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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN BERNARDINO

FERNANDO REGALADO, individually, and
on behalf of all others similarly situated,

Plaintiff,

vs.

NEIGHBORHOOD STEEL, LLC, a limited
liability company; and DOES 1 through 10,
inclusive,

Defendants

Case No.: CISB2427089

CLASS ACTION

[Hon. Tony Raphael, Dept. S36]

**JOINT STIPULATION OF CLASS AND
REPRESENTATIVE ACTION
SETTLEMENT AGREEMENT**

Complaint filed: September 4, 2024
Trial date: Not set

This Joint Stipulation of Class and Representative Action Settlement (“Settlement Agreement,” “Settlement,” or “Agreement”) is made by and between Fernando Regalado (“Plaintiff”) and Defendant Neighborhood Steel, LLC (“Defendant”) (Plaintiff and Defendant collectively, “the Parties,” and individually “Party”).

1. DEFINITIONS.

1.0. “Action” means the action entitled *Fernando Regalado v. Neighborhood Steel, LLC*, San Bernardino County Superior Court, Case No. CIVSB2427089.

1.1. “Administrator” means Phoenix Class Action Administration Solutions (“Phoenix”) the neutral entity the Parties have designated to administer the Settlement.

1.2. “Administration Expenses Payment” means the court-approved amount allocated to the Administrator for reimbursement of its reasonable fees and expenses incurred to administer the Settlement, not to exceed \$10,000.00.

1.3. “Aggrieved Employees” or “PAGA Group” means all current and former non-exempt employees paid on an hourly or piece-rate basis who worked for Defendant in California at any time during the PAGA Period.

1.4. “Class” or “Class Member(s)” or “Settlement Class Member(s)” means all current and former non-exempt employees paid on an hourly basis who worked for Defendant in California at any time during the Class Period.

1.5. “Class Counsel” means Moon Law Group, P.C.

1.0. “Class Counsel Fees Payment” means the court-approved amount allocated to Class Counsel for reimbursement of their reasonable fees incurred to prosecute the Action, not to exceed 1/3 of the Gross Settlement Amount.

1.1. “Class Counsel Expenses Payment” means the court-approved amount allocated to Class Counsel for reimbursement of their reasonable expenses incurred to prosecute the Action, not to exceed \$25,000.00.

1.2. “Class Data” or “Class List” means Class Member identifying information in Defendant’s possession, including the Class Member’s name, last-known mailing address, last known telephone number, Social Security number, start and end dates of active employment as a

non-exempt employee of Defendant in the State of California, and any other information required by the Administrator to effectuate this Agreement.

1.3. “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 tracing, and direct contact by the Administrator with Class Members.

1.4. “Class Notice” means the court-approved Notice of Class and Representative Action Settlement and Final Approval Hearing to be mailed to Class Members in English and Spanish substantially in the form attached to this Agreement as Exhibit A and incorporated by reference into this Agreement.

1.5. “Class Period” means September 4, 2020, through through the earlier of sixty days from the date of mediation or the date of preliminary approval.

1.6. “Class Representative” means the named Plaintiff in the Action, Fernando Regalado.

1.7. “Class Representative Service Payment” means the court-approved payment allocated to the Class Representatives for his services in support of the Action and General Release, not to exceed \$10,000.00.

1.8. “Court” means the Superior Court of the State of California, San Bernardino.

1.9. “Defendant” means the named Defendant in the Action, Neighborhood Steel, LLC.

1.10. “Defense Counsel” means Mundell, Odum & Haws, LLP.

1.11. “Effective Date” means the date on which the judgment entered by the Court upon granting final approval of the Class Settlement (the “Judgment”) becomes final. The Judgment is final as of the latest of the following occurrences: (a) if no Class Member objects to the Class Settlement, the day the Court enters Judgment; (b) if one or more Class Members objects to the Class Settlement, the day after the deadline for filing a notice of appeal from the Judgment; or (c) if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur.

1.12. “Final Approval Order” means the Court’s Order Granting Final Approval of the Settlement.

- 1.13. “Final Approval Hearing” means the Hearing on Plaintiff’s Motion for Final Approval of the Settlement.
- 1.14. “Final Judgment” means the Judgment entered by the Court upon granting Final Approval of the Settlement.
- 1.15. “Gross Settlement Amount” means \$436,000.00, the total amount Defendant agrees to pay under the Settlement, except as provided in Paragraph 7.0 below. The Gross Settlement Amount will pay the Individual Class Payments, Individual PAGA Payments, LWDA PAGA Payment, Class Counsel Fees Payment, Class Counsel Expenses Payment, Class Representative Service Payment, and Administration Expenses Payment.
- 1.16. “Individual Class Payment” means the Participating Class Member’s pro rata share of the Net Settlement Amount, calculated according to the number of Workweeks he or she worked during the Class Period.
- 1.17. “Individual PAGA Payment” means the Aggrieved Employee’s pro rata share of 35% of the PAGA Penalties allocated pursuant to California Labor Code (“Labor Code”) section 2699(m) and calculated according to the number of PAGA Pay Periods he or she worked during the PAGA Period.
- 1.18. “LWDA” means the California Labor and Workforce Development Agency.
- 1.19. “LWDA PAGA Payment” means the LWDA’s 65% share of the PAGA Penalties, allocated pursuant to Labor Code section 2699(m).
- 1.20. “Net Settlement Amount” means the Gross Settlement Amount less the following court-approved payments: Individual PAGA Payments, LWDA PAGA Payment, Class Counsel Fees Payment, Class Counsel Expenses Payment, Class Representative Service Payment, and Administration Expenses Payment. The remainder is to be paid to Participating Class Members as Individual Class Payments.
- 1.21. “Non-Participating Class Member” means a Class Member who opts out of the Settlement by sending the Administrator a valid and timely Request for Exclusion.
- 1.22. “Operative Complaint” means the First Amended Complaint filed in the Action.
- 1.23. “Objection” means a Class Member’s written or verbal objection to a term of, or the terms

of, the Settlement.

1.24. “PAGA Pay Period” means any pay period during which an Aggrieved Employee worked for Defendant for at least one day during the PAGA Period.

1.25. “PAGA Period” means August 31, 2023, through the date the Class Period ends.

1.26. “PAGA” means the Labor Code Private Attorneys General Act, Labor Code sections 2698, et seq.

1.27. “PAGA Notice” means Plaintiff’s August 31, 2024 letter to the LWDA providing written notice pursuant to Labor Code section 2699.3(a).

1.28. “PAGA Penalties” means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount in settlement of the Released PAGA Claims, not to exceed \$40,000.00.

1.29. “Participating Class Member” means a Class Member who does not submit a valid and timely Request for Exclusion.

1.30. “Plaintiff” means the named Plaintiff in the Action, Fernando Regalado.

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

1.32. “Released Class Claims” means the claims released as described in Paragraph 5.1.

1.33. “Released PAGA Claims” means the claims released as described in Paragraph 5.2.

1.34. “Released Parties” means Defendant Neighborhood Steel, LLC, and each of its former and present directors, officers, shareholders, owners, members, attorneys, insurers, predecessors, successors, assigns, subsidiaries, and affiliates.

1.35. “Request for Exclusion” means a Class Member’s written request to be excluded from the Settlement.

1.36. “Response Deadline” means forty-five (45) calendar days from the date the Administrator mails the Class Notice to the Class and the last date on which Class Members may: (a) mail a Request for Exclusion from the Settlement; or (b) mail an Objection to the Settlement. Class Members to whom a Class Notice is resent after having been returned undeliverable to the Administrator shall have an additional fourteen (14) calendar days

beyond the Response Deadline to timely mail a Request for Exclusion or Objection.

1.37. “Workweek” means any calendar week during the Class Period in which a Class Member worked at least one day for Defendant.

2. **RECITALS.**

2.0. On August 31, 2024, Plaintiff submitted to the LWDA, and sent via certified mail to Defendant, a Notice of Labor Code Violations pursuant to Labor Code section 2699.3(a).

2.1. On September 4, 2024, Plaintiff filed a class action complaint in this action against Defendant alleging violations of California law for: (1) failure to pay minimum wages; (2) failure to pay overtime compensation; (3) failure to provide meal periods; (4) failure to authorize and permit rest periods; (5) failure to indemnify necessary business expenses; (6) failure to timely pay final wages at termination; (7) failure to provide accurate itemized wage statements; and (8) unfair business practices.

2.2. On March 25, 2025, Plaintiff filed a First Amended Complaint adding a ninth cause of action for civil penalties under PAGA (“Operative Complaint”).

2.3. Thereafter, the Parties engaged in further investigation and informal discovery and participated in a mediation on March 18, 2026, before Hon Carl J. West (Ret.). The Parties reached a settlement on a class basis at the mediation.

2.4. Before mediation, Plaintiff obtained through informal discovery, sample of the time and corresponding payroll records of the Class, the employee handbook and policies in effect during the Class Period and the PAGA Period, and other Class Member data and documents.

3. **MONETARY TERMS.**

3.0. Gross Settlement Amount. Except as otherwise provided by Paragraph 7.0 below, Defendant will pay \$436,000.00 as the Gross Settlement Amount and all employer payroll taxes owed on the Wage Portions of the Individual Class Payments, which shall be paid separately. Defendant has no obligation to pay the Gross Settlement Amount or any payroll taxes before the deadline stated in Paragraph 4.0 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 Defendant.

3.1. 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 Order:

3.1.1. To Plaintiff: A Class Representative Service Payments to the Class Representatives of not more than \$10,000.00, in addition to the Individual Class Payment and Individual PAGA Payment the Class Representative is entitled to receive as a Participating Class Member and Aggrieved Employee. Defendant will not oppose Plaintiff's request for a Class Representative Service Payment that does not exceed this amount. Plaintiff and/or Class Counsel will file a Motion supporting the Class Representative Service Payment no later than sixteen (16) court days before the Final Approval Hearing. If the Court approves of a Class Representative Service Payment that is 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 shall be solely and legally responsible for paying any applicable taxes on this payment and shall hold Defendant harmless from any claim or liability for taxes, penalties, or interest arising as a result of the payment. Defendant makes no representations as to the tax treatment or legal effect of the payment called for herein, and Plaintiff is not relying on any statement or representation by Defendant or its counsel in this regard.

3.1.2. To Class Counsel: A Class Counsel Fees Payment not to exceed 1/3 of the Gross Settlement Amount or \$145,333.33, whichever is greater, and a Class Counsel Expenses Payment not to exceed \$25,000.00. Defendant will not oppose Plaintiff's request for Class Counsel Fees and Class Counsel Expenses Payments that do not exceed these amounts. Plaintiff and/or Class Counsel will file a Motion supporting the Class Counsel Fees and Class Counsel Expenses

1 Payments no later than sixteen (16) court days before the Final Approval
2 Hearing. If the Court approves of Class Counsel Fees and/or Class Counsel
3 Expenses Payments that are less than the amounts requested, the Administrator
4 will allocate the remainder to the Net Settlement Amount. Released Parties shall
5 have no liability to Class Counsel or any other Plaintiffs' Counsel arising from
6 any claim to any portion of any Class Counsel Fees and/or Class Counsel
7 Expenses Payments. The Administrator will pay the Class Counsel Fees and
8 Class Counsel Expenses Payments using one or more IRS 1099 Forms. Class
9 Counsel assumes full responsibility and liability for taxes owed on the Class
10 Counsel Fees and Class Counsel Expenses Payments. Class Counsel holds
11 Defendant harmless, and indemnifies Defendant, from any dispute or controversy
12 regarding any division or sharing of any of these Payments.

13 3.1.3. To the Administrator: An Administration Expenses Payment of not more than
14 \$10,000.00, except for a showing of good cause and as approved by the Court.
15 Plaintiff and/or Class Counsel will file a Motion supporting the Administration
16 Expenses Payment no later than sixteen (16) court days before the Final Approval
17 Hearing. If the Court approves of an Administration Expenses Payment that is
18 less than the amount requested, or if the Administration Expense Payment is less
19 than the amount allocated under this Agreement, the Administrator will allocate
20 the remainder to the Net Settlement Amount. To the extent the actual
21 Administration Expenses Payment is greater than \$10,000.00, such excess
22 amount will be taken from the Gross Settlement Amount, subject to the Court's
23 approval.

3.1.3.1. To Each Participating Class Member: The Administrator will calculate each Individual Class Payment by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members during the Class Period and (b) multiplying the result by each Participating Class Member's Workweeks. Non-Participating Class Members will not receive an Individual Class Payment. 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.

3.1.3.2. Tax Allocation of Individual Class Payments. Twenty percent (20%) of each Participating Class Member's Individual Class Payment will be allocated to the settlement of claims for wages (the "Wage Portion"). The Wage Portions are subject to tax withholding and will be reported on an IRS W-2 Form. Eighty percent (80%) of each Participating Class Member's Individual Class Payment will be allocated to the 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 employee taxes owed on their Individual Class Payment.

3.1.4. To the LWDA and Aggrieved Employees: PAGA Penalties in the total amount of Ten Thousand Dollars (\$40,000.00) shall be paid from the Gross Settlement Amount, with sixty-five percent (65%) (\$26,000.00) allocated to the LWDA PAGA Payment and thirty-five percent (35%) (\$14,000.00) allocated to the Individual PAGA Payments.

3.1.4.1. To Each Aggrieved Employee: The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 35% share of PAGA Penalties by the total number of PAGA

Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Pay Periods.

3.1.4.2. Tax Allocation of Individual PAGA Payments. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment. One hundred percent (100%) of each Individual PAGA Payment will be allocated as penalties. If the Court approves PAGA Penalties 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.

4.0. Funding of Gross Settlement Amount. The Gross Settlement Amount, together with all employer-side payroll taxes owed on the wage portions of the Individual Class Payments, shall be fully funded by transmission of such funds to the Administrator no later than fourteen (14) days following the Effective Date.

4.1. Payments from the Gross Settlement Amount. No later than fourteen (14) calendar days after Defendant funds the entire Gross Settlement Amount, the Administrator shall mail checks for the Individual Class Payments, Individual PAGA Payments, LWDA PAGA Payment, Class Counsel Fees Payment, Class Counsel Expenses Payment, Class Representative Service Payment, and Administration Expenses Payment.

4.1.1. 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 with postage prepaid. Before mailing any checks, the Administrator must update the recipient's mailing addresses using the National Change of Address Database. The face of each check shall prominently state the date the check will be voided. Each check will be voided 180 days after the date of mailing ("void date"). The Administrator will cancel all checks not cashed by the

void date. The Administrator will send checks for Individual Class Payments to all Participating Class Members, including those for whom a 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 and those for whom a Class Notice was returned undelivered. The Administrator may send Participating Class Members a single check combining the Individual Class Payment and Individual PAGA Payment.

4.1.2. No later than fourteen (14) calendar days after 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 for Class Members whose checks are returned undelivered without a USPS forwarding address. Thereafter, the Administrator need not take further steps to deliver checks to Class Members whose re-mailed checks are returned as undelivered. However, the Administrator shall promptly send a replacement check to any Class Member whose original check was lost or misplaced and who requests the replacement before the void date.

4.1.3. For any Class Member whose Individual Class Payment check or Individual PAGA Payment check is uncashed and cancelled after the void date, or for any Class Member whose envelope is returned and no forwarding address can be located for the Class Member after reasonable efforts have been made, the Administrator shall transmit the funds represented by such checks to the California Controller's Unclaimed Property Fund in the name of the Class Member, thereby leaving no "unpaid residue" subject to the requirements of California Code of Civil Procedure ("CCP") section 384(b).

4.1.4. The payment of Individual Class Payments and Individual PAGA Payments shall not obligate Defendant 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. Rather, it is the Parties' intention that this Agreement will not affect any rights, contributions, or amounts to which any Class Members may be entitled under any benefit plans.

5. RELEASES OF CLAIMS.

Effective on the date Defendant fully funds the entire Gross Settlement Amount and all employer payroll taxes owed on the Wage Portions of the Individual Class Payments, Plaintiff, Participating Class Members, and Aggrieved Employees will release claims against all Released Parties as follows:

5.0. Plaintiff's Release. Plaintiff shall release all claims related to his employment, including all claims alleged in the Action, and be bound by a Civil Code Section 1542 release and waiver of all claims known and unknown, without exception, except as may be prohibited by law. This specifically excludes claims for unemployment insurance, disability, social security, and workers' compensation (except for claims pursuant to Labor Code Sections 132a and 4553). Plaintiff expressly waives the provisions of California Civil Code section 1542, which provides:

"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 acknowledges that he has read and understands Section 1542 and knowingly and voluntarily waives the rights and benefits afforded by that section with respect to the Claims released herein. Plaintiff agrees that this Agreement is entered into knowingly and voluntarily. Plaintiff represents and warrants that he has full authority to enter into this Agreement and that she has not assigned, transferred, or conveyed any interest in any Claims to any spouse or to any other third party.

5.1. Release by Participating Class Members: All Class Members who do not timely opt out of the Settlement will release the Released Parties from all claims that were alleged in

Plaintiff's operative First Amended Class Action and Representative Action Complaint or that reasonably could have been alleged based on the facts stated therein ("Released Class Claims"). The Released Class Claims exclude any claims for vested benefits, unemployment benefits, disability benefits, social security benefits or workers' compensation benefits that arose at any time, any claims that are not releasable as a matter of law or public policy, and any claims arising outside the Class Period. (collectively, the "Released Class Claims").

5.2. PAGA Released Claims: Plaintiff will release, on behalf of himself, the LWDA and all other Aggrieved Employees, all claims against the Released Parties for civil penalties pursuant to the California Private Attorney's General Act of 2004, Lab. Code §§ 2698, *et seq.*, which were alleged in Plaintiff's PAGA Notice to the LWDA dated August 31, 2024, or on the same primary rights as alleged in the LWDA notice and in Plaintiff's operative First Amended Class Action and Representative Action Complaint ("Released PAGA Claims"). The Released PAGA Claims include only claims for penalties under PAGA and excludes any claims arising outside the PAGA Period. (collectively, the "Released PAGA Claims").

6. SETTLEMENT ADMINISTRATION.

6.0. Selection of Administrator. The Parties have jointly selected Phoenix to serve as the Administrator and verified that, as a condition of appointment, Phoenix agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for the Administration Expenses Payment. 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.

6.1. Class Data. No later than twenty-one (21) calendar days after the Court grants Preliminary Approval of the Settlement, Defendant will 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 the 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 the Settlement. Defendant has 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 Defendant 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.

6.2. Notice of Receipt of Class Data. 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, Aggrieved Employees, Workweeks, and PAGA Pay Periods in the Class Data.

6.3. Notice to Class Members. No later than fourteen (14) calendar days after receiving the Class Data from Defendant, the Administrator will send all Class Members identified in the Class Data, via first-class United States Postal Service (“USPS”) mail, the Class Notice in English and Spanish, substantially in the form attached to this Agreement as Exhibit A. The first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment and/or Individual PAGA Payments payable to the Class Member and/or Aggrieved Employee, and the number of Workweeks and PAGA Pay Periods used to calculate these amounts. Before mailing the Class Notices, the Administrator shall update Class Member addresses using the National Change of Address database.

6.4. Remailing of Class Notice. No later than three (3) business days after its 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 USPS. If 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. The Administrator has no obligation to make further attempts to locate or send the Class Notice to Class Members whose Class Notice is returned by USPS a second time.

1 6.4.1. The deadlines for Class Members' Objections, Challenges to Calculation of
2 Workweeks and/or PAGA Pay Periods, and Requests for Exclusion will be
3 extended an additional fourteen (14) calendar days beyond the forty-five (45)
4 calendar days otherwise provided in the Class Notice for all Class Members whose
5 notice is re-mailed. The Administrator will inform the Class Member of the
6 extended deadline with the re-mailed Class Notice.

7 6.4.2. If the Administrator, Defendant, Defense Counsel, or Class Counsel is contacted
8 by or otherwise discovers any persons who believe they should have been included
9 in the Class Data and should have received Class Notice, the Parties will
10 expeditiously meet and confer in person or by telephone, and in good faith, to agree
11 on whether to include them as Class Members. If the Parties agree, such person(s)
12 will be Class Members entitled to the same rights as other Class Members, and the
13 Administrator will send, via email or overnight delivery, a Class Notice requiring
14 them to exercise options under this Agreement no later than fourteen (14) calendar
15 days after receipt of the Class Notice, or the deadline in the Class Notice,
16 whichever is later.

17 6.5. Requests for Exclusion (Opt-outs) and Exclusion List. The Administrator will promptly
18 review Requests for Exclusion on a rolling basis to ascertain their validity and timeliness.
19 No later than five (5) days after the expiration of the deadline for submitting Requests for
20 Exclusion, the Administrator shall email a list to Class Counsel and Defense Counsel
21 containing the names and other identifying information of Class Members who have
22 submitted Requests for Exclusion, regardless of whether the requests are valid and timely
23 ("Exclusion List"); and (b) copies of all Requests for Exclusion submitted, regardless of
24 whether the requests are valid and timely.

25 6.6. Weekly Reports. The Administrator must, on a weekly basis, provide written reports to
26 Class Counsel and Defense Counsel that tally the number of Class Notices mailed or re-
27 mailed, Class Notices returned undelivered, Requests for Exclusion received (whether
28 valid or invalid), Objections received, Challenges to Workweeks and/or PAGA Pay

Periods received and/or resolved, and checks mailed for Individual Class Payments and Individual PAGA Payments (“Weekly Report”). The Weekly Reports must attach copies of all Requests for Exclusion and Objections received.

6.7. Administrator’s Declaration. No later than seven (7) business days after the Response Deadline, the Administrator will provide Class Counsel and Defense Counsel a signed declaration suitable for filing in Court attesting to (i) its due diligence and compliance with all of its obligations under this Agreement, including, but not limited to, its mailing of the Class Notice, (ii) the total number of Class Notices returned as undelivered, (iii) the total number of re-mailed Class Notices, (iv) its attempts to locate Class Members, (v) the total number of Requests for Exclusion received (valid or invalid), (vi) the total number of Objections received (valid or invalid), (vii) the total number of Participating Class Members and Workweeks, (viii) the total number of Aggrieved Employees and PAGA Pay Periods, and (ix) the lowest, average, and highest Individual Class Payment and Individual PAGA Payment. 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.

6.8. Final Report by Settlement Administrator. No later than fourteen (14) calendar days after the Administrator disburses all funds in the Gross Settlement Amount, the Administrator will provide Class Counsel and Defense Counsel with (i) a final report detailing its disbursements by employee identification number only of all payments made under this Agreement, and (ii) 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.

6.9. 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.

6.10. Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund (“QSF”) under US Treasury Regulation §

468B-1.

6.11. Website, Email Address, and Toll-Free Number. The Administrator will establish, maintain, and use an internet website to post information of interest to Class Members, including the date, time, and location of the Final Approval Hearing and copies of the Settlement Agreement, Motion for Preliminary Approval, Preliminary Approval, Class Notice, Motion for Final Approval, and Final Approval and Judgment. The Administrator will also maintain and monitor an email address and toll-free telephone number to receive Class Member calls, faxes, and emails.

6.12. Class Members' Options.

6.12.1. Requests for Exclusion (Opt-Outs). Each Class Member shall have forty-five (45) calendar days after the Administrator mails the Class Notice (plus an additional fourteen (14) calendar days for Class Members whose Class Notice is re-mailed) to exclude themselves from the Settlement. A Class Member may exclude himself or herself from the Settlement by mailing a Request for Exclusion to the Administrator. The Request for Exclusion must be valid and timely. To be valid, the Request for Exclusion must (1) include the Class Member's full name, address, telephone number, and signature, and a written statement requesting to be excluded from the Settlement; (2) state the case name and number of the Action; and (3) be mailed to the specified physical address of the Administrator. To be timely, the Request for Exclusion must be postmarked no later than the Response Deadline. The postmark date will be the exclusive means of determining whether a Request for Exclusion has been timely submitted. A Class Member who does not submit a valid and timely Request for Exclusion will be deemed a Participating Class Member and will be bound by all terms of the Settlement if it is granted Final Approval. If a Class Member's Request for Exclusion is timely but invalid, according to the requirements listed herein, that Class Member

1 will be allowed to cure the defect(s). The Administrator will mail the
2 Class Member a cure letter within three (3) business days of receiving
3 the defective submission to advise the Class Member that his or her
4 submission is defective and that the defect must be cured to render the
5 Request for Exclusion valid. The Class Member will have until the later
6 of (a) the Response Deadline or (b) fourteen (14) calendar days from the
7 date of the cure letter, whichever date is later, to postmark the revised
8 Request for Exclusion. The Administrator, Class Counsel, and Defense
9 Counsel may attempt to resolve any Class Member disputes on the
10 validity or timeliness of a Request for Exclusion. However, the Court has
11 the final authority to make decisions consistent with the terms of this
12 Agreement on the validity or timeliness of a Request for Exclusion. The
13 Court's decision shall be final and not appealable or otherwise
14 susceptible to challenge.

15 6.12.1.1. Every Class Member who does not submit a timely and valid
16 Request for Exclusion is deemed to be a Participating Class Member under
17 this Agreement, entitled to all benefits and bound by all terms and
18 conditions of the Settlement, including the Participating Class Members'
19 Release under Paragraph 5.1 of this Agreement, regardless of whether the
20 Participating Class Member actually receives the Class Notice or objects to
21 the Settlement.

22 6.12.1.2. Every Class Member who submits a valid and timely Request for
23 Exclusion is a Non-Participating Class Member and shall not receive an
24 Individual Class Payment or have the right to object to the class action
25 components of the Settlement. Non-Participating Class Members who are
26 Aggrieved Employees are deemed to release the claims identified in
27 Paragraph 5.2 of this Agreement and are eligible for an Individual PAGA
28 Payment.

1 6.12.2. Challenges to Calculation of Workweeks. Each Class Member shall have forty-five
2 (45) calendar days after the Administrator mails the Class Notice (plus an
3 additional fourteen (14) calendar days for Class Members whose Class Notice is
4 re-mailed) to challenge the number of Workweeks and/or PAGA Pay Periods
5 allocated to the Class Member and/or Aggrieved Employee in the Class Notice. A
6 Class Member and/or Aggrieved Employee may challenge the allocation by
7 sending a Challenge to Calculation of Workweeks and/or Pay Periods to the
8 Administrator. The Challenge to Calculation of Workweeks and/or Pay Periods
9 must be timely. To be timely, the Challenge to Calculation of Workweeks and/or
10 Pay Periods must be postmarked no later than the Response Deadline. The
11 postmark date will be the exclusive means of determining whether a Challenge to
12 Calculation of Workweeks and/or Pay Periods has been timely submitted. The
13 Administrator must encourage the challenging Class Member to submit supporting
14 documentation. In the absence of any contrary documentation, the Administrator is
15 entitled to presume that the Workweeks contained in the Class Notice are correct
16 so long as they are consistent with the Class Data. The Administrator shall
17 promptly provide copies of all Challenges to Calculation of Workweeks and/or Pay
18 Periods to Defense Counsel and Class Counsel. The Administrator, Class Counsel,
19 and Defense Counsel may attempt to resolve all Class Member challenges over the
20 calculation of Workweeks and/or Pay Periods. However, the Court has the final
21 authority to make decisions consistent with the terms of this Agreement on all
22 Challenges to Calculation of Workweeks and/or Pay Periods. The Court's decision
23 shall be final and not appealable or otherwise susceptible to challenge.

24 6.12.3. Objections to Settlement. Each Participating Class Members shall have
25 forty-five (45) calendar days after the Administrator mails the Class
26 Notice (plus an additional fourteen (14) calendar days for Class
27 Members whose Class Notice is re-mailed) to object, in writing, to the
28 class action components of the Settlement and/or this Agreement,

1 including contesting the fairness of the Settlement and/or amounts
2 requested for the Class Counsel Fees Payment, Class Counsel Expenses
3 Payment and/or Class Representative Service Payment. Only
4 Participating Class Members may send written Objections to the
5 Administrator. A Participating Class Member may object to the
6 Settlement by (1) appearing at the Final Approval Hearing and verbally
7 objecting to the Settlement or any term thereof; and/or (2) sending a
8 written Objection to the Administrator. The written Objection must be
9 valid and timely. To be valid, the written Objection must (1) include the
10 Class Member's full name, address, telephone number, and signature, the
11 contact information for any attorney representing the objecting Class
12 Member, if any, and the factual and legal bases for the Objection,
13 including any supporting papers, briefs, written evidence, declarations,
14 and/or other evidence; (2) state the case name and number of the Action;
15 and (3) be mailed to the specified physical address of the Administrator.
16 To be timely, the written Objection must be postmarked no later than the
17 Response Deadline. The postmark date will be the exclusive means of
18 determining whether a written Objection has been timely submitted. The
19 Administrator, Class Counsel, and Defense Counsel may attempt to
20 resolve any Class Member disputes on the validity or timeliness of a
21 written Objection. However, the Court has the authority to make final
22 decisions consistent with the terms of this Agreement on the validity or
23 timeliness of a written Objection. The Court's decision shall be final and
24 not appealable or otherwise susceptible to challenge.
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1 **7. ESCALATOR CLAUSE.** Defendant represents that there are 14,548 aggregate
2 workweeks in the Class Period. If the actual number of workweeks is more than 10% of the
3 estimated count (i.e., if the actual number of workweeks is more than 16,002.8), then Defendant at
4 its exclusive discretion shall either (1) end the Class Period and the PAGA Period on the date on
5 which the total number of workweeks is no more than 16,002.8, or (2) agrees to make a
6 proportional increase to the GSA by the percentage increase for each additional workweek above
7 16,002.8. Under the first option, no additional payment is necessary. Defendant agrees to make
8 this determination within seventy (70) calendar days of mediation (i.e., by May 27, 2026).

9 **8. DEFENDANT'S RIGHT TO WITHDRAW.** If the number of valid and timely Requests
10 for Exclusion exceeds fifteen percent (15%) of the total of all Class Members, Defendant may, but
11 is not obligated to, elect to withdraw from the Settlement. If Defendant elects to withdraw from the
12 Settlement, Defendant must meet and confer with Class Counsel no later than fourteen (14)
13 calendar days after expiration of the Response Deadline, and Defendant will be responsible for
14 paying all settlement administration expenses incurred to that point. Further, the Settlement shall
15 be void ab initio, have no force or effect whatsoever, and neither Party will have any further
16 obligation to perform under this Agreement, except as provided in this Paragraph.

17 **9. FINAL APPROVAL.**

18 9.0. Motion for Final Approval. No later than sixteen (16) court days before the calendared
19 Final Approval Hearing, Plaintiff will file a Motion for Final Approval of the Settlement
20 that includes a request for approval of the PAGA settlement under Labor Code section
21 2699(s)(2) and a [Proposed] Final Approval Order and Judgment.

22 9.1. Response to Objections. Each Party retains the right to respond to any Objection raised by
23 a Participating Class Member, including the right to file responsive documents in Court no
24 later than five (5) court days before the Final Approval Hearing, or as otherwise ordered or
25 accepted by the Court.

26 9.2. Duty to Cooperate. If the Court does not grant Final Approval or conditions Final
27 Approval on any material change to the Settlement, including, but not limited to, the scope
28 of release to be granted by Class Members, the Parties will expeditiously work together in

1 good faith to address the Court's concerns by revising the Agreement as necessary to
2 obtain Final Approval. The Court's decision to award less than the amounts requested for
3 the Class Counsel Fees Payment, Class Counsel Expenses Payment, Class Representative
4 Service Payment, and/or Administration Expenses Payment shall not constitute a material
5 modification to the Agreement within the meaning of this Paragraph.

6 9.3. Continuing Jurisdiction of the Court. The Parties agree that, after entry of the Final
7 Judgment, the Court will retain jurisdiction over the Parties, Action, and Settlement solely
8 for purposes of (i) enforcing the Agreement and/or Judgment, (ii) addressing settlement
9 administration matters, and (iii) addressing such post-Judgment matters as are permitted by
10 law, pursuant to CCP section 664.6 and California Rules of Court rule 3.769(h).

11 9.4. Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and
12 conditions of this Agreement, specifically including the Class Counsel Fees and Class
13 Counsel Expenses Payments set forth in this Agreement, the Parties, their respective
14 counsel, and all Participating Class Members waive all rights to appeal from the Judgment,
15 including all rights to post-judgment and appellate proceedings, the right to file motions to
16 vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of
17 appeal does not include any waiver of the right to oppose such motions, writs, or appeals.
18 If an objector appeals the Judgment, the Parties' obligations to perform under this
19 Agreement will be suspended until the appeal is finally resolved and the Judgment
20 becomes final, except as to matters that do not affect the amount of the Net Settlement
21 Amount.

22 9.5. Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment. If the
23 reviewing Court vacates, reverses, or modifies the Judgment in a manner that requires a
24 material modification of this Agreement (including, but not limited to, the scope of release
25 to be granted by Class Members), the Parties shall expeditiously work together in good
26 faith to address the appellate court's concerns and to obtain Final Approval and entry of
27 Judgment, sharing, on a 50-50 basis, any additional administration expenses reasonably
28 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.

9.6. Failure to Approve. If the Court does not approve, either preliminarily or finally, any material term or condition of the Settlement Agreement, or if the Court effects a material change, then this Agreement will be voidable and unenforceable, subject to the Parties' agreement to the contrary, and the costs of administration shall be split equally between the Plaintiffs, on one side, and Defendant, on the other.

10. AMENDED JUDGMENT. If any amended judgment is required under CCP section 384, the Parties will work together in good faith to jointly submit a proposed amended judgment.

11. ADDITIONAL PROVISIONS.

11.0. Entire Agreement. This Agreement and the attached Exhibit A constitute the entirety of the Parties' settlement terms.

11.1. No Admission of Liability. The Parties enter into this Agreement to resolve the dispute that has arisen between them and to avoid the burden, expense, and risk of continued litigation. In entering into this Agreement, Defendant does not admit, and specifically denies, it has violated any federal, state, or local law; violated any regulations or guidelines promulgated pursuant to any statute or any other applicable laws, regulations, or legal requirements; breached any contract; violated or breached any duty; engaged in any misrepresentation or deception; or engaged in any other unlawful conduct concerning their employees. Neither this Agreement, nor any of its terms or provisions, nor any of the negotiations connected with it, shall be construed as an admission or concession by Defendant of any such violations or failures to comply with any applicable law. Except as necessary in a proceeding to enforce the terms of this Agreement, this Agreement and its terms and provisions shall not be offered or received as evidence in any action or proceeding to establish any liability or admission on the part of Defendant or to establish the existence of any condition constituting a violation of, or a non-compliance with, federal, state, local or other applicable law. If Final Approval does not occur, the Parties agree that this

Agreement is void, but remains protected by California Evidence Code section 1152.

11.2. Class Certification or Representative Manageability for Other Purposes. The Parties agree to stipulate to class certification only for purposes of the Settlement. If, for any reason, the Settlement is not approved, the stipulation to certification will be void. If, for any reason the Court does not grant Preliminary Approval, Final Approval, or enter Judgment, Defendant reserves the right to contest certification of any class for any reason, Defendant reserves all available defenses to the claims in the Action, Plaintiffs reserve the right to move for class certification on any grounds available, and Plaintiffs reserve the right to contest Defendant's defenses. The Settlement, this Agreement, and the 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.

11.3. No Press Releases/Advertisements. Neither Plaintiffs nor Plaintiffs' Counsel shall issue any press release or announcement of any kind related in any way to the Settlement. Plaintiffs and Class Counsel agree to limit their statements regarding the terms of the Settlement, whether oral, written, or electronic (including the World Wide Web), to say the Class Action has been resolved and that Plaintiffs and Class Counsel are satisfied with the Settlement terms. Nothing in this Section is intended to interfere with Class Counsel's duties and obligations to faithfully discharge their duties as Class Counsel, including but not limited to: (1) as required by law; (2) as required under the terms of the Settlement; and/or (3) as required under counsel's duties and responsibilities as Class Counsel. This Settlement shall not be advertised or mentioned on any source, including Plaintiff's Counsel's personal or firm website.

11.4. Acknowledgement that the Settlement is Fair and Reasonable. The Parties believe this Settlement is a fair, adequate, and reasonable settlement of the Action and have arrived at this Agreement after arm's-length negotiations and in the context of adversarial litigation, taking into account all relevant factors, present and potential. 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.

11.5. 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.

11.6. Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement, together with its attached Exhibit, 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.

11.7. Attorney Authorization. Class 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.

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

11.9. Waiver. No waiver of any condition or covenant contained in this 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.

11.10. Cooperation. The Parties and their counsel will cooperate 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.

11.11. No Prior Assignments. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Party in this Settlement.

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

11.13. 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.

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

11.15. 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.

11.16. 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.

11.17. 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.

11.18. Use and Return of Class Data. Information provided to Class Counsel pursuant to Evidence Code section 1152, and all copies and summaries of the Class Data provided to Class 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. No later than ninety (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, Plaintiffs shall destroy, all paper and electronic versions of Class Data received from Defendant unless, prior to the Court's discharge of the Administrator's obligation, Defendant makes a written request to Class Counsel for the return, rather than the destructions, of Class Data.

11.19. 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.

11.20. 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.

11.21. 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.

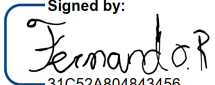
11.22. Binding Agreement. The Parties warrant that they understand and have full authority to enter into this Settlement, intend that this Agreement will be fully enforceable and binding on all Parties, and agree that it will be admissible and subject to disclosure in any proceeding to enforce its terms, notwithstanding any mediation confidentiality provisions that otherwise might apply under federal or state law. Plaintiffs, and not their representative(s), must personally execute this Agreement. An authorized officer of Defendant must execute this Agreement on behalf of Defendant. This Agreement shall become binding and enforceable pursuant to CCP section 664.6.

11.23. 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.

Additional Signatures on the following page.

Plaintiff & Class Representative:

Dated: 4/27/2026

Signed by:

31C52A804843456...
By: _____
Plaintiff, Fernando Regalado

AS TO FORM ONLY - Plaintiff's Counsel:

Dated: 4/27/2026

MOON LAW GROUP, P.C.

By: _____
Kane Moon
Attorneys for Plaintiff

Defendant:

Dated: _____, 2026

By: _____
Print Name

Signature

Title

1 11.23. Stay of Litigation. The Parties agree that upon the execution of this Agreement the
2 litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties
3 further agree that upon the signing of this Agreement that pursuant to CCP section 583.330
4 to extend the date to bring a case to trial under CCP section 583.310 for the entire period of
5 this settlement process.

6 Additional Signatures on the following page.

7 **Plaintiff & Class Representative:**

8
9 Dated: , 2026

By: _____
Plaintiff, Fernando Regalado

10
11
12 **AS TO FORM ONLY - Plaintiff's Counsel:**

13 Dated: , 2026

MOON LAW GROUP, P.C.

14
15 By: _____
Kane Moon

16 Attorneys for Plaintiff

17
18 Defendant:

19 Dated: 4.23 , 2026

20 By: Krissi Parks
21 Print Name

22 Krissi Parks
23 Signature

24 VP of Human Resources
25 Title

1 AS TO FORM ONLY- Defendant's Counsel:

2 Dated: 4/23, 2026

MUNDELL, ODLUM & HAWS, LLP

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4 By: 
5 James A. Odum
6 Attorneys for Defendant
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Exhibit A

NOTICE OF CLASS AND REPRESENTATIVE ACTION SETTLEMENT

PLEASE READ THIS NOTICE

Your legal rights are affected whether or not you act. Please read this notice carefully.

In the class and representative action entitled *Fernando Regalado v. Neighborhood Steel, LLC*, San Bernardino County Superior Court, Case No. CIVSB2427089 (“Action”), Plaintiff Fernando Regalado (“Plaintiff”) alleges Defendant Commodity Neighborhood Steel, LLC (“Defendant”) violated several provisions of the California Labor Code and California Business and Professions Code, and owes civil penalties to the Labor and Workforce Development Agency (“LWDA”) and Aggrieved Employees (defined below) under the Private Attorneys General Act, California Labor Code sections 2698, et seq. (“PAGA”). Defendant denies any liability or wrongdoing of any kind and contends, among other things, that it complied at all times with the California Labor Code, the California Business and Professions Code, all Industrial Welfare Commission Wage Orders, and all applicable law.

However, in the interest of avoiding further litigation and the costs and uncertainties associated with further litigation, Plaintiff and Defendant have reached a Joint Stipulation of Class and Representative Action Settlement Agreement (“Settlement”), which has been preliminarily approved by the Court. By agreeing to the Settlement, Defendant in no way admits any violation of law and expressly denies any liability to Plaintiff or others.

You are subject to the terms of the Settlement because you have been identified by Defendant’s records as a Class Member and/or Aggrieved Employee.

“Class” means all current and former non-exempt employees paid on an hourly basis who worked for Defendant in California at from September 4, 2020, through the earlier of sixty days from the date of mediation or the date of preliminary approval (“Class Period”).

“Aggrieved Employees” means all current and former non-exempt employees paid on an hourly or piece-rate basis who worked for Defendant in California from August 31, 2023, through the date the Class Period ends (“PAGA Period”).

YOUR LEGAL RIGHTS AND OPTIONS WITH RESPECT TO THE SETTLEMENT	
Participate in the Settlement	If you want to participate in the Settlement, remain in the Class, and receive your Individual Class Payment and Individual PAGA Payment, then you do not need to do anything.
Exclude Yourself From the Settlement	If you do not want to participate in the Settlement or remain in the Class, then you need to follow the instructions in Section 6. If you exclude yourself from the Settlement, you will not receive your Individual Class Payment, and you will not release the Released Class Claims against the Released Parties (defined in Section 4, below). However, if the Settlement is approved by the Court and you are an Aggrieved Employee, you will receive your Individual PAGA Payment, and you will release the Released PAGA Claims, even if you exclude yourself from the Settlement.
Object to the Settlement	If you want to object to the terms of the Settlement but remain in the Class, then you need to follow the instructions in Section 7. If you object to the Settlement, you will still be bound by the terms of the Settlement if it is approved by the Court.

1. WHY DID I GET THIS NOTICE?

You have received this Notice because Defendant’s records reflect that you are a Class Member and/or Aggrieved

Employee (defined above). Because the Settlement, which has been preliminarily approved by the Court, affects Class Members' and Aggrieved Employees' legal rights, the Court ordered that this Notice be sent to you. This Notice provides you with information about (1) the Action, (2) the monetary terms of the Settlement, (3) your estimated Individual Class Payment, provided you do not request to be excluded from the Settlement, (4) your estimated Individual PAGA Payment, (5) the terms of the Settlement, including the claims that are being released, (6) how to participate in, exclude yourself from, or object to the Settlement, and (7) where to find additional information regarding the Action and Settlement.

2. WHAT IS THIS CASE ABOUT?

Plaintiff alleges Defendant: (1) failed to pay Class Members minimum wages for all hours worked; (2) failed to pay Class Members overtime compensation; (3) failed to provide Class Members compliant meal periods or compensation in lieu thereof; (4) failed to provide Class Members compliant rest breaks or compensation in lieu thereof; (5) failed to reimburse Class Members for necessary business expenses they incurred in the direct discharge of their duties to Defendant; (6) failed to timely pay Class Members all compensation due upon termination or resignation; (7) failed to provide Class Members accurate itemized wage statements; (8) engaged in unlawful business practices in violation of California Business and Professions Code sections 17200, et seq.; and/or (9) owes civil penalties under PAGA.

Defendant denies these allegations and maintains it fully complied with all applicable laws, provided, permitted, and authorized Class Members to take all meal periods and rest breaks, reimbursed Class Members for all necessary business expenses, provided Class Members with accurate wage statements, compensated Class Members for all wages upon termination or resignation, did not perform any unlawful business acts under California Business and Professions Code sections 17200, et seq., and owes no civil penalties under PAGA. Defendant denies any liability or wrongdoing of any kind and contends, among other things, that it complied at all times with the California Labor Code, the California Business and Professions Code, all Industrial Welfare Commission Wage Orders, and all applicable law.

The Court has not ruled on the merits of the claims alleged by Plaintiff. By preliminarily approving the Settlement and issuing this Notice, the Court is not suggesting which side would win or lose the Action on the merits. Rather, the Court has determined only that there is sufficient evidence to determine, on a preliminary basis, that the proposed Settlement is fair, adequate, and reasonable. The final determination of this question will be made at the Final Approval Hearing. Defendant reserves the right, if for any reason the Settlement fails, to contest any factual or legal allegations, including to contest whether the Action should proceed as a class and/or representative action.

3. THE MONETARY TERMS OF THE SETTLEMENT AND CALCULATION OF YOUR INDIVIDUAL CLASS PAYMENT AND INDIVIDUAL PAGA PAYMENT

Without admitting any wrongdoing, and to avoid the business disruptions caused by litigating these claims, Defendant has agreed to pay a Gross Settlement Amount of \$436,000.00 to settle the Action. The following amounts will be paid from the Gross Settlement Amount:

- An Administrator Expenses Payment not to exceed **\$[X],000.00** for reimbursement of the Administrator's reasonable fees and expenses;
- A Class Representative Service Payment not to exceed \$10,000.00 to Class Representative for her services in support of the Action and General Release;
- PAGA Penalties in the amount of \$40,000.00 allocated to the LWDA and Aggrieved Employees for the payment of civil penalties under PAGA;
- A Class Counsel Expenses Payment not to exceed \$25,000.00 to Class Counsel for reimbursement of their reasonable expenses incurred to prosecute the Action; and

- A Class Counsel Fees Payment not to exceed 1/3 of the Gross Settlement Amount to Class Counsel for reimbursement of their reasonable fees incurred to prosecute the Action.

Net Settlement Amount: The amount remaining from the Gross Settlement Amount after the above deductions is called the “Net Settlement Amount.” The Net Settlement Amount will be allocated to all Participating Class Members and calculated as follows:

1. The Administrator will determine the number of weeks each Participating Class Member worked for Defendant for at least one day during the Class Period (“Workweeks”);
2. The Administrator will determine the value of a single Workweek by dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members; and
3. Each Participating Class Member shall receive an Individual Class Payment equal to his or her Workweeks multiplied by the value of a single Workweek.

You have been credited with ____ Workweeks. Based on these Workweeks, your Individual Class Payment, prior to any applicable withholdings, is estimated to be \$ _____. Depending on rulings from the Court that might affect the Gross Settlement Amount, as well as the number of Class Members who may exclude themselves from the Settlement, the actual amount you will receive if the Court grants Final Approval of the Settlement may vary from this estimated amount.

Individual PAGA Payment: A total of Forty Thousand Dollars (\$40,000.00) of the Gross Settlement Amount has been allocated to PAGA Penalties. Of this amount, sixty-five percent (65%) (\$26,000.00) shall be paid to the California Labor and Workforce Development Agency (“LWDA PAGA Payment”), and thirty-five percent (35%) (\$14,000.00) (the “Individual PAGA Payment”) shall be paid on a pro rata basis to Aggrieved Employees, calculated as follows:

The Administrator will determine the number of pay periods each Aggrieved Employee worked for Defendant for at least one day during the PAGA Period (“PAGA Pay Periods”);

1. The Administrator will determine the value of a single PAGA Pay Period by dividing the Individual PAGA Payment by the total number of PAGA Pay Periods worked by all Aggrieved Employees; and
2. Each Aggrieved Employee shall receive an Individual PAGA Payment equal to his or her PAGA Pay Periods multiplied by the value of a single PAGA Pay Period.

You have been credited with ____ PAGA Pay Periods. Based on these PAGA Pay Periods, your Individual PAGA Payment is estimated to be \$ _____. Depending on rulings from the Court that might affect the Gross Settlement Amount, the actual amount you will receive if the Court grants Final Approval of the Settlement may vary from this estimated amount.

If you dispute the total number of Workweeks and/or PAGA Pay Periods that you have been credited with, you may challenge the allocation by sending a Challenge to the Calculation of Workweeks and/or Pay Periods to the Administrator (“Challenge”). Your Challenge should (1) contain your name, address, and telephone number and the case name and number of the Action (i.e., *Fernando Regalado v. Neighborhood Steel, LLC*, San Bernardino County Superior Court, Case No. CIVSB2427089); (2) clearly state the number of Workweeks and/or PAGA Pay Periods you believe is correct; and (3) attach any documentary evidence you have to prove the number of contended Workweeks and/or PAGA Pay Periods. Your Challenge must be postmarked on or before [Response Deadline] and returned to the Administrator at the following address:

[Administrator]
[contact info]

For tax purposes, twenty percent (20%) of each Individual Class Payment will be allocated to wages and subject to all applicable employee state and federal tax withholdings; and eighty percent (80%) of each Individual Class Payment will be considered penalties, liquidated damages, interest, and any other non-wage related payments. The amount allocated as wages will be reported on an IRS Form W-2, and the remaining amount allocated as penalties, liquidated damages, interest, and other non-wage payments will be reported on an IRS form 1099. One hundred percent (100%) of each Individual PAGA Payment will be allocated as penalties and reported on an IRS Form 1099. In addition to the Gross Settlement Amount, Defendant will pay all employer-payroll taxes in connection with the portion of the Settlement allocated towards wages. Class Members are responsible for paying taxes on other amounts received. This Notice is not tax advice, and you should consult your tax advisor.

Checks will be valid for one hundred and eighty (180) days. After that, checks will become void, and a stop payment will be placed on the uncashed checks. Settlement checks that are not cashed within one hundred and eighty (180) days of mailing, or are returned to the Administrator as undeliverable, will be cancelled, and the Administrator shall send the funds associated with uncashed checks to the California Controller's Unclaimed Property Fund in the name of the Class Member. Class Members who do not timely cash their checks should contact the Administrator to determine how they can obtain their payment. Class Members will be bound by the Settlement even if they do not cash their settlement checks.

4. WHAT AM I RELEASING AS A CLASS MEMBER UNDER THE SETTLEMENT?

As of the date Defendant fully funds the entire Gross Settlement Amount and all employer payroll taxes owed on the wage portions of the Individual Class Payments, all Class Members who do not opt out of the Settlement (i.e., Participating Class Members), including Plaintiff, will fully and finally release and discharge the Released Parties from the Released Class Claims.

"Released Parties" means Defendant Neighborhood Steel, LLC, and each of its former and present directors, officers, shareholders, owners, members, attorneys, insurers, predecessors, successors, assigns, subsidiaries, and affiliates.

Release by Participating Class Members: All Class Members who do not timely opt out of the Settlement will release the Released Parties from all claims that were alleged in Plaintiff's operative First Amended Class Action and Representative Action Complaint or that reasonably could have been alleged based on the facts stated therein ("Released Class Claims"). The Released Class Claims exclude any claims for vested benefits, unemployment benefits, disability benefits, social security benefits or workers' compensation benefits that arose at any time, any claims that are not releasable as a matter of law or public policy, and any claims arising outside the Class Period. (collectively, the "Released Class Claims"). (collectively, the "Released Class Claims").

5. WHAT AM I RELEASING AS AN AGGRIEVED EMPLOYEE UNDER THE SETTLEMENT?

As of the date Defendant fully funds the entire Gross Settlement Amount and all employer payroll taxes owed on the wage portions of the Individual Class Payments, Aggrieved Employees will fully and finally release and discharge the Released Parties from the Released PAGA Claims. Released Parties are defined in Section 4 of this Notice, above.

PAGA Released Claims: Plaintiff will release, on behalf of himself, the LWDA and all other Aggrieved Employees, all claims against the Released Parties for civil penalties pursuant to the California Private Attorney's General Act of 2004, Lab. Code §§ 2698, *et seq.*, which were alleged in Plaintiff's PAGA Notice to the LWDA dated August 31, 2024, or on the same primary rights as alleged in the LWDA notice and in Plaintiff's operative First Amended Class Action and Representative Action Complaint ("Released PAGA

Claims”). The Released PAGA Claims include only claims for penalties under PAGA and excludes any claims arising outside the PAGA Period. (collectively, the “Released PAGA Claims”).

AGGRIEVED EMPLOYEES CANNOT OPT-OUT OF THE PAGA SETTLEMENT OR THE RELEASE OF RELEASED PAGA CLAIMS, AND THEY WILL RECEIVE AN INDIVIDUAL PAGA PAYMENT EVEN IF THEY OPT-OUT OF THE CLASS SETTLEMENT.

6. WHAT IF I DO NOT WANT TO PARTICIPATE IN THE CLASS SETTLEMENT?

You have the right to request exclusion from the Settlement as a Class Member, with regard to the settlement of Released Class Claims, but you are not able to exclude yourself as an Aggrieved Employee. If you wish to exclude yourself from the release of Released Class Claims, you must mail a Request for Exclusion to the Administrator at the address listed in Section 3 of this Notice, above. The Request for Exclusion must be valid and timely.

To be valid, the Request for Exclusion must (1) include your full name, address, telephone number, and signature, and a written statement requesting to be excluded from the Settlement; (2) state the case name and number of the Action (i.e., *Fernando Regalado v. Neighborhood Steel, LLC*, San Bernardino County Superior Court, Case No. CIVSB2427089); and (3) be mailed to the specified physical address of the Administrator. To be timely, the Request for Exclusion must be postmarked no later than the [Response Deadline]. The postmark date will be the exclusive means of determining whether a Request for Exclusion has been timely submitted. A Request for Exclusion form is attached to this Notice. You may complete and submit this form to exclude yourself from the Settlement. It is your responsibility to ensure the Administrator timely receives your Request for Exclusion. Unless you timely request to be excluded from the Settlement, you will be bound by the Final Judgment upon Final Approval.

Class Members who request to be excluded from the Settlement will NOT receive their Individual Class Payment and will not release any of the Released Class Claims. However, Class Members who are Aggrieved Employees will receive their Individual PAGA Payment and will release the Released PAGA Claims, regardless of whether they submit a Request for Exclusion.

7. WHAT IF I WANT TO OBJECT TO THIS SETTLEMENT?

You have the right to object to the Settlement or to any settlement term as a Participating Class Member. If you wish to object, you may (1) appear at the Final Approval Hearing and verbally object to the Settlement or any term thereof; and/or (2) send a written Objection to the Administrator at the address listed in Section 3 of this Notice, above. The written Objection must be valid and timely. To be valid, the written Objection must (1) include your full name, address, telephone number, and signature, the contact information for any attorney representing the objecting Class Member, if any, and the factual and legal bases for the Objection, including any and all supporting papers, briefs, written evidence, declarations, and/or other evidence; (2) state the case name and number of the Action (i.e., *Fernando Regalado v. Neighborhood Steel, LLC*, San Bernardino County Superior Court, Case No. CIVSB2427089); and (3) be mailed to the specified physical address of the Administrator. To be timely, the written Objection must be postmarked no later than the [Response Deadline]. The postmark date will be the exclusive means of determining whether a written Objection has been timely submitted.

Filing an objection will not exclude you from the Settlement. If the Court grants Final Approval of the Settlement, you will still receive an Individual Class Payment, and you will be barred from pursuing the Released Class Claims. Do not submit both an Objection and a Request for Exclusion. You may file one or neither. If you file neither, then you will be automatically included in the Settlement and do not need to take any further action to receive a payment.

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

The Final Approval Hearing is scheduled to take place on _____, at ____ a.m. in the Superior Court of the State of California, County of San Bernardino, Department _____, located at _____. This date and time may be subject to change without notice to you. You may verify the hearing date on the following website: [ADMINISTRATOR WEBSITE]. Participating Class Members may appear in Court (or hire an attorney to appear in Court at their own expense) to offer comments and/or present verbal objections at the Final Approval Hearing.

9. WHO ARE THE ATTORNEYS?

Attorneys for Plaintiff and the Class:	Attorneys for Defendant:
Kane Moon (SBN 249834) E-mail: kmoon@moonlawgroup.com Allen Feghali (SBN 301080) E-mail: afeghali@moonlawgroup.com MOON LAW GROUP, PC 725 S. Figueroa St. Ste. 3100 Los Angeles, California 90017 Telephone: (213) 232-3128 Facsimile: (213) 232-3125	JAMES A. ODLUM #109766 jodlum@mohlaw.com MUNDELL, ODLUM & HAWS, LLP 650 E. Hospitality Lane Suite 470 San Bernardino, CA 92408 Tel: 909.308.2477 Facsimile: 909.890.9580

The Court has permitted, for purposes of settlement, the Attorneys for Plaintiff and the Class to represent the Participating Class Members. Other than the Class Counsel Fees Payment and Class Counsel Expenses Payment approved by the Court and to be paid out of the Gross Settlement Amount, you will not be charged for their services.

10. SHOULD I GET MY OWN LAWYER?

You do not need to get your own lawyer. If you want your own lawyer to speak for you or appear in Court, you have the right to hire one, but you will have to pay for that lawyer yourself.

11. FURTHER INFORMATION

The foregoing is only a summary of the Settlement. For the precise terms and conditions of the Settlement and other important case documents, please see the Settlement available at www._____.com, or contact Class Counsel at the address or telephone number provided in Section 9, above.

PLEASE DO NOT TELEPHONE THE COURT OR THE COURT CLERK'S OFFICE TO INQUIRE ABOUT THIS SETTLEMENT.

REQUEST FOR EXCLUSION FORM

I, _____, wish to be excluded from the Settlement of Class claims in *Fernando Regalado v. Neighborhood Steel, LLC*, San Bernardino County Superior Court, Case No. CIVSB2427089.

Full Name (Printed)

Address

City

State and Zip Code

Telephone Number

Signature

[Note: (1) This Request for Exclusion Form does not exclude you from the Settlement of PAGA claims, and (2) this Request for Exclusion Form must be mailed to the following physical address of the Administrator on or before [Response Deadline]]:

[Administrator]
[contact info]