

ZAKAY LAW GROUP, APLC

Shani O. Zakay (State Bar #277924)
Jackland K. Hom (State Bar #327243)
5440 Morehouse Drive, Suite 3600
San Diego, CA 92121
Telephone: (619)255-9047
Facsimile: (858) 404-9203
shani@zakaylaw.com
jackland@zakaylaw.com

JCL LAW FIRM, APC

Jean-Claude Lapuyade (State Bar #248676)
Eduardo Garcia (State Bar #290572)
5440 Morehouse Drive, Suite 3600
San Diego, CA 92121
Telephone: (619) 599-8292
Facsimile: (619) 599-8291
jlapuyade@jcl-lawfirm.com
egarcia@jcl-lawfirm.com

SUPERIOR COURT OF THE STATE OF CALIFORNIA

IN AND FOR THE COUNTY OF LASSEN

NATALIE CHRESTENSEN, an individual, on
behalf of herself and on behalf of all persons
similarly situated,

Plaintiff,

v.

NORTHEASTERN RURAL HEALTH
CLINICS, a California Corporation; and DOES
1-50, Inclusive,

Defendant.

Case No. 63703

[Action Filed 06/24/2021]

**STIPULATION OF SETTLEMENT OF
CLASS ACTION AND PAGA CLAIMS
AND RELEASE OF CLAIMS**

Judge: Honorable Leonard J. La Casse
Dept.: D

STIPULATION OF SETTLEMENT OF CLASS ACTION AND RELEASE OF CLAIMS

1 This Stipulation of Settlement of Class and PAGA Claims and Release of Claims (the
2 “Agreement”) is entered into by and between Plaintiffs NATALIE CHRESTENSEN and DELORIS
3 RIDDLE (hereinafter collectively “Plaintiffs”), individually and on behalf of the Settlement Class,
4 and in their representative capacity on behalf of the State of California and the PAGA Members, and
5 Defendant NORTHEASTERN RURAL HEALTH CLINICS, a California Corporation (hereinafter
6 “Defendant”).

7 **I. RECITALS**

8 A. On April 19, 2021, Plaintiff Chrestensen filed a Notice of Violations with the Labor
9 and Workforce Development Agency (“LWDA”) and served the same on Defendant (the “PAGA
10 Letter.”)

11 B. On June 24, 2021, Plaintiff Chrestensen filed a putative class action complaint in the
12 Lassen County Superior Court, on behalf of herself and all persons similarly situated alleging claims
13 for: (i) Unfair Competition in Violation of Bus. and Prof. Code sections 17200 *et seq*; (ii) Failure to
14 pay minimum wages in violation of California Labor Code sections 1194, 1197 and 1197.1; (iii)
15 Failure to pay overtime wages in violation of California Labor Code sections 510 *et seq*; (iv) Failure
16 to provide required meal periods in violation of California Labor Code sections 226.7 and 512 and
17 the applicable IWC wage order; (v) Failure to provide required rest periods in violation of California
18 Labor Code sections 226.7 and 512 and the applicable IWC wage order; (vi) Failure to provide
19 accurate itemized wage statements in violation of California Labor Code section 226 and 226.2; (vii)
20 Failure to reimburse for required expenses in violation of California Labor Code section 2802; (viii)
21 Failure to provide wages when due in violation of California Labor Code sections 201, 202 and 203;
22 and (ix) Violation of the Private Attorneys General Act (“PAGA”) in violation of Labor Code
23 sections 2698 *et seq*. (the “Lawsuit”).

24 C. Plaintiff Chrestensen intends to, simultaneous with filing of the motion to
25 preliminarily approve the settlement, file a First Amended Complaint to add Plaintiff Riddle to the
26 Lawsuit.

27 D. On June 13, 2022, the Parties participated in mediation presided over by Jill Sperber,

Esq., an experienced mediator of wage and hour class and PAGA actions. The mediation concluded with a settlement after both sides reached an agreement to settle the Lawsuit after extensive, arms-length negotiations in a full day mediation.

E. Defendant denies that it has violated any applicable law, committed any wrong against Plaintiff or any other current or former employee, or that it has otherwise damaged Plaintiffs or any other current or former employee in any way.

F. This Agreement represents a compromise and settlement of highly disputed claims. It replaces and replaces and supersedes any other agreements, understandings, or representations between the Parties. Nothing in this Agreement is intended or will be construed as an admission by Defendant that the claims in the Lawsuit have merit or that Defendant bears any liability to Plaintiffs or any other current or former employee on those claims or any other claims, or as an admission by Plaintiffs that Defendant's defenses in the Lawsuit have merit. If for any reason the settlement does not become effective, Defendant reserves the right to contest certification of any class action for any reason, and reserves all available defenses to the claims in the Lawsuit.

G. The Parties believe that the Settlement is fair, reasonable and adequate. The Settlement was arrived at through arm's-length negotiations, taking into account all relevant factors. The Parties recognize the uncertainty, risk, expense and delay attendant to continuing the Lawsuit through trial and any appeal. Accordingly, the Parties desire to fully, finally, and forever settle, compromise and discharge all disputes and claims arising from or relating to the Lawsuit.

II. DEFINITIONS

A. "Action" shall mean the Lawsuit, as defined above, in the matter of *Chrestensen v. Northeastern Rural Health Clinics*, Lassen County Superior Court, Case No. 63703 (hereinafter "the Action").

B. "Agreement" or "Settlement Agreement" means this Stipulation of Settlement of Class and PAGA Claims and Release of Claims.

C. "Class Counsel" shall mean Jean-Claude Lapuyade, Esq. of JCL Law Firm, APC, and Shani Zakay of Zakay Law Group, APLC.

1 D. "Class Counsel Award" means the award of fees and expenses that the Court
2 authorizes to be paid to Class Counsel for the services they have rendered to Plaintiffs and the Class
3 in the Action, consisting of attorneys' fees currently not to exceed one-third of the Gross Settlement
4 Amount currently estimated to be \$90,000.00 out of \$270,000.00, plus costs and expenses of
5 \$20,000.00, and supported by declaration as to the reasonableness of attorneys' fees and costs. Class
6 Counsel's award for attorneys' fees will be allocated between Class Counsel as follows: Fifty percent
7 (50%) to the JCL Law Firm, APC; fifty percent (50%) to the Zakay Law Group, APLC.

8 E. "Class Data" means information regarding Class Members that Defendant will in
9 good faith compile from its records and provide to the Settlement Administrator. It shall be formatted
10 as a Microsoft Excel spreadsheet and shall include: each Class Member's full name; last known
11 address; Social Security Number; start dates and end dates of employment.

12 F. "Class Members" or the "Class" means all employees who are or previously were
13 employed by Defendant in California and who were classified as non-exempt employees during the
14 Class Period.

15 G. "Class Period" means the period from June 24, 2017 to September 13, 2022.

16 H. "Class Representative Service Award" means the amount that the Court authorizes to
17 be paid to the Class Representatives, in addition to their Individual Settlement Payment and their
18 pro-rata share of the PAGA Settlement, in recognition of their efforts and risks in assisting with the
19 prosecution of the Action and, partially, in exchange for executing a General Release of Defendant.

20 I. "Class Representatives" shall mean plaintiffs NATALIE CHRESTENSEN and
21 DELORIS RIDDLE.

22 J. "Court" means the Superior Court for the State of California, County of Lassen
23 currently presiding over the Action.

24 K. "Defendant" shall mean Northeastern Rural Health Clinics, a California Corporation.

25 L. "Defendant's Counsel" shall refer to Boutin Jones Inc.

26 M. "Effective Date" means the date of entry by the Court of an order and judgment finally
27 approving this Settlement.

1 N. "Funding Date" shall mean thirty (30) calendar days after the Effective Date and is
2 the date Defendant transfers the Gross Settlement Amount into the QSF in accord with the terms of
3 this Agreement.

4 O. "Gross Settlement Amount" means Two Hundred Seventy Thousand Dollars
5 (\$270,000.00) that Defendant must pay into the QSF in connection with this Settlement, inclusive of
6 the sum of the Individual Settlement Payments, the Class Representative Service Awards, the Class
7 Counsel Award, PAGA Settlement and the Settlement Administration Costs and *exclusive* of the
8 employer's share of payroll tax, if any, triggered by any payment under this Settlement.

9 P. "Individual Settlement Payment" means the amount payable from the Net Settlement
10 Amount to each Settlement Class Member and excludes any amounts distributed to PAGA Members
11 pursuant to PAGA.

12 Q. "Net Settlement Amount" or "NSA" means the Gross Settlement Amount, less the
13 Class Counsel Award, Class Representative Service Award, PAGA Settlement, and Settlement
14 Administration Costs.

15 R. "Notice Packet" means the Class Notice to be provided to the Class Members by the
16 Settlement Administrator in the form set forth as Exhibit A to this Agreement (other than formatting
17 changes to facilitate printing by the Settlement Administrator).

18 S. "PAGA" means the California Labor Code Private Attorneys General Act of 2004,
19 Labor Code §§ 2698 *et seq.*

20 T. "PAGA Members" shall mean all employees who are or previously were employed
21 by Defendant in California and who were classified as non-exempt employees during the PAGA
22 Period.

23 U. "PAGA Payment Ratio" means the respective PAGA Pay Periods during the PAGA
24 Period for each PAGA Member divided by the sum total of the PAGA Pay Periods for all PAGA
25 Members during the PAGA Period.

26 V. "PAGA Pay Periods," for purposes of calculating the distribution of the PAGA
27 Member Payment, as defined herein, means the number of pay periods of employment during the

PAGA Period that each PAGA Member worked in California.

W. “PAGA Period” means the period of April 19, 2020 to September 13, 2022.

X. “PAGA Settlement” shall mean Ten Thousand Dollars (\$10,000.00) to be allocated from the Gross Settlement Amount.

Y. “Parties” means Plaintiffs and Defendant, collectively, and “Party” shall mean either Plaintiffs or Defendant, individually.

Z. “Payment Ratio” means the respective Workweeks for each Class Member divided by the sum total Workweeks for all Class Members.

AA. “Plaintiffs” shall mean plaintiff NATALIE CHRESTENSEN and DELORIS RIDDLE.

BB. “QSF” means the Qualified Settlement Fund established, designated and maintained by the Settlement Administrator to fund the Gross Settlement Amount.

CC. “Released Class Claims” means all class claims alleged or that could have been alleged based on the factual allegations in the operative complaint in the Action and Plaintiff Chrestensen’s PAGA Letter, which occurred during the Class Period, and expressly excluding claims for vested benefits, wrongful termination, unemployment insurance, disability, social security, workers’ compensation, and class claims outside of the Class Period, and excluding claims for PAGA penalties, which are separately released herein.

DD. “Released PAGA Claims” means all PAGA claims alleged or that could have been brought based on the factual allegations in the operative complaint in the Action and Plaintiff Chrestensen’s PAGA Letter, which occurred during the PAGA Period, and expressly excluding claims for vested benefits, wrongful termination, unemployment insurance, disability, social security, workers’ compensation, and PAGA claims outside of the PAGA Period.

EE. “Released Parties” means Defendant, as well as each of its officers, directors, members, partners, owners, shareholders, agents, managing agents, insurers, assigns, predecessors, successors, parent companies and organizations, and any other entity which Plaintiffs, individually on behalf of themselves and on behalf of all Class Members and PAGA Members, might claim are

responsible for the damages sought in the Action.

FF. “Response Deadline” means the date forty-five (45) days after the Settlement Administrator mails Notice Packets to Class Members and the last date on which Class Members may submit requests for exclusion or objections to the Settlement.

GG. “Settlement” means the disposition of the Action pursuant to this Agreement.

HH. “Settlement Administrator” means ILYM Group Inc., 14771 Plaza Drive, Ste. L, Tustin, CA 92780; Tel: 1-888-250-6810; Fax: 1-888-845-6185. The Settlement Administrator establishes, designates and maintains, as a QSF under Internal Revenue Code section 468B and Treasury Regulation section 1.468B-1, into which the amount of the Gross Settlement Amount is deposited for the purpose of resolving the claims of Settlement Class Members. The Settlement Administrator shall maintain the funds until distribution in an account(s) segregated from the assets of Defendant and any person related to Defendant. *All accrued interest shall be paid and distributed to the Settlement Class Members as part of their respective Individual Settlement Payment.*

II. “Settlement Class Members” or “Settlement Class” means all Class Members who have not submitted a timely and valid request for exclusion as provided in this Agreement.

JJ. “Workweeks,” for purposes of calculating the distribution of the Net Settlement Amount, means the number of weeks of employment during the Class Period that each Class Member was employed by Defendant in California, excluding weeks during which the Class Member did not perform any work for Defendant.

III. TERMS AND CONDITIONS OF SETTLEMENT

A. Settlement Consideration and Settlement Payments by Defendant.

1. Gross Settlement Amount. In full and complete settlement of the Action, in exchange for the releases set forth below, and subject to the terms and conditions in this Agreement, Defendant will pay the Gross Settlement Amount of Two Hundred Seventy Thousand Dollars (\$270,000.00). This amount is all-inclusive of all payments contemplated in this Agreement, excluding any employer-share payroll taxes on the portion of the Net Settlement Fund allocated to wages, and except as may be payable in accordance with Paragraph III(A)(2) below. The Parties

1 agree that this is a non-reversionary Settlement and that no portion of the Gross Settlement Amount
2 shall revert to Defendant.

3 2. Class Size. At the time of mediation, Defendant estimated that the
4 Settlement Class was comprised of 227 individuals who collectively worked approximately 20,000
5 Workweeks (“Projected Workweeks”) during the Class Period. In the event the number of
6 workweeks during the Class Period increases by five percent (5%) or more beyond the Projected
7 Workweeks (i.e., to 21,000 or more), then Defendant shall have the option to either: (i) increase the
8 Gross Settlement Amount on a pro rata basis according to the percentage that the actual Workweeks
9 are greater than 21,000; or (ii) agree that the Class Period and PAGA Period shall only run through
10 the date on which the workweeks reach 21,000.

11 3. Settlement Payment. Defendant shall pay, via wire transfer, the Gross
12 Settlement Amount to the Settlement Administrator on the Funding Date and Defendant shall pay
13 the employer-side payroll taxes owed within ten (10) days of the Settlement Administrator notifying
14 Defendant of the amount of such payment.

15 B. Release by Settlement Class Members. As of the Funding Date, in exchange for the
16 consideration set forth in this Agreement, Plaintiffs and the Settlement Class Members release the
17 Released Parties from the Released Class Claims for the Class Period.

18 C. Release by the PAGA Members. As of the Funding Date, in exchange for the
19 consideration set forth in this Agreement, the Plaintiffs, the LWDA and the State of California release
20 the Released Parties from the PAGA Released Claims for the PAGA Period.

21 D. General Release by Plaintiffs. As of the Funding Date, for the consideration set forth
22 in this Agreement which includes the Class Representative Service Award, Plaintiffs waive, release,
23 acquit and forever discharge the Released Parties from any and all claims, attorneys’ fees and
24 demands, whether known or unknown, which exist or may exist on their behalf as of the date of this
25 Agreement, including but not limited to any and all tort claims, contract claims, wage claims,
26 wrongful termination claims, disability claims, benefit claims, public policy claims, retaliation
27 claims, statutory claims, personal injury claims, emotional distress claims, invasion of privacy

1 claims, defamation claims, fraud claims, quantum meruit claims, and any and all claims arising under
2 any federal, state or other governmental statute, law, regulation or ordinance, including, but not
3 limited to, claims for violation of the Fair Labor Standards Act, the California Labor Code, the Wage
4 Orders of California's Industrial Welfare Commission, other state wage and hour laws, the
5 Americans with Disabilities Act, the Age Discrimination in Employment Act (ADEA), the Employee
6 Retirement Income Security Act, Title VII of the Civil Rights Act of 1964, the California Fair
7 Employment and Housing Act, the California Family Rights Act, the Family Medical Leave Act,
8 California's Whistleblower Protection Act, California Business & Professions Code Section 17200
9 *et seq.*, and any and all claims arising under any federal, state or other governmental statute, law,
10 regulation or ordinance.

11 E. Plaintiffs' Release of Unknown Claims. Plaintiffs also waive and relinquish any and
12 all claims, rights or benefits that they may have under, California Civil Code § 1542, which provides
13 as follows:

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

20 Thus, notwithstanding the provisions of section 1542, and to implement a full and complete
21 release and discharge of the Released Parties, Plaintiffs expressly acknowledge this Agreement is
22 intended to include in its effect, without limitation, all claims Plaintiffs do not know or suspect to exist
23 in Plaintiffs' favor at the time of signing this Agreement, and that this Agreement contemplates the
24 extinguishment of any such claims. Plaintiffs warrants that Plaintiffs have read this Agreement,
25 including this waiver of California Civil Code section 1542, and that Plaintiffs have consulted with or
26 had the opportunity to consult with counsel of Plaintiffs' choosing about this Agreement and
27 specifically about the waiver of section 1542, and that Plaintiffs understand this Agreement and the

1 section 1542 waiver, and so Plaintiffs freely and knowingly enter into this Agreement. Plaintiffs further
2 acknowledge that Plaintiffs later may discover facts different from or in addition to those Plaintiffs
3 now know or believe to be true regarding the matters released or described in this Agreement, and even
4 so Plaintiffs agree that the releases and agreements contained in this Agreement shall remain effective
5 in all respects notwithstanding any later discovery of any different or additional facts. Plaintiffs
6 expressly assume any and all risk of any mistake in connection with the true facts involved in the
7 matters, disputes, or controversies released or described in this Agreement or with regard to any facts
8 now unknown to Plaintiffs relating thereto.

9 F. Plaintiffs' Waiver of Rights Under the Age Discrimination in Employment Act.

10 Plaintiffs specifically understand and acknowledge that the Age Discrimination in Employment Act
11 of 1967, as amended (the "ADEA"), provides them the right to bring a claim against Defendant if
12 Plaintiffs believes that they have been discriminated against on the basis of age. Defendant
13 specifically denies any such discrimination. Plaintiffs understand the rights afforded to them under
14 the ADEA and agrees that they will not file any claim or action against Defendant or any of the
15 Released Parties based on any alleged violations of the ADEA. Plaintiffs hereby knowingly and
16 voluntarily waive any right to assert a claim for relief under the ADEA, including but not limited to
17 back pay, front pay, attorneys' fees, damages, reinstatement or injunctive relief. Plaintiffs are
18 advised to consult with independent legal counsel prior to executing a waiver of rights under the
19 ADEA. Plaintiffs also understand and acknowledge that the ADEA requires Defendant to provide
20 them with at least twenty-one (21) calendar days to consider this Agreement ("Consideration
21 Period") prior to its execution. Plaintiffs acknowledges that they were provided with and have used
22 the Consideration Period or, alternatively, that they elected to sign this Agreement within the
23 Consideration Period and waive the remainder of the Consideration Period. Plaintiffs also
24 understand that they are entitled to revoke this Agreement at any time during the seven (7) days
25 following their execution of this Agreement ("Revocation Period"). Plaintiffs also understand that
26 any revocation of this Agreement must be in writing and delivered to the attention of Bruce M. Timm,
27 Boutin Jones Inc., 555 Capitol Mall, Suite 1500, Sacramento, CA 95814, prior to the expiration of

the Revocation Period.

G. Conditions Precedent: This Settlement will become final and effective only upon the occurrence of all of the following events:

1. The Court enters an order granting preliminary approval of the Settlement;
2. The Court enters an order granting final approval of the Settlement and a Final Judgment;
3. If an objector appears at the final approval hearing, the time for appeal of the Final Judgment and Order Granting Final Approval of Class Action Settlement expires; or, if an appeal is timely filed, there is a final resolution of any appeal from the Judgment and Order Granting Final Approval of Class Action Settlement; and
4. Defendant fully funds the Gross Settlement Amount.

H. Nullification of Settlement Agreement. In the event that this Settlement Agreement is not preliminarily or finally approved by the Court, fails to become effective, or is reversed, withdrawn or modified by the Court, or in any way prevents or prohibits Defendant from obtaining a complete resolution of the Released Claims, or if Defendant fails to fully fund the Gross Settlement Amount:

1. This Settlement Agreement shall be void *ab initio* and of no force or effect, and shall not be admissible in any judicial, administrative or arbitral proceeding for any purpose or with respect to any issue, substantive or procedural;
2. The conditional class certification (obtained for any purpose) shall be void *ab initio* and of no force or effect, and shall not be admissible in any judicial, administrative or arbitral proceeding for any purpose or with respect to any issue, substantive or procedural; and
3. None of the Parties to this Settlement will be deemed to have waived any claims, objections, defenses or arguments in the Action, including with respect to the issue of class certification.
4. The Parties will equally bear responsibility for any cost to issue or reissue any curative notice to the Settlement Class Members and all Settlement Administration Costs incurred to

the date of nullification.

I. Certification of the Settlement Class. The Parties stipulate to conditional class certification of the Class for the Class Period for purposes of settlement only. In the event that this Settlement is not approved by the Court, fails to become effective, or is reversed, withdrawn or modified by the Court, or in any way prevents or prohibits Defendant from obtaining a complete resolution of the Released Claims, the conditional class certification (obtained for any purpose) shall be void *ab initio* and of no force or effect, and shall not be admissible in any judicial, administrative or arbitral proceeding for any purpose or with respect to any issue, substantive or procedural.

J. Tax Liability. The Parties make no representations as to the tax treatment or legal effect of the payments called for, and Plaintiffs, Class Members and/or PAGA Members are not relying on any statement or representation by the Parties in this regard. Plaintiffs, Class Members and/or PAGA Members understand and agree that they will be responsible for the payment of any taxes and penalties assessed on the Class Representative Service Award, Individual Settlement Payments and/or PAGA Members' individual shares of the PAGA Settlement described and will be solely responsible for any penalties or other obligations resulting from their personal tax reporting of the Class Representative Service Payment, Individual Settlement Payments and/or PAGA Members' individual shares of the PAGA Settlement.

K. Circular 230 Disclaimer. Each Party to this Agreement (for purposes of this section, the "acknowledging party" and each Party to this Agreement other than the acknowledging party, an "other party") acknowledges and agrees that: (1) no provision of this Agreement, and no written communication or disclosure between or among the Parties or their attorneys and other advisers, is or was intended to be, nor shall any such communication or disclosure constitute or be construed or be relied upon as, tax advice within the meaning of United States Treasury Department circular 230 (31 CFR part 10, as amended); (2) the acknowledging party (a) has relied exclusively upon his, her or its own, independent legal and tax counsel for advice (including tax advice) in connection with this Agreement, (b) has not entered into this Agreement based upon the recommendation of any other Party or any attorney or advisor to any other Party, and (c) is not entitled to rely upon any

1 communication or disclosure by any attorney or adviser to any other party to avoid any tax penalty
2 that may be imposed on the acknowledging party, and (3) no attorney or adviser to any other Party
3 has imposed any limitation that protects the confidentiality of any such attorney's or adviser's tax
4 strategies (regardless of whether such limitation is legally binding) upon disclosure by the
5 acknowledging party of the tax treatment or tax structure of any transaction, including any
6 transaction contemplated by this Agreement.

7 L. Preliminary Approval Motion. At the earliest practicable time, Plaintiffs shall file
8 with the Court a Motion for Order Granting Preliminary Approval and supporting papers (the
9 "Motion"), which shall include this Settlement Agreement. Plaintiffs will provide Defendant with a
10 draft of the Motion at least 3 business days prior to the filing of the Motion to give Defendant an
11 opportunity to propose changes or additions to the Motion.

12 M. Settlement Administrator. The Settlement Administrator shall be responsible for:
13 establishing and administering the QSF; calculating, processing and mailing payments to the Class
14 Representatives, Class Counsel, LWDA and Class Members; printing and mailing the Notice Packets
15 to the Class Members as directed by the Court; receiving and reporting the objections and requests
16 for exclusion; calculating, deducting and remitting all legally required taxes from Individual
17 Settlement Payments and distributing tax forms for the Wage Portion and Non-Wage Portion of the
18 Individual Settlement Payments and/or PAGA Members' individual shares of the PAGA Settlement;
19 processing and mailing tax payments to the appropriate state and federal taxing authorities; providing
20 declaration(s) as necessary in support of preliminary and/or final approval of this Settlement; and
21 other tasks as the Parties mutually agree or the Court orders the Settlement Administrator to perform.
22 The Settlement Administrator shall keep the Parties timely apprised of the performance of all
23 Settlement Administrator responsibilities by among other things, sending a weekly status report to
24 the Parties' counsel stating the date of the mailing, the of number of Elections Not to Participate in
25 Settlement it receives (including the numbers of valid and deficient), and number of objections
26 received.

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1 N. Notice Procedure.

2 1. Class Data. No later than fourteen (14) business days after the Preliminary
3 Approval Date, Defendant shall provide the Settlement Administrator with the Class Data for
4 purposes of preparing and mailing Notice Packets to the Class Members.

5 2. Notice Packets.

6 a) The Notice Packet shall contain the Notice of Class Action
7 Settlement in a form substantially similar to the form attached as Exhibit A. The Notice of Class
8 Action Settlement shall inform Class Members and PAGA Members that they need not do anything
9 in order to receive an Individual Settlement Payment and/or PAGA Members' individual shares of
10 the PAGA Settlement and to keep the Settlement Administrator apprised of their current mailing
11 address, to which the Individual Settlement Payments and/or PAGA Members' individual shares of
12 the PAGA Settlement will be mailed following the Funding Date. The Notice of Class Action
13 Settlement shall set forth the release to be given by all members of the Class who do not request to
14 be excluded from the Settlement Class and/or PAGA Members in exchange for an Individual
15 Settlement Payment and/or PAGA Members' individual shares of the PAGA Settlement, the number
16 of Workweeks worked by each Class Member during the Class Period and PAGA Period, if any, and
17 the estimated amount of their Individual Settlement Payment if they do not request to be excluded
18 from the Settlement and each PAGA Member's share of the PAGA Settlement, if any. The
19 Settlement Administrator shall use the Class Data to determine Class Members' Workweeks and
20 PAGA Pay Periods. The Notice will also advise the PAGA Members that they will release the
21 Released PAGA Claims and will receive their share of the PAGA Settlement regardless of whether
22 they request to be excluded from the Settlement.

23 b) The Notice Packet's mailing envelope shall include the
24 following language: "IMPORTANT LEGAL DOCUMENT- YOU MAY BE ENTITLED TO
25 PARTICIPATE IN A CLASS ACTION SETTLEMENT; A PROMPT REPLY TO CORRECT
26 YOUR ADDRESS IS REQUIRED AS EXPLAINED IN THE ENCLOSED NOTICE."

27 3. Notice by First Class U.S. Mail. Upon receipt of the Class Data, the

1 Settlement Administrator will perform a search based on the National Change of Address Database
2 to update and correct any known or identifiable address changes. No later than fourteen (14) calendar
3 days after receiving the Class Data from Defendant, the Settlement Administrator shall mail copies
4 of the Notice Packet to all Class Members via regular First-Class U.S. Mail. The Settlement
5 Administrator shall exercise its best judgment to determine the current mailing address for each Class
6 Member. The address identified by the Settlement Administrator as the current mailing address shall
7 be presumed to be the best mailing address for each Class Member.

8 4. Undeliverable Notices. Any Notice Packets returned to the Settlement
9 Administrator as non-delivered on or before the Response Deadline shall be re-mailed to any
10 forwarding address provided. If no forwarding address is provided, the Settlement Administrator
11 shall promptly attempt to determine a correct address by lawful use of skip-tracing, or other search
12 using the name, address and/or Social Security number of the Class Member involved, and shall then
13 perform a re-mailing, if another mailing address is identified by the Settlement Administrator. Class
14 Members who received a re-mailed Notice Packet shall have their Response Deadline extended
15 fifteen (15) days from the original Response Deadline.

16 5. Disputes Regarding Individual Settlement Payments. Class Members will
17 have the opportunity, should they disagree with Defendant's records regarding the start and end dates
18 of employment to provide documentation and/or an explanation to show contrary dates. If there is a
19 dispute, the Settlement Administrator will consult with the Parties to determine whether an
20 adjustment is warranted. The Settlement Administrator shall determine the eligibility for, and the
21 amounts of, any Individual Settlement Payments under the terms of this Agreement. The Settlement
22 Administrator's determination of the eligibility for and amount of any Individual Settlement Payment
23 shall be binding upon the Class Member and the Parties.

24 6. Disputes Regarding Administration of Settlement. Any disputes not resolved
25 by the Settlement Administrator concerning the administration of the Settlement will be resolved by
26 the Court under the laws of the State of California. Before any such involvement of the Court,
27 counsel for the Parties will confer in good faith to resolve the disputes without the necessity of

1 involving the Court.

2 7. Exclusions. The Notice of Class and PAGA Action Settlement contained in
3 the Notice Packet shall state that Class Members who wish to exclude themselves from the
4 Settlement must submit a signed copy of the Request for Exclusion form to the Settlement
5 Administrator by the Response Deadline. A Request for Exclusion form will be mailed together with
6 the Notice Packet to all Class Members. The Request for Exclusion will not be valid if it is not
7 timely submitted, if it is not signed by the Class Member, or if it does not contain the name and
8 address and last four digits of the Social Security number of the Class Member. The date of the
9 postmark on the mailing envelope or fax stamp on the Request for Exclusion shall be the exclusive
10 means used to determine whether the request for exclusion was timely submitted. Any Class Member
11 who submits a timely Request for Exclusion shall be excluded from the Settlement Class and will
12 not be entitled to an Individual Settlement Payment and will not be otherwise bound by the terms of
13 the Settlement or have any right to object, appeal or comment thereon. However, any Class Member
14 that submits a timely Request for Exclusion that is also a member of the PAGA Members will still
15 receive their pro rata share of the PAGA Settlement, as specified below, and in consideration, will
16 be bound by the Release by the PAGA Members as set forth herein. Settlement Class Members who
17 fail to submit a valid and timely Request for Exclusion on or before the Response Deadline shall be
18 bound by all terms of the Settlement and any final judgment entered in this Action if the Settlement
19 is approved by the Court. No later than fourteen (14) calendar days after the Response Deadline, the
20 Settlement Administrator shall provide counsel for the Parties with a final list of the Class Members
21 who have timely submitted Requests for Exclusion. At no time shall any of the Parties or their
22 counsel seek to solicit or otherwise encourage members of the Class to submit Requests for Exclusion
23 from the Settlement.

24 8. Objections. The Notice of Class and PAGA Action Settlement contained in
25 the Notice Packet shall state that Class Members who wish to object to the Settlement may submit
26 to the Settlement Administrator a written statement of objection (“Notice of Objection”) by the
27 Response Deadline. The postmark date of mailing shall be deemed the exclusive means for

determining that a Notice of Objection was served timely. The Notice of Objection, if in writing, must be signed by the Settlement Class Member and state: (1) the case name and number; (2) the name of the Settlement Class Member; (3) the address of the Settlement Class Member; (4) the last four digits of the Settlement Class Member's Social Security number; (5) the basis for the objection; and (6) if the Settlement Class Member intends to appear at the Final Approval/Settlement Fairness Hearing. Class Members who fail to make objections in writing in the manner specified above may still make their objections orally at the Final Approval/Settlement Fairness Hearing with the Court's permission. Settlement Class Members will have a right to appear at the Final Approval/Settlement Fairness Hearing to have their objections heard by the Court regardless of whether they submitted a written objection. At no time shall any of the Parties or their counsel seek to solicit or otherwise encourage Class Members to file or serve written objections to the Settlement or appeal from the Order and Final Judgment. Class Members who submit a written request for exclusion may not object to the Settlement. Class Members may not object to the PAGA Settlement.

O. Funding and Allocation of the Gross Settlement Amount. Defendant is required to pay the Gross Settlement Amount on or before the Funding Date, plus any employer's share of payroll taxes as mandated by law within the time specified herein.

1. Calculation of Individual Settlement Payments. Individual Settlement Payments shall be paid from the Net Settlement Amount and shall be paid pursuant to the formula set forth herein. Using the Class Data, the Settlement Administrator shall add up the total number of Workweeks for all Class Members. The respective Workweeks for each Class Member will be divided by the total Workweeks for all Class Members, resulting in the Payment Ratio for each Class Member. Each Class Member's Payment Ratio will then be multiplied by the Net Settlement Amount to calculate each Class Member's estimated Individual Settlement Payments. Each Individual Settlement Payment will be reduced by any legally mandated employee tax withholdings (e.g., employee payroll taxes, etc.). Individual Settlement Payments for Class Members who submit valid and timely requests for exclusion will be redistributed to Settlement Class Members who do not submit valid and timely requests for exclusion on a pro rata basis based on their respective

1 Payment Ratios.

2 2. Calculation of Individual Payments to the PAGA Members. Using the Class
3 Data, the Settlement Administrator shall add up the total number of PAGA Pay Periods for all PAGA
4 Members during the PAGA Period. The respective PAGA Pay Periods for each PAGA Member will
5 be divided by the total PAGA Pay Periods for all PAGA Members, resulting in the “PAGA Payment
6 Ratio” for each PAGA Member. Each PAGA Member’s PAGA Payment Ratio will then be
7 multiplied by the PAGA Member Payment to calculate each PAGA Member’s estimated share of
8 the PAGA Settlement.

9 3. Allocation of Individual Settlement Payments. For tax purposes, Individual
10 Settlement Payments shall be allocated and treated as follows: 20% as wages (“Wage Portion”); 80%
11 as penalties and interest (“Non-Wage Portion”). The Wage Portion is subject to wage withholdings
12 and shall be reported on IRS Form W-2. The Non-Wage Portion shall not be subject to wage
13 withholdings and shall be reported on IRS Form 1099.

14 4. Allocation of PAGA Member Payments. For tax purposes, PAGA Member
15 Settlement Payments shall be allocated and treated as 100% penalties and shall be reported on IRS
16 Form 1099.

17 5. No Credit Toward Benefit Plans. The Individual Settlement Payments and
18 individual shares of the PAGA Settlement made to Settlement Class Members and/or PAGA
19 Members under this Settlement Agreement, as well as any other payments made pursuant to this
20 Settlement Agreement, will not be utilized to calculate any additional benefits under any benefit
21 plans to which any Class Members may be eligible, including, but not limited to profit-sharing plans,
22 bonus plans, 401(k) plans, stock purchase plans, vacation plans, sick leave plans, PTO plans, and
23 any other benefit plan. Rather, it is the Parties’ intention that this Settlement Agreement will not
24 affect any rights, contributions, or amounts to which any Class Members may be entitled under any
25 benefit plans.

26 6. All monies received by Settlement Class Members under the Settlement which
27 are attributable to wages shall constitute income to such Settlement Class Members solely in the year in

1 which such monies actually are received by the Settlement Class Members. It is the intent of the Parties
2 that Individual Settlement Payments and individual shares of the PAGA Settlement provided for in this
3 Settlement agreement are the sole payments to be made by Defendant to Settlement Class Members
4 and/or PAGA Members in connection with this Settlement Agreement, with the exception of Plaintiffs,
5 and that the Settlement Class Members and/or PAGA Members are not entitled to any new or additional
6 compensation or benefits as a result of having received the Individual Settlement Payments and/or their
7 shares of the PAGA Settlement.

8 7. Mailing. Individual Settlement Payments and PAGA Member Payments shall
9 be mailed by regular First-Class U.S. Mail to Settlement Class Members' and/or PAGA Members'
10 last known mailing address no later than fifteen (15) calendar days after the Funding Date.

11 8. Expiration. Any checks issued to Settlement Class Members and PAGA
12 Members shall remain valid and negotiable for one hundred and eighty (180) days from the date of
13 their issuance. If a Settlement Class Member and/or PAGA Member does not cash their settlement
14 check within 90 days, the Settlement Administrator will send a letter to such persons, advising that
15 the check will expire after the 180th day, and invite that Settlement Class Member and/or PAGA
16 Member to request reissuance in the event the check was destroyed, lost or misplaced. In the event
17 an Individual Settlement Payment and/or PAGA Member's individual share of the PAGA Settlement
18 check has not been cashed within one hundred and eighty (180) days, all funds represented by such
19 uncashed checks, plus any interest accrued thereon, shall be distributed consistent with California
20 Code of Civil Procedure Section 384 as follows: to Capitol Pro Bono. Neither Class Counsel,
21 Defendant's Counsel, nor any of the Parties, have any interest, pecuniary or otherwise, in Capitol
22 Pro Bono.

23 9. Class Representative Service Award. In addition to the Individual Settlement
24 Payments and the individual shares of the PAGA Settlement to be paid to Plaintiffs, Plaintiffs will
25 apply to the Court for an award of not more than \$15,000.00, with \$10,000.00 allocated to Plaintiff
26 Chrestensen and \$5,000.00 allocated to Plaintiff Riddle, as the Class Representative Service Awards.
27 Defendant does not presently intend to oppose a Class Representative Service Award of not more

than \$15,000.00 for Plaintiffs. The Settlement Administrator shall pay the Class Representative Service Awards, either in the amount stated herein if approved by the Court or some other amount as approved by the Court, to Plaintiffs from the Gross Settlement Amount no later than fifteen (15) calendar days after the Funding Date. Any portion of the requested Class Representative Service Awards that is not awarded to the Class Representative shall be part of the Net Settlement Amount and shall be distributed to Settlement Class Members as provided in this Agreement. The Settlement Administrator shall issue an IRS Form 1099 — MISC to Plaintiffs for their Class Representative Service Awards. Plaintiffs shall be solely and legally responsible to pay any and all applicable taxes on their Class Representative Service Awards and shall hold harmless the Released Parties from any claim or liability for taxes, penalties, or interest arising as a result of the Class Representative Service Awards. The Class Representative Service Awards shall be in addition to Plaintiffs' Individual Settlement Payments as Settlement Class Members. Approval of this Settlement shall not be conditioned on Court approval of the requested amount of the Class Representative Service Awards. In the event that the Court reduces or does not approve the requested Class Representative Service Awards, Plaintiffs shall not have the right to revoke the Settlement, and it will remain binding.

10. Class Counsel Award. Defendant understands a motion by Class Counsel for attorneys' fees not to exceed one-third of the Gross Settlement Amount, currently estimated to be Ninety Thousand Dollars (\$90,000.00), plus costs and expenses supported by declaration not to exceed Twenty Thousand Dollars (\$20,000.00), from the Gross Settlement Amount will be filed. Any portion of the requested Class Counsel Award that is not awarded to Class Counsel shall be part of the Net Settlement Amount and shall be distributed to Settlement Class Members as provided in this Agreement. The Settlement Administrator shall allocate and pay the Class Counsel Award to Class Counsel from the Gross Settlement Amount no later than fifteen (15) calendar days the Funding Date. Class Counsel shall be solely and legally responsible to pay all applicable taxes on the payment made pursuant to this paragraph. The Settlement Administrator shall issue an IRS Form 1099 — MISC to Class Counsel for the payments made pursuant to this paragraph. If the Court reduces or does not approve the requested Class Counsel Award, Plaintiffs and Class Counsel shall not have the

right to revoke the Settlement, or to appeal such order, and the Settlement will remain binding.

11. PAGA Settlement. Ten Thousand Dollars (\$10,000.00) shall be allocated from the Gross Settlement Amount for settlement of claims for civil penalties under the Private Attorneys General Act of 2004 (“PAGA Settlement”). The Settlement Administrator shall pay seventy-five percent (75%) of the PAGA Settlement (\$7,500.00) to the California Labor and Workforce Development Agency no later than fifteen (15) calendar days after the Funding Date (hereinafter “LWDA Payment”). Twenty-five percent (25%) of the PAGA Settlement (\$2,500.00) will be distributed to the PAGA Members as described in this Agreement (hereinafter “PAGA Member Payment”). For purposes of distributing the PAGA Settlement to the PAGA Members, each PAGA Member shall receive their pro-rata share of the PAGA Member Payment using the PAGA Payment Ratio as defined above.

12. Settlement Administration Costs. The Settlement Administrator shall be paid for the costs of administration of the Settlement from the Gross Settlement Amount. The estimate of the Settlement Administration Costs is \$8,500.00. The Settlement Administrator shall be paid the Settlement Administration Costs no later than fifteen (15) calendar days after the Funding Date.

P. Defendant’s Option to Revoke Settlement. Defendant has the right to revoke the Settlement and Defendant shall have the option to terminate this Settlement if, after the Response Deadline, the number of Settlement Class Members who submitted timely and valid written requests for exclusion from the Settlement is at least ten percent (10%) of all Settlement Class Members. If Defendant exercises the option to terminate this Settlement, Defendant shall: (a) provide written notice to Class Counsel within five (5) calendar days after (i) providing the Class Data to the Settlement Administrator or (ii) the Settlement Administrator provides information regarding opt outs (which can occur no later than fourteen (14) calendar days after the Response Deadline), and (b) pay all Settlement Administration Costs incurred up to the date or as result of the termination; and the Parties shall proceed in all respects as if this Agreement had not been executed.

Q. Final Approval Motion. Class Counsel and Plaintiffs shall use best efforts to file with the Court a Motion for Order Granting Final Approval and Entering Judgment (“Final Approval

1 Motion”), within twenty-eight (28) days following the expiration of the Response Deadline, which
2 motion shall request final approval of the Settlement and a determination of the amounts payable for
3 the Class Representative Service Award, the Class Counsel Award, the PAGA Settlement, and the
4 Settlement Administration Costs. Plaintiffs will provide Defendant with a draft of the Final Approval
5 Motion at least 3 business days prior filing to give Defendant an opportunity to propose changes or
6 additions.

7 1. Declaration by Settlement Administrator. No later than fourteen (14) days
8 after the Response Deadline, the Settlement Administrator shall submit a declaration in support of
9 Plaintiffs’ Final Approval Motion detailing the number of Notice Packets mailed and re-mailed to
10 Class Members, the number of undeliverable Notice Packets, the number of timely requests for
11 exclusion, the number of objections received, the amount of the average Individual Settlement
12 Payment and highest Individual Settlement Payment, the Settlement Administration Costs, and any
13 other information as the Parties mutually agree or the Court orders the Settlement Administrator to
14 provide.

15 2. Final Approval Order and Judgment. Class Counsel shall present an Order
16 Granting Final Approval of Class Action Settlement to the Court for its approval, and Judgment
17 thereon, at the time Class Counsel files the Motion for Final Approval.

18 N. Cooperation. The Parties and their counsel will cooperate with each other and use
19 their best efforts to implement and obtain approval from the Court of the Settlement.

20 O. Interim Stay of Proceedings. The Parties agree to stay all proceedings in the Action,
21 except such proceedings necessary to implement and complete the Settlement, pending the Final
22 Approval/Settlement Fairness Hearing to be conducted by the Court

23 P. Amendment or Modification. This Agreement may be amended or modified only by
24 a written instrument signed by counsel for all Parties or their successors-in-interest.

25 Q. Entire Agreement. This Agreement, including any attached Exhibits, constitute the
26 entire Agreement among the Parties, and no oral or written representations, warranties or
27 inducements have been made to any Party concerning this Agreement or its Exhibits other than the

1 representations, warranties and covenants contained and memorialized in this Agreement and its
2 Exhibits.

3 R. Authorization to Enter into Settlement Agreement. Counsel for all Parties warrant
4 and represent they are expressly authorized by the Parties whom they represent to negotiate this
5 Agreement and to take all appropriate Action required or permitted to be taken by such Parties
6 pursuant to this Agreement to effectuate its terms, and to execute any other documents required to
7 effectuate the terms of this Agreement. The person signing this Agreement on behalf of Defendant
8 represents and warrants that he/she is authorized to sign this Agreement on behalf of Defendant.
9 Plaintiffs represents and warrants that she is authorized to sign this Agreement and that she has not
10 assigned any claim, or part of a claim, covered by this Settlement to a third-party.

11 S. No Public Comment: The Parties and their counsel agree that they will not issue any
12 press releases, initiate any contact with the press, respond to any press inquiry, or have any
13 communication with the press about the fact, amount or terms of the Settlement Agreement. Class
14 Counsel further agrees not to use the Settlement Agreement or any of its terms for any marketing or
15 promotional purposes. Nothing herein will restrict Class Counsel from including publicly available
16 information regarding this settlement in future judicial submissions regarding Class Counsel's
17 qualifications and experience. Further, Class Counsel will not include, reference or use the
18 Settlement Agreement for any marketing or promotional purposes, either before or after the Motion
19 for Preliminary Approval is filed.

20 T. Binding on Successors and Assigns. This Agreement shall be binding upon, and inure
21 to the benefit of, the successors or assigns of the Parties, as previously defined.

22 U. California Law Governs. All terms of this Agreement and the Exhibit and any
23 disputes shall be governed by and interpreted according to the laws of the State of California.

24 V. Counterparts. This Agreement may be executed in one or more counterparts. All
25 executed counterparts and each of them shall be deemed to be one and the same instrument provided
26 that counsel for the Parties to this Agreement shall exchange among themselves copies or originals
27 of the signed counterparts.

W. This Settlement Is Fair, Adequate and Reasonable. The Parties believe this Settlement is a fair, adequate and reasonable settlement of this Action and have arrived at this Settlement after extensive arms-length negotiations, taking into account all relevant factors, present and potential.

X. Jurisdiction of the Court. The Parties agree that the Court shall retain jurisdiction with respect to the interpretation, implementation and enforcement of the terms of this Agreement and all orders and judgments entered in connection therewith, and the Parties and their counsel submit to the jurisdiction of the Court for purposes of interpreting, implementing and enforcing the settlement and all orders and judgments entered in connection with this Agreement.

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

Z. No Unalleged Claims. Plaintiffs and Class Counsel represent that they do not currently intend to pursue any claims against the Released Parties, including, but not limited to, any and all claims relating to or arising from Plaintiffs' employment with Defendant, regardless of whether Plaintiffs or Class Counsel are currently aware of any facts or legal theories upon which any claims or causes of action could be brought against the Released Parties, including those facts or legal theories alleged in the operative complaint in this Action. The Parties further acknowledge, understand and agree that this representation is essential to the Agreement and that this Agreement would not have been entered into were it not for this representation.

AA. Waiver of Certain Appeals. The Parties agree to waive appeals and to stipulate to class certification for purposes of this settlement only.

///

1 BB. No Admissions by the Parties. Nothing contained in this Agreement and no
2 documents referred to and no action taken to carry out this Agreement may be construed or used as
3 an admission by or against the Defendant or Plaintiffs or Class Counsel as to the merits or lack
4 thereof of the claims asserted in the Action. Other than as may be specifically set forth herein, each
5 Party shall be responsible for and shall bear its/her own attorneys' fees and costs.

6 IT IS SO AGREED AS TO FORM AND CONTENT BY PLAINTIFFS:
7

8 DATED: Jul 27, 2022


Natalie Chrestensen (Jul 27, 2022 08:52 PDT)

NATALIE CHRESTENSEN

10 DATED: Jul 26, 2022


Deloris Riddle (Jul 26, 2022 20:56 PDT)

DELORIS RIDDLE

12 IT IS SO AGREED AS TO FORM AND CONTENT BY DEFENDANT:
13

14 DATED: _____
15

NORTHEASTERN RURAL HEALTH CLINICS

By: Michael Schaub, CEO

1 BB. No Admissions by the Parties. Nothing contained in this Agreement and no
2 documents referred to and no action taken to carry out this Agreement may be construed or used as
3 an admission by or against the Defendant or Plaintiffs or Class Counsel as to the merits or lack
4 thereof of the claims asserted in the Action. Other than as may be specifically set forth herein, each
5 Party shall be responsible for and shall bear its/her own attorneys' fees and costs.

6
7 IT IS SO AGREED AS TO FORM AND CONTENT BY PLAINTIFFS:

8
9 DATED: _____

NATALIE CHRESTENSEN

10
11 DATED: _____

DELORIS RIDDLE

12
13 IT IS SO AGREED AS TO FORM AND CONTENT BY DEFENDANT:

14
15 DATED: 8-12-22

NORTHEASTERN RURAL HEALTH CLINICS

16 
17 By: Michael Schaub, CEO

EXHIBIT A

**NOTICE OF PENDENCY OF CLASS ACTION SETTLEMENT
AND FINAL HEARING DATE**

(Chrestensen v. Northeastern Rural Health Clinics, Lassen County Superior Court Case No. 63703)

**YOUR LEGAL RIGHTS MAY BE AFFECTED WHETHER YOU ACT OR DO NOT ACT.
PLEASE READ THIS NOTICE CAREFULLY.**

You are receiving this Notice because a proposed settlement (the “Settlement”) has been reached by the parties in the above-captioned class action and Private Attorney General Act (“PAGA”) lawsuit, and Northeastern Rural Health Clinics’ (“Defendant”) records indicate that you are one of the individuals who fall within the group of individuals entitled to receive a settlement payment. The purpose of this Notice is to inform you about the Settlement and your legal rights under the Settlement.

1. Why did I get this Notice?

A proposed class action settlement (the “Settlement”) of this lawsuit pending in the Superior Court for the State of California, County of Lassen (the “Court”) has been reached between Plaintiffs Natalie Chrestensen (“Plaintiff Chrestensen”) and Deloris Riddle (“Plaintiff Riddle”) (collectively “Plaintiffs”) and Defendant Northeastern Rural Health Clinics, a California Corporation (“Defendant”). The Court has granted preliminary approval of the Settlement. **You may be entitled to receive money from this Settlement.**

You have received this Class Notice because you have been identified as a member of the Class, which is defined as:

All employees who are or previously were employed by Defendant in California and who were classified as non-exempt employees during the Class Period.

The “Class Period” is the period of time running from June 24, 2017 to September 13, 2022.

This Class Notice explains the lawsuit, the Settlement, and your legal rights. It is important that you read this Notice carefully as your rights may be affected by the Settlement.

2. What is this class action lawsuit about?

On June 24, 2021, Plaintiff Chrestensen filed a Complaint against Defendant in the Superior Court of the State of California, County of Lassen. Plaintiff Chrestensen asserted claims that Defendant: (a) violated California Business and Professions Code § 17200 *et seq.*; (b) failed to pay minimum wages in violation of California Labor Code §§ 1194, 1197, and 1197.1; (c) failed to pay overtime wages in violation of California Labor Code Sections 510 *et seq.*; (d) failed to provide required meal periods in violation of California Labor Code §§ 226.7 & 512, and the applicable IWC Wage Order; (e) failed to provide required rest periods in violation of California Labor Code §§ 226.7 & 512, and the applicable IWC Wage Order; (f) failed to provide accurate and complete itemized wage statements in violation of California Labor Code § 226 and 226.2; (g) failed to reimburse employees for required business expenses in violation of California Labor Code § 2802; (h) failed to provide wages when due in violation of California Labor Code §§ 201, 202, and 203; and (i) violation of the Private Attorneys General Act [Labor Code §§ 2698, *et seq.*]. On XXX, Plaintiff Chrestensen filed a First Amend Complaint (“FAC”) adding Deloris Riddle as a named Plaintiff in the Action.

Defendant denies and disputes all claims asserted in the Action. Specifically, Defendant contended (and continues to contend) that the Action could not properly be maintained as a class action; that Defendant properly paid members of the class all wages and overtime that was due; that Defendant provided members of the class with all legally required meal breaks and rest breaks; that Defendants paid any members of the class all wages due to them

at the time of their terminations; that Defendant fully reimbursed members of the class for all required business expenses; that Defendant provided accurate, itemized wage statements to members of the class; that Defendant did not violate California Business and Professions Code section 17200 *et seq.*; and that Defendant is not liable for any of the damages and penalties claimed or that could be claimed in the Action.

On June 13, 2022, the Parties participated in an all-day mediation presided over by Jill Sperber, Esq., an experienced mediator of wage and hour class and PAGA actions. The mediation concluded with a settlement after both sides reached an agreement to settle the Action after extensive, arms-length negotiations in a full day mediation. The Court granted preliminary approval of the Settlement on <<INSERT PRELIMINARY APPROVAL DATE>>. At that time, the Court also preliminarily approved the Plaintiffs to serve as the Class Representatives and the law firms of Zakay Law Group, APC and JCL Law Firm, APC to serve as Class Counsel.

3. What are the terms of the Settlement?

Gross Settlement Amount. Defendant has agreed to pay an “all in” amount of Two Hundred Seventy Thousand Dollars (\$270,000) (the “Gross Settlement Amount”) to fund the Settlement. The Gross Settlement Amount includes the payment of all Settlement Shares to Participating Class Members, Class Counsel’s attorneys’ fees and costs, Settlement Administration Expenses, the LWDA Payment, PAGA Shares, and the Class Representative Service Payments to the Plaintiffs.

After the Judgment becomes Final, Defendant will pay the Gross Settlement Amount by depositing the money with the Settlement Administrator. “Final” means the date the Judgment is no longer subject to appeal, or if an appeal is filed, the date the appeal process is completed and the Judgment is affirmed.

Amounts to be Paid From the Gross Settlement Amount. The Settlement provides for certain payments to be made from the Gross Settlement Amount, which will be subject to final Court approval, and which will be deducted from the Gross Settlement Amount before settlement payments are made to Class Members, as follows:

- Settlement Administration Expenses. Payment to the Settlement Administrator, estimated not to exceed \$8,500, for expenses, including expenses of sending this Notice, processing opt outs, and distributing settlement payments.
- Attorneys’ Fees and Costs. Payment to Class Counsel of an award of a Class Counsel Fees Payment of no more than 1/3 of the Gross Settlement Amount (currently \$90,000.00) and a Class Counsel Litigation Expenses Payment of not more than \$20,000.00 for all expenses incurred as documented in Class Counsel’s billing records, both subject to Court approval. Class Counsel have been prosecuting the Action on behalf of Plaintiffs and the Class on a contingency fee basis (that is, without being paid any money to date) and have been paying all litigation costs and expenses.
- Class Representative Service Payments. Class Representative Service Payments of up to Ten Thousand Dollars (\$10,000.00) for Plaintiff Chrestensen and Five Thousand Dollars (\$5,000.00) for Plaintiff Riddle, or such lesser amount as may be approved by the Court, to compensate them for services on behalf of the Class in initiating and prosecuting the Action, and for the risks they undertook.
- PAGA Payment. A payment of \$10,000 relating to Plaintiffs’ claim under the Private Attorneys General Act (“PAGA”), \$7,500.00 of which will be paid to the State of California’s Labor and Workforce Development Agency (the “LWDA Payment”), and the remaining \$2,500.00 of which will be distributed to PAGA Members as the PAGA Member Payment.
- Calculation of Payments to Participating Class Members. After all the above payments of the court-approved Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, the Class

Representative Service Payments, the LWDA Payment, and the Settlement Administration Expenses are deducted from the Gross Settlement Amount, the remaining portion, called the “Net Settlement Amount,” shall be distributed to Class Members who do **not** request exclusion (“Settlement Class Members”). The Settlement Share for each Settlement Class Member will be calculated by dividing the Net Settlement Amount by the total number of workweeks for all Settlement Class Members that occurred during the Class Period and multiplying the result by each individual Settlement Class Member’s workweeks that occurred during the Class Period. A “workweek” is defined as a normal seven-day week of work during the Class Period in which, according to Defendant’s records, a member of the class worked at least one-day during any such workweek.

- Calculation of PAGA Penalties Payments to PAGA Members. The PAGA Member Payment shall be distributed to PAGA Members irrespective of whether they exclude themselves or opt-out. The PAGA Member Payment will be divided by the total number of pay periods worked by all PAGA Members during the PAGA Period, and then taking that number and multiplying it by the number of pay periods worked by each respective PAGA Member during the PAGA Period. “PAGA Members” means all employees who are or previously were employed by Defendant in California and who were classified as non-exempt employees during the PAGA Period. The PAGA Period means the period of April 19, 2020 to September 13, 2022.

If the Settlement is approved by the Court, you will automatically be mailed a check for your Settlement Share to the same address as this Class Notice. You do not have to do anything to receive a payment. If your address has changed, you must contact the Settlement Administrator to inform them of your correct address to ensure you receive your payment.

Tax Matters. 20% of each Settlement Share is allocated to wages. Taxes are withheld from this amount, and each Settlement Class Member will be issued an Internal Revenue Service Form W-2 for such payment. 80% of each Settlement Share is allocated to interest, penalties and other non-wage payments, and no taxes will be withheld, and each Settlement Class Member will be issued an Internal Revenue Service Form 1099 for such payment. In addition, no taxes will be withheld from the PAGA Penalties paid to PAGA Members, and each PAGA Member will be issued an Internal Revenue Service Form 1099 for such payment. Neither Class Counsel nor Defendant’s counsel intend anything contained in this Settlement Notice to constitute advice regarding taxes or taxability. You may wish to consult a tax advisor concerning the tax consequences of the payments received under the Settlement.

Conditions of Settlement. This Settlement is conditioned upon the Court entering an order granting final approval of the Settlement and entering judgment.

4. What Do I Release Under the Settlement?

Released Claims. Upon entry of final judgment and funding in full of the Gross Settlement Amount by Defendant, Plaintiffs and the Settlement Class Members shall release all Released Class Claims that occurred during the Class Period as to the Released Parties. Released Class Claims are defined as all class claims alleged or that could have been alleged based on the factual allegations in the operative complaint in the Action and Plaintiff Chrestensen’s PAGA Letter, which occurred during the Class Period, and expressly excluding claims for vested benefits, wrongful termination, unemployment insurance, disability, social security, workers’ compensation, and class claims outside of the Class Period, and excluding claims for PAGA penalties, which are separately released herein. The Released PAGA Claims shall be released as follows: As of the Settlement Effective Date and upon funding in full of the Gross Settlement Amount by Defendant, all PAGA Members shall release all Released PAGA Claims, irrespective of whether they opted-out of the class settlement, and will be bound by this PAGA Release (the “PAGA Release”). “Released PAGA Claims” are defined as all PAGA claims alleged or that could have been brought based on the factual allegations in the operative complaint in the Action and Plaintiff Chrestensen’s PAGA Letter, which occurred during the PAGA Period, and expressly excluding claims for vested

benefits, wrongful termination, unemployment insurance, disability, social security, workers' compensation, and PAGA claims outside of the PAGA Period.

This means that, if you do not timely and formally exclude yourself from the Settlement, you cannot sue, continue to sue, or be part of any other lawsuit against Defendant about the legal issues resolved by this Settlement. It also means that all of the Court's orders in this Action will apply to you and legally bind you.

5. How much will my payment be?

Defendant's records reflect that you have <<____>> work-weeks worked during the Class Period (June 24, 2017 to September 13, 2022).

Based on this information, your estimated Settlement Share is <<____>>.

Defendant's records reflect that you have <<____>> pay periods worked during the PAGA Period (April 19, 2020 to September 13, 2022).

Based on this information, your estimated Settlement Share is <<____>>.

If you wish to challenge the information set forth above, then you must submit a written, signed dispute challenging the information along with supporting documents, to the Settlement Administrator at the address provided in this Notice no later than _____ [forty-five (45) days after the Notice or re-mailed Notice].

6. How can I get a payment?

To get money from the settlement, you do not have to do anything. A check for your settlement payment will be mailed automatically to the same address as this Notice. If your address is incorrect or has changed, you must notify the Settlement Administrator. The Settlement Administrator is: _____. (800) _____.

The Court will hold a hearing on _____ to decide whether to finally approve the Settlement. If the Court approves the Settlement and there are no objections or appeals, payments will be mailed within a few months after this hearing. If there are objections or appeals, resolving them can take time, perhaps more than a year. Please be patient. After entry of the Judgment, the Settlement Administrator will provide notice of the final judgment to the Class Members by posting a copy of the Judgment on the administrator's website at www._____.com

7. What if I don't want to be a part of the Settlement?

If you do not wish to participate in the Settlement, you may exclude yourself from the Settlement or "opt out." **If you opt out, you will receive NO money from the Settlement, and you will not be bound by its terms, except as provided as follows.** Irrespective of whether you exclude yourself from the Settlement or "opt out," if you are also a PAGA Member, you will be bound by the PAGA Release, you will be deemed to have released the Released PAGA Claims, and you will receive a share of the PAGA Member Payment.

To opt out, you must submit to the Settlement Administrator, by First Class Mail, a written, signed and dated request for exclusion postmarked no later than _____. The address for the Settlement Administrator is _____. The request for exclusion must state in substance: "I have read the Class Notice and I wish to opt out of the class action and settlement of the case *Chrestensen v. Northeastern Rural Health Clinics*, Case No. 63703." The request for exclusion must contain your name, address, signature and the last four digits of your Social Security Number for verification purposes. The request for exclusion must be signed by you. No other person may opt out for a member of the Class.

Written requests for exclusion that are postmarked after _____, or are incomplete or unsigned will be rejected, and those Class Members will remain bound by the Settlement and the release described above.

8. How do I tell the Court that I would like to challenge the Settlement?

Any Class Member who has not opted out and believes that the Settlement should not be finally approved by the Court for any reason, may object to the proposed Settlement. Objections may be in writing and state the Class Member's name, current address, telephone number, and describe why you believe the Settlement is unfair and whether you intend to appear at the final approval hearing. All written objections or other correspondence must also state the name and number of the case, which is *Chrestensen v. Northeastern Rural Health Clinics*, Case No. 63703. You may also object without submitting a written objection by appearing at the final approval hearing scheduled as described in Section 9 below.

To object to the Settlement, you cannot opt out. If the Court approves the Settlement, you will be bound by the terms of the Settlement in the same way as Class Members who do not object. Any Class Member who does not object in the manner provided in this Class Notice shall have waived any objection to the Settlement, whether by appeal or otherwise.

Written objections must be delivered or mailed to the Settlement Administrator no later than _____. The address for the Settlement Administrator is _____.

The addresses for the Parties' counsel are as follows:

Class Counsel:

Jean-Claude Lapuyade, Esq.
JCL Law Firm, APC
5440 Morehouse Dr., Ste. 3600
San Diego, CA 92121
Tel.: (619) 599-8292
Fax: (619) 599-2891
E-Mail: jlapuyade@jcl-lawfirm.com

Class Counsel:

Shani O. Zakay, Esq.
Zakay Law Group, APLC
5440 Morehouse Dr., Ste. 3600
San Diego, CA 92121
Tel: (619) 255-9047
Email: shani@zakaylaw.com

Counsel for Defendant:

Bruce M. Timm, Esq.
Kimberly A. Lucia, Esq.
Andrew M. Ducart, Esq.
Boutin Jones, Inc.
555 Capitol Mall, Suite 1500
Sacramento, CA 95814
Tel: (916) 321-4444
Fax: (916) 441-7597
Email: btimm@boutinjones.com
klucia@boutinjones.com
aducart@boutinjones.com

9. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Final Approval Hearing at 00:00 AM/PM on _____, at the Lassen County Superior Court, Department D, located at 2610 Riverside Drive, Suite C204, Susanville, CA 961306, before Judge Leonard J. La Casse. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. The purpose of this hearing is for the Court to determine whether to grant final approval to the Settlement. If there are objections, the Court will consider them. The Court will listen to people who have made a timely written request to speak at the hearing or who appear at the hearing to object. This hearing may be rescheduled by the Court without further notice to you. **You are not required to attend** the Final Approval Hearing, although any Class Member is welcome to attend the hearing.

10. How do I get more information about the Settlement?

You may call the Settlement Administrator at _____ or write to *Chrestensen v. Northeastern Rural Health Clinics*, Case No. 63703, Settlement Administrator, c/o _____.

This notice summarizes the proposed settlement. More details are in the Settlement Agreement. You may receive a copy of the Settlement Agreement, the Final Judgment or other Settlement documents by writing to Zakay Law Group, APLC, 5440 Morehouse Dr., Ste. 3600, San Diego, CA 92121 or by visiting the website page provided above.

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
Do Nothing and Receive a Payment	<p>To receive a cash payment from the Settlement, you do not have to do anything.</p> <p>Your estimated Settlement Share is: \$<< <u> </u> >>. See the explanation below.</p> <p>Your estimated PAGA Settlement Share is: \$<< <u> </u> >>. See the explanation below.</p> <p>After final approval by the Court, the payment will be mailed to you at the same address as this notice. If your address has changed, please notify the Settlement Administrator as explained above. In exchange for the settlement payment, you will release claims against the Defendant as detailed above.</p>
Exclude Yourself	<p>If you wish to exclude yourself from the Settlement, you must send a written request for exclusion to the Settlement Administrator as provided above. If you request exclusion, you will receive no money from the Settlement, except, if you are also a PAGA Member, you will still receive a share of the PAGA Member Payment.</p> <p>Instructions are set forth above.</p>
Object	<p>You may write to the Court about why you believe the settlement should not be approved.</p> <p>Directions are provided above.</p>

PLEASE DO NOT CALL THE COURT ABOUT THIS NOTICE.

IMPORTANT:

- You must inform the Settlement Administrator of any change of address to ensure receipt of your settlement payment.
- Settlement checks will be null and void 180 days after issuance if not deposited or cashed. In such event, the Settlement Administrator shall pay all funds from such uncashed checks to Capitol Pro Bono. If your check is lost or misplaced, you should contact the Settlement Administrator immediately to request a replacement.

Superior Court of California, County of Lassen
Chrestensen v. Northeastern Rural Health Clinics, et al
Lassen County Superior Court Case No. 63703

REQUEST FOR EXCLUSION

Instructions: Please complete this Form ONLY IF YOU **DO NOT** WANT TO PARTICIPATE IN THE SETTLEMENT that is described in the Notice of Class Action Settlement that accompanies this Form. If you choose to complete this Form, the deadline for mailing it to the Settlement Administrator is **[** INSERT DATE**]**.

I. PERSONAL INFORMATION

Name (first, middle and last): _____

Home Street Address: _____

City, State, Zip Code: _____

Home Telephone Number: (____) _____

Last 4 Digits of Social Security Number: _____

II. REQUEST FOR EXCLUSION

By signing and returning this Form, I certify that I wish to opt out of the settlement of the class action lawsuit entitled *Chrestensen v. Northeastern Rural Health Clinics, et al.*, Case No. 63703, filed in the Superior Court of California, County of Lassen. I understand that by requesting to be excluded from the Settlement, I will receive no money from the Settlement described in this Notice, except, if I am also a PAGA Member, I will still receive my pro rata share of the PAGA Member Payment.

III. MAILING INSTRUCTIONS

If you choose to return this Form, you must return it to the Settlement Administrator postmarked on or before **[**INSERT DATE**]** AT THE ADDRESS LISTED BELOW:

ILYM Group, Inc.
P.O. Box 2031
Tustin, CA 92781

IV. PLEASE SIGN BELOW

I declare that the foregoing is true and correct.

Dated: _____

(Signature)

(Print Name)