

## SETTLEMENT AGREEMENT AND RELEASE

This settlement agreement and release (“Settlement Agreement”) is entered into by and between named plaintiffs Jamie Canales (f/k/a Jamie Aguilar), Jessica Lobell, and Trever Palin (collectively the “Class Representatives”), Providence Health & Services—Oregon (“Providence”), and the class of individuals as defined below.

### RECITALS

**A.** The Class Representatives are current and former employees of Providence in the State of Oregon. The Class Representatives allege that Providence violated Oregon wage laws beginning in July 2022 when it activated a new payroll system (“Genesis”) that allegedly caused widespread pay errors.

**B.** On August 4, 2022, Oregon Nurses Association (“ONA”) submitted a grievance, number 002.22.PSV.080\_030, alleging that numerous ONA Registered Nurses suffered unpaid wages, lost paid time off and experienced other payroll errors following Providence’s implementation of Genesis (“Grievance”).

**C.** On August 15, 2022, Plaintiff Jamie Aguilar filed a putative class action complaint against Providence in the Circuit Court of the State of Oregon for Multnomah County (the “Court”), Case No. 22CV27153 (the “Action”) on her own behalf and on behalf of a proposed class of current and former hourly paid, non-exempt employees of Providence whose wages were incorrectly reduced by Genesis. The complaint sought an accounting of wages under ORS 652.120 and an equitable accounting of wages under Oregon common law.

**D.** On October 20, 2022, the Class Representatives, along with previously named Plaintiff Michael Flock (“Flock”), filed a first amended class action complaint (“FAC”) adding plaintiffs and new claims. The FAC alleges that Providence violated ORS 652.120 by failing to pay all wages at regular paydays, violated ORS 652.140 by failing to pay all wages at the end of employment, and violated ORS 652.610 by deducting wages without authorization. The FAC also sought an equitable accounting of wages on behalf of the proposed class.

**E.** On May 7, 2024, the Class Representatives, along with Flock, filed a second amended complaint (“SAC”) alleging new facts and adding a new claim for conversion under Oregon common law. The SAC alleges that Genesis caused widespread disparities in pay for Providence’s employees in Oregon, including: (1) payment of incorrect wage

rates, (2) missing work hours from paychecks, (3) missing or late paychecks, (4) absent or incorrect overtime wages, (5) incorrect wage deductions or withholdings, (6) delayed remittance of funds deducted from wages, (7) reductions from PTO, EIB, sick time, or low census banks, (8) unpaid bonuses or per diems, and (9) absent or incorrect wage rates for various types of premium pay, such as shift differentials, incentive pay, certification pay, or clinical ladder pay.

F. On May 20, 2024, Providence filed a motion to dismiss Class Representatives and Flock's conversion claim. The Court granted Providence's motion and ordered dismissal of the conversion claim on July 11, 2024.

G. On August 21, 2024, the parties filed a stipulation for entry of a limited judgment of dismissal without prejudice as to Flock. The Court entered a limited judgment dismissing Flock on September 23, 2024.

H. The Class Representatives and Providence (collectively the "Parties") engaged in extensive investigation and discovery of the factual and legal issues in dispute in this case. Providence has produced several thousand pages of documents in discovery, as well as extensive data. Counsel for the Class Representatives conducted depositions of several witnesses designated by Providence to testify on its behalf. Counsel for the Class Representatives also engaged in motion practice to obtain additional discovery, including continuation of deposition testimony. Likewise, counsel for Providence obtained documents from the Class Representatives in discovery and conducted depositions of each of the Class Representatives.

I. On September 24, 2024, the Parties held a mediation with Judge Henry Kantor, resulting in an agreement to the terms memorialized in this Settlement Agreement. Although there exist complex and significant unresolved factual and legal issues, the Parties and their counsel agree that they have sufficiently evaluated the claims and issues in the Action to fairly resolve this dispute. The Parties and their counsel are also mindful of the significant use of court resources necessary to continue litigation, as well as further expense, time, and delay to the Parties and the putative class.

J. Since the commencement of this Action Providence has noted that the activation of Genesis may have resulted in some pay discrepancies for some employees. However, Providence contends that any alleged pay discrepancies were corrected and that the discrepancies did not violate Oregon wage and hour laws. Providence further asserts that it promptly addressed and paid employees for any alleged pay discrepancies if and when they were identified. Notwithstanding the foregoing, Providence denies all of the

claims the Class Representatives have asserted against it, and assert that during all relevant times, the Class Representatives and the putative class members were properly paid. Consequently, Providence does not believe that any liability to the Class Representatives or the putative class members exists, or that the Class Representatives or the putative class members are entitled to any recovery. In addition, Providence contends that the Class Representatives' class claims are not suitable for class treatment. Providence has agreed to resolve this Action via this Settlement Agreement, but to the extent this Settlement Agreement is deemed void or not approved by the Court, Providence does not waive, but rather expressly reserves, all rights to challenge all such claims and allegations in the Action upon all procedural, merit, and factual grounds, including, without limitation, the ability to challenge class treatment on any grounds and assert any and all other privileges and potential defenses.

**NOW THEREFORE**, subject to the approval of the Court pursuant to Rule 32 of the Oregon Rules of Civil Procedure ("ORCP"), the Parties wish to resolve this dispute in its entirety and agree to the following terms, which they acknowledge constitute fair, reasonable, and adequate resolution of this dispute and sufficient consideration for the mutual promises contained herein:

1. **Procedural Steps.** As memorialized in this Settlement Agreement, the Parties intend to resolve this dispute with entry of a court order approving the terms of this Agreement, payment by Providence of monetary relief to the putative class, a release of liability against Providence by members of the putative class, and entry of judgment and dismissal with prejudice of the Action. To that end, the Parties agree to cooperate in good faith on each of the following procedural steps:

- (a) **Withdrawal and Dismissal of The Grievance.** The Parties agree that prior to the Class Representatives filing any motion with the Court seeking approval of the Settlement Agreement, the Class Representatives shall secure and provide Providence with a signed written withdrawal and dismissal with prejudice of the Grievance by ONA, that shall be conditional on the Court's final approval of the Settlement Agreement. ONA's written withdrawal and dismissal with prejudice of the Grievance is a condition to the Parties' Settlement Agreement and the settlement of this matter.
- (b) **Motion for Preliminary Approval.** Following the Class Representatives' compliance with their obligations set forth in Subparagraph (a), and within 21 days after the execution of this Settlement Agreement, counsel for the Class Representatives shall file an unopposed motion to the Court for preliminary

- approval of this settlement, certification of the class for settlement purposes only, and authorization to mail notice to the proposed class. Counsel for Providence shall have a reasonable opportunity to review the motion for preliminary approval and propose revisions prior to its filing with the Court. When filing the motion for preliminary approval, counsel for the Class Representatives shall request that the Court schedule a final fairness hearing.
- (c) **Notice to Class.** Within 30 days of the Court's order of preliminary approval, a settlement administrator selected jointly by the Parties shall mail notice ("Notice") of this settlement to the proposed class as directed by the Court. After mailing of the Notice, the settlement administrator shall: (i) collect and process any requests by members of the class to opt-out of this settlement, (ii) collect and process any objections to the settlement, (iii) collect and process claims forms from members of the class, (iv) prepare reports as necessary, and (v) after final approval of the settlement, issue compensation to the class and resolve any unclaimed or returned payments.
  - (d) **Motion for Final Approval.** Within 14 days after the end of the notice period established in the Notice, counsel for the Class Representatives shall file an unopposed motion to the Court for final approval of this settlement. Counsel for Providence shall have a reasonable opportunity to review the motion for final approval and propose revisions prior to its filing with the Court.
  - (e) **Payment of the Settlement Sum.** Within 14 days after the Court issues a written order finally approving this settlement, Providence shall transfer funds to the settlement administrator to be distributed as set forth in this Settlement Agreement.
  - (f) **Entry of Judgment of Dismissal.** After distribution of settlement funds is complete, counsel for the Class Representatives shall file a stipulated general judgment of dismissal of the Action with prejudice and with the Parties to bear their own attorney fees and costs except as set forth in the Court's order approving the settlement.

2. **The Settlement Class.** The scope of the class, subject to approval and certification by the Court for settlement purposes only, shall be all hourly paid, non-exempt employees who were employed by Providence in the State of Oregon at any time from July 8, 2022, through March 31, 2023 (the "Class"). However, any individual who properly opt outs of the settlement after receiving Notice from the settlement

administrator shall be excluded from the Class. The Parties estimate that the Class will not exceed 18,000 individuals.

3. **The Settlement Sum.** As consideration for the release of claims and other promises contained herein, and subject to approval by the Court, Providence agrees to pay \$2,000,000 (“Settlement Sum”) with distribution as follows:

- (a) **Payment to Settlement Administrator.** The settlement administrator selected jointly by the Parties shall be paid from the Settlement Sum for costs and expenses to administer the settlement, unless this Settlement Agreement is not approved by the Court, in which case the settlement administrator’s costs and expenses shall be paid by Providence.
- (b) **Attorney Fees and Costs to Class Counsel.** The Parties agree that current counsel for the Class Representatives, the law firm of Bennett Hartman, LLP, is competent to represent the Class and shall serve as class counsel. Class counsel shall receive 25 percent (\$500,000) as attorney fees, plus reimbursement of litigation costs amounting to \$39,019.
- (c) **Service Award to Class Representatives.** The Class Representatives shall each receive \$7,500 (a total of \$22,500) as a service award for their efforts on behalf of the Class. This compensation shall be in addition to amounts paid under Subparagraph (f). The Class Representatives shall not be eligible for payments under Subparagraphs (d) and (e).
- (d) **Unpaid Wages.** Any member of the Class who submits a sworn statement to the settlement administrator by the end of the notice period established in the Notice, that, as of the effective date of this Settlement Agreement, has not been paid all wages, and still has not been paid all wages, because of the launch of Genesis, shall receive the amount of their claimed unpaid wages up to \$1,000, except as provided in Subparagraph (f), unless Providence establishes that records show conclusively that the employee was fully paid.
- (e) **Late Payment of Wages After Termination.** Any member of the Class who submits a sworn statement to the settlement administrator by the end of the notice period established in the Notice, that they were paid wages late at the end of their employment because of the launch of Genesis, shall receive a late payment penalty equal to the amount of their late paid wages up to \$1,000, except as provided in Subparagraph (f), unless Providence establishes that

records show conclusively that the employee was timely paid.

- (f) **General Payment to Class Members.** Each member of the Class shall receive an equal payment distributed from the amount remaining from the Settlement Sum after allocation of funds under Subparagraph (a) through (e). If the sum after allocations under Subparagraph (a) through (e) is insufficient to pay each Class member \$40, then amounts under Subparagraph (d) and (e) shall be reduced on a pro rata basis so as to make the remainder sufficient. If the remaining sum after the foregoing reduction to amounts paid under Subparagraph (d) and (e) is still insufficient to pay at least \$40 per Class member, then amounts to each Class member shall be reduced on a pro rata basis so that the total payout shall not exceed the amount of the common fund.

4. **Fair Compensation.** The Parties agree that the amount of the Settlement Sum, as well as each allocation in Paragraph 3, is fair and reasonable. The Parties agree that they will not oppose or object to the allocation of the Settlement Sum when the Parties seek approval by the Court of this Settlement Agreement.

5. **Tax Treatment of Settlement.** The Parties deem any payments to the Class under Paragraph 3(d) as wages subject to standard payroll withholdings and for which Providence shall issue an IRS Form W2. No other payments are considered wages. The Parties deem payments to the Class under Paragraph 3(e) and 3(f) as compensation for statutory penalties under ORS 652.150 and ORS 652.615 and paid without withholdings or deductions. Payments to the Class Representatives under Paragraph 3(c) shall be deemed general damages from which Providence will make no deductions or withholdings. Providence makes no representations regarding tax implications as a result of any payment arising from this Settlement Agreement. Providence is not responsible for any taxes owed as a result of the payment of the Settlement Sum.

6. **Disputes Regarding Class Inclusion or Distribution.** If any dispute arises as to whether an individual has submitted a timely and valid opt-out from this settlement, whether an individual is a member of the Class, or whether an individual is entitled to payment under Paragraph 3, including but not limited to any claims-made distributions, counsel for the Parties shall first endeavor in good faith to resolve the dispute. Any disputes that cannot be resolved by counsel may be brought to the Court on an informal basis. Resolution of any disputes shall be reflected in the motion for final approval, and such approval by the Court shall be final and binding.

7. **Reversion of Settlement Sum and Unclaimed Funds.** No amount of the

Settlement Sum shall revert to Providence. Any unclaimed funds shall revert 50% to Legal Aid Services of Oregon ("LASO") and 50% to the Northwest Employment Education Defense Fund, d.b.a. Northwest Workers' Justice Project. The Parties agree this reversion complies with ORCP 32 O.

8. **Class Member Waiver and Release of Claims.** All members of the Class (excluding any individual who opts out of the settlement) shall forever waive and release fully and irrevocably Providence, its affiliates, divisions, subsidiaries, parents, predecessors, any merged entity or merged entities and/or its or their present and former officers, partners, directors, managers, supervisors, employees, attorneys, agents, shareholders and/or successors, assigns, trustees, heirs, administrators, executors, representatives, and/or principals thereof in exchange for the consideration provided by this Settlement Agreement of all claims, demands, rights, liabilities, and causes of action under any federal, state, or local law or statute that were alleged in the Action, or that could have been alleged based on the same predicate facts alleged in the Action, whether known or unknown, including, but not limited to, claims for: (1) equitable accounting of wages; (2) failure to pay all wages at regular paydays under ORS 652.120; (3) failure to pay all wages at termination under ORS 652.140 and 652.150; (4) withholding wages without authorization under ORS 652.610 and 652.615; (5) common law conversion, as well as any claims arising from the implementation or activation of Genesis for pay errors, unpaid wages, unauthorized deductions or withholdings, statutory wage claims, claims under contract or common law, including but not limited to, conversion, unjust enrichment, quantum meruit, and equitable accounting, whether for economic damages, non-economic damages, punitive damages, penalties, attorney fees and costs, in any forum or proceeding, up to the effective date of this Settlement Agreement. The effective date of this Settlement Agreement shall be the date of the last signature.

9. **Waiver and Release of Overpayments.** Providence shall release and waive any claim, demand, right, liability, and cause of action arising against any member of the Class for overpayments resulting from any Genesis configuration error or implementation error at any time from July 8, 2022, up to the effective date of this Settlement Agreement. As part of this release of overpayments, Providence agrees to not collect or seek reimbursement of overpaid wages from any member of the Class caused by the launch of Genesis.

10. **Non-Approval of the Agreement.** If the Court for any reason fails to approve this settlement in the form agreed to by the Parties, or if the Court for any reason fails to enter a judgment of dismissal with prejudice after approval of this settlement, or if the orders or judgment of the Court necessary to accomplish the terms of this Settlement Agreement

are reversed or modified on appeal for any reason, then this Settlement Agreement shall be considered null and void, and the Parties shall stand in the same position, without prejudice, as if the Settlement Agreement had been neither agreed to nor filed with the Court, except that Providence shall be responsible for all administration costs incurred by the settlement administrator up to the date that the Settlement Agreement becomes null and void.

**11. Mutual Duty of Cooperation, Support, and Defense.** The Parties agree to cooperate fully and in good faith to accomplish and implement the terms of this Settlement Agreement, and to support this Settlement Agreement in good faith against challenge or objection. As soon as practicable after execution of this Settlement Agreement, the respective counsel of Providence and the Class Representatives shall use their best efforts and take all necessary and reasonable steps to secure the Court's final approval of this Settlement Agreement in the form agreed to by the Parties.

**12. No Encouragement of Objection; Waiver of Appeal.** The Parties each represent and warrant that they have not attempted, nor will they attempt, to: (i) avoid this Settlement Agreement in any way, other than as allowed by the provisions set forth herein; or (ii) solicit or encourage in any fashion any effort by any entity or person, natural or legal, to object to the settlement set forth in this Settlement Agreement. The Parties further agree to waive all appeals from the Court's entry of General Judgment of Dismissal with Prejudice, unless the Court materially modifies the Settlement Agreement.

**13. Class Representatives as Signatories.** Because the class members are too numerous to each sign this Settlement Agreement, the Parties agree that this Settlement Agreement may be executed by the Class Representatives on behalf of the members of the Class.

**14. No Prior Assignments.** The Class Representatives represent and warrant that they have not assigned, transferred, conveyed, or otherwise disposed of, or purported to assign, transfer, convey, or otherwise dispose of, any claims released in Paragraph 8.

**15. No Additional Attorney Fees and Costs.** The Class Representatives and their counsel waive any and all claims to attorney fees and costs in connection with the Action other than the payments for attorney fees and costs specifically provided for in this Settlement Agreement and approved by the Court or on any subsequent appeal, unless the Settlement Agreement becomes null and void under Paragraph 10, or unless additional attorney fees and costs are incurred to enforce the Settlement Agreement as a result of Providence's refusal to comply with the terms of the Settlement Agreement.



16. **No Admission of Liability.** The Parties agree that this Settlement Agreement is entered into solely to resolve disputed claims, and that nothing herein is to be construed or interpreted as an admission by any party of any wrongdoing, either in violation of an applicable law or otherwise. The Parties may not rely on any provisions of this Settlement Agreement to prove or disprove liability in the Action if the Court does not approve the Settlement Agreement.

17. **Binding Effect.** Each individual signing this Settlement Agreement hereby represents that all legal action necessary for the execution of this Settlement Agreement has been validly taken, and that their signature is binding on the party for whom they sign. The Parties agree that this Settlement Agreement is contractual and not mere recitals.

18. **Continuing Jurisdiction.** The Court shall retain jurisdiction over the implementation of this Settlement Agreement as well as any and all matters arising out of, or related to, the implementation of this Settlement Agreement and of the settlement contemplated by the Parties.

19. **Arms-Length Negotiation; Materiality of Terms.** The Parties have negotiated all the terms and conditions of this Settlement Agreement at arm's length. All terms and conditions of this Settlement Agreement are material and have been relied upon by the Parties entering into this Settlement Agreement.

20. **Mutual Drafting.** The Parties agree that, through their counsel, they have mutually and equally participated in drafting this Settlement Agreement, and therefore any ambiguities or uncertainties contained herein shall not be resolved in favor of any party on grounds that party caused the ambiguities or uncertainties when drafting the Settlement Agreement.

21. **Headings and Captions.** The headings and titles of paragraphs and subparagraphs are inserted into this Settlement Agreement for organization and convenience. They do not define or alter the substance of any term in this Settlement Agreement.

22. **Severability.** If any provision of this Settlement Agreement is held invalid, the remainder of this Settlement Agreement will remain valid and enforceable.

23. **Choice of Law.** This Settlement Agreement is intended to and shall be governed by the laws of the State of Oregon without regard to conflicts of law principles.

24. **Entire Agreement.** This Settlement Agreement represents the entire understanding between the Parties, and may not be altered, amended, or supplemented except by mutual written consent signed by the Parties.

25. **Waivers, Modifications, and Amendments.** No waiver, modification, or amendment of the terms of this Settlement Agreement, whether purportedly made before or after the Court's approval of this Settlement Agreement, shall be valid or binding unless in writing, signed by or on behalf of all Parties, and then only to the extent set forth in such written waiver, modification, or amendment, subject to any required Court approval. Any failure by any party to insist upon the strict performance by the other party of any of the provisions of this Settlement Agreement shall not be deemed a waiver of future performance of the same provision or of any other provisions of this Settlement Agreement, and such party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all provisions of this Settlement Agreement.

26. **Counterparts.** This Settlement Agreement may be executed in multiple counterparts, each of which is deemed to be an original so that all counterparts constitute one and the same document. Faxed and electronic signatures on this Settlement Agreement shall be sufficient and equivalent to original signatures.

[SIGNATURES ON NEXT PAGE]

ON BEHALF OF PROVIDENCE:

Jennifer Ricker  
Signature

December 11, 2024  
Date

Senior Labor and Employment Counsel  
Title / Printed Name

JAMIE CANALES:

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Signature

\_\_\_\_\_  
Date

JESSICA LOBELL:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

TREVER PALIN:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

ON BEHALF OF PROVIDENCE:

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Signature

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Date

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Title / Printed Name

JAMIE CANALES:



12/03/2024

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Signature

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Date

JESSICA LOBELL:



12/03/2024

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Signature

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Date

TREVER PALIN:



12/03/2024

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Signature

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Date