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**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SACRAMENTO**

MICHAEL PAYNE and BROOKE
SOMMERDORF, individuals on behalf of
themselves, the State of California, as private
attorneys general, and on behalf of all others
similarly situated,

Plaintiffs,

v.

REACH AIR MEDICAL SERVICES, LLC, a
California Limited Liability Company; REACH
MEDICAL HOLDINGS, LLC, a Delaware
Limited Liability Company; CALSTAR AIR
MEDICAL SERVICES LLC, a Delaware
Limited Liability Company; and DOES 1 TO 50,

Defendants.

Case Nos.: 24CV008383, 24CV010355

**Settlement Agreement and Release of Class
and PAGA Actions**

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Calstar Air Medical Services LLC

SETTLEMENT AGREEMENT AND RELEASE OF CLASS AND PAGA ACTIONS

This Settlement Agreement and Release of Class and PAGA Actions (“Settlement Agreement”) is made and entered into by: **(1)** Plaintiffs Michael Payne and Brooke Sommerdorf (collectively “Plaintiffs”), individually and in their representative capacity on behalf of the Settlement Class, as defined below, and as private attorneys general on behalf of the State of California; and **(2)** Defendants Reach Air Medical Services, LLC, Reach Medical Holdings, LLC, and Calstar Air Medical Services LLC (collectively, “Defendants”). Plaintiffs and Defendants are collectively referred to herein as the “Parties.” This Settlement Agreement is subject to the approval of the Court, pursuant to California Rules of Court, rule 3.769, subdivisions (c), (d), and (e), and is made for the sole purpose of attempting to consummate settlement of the actions on a class-wide basis subject to the following terms and conditions. As detailed below, if the Court does not enter an order granting final approval of this Settlement Agreement or the conditions precedent are not met for any reason, this Settlement Agreement is void and of no force or effect whatsoever.

1. DEFINITIONS

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

1.1. ACTIONS

“Actions” shall mean the following civil actions: **(1)** *Michael Payne, et al. v. Reach Air Medical Services, LLC, et al.*, case number 24CV008383 currently pending before the Superior Court of the State of California for the County of Sacramento, and **(2)** *Brooke Sommerdorf v. Reach Medical Holdings, LLC, et al.*, case number 24CV010355 currently pending before the Superior Court of the State of California for the County of Sacramento.

1.2. ADMINISTRATIVE EXPENSES

“Administrative Expenses” shall include all costs and expenses associated with and paid to the third-party settlement administrator, which are estimated not to exceed \$25,000.00.

1 **1.3. APPLICABLE WAGE ORDERS**

2 “Applicable Wage Orders” shall mean the California Industrial Welfare Commission (“IWC”)
3 Wage Orders applicable to the facts of this case, including IWC Wage Orders 4-2001 and 9-2001 and
4 others that may be applicable. (Cal. Code of Regs., tit. 8, §§ 11040, 11090.)

5 **1.4. CLAIMS**

6 “Claims” shall mean the claims asserted in the Actions.

7 **1.5. CLASS ATTORNEY FEES AND EXPENSES**

8 “Class Attorney Fees and Expenses” shall mean the portion of the Gross Settlement Amount
9 attributable to attorney fees and litigation expenses. The Parties agree that the fee-portion of the Class
10 Attorney Fees and Expenses shall be up to one-third of the Gross Settlement Amount (i.e.,
11 \$666,666.67), as approved by the Court, and the award of costs and expenses shall be up to an
12 additional \$40,000.00. If the Escalator Provision described below is triggered so as to increase the
13 Gross Settlement Amount, the Parties agree that the fee portion of the Class Attorney Fees and
14 Expenses will increase proportionally such that the total amount of attorneys’ fees remains one-third
15 of the Gross Settlement Amount *after* the upward adjustment required by the Escalator Provision is
16 implemented.

17 **1.6. CLASS COUNSEL**

18 “Class Counsel” shall mean Jonathan Melmed, Kyle D. Smith, and Jaqueline Antillón of
19 Melmed Law Group P.C. and Robert W. Ottinger of The Ottinger Firm, P.C.

20 **1.7. CLASS MEMBER**

21 “Class Member” shall mean any person who is a prospective member of the Settlement Class,
22 or, if such person is incompetent or deceased, the person’s legal guardian, executor, heir, or successor-
23 in-interest.

24 **1.8. CLASS NOTICE**

25 “Class Notice” shall mean the *Notice of Proposed Class and PAGA Action Settlement*, as set
26 forth in the form of **Exhibit 1** attached hereto, or as otherwise approved by the Court, which is to be
27 mailed to Class Members along with the Share Form.

1.9. CLASS PARTICIPANTS

“Class Participants” shall mean all Class Members who do not timely request exclusion from the Class Settlement.

1.10. CLASS PERIOD

“Class Period” shall mean the period from May 24, 2020, through August 8, 2025, as applied to the Non-Flight Crew Settlement Sub-Class, and May 5, 2023 through August 8, 2025, as applied to the Flight Crew Settlement Sub-Class.

1.11. CLASS REPRESENTATIVES

“Class Representatives” shall mean Plaintiffs Michael Payne and Brooke Sommerdorf.

1.12. CLASS SETTLEMENT

“Class Settlement” shall mean the settlement embodied in this Settlement Agreement, which is subject to Court approval.

1.13. COMPLAINT

“Complaint” shall mean the currently-operative complaints in the Actions.

1.14. COURT

“Court” shall mean the Superior Court of the State of California for the County of Sacramento.

1.15. DEFENDANTS

“Defendants” shall mean Defendants Reach Air Medical Services, LLC, Reach Medical Holdings, LLC, and Calstar Air Medical Services LLC.

1.16. DEFENSE COUNSEL

“Defense Counsel” shall mean the attorneys representing Defendants.

1.17. EFFECTIVE DATE

“Effective Date” shall be the date when all of the following events have occurred: **(a)** this Settlement Agreement has been executed by all Parties and by Class Counsel and Defense Counsel; **(b)** the Court has given preliminary approval to the Class Settlement; **(c)** notice has been given to the Settlement Class providing them with an opportunity to request exclusion from the Class Settlement; **(d)** the Court has held a Final Approval and Fairness Hearing and entered a final order and judgment certifying the Settlement Class and approving this Settlement Agreement; and **(e)** the later of the

following events: (i) the expiration of the period for filing any appeal, writ, or other appellate proceeding opposing the Class Settlement has elapsed without any appeal, writ, or other appellate proceeding having been filed; (ii) the dismissal of any appeal, writ, or other appellate proceeding opposing the Class Settlement with no right to pursue further remedies or relief; or (iii) any appeal, writ, or the issuance of such other final appellate order upholding the Court's final order with no right to pursue further remedies or relief. In this regard, it is the intention of the Parties that the Class Settlement shall not become effective until the Court's order approving the Class Settlement is completely final and there is no further recourse by an appellant or objector who seeks to contest the Class Settlement. If no objections are filed, the Effective Date shall be after steps (a) through (d) are completed (i.e., the date that the court has entered a final order and judgment certifying the Settlement Class and approving this Settlement Agreement).

1.18. EMPLOYEE'S TAXES AND REQUIRED WITHHOLDING

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

1.19. EMPLOYER'S TAXES

"Employer's Taxes" shall mean and refer to Defendants' share of payroll taxes (e.g., Unemployment Insurance, Employment Training Tax, Social Security, and Medicare taxes) that is owed on the portion of any Class Participant's Individual Settlement Amount that constitutes wages. The Employer's Taxes shall be separately paid by Defendants and shall not be paid from the Gross Settlement Amount or Net Settlement Amount.

1.20. FINAL APPROVAL AND FAIRNESS HEARING

"Final Approval and Fairness Hearing" shall mean the final hearing held to ascertain the fairness, reasonableness, and adequacy of the Class Settlement.

1.21. GROSS SETTLEMENT AMOUNT

“Gross Settlement Amount” is the agreed upon non-reversionary settlement amount totaling \$2,000,000.00 to be paid by Defendants in full settlement of the Released Claims asserted in this case, inclusive of the Administrative Expenses, the Employee’s Taxes and Required Withholdings, the Class Attorney Fees and Expenses, the Service Awards, and PAGA Payment. Defendants shall separately pay its share of the Employer’s Taxes in addition to the Gross Settlement Amount on the portion of each Individual Settlement Amount allocated as wages.

1.22. HEARING ON PRELIMINARY APPROVAL

“Hearing on Preliminary Approval” shall mean the hearing held on the motion for preliminary approval of the Class Settlement.

1.23. SERVICE AWARDS

“Service Awards” shall mean any additional monetary payment provided to the Class Representatives for their efforts and risks on behalf of the Settlement Class in this Actions.

1.24. INDIVIDUAL SETTLEMENT AMOUNT

“Individual Settlement Amount” shall mean the amount which is ultimately distributed to each Class Participant, less any Employee’s Taxes and Required Withholdings. The Individual Settlement Amount does not include any portion of the PAGA Payment.

1.25. NET SETTLEMENT AMOUNT

“Net Settlement Amount” shall mean the Gross Settlement Amount minus: Administrative Expenses; Class Attorney Fees and Expenses; 75% of the share of the Gross Settlement Amount allocated toward penalties pursuant to the Labor Code Private Attorney General Act of 2004 (“PAGA”), codified at Labor Code sections 2698 through 2699.6, which are payable to the California Labor and Workforce Development Agency (“LWDA”); and Plaintiffs’ Service Awards.

1.26. OPT OUT

“Opt Out” shall refer to the process of submitting a timely and valid request for exclusion from the Class Settlement in accordance with the terms of the Class Notice and no later than the Response Deadline.

1.27. OPT-OUTS

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

1.28. PAGA PAYMENT

“PAGA Payment” means the penalties pursuant to PAGA that the Parties have agreed is a reasonable sum to be paid in settlement of the PAGA claims included in the Actions, which is \$150,000.00. The PAGA Payment is to be approved by the Court pursuant to Labor Code section 2699 and is to be distributed as follows: seventy-five percent (75%) (i.e., \$112,500.00) to the LWDA and twenty-five percent (25%) (i.e., \$37,500.00) to the PAGA Settlement Class. Class Counsel shall give timely notice of this Settlement Agreement to the LWDA pursuant to Labor Code section 2699.

1.29. PAGA PERIOD

“PAGA Period” shall mean the period from April 27, 2023, through August 8, 2025.

1.30. PAGA SETTLEMENT CLASS

“PAGA Settlement Class” shall mean all persons employed by Defendants in California as non-exempt employees during the PAGA Period.

1.31. PARTIES

“Parties” shall mean Plaintiffs and Defendants.

1.32. PLAINTIFFS

“Plaintiffs” shall mean Plaintiffs Michael Payne and Brooke Sommerdorf.

1.33. PRELIMINARY APPROVAL DATE

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

1.34. QUALIFYING PAGA PAY PERIOD

“Qualifying PAGA Pay Period” shall be mean any pay period in which Defendants’ pay data reflects that a particular Aggrieved Employee performed work during the PAGA Period.

1.35. QUALIFYING WORKWEEK

“Qualifying Workweek” shall be mean any workweek in which Defendants’ pay data reflects that a particular Class Member performed work during the operative Class Period for the sub-classes.

1.36. RELEASED CLAIMS

“Released Claims” shall mean and include any and all claims, rights, demands, liabilities, and causes of action of any kind arising from the alleged violation of any California and/or federal law that occurred during the Class Period that were pled in the Notices submitted by either Plaintiff to the California Labor Workforce and Development Agency (“LWDA”), or in the operative complaints filed in either Action, or that could have been brought based on the factual allegations stated therein, including but not limited to claims brought under California Labor Code §§ 200, 201–203, 204, 205.5, 210, 216, 218, 218.5, 218.6, 221, 223, 224, 226, 226.3, 226.7, 233, 234, 246, 246.5, 400–410, 450, 510, 512, 551, 552, 558, 558.1, 1174, 1174.5, 1185, 1194, 1194.2, 1197, 1197.1, 1198, 1198.5, 1199, 2800, 2802, 2804, California Code of Regulations Title 8, the applicable sections of the relevant Industrial Welfare Commission Wage Orders; California Business and Professions Code section 17200 *et seq.*; and any damages, penalties, restitution, disgorgement, interest, costs, or attorneys’ fees as a result thereof.

No other claims are released other than as specified herein. This Settlement Agreement will not release any person, party, or entity from claims, if any, by Class Members for workers compensation, unemployment, or disability benefits of any nature. Nor does it release any claims, actions, or causes of action which may be possessed by Class Members under state or federal discrimination statutes, including, without limitation, the California Fair Employment and Housing Act (Gov. Code, §§ 12900–12996); the Unruh Civil Rights Act (Civ. Code, § 51); the California Constitution; Title VII of the Civil Rights Act of 1964 (42 U.S.C. § 2000, *et seq.*); the Americans with Disabilities Act (42 U.S.C. § 12101, *et seq.*); the Employee Retirement Income Security Act of 1974 (29 U.S.C. § 1001 *et seq.*); and all of their implementing regulations and interpretive guidelines.

1.37. RELEASED PARTIES

“Released Parties” shall mean Defendants, and their parents, subsidiaries, affiliated entities, assigns, and successors, and each of their respective officers, employees, directors, shareholders, owners, agents, managers, and joint venturers, or any individual or entity which could be jointly liable with Defendants, and all persons or entities acting by, through, under, or in concert with any of them.

1.38. RELEASING PARTIES

“Releasing Parties” shall mean every Class Participant and all persons purporting to act on their behalf or purporting to assert a claim under or through them, including, but not limited to, their dependents, heirs, assigns, beneficiaries, devisees, legatees, executors, administrators, agents, trustees, conservators, guardians, personal representatives, and successors-in-interest, whether individual, class, representative, legal, equitable, direct or indirect, or any other type or in any other capacity.

1.39. RESPONSE DEADLINE

“Response Deadline” shall mean the date forty-five (45) days following the date on which the Settlement Administrator first mails Class Notice to the Class Members and the last day on which Class Members may submit a request for exclusion and/or objection to Class Settlement.

1.40. SETTLEMENT ADMINISTRATOR

“Settlement Administrator” shall mean the settlement administrator that provides the lowest qualified bid between Phoenix Settlement Administrators, Simpluris, Inc., or Apex Class Action, LLC (or other administrator agreed on by the parties) which the Parties have agreed will be responsible for administration of the Class Settlement and related matters.

1.41. SETTLEMENT CLASS

“Settlement Class” shall mean the following two sub-classes:

- 1. Flight Crew Settlement Sub-Class:** All persons employed by Defendants in California as non-exempt Pilots, Paramedics, and Nurses during the period from May 5, 2023 through August 8, 2025.
- 2. Non-Flight Crew Settlement Sub-Class:** All persons employed by Defendants in California as non-exempt employees during the period from May 24, 2020 through August 8, 2025.

1.42. SHARE FORM

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

2. FACTUAL AND PROCEDURAL BACKGROUND

2.1. PLAINTIFFS' CLAIMS

Plaintiffs, individually and in their representative capacity on behalf of the Settlement Class, and as private attorneys general on behalf of the State of California, have alleged the following violations: **(1)** failure to pay minimum wage for all hours worked; **(2)** failure to pay proper overtime wages; **(3)** failure to provide compliant rest periods and/or pay missed rest break premiums; **(4)** failure to provide compliant meal periods and/or pay missed meal period premiums; **(5)** failure to maintain accurate employment records; **(6)** failure to pay timely wages during employment; **(7)** failure to pay all wages due and owing at separation; **(8)** failure to reimburse business expenses; **(9)** failure to provide sick leave; **(10)** failure to provide complete and accurate wage statements; **(11)** deceptive, fraudulent, or otherwise unlawful business practices based on the foregoing in violation of California's Unfair Competition Law (Bus. & Prof. Code, §§ 17200–17210); and **(12)** statutory penalties based on the foregoing pursuant to PAGA (Lab. Code, §§ 2698–2699.6).

2.2. DISCOVERY, INVESTIGATION, RESEARCH, AND MEDIATION

Class Counsel has conducted significant informal discovery during the prosecution of the Actions. This discovery, investigation, and prosecution has included, among other things, **(a)** over a dozen telephonic conferences with Plaintiffs; **(b)** inspection and analysis of hundreds of pages of documents and other information produced by Plaintiffs and Defendants; **(c)** analysis of employment data from a sample of Class Members; **(d)** an analysis of the legal positions taken by Defendants; **(d)** investigation into the viability of class treatment of the claims asserted in the Actions; **(e)** analysis of potential class-wide damages, including information sufficient to understand Defendants' potential defenses to Plaintiffs' claims; **(f)** research of the applicable law with respect to the claims asserted in the Complaint and the potential defenses thereto; and **(g)** assembling and analyzing of data for calculating damages.

Class Counsel and the Class Representatives have vigorously prosecuted this case, and Defendants has vigorously contested it. The Parties have engaged in sufficient investigation and discovery to assess the relative merits of the claims of the Class Representatives and of the defenses to them. After such discovery, investigation, and prosecution, the Parties attended a full-day mediation

1 with an experienced employment law mediator, which culminated in a settlement in principle, the terms
2 of which are elaborated in this Settlement Agreement.

3 **2.3. ALLEGATIONS OF THE CLASS REPRESENTATIVES AND BENEFITS OF** 4 **CLASS SETTLEMENT**

5 The document and data exchange in this matter, as well as discussions between counsel, have
6 been adequate to give the Class Representatives and Class Counsel a sound understanding of the merits
7 of their positions and to evaluate the value of the claims of the Settlement Class. The informal discovery
8 conducted in this Actions and the information exchanged by the Parties through pre-mediation
9 discussions are sufficient to reliably assess the merits of the Parties' respective positions and to
10 compromise the issues on a fair and equitable basis.

11 The Class Representatives and Class Counsel believe that the claims, causes of action,
12 allegations, and contentions asserted in the Actions have merit. However, the Class Representatives
13 and Class Counsel recognize and acknowledge the expense and delay of continued lengthy proceedings
14 necessary to prosecute the Actions against Defendants through trial and through appeals. Class Counsel
15 has taken into account the uncertain outcome of the litigation, the risk of continued litigation in complex
16 actions such as this, as well as the difficulties and delays inherent in such litigation, and the potential
17 difficulty of obtaining certification of the Settlement Class as well as trying the claims of the class.
18 Class Counsel is mindful of the potential problems of proof under, and possible defenses to, the claims
19 alleged in the Actions.

20 The Class Representatives and Class Counsel believe that the settlement set forth in this
21 Settlement Agreement confers substantial benefits upon Plaintiffs and the Settlement Class and that an
22 independent review of this Settlement Agreement by the Court in the approval process will confirm
23 this conclusion. Based on their own independent investigation and evaluation, Class Counsel has
24 determined that the settlement set forth in this Settlement Agreement is in the best interests of Plaintiffs
25 and the Class Members.

26 **2.4. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

27 Defendants have denied and continue to deny all allegations, claims, and contentions alleged
28 by Plaintiffs in the Actions. Defendants have expressly denied and continue to deny all charges of

wrongdoing or liability against them arising out of any of the conduct, statements, acts, or omissions alleged in the Actions. Defendants contend that they complied with California and federal wage and hour laws and have dealt legally and fairly with Plaintiffs and the Class Members.

Defendants further deny that, for any purpose other than settling this Actions, these claims are appropriate for class or representative treatment. Nonetheless, Defendants have concluded that further proceedings in the Actions would be protracted and expensive and that it is desirable that the Actions be fully and finally settled in the manner and upon the terms and conditions set forth in this Settlement Agreement to dispose of burdensome and protracted litigation, to permit the operation of Defendants' respective businesses without further expensive litigation and the distraction and diversion of their personnel with respect to matters at issue in the Actions. Defendants have also taken into account the uncertainty and risks inherent in any litigation, especially in complex cases such as the Actions. Defendants have, therefore, determined that it is desirable and beneficial to them that the Actions be settled in the manner and upon the terms and conditions set forth in this Settlement Agreement.

2.5. INTENT OF THE SETTLEMENT

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

3. CONDITIONAL CERTIFICATION OF THE SETTLEMENT CLASS

For the purposes of this Settlement Agreement and the Class Settlement of this Actions only, the Parties agree to conditional class certification of the Settlement Class. The certification of the Settlement Class shall not constitute, in this or any other proceeding, an admission of any kind by Defendants, including without limitation, that certification of a class for trial purposes is or would be warranted, appropriate or proper; or that Plaintiffs could establish any of the requisite elements for class treatment of any of the claims in the Actions.

If the Settlement Agreement is not finally approved by the Court, the Effective Date is not achieved, or the Class Settlement is rejected, terminated, or otherwise rendered null and void as set forth herein, then certification of the Settlement Class shall be automatically vacated, shall be void *ab*

1 *initio*, of no force or effect, and shall not constitute evidence or a binding determination that the
2 requirements for certification of a class for trial purposes in this Actions or in any other action which
3 have been, are or can be, satisfied. Further, if the Agreement does not reach the Effective Date,
4 Plaintiffs agree that Plaintiffs will not argue, claim, reference, or otherwise raise any preliminary
5 approval of the Settlement Class in connection with any later proceeding before the Court.

6 **4. APPOINTMENT OF CLASS COUNSEL**

7 For purposes of this Settlement Agreement and subject to the Court's approval, the Parties agree
8 to the appointment of Class Counsel as counsel for the Settlement Class and the effectuation of the
9 Class Settlement pursuant to this Settlement Agreement.

10 **5. CONSIDERATION**

11 **5.1. SETTLEMENT AMOUNT**

12 The Parties agree to settle this Actions for the Gross Settlement Amount of \$2,000,000.00.
13 There shall be no reversion to Defendants. Defendants shall pay the Gross Settlement Amount in full.
14 The Gross Settlement Amount and other actions and forbearances taken by Defendants shall constitute
15 adequate consideration for the Class Settlement and will be made in full and final settlement of: the
16 Released Claims, the Class Attorney Fees and Expenses, Administrative Expenses, the Service Awards,
17 the PAGA Payment (and any payments to individual PAGA Class Members resulting from the PAGA
18 Payment), and any other obligation of Defendants under this Settlement Agreement (other than the
19 Employer's Taxes on the portion of the Net Settlement Amount allocated to the payment of wages).

20 After the Court issues an order preliminarily approving this Class Settlement, the Settlement
21 Administrator will distribute the Class Notice to the Class Members, which shall describe the terms of
22 the Class Settlement and procedures to Opt Out, object, or participate in the Class Settlement as well
23 as the Share Form, which shall identify the Class Member, the number of workweeks worked by each
24 Class Member ("Workweeks"), as well as the estimated amount of the Individual Settlement Amount
25 the Class Member can expect to receive once the Class Settlement becomes effective on the Effective
26 Date. Class Members shall be given the opportunity to challenge their Workweeks information.

5.2. SERVICE AWARDS FOR PLAINTIFFS

Plaintiffs may petition the Court to approve Service Awards in an amount up to \$10,000.00 for Michael Payne and \$10,000.00 for Brooke Sommerdorf to acknowledge their efforts on behalf of the Settlement Class in this Actions, including assisting in the investigation and consulting with Class Counsel and providing crucial documents to Class Counsel. Defendants shall not oppose any request by Plaintiffs for Service Awards in such an amount. Any Service Award approved by the Court shall be paid to Plaintiffs from the Gross Settlement Amount and shall be in addition to any distribution to which they may otherwise be entitled as a Class Participants. Any Service Award approved by the Court shall not be considered wages, and the Settlement Administrator shall issue to Plaintiffs an IRS Form 1099 reflecting such payment. Plaintiffs shall be responsible for the payment of all taxes with respect to any Service Award approved by the Court and shall hold Defendants harmless from all liability with regard thereto. Any reduction of these requests by the Court will revert to Class Participants.

5.3. PAYMENT TO CLASS PARTICIPANTS

Each Class Participant shall be eligible to receive payment of the Individual Settlement Amount, which is a share of the Net Settlement Amount based on the pro rata number of weeks worked by the Class Members during the Class Period as a proportion of all weeks worked by all Class Members. Each Class Participant, including Plaintiffs, shall be responsible for the payment of the Employee's Taxes and Required Withholding with respect to his or her Individual Settlement Amount and shall hold Defendants harmless from any and all liability with regard thereto.

5.4. PAYMENT TO PAGA SETTLEMENT CLASS

Each member of the PAGA Settlement Class shall be entitled to receive a portion of the PAGA Payment. The PAGA Payment shall consist of the penalties pursuant to PAGA that the Parties have agreed is a reasonable sum to be paid in settlement of the PAGA claims included in the Actions, which is \$150,000.00. The PAGA Payment must be approved by the Court pursuant to Labor Code section 2699 and is to be distributed as follows: seventy-five percent (75%) (i.e., \$112,500.00) to the LWDA and twenty-five percent (25%) (i.e., \$37,500.00) to the PAGA Settlement Class. The portion of the PAGA Payment allocated to the PAGA Settlement Class shall be distributed to the PAGA Settlement

1 Class based on the pro rata number of pay periods worked by each particular PAGA Settlement Class
2 member during the PAGA Period as a proportion of all pay periods worked by all members of the
3 PAGA Settlement Class.

4 **5.5. TAX TREATMENT AND PAYMENT**

5 For the purpose of calculating Employee's Taxes and Required Withholding for the Individual
6 Settlement Amounts for Class Participants (including any payments to the Class Representatives but
7 exclusive of their Service Award), the Parties agree that 20% of each Individual Settlement Amount
8 shall constitute payment in the form of wages (and each Class Participant will be issued an IRS Form
9 W-2 for such payment to him or her), and 80% of each Individual Settlement Amount shall constitute
10 penalties and interest (and each Class Participant will be issued an IRS Form 1099 for such payment
11 to him or her). Prior to final distribution, the Settlement Administrator shall calculate the total
12 Employee's Taxes and Required Withholding due as a result of the wage portion of Class Participants'
13 anticipated Individual Settlement Amounts and such actual amount will be deducted from the Net
14 Settlement Amount. Additionally, prior to the funding of the Gross Settlement Amount and final
15 distribution, the Settlement Administrator shall calculate the total Employer's Taxes due on the wage
16 portion of the Class Participants' Individual Settlement Amounts and provide that calculation to
17 Defense Counsel. The Parties understand that Plaintiffs and the Class Participants who receive any
18 payment pursuant to this Settlement Agreement shall be solely responsible for all other individual tax
19 obligations.

20 With respect to the PAGA Payment and any payments made to individual members of the
21 PAGA Settlement Class, all such payments shall be treated as payments owing for penalties and interest
22 thereon and shall not be considered wages. The Settlement Administrator shall issue to members of the
23 PAGA Settlement Class an IRS Form 1099 reflecting such payment. Members of the PAGA Settlement
24 Class shall be solely responsible for the payment of all taxes with respect to any PAGA payments made
25 to them.

26 **5.6. NO EFFECT ON EMPLOYEE BENEFIT PLANS**

27 Neither the Class Settlement nor any amounts paid under the Class Settlement will modify any
28 previously credited hours, days, or weeks of service under any employee benefit plan, policy or bonus

1 program sponsored by Defendants. Such amounts will not form the basis for additional contributions
2 to, benefits under, or any other monetary entitlement under Defendants' sponsored benefit plans,
3 policies, or bonus programs. The payments made under the terms of this Settlement Agreement shall
4 not be applied retroactively, currently, or on a going forward basis, as salary, earnings, wages, or any
5 other form of compensation for the purposes of any of Defendants' benefit plan, policy, or bonus
6 program. Defendants retain the right to modify the language of their benefits plans, policies, and bonus
7 programs to reflect this intent and to make clear that any amounts paid pursuant to this Settlement
8 Agreement are not for "weeks worked," "weeks paid," "weeks of service," or any similar measuring
9 term as defined by applicable plans, policies, and bonus programs for purpose of eligibility, vesting,
10 benefit accrual, or any other purpose, and that additional contributions or benefits are not required by
11 this Settlement Agreement. Defendants do not consider the Class Settlement payments "compensation"
12 for purposes of determining eligibility for, or benefit accrual within, any benefit plans, policies, or
13 bonus programs, or any other plan sponsored by Defendants.

14 **5.7. CLASS ATTORNEY FEES AND EXPENSES**

15 As part of the motion for final approval of the Class Settlement, Class Counsel may apply for
16 an award of Class Attorney Fees and Expenses with the fee portion not to exceed one-third of the Gross
17 Settlement Amount (i.e., \$666,666.67) and the award of costs and expenses up to an additional
18 \$40,000.00. Defendants agree to not object to any such fee, cost, or expense application in those
19 amounts.

20 As a condition of this Class Settlement, Class Counsel has agreed to pursue fees only in the
21 manner reflected by this subsection. Any Class Attorney Fees and Expenses awarded by the Court shall
22 be paid from the Gross Settlement Amount prior to arriving at the Net Settlement Amount and shall
23 not constitute payment to any Class Members. If Class Counsel voluntarily reduces the request for
24 Class Attorney Fees and Expenses or the Court's award of Class Attorney Fees and Expenses is less
25 than set forth above, the Net Settlement Amount shall be recalculated to reflect the actual Class
26 Attorney Fees and Expenses awarded. Any reduction of these requests by the Court will revert to Class
27 Participants.
28

The Class Attorney Fees and Expenses approved by the Court shall reflect: **(a)** all work performed and costs and expenses incurred by, or at the direction of, any attorney purporting to represent the Settlement Class through the date of this Settlement Agreement; **(b)** all work to be performed and costs to be incurred in connection with approval by the Court of the Class Settlement; **(c)** all work to be performed and costs and expenses, if any, incurred in connection with administering the Class Settlement through the Effective Date; and **(d)** may be based on the “catalyst theory” and/or the “common fund doctrine.”

6. SETTLEMENT ADMINISTRATION

6.1. COSTS AND EXPENSES

All costs and expenses due to the Settlement Administrator in connection with its administration of the Class Settlement, including, but not limited to, providing the Class Notice, locating Class Members, processing Opt Out requests and objections, distributing the portion of the PAGA Payment payable to the LWDA, distributing the portion of the PAGA Payment payable to the members of the PAGA Settlement Class, and calculating, administering and distributing Individual Settlement Amounts to the Class Participants and related tax forms, shall be paid from the Gross Settlement Amount, and is not expected to exceed \$25,000.00.

6.2. PAYMENT BY DEFENDANTS

Defendants shall deposit the Gross Settlement Amount in a lump sum payment plus the employer-side payroll taxes to the Settlement Administrator within twenty-one (21) days of the Effective Date. In no event shall Defendants be obligated to pay or deposit with the Settlement Administrator more than \$2,000,000.00 plus the Employer’s Taxes, except where the Escalator Provision is triggered.

7. NOTICE TO CLASS MEMBERS AND CLAIMS ADMINISTRATION PROCESS

7.1. THE SETTLEMENT ADMINISTRATOR

The Settlement Administrator will be responsible for: mailing the Class Notice and Share Form (**Exhibit 1** and **Exhibit 2**, respectively) to Class Members; posting notice of entry of final order and judgment certifying the Class Settlement and approving this Settlement Agreement; handling inquiries from Class Members concerning the Class Notice; determining Individual Settlement Amounts;

determining individual payments to members of the PAGA Settlement Class; maintaining the settlement funds in an appropriate interest-bearing account; preparing, administering, and distributing Individual Settlement Amounts to Class Participants; preparing, administering, and distributing individual payments to members of the PAGA Settlement Class; distributing the portion of the PAGA Payment payable to the LWDA; issuing a final report and performing such other duties as the Parties may direct. Additionally, the Settlement Administrator will handle all tax document preparation and reporting, including state and federal tax forms, if any.

On a weekly basis, the Settlement Administrator will provide reports to Class Counsel and Defense Counsel with summary information updating them as to the number of validated and timely objections and Opt Out requests. With each weekly report, the Settlement Administrator will promptly serve on Class Counsel and Defense Counsel via e-mail date-stamped copies of all (redacted) Opt Out requests and all (unredacted) objections received since the last weekly report. The Settlement Administrator will provide Class Counsel with proof of mailing of the Class Notice, without listing individual Class Member names which the Settlement Administrator will file with the Court at the time Class Counsel files its motion in support of the Court's Final Approval and Fairness Hearing.

No later than thirty (30) days prior to the Final Approval and Fairness Hearing, the Settlement Administrator will compile and deliver to Class Counsel and Defense Counsel a report with summary information regarding: (a) the total amount of final Individual Settlement Amounts of each Class Participant, without any identifying personal information; (b) the number of Class Participants to receive such payments, and (c) the final number of Opt-Outs and objections.

Administrative Expenses are not anticipated to exceed \$25,000.00. Prior to the calculation and distribution of the Individual Settlement Amounts, the Settlement Administrator shall calculate the total Administrative Expenses through the conclusion of their services and such actual amount will be deducted from the Gross Settlement Amount prior to the final calculation of the Individual Settlement Amounts.

7.2. NOTICE TO CLASS MEMBERS

Notice shall be provided to Class Members in the following manner: Within fourteen (14) days after the Preliminary Approval Date, Defendants shall provide the Settlement Administrator with an

1 updated list of Class Members and members of the PAGA Settlement Class containing names, social
2 security numbers, dates of employment, number of workweeks worked during the Class Period, number
3 of Qualifying PAGA Pay Periods, last-known addresses, and phone numbers (the “Database”). The
4 Database shall be marked “Confidential – Settlement Administrator’s Eyes Only.” Class Counsel shall
5 not receive a copy of this list.

6 Within twenty-eight (28) days following the Preliminary Approval Date, the Settlement
7 Administrator shall populate the data for each Class Member accordingly, and send each Class Member
8 the Class Notice via first-class, United States mail. The Class Notice shall also contain an easily-
9 understood statement alerting the Class Members that, unless they elect to Opt Out of the Class
10 Settlement, the Class Member is releasing and waiving all Released Claims against the Released
11 Parties.

12 The Class Notice will inform Class Members of their estimated share of the settlement and the
13 number of workweeks they worked during the Class Period. Class Members may dispute their
14 workweeks if they believe they worked more weeks in the Class Period than Defendants’ records show
15 by submitting information to the Settlement Administrator no later than forty-five (45) days after being
16 mailed the Class Notice and Share Form by the Settlement Administrator, which is the defined
17 Response Deadline. The Settlement Administrator will jointly work with Plaintiffs and Defendants to
18 resolve the dispute in good faith. In the event there remains a dispute over the number of workweeks
19 worked during the Class Period, the number of workweeks as reflected in Defendant’s pay data will
20 control.

21 **7.3. OPT OUT PROCEDURE**

22 Class Members who do not timely Opt Out of the Class Settlement will be deemed to participate
23 in the Class Settlement and shall become Class Participants without having to submit a claim form or
24 take any other action. To Opt Out of the Class Settlement, the Class Member must submit a letter or
25 postcard to the Settlement Administrator by the Response Deadline. The Opt Out request must state
26 the Class Member’s name, address, telephone number, and signature. The Opt Out request should state
27 something to the effect of:
28

1 “I WISH TO BE EXCLUDED FROM THE SETTLEMENT CLASS IN THE
2 *MICHAEL PAYNE, ET AL. V. REACH AIR MEDICAL SERVICES, LLC, ET AL.*
3 LAWSUIT. I UNDERSTAND THAT IF I ASK TO BE EXCLUDED FROM THE
4 SETTLEMENT CLASS, I WILL NOT RECEIVE ANY MONEY FROM THE CLASS
5 SETTLEMENT OF THIS LAWSUIT AND WILL NOT BE RELEASING ANY
6 CLAIMS I MIGHT HAVE.”

7
8 Any Opt Out request that is not postmarked by the Response Deadline will be invalid. If prior
9 to the Response Deadline any Class Notice mailed to a Class Member is returned as having been
10 undelivered by the United States Postal Service, the Settlement Administrator shall perform a skip trace
11 search and seek an address correction for such Class Members, and a second Class Notice will be sent
12 to any new or different address obtained. Such Class Members shall have an additional fourteen (14)
13 days from the date of the mailing of the second Class Notice in which to Opt Out, object, or dispute
14 the information provided in the Share Form if the Response Deadline would have otherwise passed
15 prior to fourteen (14) days from the date of the mailing of the second Class Notice.

16 At least twenty-one (21) days prior to the Final Approval and Fairness Hearing, the Settlement
17 Administrator shall provide Class Counsel and Defense Counsel with a Declaration of Due Diligence
18 and Proof of Mailing with regard to the mailing of the Class Notice and its attempts to locate Class
19 Members. The declaration shall specify the number of Class Members to whom the Class Notice was
20 sent and the number of Class Members to whom the Class Notice was not delivered, as well as
21 information relating to the number of Opt-Outs and objectors. Class Counsel shall file this declaration
22 with the Court.

23 If the Settlement Administrator determines that an Opt Out request returned by a Class Member
24 before the Response Deadline is deficient, or if a Class Member submits both a dispute and an Opt Out
25 request, then the Settlement Administrator shall mail a deficiency letter to that Class Member
26 identifying the problem. If the Class Member fails to cure the deficiency, any inconsistent Opt Out
27 request shall be disregarded and the claim will be paid, and the Class Member will become bound by
28 the judgment.

1 Class Participants will be bound by the Release of Released Claims set forth in the definition
2 of “Released Claims” provided in this Settlement Agreement.

3 A request to Opt Out of the Class Settlement shall **not** serve to exclude the Class Member from
4 participation in the PAGA Settlement Class. Opt-Outs shall still be entitled to their share of the PAGA
5 Payment. Class Members who are also members of the PAGA Settlement Class shall have no right or
6 ability to opt out of the portion of this Settlement Agreement releasing PAGA claims.

7 **7.4. OBJECTION PROCEDURE**

8 The Class Notice shall inform the Class Members of their right to object to the Class Settlement
9 if they do not Opt Out. Any Class Participants who wish to object to the Class Settlement may submit
10 a written objection to the Settlement Administrator no later than the Response Deadline. Only Class
11 Participants may object to the Settlement. The objection should include the case name and number and
12 must set forth, in clear and concise terms, a statement of the reasons why the objector believes that the
13 Court should find that the proposed Class Settlement is not in the best interest of the Settlement Class
14 and the reasons why the Class Settlement should not be approved, including the legal and factual
15 arguments supporting the objection. If an objector also wishes to appear at the Final Approval and
16 Fairness Hearing, in person or through an attorney, they may do so. The Settlement Administrator will
17 promptly serve copies of any objection or notice of intention to appear on Class Counsel and Defense
18 Counsel. Class Members wishing to make an objection may appear at the Final Approval and Fairness
19 Hearing, either in person or through a lawyer retained at their own expense.

20 **7.5. NOTICE OF FINAL JUDGMENT**

21 Within fourteen (14) days after the Court has held a Final and Fairness Approval Hearing and
22 entered a final order certifying the Class for settlement purposes only and approving the Class
23 Settlement, the Settlement Administrator will give notice of judgment to Class Members pursuant to
24 rule 3.771(b) of the California Rules of Court, by posting a copy of said order and final judgment on
25 its website at a web address to be included in the Class Notice.
26
27
28

1 **8. CLASS SETTLEMENT FUNDING AND DISTRIBUTION**

2 **8.1. ALLOCATION OF THE GROSS SETTLEMENT AMOUNT**

3 The claims of all Class Members are settled for the Gross Settlement Amount of \$2,000,000.00,
4 which will be allocated as follows:

- 5 3. The Administrative Expenses, estimated not to exceed \$25,000.00;
- 6 4. Class Counsel's attorney fees not to exceed \$666,666.67;
- 7 5. Class Counsel's litigation costs and expenses not to exceed \$40,000.00;
- 8 6. The Service Awards, not to exceed \$20,000.00; and
- 9 7. PAGA Payment to LWDA of \$112,500.00.

10 For purposes of calculating the estimated Individual Settlement Amounts, the Settlement
11 Administrator shall calculate the estimated Net Settlement Amount based on the estimated values
12 provided above prior to sending Notice to the Class Members. Prior to final distribution, the Settlement
13 Administrator shall recalculate the final Net Settlement Amount based on the actual values of the
14 amounts in each category.

15 **8.2. CALCULATION OF THE INDIVIDUAL SETTLEMENT AMOUNTS FOR**
16 **CLASS PARTICIPANTS**

17 Individual Settlement Amounts to be paid to Class Participants shall be paid from the Net
18 Settlement Amount. The portion of the Net Settlement Amount shall be distributed pro rata on a
19 "checks cashed" basis based on the proportional number of weeks worked by each Class Member
20 during the Class Period.

21 Defendants shall have no responsibility for deciding the validity of the Individual Settlement
22 Amounts or any other payments made pursuant to this Settlement Agreement, shall have no
23 involvement in or responsibility for the determination or payment of Employee's Taxes and Required
24 Withholding, and shall have no liability for any errors made with respect to such Employee's Taxes
25 and Required Withholding. Although the Settlement Administrator will calculate and pay the standard
26 Employee's Taxes and Required Withholding on the portion of the Individual Settlement Amounts
27 constituting wages on their behalf, Plaintiffs and Class Participants represent and understand that they
28

1 shall be solely responsible for any and all tax obligation associated with their respective Individual
2 Settlement Amounts and Service Awards.

3 **8.3. CALCULATION OF THE PAYMENTS FOR INDIVIDUAL MEMBERS OF**
4 **THE PAGA SETTLEMENT CLASS**

5 Each member of the PAGA Settlement Class shall be entitled to receive a portion of the PAGA
6 Payment. The PAGA Payment shall consist of the penalties pursuant to PAGA that the Parties have
7 agreed is a reasonable sum to be paid in settlement of the PAGA claims included in the Actions, which
8 is \$150,000.00. The PAGA Payment is to be approved by the Court pursuant to Labor Code section
9 2699 and is to be distributed as follows: seventy-five percent (75%) (i.e., \$112,500.00) to the LWDA
10 and twenty-five percent (25%) (i.e., \$37,500.00) to the PAGA Settlement Class.

11 The portion of the PAGA Payment allocated to the PAGA Settlement Class shall be distributed
12 to the PAGA Settlement Class based on the pro rata number of Qualifying PAGA Pay Periods worked
13 by each particular PAGA Settlement Class member during the PAGA Period as a proportion of all
14 Qualifying PAGA Pay Periods worked by all PAGA Settlement Class members during the PAGA
15 Period. Each member of the PAGA Settlement Class, including Plaintiffs, shall be responsible for the
16 payment of the Employee's Taxes and Required Withholding with respect to their share of the PAGA
17 Payment and shall hold Defendants harmless from any and all liability with regard thereto.

18 Defendants shall have no responsibility for deciding the validity of the individual payment
19 amounts allocated to each member of the PAGA Settlement Class or any other payments made pursuant
20 to this Settlement Agreement, shall have no involvement in or responsibility for the determination or
21 payment of Employee's Taxes and Required Withholding, and shall have no liability for any errors
22 made with respect to such Employee's Taxes and Required Withholding.

23 The members of the PAGA Settlement Class shall be solely responsible for any and all tax
24 obligation associated with their respective shares of the PAGA Payment.

25 **8.4. TIME FOR PAYMENT OF ATTORNEY FEES AND EXPENSES**

26 The Settlement Administrator shall distribute to Class Counsel any attorney fees and expenses
27 approved by the Court no later than twenty-eight (28) days after the Effective Date.
28

8.5. TIME FOR PAYMENT OF SERVICE AWARD

The Settlement Administrator shall distribute to Plaintiffs the Service Award approved by the Court no later than twenty-eight (28) days after the Effective Date.

8.6. TIME FOR PAYMENT OF PAGA PAYMENT TO THE LWDA

The Settlement Administrator shall distribute to the LWDA the portion of the PAGA Payment due to it and approved by the Court no later than twenty-eight (28) days after the Effective Date.

8.7. TIME FOR PAYMENT OF TAXES AND REQUIRED WITHHOLDING AND INDIVIDUAL SETTLEMENT AMOUNTS

The Settlement Administrator shall make every effort to pay the Employee's Taxes and Required Withholding associated with each Class Participant's Individual Settlement Amount and mail the Individual Settlement Amount to each Class Participant, by first-class United States mail, to the last-known address no later than twenty-eight (28) days after the Effective Date. If the Settlement Administrator is not able to do so within the time period set forth above, it shall so inform Class Counsel and Defense Counsel and provide an approximate date by which the Employee's Taxes and Required Withholding shall be paid and the Individual Settlement Amounts will be mailed. Under no circumstances shall the Settlement Administrator distribute checks to Class Participants until all Individual Settlement Amounts have been considered, calculated, and accounted for, and all of the remaining monetary obligations have been calculated and accounted for.

Within two hundred ten (210) days of mailing the Individual Settlement Amounts to Class Participants, the Settlement Administrator shall file with the Court and provide to Class Counsel a declaration of payment. If any Class Participant is deceased, payment shall be made payable to the estate of that Class Member and delivered to the executor or administrator of that estate, unless the Settlement Administrator has received an affidavit or declaration pursuant to California Probate Code section 13101, in which case payment shall be made to the affiant(s) or declarant(s).

8.8. NON-CASHED SETTLEMENT CHECKS

Any funds associated with checks that have not been cashed within one hundred eighty (180) days, will become void and the Individual Settlement Amount associated with the uncashed check will be remitted pursuant to Code of Civil Procedure section 384 to the California State Controller for

1 deposit in the Unclaimed Property Fund in the name of the individual whose check was uncashed. The
2 Parties agree that this disposition results in no “unpaid residue” within the meaning of California Civil
3 Procedure Code section 384, as the entire Net Settlement Amount will be paid out to Class Participants,
4 whether or not they all cash their Individual Settlement Amount checks. Therefore, Defendants shall
5 not be required to pay any interest on said amount. For the purposes of determining whether Defendants
6 have met their financial obligation to pay the Individual Settlement Payment, Defendants will be
7 deemed to have fulfilled their obligation upon the deposit of funds as set forth in Section 6.2, regardless
8 of whether any Class Member subsequently negotiates the check issued by the Settlement
9 Administrator.

10 **8.9. DISPUTES REGARDING CLASS MEMBER WORKWEEKS DATA OR**
11 **PAYMENT OF INDIVIDUAL SETTLEMENT SHARES**

12 Class Member Workweeks and the corresponding Individual Settlement Amount shall be
13 calculated using the employment and payroll records of Defendants, which presumptively shall be
14 deemed to be full, complete, and accurate for purposes of this Settlement Agreement. To overcome
15 that presumption, any Class Member objecting to the accuracy of the number of Workweeks or amount
16 of the Individual Settlement Amount must submit documentary evidence, such as pay stubs or other
17 written employment records, to the Settlement Administrator. Each Class Member may dispute the
18 number of Workweeks or their estimated Individual Settlement Amount contained on their Class
19 Notice (“Workweeks Dispute”). Any such Workweeks Dispute must be mailed or faxed to the
20 Settlement Administrator by the Class Member, postmarked or fax-stamped on or before the Response
21 Deadline. The Settlement Administrator shall immediately provide copies of all disputes to counsel for
22 Defendants, shall inform Class Counsel of the dispute without disclosing the identity of the Class
23 Member making the dispute, and shall immediately attempt to resolve all such disputes directly with
24 relevant Class Members with the assistance of Defendants, Defense Counsel, and Class Counsel. If the
25 dispute still cannot be resolved, then Defendant’s pay records shall control and be binding. The
26 Settlement Administrator shall use its best efforts to resolve all such disputes prior to the Effective
27 Date. If, however, a dispute arises or is not resolved until after the Settlement Amount has been
28

distributed, the initial calculation shall stand (as Defendants shall be under no obligation to pay any amounts in excess of the Gross Settlement Amount under this Settlement Agreement).

9. NULLIFICATION OF THIS SETTLEMENT AGREEMENT

9.1. NON-APPROVAL OF THIS SETTLEMENT AGREEMENT

The Class Settlement and conditional class certification shall be considered null and void, and neither the Class Settlement, conditional class certification, nor any of the related negotiations or proceedings, shall be of any force or effect, and all Parties to the Class Settlement shall stand in the same position, without prejudice, as if the Class Settlement had been neither entered into nor filed with the Court, if any of the following occur: **(a)** the Court should for any reason fail to approve this Settlement Agreement in the form agreed to by the Parties; **(b)** the Court should for any reason fail to enter a final judgment in the Actions, or **(c)** the approval of the Class Settlement and judgment is reversed, modified, or declared or rendered void. Notwithstanding the foregoing, the Parties may attempt in good faith to cure any perceived defects in this Settlement Agreement to facilitate approval.

9.2. ESCALATOR PROVISION

Defendants represent that their estimated calculation of the number of Qualifying Workweeks for all Flight Crew Sub-Class Members and Non-Flight Crew Sub-Class Members through May 20, 2025, is 69,400 (the "Stated Workweek Amount"). If, after final calculation, the actual number of Qualifying Workweeks worked by Flight Crew Sub-Class Members and Non-Flight Crew Sub-Class Members should exceed the Stated Workweek Amount by more than ten percent (10%), *i.e.*, 6,940 workweeks, then the Gross Settlement Amount shall be increased by the percentage difference between the Stated Workweek Amount and the actual number of workweeks that accrued above ten percent (10%) (e.g., if the number of workweeks increases by 11%, the Gross Settlement Amount will increase by 1%), or Defendants may opt to roll back the end of the Class Period and PAGA Period (uniformly as to all applicable release periods) to the date in which 76,340 workweeks are met. The Parties agree that, in the event the Gross Settlement Amount is increased under this paragraph, the amount of attorney's fees shall be upwardly-adjusted such that the attorney's fees remains one-third of the adjusted Gross Settlement Amount.

9.3. STAY ON APPEAL

If a timely appeal from the approval of the Class Settlement and judgment is filed, the judgment shall be stayed, and Defendants shall not be obligated to fund the Gross Settlement Amount or take any other actions required by this Settlement Agreement until all appeal rights have been exhausted by operation of law.

10. MOTIONS FOR COURT APPROVAL

10.1. PRELIMINARY APPROVAL

As soon as practicable after execution of this Settlement Agreement, Class Counsel will submit this Settlement Agreement to the Court along with a Motion for Preliminary Approval of the Class Settlement. Each party shall cooperate to present the Class Settlement to the Court for preliminary approval in a timely fashion.

10.2. FINAL APPROVAL

The Final Approval and Fairness Hearing shall be held before the Court. At the Final Approval and Fairness Hearing, Plaintiffs shall move the Court for the entry of the final order certifying the Settlement Class for settlement purposes only and approving the Class Settlement as being fair, reasonable, and adequate to the Class Participants within the meaning of California Rules of Court, Rule 3.769, subdivisions (c), (d) and (e), and for the entry of a final judgment of the Actions consistent with the terms of the Class Settlement and rule 3.769, subdivision (h), of the California Rules of Court. Class Counsel and Defense Counsel shall submit to the Court such pleadings and/or evidence as may be required for the Court's determination.

Class Counsel shall provide Defense Counsel a draft Motion for Final Approval and supporting papers (including a proposed judgment) for review and an opportunity to provide comments at least eight (8) business days prior to the filing deadline.

11. RELEASES AND WAIVERS

11.1. RELEASE OF CLAIMS BY THE SETTLEMENT CLASS

Upon the Effective Date, the Releasing Parties shall be deemed to each release the Released Parties, and each of them, of and from any and all Released Claims arising during the Class Period. It is the desire of the Parties and the Releasing Parties to fully, finally, and forever settle, compromise,

1 and discharge the Released Claims. Each of the Releasing Parties, including each Class Participant,
 2 will be bound by the release of Released Claims as a result of the Class Settlement and to the terms of
 3 the final judgment and the satisfaction of such judgment.

4 Class Participants will be deemed to have acknowledged and agreed that their claims for wages
 5 and/or penalties in the Actions are disputed, and that their Individual Settlement Amount constitutes
 6 payment of all sums allegedly due to them. Class Participants will be deemed to have acknowledged
 7 and agreed that California Labor Code section 206.5 is not applicable to the Individual Settlement
 8 Amount. That section provides in pertinent part as follows:

9 “An employer shall not require the execution of a release of a claim or right on account
 10 of wages due, or to become due, or made as an advance on wages to be earned, unless
 11 payment of those wages has been made.”
 12

13 **11.2. RELEASE OF PAGA CLAIMS BY THE PAGA GROUP**

14 Each member of the PAGA Group, on behalf of themselves, their heirs, spouses, executors,
 15 administrators, attorneys, agents, assigns, and any entities or businesses in which any of them have a
 16 controlling ownership interest, shall waive, fully release and forever discharge the Released Parties
 17 from any claims for civil penalties under the California Private Attorneys General Act, California Labor
 18 Code section 2698 *et seq.*, to the extent those penalties related to the Released Claims and arose during
 19 or before the end of the PAGA Period.

20 **11.3. CIRCULAR 230 DISCLAIMER**

21 Each party to this Settlement Agreement (for purposes of this section, the “Acknowledging
 22 Party”; and each party to this Agreement other than the Acknowledging Party, an “Other Party”)
 23 acknowledges and agrees that (1) no provision of this Settlement Agreement, and no written
 24 communication or disclosure between or among the parties or their attorneys and other advisers, is or
 25 was intended to be, nor shall any such communication or disclosure constitute or be construed or be
 26 relied upon as, tax advice within the meaning of United States Treasury Department Circular 230 (31
 27 C.F.R. Part 10); (2) the Acknowledging Party (a) has relied exclusively upon her or its own
 28 independent legal and tax advisers for advice (including tax advice) in connection with this Settlement

1 Agreement, **(b)** has not entered into this Settlement Agreement based upon the recommendation of any
2 other party or any attorney or advisor to any other party, and **(c)** is not entitled to rely upon any
3 communication or disclosure by any attorney or advisor to any other party to avoid any tax penalty that
4 may be imposed on the Acknowledging Party; and **(3)** no attorney or advisor to any other party has
5 imposed any limitation that protects the confidentiality of any such attorney's or adviser's tax strategies
6 (regardless of whether such limitation is legally binding) upon disclosure by the Acknowledging Party
7 of the tax treatment or tax structure of any transaction, including any transaction contemplated by this
8 Settlement Agreement.

9 **12. DUTIES OF THE PARTIES**

10 **12.1. MUTUAL FULL COOPERATION**

11 The Parties agree to cooperate fully with one another to accomplish and implement the terms
12 of this Settlement Agreement. Such cooperation shall include, but not be limited to, execution of such
13 other documents and the taking of such other actions as may reasonably be necessary to fulfill the terms
14 of this Settlement Agreement. The Parties shall use their best efforts, including all efforts contemplated
15 by this Settlement Agreement and any other efforts that may become necessary by court order or
16 otherwise, to effectuate this Settlement Agreement and the terms set forth herein. As soon as practicable
17 after execution of this Settlement Agreement, Class Counsel, with the cooperation of Defendants and
18 Defense Counsel, shall take all necessary and reasonable steps to secure the Court's final approval of
19 this Settlement Agreement.

20 **12.2. DUTY TO SUPPORT AND DEFEND THE CLASS SETTLEMENT**

21 The Parties agree to abide by all of the terms of this Settlement Agreement in good faith and to
22 support the Class Settlement fully and to use their best efforts to defend this Class Settlement from any
23 legal challenge, whether by appeal or collateral attack.

24 **12.3. DUTIES PRIOR TO COURT APPROVAL**

25 Class Counsel shall promptly submit this Settlement Agreement to the Court for preliminary
26 approval and determination by the Court as to its fairness, adequacy, and reasonableness. Promptly
27 upon execution of this Settlement Agreement, Class Counsel shall apply to the Court for the entry of a
28 preliminary order scheduling a hearing on the question of whether the proposed Class Settlement

1 should be approved as fair, reasonable, and adequate as to the Class Members, approving as to form
2 and content the proposed Class Notice and Share Form attached hereto as **Exhibit 1** and **Exhibit 2**,
3 respectively, and directing the mailing of the Class Notice to Class Members. Other than reserving
4 their right to object to facts or assertions made in the moving papers, Defendants shall not oppose the
5 granting of the motion for preliminary approval.

6 **13. MISCELLANEOUS PROVISIONS**

7 **13.1. VOIDING THIS SETTLEMENT AGREEMENT**

8 Defendants shall retain the right, in the exercise of their sole discretion, to nullify the settlement
9 if more than 10% of the Settlement Class requests exclusion from the Settlement Agreement.

10 If the Court does not grant preliminary or final approval of this Settlement Agreement, or if this
11 Settlement Agreement otherwise becomes void or nullified, the Parties will not stipulate to class
12 certification, and the Actions will be returned to their status quo as of June 10, 2025.

13 **13.2. DIFFERENT FACTS**

14 The Parties acknowledge that, except for matters expressly represented herein, the facts in
15 relation to the dispute and all claims released by the terms of this Settlement Agreement may turn out
16 to be different from the facts now known by each party and/or its counsel, or believed by such Party or
17 counsel to be true, and each Party therefore expressly assumes the risk of the existence of different or
18 presently unknown facts, and agrees that this Settlement Agreement shall be in all respects effective
19 and binding despite such difference.

20 **13.3. NO PRIOR ASSIGNMENTS**

21 The Parties represent, covenant, and warrant that they have not directly or indirectly assigned,
22 transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any
23 portion of any liability, claim, demand, action, cause of action, or right herein released and discharged
24 except as set forth herein.

25 **13.4. NON-ADMISSION**

26 Nothing in this Settlement Agreement shall be construed as or deemed to be an admission by
27 any Party of any liability, culpability, negligence, or wrongdoing toward any other Party, or any other
28 person, and the Parties specifically disclaim any liability, culpability, negligence, or wrongdoing

1 toward each other or any other person. Each of the Parties has entered into this Settlement Agreement
2 with the intention to avoid further disputes and litigation with the attendant inconvenience, expenses,
3 and contingencies. Nothing herein shall constitute any admission by Defendants of wrongdoing or
4 liability, or of the truth of any factual allegations in the Actions. Nothing herein shall constitute any
5 admission by Defendants regarding the merits of the Claims in this Actions, including but not limited
6 to claims for unpaid wages or violations under California or federal law. Nothing herein shall constitute
7 an admission by Defendants that the Actions was properly brought as a class or representative action
8 other than for settlement purposes. To the contrary, Defendants have denied and continue to deny each
9 and every material factual allegation and all Claims. To this end, the Class Settlement of the Actions,
10 the negotiation and execution of this Settlement Agreement, and all acts performed or documents
11 executed pursuant to or in furtherance of this Settlement Agreement or the Class Settlement, including,
12 but not limited to, any Court submissions in furtherance of this Settlement, are not, and shall not be
13 deemed to be, and may not be used as, an admission or evidence of any wrongdoing or liability on the
14 part of Defendants or of the truth of any of the factual allegations in the Complaint in the Actions; and
15 are not, shall not be deemed to be, and may not be used as, an admission or evidence of any fault or
16 omission on the part of Defendants in any civil, criminal, or administrative proceeding in any court,
17 administrative agency, or other tribunal.

18 **13.5. NON-EVIDENTIARY USE**

19 Neither this Agreement nor any of its terms, nor any statements or conduct in the negotiation
20 or drafting of it, shall be offered or used as evidence by Plaintiffs, any Class Member (including any
21 individual who requested to be excluded from the Settlement Class), Defendants, or its, her, his, or
22 their respective counsel, in the Actions, except as is reasonably necessary to effectuate the Settlement
23 Agreement's purpose and terms. This Settlement Agreement may, however, be used by Defendants
24 and the Released Parties to prove or defend against any claim released herein by any Class Member in
25 any judicial, quasi-judicial, administrative, or governmental proceeding and/or to enforce this
26 Settlement, once approved.
27
28

13.6. MEDIA OR PRESS

Plaintiffs and Defendants, and their respective counsel, recognize, accept, and agree that the Parties to this Settlement Agreement desire that the terms of this Settlement Agreement, the fact of the Class Settlement embodied in this Settlement Agreement, the disposition of the Actions, the Actions, and all matters relating to the litigation of the Actions, including discovery proceedings therein, and evidence obtained during the course of the Actions, shall not be discussed with or presented to the media or press.

13.7. NON-RETALIATION

Defendants understands and acknowledges that they have a legal obligation to not retaliate against any Class Member who elects to participate in the Class Settlement or elects to Opt Out of the Class Settlement. Defendants will refer any inquiries regarding this Class Settlement to the Settlement Administrator or Class Counsel and will not discourage Class Members who are employees, directly or indirectly, from making claims, opting out, or objecting to the Class Settlement. None of the Parties, or their respective attorneys or agents, shall solicit or encourage any Class Members, directly or indirectly, to Opt Out of the Class Settlement.

13.8. CONSTRUCTION

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

13.9. GOVERNING LAW

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

1 **13.10. NOTICES**

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

7 **13.11. CAPTIONS AND INTERPRETATIONS**

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

11 **13.12. MODIFICATION**

12 This Settlement Agreement may not be changed, altered, or modified, except in writing signed
13 by the Parties or the Parties' counsel on their behalf. If preliminary or final approval of this Settlement
14 Agreement has been granted by the Court, then any such amendments or modifications to this
15 Settlement Agreement shall be approved by the Court. This Settlement Agreement may not be
16 discharged except by performance in accordance with its terms or by a writing signed by the Parties.

17 **13.13. INTEGRATION CLAUSE**

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

23 **13.14. SUCCESSORS AND ASSIGNS**

24 This Settlement Agreement shall be binding on and inure to the benefit of the Parties and Class
25 Members (excluding only persons who timely Opt Out) and their respective present and former heirs,
26 trustees, executors, administrators, representatives, officers, directors, shareholders, agents, employees,
27 insurers, attorneys, accountants, auditors, advisors, consultants, pension plans, welfare benefit plans,
28

fiduciaries, parent companies, subsidiaries, affiliates, related companies, joint ventures, predecessors, successors, and assigns.

13.15. CORPORATE SIGNATORIES

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

13.16. EXECUTION IN COUNTERPARTS

This Settlement Agreement shall become effective upon its execution by all of the undersigned. The Parties may execute this Settlement Agreement in counterparts, and execution of counterparts shall have the same force and effect as if all Settling Parties had signed the same instrument.

13.17. ATTORNEY FEES, COSTS, AND EXPENSES

Except as otherwise specifically provided for herein, each party shall bear her or its own attorney fees, costs, and expenses, taxable or otherwise, incurred by them in or arising out of the Actions and shall not seek reimbursement thereof from any other party to this Settlement Agreement.

13.18. ACTION TO ENFORCE AGREEMENT

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

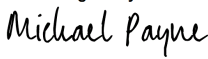
14. EXECUTION

The Parties and their counsel have executed this Settlement Agreement on the date below their signatures or the signature of their representatives. The date of this Settlement Agreement shall be the date of the latest signature.

APPROVAL AND EXECUTION BY PARTIES

CLASS REPRESENTATIVES:

Dated: 11/12/2025

DocuSigned by:

 Michael Payne
 Plaintiff and Class Representative

DocuSigned by:

Brooke Sommerdorf

302F8950C1DF408...

Brooke Sommerdorf

Plaintiff and Class Representative

1 Dated: 11/12/2025

2
3
4 **DEFENDANTS:**

5 Dated: _____

6 Reach Air Medical Services, LLC
7 Reach Medical Holdings, LLC
8 Calstar Air Medical Services LLC

9
10 By: _____

11 Title: _____

12 **APPROVED AS TO FORM BY COUNSEL**

13 **CLASS COUNSEL:**

14
15 Dated: 11/11/2025

Melmed Law Group P.C.

16
17 
18 Kyle D. Smith

Attorneys for Plaintiffs

19
20 **DEFENDANTS' COUNSEL:**

21 Dated: _____

Jones Day

22
23
24 Amanda C. Sommerfeld

Attorneys for Defendants

1 Dated: _____

Brooke Sommerdorf
Plaintiff and Class Representative

2
3
4 **DEFENDANTS:**

5 Dated: 11/18/2025
6 _____

Reach Air Medical Services, LLC
Reach Medical Holdings, LLC
Calstar Air Medical Services LLC

Signed by:



D3CE893356A9496...

By: Dan Rodriguez

Title: Associate General Counsel

12
13 **APPROVED AS TO FORM BY COUNSEL**

14 **CLASS COUNSEL:**

15 Dated: _____

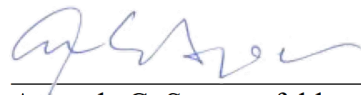
Melmed Law Group P.C.

17
18 Kyle D. Smith
Attorneys for Plaintiffs

19
20 **DEFENDANTS' COUNSEL:**

21 Dated: November 18, 2025
22 _____

Jones Day



Amanda C. Sommerfeld
Attorneys for Defendants

EXHIBIT 1

Notice of Proposed Class Action Settlement

*A Court authorized this notice. It is not a solicitation from a lawyer.
You may be eligible to receive a settlement payment. Please read this notice carefully.*

Notice of Proposed Class Action Settlement

Payne, et al. v. Reach Air Medical Services, LLC, et al.

Case Number 24CV008383, 24CV010355

Superior Court of the State of California for the County of Sacramento

A proposed class action settlement agreement (the “Settlement”) has been reached between: **(1)** Plaintiffs Michael Payne and Brooke Sommerdorf (collectively “Plaintiffs”), individually and in their representative capacity on behalf of a group of prospective class members defined below, and as private attorneys general on behalf of the State of California; and **(2)** Defendants Reach Air Medical Services, LLC, Reach Medical Holdings, LLC, and Calstar Air Medical Services LLC (collectively, “Defendants”). The Settlement resolves disputed claims against Defendants arising out of their compensation practices during the period from May 24, 2020, through August 8, 2025 (the “Class Period”) as applied to the following two groups of “Class Members”:

1. **Flight Crew Settlement Sub-Class:** All persons employed by Defendants in California as non-exempt Pilots, Paramedics, and Nurses during the period from May 5, 2023 through August 8, 2025.
2. **Non-Flight Crew Settlement Sub-Class:** All persons employed by Defendants in California as non-exempt employees during the period from May 24, 2020 through August 8, 2025.

The Court has granted preliminary approval of the Settlement and ordered this notice to be sent to you because Defendants’ records indicate that you are in the Class and because the Settlement affects your legal rights.

NO ACTION NEEDS TO BE TAKEN TO RECEIVE MONEY UNDER THE SETTLEMENT: If you are a Class Member (as defined above) and received this notice, you are automatically included in the Settlement and do not need to take any further action to receive a payment. If you accept your settlement amount, you will release the claims described below.

Description of the Lawsuit

Plaintiffs, individually and in their representative capacity on behalf of the Class Members, and as private attorneys general on behalf of the State of California, are pursuing a lawsuit against Defendants in the Superior Court of the State of California for the County of Sacramento in the matter of *Michael Payne, et al. v. Reach Air Medical Services, LLC, et al.*, case number **24CV008383, 24CV010355** (the “Action”). The Action sought recovery for Defendants’ alleged: **(1)** failure to pay minimum wage for all hours worked; **(2)** failure to pay proper overtime wages; **(3)** failure to provide compliant rest periods and/or pay missed rest break premiums; **(4)** failure to provide compliant meal periods and/or pay missed meal period premiums; **(5)** failure to maintain accurate employment records; **(6)** failure to pay timely wages during employment; **(7)** failure to pay all wages due and owing at separation; **(8)** failure to reimburse business expenses; **(9)** failure to provide sick leave; **(10)** failure to provide complete and accurate wage statements; **(11)** deceptive, fraudulent, or otherwise unlawful business practices based on the foregoing in violation of California’s Unfair Competition Law; and **(12)** statutory penalties based on the foregoing pursuant to the Private Attorneys General Act (“PAGA”).

Defendants deny all liability, deny all allegations in the Action, and have raised various defenses to the claims. Defendants assert that they fully complied with all applicable wage and hour laws, and contend that civil penalties under PAGA are not warranted. Defendants also deny that the Action is suitable for class certification. Defendants have entered into the Settlement solely for purposes of resolving this dispute to avoid costly, disruptive, and time-consuming litigation and do not admit to any wrongdoing or liability.

The Court has not ruled on the merits in the Action. By approving the Settlement and issuing this notice, the Court is *not* suggesting which side would win or lose the case if it went to trial or whether the claims are suitable for class certification. To avoid the additional expense, inconvenience, and risk of continued litigation, however, Plaintiffs and Defendants (the “Parties”) have concluded that it is in their respective best interests and the interests of the Class Members to settle the Action on the terms summarized in this notice. The Settlement was reached after Defendants provided extensive information and documents to Plaintiffs’ counsel, and after lengthy arms-length non-collusive negotiations between the Parties, including mediation with an experienced and well-respected mediator in California. In these negotiations, both sides recognized the substantial risk of the Court deciding against them at trial and determined that the Settlement was a fair, reasonable, and adequate way to resolve the disputed claims.

If you are still employed by Defendants, this settlement will not affect your employment.

California law and Defendants’ policies strictly prohibit retaliation. Defendants will not retaliate or discriminate against any Class Member because of the Class Member’s participation, or decision not to participate, in the Settlement.

Terms of the Settlement

The Settlement provides for a “Gross Settlement Amount” of \$2,000,000.00, a share of which is to be distributed to the Class Members based on the pro rata number of weeks worked by the Class Members during the Class Period as a proportion of all weeks worked by all Class Members. In exchange for their share of the settlement amount, all participating Class Members will be deemed to have released Defendants from liability on the terms described in this notice. On [date of preliminary approval], the Court preliminarily approved the Settlement and conditionally certified the settlement class.

The Parties agreed to the following payments from the Gross Settlement Amount:

1. **Settlement Administration Costs.** The Court has approved [Settlement Administrator] to act as the “Settlement Administrator,” who is sending this notice to you and will perform many other duties relating to the Settlement. Under the Settlement, up to \$25,000.00 will be paid from the Gross Settlement Amount to pay the Settlement Administration Costs.
2. **Attorneys’ Fees and Expenses.** Class Counsel have been prosecuting the Action on behalf of the Class Members on a contingency fee basis (that is, without being paid any money to date) and have been paying all litigation costs and expenses. To date, the Parties have aggressively litigated many aspects of the case including investigation, settlement efforts, and a full-day mediation session. The Court will determine the actual amount awarded to Class Counsel as attorneys’ fees, which will be paid from the Gross Settlement Amount. Class Members are not personally responsible for any of Class Counsel’s attorneys’ fees or expenses. Class Counsel will ask for fees of one-third of

the Gross Settlement Amount (i.e., \$666,666.67) as reasonable compensation for the work Class Counsel performed and will continue to perform in the Action. Class Counsel also will ask for reimbursement of up to \$40,000.00 for the costs Class Counsel incurred in connection with the Action.

3. **Service Payment to Class Representatives.** Class Counsel will ask the Court to award a service payment to each of the named Plaintiffs in the amount of \$10,000.00 to compensate them for their efforts on behalf of the Class Members in the Action, including assisting in the investigation and consulting with Class Counsel and providing crucial documents to Class Counsel.
4. **PAGA Payment.** The Parties have agreed on a reasonable sum to be paid in settlement of the PAGA claims included in the Action, which is \$150,000.00. The PAGA Payment is to be approved by the Court pursuant to Labor Code section 2699 and is to be distributed as follows: seventy-five percent (75%) (i.e., \$112,500.00) to the State of California and twenty-five percent (25%) (i.e., \$37,500.00) to the individuals who come within the definition of an “aggrieved employee” for the purposes of the Settlement (i.e., all persons employed by Defendants in California as non-exempt employees during the PAGA Period). The “PAGA Period” is defined for these purposes to mean the period from April 27, 2023, through August 8, 2025.

After deducting the amounts above, the balance of the settlement amount will form the “Net Settlement Amount” for distribution to the Class Members.

Distribution of the Settlement to the Class Members

Each eligible Class Member who does not request exclusion from the Settlement will be deemed a “Class Participant” and will receive a share from the Net Settlement Amount which will be distributed pro rata based on the proportional number of weeks worked by each Class Member during the Class Period (the “Individual Settlement Amount”). If any Class Member requests exclusion from the Settlement, his or her share will be distributed to the remaining Class Participants.

Twenty percent (20%) of each Individual Settlement Amount will constitute payment in the form of wages (and each Class Participant will be issued an IRS Form W-2 for such payment to him or her), and Eighty percent (80%) of each Individual Settlement Amount will constitute penalties and interest (and each Class Participant will be issued an IRS Form 1099 for such payment to him or her).

Defendants, or their proxies, shall take all usual and customary deductions from the Individual Settlement Amount payments that are distributed as wages, including, but not limited to, state and federal tax withholding, disability premiums, and unemployment insurance premiums. There will be no deduction taken from the interest or penalty distribution—it will, however, be reported on IRS Form 1099 as income. Class Participants are responsible for the proper income tax treatment of their Individual Settlement Amount. The Settlement Administrator, Defendants and their counsel, and Class Counsel cannot provide tax advice. Accordingly, Class Members should consult with their tax advisors concerning the tax consequences and treatment of payments they receive under the Settlement.

The workweeks you worked for Defendants during the Class Period will be calculated based on Defendants’ records. If you feel that you were not credited with the correct number of workweeks worked during the Class Period, you may submit evidence to the Settlement Administrator on or before **[Response Deadline]** with documentation to establish the number of workweeks you claim to have actually worked during the Class Period. **Documentation sent to the Settlement Administrator will**

not be returned or preserved, so do not send originals. The Parties and the Settlement Administrator will promptly evaluate the evidence submitted and discuss in good faith how many workweeks should be credited. In the event that a disagreement over the number of workweeks worked remains, Defendants' payroll records will determine the outcome.

Settlement checks will be mailed to all Class Participants after the Court grants final approval of the Settlement and judgment is entered.

The Release of Claims

If the Court approves the Settlement, the Court will enter judgment and the Settlement will bind all Class Participants. The Class Participants will then be barred from bringing any "Released Claims" against the "Released Parties" as those terms are defined below.

The "Released Parties" are Defendants Reach Air Medical Services, LLC, Reach Medical Holdings, LLC, and Calstar Air Medical Services LLC and their parents, subsidiaries, affiliated entities, assigns, and successors, and each of their respective officers, employees, directors, shareholders, owners, agents, managers, and joint venturers, or any individual or entity which could be jointly liable with Defendants, and all persons or entities acting by, through, under, or in concert with any of them.

The "Released Claims" are those claims arising out of or related to the allegations set forth in the operative complaints and/or PAGA notices to California's Labor Workforce and Development Agency ("LWDA"), which arose during the Class Period, including claims, rights, demands, liabilities, and causes of action of any kind arising from the alleged violation of any California and/or federal law that occurred during the Class Period that were pled in the Notices submitted by either Plaintiff to the LWDA, or in the operative complaints filed in either Action, or that could have been brought based on the factual allegations stated therein, including but not limited to claims brought under California Labor Code §§ 200, 201–203, 204, 205.5, 210, 216, 218, 218.5, 218.6, 221, 223, 224, 226, 226.3, 226.7, 233, 234, 246, 246.5, 400–410, 450, 510, 512, 551, 552, 558, 558.1, 1174, 1174.5, 1185, 1194, 1194.2, 1197, 1197.1, 1198, 1198.5, 1199, 2800, 2802, 2804, California Code of Regulations Title 8, the applicable sections of the relevant Industrial Welfare Commission Wage Orders; California Business and Professions Code section 17200 et seq.; and any damages, penalties, restitution, disgorgement, interest, costs, or attorneys' fees as a result thereof. No other claims are released other than those claims specifically pleaded in the operative complaint in the Action.

The Settlement does *not* release Defendants or any person, party, or entity from claims, if any, by Class Members for workers compensation, unemployment, or disability benefits of any nature. Nor does it release any claims, actions, or causes of action which may be possessed by Class Members under state or federal discrimination statutes, including, without limitation, the California Fair Employment and Housing Act (Gov. Code, §§ 12900–12996); the Unruh Civil Rights Act (Civ. Code, § 51); the California Constitution; Title VII of the Civil Rights Act of 1964 (42 U.S.C. § 2000, et seq.); the Americans with Disabilities Act (42 U.S.C. § 12101, et seq.); the Employee Retirement Income Security Act of 1974 (29 U.S.C. § 1001 et seq.); and all of their implementing regulations and interpretive guidelines.

Class Members who do not request exclusion from the Settlement will be deemed to have acknowledged and agreed that their claims for wages and penalties in the Action are disputed, and that the Settlement payments constitute payment of all sums allegedly due to them. Class Members will be

deemed to have acknowledged and agreed that California Labor Code section 206.5 is not applicable to the Settlement payments. That section provides in pertinent part as follows:

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

Your Options

1. Do Nothing and Receive Your Portion of the Settlement

If you do nothing, you will be automatically included as a Class Participant in the Settlement and will receive a settlement payment. You do *not* have to take any further action to receive your settlement payment. It is, however, the responsibility of all Class Members to ensure that the Settlement Administrator has your current address on file, or you may not receive important information or a settlement payment. The estimated amount of your settlement payment if you do nothing is included on the attached *Class Action Settlement Share Form*.

2. Request Exclusion from the Class and the Settlement

If you do *not* wish to take part in the class action portion of the Settlement (the “Class Settlement”), you may exclude yourself (i.e., opt out of the Class Settlement) by sending the Settlement Administrator a letter or card postmarked no later than [Response Deadline] that specifically requests exclusion from the Class Settlement in this case. The request for exclusion must include your name, address, telephone number, and signature, and it should state:

“I wish to be excluded from the settlement class in the case of *Michael Payne, et al. v. Reach Air Medical Services, LLC, et al.*. I understand that if I ask to be excluded from the settlement class, I will not receive any money from the settlement of this lawsuit and will not be releasing any claims I might have.”

Send the request for exclusion directly to the Settlement Administrator at the following address by no later than [Response Deadline]:

[Insert Settlement Administrator Address]

Any person who submits a timely request for exclusion from the Class Settlement shall, upon receipt, no longer be a Class Member, shall be barred from participating in the Class Settlement, and shall receive no benefits from the class action portion of the Settlement. If you want confirmation of receipt of your request for exclusion, please send it by United States certified mail, return receipt requested, or contact the Settlement Administrator.

Importantly, Class Members who timely and validly request exclusion from the Class Settlement will *not* be excluded from their share of the PAGA Payment. Requesting exclusion from the Class Settlement applies solely to the Class Members’ entitlement to the class action portion of the Settlement and not their entitlement to the PAGA Payment. If you request exclusion from the Class Settlement you will still be entitled to your share, if any, of the PAGA Payment.

3. Object to the Settlement

If you do not want the Court to approve the Settlement, you have the right to object to it, provided that you do not *also* request exclusion. If, however, the Court rejects your objection, you will still be bound by the terms of the Settlement. If you wish to object to the Settlement, or any portion of

it, you may file with the Settlement Administrator and the Court a written objection stating your name, address, telephone number, dates of employment with Defendants, the case name and number, each specific reason in support of your objection, and any legal support for each objection. Objections in writing must be mailed to the Settlement Administrator—[Insert Settlement Administrator Address]—by no later than [Response Deadline] to be considered. **Objections that do not include all required information, or that are not timely submitted, might not be considered by the Court.**

If you choose to object to the Settlement, you may also appear to speak at the final approval and fairness hearing scheduled for [Final Approval Hearing Date], at [Final Approval Hearing Time] in Department [Court Department] of the Superior Court of the State of California for the County of Sacramento, located at [Court Location]. You have the right to appear either in person or through your own attorney at this hearing. You may also review the Court's website for the most current information.

If you object to the Settlement, you will remain a Class Member, and if the Court approves the Settlement, you will receive payment and be bound by the terms of the Settlement in the same way as Class Members who do not object. Any Class Member who does not object in the manner provided above shall have waived any objection to the Settlement.

How to Update or Change Your Address

If you move after receiving this notice or if it was misaddressed, please contact the Settlement Administrator, [Settlement Administrator], at [Settlement Administrator Phone] or by email at [Settlement Administrator Email], as soon as possible. **This is important to ensure that future notices and/or the Settlement payment reach you.**

Notice of Final Judgment If the Settlement Is Approved

Within fourteen (14) days after the Court has held a final and fairness approval hearing and entered a final order approving the Settlement, if it chooses to do so, the Settlement Administrator will post a copy of that order and final judgment on its website at the following website address:

[Case-Specific Settlement URL (to be added by Settlement Administrator)]

If the Settlement Is Not Approved

If the Settlement is not approved by the Court, or if any of its conditions are not satisfied, the Settlement may be voided, in which case no money will be paid, and the case will return to litigation. If that happens, there is no assurance: (1) that the class will be certified by the Court; (2) that any decision at trial would be in favor of Class Members; (3) that a trial decision, if any, would be as favorable to the Class Members as the Settlement; or (4) that any favorable trial decision would be upheld if an appeal was filed.

Questions or Comments

PLEASE DO NOT CALL OR CONTACT THE COURT. If you have any questions about the settlement, you may contact the Settlement Administrator at: [Settlement Administrator Phone] or by e-mail at [Settlement Administrator Email]. You may also contact Class Counsel at the addresses or phone numbers listed below.

Lawyers Representing Plaintiffs and the Class Members

MELMED LAW GROUP P.C.

Jonathan Melmed (jm@melmedlaw.com)

Kyle D. Smith (ks@melmedlaw.com)

Jaqueline Antillon (ja@melmedlaw.com)

1801 Century Park East, Suite 850

Los Angeles, California 90067

Phone: (310) 824-3828; Fax: (310) 862-6851

EXHIBIT 2

Class Action Settlement Share Form

CLASS ACTION SETTLEMENT SHARE FORM

Payne, et al. v. Reach Air Medical Services, LLC, et al.

Case Number 24CV008383, 24CV010355

Superior Court of the State of California for the County of Sacramento

The proposed class action settlement agreement (the “Settlement”) described in the accompanying *Notice of Proposed Class Action Settlement* resolves disputed claims against Defendants Reach Air Medical Services, LLC, Reach Medical Holdings, LLC, and Calstar Air Medical Services LLC (collectively, “Defendants”) arising out of their compensation practices during the period from May 24, 2020, through August 8, 2025 as applied to the following two groups of “Class Members”:

1. **Flight Crew Settlement Sub-Class:** All persons employed by Defendants in California as non-exempt Pilots, Paramedics, and Nurses during the period from May 5, 2023 through August 8, 2025.
2. **Non-Flight Crew Settlement Sub-Class:** All persons employed by Defendants in California as non-exempt employees during the period from May 24, 2020 through August 8, 2025.

You are receiving this form because you are believed to be a Class Member. **According to Defendants’ records, you worked [REDACTED] workweeks for Defendants during the Class Period. Accordingly, your share of the Settlement is currently estimated to be \$[REDACTED]**, which is an estimate of your allocated portion the Net Settlement Amount, as that term is defined in the accompanying *Notice of Proposed Class Action Settlement*. Your share of the Settlement may differ depending on factors such as, but not limited to, the number of Class Members who effectively exclude themselves from the Settlement.

You do not need to do anything to receive money under the Settlement.

If you believe the information provided above as to the number of your workweeks is incorrect and wish to dispute it, please contact the Settlement Administrator no later than **[Response Deadline]** at:

[Settlement Administrator Contact Information]

The information Defendants provided to the Settlement Administrator from their pay records will control unless you are able to provide documentation that establishes otherwise. Any disputes, along with supporting documentation, must be postmarked no later than **[Response Deadline]**.

Do not send originals; documentation sent to the claims administrator will not be returned or preserved.