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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF KERN

OLEGARIO VALDEZ-GARCIA, as an
individual and on behalf of all others
similarly situated,

Plaintiff,

vs.

BAKERSFIELD ARC, INC., a California
Corporation; BAKERSFIELD ARC
FOUNDATION, a California corporation;
and DOES 1 through 100,

Defendants.

Case No. BCV-23-103290

*[Case assigned for all purposes to the Hon.
Bernard C. Barmann, Jr.; Dept. H]*

**DECLARATION OF SEAN M. BLAKELY
IN SUPPORT OF PLAINTIFF'S MOTION
FOR PRELIMINARY APPROVAL OF
CLASS ACTION SETTLEMENT**

Date: August 12, 2025

Time: 8:30 a.m.

Dept.: H

Action Filed: October 2, 2023

Trial Date: None Set

1 I, SEAN M. BLAKELY, declare as follows:

2 1. I am a Partner at Haines Law Group, APC, and counsel for the named Plaintiff
3 Olegario Valdez-Garcia ("Plaintiff") and the proposed Settlement Class in the above-captioned
4 matter. I am a member in good standing of the bar of the State of California and am admitted to
5 practice in this Court. I have personal knowledge of the facts stated in this declaration and could
6 testify competently to them if called upon to do so.

7 2. I am a 2008 graduate of Southwestern Law School. I was admitted to the California
8 State Bar in September 2009. From December 2010 to September 2011, I worked as a Law Clerk
9 for Rose, Klein & Marias, a civil litigation firm in Long Beach, California. At Rose, Klein &
10 Marias, I assisted trial attorneys in employment and personal injury cases. From September 2011
11 to May 2016, I worked as an associate at the employment law firm of Mahoney Law Group, APC
12 in Long Beach, California. The vast majority of my work at Mahoney Law Group, APC focused
13 on representing employees in wage and hour class actions. My work at Mahoney Law Group,
14 APC also included representing employees in individual claims for wrongful termination,
15 harassment, discrimination, and retaliation. Although non-exhaustive, the types of work I
16 performed at Mahoney Law Group, APC included: conducting client intakes performing pre-
17 filing research and analysis, drafting complaints, attending court hearings, corresponding with
18 opposing counsel, drafting and responding to written discovery, preparing for and taking and
19 defending depositions, analyzing payroll and timekeeping records and employee handbooks,
20 opposing motions for summary judgment, as well as a variety of other motions such as motions
21 for remand, demurrers and motions to dismiss, motions to strike, motions to compel, motions to
22 quash, and motions for class certification, drafting mediation briefs, attending mediations,
23 drafting long-form settlement agreements, drafting motions for preliminary and final settlement
24 approval, and overseeing the notice process.

25 3. Since November 8, 2016, I have worked at my current firm, Haines Law Group,
26 APC, where, in 2020, I became a Partner. I am currently responsible for managing over forty
27 (40) active wage and hour class and representative actions in both state and federal court.

28 4. The following is a non-exhaustive list of wage and hour class actions in which I

1 have been appointed as class counsel and/or played a significant role in prosecuting the litigation,
2 and which have received final approval: *Santimateo v. Sun Healthcare Group, Inc., et al*, Case
3 No. BC471884, California Superior Court, Los Angeles County, Judge Jane L. Johnson presiding
4 (granted final approval of settlement on behalf of employees at rehabilitation facility involving
5 claims for unpaid wages and meal and rest period violations, and other claims, in which I was
6 approved at an hourly rate of \$325 for work performed in 2012-2013); *Teyuca v. Pacific Alliance*
7 *Medical Center, Inc.*, California Superior Court, Los Angeles County, Judge William F.
8 Highberger presiding (granting final approval of settlement on behalf of healthcare workers for
9 unpaid wages, meal and rest period violations, and other claims, in which I was approved at an
10 hourly rate of \$325 for work performed in 2012-2013); *Arteaga v. Command Center Security,*
11 *Inc.*, Case No. BC480496, California Superior Court, Los Angeles County, Judge John Shepard
12 Wiley, Jr. presiding (granting final approval of settlement on behalf of security guards involving
13 claims for unpaid overtime, meal and rest period violations, and other claims, in which I was
14 approved at an hourly rate of \$425 for work performed in 2012-2015); *Casadine v. Maxim*
15 *Healthcare Services, Inc.*, Case No. CV 12-10078-DMG (CWx), United States District Court,
16 Central District of California, Judge Dolly M. Gee presiding (granting final approval of settlement
17 on behalf of home health care employees involving claims for unpaid wages and other claims, in
18 which I was approved at an hourly rate of \$425 for work performed in 2012-2015); *Guzman v.*
19 *Andrew Lauren Interiors, Inc., et al.*, Case No. BC567757, California Superior Court, Los
20 Angeles County, Judge Elihu M. Berle presiding (granting final approval of settlement on behalf
21 of construction workers involving claims for unpaid wages, meal and rest period violation, and
22 other claims, in which I was approved at an hourly rate of \$425 for work performed in 2014-
23 2016); *Booker v. The Goodyear Tire and Rubber Company*, Case No. BC498399, California
24 Superior Court, Los Angeles County, Judge Amy Hogue presiding (granting final approval of
25 settlement on behalf of tire mechanics involving claims for unpaid wages, meal and rest period
26 violations, and other claims, in which I was approved at an hourly rate of \$425 for work performed
27 in 2013-2015); *Nunez v. CompuCom Systems, Inc.*, Case No. BC618385, California Superior
28 Court, Los Angeles County, Judge John Shepard Wiley, Jr. presiding (granting final approval of

1 settlement on behalf of IT support workers for overtime, meal and period, reimbursement, and
2 related violations, approved at hourly rate of \$475 for work performed in 2016 and 2017); *Galvan*
3 *v. AMVAC Chemical Corporation*, Case No. 30-2014-00716103-CU-OE-CXC, California
4 Superior Court, Orange County, Judge William D. Claster presiding (granting final approval of
5 settlement on behalf of non-exempt employees of a chemical manufacturing company involving
6 claims for unpaid overtime and waiting time penalties); *Razon v. TTM Technologies, Inc., et al.*,
7 Case No. 37-2016-00038326-CU-OE-CTL, California Superior Court, San Diego County, Judge
8 Gregory W. Pollack presiding (granting final approval of settlement involving claims for unpaid
9 overtime wages, wage statement violations, and meal period violations); *Blank v. Coty, Inc., et*
10 *al.*, Case No. BC624850, California Superior Court, Los Angeles County, Judge Williams F.
11 Highberger presiding (granting final approval of settlement involving claims for wage statement
12 violations, meal period violations, and other claims); *Morales v. Caremeridian, LLC, et al.*, Case
13 No. BC593191, California Superior Court, Los Angeles County, Judge William F. Highberger
14 presiding (granting final approval of settlement on behalf of direct support professionals
15 involving claims for unpaid wages, meal and rest period violations, wage statement violations,
16 and other claims); *Aguilar v. Act Fulfillment, Inc.*, Case No. RIC1616643, California Superior
17 Court, Riverside County, Judge Sharon J. Waters presiding (granting final approval of settlement
18 on behalf of non-exempt factory workers involving claims for meal period violations); *Sandoval*
19 *v. AMCOR Flexibles Inc.*, Case No. BC617499, California Superior Court, Los Angeles County,
20 Judge Kenneth R. Freeman presiding (granting final approval of settlement on behalf of
21 manufacturing employees involving claims for unpaid wages, meal period violations, rest period
22 violations, and waiting time penalties); *Le v. GBW Railcar Services, L.L.C.*, Case No.
23 RIC1612209, California Superior Court, Riverside County, Judge Sharon J. Waters presiding
24 (granting final approval of settlement on behalf of non-exempt employees of a freight railcar
25 manufacturer involving claims for unpaid overtime and minimum wages, meal period violations,
26 and rest period violations); *Silva v. ADJ Products, LLC*, Case No. BC618581, California Superior
27 Court, Los Angeles County, Judge William F. Highberger presiding (granting final approval of
28 settlement involving claims for unpaid overtime and minimum wages, rest period violations,

wage statement violations, and waiting time penalties); *Lira v. Discus Dental, LLC, et al.*, Case No. CIVDS1620402, California Superior Court, San Bernardino County, Judge David Cohn presiding (granting final approval of settlement on behalf of non-exempt manufacturing employees involving claims for unpaid minimum and overtime wages, meal and rest period violations, and other claims); *Gonzales v. PathPoint*, Case No. BC657147, California Superior Court, Los Angeles County, Judge Carolyn B. Kuhl presiding (granting final approval of settlement on behalf of non-exempt direct support professionals involving claims for meal and rest period violations and other claims); *Duran v. PRADA USA CORP.*, Case No. BC644319, California Superior Court, Los Angeles County, Judge Maren E. Nelson presiding (granting final approval of settlement on behalf of non-exempt commissioned salespersons involving claims for unpaid overtime wages, meal and rest period violations, failure to reimburse for necessary expenditures, and other claims); *Banegas v. UPM, Inc.*, Case No. BC644438, California Superior Court, Los Angeles County, Judge Carolyn B. Kuhl presiding (granting final approval of settlement on behalf of non-exempt manufacturing employees involving claims for unpaid wages, meal and rest period violations, and other claims); *Palafox v. Pacific Line Clean-Up, Inc.*, Case No. 30-2017-00921632-CU-OE-CXC, California Superior Court, Orange County, Judge William D. Claster presiding (granting final approval of settlement on behalf of non-exempt employees involving claims for unpaid overtime wages, meal and rest period violations, and other claims); *Janet Arroyo v. AST Sportswear, Inc., dba Bayside Apparel Manufacturing, Inc.*, Case No. 30-2017-00909663-CU-OE-CXC, California Superior Court, Orange County, Judge Glenda Sanders presiding (granting final approval of settlement on behalf of non-exempt garment employees involving claims for unpaid minimum wages, meal and rest period violations, and other claims); *Carlos Garcia v. Fabrica International, Inc.*, Case No. 30-2017-00949461-CU-OE-CXC, California Superior Court, Orange County, Judge William D. Claster presiding (granting final approval of settlement on behalf of non-exempt manufacturing employees involving claims for unpaid minimum and overtime wages, meal and rest period violations, and statutory penalties); *Jonathan Leon v. Piercey West, Inc.*, Case No. BC656874, California Superior Court, Los Angeles County, Judge Amy D. Hogue presiding (granting final approval of settlement on behalf

1 of non-exempt commissioned salespersons and other employees involving claims for unpaid
2 wages, meal and rest period violations, unreimbursed business expenses, and other claims); and
3 *Matthew Tovar, et al. v. Rentokil North America, Inc.*, Case No. BC676386, California Superior
4 Court, Los Angeles County, Judge Daniel J. Buckley presiding (granting final approval of
5 settlement on behalf of non-exempt employees involving claims for unpaid overtime, meal and
6 rest break violations, and other claims); *Seungmin Samantha Lee v. Infor (US) Inc.*, Case No.
7 CGC-18-566393, California Superior Court, San Francisco County, Judge Ethan P. Schulman
8 presiding (granting final approval of settlement on behalf of sales development representatives
9 involving claims for unpaid overtime, meal and rest period violations, and penalty claims); *Tracy*
10 *Aguilar, et al. v. Aero Port Services, Inc.*, Case No. BC659234, California Superior Court, Los
11 Angeles County, Judge Carolyn B. Kuhl presiding (granting final approval of settlement on behalf
12 of non-exempt employees involving claims for meal and rest period violations, and other claims);
13 *Carlos Perez, et al. v. Moss Bros. Auto Group, Inc., et al.*, Case No. RIC1709905, California
14 Superior Court, Riverside County, Judge Sunshine S. Sykes presiding (granting final approval of
15 settlement on behalf of non-exempt commissioned salespersons involving claims for unpaid
16 wages, meal and rest period violations, other claims); and *Julio Alfaro v. Orange Automotive*
17 *d/b/a Kia of Orange*, Case No. 30-2017-00945105-CU-OE-CXC, California Superior Court,
18 Orange County, Judge Randall J. Sherman presiding (granting final approval settlement on behalf
19 of non-exempt commissioned employees involving claims for unpaid wages, meal and rest period
20 violations, unreimbursed business expenses, and penalty claims).

21 5. I have also moved to certify and have received an order certifying a class action in
22 *Ontiveros v. Safelite Fulfillment, Inc., et al.*, Case No. CV 15-7118-DMG (RAOx), United States
23 District Court, Central District of California, Honorable Dolly M. Gee presiding (certifying six
24 classes of employees for rest period violations, wage statement violations, meal period violations,
25 and overtime and double-time violations); *Vazquez v. Kraft Heinz Foods Company*, Case No. 16-
26 CV-02749-WQH (BLM), United States District Court, Southern District of California, Honorable
27 William Q. Hayes, presiding (certifying unpaid wages classes, meal period classes, wage
28 statement class, and waiting time penalty class); *McDonald, et al. v. Sierra Pacific Industries*,

Case No. 191133, Shasta County Superior Court, Hon. Tamara L. Wood (certifying eight classes for meal period violations, rest period violations, unpaid wages, unreimbursed business expenses, wage statement violations, and waiting time penalties); and *Rosales v. Laclede, Inc.*, Case No. 20STCV01184, Los Angeles Superior Court, Hon. Stuart M. Rice, presiding (certifying three classes for meal period violations, unpaid wages, and waiting time penalties).

6. In each year from 2018-2023, Thomson Reuters recognized me as a Top Young Attorney in Southern California in the annual Rising Star Edition of Super Lawyers. This is an honor awarded to no more than two-and-a-half percent (2.5%) of attorneys under the age of forty in Southern California each year.

7. As counsel for Plaintiff and the proposed Settlement Class, I have been intimately involved in every aspect of this case from its inception through the present, and I believe that the proposed Settlement is a favorable result for the Settlement Class.

8. In operation since 1949, Defendant Bakersfield ARC, Inc. (“Bakersfield ARC”) provides job training, employment, and support services in Kern County for adults with intellectual and developmental disabilities.

9. On October 2, 2023, Plaintiff filed his Class Action Complaint in Kern County Superior Court, alleging that Bakersfield ARC: (i) failed to pay all overtime wages; (ii) failed to pay all minimum wages; (iii) failed to provide all lawful meal periods; (iv) failed to authorize and permit all rest periods; (v) failed to reimburse employees for necessary business expenditures; (vi) failed to issue accurate, itemized wage statements; and (vii) engaged in unfair competition in violation of California Business & Professions Code § 17200 *et seq.* On that same day, Plaintiff sent his PAGA notice letter to the Labor and Workforce Development Agency (“LWDA”). A true and correct copy of Plaintiff’s letter to the LWDA is attached hereto as **Exhibit 2**. On December 29, 2023, Plaintiff filed the operative First Amended Class and Representative Action Complaint (“FAC”) to add an eighth cause of action for civil penalties under the PAGA.

10. In connection with mediation, Bakersfield ARC my office with timekeeping and payroll data for an approximately 20% sampling of Class Members. In addition, Bakersfield ARC provided relevant written wage and hour policies and procedures, Alternate Workweek Schedule

1 (“AWS”) documents, and collective bargaining agreements, along with relevant data points such
2 as the number of Class Members, the number of aggregate workweeks worked during the Class
3 Period, and the number of aggregate pay periods worked during the PAGA Period. Plaintiff hired
4 a labor economist with a Ph.D. in economics to assist Plaintiff in conducting a comprehensive
5 analysis and extrapolation of the payroll and timekeeping data produced by Bakersfield ARC to
6 create a detailed exposure analysis for all claims at issue. This discovery allowed the Parties to
7 assess the merits and value of Plaintiff’s claims, the chances of certification of Plaintiff’s claims,
8 and Bakersfield ARC’s potential defenses.

9 11. On August 21, 2024, the Parties participated in a full-day mediation with Scott
10 Radovich, Esq., a well-respected wage and hour class action mediator. During mediation, the
11 Parties vigorously debated their opposing legal positions, the likelihood of certification of
12 Plaintiff’s claims, the legal basis for the claims and defenses, as well as Bakersfield ARC’s
13 financial condition. The Parties did not reach a settlement at mediation. In the months following
14 mediation, Bakersfield ARC provided Plaintiff’s counsel with their financial records and Plaintiff,
15 with the help of its retained forensic accountant, Keith D. Messerschmidt, who has consulted or
16 provided expert testimony in dozens of litigation and insurance matters, reviewed the documents
17 provided by Bakersfield ARC. Mr. Messerschmidt opines that Bakersfield ARC could not
18 reasonably afford to pay more than the Gross Settlement Amount without dramatically affecting
19 its business operations. Should the Court wish to review a declaration from Mr. Messerschmidt
20 attesting to these facts and Bakersfield ARC’s financial condition, this declaration could either be
21 filed in *camera* or filed under seal, at the Court’s request. The Parties continued their discussions
22 with Mr. Radovich following the mediation and ultimately reached a class-wide settlement.
23 During the months that followed, the Parties finalized the terms of the Settlement and executed
24 the long-form Settlement Agreement now before the court. A true and correct copy of the Class
25 Action and PAGA Settlement Agreement (“Settlement”) is attached herein as **Exhibit 1**. The
26 proposed Class Notice is attached to the Settlement as **Exhibit A**.

27 12. The monetary terms of the Settlement are summarized below:
28

•	Gross Settlement Amount:	\$150,000.00
•	Minus Court-approved attorneys' fees:	\$50,000.00
•	Minus Court-approved verified costs (up to):	\$25,000.00
•	Minus Court-approved Service Payment:	\$5,000.00
•	Minus amount set aside as PAGA penalties:	\$15,000.00
•	<u>Minus estimated settlement administration costs:</u>	<u>\$8,500.00</u>
	Net Settlement Amount:	\$46,500.00
•	PLUS 25% "PAGA Payment" to Settlement Class:	\$3,750.00
	Total Amount Paid to Class Members:	\$50,250.00

13. According to Bakersfield ARC, there are approximately 205 Class Members. Therefore, the average Individual Class Payment from the Net Settlement Amount is projected to be approximately \$226.83. There are approximately 205 Aggrieved Employees during the PAGA Period. Therefore, each Aggrieved Employee will receive an average of approximately \$18.29 from Aggrieved Employees' 25% share of the PAGA Penalties.

14. Plaintiff alleges that for at least a portion of the Class Period, Bakersfield ARC's timekeeping policies and/or practices resulted in Plaintiff and other Class Members not being compensated for all hours actually worked. Specifically, Plaintiff alleges that for a portion of the Class Period, Plaintiff and other Class Members clocked in and out for shifts using a system that recorded hours worked to the minute, but Bakersfield ARC only compensated Class Members for their scheduled hours worked and/or rounded timekeeping entries to employees' detriment. As a result of these policies/practices, Plaintiff alleges that Bakersfield ARC failed to compensate Plaintiff and other Class Members for all minimum and overtime wages owed. Based on Plaintiff's analysis and extrapolation of Bakersfield ARC's timekeeping and payroll records, Plaintiff estimated Class Members were underpaid by approximately 1,468 hours during the Class Period. Plaintiff calculated Bakersfield ARC's maximum exposure for unpaid wages due to rounding at approximately \$47,358 (1,468 hours underpaid * \$16.13 avg. hourly rate * 2 (liquidated damages pursuant to Labor Code § 1194.2)). However, Bakersfield ARC counters that for much of the Class Period its timekeeping policies/practices complied with California law and that it has always properly compensated Class Members for all hours worked throughout the Class Period. Bakersfield ARC also contends that any unpaid time was not known to it because it relied on employees to record their hours worked electronically and verify those hours each pay period.

1 Bakersfield ARC further argues that it is not possible for Class Members to perform compensable
2 work outside of their scheduled shift and that it had procedures for employees to correct their time
3 records and policies prohibiting working “off-the-clock.” Finally, Bakersfield ARC asserts that
4 Plaintiff would be unable to certify this claim since its timekeeping policy is facially neutral, and
5 individualized inquiries would be necessary as to whether employees were in fact underpaid or
6 overpaid for each workday in question (including whether they were actually working when they
7 were clocked in), resulting in an unmanageable series of mini-trials. Based on these defenses,
8 Plaintiff discounted the estimated maximum amount by 30% for risk of non-certification, and by
9 an additional 50% to account for risk of losing on the merits or failure to recover the maximal
10 amount sought, to arrive at an estimated exposure of approximately \$16,575.

11 15. Plaintiff alleges that Bakersfield ARC adopted an unlawful Alternate Workweek
12 Schedule (“AWS”) for Plaintiff and other Class Members. Plaintiff alleges that the AWS was not
13 adopted according to the proper procedures set forth by the Wage Order, including the
14 requirement that employers provide notice in both English and Spanish. Based on this allegation
15 that Plaintiff and other Class Members were working pursuant to an unlawful AWS, Plaintiff
16 alleged that Class Members who worked a 4/10 AWS were not properly compensated for their
17 overtime worked. Based on Plaintiff’s review and extrapolation of the timekeeping data produced
18 by Bakersfield ARC, Plaintiff calculated that approximately 8% of weeks worked by Class
19 Members were worked pursuant to the AWS, and that Bakersfield ARC failed to compensate each
20 affected employee for approximately 8.0 hours of weekly overtime, resulting in a maximum
21 potential exposure of \$62,494 (968 workweeks * 8.0 hours * \$8.07 average overtime premium).
22 In response, Bakersfield ARC counters that it maintained compliant overtime policies throughout
23 the Class Period in accordance with the collective bargaining agreement between Bakersfield
24 ARC and Class Members, who belonged to SEIU Local 521. Bakersfield ARC also argues that it
25 complied with the Wage Order’s requirements for adopting a valid AWS, and that it registered
26 the results of the AWS election with the Division of Labor Standards Enforcement (“DLSE”), as
27 required by law. Finally, Bakersfield ARC maintains that Plaintiff’s AWS claim is not suited for
28 class certification since only a portion of Class Members were subject to the AWS and individual

1 inquiries would be needed to assess which employees were affected. In light of these defenses,
2 Plaintiff discounted the estimated maximum amount by 50% for risk of non-certification, and by
3 an additional 50% to account for risk of losing on the merits or failure to recover the maximal
4 amount sought, to arrive at an estimated exposure of approximately \$15,624.

5 16. Plaintiff alleges that Bakersfield ARC's policies and/or practices failed to provide
6 Plaintiff and other Class Members with timely, duty-free, and uninterrupted 30-minute meal
7 periods commencing before the end of the fifth hour of work. Plaintiff further alleges that
8 Bakersfield ARC required certain Class Members to sign on-duty meal period agreements, but
9 due to work demands and understaffing these employees were not provided the opportunity to
10 take any meal periods at all. Plaintiff also alleges that Bakersfield ARC failed to keep any records
11 of meal periods for the employees who signed on-duty meal period agreements. Based on
12 Plaintiff's review and extrapolation of the timekeeping data produced by Bakersfield ARC,
13 Plaintiff alleges that Bakersfield ARC failed to provide approximately 4,859 timely 30-minute
14 first meal periods before the conclusion of the fifth hour of work. In addition, based on data
15 provided by Bakersfield ARC, Class Members' average hourly rate of pay during the Class Period
16 was approximately \$16.13 per hour. Therefore, Plaintiff calculated Bakersfield ARC's maximum
17 exposure for facial meal period violations at \$78,101 (4,859 facial meal period violations * \$16.13
18 average premium) – (17 meal period premiums paid * \$16.13 average). Bakersfield ARC argues
19 that it maintained compliant meal break policies throughout the Class Period in accordance with
20 the collective bargaining agreement between Bakersfield ARC and Class Members, who
21 belonged to SEIU Local 521. Bakersfield ARC further contends that it always *provides* employees
22 the opportunity to take meal periods and is not required to *ensure* they are taken. Thus, Bakersfield
23 ARC argues that any missed, late or short meal periods resulted from lawful employee choice
24 rather than any policy and/or practice of Bakersfield ARC. Bakersfield ARC asserts that certain
25 employees signed revokable on-duty meal break agreements and were provided on-duty meal
26 breaks as permitted by the Wage Order when justified by the nature of the work. In light of these
27 defenses and arguments, Plaintiff discounted Bakersfield ARC's maximum exposure by 50% for
28 the risk of non-certification, and an additional 50% to account for Bakersfield ARC's defenses

1 on the merits, to arrive at an estimated exposure of approximately \$19,525.

2 17. Plaintiff alleges that Bakersfield ARC failed to provide second meal periods to
3 Class Members when Class Members worked shifts of more than 10.0 hours. Plaintiff's analysis
4 of the timekeeping data showed that during the Class Period, there were approximately 4,622
5 shifts worked in excess of 10.0 hours with a second meal period violation. Therefore, Plaintiff
6 calculates Bakersfield ARC's maximum exposure for second meal period violations at
7 approximately \$74,553 (4,622 second meal period violations * \$16.13 meal period premium).
8 However, Bakersfield ARC maintains that employees voluntarily waived their second meal
9 period when they worked shifts in excess of 10.0 hours (but less than 12.0 hours), as they are
10 entitled to do under Labor Code § 512. In light of these risks, Plaintiff discounted the maximum
11 amount that the class could potentially recover by 50% for a risk of non-certification, and an
12 additional 75% for a risk of losing on the merits, or having exposure reduced due to Bakersfield
13 ARC's waiver arguments, to arrive at estimated exposure of approximately \$9,319.

14 18. Plaintiff alleges Bakersfield ARC failed to authorize and permit all required off-
15 duty rest periods to Class Members, including Plaintiff. Specifically, Plaintiff alleges he was not
16 authorized or permitted to take any off-duty rest period during his work shifts due to the
17 requirement that he maintain constant supervision of Bakersfield ARC's clients. Furthermore,
18 Plaintiff alleges that even when he was permitted to take an off-duty rest period, he was not
19 permitted to leave the company premises. Based on Plaintiff's analysis and extrapolation of
20 Bakersfield ARC's timekeeping records, Plaintiff estimates there were approximately 54,905
21 non-compliant rest periods during the Class Period. Therefore, Plaintiff estimates Bakersfield
22 ARC's maximum potential exposure for rest period violations at approximately \$885,618 (54,905
23 rest period violations * \$16.13 average premium). Bakersfield ARC counters that it has
24 maintained compliant written rest period policies throughout the Class Period and has always
25 authorized and permitted employees a 10-minute rest period for each four (4) hours worked, or
26 major fraction thereof, as required under the Wage Order, and that any failure to take rest periods
27 was a result of employee choice, rather than any Bakersfield ARC policy and/or practice.
28 Bakersfield ARC asserts that it maintained a policy that expressly allowed employees freedom to

1 leave the premises during rest breaks. Bakersfield ARC also argues that Plaintiff's rest period
2 claim is not amenable to class treatment, since individual inquiries would be required to determine
3 which employees failed to take rest periods, how many rest periods they failed to take, and the
4 reasons why each employee failed to take rest period(s) on a particular shift. These manageability
5 concerns are especially present with respect to rest period claims, Bakersfield ARC argues, given
6 that rest periods are not recorded. Given these defenses, Plaintiff discounted this maximum
7 amount by 65% for risk of non-certification and an additional 85% for a risk of being unsuccessful
8 on the merits or of failing to recover the full amount sought, to arrive at an estimated realistic
9 exposure of approximately \$46,495.

10 19. Plaintiff alleges that Bakersfield ARC required Plaintiff and other non-exempt
11 employees to use their personal cellular phones to perform essential job duties. Despite requiring
12 Plaintiff and other non-exempt employees to incur these expenses on a daily basis, Plaintiff
13 alleges that Bakersfield ARC failed to reimburse Class Members for these necessary business
14 expenses, in violation of Labor Code § 2802(a). Using a conservative estimate of \$5 per week in
15 reasonable work-related personal cellular phone use, Plaintiff calculates Bakersfield ARC's
16 maximum exposure for this claim at approximately \$54,905 (\$5.00/week * 10,981 weeks).
17 Bakersfield ARC maintains that Class Members were not required to use their personal cellular
18 phones as part of their job. Bakersfield ARC further argues that any expenses incurred by Class
19 Members were extremely minimal, given the wide availability of low-cost cellular phone plans.
20 Bakersfield ARC further contends that this claim would require individual inquiries into whether
21 Class Members actually used their personal cellular phones for work purposes, how much expense
22 they incurred, whether they submitted a request for reimbursement, and the reasonableness of that
23 expense, thus precluding class certification. Given these defenses, Plaintiff discounted this
24 maximum amount by 50% for risk of non-certification and an additional 75% for a risk of being
25 unsuccessful on the merits or of failing to recover the full amount sought, to arrive at an estimated
26 realistic exposure of approximately \$6,864.

27 20. As a result of the unpaid wages and unpaid meal and rest period premium wages
28 described above, Plaintiff alleges that Bakersfield ARC is liable for wage statement penalties.

Those penalties are calculated as \$50 for each “initial” violation and \$100 for each “subsequent” violation, with a maximum of \$4,000 per employee. *See* Labor Code § 226(e). Plaintiff’s analysis reflected that there were approximately 205 unique employees and approximately 4,033 pay periods worked during the liability period applicable to Plaintiff’s wage statement claim. Therefore, Plaintiff calculated Bakersfield ARC’s potential wage statement exposure at approximately \$393,050 ($[205 \text{ “initial” violations} * \$50] + [3,828 \text{ “subsequent” violations} * \$100]$). Bakersfield ARC argues any alleged wage statement violations were not “knowing and intentional,” and Plaintiff cannot show he or other employees “suffer[ed] injury” due to the alleged wage statement violations, as required by Labor Code § 226(e) for the imposition of penalties. Further, Bakersfield ARC contends its wage statements always accurately reflected hours worked and amounts paid as well as all other required information, precluding liability for wage statement penalties. Based on these defenses, Plaintiff discounted the maximum exposure by 70% for risk of non-certification, and by an additional 80% for risk of being unsuccessful on the merits, for an estimated realistic exposure of approximately \$23,583.

21. As a further result of the unpaid wages and unpaid meal and rest period premium wages described above, Plaintiff alleges that Bakersfield ARC failed to comply with its final pay obligations set forth in Labor Code §§ 201-203. Bakersfield ARC’s records reflected approximately 102 former Class Members who are eligible for waiting time penalties. Based on an hourly rate of \$16.13, Plaintiff estimated the average waiting time penalty per former employee to be approximately \$3,871 ($\$16.13 * 8 \text{ hours per day} * 30 \text{ days}$). Therefore, Plaintiff calculated Bakersfield ARC’s maximum exposure for potential waiting time penalties to be approximately \$394,842 ($102 \text{ former employees} * \$3,871 \text{ average penalty}$). Bakersfield ARC argues that it possesses strong, good-faith defenses to Plaintiff’s underlying claims, thus precluding recovery of waiting time penalties, which are only available for the “willful” failure to pay wages. Bakersfield ARC further asserts that Plaintiff’s waiting time penalty exposure was grossly inflated as not every former employee experienced the alleged Labor Code violations. To account for Bakersfield ARC’s defenses, Plaintiff discounted the maximum exposure by 75% for the risk of non-certification and an additional 80% for the risk of losing on the merits and/or not receiving

1 the maximum penalties sought, to arrive at an estimated exposure of approximately \$19,742.

2 22. As a result of the foregoing Labor Code violations, Plaintiff alleges that
3 Bakersfield ARC is liable for civil penalties under the PAGA. Plaintiff estimated a maximum
4 total PAGA exposure of approximately \$403,300 (4,033 pay periods * \$100 “initial” penalty).
5 However, Bakersfield ARC argues that since Plaintiff’s PAGA claim is derivative of Plaintiff’s
6 underlying wage claims, which Bakersfield ARC disputes vigorously, the PAGA claim would
7 fail with those claims. Bakersfield ARC further maintains that, given its good-faith defenses, this
8 Court would exercise its discretion to substantially reduce any PAGA penalties if it were to find
9 Bakersfield ARC liable for any of Plaintiff’s claims. Bakersfield ARC also asserts that the Court
10 would drastically reduce any award of PAGA penalties as “confiscatory.” Therefore, Plaintiff
11 discounted the maximum figure by 75% for the risk of losing on the merits and/or not recovering
12 a PAGA penalty for each and every pay period, and an additional 80% to account for the
13 possibility of this Court reducing penalties to arrive at an estimated exposure of approximately
14 \$20,165.

15 23. Using these estimated figures for each of the claims described above, Plaintiff
16 predicted that the potential recovery for the Settlement Class would be approximately \$177,892.
17 The proposed Settlement of \$150,000.00 represents approximately 84.3% of the reasonably
18 forecasted recovery for the Settlement Class, especially when taking Bakersfield ARC’s financial
19 condition into account.

20 24. Although the parties engaged in significant informal discovery prior to mediation,
21 the parties still had significant formal discovery to complete had the matter not been settled. This
22 would have required the expenditure of substantial time and resources by both parties that would
23 have very likely spanned several years. Even if Plaintiff was to certify the classes, the parties
24 would incur considerably more attorneys’ fees and costs through a possible decertification
25 motion, trial, and possible appeal. This Settlement avoids those risks and the accompanying
26 expense.

27 25. My office will also apply for an attorneys’ fees award of one-third of the Gross
28 Settlement Amount, which is currently estimated to be \$50,000.00, and up to \$25,000.00 in

1 verified costs reimbursement. Plaintiff submits the requested fee is fair compensation for
2 undertaking complex, risky, expensive, and time-consuming litigation on a purely contingent fee
3 basis. Class Counsel has incurred substantial attorneys' fees conducting pre-filing investigation,
4 analyzing Plaintiff's claims, conducting legal research, conducting extensive informal discovery,
5 analyzing Class Members' timekeeping and payroll records with the assistance of a retained
6 expert, creating a comprehensive damages model, preparing for and attending mediation,
7 reviewing Bakersfield ARC's financial records, negotiating and preparing the long-form
8 Settlement Agreement, preparing this Motion, and otherwise litigating the case. Class Counsel
9 expects to expend additional attorney time in attending the hearing on this Motion, overseeing the
10 Notice process and fielding questions from Class Members, preparing the final approval papers,
11 and attending the Final Approval hearing.

12 26. Plaintiff will apply for a Class Representative Service Payment at the time of
13 seeking final approval of the proposed class action settlement in the amount of \$5,000.00 for his
14 service to the Settlement Class. As will be fully briefed at the time of final approval, Plaintiff's
15 requested Service Payment is intended to recognize the time and effort Plaintiff expended on
16 behalf of the Settlement Class, including providing substantial factual information and documents
17 to Class Counsel, discussing the claims and theories at issue in the litigation, actively participating
18 in the prosecution of his claims, as well as the significant risks Plaintiff undertook by agreeing to
19 serve as the named plaintiff in this case, and the fact that Plaintiff agreed to a general release of
20 all claims subject to a waiver of Civil Code § 1542.

21 I declare under penalty of perjury under the laws of the State of California that the
22 foregoing is true and correct. Executed on July 14, 2025, at El Segundo, California.

23
24 
25 Sean M. Blakely
26
27
28

EXHIBIT 1

CLASS ACTION AND PAGA SETTLEMENT AGREEMENT AND CLASS NOTICE

This Class Action and PAGA Settlement Agreement (“Agreement”) is made by and between plaintiff Olegario Valdez-Garcia (“Plaintiff”) and defendants Bakersfield ARC, Inc. and Bakersfield ARC Foundation (“Defendants”). The Agreement refers to Plaintiff and Defendants collectively as “Parties,” or individually as “Party.”

This Settlement Agreement is subject to the approval of the Court, pursuant to California Rules of Court, Rule 3.769(c), (d) and (e), and is made for the sole purpose of attempting to consummate settlement of the Action on a class-wide basis subject to the following terms and conditions. As detailed below, in the event the Court does not enter an order granting final approval of the Class Settlement, as defined below, or the conditions precedent are not met for any reason, this Agreement is void and of no force or effect whatsoever.

1. DEFINITIONS.

As used in this Agreement, the following terms shall have the meanings specified below. To the extent terms or phrases used in this Agreement are not specifically defined below, but are defined elsewhere in this Agreement, they are incorporated by reference into this definition section.

1.1 “Action” means the Plaintiff’s lawsuit alleging wage and hour violations against Defendants captioned *Valdez-Garcia v. Bakersfield ARC, Inc., et al* case number BCV-23-103290 initiated on October 2, 2023, and pending in Superior Court of the State of California, County of Kern.

1.2 “Administrator” means Phoenix Settlement Administrators, 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, which are anticipated to not exceed \$8,500.00

1.4 “Aggrieved Employee” means a person employed by Bakersfield ARC, Inc. in California as an hourly-paid or non-exempt employee at any time during the PAGA Period to provide services to Bakersfield ARC’s clients.

1.5 “Class” means all persons who were employed by Bakersfield ARC, Inc. in California as an hourly-paid or non-exempt employee during the Class Period to provide services to Bakersfield ARC’s clients.

1.6 “Class Counsel” means Paul K. Haines, Sean M. Blakely, and Alexandra R. McIntosh of Haine Law Group, APC.

1.7 “Class Counsel Fees Payment” and “Class Counsel Litigation Expenses Payment” mean the amounts allocated to Class Counsel for reimbursement of reasonable attorneys’ fees and expenses, respectively, incurred to prosecute the Action.

1.8 “Class Data” means Class Member identifying information in Defendants’ possession including the Class Member’s name, last-known mailing address, Social Security number, and number of Class Workweeks and PAGA Workweeks (or sufficient information to calculate the number of such workweeks).

1.9 “Class Member” or “Settlement Class Member” means a member of the Class, as either a Participating Class Member or Non-Participating Class Member (including a Non-Participating Class Member who qualifies as an Aggrieved Employee).

1.10 “Class Member Address Search” means the Administrator’s investigation and search for current Class Member mailing addresses using all reasonably available sources, methods and means including, but not limited to, the National Change of Address database, skip traces, and direct contact by the Administrator with Class Members.

1.11 “Class Notice” means the COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL, to be mailed to Class Members in English with a Spanish translation, without material variation, attached as Exhibit A and incorporated by reference into this Agreement.

1.12 “Class Period” means the period from October 2, 2022 through the date of preliminary approval.

1.13 “Class Workweek” or “Class Workweeks” means the number of work weeks worked by each Class Member for Bakersfield ARC, Inc. during the Class Period and used as a value to calculate Individual Class Payments. The number of Class Workweeks for each Class Member will include each workweek or seven (7) days within the Class Period during which a Class Member worked for Bakersfield ARC, Inc. for at least one day.

1.14 “Class Representative” means the named Plaintiff in the Operative Complaint in the Action seeking Court approval to serve as a Class Representative.

1.15 “Class Representative Service Payment” means the payment to the Class Representative for initiating the Action and providing services in support of the Action.

1.16 “Court” means the Superior Court of California, County of Kern.

1.17 “Defendants” means named Defendants, Bakersfield ARC, Inc. and Bakersfield ARC Foundation.

1.19 “Defense Counsel” means Vanessa Franco Chavez and Anna Burnbaum of Klein, DeNatale, Goldner, Cooper, Rosenlieb & Kimball, LLP.

1.20 “Effective Date” means the date by which both of the following have occurred: (a) the Court enters a Judgment on its Order Granting Final Approval of the Settlement; and (b) the Judgment is final, upon the later of the following events: (i) the expiration of the period for filing any appeal, writ, or other appellate proceeding opposing the Settlement has elapsed without any appeal, writ, or other appellate proceeding having been filed; (ii) the dismissal of any appeal, writ, or other appellate proceeding opposing the Settlement with no right to pursue

further remedies or relief; or (iii) upon the expiration of any time to file a petition for rehearing and the expiration of any time to file any petition in the California Supreme Court or the Supreme Court of the United States following a final appellate opinion or order upholding the Court's final order with no right to pursue further remedies or relief. In the event there is a motion to set aside the judgment filed within 15 days after notice to Class Members pursuant to California Rules of Court, rule 3.771(b), or a motion to intervene filed within 60 days after notice to Class Members pursuant to California Rules of Court, rule 3.771(b), "the expiration of the period for filing any appeal, writ, or other appellate proceeding opposing the Settlement" (as that phrase is used in (b)(i), above) will be based on the later of the court's ruling or order on any such motion or entry of final order and judgment certifying the class and approving this Settlement. In this regard, it is the intention of the Parties that the Settlement shall not become effective until the Court's order approving the Settlement is completely final and there is no further recourse by an appellant or objector who seeks to contest the Settlement.

1.21 "Employer Taxes" means employer-funded taxes and contributions imposed on the wage portions of the Individual Class Payments under the Federal Insurance Contributions Act, the Federal Unemployment Tax Act, and any similar state and federal taxes and contributions required of employers, such as for unemployment insurance. Defendants shall be responsible for paying the Employer Taxes separately from, and in addition to, the Gross Settlement Amount.

1.22 "Employee's Taxes and Required Withholding" means the employee's share of any and all applicable federal, state or local payroll taxes, including those collected under authority of the FICA, FUTA, or SUTA on the portion of any Individual Class Payment that constitutes wages. The Employee's Taxes and Required Withholdings will be withheld from the Individual Class Payments paid to Participating Class Members.

1.23 "Final Approval" means the Court's order granting final approval of the Settlement.

1.24 "Final Approval Hearing" means the Court's hearing on the Motion for Final Approval of the Settlement.

1.25 "Final Judgment" means the Judgment Entered by the Court upon Granting Final Approval of the Settlement.

1.26 "Gross Settlement Amount" means One Hundred Fifty Thousand Dollars and Zero Cents (\$150,000.00) which is the total amount Defendants agree to pay under the Settlement except as provided in Paragraph 9, below. The Gross Settlement Amount will be used to pay Individual Class Payments, Employee's Taxes and Required Withholdings, Individual PAGA Payments, the LWDA PAGA Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, Class Representative Service Payment and the Administration Expenses Payment. The Gross Settlement Amount does not include Employer Taxes.

1.27 “Individual Class Payment” means the Participating Class Member’s pro rata share of the Net Settlement Amount calculated according to the number of Class Workweeks worked during the Class Period, less Employee’s Taxes and Required Withholding.

1.28 “Individual PAGA Payment” means the Aggrieved Employee’s pro rata share of 25% of the PAGA Penalties calculated according to the number of PAGA Workweeks worked during the PAGA Period.

1.29 “Judgment” means the judgment entered by the Court based upon the Final Approval.

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

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

1.32 “Net Settlement Amount” means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual PAGA Payments, the LWDA PAGA Payment, Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and the Administration Expenses Payment. The remainder is to be paid to Participating Class Members as Individual Class Payments.

1.33 “Non-Participating Class Member” means any Class Member who opts out of the Settlement by sending the Administrator a valid and timely Request for Exclusion.

1.34 “Operative Complaint” means the operative complaint in the Action, which will be the First Amended Complaint and will encompass any claims articulated and alleged therein.

1.35 “PAGA” means the Private Attorneys General Act (Labor Code §§ 2698. et seq.).

1.36 “PAGA Notice” means Plaintiff Olegario Valdez-Garcia’s letter, dated, October 2, 2023, and addressed to Defendants and the LWDA, providing notice pursuant to Labor Code section 2699.3, subd. (a).

1.37 “PAGA Penalties” means the total amount of fifteen thousand dollars and zero cents (\$15,000.00) in PAGA civil penalties to be paid from the Gross Settlement Amount, allocated 25% to the Aggrieved Employees (\$3,750.00) and 75% to the LWDA (\$11,250.00) in settlement of PAGA claims.

1.38 “PAGA Workweek” or “PAGA Workweeks” means the number of work weeks worked by each Aggrieved Employee for Bakersfield ARC, Inc. during the PAGA period and used as a value to calculate Individual PAGA Payments. The number of PAGA Workweeks for each Aggrieved Employee will include each workweek or seven (7) days within the PAGA Period during which an Aggrieved Employee worked for Bakersfield ARC, Inc. for at least one day.

1.39 “PAGA Period” means the period from October 2, 2022 through the date of preliminary approval.

1.40 “Participating Class Member” means a Class Member who does not submit a valid and timely Request for Exclusion from the Settlement.

1.41 “Plaintiff” means Olegario Valdez-Garcia, the named plaintiff in the Action.

1.42 “Preliminary Approval” means the Court’s Order Granting Preliminary Approval of the Settlement.

1.43 “Preliminary Approval Order” means the proposed Order Granting Preliminary Approval and Approval of PAGA Settlement.

1.44 “Released Class Claims” means the claims being released as described in Paragraph 5.2 below.

1.45 “Released PAGA Claims” means the claims being released as described in Paragraph 5.3 below.

1.46 “Released Parties” means: Defendants and each of their former, future, and present parent, joint venturers, and affiliated corporations and partnerships; their directors, officers, shareholders, owners, members, managers, partners, customers, employees, agents, attorneys, insurers, predecessors, successors, assigns, subsidiaries; and any other individuals, entities, successors, assigns, or legal representatives who could be liable for any of the Released Claims.

1.47 “Request for Exclusion” means a Class Member’s submission of a written request to be excluded from the Class Settlement signed by the Class Member.

1.48 “Response Deadline” means 45 days after the Administrator mails Notice to Class Members and Aggrieved Employees, and shall be the last date on which Class Members may: (a) fax, email, or mail Requests for Exclusion from the Settlement, or (b) fax, email, or mail his or her written Objection to the Settlement. Class Members to whom Notice Packets are resent after having been returned undeliverable to the Administrator shall have an additional 14 calendar days beyond the Response Deadline has expired.

1.49 “Settlement” means the disposition of the Action effected by this Agreement and the Judgment.

2. RECITALS.

2.1 On October 2, 2023, Plaintiff commenced this Action by filing a Complaint alleging causes of action against Defendants for (1) failure to pay all overtime wages; (2) minimum wage violations; (3) meal period violations; (4) rest period violations; (5) failure to reimburse employees for necessary business expenditures; (6) wage statement violations; and (7) unfair competition. On December 14, 2023 Plaintiff filed a First Amended Complaint adding an eighth cause of action seeking civil penalties under PAGA, including but not limited to, for

violations of California Labor Code sections 201, 202, 203, 204, 226, 226.7, 510, 512, 516, 558, 1174, 1182.12, 1194, 1194.2, 1197, 1198, 2698, 2699.3, 2802, 2804, and Industrial Welfare and Commission Wage Order 4. Defendants deny the allegations in the Operative Complaint, deny any failure to comply with the laws identified in the Operative Complaint and deny any and all liability for the causes of action alleged. Defendants further deny that, for any purpose other than settling this Action, these claims are appropriate for class or representative treatment.

2.2 Pursuant to Labor Code section 2699.3, subd. (a), Plaintiff purports to have given written notice to Defendants and the LWDA by sending the PAGA Notice on October 2, 2023.

2.3 Prior to mediation, Plaintiff obtained, through informal discovery, documents, and information obtained pertaining to their wage and hour claims, including, but not limited to, wage and hour policy and procedure documents, an adequate sampling of employee time and payroll records, and the exchanges of relevant data points pertaining to the Class and PAGA claims. Plaintiff's investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Foot Locker Retail, Inc.* (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129-130 ("*Dunk/Kullar*").

2.4 On August 21, 2024, the Parties participated in a full-day mediation, which was presided over by M. Scott Radovich and continued settlement negotiations after mediation until reaching this Agreement to settle the Action.

2.5 The Parties agree that this Agreement is for settlement purposes only and if, for any reason, the Agreement is not approved, the Agreement will be of no force or effect. In such event, nothing in this Agreement shall be used or construed by or against any party as a determination, admission, or concession of any issue of law or fact in the Action; and the Parties do not waive, and instead expressly reserve, their respective rights with respect to the prosecution and defense of this Action as if this Agreement never existed.

2.6 The Court has not granted class certification.

2.7 The Parties, Class Counsel, and Defense Counsel represent that they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Settlement.

2.8 The Agreement set forth herein intends to achieve the following: (1) an entry of an order approving the Settlement; (2) entry of judgment of the Action; (3) discharge of Released Parties from liability for any and all of the Released Claims; and (4) discharge of Defendants from liability for any and all claims arising out of the Action.

3. MONETARY TERMS.

3.1 Gross Settlement Amount. Except as otherwise provided by Paragraph 8 below, Defendants promise to pay One Hundred Fifty Thousand Dollars (\$150,000.00) and no more as the Gross Settlement Amount and to separately pay any and all Employer Taxes owed on the Wage Portions of the Individual Class Payments. Defendants have no obligation to pay the Gross Settlement Amount (or any payroll taxes) 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 Participating Class Members or Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendants.

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 Final Approval:

3.2.1 To Plaintiff: Class Representative Service Payment to the Class Representative of not more than Five Thousand Dollars (\$5,000.00) (in addition to any Individual Class Payment and any Individual PAGA Payment the Class Representative is entitled to receive as a Participating Class Member). Defendants will not oppose Plaintiff's request for a Class Representative Service Payment that does not exceed this amount. As part of Plaintiff's Motion for Final Approval of Class Action Settlement, Plaintiff will seek Court approval for any Class Representative Service Payments no later than 16 court days prior to the Final Approval Hearing. If the Court approves a Class Representative Service Payment less than the amount requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Class Representative Service Payment using IRS Form 1099. Plaintiff assumes full responsibility and liability for employee taxes owed on the Class Representative Service Payment.

3.2.2 To Class Counsel: A Class Counsel Fees Payment of not more than one-third of the Gross Settlement Amount, which is currently estimated to be Fifty Thousand Dollars (\$50,000.00) and a Class Counsel Litigation Expenses Payment of not more than Twenty-Five Thousand Dollars and Zero Cents (\$25,000.00). Defendants will not oppose requests for these payments provided that the requests do not exceed these amounts. Plaintiff and/or Class Counsel will file a Motion for Final Approval of Class Action Settlement no later than 16 court days prior to the Final Approval Hearing. If the Court approves a Class Counsel Fees Payment and/or a Class 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 Class Counsel or any other Plaintiff's Counsel arising from any claim to any portion of any Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment. The Administrator will pay the Class Counsel Fees Payment and Class Counsel Expenses Payment using one or more IRS 1099 Forms. Class Counsel assumes full responsibility and liability for taxes owed on the Class Counsel Fees Payment and the Class Counsel Litigation Expenses Payment and holds Defendants harmless, and indemnifies Defendants, 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 Eight Thousand Five Hundred Dollars (\$8,500.00) 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 Eight Thousand Five Hundred Dollars (\$8,500.00), the Administrator will retain the remainder in the Net Settlement Amount.

3.2.4 To Each Participating Class Member: An Individual Class Payment calculated by (a) dividing the Net Settlement Amount by the total number of Class Workweeks worked by all Participating Class Members during the Class Period and (b) multiplying the result by each Participating Class Member's Class Workweeks.

3.2.4.1. Tax Allocation of Individual Class Payments. Fifteen percent (15%) of each Participating Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"). The Wage Portions are subject to tax withholding and will be reported on an IRS W-2 Form. The Parties agree that the Employee's Taxes and Required Withholdings with respect to the wage portion of the Individual Class Payment will be withheld from the Individual Class Payment. Eighty-Five percent (85%) of each Participating Class Member's Individual Class Payment will be allocated to settlement of claims for interest and penalties (the "Non-Wage Portion"). The Non-Wage Portions are not subject to wage withholdings and will be reported on IRS 1099 Forms. Participating Class Members assume full responsibility and liability for any employee taxes owed on their Individual Class Payment.

3.2.4.2. Effect of Non-Participating Class Members on Calculation of Individual Class Payments. Non-Participating Class Members will not receive any Individual Class Payments. The Administrator will retain amounts equal to their Individual Class Payments in the Net Settlement Amount for distribution to Participating Class Members on a pro rata basis.

3.2.5 To the LWDA and Aggrieved Employees. PAGA Penalties in the amount of Fifteen Thousand Dollars (\$15,000.00) to be paid from the Gross Settlement Amount, with 75% (\$11,250.00) allocated to the LWDA PAGA Payment and 25% (\$3,750.00) allocated to the Individual PAGA Payments.

3.2.5.1. Calculation of Individual PAGA Payment. The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties (\$3,750.00) by the total number of PAGA Workweeks worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Workweeks. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

3.2.5.2. If the Court approves PAGA Penalties of less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

4. SETTLEMENT FUNDING AND PAYMENTS.

4.1 Class Data. Not later than fifteen (15) days after the Court grants Preliminary Approval of the Settlement, Defendants will simultaneously deliver the Class Data to the Administrator, in the form of a Microsoft Excel spreadsheet. To protect Class Members' privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to Administrator employees who need access to the Class Data to effect and perform under this Agreement. Class Counsel shall not receive a copy of the Class Data or any content thereof. Defendants have a continuing duty to immediately notify Class Counsel if it discovers that the Class Data omitted class member identifying information and to provide corrected or updated Class Data as soon as reasonably feasible. Without any extension of the deadline by which Defendants must send the Class 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 Class Data.

4.2 Funding of Gross Settlement Amount. Defendants shall fully fund the Gross Settlement Amount, and also fund the amounts necessary to fully pay Defendants' share of payroll taxes by transmitting the funds to the Administrator no later than 14 days after the Effective Date. At least five (5) business days prior to Defendants' deadline for funding of the Gross Settlement Amount, the Administrator shall calculate the total Employer Taxes due on the wage portion of the Individual Class Payments and issue Defendants instructions and the amount of the Employer Taxes.

4.3 Payments from the Gross Settlement Amount. Within 14 days after Defendants fund the Gross Settlement Amount, the Administrator will mail checks and/or wire payment for all Individual Class Payments, all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Class Representative Service Payment. Disbursement of the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment and the Class Representative Service Payment shall not precede disbursement of Individual Class Payments and Individual PAGA Payments.

4.3.1 The Administrator will issue checks for the Individual Class Payments and/or Individual PAGA Payments and send them to the Class Members via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided. The Administrator will cancel all checks not cashed by the void date. The Administrator will send checks for Individual Settlement Payments to all Participating Class Members (including those for whom Class Notice was returned undelivered). The Administrator will send checks for Individual PAGA Payments to all Aggrieved Employees including Non-Participating Class Members who qualify as Aggrieved Employees (including those for whom Class Notice was returned undelivered). The Administrator may send Participating Class Members a single check combining the Individual Class Payment and the Individual PAGA Payment. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database.

4.3.2 The Administrator must conduct a Class Member Address Search for all other Class Members whose checks are returned undelivered without USPS forwarding address. Within 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 Class Member Address Search. The Administrator need not take further steps to deliver checks to Class Members whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Class Member whose original check was lost or misplaced, requested by the Class Member prior to the void date.

4.3.3 For any Class Member whose Individual Class Payment check or Individual PAGA Payment check is uncashed and cancelled after the void date, within ten (10) calendar days of the check void date, the Administrator shall transmit the funds represented by such checks to a Court-approved nonprofit organization or foundation consistent with Code of

Civil Procedure Section 384, subd. (b), Court Appointed Special Advocates of Kern (“Cy Pres Recipient”). The Parties, Class Counsel and Defense Counsel represent that they have no interest or relationship, financial or otherwise, with the intended Cy Pres Recipient.

4.3.4 The payment of Individual Class Payments and Individual PAGA Payments shall not obligate Defendants to confer any additional benefits or make any additional payments to Class Members (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

5. RELEASES OF CLAIMS. Effective on the date when Defendants fully fund the entire Gross Settlement Amount and fund all Employer Taxes owed on the Wage Portion of the Individual Class Payments, Plaintiff, Class Members, and Class Counsel will release claims against all Released Parties as follows:

5.1 Plaintiff’s Release. Plaintiff and his respective former and present spouses, representatives, agents, attorneys, heirs, dependents, administrators, devisees, legatees, executors, trustees, conservators, guardians, personal representatives, successors, and assigns, whether individual, class, representative, legal, equitable, direct or indirect, or any other type of any capacity, shall and does hereby forever generally release, discharge, and agree to hold harmless the Released Parties from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, causes of action, suit, rights, demands, costs, losses, transactions, occurrences, or debts or expenses (including attorney fees and costs), known or unknown, at law or in equity which he may now have or may become aware of after the signing of this Agreement, including, but not limited to: (a) arising out of or in any way connected with their employment with Defendants, including the Released Claims, (b) all claims that were, or reasonably could have been, alleged, based on the facts contained, in the Operative Complaint; (c) all PAGA claims that were, or reasonably could have been, alleged based on facts contained in the Action, Plaintiff Olegario Valdez-Garcia’s PAGA Notice, or ascertained during the Action and released under 5.2, below, and (d) any and all transactions, occurrences, or matters between the Parties occurring prior to the date this Agreement is fully executed. Without limiting the generality of the foregoing, this release shall include, but not limited to, any and all claims under: (a) the Americans with Disabilities Act; (b) Title VII of the Civil Rights Act of 1964; (c) the Civil Rights Act of 1991; (d) 42 U.S.C. § 1981; (e) the Age Discrimination in Employment Act; (f) the Fair Labor Standards Act; (g) the Equal Pay Act; (h) the Employee Retirement Income Securities Act, as amended; (i) the Consolidated Omnibus Budget Reconciliation Act; (j) the Rehabilitation Act of 1973; (k) the Family and Medical Leave Act; (l) the Civil Rights Act of 1966; (m) the California Fair Employment and Housing Act; (n) the California Constitution; (o) the California Labor Code; (p) the California Government Code; (q) the California Civil Code; and (r) any and all other federal, state, and local statutes, ordinances, regulations, rules, and other laws, and any and all claims based on constitutional, statutory, common law, or regulatory grounds as well as any other claims based on theories of wrongful or constructive discharge, breach of contract or implied contract, fraud, misrepresentation, promissory estoppel, or intentional infliction of emotional distress, negligent infliction of emotional distress, or damages under any other federal, state, or local statutes, ordinances, regulations, rules, or laws. This release is for any and all relief, no matter how denominated, including, but not limited to, back pay, front pay, vacation pay, bonuses, compensatory damages, tortious damages, liquidated damages, punitive damages, damages for

pain and suffering, and attorney fees and costs. ("Plaintiff's Release.") Plaintiff's 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 signing this Agreement. Plaintiff acknowledges that Plaintiff may discover facts or law different from, or in addition to, the facts or law that Plaintiff now knows or believes to be true but agrees, nonetheless, that Plaintiff's Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiff's discovery of them.

5.1.1 Plaintiff's Waiver of Rights Under California Civil Code Section 1542.
For purposes of Plaintiff's Release, Plaintiff, being aware of California Civil Code section 1542, as well as any other statutes or common law principles of a similar effect, hereby forever 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."

Plaintiff specifically acknowledges that he is aware of and familiar with the provisions of the above Civil Code section 1542. Plaintiff may hereafter discover facts in addition to or different from those which he now knows or believes to be true with respect to the subject matter of all the claims referenced herein, but agree that, upon the funding of the entire Gross Settlement Amount and Employer Taxes, Plaintiff shall and hereby does fully, finally, and forever settle and release any and all claims against the Released Parties, known or unknown, suspected or unsuspected, contingent or non-contingent, that were asserted or could have been asserted upon any theory of law or equity without regard to the subsequent discovery of existence of such different or additional facts, through the date on which this Agreement is fully executed.

5.2 Release by Participating Class Members:

5.2.1 Upon the funding of the entire Gross Settlement Amount and Employer Taxes, all Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, dependents, administrators, devisees, legatees, executors, trustees, conservators, guardians, personal representatives, successors, and assigns, whether individual, class, representative, legal, equitable, direct or indirect, or any other type of any capacity, shall and do hereby forever release, discharge, and agree to hold harmless the Released Parties from (i) all claims, rights, demands, liabilities, and causes of action, in law or in equity, arising at any time during the Class Period for the claims brought by Plaintiff in the Operative Class Complaint, or that could have been brought by Plaintiff, based on the facts alleged therein or in the PAGA Notice, including claims for: (1) failure to pay all overtime wages (including, but not limited to, due to alleged off the-clock work, rounding, improper calculation of wages, invalid alternative workweek schedules, and otherwise underpaid wages); (2) minimum wage violations (including, but not limited to, due to alleged off the-clock work, rounding, improper calculation of wages, and otherwise underpaid wages); (3) meal period

violations (including, but not limited to, alleged non-compliant first and second meal breaks, invalid on-duty meal periods, remaining on premises or on-duty during meal periods, off-the-clock work, rounding, improper calculation of meal period premiums, and any failure to pay meal period premiums); (4) rest period violations (including, but not limited to, alleged non-compliant rest breaks, insufficient or interrupted rest breaks, remaining on premises or on-duty during rest breaks, off-the-clock work, rounding, improper calculation of rest break premiums, and any failure to pay rest break premiums); (5) failure to reimburse employees for necessary business expenditures (including, but not limited to, alleged failure to pay sufficient cell phone, PPE, and mileage reimbursements); (6) failure to timely pay wages during and upon termination of employment; (7) wage statement violations; and (8) unfair and unlawful business practices arising out of the violations referenced in the Action; and (ii) Any and all causes of action, claims, rights, damages, punitive or statutory damages, penalties, liabilities, expenses, and losses alleged in the Operative Class Complaint, or that could have been alleged based upon the facts alleged in the operative complaint during the Class Period (“Released Class Claims”). To the extent based on facts alleged on the Operative Complaint or the PAGA Letter, the Released Class Claims encompass all claims pursuant to the applicable IWC Wage Order (including Wage Order 4), and Labor Code §§ 201, 202, 203, 204, 226, 226.3, 226.7, 510, 512, 516, 558, 1174, 1182.12, 1194, 1194.2, 1197, 1198, 2800, 2802, 2804. Except as set forth in Section 5.3 of this Agreement, Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers’ compensation, or claims based on facts occurring outside the Class Period.

5.2.2 Each Participating Class Member will be bound to the release of Released Class Claims as a result of this Class Settlement and to the terms of the final judgment and the satisfaction of such judgment.

5.2.3 Participating Class Members will be deemed to have acknowledged and agreed that their claims for wages and/or penalties in the Action are disputed, and that their Individual Class Payments constitute payment of all sums allegedly due to them. Participating Class Members will be deemed to have acknowledged and agreed that California Labor Code section 206.5 is not applicable to the Individual Class Payment. That section provides in pertinent part as follows:

“An employer shall not require the execution of a release of a claim or right on account of wages due, or to become due, or made as an advance on wages to be earned, unless payment of those wages has been made.”

5.3 Release by Aggrieved Employees: All Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims, rights, demands, liabilities and causes of action for civil penalties under the PAGA, that Aggrieved Employees have had, now have, or may have in the future against Released Parties based on any acts or omissions occurring during the PAGA Period and based on the claims alleged or that reasonably could have been alleged based on the facts stated in the Action or the PAGA Notice, including, but not limited to, any and all claims for PAGA penalties pursuant to Wage Order 4-2001 and Labor Code §§ 201, 202, 203, 204, 210, 226, 226.7, 510, 512, 516, 558,

1174, 1182.12, 1194, 1194.2, 1197, 1198, 2698, 2699, 2699.3 2802, 2804 (the “Released PAGA Claims”). Any Aggrieved Employees who submit a valid and timely Request for Exclusion are still entitled to their Individual PAGA Payment and have no right or ability to opt out of the portion of this Settlement releasing the Released PAGA Claims.

6. MOTION FOR PRELIMINARY APPROVAL. Plaintiff will prepare and file a motion for preliminary approval (“Motion for Preliminary Approval”).

6.1 Plaintiff’s Responsibilities. Plaintiff will prepare all documents necessary for obtaining Preliminary Approval, including: (i) a draft of the notice, and memorandum in support, of the Motion for Preliminary Approval that includes an analysis of the Settlement under *Dunk/Kullar* and a request for approval of the PAGA Settlement under Labor Code Section 2699, subd. (f)(2)); (ii) a draft proposed Order Granting Preliminary Approval and Approval of PAGA Settlement; (iii) a draft proposed Class Notice; (iv) a signed declaration from each Class Counsel firm attesting to its competency to represent the Class Members; its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Labor Code section 2699.3, subd. (a)), Operative Complaint (Labor Code section 2699, subd. (l)(1)), this Agreement (Labor Code section 2699, subd. (l)(2)). Defendants will not object to Class Counsel filing a declaration attesting to the financial records produced by Defendants prior to the mediation and the review of those records by a forensic accountant. If necessary, Defendants will submit a declaration from its financial director attesting to the fact that the majority of the funds received by Defendants were not available for settlement because of restrictions on the use of the funds, as well as any other information requested by the Court.

6.2 Responsibilities of Counsel. Class Counsel is responsible for appearing in Court to advocate in favor of the Motion for Preliminary Approval and Motion for Final Approval. Class Counsel is responsible for delivering the Court’s Preliminary Approval Order and Final Judgment to the Administrator. Defense Counsel agrees to not oppose Class Counsel’s Motion for Preliminary Approval or Motion for Final Approval so long as Defense Counsel has at least two (2) calendar days to review such motions before they are each filed and they are consistent with this Settlement Agreement.

6.3 Duty to Cooperate. If the Parties disagree on any aspect of the proposed Motion for Preliminary Approval, Motion for Final Approval, and/or the supporting declarations and documents, Class 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 Preliminary Approval or conditions Preliminary Approval on any material change to this Agreement, Class 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 Phoenix Settlement Administrators to serve as the Administrator and verified that, as a condition of appointment, Phoenix Settlement Administrators agrees 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 to 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 Notice to Class Members.

7.4.1 No later than three (3) business days after receipt of the Class Data, the Administrator shall notify Class Counsel that the list has been received and state the number of Class Members, PAGA Members, Class Workweeks, and PAGA Workweeks in the Class Data.

7.4.2 Using best efforts to perform as soon as possible, and in no event later than 14 days after receiving the Class Data, the Administrator will send to all Class Members identified in the Class Data, via first-class United States Postal Service (“USPS”) mail, the Class Notice with Spanish translation substantially in the form attached to this Agreement as Exhibit A. The Administrator will also post a copy of the Class Notice with Spanish Translation on its website at least until the date of the Final Approval Hearing. The first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment and/or Individual PAGA Payment payable to the Class Member, and the number of Class Workweeks and PAGA Workweeks (if applicable) used to calculate these amounts. Before mailing Class Notices, the Administrator shall update Class Member addresses using the National Change of Address database.

7.4.3 Not later than 3 business days after the Administrator’s receipt of any Class Notice returned by the USPS as undelivered, the Administrator shall re-mail the Class Notice using any forwarding address provided by the USPS. If the USPS does not provide a forwarding address, the Administrator shall conduct a Class Member Address Search, and re-mail the Class Notice to the most current address obtained. If the Class Data includes the phone number for any Class Member whose Class Notice is deemed undeliverable, the Administrator will attempt to reach the Class Member by telephone to verify his or her addresses. Outside this Section and Section 7.8.3, the Administrator has no obligation to make further attempts to locate or send Class Notice to Class Members whose Class Notice is returned by the USPS a second time.

7.4.4 The deadlines for Class Members’ written objections, Challenges to Workweeks, and Requests for Exclusion will be extended an additional 14 days beyond the 45 days otherwise provided in the Class Notice for all Class Members whose notice is re-mailed. The Administrator will inform the Class Member of the extended deadline with the re-mailed Class Notice.

7.4.5 If the Administrator, Defendants, or Class Counsel are contacted by or otherwise discovers any persons who believe they should have been included in the Class Data

and should have received Class Notice, the Parties will expeditiously meet and confer in good faith, in an effort to agree on whether to include them as Class Members. If the Parties agree, such persons will be Class Members entitled to the same rights as other Class Members, and the Administrator will send, via email or overnight delivery, a Class Notice requiring them to exercise options under this Agreement not later than 14 days after receipt of Class Notice, or the deadline dates in the Class Notice, whichever are later.

7.5 Requests for Exclusion (Opt-Outs).

7.5.1 Class Members who wish to exclude themselves (opt-out of) the Class Settlement must send the Administrator, by fax, email, or mail, a signed written Request for Exclusion not later than 45 days after the Administrator mails the Class Notice (plus an additional 14 days for Class Members whose Class Notice is re-mailed). A Request for Exclusion is a letter from a Class Member or his/her representative that reasonably communicates the Class Member's election to be excluded from the Settlement and includes the Class Member's name, address and email address or telephone number. To be valid, a Request for Exclusion must be timely faxed, emailed, or postmarked by the Response Deadline.

7.5.2 The Administrator may not reject a Request for Exclusion as invalid because it fails to contain all the information specified in the Class Notice. The Administrator shall accept any Request for Exclusion as valid if the Administrator can reasonably ascertain the identity of the person as a Class Member and the Class Member's desire to be excluded. The Administrator's determination shall be final and not appealable or otherwise susceptible to challenge, though the Court may make a final determination of any dispute. If the Administrator has reason to question the authenticity of a Request for Exclusion, the Administrator may demand additional proof of the Class Member's identity. The Administrator's determination of authenticity shall be final and not appealable or otherwise susceptible to challenge, except by the Court.

7.5.3 Every Class Member who does not submit a timely and valid Request for Exclusion is deemed to be a Participating Class Member under this Agreement, entitled to all benefits and bound by all terms and conditions of the Settlement, including the Released Class Claims and Released PAGA Claims, under Paragraphs 5.2 and 5.3 of this Agreement, regardless of whether the Participating Class Member actually receives the Class Notice or objects to the Settlement.

7.5.4 Every Class Member who submits a valid and timely Request for Exclusion is a Non-Participating Class Member and shall not receive an Individual Class Payment or have the right to object to the class action components of the Settlement. Because future PAGA claims are subject to claim preclusion upon entry of the Judgment, Non-Participating Class Members who are Aggrieved Employees are deemed to release the Released PAGA Claims, identified in Paragraph 5.3 of this Agreement, and are eligible for an Individual PAGA Payment.

7.6 Challenges to Calculation of Workweeks. Each Class Member shall have 45 days after the Administrator mails the Class Notice (plus an additional 14 days for Class Members whose Class Notice is re-mailed) to challenge the number of Class Workweeks and PAGA

Workweeks (if any) allocated to the Class Member in the Class Notice. The Class Member may challenge the allocation by communicating with the Administrator via fax, email or mail. The Administrator must encourage the challenging Class Member to submit supporting documentation. In the absence of any contrary documentation, the Administrator is entitled to presume that the Workweeks contained in the Class Notice are correct so long as they are consistent with the Class Data. The Administrator's determination of each Class Member's allocation of Workweeks shall be final and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide copies of all challenges to calculation of Workweeks to Defense Counsel and redacted copies to Class Counsel and the Administrator's determination of the challenges. The Administrator will provide similar copies of challenges to Class Counsel after redacting Class Member identifying information, including but not limited to name, address, social security number, email address, and phone number.

7.7 Objections to Settlement.

7.7.1 Only Participating Class Members may object to the class action components of the Settlement and/or this Agreement, including contesting the fairness of the Settlement, and/or amounts requested for the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Class Representative Service Payment.

7.7.2 Participating Class Members may send written objections to the Administrator by fax, email, or mail. In the alternative, Participating Class Members may appear in Court (or hire an attorney to appear in Court) to present verbal objections at the Final Approval Hearing. A Participating Class Member who elects to send a written objection to the Administrator must do so not later than 45 days after the Administrator's mailing of the Class Notice (plus an additional 14 days for Class Members whose Class Notice was re-mailed).

7.7.3 Non-Participating Class Members have no right to object to any of the class action components of the Settlement

7.8 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.

7.8.1 Website, Email Address and Toll-Free Number. The Administrator will establish and maintain and use an internet website to post information of interest to Class Members including the date, time and location for the Final Approval Hearing and copies of the Settlement Agreement, the Preliminary Approval Order, the Class Notice, and the Final Approval and the Judgment. The Administrator will also maintain and monitor an email address and a toll-free telephone number to receive Class Member calls, faxes and emails. If Final Approval is granted, the Administrator will post the above-listed information of interest for at least 180 days after the date of mailing Individual Class Payments and Individual PAGA Payments.

7.8.2 Requests for Exclusion (Opt-outs) and Exclusion List. The Administrator will promptly review on a rolling basis Requests for Exclusion to ascertain their validity. Not later than 5 days after the expiration of the deadline for submitting Requests for Exclusion, the

Administrator shall email a list to: (a) Class Counsel and Defense Counsel containing the names and other identifying information of Class Members who have timely submitted valid Requests for Exclusion (“Exclusion List”), along with copies of all valid and timely Requests for Exclusion; (b) Defense Counsel containing the names and other identifying information of Class Members who have submitted invalid Requests for Exclusion, along with copies of all invalid or untimely Requests for Exclusion from Settlement submitted.

7.8.3 Weekly Reports. The Administrator must, on a weekly basis, provide written reports to Class Counsel and Defense Counsel that, among other things, tally the number of: Class Notices mailed or re-mailed, Class Notices returned undelivered, Requests for Exclusion (whether valid or invalid) received, objections received, challenges to Workweeks received and/or resolved, and checks mailed for Individual Class Payments and Individual PAGA Payments (“Weekly Report”). The Weekly Reports must provide the Administrator’s assessment of the validity of Requests for Exclusion and attach copies of all Requests for Exclusion and objections received. The Administrator must, on a weekly basis, provide Defense Counsel the names and identifying information of Class Members whose Class Notices have been returned as undeliverable for the purpose of determining if Defendants can provide any additional information to successfully mail the Class Notice.

7.8.4 Workweek Challenges. The Administrator has the authority to address and make final decisions consistent with the terms of this Agreement on all Class Member challenges over the calculation of Workweeks. The Administrator’s decision shall be final and not appealable or otherwise susceptible to challenge.

7.8.5 Employer’s Share of Payroll Taxes. The Administrator shall handle all tax document preparation and reporting, including W-2 and/or 1099 Forms, and any other state and federal tax forms. The Administrator shall calculate the amount of the Employer’s Taxes and shall remit and report the applicable portions of the payroll tax payment to the appropriate taxing authorities in a timely manner.

7.8.6 Administrator’s Declaration. Not later than 14 days before the date by which Plaintiff is required to file the Motion for Final Approval of the Settlement, the Administrator will provide to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its due diligence and compliance with all of its obligations under this Agreement, including, but not limited to, its mailing of Class Notice, the Class Notices returned as undelivered, the re-mailing of Class Notices, attempts to locate Class Members, the total number of Requests for Exclusion from Settlement it received (both valid or invalid), the number of written objections and attach the Exclusion List. The Administrator will supplement its declaration as needed or requested by the Parties and/or the Court. Class Counsel is responsible for filing the Administrator’s declaration(s) in Court.

7.8.7 Posting of Final Judgment. Within 10 days after the Court has held a Final Approval Hearing and entered the Judgment certifying the Class for settlement purposes only and approving the Settlement, the Administrator will give notice of judgment to Class Members pursuant to California Rules of Court, rule 3.771(b) by posting a copy of said Judgment on its website at a web address to be included in the Class Notice.

7.8.8 Final Report by Settlement Administrator. Within 10 days after the Administrator disburses all funds in the Gross Settlement Amount, the Administrator will provide Class Counsel and Defense Counsel with a final report detailing its disbursements by employee identification number only of all payments made under this Agreement. At least 15 days before any deadline set by the Court, the Administrator will prepare, and submit to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its disbursement of all payments required under this Agreement. Class Counsel is responsible for filing the Administrator's declaration in Court.

8. DEFENDANT'S RIGHT TO WITHDRAW. If the number of valid Requests for Exclusion identified in the Exclusion List equals or exceeds 5% of the total of all Class Members, Defendants may, but are not obligated, elect to withdraw from the Settlement. The Parties agree that any Class Members for whom the Notice is deemed "undeliverable" by the Administrator are to be included as Participating Class Members. In the event the Court deems such individuals to be excluded from this Settlement and the resulting judgment, Defendants retain the right, in its sole discretion, to nullify the Settlement within ten (10) days after any such Court ruling if the total number of Class Members excluded from the Settlement (either by submitting valid Requests for Exclusion or by court order) equals or exceeds 5% of the Settlement Class. The Parties agree that, if Defendants withdraw, the Settlement shall be void ab initio, have no force or effect whatsoever, and that neither Party will have any further obligation to perform under this Agreement; provided, however, Defendants will remain responsible for paying all Settlement Administration Expenses incurred to that point. Defendants must notify Class Counsel and the Court of its election to withdraw not later than seven days after the Administrator sends the final Exclusion List to Defense Counsel; late elections will have no effect.

9. ESCALATOR CLAUSE. Defendant represents that there are an estimated 10,981 total collective workweeks worked during the Class Period. If the number of workweeks during the Class Period exceeds this figure by more than 15% (i.e., if there are 12,628 or more workweeks), Defendant shall increase the Gross Settlement Amount on a proportional basis above the 15% threshold (i.e., if there was a 17% increase in the number of workweeks, Defendant shall increase the Gross Settlement Amount by 2%). Alternatively, Defendant has the option of shortening the Class Period end date to where total workweeks do not exceed 115% of the workweek representation identified above.

10. MOTION FOR FINAL APPROVAL. Not later than 16 court days before the calendared Final Approval Hearing, Plaintiff will file in Court, a motion for final approval of the Settlement that includes a request for approval of the PAGA settlement under Labor Code section 2699, subd. (1), a Proposed Final Approval Order and a proposed Judgment (collectively "Motion for Final Approval"). Plaintiff shall provide drafts of these documents to Defense Counsel not later than two (2) calendar days prior to filing the Motion for Final Approval. Class Counsel and Defense Counsel will expeditiously meet and confer in person or by telephone, and in good faith, to resolve any disagreements concerning the Motion for Final Approval.

10.1 Response to Objections. Each Party retains the right to respond to any objection raised by a Participating Class Member, including the right to file responsive documents in Court

no later than five court days prior to the Final Approval Hearing, or as otherwise ordered or accepted by the Court.

10.2 Duty to Cooperate. If the Court does not grant Final Approval or conditions Final Approval on any material change to the Settlement (including, but not limited to, the scope of release to be granted by Class Members), the Parties will expeditiously work together in good faith to address the Court's concerns by revising the Agreement as necessary to obtain Final Approval. The Court's decision to award less than the amounts requested for the Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Administrator Expenses Payment shall not constitute a material modification to the Agreement within the meaning of this paragraph.

10.3 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 are permitted by law.

10.4 Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Agreement, specifically including the Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment reflected as set forth in this Settlement, the Parties, their respective counsel, and all Participating Class Members who did not object to the Settlement as provided in this Agreement, 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 an objector 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.

10.5 Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment. If the reviewing Court vacates, reverses, or modifies the Judgment in a manner that requires a material modification of this Agreement (including, but not limited to, the scope of release to be granted by Class Members), this Agreement shall be null and void. The Parties shall nevertheless expeditiously work together in good faith to address the appellate court's concerns and to obtain Final Approval and entry of Judgment, sharing, on a 50-50 basis, any additional Administration Expenses reasonably incurred after remittitur. An appellate decision to vacate, reverse, or modify the Court's award of the Class Representative Service Payment or any payments to Class Counsel shall not constitute a material modification of the Judgment within the meaning of this paragraph, as long as the Gross Settlement Amount remains unchanged.

11. AMENDED JUDGMENT. If any amended judgment is required under Code of Civil Procedure section 384, the Parties will work together in good faith to jointly submit a proposed amended judgment.

12. ADDITIONAL PROVISIONS.

12.1 No Effect on Employee Benefit Plans. Neither this Agreement nor any amounts paid under the Settlement will modify any previously credited hours, days, or weeks of service under any employee benefit plan, policy or bonus program sponsored by Defendants. Such amounts will not form the basis for additional contributions to, benefits under, or any other monetary entitlement under Defendants' sponsored benefit plans, policies or bonus programs. The payments made under the terms of this Settlement shall not be applied retroactively, currently, or on a going forward basis, as salary, earnings, wages, or any other form of compensation for the purposes of any of Defendants' benefit plan, policy or bonus program. Defendants retain the right to modify the language of its benefits plans, policies and bonus programs to effect this intent and to make clear that any amounts paid pursuant to this Settlement are not for "weeks worked," "weeks paid," "weeks of service," or any similar measuring term as defined by applicable plans, policies and bonus programs for purpose of eligibility, vesting, benefit accrual, or any other purpose, and that additional contributions or benefits are not required by this Settlement. Defendants do not consider the Individual Class Payments "compensation" for purposes of determining eligibility for, or benefit accrual within, any benefit plans, policies, or bonus programs, or any other plan sponsored by Defendants.

12.2 No Admission of Liability, Class Certification 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 Defendants that any of the allegations in the Operative Complaint have merit or that Defendants have any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiff that Defendants' defenses in the Action have merit. The Parties agree that class certification and representative treatment is for purposes of this Settlement only. If, for any reason the Court does grant Preliminary Approval, Final Approval or enter Judgment, Defendants reserve the right to contest certification of any class for any reasons, and Defendants reserve all available defenses to the claims in the Action, and Plaintiff reserves the right to move for class certification on any grounds available and to contest Defendants' 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).

12.3 Confidentiality Prior to Preliminary Approval. Plaintiff, Class Counsel, Defendants and Defense Counsel separately agree that, until the Motion for Preliminary Approval of Settlement is filed, they and each of them will not disclose, disseminate or publicize, or cause or permit another person to disclose, disseminate or publicize, any of the terms of the Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency, or other entity except: (1) to the Administrator and the Parties' attorneys, accountants, or spouses, all of whom will be instructed to keep this Agreement confidential; (2) counsel in a related matter; (3) to the extent necessary to report income to appropriate taxing authorities; (4) in response to a court order or subpoena; or (5) in response to

an inquiry or subpoena issued by a state or federal government agency. This confidentiality clause extends to the parties' use of social media people often use to communicate during their daily lives, such as X (formerly Twitter), Facebook, blogs, Instagram, and the like. Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Plaintiff, Class Counsel, Defendants and Defense Counsel separately agree not to, directly or indirectly, initiate any conversation or other communication, before the filing of the Motion for Preliminary Approval, with any third party regarding this Agreement or the matters giving rise to this Agreement except to respond only that "the matter was resolved," or words to that effect. This paragraph does not restrict Class Counsel's communications with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.

12.4 No Solicitation. The Parties separately agree that they and their respective counsel and employees will not solicit any Class Member to opt out of or object to the Settlement, or appeal from the Judgment. Nothing in this paragraph shall be construed to restrict Class Counsel's ability to communicate with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.

12.5 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.

12.6 Attorney Authorization. Class Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiff and Defendants, 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 including any amendments to this Agreement.

12.7 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.

12.8 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 Agreement.

12.9 No Tax Advice. Neither Plaintiff, Class Counsel, Defendants nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Agreement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.

12.10 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.

12.11 Authority of Signatories. The respective signatories to the Agreement represent that they are fully authorized to enter into this Agreement and bind the respective Parties to its terms and conditions.

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

12.13 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.

12.14 Attorneys' Fees and Costs. Except as otherwise specifically provided for herein, each party shall bear his or its own attorneys' fees, costs, and expenses, taxable or otherwise, incurred by them or arising out of the Action and shall not seek reimbursement thereof from any other party in this Agreement. In any suit or court action to enforce the terms of this Agreement, the prevailing party shall be entitled to recover his or its reasonable attorneys' fees and costs.

12.15 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.

12.16 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.

12.17 Use and Return of Class Data. Information provided to Class Counsel pursuant to Cal. Evid. Code §1152, and all copies and summaries of the Class Data provided to Class Counsel by Defendants 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 90 days after the date when the Court discharges the Administrator's obligation to provide a Declaration confirming the final pay out of all Settlement funds, Plaintiff shall destroy, all paper and electronic versions of Class Data received from Defendants unless, prior to the Court's discharge of the Administrator's obligation, Defendants make a written request to Class Counsel for the return, rather than the destruction, of Class Data.

12.18 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.

12.19 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.

12.20 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 Plaintiff:

Paul K. Haines, Esq.
phaines@haineslawgroup.com
Sean M. Blakely, Esq.
sblakely@haineslawgroup.com
Alexandra R. McIntosh, Esq.
amcintosh@haineslawgroup.com
HAINES LAW GROUP, APC
2155 Campus Drive, Suite 180
El Segundo, CA 90245
Telephone: (424) 292-3250
Facsimile: (424) 292-2355

To Defendants:

Vanessa F. Chavez, Esq.
vchavez@kleinlaw.com
Anna Burnbaum, Esq.
aburnbaum@kleinlaw.com
KLEIN, DENATALE, GOLDNER,
COOPER, ROSENLIB & KIMBALL, LLP
10000 Stockdale Highway, Suite 200
Bakersfield, CA 93311
Telephone: (661) 395-1000
Facsimile: (661) 326-0418

12.21 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.

12.22 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.

ON BEHALF OF PLAINTIFF OLEGARIO VALDEZ-GARCIA

Dated: 06/02/2025
_____, 2025

Olegario Valdez-Garcia
Olegario Valdez-Garcia (Jun 2, 2025 19:21 PDT)
Olegario Valdez-Garcia Plaintiff

**ON BEHALF OF DEFENDANTS BAKERSFIELD ARC INC. AND BAKERSFIELD ARC
FOUNDATION**

Dated: 5/20/2025
_____, 2025

Signed by:
[Signature]
51716DED42744A0...
Name: Shawn Kennemer
Title: President

APPROVED AS TO FORM:

HAINES LAW GROUP, APC

Dated: June 3, 2025

[Signature]
Paul K. Haines
Sean M. Blakely
Alexandra R. McIntosh
Attorneys for Plaintiff

KLEIN, DENATALE, GOLDNER,
COOPER, ROSENLIB & KIMBALL, LLP

Dated: May 20, 2025

[Signature]
Vanessa Franco Chavez
Attorneys for Defendants

EXHIBIT A

**COURT APPROVED NOTICE OF CLASS ACTION AND PAGA SETTLEMENT AND
HEARING DATE FOR FINAL COURT APPROVAL**

Olegario Vadlez-Garcia v. Bakersfield ARC Inc., et al.
Kern County Superior Court, Case Nos. BCV-23-103290

***The Kern County Superior Court authorized this notice.
It is not junk mail, spam, an advertisement, or solicitation by a lawyer.
Please read it carefully! You are not being sued.***

You may be eligible to receive money from the class and representative action lawsuit (“Action”) against Bakersfield ARC, Inc. and Bakersfield ARC Foundation (“Defendants”) for alleged wage and hour violations. The Action was filed by former employee, Olegario Valdez-Garcia, and seeks (1) payment of unpaid wages and other relief for a class of all persons employed by Bakersfield ARC, Inc. in California as an hourly-paid or non-exempt employee to provide services to Bakersfield ARC’s clients during the Class Period (October 2, 2022 to XXXX) (“Class” and individually, “Class Member”); and (2) penalties under the California Private Attorney General Act (“PAGA”) for all Class Members who worked for Defendants during the PAGA Period (October 2, 2022 to XXXX) (“Aggrieved Employees”).

The proposed Settlement has two main parts: (1) a Class settlement requiring Defendants to fund Individual Class Payments, and (2) a PAGA settlement requiring Defendants to fund Individual PAGA Payments and pay PAGA Penalties to the California Labor and Workforce Development Agency (“LWDA”).

Based on Defendants’ records, and the Parties’ current assumptions, **your Individual Class Payment is estimated to be \$_____ (less withholding) and your Individual PAGA Payment is estimated to be \$_____**. The actual amount you may receive likely will be different and will depend on a number of factors. (If no amount is stated for your Individual PAGA Payment, then according to Defendants’ records you are not eligible for an Individual PAGA Payment under the Settlement because you didn’t work during the PAGA Period.)

The above estimates are based on Defendants’ records showing that **you worked _____ Workweeks during the Class Period and you worked _____ Workweeks during the PAGA Period**. If you believe that you worked more during either period, you can submit a challenge by the deadline date.

The Court has already preliminarily approved the proposed Settlement and approved this Notice. The Court has not yet decided whether to grant final approval of the Settlement. Your legal rights are affected whether you act or not act. READ THIS NOTICE CAREFULLY. You will be deemed to have read and understood it. At the Final Approval Hearing, the Court will decide whether to finally approve the Settlement and how much of the Settlement will be paid to Plaintiff and Plaintiff’s attorneys (“Class Counsel”). The Court will also decide whether to enter a judgment that requires Defendants to make payments under the Settlement and requires Class Members and Aggrieved Employees to give up their rights to assert certain claims against Defendant.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
DO NOTHING	Receive money. Give up rights to sue Defendants for claims released in the Settlement.
EXCLUDE YOURSELF	Receive no money from the Class settlement. You will retain the right to pursue your own legal claims against Defendants. However, even if you exclude yourself from the Class settlement, you will still receive a portion of the PAGA settlement and be bound by it if you worked during the PAGA Period.
OBJECT	Write to the Court about why you object to the Settlement. If the Settlement receives Final Approval, you will receive money and give up rights to sue Defendants for claims released in the Settlement.
CHALLENGE YOUR NUMBER OF WORKWEEKS	Challenge your number of Workweeks or listed in this Notice and provide supporting evidence. If you challenge your workweeks you will still be part of the Settlement, be paid, and will give up rights to sue Defendants for claims released in the Settlement.

BASIC INFORMATION

1. WHY AM I RECEIVING THIS NOTICE?

Defendants' records indicate that you worked for Defendants at some point(s) between October 2, 2022 through **XXXX**, and are therefore a member of the Class for purposes of this Settlement.

You received this Notice because you have a right to know about a proposed Settlement of the Action, and about all of your options, before the Court decides whether to finally approve the Settlement. The Settlement will resolve all Class Members' claims, which are described below, during the Class Period. The Settlement will also resolve claims for civil penalties brought under the California Private Attorneys' General Act ("PAGA"). If you are a Class Member, you are also an "Aggrieved Employee" if you worked for Defendant during the "PAGA Period," which is October 2, 2022 through **XXXX**.

If the Court grants Final Approval to the Settlement, a settlement Administrator appointed by the Court will issue the payments provided for by the Settlement to Class Members. You are encouraged to always keep your address up to date with the Administrator (the Administrator's contact information can be found in Section 12, below).

This Notice package explains the allegations and background regarding the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to receive those benefits.

The Court in charge of the Action is the Kern County Superior Court. The case is titled *Olegario Valdez-Garcia v. Bakersfield ARC, Inc., et al*, Case Nos. BCV-23-103290, filed in Kern County Superior Court. The person who sued, Olegario Valdez-Garcia, is the Plaintiff, and the companies sued, Bakersfield ARC, Inc. and Bakersfield ARC Foundation, are the Defendants.

QUESTIONS? CALL 1-800-XXX-XXXX TOLL FREE

2. WHAT IS THE LAWSUIT ABOUT?

The Plaintiff in the lawsuit alleges wage and hour violations against Defendant for: (1) failure to pay overtime wages; (2) failure to pay minimum wages; (3) failure to provide meal periods and pay meal period premiums; (4) failure to provide rest periods and pay miss rest period premiums; (5) failure to reimburse business expenditures; (6) failure to furnish accurate itemized wage statements; and (7) violation of California's Unfair Competition Law, California Business and Professions Code section 17200, *et seq.* In addition, Plaintiff is seeking to recover civil penalties pursuant to PAGA ("PAGA Penalties") based on the alleged violations of the California Labor Code listed above.

Defendants deny Plaintiff's claims and deny any wrongdoing.

3. WHY IS THIS A CLASS ACTION?

In an employment class action, one or more people called "Class Representatives" (in this case, the Plaintiff) sue on behalf of all workers who they contend have similar claims. All of these workers are a Class or Class Members. Bringing one lawsuit, as opposed to many small ones, saves money, time and court resources. The court resolves the issues for all Class Members, except for those who exclude themselves from the Class.

4. WHY IS THERE A SETTLEMENT?

The Court did not decide in favor of the Plaintiff or Defendants on the merits of the claims alleged in the lawsuit. Plaintiff believes Plaintiff would win at trial. Defendants think that Plaintiff's lawsuit would not proceed to a trial and/or that Plaintiff would not win at trial. However, there has been no trial. Instead, in acknowledgement of the risk that both Parties face should the case proceed, the Parties have agreed to a negotiated settlement. This way, all Parties avoid the cost of preparing for and conducting a trial, the risk of losing the right to a trial, and the workers affected by the alleged violations receive compensation. The Settlement represents a compromise and settlement of highly disputed claims. The Plaintiff, as well as Plaintiff's lawyers (called "Class Counsel"), believe the Settlement is fair and reasonable and in the best interests of all Class Members.

WHO IS INCLUDED IN THE SETTLEMENT?

5. WHO IS INCLUDED IN THE SETTLEMENT?

If you received this Notice, you are a Class Member for settlement purposes. The Class includes: all persons who were employed by Bakersfield ARC, Inc. in California as an hourly-paid or non-exempt employee during the Class Period to provide services to Bakersfield ARC's clients.

THE SETTLEMENT BENEFITS—WHAT YOU GET

6. WHAT DOES THE SETTLEMENT PROVIDE?

Defendant has agreed to pay a Gross Settlement Amount ("GSA") of \$150,000.00 to settle the lawsuit. From the GSA, Class Counsel will apply to the Court for attorneys' fees of one-third of the GSA or

QUESTIONS? CALL 1-800-XXX-XXXX TOLL FREE

\$50,000.00 and reimbursement for reasonable costs; Enhancement Award of \$5,000.00 to the Plaintiff (for Plaintiff's work and efforts prosecuting this case); a PAGA Penalties payment of \$15,000.00 to resolve the PAGA claims; and Settlement Administration Expenses Payment to Phoenix Settlement Administrators, not to exceed \$8,500.00. The exact amount of the Class Counsel's Fees and Litigation Expenses, Class Representative Service Payments, and Administration Expenses Payment will be determined by the Court at the Final Approval hearing. The remaining portion of the Settlement amount, the "Net Settlement Amount" or the "NSA," is currently estimated to be approximately **\$46,500.00**. The NSA will be apportioned and paid out as Individual Class Payments to the Settlement Class Members, who are the Class Members that do not request to be excluded ("opt out") of the Settlement.

PAGA Penalties payment: As part of the PAGA portion of the Settlement, the Parties will ask the Court to approve a \$15,000.00 PAGA Penalties payment in settlement of claims for civil penalties under PAGA. As required under PAGA, 75% of the PAGA Penalties payment, or \$11,250.00, will be paid to the California Labor and Workforce Development Agency. The remaining 25% of the PAGA Penalties payment, or \$3,750.00, will be distributed to the Aggrieved Employees as Individual PAGA Payments.

7. HOW MUCH WILL MY PAYMENT BE?

An approximation of your Individual Class Payment appears on the first page of this Notice. If you are also an Aggrieved Employee, an approximation of your Individual PAGA Payment will also appear on the first page of this Notice.

Individual Class Payment: Your Individual Class Payment is based on the number of Workweeks you worked, as represented in Defendants' records, in comparison to the total number of Workweeks worked by all Class Members during the Class Period (October 2, 2022 to **XXXX**). Eighty-Five percent (85%) of each Class Member's Individual Class Payment will be treated as a payment in settlement of the alleged claims for penalties and interest and will be reported on a Form 1099 by the Settlement Administrator, and Fifteen percent (15%) of each Class Member's Individual Class Payment will be treated as a payment in settlement of alleged claims for unpaid wages. The 15% allocated as unpaid wages will be reduced by applicable payroll tax withholdings and deductions and reported on a Form W-2.

Individual PAGA Payment: If you worked for Defendants from October 2, 2022 to **XXXX** ("PAGA Period"), you are also an "Aggrieved Employee" and will receive an Individual PAGA Payment in addition to your Individual Class Payment. The Individual PAGA Payments are based on the number of PAGA Workweeks worked by each Aggrieved Employee in comparison to the total amount of PAGA Workweeks worked by all Aggrieved Employees during the PAGA Period. One hundred percent (100%) of each Aggrieved Employees' Individual PAGA Payment will be characterized as penalties and will not be reduced by payroll tax withholdings and deductions. The Individual PAGA Payment will be reported on a Form 1099 by the Settlement Administrator. An approximation of your anticipated Individual PAGA Payment appears on the first page of this Notice.

For the Class Members who are also Aggrieved Employees, their Individual Class Payment will be combined with their Individual PAGA Payment, and they will receive a single check for the combined payments. If a Class Member chooses to opt-out of the Settlement, they will still receive an Individual PAGA Payment, as Aggrieved Employees cannot opt-out of the PAGA portion of the Settlement. *See, e.g., Robinson v So. County Oil*, 53 Cal. App. 476 (2020).

HOW YOU GET A PAYMENT

8. HOW DO I RECEIVE A PAYMENT?

You do not need to do anything to receive a payment. However, if you believe that the number of Class Workweeks or PAGA Workweeks you worked is incorrect, please correct it and provide any supporting evidence to the settlement Administrator, whose contact information is listed in Section 12 below.

9. WHEN WOULD I GET MY PAYMENT?

The Court will hold a Final Fairness Hearing on [REDACTED], to decide whether to approve the Settlement. If the Judge approves the Settlement, and anyone objects, there may be appeals. It is always uncertain when these objections and appeals can be resolved and resolving them can take time. If there is no objection, the Effective Date of the Settlement will be the date the Court's Order granting final approval is final.

Following the Effective Date, Individual Class Payments and Individual PAGA Payments will be mailed to Participating Class Members and Aggrieved Employees approximately 30 days after the Court's approval of the Settlement becomes final so long as there are no appeals.

Settlement checks should be cashed promptly upon receipt. Proceeds of checks which remain uncashed after 180 days from the date of issuance will be transmitted to the Court-approved nonprofit organization or foundation, Court Appointed Special Advocates of Kern. If your settlement check is lost or misplaced, you should contact the Settlement Administrator immediately to request a replacement.

For an update on the status of payments, please contact the Settlement Administrator (see Section 12).

10. WHAT AM I GIVING UP TO GET A PAYMENT?

If the Court approves this Settlement and unless you exclude yourself, you will become a Participating Class Member, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against Defendants concerning the legal claims being resolved in this Settlement. Specifically, you will be giving up or "releasing" the Released Class Claims described below against Defendants and all of Defendants' parents, successors and affiliates ("Released Parties"). The releases become effective once the GSA is fully funded by Defendants.

Released Class Claims: The "Released Class Claims" shall include all claims, rights, demands, liabilities, and causes of action, in law or in equity, arising at any time during the Class Period for the claims brought by Plaintiff in the Operative Class Complaint, or that could have been brought by Plaintiff, based on the facts alleged therein or in the PAGA Notice, including claims for: (1) failure to pay all overtime wages (including, but not limited to, due to alleged off the-clock work, rounding, improper calculation of wages, invalid alternative workweek schedules, and otherwise underpaid wages); (2) minimum wage violations (including, but not limited to, due to alleged off the-clock work, rounding, improper calculation of wages, and otherwise underpaid wages); (3) meal period violations (including, but not limited to, alleged non-compliant first and second meal breaks, invalid on-duty meal periods, remaining on premises or on-duty during meal periods, off-the-clock work, rounding, improper calculation of meal period premiums, and any failure to pay meal period premiums); (4) rest period violations (including, but not limited to, alleged non-compliant rest breaks, insufficient or interrupted rest breaks,

QUESTIONS? CALL 1-800-XXX-XXXX TOLL FREE

remaining on premises or on-duty during rest breaks, off-the-clock work, rounding, improper calculation of rest break premiums, and any failure to pay rest break premiums); (5) failure to reimburse employees for necessary business expenditures (including, but not limited to, alleged failure to pay sufficient cell phone, PPE, and mileage reimbursements); (6) failure to timely pay wages during and upon termination of employment; (7) wage statement violations; and (8) unfair and unlawful business practices arising out of the violations referenced in the Action; and (ii) Any and all causes of action, claims, rights, damages, punitive or statutory damages, penalties, liabilities, expenses, and losses alleged in the Operative Class Complaint, or that could have been alleged based upon the facts alleged in the operative complaint during the Class Period

Released PAGA Claims: If you are an Aggrieved Employee (i.e. if you worked for Defendant during the PAGA Period), you will also release all claims, rights, demands, liabilities, and causes of action for PAGA civil penalties that Aggrieved Employees have had, now have, or may have in the future against Released Parties based on any facts or omissions occurring during the PAGA Period and based on the claims alleged or reasonably could have been alleged based on the facts stated in the Action or in the PAGA Notice including, but not limited to, any and all claims for PAGA penalties pursuant to Wage Order 4-2001 and Labor Code §§ 201, 202, 203, 204, 210, 226, 226.7, 510, 512, 516, 558, 1174, 1182.12, 1194, 1194.2, 1197, 1198, 2698, 2699, 2699.3 2802, 2804 The State of California shall release all and any PAGA claims rights, demands, liabilities, penalties, fines, debts and causes of action, arising from the PAGA claims pled in the Operative PAGA Complaint or LWDA notice; or that could have been pled in the Actions based on the allegations therein.

EXCLUDING YOURSELF FROM THE SETTLEMENT

11. HOW DO I EXCLUDE MYSELF FROM THE SETTLEMENT?

To exclude yourself from the Settlement, you must send the Settlement Administrator a written request for exclusion which must be postmarked no later than [45 days after Class Notice is Mailed]. Be sure to include your name, address, and email address or telephone number, and any other information you think would be helpful to the settlement Administrator to identify you. You can send your request for exclusion to the settlement Administrator at:

[ADMINISTRATOR]
Bakersfield ARC Settlement
XXXXX
City, State, XXXXX
Email:
Fax:

If you ask to be excluded from the Settlement, you will not be legally bound by anything that happens in the Action, except as it relates to settlement of the PAGA claim. If you ask to be excluded from the Settlement you will not be able to object to the Settlement and you will not receive an Individual Class Payment, but you will still receive an Individual PAGA Payment if you worked for Defendants during the PAGA Period (October 2, 2022 through XXXXX). If you ask to be excluded, you may be able to sue (or continue to sue) Defendants in the future.

OBJECTING TO THE SETTLEMENT

You can and have the right to tell the Court you do not agree with the Settlement or some part of it.

12. HOW DO I TELL THE COURT THAT I OBJECT TO THE SETTLEMENT?

If you don't think the Settlement is fair, you can object to some or all of the Settlement. You can either object to the Settlement in person at the Final Approval Hearing or you can submit a written objection. Written objections and notices of intent to appear at the Final Approval Hearing must be mailed to the Settlement Administrator and postmarked on or before [REDACTED], 2025, at the following address:

[ADMINISTRATOR]
Bakersfield ARC Settlement
XXXXX
City, State, XXXXX
Email:
Fax

The written objection should state your name and address and describe all legal and factual reasons that you object to the terms of the Settlement. You should also include or attach any documents upon which your objection is based. If the Court overrules the objection at the Final Approval hearing, the Settlement Agreement will be approved, and you will receive your payment. If you do not submit a written objection, you may still appear at the Final Approval hearing to voice your objection or to otherwise observe the proceedings.

13. WHAT'S THE DIFFERENCE BETWEEN OBJECTING AND REQUESTING EXCLUSION?

Objecting is simply telling the Court that you do not agree with something about the Settlement. You can object only if you stay in the Class.

Requesting exclusion is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you, and you do not get any money from this Settlement. If you submit both an objection and a request to be excluded from the settlement, the request to be excluded will control and you will not get any money from this settlement.

THE COURT'S FAIRNESS HEARING

The Court will hold a Final Approval Hearing to decide whether to approve the Settlement. You may attend and you may ask to speak, but you don't have to.

14. WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT?

The Court will hold a Final Approval Hearing at _____ on _____ in Department H of the Kern County Superior Court (Metropolitan Division) located at 1215 Truxtun Ave, Bakersfield, California 93301, to determine whether the Settlement should be finally approved as fair, reasonable, and adequate. If there are objections, the Court will consider them at that time. The Court will also be asked to approve the requests for the Class Representative Service Payments and the Class Counsel Fees and Litigation Expenses Payments.

QUESTIONS? CALL 1-800-XXX-XXXX TOLL FREE

15. DO I HAVE TO COME TO THE HEARING?

No. Class Counsel will answer questions the Court may have. However, you are welcome to attend. If you send an objection, you do not have to come to the Court to talk about it. As long as you mailed your written objection to the settlement administrator on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

IF YOU DO NOTHING

16. WHAT IF I DO NOTHING AT ALL?

If you do nothing, you will receive a Settlement payment, and you will be bound by the terms of Settlement, which means that you will not be able to start a lawsuit, continue a lawsuit, or be a part of any other lawsuit against the Defendants about the legal issues in the Action.

GETTING MORE INFORMATION

PLEASE DO NOT TELEPHONE THE COURT FOR INFORMATION REGARDING THIS SETTLEMENT OR THE CLAIM PROCESS.

17. HOW DO I GET MORE INFORMATION?

You may contact Class Counsel at the contact information listed below if you have any questions about the Settlement. You may also contact the Court-appointed Settlement Administrator, Phoenix Settlement Administrators by calling toll free 1-800_____, or you can write to the Administrator at the following address:

[ADMINISTRATOR]
Bakersfield ARC Settlement
XXXXX
City, State, XXXXX
Email:
Telephone:
Fax

The contact information for the Parties' counsel are as follows:

Class Counsel	Counsel for Defendant
Paul K. Haines Sean M. Blakely Joel M. Gordon Haines Law Group APC 2155 Campus Drive, Suite 180 El Segundo, CA 90245 Tel.: (424) 292-2350 Fax: (424) 292-2355 E-Mail: phaines@haineslawgroup.com	Vanessa Franco Chavez Klein, DeNatale, Goldner, Cooper, Rosenlieb & Kimball, LLP 10000 Stockdale Highway, Suite 200 Bakersfield, CA 93311 Tel.: (661) 395-1000 Fax: (661) 326-0418 E-Mail: vchavez@kleinlaw.com

QUESTIONS? CALL 1-800-XXX-XXXX TOLL FREE

sblakely@haineslawgroup.com jgordon@haineslawgroup.com	
--	--

18. WHAT IF I LOSE MY SETTLEMENT CHECK?

If you lose or misplace your settlement check before cashing it, the Administrator will replace it as long as you request a replacement before the void date on the face of the original check.

19. WHAT IF I CHANGE MY ADDRESS?

To receive your check, you should immediately notify the Administrator if you move or otherwise change your mailing address.

EXHIBIT 2

HAINES LAW GROUP
EMPLOYMENT ATTORNEYS

October 2, 2023

VIA LWDA WEBSITE

Labor and Workforce Development Agency
Attn. PAGA Administrator
1515 Clay Street, Ste. 801
Oakland, CA 94612

Re: *Olegario Valdez-Garcia v. Bakersfield ARC, Inc., et al.*

To Whom It May Concern:

Please be advised that this law firm represents Olegario Valdez-Garcia (“Mr. Valdez-Garcia”) in claims arising from his employment with Bakersfield ARC, Inc.; Bakersfield ARC Foundation; and Does 1 through 100 (collectively “Bakersfield ARC”). Mr. Valdez-Garcia is an “aggrieved employee” as defined by Labor Code Section 2698 *et seq.*, due to Bakersfield ARC’s numerous violations of the Labor Code as set forth below. The purpose of this letter is to comply with Labor Code Section 2699.3, which requires aggrieved employees to notify their employer and the Labor & Workforce Development Agency (“LWDA”) of the specific provisions of the Labor Code allegedly violated. For purposes of this letter, “aggrieved employees” include all of Bakersfield ARC’s non-exempt employees who worked for Bakersfield ARC in California during the one year immediately preceding the date of this letter through the present. For the purposes of Mr. Garcia’s overtime claim, the definition of “aggrieved employee” includes all nonexempt employees who worked for Bakersfield ARC in California during the one year immediately preceding the date of this letter through the present and who were either (1) not apart of a union and/or (2) earned a base rate of pay that was less than 130% the applicable minimum wage at any time during the one year preceding this notice.

Bakersfield ARC provides various behavior and educational consulting services including but not limited to supervised employment opportunities to individuals with disabilities and/or behavioral issues throughout Kern County and other counties in California.

Mr. Valdez-Garcia has been employed by Bakersfield ARC as a non-exempt “Job Coach” since approximately February 2015. In his role as job coach, Mr. Valdez-Garcia’s job duties consisted of transporting 4-5 employees with developmental disabilities to different rest stops along the I-5 freeway and helping them to clean, garden, and otherwise complete general ground maintenance of the rest stops. During his employment, Mr. Valdez-Garcia was paid at a regular rate of pay that was equivalent to the applicable minimum wage and was regularly scheduled to work 4-5 days per week from 2:00 p.m. to 12:00 a.m.

Bakersfield ARC required Mr. Valdez-Garcia and other aggrieved employees to work four 10-hour shifts per workweek without paying overtime for hours worked over 8 hours but less than 10 hours, pursuant to a purported alternative workweek schedule (“AWS”). However, upon information and belief, the AWS was not properly instituted because, upon information and belief, Bakersfield ARC did not follow the required election procedures required by Wage Order 4, § 3(B), including (but not limited to) conducting an election by secret ballot, failing to provide proper written notice/disclosure regarding the AWS to non-exempt employees and/or failing to provide written notice/disclosure regarding the AWS in Spanish, even though at least 5% of Bakersfield ARC’s workforce primarily speak Spanish, and/or holding a meeting duly noticed at least 14 days prior to voting. In addition, there is no AWS election registered with the State of California. As a result of its failure to properly institute an AWS, Bakersfield ARC has improperly failed to pay Mr. Valdez-Garcia and other aggrieved employees time-and-a-half for all overtime hours worked, resulting in unpaid overtime wages.

During Mr. Valdez-Garcia’s employment with Bakersfield ARC, Bakersfield ARC utilized a timekeeping system which failed to compensate Mr. Valdez-Garcia and other aggrieved employees for all hours actually worked, whether by rounding, time-shaving, or otherwise. Specifically, during Mr. Valdez-Garcia’s employment, Mr. Valdez-Garcia clocked in and out for his shifts electronically using a name badge; however, although Bakersfield ARC recorded Mr. Valdez-Garcia and other aggrieved employees’ hours worked to the minute, Bakersfield ARC only paid Mr. Valdez-Garcia and other aggrieved employees in quarter-hour increments. Bakersfield ARC’s rounding and/or shaving of time entries was not even-handed over time, and has resulted in Mr. Valdez-Garcia and other aggrieved employees being deprived of all earned wages, including minimum wages for all hours worked, and overtime wages on those occasions when they worked over eight hours in a workday and/or forty hours in a workweek.

Bakersfield ARC’s timekeeping policies/practices were also unlawful because Bakersfield ARC failed to record Mr. Valdez-Garcia’s and other aggrieved employees’ meal periods in their time records, in violation of Wage Order 4, Section 7(A)(3). Bakersfield ARC further failed to provide Mr. Valdez-Garcia and other aggrieved employees with all legally compliant meal periods, including duty-free, timely, and uninterrupted 30-minute meal periods before the end of the fifth hour of work and/or a second 30-minute meal period for shifts of over 10.0 hours. Specifically, Bakersfield ARC impermissibly failed to relieve Mr. Valdez-Garcia and other aggrieved employees of all work duties, because Bakersfield ARC required Mr. Valdez-Garcia and other aggrieved employees to enter on-duty meal period agreements even though the nature of their work did not prevent them from being relieved of all duties for 30-minute intervals. Further, Bakersfield ARC’s work demands frequently prevented Mr. Valdez-Garcia and other aggrieved employees from timely taking a meal period prior to the conclusion of their fifth hour of work and/or meal periods of at least 30-minutes. Specifically, during Mr. Valdez-Garcia’s meal periods, he was often interrupted by calls from his supervisors. Moreover, Bakersfield ARC failed to provide Mr. Valdez-Garcia and other aggrieved employees with

a second meal period when they worked shifts in excess of 10.0 hours. On occasions where Mr. Valdez-Garcia and other aggrieved employees were not provided with all legally-compliant meal periods to which they were entitled, Bakersfield ARC failed to compensate Mr. Valdez-Garcia and other aggrieved employees with the required meal period premiums for each workday in which they experienced a meal period violation as mandated by Labor Code § 226.7. Additionally, upon information and belief, during at least a portion of the class period, Bakersfield ARC maintained no payroll code or other mechanism for payment of meal period premiums under Labor Code § 226.7 in the event a legally compliant meal period was not provided to its non-exempt employees.

Bakersfield ARC failed to authorize and permit Mr. Valdez-Garcia and other aggrieved employees to take all required rest periods because Bakersfield ARC failed to authorize and permit non-exempt employees to be relieved of all work during rest periods, due to the purported on-duty nature of their work. Additionally, Bakersfield ARC's rest period policies were unlawful because Bakersfield ARC's rest period policies explicitly required Mr. Valdez-Garcia and other aggrieved employees to remain on-call and with their assigned workers during their rest periods and as a result, Bakersfield ARC failed to relieve Mr. Valdez-Garcia and other aggrieved employees of all work duties during rest periods, in violation of *Augustus v. ABM Security Services, Inc.*, 2 Cal.5th 257, 260 (2016) ("[D]uring required rest periods, employers must relieve their employees of all duties and relinquish any control over how employees spend their break time."). Additionally, Mr. Valdez-Garcia and other aggrieved employees often worked shifts in excess of 10.0 hours but were not authorized and permitted to take a third rest period. In the event that a legally compliant rest period was not in fact authorized and permitted, Mr. Valdez-Garcia and other aggrieved employees were not paid a rest period premium required by Labor Code § 226.7. Upon information and belief, during at least a portion of the putative class period, Bakersfield ARC did not maintain any payroll code or other mechanism for the payment of rest period premium payments as required by Labor Code § 226.7.

Bakersfield ARC also failed to adequately reimburse Mr. Valdez-Garcia and other aggrieved employees for all reasonable and necessary work expenditures, including, but not limited to use of their personal cellular phones. Despite requiring Mr. Valdez-Garcia and other aggrieved employees to use their personal cellphones to communicate with their supervisors, Bakersfield ARC did not reimburse Mr. Valdez-Garcia and other aggrieved employees for their cellular phone expenses.

As a result of Bakersfield ARC's failure to pay all overtime and minimum wages, failure to provide all legally required meal periods, and failure to authorize and permit all required rest periods, Bakersfield ARC maintained inaccurate payroll records and issued inaccurate wage statements to Mr. Valdez-Garcia and other aggrieved employees.

Additionally, as a result of the above violations, Bakersfield Arc failed to pay all final wages owed to aggrieved employees upon their respective separations of employment.

As described above, Bakersfield ARC committed the following violations of the Labor Code, and Industrial Welfare Commission Wage Order 4 (“Wage Order 4”):

Overtime Wage Violations

Bakersfield ARC was required to pay Mr. Valdez-Garcia and other aggrieved employees overtime wages for all hours worked in excess of eight hours per workday and/or forty hours per workweek. *See* Labor Code §§ 1194(a) and 1198; Wage Order 4, § 3. According to Labor Code § 510(a), “Any work in excess of eight hours in one workday and any work in excess of 40 hours in any one workweek and the first eight hours worked on the seventh day of work in any one workweek shall be compensated at the rate of no less than one and one-half times the regular rate of pay for an employee.” This Section further provides, “Any work in excess of 12 hours in one day shall be compensated at the rate of no less than twice the regular rate of pay for an employee. In addition, any work in excess of eight hours on any seventh day of a workweek shall be compensated at the rate of no less than twice the regular rate of pay of an employee.” As alleged above, Bakersfield ARC caused Mr. Valdez-Garcia and other aggrieved employees to work overtime hours, but did not compensate Mr. Valdez-Garcia and other aggrieved employees at one and one-half times their regular rate of pay for such hours. As a result of these policies/practices, Mr. Valdez-Garcia and other aggrieved employees were not compensated for all overtime and double-time wages.

Minimum Wage Violations

Bakersfield ARC was required to pay Mr. Valdez-Garcia and other aggrieved employees an hourly rate at least equal to the minimum wage for each hour actually worked. *See* Labor Code §§ 1182.12, 1194, 1194.2, 1197; Wage Order 4, § 4. As alleged above, Bakersfield ARC failed to conform its pay practices to the requirements of the law. This unlawful conduct includes, but is not limited to Bakersfield ARC’s failure to accurately record the work hours of Mr. Valdez-Garcia and other aggrieved employees. As a result of these policies/practices, which fail to compensate for all hours worked, Mr. Valdez-Garcia and other aggrieved employees were deprived of all required minimum wages.

Meal Period Violations

As alleged above, Bakersfield ARC failed to provide Mr. Valdez-Garcia and other aggrieved employees with all required and compliant meal periods. *See* Labor Code §§ 226.7 and 512; Wage Order 4, § 11. As a result, Mr. Valdez-Garcia and other aggrieved employees are owed an additional hour of wages at their regular rate of compensation for each workday they experienced a meal period violation. *See* Labor Code § 226.7 (“If an employer fails to provide an employee a meal or rest or recovery period in accordance with ... [an] order of the Industrial Welfare Commission ... the employer shall pay the employee one additional hour of pay at the employee’s regular rate of compensation for each workday that the meal or rest or recovery period is not provided.”).

Rest Period Violations

As alleged above, Bakersfield ARC also failed to authorize and permit Mr. Valdez-Garcia and other aggrieved employees to take all required rest periods. *See* Labor Code §§ 226.7 and 516; Wage Order 4, § 12. Specifically, Bakersfield ARC's rest period policies were unlawful, as they failed to provide for all off-duty rest periods. As a result, Mr. Valdez-Garcia and other aggrieved employees are owed an additional hour of wages at their regular rate of compensation for each workday that they were not authorized and permitted to take all legally required rest periods. *See* Labor Code § 226.7 ("If an employer fails to provide an employee a meal period or rest period in accordance with an applicable order of the Industrial Welfare Commission, the employer shall pay the employee one additional hour of pay at the employee's regular rate of compensation for each workday that the meal or rest period is not provided.")

Failure to Reimburse Employees for Necessary Business Expenditures

As alleged above, Bakersfield ARC failed to reimburse Mr. Valdez-Garcia and other aggrieved employees for necessary work expenses, including the use of their personal cellular phones for business purposes. Bakersfield ARC's policy of not providing reimbursement for necessary work-related expenses is in violation of Wage Order 4, § 9, and Labor Code §§ 2802 and 2804 ("An employer shall indemnify his or her employees for all necessary expenditures or losses incurred by the employee in direct consequence of the discharge of his or her duties, or of his or obedience to the directions of the employer.") Mr. Valdez-Garcia and other aggrieved employees are therefore entitled to reimbursement of such unpaid work expenses with interest.

Wage Statement Violations

Bakersfield ARC was required to furnish Mr. Valdez-Garcia and other aggrieved employees with complete and accurate itemized wage statements that showed, among other things, their rates of pay, corresponding number of hours worked at each rate of pay, total gross wages earned, and total net wages earned. *See* Labor Code §§ 226(a) and 1174(d); Wage Order 4, § 7. As a result of Bakersfield ARC's failure to pay all overtime, minimum, and double-time wages, and failure to pay all required meal and rest period premium wages, Bakersfield ARC maintained inaccurate payroll records and issued inaccurate wage statements to Mr. Valdez-Garcia and other aggrieved employees in violation of Labor Code § 226. Bakersfield ARC's failure to comply with its wage statement obligations was knowing and intentional, and Mr. Valdez-Garcia and other aggrieved employees have suffered injury as a result.

Waiting Time Penalties

Labor Code §§ 201 and 202 require that employees receive all of their final wages at the time of their separation of employment. Bakersfield ARC failed to timely pay other

aggrieved employees all of their final wages at the time of separation, which included all overtime, and minimum wages as well as all meal and rest period premium wages. Pursuant to Labor Code § 203, Bakersfield ARC's failure to pay all final wages due to other aggrieved employees was willful and, consequently, entitles aggrieved employees to waiting time penalties equal to one day of wages at their standard hourly rate for each day Bakersfield ARC failed to pay their final wages after their separation, up to a maximum of thirty days.

As an "aggrieved employee," Mr. Valdez-Garcia will initiate a civil action on behalf of himself and other aggrieved employees to recover civil penalties resulting from the wage and hour violations alleged herein. Based on Mr. Valdez-Garcia's own investigation, and on information and belief, Bakersfield ARC committed and continues to commit the following Labor Code violations:

- a. Bakersfield ARC violated Labor Code §§ 204, 510, 1194, and 1198 by failing to pay Mr. Valdez-Garcia and other aggrieved employees all overtime compensation earned;
- b. Bakersfield ARC violated Labor Code §§ 1182.12, 1194, 1194.2, and 1197 by failing to pay Mr. Valdez-Garcia and other aggrieved employees the statutory minimum wage for all hours worked;
- c. Bakersfield ARC violated Labor Code §§ 226.7, 512, 558, and 1198 by failing to provide meal periods as required by law and failing to pay meal period premiums to Mr. Valdez-Garcia and other aggrieved employees at these employees' respective regular rates of compensation for meal period violations;
- d. Bakersfield ARC violated Labor Code §§ 226.7, 516, 558, and 1198 by failing to authorize and permit Mr. Valdez-Garcia and other aggrieved employees all required rest periods and failing to pay rest period premiums to Mr. Valdez-Garcia and other aggrieved employees at these employees' respective regular rates of compensation for rest period violations;
- e. Bakersfield ARC violated Labor Code §§ 2802 and 2804 by failing to reimburse Mr. Valdez-Garcia and other aggrieved employees for all necessary expenditures incurred;
- f. Bakersfield ARC violated Labor Code § 226 by failing to furnish Mr. Valdez-Garcia and other aggrieved employees with accurate and compliant itemized wage statements;
- g. Bakersfield ARC violated Labor Code §§ 201, 202, and 203 by failing to timely pay all final wages due to aggrieved employees;

- h. Bakersfield ARC violated Labor Code § 204 by failing to pay Mr. Valdez-Garcia and other aggrieved employees all wages earned at least twice during each calendar month; and
- i. Bakersfield ARC violated Labor Code §§ 1174 and 1198 by failing to maintain accurate records on behalf of Mr. Valdez-Garcia and other aggrieved employees.

Pursuant to Labor Code Section § 2699.3(a)(2)(A), please notify us and Bakersfield ARC if the LWDA intends to investigate these alleged violations of the Labor Code. Please contact me should you require additional information.

Very truly yours,
HAINES LAW GROUP, APC



Paul K. Haines

cc: Bakersfield ARC, Inc. (via certified mail),
Bakersfield ARC Foundation (via certified mail)

PROOF OF ACCEPTANCE (ELECTRONIC)

PRODUCED DATE: 10/03/2023

HAINES LAW GROUP:

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9214 8901 9403 8332 2502 74

Our records indicate that this item was accepted by the USPS at:

SHIPMENT RECEIVED ACCEPTANCE PENDING EL SEGUNDO,CA 90245 10/02/2023

ORIGINAL INTENDED RECIPIENT:

BAKERSFIELD ARC INC

C/O: JAY L ROSENLIB

10000 STOCKDALE HWY STE 200

BAKERSFIELD CA 93311-3603



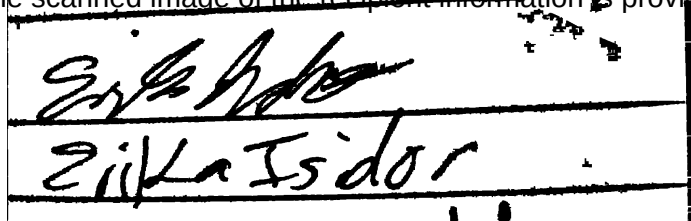
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Date Produced: 10/05/2023

ConnectSuite Inc.:

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Signature of Recipient :

A scanned image of a handwritten signature in black ink. The signature appears to be "Zilka Isidor" written on a white background with horizontal lines.

Address of Recipient :

A scanned image of a handwritten address in black ink. The address "10000 Stockdale" is written on a white background with horizontal lines.

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C/O: JAY L ROSENLIB
STE 200
10000 STOCKDALE HWY
BAKERSFIELD CA 93311-3603

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BAKERSFIELD ARC FOUNDATION
C/O: JAY L ROSENLIEB
10000 STOCKDALE HWY STE 200
BAKERSFIELD CA 93311-3603



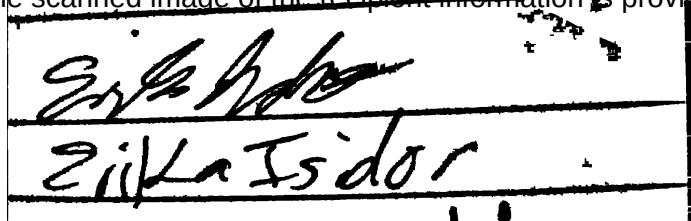
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Date Produced: 10/05/2023

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Signature of Recipient :



Zilka Isidor

Address of Recipient :



10000 Stockdale

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C/O: JAY L ROSENLIB
STE 200
10000 STOCKDALE HWY
BAKERSFIELD CA 93311-3603

Customer Reference Number: C4505110.26922179