

**LEGAL NOTICE
NOTICE OF CLASS ACTION**

**IN ORDER TO RECEIVE A REFUND AS PART OF THIS CLASS ACTION SETTLEMENT,
YOU ARE REQUIRED TO SUBMIT A WRITTEN CLAIM.**

IF YOU PAID THE CITY OF ROYAL OAK FOR WATER AND SANITARY SEWER SERVICE AT ANY TIME BETWEEN FEBRUARY 14, 2008 AND JANUARY 31, 2017 AND WISH TO RECEIVE A CASH REFUND IF YOU QUALIFY FOR SUCH REFUND, YOU MUST SUBMIT THE ENCLOSED CLAIM FORM ON OR BEFORE MAY 15, 2017 AND MAIL IT TO CITY OF ROYAL OAK SETTLEMENT, C/O GCG, PO BOX 10366, DUBLIN, OH 43017-5566 OR EMAIL THE COMPLETED FORM TO ROYALOKQUESTIONS@GARDENCITYGROUP.COM.

PLEASE RETAIN THIS NOTICE

STATE OF MICHIGAN
OAKLAND COUNTY CIRCUIT COURT

ANDREW SCHROEDER,
individually, and as representative
of a class of similarly-situated persons
and entities,

Plaintiff,

v.

CITY OF ROYAL OAK,
a municipal corporation,

Defendant.

Case No. 2014-138919-CZ
Hon. Shalina Kumar

Attorneys for Plaintiff

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32121 Woodward Avenue, Suite 300
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Co-Counsel for Plaintiff

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Attorneys for Defendant

Sonal Hope Mithani (P51984)
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101 North Main Street, Seventh Floor
Ann Arbor, MI 48104
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TO: All persons and entities which have paid the City of Royal Oak (the "City") for water and sanitary sewage disposal services at any time between February 14, 2008 and January 31, 2017

You are hereby notified that a proposed settlement in the amount of \$2,000,000 has been reached with the City of Royal Oak in a class action lawsuit pending in Oakland County Circuit Court titled *Schroeder v. City of Royal Oak*, Case No. 14-138919-CZ, presiding Judge Shalina Kumar, challenging a debt service charge (the "Kuhn Facility Debt Charge") and a stormwater disposal charge (the "Stormwater Charge," collectively, the "Charges") imposed by the City on users of its water and sanitary sewage disposal services. Plaintiff brought these claims on behalf of himself and a class of all others similarly situated.

Plaintiff is an individual who is a water and sanitary sewer customer and who has paid the Charges imposed by the City. Plaintiff contends that: (a) the Charges imposed by the City's Ordinance Section 600-1 are not authorized; (b) that the Charges are not proper user fees, but taxes wrongfully imposed by the City to raise revenue in violation of the Headlee Amendment to the Michigan Constitution of 1963; (c) the City has been unjustly enriched by the collection and retention of the Charges; and (d) that plaintiff and those similarly situated have been harmed by the City's collection and retention of the Charges.

The Plaintiff seeks a judgment from the court against the City that would order and direct the City to refund all Charges to which plaintiff and the class are entitled and any other appropriate relief.

The City denies that the Charges are improper and therefore, denies the Plaintiff's claims and contends that it should prevail in the Lawsuit.

On April 1, 2015, the Court entered an order certifying the Lawsuit as a class action. You are receiving this Notice because the City's records indicate that you paid for water and/or sanitary sewage disposal services between February 14, 2008 and January 31, 2017 and are therefore a member of the class.

On December 17, 2015, the Court entered an Opinion and Order granting the City's Motion for Summary Disposition and dismissing each of the two claims in the Lawsuit with prejudice. On January 5, 2016, Plaintiff filed a Motion for Reconsideration of the December 17, 2015 Opinion and Order, which Motion remains pending before the Court.

For settlement purposes, the parties have agreed that the Class will consist of all persons or entities which have paid the City for water and/or sanitary sewer service between February 14, 2008 and January 31, 2017. The Settlement Agreement is intended to settle all of the claims of the class.

The principal terms of the Settlement Agreement are as follows:

For the purposes of the proposed Settlement, the City expressly denies any and all allegations that it acted improperly, but, to avoid litigation costs, the City has agreed to create a settlement fund in the aggregate amount of Two Million Dollars **(\$2,000,000)** for the benefit of the Class ("Settlement Amount"). The Settlement Amount will be utilized, with Court approval, to pay refunds to the Class, and to pay Class Counsel an award of attorneys' fees, the total amount of which shall not exceed 33% of the Settlement Amount, and expenses for the conduct of the litigation.

The "Net Settlement Fund" is the Settlement Amount less the combined total of: (a) the attorneys' fees awarded to Class Counsel by the Court; (b) expenses reimbursed pursuant to the terms of the Settlement; (c) out-of-pocket expenses of the Claims-Escrow Administrator, and (d) any incentive award made by the Court to the class representative in an amount not to exceed \$10,000.

The Net Settlement Fund shall be used to pay Class Members as described below.

All Class Members may participate in the settlement of this case by receiving from the Net Settlement Fund a cash distribution payment. To qualify to receive a distribution of cash via check (a "Payment") from the Net Settlement Fund, Class Members will be required to submit sworn claims (the "Claims") which identify their names, addresses, and the periods of time in which they paid the Charges in order to participate in the Settlement. Class Members who submit Claims will hereafter be referred to as the "Claiming Class Members." The Claiming Class Members will be required to submit those claims no later than May 15, 2017. The Claiming Class Members also will be required to provide a unique identifying number printed on the Class notice, as an additional verification of their identity. A claim form is enclosed with this Notice.

The Claims-Escrow Administrator shall calculate each Claiming Class Member's pro rata share of the Net Settlement Fund (the "Pro Rata Share"). Only those Class Members who paid for water and/or sewer service during the Class Period and submit a timely Claim are entitled to distribution of a Pro Rata Share of the Net Settlement Fund. The size of each Claiming Class Member's Pro Rata Share shall be determined by: (1) calculating the total amount of Charges the Claiming Class Member paid during the Class Period; and then (2) dividing that number by the total amount of Charges the City assessed during the Class Period against all Claiming Class Members; and then (3) multiplying that fraction by the amount of the Net Settlement Fund.

In addition to the refund described above, the parties have agreed that the City will assign certain claims to the Class or an entity formed for the benefit of the Class. Plaintiff believes that Oakland County has overcharged the City for the stormwater component of the total flow from the City that enters the Oakland County system for many years (the "Stormwater Overcharge"). As part of the Settlement, the City will assign any and all claims it has or may have against Oakland County arising out of or relating to the Stormwater Overcharge to the Class or an entity formed for the benefit of the Class, and Class Counsel will pursue those claims through litigation and/or negotiation (the "Oakland County Action").

Any monetary recovery in the Oakland County Action will be distributed, after counsel fees and costs, to the Class based upon the same methodology for distributing the Settlement Fund. In the event the Oakland County Action is resolved through a settlement, that settlement, and any request by Class Counsel for an award of fees and expenses, will be subject to the same Court approval processes as those applied to the Settlement Fund. In the event that there is a monetary recovery in Oakland County Action by way of a litigated judgment, any request by Class Counsel for an award of fees and expenses will be subject to the same Court approval processes as those applied to the Settlement Fund.

In addition to the refund and assignment of claims described above, the parties have agreed that the City will change the method by which it charges for water and sanitary sewage disposal. The City shall utilize its current methodology for setting water and sewer rates (the "Rates") through June 30, 2018 (the "FY 2018 Period"). Beginning July 1, 2018, and ending December 31, 2024 or any date thereafter at the City's election (the "Prospective Relief Period"), the City shall adjust its Rates so that the amount Oakland County charges the City for the City's share of the cost of the Kuhn Facility Infrastructure Improvements (i.e., the "Kuhn Facility Debt Charge") is not a component of cost that is included in the Rates. During the Prospective Relief Period, the Parties agree that the City otherwise retains its discretion to adjust the Rates in accordance with Michigan law.

The City may not levy a tax or other assessment against property owners or water or sewer customers to finance, in whole or in part, the Settlement Fund (unless such tax or assessment receives voter approval), nor may the City increase its Rates to finance, in whole or in part, the Settlement Fund. The Settlement Fund shall be financed solely from current assets of the City's Water and Sewer Fund.

For settlement purposes, the Plaintiff and the City agree that the Final Judgment in this matter will dismiss the Class claims relating to the Stormwater Charge with prejudice and thus, this portion of the Final Judgment (along with this portion of the December 17, 2015 Opinion and Order) is a judgment on the merits.

The Class Members shall release the City as provided below. In addition to the release set forth below, if the City complies with the prospective relief described above for the duration of the Prospective Relief Period, the Class Members who receive refunds and/or credits as part of the settlement shall then release and waive any and all claims which arise during the FY 2017 and FY 2018 Periods that could be brought challenging the City's inclusion of the Kuhn Facility Debt Charge in establishing the Rates for the FY 2017 and 2018 Periods.

Class Members who wish to exclude themselves from the Settlement may write to the Administrator, stating that they do not wish to participate in the Settlement and that they wish to retain their right to file an action against the City. This proposed settlement should not be interpreted, in any way, as suggesting that the claims alleged against the City have legal or factual merit. The City has challenged the validity of Plaintiff's claims and many of the substantive legal and factual issues have not been resolved. **This request for exclusion must be postmarked no later than April 26, 2017 and mailed to: Kickham Hanley PLLC, 32121 Woodward Avenue, Suite 300, Royal Oak, Michigan 48073.**

By remaining a Class Member, you will be bound by the terms of the proposed settlement and will be barred from bringing a separate action against the City for the claims asserted in the Lawsuit at your own expense through your own attorney. You will, however, receive your pro rata share of the Net Settlement Fund if submit a timely claim and you do not request exclusion from the Class. If you were to successfully pursue such a separate action to conclusion, recovery might be available to you which is not available in this class action settlement. Whether to remain a member of this class or to request exclusion from this class action to attempt to pursue a separate action at your own expense without the assistance of the City in this Action is a question you should ask your own attorney. Class Counsel cannot and will not advise you on this issue.

Pursuant to the Order of the Court dated March 22, 2017, a Settlement Hearing will be held in the Oakland County Circuit Court, 1200 North Telegraph Road, Pontiac, Michigan 48341 at 8:30 a.m., on June 14, 2017, to determine whether the proposed Settlement as set forth in the Settlement Agreement dated March 22, 2017, is fair, reasonable, and adequate and should be approved by the Court, whether the Lawsuit should be dismissed pursuant to the Settlement and whether counsel for Plaintiff Class should be awarded counsel fees and expenses. At the Settlement Hearing, any member of the Class may appear in person or through counsel and be heard to the extent allowed by the Court in support of, or in opposition to, the fairness, reasonableness and adequacy of the proposed Settlement. However, no Class member will be heard in opposition to the proposed Settlement and no papers or briefs submitted by any such Class member will be accepted or considered by the Court unless on or before May 31, 2017, such Class member (i) files with the Clerk of the Court notice of that person's intention to appear, proof of class membership, written objections that indicate the basis for such opposition, and any supporting papers and briefs; and (ii) serves by first class mail copies thereof upon each of the following attorneys:

Attorneys for Plaintiff

Gregory D. Hanley, Esq.
Kickham Hanley PLLC
32121 Woodward Avenue
Royal Oak, Michigan 48073

Attorneys for Defendants

Sonal Hope Mithani, Esq.
Miller, Canfield, Paddock and Stone
101 North Main Street, 7th Floor
Ann Arbor, Michigan 48104

Any Class member who does not make and serve written objections in the manner provided above shall be deemed to have waived such objections and shall be forever foreclosed from making any objections (by appeal or otherwise) to the proposed Settlement.

AGAIN, IN ORDER TO RECEIVE A REFUND AS PART OF THIS CLASS ACTION SETTLEMENT, YOU ARE REQUIRED TO SUBMIT A WRITTEN CLAIM.

IF YOU PAID THE CITY OF ROYAL OAK FOR WATER AND SEWER SERVICE AT ANY TIME BETWEEN FEBRUARY 14, 2008 AND JANUARY 31, 2017 AND WISH TO RECEIVE A CASH REFUND IF YOU QUALIFY FOR SUCH REFUND, YOU MUST SUBMIT THE ENCLOSED CLAIM FORM ON OR BEFORE MAY 15, 2017 AND MAIL IT TO CITY OF ROYAL OAK SETTLEMENT, C/O GCG, PO BOX 10366, DUBLIN, OH 43017-5566 OR EMAIL THE COMPLETED FORM TO ROYALOAKQUESTIONS@GARDENCITYGROUP.COM.

For a more detailed statement of the matters involved in the Lawsuit, including the terms of the proposed Settlement, you are referred to papers on file in the Lawsuit, which may be inspected during regular business hours at the Office of the Clerk of Circuit Court for Oakland County, Michigan. You may also view the Settlement Agreement and other important court documents at www.kickhamhanley.com.

Should you have any questions with respect to this Notice of the proposed settlement of the Lawsuit generally, you should raise them with your own attorney or direct them to counsel for the Class, IN WRITING OR BY EMAIL TO KHTEMP@KICKHAMHANLEY.COM, NOT BY TELEPHONE, identified as Attorneys for Plaintiffs, above. **DO NOT CONTACT THE COURT, THE CLERK OF THE COURT, THE DEFENDANT OR THE ATTORNEYS FOR DEFENDANT.**

On the Settlement Date, each member of the Class who has not timely requested exclusion therefrom shall be deemed to have individually executed, on behalf of the Class Member and his or her heirs, successors and assigns, if any, the following Release and Covenant Not To Sue:

In executing the Release and Covenant Not To Sue, each Class Member, on behalf of himself, herself or itself, and his, her or its parents, subsidiaries, affiliates, members, shareholders, predecessors, heirs, administrators, officers, directors, successors, assigns, and any person the Class Member represents, intending to be legally bound hereby, for good and valuable consideration, the receipt of which is hereby acknowledged, hereby absolutely, fully and forever releases, relieves, remises and discharges the City, and each of its successors and assigns, present and former agents, elected and appointed officials, representatives, employees, insurers, affiliated entities, attorneys and administrators, of and from any and all manner of actions, causes of action, suits, debts, accounts, understandings, contracts, agreements, controversies, judgments, consequential damages, compensatory damages, punitive damages, claims, liabilities, and demands of any kind or nature whatsoever, known or unknown, which arise from the beginning of time through January 31, 2017 concerning (a) the City's calculation or assessment of Rates or Charges; (b) the components of costs included in the Rates; and/or (c) the City's Water and Sewer Fund balance. This release is intended to include all claims that were asserted or could have been asserted in the Lawsuit concerning the City's Rates and/or Charges. In executing the Release and Covenant Not to Sue, each Class Member also covenants that: (a) except for actions or suits based upon breaches of the terms of this Agreement or to enforce rights provided for in this Agreement, he, she or it will refrain from commencing any action or suit, or prosecuting any pending action or suit, in law or in equity, against the City on account of any action or cause of action released hereby; (b) none of the claims released under the Release and Covenant Not To Sue has been assigned to any other party; and (c) he, she or it accepts and assumes the risk that if any fact or circumstance is found, suspected, or claimed hereinafter to be other than or different from the facts or circumstances now believed to be true, the Release and Covenant Not To Sue shall be and remain effective notwithstanding any such difference in any such facts or circumstances. The foregoing shall not affect the claims of any Class Member whose individual water and sewer bills were calculated in error on the basis of facts or circumstances unique to such class member and not based on the claims that were or could have been asserted by the Class in the Lawsuit.