

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

IF YOU PAID THE CITY FOR PRIVATE FIRE LINE SERVICE AT ANY TIME BETWEEN JULY 18, 2013 AND JUNE 30, 2016 AND WISH TO RECEIVE A CASH REFUND, IF YOU QUALIFY FOR SUCH REFUND, YOU MUST SUBMIT THE ENCLOSED CLAIM FORM ON OR BEFORE NOVEMBER 2, 2016 AND MAIL IT TO UHOP v. CITY OF DETROIT, C/O GCG, P.O. BOX 9349, DUBLIN, OH 43017-4249 OR EMAIL THE COMPLETED FORM TO UHOPQUESTIONS@GARDENCITYGROUP.COM.

PLEASE RETAIN THIS NOTICE

**STATE OF MICHIGAN
WAYNE COUNTY CIRCUIT COURT**

UNITED HOUSE OF PRAYER,
a District of Columbia non-profit
corporation, individually and as
representative of a class of similarly-
situation persons and entities,

Case No. 15-009083-CZ
Hon. Annette J. Berry

Plaintiff,

v.

CITY OF DETROIT,
a municipal corporation,

Defendant.

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LEGAL NOTICE

NOTICE OF CLASS ACTION

TO: All persons and entities which have paid the City of Detroit (the "City") charges for private fire line service between July 18, 2013 and June 30, 2016.

You are hereby notified that a proposed settlement in the amount of \$5,000,000 has been reached with the City of Detroit in a class action lawsuit pending in Wayne County Circuit Court titled *United House of Prayer v. City of Detroit*, Case No. 15-009083-CZ, presiding Judge Annette J. Berry (the "Lawsuit"). The Lawsuit challenges a charge for private fire line service (the "PFL Charges") imposed by the City on users of its private fire line services. Plaintiff has brought these claims on behalf of itself and a class of all others similarly situated.

Plaintiff is an entity which has paid the PFL Charges imposed by the City. Plaintiff contends that the cost assumptions and data underlying the rates with which the City, through its Water and Sewerage Department ("DWSD"), calculates its PFL Charges result in PFL Charges which substantially exceed the actual expenses of providing private fire line service to the City's fire line service customers, and that the excess pays for the City's governmental functions other than private fire line service.

The Plaintiff seeks a judgment from the Court against the City which would order and direct the City to disgorge and refund all PFL Charges to which Plaintiff and the class are entitled and would grant any other appropriate relief.

The City denies the Plaintiff's claims and contends that it should prevail in the Lawsuit. The Court has made no rulings concerning the merits of the Lawsuit at this time.

On September 16, 2016, 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 PFL Charges to the City between July 18, 2013 and June 30, 2016 and are therefore a member of the class.

For settlement purposes, the parties have agreed that the Class consists of all persons and entities who or which paid or incurred the PFL Charges between July 18, 2013 and June 30, 2016. 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 Five Million Dollars **(\$5,000,000)** for the benefit of the Class ("Settlement Amount"). The Settlement Amount will be utilized, with Court approval, to provide refunds and 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, 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 refunds or give credits to 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 and/or an account credit. The Pro Rata Share to be allocated to each Class Member shall be determined as described below.

All Class Members will participate in the Settlement by receiving from the Net Settlement Fund a Credit (defined in paragraph 10.d of the Settlement Agreement) against an Outstanding Balance (defined in Paragraph 10.d of the Settlement Agreement) or future PFL Charges, and/or a cash distribution Payment (as defined in Paragraph 10.b of the Settlement Agreement). The Net Settlement Fund shall be distributed as follows:

a. To qualify to receive a distribution of cash via check (or a "Payment") from the Net Settlement Fund, Class Members will be required to submit sworn claims which identify their names, addresses, and the periods of time in which they paid the PFL Charges in order to participate in the Settlement. The Class Members will be required to submit those claims no later than 30 days prior to the hearing on the final approval of this settlement, as described in Paragraph 25 of the Settlement Agreement.

b. The Claims-Escrow Administrator shall calculate each Class Member's pro rata share of the Net Settlement Fund (the "Pro Rata Share"). Only those Class Members who paid PFL Charges during the Class Period and/or those Class Members with active private fire line accounts or inactive private fire line accounts that are subject to collection or have not been written off are entitled to distribution of a Pro Rata Share of the Net Settlement Fund. The size of each Claim Member's Pro Rata Share shall be determined by (1) calculating the total amount of PFL Charges the City assessed against the property or properties of that Class Member during the Class Period and then (2) dividing that number by the total amount of PFL Charges the City assessed against all Class Members during the Class Period and then (3) multiplying that fraction by the amount of the Net Settlement Fund. An example appears below:

Total PFL Charges assessed against a Class Member during the Class Period -- \$13,000
Total PFL Charges assessed against all Class Members during the Class Period -- \$13,000,000

Net Settlement Fund -- \$3,400,000
Class Member's Pro Rata Share – $13,000/13,000,000 \times 3,400,000 = \$3,400$

c. Class Members who do not submit claims or who do submit a claim but are members of one of the groups described in Paragraph 10(e)(i) or 10(e)(ii) of the Settlement Agreement will receive a credit on their private fire line service account in the amount of their Pro Rata Share of the Net Settlement Fund ("Credit") which will be applied against future PFL Charges unless the Outstanding Balance is greater than the Class Member's Pro Rata Share, in which

case the Pro Rata Share will, as described below in Paragraph 10(e)(i) of the Settlement Agreement, offset the Outstanding Balance to the extent of the amount of the Pro Rata Share. The term "Outstanding Balance" means with respect to each Class Member the amount of PFL Charges assessed on or after July 18, 2013 which are at least thirty (30) days past due as of June 30, 2016. Any Credit will attach to the account associated with the PFL Charges and will remain until PFL Charges accrued after the Settlement Date exceed the amount of the Credit.

d. Class Members thus will be separated into three (3) groups, each of which will benefit from the Settlement as follows.

i. Group 1 – Class Members who have Outstanding Balances equal to or greater than their respective Pro Rata Shares of the Net Settlement Fund. Group 1 Class Members will receive a Credit against their Outstanding Balances in the amount of their Pro Rata Shares paid from the City Administered Portion. If the Class Member's Pro Rata Share of the Net Settlement Fund is less than such Class Member's Outstanding Balance, the Outstanding Balance will be reduced by the amount of that Pro Rata Share, and the Class Member will still owe any remaining Outstanding Balance.

ii. Group 2 – Class Members whose Outstanding Balances are less than their Pro Rata Shares of the Net Settlement Fund. Group 2 Class Members will receive from the City Administered Portion a Credit against their Outstanding Balances to the extent of their Outstanding Balances. Group 2 Class Members who submit claims will also receive a Payment from the Claims-Escrow Administrator in the amount by which their respective Pro Rata Shares exceed their Outstanding Balances. Such Payments will be paid from the portion of the Net Settlement Fund administered by the Claims-Escrow Administrator. Group 2 Class Members who do not submit timely claims will receive a Credit in their private fire line account against future PFL Charges in the amount by which their respective Pro Rata Shares exceed their Outstanding Balances.

iii. Group 3 – Class Members with no Outstanding Balances. Group 3 Class Members who submit timely claims will receive from the Claims-Escrow Administrator (and payable from portion of the Net Settlement Fund administered by the Claims-Escrow Administrator) a Payment that is equal to the amount of their respective Pro Rata Share of the Net Settlement Fund. Group 3 Class Members who do not submit timely claims will receive a Credit in their private fire line account against future PFL Charges in the amount of their respective Pro Rata Shares.

e. The City will write off all outstanding unpaid balances for PFL Charges incurred by Class Members prior to June, 2013, and forever release any claims relating to those PFL Charges.

In addition to the refunds and credits described above, the parties have agreed that the City will change the method by which charges for private fire protection services. The City shall be allowed to utilize its current rates through July 31, 2017. The City shall perform a rate study and/or cost of services analysis for the City's PFL Charges guided by the principles set forth in Chapter IV.8 in the Sixth Edition of the American Water Works Association "principles of Water Rates, Fees and Charges, Manual of Water Supply Practices M1" (the "M1 Manual") or in any chapter in any subsequent edition of the M1 Manual. The City will implement the PFL Rates recommended in that study/analysis effective July 1, 2017. 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). The City shall not include as a recoverable cost in the setting of PFL Rates any amounts that it has contributed to the Settlement Fund.

Class Members who receive refunds or credits from the Net Settlement Fund shall, 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 release, relieve, remise and discharge 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 June 30, 2017 concerning (1) the City's calculation or assessment of the PFL Rates and/or PFL Charges; (2) the components of costs included in the PFL Rates and/or PFL Charges; and/or (3) the City's efforts to charge and/or collect PFL Rates and/or PFL Charges. This release shall be intended to include all claims that were asserted or could have been asserted in the Lawsuit concerning the City's PFL Rates and/or PFL Charges. Each Class Member shall also covenant 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.

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 November 18, 2016 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 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 September 16, 2016, a Settlement Hearing will be held in the Wayne County Circuit Court, 2 Woodward Ave, Detroit, Michigan 48226 at 9 a.m., on December 2, 2016, to determine whether the proposed Settlement as set forth in the Settlement Agreement dated September 12, 2016, 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.

No Class member will be heard in opposition to the Proposed Settlement unless, on or before November 18, 2016, they file and serve 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 in 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) and serves by first class mail copies thereof upon each of the following attorneys:

Attorneys for Plaintiffs

Gregory D. Hanley, Esq.
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Attorneys for Defendants

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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.

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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 Wayne 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, OR THE ATTORNEYS FOR DEFENDANT.**