

**LEGAL NOTICE
NOTICE OF CLASS ACTION**

IF YOU PAID THE CITY OF ST. CLAIR SHORES FOR STORMWATER DISPOSAL SERVICE AT ANY TIME BETWEEN AUGUST 15, 2011 AND FEBRUARY 29, 2020 AND WISH TO RECEIVE A CASH REFUND IF YOU QUALIFY FOR SUCH REFUND, YOU MUST SUBMIT THE ENCLOSED CLAIM FORM ON OR BEFORE JULY 27, 2020 AND MAIL IT TO *PATRICK V. CITY OF ST. CLAIR SHORES* SETTLEMENT ADMINISTRATOR, P.O. BOX 43434, PROVIDENCE, RI 02940-3434, EMAIL THE COMPLETED FORM TO ADMIN@STCLAIRSHORESSTORMWATERSETTLEMENT.COM, OR SUBMIT AN ELECTRONIC FORM ONLINE AT STCLAIRSHORESSTORMWATERSETTLEMENT.COM. IN ORDER FOR A CLAIM TO BE DEEMED TIMELY, THE CLAIMS-ESCROW ADMINISTRATOR MUST RECEIVE THE CLAIM FORM ON OR BEFORE JULY 27, 2020.

IN ORDER TO RECEIVE A CASH REFUND AS PART OF THIS CLASS ACTION SETTLEMENT, YOU ARE REQUIRED TO SUBMIT A WRITTEN CLAIM. IF YOU DO NOT HAVE A WATER AND SEWER BILLING ACCOUNT WITH THE CITY OF ST. CLAIR SHORES, YOU ARE NOT ELIGIBLE TO RECEIVE YOUR PRO RATA SHARE IN THE FORM OF A CREDIT. YOU MUST SUBMIT A WRITTEN CLAIM IN ORDER TO RECEIVE ANY PORTION OF THE SETTLEMENT FUND.

PLEASE RETAIN THIS NOTICE

STATE OF MICHIGAN
MACOMB COUNTY CIRCUIT COURT

BRAD M. PATRICK

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

Case No. 17-003018-CZ
Hon. Jennifer Faunce

Plaintiff,

v.

CITY OF ST. CLAIR SHORES,
a Michigan municipal corporation,

Defendant.

Gregory D. Hanley (P51204)
Edward F. Kickham Jr. (P70332)
Kickham Hanley PLLC
32121 Woodward Ave., Suite 300
Royal Oak, MI 48073
(248) 544-1500
Attorneys for Plaintiff and the Class

Robert D. Ihrie (P26451)
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Birmingham, MI 48009
(248) 948-1500
Attorneys for Plaintiff and the Class

Ronald A. King (P45088)
Clark Hill PLC
212 E Grand River Ave
Lansing, MI 48906
(517) 318-3015
Attorneys for Defendant

TO: All persons and entities who/which have paid the City of St. Clair Shores (the "City") for stormwater disposal services at any time between August 15, 2011 and February 29, 2020

You are hereby notified that a proposed Settlement in the amount of \$3,483,882.95 has been reached with the City in a class action lawsuit pending in Macomb County Circuit Court titled *Patrick v. City of St. Clair Shores*, Case No. 17-003018-CZ, presiding Judge Jennifer Faunce (the "Lawsuit"), challenging stormwater service charges the City imposes upon owners of real property. The amounts Plaintiff and the Class paid or incurred for stormwater disposal between August 15, 2011 and February 29, 2020 shall be referred to herein as the "Stormwater Charges."

Plaintiff is an individual who owns property in the City and who has paid the City's Stormwater Charges. Plaintiff contends that: (a) the Stormwater 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; (b) the Stormwater Charges violate the Prohibited Taxes By Cities And Villages Act, MCL 141.91 because the Stormwater Charges are not ad valorem taxes, but are taxes imposed, levied, or collected after

January 1, 1964; (c) the Stormwater Charges are unlawful because they are unreasonable; (d) the City has been unjustly enriched by the collection and retention of the Stormwater Charges and/or is required to refund the Stormwater Charges under a theory of assumpsit; and (e) that Plaintiff and those similarly situated have been harmed by the City's collection and retention of the Stormwater Charges.

The Plaintiff sought a judgment from the Court against the City that would order and direct the City to refund all Stormwater Charges to which Plaintiffs and the Class are entitled and grant any other appropriate relief. In an Opinion and Order dated October 18, 2018, Judge Faunce declared that the Stormwater Charges were an unlawful tax in violation of the Headlee Amendment to the Michigan Constitution. On December 4, 2019, Judge Faunce entered a Judgment in favor of Plaintiff and the Class and against the City in the total amount of \$3,744,764.61 (the "Judgment").

The City maintained and continues to maintain that the City's imposition of the Stormwater Charges is proper and not unlawful, and thus denies the Plaintiff's claims and contends that it should ultimately prevail in the Lawsuit.

Plaintiff and the City have appealed the Judgment to the Michigan Court of Appeals.

On May 14, 2018, 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 stormwater disposal services between August 15, 2011 and February 29, 2020 and are therefore a member of the Class.

For settlement purposes, the parties have agreed that the Class will consist of all persons or entities who/which paid or incurred the Stormwater Charges between August 15, 2011 and February 29, 2020 (the "Class"). This 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 Three Million Four Hundred Eighty Three Thousand Eight Hundred Eighty-Two Dollars and Ninety-Five Cents (\$3,483,882.95) for the benefit of the Class (the "Settlement Amount"). The Settlement Amount will be utilized, with Court approval, to pay refunds or provide credits 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, Kickham Hanley PLLC; and (d) any incentive award made by the Court to the Class Representative in an amount not to exceed \$20,000.00.

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

Each Class Member's share in the Net Settlement Fund shall be referred to herein as his, her or its "Pro Rata Share," and each Class Member's Pro Rata Share of the Net Settlement Fund will be distributed via a refund payment or credit.

All Class Members may participate in the Settlement by receiving from the Net Settlement Fund a cash distribution Payment or Credit (as defined in Paragraph 10 of the Settlement Agreement). To qualify to receive a distribution of cash via check (a "Payment") from the Net Settlement Fund, Class Members are required to submit sworn claims (the "Claims") which identify their names, addresses, and the periods of time in which they paid the Stormwater 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 are required to submit those claims no later than July 27, 2020, as described in Paragraph 25 of the Settlement Agreement (the "Claims Period"). In order for a claim to be deemed timely, the Claims-Escrow administrator must receive the claim form on or before July 27, 2020.

The Claims-Escrow Administrator will calculate each Class Member's Pro Rata Share of the Net Settlement Fund (the "Pro Rata Share"). Only those Class Members who paid Stormwater Charges during the Class Period and submit a timely Claim are entitled to distribution by a cash Payment of a Pro Rata Share of the Net Settlement Fund. The Pro Rata Shares of the Net Settlement Fund for Class Members who/which do not submit a timely claim will be distributed by the Claims-Escrow Administrator, returning those funds to the City at least three (3) days prior to the Settlement Date (as defined in the Settlement Agreement) to be used solely to fund and provide credits on the water and/or sewer service accounts in the amount of those Class Members' Pro Rata Shares. Any Credit will attach to the water and sewer billing account associated with the property that was subject to the Stormwater Charges and will remain until water and sewer charges accrued after the Settlement Date exceed the amount of the Credit. The City will apply the Credits as of the Settlement Date. **For this reason, it is very important for any Class Member who paid Stormwater Charges but does not have a water and sewer billing account to submit a Claim. If a Class Member does not have a water and sewer billing account, it will not be possible for the City to apply any credit. The only way for Class Members without water and sewer billing accounts to receive a portion of the Net Settlement Fund is for them to file Claims.**

The size of each Class Member's Pro Rata Share shall be determined by: (1) calculating the total amount of Stormwater Charges the Class Member paid during the Class Period and then (2) dividing that number by the total amount of Stormwater Charges the City collected from Class Members during the Class Period and then (3) multiplying that fraction by the amount of the Net Settlement Fund.

The City may not levy a tax or other assessment against property owners or water and/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 water and sewer 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.

The Class Members shall release the City as provided below.

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. **This request for exclusion must be received by the Claims-Escrow Administrator no later than July 27, 2020 and mailed to: P.O. Box 43434, Providence, RI 02940-3434 or emailed to admin@StClairShoresStormwaterSettlement.com.**

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 via a Refund or Credit. **Again, however, where a Class Member does not have a water and sewer billing account, it will not be possible for the City to apply any credit. The only way for Class Members without water and sewer billing accounts to receive a portion of the Net Settlement Fund is for them to file Claims.**

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 May 29, 2020, a Settlement Hearing will be held in the Macomb County Circuit Court, 40 N. Main Street, Mt. Clemens, MI 48043 at 8:30 a.m. on August 31, 2020, to determine whether the proposed Settlement as set forth in the Settlement Agreement dated May 11, 2020, is fair, reasonable, and adequate and should be approved by the Court, whether the Lawsuit should be dismissed pursuant to the Settlement, whether counsel for Plaintiff and the Class should be awarded fees and expenses, and whether the Class Representative should receive an incentive award. 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 July 27, 2020, such Class Member serves by first class mail written objections that set forth the name of this matter as defined in the Notice, the objector's full name, address and telephone number, an explanation of the basis upon which the objector claims to be a Class Member, all grounds for the objection including any known legal support for the objection, the number of times which the objector has objected to a class action settlement in the past five years and a caption of each case in which an objection was filed, the identity of all counsel representing the objector at the hearing, a statement confirming whether the objector intends to appear and/or testify at the hearing (along with a disclosure of all testifying witnesses) and the signature of the objector (not just the objector's attorney) upon each of the following attorneys:

Gregory D. Hanley
Kickham Hanley PLLC
32121 Woodward Ave., Suite 300
Royal Oak, MI 48073
Counsel for Plaintiff

Ronald A. King
Clark Hill PLC
212 E Grand River Ave
Lansing, MI 48906
Counsel for Defendant

and has filed said notice, objections, papers and briefs, as to the settlement with the Clerk of the Macomb County Circuit Court. 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.

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 Macomb County, Michigan. You may also view the Settlement Agreement and other important court documents at StClairShoresStormwaterSettlement.com and 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 ADMIN@STCLAIRSHORESSTORMWATERSETTLEMENT.COM, 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, 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 the date of this Final Order and Judgment concerning: (1) the City's calculation or assessment of the Stormwater Charges; (2) the components of costs included in the Stormwater Charges; and/or (3) the City's efforts to charge and/or collect Stormwater 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.

AGAIN, IN ORDER TO RECEIVE A CASH REFUND AS PART OF THIS CLASS ACTION SETTLEMENT, YOU ARE REQUIRED TO SUBMIT A WRITTEN CLAIM. IF YOU DO NOT HAVE A WATER AND SEWER BILLING ACCOUNT WITH THE CITY OF ST. CLAIR SHORES, YOU ARE NOT ELIGIBLE TO RECEIVE YOUR PRO RATA SHARE IN THE FORM OF A CREDIT. YOU MUST SUBMIT A WRITTEN CLAIM IN ORDER TO RECEIVE ANY PORTION OF THE SETTLEMENT FUND.

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