

**ORDINANCE NUMBER 152**

**DECEMBER 4, 2000**

**WASHINGTON TOWNSHIP  
POLICE PENSION PLAN**

**WASHINGTON TOWNSHIP  
13013 Welty Road  
Waynesboro, PA 17268**

**Amended and Restated  
Effective as of: January 1, 2000**

Drafted by Randall R. Rhoades, Esquire  
Rhoades Law Firm  
The Grant Building, Suite 915  
330 Grant Street  
Pittsburgh, PA 15219

**TOWNSHIP OF WASHINGTON  
FRANKLIN COUNTY, PENNSYLVANIA**

**ORDINANCE NO. 152**

AN ORDINANCE OF THE WASHINGTON TOWNSHIP RELATIVE TO THE ESTABLISHMENT AND MAINTENANCE OF POLICE EMPLOYEES PENSION, ANNUITY, INSURANCE AND BENEFIT FUND OF FUNDS, TO AMEND CERTAIN PROVISIONS OF THE PENSION PLAN OR PROGRAM APPLICABLE TO THE POLICE EMPLOYEES OF SAID TOWNSHIP:

WHEREAS, the Washington Township (the "Township") has previously enacted Ordinance 117 establishing the Washington Township Police Pension Plan (the "Plan"); and

WHEREAS, the Township retains the right to amend the Plan; and

WHEREAS, the Township now desires to amend and restate the Plan currently to simplify, clarify, and further document agreements reached through good-faith collective bargaining; and

NOW, THEREFORE, be it ORDAINED and ENACTED by the Township Supervisors and it is hereby ORDAINED and ENACTED by the authority of the same:

That effective for Participants who terminate Employment on or after January 1, 2000, the Plan now known as the "Washington Township Police Pension Plan" is hereby amended and restated in its entirety by substituting the attached amendment and restatement of the Washington Township Police Pension Plan in its place.

TABLE OF CONTENTS

ARTICLE I. Definitions Relative to the Determination of Benefits..... 1

ARTICLE II. Retirement Benefit ..... 5

ARTICLE III. Disability Benefit ..... 7

ARTICLE IV. Death Benefit..... 9

ARTICLE V. Member Contributions and Their Disbursement..... 10

ARTICLE VI. Definitions Relative to Administrative Matters ..... 12

ARTICLE VII. Administration..... 14

ARTICLE VIII. Provisions Relative to Funding Under Act 205 ..... 17

ARTICLE IX. Applicable Provisions of the Internal Revenue Code ..... 19

ARTICLE X. Amendment and Termination of Pension Plan  
or Pension Fund..... 27

ARTICLE XI. The Pension Fund..... 29

ARTICLE XII. Miscellaneous Provisions..... 33

SIGNATURE PAGE..... 34

**AMENDMENT AND RESTATEMENT OF  
THE WASHINGTON TOWNSHIP  
POLICE PENSION PLAN**

**INTRODUCTION AND PURPOSE**

The Township has maintained a pension plan for the benefit of full-time police officers known as the Washington Township Police Pension Plan (the "Prior Plan").

Effective January 1, 2000, except to the extent a different date is indicated in the text herein, the Township desires to amend and restate the Prior Plan, in its entirety, the terms of which are hereinafter set forth. This document shall continue to be known as the Washington Township Police Pension Plan (hereinafter referred to as the "Plan").

The purpose of this Plan continues to be to provide retirement income for the benefit of its eligible employees and their beneficiaries, but limited to those who qualify in accordance with the terms and conditions of the Plan as set forth herein.

The Township intends that this Plan, together with any related trust agreement, shall meet all the pertinent requirements for qualification under the Internal Revenue Code of 1986, as amended, (as such apply to governmental plans) and the Plan and trust agreement shall be interpreted, wherever possible, to comply with the terms of said Code and all formal regulations and rulings pertinent to the Plan and trust agreement issued thereunder.

Each retired Member or Beneficiary who was receiving monthly benefits or eligible to receive benefits on December 31, 1999 under the Prior Plan shall receive payments on or after January 1, 2000 in accordance with the terms of Prior Plan.

Each terminated Member who terminated employment prior to January 1, 2000 with a vested interest in his accrued benefit under the Prior Plan and who had not commenced receiving his retirement benefit on such date will be eligible to receive Retirement Benefit on such benefit commencement date as set forth in the Prior Plan.

The provisions of this Plan shall apply only to any Member who terminates employment on and after January 1, 2000.

**AMENDMENT AND RESTATEMENT OF  
THE WASHINGTON TOWNSHIP  
POLICE PENSION PLAN**

WHEREAS, Washington Township (hereinafter referred to as "Employer" or "Township") has established the Washington Township Police Pension Plan (hereinafter referred to as the "Plan").

WHEREAS, the provisions of the Plan have been amended and restated several times thereafter by Ordinances of the Employer and Bargaining Agreements pursuant to the provisions of Pub. Law 1804, 53 Pa. Con. Stat. Ann. 767 et seq. (sometimes referred to as Act 600); and

WHEREAS, the Employer now desires to restate the Plan and to make certain additional changes to the Plan's provisions;

NOW, THEREFORE, the Plan now known as "Washington Township Police Pension Plan" is hereby amended and restated in its entirety effective for Participants who terminate Employment on or after January 1, 2000 as provided in this Plan document and to that extent this document supersedes and repeals all prior plan documents. The benefits of any former Participant who left Employment prior to January 1, 2000 shall be determined by the applicable pension documentation in place prior to this Plan document.

**DEFINITIONS  
RELATIVE TO THE DETERMINATION OF BENEFITS**

- 1.01 "Accrued Benefit Percentage" shall mean a fraction, the numerator of which represents the Participant's total cumulative calendar months of Service earned to the date of determination, and the denominator of which represents the total possible calendar months of Service he could earn from his date of hire to his Normal Retirement Date. For purposes of the current definition only, Service at any time during a calendar month shall constitute one whole month. In addition and notwithstanding the foregoing, a Participant's Accrued Benefit Percentage may never exceed the number one if he were to continue to be employed as a full-time permanent police officer with the Employer until such date. "Accrued Benefit" shall mean the Accrued Benefit Percentage times 50% of Final Average Monthly Compensation.
- 1.02 "Beneficiary" shall mean the person specified by each Member on becoming a Participant by way of written notice which designates his beneficiary or beneficiaries to the Plan Administrator. The Member's election of any such beneficiary or beneficiaries may be rescinded or changed without the consent of the beneficiary or beneficiaries, at any time provided the Member provides the Plan Administrator with written notice of the changed designation.

- 1.03 "Board" shall mean the elected Board of Supervisors of the Washington Township.
- 1.04 "Compensation" shall mean the amount of a Participant's earnings, received or receivable during the Participant's employment with the Township as an Eligible Employee, that shall be considered under the Plan for purposes of calculating benefits and contributions, and, unless otherwise provided, in applying any applicable limitations to such benefits or contributions. For the foregoing purposes, Compensation shall be total gross wages during a plan year including base pay, longevity, night differential, court pay, holiday pay and overtime.
- 1.05 "Dependent Child" shall mean any natural-born child, any legally-adopted child, any stepchild, or any foster child of a Participant, which child is unmarried, has not yet attained age 18, and, in the case of a foster child, resides in such Participant's household.
- 1.06 "Disabled" or "Disability" shall mean a permanent condition of physical or mental impairment due to which a police officer is unable to perform the usual and customary duties of a police officer and which in the opinion of a physician acceptable to the Plan Administrator is reasonably expected to continue to be permanent for the remainder of the police officer's lifetime. A condition shall not be a total and permanent disability for purposes of this Plan unless such condition is a direct result of and occurs in the line of duty of the police officer's employment as a police officer for the Township. A Member whose physical or mental impairment does not occur in the line of employment is not entitled to receive disability benefits under the Plan. A Participant must submit satisfactory evidence and other proof of such Disability as required by the Administrator.
- 1.07 "Eligible Employee" shall mean a regularly scheduled, full-time police officer of the Township. Any police officer employed as a temporary, special, part-time, or permanent part-time officer of the Township shall not be considered an Eligible Employee for purposes of this Plan.
- 1.08 "Eligible Spouse" shall mean the spouse to whom a Participant is married.
- 1.09 "Extra Service Benefit" shall be an additional monthly benefit of 2% of the retirement benefit otherwise payable for each Year of Service in excess of 25, not to exceed \$100 a month.
- 1.10 "Final Average Monthly Compensation" shall mean the Compensation of a Participant averaged over the Participant's final 36 months of Service.
- 1.11 "Former Participant" shall mean a person who had become a Participant, but who subsequently ceased to be an Eligible Employee on account of death, retirement or other termination of employment with the Township.

- 1.12 "Member(s)" shall mean Former Participant(s) who are entitled to current or future benefits from the Plan and Participant(s).
- 1.13 "Normal Retirement Date" other than incurring a Disability shall mean the date on which a Participant attains age 50 or completes 25 Years of Service, whichever is later.
- 1.14 "Participant" shall mean an Eligible Employee, effective as of the date on which such Eligible Employee first commences or recommences Service with the Township and who has not for any reason ceased to be a Participant hereunder.
- 1.15 "Pension Fund" or "Fund" shall mean the police pension fund administered under the terms of this Plan and which shall include all money, property, investments, policies and contracts standing in the name of the Plan.
- 1.16 "Service" shall mean any specified period for which an Eligible Employee is directly or indirectly compensated or entitled to compensation by the Township for the performance of duties as a full-time police officer or receives, or is entitled to receive, payment for:

(a) the time actually worked for the Township as an Eligible Employee;

(b) absence due to vacation, holidays, or sickness; and

(c) an authorized leave of absence.

"Service" shall also include:

(d) any period of voluntary or involuntary military service with the armed forces of the United States of America, provided that the Participant has been employed as a regular full-time member of the Township's police force for a period of at least six months immediately prior to the period of military service, and the Participant returns as an Eligible Employee within six months following discharge from military service or within such longer period during which employment rights are guaranteed by applicable law or under the terms of the collective bargaining agreement with the Township and provided that the Member is not entitled to receive, eligible to receive now or in the future or has received retirement benefits for such Service under a retirement system administered and wholly or partially paid for by any other governmental agency with the exception of a Member eligible to receive or receiving military retirement pay earned by a combination of active duty and nonactive duty with a reserve or national guard component of the armed forces which retirement pay is payable only upon the attainment of a specified age and a period of service under 10 U.S.C. Ch. 67 (relating to retired pay for nonregular service).

(e) Any period during which a Member is entitled to disability benefits under this

Plan, provided that the Member returns to Employment within three months of the date on which it is determined that he is no longer totally and permanently disabled if such determination occurs prior to the date a Member attains Normal Retirement Date; and

- 1.17 "Township" shall mean the Washington Township, located in Franklin County, Pennsylvania.
- 1.18 "Year of Service" shall mean 12 calendar months of Service, whether or not such months are consecutive, where Service at any time during a calendar month constitutes one whole month.



## ARTICLE II

### RETIREMENT BENEFIT

2.01 Entitlement. A Member must satisfy at least one of the following requirements to become entitled to the retirement benefit described in Section 2.02 below:

- (a) have reached Normal Retirement Date on or before the date on which he became a Former Participant; or
- (b) have completed at least twelve (12) Years of Service on or before the date on which he became a Former Participant and have filed a written notice of his intention to "vest" with the Administrator within ninety (90) days of such date (see Section 2.04 below). Note that the failure to file an election to vest will result in a payment of Member Contributions and associated earnings pursuant to Section 5.03 of the Plan.

2.02 Retirement Benefit. A Former Participant who satisfies the conditions for entitlement described in the foregoing Section shall be entitled to a monthly amount payable for his life, which amount (referred to hereinafter as the "Retirement Benefit" or "Normal Retirement Benefit") is derived from the following formula:

$$(a \times b) + c$$

where, with respect to said Former Participant,

a = 50% of Final Average Monthly Compensation.

b = the Accrued Benefit Percentage.

c = the Extra Service Benefit.

Provided, however, that payment of benefits upon retirement shall be conditioned upon a Former Participant's being subject to service from time to time as a police reserve in cases of riot, tumult or preservation of the public peace until unfitted for such service, at which time such Former Participant shall be finally discharged by reason of age or Disability upon written notice from Board.

- 2.03 Commencement. The Retirement Benefit of a Former Participant shall become payable on the first day of the calendar month coincident with or next following the later of: (1) the date the Former Participant would reach his Normal Retirement Date if he continued to be an Eligible Employee until such date; or, (2) the date on which his employment terminated with the Township and, thereafter, the first day of each month during the Former Participant's lifetime. Notwithstanding anything contained herein to the contrary, no Retirement Benefit payments nor any other payments shall be due or payable on or before thirty (30) days after the date the Administrator receives the application for benefits.
- 2.04 Deferred Vested Benefit. A Participant who has completed at least twelve (12) Years of Service shall be entitled to elect to receive a Deferred Vested Benefit in lieu of a withdrawal of member contributions and associated interest pursuant to Section 5.03 hereof. Such a Deferred Vested Benefit shall be in an amount equal to the Accrued Benefit as of the date employment terminates as a police officer of Washington Township and shall commence as of the first day of the month coincident with or next following the attainment of Normal Retirement Date or the date it would have been attained if the Participant continued in Service until such date. The Participant shall be entitled to such a vested benefit by filing with the Administrator within ninety (90) days of the date he ceases to be employed as a full-time police officer for the Washington Township, a written notice of his intention to vest.
- 2.05 Cost-of-Living Adjustment. Each Former Participant who should retire and receive a retirement benefit determined pursuant to Section 2.02 hereunder shall be entitled to receive a cost-of-living adjustment to the amount of benefit payable to such Former Participant under Section 2.02 and [not to the amount of Extra Service Benefit payable to such Former Participant under Section 2.02] effective as of each annual anniversary date of the original commencement of the Former Participant's retirement benefit payments hereunder. Such cost-of-living adjustment shall be an amount equal to the percentage change in the Consumer Price Index during the last year times the retirement benefit payable under Section 2.02 but shall not exceed the following limits: (1) the percentage increase in the Consumer Price Index from the year in which the Former Participant was last employed as a police officer of the Township; (2) the total retirement benefits payable under this Plan shall not exceed seventy-five percent (75%) of the Former Participant's Final Monthly Average Compensation; (3) the total cost-of-living increase shall not exceed thirty percent (30%); and (4) the cost-of-living adjustment shall not impair the actuarial soundness of the Pension Fund.

## ARTICLE III

### DISABILITY BENEFIT

3.01 Disability Benefit. A Disabled Participant shall be entitled to receive a monthly benefit equal to one-half (1/2) of the monthly average salary of such member during the last thirty-six (36) months of employment, which benefit shall be known hereinafter as the "Disability Benefit". The Disability Benefit shall commence on the first day of the calendar month coincident with or next following the date on which the Member has satisfied the Plan's definition of Disability and shall continue, except as noted below, until the earliest of his death or recovery from Disability.

3.02 Termination of the Disability Benefit. The Disability Benefit described above shall be terminated:

- (a) if the Township shall determine, on the basis of a medical examination by a physician acceptable to the Township that the Member, prior to his Normal Retirement Date, has sufficiently recovered to return to employment as a police officer for the Township.
- (b) if the Member refuses to undergo a medical examination, which may be ordered by the Township or the Administrator; provided that the Member may not be required to undergo a medical examination more often than once every 12 months;
- (c) if the Member is employed in any capacity as a full-time or part-time police officer after qualifying for the Disability Benefit;
- (d) if the Disabled Member recovers from his Disability and does not return to Service under the Plan within three (3) months of cessation of Disability prior to attainment of Normal Retirement Date and if his total pension payments under the Plan are less than his Member Contribution Account, the difference shall be paid to him as a termination benefit and neither he nor his spouse or Beneficiary shall be entitled to any other benefits under the Plan.
- (e) from time to time, the Township shall adopt uniform provisions for Disabled Members who recover from Disability and return to Service.

3.03 Requirement of Notification. A Member who is receiving benefits from the Plan on account of Disability shall be required to notify the Administrator of any change which may cause a cessation of entitlement to receipt of such benefits. To the extent a Member fails to provide immediate notice to the Administrator of any such change in status and

who continues to receive benefits to which he is not entitled from the Plan on account of Disability, the Administrator may take any action necessary to recover any amount improperly paid, including legal action or the offsetting of such amounts against future payments on account of retirement or death under the Plan, including the costs of such actions.

## ARTICLE IV

### DEATH BENEFIT

- 4.01 Pre-retirement Death Benefits. In the event a Participant who has not attained entitlement to retirement or disability benefits dies from any cause while an Eligible Employee, the Beneficiary of the Participant, or if no Beneficiary survives, the Participant's estate, shall be entitled to receive a refund of the Participant's Member Contribution Account as defined in Article V.
- 4.02 Surviving Spouse Benefit. In the event a Member who is eligible to receive or is receiving retirement benefits shall die, the spouse of the deceased Member, or, if no Eligible Spouse survives or if the Eligible Spouse survives and subsequently dies or remarries, then the child or children under the age of eighteen 18 years of the deceased Member, shall, during the spouse's lifetime or so long as the spouse does not remarry in the case of the spouse or until reaching the age of eighteen (18) in the case of a child or children, receive a monthly income calculated at the rate of fifty percent (50%) of the monthly retirement benefit which the Member was receiving or would have been receiving had he been retired at the time of his death. In the case of children, the above benefit shall be paid in equal shares.
- 4.03 Payment of Survivor Benefits. Survivor payments shall be made monthly as of the first day of each month. The first installment of any benefit payable to a survivor shall be payable on the first day of the month next following date of death of the Member and, unless otherwise provided above, the last installment shall be payable as of the first day of the month in which occurs either:
- (a) the death or remarriage of the spouse, if payments are made to the spouse, and the spouse's death or remarriage occurs at a time when there is no Dependent Child; or
  - (b) the date when the youngest Dependent Child attains the age of eighteen (18), if payments are made to any children of the Member.

## ARTICLE V

### MEMBER CONTRIBUTIONS AND THEIR DISBURSEMENT

- 5.01 Member Contributions, Defined. The term "Member Contribution" shall mean any amount deposited into the Plan by a Participant.
- 5.02 Participant Contributions. Each Participant shall as a requirement of participation pay regular contributions to the Pension Fund in an amount equal to five percent (5%) of the Participant's Basic Monthly Earnings (subject to reduction pursuant to section 5.03 hereof). Each Participant shall complete the necessary forms to authorize the payment of Participant contributions by way of payroll deduction.
- 5.03 Reductions of Participant Contributions. Notwithstanding the preceding section 5.02, if an actuarial study performed by the Plan Actuary shows that the condition of the Pension Fund is such that payments into the Pension Fund by Participants may be reduced below the minimum percentages prescribed in section 5.02, or may be eliminated, and that if such payments are reduced or eliminated, contributions by the Employer will not be required to keep the Pension Fund actuarially sound, the Employer may, on an annual basis, by ordinance or resolution, reduce or eliminate payments into the Pension Fund by Participants.
- 5.04 Crediting of Interest. Interest shall accrue to Member Contributions at the rate of five percent (5%) per annum. Such interest shall be credited from the mid-point of the year (or part of the year) when made through the date of Participant's termination of Eligible Employment.
- 5.05 Withdrawal.
- (a) Member Contributions, in addition to the interest accrued thereon, (hereinafter referred to collectively as the "Member Contribution Account") may be withdrawn from the Plan by or on behalf of a Member only under the following circumstances:
    - (1) where the Member fails to complete Service until Normal Retirement Date;
    - (2) where the Member fails to elect to vest in a Retirement Benefit to which he has become entitled, pursuant to Section 2.01(b);
    - (3) where the Member dies without satisfying the requirements of entitlement to a Death Benefit, as detailed in Section 4.02 hereof; and

- (4) where the Retirement or Disability Benefit of such Member has not yet commenced.
- (b) Where the above conditions for the withdrawal of the Member Contribution Account have been satisfied, payment of the Member Contribution Account shall be made to the Member, or in the event of the Member's death, to the Member's Beneficiary, or if a Beneficiary does not exist, to the Member's estate. Such payment shall commence on or after the first day of the calendar month coincident with or next following the date on which the Member (1) became a Former Participant or (2) failed to elect vesting in a retirement benefit to which he had become entitled, whichever is later.
- (c) Upon the distribution of the Member Contribution Account, the entitlement of the Member, his spouse or his Beneficiary to any future Retirement Benefit, Deferred Vested Benefit, Disability Benefit, or Death Benefit shall cease. If the Member again becomes an Eligible Employee, he shall pay to the Fund the Member Contribution Account under the terms and conditions and with such earnings as may be determined by the Township.

## ARTICLE VI

### DEFINITIONS

#### RELATIVE TO ADMINISTRATIVE MATTERS

- 6.01 "Act 205" shall mean the Municipal Pension Plan Funding Standard and Recovery Act, act of December 18, 1984, P.L. 1005 no. 205, as amended, 53 P.S. Sec. 895.101, et seq.
- 6.02 "Act 600" shall mean the Police Pension Fund Act, act of May 29, 1956, P.L. (1955) 1804 no. 600, as amended, 53 P.S. 767, et seq.
- 6.03 "Actuary" shall mean a person who has at least five (5) years of actuarial experience with public pension plans and who is either enrolled as a member of the American Academy of Actuaries or enrolled as an actuary pursuant to the Federal Employee Retirement Income Security Act of 1974.
- 6.04 "Administrator" or "Plan Administrator" shall mean the Chief Administrative Officer. The Plan Administrator may delegate authority to act on its behalf to any persons or entities it deems appropriate.
- 6.05 "Board" shall mean the Board of Supervisors Washington Township in whom rests the responsibility for appointing the Chief Administrative Officer and for deciding and approving any matter of finance that affects, or could affect, the Plan, its Members, or Beneficiaries. All powers relative to the operation and administration of the Plan shall specifically reside with Board of Supervisors unless delegated pursuant to this Plan document.
- 6.06 "Chief Administrative Officer" shall mean the individual, designated by Board, who shall have the power and authority to perform all acts and to execute, acknowledge, and deliver all instruments necessary to implement and effectuate the purpose of the Plan. Where Board fails to designate a Chief Administrative Officer, the Chief Administrative Officer shall be the Manager of the Township.
- 6.07 "Code" shall mean the Internal Revenue Code of 1986, as amended or replaced from time to time.
- 6.08 "Committee" shall mean a Police Pension Advisory Committee or "Committee" that shall be established. This Committee, if appointed by the Board, shall be advisory to the Board.
- 6.09 "Fund" shall mean the fund administered and established under the terms of the Plan, which fund shall include all money, property, investments, policies, and contracts standing in the name of the Plan.



- 6.10 "Plan" shall mean the current instrument, including all amendments hereto.
- 6.11 "Plan Year" shall mean the 12-month period beginning on January 1 and ending on December 31 of each year.
- 6.12 "Policy" or "Contract" shall mean a retirement annuity or a retirement income endowment policy (or a combination of both), or any other form of insurance contract or policy which shall be deemed appropriate with accordance with the provisions of the Act and P.L. 1804, as amended (53 P.S. 767).
- 6.13 "Township" shall mean Washington Township and any successor which shall maintain this Plan; and any predecessor which has maintained this Plan. The Township is situated in Franklin County in the Commonwealth of Pennsylvania.
- 6.14 "Trust Agreement" shall mean the legal agreement entered into between the Township and any fiduciary that shall provide specifically for all objectives, powers, and responsibilities concerning the management of the Fund's assets.

## ARTICLE VII

### ADMINISTRATION

7.01 Authority and Duties of the Administrator. The Administrator shall have full power and authority to do whatever, in its judgment, shall be reasonably necessary to effectuate the proper administration and operation of the Plan. The interpretation or construction placed upon any term or provision of the Plan by the Administrator, or any action of the Administrator taken in good faith, shall be final and conclusive upon all parties hereto, except with regard to the power of Board of Supervisors provided in Section 6.09 hereof. The authority of the Administrator shall include, but shall not be limited to:

- (a) construction of the Plan;
- (b) determination of all questions affecting the eligibility of any employee of the Township to participate herein;
- (c) computation of the amount and the source of any benefit payable hereunder to any Member or Beneficiary, as applicable;
- (d) authorization of any and all disbursements of benefits;
- (e) prescription of any procedure to be followed by any Participant or other person, as applicable, in filing any application or election hereunder;
- (f) preparation and distribution of information explaining the Plan as may be required by law or as the Administrator deems appropriate;
- (g) requisition of information necessary from the Township or any Member for the proper administration of the Plan; and
- (h) appointment and retention of any individual to assist in the administration of the Plan, including such legal, clerical, accounting, and actuarial services as may be required by any applicable law or laws.

The Administrator shall have no authority to add to, subtract from, or modify the terms of the Plan or to change or add to any benefits provided by the Plan, or to waive or fail to apply any requirements of eligibility for benefits under the Plan. Further, the Administrator shall have no power to adopt, amend, or terminate the Plan, to select or appoint any actuary; and/or to select or appoint any insurance company to hold any Contracts, or to determine or require any contributions to the Plan, said powers being exclusively reserved to Board of Supervisors.

7.02 Hold Harmless. To the full extent permitted by law, no member of Board of Supervisors, the Chief Administrative Officer, the Administrator, nor any other person involved in the administration of the Plan shall be liable to any person on account of any act or failure to act which is taken or omitted to be taken in good faith in performing their respective duties under the terms of this Plan. To the extent permitted by law, the Township shall, and hereby does agree to, indemnify and hold harmless the Administrator and each successor and each individual's heirs, executors and administrators, and the Administrator's delegates and appointees (other than any person or entity independent of the Township who renders services to the Plan for a fee) from any and all liability and expenses, including counsel fees, reasonably incurred in any action, suit, or proceeding to which he is or may be made a party by reason of being or having been the Administrator or a delegate or appointee of the Administrator, except in matters involving criminal liability, or intentional or willful misconduct. If the Township purchases insurance to cover claims of a nature described above, then no right of indemnification shall exist except to the extent of any deductible amount under the insurance coverage or to the extent of the amount the claims exceed the insured amount.

7.03 Appeal Procedure. Any person whose application for benefits is denied, who questions the amount or timing of any benefit paid, or who has some other claim arising under the Plan (the "Claimant"), shall first seek a resolution of such claim under the procedure hereinafter set forth.

(a) The Claimant shall first file a notice of claim with the Administrator which notice shall fully describe the nature of the claim. The Administrator shall review the claim and make an initial determination approving or denying the claim and shall mail notice of the determination within ninety (90) days (or such other period as may be established by applicable law) from the time the application is received. Such ninety (90) day period may be extended by the Administrator, if special circumstances so require, for up to ninety (90) additional days by the Administrator's delivering notice of such extension to the Claimant within the first ninety (90) day period. Any notice hereunder shall, if it is a notice of denial, set forth:

(i) the specific provisions of the Plan on which the denial is based;

(ii) an explanation of additional material or information, if any becomes necessary to perfect such claim, and a statement of why such material or information is necessary; and

(iii) an explanation of the review procedure.

(b) Upon receipt of notice denying the claim, the Claimant shall have the right to request a full and fair review by Board of the initial determination. Such request for review

must be made by written notice to Board within sixty (60) days of mailing of the notice of denial. During such review, the Claimant or a duly authorized representative shall have the right to review any pertinent documents and to submit any issues or comments in writing. Board shall, within sixty (60) days after receipt of the notice requesting such review, (or in special circumstances, such as where Board in its sole discretion holds a hearing, within one hundred and twenty (120) days of receipt of such notice), submit its decision in writing to the person or persons whose claim has been denied. The decision shall be written in a manner calculated to be understood by the Claimant and shall contain specific references to the pertinent Plan provisions upon which the decision is based. The Claimant shall have the right to appeal the decision of Board pursuant to the Local Agency Law, 2 Pa. C.S.A. § 101. If not so appealed, the decision shall be final, conclusive and binding on all parties.

- (c) Any notice of claim questioning the amount of a benefit in pay status shall be filed by the Claimant with the Administrator within ninety (90) days following the date of the first payment which would be adjusted if the claim is granted, unless the Administrator allows a later filing for good cause shown.
- (d) A Claimant who does not submit a notice of a claim or a notice requesting a review of a denial of a claim within the time limitations specified above shall be deemed to have waived such claim or right to review.

## ARTICLE VIII

### PROVISIONS RELATIVE TO FUNDING UNDER ACT 205

8.01 Actuarial Valuations. The Actuary to the Plan shall perform an actuarial valuation at least biennially (unless the Township is applying or has applied for supplemental state assistance pursuant to Act 205, for purposes of this Article, whereupon actuarial valuation reports must be made annually.)

Each biennial actuarial valuation report shall be made as of the beginning of each Plan Year occurring in an odd-numbered calendar year, beginning with the year 1985.

Such actuarial valuation shall be prepared and certified by an approved Actuary, as such term is defined in Act 205.

The expenses attributable to the preparation of any actuarial valuation report or investigation required by Act 205 or any other expense which is permissible under the terms of Act 205 and which are directly associated with administering the Plan shall be an allowable administrative expense payable from the assets of the Fund. Such allowable expenses shall include, but shall not be limited to, the following:

- (a) investment costs associated with obtaining authorized investments and investment management fees;
- (b) accounting expenses;
- (c) premiums for insurance coverage on Fund assets;
- (d) reasonable and necessary counsel fees incurred for advice or to defend the Fund; and
- (e) legitimate travel and education expenses for officials of the Plan.

Board, in its fiduciary role, shall monitor the services provided to the Plan to ensure that the expenses are necessary, reasonable and benefit the Plan; and further provided, that the Administrator shall document all such expenses item by item, and where necessary, hour by hour.

8.02 Duties of the Chief Administrative Officer. The actuarial reports described above shall be prepared and filed under the supervision of the Chief Administrative Officer.

The Chief Administrative Officer of the Plan shall determine the financial requirements of the Plan on the basis of the most recent actuarial report and shall determine the minimum

obligation of the Township with respect to funding the Plan for a given Plan Year. The Chief Administrative Officer shall submit the financial requirements of the Plan and the minimum obligation of the Township to Board annually and shall certify the accuracy of such calculations and their conformance with Act 205.

8.03 Modification of Benefits. Prior to the adoption of any provision that modifies a benefit provided hereunder the Chief Administrative Officer shall provide to Board a cost estimate of the proposed modification. Such estimate shall be prepared by an approved Actuary, which estimate shall disclose to Board the impact of the proposed modification on the future financial requirements of the Plan and the future minimum obligation of the Township with respect to the Plan.

8.04 Utilization of State Aid. Payments of general municipal state aid, or any other amount of state aid received pursuant to Act 205 from the Commonwealth of Pennsylvania which are received by the Township and deposited into the Fund shall be used as follows:

- (a) to reduce the amortization of the unfunded liability, or after such liability has been funded,
- (b) to apply against the annual obligation of the Township for future service costs, or to the extent that the payments may be in excess of such obligation,
- (c) to reduce Member Contributions hereunder.

8.05 Member Contributions. See Article V.

8.06 Township Contributions. The remainder of the annual contributions required under provisions of Act 205, as determined by the Actuary to the Plan in accordance with Act 205, shall become the obligation of the Township and shall be paid into the Fund by annual appropriations.

## ARTICLE IX

### APPLICABLE PROVISIONS OF THE INTERNAL REVENUE CODE

- 9.01 Explanation. In recognition of the fact that the Plan must comply in form, content, and operation with certain provisions of the Code, and in spite of the limited applicability of such provisions to the normal operation of the Plan, the following Sections of this Article detail the limitations and parameters applicable to maintaining favorable tax treatment of funds contributed to the Plan under federal law.
- 9.02 Definitions. The following words and phrases are hereby introduced and defined for purposes of this Article only:
- (a) "Accrued Benefit" shall mean a Participant's Retirement Benefit exclusive of Vesting.
  - (b) "Actuarial Equivalent" shall mean a form of benefit differing in time, period, or manner of payment from a specific benefit provided under the Plan, but having the same value when computed using the 1984 Unisex Mortality Table with interest computed at 7.5 percent.
  - (c) "Annual Additions" shall mean the sum credited to a Participant's Account for any Limitation Year of (1) Township contributions, (2) Employee contributions, (3) forfeitures, (4) amounts allocated after March 31, 1984, to an individual medical account, as defined in Code Section 415 (l) (2) which is part of a pension or annuity plan maintained by the Township, and (5) amounts derived from contributions paid or accrued after December 31, 1985, in taxable years ending after such date, which are attributable to post-retirement medical benefits allocated to the separate account of a key employee (as defined in Code Section 419 A (d) (3)) under a welfare benefit plan (as defined under Code Section 419 (e)) maintained by the Township. Except, however, the percentage limitation referred to in Code Section 415(C)(1)(B) shall not apply to: (1) any contribution for medical benefits (within the meaning of Code Section 419 A (f) (2)) after separation from service which is otherwise treated as an Annual Addition, or (2) any amount otherwise treated as an Annual Addition under Code Section 415 (l) (1). Notwithstanding the foregoing, for Limitation Years beginning prior to January 1, 1987, only that portion of Employee contributions equal to the lesser of Employee contributions in excess of six percent (6%) of "415 Compensation" or one-half of Employee contributions shall be considered an Annual Addition.
  - (d) "Annual Benefit" shall mean the benefit payable under the terms of the Plan (exclusive of any benefit not required to be considered for purposes of applying the limitations of Code Section 415 to the Plan) payable in the form of a straight life

annuity with no ancillary benefits. If the benefit under the Plan is payable in any other form, the Annual Benefit shall be adjusted to the equivalent of a straight life annuity using the greater of the interest rate assumption specified in the definition of Actuarial Equivalent or five percent (5%).

In addition to other applicable limitations set forth in the Plan, and notwithstanding any other provision of the Plan to the contrary, for Plan Years beginning on or after January 1, 1996, the annual Compensation of each Employee who becomes a Participant in the Plan on or after such date shall not exceed the OBRA '93 annual compensation limit. The OBRA '93 annual compensation limit is \$150,000, as adjusted by the Commissioner for increases in the cost of living in accordance with Code Section 401 (a) (17) (B). The cost of living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which Compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the OBRA '93 annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

For Plan Years beginning on or after January 1, 1996, and any reference in this Plan to the limitation under Code Section 401 (a) (17) shall mean the OBRA '93 annual compensation limit set forth in this provision.

With respect only to an Employee who becomes a Participant in the Plan on or after January 1, 1996, if Compensation for any prior determination period is taken into account in determining such Employee's benefits accruing in the current Plan Year, the Compensation for that prior determination period is subject to the OBRA '93 annual compensation limit in effect for that prior determination period. For this purpose, for determination periods beginning before the first day of the first Plan Year beginning on or after January 1, 1996, the OBRA '93 annual compensation limit is \$150,000.

- (e) "Employee" shall mean any person who is employed by the Township, but excludes any person who is an independent contractor. Employee shall include Leased Employees within the meaning of Code Sections 414 (n) (2) and 414 (o) (2) unless such Leased Employees are covered by a plan described in Code Section 414 (n) (5) and such Leased Employees do not constitute more than 20% of the recipient's non-highly compensated work force.
- (f) "Leased Employee" shall mean any person (other than an Employee of the recipient) who pursuant to an agreement between the recipient and any other person ("leasing organization") has performed services for the recipient (or for the recipient and related persons determined in accordance with Code Section 414 (n) (6)) on a substantially full time basis for a period of at least one year, and such services are under primary direction and control of recipient. Contributions or benefits provided a Leased Employee by the leasing organization which are attributable to services



performed for the recipient employer shall be treated as provided by the recipient employer. A Leased Employee shall not be considered an Employee of the recipient:

- (1) if such employee is covered by a money purchase pension plan providing:
    - (A) a non-integrated employer contribution rate of at least ten percent (10%) of compensation, as defined in Code Section 415 (c) (3), but including amounts contributed pursuant to a salary reduction agreement which are excludable from the employee's gross income under Code Sections 125, 402 (a) (8), 402 (h) or 403 (b) ;
    - (B) immediate participation; and
    - (C) full and immediate vesting; and
  - (2) if Leased Employees do not constitute more than twenty percent (20%) of the recipient's non-highly compensated work force.
- (g) "Limitation Year" shall mean the Plan Year, for purposes of applying the limitations under the current Article.
  - (h) "Participant's Account" shall mean the account established and maintained by the Administrator for each Participant with respect to his total interest in the defined contribution plan maintained by the Township resulting from Annual Additions.
  - (i) "Plan Year" shall mean the twelve-month period beginning on January 1 and ending on December 31 of each year.
  - (j) "Regulation" shall mean the Income Tax Regulations, as amended from time to time, as promulgated by the Secretary of the Treasury or his delegate.

9.03 Maximum Annual Benefit.

- (a) Subject to the exceptions below, the maximum Annual Benefit payable to a Participant under this Plan in any Limitation Year shall equal \$90,000.
- (b) Notwithstanding anything in this Article to the contrary, to the extent the Plan was in existence on May 6, 1986 and had complied at all times with the requirements of Code Section 415, (including any pertinent elections) the maximum Annual Benefit for any individual who was a Participant as of the first day of the Limitation Year beginning after December 31, 1986 shall not be less than the "current accrued benefit". "Current accrued benefit" shall

mean a Participant's Accrued Benefit under the Plan, determined as if the Participant had separated from service as of the close of the last Limitation Year beginning before January 1, 1987, when expressed as an Annual Benefit within the meaning of Code Section 415 (b) (2). In determining the amount of a Participant's "current accrued benefit", the following shall be disregarded: (1) any change in the terms and conditions of the Plan after May 5, 1986; and (2) any adjustment for cost of living occurring after May 5, 1986.

- (c) The dollar limitation under Code Section 415 (b) (1) (A) stated in paragraph (a) (1) above shall be adjusted annually as provided in Code Section 415 (d) pursuant to the Regulations thereunder. The adjusted limitation is effective as of January 1st of each calendar year and is applicable to Limitation Years ending with or within that calendar year.
- (d) For the purpose of this Article, all qualified defined benefit plans (whether terminated or not) ever maintained by the Township shall be treated as one defined benefit plan, and all qualified defined contribution plans (whether terminated or not) ever maintained by the Township shall be treated as one defined contribution plan.
- (e) For the purpose of this Article, if this Plan is a Code Section 413(c) plan, all employers of a Participant who maintain this Plan will be considered to be a single employer, namely the Township.

9.04 Adjustments to Annual Benefit and Limitations.

- (a) If the Annual Benefit begins before age 62, then the \$90,000 limitation shall be reduced so that it is the Actuarial Equivalent of the \$90,000 limitation beginning at age 62. The \$90,000 shall not be actuarial reduced, however, to less than: (1) \$75,000 if the Annual Benefit commences on or after age 55, or (2) the amount which is the Actuarial Equivalent of the \$75,000 limitation at age 55 if the Annual Benefit commences prior to age 55. For purposes of adjusting the \$90,000 limitation applicable prior to age 62 or the \$75,000 limitation applicable prior to age 55, the adjustment shall be made using the parameters specified in the definition of Actuarial Equivalent, except that the interest rate assumption shall be the greater of five percent (5%) or the rate specified in said definition and any mortality decrement shall be ignored to the extent that a forfeiture does not occur at death. In no event, however, shall the aforesaid dollar limitation be reduced to an amount less than \$50,000.

- (b) If the Annual Benefit begins after age 65, the \$90,000 limitation shall be increased so that it is the Actuarial Equivalent of the \$90,000 limitation at age 65.
- (c) For purposes of adjusting the \$90,000 limitation applicable after age 65, the adjustment shall be made using the parameters specified in the definition of Actuarial Equivalent, except that the interest rate assumption shall be the lesser of five percent (5%) or the rate specified in said definition, and the mortality decrement shall be ignored to the extent that a forfeiture does not occur at death.
- (d) For purposes of the Annual Benefit and paragraphs (a) and (b) above, no adjustments under Code Section 415 (d) shall be taken into account before the Limitation Year for which such adjustment first takes effect.
- (e) For purposes of the Annual Benefit, no adjustment is required for qualified joint and survivor annuity benefits, pre-retirement death benefits, and post-retirement medical benefits.
- (f) To the extent applicable, the above provisions and limitations shall be governed by Code Section 415 (b) (2) (F) and Code Section 415(b)(2)(G).

9.05 Annual Benefit not in excess of \$10,000. Subject to the provisions of any applicable state law, this Plan may pay an Annual Benefit to any Participant in excess of his or her maximum Annual Benefit if the Annual Benefit derived from Township contributions under this Plan and all other defined benefit plans maintained by the Township does not in the aggregate exceed \$10,000 for the Limitation Year or for any prior Limitation Year, and the Township has not at any time maintained a defined contribution plan in which the Participant participated. For purposes of this paragraph, if this Plan provides for voluntary or mandatory Employee contributions, such contributions will not be considered a separate defined contribution plan maintained by the Township.

9.06 Participation or Service Reductions. If a Participant has less than 10 years of participation in the Plan at the time he begins to receive benefits thereunder, the limitations in Sections 9.03 (a) (1) and 9.04 shall be reduced by multiplying such limitations by a fraction, the numerator of which is the number of years of participation (or part thereof) in the Plan, and the denominator of which is 10, provided, however, that said fraction shall in no event be less than 1/10th. Additionally, for Plan Years beginning after December 31, 1986, the reductions to the limitations described above in Sections 9.03 (a) and 9.04 shall be applied separately with respect to each change in the benefit structure of the Plan pursuant to the requirements of the Code.

9.07 Incorporation of Code Section 415 by Reference. Notwithstanding anything contained in this Article to the contrary, the limitations, adjustments, and other requirements prescribed in this Article shall at all times comply with the provisions of Code Section 415 and the Regulations thereunder, the terms of which are specifically incorporated herein by reference.

9.08 Required Distributions.

- (a) Notwithstanding any other provision of this Plan, the entire benefit of any Participant who becomes entitled to benefits prior to his death shall be distributed either:
- (1) not later than the Required Beginning Date, or
  - (2) over a period beginning not later than the Required Beginning Date and extending over the life of such Participant or over the lives of such participant and a designated Beneficiary (or over a period not extending beyond the life expectancy of such Participant, or the joint life expectancies of such Participant and a designated Beneficiary).

If a Participant who is entitled to benefits under this Plan dies prior to the date when his entire interest has been distributed to him after distribution of his benefits has begun in accordance with paragraph (2) above, the remaining portion of such benefit shall be distributed at least as rapidly as under the method of distribution being used under paragraph (2) as of the date of his death.

- (b) If a Participant who is entitled to benefits under this Plan dies before distribution of his benefit has begun, the entire interest of such employee shall be distributed within five (5) years of the death of such employee, unless the following sentence is applicable. If any portion of the employee's interest is payable to (or for the benefit of) a designated Beneficiary, such portion shall be distributed over the life of such designated Beneficiary (or over a period not extending beyond the life expectancy of such Beneficiary), and such distributions begin not later than one (1) year after the date of the employee's death or such later date as provided by regulations issued by the Secretary of the Treasury, then distributions shall be made in accordance with Article IV. Provided, however, that notwithstanding the preceding sentence, if the designated Beneficiary is the surviving spouse of the Participant, then the date on which distributions are required to begin shall not be earlier than the date upon which the employee would have attained age seventy and one-half (70½) and, further provided, if the surviving spouse dies before the distributions to such spouse begin, this subparagraph shall be applied as if the surviving spouse were the employee. All distributions made under this Paragraph 9.09(b) shall be subject to the provisions of Article IV hereof.

- (c) For purposes of this section, the following definitions and procedures shall apply:
- (1) "Required Beginning date" shall mean April 1 of the calendar year following the later of the calendar year in which the employee attains age seventy and one-half (70½), or the calendar year in which the employee retires, if later.
  - (2) The phrase "Designated Beneficiary" shall mean any individual designated by the employee under this Plan according to its rules.
  - (3) Any amount paid to a child shall be treated as if it had been paid to the surviving spouse if such amount will become payable to the surviving spouse upon such child's reaching majority (or other designated event permitted under regulations issued by the Secretary of the Treasury).
  - (4) For purposes of this section, the life expectancy of an employee and/or the employee's spouse (other than in the case of a life annuity) may be redetermined but not more frequently than annually.

9.09 Qualified Domestic Relations Order Distribution. All rights and benefits, including elections, provided to a Participant in this Plan shall be subject to the rights afforded to any "alternate payee" under what is recognized pursuant to State law support provisions or as a "qualified domestic relations order". For purposes of this Section, "alternate payee" and "qualified domestic relations order" shall be determined by the Plan Administrator who may use as guidance Code Section 414 (p).

9.10 Direct Rollover.

- (a) This Section applies to distributions made on or after January 1, 1993. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Section, a distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.
- (b) For purposes of this Section, the following definitions shall apply:
  - (1) An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the

distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Code Section 401 (a) (9); and the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities).

- (2) An eligible retirement plan is an individual retirement account described in Code Section 408 (a), an individual retirement annuity described in Code Section 408 (b), an annuity plan described in Code Section 403 (a), or a qualified trust described in Code Section 401 (a), that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity.
- (3) A distributee includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414 (p), are distributees with regard to the interest of the spouse or former spouse.
- (4) A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

9.11 Credit for Qualified Military Service. Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code.

## ARTICLE X

### AMENDMENT AND TERMINATION OF PENSION PLAN

#### OR PENSION FUND

- 10.01 Amendment. Except to the extent required by law, the Township acknowledges that, so long as the non-managerial police officers of the Township are represented by a union, the Township does not have a unilateral right to modify the benefit structure of its police Act 600 pension plan. The Township also acknowledges its obligation to amend the Police Pension Plan Ordinance and Plan document, from time to time, as required by the results of collective bargaining and/or Act 111 arbitration, so that these conform to the collective bargaining agreement. If, in amending either the pension ordinance or the Plan document, an error is made which causes the benefit structure described in either the Ordinance or the Plan to differ from the benefit structure produced through the course of collective bargaining/Act 111 arbitration, the benefit structure reflected in the latter document(s) shall prevail. Amendments to the Plan may be made by Ordinance or Resolution.
- 10.02 Termination of the Plan. Subject to any collective bargaining or state law limitations, the Employer shall have the power to terminate this Plan in its entirety at any time by an instrument in writing executed in the name of the Employer.
- 10.03 Automatic Termination of Contributions. Subject to the provisions of Act 205 governing financially distressed municipalities, the liability of the Employer to make contributions to the Pension Fund shall automatically terminate upon liquidation or dissolution of the Employer, upon its adjudication as a bankrupt or upon the making of a general assignment for the benefit of its creditors.
- 10.04 Distribution Upon Termination. All assets attributable to the terminated Plan shall be distributed and disposed of in accordance with the provisions of applicable law and the terms of any instrument adopted by the Employer which effects such termination.
- 10.05 Residual Assets. If all liabilities to vested Participants and any others entitled to receive a benefit under the terms of the Plan have been satisfied and there remain any residual assets in the Pension Fund, such residual assets remaining shall be returned to the Employer insofar as such return does not contravene any provision of law, and any remaining balance, in excess of Employer contributions, shall be returned to the Commonwealth.
- 10.06 Exclusive Benefit Rule. In the event of the discontinuance and termination of the Plan as provided herein, the Employer shall dispose of the Pension Fund in accordance with the terms of the Plan and applicable law; at no time prior to the satisfaction of all liabilities under the Plan shall any part of the corpus or income of the Pension Fund, after deducting any administrative or other expenses properly chargeable to the Pension Fund, be used for

or diverted to purposes other than for the exclusive benefit of the Participants in the Plan, their Beneficiaries or their estates.



## ARTICLE XI

### THE PENSION FUND

- 11.01 Operation of the Pension Fund. The Board of Supervisors is hereby authorized to hold and supervise the investment of the assets of the Pension Fund, subject to the provisions of the laws of the Commonwealth of Pennsylvania and of this Plan and any amendment thereto.

The Pension Fund shall be used to pay benefits as provided in the Plan and, to the extent not paid directly by the Employer, to pay the expenses of administering the Plan pursuant to authorization by the Employer.

The Employer intends the Plan to be permanent and for the exclusive benefit of its Employees. It expects to make the contributions to the Pension Fund required under the Plan. The Employer shall not be liable in any manner for any insufficiency in the Pension Fund; benefits are payable only from the Pension Fund, and only to the extent that there are monies available therein.

The Pension Fund will consist of all funds held by the Employer under the Plan, including contributions made pursuant to the provisions hereof and the investments, reinvestment and proceeds thereof. The Pension Fund shall be held, managed, and administered pursuant to the terms of the Plan. Except as otherwise expressly provided in the Plan, the Employer has exclusive authority and discretion to manage and control the Pension Fund assets. The Employer may, however, appoint a trustee, custodian and/or investment manager, at its sole discretion.

- 11.02 Powers and Duties of Employer. With respect to the Pension Fund, the Employer shall have the following powers, rights and duties, in addition to those vested in it elsewhere in the Plan or by law, unless such duties are delegated.

- (a) To retain in cash so much of the Pension Fund as it deems advisable and to deposit any cash so retained in any bank or similar financial institution (including any such institution which may be appointed to serve as trustee hereunder), and shall include the right to hold funds on a temporary basis in accounts or investments that do not bear interest.
- (b) To invest and reinvest the principal and income of the fund and keep said fund invested, without distinction between principal and income, in securities which are at the time legal investments for fiduciaries under the Pennsylvania Fiduciaries Investment Act, or as the same may be subsequently modified or amended.

- (c) To sell property held in the fund at either public or private sale for cash or on credit at such times as it may deem appropriate; to exchange such property; to grant options for the purchase or exchange thereof.
- (d) To consent to and participate in any plan of reorganization, consolidation, merger, extension or other similar plan affecting property held in the fund; to consent to any contract, lease, mortgage, purchase, sale or other action by any corporation pursuant to any such plan.
- (e) To exercise all conversion and subscription rights pertaining to property held in the fund.
- (f) To exercise all voting rights with respect to property held in the fund and in connection therewith to grant proxies, discretionary or otherwise.
- (g) To place money at any time in a deposit bank deemed to be appropriate for the purposes of this Plan no matter where situated, including in those cases where a bank has been appointed to serve as trustee hereunder, the savings department of its own commercial bank.
- (h) In addition to the foregoing powers, the Employer shall also have all of the powers, rights, and privileges conferred by law and shall be subject to the responsibilities and obligations thereof. The Employer shall have the power to do all acts, take all proceedings and execute all rights and privileges, although not specifically mentioned herein, as the Employer may deem necessary to administer the Pension Fund.
- (i) To maintain and invest the assets of this Plan on a collective and commingled basis with the assets of other pension plans maintained by the Employer, provided that the assets of each respective plan shall be accounted for and administered separately.
- (j) To invest the assets of the Pension Fund in any collective commingled trust fund maintained by a bank or trust company, including any bank or trust company which may act as a trustee hereunder or to invest in a Group contract or other funding arrangement. In this connection, the commingling of the assets of this Plan with assets of other eligible, participating plans through such a medium is hereby specifically authorized. Any assets of the Plan which may be so added to such collective trusts shall be subject to all of the provisions of the applicable declaration of trust, as amended from time to time, which declaration, if required by its terms or by applicable law, is hereby adopted as part of the Plan, to the extent of the participation in such collective or commingled trust fund by the Plan.

- (k) To make any payment or distribution required or advisable to carry out the provisions of the Plan, provided that if a trustee is appointed by the Employer, such trustee shall make such distribution only at the direction of the Employer.
- (l) To compromise, contest, arbitrate, enforce or abandon claims and demands with respect to the Plan.
- (m) To retain any funds or property subject to any dispute without liability for the payment of interest thereon, and to decline to make payment or delivery thereof until final adjudication is made by a court of competent jurisdiction.
- (n) To pay, and to deduct from and charge against the Pension Fund, any taxes which may be imposed thereon, whether with respect to the income, property or transfer thereof, or upon or with respect to the interest of any person therein, which the Fund is required to pay; to contest, in its discretion, the validity or amount of any tax, assessment, claim or demand which may be levied or made against or in respect of the Pension Fund, the income, property or transfer thereof, or in any matter or thing connected therewith.
- (o) To appoint any persons or firms (including but not limited to accountants, investment advisors, counsel, actuaries, physicians, appraisers, consultants, professional plan administrators and other specialists), or otherwise act to secure specialized advice or assistance, as it deems necessary or desirable in connection with the management of the Fund, to the extent not prohibited by applicable law, the Employer shall be entitled to rely conclusively upon and shall be fully protected in any action or omission taken by it in good faith reliance upon, the advice or opinion of such persons or firms, provided such persons or firms were prudently chosen by the Employer, taking into account the interests of the Participants and Beneficiaries and with due regard to the ability of the persons or firms to perform their assigned functions.
- (p) To retain the services of one or more persons or firms for the management of (including the power to acquire and dispose of) all or any part of the Fund assets, provided that each of such persons or firms is registered as an investment advisor under the Investment Advisors Act of 1940, is a bank (as defined in that act), or is an insurance company qualified to manage, acquire or dispose of pension trust assets under the laws of more than one state; in such event, the Employer shall follow the directions of such Investment Manager or Managers with respect to the acquisition and disposition of fund assets, but shall not be liable for the acts nor omissions of such Investment Manager or Managers, nor shall it be under any obligation to review or otherwise manage any Fund assets which are subject to the management of such Investment Manager or Managers.

If the employer appoints a trustee, the trustee shall not be permitted to retain such an Investment Manager except with the express written consent of the Employer.

- 11.03 Common Investments. The Employer shall not be required to make separate investments for individual Participants or to maintain separate investments for each Participant's account, but may invest contributions and any profits or gains therefrom in common investments.
- 11.04 Compensation and Expenses of Appointed Trustee. If a trustee is appointed, the trustee shall be entitled to such reasonable compensation as shall from time to time be agreed upon by the Employer and the trustee, unless such compensation is prohibited by law. Such compensation, and all expenses reasonably incurred by the trustee in carrying out his functions, shall constitute a charge upon the Employer or the Pension Fund, which may be executed at any time after 30 days written notice to the Employer. The Employer shall be under no obligation to pay such costs and expenses, and, in the event of its failure to do so, the trustee shall be entitled to pay the same, or to reimburse themselves for the payment thereof, from the Pension Fund.
- 11.05 Periodic Accounting. If a trustee is appointed, the Pension Fund shall be evaluated annually, or at more frequent intervals, by the trustee and a written accounting rendered as of each fiscal year end of the Fund, and as of the effective date of any removal or resignation of the trustee, and such additional dates as requested by the Employer, showing the condition of the Fund and all receipts, disbursements and other transactions effected by the trustee during the period covered by the accounting, based on fair market values prevailing as of such date.
- 11.06 Value of the Pension Fund. All determinations as to the value of the assets of the Pension Fund, and as to the amount of the liabilities thereof, shall be made by the Employer or its appointed trustee, whose decisions shall be final and conclusive and binding on all parties hereto, the Participants and Beneficiaries and their estates. In making any such determination, the Employer or trustee shall be entitled to seek and rely upon the opinion of or any information furnished by brokers, appraisers and other experts, and shall also be entitled to rely upon reports as to sales and quotations, both on security exchanges and otherwise as contained in newspapers and in financial publications.

## ARTICLE XII

### MISCELLANEOUS PROVISIONS

- 12.01 Plan-Not a Contract of Employment. No employee of the Township, nor anyone else, shall have any rights whatsoever against the Township or the Administrator as a result of this Plan, except those rights expressly granted to them hereunder. Nothing herein shall be construed to give any employee the right to remain an employee of the Township.
- 12.02 Gender and Number. For purposes of the Plan and wherever plainly necessitated by the person or context, the masculine shall be read for the feminine, and the singular shall be read for the plural.
- 12.03 Construction. The validity of the Plan or any of its provisions shall be determined and construed pursuant to the laws of the Commonwealth of Pennsylvania, the federal government, and the agencies thereof.
- 12.04 Severability of Provisions. In the event that any provision, section, subsection, paragraph, sentence, clause, or other part of the Plan shall be held to be invalid, such invalidity shall not affect or impair any remaining provisions, sections, subsections, paragraphs, sentences, clauses, or other parts of the Plan.
- 12.05 Headings. The headings and subheadings employed within the current document have been inserted for convenience of reference and are to be ignored in the construction of the provisions hereof.
- 12.06 Incapacity of Participant. If any Participant shall be physically or mentally incapable of receiving or acknowledging receipt of any payment of benefits hereunder, the Administrator, upon the receipt of satisfactory evidence that such Participant is incapacitated to the aforesaid extent and that another person or institution maintains him, may provide for such payment of benefits hereunder to such person or the institution maintaining him, and any such payments so made shall be deemed for every purpose to have been made to such Participant.
- 12.07 Protective Clause Relative to Administration. Subject to the provisions of all laws applicable hereto, and unless otherwise specifically required, no past, present, or future officer of the Township shall be personally liable to any Participant, beneficiary, or other person under any provision of the Plan. The above sentence shall not apply to acts of gross negligence or criminal conduct as determined by a court of competent jurisdiction. After such a court determination, such person shall be subject to all applicable laws.

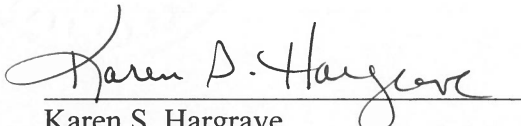
12.08 Sole Benefit. The income and principal of the Plan are for the sole use and benefit of the Participants covered hereunder and, to the extent permitted by law, shall be free, clear and not in any way liable for debts, contracts or agreements and from all claims and liabilities now or hereafter incurred by any participant, beneficiary, or alternate payee.


12.09 Assignment. The pension payments herein provided for shall not be subject to attachment, execution, levy, garnishment, or other legal process, and shall be payable only to the former participant, his survivors or his designated beneficiary, or alternate payee and shall not be subject to assignment or transfer.

ORDAINED AND ENACTED INTO LAW this 4<sup>th</sup> day of December, 2000.

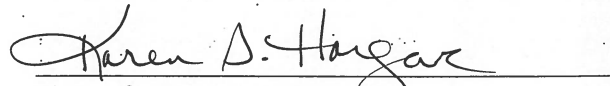
ATTEST:

BOARD OF SUPERVISORS  
WASHINGTON TOWNSHIP  
FRANKLIN COUNTY, PENNSYLVANIA

  
Karen S. Hargrave  
Secretary

By:   
Paul G. Benchoff  
Chairman, Board of Supervisors

I, Karen S. Hargrave, Secretary of the Board of Supervisors, Washington Township, Franklin County, Pennsylvania, do certify that the foregoing is a true and correct copy of an ordinance adopted at a regular meeting of the Washington Township Supervisors held December 4, 2000, in a regular session duly assembled.

  
Karen S. Hargrave, Secretary

Handwritten marks or numbers in the top left margin.

Handwritten marks or numbers in the bottom left margin.

100  
100  
100

100  
100  
100