



Legislation Details (With Text)

File #: 2020-121 **Version:** 1 **Name:**
Type: Action Item/Other Items **Status:** Passed
File created: 3/17/2020 **In control:** Board of Directors
On agenda: 5/15/2020 **Final action:** 5/15/2020
Title: Resolution - Approval of Board Delegation of Authority, Composition, and Role of PEC Plan Administration Committee - W Burns

Sponsors:

Indexes:

Code sections:

Attachments: 1. 2020-05-15 PAC - Board that Appoints Fiduciary Committee

Date	Ver.	Action By	Action	Result
5/15/2020	1	Board of Directors	approved	Pass

Resolution - Approval of Board Delegation of Authority, Composition, and Role of PEC Plan Administration Committee - W Burns

Submitted By: Lisa Scarborough on behalf of W Burns

Department: Human Resources

Financial Impact and Cost/Benefit Considerations: No additional costs anticipated.

Effective January 1, 1964, Pedernales Electric Cooperative, Inc. ("Plan Sponsor"), established, for the exclusive benefit of its employees and their beneficiaries, the Pedernales Electric Cooperative, Inc. Employees Defined Benefit Retirement Plan, a defined benefit pension plan intended to qualify under Sections 401(a) and 501(a) of the Internal Revenue Code ("DB Plan");

Effective January 1, 1968, Plan Sponsor established, for the exclusive benefit of its employees and their beneficiaries, the Pedernales Electric Cooperative, Inc. Employees Defined Contribution Savings Plan, a profit-sharing plan intended to qualify under Sections 401(a) and 501(a) of the Internal Revenue Code, and now known as the Pedernales Electric Cooperative, Inc. Employees' 401(k) Savings Plan ("401(k) Plan");

Under the terms of the DB Plan and of the 401(k) Plan, the Plan Sponsor has the authority to appoint a person or committee to serve in the capacity of Plan Administrator. The Plan Sponsor's Board of Directors ("Board") previously appointed a Management Committee to serve in this role, which has since been renamed the Pedernales Electric Cooperative, Inc. Plan Administration Committee ("Committee"). In addition, the Board has previously allocated certain administrative and investment responsibilities to the Committee, determined an appointment process for Committee members, and appointed persons to serve as members of the Committee. The Committee has seven employees as members. Five members of the Committee are currently regular members. The position of a Human Resources Manager and a Finance Manager are the only permanent members of the Committee.

The Plan Sponsor now wishes to revise, restate, and ratify in part the delegations of responsibility previously made to the Committee and the process for appointment of new Committee members, as described in greater detail below.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the

Plan Sponsor hereby adopts the “*Responsibilities of and Guidelines for Appointment of Members of the Pedernales Electric Cooperative, Inc. Plan Administration Committee*” set forth at Exhibit A (the “Guidelines”), effective as of the date hereof, as an amendment and restatement of any and all prior resolutions and documents and governing operation and administration of the Pedernales Electric Cooperative, Inc. Plan Administration Committee (the “Committee”); and

BE IT FURTHER RESOLVED that the Plan Sponsor will continue to retain responsibility for carrying out any “settlor” functions with respect to adoption, amendment, and/or termination of the Plans.

EXHIBIT A

Responsibilities of and Guidelines for Appointment of Members of the Pedernales Electric Cooperative, Inc. Plan Administration Committee

The Pedernales Electric Cooperative, Inc. Plan Administration Committee (“PAC”) carries out certain administrative duties with respect to the Pedernales Electric Cooperative, Inc. Employees Defined Benefit Retirement Plan and the Pedernales Electric Cooperative, Inc. Employees’ 401(k) Savings Plan (each, a “Plan,” and collectively, the “Plans”), on behalf of the Cooperative as sponsor of the Plans, in accordance with applicable Plan terms. The Board of Directors of the Cooperative (“Board”) has expressly delegated authority to the PAC to make only “fiduciary” administrative and investment decisions for the Plans, in accordance with the structure outlined below.

1. The PAC will administer implementation, strategies and objectives of the Plan’s investments, providers, and operations.
2. The PAC will report annually to the Board on its work for the Board’s overall monitoring of the operation of the PAC and the Plans.

Appointment Guidelines

As the terms of members of the PAC expire, it is necessary to appoint new members to carry out such duties and oversee administration of the Plans, under the appointment structure previously established by the Board. Under that structure, the PAC is intended to have seven employees as members. Five members of the Committee are regular members. The position of Human Resources Manager and Finance Manager are the only permanent members of the Committee. Each regular member will serve on the PAC for a term of three years. Regular members may serve 2 consecutive terms before reappointment. Permanent members of the PAC are not subject to a maximum term limit. Currently, each regular member's term expires on December 31st of the applicable expiration year, unless the member resigns, is removed by the Board, or terminates employment prior to such date. Any person appointed to the PAC shall signify acceptance of such duties by filing a written acceptance with the Cooperative.

By October 1st of each year, the Chair of the PAC will notify all members of the Executive Team when a position is available or requires a replacement. Each Executive Team member may then select a candidate from within their departments to be submitted for consideration. The candidates should be a member of management (manager, director) or other FLSA-exempt employee, in good standing with the Cooperative, who have some experience, background, or strong interest in an area that relates to retirement plan administration. Each candidate will be confirmed to have no disciplinary actions and submitted to the CEO for their consideration, selection and recommendation to the Board for action at the December board meeting.

In the event that a current member of the PAC resigns or is removed from the PAC or terminates employment with PEC prior to the date that the member’s term would otherwise expire, then the above procedure will be followed as soon as administratively feasible following such resignation, removal, or termination of employment.