

**UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
ALEXANDRIA DIVISION**

Thaddius Intravaia, *et al.*,

Plaintiffs,

v.

National Rural Electric Cooperative Association,  
*et al.*,

Defendants.

Case No. 1:19-cv-00973-LO-IDD

**NOTICE OF CLASS ACTION SETTLEMENT AND FAIRNESS HEARING**

**This is a notice of a proposed class action settlement in the above-referenced lawsuit.**

**Your legal rights may be affected if you are a member of the following class:**

All participants and beneficiaries of the NRECA 401(k) Pension Plan at any time from July 25, 2013 through July 31, 2020 excluding members of the Insurance and Financial Services Committee, National Rural Electric Cooperative Association's ("NRECA") Board of Directors, and the Plan Administrator.

**PLEASE READ THIS SETTLEMENT NOTICE CAREFULLY.**

- The Court has given its preliminary approval to a proposed settlement (the "Settlement") for the Plan as a result of a class action lawsuit brought by certain participants in the Plan against NRECA and other alleged fiduciaries of the Plan (collectively, "Defendants"), alleging violations of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Defendants deny all claims, and nothing in the Settlement is an admission or concession on Defendants' part of any fault or liability whatsoever.
- The Settlement will provide, among other things, for a \$10 million Settlement fund that will be allocated to eligible Class Members after any Court-approved deductions for Attorneys' Fees and Costs, Administrative Expenses, and Class Representatives' Compensation. Class Members with one or more accounts with a positive balance (an "Active Account") in the Plan as of July 31, 2020 (referred to herein as "Current Participants") will automatically receive allocations directly to their accounts so long as they maintain a positive balance through the time Settlement monies are distributed. Class Members who did not have an Active Account as of July 31, 2020 (referred to herein as "Former Participants") must submit a claim form to be deemed an "Authorized Former Participant" and receive an allocation, and may receive their allocation in the form of a check or a rollover. Current Participants who have an Active Account as of July 31, 2020, but who no longer have an Active Account at the time monies are distributed will be treated as "Authorized Former Participants" and will receive an allocation by check.
- The terms and conditions of the Settlement are set forth in the Settlement Agreement dated July 31, 2020. Capitalized terms used in this Settlement Notice but not defined in this Settlement Notice have the meanings assigned to them in the Settlement Agreement. The Settlement Agreement is available at [www.nreca401kfeesettlement.com](http://www.nreca401kfeesettlement.com). Certain other documents also will be posted on that website. You should visit that website if you would like more information about the Settlement or the lawsuit. All papers filed in this lawsuit are also available via the Public Access to Court Electronic Records System (PACER), at <http://www.pacer.gov>, and may also be reviewed in person, as allowed by the Court, during regular business hours at the Office of the Clerk of the United States District Court for the Eastern District of Virginia, 401 Courthouse Square, Alexandria, VA 22314.

- Your rights and the choices available to you — and the applicable deadlines to act — are explained in this Settlement Notice. Please note that neither NRECA nor any employees or representatives of NRECA may advise you as to what the best choice is for you or how you should proceed.
- The Court still has to decide whether to give its final approval to the Settlement. Payments under the Settlement will be made only if the Court finally approves the Settlement and that final approval is upheld in the event of any appeal.
- A Fairness Hearing will take place on December 17, 2020, at 10:00 a.m. ET, before the Honorable Liam O’Grady at the Albert V. Bryan U.S. Courthouse, 401 Courthouse Square, Alexandria, VA 22314, in Courtroom 1000, to determine whether to grant final approval of the Settlement and approve the requested Attorneys’ Fees and Costs, Administrative Expenses, and Class Representatives’ Compensation. The date and time of the Fairness Hearing are subject to change by Court Order, but any changes will be posted at [www.nreca401kfeesettlement.com](http://www.nreca401kfeesettlement.com).
- Any objections to the Settlement, or to the requested Attorneys’ Fees and Costs, Administrative Expenses, or Class Representatives’ Compensation, along with any supporting documents, must be mailed to Class Counsel and Defendants’ Counsel, as identified under Question 11 of this Settlement Notice.

<b>YOUR LEGAL RIGHTS AND OPTIONS UNDER THE SETTLEMENT:</b>	
<p><b>OUR RECORDS INDICATE YOU ARE A FORMER PARTICIPANT.</b></p> <p><b>YOU MUST MAIL A CLAIM FORM POSTMARKED ON OR BEFORE DECEMBER 7, 2020 TO RECEIVE ANY MONIES FROM THE SETTLEMENT.</b></p>	<p><u>Our records indicate that you are a Former Participant.</u> You must mail a Former Participant Claim Form postmarked on or before <b>December 7, 2020</b> to receive your share of the Net Settlement Amount. The Former Participant Claim Form is included with this Notice. If you do not mail the Former Participant Claim Form postmarked on or before <b>December 7, 2020</b>, you will forfeit your share of the Net Settlement Amount.</p>
<p><b>YOU CAN OBJECT (NO LATER THAN NOVEMBER 19, 2020)</b></p>	<p>If you wish to object to any part of the Settlement, or to the requested Attorneys’ Fees and Costs, Administrative Expenses, or Class Representatives’ Compensation, you must mail an objection and any supporting documents to Class Counsel and Defendants’ Counsel (as identified under Question 11 below).</p>
<p><b>YOU CAN ATTEND A HEARING ON DECEMBER 17, 2020</b></p>	<p>You may also attend the Fairness Hearing and speak at the Fairness Hearing on December 17, 2020. You may attend the hearing and speak at the hearing without filing a notice of your intention to appear, but you will not be permitted to make an objection if you do not comply with the requirements for making objections.</p>

### **The Class Action**

The case is called *Intravaia, et al. v. National Rural Electric Cooperative Association, et al.*, Case No. 1:19-cv-00973-LO-IDD (E.D. Va.) (the “Class Action” or “lawsuit”). It has been pending since July 25, 2019. The Court supervising the case is the United States District Court for the Eastern District of Virginia. The individuals who brought this lawsuit are called the Class Representatives, and the entities they sued are called Defendants. The Class Representatives, Thaddius Intravaia and Steven Marvik, are current participants in the Plan. The Defendants are NRECA and the Insurance & Financial Services Committee (“I&FS Committee”). The Class Representatives’ claims are described below, and additional information about those claims is available at [www.nreca401kfeesettlement.com](http://www.nreca401kfeesettlement.com).

### **The Settlement**

Following negotiations, a Settlement has been reached. As part of the Settlement, a Qualified Settlement Fund of \$10,000,000 will be established to resolve the Class Action. The Net Settlement Amount is \$10,000,000 minus any Administrative Expenses (including taxes and tax expenses), Court-approved Attorneys’ Fees and Costs, and Class Representatives’ Compensation. The Net Settlement Amount will be allocated to Class Members according to a Plan of Allocation to be approved by the Court.

### **Statement of Attorneys’ Fees and Costs, Administrative Expenses, and Class Representatives’ Compensation Sought in the Class Action**

Class Counsel has devoted many hours to investigating the facts, prosecuting the lawsuit, reviewing documents obtained from Defendants and third parties, and negotiating the Settlement. They also have advanced all costs necessary to pursue the case, and have not been paid for any of their time while this case has been pending.

Class Counsel will apply to the Court for payment of Attorneys’ Fees for their work in the case. The amount of fees that Class Counsel will request will not exceed one-third of the Qualified Settlement Fund (\$3,333,333.33). In addition, Class Counsel will also seek to recover their costs and the administrative expenses associated with the settlement. Any Attorneys’ Fees and Costs and Administrative Expenses awarded by the Court will be paid from the Qualified Settlement Fund.

Class Counsel also will ask the Court to approve payments, not to exceed \$10,000 each, for the Class Representatives who took on the risk of litigation and committed to spend the time necessary to bring the case to conclusion. Any Class Representatives’ Compensation awarded by the Court also will be paid from the Qualified Settlement Fund.

A full and formal application for Attorneys’ Fees and Costs, Administrative Expenses, and Class Representatives’ Compensation will be filed with the Court on or before October 20, 2020. This application will be made available at [www.nreca401kfeesettlement.com](http://www.nreca401kfeesettlement.com). You may also obtain a copy of this application through the Public Access to Court Electronic Records System (PACER) at <http://www.pacer.gov>.

## **1. Why Did I Receive This Settlement Notice?**

The Court caused this Settlement Notice to be sent to you because our records indicate that you may be a Class Member. If you fall within the definition of the Class, you have a right to know about the Settlement and about all of the options available to you before the Court decides whether to give its final approval to the Settlement. If the Court approves the Settlement, and after any objections and appeals are resolved, the Net Settlement Amount will be allocated among Class Members according to a Court-approved Plan of Allocation.

## **2. What Is The Class Action About?**

In the Class Action, the Class Representatives claim that Defendants breached their fiduciary duties and engaged in prohibited transactions to the detriment of the Plan and its participants.

The Defendants deny all claims and assert that they have always acted prudently and in the best interests of participants and beneficiaries.

### **3. Why Is There A Settlement?**

The Court has not reached a final decision as to the Class Representatives' claims. Instead, the Class Representatives and Defendants have agreed to the Settlement. The Settlement is the product of extensive negotiations between the Class Representatives, Defendants, and their counsel. The parties to the Settlement have taken into account the uncertainty and risks of litigation and have concluded that it is desirable to settle on the terms and conditions set forth in the Settlement Agreement. The Class Representatives and Class Counsel believe that the Settlement is best for all Class Members. Nothing in the Settlement Agreement is an admission or concession on Defendants' part of any fault or liability whatsoever. The Settlement has been entered into to avoid the uncertainty, expense, and burden of additional litigation.

### **4. What Does The Settlement Provide?**

Under the Settlement, NRECA or its insurers will pay \$10,000,000 into a Qualified Settlement Fund to resolve the claims of the Class. The Net Settlement Amount (after deduction of any Court-approved Attorneys' Fees and Costs, Administrative Expenses, and Class Representatives' Compensation) will be allocated to Class Members according to a Plan of Allocation to be approved by the Court (as explained further under Question 5 below). Allocations to Current Participants who are entitled to a distribution under the Plan of Allocation will be made into their existing accounts in the Plans. Authorized Former Participants who are entitled to a distribution may receive their distribution as a check or, if available and they elect, as a rollover to a qualified retirement account.

In addition, the Settlement provides that prospectively, Defendants will commit to certain processes and procedures designed to ensure that the Plan's fees are reasonable and comply with applicable law. The complete terms regarding prospective relief are set forth in Article VII of the Settlement Agreement, which is available on the Settlement Website at [www.nreca401kfeesettlement.com](http://www.nreca401kfeesettlement.com).

All Class Members and anyone claiming through them will fully release the Released Parties from Released Claims. The Released Parties include (1) each Defendant; (2) each Defendant's affiliates, members, shareholders, directors, officers, employees, attorneys, partners, insurers, predecessors, successors, and any person or agent acting on their behalf; (3) the Plan and any and all administrators, fiduciaries, parties in interest, service providers, and trustees of the Plan. The governing releases are found within the Settlement Agreement at [www.nreca401kfeesettlement.com](http://www.nreca401kfeesettlement.com). Generally, the release means that Class Members will not have the right to sue the Released Parties for conduct during the Class Period arising out of or relating to the allegations in the lawsuit. The entire release language is set forth in the Settlement Agreement, which is available at [www.nreca401kfeesettlement.com](http://www.nreca401kfeesettlement.com).

### **5. How Much Will My Distribution Be?**

The amount, if any, that will be allocated to you will be based upon records maintained by the Plan's recordkeeper. Calculations regarding the individual distributions will be performed by the Settlement Administrator, whose determinations will be final and binding, pursuant to the Court-approved Plan of Allocation. There are approximately 93,000 Class Members.

To receive a distribution from the Net Settlement Amount, you must either be a (1) "Current Participant" as defined on page 1 or (2) an "Authorized Former Participant" (a "Former Participant" as defined on page 1 who submitted a completed, satisfactory Former Participant Claim Form by the deadline), or (3) a Beneficiary or Alternate Payee of a person identified in (1) or (2).

The Net Settlement Amount will be divided pro rata among Class Members based on each eligible Class Member's Average Account Balance invested in the Plan during the Class Period. For purposes of making this

determination, the *Average Account Balance* shall be calculated based on the quarter-ending account balance for each Authorized Former Participant and Current Participant for each quarter during the Class Period.

Note that if you are an Alternate Payee pursuant to a Qualified Domestic Relations Order, your portion of the Settlement will be distributed pursuant to the terms of that order.

The Net Settlement Amount will also depend on the amount of any Attorneys' Fees and Costs, Administrative Expenses, and Class Representatives' Compensation that are awarded by the Court, as these will be paid out of the Gross Settlement Amount of \$10,000,000. Class Counsel will file a motion for an award of Attorneys' Fees and Costs, Administrative Expenses, and Class Representatives' Compensation at least 30 days prior to the objection deadline. This motion will be considered at the Fairness Hearing. Class Counsel will limit their application for Attorneys' Fees to not more than one-third of the Gross Settlement Amount. Class Counsel also will seek to recover all actual and anticipated litigation costs and administrative expenses associated with the Settlement. In addition, Class Counsel will seek compensation for the Class Representatives of no more than \$10,000 each. The Court will determine the amount of Attorneys' Fees and Costs, Administrative Expenses, and Class Representatives' Compensation that will be awarded, if any. All papers filed in this action, including Class Counsel's motion for Attorneys' Fees and Costs, Administrative Expenses, and Class Representatives' Compensation, will be available for review via the Public Access to Court Electronic Records System (PACER), available online at <http://www.pacer.gov>.

## 6. How Can I Receive My Distribution?

Whether you need to submit a claim form to receive your distribution depends on whether you are considered a "Current Participant" or a "Former Participant." **According to our records, you are a Former Participant. Therefore, you must return a valid, timely Former Participant Claim Form to receive your share of the Settlement. The Former Participant Claim Form is included with this Notice.**

## 7. When Will I Receive My Distribution?

The timing of the distribution of the Net Settlement Amount is conditioned on several matters, including the Court's final approval of the Settlement and any approval becoming final and no longer subject to any appeals in any court. An appeal of the final approval order may take several years. If the Settlement is approved by the Court, and there are no appeals, the Settlement distribution likely will occur within six months of the Court's Final Approval Order.

**There will be no payments under the Settlement if the Settlement Agreement is terminated.**

## 8. Can I Get Out Of The Settlement?

No. The Class has been certified for settlement purposes under Federal Rule of Civil Procedure 23(b)(1). Therefore, as a Class Member, you are bound by the Settlement (if it receives final Court approval) and any judgments or orders that are entered in the Class Action. If you wish to object to any part of the Settlement, you may write to counsel about why you object to the Settlement, as discussed below.

## 9. Do I Have a Lawyer in the Case?

The Court has appointed the law firm Nichols Kaster, PLLP in Minneapolis, Minnesota as Class Counsel in the Class Action. If you want to be represented by your own lawyer, you may hire one at your own expense.

## 10. How Will The Lawyers Be Paid?

Class Counsel will file a motion for an award of Attorneys' Fees and Costs, Administrative Expenses, and Class Representatives' Compensation at least 30 days prior to the objection deadline. This motion will be

made available at [www.nreca401kfeesettlement.com](http://www.nreca401kfeesettlement.com) and be considered at the Fairness Hearing. Class Counsel will limit their application for Attorneys' Fees to not more than one-third of the Gross Settlement Amount. Class Counsel also will seek to recover all actual and anticipated litigation costs and Administrative Expenses associated with the Settlement. In addition, Class Counsel will seek compensation for the Class Representatives of no more than \$10,000 each. The Court will determine the amount of fees, costs, administrative expenses, and Class Representatives' compensation that will be awarded, if any. All papers filed in this action, including Class Counsel's motion for Attorneys' Fees and Costs, Administrative Expenses, and Class Representatives' Compensation, will be available via the Public Access to Court Electronic Records System (PACER), available online at <http://www.pacer.gov>.

### 11. How Do I Tell The Court If I Don't Like The Settlement?

If you are a Class Member, you can object to the Settlement by mailing a written objection and any supporting documents to Class Counsel and to Defendants' Counsel at the addresses below. Class Counsel will respond to your objection in their motion for final approval of the Settlement. Your written objection must be mailed no later than **November 19, 2020** to be considered.

CLASS COUNSEL	DEFENDANTS' COUNSEL
NICHOLS KASTER, PLLP Attn: NRECA Plan Settlement 4600 IDS Center 80 South 8th Street Minneapolis, MN 55402	GROOM LAW GROUP, CHARTERED Attn: Sarah M. Adams 1701 Pennsylvania Ave., NW, Suite 1200 Washington, DC 20006

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

The Court will hold a Fairness Hearing at **10:00 a.m. ET on December 17, 2020** at the Albert V. Bryan U.S. Courthouse, 401 Courthouse Square, Alexandria, VA 22314, in Courtroom 1000. At the Fairness Hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. The Court also will consider the motion for Attorneys' Fees and Costs, Administrative Expenses, and Class Representatives' Compensation. If there are objections, the Court will consider them then. The date and time of the Fairness Hearing are subject to change by Court Order, but any changes will be posted at [www.nreca401kfeesettlement.com](http://www.nreca401kfeesettlement.com).

### 13. Do I Have To Attend The Fairness Hearing?

No, but you are welcome to come at your own expense. You may also make an appearance through an attorney. If you send an objection, you do not have to come to the Court to talk about it. As long as you filed your written objection on time, the Court will consider it.

### 14. May I Speak At The Fairness Hearing?

Yes. You do not need to submit a notice of your intention to appear in order to speak at the hearing, but you must comply with the requirements for making an objection (set forth above) if you wish to object.

### 15. What Happens If I Do Nothing At All?

If you are a "Former Participant" as defined on page 1, and you do nothing, you will be bound by the Settlement of the Class Action as described above in this Settlement Notice if the Settlement is finally approved, but you will not receive any money. Former Participants must timely submit a claim form to receive monetary compensation.

## 16. How Do I Get More Information?

If you have questions regarding the Settlement, you can visit [www.nreca401kfeesettlement.com](http://www.nreca401kfeesettlement.com), call 1-833-962-1868, email [info@NRECA401kFeeSettlement.com](mailto:info@NRECA401kFeeSettlement.com), or write to the Settlement Administrator at NRECA 401(k) Pension Plan Settlement Administrator, P.O. Box 2009, Chanhassen, MN 55317-2009. All papers filed in this lawsuit are also available via the Public Access to Court Electronic Records System (PACER), at <http://www.pacer.gov>, and may be reviewed in person, as allowed by the Court, during regular business hours at the Office of the Clerk of the United States District Court for the Eastern District of Virginia, 401 Courthouse Square, Alexandria, VA 22314.