



NOTICE TO EMPLOYEES

TO: Huntington Beach Market Broiler Employees

FROM: Rodney Couch

DATE: March 20, 2020

SUBJECT: WARN Act Notice (California and Federal); COVID-19 National Emergency

As you know, the health and safety of our employees and our customers is always our highest priority. The COVID-19 virus is a quickly evolving and rapidly changing situation. We want to thank you for your continued service, professionalism and calm during this challenging period as we experience drastic and unexpected declines in revenue and other unforeseen adverse impacts on our business in response to this pandemic.

In response to the announcements by local public health officials adopting legal orders, the Center for Disease Control (CDC) and the World Health Organization regarding the Coronavirus pandemic, and the declaration of a national and state-wide emergency by President Trump and Governor Newsom, we are taking what we believe are appropriate and significant measures to protect our employees and help contain and control the spread of this contagious virus.

Regrettably, due to these health-related concerns as well as the unforeseen impacts that the COVID-19 virus has had on our business, this requires that we place you and many other valuable employees on a furlough effective, March 22, 2020. We endeavored to provide you with as much notice as possible, but the events leading to this decision happened so quickly that we were not able to provide you with the customary sixty (60) days' notice. This is not a reflection on your service or professionalism, and is certainly not a termination of your employment. Rather, this is a change in your status from active to temporary furlough because of these unfortunate circumstances beyond anyone's control. This decision to temporarily furlough most of our employees is further based upon guidance from local, state and federal government officials, as well as from the CDC as stay home orders have been issued except for essential services.

We apologize that we were unable to provide you with more advance notice of this action but the actions leading to this decision happened so quickly and prevented us from providing more notice. Unfortunately, the ever-constant change in events surrounding the spread of COVID-19 and its effects on business have made it an unpredictable situation. Additionally, the recent governmental pronouncements have also imposed severe restrictions that directly affect our business. Accordingly, after carefully reviewing this information and our staffing needs, as well as our desire to protect the health of all parties, we have no choice but to engage in this temporary action. We are providing this notice to you at the earliest possible time.

It is our sincere hope that this temporary furlough will only be for a limited time. However, the COVID-19 situation and its effects on business is rapidly changing and we cannot predict how this will affect our ability to resume normal business operations.

There will be no "bumping rights" or the right of an employee to displace another employee in order to retain his or her position, in connection with the temporary layoffs.

Although we do not believe we are required to do so, this notice is being provided in accordance with the federal Worker Adjustment Retraining Notification Act, 29 U.S.C. §2101 *et seq.* ("WARN Act"), the California WARN Act, ("Cal WARN Act") Labor Code §1400 *et seq.*, and Governor Newsom's Executive Order N-31-20 dated March 17, 2020, ("Executive Order") to inform you of a "plant closing" "mass layoff" and/or "termination" at the Company and to comply with any obligations it may have under the WARN Act and Cal WARN Act.

Additionally, it is our understanding and position that we are not required to provide employees with the full 60 days' notice because of an exception referred to as "unforeseeable business circumstances" exception, as set forth in Section 3(b)(2)(a) of the WARN Act (29 CFR 639.9 (b)) and the Executive Order. It is our belief that this section is applicable in light of the fact that there exists increasing challenges presented by the extremely serious and potentially life-threatening impact of the COVID-19 coronavirus, the extreme decline in business, announcements by local public health officials, the CDC and the World Health Organization regarding the Coronavirus pandemic, and a declaration of national and state-wide emergency by the President and Governor.

The "unforeseeable business circumstances" exception under section 3(b)(2)(A) of WARN applies to plant closings and mass layoffs caused by "business circumstances that were not reasonably foreseeable at the time that 60-day notice would have been required." The rapid onset of COVID-19 and its impact on our business qualify as "unforeseeable business circumstances" and prevented the Company from providing 60 days' notice.

Under the federal law, an important indicator of a business circumstance that is not reasonably foreseeable is that the circumstance is caused by some sudden, dramatic, and unexpected action or condition outside the employer's control. A principal client's sudden and unexpected termination of a major contract with the employer, a strike at a major supplier of the employer, and ***an unanticipated and dramatic major economic downturn*** might each be considered a business circumstance that is not reasonably foreseeable. A government ordered closing of an employment site that occurs without prior notice also may be an unforeseeable business circumstance.

At this time, you will be able to remain on the Company's group health insurance benefits on the same terms and conditions as if you were actively working. We will be providing additional information for premium contribution payments in a separate communication. Should you elect not to participate or continue your current coverage, you will be eligible to continue coverage through COBRA.

Please contact our Human Resource department to facilitate use of any unused and accrued PTO.

Although the length of your furlough we intend to be temporary, you may seek dislocated worker assistance by contacting:

Ms. Carma Lacy, Director, OC Community Services
Orange County Development Board
1300 South Grand Avenue, Building B, 3rd Floor
Santa Ana, CA 92705
Phone: 1-714-480-6483
FAX: 1-714-834-7132
Website: www.ocwib.org/

If you have been placed on temporary furlough, you may be eligible for Unemployment Insurance (UI). More information on UI and other resources available for workers is available at labor.ca.gov/coronavirus2019.

We will continue to evaluate the COVID-19 developments over the next few weeks and will keep employees updated as new information becomes available.

Should you have any questions or concerns regarding the foregoing or other matters related to your employment, please contact your immediate direct report.

We thank you for your patience and understanding during this challenging time.

Please stay safe and well.

With gratitude,

Rodney Couch
Founder and CEO

Market Broiler