

A Class Action Settlement Involving Northern Kentucky Water District and Sanitation District No. 1, Will Provide Cash Payments to Current and Former Customers Who Qualify for Refunds.

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

- A settlement has been given preliminary approval in a class action lawsuit that alleges Northern Kentucky Water District and Sanitation District No. 1 (“the Retailers”) collected from their customers Kentucky sales and use taxes on the purchase of water and sanitation services, when the customers were exempt from taxes on the purchase of water and sanitation services. The Retailers have denied wrongdoing, insist they were acting pursuant to direction from the Kentucky Department of Revenue, and cooperated in the filing of refund applications with the Kentucky Department of Revenue. After review, the Kentucky Department of Revenue has authorized and agreed to the refunds provided here.
- You will be eligible for and receive a refund if you were charged and paid sales and use tax on your purchase of water and sanitation services, and should have been exempt from paying such taxes. This settlement covers billing periods from August 2006 to December 2012.
- Your legal rights are affected whether you act or don’t act. **Please read this notice carefully.**

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
Object	Write to the Court about why you don’t agree with the settlement.
Go to A Hearing	Ask to speak in Court about the settlement.
Do Nothing	If you qualify, receive payment and give up your right to individually sue the Retailers relative to the claims resolved in this settlement.

- These rights and options – **and the deadlines to exercise them** – are explained in this Notice.
- This settlement will resolve all claims against the Retailers that are part of the lawsuit, for billing periods ending in December 2012. Future settlement(s) of taxes collected after December 2012 are likely. The Court in charge of this case still has to decide whether to approve the settlement. Payments will only be made if the Court approves the settlement, and any appeals are resolved. Please be patient.

BASIC INFORMATION

1. Why was Notice issued?

The Kenton Circuit Court authorized this Notice because you have a right to know about a proposed settlement of this class action, including the right to a cash refund, and about all of your options, before the Court decides whether to give “final approval” to the settlement. If the Court approves the settlement, payment will be made to everyone who qualifies. This notice explains the lawsuit, the settlement, your legal rights, what benefits are available, who may be eligible for them, and how to get them.

Judge Patricia Summe of Kenton Circuit Court, is overseeing the lawsuit. The case is known as *Schrage v. Northern Kentucky Water District and Sanitation District No. 1*. The person who sued the Retailers (sometimes called “the Defendants”) is named Thomas Schrage (sometimes called “the Plaintiff”).

2. What is this lawsuit about?

Thomas Schrage filed a Complaint on June 6, 2007 against the Northern Kentucky Water District (“NKWD”) and Sanitation District No. 1 (“SD1”) seeking a declaration that they should not be collecting Kentucky sales tax on retail water sales, sewer services, and the storm water fee from owners of single family, non-owner occupied residential property. NKWD and SD1 deny that they improperly collected the tax and state that they were following instructions from the Kentucky Department of Revenue (“KDOR”). The parties agreed to file refund applications with the KDOR and seek the refund of these sales taxes. After extensive efforts involving counsel for Schrage, NKWD, and SD1, the KDOR has agreed to refund some sales tax for a certain period. Claims for sales taxes which the KDOR has not agreed to refund – including claims for more recent years – are still being litigated with the KDOR. The Court has not determined who is right or wrong in this lawsuit.

3. What is a Class Action, and why is this case a Class Action?

In a class action, one or more people, called class representatives, sue on behalf of others with similar legal claims. All of these people together are called a class or class members. One court resolves the issues for all class members, except for those who specifically ask to be excluded from the class, since the wrong that was alleged by the class representatives applies equally to all class members. This case was filed as a class action because it was believed that the Retailers’ method of determining how (or if) to apply Kentucky sales and use taxes was resulting in a number customers being charged taxes that were not actually owed.

4. Why is there a Settlement?

The Court did not decide in favor of the Plaintiff or of Defendants. Instead, both sides agreed (with the input of the KDOR) to settle the refund claims. That way, they avoid the costs and uncertainty of proceeding toward a trial, and the affected people who qualify will get compensation. The Class Representative and the attorneys for the class, who have substantial experience in class action cases, believe the settlement is best for all Settlement Class Members.

WHO IS IN THE SETTLEMENT?

5. Who is included in the Class?

The Settlement Class (sometimes “the Class”) includes all persons residing in Kentucky and all corporate entities existing under Kentucky law which own single family, non-owner occupied residential properties located within the service area of the Northern Kentucky Water District or Sanitation District No. 1 that have been charged Kentucky sales tax on retail water sales, sewer services and the storm water fee dating from August 1, 2006 through December 31, 2012.

Since all of the Settlement Class Members by definition are or were customers of the Retailers, the parties and KDOR have expended substantial resources of time and money to analyze customer billing data to determine

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which customers were charged on Kentucky sales and use taxes incorrectly. Class Counsel has investigated to check the general accuracy of that analysis. This Notice is being sent to those customers identified as having been incorrectly charged Kentucky sales and use taxes, but is also available to other possible Settlement Class Members.

If you are unsure whether you are included in the Class, please call the toll free telephone number at the bottom of this page for information.

SETTLEMENT BENEFITS: WHAT YOU GET IF YOU QUALIFY AS A SETTLEMENT CLASS MEMBER, AND HOW TO GET IT

6. What does the Settlement provide?

The Retailers have agreed to return to Class Members the refunds that will be issued to them by the Kentucky Department of Revenue, subject to Court supervision and court-approved deductions. All Settlement Class Members will receive a refund equal to the full amount of sales and use tax incorrectly paid by them during the class period, on residential purchase of water and sanitation services. Since the amount of overpayment differs from person to person, this Notice is not designed to advise you of the exact amount of any refund you receive.

Attorneys' fees and other court-approved expenses will be deducted from the refunds on a prorated basis, so that each Class Member shares such expenses in equal proportion.

7. How do I get a cash payment?

If you qualify as a member of the Class described above, who was determined to have been incorrectly charged Kentucky sales and use tax you will receive a cash payment by mail from the Settlement Administrator. The Retailers are not making or mailing the payments. If you have received this Notice in the mail, you are believed to be a qualifying member of the Class.

8. Do I need to complete a Claim Form to get benefits?

No. Since all Class Members are, by definition, current or former customers of the Retailers, the parties and KDOR have analyzed the customer data to verify instances where taxes were collected in error. If you were charged and paid taxes that should not have been charged, a cash refund will be issued to you. You cannot exclude yourself from the Class.

9. When do I get my payment?

Payments to eligible Settlement Class Members will not be made until at least 30-45 days after the Court grants "final approval" of the settlement and appeals, if any, are decided. If Judge Summe approves the settlement after a Fairness Hearing on **April 26, 2019** (see the section "The Court's Fairness Hearing" below), there may be appeals. It's always uncertain whether appeals can be resolved, and resolving them can take time. Please be patient.

10. What am I giving up to get a payment or stay in the Class?

Since the Court has approved this Settlement as a "no opt out" Class, you cannot exclude yourself from this Class. That means that you can't individually sue the Retailers over the claims settled in this case. It also means that all of the Court's orders will apply to you and legally bind you. In exchange for the refund you are receiving, you agree to "release and discharge" the Retailers as described in Section 3.1 of the Settlement Agreement. A complete copy of the Settlement Agreement can be obtained at www.SalesTaxClass.com. The Settlement Agreement specifically describes the released claims in necessarily accurate legal terminology. Talk to Class Counsel (see the section on "The Lawyers Representing You" below) or your own lawyer if you have questions about the released claims or what they mean.

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EXCLUDING YOURSELF FROM THE SETTLEMENT

11. How do I get out of the Settlement?

Because of the nature of the claims at issue and the refunds provided via the Kentucky Department of Revenue, the Court has approved this Settlement as a “no opt out” Class. Settlement Class Members cannot exclude themselves from this Class, and cannot individually sue the Retailers over the claims settled in this case. It also means that all of the Court’s orders will apply to and legally bind each Settlement Class Member.

THE LAWYERS REPRESENTING YOU

12. Do I have a lawyer in this case?

The Court has appointed Alexander F. Edmondson and Jason V. Reed of Edmondson & Associates (Covington, KY), and Robert Sparks of Straus Troy Co, LPA (Cincinnati, OH) to represent you and other Settlement Class Members as “Class Counsel.” Class Counsel can be reached at the mailing address 28 West Fifth Street, Covington, KY 41011.

You do not have to pay Class Counsel. If you want to be represented by your own lawyer, and have that lawyer appear in court for you in this case, you must hire one at your own expense.

13. How will the lawyers be paid?

Class Counsel will request the Court to award attorneys’ fees in an amount not to exceed 33 1/3% of the total amount of sales and use tax refunds due to Class members, to reimburse their litigation costs, and for an incentive payment to the Representative Plaintiff. Any Court-approved funds will be deducted from each individual refund on a *pro rata* basis, so that all Settlement Class Members share proportionally the costs of securing and administering the refunds. For any refund checks that are not cashed or otherwise negotiated, the amount of these refunds will be returned to the Commonwealth of Kentucky Department of Revenue.

OBJECTING TO THE SETTLEMENT

If you choose to stay in the Class, you can tell the Court if you don’t agree with the Settlement, or some parts of it.

14. How do I tell the Court if I don’t agree with the Settlement, or part of it?

Settlement Class Members may object to the Settlement by filing a written objection with the Kenton Circuit Court. Objections must be filed no later than midnight on **March 11, 2019**. A copy of any objection must also be mailed to Jason V. Reed, Esq., Edmondson & Associates, 28 West Fifth Street, Covington, KY 41011, postmarked by midnight on **March 11, 2019**. Only Settlement Class Members may object to the Settlement. The objection must include:

- (1) Sufficient proof to determine membership in the Settlement Class;
- (2) A statement of each objection asserted;
- (3) A detailed description of the facts underlying each objection;
- (4) A detailed description of the legal authorities supporting each objection;
- (5) A statement of whether the objector intends to appear and argue at the Fairness Hearing and, if so, how long the objector anticipates needing to present the objection;
- (6) A list of the exhibits which the objector may offer during the Fairness Hearing, along with copies of such exhibits.

Any Settlement Class Member who does not make and serve their written objection in the manner prescribed above will be deemed to have waived any objections. So, to recap, if you wish to object to the Settlement:

File the objection with the Clerk of the Court at the address listed below by March 11, 2019 . Note: You may send it by mail, but it MUST be received and filed by the Clerk by this date.	AND Mail a copy of the objection to Class Counsel at the following address, so that it is postmarked by March 11, 2019 :
KENTON CIRCUIT COURT CLERK	CLASS COUNSEL
Kenton Circuit Clerk 230 Madison Avenue Covington, KY 41011	Jason V. Reed, Esq. 28 West Fifth Street Covington, KY 41011

THE COURT'S FAIRNESS HEARING

15. When and where will the Court decide whether to approve the Settlement?

The Court has given its preliminary approval to the proposed Settlement, has conditionally certified the Settlement Class, has approved appointment of a Class Representative and Settlement Class Counsel, and has directed the sending of this Notice. However, the Court must still give "final approval" to the Settlement before the Settlement is effective.

The Court will hold a hearing in the Kenton Circuit Court, 6th Floor, **230 Madison Avenue, Covington, KY 41011**, on **April 26, 2019 at 9:00 a.m.**, to determine whether the Settlement is fair, reasonable and adequate. The Court will also consider whether to allow or disallow the application for attorneys' fees, litigation expenses, and the Class Representative's incentive award, and may also make other rulings incidental to the Settlement.

If there are any timely objections received by the Court, the Court will consider them at this time. Judge Summe may listen to people who have asked to speak about an objection according to Section 14, above.

Attendance at the hearing is not necessary; however, any Settlement Class Member having filed an objection and indicated a desire to speak may be allowed to do so. Settlement Class Members who support the proposed Settlement *do not* need to appear at the hearing or take any other action to indicate their approval, as Class Counsel will be present to address any questions or concerns raised by Judge Summe. While you are certainly welcome to attend the Hearing, you must travel at your own expense.

We do not know how long it will take Judge Summe, following the Fairness Hearing, to approve or disapprove the Settlement.

IF YOU DO NOTHING

16. What happens if I do nothing at all?

If you are a Settlement Class Member and do nothing, you will still get payment from this Settlement if you are entitled to a refund, but cannot sue either of the Retailers for the claims resolved in this case.

GETTING MORE INFORMATION

17. How do I get more information on this Settlement, or the case in general?

This Notice is only a summary. Complete copies of the pleadings, orders, or other Court documents filed in this case may be examined and copied at any time during regular office hours at the offices of the Clerk of the Kenton Circuit Court. Certain documents and information may also be available via Internet at www.SalesTaxClass.com. If you have any questions concerning any matter raised in this Notice, please visit the website at www.SalesTaxClass.com, or call 1 (888) 684-4907.

PLEASE DO NOT CALL OR WRITE THE COURT FOR INFORMATION OR ADVICE. PLEASE DO NOT CALL THE RETAILERS, AS THEY WILL ONLY REFER YOU TO THE NUMBER PROVIDED HERE.

Dated: January 24, 2019

By Order of the Kenton Circuit Court