Administrator must conduct an Aggrieved Employee Address Search for all Aggrieved Employees whose checks are returned undelivered without USPS forwarding address. Within seven (7) days of receiving a returned check the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Aggrieved Employee Address Search. The Administrator need not take further steps to deliver checks to Aggrieved Employees whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Aggrieved Employee whose original check was lost or misplaced, requested by the Aggrieved Employee prior to the Void Date.
- 4.4.3. For any Aggrieved Employee whose Individual PAGA Payment check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks to CASA of Los Angeles in accordance with California Code of Civil Procedure § 384 and subject to Court approval.
- 4.4.4. The payment of Individual PAGA Payments shall not obligate SCHS to confer any additional benefits or make any additional payments to the Aggrieved Employees (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

5. RELEASES OF CLAIMS

Effective on the date when SCHS fully funds the entire Gross Settlement Amount, Plaintiffs, the Aggrieved Employees, and PAGA Counsel will release claims against all Released Parties as follows:

- 5.1. Plaintiffs' Release. Plaintiffs and their respective former, present, and future spouses, representatives, agents, attorneys (including PAGA Counsel), heirs, executors, administrators, successors, and assigns generally, release, waive, acquit, and discharge SCHS and all Released Parties from all claims, transactions, or occurrences (known or unknown) which they have, had or might otherwise have had against the Released Parties, from the beginning of time to the date Plaintiffs sign this Agreement, regarding any aspect of Plaintiffs' employment including, but not limited to: the Released PAGA Claims, any common law or statutory torts (including invasion of privacy), any federal, state or governmental constitution, statute, regulation or ordinance, and any claim for wages, tips, or any other compensation or benefit ("**Plaintiffs' Release**"). Plaintiffs' Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any time, or based on occurrences after the date Plaintiffs sign this Agreement. Plaintiffs acknowledge that Plaintiffs may discover facts or law different from, or in addition to, the facts or law that Plaintiffs now know or believe to be true but agrees, nonetheless, that Plaintiffs' Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiffs' discovery of them.

- 5.1.1. Plaintiffs' Waiver of Rights Under California Civil Code Section 1542. For purposes of Plaintiffs' Release, Plaintiffs expressly waive and relinquish 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.

- 5.2. Release by Aggrieved Employees and the State of California: Upon the Effective Date and funding in full of the Gross Settlement Amount by SCHS, all Aggrieved Employees and the State of California are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, SCHS and all Released Parties from the Released PAGA Claims. The Parties agree there is no statutory right for any Aggrieved Employee to object, opt out or otherwise exclude himself or herself from the Settlement. The Parties further agree there is no right or opportunity for any Aggrieved Employee to appeal the approval of the PAGA settlement by the Court. This Agreement shall not be subject to collateral attack by any Aggrieved Employee.
- 5.3. Release by PAGA Counsel: PAGA Counsel release on behalf of themselves, their present and former attorneys, employees, agents, successors and assigns SCHS and all Released Parties from all claims for PAGA Fees incurred in connection with the Operative Complaint and the PAGA Period, facts stated in the Operative Complaint and the PAGA Notices, or otherwise incurred to prosecute the Action.

6. MOTION OR APPLICATION FOR APPROVAL OF SETTLEMENT

The Parties agree to jointly prepare and file an application or motion for approval of this Settlement.

- 6.1. Plaintiffs' Responsibilities. Plaintiffs will prepare and deliver to Defense Counsel all documents necessary for obtaining approval of this Settlement under Labor Code Section 2699, subd. (f)(2), including (i) a draft motion for approval of the PAGA Settlement, which PAGA Counsel will submit to Defense Counsel for review and comment at least five (5) days prior to filing with the Court; (ii) a draft proposed Order Granting Approval of PAGA Settlement; (iii) a signed declaration from the Administrator attaching its "not to exceed" bid for administering the Settlement and attesting to its willingness to serve; competency; operative procedures for protecting the security of Aggrieved Employee Data; amounts of insurance coverage for any data breach, defalcation of funds or other misfeasance; all facts relevant to any actual or potential conflicts of interest with Aggrieved Employees or the LWDA; and the nature and extent of any financial relationship with Plaintiffs, PAGA Counsel or Defense Counsel; (iv) a signed declaration from PAGA Counsel attesting to its timely transmission to the LWDA of all necessary

PAGA documents (the PAGA Notices, Operative Complaint (Labor Code section 2699, subd. (1)(1)), this Agreement (Labor Code section 2699, subd. (1)(2)); (v) a redlined version of the parties' Agreement showing all modifications made to the Model Agreement ready for filing with the Court; and (vi) all facts relevant to any actual or potential conflict of interest with Aggrieved Employees and/or the Administrator.

- 6.2. Responsibilities of PAGA Counsel. PAGA Counsel is responsible for expeditiously finalizing and filing the motion for approval of this Settlement no later than thirty (30) days after the full execution of this Agreement and, if necessary, obtaining a prompt hearing date for the motion and appearing in Court to advocate in favor of the motion. PAGA Counsel is responsible for delivering the Court's Approval Order to the Administrator.
- 6.3. Duty to Cooperate. If the Parties disagree on any aspect of the proposed motion for approval of this Settlement and/or the supporting declarations and documents, PAGA Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant the motion for approval of this Settlement or conditions its approval on any material change to this Agreement, PAGA Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court's concerns.

7. SETTLEMENT ADMINISTRATION

- 7.1. Selection of Administrator. The Parties have jointly selected CPT Group, Inc. to serve as the Administrator and verified that, as a condition of appointment, CPT Group, Inc. agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Administration Expenses. The Parties and their Counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.
- 7.2. Employer Identification Number. The Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholdings and providing reports state and federal tax authorities.
- 7.3. Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund ("QSF") under US Treasury Regulation section 468B-1.
- 7.4. Administrator Duties. The Administrator has a duty to perform or observe all tasks to be performed or observed by the Administrator contained in this Agreement or otherwise.

8. **AGGRIEVED EMPLOYEE SIZE ESTIMATES AND ESCALATOR CLAUSE**

The Settlement is based on the assumption that there were 175,000 pay periods in the period from January 5, 2019, through July 1, 2024. If the number of pay periods increases by more than 10% as of the date of approval of the settlement (“**Approval Date**”), SCHS will have the choice of: (a) paying a proportional increase in the Gross Settlement Amount for each additional pay period over 192,500; or (b) modifying the end date of the PAGA Period to a date prior to the Approval Date, to avoid incurring any pro rata increase.

For example, if the total number of pay periods through the Approval Date is 194,250 (i.e., 11% higher than 175,000), SCHS would have the following options:

- a. increase the Gross Settlement Amount by 1% (\$33,000.00), in which case the PAGA Period would end on, and include, the Approval Date; or
- b. not increase the Gross Settlement Amount and end the PAGA Period on whatever date will result in Aggrieved Employee pay periods of 192,500 or less.

9. **CONTINUING JURISDICTION OF THE COURT**

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

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

10. **ADDITIONAL PROVISIONS**

- 10.1. **No Admission of Liability or Representative Manageability for Other Purposes.** This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by SCHS that any of the allegations in the Operative Complaint have merit or that SCHS has any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiffs that SCHS’s defenses in the Action have merit. The Parties agree that representative treatment is for purposes of this Settlement only. If, for any reason the Court does not approve this Settlement, SCHS reserves all available defenses to the claims in the Action, and Plaintiffs

reserve the right to contest SCHS's defenses. The Settlement, this Agreement and Parties' willingness to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).

- 10.2. Effective Date Of SCHS's Obligations Under This Agreement. SCHS's obligations under this Agreement will become final and effective only upon the occurrence of the Effective Date. In the event that any of the conditions specified in this Agreement are not satisfied, or in the event that this Settlement does not obtain approval of the Court for any reason, all matters covered by this Agreement will be null and void. In such event, neither this Agreement, nor any negotiations leading to this Settlement, will be used or construed by or against any Party as a determination, admission, or concession of any issue of law or fact in the litigation; and the Parties do not waive, and instead expressly reserve, their respective rights regarding the prosecution and defense of the Action, including all available defenses and affirmative defenses, and to challenge any claim, as if this Agreement never existed.
- 10.3. Nullification. If: (1) the Court should for any reason fail to enter the Approval Order and Judgment; or (2) the Court's Approval Order and Judgment is reversed or modified as to any material term as defined above, or declared or rendered void as to any material term as defined above, then (a) the Agreement shall become null and void; and (b) the Parties will revert to their respective positions immediately prior to reaching the settlement.
- 10.4. Invalidation. Invalidation of any material term of this Settlement Agreement will invalidate this Agreement in its entirety unless the Parties subsequently agree in writing that the remaining provisions will remain in full force and effect.
- 10.5. Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all oral representations, warranties, covenants, or inducements made to or by any Party.
- 10.6. Attorney Authorization. PAGA Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiffs and SCHS, respectively, to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents reasonably required to effectuate the terms of this Agreement excluding any amendments to this Agreement.
- 10.7. Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Settlement Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may

become necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution.

- 10.8. No Prior Assignments. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Party in this Settlement.
- 10.9. No Tax Advice. Neither Plaintiffs, PAGA Counsel, SCHS nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.
- 10.10. Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all Parties or their representatives, and approved by the Court.
- 10.11. Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.
- 10.12. Applicable Law. All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the internal laws of the state of California, without regard to conflict of law principles.
- 10.13. Cooperation in Drafting. The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.
- 10.14. Confidentiality. To the extent permitted by law, all agreements made, and orders entered during Action and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement. In addition, other than information necessary to secure Court approval of this settlement, Plaintiffs and PAGA Counsel agree that the terms of this Settlement Agreement (including, but not limited to, the Gross Settlement Amount), the negotiations leading to the execution of this Settlement Agreement, the MOU, and the Settlement Agreement itself, shall not be discussed with or publicized or promoted to the media (including, without limitation, legal periodicals and publications such as "Jury Verdicts," disclosure of the Settlement Agreement on any web site of PAGA Counsel or any other website, or on any blogs, articles, or on any social media platforms or channels), or the public at large, without the advance written consent of SCHS. The Parties intend this Paragraph 10.14 to prohibit Plaintiffs and PAGA Counsel from discussing, answering questions about, promoting or publicizing the Settlement Agreement, its terms, or the negotiations leading to the Settlement Agreement with anyone other than the Court or those individuals necessary to effectuate the terms of the Agreement. Notwithstanding the foregoing, Plaintiff and PAGA Counsel (1) may tell the public in general only that certain claims "have been resolved by the

Parties;” and (2) may disclose the terms of the Settlement Agreement (a) in appropriate filings with the Court in this case; (b) where required by law (e.g., income tax returns); and (c) to accountants or other tax professionals for the purpose of preparing tax returns. In addition, PAGA Counsel may respond to questions received from, and discuss any aspect of this Agreement with Aggrieved Employees. Nothing herein shall prevent PAGA Counsel from referring to the Action in any declaration before the courts relating to the adequacy or in future applications by PAGA Counsel for approval of attorneys’ fees.

- 10.15. Corporate Signatories. Any person executing this Agreement or any related document on behalf of a corporate signatory warrants and promises for the benefit of all Parties that such person has been duly authorized by such corporation to execute this Agreement or any related document.
- 10.16. Use and Return of Aggrieved Employee Data. Information provided to PAGA Counsel pursuant to Cal. Evid. Code §1152, and all copies and summaries of the PAGA data provided to PAGA Counsel by SCHS in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than ninety (90) days after the Administrator discharges its obligation to pay out all Settlement funds, Plaintiffs shall destroy all paper and electronic versions of Aggrieved Employee Data received from SCHS unless, prior to the Administrator’s payment of all Settlement Funds, SCHS makes a written request to PAGA Counsel for the return, rather than the destructions, of Aggrieved Employee Data.
- 10.17. Headings. The descriptive heading of any section or paragraph of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement.
- 10.18. Calendar Days. Unless otherwise noted, all reference to “days” in this Agreement shall be to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.
- 10.19. Notice. All notices, demands or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

To Plaintiffs:

Melmed Law Group P.C.
Jonathan Melmed
jm@melmedlaw.com
Laura Supanich

lms@melmedlaw.com
1801 Century Park East, Suite 850
Los Angeles, California 90067

Bokhour Law Group, P.C.
Mehrdad Bokhour
mehrdad@bokhourlaw.com
1901 Avenue of the Stars, Suite 450
Los Angeles, California 90067

To Defendants:

Rutan & Tucker, LLP
Maria Z. Stearns
mstearns@rutan.com
Peter Hering
phering@rutan.com
Jonas Trevethan
jtrevethan@rutan.com
18575 Jamboree Road, 9th Floor
Irvine, CA 92612

- 10.20. Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e. DocuSign), or email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.
- 10.21. Stay of Litigation. The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to CCP section 583.330 to extend the date to bring a case to trial under CCP section 583.310 for the entire period of this settlement process.

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APPROVAL AND EXECUTION BY PARTIES

PLAINTIFFS:

Dated: 11/20/2024 _____

DocuSigned by:
Julia Russell
6D2D56129982400 _____

Julie Russell
Plaintiffs and Private Attorney General

Dated: _____

Barbara Pohanish
Plaintiffs and Private Attorney General

Dated: _____

Erinn Gatewood
Plaintiffs and Private Attorney General

DEFENDANT SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.:

Dated: _____

Defendant Southern California Healthcare
System, Inc.
By: _____
Title: _____

APPROVED AS TO FORM BY COUNSEL

PAGA COUNSEL:

Dated: _____

Melmed Law Group P.C.

Jonathan Melmed
Attorneys for Plaintiffs

APPROVAL AND EXECUTION BY PARTIES

PLAINTIFFS:

Dated: _____

Julie Russell
Plaintiffs and Private Attorney General

Dated: 11/21/2024

DocuSigned by:
Barbara Pohanish
714C38980BE74AE...

Barbara Pohanish
Plaintiffs and Private Attorney General

Dated: _____

Erinn Gatewood
Plaintiffs and Private Attorney General

DEFENDANT SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.:

Dated: _____

Defendant Southern California Healthcare
System, Inc.
By: _____
Title: _____

APPROVED AS TO FORM BY COUNSEL

PAGA COUNSEL:

Dated: _____

Melmed Law Group P.C.

Jonathan Melmed
Attorneys for Plaintiffs

APPROVAL AND EXECUTION BY PARTIES

PLAINTIFFS:

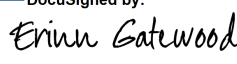
Dated: _____

Julie Russell
Plaintiffs and Private Attorney General

Dated: _____

Barbara Pohanish
Plaintiffs and Private Attorney General

Dated: 11/20/2024

DocuSigned by:


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Erinn Gatewood
Plaintiffs and Private Attorney General

DEFENDANT SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.:

Dated: 11/25/2024



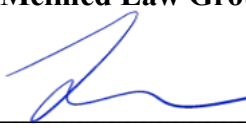
Defendant Southern California Healthcare
System, Inc.
By: Von Crockett
Title: SRVP

APPROVED AS TO FORM BY COUNSEL

PAGA COUNSEL:

Dated: November 21, 2024

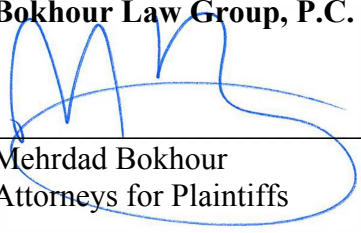
Melmed Law Group P.C.



Jonathan Melmed
Attorneys for Plaintiffs

Dated: November 22, 2024

Bokhour Law Group, P.C.



Mehrdad Bokhour
Attorneys for Plaintiffs

DEFENSE COUNSEL:

Dated: November 27, 2024

Rutan & Tucker, LLP



Peter Hering
Attorneys for Defendants