

SETTLEMENT AGREEMENT

Subject to the approval of the Superior Court for the State of Washington, in and for the County of King at Seattle, Plaintiff Andrian Melnichuk (“Plaintiff”), individually and on behalf of all Class Members, as defined herein, and Defendant Public Hospital District No. 1 d/b/a Valley Medical Center (“Defendant,” “Valley,” or “VMC), a Washington Municipal Corporation, agree to the terms of this joint settlement agreement and release (the “Settlement”).

1. RECITALS

1.1 On September 23, 2024, Plaintiff commenced the Action on behalf of himself and all others allegedly similarly situated with respect to the claims asserted against UW Medicine and Public Hospital District No. 1 d/b/a Valley Medical Center.

1.2 On October 18, 2024, Plaintiff filed an Amended Class Action Complaint on behalf of himself and all others allegedly similarly situated removing UW Medicine and continuing the case against only Public Hospital District No. 1 d/b/a Valley Medical Center.

1.3 The Parties, through their attorneys, engaged in exchange of written discovery. Defendant’s Counsel provided Plaintiff’s Counsel with a set of response documents and class data, including, *inter alia*, Plaintiff’s personnel file; Nurse Residency Participation Agreements for all class members; wage data for all class members; and communications related to the removal of non-competition covenants from Nurse Residency Participation Agreements.

1.4 Defendant denies any liability or wrongdoing of any kind associated with the claims alleged.

1.5 Plaintiff’s Counsel represent that they have conducted a thorough investigation into the facts of this Action and have diligently pursued an investigation of the Settlement Class Members’ claims against Defendant, including reviewing substantial data and documents and

researching the applicable law and potential defenses. Based on their own independent investigation and evaluation, Plaintiff's Counsel are of the opinion that the Settlement is fair, reasonable and adequate, and is in the best interests of Settlement Class Members in light of all known facts and circumstances, including the risk of protracted litigation, the risk that the Court would not certify a class action, and Defendant's defenses and potential appellate issues.

1.6 Defendant agrees that the Settlement is fair, reasonable, and adequate under the circumstances, taking into account litigation risks and costs of defense.

1.7 This Settlement represents a compromise of materially disputed claims. Nothing in this Settlement is intended or will be construed as an admission by Defendant that Plaintiff's claims in the Action have merit or that Defendant has any liability to Plaintiff or the Settlement Class Members on those claims.

1.8 The entry of Final Judgment in this action shall dismiss with prejudice all claims set forth in the Action, provided that it will also state that the Court retains jurisdiction to enforce the terms of the Settlement.

2. DEFINITIONS

The following terms, when used in this Settlement, shall have the following meanings:

2.1 **"Action"** means the above-captioned action, entitled *Melnichuk v. Public Hospital District No. 1 d/b/a/ Valley Medical Center*, Case No. 24-2-21676-6 SEA, pending in the King County Superior Court.

2.2 **"Motion for Final Approval"** means the documents and materials to be filed with the Court pursuant to Section 8.3, seeking final approval of the Settlement, attorneys' fees and expenses, and Service Award.

2.3 **“Check Cashing Period”** means the 180-day period commencing on the date on which the Individual Settlement Payment Checks are mailed to Participating Class Members.

2.4 **“Class Counsel”** means the law firms HKM Employment Attorneys LLP and Stutheit Kalin, LLC, who are Plaintiff’s counsel in this Action. The use of “Class Counsel” in this Settlement anticipates Court approval of this Settlement, certification of the Settlement Class, and appointment of Plaintiff’s Counsel as Class Counsel for purposes of this Settlement, and thus is used solely as a matter of convenience.

2.5 **“Class Data”** means a list of all Class Members, including their names, last known addresses, last known telephone numbers (to the extent such information is in Defendant’s possession), last known personal email addresses (to the extent such information is in Defendant’s possession), social security numbers, and dates of employment with Defendant. Class Members’ social security numbers shall not be provided to Class Counsel.

2.6 **“Settlement Class” or “Class”** (collectively) and/or **“Class Member”** (individually) means: all VMC employees who signed a Nurse Residency Participation Agreement with a noncompetition covenant whose annual earnings from VMC were below the following levels during the listed year:

2020: \$100,000.00
2021: \$100,000.00
2022: \$107,301.04
2023: \$116,593.18
2024: \$120,559.99

2.7 **“Class Period”** means the period from January 1, 2020 to the date of Preliminary Approval.

2.8 **“Complaint”** means the Class Complaint filed in the Action on September 23, 2024 as amended by the Amended Class Action Complaint filed in the Action on October 18, 2024.

2.9 **“Court”** means the Superior Court of the State of Washington for King County.

2.10 **“Days”** means calendar days.

2.11 **“Defendant”** means Public Hospital District No. 1 d/b/a Valley Medical Center.

2.12 **“Defendant’s Counsel”** means Perkins Coie LLP.

2.13 **“Final Approval Hearing”** means the hearing before the Court relating to the Application for Final Approval.

2.14 **“Final Approval Order”** means the Order entered by the Court after the Final Approval Hearing, approving the terms of the Settlement, including the Releases, authorizing distribution of settlement checks to participating Class Members, the Service Award, and attorneys’ fees and costs, and dismissing the Action with prejudice.

2.15 **“Date of Final Judgment”** means the latest of the following dates: (i) if no Class Member files an objection to the Settlement, or if a Class Member files an objection to the Settlement which is subsequently withdrawn by the Class Member, then the date the Court enters the Final Approval Order; (ii) if a Class Member files an objection to the Settlement, then after the applicable date for seeking appellate review of the Court’s Final Approval Order has passed, assuming no appeal or request for review is filed; and (iii) if an appeal is filed, the final resolution of that appeal (including any requests for rehearing and/or petitions for review) resulting in the final judicial approval of the Settlement Agreement. Notwithstanding the foregoing, any proceeding, order, or appeal pertaining solely to the award of attorneys’ fees or costs or Service

Award shall not by itself in any way delay or preclude the Judgment from taking effect on the Date of Final Judgment.

2.16 **“Funding Date”** is the date by which Defendant shall deposit the Gross Settlement Amount. If no objection to the Settlement is made, the Funding Date is thirty (30) calendar days following the later of (a) Defendant’s receipt from the Settlement Administrator of electronic wiring instructions and the final amount to be wired and (b) the **Date of Final Judgment**.

2.17 **“Gross Settlement Amount” (“GSA”)** is the maximum amount that Defendant will be required to pay pursuant to this Settlement Agreement. The Gross Settlement Amount is an all-in, total amount of Six Hundred Thousand Dollars and Zero Cents (\$600,000.00), which includes: (1) all payments to Class Members, (2) all settlement administration costs and fees, (3) any Service Award, and (4) all Class Counsel’s attorneys’ fees and costs.

2.18 **“Judgment”** means the Final Approval Order.

2.19 **“Individual Settlement Payment”** means the portion of the Net Settlement Fund allocated to an individual Participating Class Member, as detailed in Section 7.4.

2.20 **“Named Plaintiff”** means Andrian Melnichuk.

2.21 **“Net Settlement Fund” or “NSF”** means the Gross Settlement Amount less: (1) the Settlement Administrator’s fees and costs; (2) Court-approved Service Award; and (3) Court-approved attorneys’ fees and costs for Class Counsel.

2.22 **“Notice of Settlement”** means the Court-approved Notice of Proposed Class Action Settlement, as authorized in the Preliminary Approval Order, substantially in the form set forth as Exhibit A hereto.

2.23 **“Objector”** means a Class Member who properly and timely files an Objection to the Settlement.

2.24 **“Participating Class Members”** means all Class Members other than those who timely and properly elect not to participate in the Settlement by timely submitting a written and valid Request for Exclusion.

2.25 **“Parties”** means Named Plaintiff and Defendant (each a “Party”).

2.26 **“Preliminary Approval Order”** means the Order entered by the Court: (i) granting preliminary approval of the Settlement; (ii) certifying the CR 23 Class for settlement purposes only, appointing Class Counsel, appointing Class Representative, and appointing the Settlement Administrator; (iii) approving as to form and content the Notice of Settlement; (v) directing the distribution of the Notice of Settlement documents to Class Members; (iv) setting dates to carry out the terms of the Settlement, including the date of the Final Approval Hearing on the question of whether the proposed settlement, including without limitation payment of attorneys’ fees, costs, and the Service Award, should be finally approved as fair and reasonable.

2.27 **“Qualified Settlement Fund” or “QSF”** means the account established by the Settlement Administrator for the Gross Settlement Amount paid by Defendant. The account shall be opened and administered by the Settlement Administrator as a qualified settlement fund under Section 468B of the IRC and Treas. Reg. § 1.468B-1 et seq. The QSF will be controlled by the Settlement Administrator subject to the terms of this Agreement and the Court’s Orders for Preliminary Approval and Final Approval.

2.28 **“Released Class Claims”** means any and all claims, rights, demands, liabilities and causes of action were or could have been asserted in the Complaint and arising from Nurse Residency Participation Agreements and/or non-competition covenants during the period from January 1, 2020, through final approval of the settlement, including any and all associated wage damages, enhanced damages, attorneys’ fees, costs, and interest related to or arising from the

claims, whether founded on state, federal or local law, including any such claims under the Washington Noncompetition Covenant Act and the Washington Consumer Protection Act.

2.29 **“Release of Claims by Named Plaintiff”** means any and all claims, known or unknown, asserted or that might have been asserted, that Plaintiff has or might have against Defendant and Released Parties (“Plaintiff’s Released Claims”). Plaintiff’s Released Claims include without limitation breaches of contract, whether written, oral or implied; violations of any public policy; statutory claims, claims relating to the employment relationship, tort claims, including but not limited to intentional infliction of emotional distress and negligent infliction of emotional distress, defamation, misrepresentation, and fraud; retaliation claims; common law claims; any other claims for damages, costs, fees, or other expenses, including attorneys’ fees; and any violations of the following statutes, laws, and regulations: Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the Americans with Disabilities Act of 1990, as amended; the Family and Medical Leave Act of 1993, as amended; the Fair Labor Standards Act; the Washington Revised Code, the Washington Administrative Code, and any other federal, state, or local civil employment law, statute, regulation, or ordinance capable of being released by Plaintiff, excluding any claims that cannot be released as a matter of law.

2.30 **“Released Parties”** means Public Hospital District No. 1 d/b/a Valley Medical Center, the University of Washington, a state agency, and its academic medical center, UW Medicine (which includes without limitation UW Medical Center; Harborview Medical Center; UW Medicine/Northwest d/b/a Northwest Hospital and Medical Center; UW Physicians Network d/b/a UW Neighborhood Clinics; The Association of University Physicians d/b/a University of Washington Physicians; University of Washington School of Medicine; Airlift Northwest; and UW's membership in Children's University Medical Group), and their respective former and

current parents, subsidiaries, and affiliated entities, and their respective officers, directors, employees, partners, shareholders, agents, insurers, employee benefit plans, and any successors, assigns, or legal representatives.

2.31 **“Request for Exclusion”** means a written notice from a Class Member to the Settlement Administrator requesting exclusion from the Settlement in accordance with the process and deadlines described in Section 8.2.5.

2.32 **“Service Award”** means the award the Court approves to be paid to Named Plaintiff Andrian Melnichuk of up to Ten Thousand Dollars (\$10,000.00).

2.33 **“Settlement Agreement”** means this Class Action Settlement and its terms, which, subject to Court approval and the occurrence of the Settlement Effective Date, finally resolves the Action and the claims of all Participating Class Members.

2.34 **“Settlement Administrator”** means the entity appointed by the Court to administer the Settlement and perform the duties set forth in Section 8.

2.35 **“Settlement Administrator Costs”** shall mean the amount approved by the Court to be paid to the Settlement Administrator as described in Section 8.2.

2.36 **“Settlement Effective Date”** means: (a) If no Class Member objects to the Settlement, or if a Class Member objects to the Settlement but withdraws the objection prior to the Final Approval Hearing, the date on which the Court enters the Final Judgment; or (b) If a Class Member objects to the Settlement, the later of (i) the expiration of the time for appeal of the Final Judgment if there are no appeals from the Final Judgment, or (ii) the date on which all appeals are resolved in favor of the Settlement should there be any appeals of the Final Judgment.

3. DEFENDANT'S DENIAL OF WRONGDOING OR LIABILITY

3.1. Defendant denies all claims as to liability, damages, penalties, interest, fees, and restitution, and all other forms of relief as well as the class allegations asserted in the Action. Defendant agreed to resolve the action via this Settlement Agreement, but to the extent this Settlement Agreement is deemed void or the Final Judgment does not occur, Defendant does not waive, and expressly reserves, all rights to challenge all such claims and allegations in the Action upon all procedural and factual grounds, as well as asserting any and all other potential defenses or privileges including, but not limited to, that class certification is not appropriate for the alleged claims. Class Counsel and Named Plaintiff agree that Defendant retains and reserves these rights, agree not to argue or present any argument, and hereby waive any argument that, based on this Settlement Agreement, Defendant cannot assert any and all potential defenses and privileges if the Action were to proceed.

4. BENEFITS OF THE SETTLEMENT TO THE CLASS AND DEFENDANT

4.1. Class Counsel have diligently pursued an investigation of the claims against Defendant. Based on their own independent investigation and evaluation, Class Counsel are of the opinion that settlement with Defendant for the consideration and on the terms set forth in this Settlement is fair, reasonable, and adequate, and is in the best interest of the Class in light of all known facts and circumstances, including the risk of significant delay and uncertainty associated with litigation, various factual and legal defenses asserted by Defendant, including the risk that the Class would not be certified. In addition to the above, Class Counsel weighed the monetary benefit provided by the Settlement to the Class against the expenses and length of continued proceedings that would be necessary to prosecute the Action against Defendant through further litigation, trial,

and possible appeals. Therefore, Class Counsel have determined that the settlement set forth in this Settlement is in the best interests of the Class.

4.2. Defendant and Defendant's Counsel also agree that the Settlement is fair and reasonable given the uncertainty and risks and costs of further litigation because Defendant concluded that further litigation of the Action could be protracted, distracting, and expensive, and that it is desirable that the Action be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation. Defendant therefore determined that it is desirable and beneficial to it to settle the Action in the manner and upon the terms and conditions set forth in this Settlement Agreement.

4.3. It is the Parties' intention that this Settlement shall constitute a full and complete settlement and release of Named Plaintiff's Released Claims and any and all of the Class Members' Released Class Claims against any and all of the Released Parties.

5. CERTIFICATION OF THE SETTLEMENT CLASS FOR SETTLEMENT PURPOSES ONLY

5.1. For settlement purposes only, the Parties agree that a class shall be certified under Washington Civil Rule 23 as: all VMC employees who signed a Nurse Residency Participation Agreement with a noncompetition covenant whose annual earnings from VMC were below the following levels during the listed year:

2020: \$100,000.00
2021: \$100,000.00
2022: \$107,301.04
2023: \$116,593.18
2024: \$120,559.99

5.2. For purposes of settling the Action, the Parties conditionally stipulate that the prerequisites for establishing class certification under CR 23 have been met.

5.3. The Settlement Agreement is contingent upon the approval and certification by the Court, for settlement purposes only, of the Class under CR 23. If the Court does not grant either the Preliminary Approval or Final Approval of the Settlement, Defendant does not waive, and instead expressly reserves, its rights to challenge the propriety of class certification for any purpose as if this Settlement Agreement had not been agreed or submitted to the Court by the Parties.

6. SETTLEMENT ADMINISTRATOR

6.1. Retention. The Settlement Administrator will be jointly selected by counsel for Plaintiff and Defendant. Neither Party shall unreasonably refuse to approve an Administrator.

6.2. Responsibilities of the Settlement Administrator. The Settlement Administrator shall be responsible for carrying out all tasks necessary to effectuate the Settlement, including:

- executing all mailings and forms of notice to Class Members;
- receiving and processing any objections or Requests For Exclusion;
- notifying the Parties of any objections or Requests For Exclusion;
- receiving and processing the settlement funds from Defendant;
- distributing funds as approved by the Court for compensation of the Settlement Administrator; payment of a Service Award, attorneys' fees and costs; and
- distributing payments to Class Members.

6.3. Access to the Settlement Administrator. The Parties will have equal access to the Settlement Administrator throughout the settlement administration period. The Parties shall provide the Settlement Administrator with the information necessary to effectuate payment to class members, and both Parties shall reasonably assist the Settlement Administrator in locating Class Members.

6.4. Disputes. Both Parties shall have the right to review and approve all calculations of the Settlement Administrator and can raise any disputes with the calculations to the Settlement Administrator and the other Party for any necessary revisions, consistent with the terms of this Settlement Agreement.

7. **OPERATIVE TERMS OF THE SETTLEMENT AND PAYMENTS**

7.1. **Gross Settlement Amount**

7.1.1. Defendant shall pay the Gross Settlement Amount (“GSA”) of Six Hundred Thousand Dollars and Zero Cents (\$600,000.00) to resolve the Action on a class action basis, as more fully described herein. The GSA includes any and all Court-approved (a) attorneys’ fees, litigation costs, (c) settlement administration costs, and (d) Service Award to Named Plaintiff, as well as any and all amounts payable to the Participating Class Members. The GSA shall be an all-in amount with no reversion to Defendant. The GSA is the maximum amount that Defendant will be required to pay pursuant to this Settlement Agreement.

7.2. **Service Award**

7.2.1. In return for services rendered to Class Members and Collective Members, Named Plaintiff will apply to the Court to receive up to Ten Thousand Dollars (\$10,000) as a Service Award from the GSA. The application for a Service Award is to be considered with Court’s consideration of the fairness, reasonableness, adequacy, and good faith of the settlement of the Action. The outcome of the Court’s ruling on the application for the Service Award will not terminate this Settlement Agreement or otherwise affect the Court’s ruling on the Motion for Final Approval, Final Approval Order, or the fairness or reasonableness of this Settlement. Any amount ultimately not approved by the Court will become part of the Net Settlement Fund to be distributed to Participating Class Members. Defendant will not oppose the application for a Service Award.

7.2.2. The Court-approved Service Award shall be paid as 1099 non-wage income.

7.3. **Class Counsel's Attorneys' Fees and Costs**

7.3.1. At the Final Approval Hearing and through the Application for Final Approval, Class Counsel will petition the Court for an award of attorneys' fees in the amount of no more than 33.3% of the GSA (\$199,800.00), plus reimbursement of actual litigation expenses and costs. Defendant will not oppose this application, including any appeal or request for reconsideration if the application is denied or modified by the Court.

7.3.2. The outcome of any proceedings related to Class Counsel's application for fees and costs shall not terminate this Settlement Agreement or otherwise affect the Court's ruling on the Motion for Final Approval. Any amount ultimately not approved by the Court will become part of the Net Settlement Fund to be distributed to Participating Class Members.

7.4. **Calculation of Participating Class Settlement Payments**

7.4.1. The Net Settlement Fund shall be divided amongst participating class members in equal shares.

7.4.2. No Effect On Employee Benefits. The Individual Settlement Payments and Service Award shall be deemed not to be pensionable earnings and shall not have any effect on the eligibility for, or calculation of, any of the employee benefits (e.g., 401(k) plans, retirement plans, etc.) of Named Plaintiff or Class Members. The Parties agree that any Individual Settlement Payments and Service Award paid under the terms of this Settlement Agreement do not represent any modification of their previously credited hours of service or other eligibility criteria under any employee pension benefit plan or employee welfare benefit plan sponsored by Defendant. Further, any Individual Settlement Payments and Service Award paid to former employees hereunder shall not be considered "compensation" in any year for purposes of determining eligibility for, or benefit

accrual under any employee pension benefit plan (including any 401(k) plan) or employee welfare benefit plan sponsored or contributed to by Defendant.

7.5. **Release**

7.5.1 By operation of the entry of the Final Approval Order, except as to such rights or claims as may be created by this Settlement Agreement, each Participating Class Member, on his or her behalf and on behalf of his or her respective, current, former and future heirs, spouses, executors, administrators, agents, and attorneys, forever and fully releases Defendant and the other Released Parties from all Released Class Claims. In addition to the Released Class Claims, Plaintiff fully and finally releases Defendant and the other Released Parties from Plaintiff's Released Claims.

8. NOTICE TO CLASS AND SETTLEMENT PROCEDURE

8.1. **Preliminary Approval**

Class Counsel shall submit to the Court this Settlement Agreement, and exhibits thereto, for preliminary approval by the Court and seeking the issuance of the Preliminary Approval Order. Class Counsel will prepare and file the Preliminary Approval motion papers, but will send the Preliminary Approval motion papers and proposed Preliminary Approval Order to Defendant's Counsel for their review, and give Defendant's Counsel two (2) weeks to review and suggest reasonable revisions (with the Parties to confer in good faith on proposed revisions) before filing.

8.2. **Notice of Settlement**

8.2.1. Within ten (10) days following the date of the Preliminary Approval Order, Defendant will send to the Settlement Administrator the Class Data. Upon receipt of the Class Data, the Settlement Administrator shall check the names of Class Members with the U.S. Postal Service National Change of Address Database and update any addresses with any new information

found regarding the location of those Class Members. The Settlement Administrator will update the Class Data with the new contact information found pursuant to its obligations in this Section or based on information provided by Class Members during the claims process. The Class Data shall be used by the Settlement Administrator solely for the purpose of administering the Settlement. The Class Data shall be kept confidential by the Settlement Administrator.

8.2.2. Within seven (7) days of receiving the Class Data from Defendant, the Settlement Administrator will send via first class mail the Notice of Settlement approved by the Court to the Class Members using the Class Data that Defendant provided to the Settlement Administrator as updated by the Settlement Administrator as described in Section 8.2.1 above.

8.2.3. If any Notice of Settlement is returned to the Settlement Administrator as undeliverable, the Settlement Administrator shall run a skip-trace in an effort to attempt to ascertain the current address of the Class Member. If such address is ascertained, the Settlement Administrator shall re-mail the Notice of Settlement within ten (10) days. If alternative addresses are obtained for a Class Member, the Settlement Administrator shall send the Notice of Settlement to up to three (3) alternative addresses.

8.2.4. Class Members, except Named Plaintiff, will have thirty (30) days from the date of mailing the Notices of Settlement within which to file an objection to the Settlement. To object, a Class Member must send to the Settlement Administrator a written objection as set forth in the Notice of Settlement and provide notice of any intent to appear at the Final Approval Hearing. Named Plaintiff cannot object to the Settlement.

8.2.5. Class Members, except Named Plaintiff, will have thirty (30) days from the date of mailing the Notice of Settlement within which to opt out of and be excluded from the Settlement. To opt out, a Class Member must submit a written request to opt out to the Settlement

Administrator (“Request for Exclusion”) within this 30-day deadline. Written Requests for Exclusion that are post-marked after this 30-day deadline will be rejected, and Class Members submitting untimely Requests for Exclusion shall be bound by the Settlement and its releases and will be Participating Class Members for settlement distribution purposes unless the Court orders that the request to opt out is a valid Request for Exclusion. A Class Member who submits a valid Request for Exclusion will not be a Participating Class Member, will not participate in or be bound by the Settlement and the Judgment, and will not receive an Individual Settlement Payment. Named Plaintiff and Class Counsel agree that they will not solicit or encourage any individual to opt out of and be excluded from the Settlement.

8.3. Final Approval

8.3.1. Prior to the Final Approval Hearing, Plaintiff will move the Court for entry of the Order of Final Approval: (a) finally approving the Settlement on a class basis as fair and adequate; (b) approving Class Counsel’s application for an award of attorneys’ fees and costs; (c) approving the Named Plaintiff’s application for a Service Award; (d) approving the payment of reasonable Settlement Administrator Costs; and (e) releasing and barring any further Released Class Claims by Participating Class Members. The Parties and their counsel shall make all reasonable efforts to secure entry of the Order of Final Approval and Judgment. The Motion for Final Approval and proposed Order of Final Approval shall be sent to Defendant’s Counsel for review. Class Counsel shall give Defendant’s Counsel two (2) weeks to review and suggest reasonable revisions (with the Parties to confer in good faith on proposed revisions) before their filing with the Court in connection with the Final Approval Hearing.

8.4. Funding and Distribution of the Settlement

8.4.1. Within fourteen (14) days after the Date of Final Judgment, the Settlement Administrator shall send to Defendant's Counsel electronic wiring instructions to fund the Gross Settlement Amount into the Qualified Settlement Fund.

8.4.2. By the Funding Date, as defined in Section 2.17, Defendant shall pay into the QSF the Gross Settlement Amount.

8.4.3. Within fourteen (14) days after Defendant funds the QSF, the Settlement Administrator shall issue and mail Individual Settlement Payments to Participating Class Members in the form of a check which shall become null and void if not deposited within the 180-day Check Cashing Period.

8.4.4. Within fourteen (14) days after Defendant funds the QSF, the Settlement Administrator shall pay the Court-approved attorneys' fees and costs to Class Counsel or a trust account designated by Class Counsel. Class Counsel shall provide to the Settlement Administrator the pertinent taxpayer identification number and IRS Form W-9 within seven (7) days after the Funding Date, receipt of which are preconditions for payment of the settlement funds. Notwithstanding, if as of the Funding Date, there is any ongoing proceeding or appeal pertaining solely to the award of Court-approved attorneys' fees and costs to Class Counsel, then such payment will be delayed until fourteen (14) days after the entry of a final non-appealable ruling and/or judgment concerning Court-approved attorneys' fees and costs to Class Counsel.

8.4.5. Within ten (10) days after Defendant funds the QSF, the Settlement Administrator shall send a check by mail for the Court-approved Service Award directly to the Named Plaintiff. Named Plaintiff shall provide the Settlement Administrator, with a copy to Defendant, an IRS Form W-9, receipt of which is a precondition for payment of the settlement funds. Notwithstanding, if as of the Funding Date, there is any ongoing proceeding or appeal pertaining

solely to the Court-approved Service Award to the Named Plaintiff, then such payments will be delayed until fourteen (14) calendar days after the entry of a final non-appealable ruling and/or judgment concerning the Court-approved Service Award.

8.4.6. Unclaimed Funds. Any portion of the Gross Settlement Amount not distributed as per the terms hereof, including any Individual Settlement Payment checks not cashed before the expiration of the Check Cashing Period, shall be paid by the Settlement Administrator to the Legal Foundation of Washington.

9. TAX CHARACTERIZATION OF SETTLEMENT PAYMENTS

9.1. For tax purposes, One Hundred Percent (100%) of Individual Settlement Payments to Participating Class Members will be treated as 1099 non-wage income as liquidated damages and interest.

9.2. Payments treated as liquidated damages and interest shall be made without withholding and shall be reported to the IRS and the payee, as required by law, under the payee's name and social security number on an IRS Form 1099-MISC as other income. Payment of attorneys' fees and costs shall be made without withholding. Class Counsel must submit W-9 forms to the Settlement Administrator, and Class Counsel will receive a Form 1099 for this payment. Payment of a Service Award under Section 7.2 will be treated and reported as 1099 non-wage income.

9.3. Neither Class Counsel nor Defendant's Counsel intend anything contained in this Settlement to constitute advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise. Participating Class Members will assume any potential tax obligations or consequences that may arise from this Agreement related to their settlement

shares, including any amount assessed by any federal, state, or local government or agency, and shall not seek any indemnification from Defendant in this regard. The Parties agree that, in the event any federal, state, or local government or agency determines that additional taxes are due from any Participating Class Member with respect to their settlement shares, that such Participating Class Member assumes all responsibility for the payment of any such taxes and agrees to hold Defendant harmless for the payment of such taxes, any failure to withhold, and any penalties associated therewith.

10. TERMINATION OF SETTLEMENT AGREEMENT

10.1. Settlement Agreement Conditioned On Court Approval. This Settlement Agreement is expressly contingent on obtaining final Court approval of the Settlement and the dismissal with prejudice of the Action. This Settlement Agreement is not contingent upon approval by the Court of Class Counsel's application for attorneys' fees and/or the Service Award sought.

10.2. Other Grounds for Settlement Termination.

10.2.1. If more than 5% of the Class Members opt out of this settlement, then Defendant may, at its option, choose to nullify and terminate this Settlement Agreement. In the event that Defendant exercises its right to terminate this Settlement Agreement, Defendant shall be solely responsible for all costs of the Settlement Administrator accrued to that point.

10.2.2. Defendant represents that there are 138 Class Members. If this number increases by more than 5% for any reason prior to preliminary approval, Named Plaintiff may nullify and terminate this Settlement Agreement. In the event that Named Plaintiff exercises his right to terminate this Settlement Agreement, Named Plaintiff shall be solely responsible for all costs of the Settlement Administrator accrued to that point.

10.2.3. To exercise the right to terminate this Settlement Agreement, the terminating Party shall give written notice of termination to the other Party and the Settlement Administrator, via email and overnight mail. Such written notice of termination must be provided within ten (10) days of receiving notice of the grounds for Settlement Termination set forth above.

10.3. Effect of Termination. If the Court does not finally approve the Settlement or if the Settlement Agreement is otherwise terminated at the election of one of the Parties pursuant to Section 10.2, then the Settlement Agreement is null and void *ab initio*, and the Parties will revert to their pre-settlement positions.

10.4. If the Court grants Preliminary Approval, but not Final Approval, the Settlement Administrator will issue a Court-approved notice to Participating Collective Members that the Settlement Agreement did not receive Final Approval and that, as a result, no payments will be made to Participating Class Members. Such notice shall be sent by the Settlement Administrator via First-Class United States Mail. The cost of sending such notice shall be borne equally by both Parties.

10.5. If the Court declines to enter the Preliminary Approval Order or the Final Approval Order, the Parties agree to work together in an effort to resolve any issues that the Court identified in an attempt to reach a modified agreement to resubmit to the Court for approval. The Parties may jointly or independently seek reconsideration of a ruling by the Court declining to enter the Preliminary Approval Order or Final Approval Order in the form requested by the Parties, or seek approval of a renegotiated settlement.

11. MISCELLANEOUS PROVISIONS

11.1. Each of the Parties has entered into this Settlement Agreement with the intention to avoid further disputes and litigation over the issues raised in this case with the attendant inconvenience, expenses, and contingencies.

11.2. The Parties agree to cooperate fully with one another to accomplish and implement the terms of this Settlement Agreement. Such cooperation shall include, but not be limited to, execution of such other documents and the taking of such other action as may reasonably be necessary to fulfill the terms of this Settlement Agreement. The Parties to this Settlement Agreement shall exercise reasonable efforts, including all efforts contemplated by this Settlement Agreement and any other efforts that may become necessary by Court order, or otherwise, to effectuate this Settlement and the terms set forth herein.

11.3. Unless otherwise specifically provided herein, all notices, demands, or other communications given hereunder shall be in writing and shall be deemed to have been duly given as of the date of receipt by email or first-class mail, addressed as follows:

To the Class:

Joseph Wright
HKM Employment Attorneys LLP
600 Stewart Street
Suite 901
Seattle, WA 98101
jwright@hkm.com

To Defendant:

James Sanders
Perkins Coie, LLP
1301 Second Avenue
Suite 4200
Seattle, WA 98101-3804
JSanders@perkinscoie.com

11.4. This Settlement Agreement upon its full execution constitutes the entire settlement agreement between the Parties hereto. No representations, warranties, or inducements have been made to any Party concerning the Settlement Agreement or its exhibits other than the representations, warranties, and covenants contained and memorialized in such documents. Except as otherwise provided herein, each Party shall bear his or its own costs. Defendant's complete obligations are detailed herein, and the Parties agree and understand that there shall be no injunctive relief included as part of any term of the Settlement.

11.5. This Settlement Agreement may not be changed, altered, or modified, except in writing signed by the Parties hereto and approved by the Court. This Settlement Agreement may not be discharged except by performance in accordance with its terms or by a writing used by the Parties hereto.

11.6. If any provision of this Settlement Agreement or the application thereof is held invalid, such invalidation shall not affect other provisions or applications of this Settlement Agreement (except as otherwise expressly provided herein), and to this end the provisions of this Settlement Agreement are declared to be severable (except as otherwise provided).

11.7. This Settlement Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, trustees, executors, administrators, successors, and assigns.

11.8. Named Plaintiff represents that he has not heretofore assigned or transferred, or purported to assign or transfer, to any person or entity, any claim or any portion thereof or interest therein of any claims covered by the Named Plaintiff's released claims.

11.9. This Settlement Agreement shall become binding upon its execution by all of the undersigned, subject to Court approval as provided herein. This Settlement Agreement may be executed in one or more counterparts by facsimile, electronic signature, or email which for purposes of this agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Settlement Agreement.

11.10. The rights and obligations of the Parties hereunder shall be construed and enforced in accordance with, and shall be governed by, the laws of the State of Washington, without regard to principles of conflict of laws.

11.11. The Parties agree that the Court shall retain jurisdiction to decide all disputes pertaining to the implementation and enforcement of the terms of the Settlement Agreement.

11.12. Section titles or captions contained in the Settlement Agreement are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Stipulation, or any provision thereof.

11.13. This Settlement Agreement shall be construed and interpreted as if all of its language were prepared jointly by the Parties. No language in this Settlement Agreement shall be construed against a Party on the ground that such Party drafted or proposed that language.

11.14. Each attorney signing below represents that he or she has been authorized to execute this Settlement Agreement on behalf of the attorney's respective client(s). Class Counsel, on behalf of the Settlement Class, represents that, after consultation with and approval by the Named Plaintiff, as Class representative, Class Counsel is expressly authorized to take all appropriate action required or permitted to be taken pursuant to the Settlement Agreement to effect its terms, and also is expressly authorized to enter into any modifications or amendments to the

Settlement Agreement on behalf of the Class, which Class Counsel deems appropriate. Similarly, Defendant's Counsel represents that they are expressly authorized to take all appropriate action required or permitted to be taken by Defendant pursuant to the Settlement Agreement to effect its terms, and also are expressly authorized to enter into any modifications or amendments to the Settlement Agreement on behalf of Defendant which they deem appropriate.

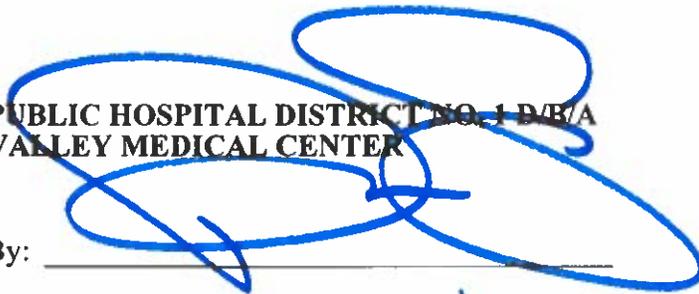
IN WITNESS WHEREOF, this Class Action Settlement is executed by the Parties and their duly authorized attorneys, as of the day and year herein set forth.

THIS SPACE INTENTIONALLY BLANK

WE AGREE TO THESE TERMS,

DATED: 9/18/25

**PUBLIC HOSPITAL DISTRICT NO. 1 D/B/A
VALLEY MEDICAL CENTER**

By: 

Its: General Counsel

DATED: 08 / 27 / 2025

NAMED PLAINTIFF


ANDRIAN MELNICHUK

DATED: _____

CLASS COUNSEL

JOSEPH WRIGHT

DATED: _____

DEFENDANT'S COUNSEL

JAMES SANDERS

WE AGREE TO THESE TERMS,

DATED: -----

**PUBLIC HOSPITAL DISTRICT NO. 1 D/B/A
VALLEY MEDICAL CENTER**

By:-----

Its: -----

DATED: -----

NAMED PLAINTIFF

ANDRIAN MELNICHUK

DATED: 09 / 01 / 2025

CLASS COUNSEL

Joseph W. Wright

JOSEPH WRIGHT

DATED: 09/18/2025

DEFENDANT'S COUNSEL



JAMES SANDERS