

**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 CHARTER TOWNSHIP OF WATERFORD FOR WATER AND SANITARY SEWER SERVICE AT ANY TIME BETWEEN APRIL 11, 2010 AND MAY 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 AUGUST 14, 2017 AND MAIL IT TO WATERFORD TOWNSHIP SETTLEMENT, C/O GCG, P.O. BOX 10432, DUBLIN, OH 43017-4032 OR EMAIL THE COMPLETED FORM TO WATERFORDQUESTIONS@GARDENCITYGROUP.COM.
PLEASE RETAIN THIS NOTICE**

STATE OF MICHIGAN
OAKLAND COUNTY CIRCUIT COURT

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

Case No. 2016-152441-CZ
Hon. Nanci Grant

v.

CHARTER TOWNSHIP OF WATERFORD,
a municipal corporation,
Defendant.

Gregory D. Hanley (P51204)
Jamie K. Warrow (P61521)
Edward F. Kickham Jr. (P70332)
Kickham Hanley PLLC
32121 Woodward Avenue, Suite 300
Royal Oak, MI 48073
(248) 544-1500
Attorneys for Plaintiff

Gary L. Dovre (P27864)
Johnson, Rosati, Schultz & Joppich, P.C.
27555 Executive Drive, Suite 250
Farmington Hills, MI 48331
(248) 489-4100

TO: All persons and entities which have paid the Charter Township of Waterford (the "Township") for water and sanitary sewage disposal services at any time between April 11, 2010 and May 31, 2017

You are hereby notified that a proposed settlement in the amount of \$1,400,000.00 has been reached with the Township in a class action lawsuit pending in Oakland County Circuit Court titled *Mason v. Charter Township of Waterford*, Case No. 2016-152441-CZ, presiding Judge Nanci Grant, ("Lawsuit") challenging two cost components included in the Township's water and sewer rates, specifically (1) administration expense charges by the Township to the Water and Sewer Fund, and the Township's practices of not paying for services provided by the Water and Sewer Fund to the General Fund and not allocating a share of the refunds received from the Michigan Municipal Risk Management Association (the "MMRMA") to the Water and Sewer Fund in proportion to the amounts paid by the Water and Sewer Fund (the "General Fund Support Charge") and (2) the cost of public fire protection provided by the Township's water supply system (the "Public Fire Protection Charge") (collectively the "Charges"), imposed by the Township on users of its water and sanitary sewage disposal services.

Plaintiff is an individual who is a water and sanitary sewer customer and who has paid the Charges imposed by the Township. Plaintiff contends that the inclusion of such Charges in the Township's water and sewer rates ("Rates") are motivated by a revenue-raising and not a regulatory purpose, that they are disproportionate to the Township's actual costs of providing water and sewer services, and that (1) the Charges are therefore unlawful under the Headlee Amendment to the Michigan Constitution and (2) the Township is liable for a refund of the Charges under a theory of assumpsit.

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

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

You are receiving this Notice because the Township's records indicate that you paid for water and/or sanitary sewage disposal services between April 11, 2010 and May 31, 2017 and are therefore a member of the Class, that has been agreed to by Plaintiff and the Township and certified by the Court for settlement purposes, as all persons or entities who/which paid the Township for water and sewer service between April 11, 2010 and May 31, 2017 (the "Class"). This Agreement is intended to settle all of the claims of the Class.

The Plaintiff and Township have agreed to, and the Court has granted preliminary approval of, a written Settlement Agreement, the principal terms of which are as follows:

For the purposes of the proposed Settlement, the Township expressly denies any and all allegations that it acted improperly, but, to avoid litigation uncertainty, risks, and costs, the Township has agreed to create a Settlement Fund in the aggregate amount of One Million Four Hundred Thousand Dollars (**\$1,400,000**) for the benefit of the Class ("Settlement Amount"). The "Net Settlement Fund" is the Settlement Amount less the combined total of: (a) the attorneys' fees awarded to Class Counsel by the Court, not to exceed 33% of the Settlement Amount; (b) Class Counsel's expenses incurred in the litigation before the Settlement; (c) out-of-pocket expenses of the Claims-Escrow Administrator for the Settlement Fund; and (d) any incentive award made by the Court to the Plaintiff class representative in an amount not to exceed \$10,000.

The Net Settlement Fund shall be distributed to or for Class Members by cash payments or credits on the accounts for which payments were made as described below.

Payments. All Class Members may participate in the settlement of this case by receiving from the Net Settlement Fund a cash distribution payment, which is the only form of distribution to Class Members that are no longer on the water or sewer account for which payments were made. To qualify to receive a distribution of cash via check (a "Payment") from the Net Settlement Fund, Class Members will be required to submit timely sworn claims (the "Claims") which identify their names, addresses, and the periods of time in which they paid the Charges. 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 August 14, 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 a cash payment 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 paid for water and sewer service (excluding interest and penalty payments) by the Class Member during the Class Period and then (2) dividing that number by the total amount of water and sewer billings the Township collected during the Class Period and then (3) multiplying that fraction by the amount of the Net Settlement Fund.

Credits. The Pro Rata Shares of the Net Settlement Fund for Class Members that do not submit a timely claim will be used to fund and provide a Credit on each water and/or sewer service account for which there was no Claiming Class Member in the amount of those Class Members' Pro Rata Shares, with any such credits to attach to the account associated with the Charges and be applied by the Township to billings on the account until those billings exceed the amount of the Credit.

The size of each non-Claiming Class Member's Pro Rata Share shall be determined by account and service address by (1) calculating the total amount paid for water and sewer service (excluding interest and penalty amounts) by all non-claiming Class Members associated with each account and service address during the Class Period, (regardless of how many different non-claiming Class Members paid for water and sewer service with respect to that account and service address during the applicable class period) and then (2) dividing that number by the total amount of water and sewer billings the Township collected during the Class Period and then (3) multiplying that fraction by the amount of the Net Settlement Fund. With respect to accounts and service addresses for which there are both Claiming Class Members and non-claiming Class Members, the Pro Rata Shares shall be calculated as stated above after determining how much of the total amount was paid by each type of Class Member.

Prospective Relief. In addition to the distribution of the Net Settlement Fund by payments and credits as described above, the Settlement provides that the Township will shall utilize its current methodology for setting water and sewer rates charged by the Township through December 31, 2017 (the "FY 2017 Period"), and that during the period from January 1, 2018, through December 31, 2024 (the "Prospective Relief Period"), the Township's water and sewer rates may include as a component the reasonable value of services provided by General Fund departments to the Township's water and sewer function (the "Administrative Fee"), provided the Township complies with the methodology of cost allocation utilized by Maximus in its October 2016 Report to the Township, takes into account the reasonable value of

services provided by the Township's Water and Sewer Fund to the General Fund, and credits the Water and Sewer Fund its share of any MMRMA refunds received by the Township in proportion to the amount of the Township's payments to MMRMA paid or funded by the Water and Sewer Fund during the year in which an MMRMA refund is received. During the Prospective Relief Period the Township retains its discretion to adjust the water and sewer rates as necessary for specified purposes and provided the Township utilizes a recognized rate setting method in any such adjustments.

The Township 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 Township increase its water and sewer rates to finance, in whole or in part, the Settlement Fund.

Releases. The Settlement provides that Class Members that have not timely been excluded from the Class will be deemed to have released and agreed not to sue the Township for claims that were or could have been asserted in the Lawsuit as of the date the Court enters its Final Order and Judgment. Specifically, 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 Township, 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 the date of this Final Order and Judgment concerning (a) the Township's calculation or assessment of Rates or Charges; (b) the components of costs included in the Rates; and (c) the Township'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 Township'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 Township on account of any action or cause of action released hereby; (b) none of the claims released under this 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.

In addition, if the Township complies with the prospective relief described above for the duration of the FY 2017 Period and the Prospective Relief Period, Class Members who do not timely request exclusion from the Class shall be deemed to have released and waived any and all claims that could be brought which (a) arise during the FY 2017 Period challenging the inclusion of the Administrative Fee and the Public Fire Protection Charge in the Rates for the FY 2017 Period (the "FY 2017 Period Claims") and (b) arise during the Prospective Relief Period challenging the inclusion of the Administrative Fee and the Public Fire Protection Charge in the Township's Rates during the Prospective Relief Period (the "Prospective Relief Period Claims").

Class Membership and Exclusion. 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 Township. This proposed Settlement should not be interpreted, in any way, as suggesting that the claims alleged against the Township have legal or factual merit. The Township 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 August 9, 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 Township 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 Township in this Action is a question you should ask your own attorney. Class Counsel cannot and will not advise you on this issue.

Settlement Hearing. Pursuant to the Order of the Court dated May 26, 2017, a Settlement Hearing will be held in the Oakland County Circuit Court, 1200 Telegraph Road, Pontiac, Michigan 48341 at 8:30 a.m., on September 20, 2017 to determine whether the proposed Settlement as set forth in the Settlement Agreement dated May 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 August 9, 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 the other information required by Paragraph 23b of the Settlement Agreement, 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

Gary L. Dovre, Esq.
Johnson, Rosati, Schultz & Joppich, P.C.
27555 Executive Drive, Suite 250
Farmington Hills, MI 48331

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 CHARTER TOWNSHIP OF WATERFORD FOR WATER AND SEWER SERVICE AT ANY TIME BETWEEN APRIL 11, 2010 AND MAY 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 AUGUST 14, 2017 AND MAIL IT TO WATERFORD TOWNSHIP SETTLEMENT, C/O GCG, P.O. BOX 10432, DUBLIN, OH 43017-4032 OR EMAIL THE COMPLETED FORM TO WATERFORDQUESTIONS@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 KHTMP@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.**