

**TOWNSHIP OF WASHINGTON
FRANKLIN COUNTY, PENNSYLVANIA**

ORDINANCE NUMBER 212

**AN ORDINANCE OF THE TOWNSHIP OF WASHINGTON RELATIVE TO
THE ESTABLISHMENT AND MAINTENANCE OF A DEFINED
CONTRIBUTION PENSION PLAN FOR THE BENEFIT OF THE
NON-UNIFORMED EMPLOYEES OF THE TOWNSHIP OF
WASHINGTON, FRANKLIN COUNTY, PENNSYLVANIA.**

WHEREAS, Washington Township (the "Township") has previously enacted Ordinances 73 establishing the Washington Township Non-Uniformed Employees' Pension Plan. Said plan has either been amended or amended and restated in its entirety by Ordinances numbered 104, 116, 148, 151 and 188.

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

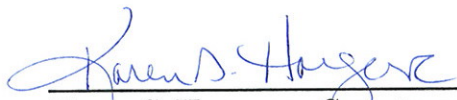
WHEREAS, the Township now desires to amend and restate the Plan to simplify and clarify the document.

NOW, THEREFORE, be it **ORDAINED** and **ENACTED** by the Township Supervisors and it is hereby **ORDAINED** and **ENACTED** by authority of the same: The "Washington Township, Franklin County, Pennsylvania, Non-Uniformed Employee Pension Plan and Fund" is amended as set forth in the attached amendment.

ORDAINED AND ENACTED INTO LAW this 17th day of December 2007.

ATTEST:

**BOARD OF SUPERVISORS
WASHINGTON TOWNSHIP
FRANKLIN COUNTY, PENNSYLVANIA**

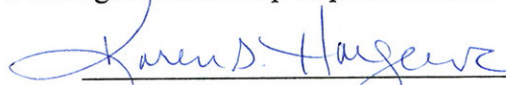


Karen S. Hargrave, Secretary

By: 

**Carroll C. Sturm, 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 true and correct copy of an ordinance adopted at a regular meeting of the Washington Township Supervisors held December 17, 2007, in a regular session duly assembled.



Karen S. Hargrave, Secretary

Date: December 17, 2007



ORDINANCE NUMBER 212

DECEMBER 17, 2007

**WASHINGTON TOWNSHIP NON-UNIFORMED
EMPLOYEES' PLAN & TRUST**

Amended and Restated as of January 1, 2007

Drafted by: Randall R. Rhoades, Esquire
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ESTABLISHMENT

- (A) There is hereby amended and restated the Washington Township (Franklin County) Non-Uniformed Employees' Plan & Trust (the "Plan") to be maintained by annual appropriations made by Washington Township and by payments made by the state treasurer to Washington Township from moneys received from taxes paid upon premiums by foreign casualty insurance companies for the purposes of providing retirement benefits and by gifts, grants, devises or bequests granted to the Plan.
- (B) The Plan was established effective November 2, 1981 (Ordinance No. 73), amended and restated in its entirety in 1988 (Ordinance No. 104), 1990 (Ordinance No. 116), and 2000 (Ordinance No. 151). The effective date of this amended and restated document is January 1, 2007 except as otherwise provided.
- (C) Such plan shall be under the direction of the Supervisors and shall be applied for the benefit of the non-uniformed employees of Washington Township.

ARTICLE I

DEFINITIONS

The following terms whenever used or referred to in this Plan shall have the following meaning, except in those instances where the context indicates otherwise:

- 1.01 "Act" shall mean the Municipal Pension Plan Funding Standard and Recovery Act which was enacted as Act 205 of 1984.
- 1.02 "Actuary" shall mean an "Approved Actuary" as defined in the Act.
- 1.03 "Anniversary Date" shall mean January 1.
- 1.04 "Authorized Leave of Absence" means an unpaid, temporary cessation from active employment with the Township pursuant to an established nondiscriminatory policy, whether occasioned by illness, military service, or any other reason.
- 1.05 "Beneficiary" shall mean any person or legal entity designated by a Participant to receive death benefits under the Plan, subject to the restrictions of Article V.
- 1.06 "Break in Service" means a calendar year during which an Employee fails to work at least 35 hours per week for six (6) consecutive months. An Employee shall not incur a Break in Service for the plan year in which he becomes a Participant, dies, retires or suffers total and permanent disability. Further, solely for the purpose of determining whether a Participant has incurred a Break in Service, service shall be recognized for "authorized leaves of absence" and "maternity and paternity leaves of absence".
- A "maternity or paternity leave of absence" shall mean an absence from work for a period determined by the Township by reason of the Employee's pregnancy, birth of the employee's child, placement of a child with the Employee in connection with the adoption of such child, or any absence for the purpose of caring for such child for a period immediately following such birth or placement.
- 1.07 "Chief Administrative Officer" shall mean the person, designated by the municipality, who has primary responsibility for the execution of the administrative affairs for the municipality.
- 1.08 "Code" shall mean the Internal Revenue Code of 1986, as amended.
- 1.09 "Commonwealth" shall mean the Commonwealth of Pennsylvania.
- 1.10 "Compensation" shall mean the total compensation paid to the Employee by the Township

within the Plan Year which is reportable on his Internal Revenue Service W-2 form including base pay, longevity pay, court pay, holiday pay, overtime pay, and any other remuneration. Also included in "Compensation" is any amount contributed by an Employee to a 457 plan.

- 1.11 "Death Benefit" means the benefit paid from the Pension Fund to a named Beneficiary, the amount and the commencement of the payments as outlined in Plan Section 5.3
- 1.12 "Disability - Total and Permanent" means a physical or mental condition of a Participant resulting from bodily injury, disease, or mental disorder which renders the Participant incapable of performing any work for the Township for a period of 26 weeks. A physician chosen by the Township shall make such a determination.
- 1.13 "Early Retirement Date" - means the completion of ten years of service and the attainment of age 62.
- 1.14 "Effective Date" shall mean November 2, 1981, the original effective date of the Plan.
- 1.15 "Employee" shall mean any active non-uniformed employee of the Washington Township who is classified as a full-time employee by the Township, who is not a police officer, fire fighter, leased employee, or independent contractor, and who customarily works at least 35 hours per week for any six (or more) consecutive months in a calendar year.
- 1.16 "Employer" means Washington Township, Franklin County, Pennsylvania.
- 1.17 "Entry Date" shall mean the first of the month next following completion of six (6) months as an Employee.
- 1.18 "Forfeiture" means that portion of a Participant's Account that is not vested, and occurs on the earlier of:
- (a) The distribution of the Participant's entire Vested Interest, or
 - (b) The last day of the Plan Year in which the Participant incurs a Break in Service; provided that for purposes of this section a Participant will not incur a Break in Service prior to his termination of employment with the Township.

For purposes of this section, if a Participant terminates employment with the Township and has no Vested Interest, he shall be deemed to have received a distribution of his Vested Interest as of the earliest date that he could have received a distribution had his Vested Interest been one (\$1) dollar.

- 1.19 RESERVED

- 1.20 "Hour of Service" shall mean each hour for which an Employee is paid, or entitled to payment, for the performance of duties.
- 1.21 "Insurer" or "Insurance Company" shall mean a legal reserve life insurance company, licensed in the Commonwealth of Pennsylvania, which shall issue a policy or contract under this Plan.
- 1.22 "Life Annuity" shall mean a series of payments under which payments, once begun, continue throughout the remaining lifetime of the annuitant.
- 1.23 "Municipality" shall mean Washington Township, Franklin County, Pennsylvania.
- 1.24 "Normal Retirement Age" shall mean the age at which each Participant shall be entitled to his Normal Retirement Benefit provided the Employee retires on or after the Employee's Normal Retirement Date.
- 1.25 "Normal Retirement Date" means the earlier of: (A) the first day of the month coincident with or next following the attainment of participant's 65th birthday, or (B) the first day of the month coincident with or next following the completion of 35 Years of Service if same occurs earlier than the attainment of participant's 65th birthday.
- 1.26 "Participant" means any eligible employee who has become a member of the Plan by satisfying Article III, and has not for any reason become ineligible to participate further in the Plan.
- 1.27 "Participant's Account" shall mean the account established and maintained for each Participant with respect to his total interest in the Plan resulting from the Municipality's contributions and any earnings/losses thereon.
- 1.28 "Participant's Voluntary Account" shall mean RESERVED.
- 1.29 "Participant's Mandatory Account" shall mean RESERVED.
- 1.30 "Plan" shall mean the Washington Township (Franklin County) Non-Uniformed Employee's Plan & Trust.
- 1.31 "Plan Administrator" or "Administrator" shall mean the Retirement Plan Committee appointed by the Supervisors, or an Individual appointed by the Supervisors to administer the provisions of the Plan. In the event no such appointment is made, the Plan Administrator shall be the Supervisors.
- 1.32 "Plan Year" means the Plan's accounting year of twelve months commencing on January 1st

of each year and ending the following December 31st.

- 1.33 "Supervisors" shall mean the Supervisors of Washington Township.
- 1.34 "Termination of Employment" shall mean discontinuance of active employment, for reasons other than death, Total and Permanent Disability, or Retirement.
- 1.35 "Township" shall mean Washington Township, Franklin County, Pennsylvania.
- 1.36 "Trust" or "Trust Fund" shall mean the assets of the Plan held in Trust in accordance with any Trust established pursuant to this Plan.
- 1.37 "Trustee" shall mean a person or corporate entity, if any, appointed by the Supervisors to hold and invest the contributions of the Plan in accordance with the terms of an Agreement of Trust. If no such person is appointed, Trustee shall mean the Board of Supervisors of Washington Township.
- 1.38 "Valuation Date" shall mean December 31 of each year and any other date chosen by the Plan Administrator.
- 1.39 "Vested Interest" means the portion of a Participant's Account that is nonforfeitable.
- 1.40 "Year of Service" shall mean any Plan Year during which a Participant works at least 35 hours per week for six (6) consecutive months.

ARTICLE II

ADMINISTRATION

2.1 EFFECTIVE MAINTENANCE

The Supervisors shall administer the Plan established herein pursuant to such regulations as shall from time to time be necessary for the effective maintenance of the Plan; provided that no regulation shall be contrary to the statutes of the Commonwealth of Pennsylvania and or applicable Federal Regulations.

2.2 POWERS AND RESPONSIBILITIES OF THE TOWNSHIP

- (a) The Supervisors shall be empowered to appoint and remove the Trustee and the Administrator from time to time as it deems necessary for the proper administration of the Plan to assure that the Plan is being operated for the exclusive benefit of the Participants and their Beneficiaries in accordance with the terms of the Plan, the Code, and the Act.
- (b) The Supervisors shall establish an "investment policy", i.e., it shall determine whether the Plan has a short run need for liquidity (e.g., to pay benefits) or whether liquidity is a long run goal and investment growth (and stability of same) is a more current need, or shall appoint a qualified person to do so. The Township or its delegate shall communicate such needs and goals to the Trustee, who shall coordinate such Plan needs with its investment policy. The communication of such an investment policy shall not, however, constitute a directive to the Trustee as to investment of the Trust Funds. Such investment policy shall be consistent with the objectives of this Plan.
- (c) The Supervisors may in its discretion appoint an Investment Manager to manage all or designated portion of the assets of the Plan. In such event, the Trustee shall follow the directive of the Investment Manager in investing the assets of the Plan managed by the Investment Manager.
- (d) The Supervisors shall periodically review the performance of any Fiduciary or other person to whom duties have been delegated or allocated by it under the provisions of the Plan or pursuant to procedures established hereunder. This requirement may be satisfied by formal periodic review by the Township or by a qualified person specifically designated by the Township, through day-to-day conduct and evaluation, or through other appropriate ways.

2.3 ASSIGNMENT AND DESIGNATION OF ADMINISTRATIVE AUTHORITY

The Township may appoint a Retirement Plan Committee or an Individual to serve as Plan Administrator (or otherwise designated as "Administrator"). Municipal officials may delegate the authority to administer municipal pension plans to such committee or individual, but responsibility for the Plan's solvency and proper management cannot be delegated. Whether municipal officials administer the plan directly or delegate that authority, all plan officials must legally accept responsibility to act in a fiduciary capacity. The fiduciary role extends to all individuals who administer, manage or provide advice to the plan under contractual agreement.

The Retirement Plan Committee members may be removed by the Township (with or without cause) at any time. The Township, upon the resignation or removal of a Retirement Plan Committee member or individual Administrator designate in writing a successor to this position.

2.4 POWERS AND DUTIES OF THE ADMINISTRATOR

The primary responsibility of the Plan Administrator is to administer the Plan for the exclusive benefit of the Participants and their Beneficiaries, subject to the specific terms of the Plan. The Administrator shall administer the Plan in accordance with its terms and shall have the power to determine all questions arising in connection with the administration, interpretation, and application of the Plan. Any such determination by the Administrator shall be conclusive and binding upon all persons. The Administrator may establish procedures, correct any defect, supply any information, or reconcile any inconsistency in such manner and to such extent as shall be deemed necessary or advisable to carry out the purpose of the Plan; provided, however, that any procedure, discretionary act, interpretation or construction shall be done in a nondiscriminatory manner based upon uniform principles consistently applied. The Administrator shall have all powers necessary or appropriate to accomplish his duties under this Plan.

The Administrator shall be charged with the duties of the general administration of the Plan, including but not limited to, the following:

- (a) to determine all questions relating to the eligibility of Employees to participate or remain a Participant hereunder;
- (b) to compute, certify, and direct the Trustee, if any, with respect to the amount and the kind of benefits to which any Participant shall be entitled hereunder;
- (c) to authorize and direct the Trustee with respect to all nondiscretionary or otherwise directed disbursements from the Trust;

- (d) to maintain all necessary records for the administration of the Plan;
- (e) to interpret the provisions of the Plan and to make and publish such rules for regulation of the Plan as are consistent with the terms hereof;
- (f) to determine the size and type of any contract to be purchased from any insurer and to designate the insurer from which such Contract shall be purchased;
- (g) to compute and certify to the Township and to the Trustee from time to time the sums of money necessary or desirable to be contributed to the Trust Fund;
- (h) to consult with the Township and the Trustee regarding the short and long-term liquidity needs of the Plan in order that the Trustee can exercise any investment discretion in a manner designed to accomplish specific objectives;
- (i) to prepare and distribute to Employees a procedure for notifying Participants and Beneficiaries of their rights to elect joint and survivor annuities and Pre-Retirement Survivor Annuities as required by the Act and Regulations thereunder;
- (j) to assist any Participant regarding his rights, benefits, or elections available under the Plan.

2.5 RECORDS AND REPORTS

The Administrator shall keep a record of all actions taken and shall keep all other books of account, records, and other data that may be necessary for proper administration of the Plan and shall be responsible for supplying all information and reports to the Commonwealth, Internal Revenue Service, Department of Labor, Participants, Beneficiaries and others as required by law.

2.6 APPOINTMENT OF ADVISORS

The Plan Administrator, or the Trustee with the consent of the Plan Administrator, may appoint counsel, specialists, advisers, and other persons as the Plan Administrator or the Trustee deems necessary or desirable in connection with the administration of this Plan.

2.7 INFORMATION FROM TOWNSHIP

To enable the Administrator to perform his functions, the Township shall supply full and timely information to the Administrator on all matters relating to the Compensation of all Participants, their Hours of Service, their Years of Service, their retirement, death, disability, or termination of employment, and such other pertinent facts as the Administrator may

require; and the Administrator shall advise the Trustee of such of the foregoing facts as may be pertinent to the Trustee's duties under the Plan. The Administrator may rely upon such information as is supplied by the Township and shall have no duty or responsibility to verify such information.

2.8 PAYMENT OF EXPENSES

All expenses of administration may be paid out of the Plan funds unless paid by the Township. Such expenses shall include any expenses incident to the functioning of the Administrator, including, but not limited to, actuaries, consultants, accountants, counsel, and other specialists and their agents, and other costs of administering the Plan provided that no such payment shall be contrary to the statutes of the Commonwealth of Pennsylvania. Until paid, the expenses shall constitute a liability of the Plan. However, the Township may reimburse the Plan for any administration expense incurred. Any administration expense paid to the Plan as a reimbursement shall not be considered an Employer contribution.

2.09 MAJORITY ACTIONS

Except where there has been an allocation and delegation of administrative authority pursuant to Section 2.4, if there shall be more than one Administrator, they shall act by a majority of their number, but may authorize one or more of them to sign all papers on their behalf.

2.10 CLAIMS PROCEDURE

Claims for benefits under the Plan may be filed with the Administrator on forms supplied by the Township. Written notice of the disposition of a claim shall be furnished to the claimant within 90 days after the application is filed. In the event the claim is denied, the reasons for the denial shall be specifically set forth in the notice in language calculated to be understood by the claimant, pertinent provisions of the Plan shall be cited, and, where appropriate, an explanation as to how the claimant can perfect the claim will be provided. In addition, the claimant shall be furnished with an explanation of the Plan's claims review procedure.

2.11 CLAIMS REVIEW PROCEDURE

Any Employee, former Employee, or Beneficiary of either, who has been denied a benefit by a decision of the Administrator pursuant to Section 2.10 shall be entitled to request the Administrator to give further consideration to his claim by filing with the Administrator (on a form which may be obtained from the Administrator) a request for a hearing. Such request, together with a written statement of the reasons why the claimant believes his claim should be allowed, shall be filed with the Administrator no later than 60 days after receipt of the written notification provided for in Section 2.10. The Administrator (or its designee) shall then conduct a hearing within the next 60 days, at which the claimant may be represented by

an attorney or any other representative of his choosing and at which the claimant shall have an opportunity to submit written and oral evidence and arguments in support of his claim. At the hearing (or prior thereto upon 5 business days written notice to the Administrator) the claimant or his representative shall have an opportunity to review all documents in the possession of the Administrator which are pertinent to the claim at issue and its disallowance. Either the claimant or the Administrator (or its designee) may cause a court reporter to attend the hearing and record the proceedings. In such event, a complete written transcript of the proceedings shall be furnished to both parties by the court reporter. The full expense of any such court reporter and such transcripts shall be borne by the party causing the court reporter to attend the hearing. A final decision as to the allowance of the claim shall be made by the Administrator (or its designee) within 60 days of receipt of the appeal (unless there has been an extension of 60 days due to special circumstances, provided the delay and the special circumstances occasioning it are communicated to the claimant within the 60 day period). Such communication shall be written in a manner calculated to be understood by the claimant and shall include specific reasons for the decision and specific references to the pertinent Plan provisions on which the decision is based.

The claimant shall have the right to appeal the decision of the 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.

2.12 PAPERLESS TECHNOLOGY

Except as otherwise provided by law or regulation, the Plan Administrator may use electronic media rather than paper in order to administer the Plan.

ARTICLE III

ELIGIBILITY

3.1 CONDITIONS OF ELIGIBILITY

Any Employee who was a Participant in the Plan prior to the Effective Date of this Amendment shall continue to be eligible to participate in the Plan.

Any other full-time Employee (as defined in Plan Section 1.15) is eligible on the first of the month next following his completion of six (6) months of full-time employment. The Township shall give each prospective Eligible Employee written notice of his eligibility to participate in the Plan sufficient time to enable such prospective Eligible Employee to submit an application for participation in the Plan.

Notwithstanding any other provision of the Plan, the following employees are not eligible to participate in this Plan:

- (a) Any employee classified as a part-time employee.
- (b) Any employee whose terms of employment specify either that he is not entitled to retirement benefits or that he is not eligible to participate in this Plan.
- (c) Any employee whose terms of employment are covered by a collective bargaining agreement unless the collective bargaining agreement provides for participation.

Should an Employee become a Participant and later have an employment classification that makes him ineligible to participate, he shall remain a Participant, but he shall not be eligible to make contributions to the Plan, and no Employer contribution shall be allocated to his account based on any Compensation paid for any period during which he was in a category of employees ineligible to participate.

3.2 CONDITIONS FOR RE-ENTERING THE PLAN

Any Employee who experiences a Break in Service before retirement under this Plan must qualify to participate upon re-entering its service as if he had not previously been an Employee. If an Employee leaves the service but does not experience a Break in Service, he will be treated as if he had never left the Plan.

ARTICLE IV

CONTRIBUTION AND VALUATION

4.1 EMPLOYER CONTRIBUTIONS

- (a) For each Plan Year the Township shall contribute an amount which, when added to the State Aid and forfeitures to be allocated, equals eight and one-half percent (8½%) of the Compensation of each Participant who is credited with a Year of Service for that Plan Year.
- (b) General Municipal Pension System State Aid, or any other amount of State Aid, received in accordance with the Act, which is deposited into the Pension Plan, shall be applied against the annual obligation of the Township for current costs of the Plan.
- (c) Forfeitures may be used to pay Plan expenses. Any amount remaining after the payment of expenses shall be used to reduce the amount of the Employer contribution. If there are any forfeitures left after the allocation in subsection (a), they will be allocated among the accounts of Participants eligible for allocations under subsection in proportion to the Compensation of such Participants.

4.2 VOLUNTARY CONTRIBUTIONS

Effective as of January 1, 2007 Participants are neither permitted nor required to contribute. [Historical Note: As of January 1, 2007, the Trust held no amount attributable to a Participant contribution.]

4.3 SEPARATE ACCOUNTS

The Plan Administrator shall, for bookkeeping purposes, establish a separate account for each Participant. Rollover and transfer amounts shall be accounted for separately from Employer contributions.

4.4 ADJUSTMENTS TO ACCOUNTS

As of each Valuation Date, the Administrator shall add to each account:

- (a) The proportionate share of any investment earnings and increase in fair market value since last Valuation Date.
- (b) Where applicable, any rollover or transfer contributions made by the Participant; and
- (c) Any payment of amounts previously paid out to a Participant upon a separation from service and repaid by the Participant since the last Valuation Date.

The Administrator shall deduct from each account:

- (a) The proportionate share of any decrease in fair market value of the Account since last Valuation Date;
- (b) The proportionate share of any expenses paid from Plan assets; and
- (c) Any withdrawals or payments made from the Account since the last Valuation Date.

The Plan Administrator may segregate accounts of former employees and value them separately.

Notwithstanding the above, to the extent that any trust assets are invested through any arrangement with a bank, trust company, insurance company, or other investment organization, accounts shall be valued and gains, losses, costs, and expenses shall be allocated (but not less frequently than annually) in accordance with the terms of the applicable investment contract or arrangement. As of the effective date of this restatement, Participants had the right to direct the investment of their accounts, and accounts were valued daily.

4.5 ROLLOVERS

- (a) **Acceptance by Trustee** - The Trustee may accept a rollover amount (including a direct rollover) from another qualified trust or an IRA on behalf of a Participant as permitted under the Code. A rollover must take place within the sixty (60) day period immediately following the date on which the Participant received the rollover amount. The Trustee may require of the Participant such assurances and representations as it may deem necessary.
- (b) **Rollover Accounts** - Any rollover amount accepted under subsection (a) shall be held in a separate rollover account, and such account shall at all times be one hundred (100%) percent vested. Rollover accounts shall be distributable to a Participant (or beneficiary) at the same time and in the same manner as the account attributable to Employer contributions.
- (c) **After-Tax Contributions** - Notwithstanding the above, the Trustee may not accept any rollover amount that includes after-tax contributions.

ARTICLE V

BENEFITS

5.1 RETIREMENT BENEFITS

- (a) If a Participant terminates employment with the Township on or after reaching his Normal Retirement Date, or Early Retirement Date if applicable, he shall be entitled to a distribution of his Participant's Account.
- (b) Payments made under the provisions of this Plan shall not be charged against any other fund of the Township, or under its control.
- (c) Form of Payment - Unless a Participant elects to receive payment in a different form, his benefit shall be paid in the form of a single life annuity for the Participant (provided that an annuity is commercially available). A Participant may elect to receive a lump sum or, with the Plan Administrator's consent, a different form of payment, provided that a Participant may not elect to receive any form of annuity that is not commercially available or that does not comply with the requirements of Code Section 401(a)(9). Because this Plan is a defined contribution plan, if payment is to be made in the form of an annuity, the Plan Administrator or Trustee shall purchase the annuity from a third party provider.
- (d) A Participant may continue in the employ of the Municipality after having reached his Normal Retirement Date only upon request made to, and permission given by, the Board of Supervisors. Such extended service shall be allowed on an annual basis only, and shall be permitted only upon successful completion of an annual physical examination by a physician chosen by the Municipality. The Municipality shall continue to make contributions to the Plan until the time of actual retirement.

5.2 DISABILITY RETIREMENT BENEFITS

If an Employee suffers a Total and Permanent Disability, he shall be entitled to receive a distribution of his Vested Interest. A Participant shall be deemed Totally and Permanently Disabled for the purpose of this section only after he has been unable to perform any work for the Municipality and only if determined to be Totally and Permanently Disabled by a licensed physician chosen by the Supervisors.

5.3 DEATH BENEFITS

- (a) If a Participant dies before his Vested Interest has been distributed, his Beneficiaries shall be entitled to receive his Vested Interest, to be paid in the form of a Life Annuity, a lump sum, or any other equivalent annuity form mutually agreed upon by the Supervisors and the Participant's Beneficiary. Any annuity must be commercially available and comply with Code Section 401(a)(9).

- (b) Each Participant may designate a Beneficiary or Beneficiaries for any death benefits at the time he enters the Plan and may change the Beneficiary any time thereafter. In the absence of the Designation of Beneficiary, any death benefits payable shall be paid to the Participant's estate.

5.4 BENEFITS UPON TERMINATION

If a Participant's employment is terminated for any reason other than those set out above in Section 5.1, 5.2, or 5.3, payment of his Vested Interest will be made after he reaches his Normal Retirement Date or Early Retirement Date, if applicable. However, a Participant who has not been employed by the Township for a period of at least twelve full calendar months and has incurred a Break in Service may elect to take a distribution. His Vested Interest will be paid in any form permitted under Section 5.1 for the payment of retirement benefits.

5.5 VESTING

- (a) A Participant shall have a Vested Interest in the contributions, made on his behalf by the Municipality, together with all earnings/losses thereon, based upon his Years of Service, according to the following schedule:

Years of Service	2	3	4	5	6	7	8	9	10
Percent of Vested Interest in Account	0	0	0	50	60	70	80	90	100

- (b) Participants shall be fully vested at Normal Retirement Date. The account of a Participant who dies or suffers a Total and Permanent Disability while an Employee shall become 100% vested (if not already vested).
- (c) If a Participant terminates employment with the Township, suffers a Break in Service, and then again becomes an Employee after suffering a Break in Service, his Years of Service prior to his Break in Service shall not count toward the calculation of his Vested Interest in contributions made after his Break in Service.

5.6 DISTRIBUTION FOR A MINOR BENEFICIARY

In the event a distribution is to be made to a minor, the Administrator may, in the Administrator's sole discretion, direct that such distribution be paid to the legal guardian, or if none, to a parent of such Beneficiary or a responsible adult with whom the Beneficiary maintains his residence, or to the custodian for such Beneficiary under the Uniform Gift to Minors Act, if such is permitted by the laws of the state in which said Beneficiary resides. Such payment to the legal guardian or parent of a minor Beneficiary shall fully discharge the Trustee, Township, and Plan from further liability on account thereof.

5.7 LOCATION OF PARTICIPANT OR BENEFICIARY UNKNOWN

In the event that all, or any portion, of the distribution payable to a Participant or his Beneficiary hereunder shall, at the expiration of five (5) years after it shall become payable, remain unpaid solely by reason of the inability of the Administrator, after sending a registered letter, return receipt requested, to the last known address, and after further diligent effort, to ascertain the whereabouts of such Participant or his Beneficiary, the amount so distributable shall be forfeited and shall be used to reduce the cost of the Plan. In the event a Participant or beneficiary is located subsequent to his benefit being forfeited, such benefit shall be restored.

ARTICLE VI

TRUSTEE

6.1 BASIC RESPONSIBILITIES OF THE TRUSTEE

The Trustee shall have the following categories of responsibilities:

- (a) Consistent with any Investment Policy determined by the Township or, if investments are directed by Participants, consistent with Participant direction, to invest, manage, and control the Plan assets subject, however, to the direction of an Investment Manager if the Township should appoint such manager as to all or a portion of the assets of the Plan in accordance with the managers provisions.
- (b) At the direction of the Administrator, to pay benefits required under the Plan which are to be paid to participants, or, in the event of their death, to their beneficiaries;
- (c) To maintain records of receipts and disbursements and furnish to the Township and/or Administrator for each Fiscal Year a written annual report per Section 6.6.
- (d) If there shall be more than one Trustee, they shall act by a majority of their number, but may authorize one or more of them to sign papers on their behalf.

6.2 INVESTMENT POWERS AND DUTIES OF THE TRUSTEE

- (a) The Trustee shall invest and reinvest the Trust Fund to keep the Trust Fund invested without distinction between principal and income and in such securities or property, real or personal, wherever situated, as the Trustee shall deem advisable, including, but not limited to, stocks, common or preferred, bonds and other evidences of indebtedness or ownership, and real estate or any interest therein. The Trustee shall at all times in making investments of the Trust Fund consider, among other factors, the short and long-term financial needs of the Plan on the basis of information furnished by the Township. In making such investments, the Trustee shall not be restricted to securities or other property of the character expressly authorized by the applicable law for trust investments; however, the Trustee shall give due regard to any applicable limitations imposed by the Code or the Act so that at all times this Plan may qualify as a qualified Pension Plan and Trust.
- (b) The Trustee may employ a bank or trust company pursuant to the terms of its usual and customary bank agency agreement, under which the duties of such bank or trust company shall be of a custodial, clerical and record keeping nature.
- (c) The Trustee, may from time to time with the consent of the Township transfer to a common, collective or pooled trust maintained by any corporate Trustee hereunder, all or such part of the Trust Fund as the Trustee may deem advisable, and such part or

all of the Trust Fund so transferred shall be subject to all the terms and provisions of the common, collective or pooled trust fund which contemplate the commingling for investment purposes of such trust assets with trust assets of other trusts. The Trustee may, from time to time, with the consent of the Township, withdraw from such common, collective, or pooled trust fund all or such part of the Trust Fund as the Trustee may deem advisable.

6.3 OTHER POWERS OF THE TRUSTEE

The Trustee, in addition to all powers and authorities under common law, statutory authority, including the Act, and other provisions of the Plan, shall have the following powers and authorities, to be exercised in the Trustee's sole discretion:

- (a) To purchase or subscribe for, any securities or other property and to retain the same conjunction with the purchase of securities.
- (b) To sell, exchange, convey, transfer, grant options to purchase, or otherwise dispose of any securities or other property held by the Trustee, by private contract or at public auction. No person dealing with the Trustee shall be bound to see to the application of the purchase money or to inquire into the validity, expediency, or propriety of any such sale or other disposition, with or without advertisement;
- (c) To vote upon any stocks, bonds, or other securities; to give general or special proxies or powers of attorney with or without power of substitution; to exercise any conversion privileges, subscription rights or other options, and to make any payments incidental thereto; to oppose, or to consent to, or otherwise participate in, corporate reorganizations or other changes affecting corporate securities, and to delegate discretionary powers, and to pay any assessments or charges in connection therewith; and generally to exercise any of the powers of an owner with respect to stocks, bonds, securities or other property;
- (d) To cause any securities or other property to be registered in the Trustee's own name or in the name of one or more of the Trustee's nominees, and to hold any investments in bearer form, but the books and records of the Trustee shall at all times show that all such investments are part of the Trust Fund;
- (e) To keep portion of the Trust Fund in cash or cash balances as the Trustee may, from time to time, deem to be in the best interests of the Plan, without liability for interest thereon;

- (f) To accept and retain for such time as the Trustee may deem advisable any securities or other property received or acquired as Trustee hereunder, whether or not such securities or other property would normally be purchased as investments hereunder;
- (g) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
- (h) With the written consent of the Township, to settle, compromise, or submit to arbitration any claims, debts, or damages due or owing to or from the Plan, to commence or defend suits or legal or administrative proceedings, and to represent the Plan in all suits and legal and administrative proceedings;
- (i) To employ suitable agents and counsel and to pay their reasonable expenses and compensation, and such agent or counsel may or may not be agent or counsel for the Township;
- (j) To apply for and procure from responsible insurance companies, to be selected by the Administrator, as an investment of the Trust Fund such annuity, or other contract (on the life of any Participant) as the Administrator shall deem proper and which is allowable under the Act; to exercise, at any time or from time to time, whatever rights and privileges may be granted under such annuity, or other Contract; to collect, receive, and settle for the proceeds of all such annuity or other Contract as and when entitled to do so under the provisions thereof;
- (k) To invest funds of the Trust in time deposits or savings accounts bearing a reasonable rate of interest in the trustee's bank;
- (l) To invest in Treasury Bills and other forms of United States government obligations;
- (m) To deposit monies in federally insured savings accounts or certificates of deposit in banks or savings and loan associations;
- (n) To do all such acts and exercise all such rights and privileges, although not specifically mentioned herein, as the Trustee may deem necessary to carry out the purposes of the Plan.

6.4 DUTIES OF THE TRUSTEE REGARDING PAYMENTS

At the direction of the Administrator, the Trustee shall, from time to time, in accordance with the terms of the Plan, make payments out of the Trust Fund. The Trustee shall not be responsible in any way for the application of such payments.

6.5 TRUSTEES COMPENSATION AND EXPENSES AND TAXES

The Trustee shall be paid such reasonable compensation as shall from time to time be agreed upon in writing by the Township and the Trustee. An individual serving as Trustee who already receives full-time pay from the Township shall not receive compensation from this Plan. In addition, the Trustee shall be reimbursed for any reasonable expenses, including reasonable counsel fees incurred by it as Trustee. Such compensation and expenses shall be paid from the Trust Fund unless paid or advanced by the Township. All taxes of any kind and all kinds whatsoever that may be levied or assessed under existing or future laws upon, or in respect of, the Trust Fund or the income thereof, shall be paid from the Trust Fund or the income thereof, shall be paid from the trust Fund.

6.6 ANNUAL REPORT OF THE TRUSTEE

Within sixty (60) days after the later of the Anniversary Date or receipt of the Township's contribution for each Fiscal year, the Trustee shall furnish to the Township and Administrator a written statement of account with respect to the Fiscal year for which such contribution was made setting forth:

- (a) the net income, or loss, of the Trust Fund;
- (b) the gains, or losses, realized by the Trust Fund upon sales or other disposition of the assets;
- (c) the increase, or decrease, in the value of the trust Fund;
- (d) all payments and distributions made from the Trust Fund; and
- (e) such further information as the Trustee and/or Administrator deems appropriate. The Township, forthwith upon its receipt of each statement of account, shall acknowledge receipt thereof in writing and advise the Trustee and/or Administrator of its approval or disapproval thereof. Failure by the Township to disapprove any such statement of account within thirty (30) days after its receipt thereof shall be deemed an approval thereof. The approval by the Township of any statement of account shall be binding as to all matters embraced therein as between the Township and the Trustee to the same extent as if the account of the Trustee had been settled by judgment or decree in action for a judicial settlement of its account in court of competent jurisdiction in which the Trustee, the Township and all persons having or claiming an interest in the Plan were parties; provided, however, that nothing herein contained shall deprive the trustee of his right to have accounts judicially settled if the Trustee so desires.

6.7 AUDIT

RESERVED

6.8 RESIGNATION, REMOVAL AND SUCCESSION OF TRUSTEE

- (a) The Trustee may resign at any time by delivering to the Township, at least thirty (30) days before its effective date, a written notice of his resignation.
- (b) The Township may remove the Trustee by mailing by registered or certified mail, addressed to such Trustee at his last known address, at least thirty (30) days before its effective date, a written notice of his removal.
- (c) Upon death, resignation, incapacity, or removal of any Trustee, a successor may be appointed by the Township; and such successor, upon accepting such appointment in writing and delivering same to the Township, shall without further act, become vested with all the estate, rights, powers, discretion, and duties of his predecessor with like respect as if he were originally named as Trustee herein. Until such a successor is appointed, the remaining Trustee or Trustees shall have full authority to act under the terms of the Plan.
- (d) The Township may designate one or more successors prior to the death, resignation, incapacity, or removal of a Trustee. In the event a successor is so designated by the Township and accepts such designation, the successor shall, without further act, become vested with all the estate, rights, powers, discretion and duties of his predecessor with the like effect as if he were originally named as Trustee herein immediately upon the death, resignation, incapacity, or removal of his predecessor.
- (e) Whenever any Trustee hereunder ceases to serve as such, he shall furnish to the Township and Administrator a written statement of account with respect to the portion of the Fiscal Year during which he served as Trustee. Any such statement of account should be rendered to the Township no later than the due date of the annual statement of account for the Fiscal Year. No successor to the Trustee shall have any duty or responsibility to investigate the acts or transactions of any predecessor who has rendered all statements of account required by this subparagraph.

ARTICLE VII

PLAN AMENDMENT

7.1 AMENDMENT

The Township shall have the right at any time to amend the Plan. However, no such amendment shall authorize or permit any part of the Trust Fund (other than such part as is required to pay taxes and administration expenses) to be used for or diverted to purposes other than for the exclusive benefit of the Participants or their Beneficiaries or estates; no such amendment shall cause or permit any portion of the Trust Fund to revert to or become the property of the Township; and no such amendment which affects the rights, duties or responsibilities of the Trustee and the Administrator may be made without the Trustee's and Administrator's written consent. Any such amendment shall become effective as provided therein upon its execution. The Trustee shall not be required to execute any such amendment unless the Trust provisions contained herein are a part of this agreement and the amendment affects the duties of the Trustee hereunder.

ARTICLE VIII

PLAN TERMINATION

8.1 TERMINATION

The Township shall have the right at any time to terminate the Plan by delivering to the Trustee, Administrator and Insurer written notice of such termination. Upon Plan termination all unallocated amounts shall be allocated in accordance with the provisions hereof, and the account of each affected Participant shall become fully Vested and shall not thereafter be subject to forfeiture. The Township, by written notice to the Trustee, shall direct the Trustee to distribute the Plan assets to the Participants or their Beneficiaries.

ARTICLE IX

MERGER, CONSOLIDATION OR TRANSFER OF ASSETS

9.1 REQUIREMENTS

No merger or consolidation of this Plan with, or transfer of assets or liabilities of this Plan to, any other plan shall occur unless each Participant in the Plan would (if the Plan then terminated) receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation or transfer (if this Plan had then terminated). In addition, any merger, consolidation, or transfer of assets must be consistent with the laws of the Commonwealth.

ARTICLE X

PROVISIONS TO COMPLY WITH ACT 205
AND OTHER ADMINISTRATIVE MATTERS

10.1 ACT 205 COMPLIANCE

The Chief Administrative Officer shall complete or engage a consultant to prepare all reports as are required pursuant to Act 205.

The expenses attributable to the preparation of any actuarial valuation report or experience investigation required by Act 205 or any other expense which is permissible under the terms of the Act and which are directly associated with administering the Plan shall be an allowable administrative expense payable from the assets of the Trust Fund. Such allowable expenses shall include but 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 expense for pension plan officials; provided, however, that the municipal officials of the Township, in their fiduciary role, shall monitor the services provided to the Plan to ensure that the expenses are necessary, reasonable and benefit the pension plan and, further provided, that the Plan Administrator shall document all such expenses item by item, and where necessary, hour by hour.

10.2 REPORTING REQUIREMENTS

The Chief Administrative Officer of the pension plan shall determine the financial requirements of the pension plan and shall determine the minimum obligation of the Township with respect to funding the Plan for any given Plan Year. The Chief Administrative Officer shall submit the financial requirements of the Plan and the minimum obligation of the Township to the governing body of the Township annually and shall certify the accuracy of such calculations and their conformance with the Act.

10.3 BENEFIT MODIFICATIONS

Prior to the adoption of any benefit plan modification by the Township, the Chief Administrative Officer of the Plan shall provide to the Township a cost estimate in accordance with State law.

ARTICLE XI

APPLICABLE PROVISIONS OF THE INTERNAL REVENUE CODE

11.1 DEFINITIONS

The following definitions apply for purposes of this Article only:

- (a) "Leased Employee" shall mean, effective as of January 1, 1997, 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 performed under primary direction or control by the recipient.
- (b) "Limitation Year" shall mean the Plan Year.

11.2 LEASED EMPLOYEES AND INDEPENDENT CONTRACTORS

Leased Employees and independent contractors are not eligible to participate in this Plan. Any person whom the Board of Supervisors does not regard as being an Employee shall not be eligible to participate.

11.3 LIMIT ON COMPENSATION

Compensation is subject to the limitation under Code Section 401(a)(17), which is \$225,000 for the Plan Year beginning in 2007. The limit is automatically adjusted periodically, without formal amendment, for changes in the law and cost-of-living adjustments under Code Section 401(a)(17).

11.4 PENSION PLAN

For purposes of Code Section 401(a)(27) this plan is a pension plan.

11.5 LIMIT ON ANNUAL ADDITIONS

- (a) Annual Additions - Except as otherwise provided, annual additions (which include Participant Contributions) under this Plan shall at all times comply with the provisions of Code Section 415(c) and the regulations thereunder, the terms of which are specifically incorporated herein by reference. If an annual addition would otherwise exceed the limit under Code Section 415(c), the excess annual addition will be allocated in accordance with reg. §1.415-6(b)(6)(ii).

- (b) Multiple Plans - If a Participant also participates in one or more other plans that are required to be aggregated with this Plan for purposes of determining the limits under Code Section 415(c), and if the annual additions would otherwise exceed the limit under Code Section 415(c), annual additions will first be reduced under the other plan. If there is more than one other plan, annual additions will first be reduced under the plan with the greatest amount of annual additions.
- (c) Effective Date – The limits under which Code Section 415(c) are adjusted periodically in accordance with changes in the law or cost of living adjustments without the need for a plan amendment. If there is more than one permissible effective date for any required change relating to Code Section 415(c), then the change shall be effective as of the earliest permissible effective date.

11.6 DIRECT ROLLOVERS

- (a) Effective as of January 1, 1993, if a Participant, a spousal beneficiary, or an alternate payee (who is a spouse or former spouse of a Participant) is entitled (under other provisions of this Plan) to receive an “eligible rollover distribution” of at least two hundred (\$200) dollars, the distributee may elect that the Plan Administrator transfer all or part (provided that the part is at least five hundred (\$500) dollars) to any “eligible retirement plan” capable of accepting such a transfer.
- (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: (i) 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; (ii) any distribution to the extent such distribution is required under Code Section 401(a)(9); (iii) 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), and (iv) effective as of January 1, 2002, any hardship distribution. Effective as of January 1, 2002 clause (iii) does not apply to any after-tax Participant contributions that are paid to an individual retirement account or annuity described in Code Section 408(a) or (b), or to a qualified defined contribution plan described in Code Section 401(a) or 403(a) that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.
 - (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 a surviving spouse, prior to January 1, 2002, an eligible retirement plan was an individual retirement account or individual retirement annuity. Effective as of January 1, 2002, an "eligible retirement plan" includes an annuity contract described in Code Section 403(b) and an eligible plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this plan.

- (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)(11), are distributees with regard to the interest of the spouse or former spouse.
- (4) Effective as of January 1, 2002, an Employee may, in accordance with Code Section 457(e)(17), make a trustee-to trustee transfer from an eligible deferred compensation plan (as defined in Code Section 457(b)) to this Plan for the purpose of purchasing service credit (to the extent that such purchases are permitted under the terms of the Plan) or repaying a cash-out of contributions refunded under the Plan.

11.7 MINIMUM REQUIRED DISTRIBUTIONS

Notwithstanding any provision in this Plan to the contrary, the distribution of a Participant's benefits shall be made in accordance with the requirements and conditions of and shall otherwise comply with Code Section 401(a)(9). For purposes of complying with Code Section 401(a)(9), life expectancies were determined in accordance with the 1987 proposed regulations prior to January 1, 2003 and with the final regulations (§1.401(a)(9)-1 through §1.401(a)(9)-9) on or after January 1, 2003.

- (a) Effective as of January 1, 1997 distribution of a Participant's benefits shall begin not later than April 1st of the calendar year following the later of:
 - (1) the calendar year in which the Participant attains age seventy and one-half (70½), or
 - (2) the calendar year in which the Participant retires.

Distributions must be made over a period not exceeding the life of the Participant or the joint lives a Participant and his Beneficiary.

- (b) Distributions to a Participant and his Beneficiaries shall only be made in accordance with the incidental death benefit requirements of Code Section 401(a)(9)(G) and the regulations thereunder.
- (c) This section does not authorize the payment of any benefit in any form not permitted under another provision of the Plan.

11.8 QUALIFIED DOMESTIC RELATIONS ORDERS

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)(11).

11.9 CREDIT FOR QUALIFIED MILITARY SERVICE

Effective as of December 12, 1994, 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 Code Section 414(u).

11.10 VESTING UPON PLAN TERMINATION

Upon the termination of this Plan, or complete discontinuance of contributions (within the meaning of pre-ERISA Code Section 401(a)(7)) to this Plan, each Employee as of the date of such termination or discontinuance shall become vested to the extent that the Plan is funded.

ARTICLE XII

MISCELLANEOUS

12.1 PARTICIPANT'S RIGHTS

This Plan shall not be deemed to constitute a contract between the Township and any Participant or to be a consideration or an inducement for the employment of any Participant or Employee. Nothing contained in this Plan shall be deemed to give any Participant or Employee the right to be retained in the service of the Township or to interfere with the right of the Township to discharge any Participant or Employee at any time regardless of the effect which such discharge shall have upon him as a Participant of this Plan.

12.2 ALIENATION

- (a) Subject to the exceptions provided below no benefit which shall be payable out of the Trust Fund to any person (including a Participant or his Beneficiary) shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge the same shall be void; and no such benefit shall in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of any such person, nor shall it be subject to attachment or legal process for or against such person, and the same shall not be recognized by the Trustee, except to such extent as may be required by law.
- (b) This provision shall not apply to the extent a Participant or Beneficiary is indebted to the Plan, for any reason, under any provision of the Plan. At the time a distribution is to be made to or for a Participant's or Beneficiary's benefit, such proportion of the amount distributed as shall equal such indebtedness shall be paid by the Trustee to the Trustee or Administrator, at the direction of the Administrator, to apply against or discharge such indebtedness. Prior to making a payment, however, the Participant or Beneficiary must be given written notice by the Administrator that such indebtedness is to be so paid in whole or part from his Participant's Accrued Benefit. If the Participant or Beneficiary does not agree that the indebtedness is a valid claim against his Vested Participant's Accrued Benefit, he shall be entitled to a review of the validity of the claim in accordance with procedures provided in Sections 2.10 and 2.11.
- (c) This provision shall not apply to a "qualified domestic relations order" defined in Code Section 414(p), and those other domestic relations orders permitted to be so treated by the Administrator under the provisions of the Retirement Equity Act of 1984. The Administrator shall establish a written procedure to determine the qualified status of domestic relations orders and administer distributions under such qualified orders. Further, to the extent provided under a "qualified domestic relations order", a former spouse of a Participant shall be treated as the spouse or surviving

spouse for all purposes under the Plan.

12.3 CONSTRUCTION OF THE PLAN

This Plan and Trust shall be construed and enforced according to the Act and the Laws of the Commonwealth of Pennsylvania, other than its laws respecting choice of law, to the extent not preempted by the Act.

12.4 GENDER AND NUMBER

Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

12.5 LEGAL ACTION

In the event any claim, suit, or proceeding is brought regarding the Plan established hereunder, reasonable and necessary fees and expenses incurred for advice, or to defend certain fiduciaries, shall be reimbursed, or reimbursable, as specified by the Act.

12.6 PROHIBITION AGAINST DIVERSION OF FUNDS

Except as provided below and otherwise specifically permitted by law, it shall be impossible by operation of the Plan or of the Trust, by termination of either, by power of revocation or amendment, by the happening of any contingency, by collateral arrangement or by any other means, for any part of the corpus or income of any trust fund maintained pursuant to the Plan or any funds contributed thereto to be used for, or diverted to, purposes other than the exclusive benefit of Participants, Retired Participants, or their Beneficiaries.

12.7 INSURER'S PROTECTIVE CLAUSE

Any insurer who shall issue Contracts hereunder shall not have any responsibility for the validity of this Plan or for the tax or legal aspects of this Plan. The insurer shall be protected and held harmless in acting in accordance with any written direction of the Trustee, and shall have no duty to see to the application of any funds paid to the Trustee, nor be required to question any actions directed by the Trustee. Regardless of any provision to this Plan, the insurer shall not be required to take or permit any action or allow any benefit or privilege contrary to the terms of any contract which it issues hereunder, or the rules of the insurer.

12.8 RECEIPT AND RELEASE FOR PAYMENTS

Any payment to any Participant, his legal representative, Beneficiary, or to any guardian or committee appointed for such Participant or Beneficiary in accordance with the provisions of the Plan, shall, to the extent thereof, be in full satisfaction of all claims hereunder against the Trustee and the Township, either of whom may require a Participant, legal representative, Beneficiary, guardian or committee, as a condition precedent to such payment, to execute a receipt and release thereof in such form as shall be determined by the Trustee or Township.

12.9 ACTION BY THE TOWNSHIP

Whenever the Township under the terms of the Plan is permitted or required to do so or perform any act or matter or thing, it shall be done and performed by a person duly authorized by its legally constituted authority.

12.10 NAMED FIDUCIARIES AND ALLOCATION OF RESPONSIBILITY

The "named Fiduciaries" of this Plan are (1) the Township, (2) the Administrator, (3) the Trustee and (4) any Investment Manager appointed hereunder. The named Fiduciaries shall have only those specific powers, duties, responsibilities, and obligations as are specifically given them under the Plan. In general, the Township shall have the sole responsibility for making the contributions provided for under Section 4.1; and shall have the sole authority to appoint and remove the Trustee, the Administrator, and any Investment Manager which may be provided for under the Plan; to formulate the Plan's investment policy; and to amend or terminate, in whole or in part, the Plan. The Administrator shall have the sole responsibility for the administration of the Plan, which responsibility is specifically described in the Plan. The Trustee shall have the sole responsibility of management of the assets held under Trust, except those assets, the management of which has been assigned to an Investment Manager, who shall be solely responsible for the management of the assets assigned to it, all as specifically provided in the Plan. Each named Fiduciary warrants that any directions given, information furnished, or action taken by it shall be in accordance with the provisions of the Plan, authorizing or providing for such direction, information or action. Furthermore each named Fiduciary may rely upon any direction, information or action of another named Fiduciary as being proper under the Plan, and is not required under the Plan to inquire into the propriety of any such direction, information or action. It is intended under the Plan that each named Fiduciary shall be responsible for the proper exercise of its own powers, duties, responsibilities and obligations under the Plan. No named Fiduciary shall guarantee the Trust Fund in any manner against investment loss or depreciation in asset value. Any person or group may serve in more than one Fiduciary capacity.

12.11 HEADINGS

The headings and subheadings of this Plan have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

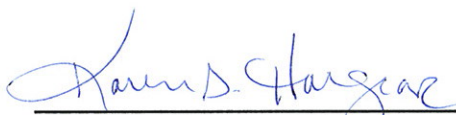
12.12 UNIFORMITY

All provisions of this Plan shall be interpreted and applied in a uniform, nondiscriminatory manner.

ORDAINED AND ENACTED INTO LAW this 17th day of December 2007.

ATTEST:

**BOARD OF SUPERVISORS OF
WASHINGTON TOWNSHIP
FRANKLIN COUNTY, PENNSYLVANIA**

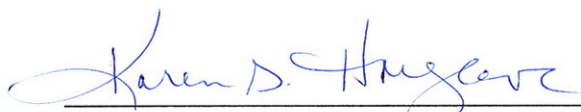


Karen S. Hargrave, Secretary

By: 

**Carroll C. Sturm, Chairman
Board of Supervisors**

I, Karen S. Hargrave, Secretary to the Board of Supervisors, Washington Township, Franklin County, Pennsylvania, do certify that the foregoing is a true and correct copy of ordinance adopted at a regular meeting of the Washington Township Supervisors held December 17, 2007, in regular session duly assembled.



Karen S. Hargrave, Secretary

