

## **CLASS ACTION SETTLEMENT AND RELEASE**

This Class Action Settlement Agreement and Release (“Settlement Agreement” or “Agreement”), is made and entered into by, between, and among Plaintiff Bryan Hicks (“Plaintiff”), on behalf of himself and the Settlement Class, as defined in paragraph 34 below, on the one hand, and Defendant California Water Service Company (“Defendant” or “Cal Water”) on the other.

Plaintiff and Defendant (collectively, the “Parties”) enter into this Agreement to effectuate a full and final settlement and preclusive judgment resolving all claims brought or that could have been brought against Cal Water based upon the facts pleaded in *Hicks v. California Water Service* (Santa Clara Sup. Ct. Case No. 21CV376394) and all claims based on or related thereto. This Agreement is intended to fully and finally compromise, resolve, discharge, and settle the Released Claims, as defined and on the terms set forth below, and to the full extent reflected herein, subject to the approval of the Court.

### **I. RECITALS**

WHEREAS, on February 23, 2021, Plaintiff Bryan Hicks filed a putative class action in Santa Clara Superior Court against Cal Water alleging various wage-and-hour violations, *Hicks v. California Water Service* (Santa Clara Sup. Ct. Case. No. 21CV376394);

WHEREAS, on June 17, 2021, the Superior Court for the County of Santa Clara, Hon. Sunil B. Kulkarni, issued an order staying the Action pending the completion of mediation;

WHEREAS, on February 23, 2022, the Parties participated in a virtual mediation session with experienced professional mediator, Jeffrey Krivis, and, in preparation for the mediation, engaged in extensive discovery, including the deposition of Plaintiff and exchanging information, documents, and voluminous data, which enabled a thorough evaluation of the claims, and the likely outcomes, risks, and expense of pursuing litigation;

WHEREAS, following the mediation, a proposal was discussed that would resolve all of the claims pled in the Action, including the PAGA claims added to the Action by amendment of the operative complaint;

WHEREAS, the Parties desire to fully, finally, and forever settle, compromise, and discharge all disputes and claims that exist between them arising from the factual allegations that underlie the Action concerning any and all claims asserted therein, including the alleged: failure to include additional remuneration when calculating overtime wages in violation of Labor Code §§ 510 and 1198; failure to pay meal period premiums at the regular rate of pay in violation of Labor Code §§ 512 and 226.7 and the applicable Industrial Welfare Commission (“IWC”) Wage Order; failure to pay rest break premiums at the regular rate of pay in violation of Labor Code § 226.7 and the applicable IWC Wage Order; failure to pay the minimum wage as required by Labor Code §§ 1194, 1197, and 1197.1; failure to pay all wages timely upon separation of employment in violation of Labor Code §§ 201-202; failure to timely pay earned wages during employment in violation of Labor Code § 204; failure to provide complete and accurate wage statements in violation of Labor Code § 226; failure to maintain accurate and complete payroll records showing hours worked daily and wages paid, in violation of Labor Code § 1174; failure to reimburse and indemnify employees for losses and expenditures in violation of Labor Code §§ 2800 and 2802; violations of California Business & Professions Code § 17200 *et seq.*; and claims for PAGA penalties under Labor Code § 2698 *et seq.* To achieve a full and complete release of Cal Water (and the “Released Parties” as defined in this Agreement) of such disputes and claims, the Plaintiff, on behalf of himself and Participating Settlement Class Members as defined in this Agreement, acknowledges that this Settlement Agreement is intended to fully and finally resolve the Released Claims (as defined in this Agreement); and

WHEREAS, on March 3, 2022, Plaintiff Bryan Hicks provided written notice to the Labor and Workforce Development Agency (“LWDA”) giving notice of his intent to pursue a representative action pursuant to PAGA, on behalf of himself and the State of California, as well as on behalf of a proposed group of aggrieved employees (“PAGA Notice”).

WHEREAS, on February 8, 2023, the Court granted Plaintiff leave, pursuant to the Parties’ stipulation, to file a First Amended Class Action Complaint for Damages & Enforcement Under Private Attorney General Act, California § 2698, *Et Seq.* (“First Amended Complaint” or

“Operative Complaint”), adding a cause of action under PAGA, and, on February 24, 2023, Plaintiff filed the First Amended Complaint.

WHEREAS, on May 10, 2022, the Parties agreed to a settlement and release of the Action according to a Memorandum of Understanding.

## II. DEFINITIONS

In addition to the terms defined elsewhere in this Settlement Agreement, capitalized terms used in this Settlement Agreement shall have the meanings set forth below:

1. “Action” means the putative class action captioned *Hicks v. California Water Service*, Santa Clara County Superior Court, Case. No. 21CV376394.

2. “Allegedly Aggrieved Employees” means all current and former non-exempt Cal Water employees who were employed by Cal Water between February 23, 2020, and August 8, 2022, inclusive.

3. “Attorneys’ Fees and Costs” means attorneys’ fees sought by Class Counsel for litigation and resolution of the Action, and all reasonable costs incurred by Class Counsel in the Action. Subject to review and approval by the Court, Class Counsel may request attorneys’ fees of not more than thirty-five percent (35%) of the Gross Settlement Fund to Class Counsel for its litigation and resolution of this Action (“Attorneys’ Fees”), and reimbursement of litigation reasonable costs and expenses in an amount not to exceed Twenty-Five Thousand Dollars (\$25,000.00), which shall be paid from the Gross Settlement Fund as set forth in Paragraph 42 below.

4. “Class Counsel” means Edwin Aiwazian, Arby Aiwazian, Joanna Ghosh, and Brian J. St. John of Lawyers for Justice, PC, who will seek to be appointed counsel for the Class.

5. “Class List” means a complete list of all Settlement Class Members and Allegedly Aggrieved Employees that Cal Water will diligently and in good faith compile from its records and provide to the Settlement Administrator within thirty (30) calendar days after entry of an order granting Preliminary Approval of this Settlement. The Class List will be formatted in Microsoft Office Excel and will include each Class Member’s full name; most recent mailing address and

telephone number contained in Cal Water's personnel records; Social Security number; dates worked as hourly-paid or non-exempt employees of Defendant in California during the Class Period; information sufficient to calculate the number of Workweeks that each Class Member worked during the Class Period and the number of Workweeks that each Allegedly Aggrieved Employee worked during the PAGA Period according to Cal Water's records; and any other information needed to calculate Individual Settlement Payments. The Class List will be treated as confidential information. The Class List will only be shared with the Settlement Administrator. The Class List will not be shared with Class Counsel.

6. "Class Notice" means the Notice of Class Action Settlement, to be sent via First-Class U.S. Mail to the Class, following preliminary approval, in substantially the form that is attached hereto as "Exhibit A." The Class Notice will notify Class Members of the Settlement and explain the basic terms of the Settlement.

7. "Class Period" means the period from February 23, 2017 through August 8, 2022.

8. "Class Representative Enhancement Payment" means the amount to be paid to Plaintiff, subject to final approval by the Court, in recognition of his effort and work in prosecuting the Action on behalf of Settlement Class Members, and for their general release of claims under Civil Code section 1542. Subject to the Court granting final approval of this Settlement Agreement and subject to the exhaustion of any and all appeals, Plaintiff will request Court approval of a Class Representative Enhancement Payment of Eight Thousand Dollars (\$8,000.00) to Plaintiff Bryan Hicks.

9. "Class Settlement" means the settlement and resolution of all Released Class Claims.

10. "Court" or "Santa Clara Superior Court" means the Superior Court of California for the County of Santa Clara.

11. "Defendant's Counsel" means Gibson, Dunn & Crutcher LLP.

12. "Effective Date" means the later of: (i) if no timely objections are filed, or if filed, are withdrawn prior to final approval, the date upon which the Court enters an order granting final

approval of the Settlement Agreement; or (ii) if timely objections are filed and not withdrawn, then either five (5) calendar days from the final resolution of any appeals timely filed or the expiration date of the time for filing or noticing any such appeals, provided that the Settlement is finally approved.

13. “Final Approval” means the entry of an order that the Plaintiff and Cal Water will jointly seek from the Court, and the entry of which shall reflect the Court’s Judgment finally approving the Settlement Agreement, disposing of all issues raised in this Action by way of judgment in conformity with California Rules of Court Rule 3.769, and awarding and ordering the payment of all required amounts pursuant to the terms of this Agreement.

14. “Final Approval Hearing” means the hearing that is to take place after the entry of the Preliminary Approval Order and after the date the Settlement Administrator mails Class Notices to Settlement Class Members for purposes of: (i) entering Final Approval; (ii) determining whether the Settlement Agreement shall be approved as fair, reasonable, and adequate; (iii) ruling upon an application by Class Counsel for Attorneys’ Fees and Costs and Plaintiff’s Class Representative Enhancement Payments; (iv) ruling upon the Individual Settlement Payments, Settlement Administration Costs, PAGA Settlement amount; and (v) any other appropriate or necessary actions.

15. “Funding Date” means sixty (60) calendar days after the Effective Date.

16. “Gross Settlement Fund” means the non-reversionary amount of Two Million One Hundred Fifty Thousand Dollars (\$2,150,000.00), to be paid by Cal Water in full satisfaction of all Released Claims, which includes all Individual Settlement Payments to Participating Settlement Class Members, Participating Settlement Class Members’ shares of applicable payroll tax payments (including FICA, FUTA, and SDI contributions), the Class Representative Enhancement Payments to Plaintiff, the PAGA Settlement Amount for release of all Private Attorneys’ General Act claims, Attorneys’ Fees and Costs, and Settlement Administration Costs. In addition to the amount provided as part of the Gross Settlement Fund, Cal Water agrees to pay the employer’s share of applicable payroll tax payments (“Employer’s Payroll Tax Payments”). The Employer’s

Payroll Tax Payments shall be calculated by the Settlement Administrator and determined based on the Individual Settlement Payments to Participating Settlement Class Members dispersed as W-2 payments. The Gross Settlement Fund amount is based on Defendant's representation that there are approximately One Hundred Eighty Thousand (180,000) Workweeks worked by Settlement Class Members during the period from February 23, 2017, to February 23, 2022. In the event that number of qualifying Workweeks as calculated by the Settlement Administrator during the Class Period exceeds One Hundred Eighty Thousand (180,000) by more than five percent (5%) (i.e., exceeds 189,000), Cal Water shall increase the Gross Settlement Fund on a *pro-rata* basis equal to the percentage increase in the number of Workweeks worked by the Settlement Class members above five percent (5%).

17. "Individual Settlement Payment" means each Participating Settlement Class Member's respective share of the Net Settlement Amount.

18. "Individual PAGA Payment" means each Allegedly Aggrieved Employee's respective share of the 25% portion of the PAGA Settlement Amount allocated to Allegedly Aggrieved Employees.

19. "Net Settlement Amount" means the portion of the Gross Settlement Fund remaining after deducting the Class Representative Enhancement Payments, Attorneys' Fees and Costs, Settlement Administration Costs, and the PAGA Settlement Amount. The entirety of the Net Settlement Amount will be distributed to Participating Settlement Class Members *pro rata*, on a per Workweek basis. There will be no reversion of the Net Settlement Amount to Cal Water.

20. "Notice of Objection" means a Settlement Class Member's valid and timely written objection to the Settlement Agreement. For the Notice of Objection to be valid, it must include: (i) the case name and number of the Action; (ii) the objector's full name, signature, address, last four digits of his/her Social Security number, and telephone number; (iii) a clear written statement of all grounds for the objection accompanied by any legal support for such objection; (iv) copies of any papers, briefs, or other documents upon which the objection is based; and (v) a statement whether the objector intends to appear at the Final Approval Hearing. Any Settlement Class

Member who does not submit a timely written objection to the Settlement, or who fails to otherwise comply with the specific and technical requirements of this paragraph, will be foreclosed from objecting to the Settlement and seeking any adjudication or review of the Settlement, by appeal or otherwise.

20. “PAGA Settlement” means the settlement and resolution of all Released PAGA Claims.

21. “PAGA Settlement Amount” means the amount that will be allocated to penalties under PAGA to be distributed to the Allegedly Aggrieved Employees and the Labor and Workforce Development Agency (“LWDA”) in connection with resolution of the PAGA claims in the Action. Seventy-Five Percent (75%), or One Hundred Thirty-One Thousand Two Hundred Fifty Dollars (\$131,250.00), of the PAGA Settlement Amount will be paid to the California LWDA (“LWDA Payment”), and Twenty-Five Percent (25%), or Forty-Three Thousand Seven Hundred Fifty Dollars (\$43,750.00), of the PAGA Settlement Amount will be distributed to Allegedly Aggrieved Employees on a *pro rata* basis based on their respective number of Workweeks between February 23, 2020, through August 8, 2022 (“PAGA Period”).

22. “Participating Settlement Class Members” means all Settlement Class Members who do not submit timely and valid Requests for Exclusion.

23. “Preliminary Approval” means entry of the Court order granting preliminary approval of this Settlement Agreement.

24. “Qualified Settlement Fund” means a fund, account, or trust satisfying the requirements of 26 C.F.R. § 1.468B-1, established by the Settlement Administrator for the purpose of distributing the Gross Settlement Fund according to the terms of this Settlement Agreement.

25. “Release Period” means the period from February 23, 2017 through the date of Final Approval or December 1, 2022, whichever is earlier.

26. “Released Claims” means the Released Class Claims and the Released PAGA Claims, collectively.

27. “Released Class Claims” means all claims under state, federal, or local law during the Release Period that were or could have been alleged based upon the facts pleaded in the Action, including: (a) failure to provide compliant wage statements violations and/or failure to keep requisite payroll records (Labor Code §§ 226 and 1174); (b) failure to pay minimum wages (Labor Code §§ 1194, 1197, and 1197.1); (c) failure to pay overtime wages (Labor Code §§ 510, and 1198); (d) failure to provide compliant meal periods and associated premiums and compliant rest periods and associated premiums (Labor Code §§ 226.7, 512, and IWC Wage Order No. 4); (e) failure to reimburse employees for necessary business expenditures (Labor Code § 2802); (f) to timely pay wages during employment (Labor Code § 204); (g) failure to timely pay wages upon termination (Labor Code §§ 201 and 202); and (h) all claims asserted through California Business & Professions Code §§ 17200 *et seq.* arising out of the aforementioned claims during the Release Period.

28. “Released PAGA Claims” means all claims under PAGA for penalties during the PAGA Period that were or could have been alleged based upon the facts pleaded in the Action and the PAGA Notice, for alleged violations of California Labor Code sections 201, 202, 203, 204, 226(a), 226.7, 510, 512(a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800 and 2802, and Industrial Welfare Commission Wage Orders. Plaintiff’s LWDA Notice is attached as **Exhibit B** to this Settlement Agreement.

29. “Released Parties” means Cal Water and any of its former and present parents, subsidiaries, holding companies, investors, sister and affiliated companies, divisions, and other related entities, as well as its and their successors, predecessors, shareholders, officers, directors, partners, assigns, agents, employees, principals, heirs, administrators, attorneys, vendors, accountants, auditors, consultants, fiduciaries, insurers, reinsurers, employee benefit plans, and representatives, both individually and in their official capacities, past or present, as well as all persons acting by, through, under, or in concert with any of these persons or entities, including, but not limited to, entities holding ownership interests in Cal Water.



30. “Request for Exclusion” means a timely letter submitted by a Settlement Class Member indicating a request to be excluded from the Settlement. The Request for Exclusion must: (i) contain the case name and number of the Action; (ii) set forth the full name, address, and telephone number of the Settlement Class Member requesting exclusion; (iii) be signed by the Settlement Class Member; (iv) be returned by mail to the Settlement Administrator at the specified address, postmarked on or before the Response Deadline; (v) clearly state that the Settlement Class Member does not wish to be included in the Settlement. The date of the postmark on the return mailing envelope on the submission will be the exclusive means to determine whether a Request for Exclusion has been timely submitted.

31. “Response Deadline” means the deadline by which Settlement Class Members must postmark to the Settlement Administrator Requests for Exclusion, Notices of Objection, or Workweeks Disputes. The Response Deadline will be forty-five (45) calendar days from the initial mailing of the Class Notices by the Settlement Administrator, unless the forty-fifth (45th) day falls on a Sunday or federal holiday, in which case the Response Deadline will be extended to the next day on which the U.S. Postal Service is open. The Response Deadline may also be extended by express written agreement between Class Counsel and Defendant’s Counsel. Under no circumstances, however, will the Settlement Administrator have the authority to extend the Response Deadline. In the event that a Class Notice is re-mailed to a Class Member, the Response Deadline for that Class Member shall be extended by fifteen (15) calendar days.

32. “Settlement Administration Costs” means the reasonable fees and expenses payable from the Gross Settlement Fund to the Settlement Administrator, subject to Court approval, for administering this Settlement, including, but not limited to, printing, distributing, and tracking Class Notices and other documents for this Settlement; calculating estimated amounts per Settlement Class Member and Allegedly Aggrieved Employees; tax reporting, including issuing of 1099 and W-2 IRS forms and all required tax reporting, filings, withholdings, and remittances; distributing the LWDA Payment, Gross Settlement Fund and Attorneys’ Fees and Costs, and providing necessary reports and declarations, and other duties and responsibilities set forth herein

to process this Settlement, as requested by the Parties. The Parties have agreed to allocate up to Twenty Thousand Dollars (\$20,000.00) to Settlement Administration Costs. The Settlement Administration Costs will be paid from the Gross Settlement Fund. In the event the allocated Settlement Administration Costs exceed the actual costs incurred by the Settlement Administrator, the difference shall be a part of the Net Settlement Amount and distributed among the Participating Settlement Class Members.

33. “Settlement Administrator” means Phoenix Class Action Administration Solutions, which the Parties have agreed to, subject to approval by the Court for the purposes of administering this Settlement. The Parties each represent that they do not have any financial interest in the Settlement Administrator or otherwise have a relationship with the Settlement Administrator that could create a conflict of interest.

34. “Settlement Class Member(s)” or “Settlement Class” means all current and former hourly non-exempt Cal Water employees who worked for Cal Water in California from February 23, 2017, to and including August 8, 2022.

35. “Workweek(s)” means the number of weeks each Settlement Class Member worked for Defendant as an hourly-paid or non-exempt employee in California during the Class Period, which will be calculated by the Settlement Administrator by taking the total number of any calendar weeks that the Settlement Class Member worked at least one day during the Class Period. Each Settlement Class Member shall be credited with at least one (1) Workweek.

36. “Workweeks Dispute” means a written dispute submitted by a Settlement Class Member indicating a dispute of the number of Workweeks attributed to the Settlement Class Member in the Class Notice. The Workweeks Dispute must: (i) contain the case name and number of the Action; (ii) be signed by the Settlement Class Member; (iii) contain the full name, address, telephone number, and the last four digits of the Social Security Number of the disputing Settlement Class Member; (iv) clearly state that the Settlement Class Member disputes the number of Workweeks credited to him or her and what he or she contends is the correct number to be credited to him or her; (v) include information and/or attach documentation demonstrating

that the number of Workweeks that he or she contends should be credited to him or her are correct; and (vi) be returned by mail to the Settlement Administrator at the specified address, postmarked on or before the Response Deadline. The date of the postmark on the return mailing envelope will be the exclusive means to determine whether a Workweeks Dispute has been timely submitted.

### III. TERMS OF AGREEMENT

Plaintiff, on behalf of himself and the Settlement Class, and Cal Water agree as follows:

37. Class Certification. For the purposes of this Settlement only, the Parties stipulate to the certification of the following Class: all current and former hourly non-exempt Cal Water employees who worked for Cal Water in California from February 23, 2017, to and including August 8, 2022.

38. Class Certification for Settlement Purposes Only. The Parties stipulate to class certification of any claims not yet certified for purposes of implementing the Settlement only, and in no way is that an admission by Cal Water that class certification is proper under Section 382 of the California Code of Civil Procedure or any other rule or law permitting certification of a class. The Settlement will not be admissible in any proceeding, other than proceedings necessary to seek Court approval of the Settlement, as evidence that (i) a class or collective should be certified as Plaintiff has proposed for any claims, including but not limited to any currently non-certified claims; (ii) the Action should proceed on a representative basis pursuant to PAGA; or (iii) Cal Water is liable to Plaintiff or any other individuals he claims to represent in the Action in connection with any claims that were or could have been asserted in the Action, except as is necessary for obtaining Preliminary Approval and Final Approval of the Settlement.

39. Preliminary Approval Motion. The Parties agree to present the Settlement for Preliminary Approval, and consent to continued jurisdiction if Preliminary Approval is granted, to Judge Sunil B. Kulkarni in the Los Angeles Superior Court, and Plaintiff further agree to endeavor in good faith to file a Motion for Preliminary Approval, including all executed and necessary exhibits, within thirty (30) calendar days of executing this Settlement Agreement.

40. Funding of the Gross Settlement Fund and Employer's Payroll Tax Payments. Cal Water will make a one-time deposit of the Gross Settlement Fund of Two Million One Hundred Fifty Thousand Dollars (\$2,150,000.00) plus Employer's Payroll Tax Payment into a Qualified Settlement Fund to be established by the Settlement Administrator in exchange for the promises set forth in this Settlement Agreement, including the releases by the Participating Settlement Class Members, Allegedly Aggrieved Employees, and Plaintiff for the Released Claims. The Individual Settlement Payments and Individual PAGA Payments are not being made for any other purpose and will not be construed as compensation for purposes of determining eligibility for any health and welfare benefits or unemployment compensation. After the Effective Date, the Gross Settlement Fund will be used to pay: (i) Individual Settlement Payments; (ii) the PAGA Settlement Amount; (iii) the Class Representative Enhancement Payment; (iv) the Attorneys' Fees and Costs; and (v) Settlement Administration Costs. Cal Water will deposit the Gross Settlement Fund and the Employer's Payroll Tax Payment by the Funding Date.

41. Non-Reversionary Settlement. Participating Settlement Class Members are entitled to one hundred percent (100%) of the Net Settlement Amount, to be distributed as outlined in paragraph 46. No portion of the Net Settlement Amount will revert to or be retained by Cal Water. Cal Water maintains no reversionary right to any portion of the Net Settlement Amount, including any increase in the Net Settlement Amount resulting from a reduction in the Class Representative Enhancement Payment, Attorneys' Fees and Costs, the PAGA Settlement Amount, and the Settlement Administration Costs. If there are any timely submitted opt outs or a reduction in the Class Representative Enhancement Payment, Attorneys' Fees and Costs, the PAGA Settlement Amount, and/or the Settlement Administration Costs, the Settlement Administrator shall proportionately increase the Individual Settlement Payments for each Participating Settlement Class Member so that the amount actually distributed to Participating Settlement Class Members equals one hundred percent (100%) of the corresponding Net Settlement Amount.

42. Attorneys' Fees and Costs. Class Counsel shall apply to the Court for attorneys' fees of not more than thirty-five percent (35%) of the Gross Settlement Fund (i.e., Seven Hundred

Fifty-Two Thousand Five Hundred Dollars (\$752,500.00) if the Total Settlement Amount is \$2,150,000.00), plus reasonable costs and expenses incurred, not to exceed Twenty-Five Thousand Dollars (\$25,000.00) subject to Court approval. These amounts will cover any and all work performed and any and all costs incurred by Class Counsel in connection with the litigation of the Action, including without limitation all work performed and costs incurred to date, and all work to be performed and all costs to be incurred in connection with obtaining the Court's approval of this Settlement Agreement, including any objections raised and any appeals necessitated by those objections. Class Counsel shall be solely and legally responsible for correctly characterizing this compensation for tax purposes and for paying any taxes on the amounts received. The Settlement Administrator (and not Cal Water) shall issue an IRS Form 1099 to Class Counsel reflecting the Attorneys' Fees and Costs. Defendant agrees not to oppose Class Counsel's reasonable request for an award of attorneys' fees and costs in the amounts set forth in this paragraph. With respect to the Attorneys' Fees and Costs to Class Counsel, the Settlement Administrator may purchase an annuity to utilize United States Treasuries and bonds or other attorney fee deferral vehicles, for Class Counsel. Any additional expenses for the use of attorney fee deferral vehicles by the Settlement Administrator shall be paid separately by Class Counsel and shall not be included within the Settlement Administration Costs. Defendant and Defendant's counsel shall not be liable for any expenses associated with the use of an attorney fee deferral vehicle by the Settlement Administrator. Any portion of the Attorneys' Fees and Costs not awarded to Class Counsel will remain part of the Net Settlement Amount for distribution to Settlement Class Members.

43. Class Representative Enhancement Payment. In exchange for general releases of all known and unknown claims that he may have against Cal Water and Released Parties based on his employment with Cal Water (including a waiver of claims under Civil Code section 1542), and in recognition of his service to the class and efforts and work in prosecuting the Action, Plaintiff shall apply for a Class Representative Enhancement Payment of Eight Thousand Dollars (\$8,000.00). The Class Representative Enhancement Payment will be paid from the Gross

Settlement Fund and will be in addition to Plaintiff's Individual Settlement Payment paid pursuant to the Settlement Agreement. The Settlement Administrator (and not Cal Water) shall issue an IRS Form 1099 to Plaintiff reflecting his Class Representative Enhancement Payment. Plaintiff agrees to assume sole responsibility of remitting to the Internal Revenue Service, the California Franchise Tax Board, and any other relevant taxing authority the amounts required by law, if any, from his Class Representative Enhancement Payment. In addition, Plaintiff shall hold Cal Water and the Released Parties harmless and indemnify and defend Cal Water and the Released Parties for all taxes, interest, penalties, and costs incurred by Cal Water or the Released Parties by any reason of any claims relating to their non-withholding of taxes from the Class Representative Enhancement Payment. Should the Court approve the Class Representative Enhancement Payment to Plaintiff in an amount that is less than that set forth above, the difference between the lesser amount approved by the Court and the amount allocated to the Enhancement Award will remain part of the Net Settlement Amount for distribution to the Settlement Class Members.

44. Settlement Administration Costs. The Settlement Administrator will be paid for the reasonable costs it incurs for purposes of administering the Settlement and distributing payments from the Gross Settlement Fund. These costs, which will be paid from the Gross Settlement Fund, will include, *inter alia*, the required tax reporting on the Individual Settlement Payments, the issuing and collection of 1099 and W-2 IRS Forms, distributing Class Notices, processing Requests for Exclusion, Notices of Objection, and Workweek Disputes, performing single skip trace on Class Notices returned as undeliverable, calculating and distributing from the Gross Settlement Fund, all Individual Settlement Payments, PAGA Settlement Amount, Class Representative Enhancement Payment, and Attorneys' Fees and Costs, and providing necessary reports and declarations, among other tasks set forth in this Agreement.

45. PAGA Settlement Amount. Subject to Court approval, the Parties agree that the amount of One Hundred Seventy-Five Thousand Dollars (\$175,000) from the Gross Settlement Fund will be allocated from the Total Settlement Amount to penalties under the Private Attorneys General Act, California Labor Code Section 2698, *et seq.* (i.e., PAGA Payment). Pursuant to

PAGA, Seventy-Five Percent (75%), or One Hundred Thirty-One Thousand Two Hundred Fifty Dollars (\$131,250.00), of this sum will be paid to the LWDA and Twenty-Five Percent (25%), or Forty-Three Thousand Seven Hundred Fifty Dollars (\$43,750.00), will be distributed to Allegedly Aggrieved Employees on a *pro rata* basis based on the number of Workweeks during the PAGA Period.

46. Individual Settlement Payment Calculations. Settlement Class Members do not need to submit a claim to participate and receive their Individual Settlement Payment. Individual Settlement Payments will be calculated and apportioned from the Net Settlement Amount to Settlement Class Members on a pro rata basis depending on the number of Workweeks in which a Settlement Class Member performed at least one day of work for Cal Water, as follows:

a. After Preliminary Approval, the Settlement Administrator will determine the Workweeks of each Settlement Class Member, divide the Net Settlement Amount by the Workweeks of all Settlement Class Members to yield the “Estimated Workweek Value,” and multiply each Settlement Class Member’s individual Workweeks by the Estimated Workweek Value to yield his or her estimated Individual Settlement Payment that he or she may be eligible to receive under the Settlement.

b. After Final Approval, the Settlement Administrator will divide the final Net Settlement Amount by the Workweeks of all Settlement Class Members to yield the “Final Workweek Value,” and multiply each Settlement Class Member’s individual Workweeks by the Final Workweek Value to yield his or her Individual Settlement Payment.

47. Individual PAGA Payment Calculations. Individual PAGA Payments will be calculated and apportioned from the 25% portion of the PAGA Settlement Amount allocated to Allegedly Aggrieved Employees on a pro rata basis depending on the number of Workweeks in which an Allegedly Aggrieved Employee performed at least one day of work for Cal Water in the same manner as the Individual Settlement Payment. Allegedly Aggrieved Employees do not need to submit a claim to participate in the PAGA portion of the Settlement and also may not opt out or object to the resolution of the PAGA claim.

48. No Credit Toward Benefit Plans. The Individual Settlement Payments made to Participating Settlement Class Members and Individual PAGA Payments made to Allegedly Aggrieved Employees under this Settlement, as well as any other payments made pursuant to this Settlement, will not be utilized to calculate any additional benefits under any benefit plans to which any Settlement Class Members may be eligible, including, but not limited to, profit-sharing plans, bonus plans, 401(k) plans, stock purchase plans, vacation plans, sick leave plans, paid time off or PTO plans, and any other benefit plan. Rather, it is the Parties' intention that this Settlement Agreement will not affect any rights, contributions, or amounts to which any Settlement Class Members may be entitled under any benefit plans. For the avoidance of doubt, no Settlement Class Member shall be entitled to any additional right, contribution, or amount under any benefit plan as a result of this Settlement or payments made hereunder.

49. Administration Process. The Parties agree to cooperate in the administration of the settlement and to make all reasonable efforts to control and minimize the costs and expenses incurred in the administration of the Settlement.

50. Notice to Labor and Workforce Development Agency. Class Counsel will notify the LWDA of entry of the Court's order granting Preliminary Approval consistent with this Agreement and Labor Code sections 2699(I)(2)–(3).

51. Preparation of the Class List. Within fifteen (15) business days of the entry of the Court's order granting Preliminary Approval, Cal Water will provide the confidential Class List to the Settlement Administrator. Within fifteen (15) calendar days after the Response Deadline, the Settlement Administrator will provide to counsel for Cal Water and Class Counsel the list of Participating Settlement Class Members, which, unless the Court orders otherwise, shall exclude individuals who filed a timely Request for Exclusion. The Settlement Administrator shall not provide social security numbers or contact information with this list.

52. Notice by First-Class U.S. Mail.

Prior to mailing the Class Notice, the Settlement Administrator will perform a search based on the National Change of Address Database or any other similar services available for information



to update and correct for any known or identifiable address changes. Within fifteen (15) calendar days after receiving the Class List from Cal Water, the Settlement Administrator will mail a Class Notice to all Settlement Class Members via regular First-Class U.S. Mail, using the most current, known mailing addresses identified by the Settlement Administrator.

53. Non-Deliverable Class Notices. Any Class Notices returned to the Settlement Administrator as non-deliverable on or before the Response Deadline will be sent promptly via regular First-Class U.S. Mail within five (5) calendar days of receipt to the forwarding address affixed thereto and the Settlement Administrator will indicate the date of such remailing on the Class Notice. If no forwarding address is provided, the Settlement Administrator will promptly attempt to determine the correct address using a skip-trace or other search using the name, address, and/or Social Security number of the Settlement Class Member involved, and will then perform a single re-mailing within five (5) calendar days of receipt. Settlement Class Members will have until the later of fifteen (15) calendar days from the date of the re-mailing or the Response Deadline, to submit a Notice of Objection, Request for Exclusion, or Workweeks Dispute.

54. Class Notices. All Settlement Class Members will be mailed a Class Notice . Each Class Notice will provide: (i) information regarding the nature of the Action; (ii) a summary of the Settlement Agreement's principal terms; (iii) the Settlement Class definition; (iv) the total number of Workweeks each respective Settlement Class Member worked for Cal Water during the Class Period; (v) each Settlement Class Member's estimated Individual Settlement Payment and the formula for calculating Individual Settlement Payments; (vi) the total number of Workweeks each respective Allegedly Aggrieved Employee worked for Cal Water during the PAGA Period; (vii) each Allegedly Aggrieved Employee's estimated Individual PAGA Payment and the formula for calculating Individual PAGA Payments; (viii) the dates which comprise the Class Period, the PAGA Period, and the Release Period; (ix) instructions on how to submit Requests for Exclusion or Notices of Objection or Workweeks Disputes; (x) the deadlines by which the Settlement Class Member must postmark Requests for Exclusion, Notices of Objection, and Workweeks Disputes; (xi) the claims to be released; and (xii) the Settlement Administrator's contact information,

including the website address where the electronic versions of the materials in the Class Notice will be available. The Parties' proposed Class Notice is attached hereto as **Exhibit A**.

55. Posting of Settlement Agreement on Settlement Administrator's Website. Within ten (10) calendar days of entry of the order granting Preliminary Approval, the Settlement Administrator shall post the Settlement Agreement and any other Court-approved forms to its website.

56. Dispute Regarding Workweeks. Settlement Class Members will have an opportunity to dispute the number of Workweeks which they have been credited, as reflected in their Class Notices. In order to dispute the number of credited Workweeks on record, Settlement Class Members must submit a timely and valid Workweeks Dispute to the Settlement Administrator that: (i) contains the case name and number of the Action; (ii) is signed by the Settlement Class Member; (iii) contains the full name, address, telephone number, and the last four digits of the Social Security Number of the disputing Settlement Class Member; (iv) clearly states that the Settlement Class Member disputes the number of Workweeks during the Class Period and/or PAGA Period credited to him or her and what he or she contends is the correct number to be credited to him or her; (v) includes information and/or attaches documentation demonstrating that the number of Workweeks that he or she contends should be credited to him or her are correct; and (vi) is returned by mail to the Settlement Administrator at the specified address, postmarked on or before the Response Deadline. The date of the postmark on the return mailing envelope on the submission will be the exclusive means to determine whether a Workweeks Dispute has been timely submitted. Settlement Class Members may produce evidence to the Settlement Administrator showing that such information is inaccurate by the Response Deadline. Cal Water's records will be presumed correct, but the Settlement Administrator will evaluate the evidence submitted by the Settlement Class Member and will make the final decision as to the merits of the dispute. If a Settlement Class Member produced information and/or documents that contradict Cal Water's records, the Settlement Administrator will evaluate the materials submitted by the Settlement Class Member and the Settlement Administrator will resolve and determine the number

of eligible Workweeks that the disputing Settlement Class Member should be credited with under the Settlement. All disputes will be decided by the Settlement Administrator within fifteen (15) calendar days of the Response Deadline.

57. Request for Exclusion Procedures. Any Settlement Class Member wishing to opt out of the Class Settlement must sign and mail a written Request for Exclusion to the Settlement Administrator by the Response Deadline. In the case of Requests for Exclusion that are mailed to the Settlement Administrator, the postmark date will be the exclusive means to determine whether a Request for Exclusion has been timely submitted. The Settlement Administrator will certify jointly to Class Counsel and Defendant's Counsel the Requests for Exclusion that were timely submitted. Consistent with California law, Allegedly Aggrieved Employees may not opt out of the PAGA Settlement. Any Settlement Class Member who submits a timely and valid Request for Exclusion is prohibited from making any objection to the Settlement. A Settlement Class Member who does not submit a timely and valid Request for Exclusion will be deemed a Settlement Class Member and will be bound by all terms of the Settlement and any judgment that may be entered by the Court if the Settlement is granted Final Approval by the Court. Allegedly Aggrieved Employees will still receive an Individual PAGA Payment representing their portion of the PAGA Settlement Amount and will be bound to the PAGA Settlement and will release the Released PAGA Claims irrespective of whether they submit a Request for Exclusion. All signatories and their counsel must not encourage opt-outs. The Parties specifically agree not to solicit opt-outs, directly or indirectly, through any means. Objective statements to Settlement Class Members who call Class Counsel with inquiries regarding the Settlement Agreement, or the exercise of Class Counsel's ethical obligations, shall not be deemed a violation of the prohibitions contained herein.

58. Defective Submissions. If a Settlement Class Member's Request for Exclusion is defective as to the requirements listed herein, that Settlement Class Member will be given an opportunity to cure the defect(s). The Settlement Administrator will mail the Settlement Class Member a cure letter within three (3) business days of receiving the defective submission to advise the Settlement Class Member that his or her submission is defective and that the defect must be

cured to render the Request for Exclusion valid. The Settlement Class Member will have until the later of (i) the Response Deadline or (ii) ten (10) calendar days from the date of the cure letter to postmark a revised Request for Exclusion. If the revised Request for Exclusion is not postmarked within that period, it will be deemed untimely.

59. Cancellation of Settlement Agreement. Within fourteen (14) calendar days of the Response Deadline, as defined in the Court's Order granting Preliminary Approval of the Settlement, Cal Water will have the option, in its sole discretion, to void the Settlement Agreement in its entirety if ten percent (10%) or more of all individuals eligible to become members of the Settlement Class submit timely and valid Requests for Exclusion or are otherwise deemed by the Court not to be bound by the Settlement. If Cal Water exercises this option, it shall be responsible for all Settlement Administration Costs incurred to the date of cancellation.

60. Releases.

a. Release of Class Claims by Settlement Class Members. The Parties agree that upon the Effective Date and Defendant's full funding of the Gross Settlement Fund, in exchange for the consideration provided by this Settlement Agreement, Plaintiff and all Participating Settlement Class Members, will be deemed to have fully, finally, and forever released, settled, compromised, relinquished, and discharged any and all claims against the Released Parties for the Released Class Claims, as fully described in paragraph 27, arising during the Release Period.

b. Release of PAGA Claims by Allegedly Aggrieved Employees. The Parties agree that upon the Effective Date and Defendant's full funding of the Gross Settlement Fund, in exchange for the consideration provided by this Settlement Agreement, Plaintiff and all Allegedly Aggrieved Employees, will be deemed to have fully, finally, and forever released, settled, compromised, relinquished, and

discharged any and all claims against the Released Parties for the Released PAGA Claims, as fully described in paragraph 28, arising during the PAGA Period.

c. Release of Claims by Plaintiff. Upon the Effective Date and Defendant's full funding of the Gross Settlement Fund, in addition to the claims being released by all Participating Settlement Class Members and Allegedly Aggrieved Employees, Plaintiff will fully, finally, and forever release and discharge the Released Parties, to the fullest extent permitted by law, of and from any and all claims, known and unknown, asserted and not asserted, which Plaintiff has or may have against the Released Parties based in any way on, or otherwise related to or arising from, his employment with Cal Water as of the date of execution of this Settlement Agreement. The releases include, but are not limited to, all disputes relating to or arising out of any state, local, or federal statute, ordinance, regulation, order, or common law, including, but not limited to, Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. §§ 2000(e), *et seq.*; the Civil Rights Act of 1866, as amended, 42 U.S.C. §§ 1981, *et seq.*; the Equal Pay Act, as amended, 29 U.S.C. § 206(d); the Fair Labor Standards Act of 1939, as amended, 29 U.S.C. §§ 201, *et seq.* and Code of Federal Regulations; the Orders of the California Industrial Welfare Commission regulating wages, hours and working conditions; the California Fair Employment & Housing Act, as amended, Cal. Govt. Code §§ 12900, *et seq.*; the California Family Rights Act of 1991, as amended; Cal. Govt. Code § 12945.2; the California Unruh Civil Rights Act, as amended, Cal. Civ. Code §§ 51, *et seq.*; the California Labor Code (including any claim for civil penalties under the California Labor Code Private Attorneys General Act); the California Government Code; Article 1 of the California Constitution; the Rehabilitation Act of 1973, as amended, 29 U.S.C. §§ 701 *et seq.*; the Americans with Disabilities Act of 1990, 42 U.S.C. §§ 12100, *et seq.*; the Family and Medical Leave Act of 1993, 29 U.S.C. §§ 2601, *et seq.* and any state law equivalent; the Employee Retirement

Income Security Act of 1974, 29 U.S.C. §§ 1001, *et seq.*; the National Labor Relations Act, as amended, 29 U.S.C. §§ 151, *et seq.*; California Business and Professions Code §§ 17200, *et seq.*; other statutory and common law claims; statutory or common law rights to attorneys' fees and costs, penalties/fines, and/or punitive damages; any action based on contract, quasi-contract, quantum meruit, implied contract, tort, wrongful or constructive discharge, breach of the covenant of good faith and fair dealing, defamation, libel, slander, immigration issues, infliction of emotional distress, negligence, assault, battery, conspiracy, harassment, retaliation, discrimination on any basis prohibited by statute or public policy, conversion, any interference with business opportunity or with contract or based upon any other theory; and/or similar causes of action. Upon the execution of the Settlement Agreement, to the extent allowed by California law, the Plaintiff waives all rights and benefits afforded by section 1542 of the California Civil Code as to any Released Claims. Section 1542 provides:

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

Plaintiff understands and agrees that claims or facts in addition to or different from those which are now known or believed by him to exist may hereafter be discovered. It is Plaintiff's intention to settle fully and release all claims he now has against the Released Parties, whether known or unknown, suspected or unsuspected. Notwithstanding the above, the general release by Plaintiff shall not

extend to claims for workers' compensation benefits, claims for unemployment benefits, or other claims that may not be released by law.

61. Settlement Terms Bind All Class Members Who Do Not Opt Out. Any Settlement Class Member who does not affirmatively opt out of the Settlement Agreement by submitting a timely and valid Request for Exclusion (i.e., Participating Settlement Class Members) will be bound by all of its terms, including those pertaining to the Released Claims, as well as any Judgment that may be entered by the Court if it grants final approval to the Settlement. The Settlement Agreement shall constitute, and may be pleaded as, a complete and total defense to any Released Claims currently pending or raised in the future. All Allegedly Aggrieved Employees—regardless of whether they submit a Request for Exclusion—shall receive a check for their share of the PAGA Settlement Amount when settlement payments are delivered, and they will be bound by a release of the Released PAGA Claims as outlined in paragraphs 28 and 60.

62. Notice of Objection Procedures. To object to the Settlement Agreement, a Settlement Class Member must mail a valid Notice of Objection to the Settlement Administrator on or before the Response Deadline. The Notice of Objection must be signed by the Settlement Class Member and contain all information required by this Settlement Agreement. The postmark date will be deemed the exclusive means for determining that the Notice of Objection is timely. The Settlement Administrator will notify any person from whom it receives a Notice of Objection that is not timely and/or valid if, in fact, such Notice of Objection is not timely and/or valid. Any disputes regarding the timeliness, validity or effectiveness of a Notice of Objection shall be decided by the Settlement Administrator consistent with the terms of this Agreement, and with the Parties' input, if appropriate. Settlement Class Members who fail to object in the manner specified above will be deemed to have waived all objections to the Settlement and will be foreclosed from making any objections, whether by appeal or otherwise, to the Settlement Agreement. Settlement Class Members who submit timely Notices of Objection may appear at the Final Approval Hearing in order to have their objections heard by the Court. If the Court permits, Settlement Class Members who have not submitted a written Notice of Objection in compliance with the Settlement

Agreement may still appear at the Final Approval Hearing and present their objections. At no time will any of the Parties or their counsel seek to solicit or otherwise encourage Settlement Class Members to submit written objections to the Settlement Agreement or appeal from the Final Approval Order and Judgment. Class Counsel will not represent any Settlement Class Members with respect to any such objections to this Settlement.

63. Certification Reports Regarding Individual Settlement Payment Calculations. The Settlement Administrator will provide Defendant's Counsel and Class Counsel a weekly report that certifies (i) the number of Settlement Class Members who have submitted timely and valid Requests for Exclusion, or objected to the Settlement, as provided in paragraphs 57 or 62, (ii) whether any Settlement Class Member has submitted Workweeks Dispute as provided in paragraphs 56, and (iii) the number of undeliverable and re-mailed Class Notices. Additionally, the Settlement Administrator will immediately notify the Parties when it receives a request from an individual or any other entity regarding exclusion from or inclusion in the Class and provide counsel for both Parties with any updated reports regarding the administration of the Settlement Agreement as needed or requested, as consistent with the terms of the Settlement Agreement.

64. Distribution Timing of Individual Settlement Payments. The Settlement Administrator will distribute the funds in the Gross Settlement Fund within the time period set forth with respect to each category of payment.

a. Individual Settlement Payment and PAGA Settlement Amount: Within ten (10) business days of the Funding Date, the Settlement Administrator will issue the LWDA Payment to the LWDA, the Individual Settlement Payments to the Participating Settlement Class Members, and the Individual PAGA Payments to the Allegedly Aggrieved Employees. Settlement Class Members and Allegedly Aggrieved Employees will be issued their Individual Settlement Payments and Individual PAGA Payments by way of a single check.



b. Attorneys' Fees and Costs and: Within ten (10) business days of the Funding Date, the Settlement Administrator will issue the Attorneys' Fees and Costs to Class Counsel in the amounts awarded by the Court.

c. Class Representative Enhancement Payments: Within ten (10) business days of the Funding Date, the Settlement Administrator will issue the Class Representative Enhancement Payment to Plaintiff in the amount awarded by the Court.

d. Settlement Administration Costs: Within ten (10) business days of the Funding Date, the Settlement Administrator will issue the Settlement Administration Costs to itself in the amount awarded by the Court.

65. Un-cashed Settlement Checks. Individual Settlement Payment and/or Individual PAGA Payment checks will be valid and negotiable for a period of one hundred and eighty (180) calendar days from the date of issuance of the check. Checks remaining un-cashed for more than one hundred eighty (180) calendar days after issuance will be cancelled and deemed void. Funds associated with such uncashed checks shall be distributed to the Leadership Counsel for Justice & Accountability, as a *cy pres* beneficiary as set forth in California Code of Civil Procedure section 384. The Settlement Administrator shall undertake amended and/or supplemental tax filings and reporting, required under applicable local, state, and federal tax laws, that are necessitated due to the cancellation of any settlement checks. Settlement Class Members whose settlement checks are cancelled shall, nevertheless, be bound by this Settlement Agreement. The Parties and their counsel each represent that they do not have any significant affiliation or involvement with the proposed *cy pres* recipient. Under no circumstances will any portion of the Gross Settlement Fund revert to Defendant.

66. Certification of Completion. Upon completion of the administration of the Settlement, the Settlement Administrator will provide a written declaration under oath to certify such completion to the Court and counsel for all Parties.

67. Treatment of Individual Settlement Payments. For tax purposes, the Individual PAGA Payments from the PAGA Settlement Amount will be treated as 100% penalties and will be reported on IRS Form 1099. Individual Settlement Payments will be allocated as follows: (i) Forty Percent (40%) to settlement of wage claims and (ii) Sixty Percent (60%) to settlement of claims for interest, statutory penalties, and non-wage damages. The portion allocated to wages shall be reported on an IRS Form W-2 and the portion allocated to interest and penalties shall be reported on an IRS Form 1099 by the Settlement Administrator. The Settlement Administrator will withhold the Settlement Class Members' share of taxes and withholdings with respect to the wages portion of the Individual Settlement Payments, and issue checks to Settlement Class Members for their Individual Settlement Payments. Participating Settlement Class Members shall be responsible for remitting to state and/or federal taxing authorities any applicable other taxes due. Neither this Agreement, nor any of its attachments, should be interpreted to contain or constitute representations or advice regarding any U.S. federal or state tax issue. Settlement Class Members and Allegedly Aggrieved Employees will be specifically informed that neither Cal Water nor Class Counsel make any representations regarding the tax implications of any amounts paid under this Settlement Agreement and that if Settlement Class Members or Allegedly Aggrieved Employees have any questions regarding those implications, they can and should consult a tax expert.

68. Administration of Taxes by the Settlement Administrator. The Settlement Administrator will be responsible for issuing to Plaintiff, Participating Settlement Class Members, and Class Counsel any W-2, 1099, or other tax forms as may be required by law for all amounts paid pursuant to this Settlement. The Settlement Administrator will also be responsible for forwarding all Participating Settlement Class Member payroll taxes and penalties to the appropriate government authorities. All Settlement Class Members, including Participating Settlement Class Members and Allegedly Aggrieved Employees, shall be solely and exclusively responsible for remitting to state and/or federal taxing authorities any applicable other taxes due, except for Cal Water's payment of the Employer's Payroll Tax Payments, and shall hold Cal

Water and the Released Parties harmless for any taxes, penalties, interest, liabilities, costs, and expenses caused by any such taxing authority relating in any way to the Allegedly Aggrieved Employees', Settlement Class Members' and Participating Settlement Class Members' tax treatment of payments made to them pursuant to this Agreement or failure to timely or properly pay any taxes owed on their respective Individual Settlement Payment.

69. Tax Liability. Plaintiff, Class Counsel, Cal Water, and Defendant's Counsel make no representations or warranties as to the tax consequences, treatment, or legal effect of the payments called for hereunder, do not intend anything contained in this Settlement Agreement to constitute advice regarding taxes or taxability, nor shall anything in this Settlement Agreement be relied on as such. Plaintiff and Participating Settlement Class Members are not relying on any statement, representation, or calculation by Cal Water or by the Settlement Administrator in this regard. Plaintiff and Settlement Class Members understand and agree that, except for Cal Water's payment of the Employer's Payroll Tax Payments, Plaintiff and Settlement Class Members will be solely responsible for correctly characterizing any compensation received under the settlement on his/her personal income tax returns and paying any and all taxes due for any and all amounts paid to them under the settlement.

70. Circular 230 Disclaimer. EACH PARTY TO THIS SETTLEMENT AGREEMENT (FOR PURPOSES OF THIS SECTION, THE "ACKNOWLEDGING PARTY," AND EACH PARTY TO THIS SETTLEMENT AGREEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN "OTHER PARTY") ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS SETTLEMENT 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 WILL 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 SETTLEMENT AGREEMENT, (B) HAS NOT ENTERED INTO THIS SETTLEMENT 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 COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR ADVISOR TO ANY OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISOR TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY'S OR ADVISOR'S TAX STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX STRUCTURE OF ANY TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY THIS SETTLEMENT AGREEMENT.

71. No Prior Assignments. The Parties and their counsel 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.

72. Nullification of Settlement Agreement. In the event that: (i) the Court does not finally approve the Settlement as provided herein; or (ii) the Settlement does not become final for any other reason, then this Settlement Agreement, except as expressly agreed upon in writing by the Parties, will be null and void. Any order or judgment entered by the Court in furtherance of this Settlement Agreement will likewise be treated as void from the beginning.

73. Termination of Settlement Agreement. Either Party will have the right to unilaterally terminate this Settlement Agreement by providing written notice of its election to do so ("Termination Notice") to all other Parties hereto within ten (10) business days of any of the following occurrences; provided, however, that the Parties agree to cooperate in good faith to

address any issues the Court raises in connection with issuing Preliminary and/or Final Approval of the Settlement:

- a. the Court rejects, materially modifies, materially amends or changes, or declines to issue a Preliminary Approval Order or a Final Approval Order with respect to the Settlement Agreement and the Parties are not permitted to remedy any deficiencies the Court identifies; or
- b. an appellate court reverses the Final Approval Order, and the Settlement Agreement is not reinstated without material change by the Court on remand.

74. Reversion *Nunc Pro Tunc*. If this Settlement Agreement is terminated pursuant to its terms, or the Effective Date for any reason does not occur: (a) all Orders certifying the Settlement Class for purposes of effecting this Settlement, and all preliminary and/or final findings regarding the Settlement Class, shall be void *ab initio* and automatically vacated upon notice to the Court, (b) the Action shall proceed as though the Settlement Class had never been certified pursuant to this Settlement Agreement and such findings had never been made, (c) the Action shall revert *nunc pro tunc* to the procedural status quo as of the date and time immediately before the execution of the Settlement Agreement, in accordance with this Settlement Agreement, (d) the Settlement Agreement shall be void and shall have no force or effect, and no Party shall be bound by any of its terms, (e) Defendant shall have no obligation to make any payments to any Party, Settlement Class Member, or Class Counsel, (f) The Preliminary Approval Order, Final Approval Order and Judgment, including any order certifying the Class, shall be vacated; (g) the Settlement Agreement and all negotiations, statements, and proceedings relating thereto shall be without prejudice to the rights of any of the Parties, all of whom shall be restored to their respective positions in the Action prior to the execution of the Settlement Agreement; (h) neither this Settlement Agreement, nor any ancillary documents, actions, statements, or filings in furtherance of the Settlement (including all matters associated with the mediation) shall be admissible or offered into evidence in the Action or any other action for any purpose whatsoever; and (i) any

documents generated to bring the Settlement into effect, will be null and void, and any order or judgment entered by the Court in furtherance of this Settlement Agreement will likewise be treated as void from the beginning,. The Parties further agree that, by assenting to the filing of a Consolidated Amended Complaint for purposes of this Settlement only, Cal Water does not admit any facts or waive any defenses.

75. Preliminary Approval Hearing. Plaintiff will promptly obtain a hearing before the Court to request the Preliminary Approval of the Settlement Agreement and the entry of an order: (i) conditionally certifying the Settlement Class for settlement purposes only; (ii) granting preliminary approval to the proposed Settlement Agreement; (iii) granting approval of the PAGA Settlement Amount; (iv) preliminarily appointing Plaintiff as representative of the class; (v) preliminarily appointing Class Counsel as counsel for the Class; (vi) approving, as to form and content, the Class Notice and directing its mailing to the Settlement Class by First-Class U.S. Mail; (vii) approving the manner and method for Settlement Class Members to request exclusion from the Settlement as contained herein and within the Class Notice; (viii) setting a deadline for Class Counsel to file an application for attorney's fees and costs and an application for a Class Representative Enhancement Payment for Plaintiff; and (ix) setting a date for a Final Approval Hearing. In conjunction with the Preliminary Approval hearing, Plaintiff will submit this Settlement Agreement, which sets forth the terms of this Settlement, and will include the proposed Class Notice, attached hereto as **Exhibit A**. Class Counsel will be responsible for drafting all documents necessary to obtain preliminary approval. Class Counsel will provide Defendant's Counsel a draft of the Preliminary Approval motion and all supporting documents at least five (5) calendar days before the filing deadline. Defendant agrees not to oppose the motion for Preliminary Approval consistent with this Settlement Agreement.

76. Final Approval Hearing and Entry of Judgment. Upon expiration of the deadlines to postmark Requests for Exclusion or Notices of Objection (and no earlier than one hundred (100) calendar days after the date on which Plaintiff files his motion for Preliminary Approval or thirty (30) calendar days after the Response Deadline) and with the Court's permission, a Final

Approval/Settlement Fairness Hearing will be conducted to determine the Final Approval of the Settlement Agreement along with the amounts properly payable for: (i) Individual Settlement Payments; (ii) Individual PAGA Payments and the PAGA Settlement Amount; (iii) the Class Representative Enhancement Payment; (iv) the Attorneys' Fees and Costs; and (v) all Settlement Administration Costs. Class Counsel will provide Defendant's Counsel a draft of the Final Approval Motion at least three (3) calendar days before the filing deadline, and Defendant agrees not to oppose the Final Approval Motion consistent with this Settlement Agreement.

77. Judgment and Continued Jurisdiction. The Parties will present a proposed form of Judgment to the Court for its approval, which Class Counsel shall submit to the Court that (i) approves the Settlement Agreement, adjudging the terms thereof to be fair, reasonable, adequate, and directing consummation of its terms and provisions; (ii) certifying the Settlement Class for purposes of settlement only; (iii) approving Class Counsel's application for Attorneys' Fees and Costs; (iv) approving the Class Representative Enhancement Payment; (v) approving the PAGA Settlement Amount; (vi) approving the Settlement Administrator's fees from the Gross Settlement Amount; (vii) setting a date when the Settlement Administrator shall report to the Court the completion of the distribution process and the total amount that was actually paid to the Settlement Class Members; (viii) directing Cal Water to fund all amounts due under the Settlement Agreement and ordered by the Court, in accordance with the Settlement Agreement; and (ix) entering judgment in this Action, while maintaining continuing jurisdiction, in conformity with California Rules of Court 3.769 and the Settlement Agreement, whereby all Allegedly Aggrieved Employees will release the Released Parties of the Released PAGA Claims, and all Participating Settlement Class Members will release the Released Parties of the Released Class Claims. As required by California Rule of Court 3.769(h), after entry of the Judgment, the Court will have continuing jurisdiction solely for purposes of addressing: (i) the interpretation and enforcement of the terms of the Settlement; (ii) Settlement administration matters; and (iii) such post-Judgment matters as may be appropriate under court rules or as set forth in this Settlement Agreement.

78. Older Workers' Benefit Protection Act Waiver.

a. Plaintiff specifically intends that the claims he is releasing herein include any claims that Plaintiff may have under the Age Discrimination in Employment Act of 1967, as amended by the Older Workers' Benefit Protection Act of 1990.

b. Plaintiff is advised to consult with his counsel before signing this Settlement Agreement because Plaintiff is permanently giving up significant legal rights. Plaintiff acknowledges that he has been so advised.

c. Plaintiff acknowledges that he has been given at least twenty-one (21) calendar days to execute and return this Settlement Agreement and has been advised that, after he executes this Settlement Agreement, Plaintiff has seven (7) calendar days to reconsider and revoke the Settlement Agreement, recognizing that Plaintiff will not be provided anything under this Settlement Agreement until at least that seven (7)-day revocation period has expired. The general release will then become effective on the eighth (8th) calendar day after it is signed, provided that Plaintiff does not revoke it.

d. In order to effectively revoke this general release, the Parties agree that Plaintiff must provide written notice of such revocation within seven (7) calendar days after Plaintiff executes this Settlement Agreement to counsel for Cal Water, Catherine A. Conway and Cynthia Chen McTernan, via email to [cconway@gibsondunn.com](mailto:cconway@gibsondunn.com) and [cmcternan@gibsondunn.com](mailto:cmcternan@gibsondunn.com).

79. Exhibits Incorporated by Reference. The terms of this Settlement Agreement include the terms set forth in any attached exhibits, which are incorporated by this reference as though fully set forth herein. Any exhibits to this Settlement Agreement are an integral part of the Settlement.

80. Entire Agreement. This Settlement Agreement and any attached exhibits constitute the entirety of the Parties' settlement terms and, should this Settlement Agreement receive Final Approval, its terms will supersede all prior written or oral agreements between the Parties. The



Parties expressly recognize California Civil Code § 1625 and California Code of Civil Procedure § 1856(a), which provide that a written agreement is to be construed according to its terms and may not be varied or contradicted by extrinsic evidence, and the Parties agree that no such extrinsic oral or written representations or terms will modify, vary or contradict the terms of this Settlement Agreement.

81. Amendment or Modification. Prior to the filing of the motion for preliminary approval of the Settlement, the Parties may not amend or modify any provision of this Settlement Agreement except by written agreement signed by counsel for all Parties. After the filing of the motion for preliminary approval of the Settlement, the Parties may not amend or modify any provision of the Settlement Agreement except by written agreement signed by counsel for all of the Parties and subject to Court approval. A waiver or amendment of any provision not constitute a waiver of any other provision.

82. Authorization to Enter into Settlement Agreement. Counsel for all Parties warrant and represent they are expressly authorized by the Parties whom they represent to negotiate this Settlement Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant to this Settlement Agreement to effectuate its terms and to execute any other documents required to effectuate the terms of this Settlement Agreement. The Parties and their counsel will cooperate with each other and use their best efforts to effect the implementation of the Settlement. If the Parties are unable to reach agreement on the form or content of any document needed to implement the Settlement, or on any supplemental provisions that may become necessary to effectuate the terms of this Settlement, the Parties may seek the assistance of the Court to resolve such disagreement.

83. Signatories. It is agreed that because the members of the Settlement Class are so numerous, it is impossible or impractical to have each Settlement Class Member execute this Settlement Agreement. The Class Notice will advise all Settlement Class Members of the binding nature of the release as to the Settlement Class Members, and the release shall have the same force and effect as if this Settlement Agreement were executed by each Settlement Class Member.

84. Binding on Successors and Assigns. This Settlement Agreement will be binding upon, and inure to the benefit of, the successors or assigns of the Parties hereto, as previously defined.

85. California Law Governs. All terms of this Settlement Agreement and exhibits hereto will be governed by and interpreted according to the laws of the State of California.

86. Execution and Counterparts. This Settlement Agreement is subject to the execution of all Parties. The Settlement Agreement may be executed in one or more counterparts. All executed counterparts and each of them, including facsimile, electronic, and scanned copies of the signature page, will be deemed to be one and the same instrument.

87. Acknowledgement that the Settlement Is Fair and Reasonable. The Parties believe this Settlement Agreement is a fair, adequate, and reasonable settlement of the Action and have arrived at this Settlement after arm's-length negotiations and in the context of adversarial litigation, taking into account all relevant factors, present and potential. The Parties further acknowledge that they are each represented by competent counsel and that they have had an opportunity to consult with their counsel regarding the fairness and reasonableness of this Settlement. In addition, the Mediator may execute a declaration supporting the Settlement and the reasonableness of the Settlement and the Court may, in its discretion, contact the Mediator to discuss the Settlement and whether the Settlement is objectively fair and reasonable.

88. Invalidity of Any Provision. If the Court indicates that it believes that a provision of this Settlement Agreement may be invalid, the parties will attempt to amend the provision so that it is consistent with the material terms of the Settlement Agreement and also valid and enforceable under applicable precedents so as to define all provisions of this Settlement Agreement valid and enforceable.

89. Plaintiff's Waiver of Right to Be Excluded. Plaintiff agrees to sign this Settlement Agreement and, by signing this Settlement Agreement, is hereby bound by the terms herein.

90. Non-Admission of Liability. The Parties enter into this Settlement Agreement to resolve the dispute that has arisen between them and to avoid the burden, expense, and risk of

continued litigation. In entering into this Settlement, Cal Water does not admit, and specifically denies, that it violated any federal, state, or local law; violated any regulations or guidelines promulgated pursuant to any statute or any other applicable laws, regulations, or legal requirements; breached any contract; violated or breached any duty; engaged in any misrepresentation or deception; or engaged in any other unlawful conduct with respect to its employees. Neither this Settlement Agreement, nor any of its terms or provisions, nor any of the negotiations connected with it, will be construed as an admission or concession by Cal Water of any such violations or failures to comply with any applicable law. Except as necessary in a proceeding to enforce the terms of this Settlement, this Settlement Agreement and its terms and provisions will not be offered or received as evidence in any action or proceeding to establish any liability or admission on the part of Cal Water or to establish the existence of any condition constituting a violation of, or a non-compliance with, federal, state, local, or other applicable law.

91. Captions. The captions and paragraph numbers in this Settlement Agreement are inserted for the reader's convenience, and in no way define, limit, construe or describe the scope or intent of the provisions of this Settlement Agreement.

92. Media Restrictions. The Parties and their counsel agree that they will not issue any press releases or initiate any contact with the media about the fact, amount, or terms of the Settlement. Unless required by applicable law, neither the Plaintiff nor Class Counsel shall publicize the terms of this Settlement Agreement in any medium, or initiate or issue any press release or have any communications to the press or media concerning the Action, the Settlement of the Action, and/or this Settlement Agreement, except as posted by the Settlement Administrator as ordered by the Court. Class Counsel shall not include, and shall affirmatively remove, any reference to any of the foregoing subjects in any advertising, mass mailing, website, or other communication. Nothing herein will restrict Class Counsel from including publicly available information regarding this Settlement in future judicial submissions regarding Class Counsel's qualifications and experience. If counsel for either Party receives an inquiry about the Settlement from the media, counsel may respond only after the motion for Preliminary Approval has been

filed and only by confirming the terms of the Settlement. Notwithstanding the foregoing, nothing will prevent Class Counsel from communicating confidentially with Settlement Class Members as necessary to fulfill their obligations as Class Counsel. Plaintiff and Class Counsel will undertake any disclosures required to be made to the LWDA in conformity with PAGA.

93. Interim Stay of Proceedings. The Parties agree to hold in abeyance all proceedings in the Action, including with respect to California Code of Civil Procedure section 583.310, except such proceedings necessary to implement and complete the Settlement Agreement, pending the Final Approval hearing to be conducted by the Court.

94. Confirmatory Discovery. If necessary, Defendant and Defendant's counsel shall cooperate with Plaintiff and his counsel with respect to confirmatory discovery.

95. Waiver. No waiver of any condition or covenant contained in this Settlement Agreement or failure to exercise a right or remedy by any of the Parties hereto will be considered to imply or constitute a further waiver by such party of the same or any other condition, covenant, right, or remedy.

96. Enforcement Actions. In the event that one or more of the Parties institutes any legal action or other proceeding against any other Party or Parties to enforce the provisions of this Settlement or to declare rights and/or obligations under this Settlement, the successful Party or Parties will be entitled to recover from the unsuccessful Party or Parties reasonable attorneys' fees and costs, including expert witness fees incurred in connection with any enforcement actions.

97. Disputes Regarding Settlement Agreement. In the event that there are any disputes arising out of or relating to this Settlement Agreement, any such dispute will be submitted to mediator Jeffrey Krivis, Esq. If the Parties are unable to resolve any disputes with Jeffrey Krivis, they will present the issue to the Honorable Sunil B. Kulkarni, whose decision will bind the Parties.

98. Mutual Preparation. The Parties have had a full opportunity to negotiate the terms and conditions of this Settlement Agreement. Accordingly, this Settlement Agreement will not be construed more strictly against one party than another merely by virtue of the fact that it may have been prepared by counsel for one of the Parties, it being recognized that, because of the arm's-

length negotiations between the Parties, all Parties have contributed to the preparation of this Settlement Agreement.

99. Representation by Counsel. The Parties acknowledge that they have been represented by counsel throughout all negotiations that preceded the execution of this Settlement Agreement, and that this Settlement Agreement has been executed with the advice of counsel, and reviewed in full. Further, Plaintiff and Class Counsel warrant and represent that there are no liens on the Settlement Agreement.

100. Notices. All notices, demands, and other communications to be provided concerning this Settlement Agreement shall be in writing and delivered by overnight mail at the addresses set for below, or such other addresses as either Party may designate in writing from time to time:

To Plaintiff and Class Counsel:

Edwin Aiwazian, Esq.  
Arby Aiwazian, Esq.  
Joanna Ghosh, Esq.  
Brian J. St. John, Esq.  
**LAWYERS for JUSTICE, PC**  
410 West Arden Avenue, Suite 203  
Glendale, California 91203  
edwin@calljustice.com

To Defendant:

Catherine Conway, Esq.  
Cynthia Chen McTernan, Esq.  
**GIBSON, DUNN & CRUTCHER LLP**  
333 South Grand Avenue  
Los Angeles, California 90071  
cconway@gibsondunn.com  
cmcternan@gibsondunn.com

101. All Terms Subject to Final Court Approval. All amounts and procedures described in this Settlement Agreement herein will be subject to final Court approval.

102. Final Judgment. Plaintiff and Class Counsel shall provide the Settlement Administrator with a copy of the Final Judgment once it is entered by the Court, and the Settlement Administrator shall post the Final Judgment on its website within three (3) business days of receipt. No individualized notice to the Settlement Class will be required.

103. Cooperation and Execution of Necessary Documents. All Parties and their counsel will cooperate in good faith and their best efforts to implement the Settlement, including and not

limited to, executing all documents to the extent reasonably necessary to effectuate the terms of this Settlement Agreement.

104. Binding Agreement. The Parties warrant that they understand and have full authority to enter into this Settlement Agreement, and further intend that this Settlement Agreement will be fully enforceable and binding on all parties, with retention of jurisdiction by the Court as provided therein, and agree that it will be admissible and subject to disclosure in any proceeding to enforce its terms.

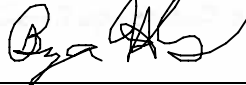
SIGNATURE PAGE FOLLOWS

**READ CAREFULLY BEFORE SIGNING**

05/04/2023

Dated: ~~March~~   , 2023


Plaintiff and Class Representative

  
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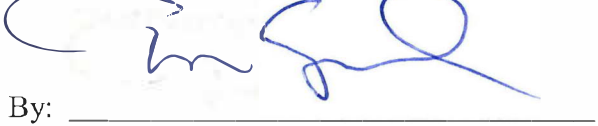
Bryan Hicks

Dated: March   , 2023

California Water Service Company

  
By: \_\_\_\_\_

Martin A. Kropelnicki  
Chief Executive Officer

  
By: \_\_\_\_\_

Thomas F. Smegal  
Chief Financial Officer

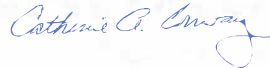
  
By: \_\_\_\_\_

Ronald D. Webb  
Chief Human Resource Officer

**APPROVED AS TO FORM**

April  
Dated: ~~March~~ 25, 2023

Gibson, Dunn & Crutcher LLP



By: \_\_\_\_\_  
Catherine A. Conway  
Attorneys for Defendant California Water Service

Dated: May 4, 2023

Lawyers for Justice. P.C.



By: \_\_\_\_\_  
Edwin Aiwanian  
Joanna Ghosh  
Brian J. St. John  
Attorneys for Plaintiff Bryan Hicks