

**LEGAL NOTICE
NOTICE OF CLASS ACTION**

IF YOU RECEIVED ELECTRIC SERVICE FROM THE LANSING BOARD OF WATER AND LIGHT (“LBWL”) IN THE CITY OF EAST LANSING (THE “CITY”), AND PAID THE “FRANCHISE FEES” IMPOSED BY THE CITY AT ANY TIME BETWEEN APRIL 2, 2019 AND APRIL 30, 2025 AND WISH TO RECEIVE A CASH REFUND, IF YOU QUALIFY FOR SUCH REFUND, YOU MUST SUBMIT THE ATTACHED CLAIM FORM ON OR BEFORE SEPTEMBER 2, 2025 BY MAILING IT TO EAST LANSING ELECTRIC SETTLEMENT, CLAIMS ADMINISTRATOR, P.O. BOX 25226, SANTA ANA, CA 92799 OR SUBMITTING AN ELECTRONIC FORM ONLINE AT WWW.EASTLANSINGELECTRICSETTLEMENT.COM.

The Claims Administrator must RECEIVE all Claims on or before 11:59:59 pm Eastern Time on September 2, 2025.

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

**STATE OF MICHIGAN
INGHAM COUNTY CIRCUIT COURT**

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

Case No. 20-199-CZ
Hon. Wanda M. Stokes

Plaintiff,

v.

CITY OF EAST LANSING,
a municipal corporation,

Defendant.

ATTN: all persons or entities who/which paid Franchise Fees to the City of East Lansing (the “City”) through the payment to the LBWL for electric service (“Electric Service”) at any time between April 2, 2019 and April 30, 2025 and who do not request to be excluded from the class pursuant to MCR 3.501(D) (the “Class”).

You are hereby notified that a proposed settlement in the amount of Seven Million Eight Hundred Thousand Nine Hundred Seventy-One Dollars and Thirteen Cents (**\$7,800,971.13**) has been reached with the City in a class action lawsuit pending in Ingham County Circuit Court titled *James Heos v. City of East Lansing*, Case No. 2020-199-CZ, Hon. Judge Wanda Stokes presiding (the “Lawsuit”), which challenges the “Franchise Fees” imposed by the City on citizens whose properties received electric service from the LBWL between April 2, 2019 and April 30, 2025.

Plaintiff is an individual who owns property in the City and who has paid the City’s Franchise Fees. Plaintiff contends on behalf of himself, and others similarly situated, that the Franchise Fees: (a) the Franchise Fees 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 Franchise Fees violate the Prohibited Taxes By Cities And Villages Act, MCL 141.91 because the Franchise Fees are not ad valorem taxes, but are taxes imposed, levied, or collected after January 1, 1964; (c) by imposing the Franchise Fees, the City has violated state equal protection guarantees; (d) the City has imposed

the Franchise Fees in violation of the Foote Act; and (e) that Plaintiff and those similarly situated have been harmed by the City's collection and retention of the Franchise Fees.

The City has maintained and continues to maintain that the City's imposition of the Franchise Fees is proper and not unlawful.

On February 3, 2025, the Michigan Supreme Court issued an Opinion finding that the Franchise Fees were unlawful taxes that had been imposed in violation of the Headlee Amendment and that Plaintiff's claims were timely to the extent that they were based upon Franchise Fees collected on or after April 2, 2019. On February 3, 2025, the Michigan Supreme Court remanded this case to the Ingham County Circuit Court for additional proceedings consistent with the Supreme Court's February 3, 2025 Opinion.

Following the Supreme Court remand, the parties executed a Class Action Settlement Agreement dated June 18, 2025, the terms of which are described below. Plaintiff and the City in this action intend to make application to this Court, pursuant to MCR 3.501(E), for a Final Order approving the settlement of this class action in accordance with the terms set forth in the Class Action Settlement Agreement.

For settlement purposes, the parties have agreed that the Class will consist of all persons or entities who/which paid Franchise Fees to the City through the payment to the LBWL for electric service at any time between April 2, 2019 and April 30, 2025 (the "Class"). You are receiving this Notice because the LBWL's records indicate that you paid the LBWL for electrical service between April 2, 2019 and April 30, 2025 and thus paid the Franchise Fees and are therefore a member 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 further litigation costs, the parties have agreed to create a settlement fund in the aggregate amount of Seven Million Eight Hundred Thousand Nine Hundred Seventy-One Dollars and Thirteen Cents (**\$7,800,971.13**) for the benefit of the Class (the "Settlement Amount") in accordance with the terms of the June 18, 2025 Settlement Agreement. 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, Kickham Hanley PLLC, and (d) any incentive award made by the Court to the class representative in an amount not to exceed \$30,000.

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

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

All Class Members may participate in the Settlement by receiving from the Net Settlement Fund a cash distribution Payment (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 Electric Charges to the LBWL 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 **September**

2, 2025 (the “Claims Period”). The Claims Administrator must RECEIVE all Claims on or before 11:59:59 pm Eastern Time on September 2, 2025.

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 the LBWL for Electric Service 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. **For this reason, it is very important for any Class Member who paid Electric Charges to submit a Claim. The only way for Class Members to receive a portion of the Net Settlement Fund is for them to file a Claim.**

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

The City will not rely in any way on the provisions of the Judgment Levy Act, MCL 600.6093, in order to finance the Settlement Fund. The Settlement Fund may be funded solely by any lawful method.

The Class Members shall release the City and the LBWL as stated below and as provided in Paragraph 26 of the Settlement Agreement.

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 no later than August 26, 2025 and mailed to: Kickham Hanley PLLC, 32121 Woodward Avenue, Suite 300, Royal Oak, Michigan 48073 or emailed to khtemp@kickhamhanley.com.**

All potential Class Members who/which timely request exclusion from the Class (the “Opt-Outs”) shall be barred from receiving recovery under the Settlement.

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, have the right to receive your pro rata share of the Net Settlement Fund via a Refund. **Again, however, the only way for Class Members 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 Lawsuit 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 June 26, 2025, a Settlement Hearing will be held in the Ingham County Circuit Court, Veteran’s Memorial Courthouse, 313 West Kalamazoo St., Lansing, MI 48933 at 9:00 a.m. on October 10, 2025, to determine whether the proposed Settlement as set forth in the Settlement Agreement dated June 18, 2025, 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 August 11, 2025, 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 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) upon each of the following attorneys:

Gregory D. Hanley
Kickham Hanley PLLC
40905 Woodward Avenue, Suite 306
Bloomfield Hills, Michigan 48304

Counsel for Plaintiff

and

John C. Clark
Giarmarco, Mullins & Horton, P.C.
101 W. Big Beaver Road, 10th Floor
Troy, MI 48084
(248) 457-7049

Counsel for Defendant

and has filed said notice, objections, papers and briefs, as to the settlement with the Clerk of the Ingham 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 Ingham County, Michigan. You may also view the Settlement Agreement and other important court documents at www.kickhamhanley.com. and eastlansingelectricsettlement.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 EKICKHAMJR@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 executed 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 (collectively, the "Releasing Parties"), 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 the Lansing Board of Water and Light ("LBWL"), and each of its successors and assigns, present and former agents, officials, representatives, employees, insurers,

affiliated entities, attorneys and administrators (the “Released Parties”), 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 April 2, 2019 through the date of this Final Order and Judgment concerning the City’s or the LBWL’s assessment, collection or remittance of the Franchise Fees. In executing the Release and Covenant Not to Sue, the Releasing Parties 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, the Releasing Parties will refrain from commencing any action or suit, or prosecuting any pending action or suit, in law or in equity, against the City or the LBWL 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) the Releasing Parties accept and assume 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

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Scan this QR Code to visit the website and submit an electronic form:

