

CLASS ACTION SETTLEMENT AGREEMENT AND RELEASE

1. This Class Action Settlement Agreement and Release (the “Settlement Agreement,” “Settlement” or “Agreement”) is entered into between Plaintiff Marcquise Murphy (“Named Plaintiff”), individually and on behalf of all other similarly-situated persons, and Defendants Labor Source, LLC d/b/a Catstaff d/b/a One Source Staffing and Labor (“Labor Source”) and BluSky Restoration Contractors, LLC (“BluSky”) (collectively, “Defendants”), subject to the approval of the Court. Named Plaintiff and Defendants are collectively referred to as the “Parties.”

DEFINITIONS

2. The following terms used in this Settlement Agreement shall have the meanings ascribed to them below:

a. “Action” means the lawsuit captioned as, *Marcquise Murphy, et al. v. Labor Source, LLC, et al.*, pending in the United States District Court for the District of Minnesota, Case Number 19-cv-01929.

b. The “Class” or “Members of the Class” or “Settlement Class Members” means all current and former hourly, non-exempt employees, including but not limited to, laborers, non-exempt team leads/crew leaders, non-commercial drivers, technicians, carpenters, apprentices, cleaning crew, plumbers, welders, and other laborers with similar job duties employed by Labor Source in the State of Minnesota and who worked on any BluSky project in Minnesota between July 23, 2016 and the date of this Agreement.

c. “Class Counsel” means Schneider Wallace Cottrell Konecky LLP.

d. “Class List” means a list of Settlement Class Members that Defendants will compile from Labor Source’s records. The Class List shall include each Settlement Class Member’s full name, last known address to the extent available in Labor Source’s business records, Social Security number, the total number of workweeks that each Settlement Class Member worked between July 23, 2016, through the date of this Agreement in Minnesota, and each Settlement Class Member’s apportioned settlement share.

e. “Court” means the United States District Court for the District of Minnesota.

f. “Effective Date” means the later of the following: (i) if there is an objection(s) to the Settlement that is not subsequently withdrawn, then the date upon the expiration of time for appeal of the Court’s Final Approval Order; or (ii) if there is a timely objection(s) and appeal by an objector(s), then the date on which such appeal(s) is finally resolved with the Court’s Final Approval Order being affirmed and Final; or (iii) if there are no timely objections to the Settlement, or if any objections which were filed are withdrawn before the date of final approval, then the first business day after the Court’s order granting Final Approval of the Settlement.

g. “Fee Award” means the award of attorneys’ fees, costs and expenses that the Court authorizes to be paid to Class Counsel for the services they rendered to Named Plaintiff and the Settlement Class Members in the Action. Class Counsel will not seek more than Seven-Hundred Twenty-Five Thousand Dollars (\$725,000) as their Fee Award.

h. “Final” shall mean, with respect to a judgment or order, that the judgment or order is final and appealable and either (a) no appeal, motion, or petition to review or intervene has been taken with respect to the judgment or order as of the date on which all times to appeal, move, or petition to review or intervene therefrom have expired, or (b) if an appeal, motion or petition to intervene or other review proceeding of the judgment or order has been commenced, such appeal, motion or petition to intervene or other review is finally concluded and no longer is subject to review by any court, whether by appeal, petitions for rehearing or re-argument, petitions for rehearing *en banc*, petitions for writ of certiorari or otherwise, and such appeal or other review has been finally resolved in such manner that affirms the judgment or order in its entirety. Notwithstanding the foregoing, any proceeding, order, or appeal pertaining solely to the Fee Award, or any Service Award, shall not by itself in any way delay or preclude the judgment from becoming a final judgment or the Settlement from becoming “Effective.”

i. “Final Approval” or “Final Approval Order” means the Court’s Final Approval Order approving the Settlement and entering judgment.

j. “Final Approval Hearing” means the hearing to be held by the Court to consider the Final Approval of the Settlement.

k. “Gross Settlement Amount” means the total amount that Defendants shall pay in connection with this Settlement, in exchange for the release of the Settlement Class Members’ Released Claims. The Gross Settlement Amount is the gross sum of One Million, One-Hundred Fifty Thousand Dollars (\$1,150,000.00). The Gross Settlement Amount includes: (a) all Settlement Awards to Settlement Class Members; (b) Named Plaintiff’s Service Award of up to Fifteen Thousand Dollars (\$15,000); (c) Class Counsel’s Fee Award, and (d) Settlement Administration Costs paid to the Settlement Administrator. Except for Labor Source’s portion of payroll taxes on Settlement Awards to Eligible Settlement Class Members (“Defendants’ Payroll Taxes”), the Parties agree that Defendants will have no obligation to pay any amount in connection with this Settlement Agreement apart from the Gross Settlement Amount.

l. “Net Settlement Amount” means the Gross Settlement Amount less: (i) Named Plaintiff’s Service Award; (ii) the Fee Award; and (iii) Settlement Administrator Costs. The Parties acknowledge that all of these amounts are subject to the Court’s approval.

m. “Notice Deadline” means the date sixty (60) days after the Settlement Notice is initially mailed to the Settlement Class Members. Settlement Class Members shall have until the Notice Deadline to object to, or opt-out of, the Settlement.

n. “Opt-In Plaintiffs” mean Ratanya Rodgers, Cynthia Hodo, DeAntwone Norris, Devin Pettis, Laquon Blackmon and Ledon Brown.

o. “Parties” means the parties to this Agreement: Named Plaintiff, Labor Source, and BluSky.

p. “Preliminary Approval” or “Preliminary Approval Order” means the Court’s Preliminary Approval Order preliminarily approving the terms and conditions of this Agreement and authorizing Settlement Notice to the Settlement Class Members.

q. “Qualified Settlement Fund” means a qualified settlement fund under Section 468B of the Internal Revenue Code established by the Settlement Administrator for the purpose of administering this Settlement.

r. “Releasees” or “Released Parties” means Defendants and their present and former parent companies, subsidiaries, related or affiliated companies, and their shareholders, officers, directors, employees, agents, attorneys, insurers, successors and assigns, and any individual or entity that could be liable for any of the Released Claims.

s. “Relevant Time Period” means the period between July 23, 2016 and the date of this Agreement.

t. “Service Award” means the payment to Named Plaintiff for his efforts in bringing and prosecuting this matter. The Service Award will not exceed Fifteen Thousand Dollars (\$15,000.00).

u. “Settlement Administrator” means Settlement Services, Inc., the third-party class action settlement administrator that will handle the administration of this Settlement, subject to approval by the Court.

v. “Settlement Administrator Costs” refer to the costs the Settlement Administrator will incur to distribute the Settlement Notice and Settlement Awards, which are estimated to be Twenty Thousand Dollars (\$20,000.00).

w. “Settlement Award” means the payment that each Settlement Class Member shall be entitled to receive pursuant to the terms of this Agreement.

x. “Settlement Notice” means the Notice of Class Action Settlement to the Settlement Class Members substantially in the form as Exhibit A attached hereto, or as approved by the Court.

RECITALS

3. This lawsuit is an action titled *Marcquise Murphy, et al. v. Labor Source, LLC, et al.*, pending in the United States District Court for the District of Minnesota, Case Number 19-cv-01929 (the “Action”) filed against Labor Source and BluSky on July 23, 2019. Dkt. 1. Named Plaintiff alleges that Defendants violated the Fair Labor Standards Act (“FLSA”), 29 U.S.C. §§ 201 et seq. and the wage and hour laws of the state of Minnesota by failing to properly pay Settlement Class Members for all of their hours of work and for failing to reimburse them for expenses incurred. Named Plaintiff further alleges that Defendants violated Minnesota state laws

regarding the use of payroll cards, recordkeeping, timely payment of wages due, and provision of wage statements. On these bases, Named Plaintiff brought claims against Defendants for unpaid minimum wages and overtime wages, failure to reimburse expenses, inaccurate wage statements, failure to maintain accurate records, failure to timely pay wages, failure to provide free access to wage statements, and related penalties under the FLSA and Minnesota law.

4. Named Plaintiff filed an Amended Complaint on May 7, 2020. Dkt. 67. Defendants filed their Answers on June 4, 2020 and November 13, 2020, respectively, denying Named Plaintiff's allegations. Dkt. 73, 90.

5. On February 8, 2022, the Court conditionally certified a Collective pursuant to § 216(b) of the FLSA. Dkt. 224. Notice was sent to 391 potential collective members, and 68 individuals have filed Opt-In Consent Forms to join the case to date, six of which are not Settlement Class Members based on Defendants' records.

6. During the course of the Action, the Parties attended three full-day mediations. The last such mediation session occurred virtually before Judge Elizabeth Cowan Wright on September 30, 2022. The Parties reached a settlement at the mediation under the terms provided in this Settlement Agreement.

7. Class Counsel has made a thorough and independent investigation of the facts and law relating to the allegations in the Action. In agreeing to this Settlement Agreement, Named Plaintiff has considered: (a) the facts developed during discovery and the Parties' mediation process and the law applicable thereto; (b) the attendant risks of continued litigation and the uncertainty of the outcome of the claims alleged against Defendants; and (c) the desirability of consummating this Settlement according to the terms of this Settlement Agreement. Named Plaintiff has concluded that the terms of this Settlement are fair, reasonable and adequate, and that it is in the best interests of Named Plaintiff, the Opt-In Plaintiffs and the Settlement Class (as defined above) to settle their claims against Defendants pursuant to the terms set forth herein.

8. Defendants deny the allegations in the Action and deny any and all liability, including any liability for alleged failure to pay overtime compensation or any alleged wage payment, wage and hour or similar violation. BluSky expressly denies that it ever employed Named Plaintiff, the Opt-In Plaintiffs or any members of the Settlement Class. This Settlement Agreement shall not be construed as an admission by Defendants or any of the Releasees (as defined above) of any fault, liability or wrongdoing, which Defendants expressly deny.

9. The Parties recognize that Court approval of this Settlement is required to effectuate the Settlement, and that the Settlement will not become operative until the Court grants final approval of it, the Settlement becomes final and the Settlement Effective Date occurs.

10. The Parties stipulate and agree that, for settlement purposes only, the requisites for establishing collective action certification under the FLSA pursuant to 29 U.S.C. § 216(b), and class certification pursuant to FED. R. CIV. P. 23(a) and (b)(3) are met. Should this Settlement not become Final, such stipulation to certification shall become null and void and shall have no bearing on, and shall not be admissible in connection with, the issue of whether or not collective or class

certification would be appropriate in a non-settlement context. Defendants deny that class and/or collective action treatment is appropriate in the litigation context or for trial.

11. In consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each party to the other, IT IS HEREBY AGREED, by and between the undersigned, subject to the final approval of the Court and the other conditions set forth herein, that Named Plaintiff and the Settlement Class Members' claims as described herein against Defendants shall be settled, compromised and dismissed, on the merits and with prejudice, and that Named Plaintiff and the Settlement Class Members' Released Claims shall be finally and fully compromised, settled and dismissed as to the Defendants and Releasees, in the manner and upon the terms and conditions set forth below.

RELEASES

12. In exchange for the consideration set forth in this Settlement Agreement, Named Plaintiff and the Settlement Class Members agree to release all claims as set forth herein as applicable.

13. **Settlement Class Members' Released Claims.** Upon Final Approval of the Settlement Agreement and payment of amounts set forth herein, and except as to such rights or claims as may be created by this Settlement Agreement, Named Plaintiff and all Class Members shall and hereby do release and discharge all Releasees, finally, forever and with prejudice, from the claims as follows:

- a. **Settlement Class Members Who Cash Checks:** All Settlement Class Members who cash, deposit, or otherwise negotiate their Settlement Award checks release all Releasees from the following rights or claims: any and all claims arising from work performed for Defendants in Minnesota during the Class Period that were alleged or could have been alleged based on the facts alleged in the Named Plaintiff's First Amended Complaint, including but not limited to all claims under the Fair Labor Standards Act, 29 U.S.C. §§ 201, *et seq.* and Minnesota state law that are based on or relate to the purported payment or nonpayment of compensation (including, but not limited to, wages, minimum wage, straight time, overtime, bonuses, incentive compensation, and/or premium pay), meal or rest period premiums or penalties, reimbursement of business expenses, improper wage statements, improper recordkeeping, use of payroll cards, unfair business practices, including related premiums, statutory penalties, civil penalties, liquidated damages, interest, punitive damages, costs, attorneys' fees, injunctive relief, declaratory relief, or accounting, whether such causes of action are in tort, contract, or pursuant to a statutory remedy.
- b. **Settlement Class Members Who Do Not Cash Checks and Do Not Opt Out or Object:** All Settlement Class Members who do not cash, deposit, or otherwise negotiate their Settlement Award checks but who also do not opt out or object to the Settlement (including those whose objections are resolved by the Court) release all Releasees from the following rights or claims: any and all Minnesota state law claims that were alleged or could have been alleged based on the facts alleged in

the Named Plaintiff's First Amended Complaint, including but not limited to wage and hour claims under Minnesota state law that are based on or relate to the purported payment or nonpayment of compensation (including, but not limited to, wages, minimum wage, straight time, overtime, bonuses, incentive compensation, and/or premium pay), meal or rest period premiums or penalties, reimbursement of business expenses, improper wage statements, improper recordkeeping, use of payroll cards, unfair business practices, including related premiums, statutory penalties, civil penalties, liquidated damages, interest, punitive damages, costs, attorneys' fees, injunctive relief, declaratory relief, or accounting, whether such causes of action are in tort, contract, or pursuant to a statutory remedy.

- c. Settlement Class Members Who Do Not Cash Checks and Who Opt Out: Settlement Class Members who opt out of the Settlement, do not release Releasees from any rights or claims.

14. **Release Language on Settlement Checks.** The Settlement Administrator shall include the following release language on the back of each Settlement Award check for Settlement Class Members: "This check is your settlement payment in connection with the court-approved class action Settlement in *Murphy, et al. v. Labor Source, LLC, et al.*, Case No: 19-cv-01929 (D. Minn.). By the court having approved a Settlement, you have released Defendants and other Releasees of all Minnesota state law claims as defined in the Settlement Agreement. By signing or cashing your check you also release claims under the Fair Labor Standards Act."

15. **Named and Opt-In Plaintiff's Released Claims.** Named and Opt-In Plaintiffs Released Claims means any and all claims, obligations, demands, actions, rights, causes of action, and liabilities against the Releasees, of whatever kind and nature, character, and description, whether in law or equity, whether sounding in tort, contract, federal, state and/or local law, statute, ordinance, regulation, common law, or other source of law or contract, whether known or unknown, and whether anticipated or unanticipated, that could be or are asserted based upon any theory or facts whatsoever, arising at any time up to and including the date of the execution of this Settlement Agreement, for any type of relief, including, without limitation, claims for minimum, straight time, or overtime wages, premium pay, business expenses, other damages, penalties (including, but not limited to, waiting time penalties), liquidated damages, punitive damages, interest, attorneys' fees, litigation and other costs, expenses, restitution, and equitable and declaratory relief. The Named and Opt-In Plaintiffs' Released Claims include, but are not limited to, the Settlement Class Members' Released Claims, as well as any other claims under any provision of federal, state, or local law, including the FLSA, the Minnesota Human Rights Act – Minn. Stat. §363.01 *et seq.*, Minnesota Whistleblower Protection – Minn. Stat. §181.931 to §181.935 (a) and (b), Retaliation for Filing a Worker's Compensation Claim – Minn. Stat. §176.82(1) – (2), Minnesota Parental Leave Act – Minn. Stat. §181.940 *et seq.*, Minnesota Age Discrimination Act – Minn. Stat. § 181.81 *et seq.*, Minnesota Equal Pay For Equal Work Law - Minn. Stat. §181.66 *et seq.*, Minnesota Fair Labor Standards Act - Minn. Stat. §177.21 *et seq.*; Minnesota Discrimination for Lawful Activities Law - Minn. Stat. §181.938, Minnesota Wage Payment and Work Hour Laws, Minnesota Occupational Safety and Health Act – Minn. Stat. Ch. 182, Minnesota's Personnel Record Review Statute – Minn. Stat. 181.960 *et seq.*, Laws enacted under the Minnesota Women's Economic Security Act, and any other Minnesota statute, law, rule,

or regulation relating to labor and employment, including but not limited to, any claim for unpaid wages and/or penalties; Upon Final Approval, Named and Opt-In Plaintiff shall be deemed to have fully, finally, and forever released Releasees from all Released Claims through the date of Preliminary Approval.¹

16. All Settlement Class Members, to the fullest extent allowed by law, are prohibited from asserting any claims released by them in this Settlement, and from commencing, joining in, prosecuting, or voluntarily assisting in a lawsuit or adversarial proceeding against the Releasees, based on claims released by them in this Settlement. Excluded from this prohibition are any instances where any individual is legally compelled to testify through service of a subpoena or other legal process.

CERTIFICATION, NOTICE, AND SETTLEMENT IMPLEMENTATION

17. The Parties agree to the following procedures for obtaining Preliminary Approval of the Settlement, certifying the Settlement Class, and notifying the Settlement Class of this Settlement:

- a. Request for Class Certification and Preliminary Approval Order. Named Plaintiff shall file an Unopposed Motion for Preliminary Approval of Settlement Agreement, requesting that the Court certify the Settlement Class pursuant to 29 U.S.C. § 216(b) and FED. R. CIV. P. 23(a) and (b)(3) for the sole purpose of settlement; preliminarily approve the Settlement Agreement and its terms; approve the proposed form of the Settlement Notice and find that the proposed method of disseminating the Settlement Notice meets the requirements of due process and is the best notice practicable under the circumstances; directing that the Settlement funds be distributed in accordance with the terms of this Settlement Agreement; set a date for Named Plaintiff's Motion for Final Approval of the Settlement, and approval of the requested Service Awards, Fee Award, and Settlement Administrator's Costs; and set a date for the Final Approval Hearing. Class Counsel shall provide Defendants' Counsel a copy of a draft Unopposed Motion for Preliminary Approval of Settlement Agreement at least five (5) business days in advance of filing it with the Court.
- b. Notice. The Settlement Administrator shall be responsible for preparing, printing, mailing, and emailing the Settlement Notice and checks to all Settlement Class Members. The Settlement Administrator will also create a website for the Settlement, which will allow Settlement Class Members to view the Class Notice (in generic form), this Settlement Agreement, and all papers filed by Class Counsel to obtain preliminary and final approval of the Settlement Agreement. Additionally, the Settlement website will provide contact information for Class Counsel and the Settlement Administrator. The Settlement Administrator will provide Class Counsel and Defendants' counsel with a preview of the proposed website. Class

¹ This paragraph shall only apply to the Opt-In Plaintiffs if they deposit the January 12, 2021 Offers of Judgment amounts described in paragraph 26 below.

Counsel and Defendants' counsel must approve the website before it goes live and also must approve any modifications to the website. The Settlement Administrator shall also create a toll-free telephone number to field telephone inquiries from Settlement Class Members during the notice and settlement administration periods. The Settlement Administrator will be directed to take the website and call center down after the 180-day check cashing period for Settlement Award Checks.

- c. Within ten (10) business days after the Court's Preliminary Approval of the Settlement, Defendants shall provide to the Settlement Administrator and Class Counsel the Class List, an electronic database containing the names, of each Settlement Class Member, along with the amount of each Settlement Class Member's check prior to withholdings. The Class List provided to the Settlement Administrator shall also include the last known addresses, social security numbers or tax ID numbers. Class Counsel shall provide the Settlement Administrator with updated addresses for Settlement Class Members in their possession.
- d. In order to provide the best notice practicable, prior to mailing the Settlement Notice, the Settlement Administrator will take reasonable efforts to identify current addresses via public and proprietary systems.
- e. Within ten (10) business days after receiving the Class List, the Settlement Administrator shall mail the agreed-upon and Court-approved Settlement Notice to Settlement Class Members. The Settlement Administrator shall provide notice to Class Counsel and Defendants' Counsel that the Settlement Notice has been mailed.
- f. Any Settlement Notice returned to the Settlement Administrator with a forwarding address shall be re-mailed within three (3) business days following receipt of the returned mail. If no forwarding address is provided, the Settlement Administrator shall promptly attempt to determine a correct address using a skip-trace, or other search using the name, address and/or Social Security number of the Settlement Class Member involved, and shall re-mail the Settlement Notice. For Opt-In Plaintiffs only, the Settlement Administrator shall also promptly work with Class Counsel to obtain forwarding addresses. Class Counsel shall use their best efforts to locate forwarding addresses for Opt-In Plaintiffs whose Settlement Notices are returned as non-delivered. In no circumstance shall such re-mailing extend the Notice Deadline.
- g. Within five (5) business days of the Notice Deadline, the Settlement Administrator shall provide Defendants' Counsel and Class Counsel, respectively, a report and Declaration attesting to: the final number of Class Members and the identity of those who have submitted objections or valid letters requesting exclusion from the Settlement (opt-outs); and the number of undeliverable Settlement Notices.
- h. Defendants will not take any adverse action against any current or former employee on the grounds that he/she is eligible to participate and/or does participate in the Settlement. Defendants will not discourage participation in this Settlement

Agreement or encourage objections or opt-outs.

18. **Objections.** The Settlement Notice shall provide that Class Members who wish to object to the Settlement must, on or before the Notice Deadline, file with the court a written statement objecting to the Settlement. Such objection shall not be valid unless it includes the information specified in the Settlement Notice. The statement must be signed personally by the objector, and must include the objector's name, address, telephone number, email address (if applicable), the factual and legal grounds for the objection, and whether the objector intends to appear at the Final Approval Hearing. The Settlement Notice shall advise Class Members that objections shall only be considered if the Class Member has not opted out of the Settlement. No Class Member shall be entitled to be heard at the Final Approval Hearing (whether individually or through counsel), unless written notice of the Class Member's intention to appear at the Final Approval Hearing has been filed with the Court and served upon Class Counsel and Defendants' Counsel on or before the Notice Deadline and the Class Member has not opted out of the Settlement. The postmark date of mailing to Class Counsel and Defendants' Counsel shall be the exclusive means for determining that an objection is timely mailed to counsel. If postmark dates differ, the later of the two postmark dates will control. Persons who fail to make timely written objections in the manner specified above shall be deemed to have waived any objections and oppositions to the Settlement's fairness, reasonableness and adequacy, and shall be foreclosed from making any objection (whether by appeal or otherwise) to the Settlement. However, the requirement that the Settlement Class Member submit a written objection may be excused by the Court upon a showing of good cause. None of the Parties, their counsel, nor any person on their behalf, shall seek to solicit or otherwise encourage anyone to object to the settlement, or appeal from any order of the Court that is consistent with the terms of this Settlement.

19. **Requests for Exclusion/Opt Outs.** The Settlement Notice shall provide that Settlement Class Members, other than Named Plaintiff and Opt-Ins, who wish to exclude themselves from the Settlement ("opt out") must mail to the Settlement Administrator a written statement indicating that they do not wish to participate or be bound by the Settlement. The written request for exclusion must contain the Settlement Class Member's full name, address, telephone number, email address (if applicable), and last four digits of their social security number, and must be signed individually by the Class Member. No opt-out request may be made on behalf of a group. Such written statement must be postmarked by the Notice Deadline. None of the Parties, their counsel, nor any person on their behalf, shall seek to solicit or otherwise encourage anyone to exclude themselves from the settlement.

20. **Cure Period.** In the event any request for exclusion is timely submitted but does not contain sufficient information to be valid, the Settlement Administrator shall provide the Settlement Class Member, within seven (7) calendar days, a letter requesting the information that was not provided and giving the Settlement Class Member fourteen (14) days from the mailing of such cure letter to respond. Any invalid submission that is not timely cured will be considered a nullity.

21. **Final Approval Hearing.** Class Counsel will be responsible for drafting the Unopposed Motion for Final Approval of Settlement Agreement, and approval of the requested Service Awards, Fee Award, and Settlement Administrator's Costs to be heard at the Final

Approval Hearing. Class Counsel shall provide Defendants' Counsel a copy of a draft Unopposed Motion for Final Approval of Settlement Agreement at least five (5) business days in advance of filing it with the Court. Named Plaintiff shall request that the Court schedule the Final Approval Hearing no earlier than thirty (30) days after the Notice Deadline to determine final approval of the settlement and to enter a Final Approval Order:

- a. finding dissemination of the Settlement Notice was accomplished as directed and met the requirements of due process;
- b. approving the Settlement as final and its terms as a fair, reasonable and adequate;
- c. directing distribution of the Settlement Awards in accordance with this Agreement;
- d. approving Class Counsel's application for an award of attorneys' fees, costs and expenses;
- e. directing that the Action be dismissed finally, fully, forever and with prejudice and in full and final discharge of any and all Settlement Class Members' Released Claims; and
- f. retaining continuing jurisdiction over this Action for purposes only of overseeing all remaining settlement administration matters.

SETTLEMENT FUNDS AND AWARD CALCULATION

22. **Gross Settlement Amount.**

- a. **Funding of Settlement.** Within ten (10) business days after the Effective Date of this Settlement Agreement, Defendants shall pay the Gross Settlement Amount into the Settlement Administrator's Qualified Settlement Fund. None of the Parties shall remove any portion of the Gross Settlement Amount, or any earned interest, from the account after Defendants deposit the Gross Settlement Amount into the Qualified Settlement Fund, or otherwise as mutually agreed in writing, or pursuant to Court order. The Gross Settlement Amount is fully non-reversionary until 180 days after any checks remain uncashed.
- b. **Return of Gross Settlement Amount of Uncashed Checks.** After the passage of 180 days after the issuance of Settlement Award checks to Settlement Class Members, any uncashed amounts of the FLSA payments shall be returned by the Settlement Administrator to Defendants in accordance with Defendants' instructions. Any uncashed amounts of the Minnesota state law payments shall be sent to the Minnesota Commerce Department and held as unclaimed property.

23. **Payments.** Subject to the Court's Final Approval Order, the following amounts shall be paid by the Settlement Administrator from the Gross Settlement Amount:

a. **Service Award to Named Plaintiff.** Subject to the Court's approval, Plaintiff Marquise Murphy shall receive Fifteen Thousand Dollars (\$15,000.00) for his efforts in bringing and prosecuting this matter. The Qualified Settlement Fund shall issue an IRS Form 1099 for this payment. This payment shall be made within ten (10) business days after Defendants have funded the Gross Settlement Amount to the Qualified Settlement Fund. If the Court approves a Service Award in an amount less than what Named Plaintiff requests, the reduction in the Service Award shall not be a basis for nullification of this Settlement. Nor shall a reduction in the Service Award in any way delay or preclude the judgment from becoming a final judgment or the Settlement from becoming Effective.

b. **Fee Awards.**

(i) Subject to the Court's approval, Class Counsel shall receive a Fee Award in an amount up to Seven-Hundred Twenty-Five Thousand Dollars (\$725,000), which will compensate Class Counsel for all work performed in the Action as of the date of this Settlement Agreement as well as all of the work remaining to be performed, including but not limited to documenting the Settlement, securing Court approval of the Settlement, making sure that the Settlement is fairly administered and implemented, and obtaining final dismissal of the Action. Payment of the Fee Award shall be made within ten (10) business days after Defendants fund the Gross Settlement Amount to the Qualified Settlement Fund. Should the Court approve less than \$725,000, the amount ordered by the Court shall be the sum paid by Defendant, and the Court shall decide how any unawarded amount is distributed after the Parties provide the court with briefing on the matter.

(ii) The approved Fee Award, even if less than what Class Counsel requests, shall constitute full satisfaction of Defendants' obligations to pay amounts to any person, attorney or law firm for attorneys' fees or costs or expenses in this Action on behalf of Named Plaintiff and/or any other Settlement Class Member, and shall relieve Defendants from any other claims or liability to any other attorney or law firm may claim to be entitled for any attorneys' fees or costs or expenses on behalf of Named Plaintiff or any other Settlement Class Member. If the Court approves a Fee Award in an amount less than what Class Counsel requests, the reduction in the Fee Award shall not be a basis for nullification of this Settlement. Nor shall a reduction in the Fee Award in any way delay or preclude the judgment from becoming a final judgment or the Settlement from becoming Effective.

- (iii) An IRS Form 1099 shall be provided to Class Counsel for the payments made to Class Counsel. Class Counsel shall be solely and legally responsible to pay any and all applicable taxes on the payment made to them.
- c. **Settlement Administration Costs.** Settlement Administration Costs shall be paid from the Gross Settlement Amount. The Parties agree to cooperate in the settlement administration process and to make all reasonable efforts to control and minimize the costs incurred in the administration of the Settlement.
- d. **Settlement Awards to Eligible Class Members.** Settlement Awards shall be made to Settlement Class Members as set forth below.

24. **No Claim Based Upon Distributions or Payments in Accordance with this Settlement Agreement.** No person shall have any claim against Defendants, Class Counsel, or Defendants' Counsel based on distributions or payments made in accordance with this Settlement Agreement. Defendants and Defendants' Counsel shall have no responsibility for validating or ensuring the accuracy of the Settlement Administrator's work.

CALCULATION AND DISTRIBUTION OF SETTLEMENT AWARDS

25. **Settlement Award Eligibility.** All Settlement Class Members who have not validly opted out shall be paid a Settlement Award from the Net Settlement Amount.

26. **Settlement Award Calculations.** Defendants shall prepare for Class Counsel's review proposed amounts of the Net Settlement Amount to be paid to each Settlement Class Member based on the number of workweeks worked for Labor Source in Minnesota during the Relevant Time Period. Half of each amount shall be consideration for the release of the FLSA claim ("FLSA payment") and half of each amount shall be consideration for the release of the Minnesota state law claims. All Settlement Awards shall be based on Labor Source's timekeeping, payroll, and/or other records. Existing Opt-In Plaintiffs shall be entitled to greater shares of the Net Settlement Amount. Specifically, Opt-in Plaintiffs shall receive the greater of their *pro rata* share amount or the amount they would have received had they accepted Defendants' January 12, 2021 Offers of Judgment. In exchange for receiving the amount they would have received had they accepted Defendants' January 12, 2021 Offers of Judgment, each Opt-In Plaintiff shall execute a general release of all claims covering the period between July 23, 2016 and the date of this Agreement in the form consistent with section 15 above. If Opt-In Plaintiffs refuse to sign the general release, they will not be entitled to receive the amount they would have received, had they accepted Defendants' January 12, 2021 Offers of Judgment. If Opt-In Plaintiffs receive only their *pro rata* share, they will not be required to execute a general release of all claims. Any unclaimed monies from the Opt-In Plaintiffs shall revert to Defendants and the State of Minnesota consistent with the terms of paragraph 22.b. above.

27. **Tax Treatment of Settlement Awards.** Twenty-five percent (25%) of each Settlement Award shall be treated as W-2 wages. Seventy-five percent (75%) of each Settlement Award shall be treated as liquidated damages for which Settlement Class Members shall be issued

an IRS Form 1099. The wage payments will be paid out to Settlement Class Members subject to reduction for each Settlement Class Member's withholdings and taxes associated with the wage-portion of the Settlement Awards, for which Settlement Class Members shall be issued an IRS Form W-2. Labor Source shall pay the employer's share of all required FICA and FUTA taxes on the wage portions of the Settlement Awards. The Settlement Administrator shall calculate the employer share of taxes and provide Defendants with the total employer tax contributions within ten (10) business days after the receipt of the final Settlement Award calculations from Defendants. Labor Source shall deposit the calculated employer tax contributions into the Qualified Settlement Fund within ten (10) business days after the Effective Date. Amounts withheld will be remitted by the Settlement Administrator from the Qualified Settlement Fund to the appropriate governmental authorities. Labor Source shall cooperate with the Settlement Administrator to provide payroll tax information as necessary to accomplish the income and employment tax withholding on the wage portion of each Settlement Award, and the Form 1099 reporting for the non-wage portion of each Settlement Award.

28. Class Counsel and Defendants' Counsel do not intend this Settlement Agreement to constitute legal advice relating to the tax liability of any Settlement Class Member. To the extent that this Settlement Agreement, or any of its attachments, is interpreted to contain or constitute advice regarding any federal, state or local tax issue, such advice is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding any tax liability or penalties.

29. The Settlement Administrator shall mail all Settlement Awards to Settlement Class Members within ten (10) business days after Defendants fund the Gross Settlement Amount to the Qualified Settlement Fund. The Settlement Administrator shall then provide written certification of mailing to Class Counsel and Defendants' Counsel.

30. The Settlement Administrator shall send a reminder postcard to all Settlement Class Members who have not cashed their checks for proceeds under this Settlement within 90 days after Settlement Awards have been mailed.

31. All Settlement Award checks shall remain valid and negotiable for one hundred eighty (180) days from the date of their issuance and may thereafter automatically be canceled if not cashed or deposited within that time, at which time the right to recover any Settlement Award will be deemed void and of no further force and effect. Settlement Class Members who have not cashed or deposited their Settlement Award checks within 180 days after issuance shall nevertheless be deemed to have finally and forever released the Released Claims, except that such Settlement Class Members shall not release any FLSA claims against Defendants.

32. **Remaining Monies.** If at the conclusion of the 180-day check cashing period set forth above, any funds remain from checks that are returned as undeliverable or are not negotiated, those monies revert to Defendants and the Commerce Department of the State of Minnesota consistent with the terms of paragraph 22.b. above.

MISCELLANEOUS

33. **CAFA Notices.** Pursuant to 28 U.S.C. § 1715, Defendants shall be responsible for notifying the appropriate federal and state officials of this settlement.

34. **No Admission of Liability.** This Settlement Agreement and all related documents are not and shall not be construed as an admission by Defendants or any of the Releasees of any fault or liability or wrongdoing.

35. **Public Comment.** The Parties and their Counsel agree that they will not issue a press release or hold any press conferences or initiate contact with a member of the press, including on social media, about this case and/or the fact, amount or terms of the Settlement. If the Parties are contacted by the press about the Settlement, they will respond only that the case has been resolved. Nothing in this paragraph shall prevent Class Counsel from communicating with the Settlement Class Members, or the court in which the Action is pending, as may be required to carry out the terms of this Settlement and/or fulfill their ethical responsibilities under the Settlement and to their respective clients.

36. **Defendants' Legal Fees.** Defendants' legal fees and expenses in this Action shall be borne by Defendants.

37. **Nullification of the Settlement Agreement.** In the event that: (a) the Court does not preliminarily or finally approve the Settlement as provided herein; or (b) the Settlement does not become Final for any other reason; or (c) the Effective Date does not occur, the Parties agree to engage in follow up negotiations with the intent of resolving the Court's concerns that precluded approval, and if feasible, to resubmit the settlement for approval within thirty (30) days. If the Settlement is not approved as resubmitted or if the Parties are not able to reach another agreement, then either Party may void this Agreement; at that point, the Parties agree that each shall return to their respective positions on the day before this Agreement and that this Agreement shall not be used in evidence or argument in any other aspect of their litigation.

38. **Defendants' Option to Void Settlement.** If more than ten percent (10%) of the total number of Settlement Class Members submit timely and valid Requests for Exclusion/Opt-Out Requests, then Defendants shall have the option to void the Settlement in their sole discretion. To exercise this option, Defendants must jointly send written notification to Class Counsel within fourteen (14) days of receiving a report from the Settlement Administrator informing Defendants' Counsel that the total number of timely and valid Requests for Exclusion / Opt-Out Requests is more than ten percent (10%). If Defendants choose to exercise this option, the effect will be precisely the same as if Final Judgment did not occur, as discussed herein, and all Settlement Administrator Costs incurred by the Settlement Administrator through that date will be paid by Defendants.

39. **Reduced Service Awards, Fee Award Not a Basis for Voiding Settlement.** If the Court approves Service Awards or a Fee Award in amounts less than what Named Plaintiff and/or Class Counsel request, the Parties agree that the reduction in the Service Award(s) or Fee Award will not be a basis for nullification of this Settlement. Nor will a reduction in the Service

Awards, or Fee Award, in any way delay or preclude the judgment from becoming a final judgment or the Settlement from becoming Effective.

40. **Inadmissibility of Settlement Agreement.** Except for purposes of settling this Action, or enforcing its terms (including that claims were settled and released), resolving an alleged breach, or for resolution of other tax or legal issues arising from a payment under this Settlement Agreement, neither this Agreement, nor its terms, nor any document, statement, proceeding or conduct related to this Agreement, nor any reports or accounts thereof, shall be construed as, offered or admitted in evidence as, received as, or deemed to be evidence for any purpose adverse to the Parties, including, without limitation, evidence of a presumption, concession, indication or admission by any of the Parties of any liability, fault, wrongdoing, omission, concession or damage.

41. **Computation of Time.** For purposes of this Agreement, if the prescribed time period in which to complete any required or permitted action expires on a Saturday, Sunday, or legal holiday (as defined by FED. R. CIV. P. 6(a)(6)), such time period shall be continued to the following business day. The term “days” shall mean calendar days unless otherwise noted.

42. **Interim Stay of Proceedings.** The Parties agree to hold in abeyance all proceedings in the Action, except such proceedings necessary to implement and complete the Settlement. Further, without further order of the Court, the Parties hereto may agree in writing to reasonable extensions of time to carry out any of the provisions of the Settlement.

43. **Amendment or Modification.** This Agreement may be amended or modified only by a written instrument signed by counsel for all Parties or their successors in interest. This Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by the Parties hereto.

44. **Entire Settlement Agreement.** This Agreement with exhibits constitutes the entire Agreement among the Parties, and no oral or written representations, warranties or inducements have been made to any Party concerning this Agreement other than the representations, warranties, and covenants contained and memorialized in such documents. All prior or contemporaneous negotiations, memoranda, agreements, understandings, and representations, whether written or oral, are expressly superseded hereby and are of no further force and effect. Each of the Parties acknowledges that they have not relied on any promise, representation or warranty, express or implied, not contained in this Agreement. No rights hereunder may be waived except in writing.

45. **Authorization to Enter into Settlement Agreement.** The Parties warrant and represent that they are authorized to enter into this Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents required to effectuate the terms of this Agreement. The Parties and their counsel shall cooperate with each other and use their best efforts to effect the implementation of the Agreement. In the event that the Parties are unable to reach resolution on the form or content of any document needed to implement this Agreement, or on any supplemental provisions or actions that may become necessary to effectuate the terms of this Agreement, the

Parties shall seek the assistance of the Judge Elizabeth Cowan Wright, to resolve such disagreement.

46. **Binding on Successors and Assigns.** This Agreement shall be binding upon, and inure to the benefit of Named Plaintiff, Defendants, Opt-In Plaintiffs, the Settlement Class Members and their heirs, beneficiaries, executors, administrators, successors, transferees, successors, assigns, or any corporation or any entity with which any party may merge, consolidate or reorganize. The Parties hereto represent, covenant and warrant that they have not directly or indirectly assigned, transferred, encumbered or purported to assign, transfer or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action or rights herein released and discharged except as set forth herein.

47. **Counterparts.** This Agreement may be executed in one or more counterparts, including by facsimile or email. All executed counterparts and each of them shall be deemed to be one and the same instrument. All executed copies of this Agreement, and photocopies thereof (including facsimile and/or emailed copies of the signature pages), shall have the same force and effect and shall be as legally binding and enforceable as the original.

48. **No Signature Required by Eligible Class Members.** Only the Named Plaintiff will be required to execute this Settlement Agreement on behalf of the Settlement Class Members. The Settlement Notice will advise all Settlement Class Members of the binding nature of the release and such shall have the same force and effect as if this Settlement Agreement were executed by each Settlement Class Member.

49. **Cooperation and Drafting.** The Parties have cooperated in the drafting and preparation of this Agreement; hence the drafting of this Agreement shall not be construed against any of the Parties. The Parties agree that the terms and conditions of this Agreement were negotiated at arm's length and in good faith by the Parties, and reflect a settlement that was reached voluntarily based upon adequate information and sufficient discovery and after consultation with experienced legal counsel.

50. **Governing Law.** All terms of this Settlement Agreement and the exhibits hereto shall be governed by and interpreted according to the laws of the State of Minnesota.

51. **Jurisdiction of the Court.** The Court shall retain jurisdiction with respect to the interpretation, implementation, and enforcement of the terms of this Settlement and all orders and judgments entered in connection therewith, and the Parties and their Counsel submit to the jurisdiction of the Court for this purpose.

IN WITNESS WHEREOF, the Parties and their Counsel have executed this Settlement Agreement as follows:

PLAINTIFF:



Marquise Murphy

Date: 01 / 25 / 2023, 2023

APPROVED AS TO FORM BY CLASS COUNSEL:



Carolyn Hunt Cottrell
Ori Edelstein
SCHNEIDER WALLACE
COTTRELL KONECKY LLP
2000 Powell Street, Suite 1400
Emeryville, California 94608

Date: February 6, 2023

DEFENDANT:

On behalf of Labor Source, LLC

Date: _____, 2023

DEFENDANT:

On behalf of BluSky Restoration Contractors, LLC

Date: _____, 2023

APPROVED AS TO FORM BY DEFENDANTS' COUNSEL:

Eric R. Magnus
JACKSON LEWIS P.C.
171 17th St., NW
Suite 1200
Atlanta, Georgia 30363

Date: _____, 2023



PLAINTIFF: _____
Marcquise Murphy

Date: _____, 2022

APPROVED AS TO FORM BY CLASS COUNSEL:

Carolyn Hunt Cottrell
Ori Edelstein
SCHNEIDER WALLACE
COTTRELL KONECKY LLP
2000 Powell Street, Suite 1400
Emeryville, California 94608

Date: _____, 2022

DEFENDANT:



On behalf of Labor Source, LLC

Date: FEBRUARY 1, 2022

DEFENDANT:

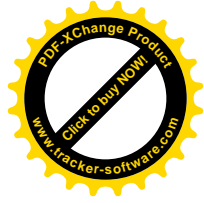
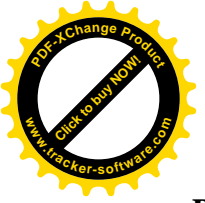
On behalf of BluSky Restoration Contractors, LLC

Date: _____, 2022

APPROVED AS TO FORM BY DEFENDANTS' COUNSEL:

Eric R. Magnus
JACKSON LEWIS P.C.
171 17th St., NW
Suite 1200
Atlanta, Georgia 30363

Date: _____, 2022



PLAINTIFF: _____
Marcquise Murphy

Date: _____, 2023

APPROVED AS TO FORM BY CLASS COUNSEL:

Carolyn Hunt Cottrell
Ori Edelstein
SCHNEIDER WALLACE
COTTRELL KONECKY LLP
2000 Powell Street, Suite 1400
Emeryville, California 94608

Date: _____, 2023

DEFENDANT: _____
On behalf of Labor Source, LLC

Date: _____, 2023

DEFENDANT: _____
On behalf of BluSky Restoration Contractors, LLC

Date: February 2, 2023

APPROVED AS TO FORM BY DEFENDANTS' COUNSEL:

Eric R. Magnus
JACKSON LEWIS P.C.
171 17th St., NW
Suite 1200
Atlanta, Georgia 30363

Date: _____, 2023

PLAINTIFF: _____
Marcquise Murphy

Date: _____, 2023

APPROVED AS TO FORM BY CLASS COUNSEL:

Carolyn Hunt Cottrell
Ori Edelstein
SCHNEIDER WALLACE
COTTRELL KONECKY LLP
2000 Powell Street, Suite 1400
Emeryville, California 94608

Date: _____, 2023

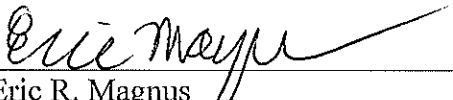
DEFENDANT: _____
On behalf of Labor Source, LLC

Date: _____, 2023

DEFENDANT: _____
On behalf of BluSky Restoration Contractors, LLC

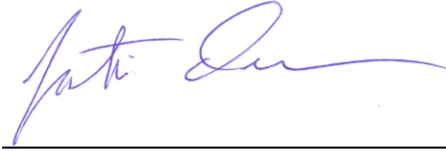
Date: _____, 2023

APPROVED AS TO FORM BY DEFENDANTS' COUNSEL:



Eric R. Magnus
JACKSON LEWIS P.C.
171 17th St., NW
Suite 1200
Atlanta, Georgia 30363

Date: February 2, 2023



Date: February 6, 2023

Justin M. Dean
Ogletree Deakins
700 West 47th Street, Suite 500
Kansas City, MO 64112
On behalf of Labor Source, LLC

EXHIBIT A

*Murphy, et al. v. Labor Source, LLC, et al.,
Case No. 19-cv-01929 (D. Minn.)*

NOTICE OF SETTLEMENT
PLEASE READ THIS NOTICE CAREFULLY.

You received this Notice of Settlement (“Notice”) either because you (1) previously completed an Opt-In Consent Form to join this case; or (2) you did not previously join this case but the records of Labor Source, LLC (who along with BluSky Restoration Contractors, LLC are collectively referred to herein as “Defendants”) show you were employed by Labor Source in the State of Minnesota and performed work on a BluSky project sometime between July 23, 2016 and [date of preliminary approval]. Because you fit this definition, **you are entitled to receive money from a Settlement² in this case, as described below.**

1. Why Should You Read This Notice?

This Notice explains your options with respect to your right to share in the monetary proceeds of this Settlement, including how to exclude yourself (“opt out”) of the Settlement, or object to the Settlement. If you object to the Settlement, you cannot opt out of the Settlement, and you will be bound by the terms of Settlement in the event the Court denies your objection.

The United States District Court for the District of Minnesota has preliminarily approved the Settlement as fair and reasonable. The Court will hold a Final Approval Hearing on [redacted], 202__ at [redacted], before the Honorable Magistrate District Judge Elizabeth Cowan Wright at the St. Paul Courthouse, _____.

2. What Is This Case About?

This lawsuit alleges that individuals whom Labor Source employed as non-exempt employees and who worked on BluSky projects in the state of Minnesota between July 23 2016 and [date of preliminary approval] were not paid for all of their hours of work and were not reimbursed for expenses incurred. This lawsuit seeks recovery of unpaid wages, statutory damages, civil penalties under Minnesota law, and attorneys’ fees. The claims in this lawsuit are brought under federal and Minnesota law.

Defendants contend that they have strong legal and factual defenses to these claims, but they recognize the risks, distractions, and costs associated with litigation. Labor Source contends that

² This notice summarizes the proposed Settlement. The capitalized terms in this Notice of Settlement have defined meanings that are set out in detail in the Settlement Agreement. To review a copy of the Settlement Agreement, please visit the Settlement Website at [INSERT URL]. The Settlement Website allows interested persons to view the Settlement Agreement, papers filed by Class Counsel to obtain Court approval of the Settlement Agreement, and this Notice of Settlement (in generic form). The Settlement Website also provides contact information for Class Counsel and the Settlement Administrator..

the wage and hour policies and practices at issue, including those regarding payment for time worked, overtime pay, and expense reimbursement, are lawful and have been lawful throughout the relevant time period. BluSky contends it did not employ the Class Members and was not responsible for the wage and hour practices at issue in this case. Defendants also contend that Plaintiff's claims do not meet the requirements for class certification.

This Settlement is the result of good faith, arm's length negotiations between Plaintiff and Defendants, through their respective attorneys. Both sides agree that in light of the risks and expenses associated with continued litigation, this Settlement is fair and appropriate under the circumstances, and in the best interests of the Class Members. This Settlement is a compromise and is not an admission of liability on the part of Defendants.

The Court has not ruled on the merits of Plaintiff's claims or Defendants' defenses.

3. What Are the Terms of the Settlement?

Defendants have agreed to pay One Million One-Hundred Fifty Thousand Dollars (\$1,150,000.00) to settle this lawsuit ("Gross Settlement Amount"). Deductions from this amount will be made for attorneys' fees, costs and expenses for Class Counsel (up to \$725,000), settlement administration costs (estimated to be \$20,000.00), and a service award in an amount not to exceed Fifteen Thousand Dollars (\$15,000.00) in total to Named Plaintiff Marcquise Murphy for his service to the Settlement Class. After deductions of these amounts, what remains of the Gross Settlement Amount (the total of the "Net Settlement Amount") will be available to pay monetary Settlement Awards to all Settlement Class Members who do not opt out of the Settlement Class (collectively, "Participating Individuals").

All individuals who were employed by Labor Source in the State of Minnesota as an hourly, non-exempt employee and who worked on a BluSky project between July 23, 2016 and date of this Agreement will be eligible to receive a monetary award from the Net Settlement Amount.

4. How Much Can I Expect to Receive?

All Participating Individuals will receive a *pro rata* share of the Net Settlement Amount based on the total number of eligible workweeks that the Participating Individual worked for Labor Source on BluSky projects in Minnesota during the relevant period. Participating Individuals shall receive a *pro rata* portion of the Net Settlement Amount as follows:

1. For each week during which the Participating Individual worked for Labor Source on BluSky projects in Minnesota at any time from July 23, 2016 through [date of preliminary approval], he or she shall be eligible to receive a *pro rata* portion of the Net Settlement Amount based on the number of workweeks the Participating Individual worked. Opt-In Plaintiffs Ratanya Rodgers, Cynthia Hodo, DeAntwone Norris, Devin Pettis, Laquon Blackmon and Ledon Brown, who received and rejected offers of judgment shall be entitled to greater shares of the Net Settlement Amount. Specifically, these Opt-in Plaintiffs shall receive the greater of their *pro rata* share amount or the amount they would have received had they accepted

Defendants' January 12, 2021 Offers of Judgment. In exchange for receiving these amounts, each of these Opt-In Plaintiffs shall execute a general release of all claims covering the period between July 23, 2016 and the date of this Agreement.

2. The total number of settlement shares for all Participating Individuals will be added together and the resulting sum will be divided into the Net Settlement Amount to reach a per share dollar figure. That figure will then be multiplied by each Participating Individual's number of settlement shares to determine the Participating Individual's share of the Net Settlement Amount.

All Settlement Award determinations will be based on Labor Source's timekeeping, payroll, and/or other records for Settlement Class members.

For tax reporting purposes, Settlement Awards to Participating Individuals will be allocated as follows: twenty-five percent (25%) of each Settlement Award shall be allocated as wages and seventy-five percent (75%) of each Settlement Award shall be allocated as liquidated damages. None of the Parties or attorneys makes any representations concerning the tax consequences of this Settlement or your participation in it. Participating Individuals should consult with their own tax advisors concerning the tax consequences of the Settlement.

You do not need to do anything to be sent your settlement payment. Just watch your mail for a check and cash it when you get it. If you participate in the Settlement, you will have 180 days to cash the check that will be sent to you. If at the conclusion of the 180-day check void period, there are any uncashed checks, those monies will be paid back in equal parts to Defendants and to the State of Minnesota to be held as unclaimed funds.

It is your responsibility to keep a current address on file with the Settlement Administrator to ensure receipt of your monetary Settlement Award. If you fail to keep your address current, you may not receive your Settlement Award.

5. What Are The Releases?

Upon Final Approval of the Settlement Agreement and payment of amounts set forth under the Settlement, all Participating Individuals release claims as follows ("Released Claims") against Labor Source and BluSky, their present and former parent companies, subsidiaries, related or affiliated companies, and their shareholders, officers, directors, employees, agents, attorneys, insurers, successors and assigns, and any individual or entity that could be liable for any of the Released Claims (collectively, the "Releasees"):

- a. Settlement Class Members Who Cash Checks: All Settlement Class Members who cash, deposit, or otherwise negotiate their Settlement Award checks release all Releasees from the following rights or claims: any and all claims that were alleged or could have been alleged based on the facts alleged in the Named Plaintiff's First Amended Complaint, including but not limited to all claims under the Fair Labor Standards Act, 29 U.S.C. §§ 201, *et seq.* and Minnesota state law that are based on or relate to the purported payment or nonpayment of compensation (including, but not limited to, wages, minimum wage, straight time, overtime, bonuses, incentive

compensation, and/or premium pay), meal or rest period premiums or penalties, reimbursement of business expenses, improper wage statements, improper recordkeeping, use of payroll cards, unfair business practices, including related premiums, statutory penalties, civil penalties, liquidated damages, interest, punitive damages, costs, attorneys' fees, injunctive relief, declaratory relief, or accounting, whether such causes of action are in tort, contract, or pursuant to a statutory remedy.

- b. Settlement Class Members Who Do Not Cash Checks and Do Not Opt Out or Object: All Settlement Class Members who do not cash, deposit, or otherwise negotiate their Settlement Award checks but who also do not opt out or object to the Settlement (including those whose objections are resolved by the Court) release all Releasees from the following rights or claims: any and all Minnesota state law claims that were alleged or could have been alleged based on the facts alleged in the Named Plaintiff's First Amended Complaint, including but not limited to wage and hour claims under Minnesota state law that are based on or relate to the purported payment or nonpayment of compensation (including, but not limited to, wages, minimum wage, straight time, overtime, bonuses, incentive compensation, and/or premium pay), meal or rest period premiums or penalties, reimbursement of business expenses, improper wage statements, improper recordkeeping, use of payroll cards, unfair business practices, including related premiums, statutory penalties, civil penalties, liquidated damages, interest, punitive damages, costs, attorneys' fees, injunctive relief, declaratory relief, or accounting, whether such causes of action are in tort, contract, or pursuant to a statutory remedy.
- c. Settlement Class Members Who Do Not Cash Checks and Who Opt Out: All Settlement Class Members who do not cash, deposit, or otherwise negotiate their Settlement Award checks and who either opt out or object to the Settlement, and whose objection remains unresolved do not release Releasees from any rights or claims.

6. What Are My Rights?

- **Cash The Check**: If you cash the check mailed to you, you will be bound by the Settlement including its release provisions as described in Section 5.a. above and as provided in the Settlement Agreement.
- **Do Nothing (Do Not Cash The Check and Do Not Opt Out)**: If you are a member of the Settlement Class and do not cash the check accompanying this Notice and do not opt out of the settlement, you will release claims consistent with the description in Section 5.b. above and as provided in the Settlement Agreement.
- **Do Not Cash the Check and Opt Out**. If you are a member of the Settlement Class, do not cash the check accompanying this Notice and wish to opt out of the settlement, you must submit a written exclusion from the Settlement ("opt-out"), postmarked by [INSERT]. The written request for exclusion must contain your full name, address, telephone number, email address (if applicable), last four digits of your social security

number, and must be signed individually by you. No opt-out request may be made on behalf of a group. The opt-out request must be sent by mail to the Settlement Administrator at [INSERT SETTLEMENT ADMINISTRATOR ADDRESS]. **Any person who requests exclusion (opts out) of the settlement will not be entitled to any Settlement Award and will not be bound by the Settlement Agreement or have any right to object, appeal or comment thereon.** Nor will any such person release any claims against Defendants.

- **Object:** If you received this Notice and wish to object to the Settlement, you must submit a written statement objecting to the Settlement by [INSERT DATE]. The statement must state the factual and legal grounds for your objection to the settlement. The statement must state your full name, address, telephone number, and email address (if applicable), and must be signed by you. The statement must be mailed to the Court at the following address: United States District Court, Office of the Clerk, _____. You must also mail a copy of your objection to Class Counsel and counsel for Defendants, at the addresses listed in Section 8 of this Notice by [INSERT DATE].

If you mail a written objection, you may also, if you wish, appear at the Final Approval Hearing to discuss your objection with the Court and the parties to the Lawsuit. Your written objection must state whether you will attend the Final Approval Hearing, and your written notice of your intention to appear at the Final Approval Hearing must be filed with the Court and served upon Class Counsel and Defendants' counsel on or before the Notice Deadline. To be heard at the Final Approval Hearing you must also not opt out of the Settlement. If you wish to object to the Settlement but fail to return your timely written objection in the manner specified above, you shall be deemed to have waived any objection and shall be foreclosed from making any objection (whether by appeal or otherwise) to the Settlement. The postmark date of mailing to Class Counsel and Defendants' counsel shall be the exclusive means for determining that an objection is timely mailed to counsel. Objections shall only be considered if the Settlement Class Member has not opted out of the Settlement. The failure to submit a written objection as a prerequisite to appearing in court to object to the settlement may be excused upon a showing of good cause.

You may also withdraw your objection in writing by mailing a withdrawal statement to the Court and counsel for the Parties postmarked no later than [INSERT DATE – 10 business days before final approval hearing], orally at the Final Approval hearing, or as otherwise ordered by the Court.

7. Can Defendants Retaliate Against Me for Participating in this Lawsuit?

No. Your decision as to whether or not to participate in this Settlement will in no way affect your work or employment with Defendants or future work or employment with Defendants. It is unlawful for Defendants to take any adverse action against you as a result of your participation in this Settlement.

8. Who Are the Attorneys Representing The Parties?

Plaintiff and the Settlement Class are represented by the following attorneys acting as Class Counsel:

Carolyn H. Cottrell
Ori Edelstein
SCHNEIDER WALLACE
COTTRELL KONECKY LLP
2000 Powell Street, Suite 1400
Emeryville, CA 94608
Telephone: (800) 689-0024
Facsimile: (415) 421-7105

Defendant Labor Source is represented by the following attorney of record:

Justin M. Dean
Ogletree Deakins
4520 Main Street, Suite 400
Kansas City, MO 64111
Telephone: 816-410-2244

Defendant BluSky is represented by the following attorneys of record:

Eric R. Magnus
Ashton Hoffman
Jackson Lewis, P.C.
1155 Peachtree St., NW, Suite 1200
Atlanta, GA 30363
Telephone: 404-525-8200

9. How Will the Attorneys for the Settlement Class Be Paid?

Class Counsel will be paid from the Gross Settlement Amount of \$1,150,000. You do not have to pay the attorneys who represent the Settlement Class. The Settlement Agreement provides that Class Counsel will receive attorneys' fees of up to \$725,000. Class Counsel will file a Motion for Attorneys' Fees and Costs with the Court. The amount of attorneys' fees and costs awarded will be determined by the Court at the Final Approval Hearing.

10. Where can I get more information?

If you have questions about this Notice, or the Settlement, or if you did not receive this Notice in the mail and you believe that you are or may be a member of the Settlement, you should contact the Settlement Administrator.

This Notice is only a summary. For the precise terms and conditions of the Settlement, please see the Settlement Agreement available at the Settlement Website at [\[INSERT URL\]](#) or call the Settlement Administrator toll-free at [\[INSERT\]](#). You may also access the Court's Public Access

to Court Electronic Records (PACER) system at <https://ecf.cand.uscourts.gov>, or by visiting the office of the Clerk of the Court for the United States District Court for the District of Minnesota, Office of the Clerk, _____, between 9:00 a.m. and 4:00 p.m., Monday through Friday, excluding Court holidays.

PLEASE DO NOT CONTACT THE COURT, THE CLERK OF THE COURT, OR THE JUDGE FOR INFORMATION ABOUT THE PROPOSED SETTLEMENT OR THIS LAWSUIT.