



Resolution –Approval of ERISA Severance Plan

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Background

- The Employee Retirement Income Security Act of 1974 (ERISA) is a federal law implemented to protect the interests of employee benefit plan participants.
- Pedernales Electric Cooperative, Inc. (PEC or Cooperative) currently has a Severance Policy last reviewed and approved in 2011
- In consultation with outside counsel, PEC reviewed the Severance Policy and determined that it should adopt a new severance plan that satisfies the requirements for a welfare plan under ERISA in light of legal and operational benefits.

New Severance Plan Terms

- Standard Severance Amounts consistent with industry standards, one week per year of service with a minimum of four weeks and a maximum of twenty-six weeks, except as otherwise determined by the Plan Administrator.
- Eligibility
 - Severance Pay will not be paid to employees terminated for cause as defined in the policy, along with certain other exceptions.
- Approval of and Termination of Plan
 - As the Plan Sponsor, the Board must authorize the initial plan and will have the ability to terminate it.
- Amendments
 - PEC may amend the plan as necessary.

Timeline

- Final resolution approving ERISA Severance Plan considered by Board in November.
- If Approved by the Board, the ERISA Severance Plan and Summary Plan Description with effective date of December 1, 2025



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