



Legislation Details (With Text)

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Title:	Resolution - Approval of Engagement of Trustee and Acknowledgment and Approval of Plan Administrator's Engagement of Third Party Administrator/Actuary of Pedernales Electric Cooperative, Inc. Employees Defined Benefit Retirement Plan and Pedernales Electric Cooperative, Inc. Employees' 401(k) Savings Plan				

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Resolution - Approval of Engagement of Trustee and Acknowledgment and Approval of Plan Administrator's Engagement of Third Party Administrator/Actuary of Pedernales Electric Cooperative, Inc. Employees Defined Benefit Retirement Plan and Pedernales Electric Cooperative, Inc. Employees' 401(k) Savings Plan

Submitted By: Julie Beggs

Department: Corporate Services

Financial Impact and Cost/Benefit Considerations: As previously provided to the Board of Directors.

Effective January 1, 1964, Pedernales Electric Cooperative, Inc. ("Plan Sponsor" or "Cooperative"), 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, Pedernales Electric Cooperative, Inc. ("Plan Sponsor"), established, for the exclusive benefit of its employees and their beneficiaries, the *Pedernales Electric Cooperative, Inc. Employees Defined Contribution Savings Plan*, a money purchase pension plan intended to qualify under Sections 401(a) and 501(a) of the Internal Revenue Code, and effective December 31, 2001, the Plan Sponsor amended the *Pedernales Electric Cooperative, Inc. Employees Defined Contribution Savings Plan* to add a qualified cash or deferred arrangement to the Plan as permitted to a "rural cooperative plan" under Section 401(k)(7)(A) of the Internal Revenue Code and rename the plan, now known as the *Pedernales Electric Cooperative, Inc. Employees' 401(k) Savings Plan* ("401(k) Plan").

The *Pedernales Electric Cooperative, Inc. Plan Administration Committee* ("Committee"), members of which have been appointed by the Plan Sponsor, serves as Plan Administrator of both the DB Plan and the 401(k) Plan, and has undertaken a benchmarking comparison of costs, fees and expenses and services offered with respect to the DB Plan and the 401(k) Plan and received the results from such benchmarking comparison.

The Committee then initiated a request for proposals for bundling various services with respect to the DB Plan

and the 401(k) Plan to address costs, fees and expenses and the package of services offered to participants, and received various proposals for consolidation of services with respect to these plans.

The Committee, in its capacity as a fiduciary of the plans, has reviewed information on the proposals, conducted in-person interviews, follow-up calls and reference checks on the bundled service provider and its offerings to participants.

The Committee in accordance with its Bylaws has communicated with the Plan Sponsor regarding its investigations and deliberations in July and at this meeting.

The Committee has selected a third party administrator/actuary ("Service Provider") as a part of a bundled arrangement under which all plan-related services for each of DB Plan and of the 401(k) Plan will be administered based on the combination of 1) services offered to the plans and their participants, and 2) the reasonable cost of such services.

In addition, the Plan Sponsor joins as an additional party to the service agreement with Service Provider, for the limited purposes therein.

Under the terms of the DB Plan and of the 401(k) Plan, the Plan Sponsor has the authority to remove and appoint a trustee for those plans; and the Plan Sponsor has discussed and considered the Committee's presentation.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Plan Sponsor acknowledges the engagement by the Committee of Milliman Inc., as the Service Provider for actuarial, defined benefit plan administration, and defined contribution plan administration services, and approves of joining as an additional party to the service agreement with the Service Provider for the limited purposes stated therein; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Chief Executive Officer or any person designated by her for such purpose, be, and each hereby is, authorized as a duly authorized officer or agent of the Cooperative, for and in the name and on behalf of the Cooperative, to negotiate any service agreements for the DB Plan and the 401(k) Plan in connection with the bundled services, or any other agreements, certificates, consents, affidavits, and other instruments of any nature necessary or appropriate to give effect to these resolutions, in each case in such form and containing such terms, effective dates of each agreement on or about the date hereof, and conditions as such officer or agent may in such officer's or agent's reasonable discretion deem necessary, appropriate, or desirable; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE remove Wells Fargo, the existing trustee of the DB Plan and the 401(k) Plan, and to appoint Charles Schwab Bank as successor trustee of the DB Plan and the 401(k) Plan, on the terms established in the trust agreement for each plan; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Chief Executive Officer or any person designated by her for such purpose, be, and each hereby is, authorized as a duly authorized officer or agent of the Cooperative, for and in the name and on behalf of the Cooperative, to negotiate any trust agreements for the DB Plan and the 401(k) Plan in connection with the bundled services, or any other agreements, certificates, consents, affidavits, and other instruments of any nature necessary or appropriate to give effect to these resolutions, in each case in such form and containing such terms, effective dates of each agreement on or about the date hereof, and conditions as such officer or agent may in such officer's or agent's reasonable discretion deem necessary, appropriate, or desirable; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the President and Vice President of the Board of Directors, and the Chief Executive Officer, or her designee, be, and each hereby is, authorized as a duly authorized officer or agent of the Cooperative, for and in the name and on behalf of the Cooperative, to execute and deliver any trust agreements for the DB Plan and the 401(k) Plan, the service agreement for the DB Plan and the 401(k) Plan, or any other agreements, certificates, consents, affidavits, and other instruments of any nature necessary or appropriate to give effect to these resolutions and the Secretary of the Board of Directors is hereby authorized to attest and to affix the Cooperative's seal thereto, if required; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Chief Executive Officer of the Cooperative or any person designated in writing by her for such purpose, be and each of them hereby is, authorized as a duly authorized officer or agent of the Cooperative, for and in the name and on behalf of the Cooperative, to do any and all acts deemed by such officer or agent in such officer's or agent's judgment to be necessary or appropriate in the best interests of the Cooperative to give effect to the foregoing resolutions; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that all actions taken prior to the effective date hereof by the officers and duly authorized agents of the Cooperative in connection with the subject of the foregoing resolutions be and are hereby ratified, confirmed, and approved.