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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Michael Grotte, individually and on
behalf of all others similarly situated,

Plaintiff,

v.

Normal Life of California, Inc., a
California Corporation; Rescare
Behavior Services, Inc., a Delaware
Corporation; RSCR California, Inc., a
Delaware Corporation, licensed to do
business in California; RSCR Inland,
Inc., a California Corporation; Res-Care
California, Inc. d/b/a RCCA Services, a
Delaware Corporation licensed to do
business in California as RCCA
Services; Rescare, Inc., a Delaware
Corporation, and DOES 1 to 100,
inclusive,

Defendants.

Case No.: 2:18-cv-09814-GW-KS

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

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Attorney for Defendants

This Joint Stipulation of Class and Representative Action Settlement is made and entered into between Plaintiff Michael Grotte (“Plaintiff”) on behalf of himself and as a representative of the Settlement Class (as defined below) and Defendants Normal Life of California, Inc.; RSCR California, Inc.; Res-Care California, Inc. d/b/a RCCA Services; and Rescare, Inc. (“Defendants”), (Plaintiff and Defendants hereinafter are collectively referred to as the “Parties”). This is a non-reversionary checks-mailed class action settlement and Defendant Normal Life of California, Inc./Releasees (as defined below) shall pay 100% of the Gross Settlement Amount (as defined below). This Stipulation is subject to the approval of the Court, pursuant to Federal Rule of Civil Procedure Rule 23(e), and is made for the sole purpose of attempting to consummate settlement of the Action on a class-wide basis subject to the following terms and conditions. In addition, this is a PAGA representative settlement with Defendants/Releasees against all the Defendants pursuant to Labor Code section 2699(k). As detailed below, in the event the Court does not enter an order granting final approval of the Class Settlement, as defined below, or the conditions precedent are not met for any reason, this Stipulation is void and of no force or effect whatsoever.

I. DEFINITIONS

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

A. Action. “Action” shall mean the above captioned action titled *Michael Grotte, individually and on behalf of all others similarly situated, Plaintiff v. Normal Life of California, Inc., California Corporation; Rescare Behavior Services, Inc., a Delaware Corporation; RSCR California, Inc., a Delaware Corporation, licensed to do business in California; RSCR Inland, Inc., a California Corporation; Res-Care California, Inc. d/b/a RCCA Services, a Delaware Corporation licensed to do business in California as RCCA Services; Rescare, Inc., a Delaware Corporation, and DOES 1 to 100, inclusive, Defendants*, Central District of California Case No. 2:18-cv-09814-GW-KS.

B. Administrative Expenses. “Administrative Expenses” shall include all costs and expenses associated with and paid to the third-party Settlement Administrator, which are anticipated not to exceed \$40,000.00.

C. Class, Class Member, Settlement Class or Settlement Class Member. “Class,” “Class Member,” “Settlement Class,” or “Settlement Class Member shall mean collectively the Normal Life Class Members and the PAGA Class Members.

D. Class and Representative Settlement or Settlement. “Class and Representative Settlement” or “Settlement” shall mean the settlement embodied in this Stipulation, which is subject to Court approval.

E. Class Attorney Fees and Expenses. “Class Attorney Fees and Expenses” shall mean Class Counsel’s attorney fees and expenses.

F. Class Counsel. “Class Counsel” shall mean Craig J. Ackermann of Ackermann & Tilajef, P.C, David S. Winston of Winston Law Group, P.C., and Jonathan Melmed of Melmed Law Group P.C.

G. Class Notice. “Class Notice” shall mean the Notice of Proposed Class Action Settlement and Hearing Date for Court Approval, as set forth in the form of **Exhibit 1** attached hereto, or as otherwise approved by the Court, which is to be mailed to Class Members.

H. Class Participants. “Class Participants” shall mean any and all Normal Life Class Members who do not timely Opt-Out of the Settlement.

I. Class Representative. “Class Representative” shall mean Plaintiff Michael Grotte. He shall also be the PAGA Representative.

J. Court. “Court” shall mean the United States District Court, Central District of California.

K. Defendants, Releasees, or Released Parties. “Defendants,” “Releasees,” or “Released Parties” shall mean and refer to Normal Life of California, Inc., RSCR California, Inc., Res-Care California, Inc. d/b/a RCCA Services, Rescare, Inc., Rescare Behavior Services, Inc., RSCR Inland, Inc., Southern Home Care Services, Inc., and all of their

affiliated entities, parents, subsidiaries, owners, officers, shareholders, executives and managers.

L. Defense Counsel. “Defense Counsel,” Defendants’ Counsel” or “Releasees’ Counsel” shall mean Ronald G. Polly, Jr., Matthew A. Boyd, and Phil J. Montoya, Jr. of Hawkins Parnell & Young LLP.

M. Effective Date. “Effective Date” shall mean the date applicable based on the following: (a) if no objection is made the Effective Date will be 7 calendar days after the Court grants final approval of the class and representative action settlement and enters Final Judgment; or (b) if any appeals of an order by the Court granting final approval of class action settlement or granting judgment dismissing with prejudice the Action and all claims for Class Members is filed, 30 calendar days after any appeals affirming such an order or judgment is final and no longer appealable.

N. Employee’s Taxes and Required Withholding. “Employee’s Taxes and Required Withholding” shall mean the employee’s share of any and all applicable federal, state or local payroll taxes, including those collected under authority of the Federal Insurance Contributions Act (“FICA”), FUTA and/or SUTA on the portion of any Class Participant’s Individual Settlement Amount that constitutes wages. The Employee’s Taxes and Required Withholdings will be withheld from and paid out of the Net Settlement Amount.

O. Employer’s Taxes. “Employer’s Taxes” shall mean and refer to Defendants’ share of payroll taxes (*e.g.* UI, ETT, Social Security and Medicare taxes) that is owed on the portion of any Class Participant’s Individual Settlement Amount that constitutes wages. The Employer’s Taxes shall be paid separately by Defendant Normal Life of California, Inc. and Releasees in addition to the Gross Settlement Amount and shall **not** be paid from the Gross Settlement Amount or Net Settlement Amount.

P. Final Approval and Fairness Hearing. “Final Approval and Fairness Hearing” shall mean the final hearing held to ascertain the fairness, reasonableness, and adequacy of the Class Settlement, and approval of the PAGA settlement.

Q. Gross Settlement Amount. “Gross Settlement Amount” or “GSA” is the

agreed upon non-reversionary settlement amount totaling \$1,050,000, which represents the non-reversionary amount payable in this Settlement by Defendants and Releasees and includes attorneys' fees and costs, costs of settlement administration by the Settlement Administrator, the Service Payments to the Class Representative, payment for Private Attorneys General Act ("PAGA") penalties 75% of which will be paid to the Labor & Workforce Development Agency ("LWDA"), and 25% will be included in the amount allocated to the Net Settlement Amount, and the amounts payable to the Normal Life Class and the PAGA aggrieved employees. The Gross Settlement Amount excludes the Qualified Settlement Fund's share of employer-side payroll taxes which Defendants and Releasees shall pay in addition to the GSA for amounts paid to the Normal Life Class.

R. Hearing on Preliminary Approval. "Hearing on Preliminary Approval" shall mean the hearing held on the motion for preliminary approval of the Settlement.

S. Individual Settlement Amount. "Individual Settlement Amount" shall mean the amount which is ultimately distributed to each Class Participant, net of any Employee's Taxes and Required Withholdings. The individual PAGA payment shall be the amount distributed to each PAGA aggrieved employee.

T. Net Settlement Amount. "Net Settlement Amount" shall mean the Gross Settlement Amount minus Settlement Administration Expenses, Class Attorney Fees and Expenses, 75% of the PAGA Payment payable to the California Labor and Workforce Development Agency ("LWDA"), and the Service Award.

U. Normal Life Class Member. "Normal Life Class Member" shall mean all individuals employed by Defendant Normal Life of California, Inc. in California as non-exempt, hourly employees from July 17, 2014 through the date the Court enters preliminary approval.

V. Normal Life Class Period. "Normal Life Class Period" shall mean the period from July 17, 2014 through the date the Court enters preliminary approval.

W. Operative Complaint or Complaint. "Operative Complaint" and/or "Complaint" means the Complaint filed on October 31, 2018 in the action titled *Michael*

Grotte, individually and on behalf of all others similarly situated, Plaintiff v. Normal Life of California, Inc., California Corporation; Rescare Behavior Services, Inc., a Delaware Corporation; RSCR California, Inc., a Delaware Corporation, licensed to do business in California; RSCR Inland, Inc., a California Corporation; Res-Care California, Inc. d/b/a RCCA Services, a Delaware Corporation licensed to do business in California as RCCA Services; Rescare, Inc., a Delaware Corporation, and DOES 1 to 100, inclusive, Defendants, San Luis Obispo County Superior Court Case No. 18CV-0672.

X. Opt-Out(s). “Opt-Out(s)” shall mean any and all persons who timely and validly request exclusion from the Settlement in accordance with the terms of the Class Notice and no later than the Response Deadline.

Y. PAGA Class Member. “PAGA Class Members” shall mean all individuals employed by Defendants Normal Life of California, Inc., RSCR California, Inc., Res-Care California, Inc. d/b/a RCCA Services, Southern Home Care Services, Inc. and Rescare, Inc. in California as non-exempt, hourly employees in such businesses’ residential and homecare business lines from May 21, 2017 through the date the Court enters preliminary approval. According to information provided by Defendants, there are approximately 3,000 to 3,500 PAGA Class Members.

Z. PAGA Notice. “PAGA Notice” shall mean the Notice of PAGA Settlement, as set forth in the form of **Exhibit 2** attached hereto, or as otherwise approved by the Court, which is to be mailed to PAGA Class Members.

AA. PAGA Payment. “PAGA Payment” means the penalties pursuant to California Labor Code sections 2698, et seq., the Labor Code Private Attorneys General Act of 2004 (“PAGA”), that the Parties have agreed is a reasonable sum to be paid in settlement of the PAGA claims included in the Action for Private Attorneys General Act (“PAGA”) penalties. The PAGA Payment shall be equal to 56% of the Net Settlement Amount, 75% of which will be paid to the Labor & Workforce Development Agency (“LWDA”), and 25% of which will be included in the amount allocated to the Class. Class Counsel shall give timely notice of the Settlement to the LWDA under Labor Code section 2699(1)(2).

BB. PAGA Period. “PAGA Period” shall mean the period from May 21, 2017

through the date the Court enters preliminary approval

CC. Parties. “Parties” shall mean Plaintiff and Defendants.

DD. Plaintiff. “Plaintiff” shall mean the named Plaintiff Michael Grotte.

EE. Preliminary Approval Date. “Preliminary Approval Date” shall mean the date upon which the Court enters an order preliminarily approving this Stipulation.

FF. Released Normal Life Claims. “Released Normal Life Claims” shall mean any and all causes of action or claims that arising during the Normal Life Class Period that were asserted or could have been asserted for violations of the following Labor Code provisions: 201, 202, 203, 226(a), 226(e), 226.3, 226.7, 512, 1197.5 as well as claims under Cal. Bus. & Prof. Code § 17200-17204 and Sections 11 and 12 of IWC Wage Order Nos. 4 and 5, based upon the facts alleged in the Complaint. The Released Normal Life Claims do not include any claims for workers compensation, unemployment, or disability benefits of any nature, nor does it release any claims, actions, or causes of action which may be possessed by Class Members under state or federal discrimination statutes (other than those set forth above), including, without limitation, the Cal. Fair Employment and Housing Act, the Cal. Government Code § 12940, et seq.; the Unruh Civil Rights Act, the Cal. Civil Code § 51, et seq.; the California Constitution; Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000, et seq.; the Americans with Disabilities Act, as amended, 42 U.S.C. § 12101, et seq.; the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. § 1001 et seq.; the Fair Credit Reporting Act, the Investigative Consumer Reporting Agencies Act (ICRAA), and/or the Consumer Credit Reporting Agencies Act (CCRAA).

GG. Released PAGA Claims. “Released PAGA Claims” shall mean any all claims arising during the PAGA Period that were asserted or could have been asserted for PAGA penalties based on violations of the following Labor Code provisions 201, 202, 203, 226(a), 226(e), 226.3, 226.7, 512, 1197.5 as well as Sections 11 and 12 of IWC Wage Order Nos. 4, 5, and 15, based upon the facts alleged in the in the May 21, 2018 PAGA Notice, and the Complaint. The Released PAGA Claims do not include any underlying Labor Code or other employment claims, but only the PAGA penalty claims.

HH. Response Deadline. “Response Deadline” shall mean the date sixty (60) days

following the date on which the Settlement Administrator first mails Class Notice to the Class Members. PAGA aggrieved employees shall only receive their checks and an explanatory letter following final approval of the Normal Life Class and PAGA settlements. They shall not receive the Normal Life Class Notice or any Class Notice.

II. Service Award. “Service Award” shall mean the amount approved by the Court, not to exceed \$10,000.00, to be paid to the Class and PAGA Representative in recognition of his efforts and time on behalf of the Class and PAGA aggrieved employees and as consideration for a full, general, and comprehensive release and Civil Code section 1542 waiver of the Class Representative’s Released Normal Life Claims and Released PAGA Claims.

JJ. Settlement Administrator. “Settlement Administrator” shall mean CPT Group, Inc. (or another administrator to be agreed by the parties) who will be responsible for administration of the Settlement and related matters.

KK. Settlement. “Settlement” shall mean the settlement between the Parties, which is memorialized in this Stipulation and subject to approval by the Court.

LL. Stipulation. “Stipulation” shall mean this Joint Stipulation of Settlement and Release of Class and PAGA Representative Action, including any attached exhibits.

II. FACTUAL AND PROCEDURAL BACKGROUND OF ACTION

A. Plaintiff’s Claims and Procedural History. Plaintiff Michcael Grotte is a former non-exempt employee of Defendants and/or Releasees. Plaintiff alleges on behalf of all employees Defendants’ failure to provide meal periods and/or pay meal period premiums (Labor Code §§ 512, 226.7 and IWC Wage Order No. 5); failure to provide off-duty rest periods and/or pay rest break premiums (Labor Code § 226.7 and IWC Wage Order No. 5); failure to provide complete/accurate wage statements (Labor Code §§ 226, 226.3); failure to pay all wages at time of termination (Labor Code § 201-203); failure to pay equal wages (Labor Code § 1197.5); and liability for derivative UCL violations (Cal. Bus. & Prof. §§ 17200-17204) and PAGA penalties (Labor Code §§ 2698, 558, *et seq.*).

On May 21, 2018, Plaintiff served his PAGA notice advising Defendants of his

allegations that Defendants violated California Labor Code §§ 201, 202, 203, 204, 210, 226(a), 226(e), 226.3, 226.7, 512, 558, 1197.5 as well as IWC Wage Order No. 5-2001.

On October 31, 2018, Plaintiff filed his class and representative action complaint in San Luis Obispo County Superior Court alleging seven (7) causes of action: (1) failure to provide meal periods and/or pay meal period premiums (Labor Code §§ 512, 226.7 and IWC Wage Order No. 5); (2) failure to provide off-duty rest periods and/or pay rest break premiums (Labor Code § 226.7 and IWC Wage Order No. 5); (3) failure to provide complete/accurate wage statements (Labor Code §§ 226, 226.3); (4) waiting time penalties (Labor Code § 201-203); (5) failure to pay equal wages (Labor Code § 1197.5); (6) UCL violations (Cal. Bus. & Prof. §§ 17200-17204); and (7) PAGA penalties (Labor Code §§ 2698, 558, *et seq.*).

On November 21, 2018, Defendants removed the action to the United States District Court, Central District of California.

B. Discovery, Investigation, and Research. In advance of the face-to-face settlement negotiations and the submission of the Preliminary Approval Papers, Class Counsel conducted a detailed investigation of the Class' and PAGA aggrieved employees' putative claims. This discovery, investigation, and prosecution has included, among other things, (a) numerous telephonic conferences with Plaintiff; (b) inspection and analysis of documents and other information produced by Plaintiff and Defendants; (c) analysis of the legal positions taken by Defendants and Releasees; (d) investigation into the viability of class treatment of the claims asserted in the Action; (e) analysis of potential class-wide damages, including information sufficient to understand Defendants' potential defenses to Plaintiff and the Class' claims; (f) analysis of PAGA damages for the PAGA aggrieved employees; (g) research of the applicable law with respect to the claims asserted in the Complaint and the potential defenses thereto; and (h) review and analysis of Defendants' and Releasees applicable policy documents.

On February 14, 2019, the Parties participated in a full-day of face-to-face settlement negotiations where the Parties agreed to resolve this matter on a mixed class and PAGA basis

resulting in the instant proposed Settlement. Multiple continuing settlement communications have occurred in the meantime. At all times, the Parties' settlement negotiations have been non-collusive, adversarial, and at arm's length. The Parties litigation was at all times handled at arms' length, including the negotiation of the proposed Settlement. The Parties agree that the above-described investigation and evaluation, as well as discovery and the information exchanged during the settlement negotiations, are more than sufficient to assess the merits of the Parties' respective positions and to compromise the issues on a fair and equitable basis. The Parties have engaged in sufficient investigation and discovery to assess the relative merits of the claims of the Class and PAGA Representative's claims and of Defendants and Releasees defenses to them.

C. **Benefits of Settlement.** The extensive informal discovery conducted in this matter, as well as discussions between counsel, have been adequate to give the Class Representative and Class Counsel a sound understanding of the merits of their positions and to evaluate the worth of the claims of the Class. The informal discovery conducted in this Action and the information exchanged by the Parties through discovery and settlement discussions are sufficient to reliably assess the merits of the Parties' respective positions and to compromise the issues on a fair and equitable basis.

Plaintiff and Class Counsel believe that the claims, causes of action, allegations and contentions asserted in the Action have merit. Class Counsel have diligently pursued an investigation of Plaintiff's claims against Defendants and Releasees. Based on their own independent investigation and evaluation, Class Counsel are of the opinion that settlement with Defendants and Releasees for the consideration and on the terms set forth in this Settlement is fair, reasonable, and adequate, and is in the best interest of the Class and the PAGA aggrieved employees in light of all known facts and circumstances, including the risk of significant delay and uncertainty associated with litigation, various factual and legal defenses asserted by Defendants and Releasees.

Plaintiff and Class Counsel also recognize and acknowledge the expense and delay of continued lengthy proceedings necessary to prosecute the Action against Defendants through

trial and through appeals. Class Counsel has taken into account the uncertain outcome of the litigation, the risk of continued litigation in complex actions such as this, as well as the difficulties and delays inherent in such litigation, and the potential difficulty of obtaining certification of the Action as well as trying the claims of the class. Class Counsel is mindful of the potential challenges and possible defenses to the claims alleged in the Action. Diligent analysis was also undertaken on the PAGA claims.

Plaintiff and Class Counsel believes that the Settlement set forth in this Stipulation confers substantial benefits upon Plaintiff, and the Class and the PAGA aggrieved employees and that an independent review of this Stipulation by the Court in the approval process will confirm this conclusion. Based on their own independent investigation and evaluation, Class Counsel has determined that the Settlement set forth in the Stipulation is in the best interests of Plaintiff and the Class Members.

D. Defendants' Denials of Wrongdoing and Liability. Defendants and Releasees have denied and continue to deny each and all of the allegations, claims, and contentions alleged by Plaintiff in the Action. Defendants and Releasees have expressly denied and continue to deny all charges of wrongdoing or liability against it arising out of any of the conduct, statements, acts or omissions alleged in the Action. Defendants and Releasees contend that it complied in good faith with California and federal wage and hour laws and have dealt legally and fairly with Plaintiff, Class Members, and the PAGA aggrieved employees. Defendants and Releasees further deny that, for any purpose other than settling this Action, these claims are appropriate for class or representative treatment. Defendants and Releasees also claimed that its meal period, rest period, and wage statement policies were compliant (except for approximately 35,000 pay periods, in the aggregate, for the Normal Life of California, Inc. employees) and that it fully complied with all California and federal laws (except for isolated wage statement violation issues). Nonetheless, Defendants and Releasees have concluded that further proceedings in the Action would be protracted and expensive and that it is desirable that the Action be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation in order to dispose

of burdensome and protracted litigation, to permit the operation of Defendants' business without further expensive litigation and the distraction and diversion of its personnel with respect to matters at issue in the Action. Defendants have also taken into account the uncertainty and risks inherent in any litigation, especially in complex cases such as the Action. Defendants have, therefore, determined that it is desirable and beneficial to it that the Action be settled in the manner and upon the terms and conditions set forth in this Stipulation.

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

III. CONDITIONAL CLASS CERTIFICATION AND APPOINTMENT OF CLASS COUNSEL

1. **The Class.** For the purposes of this Stipulation and the Settlement of this Action only, the Parties stipulate to conditional class certification of the Normal Life Settlement Class. Defendant's counsel believes this conditional certification is appropriate because the Normal Life Released Claims are being compromised without need to establish the elements of those claims on which liability turns.

2. **Appointment of Class Counsel.** For purposes of this Stipulation and subject to the Court's approval, the Parties hereby stipulate to the appointment of Class Counsel as counsel for the Normal Life Class and the effectuation of the Class Settlement pursuant to this Stipulation.

IV. CLASS SETTLEMENT AND PAGA CONSIDERATION

1. **Settlement Amount.** The Parties agree to settle this Action for the Gross Settlement Amount of \$1,050,000.00. There shall be no reversion to Defendants or Releasees. The Gross Settlement Amount and other actions and forbearances taken by Defendants and Releasees shall constitute adequate consideration for the Settlement and will

be made in full and final settlement of: (a) the Released Normal Life Claims, (b) the Released PAGA Claims, (c) Class Attorneys' Fees and Expenses, (d) Administrative Expenses, (e) the Service Award; (f) PAGA Payment; and (g) any other obligation of Defendants and Releasees under this Stipulation (other than the Employer's Taxes on the portion of the Normal Life Net Settlement Amount allocated to the payment of wages). After the Court issues an order preliminarily approving this Class Settlement, the Settlement Administrator will distribute the Class Notice to the Normal Life Settlement Class Members, which shall describe the terms of the Class Settlement and procedures to opt out, object or participate in the Class Settlement. The Net Settlement Amount is the Gross Settlement Amounts minus the amounts allocated in (c), (d), and (e), above.

2. Net Settlement Amount Attribution. The Net Settlement Amount shall be split proportionally between the Normal Life Class Members and the PAGA Class Members such that 44% of the Net Settlement Amount shall be available to pay the Individual Settlement Amounts of Normal Life Class Members with the remaining 56% of the Net Settlement Amount to be made available for the PAGA penalties. Deductions for Settlement Administrator Fees, Attorneys' Fees and Costs, and the Service Award shall be taken off of the Gross Settlement Amount. 75% of the PAGA penalties shall be paid to the LWDA and 25% shall be paid to PAGA aggrieved employees.

3. Service Award for Class Representative. The Class Representative may petition the Court to approve a Service Award in an amount up to \$10,000.00 for his efforts on behalf of the Class and PAGA aggrieved employees in this Action, including assisting in the investigation and consulting with Class Counsel and providing crucial documents to Class Counsel. Defendants and Releasees shall not oppose any request by Class Representative for a Service Award in such an amount. Any Service Award approved by the Court shall be paid to the Class Representative from the Gross Settlement Amount and shall be in addition to any distribution to which he may otherwise be entitled as a Settlement Class Member. The Service Award shall not be considered wages, and the Settlement Administrator shall issue the Class Representative an IRS Form 1099 reflecting such payment. The Class

Representative shall be responsible for the payment of any and all taxes with respect to her Service Award and shall hold Defendants and Releasees harmless and indemnify Defendants and Releasees from any and all liability with regard thereto.

4. Payment to Normal Life Class Participants. The Settlement Administrator shall divide the Net Settlement Amount attributed to the Normal Life Class Members by the total number of pay periods Normal Life Class Members were employed during the Normal Life Period, in order to determine the amount each Normal Life Class Member is entitled to for each pay period s/he was employed by Defendant (the “Normal Life Pay Period Amount”). The Settlement Administrator will multiply the Normal Life Pay Period Amount by the total number of pay periods that each Normal Life Class Member was employed and deduct all Employee’s Taxes and Required Withholding attributable to wages to arrive at the Individual Settlement Amount for that Normal Life Class Member. As to a Normal Life Class Member who opts out of the Settlement by submitting a valid Request for Exclusion (as defined below) and/or whose Notice of Settlement is determined to be undeliverable after reasonable re-mailing efforts made by the Settlement Administrator, the Normal Life Class Member’s Total Individual Settlement Amount will not be paid to the Normal Life Class Member and will be added to the Net Settlement Amount attributed to the Normal Life Class Members and re-distributed among eligible Participating Normal Life Class Members on a pro-rata basis.

5. Payment to PAGA Aggrieved Employees. The Settlement Administrator shall divide the Net Settlement Amount attributed to the PAGA Aggrieved Employees (after 75% of the Net Settlement Amount attributed to the PAGA Aggrieved Employees is deducted for the LWDA’s share of PAGA penalties) by the total number of pay periods PAGA Aggrieved Employees were employed during the PAGA Period, in order to determine the amount each PAGA Aggrieved Employee is entitled to for each pay period s/he was employed by Defendant (the “PAGA Period Amount”). The Settlement Administrator will multiply the PAGA Period Amount by the total number of pay periods that each PAGA Aggrieved Employee was employed to arrive at the Individual Settlement Amount for that

PAGA Aggrieved Employee.

6. Tax Treatment and Payment. For the purpose of calculating Employee's Taxes and Required Withholding for the Individual Settlement Amounts for Normal Life Class Participants (including any payments to the Class Representatives but exclusive of his Service Award), the Parties agree that each member of the Class 15% of each Individual Settlement Amount shall constitute wages and reported on an IRS W-2 basis and 85% to non-wage premiums, penalties and interest, to be reported on an IRS form 1099. Prior to final distribution, the Settlement Administrator shall calculate the total Employee's Taxes and Required Withholding due as a result of the wage portion of Normal Life Class Participants' anticipated Individual Settlement Amounts and such actual amount will be deducted from the Net Settlement Amount. Additionally, prior to the funding of the Gross Settlement Sum and final distribution, the Settlement Administrator shall calculate the total Employers' Taxes due on the wage portion of the Normal Life Class Participants' Individual Settlement Amounts and issue instructions to Defendants and Releasees to separately fund these tax obligations/withholdings. The Parties understand that Plaintiff and the Normal Life Class Participants who receive any payment pursuant to this Stipulation shall be solely responsible for any and all other individual tax obligations associated with this Class Settlement.

7. No Effect on Employee Benefit Plans. Neither the Settlement nor any amounts paid under the Settlement will modify any previously credited hours, days, or weeks of service under any employee benefit plan, policy or bonus program sponsored by Defendants or Releasees. Such amounts will not form the basis for additional contributions to, benefits under, or any other monetary entitlement under Defendants' or Releasees sponsored benefit plans, policies or bonus programs. The payments made under the terms of this Stipulation shall not be applied retroactively, currently, or on a going forward basis, as salary, earnings, wages, or any other form of compensation for the purposes of any of Defendants' or Releasees' benefit plan, policy or bonus program. Defendants and Releasees retain the right to modify the language of its benefits plans, policies and bonus programs to effect this intent and to make clear that any amounts paid pursuant to this Stipulation are not

for “pay periods” or any similar measuring term as defined by applicable plans, policies and bonus programs for purpose of eligibility, vesting, benefit accrual, or any other purpose, and that additional contributions or benefits are not required by this Stipulation. Defendants and Releasees do not consider the Class Settlement payments “compensation” for purposes of determining eligibility for, or benefit accrual within, any benefit plans, policies, or bonus programs, or any other plan sponsored by Defendants or Releasees.

8. Class Counsels’ Attorneys’ Fees and Expenses. As part of the motion for final approval of the Settlement, Class Counsel may submit an application for an award of Class Attorney Fees and Expenses with the fee portion not to exceed one fourth of the Gross Settlement Amount (*i.e.*, \$262,500.00) and the award of costs and expenses of up to an additional \$15,000.00. Defendants and Releasees agree not to object to any such fee, cost or expense application in those amounts. As a condition of this Settlement, Class Counsel has agreed to pursue fees only in the manner reflected by this Section. Any Class Attorneys’ Fees and Expenses awarded by the Court shall be paid from the Gross Settlement Amount in arriving at the Net Settlement Amount and shall not constitute payment to any Class Members. If Class Counsel voluntarily reduces the request for Class Attorney Fees or Expenses or the Court’s award of Class Attorney Fees or Expenses is less than set forth above, the Net Settlement Amount shall be recalculated to reflect the actual Class Attorney Fees and Expenses awarded. Any of the proposed attorneys’ fees awarded will be divided equally between Ackermann & Tilajef, P.C., Winston Law Group, P.C. and Melmed Law Group P.C. Plaintiff retained all three firms and given written consent to this division of attorneys’ fees and it is herein and will be disclosed to the Court as part of the approval process.

The Class Attorney Fees and Expenses approved by the Court shall encompass: (a) all work performed and costs and expenses incurred by, or at the direction of, any attorney purporting to represent the Class through the date of this Stipulation; (b) all work to be performed and costs to be incurred in connection with approval by the Court of the Settlement; (c) all work to be performed and costs and expenses, if any, incurred in

connection with administering the Settlement through the Effective Date; and (d) may be based on the Common Fund Doctrine, Lodestar Multiplier, and/or other basis.

V. SETTLEMENT ADMINISTRATION COSTS AND EXPENSES

1. The Settlement Administrator's Costs and Expenses. All costs and expenses due to the Settlement Administrator in connection with its administration of the Settlement, including, but not limited to, providing the Class Notice, locating Class Members, processing Opt-Out requests and objections, distributing the portion of the PAGA Payment payable to the LWDA, distributing PAGA payments to PAGA aggrieved employees, and calculating, administering and distributing Individual Settlement Amounts to the Class Participants and PAGA aggrieved employees and related tax forms, shall be paid from the Gross Settlement Amount, and shall not exceed \$40,000.00.

2. Payment by Defendants and Releasees. The Settlement Administrator will calculate the Employer's Taxes and inform Defendant Normal Life and Releasees of the total amount of such Employer's Taxes within 15 days of the Effective Date. Defendant Normal Life and Releasees shall pay the employer's portion of the payroll taxes on the same day that Defendants and Releasees makes the deposit of the Gross Settlement Amount with the Settlement Administrator or within 10 business days thereafter, if the Settlement Administrator's figures need to be adjusted in any manner.

VI. NOTICE TO CLASS MEMBERS AND SETTLEMENT ADMINISTRATION PROCESS

A. The Settlement Administrator. The Settlement Administrator will be responsible for mailing the Class Notice (**Exhibit 1**) to Normal Life Class Members and PAGA Notice (**Exhibit 2**) to PAGA Class Members, handling inquiries from Normal Life Class Members concerning the Class Notice, determination of Individual Settlement Amounts, maintaining the settlement funds in an appropriate interest bearing account, preparing, administering and distributing Individual Settlement Amounts to Class Participants, issuing a final report and performing such other duties as the Parties may direct, and issuing the PAGA payments to the LWDA and PAGA aggrieved employees with an

explanatory letter.

On a weekly basis, the Settlement Administrator will provide reports to Class Counsel and Defense Counsel summarizing of any relevant information and updating them as to the number of validated and timely objections and Opt-Out Requests. The Settlement Administrator will serve on Class Counsel and Defense Counsel via e-mail date-stamped copies of the original Opt-Outs and objections no later than five (5) days after their receipt. The Settlement Administrator will provide Class Counsel with proof of mailing of the Class Notice, without listing individual Class Member names which the Settlement Administrator will file with the Court at the time Class Counsel files its motion in support of the Court's Final Approval and Fairness Hearing. No later than ten (10) days prior to the Final Approval and Fairness Hearing, the Settlement Administrator will compile and deliver to Class Counsel and Defense Counsel a report with summary information regarding (a) the total amount of final Individual Settlement Amounts of each Class Participant (b) the number of Class Participants to receive such payments, and (c) the final number of Opt-Outs and objections.

Administrative Expenses are not anticipated to exceed \$40,000.00. Prior to the calculation and distribution of the Individual Settlement Amounts, the Settlement Administrator shall calculate the total Administrative Expenses through the conclusion of their services and such actual amount will be deducted from the Gross Settlement Amount prior to the final calculation of the Individual Settlement Amounts. If the cost of administration is more than \$40,000.00, the additional cost will come from the Gross Settlement Amount.

B.== Notice to Normal Life Class Members. Notice shall be provided to Class== Members in the following manner: Within 14 days after the Preliminary Approval Date, Defendant shall provide the Settlement Administrator with an updated list of Normal Life Class Members containing names, social security numbers, dates of employment, last-known addresses and phone numbers (the "Database"). The Database shall be marked "Confidential –Settlement Administrator's Eyes Only." Class Counsel shall not receive a copy of this list.

Within 28 days following the Preliminary Approval Date, the Settlement Administrator

shall determine the number of pay periods for each Class Member as well as each Normal Life Class Members' Share and will populate the data for the estimated Net Settlement Award for each Normal Life Class Member, and send each Normal Life Class Member the Normal Life Class Notice via first-class, United States mail. The Normal Life Class Notice shall also contain an easily understood statement alerting the Normal Life Class Members that, unless they elect to Opt-Out of the Normal Life Class Settlement, the Normal Life Class Member is releasing and waiving all Released Normal Life or PAGA Claims against the Released Parties.

The Normal Life Class Notice will inform Normal Life Class Members of his/her estimated share. Class Members may dispute Defendant's records of the number of pay periods worked during the Normal Life Period or PAGA Period by submitting information to the Settlement Administrator no later than 60 days after being mailed the Normal Life Class Notice by the Settlement Administrator, which is the defined Response Deadline. The Settlement Administrator will jointly work with Plaintiff and Defendants/Releasees to resolve the dispute in good faith. If Plaintiff and Defendants/Releasees cannot agree over the pay periods to be credited, the Settlement Administrator shall make the final decision based on the information presented by the Settlement Class Member and Defendants.

C. Opt-Out Procedure. Normal Life Class Members who do not timely Opt-Out of the Class Settlement will be deemed to participate in the Normal Life Class Settlement and shall become a Normal Life Class Participant without having to submit a claim form or take any other action. In order to Opt-Out of the Class Settlement, the Normal Life Class Member must submit a letter or postcard to the Settlement Administrator by the Response Deadline. The Opt-Out request must state the Normal Life Class Member's name, employee identification number and/or the last four digits of the employee's social security number for identification purposes, address for correspondence, signature, and should state words to the effect of, "I WISH TO BE EXCLUDED FROM THE SETTLEMENT CLASS IN GROTTÉ V. NORMAL LIFE OF CALIFORNIA, INC., ET AL." Any Opt-Out request that is not postmarked by the Response Deadline and/or does not contain all required information will

be invalid. In the event that, prior to the Response Deadline, any Class Notice mailed to a Settlement Class Member is returned as having been undelivered by the U.S. Postal Service, the Settlement Administrator shall perform a skip trace search and seek an address correction for such Settlement Class Member(s), and a second Normal Life Class Notice will be sent to any new or different address obtained. Such Normal Life Class Member(s) shall have an additional 14 days in which to Opt-Out.

It will be presumed that, if an envelope containing the Normal Life Class Notice has not been returned within 28 days of the mailing, the Normal Life Class Member received the Normal Life Class Notice. At least 30 days prior to the Final Approval and Fairness Hearing, the Settlement Administrator shall provide Class Counsel and Defense Counsel with a Declaration of Due Diligence and Proof of Mailing with regard to the mailing of the Normal Life Class Notice and its attempts to locate Normal Life Class Members. The declaration shall specify the number of Normal Life Class Members to whom Normal Life Class Notices were sent and the number of Normal Life Class Members to whom Normal Life Class Notices were not delivered, as well as information relating to the number of Opt-Outs and objectors. Class Counsel shall file this declaration with the Court.

If the Settlement Administrator determines that an Opt-Out request returned by a Normal Life Class Member before the Response Deadline is deficient, then the Settlement Administrator shall mail a deficiency letter to that Normal Life Class Member identifying the problem. If a Normal Life Class Member submits both a dispute and an Opt-Out request, the Settlement Administrator shall make reasonable attempts to clarify as if the Opt-Out request were deficient. If the Normal Life Class Member fails to cure the deficiency, the Opt-Out request shall be disregarded and the claim will be paid, and the Normal Life Class Member will become bound by the judgment.

Those Normal Life Class Members who do not timely Opt-Out will be bound by the Released Normal Life Claims set forth in this Stipulation.

D. Objections. The Class Notice shall inform the Normal Life Class Members of their right to object to the Class Settlement. Any Normal Life Class Member who wishes to

object to the Class Settlement should submit a written objection to the Settlement Administrator no later than the Response Deadline. All Normal Life Class Member objections should state the Normal Life Class Member's name and provide each specific reason in support of the objection. Normal Life Class Members need not include legal arguments for their written objections to be considered. If an objector also wishes to appear at the Final Approval and Fairness Hearing, in person or through an attorney, he or she need not file a notice of intention to appear at the same time as the objection is filed. Filing the notice of intention to appear is not necessary to preserve the right to appear at the Final Approval and Fairness Hearing. Absent Class Members need not file anything with the Court. The Settlement Administrator will promptly serve copies of any objection or notice of intention to appear on Class Counsel and Defense Counsel. Settlement Class Members may appear at the Final Approval Hearing, either in person or through a lawyer retained at their own expense. If a Normal Life Class Member submits both a Request for Exclusion and a written objection, the Settlement Administrator shall attempt to contact and determine whether the Normal Life Class Member would like to withdraw either the Request for Exclusion or the objection. If the Normal Life Class Member does not withdraw the Request for Exclusion or if the Settlement Administrator cannot contact a Normal Life Class Member who submits both a Request for Exclusion and an objection, the Request for Exclusion shall be valid, it shall be presumed that the Normal Life Class Member does not wish to participate in the Settlement, and such Class Member shall have no right to object to the Settlement. Pursuant to applicable law, PAGA aggrieved employees shall have no right to receive a Class Notice and no right to object to the PAGA portion of the settlement.

VII. CLASS SETTLEMENT FUNDING AND DISTRIBUTION

A. Allocation of the Gross Settlement Amount. The claims of all Settlement Class Members are settled for the Gross Settlement Amount of \$1,050,000.00, which will be allocated as follows:

- a. The Administrative Expenses, estimated not to exceed \$40,000.00;
- b. The Class Attorney Fees and Expenses not to exceed \$262,500.00 in fees and

expenses not to exceed \$15,000.00;

- c. 75% of the PAGA Payment to payable to the LWDA; and
- d. Service Award, not to exceed \$10,000.00.

For purposes of calculating the estimated Normal Life Individual Settlement Amounts, the Settlement Administrator shall calculate the estimated Normal Life Net Settlement Amount based on the estimated values in Section 1(a-d) prior to sending Notice to the Settlement Class Members. Prior to final distribution, the Settlement Administrator shall calculate the final Normal Life Net Settlement Amount based on the actual values in Section 1 (a-d).

B. Calculation of the Individual Settlement Amounts for Normal Life Class Participants. The Settlement Administrator shall divide the Net Settlement Amount attributed to the Normal Life Class Members by the total number of pay periods Normal Life Class Members were employed during the Normal Life Period, in order to determine the amount each Normal Life Class Member is entitled to for each pay period s/he was employed by Defendant (the “Normal Life Period Amount”). The Settlement Administrator will multiply the Normal Life Pay Period Amount by the total number of pay periods that each Normal Life Class Member was employed and deduct all Employee’s Taxes and Required Withholding attributable to wages to arrive at the Individual Settlement Amount for that Normal Life Class Member. As to a Normal Life Class Member who opts out of the Settlement by submitting a valid Request for Exclusion (as defined below) and/or whose Notice of Settlement is determined to be undeliverable after reasonable re-mailing efforts made by the Settlement Administrator, the Normal Life Class Member’s Total Settlement Payment will not be paid to the Normal Life Class Member and will be added to the Net Settlement Amount and re-distributed among eligible Participating Normal Life Class Members on a pro-rata basis.

Defendants and Releasees shall have no responsibility for deciding the validity of the Individual Settlement Amounts or any other payments made pursuant to this Stipulation, shall have no involvement in or responsibility for the determination or payment of Employee’s Taxes and Required Withholding, and shall have no liability for any errors made with respect

to such Employee's Taxes and Required Withholding. Although the Settlement Administrator will calculate and pay the standard Employee's Taxes and Required Withholding on the portion of the Individual Settlement Amounts constituting wages on their behalf, Plaintiff and Normal Life Class Participants represent and understand that they shall be solely responsible for any and all tax obligation associated with their respective Individual Settlement Amounts.

C. Calculation of the Individual Settlement Amounts for PAGA Aggrieved Employees. The Settlement Administrator shall divide the Net Settlement Amount attributed to the PAGA Class Members (after 75% of the Net Settlement Amount attributed to the PAGA aggrieved employees is deducted for the LWDA's share of PAGA penalties) by the total number of pay periods PAGA aggrieved employees were employed during the PAGA Period, in order to determine the amount each PAGA aggrieved employee is entitled to for each pay period s/he was employed by Defendant (the "PAGA Aggrieved Employee Period Amount"). The Settlement Administrator will multiply the PAGA Aggrieved Employee Period Amount by the total number of pay periods that each PAGA aggrieved employee was employed and deduct all Employee's Taxes and Required Withholding attributable to wages to arrive at the Individual Settlement Amount for that PAGA aggrieved employee.

D. Time for Payment of Attorney Fees and Expenses to Class Counsel. The Settlement Administrator shall distribute to Class Counsel the attorneys' fees and expenses approved by the Court to Class Counsel within 15 days of the after Defendants and/or Releasees deposit the Gross Settlement Amount with the Settlement Administrator.

E. Time for Payment of Service Award to Class Representative. The Settlement Administrator shall distribute to the Class Representative the Service Award approved by the Court within 15 days after Defendants and/or Releasees deposit the Gross Settlement Amount with the Settlement Administrator.

F. Time for Payment of PAGA Payment to the LWDA. The Settlement Administrator shall distribute to the LWDA the portion of the PAGA Payment due to it and approved by the Court within 15 days after Defendants and/or Releasees deposit the Gross Settlement Amount with the Settlement Administrator.

G. Time for Payment of Taxes and Required Withholding and Individual Settlement Amounts. The Settlement Administrator shall make every effort to pay the Employee's Taxes and Required Withholding associated with each Normal Life Class Participant's Individual Settlement Amount and mail the Individual Settlement Amount to each Normal Life Class Participant, by first-class U.S. mail, to the last-known address within 15 days after the Defendants and/or Releasees deposit the Gross Settlement Amount with the Settlement Administrator. If the Settlement Administrator is not able to do so within the time period set forth above, it shall so inform Class Counsel and Defense Counsel and provide an approximate date by which the Employee's Taxes and Required Withholding shall be paid and the Individual Settlement Amounts will be mailed. Under no circumstances shall the Settlement Administrator distribute checks to Normal Life Class Participants until all Individual Settlement Amounts have been considered, calculated, and accounted for, and the all of the remaining monetary obligations have been calculated and accounted for. Within 120 days of the Effective Date, the Settlement Administrator shall file with the Court and provide to Class Counsel a declaration of payment. In the event that any Class Participant is deceased, payment shall be made payable to the estate of that Settlement Class Member and delivered to the executor or administrator of that estate, unless the Settlement Administrator has received an affidavit or declaration pursuant to Cal. Probate Code § 13101, in which case payment shall be made to the affiant(s) or declarant(s).

H. Non-Cashed Settlement Checks. Any funds associated with checks that have not been cashed within 180 days, will become void and the Individual Settlement Amount associated with the un-cashed check shall be paid out in accordance with Civil Code section 384 to a *cy pres* agreed to by the Parties and approved by the Court. The parties propose the following *cy pres* beneficiaries: Special Olympics.

VIII. NULLIFICATION OF THIS STIPULATION

A. Non-Approval of the Stipulation. In the event that the Court fails to approve the Settlement, or if the appropriate appellate court fails to approve the Settlement or if the Settlement Agreement is otherwise terminated: (1) the Settlement Agreement shall have no

force and effect and the parties shall be restored to their respective positions prior to entering into it, and no Party shall be bound by any of the terms of the Settlement Agreement; (2) Defendants and Released Parties shall have no obligation to make any payments to the Class Members, Plaintiff or Plaintiff's counsel; (3) any preliminary approval order, final approval order or judgment, shall be vacated; and (4) the Settlement Agreement and all negotiations, statements, proceedings and data relating thereto shall be deemed confidential mediation settlement communications and not subject to disclosure for any purpose in any proceeding. The Parties shall make good faith efforts to resolve any issues raised by the Court during the approval process.

B. Parties' Rights to Void Settlement. In the event that more than 10% of the Normal Life Class Members submit elections to opt-out of the Settlement, Defendants will have the right to rescind and **terminate** the Settlement without prejudice to its pre-settlement positions and defenses in the litigation. Should the threshold for opt-outs be exceeded, the Settlement Administrator shall notify lead counsel for all parties via email immediately. Should either party choose to void the Class Settlement under this paragraph, such party shall be responsible for all Settlement Administrator fees and costs actually incurred.

C. Invalidation. Invalidation of any material portion of the Settlement shall invalidate the Settlement in its entirety, unless the Parties shall subsequently agree in writing that the remaining provisions of the Settlement are to remain in full force and effect.

D. Stay Upon Appeal. In the event of a timely appeal from the approval of the Settlement and judgment, the judgment shall be stayed, and Defendants and Releasees shall not be obligated to fund the Gross Settlement Amount or take any other actions required by this Stipulation until all appeal rights have been exhausted by operation of law.

IX. MOTION FOR COURT APPROVAL

A. Preliminary Approval. Class Counsel will submit this Stipulation to the Court along with a Motion for Preliminary Approval of the Normal Life Class Settlement. Each party shall cooperate to present the Settlement to the Court for preliminary approval in a timely manner. Defendant shall file the relevant CAFA documents required by 28 U.S.C. §

1715 within 10 days after preliminary approval.

B. Final Approval. The Final Approval and Fairness Hearing shall be held before the Court. At the Final Approval and Fairness Hearing, Plaintiff shall move the Court for the entry of the final order certifying the Normal Life Class for settlement purposes only and approving the Normal Life Class Settlement as being fair, reasonable and adequate to the Normal Life Class Participants) under Federal Rules of Civil Procedure, Rule 23. Class Counsel and Defense Counsel shall submit to the Court such pleadings and/or evidence as may be required for the Court's determination. The Parties will comply with the Court's Procedural Guidelines for final Approval of Class Action Settlements and with Rule 23(e) and (h) that the Parties participate in a compliance hearing regarding the distribution of funds unless the Court takes such a hearing off-calendar after reviewing the Settlement Administrator's declaration of compliance. The final approval hearing will also be the time for the Court to consider approval of the PAGA settlement and parties requested PAGA letter to the PAGA aggrieved employees that will accompany their PAGA checks.

X. RELEASES AND WAIVERS

1. Release of Claims by Normal Life Class. Upon the Effective Date, each Normal Life Class Member who has not submitted a timely Opt-Out request, and Plaintiff, each releases the Released Parties, and each of them, of and from any and all Released Normal Life Claims during the Normal Life Period.

It is the desire of the Parties and the Normal Life Class Members to fully, finally, and forever settle, compromise, and discharge the Released Normal Life Claims.

Each Normal Life Class Member, except those who timely Opt-Out, will be bound to the release of Released Normal Life Claims as a result of the Class Settlement and to the terms of the final judgment and the satisfaction of such judgment.

Normal Life Class Members who do not opt out will be deemed to have acknowledged and agreed that their claims for wages and/or penalties in the Action are disputed, and that their Individual Settlement Amount constitute payment of all sums allegedly due to them. Class Members will be deemed to have acknowledged and agreed that California Labor Code

Section 206.5 is not applicable to the Individual Settlement Amount. That section provides in pertinent part as follows:

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

2. **Release of PAGA Claims by PAGA Aggrieved Employees.** Upon Final Approval, each PAGA Aggrieved Employee, Plaintiff, shall release Defendants and the Released Parties, and each of them, of and from any and all PAGA Claims during the PAGA Period.

It is the desire of the Parties to fully, finally, and forever settle, compromise, and discharge the PAGA Claims against all Defendants.

Each PAGA Aggrieved Employee will be bound to the release of PAGA Claims as a result of the PAGA Settlement and to the terms of the final judgment and the satisfaction of such judgment.

3. **Release of Claims by Plaintiff.** Plaintiff, on behalf of himself and his heirs, executors, administrators, and representatives, shall and do hereby forever release, discharge and agree to hold harmless the Released Parties from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorney fees and costs), known or unknown, at law or in equity, which they may now have or may have after the signing of this Stipulation, arising out of or in any way connected with his employment with Defendants and Releasees including, the Released Normal Life and PAGA Claims, claims that were asserted or could have been asserted in the Complaint, and any and all transactions, occurrences, or matters between the Parties occurring prior to the date this Stipulation is fully executed. Without limiting the generality of the foregoing, this release shall include, but not be limited to, any and all claims under the (a) Americans With Disabilities Act, as amended; (b) Title VII of the Civil Rights Act of 1964, as amended; (c) the Civil Rights Act of 1991; (d) 42 U.S.C. § 1981, as amended; (e) the Age Discrimination

in Employment Act, as amended; (f) the Fair Labor Standards Act, as amended; (g) the Equal Pay Act; (h) the Employee Retirement Income Security Act, as amended; (i) the Consolidated Omnibus Budget Reconciliation Act; (j) the Rehabilitation Act of 1973; (k) the Family and Medical Leave Act; (l) the Civil Rights Act of 1966; (m) the California Fair Employment and Housing Act; (n) the California Constitution; (o) the California Labor Code; (p) the California Government Code; (q) the California Civil Code; and (r) any and all other federal, state and local statutes, ordinances, regulations, rules and other laws, and any and all claims based on constitutional, statutory, common law or regulatory grounds as well as any other claims based on theories of wrongful or constructive discharge, breach of contract or implied contract, fraud, misrepresentation, promissory estoppel or intentional and/or negligent infliction of emotional distress, or damages under any other federal, state or local statutes, ordinances, regulations, rules or laws. This release is for any and all relief, no matter how denominated, including, but not limited to, back pay, front pay, vacation pay, bonuses, compensatory damages, tortious damages, liquidated damages, punitive damages, damages for pain and suffering, and attorney fees and costs, and Plaintiff hereby forever releases, discharges and agrees to hold harmless Defendants and the Released Parties from any and all claims for attorney fees and costs arising out of the matters released in this Stipulation.

Plaintiff specifically acknowledges that they are aware of and familiar with the provisions of Section 1542, which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Plaintiff, being aware of Section 1542, hereby expressly waives and relinquishes all rights and benefits she may have under Section 1542 as well as any other statutes or common law principles of a similar effect. Plaintiff may hereafter discover facts in addition to or different from those which she now knows or believes to be true with respect to the subject matter of all the claims referenced herein, but stipulates and agrees that, upon the Effective Date, Plaintiff shall and hereby does fully, finally and forever settle and release any and all claims

against the Released Parties, known or unknown, suspected or unsuspected, contingent or non-contingent, that were asserted or could have been asserted upon any theory of law or equity without regard to the subsequent discovery of existence of such different or additional facts.

XI. DUTIES OF THE PARTIES

1. **Mutual Full Cooperation.** The Parties agree to cooperate fully with one another to accomplish and implement the terms of this Stipulation. Such cooperation shall include, but not be limited to, execution of such other documents and the taking of such other actions as may reasonably be necessary to fulfill the terms of this Class Settlement. The Parties shall use their best efforts, including all efforts contemplated by this Stipulation and any other efforts that may become necessary by court order or otherwise, to effectuate this Stipulation and the terms set forth herein. As soon as practicable after execution of this Stipulation, Class Counsel, with the cooperation of Defendants and Defense Counsel, shall take all necessary and reasonable steps to secure the Court's final approval of this Stipulation and will work together to make any non-material modifications of the Settlement requested by the Court to obtain approval of the Parties' Proposed Settlement.

2. **Duty to Support and Defend the Normal Life Class Settlement.** The Parties agree to abide by all of the terms of the Normal Life Class Settlement in good faith and to support the Normal Life Class Settlement fully and to use their best efforts to defend this Class Settlement from any legal challenge, whether by appeal or collateral attack.

3. **Duties Prior to Court Approval.** Class Counsel shall promptly submit this Stipulation to the Court for preliminary approval and determination by the Court as to its fairness, adequacy, and reasonableness. Promptly upon execution of this Stipulation, Class Counsel shall apply to the Court for the entry of a preliminary order, scheduling a hearing on the question of whether the proposed Class Settlement should be approved as fair, reasonable, and adequate as to the Normal Life Settlement Class Members, approving as to form and content the proposed Class Notice attached hereto as **Exhibit 1**, and directing the mailing of the Class Notice to Normal Life Settlement Class Members.

XII. MISCELLANEOUS PROVISIONS

A. Voiding the Stipulation. Pending Court approval and other than as provided in Section VIII herein, if any of the conditions set forth in this Stipulation are not met and satisfied, this Stipulation shall, at the option of either Plaintiff or Defendants, be ineffective, void, and of no further force and effect, and shall not be used or be admissible in any subsequent proceeding, either in this Court or in any other court or forum. If either Party decides to void the Settlement, then the Settlement and conditional class certification shall be considered void, and neither the Settlement Agreement, conditional class certification, nor any of the related negotiations or proceedings, shall be of any force or effect, and the Parties shall stand in the same position, without prejudice, as if this Stipulation had been neither entered into nor filed with the Court. Should either Party choose to void the Class Settlement under this paragraph, such Party shall be responsible for all Settlement Administrator fees and costs actually incurred.

B. Different Facts. The Parties hereto, and each of them, acknowledge that, except for matters expressly represented herein, the facts in relation to the dispute and all claims released by the terms of this Stipulation may turn out to be other than or different from the facts now known by each party and/or its counsel, or believed by such Party or counsel to be true, and each Party therefore expressly assumes the risk of the existence of different or presently unknown facts, and agrees that this Stipulation shall be in all respects effective and binding despite such difference.

C. No Prior Assignments. The Parties represent, covenant, and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action, or right herein released and discharged except as set forth herein.

D. Non-Admission. Nothing in this Stipulation shall be construed as or deemed to be an admission by any Party of any liability, culpability, negligence, or wrongdoing toward any other Party, or any other person, and the Parties specifically disclaim any liability, culpability, negligence, or wrongdoing toward the each other or any other person. Each of the

Parties has entered into this Stipulation with the intention to avoid further disputes and litigation with the attendant inconvenience, expenses, and contingencies. Nothing herein shall constitute any admission by Defendants or Releasees of wrongdoing or liability, or of the truth of any factual allegations in the Action. Nothing herein shall constitute any admission by Defendants regarding the merits of the Claims in this Action, including but not limited to claims for unpaid wages under California and/or federal law. Nothing herein shall constitute an admission by Defendants that the Action was properly brought as a class or representative action other than for settlement purposes. To the contrary, Defendants have denied and continue to deny each and every material factual allegation and all Claims. To this end, the Class Settlement of the Action, the negotiation and execution of this Stipulation, and all acts performed or documents executed pursuant to or in furtherance of this Stipulation or the Class Settlement are not, shall not be deemed to be, and may not be used as, an admission or evidence of any wrongdoing or liability on the part of Defendants or Releasees or of the truth of any of the factual allegations in the Complaint in the Action; and are not, shall not be deemed to be, and may not be used as, an admission or evidence of any fault or omission on the part of Defendants or Releasees in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal.

E. Confidentiality, Media, or Press Inquiries. Other than information necessary to secure Court approval of this settlement, the Parties (including legal counsel) agree to keep confidential all matters relative to this Settlement, including the terms of the Settlement and the facts and circumstances leading up to it. If asked about the disputes between the Parties, the Parties shall provide no other statement than “the matter has been resolved” or “the matter has settled.” The Parties may, however, discuss the terms of this Settlement with their spouses, attorneys, financial advisors, tax advisors, and accountants, or upon a valid court order, at which time the individual receiving information about the terms of this Settlement shall be informed that the terms of this Settlement are confidential, and the individual may not reveal or disclose to any third party the terms of the Settlement. Nothing in this Agreement shall prohibit Class Counsel from disclosing this Settlement in declarations

submitted to Courts concerning their qualifications to serve as Class and/or PAGA Counsel.

F. Non-Retaliation. Defendants and Releasees understand and acknowledge that it has a legal obligation not to retaliate against any Normal Life Settlement Class Member who elects to participate in the Class Settlement or elects to Opt-Out of the Class Settlement. Defendants and Releasees will refer any inquiries regarding this Class Settlement to the Settlement Administrator or Class Counsel and will not discourage Settlement Class Members who are employees, directly or indirectly, from participating in, opting out or objecting to the Class Settlement.

G. Construction. The Parties hereto agree that the terms and conditions of this Stipulation are the result of lengthy, intensive, arms-length non-collusive negotiations between the Parties and that this Stipulation is not to be construed in favor of or against any party by reason of the extent to which any party or its counsel participated in the drafting of this Stipulation. If any of the dates in the Stipulation fall on a weekend, bank or court holiday, the time to act shall be extended to the next business day.

H. Governing Law. This Stipulation is intended to and shall be governed by the laws of the State of California, without regard to conflict of law principles, in all respects, including execution, interpretation, performance, and enforcement.

I. Notices. Except for Normal Life Settlement Class Member notices required to be made by the Settlement Administrator, any and all notices or other communications required or permitted under this Stipulation shall be in writing and shall be sufficiently given if delivered in person to the party or their counsel by U.S. certified mail, postage prepaid, e-mail, facsimile, or overnight delivery addressed to the address of the party appearing in this Stipulation.

J. Captions and Interpretations. Section titles or captions contained herein are inserted as a matter of convenience and for reference only and in no way define, limit, extend, or describe the scope of this Stipulation or any provision thereof.

K. Modification. This Stipulation may not be changed, altered, or modified, except in writing signed by the Parties or by their respective counsel with the approval of the

Parties, and approved by the Court. This Stipulation may not be discharged except by performance in accordance with its terms or by a writing signed by the Parties.

L. Integration Clause. This Stipulation contains the entire agreement between the Parties relating to the Class Settlement of the Action and the transactions contemplated thereby, and all prior or contemporaneous agreements, understandings, representations, and statements, whether oral or written, and whether by a party or such party's legal counsel, are hereby superseded. No rights under this Stipulation may be waived except in writing as provided above.

M. Successors and Assigns. This Stipulation shall be binding upon and inure to the benefit of the Parties and Normal Life Settlement Class Members (excluding only persons who timely Opt-Out) and their respective present and former heirs, trustees, executors, administrators, representatives, officers, directors, shareholders, agents, employees, insurers, attorneys, accountants, auditors, advisors, consultants, pension and welfare benefit plans, fiduciaries, parent companies, subsidiaries, affiliates, related companies, joint ventures, predecessors, successors, and assigns.

N. Corporate Signatories. Any person executing this Stipulation or any such related document on behalf of a corporate signatory or on behalf of a partnership hereby warrants and promises, for the benefit of all Parties hereto, that such person has been duly authorized by such corporation or partnership to execute this Stipulation or any such related document.

O. Execution in Counterparts. This Stipulation shall become effective upon its execution by all of the undersigned and may be executed electronically (such as via Docusign). The Parties may execute this Stipulation in counterparts, and execution of counterparts shall have the same force and effect as if all Settling Parties had signed the same instrument.

P. Attorneys' Fees, Costs and Expenses. Except as otherwise specifically provided for herein, each party shall bear his or her or its own attorney fees, costs and expenses, taxable or otherwise, incurred by them in or arising out of the Action and shall not

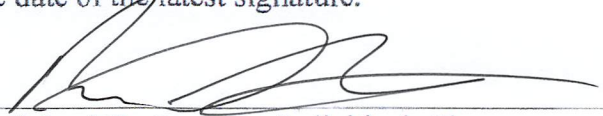
seek reimbursement thereof from any other party to this Stipulation.

Q. Action to Enforce Agreement. In any suit or court action to enforce the terms of this Agreement, the prevailing party shall be entitled to recover his or her or its attorney fees and costs.


R. Catalyzation of Policy Change. Defendants and Released Parties will not object to Plaintiff representing to the Court that Plaintiff's PAGA letter and/or initiation of this lawsuit led Defendants to modify its policies regarding the issuance of itemized wage statements for the Normal Life currently employed Class Members within the meaning of Labor Code § 226 including correcting their corporate name.

IN WITNESS WHEREOF, the Parties and their counsel have executed this Stipulation on the date below their signatures or the signature of their representatives. The date of the Stipulation shall be the date of the latest signature.

Dated: 5-24-19


Michael Grotte, as an Individual, Class Representative, and PAGA Representative


Dated: 5/22/19


On behalf of Normal Life of California, Inc., RSCR California Inc., Res-Care California, Inc. d/b/a RCCA Services, and Res-care, Inc.
By: ALLISON L. BROWN
Its: ASSOCIATE GENERAL COUNSEL

APPROVED AS TO FORM AND CONTENT:

HAWKINS PARNELL & YOUNG LLP

Dated: 5/22/19


RONALD G. POLLY, JR.
MATTHEW A. BOYD

Attorney for Defendants Normal Life of California, Inc., RSCR California Inc., Res-Care California, Inc. d/b/a RCCA Services, and Rescare, Inc.

ACKERMANN & TILAJEF, P.C.

Dated: 5/24/19



CRAIG J. ACKERMANN
Attorney for Plaintiff and the Proposed Settlement Class

WINSTON LAW GROUP, P.C.

Dated: 5/24/2019 | 1:22 PM PDT

DocuSigned by:
David Winston
DAVID S. WINSTON

Attorney for Plaintiff and the Proposed Settlement Class

MELMED LAW GROUP P.C.

Dated: 5/24/2019



JONATHAN MELMED
Attorney for Plaintiff and the Proposed Settlement Class