

**GRF settles wage lawsuit.
No impact on shareholder fees
Message from GRF President, Linda Stone**

The Golden Rain Foundation has settled a lawsuit that aligns with complicated employee meal and rest-break wage regulations. This settlement eliminates a potentially costly and uncertain legal fight and removes financial uncertainty for future budgeting.

The \$550,000 settlement will be paid from our capital budget and will have **NO** impact on shareholder and member fees or existing projects. Let me restate that this settlement will have **NO** impact on shareholder and member fees.

GRF was sued in October 2017 by a former employee who was joined later by a current employee for what they claimed were wage-and-hour violations. Their lawsuit, similar to almost 8,300 lawsuits filed in 2017, asserted that GRF had not provided proper meal and rest breaks to employees and failed to compensate employees for the resulting overtime.

In consultation with our previous labor lawyers, GRF, along with thousands of other big and small companies adhered to an interpretation of work rules that allowed employees to periodically work through their meal and rest breaks to leave work early. Recent court rulings now favor an expansive view of wage-and-hour rules.

Although the two plaintiffs initially demanded several million dollars to resolve the case, GRF was able to negotiate a much smaller settlement because we have a legitimate legal argument that our pay practices were lawful.

The \$550,000 is expected to be paid later this summer after final settlement documents are filed with the court and an independent payment administrator identifies and locates eligible employees. The plaintiffs' lawyers will receive an estimated \$183,000, the firm administering the settlement will receive about \$20,000, eligible former and current employees will receive payouts ranging between \$100 and \$1,900 and the two named plaintiffs will each receive an additional \$5,000.

There was a 400 percent increase in lawsuits leading up to 2017 associated with different interpretations of meal and rest-break wages with a total of more than \$2.27 billion in settlements. For comparison, Walmart has paid more than \$1 billion in wage-and-hour cases since 2008 and TGI Friday's paid \$19.1 million in a single judgment in 2017. Locally, a Brea-based car-wash company paid \$4.2 million, a Temecula nail spa paid \$1.2 million and an Anaheim auto-towing company paid \$4.9 million.

To reiterate, this settlement will have NO impact on shareholder and member fees or existing projects.

I have provided some frequently asked questions (FAQ) below, If you have any additional questions, please send them to questions@lwsb.com. Weekly we will compile all questions received, update the FAQ and post the answers on the GRF website, LW Weekly as well as send a LW Live email.

Typically, we would host a town hall for all shareholders and members to discuss this important issue. Since we remain under at COVID-19 shelter-in-place order we will rely on email (LW Live), the GRF website (www.lwsb.com) as well as, LW Weekly to provide ongoing information to ensure the well-being of all of us.

Frequently Asked Questions

Q1: Why was Golden Rain Foundation sued?

A1: Golden Rain Foundation was sued in October 2017 by a former employee and was joined later by a current employee for what they claimed were wage-and-hour violations. The lawsuit asserted GRF had not provided proper meal and rest breaks to employees and failed to compensate employees for the resulting overtime.

Q2: How did this happen to the Golden Rain Foundation?

A2: Golden Rain Foundation consulted with its previous labor lawyers routinely to ensure its employment procedures were in compliance with California's stringent and ever-changing workplace rules. Evolving judicial interpretations of employee meal and rest-break laws led to the lawsuit against GRF and nearly 8,300 similar wage-and-hour lawsuits against companies big and small in 2017.

Q3: Specifically, what did the lawsuit say Golden Rain Foundation did wrong?

A3: The primary claim is Golden Rain Foundation employees periodically did not receive or take mandated meal and rest breaks or worked through them to complete their shifts and leave work early.

Q4: Why is Golden Rain Foundation settling this lawsuit now?

A4: In consultation with our attorneys, the Golden Rain Foundation Board concluded that settling the lawsuit would eliminate a potentially costly, uncertain legal fight and remove the financial uncertainty that would complicate its future budgeting. It's important to know that courts have taken an expansive view of wage-and-hour rules. Recent rulings have held businesses liable for fees and damages even if the employer's mistakes were minor.

Q5: What is the amount of the settlement?

A5: Golden Rain Foundation will pay a settlement of \$550,000. The plaintiffs' lawyers will receive about \$183,000, the firm administering the settlement will receive about \$20,000, eligible former and current employees will receive estimated payouts ranging from \$100 to \$1,900 and the two named plaintiffs will each receive an additional \$5,000.

Q6: How does Golden Rain Foundation plan to pay the \$550,000?

A6: Golden Rain Foundation will use its capital budget to pay the settlement. The use of this fund will have **NO** impact on shareholder and members ship fees or existing projects.

Q7: Will the settlement impact residents' fees?

A7: No, we expect the settlement to have **NO** impact on shareholders and members fees.

Q8: Which employees are eligible for settlement payments?

A8: Approximately 400 hourly employees who worked for Golden Rain Foundation between Oct. 30, 2013 and July 16, 2019 are eligible for payments ranging from \$100 to \$1,900.

Q9: When will the payments be made?

A9: Once the settlement is finalized, a court appointed Payments Administrator will identify and locate eligible employees and we expect payments to be mailed beginning in late summer.

Q10: Have the underlying wage issues been resolved?

A10: Yes, upon receiving the lawsuit and in consultation with our attorneys, Golden Rain Foundation has ensured compliance with current interpretation of wage regulations for employee meal and rest breaks.

Q11: What did the plaintiffs initially demand in their lawsuit?

A11: The two plaintiffs initially demanded several million dollars to resolve the case. GRF negotiated a much smaller settlement because we have legitimate legal arguments that our pay practices were lawful.

Q12: How does the settlement compare with other companies?

A12: There was a 400 percent increase in lawsuits leading up to 2017 associated with different interpretations of meal and rest-break wages. Nearly 8,300 similar lawsuits were filed against companies big and small with settlements totaling \$2.27 billion in 2017. For comparison, Walmart has paid more than \$1 billion in wage-and-hour cases since 2008; TGI Friday's paid \$19.1 million in a single judgment in 2017. Locally, a Brea-based car-wash company paid \$4.2 million, a Temecula nail spa paid \$1.2 million and an Anaheim auto-towing company paid \$4.9 million.

Q13: Who may I contact if I have further questions?

A13: Please send your questions to questions@lwsb.com. We will respond weekly to questions submitted through May 15, 2020 in the LW Weekly, LW Live and post Q&As on the Leisure World website (LWSB.com) Typically, we would host a town hall for all residents to discuss this important issue. Since we remain under a COVID-19 shelter-in-place order, we are unable to do so at this time.