

SUPERIOR COURT OF THE STATE OF CALIFORNIA, FOR THE COUNTY OF LOS ANGELES

Lavinsky, et al. v. City of Los Angeles, et al., Case No. BC542245

If Were Charged the City of Los Angeles' Natural Gas Utility User Tax (the "Los Angeles City Users Tax" on Southern California Gas Company's gas bills) at any time from December 12, 2012 to April 12, 2019, This Class Action Settlement May Affect Your Rights.

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

Si quisiera obtener un formulario de notificación en español, visite el sitio web del arreglo en www.LAGasTaxSettlement.com, o comuníquese con el administrador del arreglo, llama 1-866-680-6140.

- A settlement has been reached with the City of Los Angeles (the "City" or "Defendant") in a class action lawsuit claiming the City improperly calculated and charged consumers a natural gas utility user tax on Southern California Gas Company gas bills (listed on the bill as "Los Angeles City Users Tax").
- You are a "Class Member" and will automatically receive benefits from this Settlement if you are a Southern California Gas Company natural gas customer who was charged the City of Los Angeles' natural gas utility user tax (described as the line item "Los Angeles City Users Tax" on the Southern California Gas Company's natural gas bill) on a bill with a billing period that includes at least one day that falls on or after December 12, 2012 through April 12, 2019.

READ THIS NOTICE CAREFULLY BECAUSE YOUR LEGAL RIGHTS MAY BE AFFECTED.

SUMMARY OF YOUR OPTIONS	
Obtain Settlement Benefits	No action is required to receive the Settlement Benefits. If you are a Class Member, you will automatically receive the benefits from this Settlement if the Settlement is approved and becomes final. You will be bound by the Settlement and give up certain rights.
Exclude Yourself (Opt Out) From the Settlement – Deadline: August 19, 2019	If you do not want to be included in the Settlement or receive a payment from it, you can opt out of the Settlement by filling out the form provided at www.LAGasTaxSettlement.com . If you opt out of the Settlement, you will keep your right to sue the City about the claims resolved by this Settlement.
Object to the Settlement - Deadline: August 19, 2019	If you stay in the Settlement (do not Opt Out) you may object to it or any of its terms by writing to the attorneys for the parties and the Settlement Administrator. If you object, you will automatically receive the benefits from this Settlement if it is approved and becomes final, and you will give up your right to sue the City about the claims resolved by this Settlement.
Go to the Fairness Hearing Date: October 9, 2019	You may attend and ask to speak at a hearing on the fairness of the Settlement.
Do Nothing	If you are a Class Member, you will automatically receive the benefits from this Settlement if it is approved and becomes final; however, you will give up your right to sue the City about the claims resolved by this Settlement.

- The Court supervising this case has granted Preliminary Approval to the Settlement, but must still decide whether to grant Final Approval before any payments are made. The Fairness Hearing to decide whether to grant Final Approval of the Settlement will take place on **October 9, 2019 at 10:00 a.m.** (see paragraphs 18 to 20 below for further details about the Fairness Hearing).

WHAT THIS CLASS NOTICE CONTAINS

	<u>Page</u>
BASIC INFORMATION	3
1. Why Was This Notice Issued?	3
2. What Is This Lawsuit About?	3
3. Why Is This A Class Action?	3
4. Why Is There A Settlement?	3
WHO IS INCLUDED IN THE SETTLEMENT?	3
5. How Do I Know If I Am Part Of The Settlement?	3
6. Are There Exceptions To Being Included In The Settlement?	3
7. What If I Am Not Sure Whether I Am Included In The Settlement?	3
THE SETTLEMENT BENEFITS	3
8. What Does The Settlement Provide?	3
9. What Am I Giving Up In Exchange For The Settlement?	4
THE LAWYERS REPRESENTING THE CLASS	4
10. Do I Have A Lawyer In This Case?	4
11. How Will The Lawyers Be Paid?	4
12. Will The Class Representatives Be Compensated?	4
13. How Will The Settlement Administrator Be Compensated?	4
EXCLUDING YOURSELF FROM THE SETTLEMENT	4
14. What Do I Do If I Do Not Want To Be Included In The Settlement?	4
15. What Happens If I Don't Opt Out By August 19, 2019 ?	5
OBJECTING TO THE SETTLEMENT	5
16. How Do I Tell The Court That I Don't Like The Settlement?	5
17. What Is The Difference Between Opting Out Of The Settlement And Objecting To It?	5
THE COURT'S FAIRNESS HEARING	5
18. When And Where Will The Court Decide Whether To Approve The Settlement?	5
19. Do I Have To Attend The Hearing?	5
20. May I Speak At The Hearing?	5
GETTING MORE INFORMATION	5
21. How Do I Get More Information?	5

BASIC INFORMATION

1. Why Was This Notice Issued?

The Court issued this Notice because you have a right to know about a proposed settlement of this class action lawsuit, including the Settlement benefits and about all of your options under the Settlement, before the Court decides whether to grant Final Approval of the Settlement.

The persons who filed this class action are called the “Plaintiffs” and the City of Los Angeles is the “Defendant.” The Plaintiffs filed the class action lawsuit in the Superior Court of California, for the County of Los Angeles. The lawsuit is called *Lavinsky, et al. v. City of Los Angeles, et al.*, Case No. BC542245.

2. What Is This Lawsuit About?

The lawsuit alleges that the City improperly included in its natural gas utility user tax (“Los Angeles City Users Tax”) calculation charges known as the Public Purpose Surcharge (“PPS”) and the State Regulatory Fee (“SRF”). The lawsuit contends that the City may only calculate the natural gas utility user tax on the amount of natural gas used, and not on the PPS and SRF. The City denies the allegations. The parties have agreed to a settlement to avoid the expense, delay, and risk of continued litigation.

More information can be found at www.LAGasTaxSettlement.com, by calling 1-866-680-6140, or by writing to Class Counsel at the addresses listed below in Paragraph 10.

3. Why Is This A Class Action?

In a class action, one or more people called “Class Representatives” sue on behalf of themselves and all other persons or entities with similar claims. All of these persons or entities together are called a “Class” or “Class Members.” The Court appointed the three Plaintiffs (Brendan Eisan, Alexandra Lavinsky, and Barbara Trevino) as the Class Representatives for purposes of this Settlement.

4. Why Is There A Settlement?

The Court did not issue a final decision in favor of either Plaintiffs or Defendant. Instead, both sides agreed to a settlement. The Class Representatives and the attorneys that have been appointed by the Court to represent the Class believe that the Settlement is in the best interests of all Class Members.

WHO IS INCLUDED IN THE SETTLEMENT?

5. How Do I Know If I Am Part Of The Settlement?

You are a Class Member and part of the Settlement if you were a natural gas customer of Southern California Gas Company at any time during the billing period that includes at least one day that falls on or after December 12, 2012 through April 12, 2019.

6. Are There Exceptions To Being Included In The Settlement?

Yes, excluded from the Settlement are the City of Los Angeles, any entity in which the City of Los Angeles has a controlling interest, and any Judge, Justice, or judicial officer presiding over this matter and the members of their immediate families.

7. What If I Am Not Sure Whether I Am Included In The Settlement?

If you are not sure whether you are included in the Settlement, you may visit www.LAGasTaxSettlement.com for more information and access a copy of the Settlement Agreement and other important documents. You may also call 1-866-680-6140 or e-mail info@LAGasTaxSettlement.com and ask for assistance.

THE SETTLEMENT BENEFITS

8. What Does The Settlement Provide?

The Settlement provides the following benefits:

First, on or before July 11, 2019, the City will no longer impose the natural gas utility user tax on the PPS and the SRF unless such a tax is approved by applicable voters in the future, if ever. It is estimated that this change in the Los Angeles City Users Tax will result in a yearly tax savings for all natural gas customers, who are subject to this tax, of approximately \$6.18 million dollars per year.

Second, the City has agreed to establish a “Settlement Fund” in an amount of \$32,500,000. After making deductions for settlement administration (estimated to be \$821,640), court-approved service payments of up to \$5,000 for each of the three Class Representatives (a maximum of \$15,000), a \$400,000 payment to a non-profit charitable organization known as the Alliance for Children’s Rights, and court-approved attorneys’ fees and expenses of up to 25% of the \$32,500,000 Settlement Fund (*i.e.* \$8,125,000), the balance of the Settlement Fund will be distributed to Southern California Gas Company customers who are residents of the City and subject to the Los Angeles City Users Tax. Distributions will be made by applying a tax abatement (*i.e.*, a reduced natural gas utility user tax rate for retail customers of Southern California Gas Company who are subject to the tax) beginning within 90 days after the Settlement becomes final and continuing for up to 36 months (the “Abatement Period”), by which time all distributions must be complete.

Please note that the Alliance for Children’s Rights is a 26 U.S.C § 501(c)(3) non-profit charitable organization. The payment to the Alliance of Children’s Rights is intended to provide indirect compensation to Class Members who will no longer be subject to the natural gas utility user tax during all or a portion of the Abatement Period. If you are not subject to the natural gas utility user tax

during all or a portion of the Abatement Period, you will not directly receive the full benefits of the distribution of the net Settlement Fund through the tax abatement method described above.

9. What Am I Giving Up In Exchange For the Settlement?

If you are a Class Member, and you do not Opt Out of the Settlement, and the Settlement becomes final, you will be releasing Defendant from any liability regarding any and all claims associated with this case. You will give up your right to be part of any other lawsuit against the City regarding the claims resolved by this Settlement and released by the Settlement Agreement. The specific claims you will release are provided in paragraphs 88-97 of the Settlement Agreement, (available at www.LAGasTaxSettlement.com). A copy of paragraphs 88-97 of the Settlement Agreement, which sets out the claims released by you, if you are a Class Member, is attached to this Notice as Exhibit A.

THE LAWYERS REPRESENTING THE CLASS

10. Do I Have A Lawyer In This Case?

Yes. The Court has appointed the following attorneys as Class Counsel to represent you and the other Class Members. If you want to be represented by your own lawyer, you may hire one at your own expense.

Robert Ahdoot, Esq.
AHDROOT & WOLFSON, PC
c/o Lavinsky Settlement Administrator
P.O. Box 404133
Louisville, KY 40233-4133
E-mail: info@LAGasTaxSettlement.com

Paul Kerkorian, Esq.
LAW OFFICES OF PAUL G. KERKORIAN
c/o Lavinsky Settlement Administrator
P.O. Box 404133
Louisville, KY 40233-4133
E-mail: info@LAGasTaxSettlement.com

11. How Will The Lawyers Be Paid?

Class Counsel will ask the Court at the Fairness Hearing to award attorneys' fees and reimbursement of expenses incurred in litigating this case in an amount not to exceed 25% of the \$32,500,000 Settlement Fund (*i.e.* \$8,125,000). The Court will determine the amount of the attorneys' fees and expenses awarded based on the work performed by the attorneys for the Class Representatives and the Class who have participated in prosecuting this lawsuit, securing this Settlement for the Class, and facilitating its implementation. These fees and expenses will be paid from the Settlement Fund before providing benefits to Class Members. Defendant has agreed to not object to any fee and expense request that does not exceed 25% of the Settlement Fund.

12. Will The Class Representatives Be Compensated?

The Class Representatives Alexandra Lavinsky, Brendan Eisan, and Barbara Trevino will ask the Court at the Fairness Hearing to award them a service payment of up to \$5,000 each for their efforts in initiating and prosecuting this case. The Court will determine the amount of each service payment, which will be paid from the Settlement Fund before providing benefits to Class Members.

13. How Will The Settlement Administrator Be Compensated?

The parties have retained a third-party Settlement Administrator to assist them with certain administrative functions associated with the implementation of this Settlement, including the mailing and publication of the Class Notices, responding to requests for information from Class Members, maintaining a website that publishes information about this Settlement, and managing Opt-Outs and objections from Class Members. The Settlement Administration Expenses, which are estimated to be \$821,640, will be paid from the Settlement Fund before providing benefits to Class Members.

EXCLUDING YOURSELF FROM THE SETTLEMENT

14. What Do I Do If I Do Not Want To Be Included In The Settlement?

You have a right to exclude yourself or "Opt Out" of the Settlement. If you Opt Out of the Settlement, you will not release any claims against the Defendant. To Opt Out, you must submit your request online, by U.S. Mail, by e-mail, or via fax on or before **August 19, 2019**.

To Opt Out online, go to www.LAGasTaxSettlement.com, and fully complete and submit the Opt-Out Form.

To Opt Out by mail, e-mail, or fax, print and complete a letter that (1) clearly expresses your desire to be excluded from the Class, to not participate in the Settlement, and not to receive any Settlement benefits; (2) include your name, address, telephone number, and Southern California Gas Company account number; and (3) reference *Lavinsky, et al. v. City of Los Angeles, et al.*, Case No. BC542245. Submit your Opt-Out request using the following information:

Lavinsky Settlement Administrator
P.O. Box 404133
Louisville, KY 40233-4133
E-mail address: info@LAGasTaxSettlement.com
Fax number: 1-866-579-5213

If you Opt Out online, by e-mail or by fax, your request must be submitted on or before **11:59 p.m. Pacific Time on August 19, 2019**. If you Opt Out by U.S. Mail, your request must be postmarked no later than **August 19, 2019**.

15. What Happens If I Don't Opt Out By August 19, 2019?

If you do not Opt Out by **August 19, 2019** and the proposed Settlement is approved and becomes final, you will release all claims that you may have now against the City with respect to claims or allegations that Defendant improperly calculated its natural gas utility user tax and illegally charged tax on the Public Purpose Surcharge and the State Regulatory Fee, which will be **WAIVED AND RELEASED**, and you will be prohibited from bringing any such claims in the future on your own behalf.

OBJECTING TO THE SETTLEMENT

16. How Do I Tell The Court That I Don't Like The Settlement?

If you are a Class Member and remain in the Class (*i.e.* do not Opt Out of the Settlement), you can object to the Settlement. The Court will consider your views. To object, on or before **August 19, 2019**, you must send the Settlement Administrator a written statement including: (1) your full name; (2) your address; (3) the specific reason(s), if any, why you object to the Settlement, including any legal support you wish to bring to the Court's attention; (4) copies of any evidence or other information you wish to introduce in support of the objection; (5) a statement of whether you intend to appear and argue at the Fairness Hearing; (6) your written signature, with date; (7) a reference to *Lavinsky, et al. v. City of Los Angeles, et al.*, Case No. BC542245; (8) proof that you fall within the definition of the Class; and (9) a list of all other objections that you or your counsel (if applicable) have submitted in any class action settlement in any state or federal court in the United States in the previous five years, or if you or your counsel have not objected to any other class action settlement in the United States in the previous five years, you must affirmatively state so in the objection. You must mail your objection postmarked no later than **August 19, 2019** to:

Lavinsky Settlement Administrator
P.O. Box 404133
Louisville, KY 40233-4133

You may personally object or object through an attorney hired at your own expense; however, you must personally sign the objection.

17. What Is The Difference Between Opting Out Of the Settlement And Objecting To It?

Objecting is simply telling the Court that you do not like something about the Settlement. You can object only if you stay in the Settlement Class (*i.e.*, do not Opt Out). Opting Out of the Settlement is telling the Court that you do not want to be part of the Settlement. If you Opt Out, you cannot object because the Settlement no longer affects you.

THE COURT'S FAIRNESS HEARING

18. When And Where Will The Court Decide Whether To Approve The Settlement?

The Court will hold a Fairness Hearing at **10:00 a.m. on October 9, 2019** in Department 11 of the Superior Court of California, County of Los Angeles, 312 North Spring Street, Los Angeles, California, 90012. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate, and whether to grant Final Approval of the Settlement. If there are objections, the Court will consider them. The Court also may decide how much to pay Class Counsel and to award the Plaintiffs. After the hearing, the Court will decide whether to grant Final Approval of the Settlement. We do not know how long these decisions will take.

19. Do I Have To Attend The Hearing?

No. Class Counsel will answer any questions that the presiding judge may have. However, you are welcome to come at your own expense. You also may pay your own attorney to attend the Fairness Hearing on your behalf. If you file an objection, you do not have to come to Court to discuss it. As long as your written objection is received on time, and you have followed the directions contained in the Answer to Question 16 above, the Court will consider the information provided in your written objection.

20. May I Speak At The Hearing?

You may ask the Court in advance for permission to speak at the Fairness Hearing. To do so, please send a letter saying that it is your "Notice of Intention to Appear in *Lavinsky, et al. v. City of Los Angeles, et al.*, Case No. BC542245." Please include your name, address, and telephone number, as well as the name, address and telephone number of any attorney who will appear at the Fairness Hearing on your behalf.

Please note that if you do not submit a Notice of Intention to Appear, you may still appear at the Fairness Hearing and request to speak to the Court. Please also note that if you do not object, you may still appear at the Fairness Hearing and request to speak to the Court.

Mail your Notice of Intention to Appear to the Settlement Administrator at the address listed in Question 16 above postmarked no later than **August 19, 2019**. Be sure to include the phrase "*Lavinsky, et al. v. City of Los Angeles, et al.*, Case No. BC542245" on the envelope containing your notice.

GETTING MORE INFORMATION

21. How Do I Get More Information?

If you think you may be a Class Member and would like more information about the lawsuit or the terms of the proposed Settlement, you may review the pleadings, records and other papers on file in this lawsuit, including the Court's Order granting Preliminary Approval and the proposed Settlement Agreement, which may be inspected on weekdays, during normal business hours, at the Clerk's Office of the Superior Court of California, County of Los Angeles, 312 North Spring Street, Los Angeles, California, 90012. The Preliminary Approval Order and Settlement Agreement are also available on www.LAGasTaxSettlement.com. Future filings such as

QUESTIONS? CALL 1-866-680-6140 OR VISIT WWW.LAGASTAXSETTLEMENT.COM

the request for Final Approval and application for Class Representative service payments, and attorneys' fees and expenses will also be made available on this website. Additional information is available at the settlement website at www.LAGasTaxSettlement.com, by calling 1-866-680-6140, or by writing to Class Counsel at the addresses in Question 10.

**DO NOT CONTACT THE COURT OR THE CITY ABOUT THIS NOTICE.
THEY CANNOT ANSWERS ANY QUESTIONS ABOUT THE SETTLEMENT.**

EXHIBIT A

Paragraphs 88-97 of the Settlement Agreement

Lavinsky, et al. v. City of Los Angeles, et al., Case No. BC542245

RELEASE AND WAIVER

88. The Parties agree to the following release and waiver, which shall take effect upon the Effective Date.

89. In consideration for the Settlement, Plaintiffs, Class Representatives, and each Class Member, on behalf of themselves and any other legal or natural persons who may claim by, through or under them, agree to fully, finally and forever release, relinquish, acquit, discharge and hold harmless the Released Parties from any and all claims, demands, suits, petitions, liabilities, causes of action, rights, and damages of any kind and/or type relating to the subject matter of the Action, arising during the period between December 12, 2012 and April 12, 2019, including, but not limited to, compensatory, exemplary, punitive, expert, and/or attorneys' fees, or by multipliers, whether past, present, or future, mature, or not yet mature, known or unknown, suspected or unsuspected, contingent or non-contingent, derivative or direct, asserted or unasserted, whether based on federal, state or local law, statute, ordinance, regulation, code, contract, common law, or any other source, or any claim of any kind related, arising from, connected with, and/or in any way based on facts that are alleged, defined, or described in the Litigation, except that this general release excludes any and all claims and causes of action alleged in *Engquist, et al. v. City of Los Angeles*, Case No. BC591331 pending in the Superior Court of California for the County of Los Angeles.

90. Plaintiffs, Class Members, and Class Representatives expressly agree that this Release, the Final Order, and/or the Final Judgment is, will be, and may be raised as a complete defense to, and will preclude any action or proceeding encompassed by, this Release.

91. Plaintiffs, Class Members, and Class Representatives shall not, now or hereafter, institute, maintain, prosecute, and/or assert, any suit, action, and/or proceeding, against the Released Parties, either directly or indirectly, on their own behalf, on behalf of a class or on behalf of any other person or entity with respect to the claims, causes of action, and/or any other matters released through this Settlement.

92. In connection with this Agreement, Plaintiffs, Class Members, and Class Representatives acknowledge that they may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those that they now know or believe to be true concerning the subject matter of the Action and/or the Release herein. Nevertheless, Plaintiffs, Class Representatives, and Class Members intend to, and do hereby, fully, finally, and forever settle, release, discharge, and hold harmless the Released Parties from all such matters, and all claims relating thereto which exist, hereafter may exist, or might have existed (whether or not previously or currently asserted in any action or proceeding) with respect to the Action.

93. Without in any way limiting its scope, and, except to the extent otherwise specified in the Agreement, this Release covers by example and without limitation, any and all claims for attorneys' fees, costs, expert fees, consultant fees, interest, litigation fees, costs or any other fees, costs, and/or disbursements incurred by any attorneys, Class Counsel, Class Representatives, Settlement Administrator, or Class Members who claim to have assisted in conferring the benefits under this Settlement upon the Class.

94. In consideration for the Settlement, Defendant and their past or present officers, directors, employees, agents, attorneys, predecessors, successors, affiliates, subsidiaries, divisions, and assigns shall be deemed to have, and by operation of the Final Approval Order shall have, released Plaintiffs, Class Counsel, Class Representatives, and each Class Member from any and all causes of action that were or could have been asserted (based on the facts alleged in the Action) pertaining solely to the conduct in filing and prosecuting the Litigation or in settling the Action.

95. Nothing in this Release shall preclude any action to enforce the terms of the Agreement, including participation in any of the processes detailed herein. Any motion or proceeding to enforce the terms of the Settlement Agreement, in whole or in part, shall be before the Court, which shall retain jurisdiction over the matter for such purposes. Moreover, the Court retains jurisdiction to adjudicate any dispute between the Parties regarding the terms and conditions of this Agreement. Such release does not extend to any claim Defendant may have against any Class Member for non-payment of taxes otherwise owed pursuant to the Utility Ordinance.

96. Plaintiffs, Class Representatives, and Class Counsel hereby agree and acknowledge that the provisions of this Release together constitute an essential and material term of the Agreement and shall be included in any Final Order and Final Judgment entered by the Court.

97. Persons who are not Class Members, or Class Members who timely exclude themselves from the Class in the manner set forth in Paragraphs 81 through 84 herein, release no claims, and any and all claims of such persons are reserved and unaffected by this Settlement.