

Private Attorneys General Act Settlement Agreement

IT IS HEREBY STIPULATED AND AGREED by and among the undersigned Parties, subject to the approval of the Court, that the Action and PAGA Released Claims shall be settled and resolved subject to the following terms and conditions set forth herein. This Settlement Agreement (“Settlement Agreement”), is entered into by and between Plaintiff Daniel Alcala Alejo and Plaintiff Hagop Hairabedian (“Plaintiffs”), for themselves and on behalf of the State of California and other Aggrieved Employees pursuant to the California Private Attorneys General Act, and AZ Air Conditioning, Inc., AG Air Conditioning, Inc; Green Air, Inc; and Aria Heating and Cooling, Inc. (“Defendant”) (collectively, the “Parties”).

This Settlement Agreement shall be effective upon the date the Court executes the order approving the Settlement Agreement (the “Effective Date”).

I. DEFINITIONS

Unless otherwise defined herein, the following terms, when used in this Settlement Agreement, shall have the following meanings:

1. “Action” means the matter entitled *Daniel Alcala Alejo, et al v. AZ Air Conditioning et al*, Los Angeles Superior Court Case No. 24VECV03099.

2. “Aggrieved Employees” mean all current and former hourly-paid, non-exempt employees who were employed by Defendant in the State of California at any time during the PAGA Period.

3. “Approval Order” means the proposed Court Order Granting Approval of PAGA Settlement.

4. “Complaint” means the claims and allegations set forth in Plaintiff’s correspondence to the California Labor and Workforce Development Agency dated April 2, 2024 (“LWDA Letter”), the Complaint filed on July 5, 2024, and the First Amended Complaint (“Complaint” and/or “Operative Complaint”) filed on April 14, 2025 in the Action.

5. “Court” or “Los Angeles Superior Court” means the Superior Court of California for the County of Los Angeles.

6. “Defendant” means Defendant AZ Air Conditioning, Inc; AG Air Conditioning, Inc; Green Air, Inc; and Aria Heating and Cooling, Inc.

7. “Defense Counsel” or “Counsel for Defendant” means Jason E. Murtagh, Esq., of Buchanan Ingersoll & Rooney, LLP., 600 West Broadway, Suite 1100 San Diego, California 92101.

8. “Employee PAGA Portion” is the amount to be distributed to the Aggrieved

Employees, on a pro rata basis, which shall consist of 25% of the PAGA Penalties Amount, as provided in Section III.3 herein.

9. "Employee Payments" refers to the PAGA Penalty Payments that will be distributed to Aggrieved Employees as provided in Section IV.3 herein.

10. "Effective Date" means the date by when both of the following have occurred: (a) the Court enters a Judgment on its Order Approving the PAGA Settlement and (b) the Judgment is final. The Judgment is final as of the day the Court enters Judgment.

11. "Gross Settlement Amount" is the sum of \$223,000, which represents the total amount payable under this Settlement Agreement by Defendant, and includes the Employee PAGA Portion payable to Aggrieved Employees, Plaintiffs' Service Awards, LWDA Payment payable to the LWDA, PAGA Counsel Fees Payment not to exceed 40% of the Gross Settlement Amount (i.e., \$89,200.00) to Plaintiff's Counsel, Court-Awarded Litigation Costs not to exceed \$10,000.00 to Plaintiff's Counsel, and Court-Awarded Payment to the Settlement Administrator for Settlement Administration Costs, not to exceed \$4,950.00

12. "Individual PAGA Payment" means the Aggrieved Employee's pro rata share of 25% of the PAGA Penalties calculated according to the number of Workweeks worked during the PAGA Period.

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

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

15. "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, Plaintiffs' Service Award, Attorneys' Fees to Plaintiff's Counsel, Litigation Costs to Plaintiff's Counsel, Administration Expenses Payment. The remainder is to be paid to Aggrieved Employees as Individual PAGA Payments.

16. "Plaintiff's Counsel" or "PAGA Counsel" means Christopher A. Adams, Esq., Levon S. Yepremian, Esq. Vache A. Thomassian, Esq., and Caspar Jivalagian, Esq. of KJT Law Group, LLP. 230 N. Maryland Ave. Suite 306, Glendale CA 91206.

17. "PAGA" means the California Labor Code Private Attorneys General Act, California Labor Code §§ 2698, *et seq.*

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

19. "PAGA Notice" means Plaintiff's April 22, 2024, letter to Defendant and the LWDA providing notice pursuant to Labor Code section 2699.3, subd. (a).

20. "PAGA Pay Period" means any Pay Period during which an Aggrieved Employee worked for Defendant for at least one day during the PAGA Period.

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

22. "PAGA Period" means the time period from April 2, 2023 through the date of the Approval Order.

23. "Plaintiffs' Service Awards" means an amount from the Gross Settlement Amount not to exceed \$10,000) to be paid to each Plaintiff (\$20,000 in total for both Plaintiffs) in recognition of their effort in prosecuting the Action for the benefit of the State of California and Aggrieved Employees. Plaintiffs' Service Award is subject to Court Approval. The Service Award shall be in addition to any Individual PAGA Payment to which Plaintiffs are entitled. The Administrator will issue Plaintiff an IRS Form 1099 in connection with this payment. Any portion of Plaintiff's Service Award not approved by the Court shall be added to the Net Settlement Amount to be distributed to the Aggrieved Employees.

24. "Released PAGA Claims" means the claims being released as described in Paragraph III.5___ below.

25. "Released Parties" means AZ Air Conditioning, Inc., AG Air Conditioning, Inc, Green Air, Inc., Aria Heating and Cooling, Inc., Yitchak "Zack" Giron, Yuval Giron and Rafi Sharon, and each of its and their former, present, and future parents, subsidiaries, affiliates, and related entities, and each of its and their former, present, and future owners, directors, officers, employees, shareholders, members, attorneys, insurers, predecessors, successors, assigns, affiliates or subsidiaries.

26. "Settlement" means the disposition of the Action effected by this Agreement and the Judgment.

27. "Settlement Administrator" means ILYM Group, Inc., a neutral third-party administrator who shall administer the Settlement, subject to approval by the Court, in accordance with this Settlement Agreement, and whose costs and expenses to administer the Settlement are currently estimated not to exceed \$4,950.00 ("Settlement Administration Costs").

II. RECITALS

1. Plaintiffs filed the Complaint against Defendant on April 14, 2025, alleging the following eight causes of action: (1) Failure to Pay Minimum Wage; (2) Failure to Pay Overtime Wages; (3) Failure to Provide Meal Periods; (4) Failure to Provide Rest Periods; (5) Failure to Furnish Accurate Wage Statements; (6) Waiting Time Penalties; (7) Failure to Reimburse for Business Expenditures and Losses; and (8) Civil Penalties Under the Private Attorneys General Act. Plaintiffs brought the Complaint seeking civil penalties on behalf of themselves, the State of California, and a PAGA group of all current and former hourly employees of Defendant.

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

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

4. On March 27, 2025, the Parties attended mediation with experienced wage-and-hour mediator the Honorable Gregory Keosian and at that time the Parties participated in arm's length negotiations after undertaking an investigation and the exchange of information and documents pertaining to Plaintiffs and the Aggrieved Employee. Specifically, in anticipation of the mediation, Plaintiffs' counsel informally requested that Defendant produce its relevant policies, procedures, and practices, sample time records and wage statements, and data demonstrating estimated representative size and pay periods of the Aggrieved Employees. In response, Defendant produced its wage-and-hour policies that are contained in its employee handbook, sample time records, and representative information. Using these documents, Plaintiffs' counsel prepared a thorough analysis of the claims in the Action.

5. Plaintiffs obtained, through informal discovery, a representative sample of wage and pay data for Plaintiffs and the Aggrieved Employees during the PAGA Period. Plaintiffs' counsel analyzed this data and obtained a calculation of damages for Defendant's alleged wage-and-hour violations.

6. After rigorous negotiations, the Parties agreed to fully and finally resolve the Action and the PAGA Released Claims as to Plaintiffs, the State of California, and the Aggrieved Employees.

7. The Parties, PAGA 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.

III. OPERATIVE TERMS OF SETTLEMENT AGREEMENT

The Parties agree as follows:

1. **Non-Admission.** Nothing in this Settlement Agreement nor action taken in implementation thereof shall be construed to be an admission or concession by Plaintiffs that

their claims do not have merit or by Defendant of any liability or wrongdoing as to Plaintiffs, Aggrieved Employees, or any other person, and Defendant specifically disclaims any such liability or wrongdoing. Nor will any of the foregoing be used in any way in any other judicial, arbitral, administrative, investigative, or other forum or proceeding, as evidence of any violation of any federal, state, or local law, statute, ordinance, regulation, rule, or executive order, or any obligation or duty at law or in equity. 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). The Parties have entered into this Settlement Agreement with the intention to avoid further disputes and litigation with the attendant inconvenience, expenses, and risks. This Settlement Agreement and any related Court documents or orders are not and may not be cited or admitted as evidence of liability.

2. **Gross Settlement Amount.** Defendant shall pay \$223,000 as the Gross Settlement Amount. Defendant will not pay more than the Gross Settlement Amount. Defendant has no obligation to pay the Gross Settlement Amount prior to the Court's Approval of Settlement.

3. **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:

a. To PAGA Counsel: A PAGA Counsel Fees Payment of not more than 40% of the Gross Settlement, or \$89,200.00 and PAGA Counsel Litigation Expenses Payment of not more than \$10,000. Defendant will not oppose requests for Court approval of these payments provided that they do not exceed these amounts. Plaintiff and/or PAGA Counsel will file an application or motion for PAGA Counsel Fees Payment and PAGA Litigation Expenses Payment. If the Court approves a PAGA Counsel Fees Payment and/or PAGA Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to PAGA Counsel or any other Plaintiff's Counsel arising from any claim to any portion of PAGA Counsel Fee Payment and/or PAGA Counsel Litigation Expenses Payment. The Administrator will pay the PAGA Counsel Fees Payment and PAGA Counsel Expenses Payment using one or more ITS 1099 Forms. PAGA Counsel assumes full responsibility and liability for taxes owed on the PAGA Counsel Fees Payment and the PAGA Counsel Litigation Expenses Payment and hold Defendant harmless, and hereby indemnifies Defendant, from any dispute or controversy regarding any division or sharing of any of these Payments from the Gross Settlement Amount.

b. To the Administrator: An Administrator Expenses Payment not to exceed \$4,950 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 \$4,950 the Administrator will retain the remainder in the Net Settlement Amount.

c. To Plaintiffs: Subject to the Court's approval, Defendant agrees to pay Plaintiff Alcala a Service Award of up to \$10,000, and Plaintiff Hairabedian a Service Award of up to \$10,000, from the Gross Settlement Amount as compensation for their efforts to prosecute

the Action and service as a representative on behalf on aggrieved employees and the State of California.

d. To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of \$98,850.00, which is the estimated Net Settlement Amount, with 75% (\$74,137.50) allocated to the LWDA PAGA Payment and 25% (\$24,712.50) allocated to the Employee PAGA Portion.

i. The Administrator will calculate each Employee's PAGA Portion by (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties (\$24,712.50) the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Period Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

ii. 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. **General Release of Claims by Plaintiffs:** Upon court approval of the PAGA settlement and payment made by Defendant of the Gross Settlement Amount to the Third-Party Administrator, Plaintiffs will release the Released Parties—defined as Defendant, and each of their former, present, and future owners, parents, and subsidiaries, and all of their current, former, and future officers, directors, members, managers, employees, consultants, partners, shareholders, joint venturers, agents, predecessors, successors, assigns, accountants, insurers, reinsurers, and/or legal representatives—from any and all claims Plaintiffs have or may have against them at this time. For purposes of Plaintiffs' Release, each Plaintiff expressly waives and relinquishes the provisions, rights, and benefits, if any, of section 1542 of the California Civil Code, which reads:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Plaintiffs acknowledge that Plaintiffs may discover facts or law different from, or in addition to, the facts or law that Plaintiffs now know or believe to be true but agree, 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. **Release of PAGA Claims by Plaintiffs and Aggrieved Employees.** Upon the funding of the Settlement by Defendant, Plaintiffs, Aggrieved Employees (including their respective former and present spouses, representatives, agents, attorneys (including PAGA Counsel), heirs, administrators, successors the State of California and assigns generally, release and discharge Released Parties from any and all claims, rights, demands, liabilities and causes of action for civil penalties under the PAGA,, including, but not limited to: all claims that were, or reasonably could have been, alleged, based on the facts contained in the Operative Complaint and the PAGA Notice ("Released PAGA Claims"). Released PAGA Claims 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 outside the PAGA Period.. 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 for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Complaint and the PAGA Notice. Except as to Plaintiffs, this release of claims only covers those civil penalties which are recoverable under PAGA, and does not otherwise cover individual, underlying claims or causes of action that Aggrieved Employees may have under the law against Released Parties for violations of the California Labor Code.

Release by PAGA Counsel: PAGA Counsel release on behalf of their present and former attorneys, employees, agents, successors and assigns the Released Parties from all claims for PAGA Fees incurred in connection with the Complaint and the PAGA Period facts stated in the Complaint and the PAGA Notice.

6. **Covenants and Representations by Plaintiffs.** Plaintiffs represent and warrant that they have not assigned or transferred or purported to assign or transfer to any person or entity, any claim or portion thereof, or interest therein, which is or may be subject to this Settlement Agreement.

Plaintiffs acknowledge that they have read this Settlement Agreement, that they fully understand their rights, privileges, and duties under the Settlement Agreement, and enter into this Settlement Agreement freely and voluntarily. Plaintiffs further acknowledge that they have had the opportunity to consult with their attorneys regarding the terms of this Settlement Agreement and the consequences of signing this Settlement Agreement.

7. **Filing of Joint Stipulation or Motion for Approval of Settlement by Plaintiffs' Counsel.** Plaintiffs' Counsel shall be responsible for preparing a Joint Stipulation for Court Approval of PAGA Settlement, or if the Court requires, a Motion for Approval of the Settlement ("Motion"). Plaintiffs' Counsel will file the Motion as soon as practicable. Plaintiffs' Counsel will serve the Motion on Defendant's Counsel and submit it to the LWDA. Pursuant to California Labor Code sections 2698, *et seq.*, Plaintiffs' Counsel shall undertake all required submissions and disclosures to the LWDA and the Court to obtain approval of the Settlement.

a. Plaintiffs will prepare and deliver to Defense Counsel all documents necessary for obtaining approval of this Settlement under Labor Code section 2699, subdivision (f)(2))

including (i) a draft proposed Order Granting Approval of PAGA Settlement; (ii) a signed declaration from PAGA Counsel firm attesting to its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Labor Code section 2699.3, subd. (a)), Operative Complaint (Lab. Code, §2699, subd. (l)(1)), this Agreement (Lab. Code, § 2699, subd. (l)(2)); ; and (iii) all facts relevant to any actual or potential conflict of interest with Aggrieved Employees and/or the Administrator. In their Declarations, Plaintiffs and PAGA Counsel shall aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement.

b. The Parties are aware that some courts have approved a PAGA settlement and entered an order approving the settlement and judgment and thereafter closed the case, while others have approved a PAGA settlement and entered only an order approving the settlement with later instructions to file a request for dismissal of the action. The Parties agree to cooperate and take any and all steps required by the Court in the Actions to implement the settlement and terminate the Actions pursuant to the settlement (i.e., to terminate the Action by way of judgment or dismissal).

8. **Dismissal.** The Settlement Administrator will provide the Parties with a declaration confirming that distribution of payments has been completed in accordance with the Settlement Agreement and the Court's orders within ten (10) business days of distributing all payments under the Settlement. Plaintiffs' Counsel will file the declaration with the Court and required dismissal papers (i.e., a Request for Dismissal of the Action with prejudice) within ten (10) business days of receipt or as otherwise ordered by the Court. This Settlement Agreement is expressly conditioned upon the Court entering the dismissal of the Action in its entirety. The dismissal will not release or bar any claims other than all claims as to Plaintiffs pursuant to Cal. Code Civ. Proc. Section 1542, and the PAGA Released Claims as to Plaintiffs, Aggrieved Employees, and State of California.

IV. ADMINISTRATION OF SETTLEMENT

1. **Settlement Administrator.** The Parties have mutually selected ILYM Group, Inc. to handle the administration of this Settlement, subject to approval by the Court. The Parties have verified that, as a condition of appointment, ILYM Group, Inc. agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Administration Expenses. The Parties 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.

a. **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.

b. **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.

2. **Notice to Aggrieved Employees.**

a. No later than thirty (30) calendar days after the Effective Date, Defendant shall provide the Settlement Administrator with a list of the Aggrieved Employees (the "Aggrieved Employees List"). The Aggrieved Employees List shall include each Aggrieved Employee's full name, last known mailing address, start and end date(s) of employment or total pay periods worked for Defendant in California during the PAGA Period, and Social Security number, to the extent available from Defendant's records. Because Social Security numbers are included in the list, the Settlement Administrator will maintain the list in confidence, and shall only access and use the list to administer the Settlement in conformity with the Court's orders. Defendant will in good faith compile from its records the Aggrieved Employees List and provide it to the Settlement Administrator in a computer-readable format, such as a Microsoft Excel spreadsheet.

b. No later than fourteen (14) calendar days after receipt of the Gross Settlement Amount from Defendant, the Settlement Administrator will mail the Employee Payments under cover letter to each of the Aggrieved Employees identified on the Aggrieved Employees List. The Cover Letter will be provided to the Aggrieved Employees in both English and Spanish. Prior to mailing the Cover Letter, the Settlement Administrator shall check the addresses provided in the Aggrieved Employees List using the United States Postal Service's National Change of Address database and update the addresses for known address changes. Should any of the mailings to the Aggrieved Employees of their Cover Letter and Employee Payments be returned as undeliverable within thirty (30) calendar days of mailing, the Settlement Administrator will have five (5) calendar days after it receives the returned undeliverable mail to search for a more current address for the Aggrieved Employee (via a skip trace or other reasonable method) and re-mail the Cover Letter and Employee Payments to any alternative or updated address obtained by the Settlement Administrator.

3. **Deposit and Distribution of Gross Settlement Amount.**

a. No later than thirty (30) calendar days from the Effective Date ("Funding Date"), Defendant shall fund the Gross Settlement Amount into an account established by the Settlement Administrator, for administration and distribution in accordance with this Settlement Agreement and the Court's orders.

b. The Settlement Administrator shall distribute the following payments: (a) Employee Payments; (b) LWDA Payment; (c) PAGA Counsel Fees Payment; (d) PAGA Counsel Litigation Expenses Payment; and (e) Settlement Administration Costs to Settlement Administrator within twenty-one (21) days after receipt of the payment from Defendant. All payments provided for by this Settlement Agreement shall be made by the Settlement Administrator in accordance with this Settlement Agreement and the Court's order approving this Settlement.

a. Each Aggrieved Employee will be issued one check for his or her Employee Payment which will expire one hundred and eighty (180) calendar days from the date the checks are issued by the Settlement Administrator. After the 180 day-period, the Settlement

Administrator shall cancel all checks that have not been cashed or deposited and remit funds associated with such canceled checks to the State Controller's Office, Unclaimed Property Division in the name associated with each Aggrieved Employee whose Employee Payment checks are canceled.

V. MISCELLANEOUS PROVISIONS

1. **No Impact on Employee Benefit Plans.** Neither the Settlement Agreement nor any amounts paid to Plaintiffs, any Aggrieved Employee, or the LWDA under the Settlement will modify any previously credited hours or service under any employee benefit plan, policy, or bonus program sponsored by Defendant. Such amounts will not form the basis for additional contributions to, benefits under, or any other monetary entitlement under Defendant's sponsored benefit plans, policies, or bonus programs. The payments made under the terms of this Settlement Agreement 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 Defendant's benefit plan, policy, or bonus program. Defendant retains the right, if necessary, to modify the language of their benefit plans, policies, and bonus programs to effect this intent, and to make clear that any amounts paid pursuant to this Settlement Agreement are not for "hours worked," "hours paid," "hours of service," or any similar measuring term as defined by applicable plans, policies, and bonus programs for purposes of eligibility, vesting, benefit accrual, or any other purpose, and that additional contributions or benefits are not required by this Settlement Agreement.

2. **Attorney Authorization.** PAGA Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiffs and Defendant, respectively, to take all appropriate action required or permitted to be taken by such Parties 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.

3. **Tax Consequences.** Plaintiffs and Aggrieved Employees will be solely responsible for correctly characterizing any compensation received under the Settlement on their personal income tax returns for tax purposes, and paying all appropriate taxes due for any and all amounts paid to them under the Settlement. Plaintiffs, Defendant, Plaintiffs' Counsel, and Defense Counsel make no representations or warranties with respect to tax consequences of any payment under this Settlement Agreement, do not intend anything contained in this Settlement Agreement to constitute advice regarding taxes or taxability, nor shall anything in this Settlement Agreement be relied upon as such.

4. **Governing Law.** This Settlement Agreement shall be construed under and governed by the laws of the State of California without regard to any conflict of law or choice of law principles. This Settlement Agreement shall be deemed to have been entered into in California, and all questions of validity, interpretation, or performance of any of its terms or of any rights or obligations of the Parties to this Settlement Agreement shall be governed by California law. If any legal or equitable action or arbitration is necessary to enforce the terms of this Settlement Agreement, it shall be brought in the State of California, County of Los Angeles.

5. **Entire Agreement.** This Settlement Agreement constitutes the entirety of the Parties' settlement terms. No other prior or contemporaneous written or oral agreements may be deemed binding on the Parties. The Parties each acknowledge and represent that no promise or representation not contained in this Settlement Agreement has been made to them and acknowledge and represent that this Settlement Agreement contains the entire understanding between them and contains all terms and conditions pertaining to the compromise and settlement of the Action and PAGA Released Claims.

6. **Judgment and Continued Jurisdiction.** The Parties agree that this Settlement Agreement shall be enforceable by the Court pursuant to California Code of Civil Procedure section 664.6, and the Court, to the fullest extent of the law, shall retain exclusive and continuing jurisdiction over this Action, over all Parties, and the Aggrieved Employees to interpret and enforce the terms, conditions, and obligations of the Settlement Agreement.

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

7. **Amendment or Modification.** This Settlement Agreement may be amended or modified only by a written instrument, signed by either the Parties or their successors-in-interest or counsel for all Parties, subject to approval by the Court.

8. **Authorization to Enter into Binding Settlement Agreement.** Defendant represents and warrants that the undersigned has the authority to act on behalf of Defendant AZ Air Conditioning, Inc. and to bind AZ Air Conditioning, Inc. to the terms of this Settlement Agreement. Plaintiffs represent and warrant that they have the capacity to act on their own behalf and on behalf of all who might claim through to bind them to the terms and conditions of this Settlement Agreement. Counsel for all Parties warrant and represent that they are expressly authorized by the Parties whom they represent to negotiate this Settlement Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant to this Settlement Agreement to effectuate its terms, and to execute any other documents required to effectuate the terms of this Settlement Agreement. The Parties warrant that they understand and have full authority to enter into this Settlement, and further intend that this Settlement Agreement will be fully enforceable and binding on all Parties and agree that it will be admissible and subject to disclosure in any proceeding to enforce its terms, notwithstanding any Settlement and/or mediation privileges and/or confidentiality provisions that otherwise might apply under federal or state law.

9. **Binding on Successors and Assigns.** This Settlement Agreement will be binding

upon, and inure to the benefit of, the successors or assigns of the Parties hereto, as previously defined.

10. **Execution and Counterparts.** This Settlement Agreement may be executed in one or more counterparts. All executed counterparts, and each of them, including facsimile and scanned copies of the signature page, will be deemed to be one and the same instrument provided that counsel for the Parties will exchange among themselves original signed counterparts.

11. **Acknowledgement of Mutual Drafting and that the Settlement is Fair, Adequate, and Reasonable.** The Parties believe this Settlement Agreement is a fair, adequate, and reasonable Settlement of the Action, and have arrived at this Settlement after arm's-length negotiations by experienced counsel. The Parties further acknowledge that they are each represented by competent counsel and that they have had an opportunity to consult with their counsel regarding the fairness and reasonableness of this Settlement. The Parties agree that the terms and conditions of this Settlement Agreement are the result of lengthy, intensive, arm's-length negotiations and that neither Party shall be considered the "drafter" of this Settlement Agreement for purposes of having terms construed against that Party. The Parties have had a full opportunity to negotiate the terms and conditions of this Settlement Agreement. Accordingly, this Settlement Agreement will not be construed more strictly against one Party merely by virtue of the fact that it may have been prepared by counsel for one of the Parties, it being recognized that, because of the arm's-length negotiations between the Parties, all Parties have contributed to the preparation of this Settlement Agreement.

12. **Escalator Clause.** Based on a review of its records to date, Defendant estimates there are approximately 12,640 workweeks through March 27, 2025. Should the total number of workweeks increase by more than 10% (i.e., by more than 1,264 workweeks), Defendant shall increase the Gross Settlement Amount on pro-rata basis equal to the increase in the number of workweeks worked by Aggrieved Employees above 13,904 (e.g. a 1% pro rata increase in the settlement amount for the amount over 10% (1% for 11%, 2% for 12%, *etc.*). Should the total number of workweeks increase by more than 20% (i.e., by more than 2,528 workweeks), Defendant may elect to (i) shorten the release period to stay within the 20% cushion, or (ii) renegotiate or withdraw from the Settlement Agreement.

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

14. **Severability.** If any term or provision of this Settlement Agreement is held to be invalid or unenforceable, the remaining portions of this Settlement Agreement will continue to be valid and will be performed, construed, and enforced to the fullest extent permitted by law, and the invalid or unenforceable term will be deemed amended and limited in accordance with the intent of the Parties, as determined from the face of the Settlement Agreement, to the extent necessary to permit the maximum enforceability or validation of the term or provision.

15. **No Waiver.** No waiver of any condition or covenant contained in this Settlement

Agreement or failure to exercise a right or remedy by any of the Parties hereto will be considered to imply or constitute a further waiver by such Party of the same or any other condition, covenant, right, or remedy.

16. **Cooperation and Execution of Necessary Documents.** All Parties will cooperate in good faith and execute all documents to the extent reasonably necessary to effectuate the terms of this Settlement Agreement. The Parties and their counsel will cooperate with each other and use their best efforts to implement the Settlement. If the Parties are unable to reach agreement on the form or content of any document needed to implement the Settlement, or on any supplemental provisions that may become necessary to effectuate the terms of this Settlement, the Parties may seek the assistance of the Court to resolve such disagreement.

17. **Use and Return of Aggrieved Employee Data.** Information provided to PAGA Counsel pursuant to Cal. Evid. Code § 1152, and all copies and summaries of the PAGA Data provided to PAGA Counsel by Defendant 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 Administrator discharges its obligation to pay out of all Settlement funds, Plaintiffs shall destroy all paper and electronic versions of Aggrieved Employee Data received from Defendant unless, prior to the Administrator's payment of all Settlement Funds, Defendant makes a written request to PAGA Counsel for the return, rather than the destructions, of Aggrieved Employee Data.

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

19. **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.

20. **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 Code of Civil Procedure section 583.330 to extend the date to bring a case to trial under Code of Civil Procedure section 583.310 for the entire period of this settlement process.

21. **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:

FOR PLAINTIFFS:

Christopher A. Adams, Esq.
Levon Yepremian, Esq.
Vache A. Thomassian, Esq.
Caspar Jivalagian, Esq.
KJT LAW GROUP, LLP
230 N. Maryland Avenue
Suite 306
Glendale, CA 91206
(818) 507-8525
Attorneys for Plaintiff

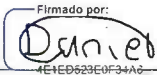
FOR DEFENDANT:

Jason Murtagh, Esq.
Jennifer M. Oliver, Esq.
BUCHANAN, INGERSOLL & ROONEY LLP
600 West Broadway
San Diego, California 92101
Tel.: (619) 239-8700
Fax: (619) 702-3898
E-Mail: jason.murtagh@bipc.com
jennifer.oliver@bipc.com

IN WITNESS THEREOF, the Parties each acknowledge that she/it has read the foregoing Settlement Agreement, accepts and agrees to the provisions contained in this Settlement Agreement, and hereby executes it voluntarily and with full understanding of its consequences.

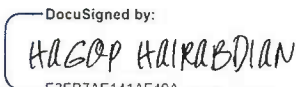
PLAINTIFF: DANIEL ALCALA

Dated: 5/28/2025

By: 
DANIEL ALCALA

PLAINTIFF: HAGOP HAIRABEDIAN

Dated: 5/28/2025

By: 
HAGOP HAIRABEDIAN

DEFENDANT: AZ AIR CONDITIONING, INC.

Dated: _____

By: _____
Name:

APPROVED AS TO FORM AND CONTENT:

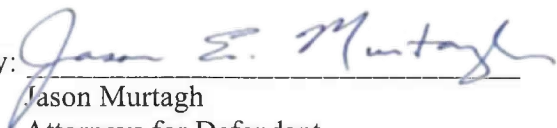
KJT LAW GROUP LLP

Dated: 5/28/2025

By:  _____
Levon Shant Yepremian, Esq.
Attorney for Plaintiffs Daniel Alcala and Hagop
Hairabedian

BUCHANAN INGERSOLL & ROONEY, LLP.

Dated: 5/29/2025

By:  _____
Jason Murtagh
Attorneys for Defendant
AZ Air Conditioning, Inc.

DEFENDANT: AZ AIR CONDITIONING, INC.

Dated: 5/29/25

By: Mykola Petrenko
Mykola Petrenko (May 29, 2025 07:56 PDT)
Name: Mykola Petrenko-Regional President

APPROVED AS TO FORM AND CONTENT:

KJT LAW GROUP LLP

Dated: _____

By: _____
Levon Shant Yepremian, Esq.
Attorney for Plaintiffs Daniel Alcala and Hagop
Hairabedian

BUCHANAN INGERSOLL & ROONEY, LLP.

Dated: _____

By: _____
Jason Murtagh
Attorneys for Defendant
AZ Air Conditioning, Inc.