

SUPERIOR COURT OF CALIFORNIA, COUNTY OF SANTA CLARA

A state court authorized this Notice. This is not a solicitation from a lawyer.

**If you paid a Utility Users Tax to the City of Palo Alto
as part of your telephone bill, your rights
may be affected by a class action settlement**

A settlement has been reached in a class action lawsuit brought against the City of Palo Alto. If you are a member of the class, your rights will be impacted by the settlement. The Court will decide whether to approve the settlement on September 2, 2021. The purpose of this notice is to provide you with information about the lawsuit and the settlement and to outline your rights and options at this time.

The lawsuit involves a Utility Users Tax (“UUT”) imposed by the City on persons who use telephone service in Palo Alto. The UUT is collected by telephone service providers on behalf of the City and included in users’ telephone bills. In 2015, Eileen Staats (“Plaintiff”), a former Palo Alto resident, filed the lawsuit on behalf of herself and other taxpayers. Plaintiff alleges that the UUT was unlawfully collected on certain tax-exempt telephone services. The City denies that any UUT was unlawfully collected.

The lawsuit is pending in Department 1 of the Superior Court of California, County of Santa Clara, before the Honorable Sunil R. Kulkarni, and titled: *Staats v. City of Palo Alto* (Case No. 2015-1-CV-284956). It has been “certified” as a class action, and the Court has appointed Plaintiff to represent the class. To determine whether you are in the class, please review Section 3 of this notice.

Members of the class who purchased telephone service for use in Palo Alto between December 24, 2013 and December 18, 2014 are eligible for a refund payment under the settlement. However, refund payments will be made only if the Court approves the settlement and after any appeals are resolved. If the settlement is approved by the Court, it will be legally binding on all members of the class, even those who are not eligible for or do not request a refund payment.

**Please read this notice carefully. Your legal rights will
be affected by the settlement, whether or not you act.**

YOUR OPTIONS:	
<p style="text-align: center;">SUBMIT A CLAIM FORM</p> <p style="text-align: center;">DEADLINE: AUGUST 30, 2021</p>	<p>If you qualify for and would like to request a refund payment, you <u>must</u> submit a claim form and the required supporting documentation no later than August 30, 2021. The claim form and supporting documentation may be submitted by mail, to Staats v. City of Palo Alto Settlement, c/o JND Legal Administration, PO Box 91225, Seattle, WA 98111, or by email, to info@UtilityUsersTax.com. For more information, see Sections 9 to 11 of this notice.</p>
<p style="text-align: center;">OBJECT IN WRITING</p> <p style="text-align: center;">DEADLINE: AUGUST 30, 2021</p>	<p>If for any reason you oppose the settlement and would like the Court not to approve it, you may object to the settlement by writing to the Court. Your written objection will only be considered if it is received no later than August 30, 2021. For more information, see Section 19 of this notice.</p>
<p style="text-align: center;">PARTICIPATE IN THE HEARING</p> <p style="text-align: center;">DEADLINE: AUGUST 30, 2021</p>	<p>The Court will hold a hearing on September 2, 2021 at 1:30 PM to decide whether to approve the settlement. The hearing will take place in Department 1 of the Downtown Superior Court, 191 North First Street, San Jose, CA 95113. You may attend the hearing. If you wish to speak at the hearing, you must ask permission to do so, in writing, no later than August 30, 2021. You may make an oral objection to the settlement at the hearing even if you do not submit a written objection. For more information, see Section 16 of this notice.</p>
<p style="text-align: center;">DO NOTHING</p>	<p>If you do nothing, you will not receive a refund payment. However, you will still be bound by the settlement and give up your right to be a part of another lawsuit raising the same legal claims that are at issue in this lawsuit.</p>

Additional information about these options, and your rights, is included below.

If you have any questions or want to learn more about the lawsuit and the settlement, please visit www.UtilityUsersTax.com, call 1-888-681-1079 (toll free), or contact the attorneys that represent the class at info@steelecooperlaw.com.

BASIC INFORMATION

1. What is a class action lawsuit?

In a class action lawsuit, one person, known as a “class representative,” sues another person or entity on behalf of everyone who has similar claims against that person. The group of people whose claims are being asserted in the lawsuit are known as the “class.” One court resolves the claims of all members of the class, and all members of the class are bound by the result, except people who have excluded themselves from the class. Plaintiff Eileen Staats is the class representative in this case.

2. What is this class action lawsuit about?

The City imposes a Utility Users Tax (“UUT”) on persons who use telephone service in Palo Alto. The UUT is collected by telephone service providers on behalf of the City and included in users’ telephone bills. Plaintiff filed this lawsuit on behalf of herself and other Palo Alto taxpayers, claiming that the UUT was unlawfully collected on certain tax-exempt telephone services. The City denies that any UUT was unlawfully collected. The case is titled *Staats v. City of Palo Alto*, and it is pending in Department 1 of the Superior Court of California, County of Santa Clara, before the Honorable Sunil R. Kulkarni (Case No. 2015-1-CV-284956).

More information can be found in Plaintiff’s Class Action Complaint and the Court’s Class Certification Order, available at www.UtilityUsersTax.com.

3. Am I part of the class, and may I submit a claim?

The Court certified a class in this case on June 8, 2018. Notice of the Class Certification Order was provided to class members in late 2018. A copy of the Class Certification Order is available at www.UtilityUsersTax.com.

You are a member of the class if you meet the following description:

All persons, including individuals, non-corporate entities, and corporations, who have paid the City of Palo Alto Utility Users Tax (“UUT”) imposed by Palo Alto Municipal Code § 2.35.090 on the following services between August 1, 2006 and December 18, 2014: (1) “flat-rate” mobile telephone service that entitles the subscriber, upon payment of a periodic charge determined as a flat amount or upon the basis of total minutes, to an unlimited number of calls in an identified region; (2) “flat-rate,” separately billed long distance landline telephone service that entitles the subscriber, upon payment of a periodic charge determined as a flat amount or upon the basis

of total minutes, to an unlimited number of calls in an identified region; (3) per-minute mobile telephone service; and/or (4) per-minute long distance landline telephone service.

You are not included in the class if you only paid the UUT on: (1) separately billed local landline telephone service; or (2) local landline service that is “bundled” (i.e., combined) with mobile or long-distance landline telephone services in a service plan that does not separately state the local service charge. Anyone who previously chose to be excluded from the class is also not a member of the class.

Please note that members of the class are only eligible for a refund payment if they paid the City’s UUT on telephone service between December 24, 2013 and December 18, 2014. The Court issued a ruling on May 8, 2019 that limited eligible refund claims to this shorter time period. A copy of the Court’s ruling is available at www.UtilityUsersTax.com as the “Summary Adjudication Order.” For more information about refund payments, see Sections 9 to 11 of this notice.

4. What is the purpose of this notice?

The purpose of this notice is to advise you that a settlement has been reached in this case and to provide information that you might find helpful in deciding whether to: (1) participate in the settlement by submitting a claim; (2) object to the settlement; or (3) do nothing and give up any right to receive a refund payment. If you are a member of the class, your legal rights will be impacted by the settlement.

5. Why did I receive a notice in the mail?

You may have received a notice about the settlement in the mail. If you did, you were sent that notice because records indicate that you may have lived in Palo Alto and paid the City’s UUT on telephone service during the time period at issue in the lawsuit, and therefore, that you may be a member of the class.

**THE SETTLEMENT AND ITS BENEFITS
(WHAT YOU GET IF YOU QUALIFY)**

6. Why is there a settlement in this lawsuit?

Plaintiff and the City reached this settlement after many months of negotiations. Both parties have agreed to the settlement in order to avoid the costs and risks of further litigation and to provide benefits to the class in exchange for the release of all claims raised in the lawsuit. Plaintiff and the lawyers appointed to represent the class believe that the settlement is in the best interest of the class.

The fact that the City has agreed to settle the lawsuit does not mean that the City has admitted any wrongdoing. Moreover, the Court has not found that the City has broken any laws or done anything wrong.

7. What does the settlement provide?

The City has agreed to make \$1,275,000 available as a “settlement fund.” Members of the class who purchased telephone service between December 24, 2013 and December 18, 2014 are eligible to receive the following refund payments:

Five or Fewer Telephone Lines. Claimants with five or fewer telephone lines will receive a refund of \$8.50 for each telephone line.

Six to Ten Telephone Lines. Claimants with six to ten telephone lines will receive a refund of \$8.50 per telephone line for the first five telephone lines and \$7.50 per telephone line for the remaining telephone lines.

More than Ten Telephone Lines. Claimants with more than ten telephone lines will receive a refund of \$8.50 per telephone line for the first five telephone lines, \$7.50 per telephone line for the next five telephone lines, and \$6.50 per telephone line for the remaining telephone lines.

A telephone line qualifies for a refund if it is a telephone line that a class member had between December 24, 2013 and December 18, 2014 that was used for voice telephone calls or a mixed voice/data telephone line. Data-only telephone lines are not qualifying telephone lines.

The settlement fund may also be used to pay an “incentive award” for the Class Representative and any Court-approved attorney’s fees and costs. If any balance remains in the settlement fund after payments are made to the class, the lawyers that represent the class, and Plaintiff, that balance will be returned to the City.

A copy of the settlement agreement is available and may be viewed at www.UtilityUsersTax.com.

8. What rights am I giving up under the settlement?

If you are a member of the class, you will be bound by the settlement. Upon final approval of the settlement and the entry of judgment by the Court, you will be deemed to have released the City from all liability for the claims that are covered by the settlement. You won’t be able to sue, continue to sue, or participate in any other lawsuit against the City that raises the claims resolved by the settlement.

The released claims are defined by the settlement as “all claims, obligations, promises, demands, rights, actions, causes of action, costs, legal fees, expert fees,

consultant fees, expenses, damages, and liability of any kind whatsoever, known or unknown, arising from, concerning, or relating to” the lawsuit.

SUBMITTING A CLAIM FORM (HOW TO GET A REFUND PAYMENT)

9. How do I request a payment?

If you are eligible to receive a refund payment and would like to request one, you must complete and submit a valid claim form and supporting documents no later than August 30, 2021. Amongst other things, the claim form will ask you to identify the number of telephone lines for which you are requesting a refund payment and to certify, under penalty of perjury, that the identified telephone lines belonged to you between December 24, 2013 and December 18, 2014.

If you received a notice in the mail, a claim form was attached to that notice, along with a self-addressed stamped envelope for submitting the claim form. The claim form is also available at www.UtilityUsersTax.com. The supporting documents that you must submit are described in Section 10 of this notice.

You may submit the claim form and supporting documents using the self-addressed stamped envelope provided with the mailed notice, if you received one. The claim form and supporting documents can also be submitted by email to info@UtilityUsersTax.com.

10. What supporting documents do I need to submit with the claim form?

In order to receive a refund payment, you must submit the following documents with your claim form:

Refunds for One Telephone Line. If you are requesting a refund payment for only one telephone line, you must provide evidence of a current Palo Alto address, such as a telephone bill, a utility bill, a property tax bill, a W-2 form, a paystub, or some other, similar document.

Refunds for Two to Ten Telephone Lines. If you are requesting a refund payment for two to ten telephone lines, you must provide a telephone bill or multiple telephone bills from any time period that together identify every telephone line for which you are requesting a refund payment. Each telephone bill must show a Palo Alto address.

Refunds for More than Ten Telephone Lines. If you are requesting a refund payment for more than ten telephone lines, you must provide a telephone bill or multiple telephone bills dated between December 2013 and December 2014 that together identify every telephone line for which you are

requesting a refund payment. Each telephone bill must show a Palo Alto address.

If you have any questions about the documents that you are required to submit or if you have any difficulty locating the required documents, you may contact JND Legal Administration, the Court-appointed settlement administrator, for assistance by calling 1-888-681-1079 or by sending an email to info@UtilityUsersTax.com.

All supporting documents will be disclosed only to the settlement administrator, the attorneys appointed to represent the class, and the attorneys for the City. The documents will be destroyed once the administration of the settlement is complete.

11. When will I receive my refund payment?

The Court will hold a hearing to decide whether to approve the settlement on September 2, 2021. Payments will be made only if, and after, the Court issues an order approving the settlement and, if any appeals of the Court's order are filed, after those appeals are fully resolved.

THE ATTORNEYS REPRESENTING THE CLASS

12. Do I have an attorney in this case?

Yes. The Court has appointed Thomas S. Slovak and Stephen J. Schultz of Slovak, Baron, Empey, Murphy & Pinkney, LLP and Alexandra T. Steele of Steele Cooper Law to represent the class in this case. More information about these attorneys and their law firms is available at www.sbemp.com and www.steelecooperlaw.com.

When it certified the class, the Court also appointed the law firm of Girardi | Keese as Class Counsel. Girardi Keese entered bankruptcy proceedings in December 2020 and so no longer serves as Class Counsel. All costs and fees due to Girardi Keese for its work in this case will be paid by the Court-appointed settlement administrator to Elissa D. Miller, Bankruptcy Trustee, on behalf of Girardi Keese's estate. For more information, see Section 14 of this notice.

If you wish to speak with the attorneys appointed to represent the class, please contact Alexandra Steele at Steele Cooper Law.

13. Should I get my own attorney?

Because the Court has appointed attorneys to represent the class, you do not need to hire your own attorney. If you want someone other than these attorneys to speak for you, you may hire your own attorney at your own expense.

14. How will the attorneys for the class be paid?

The attorneys that represent the class will ask the Court for an award of attorney's fees, reimbursement of costs which currently total approximately \$197,000, and a Class Representative "incentive payment" of \$10,000. Any attorney's fees, costs, and incentive payment must be approved by the Court, and will not, when combined, exceed a total of \$425,000. If approved, attorney's fees, costs, and the incentive payment will be paid from the settlement fund. You will not personally have to pay any attorney's fees or costs awarded by the Court.

SETTLEMENT APPROVAL HEARING / OBJECTIONS

15. How does the settlement approval process work?

The settlement will not go into effect until it has been approved by the Court. On November 5, 2020, the Court issued an order "preliminarily approving" the settlement. A copy of the Court's Preliminary Approval Order is available at www.UtilityUsersTax.com.

On September 2, 2021, the Court will hold a hearing to decide whether to "finally" approve the settlement. If you wish to object to the settlement or appear at the hearing, you may do so. The Court will consider all timely written and oral objections. You may appear at the final hearing and make an oral objection even if you don't submit a written objection. For more information about the hearing and how to object, see Sections 16 to 19 of this notice.

16. When/where will the Court decide whether to approve the settlement?

On September 2, 2021, at 1:30 PM, in Department 1 of the Superior Court of California, County of Santa Clara, located in the Downtown Superior Court, 191 North First Street, San Jose, CA 95113, the Court will hold a hearing to determine whether to approve the settlement. Before approving the settlement, the Court must determine that the settlement is "fair, adequate, and reasonable." If there are written or oral objections, the Court will consider those objections. The Court will listen to any person who has given the required notice that they would like to speak at the hearing.

The Court may make a decision at the hearing, or it may take the matter under submission and issue a decision at a later date. The Court may also decide whether to award attorney's fees, reimbursement of costs which currently total approximately \$197,000, and an "incentive payment" of \$10,000 to Plaintiff for serving as a class representative (in a combined amount not to exceed \$425,000).

17. Do I have to come to the settlement approval hearing?

No. The attorneys representing the class are working on your behalf and will answer any questions the Court may have about the settlement. However, if you want to attend the settlement approval hearing, you are welcome to do so at your own expense. You may also pay your own attorney to attend the hearing.

Please note that due to the COVID-19 pandemic, hearings before the judge overseeing this case are currently being conducted remotely with the assistance of a third-party service provider, CourtCall. If that remains the case at the time of the settlement approval hearing, class members who wish to appear at the settlement approval hearing should contact Class Counsel to arrange a remote appearance through CourtCall, at least three days before the hearing if possible. Any CourtCall fees for an appearance by an objecting class member will be paid by Class Counsel.

18. May I speak at the hearing?

You may ask the Court for permission to speak at the settlement approval hearing. To do so, you must submit a written request to JND Legal Administration, the settlement administrator. The request must be titled: "Notice of Intent to Appear at the Settlement Approval Hearing in *Staats v. City of Palo Alto*, Case No. 2015-1-CV-284956." It must include your name, address, and phone number, and you must sign the request. If you would like your own attorney to speak for you at the hearing, you must also include the name, address, and telephone number of the attorney who will appear.

You must send your request to JND Legal Administration no later than August 30, 2021. You may email the request to info@UtilityUsersTax.com or send it by first-class mail (postmarked by the submission deadline) to: Staats v. City of Palo Alto Settlement, c/o JND Legal Administration, PO Box 91225, Seattle, WA 98111. JND Legal Administration will forward the request to the Court.

19. How do I object to the settlement?

If you are a member of the class and you do not believe the settlement is "fair, adequate, and reasonable," you may object to the settlement. The Court will consider your views before deciding whether to approve the settlement.

To object, you may submit a signed letter stating that you object to the settlement in *Staats v. City of Palo Alto*, Case No. 2015-1-CV-284956. Your letter must state your full name, current address, and telephone number, and the address at which you received telephone service between August 1, 2006 and December 18, 2014. It must also describe the reasons why you object to the settlement. If you want the Court to consider any documents in connection with your objection, you must

provide copies of those documents as well. You may also appear at the settlement approval hearing and make an oral objection, even if you do not submit a written objection.

If you submit a written objection to the settlement, the Court will consider the objection even if you do not appear at the settlement approval hearing. If you plan to appear at the hearing, your objection may be included in your notice of intent to appear.

You must send your written objection to JND Legal Administration no later than August 30, 2021. You may email the objection to info@UtilityUsersTax.com or send it by first-class mail (postmarked by the submission deadline) to: Staats v. City of Palo Alto Settlement, c/o JND Legal Administration, PO Box 91225, Seattle, WA 98111. JND Legal Administration will forward your objection to the Court.

20. Can I ask to be excluded from the settlement?

No. Members of the class were already given the opportunity to exclude themselves from the class, and the time to do so has now expired. If you previously excluded yourself from the class, you will not be bound by the settlement. If you did not exclude yourself from the class, you will be bound by the settlement.

21. What happens if I don't do anything?

If you do nothing, you will not receive any refund payment. However, you will still be bound by the settlement if it is approved by the Court, and you will give up your right to start a lawsuit, continue an existing lawsuit, or participate in any other lawsuit against the City that raises the claims resolved by the settlement.

GETTING MORE INFORMATION

22. Where can I get more information?

If you have any questions or would like to learn more about the lawsuit and the settlement, you can do so by visiting www.UtilityUsersTax.com, by calling 1-888-681-1079 (toll free), or by contacting the attorneys that represent the class at info@steelecooperlaw.com.