

If you paid a Utility Users Tax to the City of Palo Alto as part of your monthly phone bill, your rights may be affected by a class action lawsuit.

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

- 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 your monthly telephone bill. Eileen Staats (the “Plaintiff”), a former Palo Alto resident, has sued the City of Palo Alto (the “City”) on behalf of herself and other Palo Alto taxpayers, claiming that between August 1, 2006 and December 18, 2014, the City’s UUT was unlawfully collected on certain tax-exempt telephone services. The City denies that any UUT was unlawfully collected.
- Judge Brian C. Walsh of the Superior Court of California, County of Santa Clara is overseeing this case, which is known as *Staats v. City of Palo Alto*, Case No. 2015-1-CV-284956. The case has been “certified” as a class action.
- You may be part of the certified class if, between August 1, 2006 and December 18, 2014, you paid the City’s UUT on: (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.
- The case has not yet gone to trial, and there have been no discussions regarding settlement. There is no money available now, and no guarantee that any money will be available in the future. However, your rights will be affected by the case, whether or not the Plaintiff’s claims are determined by the Court to be correct. Those rights are explained in this notice.
- You must now choose whether you want to participate in the lawsuit or not. To ask to be excluded, you must act by **January 19, 2019**.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS LAWSUIT	
DO NOTHING	<p>Stay in the lawsuit. Await the outcome. Share in possible money or benefits. Give up certain rights.</p> <p>By doing nothing, you are choosing to stay in the lawsuit. You will keep your right to share in any money or other benefits that might result from the trial or any settlement. But, if you do nothing, you will remain in the lawsuit and be bound by the judgment, whether or not the Plaintiff prevails. You will also give up the right to sue the City on your own about the legal claims that are covered by the lawsuit.</p>
ASK TO BE EXCLUDED	<p>Get out of the lawsuit. Get no money or benefits. Keep rights.</p> <p>If you ask to be excluded, you will not be able to share in any possible money or other benefits that might be awarded or obtained. But, you will keep the right to sue the City on your own about the legal claims that are covered by the lawsuit.</p>

BASIC INFORMATION

1. Why was this notice issued?

This notice was issued because a Court has “certified” this case to proceed to trial as a class action. If you paid the City’s UUT as part of your monthly phone bill, your legal rights might be impacted by the case. You must choose whether or not you want to remain in the case before the Court decides whether the claims being made against the City on your behalf are correct. This notice explains all of these things.

Judge Brian C. Walsh of the Superior Court of California, County of Santa Clara is overseeing this case. The case is known as *Staats v. City of Palo Alto*, Case No. 2015-1-CV-284956. The person who sued, Eileen Staats, is called the Plaintiff. The entity that she sued, the City of Palo Alto, is called the Defendant or the City.

2. What is a class action?

In a class action, one or more people, known as Class Representatives, sue on behalf of all people who have similar claims. Together, these people are called the Class or Class members. One court resolves the issues for all Class members, except those who exclude themselves from the Class. The Plaintiff is the Class Representative in this case.

3. Why is this lawsuit a class action?

The Court decided that this lawsuit could move toward trial as a class action because it meets the requirements of California Code of Civil Procedure § 382. For example, the Court ruled that the Class is so large or “numerous” that getting all Class members together is impracticable; that there are questions of law and fact that are “common” to the Class; that the claims of the Class Representative and the City’s defenses to those claims are “typical” of the claims of the Class and the City’s defenses to those claims; that the lawyers for the Class will “adequately” protect the interests of all Class members; and that a class action would be superior to individual lawsuits. The City opposed Plaintiff’s request to certify the Class and retains the right to ask the Court to “decertify” the Class in the future. More information about why this case is proceeding as a class action can be found in the Court’s Class Certification Order, which is available at www.UtilityUsersTaxClassAction.com.

THE CLAIMS IN THE LAWSUIT

4. What is the lawsuit about?

The Plaintiff claims that between August 1, 2006 and December 18, 2014, the City’s UUT could not be legally applied to, and was unlawfully collected on, four types of telephone service: (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 (4) per-minute long distance landline telephone service. The Plaintiff does not challenge the collection of UUT under a new tax ordinance that was approved by Palo Alto voters in November of 2014.

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

5. How does the City answer?

The City contends that “flat-rate” mobile telephone service and “flat-rate” long-distance landline telephone service are lawfully subject to the City’s UUT and denies that the UUT was unlawfully collected on any type of telephone service. The City also has other defenses that could impact the ability of Class members to recover in this case. To see the City’s First Amended Answer to the Class Action Complaint, go to www.UtilityUsersTaxClassAction.com.

6. Has the Court decided who is right?

No. The Court has not ruled on the merits of the claims. The lawyers for the Plaintiff will present their claims and the lawyers for the City will argue the City's defenses at a trial.

7. What is the Plaintiff asking for on behalf of the Class?

The Plaintiff is asking for: (1) the Court to order the City to issue a refund to Class members of all UUT collected between August 1, 2006 and December 18, 2014 on the four types of telephone service described above, plus interest; and (2) reasonable attorneys' fees, and administrative and litigation costs.

8. Is there any money available now?

No. There is no money available now, because the Court has not ruled on the merits of the claims. There is no guarantee that money will ever be awarded or obtained.

MEMBERS OF THE CLASS

9. How do I know if I am part of the Class?

Generally, you are included in this lawsuit if you paid the City's Utility Users Tax, imposed by former Palo Alto Municipal Code § 2.35.090, on flat-rate mobile or long distance landline telephone services or per-minute mobile or long distance landline telephone services between August 1, 2006 and December 18, 2014.

Specifically, the Class is defined as:

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 paid the UUT only for separately billed local landline telephone services or local landline services bundled with mobile or long distance landline services in a plan that does not separately state the charge for the local service.

YOUR RIGHTS AND OPTIONS

10. What happens if I do nothing at all?

If you do nothing, you are choosing to stay in the Class. You will be legally bound by all orders and judgments of the Court whether the Plaintiff wins or loses at trial, and you will not be able to sue or continue to sue the City in a different case over the legal claims covered by this lawsuit. If the Plaintiff obtains money or other benefits from the City at trial, you will be able to ask for a share.

11. What happens if I exclude myself?

If you exclude yourself from the Class you: (1) will not be legally bound by the Court's judgments; (2) will keep any rights you may have to sue the City for the legal claims covered by this lawsuit; and (3) will not be able to get any money or benefits from this lawsuit if any are awarded or obtained as a result of the trial or any settlement.

12. How do I ask to be excluded?

To exclude yourself, you must send a letter stating that you want to be excluded from *Staats v. City of Palo Alto*, Case No. 2015-1-CV-284956. The letter must include your name, address, telephone number, and signature. An "Exclusion Request Form" is also available at www.UtilityUsersTaxClassAction.com.

You must mail your letter or Exclusion Request Form to: *Staats v. City of Palo Alto* Class Action Administrator, P.O. Box 505024, Louisville, KY 40233-5024. The letter or Exclusion Request Form must be postmarked by **January 19, 2019**.

THE LAWYERS REPRESENTING YOU

13. Do I have a lawyer in this case?

Yes. The Court has appointed Thomas V. Girardi, John A. Girardi, and Alexandra T. Steele of Girardi Keese, and Thomas S. Slovak and Stephen J. Schultz of Slovak, Baron, Empey, Murphy & Pinkney, LLP as Class Counsel to represent you and the Class in this case. These lawyers have experience handling similar class actions. More information about these lawyers and their law firms are available at www.girardikeese.com and www.sbemp.com.

14. Should I get my own lawyer?

You do not need to hire your own lawyer because Class Counsel is representing you and all the other members of the Class. If you want someone other than Class Counsel to speak for you, you may hire your own lawyer at your own expense.

15. How will the lawyers be paid?

If Class Counsel obtains money or benefits for the Class, they will ask the Court to allow them to recover their attorneys' fees and costs. Any such award must be approved by the Court. In a class action, attorneys' fees and costs for Class Counsel may be deducted from money obtained for the Class. Under some circumstances, they might be paid directly by a defendant. Any entitlement to attorneys' fees and costs, and the manner in which such fees and costs might be awarded, have not yet been determined in this case. However, you will not personally have to pay any of Class Counsel's attorneys' fees and costs.

THE TRIAL

16. How and when will the Court decide the case?

The case will be decided at a trial. The trial will take place at the Superior Court of California, County of Santa Clara, located at 191 North First Street, San Jose, CA 95113. No trial date has been set, and even after trial is set, it may be moved to a different date or time without additional notice. Check www.UtilityUsersTaxClassAction.com for updates.

17. Do I have to come to Court?

You do not have to come to Court unless you choose to do so. Class Counsel will present the case for the Plaintiff and the lawyers for the City will present the City's defenses. You or your lawyer may appear in Court for this case at your own expense, but you do not have to.

18. Will I get money after the trial?

If Class Counsel obtains money or benefits as a result of the trial, a new notice will be issued about how to ask for a share and about any other options you may have at that time. Updated information about the case may be posted on www.UtilityUsersTaxClassAction.com.

GETTING MORE INFORMATION

19. Is more information about the lawsuit available?

More information about the lawsuit is available by visiting www.UtilityUsersTaxClassAction.com, calling toll-free 1-866-561-6117, writing to *Staats v. City of Palo Alto*, Class Action Administrator, P.O. Box 505024, Louisville, KY 40233-5024, or contacting Class Counsel.