

**CLASS ACTION AND PAGA SETTLEMENT
AGREEMENT**

This Class Action and PAGA Settlement Agreement (“Agreement”) is made by and between plaintiff Jorge Palato (“Plaintiff”) and defendant Hydro-Aire Aerospace Corp. (“Hydro-Aire” or “Defendant”). The Agreement refers to Plaintiff and Hydro-Aire collectively as “Parties,” or individually as “Party.”

1. DEFINITIONS.

- 1.1. “Action” means the Plaintiff’s First Amended Class and PAGA Representative Action Complaint alleging wage and hour violations against Hydro-Aire captioned *JORGE PALATO, as an individual, and on behalf of all others similarly situated, Plaintiff, vs. HYDRO-AIRE AEROSPACE CORP., a California corporation; and DOES 1 through 100, inclusive*, Defendants, initiated on October 14, 2024 and pending in Superior Court of the State of California, County of Los Angeles, Case No. 24STCV19936.
- 1.2. “Administrator” means Phoenix Settlement Administrators, the neutral entity the Parties have agreed to appoint to administer the Settlement.
- 1.3. “Administration Expenses Payment” means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator’s “not to exceed” bid submitted to the Court in connection with Preliminary Approval of the Settlement.
- 1.4. “Aggrieved Employee” means all current and former non-exempt employees who were employed by Hydro-Aire in California during the PAGA Period.
- 1.5. “Class” means all current and former non-exempt employees who were employed by Hydro-Aire in California during the Class Period.
- 1.6. “Class Counsel” means Scott M. Lidman, Esq., Milan Moore, Tiara Gose-Hardy of Lidman Law, APC, and Paul K. Haines of Haines Law Group, APC.
- 1.7. “Class Counsel Fees Payment” and “Class Counsel Litigation Expenses Payment” mean the amounts to be paid to Class Counsel for fees and expenses, respectively, as approved by the Court, to compensate Class Counsel for their legal work in connection

with the Action, including their pre-filing investigation, their filing of the Action, all related litigation activities, all Settlement work, all post-Settlement compliance procedures, and related litigation expenses billed in connection with the Action.

1.8. “Class Data” means Class Member identifying information in Hydro-Aire’s possession including the Class Member’s name, last-known mailing address, Social Security number, and dates of employment for purposes of calculating the number of Class Period Workweeks and PAGA Pay Periods.

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

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

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

1.12. “Class Notice Packet” means the Class Notice to be provided to the Class Members by the Administrator in the form set forth as Exhibit A to this Agreement (other than formatting changes to facilitate printing by the Administrator).

1.13. “Class Period” means the period from August 7, 2020 to June 9, 2025.

1.14. “Class Representative” means Jorge Palato, the named Plaintiff in the operative complaint in the Action seeking Court approval to serve as a Class Representative.

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

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

- 1.17. “Hydro-Aire” means named Defendant Hydro-Aire Aerospace Corp.
- 1.18. “Defense Counsel” means Robert S. Blumberg, Esq. and Meri Dichigrikian, Esq. of Littler Mendelson, P.C.
- 1.19. “Effective Date” means the date by when both of the following have occurred: (a) the Court enters a Judgment on its Order Granting Final Approval of the Settlement; and (b) the Judgment is final and no longer appealable. For purposes of this Agreement, “the Judgment is final and no longer appealable” shall mean the later of: (a) the day after the last date by which a notice of appeal, writ, or other appellate proceeding to the applicable Court of Appeal of the order and judgment approving this Agreement may be timely filed and none is filed (*i.e.*, 61 days from notice of entry of judgment); (b) if an appeal, writ, or other appellate proceeding is filed, and the appeal is finally disposed of by ruling, dismissal, denial, or in a any other manner that confirms the validity of the order and judgment, the day after the last date for filing a request for further review of the order and judgment approving this Agreement passes, and no further review is requested; or (c) if an appeal, writ, or other appellate proceeding is filed and the order approving this Agreement is affirmed and further review of the order is requested, the day after the review is finally resolved and the order and judgment approving this Agreement is affirmed.
- 1.20. “Final Approval” means the Court’s order and judgment granting final approval of the Settlement.
- 1.21. “Final Approval Hearing” means the Court’s hearing on the Motion for Final Approval of the Settlement.
- 1.22. “Final Judgment” means the Judgment Entered by the Court upon Granting Final Approval of the Settlement.
- 1.23. “Gross Settlement Amount” means Three Hundred Thirty-Five Thousand Dollars and Zero Cents (\$335,000.00), which is the total amount Hydro-Aire agrees to pay under the Settlement except as provided in Paragraph 9 below. The Gross Settlement Amount will be used to pay Individual Class Payments, Individual PAGA Payments, the LWDA

PAGA Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, Class Representative Service Payment and the Administration Expenses Payment.

1.24. “Individual Class Payment” means the Participating Class Member’s *pro rata* share of the Net Settlement Amount calculated according to the number of Workweeks worked during the Class Period.

1.25. “Individual PAGA Payment” means the Aggrieved Employee’s *pro rata* share of 35% of the PAGA Penalties calculated according to the number of Workweeks worked during the PAGA Period.

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

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

1.28. “LWDA PAGA Payment” means the 65% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subd. (i).

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

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

1.31. “PAGA Pay Period” means any Pay Period during which an Aggrieved Employee worked for Hydro-Aire for at least one day during the PAGA Period.

1.32. “PAGA Period” means the period from August 7, 2023 to June 9, 2025.

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

- 1.34. “PAGA Notice” means Plaintiff’s August 7, 2024 letter to Hydro-Aire and the LWDA providing notice pursuant to Labor Code section 2699.3, subd.(a).
- 1.35. “PAGA Penalties” means the total amount of Twenty Thousand Dollars and Zero Cents (\$20,000.00), to be paid from the Gross Settlement Amount as PAGA civil penalties, allocated 35% to the Aggrieved Employees (\$7,000.00) and the 65% to LWDA (\$13,000.00) in settlement of PAGA claims.
- 1.36. “Participating Class Member” means a Class Member who does not submit a valid and timely Request for Exclusion from the Settlement.
- 1.37. “Plaintiff” means Jorge Palato, the named plaintiff in the Action.
- 1.38. “Preliminary Approval” means the Court’s Order Granting Preliminary Approval of the Settlement.
- 1.39. “Preliminary Approval Order” means the proposed Order Granting Preliminary Approval and Approval of PAGA Settlement.
- 1.40. “Released Class Claims” means the claims being released as described in Paragraph 6.2 below.
- 1.41. “Released Parties” means: Hydro-Aire and each of its former and present directors, officers, shareholders, owners, attorneys, insurers, predecessors, successors, assigns, parents, subsidiaries, or affiliates.
- 1.42. “Released PAGA Claims” means the claims being released as described in Paragraph 6.3 below.
- 1.43. “Request for Exclusion” means a Class Member’s submission of a written request to be excluded from the Class Settlement signed by the Class Member.
- 1.44. “Response Deadline” means forty-five (45) days after the Administrator mails the Class Notice Packet to Class Members and Aggrieved Employees, and shall be the last date on which Class Members may: (a) fax, email, or mail Requests for Exclusion from the Settlement, or (b) fax, email, or mail his or her Objection to the Settlement. Class Members to whom Notice Packets are resent after having been returned undeliverable

to the Administrator shall have an additional fourteen (14) calendar days beyond the Response Deadline has expired.

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

1.46. “Workweek” means any week during which a Class Member worked for Hydro-Aire for at least one day, during the Class Period.

2. RECITALS.

2.1. On August 7, 2024, Plaintiff commenced this Action by filing a Complaint against Hydro-Aire asserting claims for: (1) Failure to Pay All Minimum Wages Owed (Labor Code §§ 1194, 1194.2, 1197); (2) Failure to Pay All Overtime Wages Owed (Labor Code §§ 204, 510, 558, 1194, 1198); (3) Failure to Provide Meal Periods (Labor Code §§ 226.7, 512, 558); (4) Failure to Authorize and Permit Rest Periods (Labor Code §§ 226.7, 516); (5) Failure to Provide Accurate, Itemized Wage Statements (Labor Code § 226 Et Seq.); (6) Failure to Indemnify All Necessary Business Expenditures (Labor Code § 2802); (7) Failure to Pay All Wages Owed Upon Termination (Labor Code §§ 201-203); and (8) Unfair Competition (Bus & Prof Code § 17200 Et Seq.). On October 14, 2024, Plaintiff filed the First Amended Complaint in this Action by filing a First Amended Complaint alleging causes of action against Hydro-Aire for: (1) Failure to Pay All Minimum Wages Owed (Labor Code §§ 1194, 1194.2, 1197); (2) Failure to Pay All Overtime Wages Owed (Labor Code §§ 204, 510, 558, 1194, 1198); (3) Failure to Provide Meal Periods (Labor Code §§ 226.7, 512, 558); (4) Failure to Authorize and Permit Rest Periods (Labor Code §§ 226.7, 516); (5) Failure to Provide Accurate, Itemized Wage Statements (Labor Code § 226 Et Seq.); (6) Failure to Indemnify All Necessary Business Expenditures (Labor Code § 2802); (7) Failure to Pay All Wages Owed Upon Termination (Labor Code §§ 201-203); (8) Unfair Competition (Bus & Prof Code § 17200 Et Seq.); and (9) Civil Penalties Under the Private Attorneys General Act (Labor Code § 2698 *et seq.*, asserting violations of numerous Labor Code provisions). The First Amended Complaint is the operative complaint in the Action (the

“Operative Complaint”). Hydro-Aire denies the allegations in the Operative Complaint, denies any failure to comply with the laws identified in in the Operative Complaint and denies any and all liability for the causes of action alleged.

2.2. Pursuant to Labor Code section 2699.3, subd.(a), Plaintiff gave timely written notice to Hydro-Aire and the LWDA by sending on August 7, 2024 the PAGA Notice, asserting violations of Labor Code Sections 201, 202, 203, 204, 218 *et seq.*, 226 *et seq.*, 226.7, 510, 512, 516, 558, 1174, 1194, 1194.2, 1197, 1198, 2698 *et seq.*, 2699, 2699.3, 2802, and 2804.

2.3. On April 10, 2025, the Parties participated in an all-day mediation presided over by Steven Mehta, Esq., which led to this Agreement to settle the Action.

2.4. Prior to mediation, the parties engaged in informal discovery, including exchange of relevant documents and information, including copies of applicable wage and hour policies, Class and PAGA-related statistics, and time and pay records for all Class Members. Plaintiff’s investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Foot Locker Retail, Inc.* (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129-130 (“*Dunk/Kullar*”).

2.5. The Court has not granted class certification.

2.6. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or will be construed as an admission by Defendant that the claims in Plaintiff’s Action on behalf of the Class or Aggrieved Employees have merit or that Defendant bears any liability to Plaintiff, the Class or Aggrieved Employees on those claims or any other claims, or as an admission by Plaintiff that Defendant’s defenses in the Action have merit. The Parties agree to certification of the Class for purposes of this Settlement only. If for any reason the Settlement does not become effective, Defendant reserves the right to contest certification of any class for any reason and reserves all available defenses to the claims in the Action.

2.7. The Parties, Class Counsel and Defense Counsel represent that they are not aware of any other pending class or PAGA matter or action asserting claims that will be extinguished or affected by the Settlement, except for the following PAGA actions which will be extinguished by this settlement.

3. MONETARY TERMS.

3.1. Gross Settlement Amount. Except as otherwise provided by Paragraph 9 below, Hydro-Aire promises to pay \$335,000.00 and no more as the Gross Settlement Amount. This amount is all-inclusive of all payments contemplated in this resolution, excluding any employer-side payroll taxes on the portion of the Individual Class Payments allocated to wages which shall be separately paid by Hydro-Aire to the Administrator. Hydro-Aire has no obligation to pay the Gross Settlement Amount (or any payroll taxes) prior to the deadline stated in Paragraph 4.3 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Participating Class Members or Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Hydro-Aire.

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

3.2.1. To Plaintiff: Class Representative Service Payment to the Class Representative of not more than seven thousand five hundred dollars (\$7,500) (in addition to any Individual Class Payment and any Individual PAGA Payment the Class Representative is entitled to receive as a Participating Class Member). Hydro-Aire will not oppose Plaintiff's request for a Class Representative Service Payment that does not exceed this amount. As part of the motion for Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment, Plaintiff will seek Court approval for any Class Representative Service Payments no later than sixteen (16) court days prior to the Final Approval Hearing. If the Court approves a Class Representative Service Payment less

1 than the amount requested, the Administrator will retain the remainder in the
2 Net Settlement Amount. The Administrator will pay the Class Representative
3 Service Payment using IRS Form 1099. Plaintiff assumes full responsibility and
4 liability for employee taxes owed on the Class Representative Service Payment.
5 Any denial or modification of the Class Representative Service Payment by the
6 Court to the requested amount of the Class Representative Service Payment will
7 not invalidate this Settlement, and is not grounds for appeal.

8 3.2.2. To Class Counsel: A Class Counsel Fees Payment of not more than one-third
9 (1/3), which is currently estimated to be \$111,666.67 and a Class Counsel
10 Litigation Expenses Payment of not more than \$25,000. Hydro-Aire will not
11 oppose requests for these payments provided that do not exceed these amounts.
12 Class Counsel will file a motion for Class Counsel Fees Payment and Class
13 Counsel Litigation Expenses Payment no later than sixteen (16) court days prior
14 to the Final Approval Hearing. If the Court approves a Class Counsel Fees
15 Payment and/or a Class Counsel Litigation Expenses Payment less than the
16 amounts requested, the Administrator will allocate the remainder to the Net
17 Settlement Amount. Released Parties shall have no liability to Class Counsel or
18 any other Plaintiff's Counsel arising from any claim to any portion any Class
19 Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment. The
20 Administrator will pay the Class Counsel Fees Payment and Class Counsel
21 Litigation Expenses Payment using one or more IRS 1099 Forms. Class
22 Counsel assumes full responsibility and liability for taxes owed on the Class
23 Counsel Fees Payment and the Class Counsel Litigation Expenses Payment and
24 holds Hydro-Aire harmless, and indemnifies Hydro-Aire, from any dispute or
25 controversy regarding any division or sharing of any of these Payments. Any
26 denial or modification of the Class Counsel Fee Payment and/or Class Counsel
27 Litigation Expenses Payment by the Court to the requested amount of the Class
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Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment will not invalidate this Settlement, and is not grounds for appeal.

3.2.3. To the Administrator: An Administrator Expenses Payment not to exceed \$11,000.00 except for a showing of good cause and as approved by the Court. To the extent the Administration Expenses Payment is less or the Court approves payment less than \$11,000.00, the Administrator will retain the remainder in the Net Settlement Amount for distribution to Participating Class Members.

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

3.2.4.1. Tax Allocation of Individual Class Payments. Twenty percent (20%) of each Participating Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"). The Wage Portions are subject to tax withholding and will be reported on an IRS W-2 Form. The remaining eighty percent (80%) of each Participating Class Member's Individual Class Payment will be allocated to settlement of claims for interest and penalties (the "Non-Wage Portion"). The Non-Wage Portions are not subject to wage withholdings and will be reported on IRS 1099 Forms. Participating Class Members assume full responsibility and liability for any employee taxes owed on their Individual Class Payment.

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

3.2.5. To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of Twenty Thousand Dollars and Zero Cents (\$20,000.00) to be paid from the Gross Settlement Amount, with sixty-five percent (65%), Thirteen Thousand Dollars and Zero Cents (\$13,000.00) allocated to the LWDA PAGA Payment and thirty-five percent (35%), Seven Thousand Dollars and Zero Cents(\$7,000.00) allocated to the Individual PAGA Payments.

3.2.5.1.The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' thirty-five percent (35%) share of PAGA Penalties, Seven Thousand Dollars and Zero Cents (\$7,000.00) by the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Period Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

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

4. SETTLEMENT FUNDING AND PAYMENTS.

4.1. Class Workweeks. Based on a review of its records to date, between August 7, 2020 through April 10, 2025, Hydro-Aire estimates there are approximately 67,000 Workweeks worked by Class Members. Between August 7, 2020 through December 31, 2024, Hydro-Aire estimates there are approximately 542 Class Members.

4.2. Class Data. Not later than thirty (30) days after the Court grants Preliminary Approval of the Settlement, Hydro-Aire 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 this Settlement and for no other purpose, and restrict access to the Class

1 Data to Administrator employees who need access to the Class Data to effect and
2 perform under this Agreement. Hydro-Aire has a continuing duty to immediately notify
3 Class Counsel if it discovers that the Class Data omitted Class Member identifying
4 information and to provide corrected or updated Class Data as soon as reasonably
5 feasible. Without any extension of the deadline by which Hydro-Aire must send the
6 Class Data to the Administrator, the Parties and their counsel will expeditiously use
7 best efforts, in good faith, to reconstruct or otherwise resolve any issues related to
8 missing or omitted Class Data.

9 4.3. Funding of Gross Settlement Amount. Hydro-Aire shall fully fund the Gross Settlement
10 Amount, and also fund the amounts necessary to fully pay Hydro-Aire's share of
11 payroll taxes by transmitting the funds to the Administrator no later than thirty (30)
12 days after the Effective Date.

13 4.4. Payments from the Gross Settlement Amount. Within fourteen (14) days after Hydro-
14 Aire funds the Gross Settlement Amount, the Administrator will mail checks for all
15 Individual Class Payments, all Individual PAGA Payments, the LWDA PAGA
16 Payment, the Administration Expenses Payment, the Class Counsel Fees Payment, the
17 Class Counsel Litigation Expenses Payment, and the Class Representative Service
18 Payment. Disbursement of the Class Counsel Fees Payment, the Class Counsel
19 Litigation Expenses Payment and the Class Representative Service Payment shall not
20 precede disbursement of Individual Class Payments and Individual PAGA Payments.

21 4.4.1. The Administrator will issue checks for the Individual Class Payments and/or
22 Individual PAGA Payments and send them to the Class Members via First Class
23 U.S. Mail, postage prepaid. The face of each check shall prominently state the
24 date (not less than one hundred eighty (180) days after the date of mailing) when
25 the check will be voided. The Administrator will cancel all checks not cashed
26 by the void date. The Administrator will send checks for Individual Settlement
27 Payments to all Participating Class Members (including those for whom Class
28 Notice was returned undelivered). The Administrator will send checks for

1 Individual PAGA Payments to all Aggrieved Employees including Non-
2 Participating Class Members who qualify as Aggrieved Employees (including
3 those for whom Class Notice was returned undelivered). The Administrator
4 may send Participating Class Members a single check combining the Individual
5 Class Payment and the Individual PAGA Payment. Before mailing any checks,
6 the Settlement Administrator must update the recipients' mailing addresses
7 using the National Change of Address Database. If a Participating Class
8 Member's or Aggrieved Employee's check is not cashed within one hundred
9 fifty (150) days after its last mailing to the affected individual, the
10 Administrator will also send the individual a notice informing him or her that
11 unless the check is cashed by the void date, it will expire and become non-
12 negotiable, and offer to replace the check if it was lost or misplaced but not
13 cashed.

14 4.4.2. The Administrator must conduct a Class Member Address Search for all other
15 Class Members whose checks are returned undelivered without USPS
16 forwarding address. Within seven (7) days of receiving a returned check the
17 Administrator must re-mail checks to the USPS forwarding address provided or
18 to an address ascertained through the Class Member Address Search. The
19 Administrator need not take further steps to deliver checks to Class Members
20 whose re-mailed checks are returned as undelivered. The Administrator shall
21 promptly send a replacement check to any Class Member whose original check
22 was lost or misplaced, requested by the Class Member prior to the void date.

23 4.4.3. For any Class Member whose Individual Class Payment check or Individual
24 PAGA Payment check is uncashed and cancelled after the void date, the
25 Administrator shall transmit the funds represented by such checks to to the
26 California Controller's Unclaimed Property Fund in the name of the Class
27 Member thereby leaving no "unpaid residue" subject to the requirements of
28 California Code of Civil Procedure Section 384, subd. (b).

4.4.4. The payment of Individual Class Payments and Individual PAGA Payments shall not obligate Hydro-Aire 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.

6. RELEASES OF CLAIMS. Effective on the date when Hydro-Aire fully funds the entire Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Plaintiff, Class Members, and Class Counsel will release claims against all Released Parties as follows:

6.1. Plaintiff's Release. Plaintiff and his former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally, release and discharge Released Parties from all claims, transactions, or occurrences that occurred during the Class Period, including, but not limited to: (a) all claims that were, or reasonably could have been, alleged, based on the facts contained, in the Operative Complaint and (b) all PAGA claims that were, or reasonably could have been, alleged based on facts contained in the Operative Complaint, Plaintiff's PAGA Notice, or ascertained during the Action and released under 6.2 and 6.3, below. ("Plaintiff's Release.") Plaintiff's Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any time, or based on occurrences outside the Class Period. Plaintiff acknowledges that Plaintiff may discover facts or law different from, or in addition to, the facts or law that Plaintiff now knows or believes to be true but agrees, nonetheless, that Plaintiff's Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiff's discovery of them.

6.1.1. Plaintiff's Waiver of Rights Under California Civil Code Section 1542. For purposes of Plaintiff's Release, Plaintiff expressly waives and relinquishes the provisions, rights, and benefits, if any, of section 1542 of the California Civil Code, which reads:

1 **A general release does not extend to claims that the creditor or releasing**
2 **party does not know or suspect to exist in his or her favor at the time of**
3 **executing the release, and that if known by him or her would have**
4 **materially affected his or her settlement with the debtor or Released Party.**

5 6.2. Release by Participating Class Members: All Participating Class Members, on behalf
6 of themselves and their respective former and present representatives, agents,
7 attorneys, heirs, administrators, successors, and assigns, release Released Parties from
8 all claims that were alleged, or reasonably could have been alleged based upon the facts
9 alleged, in the Operative Complaint which occurred during the Class Period, including,
10 any and all claims, actions and causes of action, arising during the Class Period, for:
11 (1) Failure to Pay All Minimum Wages Owed (Labor Code §§ 1194, 1194.2, 1197);
12 (2) Failure to Pay All Overtime Wages Owed (Labor Code §§ 204, 510, 558, 1194,
13 1198); (3) Failure to Provide Meal Periods (Labor Code §§ 226.7, 512, 558); (4) Failure
14 to Authorize and Permit Rest Periods (Labor Code §§ 226.7, 516); (5) Failure to
15 Provide Accurate, Itemized Wage Statements (Labor Code § 226 Et Seq.); (6) Failure
16 to Indemnify All Necessary Business Expenditures (Labor Code § 2802); (7) Failure
17 to Pay All Wages Owed Upon Termination (Labor Code §§ 201-203); and (8) Unfair
18 Competition (Bus & Prof Code § 17200 Et Seq.), and those claims predicated on the
19 same or similar facts and/or claims alleged in the Action by Plaintiff in or prior to the
20 Action, including claims based on the regular rate of pay, and claims for interest,
21 penalties, pursuant to the California Labor Code and California Industrial Welfare
22 Commission, wages for violations of Labor Code Sections 201, 202, 203, 204, 218 *et*
23 *seq.*, 226 *et seq.*, 226.7, 510, 512, 516, 558, 1174, 1194, 1194.2, 1197, 1198, 2698 *et*
24 *seq.*, 2802, and 2804, and applicable IWC Wage Orders, and California Code of
25 Regulations, Title 8, section 11000 *et seq.* Except as set forth in Section 6.3 of this
26 Agreement, Participating Class Members do not release any other claims, including
27 claims for vested benefits, wrongful termination, violation of the Fair Employment and
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Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period.

6.3. Release of PAGA Claims: All Aggrieved Employees and the State of California and LWDA 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 PAGA claims pled or could have been pled based on the factual allegations contained in the Operative Complaint and PAGA Notices sent by Plaintiff that occurred during the PAGA Period, including PAGA claims for violations of California Labor Code sections 201, 202, 203, 204, 218 *et seq.*, 226 *et seq.*, 226.7, 510, 512, 516, 558, 1174, 1194, 1194.2, 1197, 1198, 2698 *et seq.*, 2802, and 2804, and applicable IWC Wage Orders, and California Code of Regulations, Title 8, section 11000 *et seq.* Except as set forth in this Paragraph 6.3 of this Agreement, the Released PAGA Claims do not include other PAGA claims, underlying wage and hour claims and claims outside of the PAGA Period.

7. **MOTION FOR PRELIMINARY APPROVAL.** The Parties agree to jointly prepare and file a motion for preliminary approval ("Motion for Preliminary Approval") that complies with the Court's procedures and instructions.

7.1. Defendant's Responsibilities. Within fourteen (14) days of the full execution of this Agreement, Defense Counsel will disclose all facts relevant to any actual or potential conflicts of interest with the Administrator, preparing a supporting declaration, if necessary, at the time the Parties move for approval. Defense Counsel shall also confirm that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement except as set forth in Paragraph 2.7 of this Agreement.

7.2. Plaintiff's Responsibilities. Plaintiff will prepare and deliver to Defense Counsel all documents necessary for obtaining Preliminary Approval, including: (i) a draft of the notice, and memorandum in support, of the Motion for Preliminary Approval that includes an analysis of the Settlement under *Dunk/Kullar* and a request for approval of

the PAGA Settlement under Labor Code Section 2699, subd. (f)(2)); (ii) a draft proposed Order Granting Preliminary Approval and Approval of PAGA Settlement; (iii) a draft proposed Class Notice; (iv) a signed declaration from the Administrator attaching its “not to exceed” bid for administering the Settlement and attesting to its willingness to serve; competency; operative procedures for protecting the security of Class Data; amounts of insurance coverage for any data breach, defalcation of funds or other misfeasance; all facts relevant to any actual or potential conflicts of interest with Class Members [and/or the proposed Cy Pres]; and the nature and extent of any financial relationship with Plaintiff, Class Counsel or Defense Counsel; (v) a signed declaration from Plaintiff confirming willingness and competency to serve and disclosing all facts relevant to any actual or potential conflicts of interest with Class Members, and/or the Administrator [and/or the proposed Cy Pres]; (vi) a signed declaration from Class Counsel firm attesting to its competency to represent the Class Members; its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Labor Code section 2699.3, subd. (a)), Operative Complaint (Labor Code section 2699, subd. (l)(1)), this Agreement (Labor Code section 2699, subd. (l)(2)); (vi) a redlined version of the parties’ Agreement showing all modifications made to the Model Agreement ready for filing with the Court; and (vii) all facts relevant to any actual or potential conflict of interest with Class Members and/or the Administrator and/or the Cy Pres Recipient. In their Declarations, Plaintiff and Class Counsel Declaration 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.

7.3. Responsibilities of Counsel. Class Counsel and Defense Counsel are jointly responsible for expeditiously finalizing and filing the Motion for Preliminary Approval no later than thirty (30) days after the full execution of this Agreement; obtaining a prompt hearing date for the Motion for Preliminary Approval; and for appearing in Court to

advocate in favor of the Motion for Preliminary Approval. Class Counsel is responsible for delivering the Court's Preliminary Approval to the Administrator.

7.4. Duty to Cooperate. If the Parties disagree on any aspect of the proposed Motion for Preliminary Approval and/or the supporting declarations and documents, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant Preliminary Approval or conditions Preliminary Approval on any material change to this Agreement, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court's concerns.

8. SETTLEMENT ADMINISTRATION.

8.1. Selection of Administrator. The Parties have jointly selected Phoenix Settlement Administrators to serve as the Administrator and verified that, as a condition of appointment, Phoenix Settlement Administrators agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for the payment of Administration Expenses Payment. The Administrator's duties will include preparing, printing, and mailing the Class Notice Packet to all Class Members in English and Spanish; conducting a National Change of Address search to update Class Member addresses before mailing the Class Notice Packets; re-mailing Class Notice Packets that are returned to the Class Member's new address; setting up a toll-free telephone number and email and a fax number to receive communications from Class Members; receiving and reviewing for validity completed Requests for Exclusion; providing the Parties with weekly status reports about the delivery of Class Notice Packets and receipt of Requests for Exclusion, objections and disputes; calculating Individual Class Payments and Individual PAGA Payments; issuing the checks to effectuate the payments due under the Settlement; issuing the tax reports required under this Settlement; and otherwise administering the Settlement pursuant to

1 this Agreement. The Parties and their Counsel represent that they have no interest or
2 relationship, financial or otherwise, with the Administrator other than a professional
3 relationship arising out of prior experiences administering settlements.

4 8.2. Employer Identification Number. The Administrator shall have and use its own
5 Employer Identification Number for purposes of calculating payroll tax withholdings
6 and providing reports state and federal tax authorities.

7 8.3. Qualified Settlement Fund. The Administrator shall establish a settlement fund that
8 meets the requirements of a Qualified Settlement Fund (“QSF”) under US Treasury
9 Regulation section 468B-1.

10 8.4. Notice to Class Members.

11 8.4.1. No later than three (3) business days after receipt of the Class Data, the
12 Administrator shall notify Class Counsel that the list has been received and state
13 the number of Class Members, PAGA Members, Workweeks, and Pay Periods
14 in the Class Data.

15 8.4.2. Using best efforts to perform as soon as possible, and in no event later than
16 fourteen (14) days after receiving the Class Data, the Administrator will send
17 to all Class Members identified in the Class Data, via first-class United States
18 Postal Service (“USPS”) mail, the Class Notice with Spanish translation
19 substantially in the form attached to this Agreement as Exhibit A. The first page
20 of the Class Notice shall prominently estimate the dollar amounts of any
21 Individual Class Payment and/or Individual PAGA Payment payable to the
22 Class Member, and the number of Workweeks and PAGA Pay Periods (if
23 applicable) used to calculate these amounts. Before mailing Class Notices, the
24 Administrator shall update Class Member addresses using the National Change
25 of Address database.

26 8.4.3. Not later than seven (7) days after the Administrator’s receipt of any Class
27 Notice returned by the USPS as undelivered, the Administrator shall re-mail the
28 Class Notice using any forwarding address provided by the USPS. If the USPS

1 does not provide a forwarding address, the Administrator shall conduct a Class
2 Member Address Search, and re-mail the Class Notice to the most current
3 address obtained. The Administrator has no obligation to make further attempts
4 to locate or send Class Notice to Class Members whose Class Notice is returned
5 by the USPS a second time.

6 8.4.4. The deadlines for Class Members' written objections, Challenges to
7 Workweeks and/or Pay Periods, and Requests for Exclusion will be extended
8 an additional fourteen (14) days beyond the Response Deadline otherwise
9 provided in the Class Notice for all Class Members whose notice is re-mailed.
10 The Administrator will inform the Class Member of the extended deadline with
11 the re-mailed Class Notice.

12 8.4.5. If the Administrator, the Parties, Defense Counsel or Class Counsel is contacted
13 by or otherwise discovers any persons who believe they should have been
14 included in the Class Data and should have received Class Notice, the Parties
15 will expeditiously meet and confer in person or by telephone, and in good faith
16 in an effort to agree on whether to include them as Class Members. If the Parties
17 agree, such persons will be Class Members entitled to the same rights as other
18 Class Members, and the Administrator will send, via email or overnight
19 delivery, a Class Notice requiring them to exercise options under this
20 Agreement not later than fourteen (14) days after receipt of Class Notice, or the
21 deadline dates in the Class Notice, which ever are later.

22 8.5. Requests for Exclusion (Opt-Outs).

23 8.5.1. The Parties, Class Counsel and Defense Counsel shall not encourage any Class
24 Member to exclude themselves from this settlement.

25 8.5.2. Class Members who wish to exclude themselves (opt-out of) the Class
26 Settlement must send the Administrator, by fax, email, or mail, a signed written
27 Request for Exclusion not later than the Response Deadline (plus an additional
28 fourteen (14) days for Class Members whose Class Notice is re-mailed). A

1 Request for Exclusion is a letter from a Class Member or his/her representative
2 that reasonably communicates the Class Member's election to be excluded from
3 the Settlement and includes the Class Member's name, address and email
4 address or telephone number. To be valid, a Request for Exclusion must be
5 timely faxed, emailed, or postmarked by the Response Deadline.

6 8.5.3. The Administrator may not reject a Request for Exclusion as invalid because it
7 fails to contain all the information specified in the Class Notice. The
8 Administrator shall accept any Request for Exclusion as valid if the
9 Administrator can reasonably ascertain the identity of the person as a Class
10 Member and the Class Member's desire to be excluded. The Administrator's
11 determination shall be final and not appealable or otherwise susceptible to
12 challenge. If the Administrator has reason to question the authenticity of a
13 Request for Exclusion, the Administrator may demand additional proof of the
14 Class Member's identity. The Administrator's determination of authenticity
15 shall be final and not appealable or otherwise susceptible to challenge.

16 8.5.4. Every Class Member who does not submit a timely and valid Request for
17 Exclusion is deemed to be a Participating Class Member under this Agreement,
18 entitled to all benefits and bound by all terms and conditions of the Settlement,
19 including the Participating Class Members' Releases under Paragraphs 6.2 and
20 6.3 of this Agreement, regardless whether the Participating Class Member
21 actually receives the Class Notice or objects to the Settlement.

22 8.5.5. Every Class Member who submits a valid and timely Request for Exclusion is
23 a Non-Participating Class Member and shall not receive an Individual Class
24 Payment or have the right to object to the class action components of the
25 Settlement. Because future PAGA claims are subject to claim preclusion upon
26 entry of the Judgment, Non-Participating Class Members who are Aggrieved
27 Employees are deemed to release the claims identified in Paragraph 6.3 of this
28 Agreement and are eligible for an Individual PAGA Payment.

1 8.6. Challenges to Calculation of Workweeks. Each Class Member shall have until the
2 Response Deadline (plus an additional fourteen (14) days for Class Members whose
3 Class Notice is re-mailed) to challenge the number of Class Workweeks and PAGA
4 Pay Periods (if any) allocated to the Class Member in the Class Notice. The Class
5 Member may challenge the allocation by communicating with the Administrator via
6 fax, email or mail. The Administrator must encourage the challenging Class Member
7 to submit supporting documentation. In the absence of any contrary documentation, the
8 Administrator is entitled to presume that the Workweeks contained in the Class Notice
9 are correct so long as they are consistent with the Class Data. The Administrator's
10 determination of each Class Member's allocation of Workweeks and/or Pay Periods
11 shall be final and not appealable or otherwise susceptible to challenge. The
12 Administrator shall promptly provide copies of all challenges to calculation of
13 Workweeks and/or Pay Periods to Defense Counsel and Class Counsel and the
14 Administrator's determination the challenges.

15 8.7. Objections to Settlement.

16 8.7.1. The Parties, Class Counsel and Defense Counsel shall not encourage any Class
17 Member to object to this settlement.

18 8.7.2. Only Participating Class Members may object to the class action components
19 of the Settlement and/or this Agreement, including contesting the fairness of
20 the Settlement, and/or amounts requested for the Class Counsel Fees Payment,
21 Class Counsel Litigation Expenses Payment and/or Class Representative
22 Service Payment.

23 8.7.3. Participating Class Members may send written objections to the Administrator,
24 by fax, email, or mail. In the alternative, or in addition to a written objection,
25 Participating Class Members may appear in Court (or hire an attorney to appear
26 in Court) to present verbal objections at the Final Approval Hearing. A
27 Participating Class Member who elects to send a written objection to the
28 Administrator must do so not later than the Response Deadline (plus an

1 additional fourteen (14) days for Class Members whose Class Notice was re-
2 mailed).

3 8.7.4. Non-Participating Class Members have no right to object to any of the class
4 action components of the Settlement. If a Class Member submits both a Request
5 for Exclusion and an objection, only the Request for Exclusion will be accepted
6 and the objection will be void.

7 8.8. Administrator Duties. The Administrator has a duty to perform or observe all tasks to
8 be performed or observed by the Administrator contained in this Agreement or
9 otherwise.

10 8.8.1. Website, Email Address and Toll-Free Number. The Administrator will
11 establish and maintain and use an internet website to post information of interest
12 to Class Members including the date, time and location for the Final Approval
13 Hearing and copies of the Agreement, Motion for Preliminary Approval, the
14 Preliminary Approval, the Class Notice, the Motion for Final Approval, the
15 Motion for Class Counsel Fees Payment, Class Counsel Litigation Expenses
16 Payment and Class Representative Service Payment, the Final Approval and the
17 Judgment. The Administrator will also maintain and monitor an email address
18 and a toll-free telephone number to receive Class Member calls, faxes and
19 emails.

20 8.8.2. Requests for Exclusion (Opt-outs) and Exclusion List. The Administrator will
21 promptly review on a rolling basis Requests for Exclusion to ascertain their
22 validity. Not later than seven (7) days after the expiration of the deadline for
23 submitting Requests for Exclusion, the Administrator shall email a list to Class
24 Counsel and Defense Counsel containing (a) the names and other identifying
25 information of Class Members who have timely submitted valid Requests for
26 Exclusion (“Exclusion List”); (b) the names and other identifying information
27 of Class Members who have submitted invalid Requests for Exclusion; (c)
28

1 copies of all Requests for Exclusion from Settlement submitted (whether valid
2 or invalid).

3 8.8.3. Weekly Reports. The Administrator must, on a weekly basis, provide written
4 reports to Class Counsel and Defense Counsel that, among other things, tally
5 the number of: Class Notices mailed or re-mailed, Class Notices returned
6 undelivered, Requests for Exclusion (whether valid or invalid) received,
7 objections received, challenges to Workweeks and/or Pay Periods received
8 and/or resolved, and checks mailed for Individual Class Payments and
9 Individual PAGA Payments (“Weekly Report”). The Weekly Reports must
10 include the Administrator’s assessment of the validity of Requests for
11 Exclusion and attach copies of all Requests for Exclusion and objections
12 received. Upon request, the Settlement Administrator may identify to Defense
13 Counsel the identity of any Class Member who has objected or submitted a
14 request for exclusion.

15 8.8.4. Workweek and/or Pay Period Challenges. The Administrator has the authority
16 to address and make final decisions consistent with the terms of this Agreement
17 on all Class Member challenges over the calculation of Workweeks and/or Pay
18 Periods. The Administrator’s decision shall be final and not appealable or
19 otherwise susceptible to challenge.

20 8.8.5. Administrator’s Declaration. Not later than fourteen (14) days before the date
21 by which Plaintiff is required to file the Motion for Final Approval of the
22 Settlement, the Administrator will provide to Class Counsel and Defense
23 Counsel, a signed declaration suitable for filing in Court attesting to its due
24 diligence and compliance with all of its obligations under this Agreement,
25 including, but not limited to, its mailing of Class Notice, the Class Notices
26 returned as undelivered, the re-mailing of Class Notices, attempts to locate
27 Class Members, the total number of Requests for Exclusion from Settlement it
28 received (both valid or invalid), the number of written objections and attach the

Exclusion List. The Administrator will supplement its declaration as needed or requested by the Parties and/or the Court. Class Counsel is responsible for filing the Administrator's declaration(s) in Court.

8.8.6. Final Report by Settlement Administrator. Within ten (10) days after the Administrator disburses all funds in the Gross Settlement Amount, the Administrator will provide Class Counsel and Defense Counsel with a final report detailing its disbursements by employee identification number only of all payments made under this Agreement. At least fourteen (14) days before any deadline set by the Court, the Administrator will prepare, and submit to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its disbursement of all payments required under this Agreement. Class Counsel is responsible for filing the Administrator's declaration in Court. If a second declaration attesting to the distribution of uncashed checks is required, the Administrator shall provide this second declaration at least seven (7) days before any deadline for a second declaration and Class Counsel shall be responsible for filing the second declaration with the Court.

9. **CLASS SIZE ESTIMATES AND ESCALATOR CLAUSE.** Based on its records, Hydro-Aire estimates that: (1) there were approximately 542 Class Members through December 31, 2024, and approximately 67,000 Workweeks worked by Class Members from August 7, 2020 through April 10, 2025, and (2) there were approximately 419 Aggrieved Employees through December 31, 2024, who worked approximately 15,000 Pay Periods during the PAGA Period through April 10, 2025. In the event the total number of Workweeks during the Class Period exceeds the estimate of Workweeks worked by Class Members from August 7, 2020 through April 10, 2025 as stated in this Paragraph by more than ten percent (10%) due to inaccurate information or a failure to disclose covered Class Members, the Gross Settlement Amount shall be increased by a proportionate additional amount for each additional workweek in excess of ten percent (10%). For example, if the number of Workweeks during the Class Period exceed

1 this estimate by fifteen percent (15%), than the Gross Settlement Amount would increase by
2 five percent (5%).

3 **10. DEFENDANT’S RIGHT TO WITHDRAW.** If the number of valid Requests for Exclusion
4 identified in the Exclusion List exceeds ten percent (10%) of the total of all Class Members or
5 workweeks, Hydro-Aire may, but is not obligated, elect to withdraw from the Settlement. The
6 Parties agree that, if Hydro-Aire withdraws, the Settlement shall be void *ab initio*, have no
7 force or effect whatsoever, and that neither Party will have any further obligation to perform
8 under this Agreement; provided, however, Hydro-Aire will remain responsible for paying all
9 Settlement Administration expenses incurred as of the date Hydro-Aire makes this election to
10 withdraw. Hydro-Aire must notify Class Counsel and the Court of its election to withdraw not
11 later than fourteen (14) days after the Administrator sends the final Exclusion List to Defense
12 Counsel. Invalid Requests for Exclusion will have no effect on this threshold for an election.

13 **11. MOTION FOR FINAL APPROVAL.** Unless otherwise ordered by the Court, not later than
14 sixteen (16) court days before the calendared Final Approval Hearing, Class Counsel will file
15 in Court, a motion for final approval of the Settlement that includes a request for approval of
16 the PAGA settlement under Labor Code section 2699, subd. (l), a Proposed Final Approval
17 Order and a proposed Judgment (collectively “Motion for Final Approval”). Class Counsel
18 shall provide drafts of these documents to Defense Counsel not later than seven (7) days prior
19 to filing the Motion for Final Approval. Class Counsel and Defense Counsel will expeditiously
20 meet and confer in person or by telephone, and in good faith, to resolve any disagreements
21 concerning the Motion for Final Approval.

22 11.1. Response to Objections. Each Party retains the right to respond to any objection raised
23 by a Participating Class Member, including the right to file responsive documents in
24 Court no later than five (5) court days prior to the Final Approval Hearing, or as
25 otherwise ordered or accepted by the Court.

26 11.2. 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
28 scope of release to be granted by Class Members), the Parties will expeditiously work

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

7 11.3. Continuing Jurisdiction of the Court. The Parties agree that, after entry of Judgment,
8 the Court will retain jurisdiction over the Parties, Action, and the Settlement under
9 California Code of Civil Procedure section 664.6 solely for purposes of (i) enforcing
10 this Agreement and/or Judgment, (ii) addressing settlement administration matters, and
11 (iii) addressing such post-Judgment matters as are permitted by law.

12 11.4. Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and
13 conditions of this Agreement, specifically including the Class Counsel Fees Payment
14 and Class Counsel Litigation Expenses Payment reflected set forth in this Settlement,
15 the Parties, their respective counsel, and all Participating Class Members who did not
16 object to the Settlement as provided in this Agreement, waive all rights to appeal from
17 the Judgment, including all rights to post-judgment and appellate proceedings, the right
18 to file motions to vacate judgment, motions for new trial, extraordinary writs, and
19 appeals. The waiver of appeal does not include any waiver of the right to oppose such
20 motions, writs or appeals. If an objector appeals the Judgment, the Parties' obligations
21 to perform under this Agreement will be suspended until such time as the appeal is
22 finally resolved and the Judgment becomes final, except as to matters that do not affect
23 the amount of the Net Settlement Amount.

24 11.5. Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment. If the
25 reviewing Court vacates, reverses, or modifies the Judgment in a manner that requires
26 a material modification of this Agreement (including, but not limited to, the scope of
27 release to be granted by Class Members), this Agreement shall be null and void. The
28 Parties shall nevertheless expeditiously work together in good faith to address the

1 appellate court's concerns and to obtain Final Approval and entry of Judgment, sharing,
2 on an equal basis, any additional Administration expenses reasonably incurred at the
3 time of remittitur. An appellate decision to vacate, reverse, or modify the Court's award
4 of the Class Representative Service Payment or any payments to Class Counsel shall
5 not constitute a material modification of the Judgment within the meaning of this
6 paragraph, as long as the Gross Settlement Amount remains unchanged.

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

10 **13. ADDITIONAL PROVISIONS.**

11 13.1. No Admission of Liability, Class Certification or Representative Manageability for
12 Other Purposes. This Agreement represents a compromise and settlement of highly
13 disputed claims. Nothing in this Agreement is intended or should be construed as an
14 admission by Hydro-Aire that any of the allegations in the Operative Complaint have
15 merit or that Hydro-Aire has any liability for any claims asserted; nor should it be
16 intended or construed as an admission by Plaintiff that Hydro-Aire's defenses in the
17 Action have merit. The Parties agree that class certification and representative
18 treatment is for purposes of this Settlement only. If, for any reason the Court does grant
19 Preliminary Approval, Final Approval or enter Judgment, Hydro-Aire reserves the right
20 to contest certification of any class for any reasons, and Hydro-Aire reserves all
21 available defenses to the claims in the Action, and Plaintiff reserves the right to move
22 for class certification on any grounds available and to contest Hydro-Aire's defenses.
23 The Settlement, this Agreement and Parties' willingness to settle the Action will have
24 no bearing on, and will not be admissible in connection with, any litigation (except for
25 proceedings to enforce or effectuate the Settlement and this Agreement).

26 13.2. Confidentiality Prior to Preliminary Approval. Plaintiff, Class Counsel, Hydro-Aire
27 and Defense Counsel separately agree that, until the Motion for Preliminary Approval
28 of Settlement is filed, they and each of them will not disclose, disseminate and/or

1 publicize, or cause or permit another person to disclose, disseminate or publicize, any
2 of the terms of the Agreement directly or indirectly, specifically or generally, to any
3 person, corporation, association, government agency, or other entity except: (1) to the
4 Parties' attorneys, accountants, or spouses, all of whom will be instructed to keep this
5 Agreement confidential; (2) counsel in a related matter; (3) to the extent necessary to
6 report income to appropriate taxing authorities; (4) in response to a court order or
7 subpoena; or (5) in response to an inquiry or subpoena issued by a state or federal
8 government agency. Each Party agrees to immediately notify each other Party of any
9 judicial or agency order, inquiry, or subpoena seeking such information. Plaintiff, Class
10 Counsel, Hydro-Aire and Defense Counsel separately agree not to, directly or
11 indirectly, initiate any conversation or other communication, before the filing of the
12 Motion for Preliminary Approval, any with third party regarding this Agreement or the
13 matters giving rise to this Agreement except to respond only that "the matter was
14 resolved," or words to that effect. This paragraph does not restrict Class Counsel's
15 communications with Class Members in accordance with Class Counsel's ethical
16 obligations owed to Class Members.

17 13.3. No Solicitation. The Parties separately agree that they and their respective counsel and
18 employees will not solicit any Class Member to opt out of or object to the Settlement,
19 or appeal from the Judgment. Nothing in this paragraph shall be construed to restrict
20 Class Counsel's ability to communicate with Class Members in accordance with Class
21 Counsel's ethical obligations owed to Class Members.

22 13.4. Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement
23 together with its attached exhibits shall constitute the entire agreement between the
24 Parties relating to the Settlement, superseding any and all oral representations,
25 warranties, covenants, or inducements made to or by any Party.

26 13.5. Attorney Authorization. Class Counsel and Defense Counsel separately warrant and
27 represent that they are authorized by Plaintiff and Hydro-Aire, respectively, to take all
28 appropriate action required or permitted to be taken by such Parties pursuant to this

1 Agreement to effectuate its terms, and to execute any other documents reasonably
2 required to effectuate the terms of this Agreement including any amendments to this
3 Agreement.

4 13.6. Cooperation. The Parties and their counsel will cooperate with each other and use their
5 best efforts, in good faith, to implement the Settlement by, among other things,
6 modifying the Settlement Agreement, submitting supplemental evidence and
7 supplementing points and authorities as requested by the Court. In the event the Parties
8 are unable to agree upon the form or content of any document necessary to implement
9 the Settlement, or on any modification of the Agreement that may become necessary
10 to implement the Settlement, the Parties will seek the assistance of a mediator and/or
11 the Court for resolution.

12 13.7. No Prior Assignments. The Parties separately represent and warrant that they have not
13 directly or indirectly assigned, transferred, encumbered, or purported to assign,
14 transfer, or encumber to any person or entity and portion of any liability, claim,
15 demand, action, cause of action, or right released and discharged by the Party in this
16 Settlement.

17 13.8. No Tax Advice. Neither Plaintiff, Class Counsel, Hydro-Aire nor Defense Counsel are
18 providing any advice regarding taxes or taxability, nor shall anything in this Settlement
19 be relied upon as such within the meaning of United States Treasury Department
20 Circular 230 (31 CFR Part 10, as amended) or otherwise.

21 13.9. Modification of Agreement. This Agreement, and all parts of it, may be amended,
22 modified, changed, or waived only by an express written instrument signed by all
23 Parties or their representatives, and approved by the Court.

24 13.10. Agreement Binding on Successors. This Agreement will be binding upon, and inure to
25 the benefit of, the successors of each of the Parties.

26 13.11. Applicable Law. All terms and conditions of this Agreement and its exhibits will be
27 governed by and interpreted according to the internal laws of the state of California,
28 without regard to conflict of law principles.

- 1 13.12. Cooperation in Drafting. The Parties have cooperated in the drafting and preparation
2 of this Agreement. This Agreement will not be construed against any Party on the basis
3 that the Party was the drafter or participated in the drafting.
- 4 13.13. Confidentiality. To the extent permitted by law, all agreements made, and orders
5 entered during Action and in this Agreement relating to the confidentiality of
6 information shall survive the execution of this Agreement.
- 7 13.14. Use and Return of Class Data. Information provided to Class Counsel pursuant to Cal.
8 Evid. Code §1152, and all copies and summaries of the Class Data provided to Class
9 Counsel by Hydro-Aire in connection with the mediation, other settlement
10 negotiations, or in connection with the Settlement, may be used only with respect to
11 this Settlement, and no other purpose, and may not be used in any way that violates any
12 existing contractual agreement, statute, or rule of court. Not later than ninety (90) days
13 after the date when the Court discharges the Administrator's obligation to provide a
14 Declaration confirming the final pay out of all Settlement funds, Plaintiff shall destroy,
15 all paper and electronic versions of Class Data received from Hydro-Aire.
- 16 13.15. Headings. The descriptive heading of any section or paragraph of this Agreement is
17 inserted for convenience of reference only and does not constitute a part of this
18 Agreement.
- 19 13.16. Calendar Days. Unless otherwise noted, all reference to "days" in this Agreement shall
20 be to calendar days. In the event any date or deadline set forth in this Agreement falls
21 on a weekend or federal legal holiday, such date or deadline shall be on the first
22 business day thereafter.
- 23 13.17. Notice. All notices, demands or other communications between the Parties in
24 connection with this Agreement will be in writing and deemed to have been duly given
25 as of the third business day after mailing by United States mail, or the day sent by email
26 or messenger, addressed as follows:
27
28

To Plaintiff and the Class:

Scott M. Lidman, Bar No. 199433
Milan Moore, Bar No. 308095
Tiara Gose-Hardy, Bar No. 323823
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To Defendant:

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Meri Dichigrikian, Bar No. 328586
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Telephone: (310) 553-0308
Fax: (800) 715-1330
E-mail: RBlumberg@littler.com
MDichigrikian@littler.com

13.18. 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.

13.19. 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 from the mediation on February 6, 2025 until the earlier of the Effective Date or the date this Agreement shall no longer be of any force or effect.

13.20. Fair Settlement. The Parties, Class Counsel and Defense Counsel believe and warrant that this Agreement reflects a fair, reasonable, and adequate settlement of the Action and have arrived at this Agreement through arms-length negotiations, taking into account all relevant factors, both current and potential.

14. EXECUTION BY PARTIES AND COUNSEL:

The Parties and their counsel hereby execute this Agreement.

Dated: May 22, 2025
Plaintiff Jorge Palato
Dated: _____


Jorge palato (May 22, 2025 16:00 PDT)

For Defendant Hydro-Aire Aerospace Corp.

Dated: May 22, 2025


Scott M. Lidman
LIDMAN LAW, APC
Paul K. Haines
HAINES LAW GROUP, APC
Attorneys for Plaintiff

Dated: _____

Robert S. Blumberg
Littler Mendelson, P.C.
Attorney for Defendant
Hydro-Aire Aerospace Corp.

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 from the mediation on February 6, 2025 until the earlier of the Effective Date or the date this Agreement shall no longer be of any force or effect.

13.20. Fair Settlement. The Parties, Class Counsel and Defense Counsel believe and warrant that this Agreement reflects a fair, reasonable, and adequate settlement of the Action and have arrived at this Agreement through arms-length negotiations, taking into account all relevant factors, both current and potential.

14. EXECUTION BY PARTIES AND COUNSEL:

The Parties and their counsel hereby execute this Agreement.

Dated: _____
Plaintiff Jorge Palato
Dated: 5/19/2025

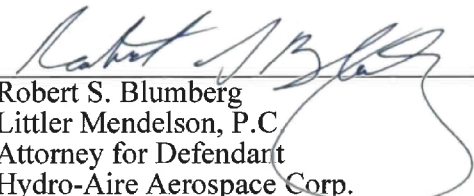


Anthony D'Iorio
Executive Vice President, General Counsel & Secretary
For Defendant Hydro-Aire Aerospace Corp.

Dated: _____

Scott M. Lidman
LIDMAN LAW, APC
Paul K. Haines
HAINES LAW GROUP, APC
Attorneys for Plaintiff

Dated: 05/19/2025



Robert S. Blumberg
Littler Mendelson, P.C.
Attorney for Defendant
Hydro-Aire Aerospace Corp.

EXHIBIT A

EXHIBIT A

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

3 *JORGE PALATO, as an individual, and on behalf of all others similarly situated,*
4 *Plaintiff, vs. HYDRO-AIRE AEROSPACE CORP., a California corporation; and*
5 *DOES 1 through 100, inclusive, Superior Court of the State of California, County of*
6 Los Angeles, Case No. 24STCV19936

7
8 ***The Superior Court for the State of California authorized this Notice. Read it carefully!***
9 ***It's not junk mail, spam, an advertisement, or solicitation by a lawyer. You are not being sued.***

10
11 **You may be eligible to receive money** from an employee class action lawsuit (“Action”) against Hydro-Aire Aerospace Corp. (“Hydro-Aire”) for alleged wage and hour violations. The Action was filed by a former Hydro-Aire employee Jorge Palato (“Plaintiff”) and seeks payment for alleged violations of: (1) Failure to Pay All Minimum Wages Owed (Labor Code §§ 1194, 1194.2, 1197); (2) Failure to Pay All Overtime Wages Owed (Labor Code §§ 204, 510, 558, 1194, 1198); (3) Failure to Provide Meal Periods (Labor Code §§ 226.7, 512, 558); (4) Failure to Authorize and Permit Rest Periods (Labor Code §§ 226.7, 516); (5) Failure to Provide Accurate, Itemized Wage Statements (Labor Code § 226 Et Seq.); (6) Failure to Indemnify All Necessary Business Expenditures (Labor Code § 2802); (7) Failure to Pay All Wages Owed Upon Termination (Labor Code §§ 201-203); (8) Unfair Competition (Bus & Prof Code § 17200 Et Seq.); and (9) Civil Penalties Under the Private Attorneys General Act (Labor Code § 2698 Et Seq., for a class of all current and former non-exempt employees who were employed by Hydro-Aire in California (“Class Members”) during the Class Period (August 7, 2020 to June 9, 2025); and (2) penalties under the California Private Attorney General Act (“PAGA”) for all current and former non-exempt employees who were employed by Hydro-Aire in California during the PAGA Period (August 7, 2023 to June 9, 2025) (“Aggrieved Employees”).

27 The proposed Settlement has two main parts: (1) a Class Settlement requiring Hydro-Aire to
28 fund Individual Class Payments, and (2) a PAGA Settlement requiring Hydro-Aire to fund Individual

1 PAGA Payments and pay penalties to the California Labor and Workforce Development Agency
2 (“LWDA”).

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

9 The above estimates are based on Hydro-Aire’s records showing that **you worked _____**
10 **workweeks** during the Class Period and **you worked _____ workweeks** during the PAGA Period. If
11 you believe that you worked more workweeks during either period, you can submit a challenge by the
12 deadline date. See Section 4 of this Notice.

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

21 If you worked for Hydro-Aire during the Class Period and/or the PAGA Period, you have two
22 basic options under the Settlement:

23 (1) **Do Nothing.** You don’t have to do anything to participate in the proposed Settlement and
24 be eligible for an Individual Class Payment and/or an Individual PAGA Payment. As a
25 Participating Class Member, though, you will give up your right to assert Class Period
26 wage claims and PAGA Period penalty claims against Hydro-Aire.

27 (2) **Opt-Out of the Class Settlement.** You can exclude yourself from the Class Settlement
28 (opt-out) by submitting the written Request for Exclusion or otherwise notifying the

Administrator in writing. If you opt-out of the Settlement, you will not receive an Individual Class Payment. You will, however, preserve your right to personally pursue Class Period wage claims against Hydro-Aire, and, if you are an Aggrieved Employee, remain eligible for an Individual PAGA Payment. You cannot opt-out of the PAGA portion of the proposed Settlement.

Hydro-Aire will not retaliate against you for any actions you take with respect to the proposed Settlement.

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

You Don't Have to Do Anything to Participate in the Settlement	If you do nothing, you will be a Participating Class Member, eligible for an Individual Class Payment and an Individual PAGA Payment (if any). In exchange, you will give up your right to assert the wage claims against Hydro-Aire that are covered by this Settlement (Released Claims).
You Can Opt-out of the Class Settlement but not the PAGA Settlement The Opt-out Deadline is 	If you don't want to fully participate in the proposed Settlement, you can opt-out of the Class Settlement by sending the Administrator a written Request for Exclusion. Once excluded, you will be a Non-Participating Class Member and no longer eligible for an Individual Class Payment. Non-Participating Class Members cannot object to any portion of the proposed Settlement. See Section 6 of this Notice. You cannot opt-out of the PAGA portion of the proposed Settlement. Hydro-Aire must pay Individual PAGA Payments to all Aggrieved Employees and the Aggrieved Employees must give up their rights to pursue Released Claims (defined below).
Participating Class Members Can Object to the Class Settlement but	All Class Members who do not opt-out ("Participating Class Members") can object to any aspect of the proposed Settlement. The Court's decision whether to finally approve the Settlement will

not the PAGA Settlement Written Objections Must be Submitted by _____	include a determination of how much will be paid to Class Counsel and Plaintiff who pursued the Action on behalf of the Class. You are not personally responsible for any payments to Class Counsel or Plaintiff, but every dollar paid to Class Counsel and Plaintiff reduces the overall amount paid to Participating Class Members. You can object to the amounts requested by Class Counsel or Plaintiff if you think they are unreasonable. See Section 7 of this Notice.
You Can Participate in the _____ Final Approval Hearing	The Court's Final Approval Hearing is scheduled to take place on _____. You don't have to attend but you do have the right to appear (or hire an attorney to appear on your behalf at your own cost), in person, by telephone or by using the Court's virtual appearance platform. Participating Class Members can verbally object to the Settlement at the Final Approval Hearing. See Section 8 of this Notice.
You Can Challenge the Calculation of Your Workweeks/Pay Periods Written Challenges Must be Submitted by _____	The amount of your Individual Class Payment and PAGA Payment (if any) depend on how many workweeks you worked at least one day during the Class Period and how many Pay Periods you worked at least one day during the PAGA Period, respectively. The number Class Period Workweeks and number of PAGA Period Pay Periods you worked according to Hydro-Aire's records is stated on the first page of this Notice. If you disagree with either of these numbers, you must challenge it by _____. See Section 4 of this Notice.

1. WHAT IS THE ACTION ABOUT?

Plaintiff is a former Hydro-Aire employee. The Action accuses Hydro-Aire of violating California labor laws including: (1) Failure to Pay All Minimum Wages Owed (Labor Code §§ 1194, 1194.2, 1197); (2) Failure to Pay All Overtime Wages Owed (Labor Code §§ 204, 510, 558, 1194, 1198); (3)

1 Failure to Provide Meal Periods (Labor Code §§ 226.7, 512, 558); (4) Failure to Authorize and Permit
2 Rest Periods (Labor Code §§ 226.7, 516); (5) Failure to Provide Accurate, Itemized Wage Statements
3 (Labor Code § 226 Et Seq.); (6) Failure to Indemnify All Necessary Business Expenditures (Labor
4 Code § 2802); (7) Failure to Pay All Wages Owed Upon Termination (Labor Code §§ 201-203); (8)
5 Unfair Competition (Bus & Prof Code § 17200 Et Seq.); and (9) Civil Penalties Under the Private
6 Attorneys General Act (Labor Code § 2698 Et Seq. Based on the same claims, Plaintiff has also
7 asserted a claim for civil penalties under the California Private Attorneys General Act (Labor Code §§
8 2698, et seq.) (“PAGA”). Plaintiff is represented by attorneys in the Action: Scott M. Lidman, Esq. of
9 Lidman Law, APC and Paul K. Haines of Haines Law Group, APC (“Class Counsel.”) Hydro-Aire
10 strongly denies violating any laws or failing to pay any wages and contends it complied with all
11 applicable laws.

12 **2. WHAT DOES IT MEAN THAT THE ACTION HAS SETTLED?**

13 So far, the Court has made no determination whether Hydro-Aire or Plaintiff is correct on the merits.
14 In the meantime, Plaintiff and Hydro-Aire hired an experienced, neutral mediator in an effort to resolve
15 the Action by negotiating an to end the case by agreement (settle the case) rather than continuing the
16 expensive and time-consuming process of litigation. The negotiations were successful. By signing a
17 lengthy written settlement agreement (“Agreement”) and agreeing to jointly ask the Court to enter a
18 judgment ending the Action and enforcing the Agreement, Plaintiff and Hydro-Aire have negotiated
19 a proposed Settlement that is subject to the Court’s Final Approval. Both sides agree the proposed
20 Settlement is a compromise of disputed claims. By agreeing to settle, Hydro-Aire does not admit any
21 violations or concede the merit of any claims.

22 Plaintiff and Class Counsel strongly believe the Settlement is a good deal for you because they believe
23 that: (1) Hydro-Aire has agreed to pay a fair, reasonable and adequate amount considering the strength
24 of the claims and the risks and uncertainties of continued litigation; and (2) Settlement is in the best
25 interests of the Class Members and Aggrieved Employees. The Court preliminarily approved the
26 proposed Settlement as fair, reasonable and adequate, authorized this Notice, and scheduled a hearing
27 to determine Final Approval.
28

1 **3. WHAT ARE THE IMPORTANT TERMS OF THE PROPOSED SETTLEMENT?**

2 1. Hydro-Aire Will Pay \$335,000.00 as the Gross Settlement Amount (Gross Settlement).

3 Hydro-Aire has agreed to deposit the Gross Settlement into an account controlled by the
4 Settlement Administrator. The Administrator will use the Gross Settlement to pay the
5 Individual Class Payments, Individual PAGA Payments, Class Representative Service
6 Payment, Class Counsel’s attorney’s fees and expenses, the Administrator’s expenses, and
7 penalties to be paid to the California Labor and Workforce Development Agency
8 (“LWDA”). Assuming the Court grants Final Approval, Hydro-Aire will fund the Gross
9 Settlement not more than thirty (30) days after the Judgment entered by the Court become
10 final. The Judgment will be final sixty (60) days following the date the Court enters
11 Judgment, or a later date if Participating Class Members object to the proposed Settlement or
12 the Judgment is appealed.

13 2. Court Approved Deductions from Gross Settlement. At the Final Approval Hearing, Plaintiff
14 and/or Class Counsel will ask the Court to approve the following deductions from the Gross
15 Settlement, the amounts of which will be decided by the Court at the Final Approval Hearing:

16 A. Up to \$111,666.67 (33.33% of the Gross Settlement] to Class Counsel for attorneys’
17 fees and up to \$25,000.00 for their litigation expenses. To date, Class Counsel have
18 worked and incurred expenses on the Action without payment.

19 B. Up to \$7,500 as a Class Representative Award for filing the Action, working with Class
20 Counsel and representing the Class. A Class Representative Award will be the only
21 monies Plaintiff will receive other than Plaintiff’s Individual Class Payment and any
22 Individual PAGA Payment.

23 C. Up to \$11,000.00 to the Administrator for services administering the Settlement.

24 D. Up to \$20,000.00 for PAGA Penalties, allocated 65% to the LWDA PAGA Payment
25 and 35% in Individual PAGA Payments to the Aggrieved Employees based on their
26 PAGA Period Pay Periods.

27 Participating Class Members have the right to object to any of these deductions. The Court will
28 consider all objections.

1 3. Net Settlement Distributed to Class Members. After making the above deductions in amounts
2 approved by the Court, the Administrator will distribute the rest of the Gross Settlement (the
3 “Net Settlement”) by making Individual Class Payments to Participating Class Members based
4 on their Class Period Workweeks.

5 4. Taxes Owed on Payments to Class Members. Plaintiff and Hydro-Aire are asking the Court to
6 approve an allocation of twenty percent (20%) of each Individual Class Payment to taxable
7 wages (“Wage Portion”) and eighty percent (80%) to interest and penalties (“Non-Wage
8 Portion”). The Wage Portion is subject to withholdings and will be reported on IRS W-2
9 Forms. Hydro-Aire will separately pay employer payroll taxes it owes on the Wage Portion.
10 The Individual PAGA Payments are counted as penalties rather than wages for tax purposes.
11 The Administrator will report the Individual PAGA Payments and the Non-Wage Portions of
12 the Individual Class Payments on IRS 1099 Forms.

13 Although Plaintiff and Hydro-Aire have agreed to these allocations, neither side is giving you
14 any advice on whether your Payments are taxable or how much you might owe in taxes. You
15 are responsible for paying all taxes (including penalties and interest on back taxes) on any
16 Payments received from the proposed Settlement. You should consult a tax advisor if you have
17 any questions about the tax consequences of the proposed Settlement.

18 5. Need to Promptly Cash Payment Checks. The front of every check issued for Individual Class
19 Payments and Individual PAGA Payments will show the date when the check expires (the void
20 date). If you don’t cash it by the void date, your check will be automatically cancelled, and the
21 monies

22 ☒ will be deposited with the California Controller’s Unclaimed Property Fund in your name
23 If the monies represented by your check is sent to the Controller’s Unclaimed Property, you
24 should consult the rules of the Fund for instructions on how to retrieve your money.

25 6. Requests for Exclusion from the Class Settlement (Opt-Outs). You will be treated as a
26 Participating Class Member, participating fully in the Class Settlement, unless you notify the
27 Administrator in writing, not later than [45 days], that you wish to opt-out.
28 The easiest way to notify the Administrator is to send a written and signed Request for

1 Exclusion by the _____ **[45 days]** Response Deadline. The Request for Exclusion
2 should be a letter from a Class Member or his/her representative setting forth a Class Member's
3 name, present address, telephone number, and a simple statement electing to be excluded from
4 the Settlement. Excluded Class Members (i.e., Non-Participating Class Members) will not
5 receive Individual Class Payments, but will preserve their rights to personally pursue wage and
6 hour claims against Hydro-Aire.

7 You cannot opt-out of the PAGA portion of the Settlement. Class Members who exclude
8 themselves from the Class Settlement (Non-Participating Class Members) remain eligible for
9 Individual PAGA Payments and are required to give up their right to assert PAGA claims
10 against Hydro-Aire based on the PAGA Period facts alleged in the Action.

11 7. The Proposed Settlement Will be Void if the Court Denies Final Approval. It is possible the
12 Court will decline to grant Final Approval of the Settlement or decline enter a Judgment. It is
13 also possible the Court will enter a Judgment that is reversed on appeal. Plaintiffs and Hydro-
14 Aire have agreed that, in either case, the Settlement will be void: Hydro-Aire will not pay any
15 money and Class Members will not release any claims against Hydro-Aire.

16 8. Administrator. The Court has appointed a neutral company, _____
17 (the "Administrator") to send this Notice, calculate and make payments, and process Class
18 Members' Requests for Exclusion. The Administrator will also decide Class Member
19 Challenges over Workweeks, mail and re-mail settlement checks and tax forms, and perform
20 other tasks necessary to administer the Settlement. The Administrator's contact information is
21 contained in Section 9 of this Notice.

22 9. Participating Class Members' Release. After the Judgment is final and Hydro-Aire has fully
23 funded the Gross Settlement and separately paid all employer payroll taxes, Participating Class
24 Members will be legally barred from asserting any of the claims released under the Settlement.
25 This means that unless you opted out by validly excluding yourself from the Class Settlement,
26 you cannot sue, continue to sue, or be part of any other lawsuit against Hydro-Aire or related
27 entities for wages based on the Class Period facts and PAGA penalties based on PAGA Period
28 facts, as alleged in the Action and resolved by this Settlement.

1 The Participating Class Members will be bound by the following release:

2 Participating Class Members release Released Parties from all claims that were
3 alleged, or reasonably could have been alleged based upon the facts alleged, in
4 the Operative Complaint which occurred during the Class Period, including,
5 any and all claims, actions and causes of action, arising during the Class Period,
6 for: (1) Failure to Pay All Minimum Wages Owed (Labor Code §§ 1194,
7 1194.2, 1197); (2) Failure to Pay All Overtime Wages Owed (Labor Code §§
8 204, 510, 558, 1194, 1198); (3) Failure to Provide Meal Periods (Labor Code
9 §§ 226.7, 512, 558); (4) Failure to Authorize and Permit Rest Periods (Labor
10 Code §§ 226.7, 516); (5) Failure to Provide Accurate, Itemized Wage
11 Statements (Labor Code § 226 Et Seq.); (6) Failure to Indemnify All Necessary
12 Business Expenditures (Labor Code § 2802); (7) Failure to Pay All Wages
13 Owed Upon Termination (Labor Code §§ 201-203); (8) Unfair Competition
14 (Bus & Prof Code § 17200 Et Seq.); and (9) Civil Penalties Under the Private
15 Attorneys General Act (Labor Code § 2698 Et Seq., and those claims predicated
16 on the same or similar facts and/or claims alleged in the Action by Plaintiff in
17 or prior to the Action, including claims based on the regular rate of pay, and
18 claims for interest, penalties, pursuant to the California Labor Code and
19 California Industrial Welfare Commission, wages for violations of Labor Code
20 Sections 201, 202, 203, 204, 218 *et seq.*, 226 *et seq.*, 226.7, 510, 512, 516, 558,
21 1174, 1194, 1194.2, 1197, 1198, 2698 *et seq.*, 2802, and 2804, and applicable
22 IWC Wage Orders, and California Code of Regulations, Title 8, section 11000
23 *et seq.* Except as set forth in Section 6.3 of this Agreement, Participating Class
24 Members do not release any other claims, including claims for vested benefits,
25 wrongful termination, violation of the Fair Employment and Housing Act,
26 unemployment insurance, disability, social security, workers' compensation, or
27 claims based on facts occurring outside the Class Period.

10. Aggrieved Employees' PAGA Release. After the Court's judgment is final, and Hydro-
Aire has paid the Gross Settlement (and separately paid the employer-side payroll
taxes), the State of California, LWDA and all Aggrieved Employees will be barred
from asserting PAGA claims against Hydro-Aire, whether or not they exclude
themselves from the Settlement. This means that all Aggrieved Employees, including
those who are Participating Class Members and those who opt-out of the Class
Settlement, cannot sue, continue to sue, or participate in any other PAGA claim against
Hydro-Aire or its related entities based on the PAGA Period facts alleged in the Action
and resolved by this Settlement.

The Aggrieved Employees' Releases for Participating and Non-Participating Class Members
are as follows:

All Aggrieved Employees and the State of California and LWDA 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 PAGA claims pled or could have been pled based on the factual allegations contained in the Operative Complaint and PAGA Notices sent by Plaintiff that occurred during the PAGA Period, including PAGA claims for violations of California Labor Code sections 201, 202, 203, 204, 218 *et seq.*, 226 *et seq.*, 226.7, 510, 512, 516, 558, 1174, 1194, 1194.2, 1197, 1198, 2698 *et seq.*, 2699, 2699.3, 2802, and 2804, and applicable IWC Wage Orders, and California Code of Regulations, Title 8, section 11000 *et seq.* The Released PAGA Claims do not include other PAGA claims, underlying wage and hour claims and claims outside of the PAGA Period.

4. HOW WILL THE ADMINISTRATOR CALCULATE MY PAYMENT?

1. Individual Class Payments. The Administrator will calculate Individual Class Payments by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members, and (b) multiplying the result by the number of Workweeks worked by each individual Participating Class Member.
2. Individual PAGA Payments. The Administrator will calculate Individual PAGA Payments by (a) dividing thirty thousand dollars (\$30,000) by the total number of PAGA Pay Periods worked by all Aggrieved Employees and (b) multiplying the result by the number of PAGA Period Pay Periods worked by each individual Aggrieved Employee.
3. Workweek/Pay Period Challenges. The number of Class Workweeks you worked during the Class Period and the number of PAGA Pay Periods you worked during the PAGA Period, as recorded in Hydro-Aire's records, are stated in the first page of this Notice. You have until _____ **[45 days]** to challenge the number of Workweeks and/or Pay Periods credited to you. You can submit your challenge by signing and sending a letter to the Administrator via mail, email or fax. Section 9 of this Notice has the Administrator's contact information. You need to support your challenge by sending copies of pay stubs or other records. The Administrator will accept Hydro-Aire's calculation of Workweeks and/or Pay Periods based on Hydro-Aire's records as accurate unless you send copies of records containing contrary information. You should send copies rather than originals because the documents will not be returned to you. The Administrator will resolve Workweek and/or Pay Period challenges based on your submission and on input from Class Counsel (who will advocate on behalf of Participating Class Members) and Hydro-Aire's Counsel. The Administrator's decision is final. You can't appeal or otherwise challenge its final decision.

5. HOW WILL I GET PAID?

1. Participating Class Members. The Administrator will send, by U.S. mail, a single check to every Participating Class Member (i.e., every Class Member who doesn't opt-out) including those who also qualify as Aggrieved Employees. The single check will combine the Individual Class Payment and the Individual PAGA Payment.
2. Non-Participating Class Members. The Administrator will send, by U.S. mail, a single Individual PAGA Payment check to every Aggrieved Employee who opts out of the Class Settlement (i.e., every Non-Participating Class Member).

Your check will be sent to the same address as this Notice. If you change your address, be sure to notify the Administrator as soon as possible. Section 9 of this Notice has the Administrator's contact information.

6. HOW DO I OPT-OUT OF THE CLASS SETTLEMENT?

Submit a written and signed letter with your name, present address, telephone number, and a simple statement that you do not want to participate in the Settlement. The Administrator will exclude you based on any writing communicating your request be excluded. Be sure to personally sign your request, identify the Action as Jorge Palato vs. Hydro-Aire Aerospace Corp., Inc., Superior Court of the State of California, County of Los Angeles, Case No. 24STCV19936, and include your identifying information (full name, address, telephone number, approximate dates of employment, and social security number for verification purposes). You must make the request yourself. If someone else makes the request for you, it will not be valid. **The Administrator must be sent your request to be excluded by _____, or it will be invalid.** Section 9 of the Notice has the Administrator's contact information.

7. HOW DO I OBJECT TO THE SETTLEMENT?

Only Participating Class Members have the right to object to the Settlement. Before deciding whether to object, you may wish to see what Plaintiff and Hydro-Aire are asking the Court to approve. At least 16 days before the _____ Final Approval Hearing, Class Counsel and/or Plaintiff will file in Court (1) a Motion for Final Approval that includes, among other things, the reasons why the proposed Settlement is fair, and (2) a Motion for Fees, Litigation Expenses and

1 Service Award stating (i) the amount Class Counsel is requesting for attorneys' fees and litigation
2 expenses; and (ii) the amount Plaintiff is requesting as a Class Representative Service Award.
3 Upon reasonable request, Class Counsel (whose contact information is in Section 9 of this Notice)
4 will send you copies of these documents at no cost to you. You can also view them on the
5 Administrator's Website _____ (url) _____ or the Court's website ____ (url) ____.

6 A Participating Class Member who disagrees with any aspect of the Agreement, the Motion for
7 Final Approval and/or Motion for Fees, Litigation Expenses and Service Award may wish to
8 object, for example, that the proposed Settlement is unfair, or that the amounts requested by Class
9 Counsel or Plaintiff are too high or too low. **The deadline for sending written objections to the**
10 **Administrator is _____ [45 days].** Be sure to tell the Administrator what you object
11 to, why you object, and any facts that support your objection. Make sure you identify the Action
12 _____ and include your name, current address, telephone number, and
13 approximate dates of employment for Hydro-Aire and sign the objection. Section 9 of this Notice
14 has the Administrator's contact information.

15 Alternatively, a Participating Class Member can object (or personally retain a lawyer to object at
16 your own cost) by attending the Final Approval Hearing. You (or your attorney) should be ready
17 to tell the Court what you object to, why you object, and any facts that support your objection. See
18 Section 8 of this Notice (immediately below) for specifics regarding the Final Approval Hearing.

19 **8. CAN I ATTEND THE FINAL APPROVAL HEARING?**

20 You can, but don't have to, attend the Final Approval Hearing on _____ at ____ (time) ____
21 in Department 12 of the Los Angeles Superior Court, located at 312 North Spring Street, Los Angeles,
22 CA 90012. At the Hearing, the judge will decide whether to grant Final Approval of the Settlement
23 and how much of the Gross Settlement will be paid to Class Counsel, Plaintiff, and the Administrator.
24 The Court will invite comment from objectors, Class Counsel and Defense Counsel before making a
25 decision. You can attend (or hire a lawyer to attend) either personally or virtually. Check the Court's
26 website for the most current information.

1 It's possible the Court will reschedule the Final Approval Hearing. You should check the
2 Administrator's website _____ beforehand or contact Class
3 Counsel to verify the date and time of the Final Approval Hearing.

4 **9. HOW CAN I GET MORE INFORMATION?**

5 The Agreement sets forth everything Hydro-Aire and Plaintiff have promised to do under the proposed
6 Settlement. The easiest way to read the Agreement, the Judgment or any other Settlement documents
7 is to go to Phoenix Settlement Administrators' website at _____ (url) _____. You can also telephone
8 or send an email to Class Counsel or the Administrator using the contact information listed below.

9 **DO NOT TELEPHONE THE SUPERIOR COURT TO OBTAIN INFORMATION** 10 **ABOUT THE SETTLEMENT.**

11 Class Counsel:

12 Name of Attorney: Scott M. Lidman and Paul K. Haines

13 Email Address: slidman@lidmanlaw.com; phaines@haineslawgroup.com

14 Name of Firm: LIDMAN LAW, APC; HAINES LAW GROUP, APC

15 Mailing Address: LIDMAN LAW, APC

2155 Campus Drive, Suite 150

El Segundo, California 90245

HAINES LAW GROUP, APC

2155 Campus Drive, Suite 180

El Segundo, California 90245

Telephone: (424) 322-4772; (424) 292-2350

19 Settlement Administrator:

20 Name of Company: _____

21 Email Address: _____

22 Mailing Address: _____

23 Telephone: _____

24 Fax Number: _____

25 **10. WHAT IF I LOSE MY SETTLEMENT CHECK?**

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

☒ you should consult the Unclaimed Property Fund _____ for
instructions on how to retrieve the funds.

1 **11. WHAT IF I CHANGE MY ADDRESS?**

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