

**EXHIBIT 1****NOTICE OF PROPOSED DERIVATIVE ACTION SETTLEMENT**

*G. Wayne Lorick, et al. v. Tri-County Electric Cooperative, Inc., et al.*; State of South Carolina, County of Calhoun, Court of Common Pleas; Civil Action File No. 2018-CP-09-00083

**PLEASE READ THIS NOTICE CAREFULLY. THIS NOTICE EXPLAINS YOUR RIGHTS AND OPTIONS AND THE DEADLINES TO EXERCISE THEM.**

***This is a court-authorized notice of a proposed derivative action settlement. This is not a solicitation from a lawyer and is not notice of a lawsuit against you.***

**WHY DID I GET THIS NOTICE?**

This is a court-authorized notice of a proposed settlement in a civil action derivative lawsuit, *G. Wayne Lorick, et al. v. Tri-County Electric Cooperative, Inc., et al.*; State of South Carolina, County of Calhoun, Court of Common Pleas; Civil Action File No. 2018-CP-09-00083, pending in the Court of Common Pleas of Calhoun County, South Carolina before the Honorable Edgar W. Dickson. The settlement would resolve a civil lawsuit brought on behalf of persons who allege that Tri-County Electric Cooperative paid and its Board of Trustees received excessive or improper compensation and/or other benefits received. If you received this notice directly, you have been identified as someone who is a Tri-County member. The Court has granted preliminary approval of the settlement. This notice explains the nature of the derivative action lawsuit, the terms of the Settlement, and the legal rights and obligations of the Settlement Members. Please read the instructions and explanations below so that you can better understand your legal rights.

**WHY IS THIS A DERIVATIVE ACTION?**

A derivative action is a lawsuit in which an individual called a “Member Representative” brings a single lawsuit on behalf of other people who have similar claims. Once a derivative action Settlement is approved by the Court, it resolves the issues for all Settlement Members.

**WHY IS THERE A SETTLEMENT?**

To resolve this matter without the expense, delay, and uncertainties of litigation, and to enable the Cooperative to focus its resources on its core mission, the Parties have reached a Settlement, which resolves all civil claims against Defendants. The Settlement requires the Board of Trustees to resign, never again seek reelection or seek to elect their spouse or family member, and to not challenge the outcome of an August 18, 2018 meeting of Tri-County members or to otherwise interfere with the ongoing operations of Tri-County. The Settlement is not an admission of wrongdoing by Defendants and does not imply that there has been, or would be, any finding that Defendants paid or received improper or excessive compensation and/or other benefits.

The Court has preliminarily approved the Settlement. Nevertheless, because the settlement of a derivative action determines the rights of all members of Tri-County, the Court overseeing this lawsuit must give final approval to the Settlement before it can be effective. The Court has conditionally approved the Settlement, so that members of Tri-County can be given this notice and the opportunity to be heard and to object or voice their support or opposition

to final approval of the Settlement. If the Court does not give final approval to the Settlement, or if it is terminated by the Parties, the Settlement will be void, and the lawsuit will proceed as if there had been no settlement.

### **WHO IS IN THE SETTLEMENT?**

You are a member of the Settlement if you are a member of Tri-County Electric Cooperative.

### **WHAT ARE MY OPTIONS?**

#### **(1) Accept the Settlement.**

No action is necessary for you to ratify the Settlement.

#### **(2) Object to the Settlement.**

If you wish to object to the Settlement, you must submit your objection in writing to the Clerk of the Court of the Calhoun County Courthouse. The objection must be received by the Court no later than \_\_\_\_\_. You must also send a copy of your objection to the attorneys for all Parties to the lawsuit, including the attorneys representing the Member Representatives and the Members in the Derivative Settlement (Celeste T. Jones and Bradley S. Wright, MCNAIR LAW FIRM, P.A., P.O. Box 11390, Columbia, SC 29211 and C. Bradley Hutto, WILLIAMS & WILLIAMS, P.O. Box 1084, Orangeburg, SC 29115), as well as the attorneys representing Defendants (for Tri-County, J. David Black, NEXSEN PRUET, LLC, P.O. Box 2426 Columbia, SC 29202; for the Trustees, John M. Mahon, Jr., LAW FIRM OF JOHN M. MAHON, JR., 1420 Wellington Drive, Columbia, South Carolina 29204), postmarked no later than \_\_\_\_\_. Any objection to the proposed Settlement must include your full name; address; the year you joined Tri-County; your Tri-County membership certificate the identification of any other objections you have filed, or have had filed on your behalf, in any other class action or derivative cases in the last four years; and all grounds for the objection with factual and legal support for the stated objection. If you hire an attorney in connection with making an objection, that attorney must also file with the Court a notice of appearance by the objection deadline of \_\_\_\_\_. If you do hire your own attorney, you will be solely responsible for payment of any fees and expenses the attorney incurs on your behalf.

#### **(3) Do Nothing.**

If you do nothing, you will still be bound by all orders and judgments of the Court.

### **WHAT RIGHTS AM I GIVING UP IN THIS SETTLEMENT?**

Giving up your civil legal claims is called a release. The precise terms of the release are set forth in the Settlement Agreement, which is available on the settlement website. Unless you formally object to this, you will release your civil claims. If you have any questions, you can talk for free to the attorneys identified below who have been appointed by the Court to represent the Membership, or you are welcome to talk to any other lawyer of your choosing at your own expense.

### **WHEN WILL THE COURT RULE ON THE SETTLEMENT?**

The Court has already given preliminary approval to the Settlement. A final order approving the Settlement will be entered unless you or another Member file an objection and obtain a hearing. This final order will make final the Settlement.

If the Settlement is given final approval, the Court will not make any determination as to the merits of the claims against Defendants or the defenses to those claims. Instead, the Settlement's terms will take effect and the lawsuit will be dismissed on the merits with prejudice. Both sides have agreed to the Settlement in order to achieve

an early and certain resolution to the lawsuit, in a manner that provides specific and valuable benefits to the members of the Settlement Membership.

If the Court does not approve the Settlement, if it approves the Settlement and the approval is reversed on appeal, or if the Settlement does not become final for some other reason, all of the Members will be in the same position as they were prior to the execution of the Settlement, and the Settlement will have no legal effect, and the Plaintiff and Defendants will continue to litigate the lawsuit. There can be no assurance that if the Settlement is not approved, the Settlement Membership will recover more than is provided in the Settlement, or indeed anything at all.

**WHO REPRESENTS THE MEMBERSHIP?**

The Court has approved the following attorneys to represent the Membership. They are called “Membership Counsel.” You will not be charged for these lawyers. If you want to be represented by your own lawyer instead, you may hire one at your own expense.

<p>Celeste T. Jones, Esq. Brad S. Wright, Esq. MCNAIR LAW FIRM, P.A. P.O. Box 11390 Columbia, SC 29211 cjones@mcnair.net bwright@mcnair.net Telephone: (803) 799-9800 Facsimile: (803) 753-3278</p> <p>C. Bradley Hutto, Esq. WILLIAMS &amp; WILLIAMS P.O. Box 1084 Orangeburg, SC 29115 cbhutto@williamsattys.com Telephone: (803) 534-5218 Facsimile: (803) 928-5190</p>
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**WHERE CAN I GET ADDITIONAL INFORMATION?**

This Notice is only a summary of the proposed Settlement of this lawsuit. If you have any questions, you can also call Membership Counsel at the numbers or email addresses set forth above. In addition to the documents available on the Tri-County Electric Cooperative website, all pleadings and documents filed in Court may be reviewed or copied in the Office of the Clerk. Please do not call the Judge or the Clerk of the Court about this case, as they will not be able to give you advice on your options.



Calhoun Common Pleas

**Case Caption:** G Wayne Lorick VS Tri County Electric Cooperative, Inc Et Al

**Case Number:** 2018CP0900083

**Type:** Order/Approval Of Settlement

So Ordered

s/ Edgar W. Dickson #2153