ORDINANCE NUMBER 151

DECEMBER 4, 2000

WASHINGTON TOWNSHIP NON-UNIFORMED EMPLOYEES' PLAN & TRUST

Washington Township
Non-Uniformed Employees' Plan & Trust
Plan EIN No.: 25-1638005

Amended and Restated January 1, 2000

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TOWNSHIP OF WASHINGTON

FRANKLIN COUNTY, PENNSYLVANIA

ORDINANCE NUMBER: 151

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 AND PROVIDING FOR EMPLOYEE, VOLUNTARY CONTRIBUTIONS.

WHEREAS, the Washington Township (the "Township") has previously enacted Ordinance 116 establishing the Washington Township Non-Uniformed Employee's Pension Plan.

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:

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

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ESTABLISHMENT

(1) There is hereby amended and restated in the Washington Township Non-Uniformed Employees 'Plan & Trust (the "Plan") to be maintained by annual appropriations made by the Washington Township (and to be made by Participants), and by payments made by the state treasurer to the Washington Township from moneys received from taxes paid

upon premiums by foreign casualty insurance companies for the purposes of pension retirement and by employee contributions, gifts, grants, devises or bequests granted to the pension and pursuant to Article IV hereof.

(2) WHEREAS, The Super-visors of Washington Township do hereby amend and restate the Plan. The amended and restated effective date is January 1, 2000

(3) WHEREAS, the Plan was established effective November 2, 1981 and restated in its entirety _____ ____,1988.

(4) Such plan shall be under the direction of the Supervisors and shall be applied for the benefit of the non-uniformed employees of the 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:

"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 Employer 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 twelve-consecutive month period during which an Employee fails to work at least 35 hours in a week and 40 weeks in a year. 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, hours of 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 any period 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. The total hours of service required to be credited for a "maternity or paternity leave of absence" shall not exceed 501 hours.

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.

1.09 “Commonwealth” shall mean the Commonwealth of Pennsylvania.

1.10 "Compensation" shall mean the total compensation paid to the Employee by the Employer 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 Employer for a period of 26 weeks. A physician chosen by the Employer 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" means a full-time non-uniformed employee of the Washington Township other than a police officer, fire fighter or independent contractor. A full-time employee is an employee who customarily works at least 35 hours a week and 4O weeks in a year and whose wages are subject to the laws requiring the withholding by the Employer of income taxes.

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 a full-time 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 entire vested portion of a Participant's account, or

(b) The last day of the Plan Year in which the Participant incurs a Break in Service.

1.19 "Former Participants” means a person who has been a Participant but who has ceased to be a Participant for any reason.

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 the account established and maintained for each Participant with respect to his total interest in the Plan resulting from voluntary contributions and any earnings/losses thereon.

1.29 "Participant's Mandatory Account" shall mean the account established and maintained for each Participant with respect to his total interest in the Plan resulting from mandatory contributions and any earnings/losses thereon.

1.30 "Plan" shall mean the Washington Township 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 "Terminated Participant" means a person who has been a Participant, but whose employment has been terminated other than by death, Total and Permanent Disability of Retirement.

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.

1.39 "Vested" means the portion of a Participant's Account that is nonforfeitable.

1.40 "Year of Service" shall mean completion of a twelve-consecutive month period during which an Employee works at least 35 hours in a week and 40 weeks in a year. Unless specified elsewhere, the computation period shall be the plan year.

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 EMPLOYER

(4)1 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.

(4)2 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 Employer 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.

(4)3 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.

(4)4 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 Employer or by a qualified person specifically designated by the Employer, through day-to-day conduct and evaluation, or through other appropriate ways.

2.3 ASSIGNMENT AND DESIGNATION OF ADMINISTRATIVE AUTHORITY

The Employer 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 Employer (with or without cause) at any time. The Employer, 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 a 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:

(1) to determine all questions relating to the eligibility of Employees to participate or remain a Participant hereunder;

(2) 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;

(3) to authorize and direct the Trustee with respect to all nondiscretionary or otherwise directed disbursements from the Trust,'

(4) to maintain all necessary records for the administration of the Plan;

(5) 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;

(6) 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;

(7) to compute and certify to the Employer and to the Trustee from time to time the sums of money necessary or desirable to be contributed to the Trust Fund;

(8) to consult with the Employer 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;

(0)1 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;

(10) 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 EMPLOYER

To enable the Administrator to perform his functions, the Employer 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 Employer 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 Employer. 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 statues of The Commonwealth of Pennsylvania. Until paid, the expenses shall constitute a liability of the Plan. However, the Employer 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 Employer. 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 there to 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.

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 be eligible to participate in the Plan, thereafter any 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 Employer 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.

3.2 CONDITIONS FOR RE-ENTERING THE PLAN

Any Employee who experiences one year 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 one year 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) The Plan shall be financed by periodic payments made by the Employer in the amount of eight and one-half percent (8 ½ %) of each Participant's Compensation. However, no contribution in excess of the Participant's required contribution, if any, shall be made on behalf of a Participant who encounters a Break in Service or who does not complete a year of service.

(2) Starting with the fourth Plan Year, applications of General Municipal Pension System State Aid, or any other amount of State Aid received in accordance with the Act, which are received by the Employer and deposited into the Pension Plan, shall be applied against the annual obligation of the Employer for current costs of the Plan. Any State Aid, applied to this Plan by the Employer, which is in excess of that necessary to satisfy the funding requirements of the Plan, shall be allocated based upon Participant's Compensation as a percentage of the Compensation of all Participants.

(3) Cessation of a Participant's employment by the Employer prior to the Normal Retirement Date for a reason other than death or Total and Permanent Disability shall terminate his participation in the Plan, subject, however, to the Participant's vested interest. Forfeitures of any amounts contributed by the Municipality shall increase the interest of the remaining participants. Forfeitures will be allocated based upon Participant's Compensation as a percentage of the Compensation of all Participants.

4.2 VOLUNTARY CONTRIBUTIONS

(1) Each Participant may contribute to the fund in each Plan Year during which he is a member such amount as he may determine to contribute. However, such amount shall not exceed ten (10%) percent of Compensation paid him by the Employer in such year.

(2) The amount of each Participant's Voluntary contribution shall be determined by the Participant's direction to the Administrator prior to the beginning of each plan year on a form provided by the Administrator.

(3) Each Participant's Voluntary contribution as determined under this Section 4.2 shall be by means of regular deductions from the wages paid to him by the Employer.

(4) Each Participant's Voluntary contributions shall be separately maintained and shall be nonforfeitable.

(5) Cessation of a Participant's employment by the Employer prior to the Normal Retirement Date shall terminate his participation in the Plan, and he may receive the value of his Participant's Voluntary Account as of his date of termination; or, with the consent of the Administrator, he may continue to maintain his separate account with the Administrator to be paid as Retirement, Disability or Death Benefits at a later date.

4.3 SEPARATE ACCOUNTS

The Employer shall establish a Participant's Account, a Participant's Voluntary Account and Participant's Mandatory Account showing the total value of the Participant's interest in each of the Accounts. Each Account shall be separated for bookkeeping purposes.

4.4 ADJUSTMENTS TO ACCOUNTS

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

(5)1 Where applicable, the Participant's portion and share of any investment earnings and increase in fair market value of the account since last Valuation Date.

(5)2 Where applicable, any rollover or transfer contributions made by the Participant;

(5)3 Where applicable, any contributions made by the Participant during the Plan Year;

(4) 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; and

(5) Each Participant's share of forfeitures.

The Administrator shall deduct from each account:

(5)1 The Participant’s proportionate share of any decrease in fair market value of the Account since last Valuation Date; and

(5)2 Any withdrawals or payments made from the Account since the last Valuation Date.

4.5 ALLOCATION OF INVESTMENT EARNINGS AND LOSSES

A Participant's share of investment earnings and increase or decrease in the fair market value of an Account shall be based on the proportionate value of all active accounts as of the last valuation date plus withdrawals since the last valuation date.

ARTICLE V
BENEFITS

5.1 RETIREMENT BENEFITS

(1) At Normal Retirement Date (Retirement), a Participant shall receive the value of his Participant's Account, and Participant's Mandatory Account if the Participant so elects (and the Trustee consents) his or her Participant's Voluntary Account, if any, to be paid in the form of a Life Annuity or any other equivalent form mutually agreed upon by the Supervisors and the Participant; provided, however, that no Retirement Benefits shall be paid until actual Retirement, following the Participant's Normal Retirement Date or Early Retirement Date, if applicable. If agreeable, however, to the Supervisors, a Participant may request benefit payments to begin at his Early Retirement Date, if applicable, or Normal Retirement Date, while remaining an employee. The Plan may use the Participant's account balance to purchase an annuity from a third party provider to satisfy any annuity obligation.

(2) Payments made under the provisions of this Plan shall not be charged against any other fund of the Employer, or under its control.

(3) Voluntary Account - At Normal Retirement Date a Participant shall receive the value of his Voluntary Account, unless he or she shall elect otherwise (and the Trustee consents) pursuant to Section 5. 1 (a).

(4) 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 a Participant becomes Totally and Permanently Disabled, he shall be entitled to receive the same benefits payable under Plan Section 5.1 as if he had died while an employee of the Municipality. 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

(4)1 If a Participant dies while an Employee of the Municipality, his Beneficiaries shall be entitled to receive his account at the time of death, to be paid in the form of a Life Annuity or any other equivalent annuity form mutually agreed upon by the Supervisors and the Participant's Beneficiary. The Plan may use the Participant's account balance to purchase an annuity from a third party provider to satisfy any annuity obligation.

(4)2 If a Former Participant dies, his Beneficiaries shall be entitled to receive whatever benefits, if any, said Former Participant would be entitled to receive under Plan Section 5. 1.

(4)3 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 your employment is terminated for any reason other than those set out above in Sections 5.1, 5.2, or 5.3, payment of your benefits will be postponed until your Normal Retirement Date or Early Retirement Date, if applicable. You will only be entitled to that portion of your Participant's Account in which you are vested. (You are always entitled to 100% of the account balance of Participant's Mandatory Account or Participant's Voluntary Account, if any) such amounts will be paid in the form of a Life Annuity or any other equivalent form mutually agreed upon by the Supervisors and the Former Participant. The Plan may use the Participant's account balance to purchase an annuity from a third-party provider to satisfy any annuity obligation.

5.5 VESTING

(1) 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 Years of Service, according to the following schedule:

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

(2) Forfeitures shall be used by the Administrator to satisfy known or anticipated administrative costs and expenses of the Plan, and if not so needed for administrative costs and expenses, shall be allocated to Participants. All forfeitures allocated to Participants shall be allocated based upon the percentage of the Participant's

Compensation relative to the total Compensation of all Participants. A Participant shall have a 100% vested interest at all times in his Participant's Mandatory Account and/or Participant's Voluntary Account. Participants shall be fully vested at Normal Retirement Date.

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, Employer, 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.

5.8 EFFECT OF SOCIAL SECURITY ACT

Benefits being paid to a Participant or Beneficiary under the terms of the Plan may not be decreased by reason of any post separation Social Security benefit increases or by the increase of the Social Security wage base under Title 11 of the Social Security Act. Benefits to which a former Participant has a vested interest may not be decreased by reason of an increase in a benefit level or wage base under Title H of the Social Security Act.

ARTICLE VI

TRUSTEE

6.1 BASIC RESPONSIBILITIES OF THE TRUSTEE

The Trustee shall have the following categories of responsibilities:

(2)1 Consistent with any Investment Policy determined by the Employer 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 Employer should appoint such manager as to all or a portion of the assets of the Plan in accordance with the managers provisions.

(2)2 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;

(2)3 To maintain records of receipts and disbursements and furnish to the Employer and/or Administrator for each Fiscal Year a written annual report per Section 6.6.

(2)4 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

(1) 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 Employer. 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.

(2) 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.

(3) The Trustee, may from time to time with the consent of the Employer 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 Employer, 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:

(3)1 To purchase or subscribe for, any securities or other property and to retain the same conjunction with the purchase of securities.

(3)2 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;

(3)3 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;

(5) 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;

(6) 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;

(7) 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;

(8) With the written consent of the Employer, 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;

(1) 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 Employer;

(10) 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;

(1) 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 Employer and the Trustee. An individual serving as Trustee who already receives full-time pay from the Employer 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 Employer. 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 Employer's contribution for each Fiscal year, the Trustee shall furnish to the Employer and Administrator a written statement of account with respect to the Fiscal year for which such contribution was made setting forth:

(10)1 the net income, or loss, of the Trust Fund;

(2) the gains, or losses, realized by the Trust Fund upon sales or other disposition of the assets;

(3) the increase, or decrease, in the value of the trust Fund;

(4) all payments and distributions made from the Trust Fund; and

(5) such further information as the Trustee and/or Administrator deems appropriate. The Employer, forthwith upon its receipts 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 Employer 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 Employer of any statement of account shall be binding as to all matters embraced therein as between the Employer 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 Employer 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

(5)1 If an audit of the Plan's records shall be required or advisable by the Act or otherwise pursuant to State law for any Plan Year, the Administrator shall direct the Trustee to engage on behalf of all Participants an independent, qualified public accountant for that purpose. Such accountant shall, after an audit of the books and records of the Plan in accordance with generally accepted auditing standards, within a reasonable period after the close of the Plan Year, furnish to the Administrator and the Trustee a report of his audit setting forth his opinion as to whether each of the following statements, schedules or lists, or any others that are required by Section 103 of the Act or the Secretary of Labor to be filed with the Plan's annual report, are presented fairly in conformity with generally accepted accounting principles applied consistently:

(1)1 statement of assets and liabilities of the Plan;

(ii) statement of changes in net assets available to the Plan;

(iii) statement of receipts and disbursements, a schedule of all assets held for investment purposes, a schedule of all loans or fixed income obligations in default at the close of the Plan Year.

(iv) a list of all leases in default or uncollectible during the Plan Year;

(v) the most recent annual statement of assets and liabilities of any bank common or collective trust fund in which Plan assets are invested or such information regarding separate accounts or trusts with a bank or insurance company as the Trustee and Administrator deem necessary; and

(vi) a schedule of each transaction or series of transactions involving an amount in excess of three (3%) percent of Plan assets.

All auditing and accounting fees shall be an expense of and may, at the election of the Administrator, be paid from the Trust Fund.

(2) If some or all of the information necessary to enable the Administrator to comply with Section 103 of the Act is maintained by a bank, insurance company, or similar institution, regulated and supervised and subject to periodic examination by a state or federal agency, it shall transmit and certify the accuracy of that information to the Administrator as provided in Section 103(b) of the Act within one hundred twenty (120) days after the end of the Plan Year or such other date as may be prescribed under regulations of the Secretary of Labor.

6.8 RESIGNATION, REMOVAL AND SUCCESSION OF TRUSTEE

(2)1 The Trustee may resign at any time by delivering to the Employer, at least thirty (30) days before its effective date, a written notice of his resignation.

(2)2 The Employer may remove the Trustee by mailing by registered or certified mad, addressed to such Trustee at his last known address, at least thirty (30) days before its effective date, a written notice of his removal.

(2)3 Upon death, resignation, incapacity, or removal of any Trustee, a successor may be appointed by the Employer; and such successor, upon accepting such appointment in writing and delivering same to the Employer, 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.

(2)4 The Employer 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 Employer 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.

(2)5 Whenever any Trustee hereunder ceases to serve as such, he shall furnish to the Employer and Administrator a written statement of account with respect to the portion of the Fiscal Year during which he served as Trustee. This statement shall be either (i) included as part of the annual statement of Account for the Fiscal year required under Section 6.7 or (ii) set forth in a special statement. Any such special statement of account should be rendered to the Employer no later than the due date of the' annual statement of account for the Fiscal Year. The procedures set forth in Section 6.7 for the approval by the Employer of annual statements of account shall apply to any special statement. of account rendered. hereunder and approval by the Employer of any such special statement in the manner provided in Section 6.7 shall have the same effect upon the statement as the Employer's approval of an annual statement of account. 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 Section 7.6 and this subparagraph.

ARTICLE VII

PLAN AMENDMENT

7.1 AMENDMENT

The Employer 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 any reduction in the Accrued Benefit of any Participant (except to the extent permitted under Code Section 412 (c) (8) or cause or permit any portion of the Trust Fund to revert to or become the property of the Employer; 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.

For purposes of this paragraph, a plan amendment which has the effect: of (1) eliminating or reducing an early retirement benefit or a retirement-type subsidy, or (2) eliminating an optional form of benefit, with respect to benefits attributable to service before the amendment shall be treated as reducing accrued benefits. In the case of a retirement-type subsidy, the preceding sentence shall apply only with respect to a Participant who satisfies (either before or after the amendment) the preamendment conditions for the subsidy. In general, a retirement type subsidy is a subsidy that continues after retirement, but does not include a qualified disability benefit, a medical benefit, a social security supplement, a death benefit (including life insurance). Furthermore, no amendment to the plan shall have the effect of decreasing a Participant's Vested Interest determined without regard to such amendment as of the later of the date such amendment is adopted, or becomes effective.

ARTICLE VIII

PLAN TERMINATION

8.1 TERMINATION

The Employer 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 any termination (full or partial), all unallocated amounts shall be allocated in accordance with the provisions hereof and the benefit of each affected Participant shall become fully Vested and shall not thereafter be subject to forfeiture. Upon termination of the Plan, the Employer, by written notice to the Trustee, may direct either:

(1) Continue the Trusts created by this agreement and distribute the benefits at such time and in such manner as though the Plan had not been terminated; or

(2) Complete distribution of the assets in the Plan to the Participant, in cash or in kind, in one lump-sum payment, or in the form of a deferred annuity payable at Normal Retirement Date, as soon as the Trustee deems it in the best interest of the Participants (no later than three (3) years after such termination).

(3) The Administrator shall allocate the assets of the Plan among Participants and Beneficiaries in the following order of priority and subject in any event to the provisions of the Act:

(i) First to that portion of each Participant's Accrued Benefit which is derived from his Mandatory contributions.

(ii) Equally among individuals in the following two categories:

(0)1 Benefits to Retired Participants and their Beneficiaries to whom payment commenced at least three (3) years prior to the termination date, based on Plan provisions in effect during the five (5) year period ending on such date; the lowest benefit in any pay status during the most recent three (3) year period shall be considered the benefit in pay status for such period.

(0)2 Benefits with respect to a Participant wherein payment would have commenced at least three (3) years prior to the termination date if the Participant had actually retired, based on the lowest benefit determined under the Plan provisions in effect during the five (5) year period ending on such date.

(iii) Return of any excess funds to the Employer or reallocated to the Participants on the basis of their benefit, if authorized by the Employer, only after satisfaction of all liabilities, fixed and contingent.

MERGER, CONSOLIDATION OR TRANSFER OF ASSETS

9.1 REQUIREMENTS

Before this Plan can be merged or consolidated with any other qualified plan or its assets or liabilities transferred to any other plan pursuant to the requirements, limitations and conditions of State law.

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:

(3)1 investment costs associated with obtaining authorized investments and investment management fees;

(3)2 accounting expenses;

(3)3 premiums for insurance coverage on fund assets;

(3)4 reasonable and necessary counsel fees incurred for advice or to defend the fund; and

(3)5 legitimate travel and education expense for pension plan officials; provided, however, that the municipal officials of the Employer, 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 Employer 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 Employer to the governing body of the Employer 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 Employer, the Chief Administrative Officer of the Plan shall provide to the Employer a cost estimate in accordance with State law.

ARTICLE XI

APPLICABLE PROVISIONS OF THE INTERNAL REVENUE CODE

11.01 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. Note in this regard that certain the provisions required by the Internal Revenue Code to be included in a governmental plan are included herein even though certain of these provisions may have no application to this particular Plan.

11.02 Definitions. The following words and phrases are hereby introduced and defined for purposes of this Article only:

(1) "Accrued Benefit" shall mean a Participant's Retirement Benefit exclusive of Vesting.

(2) "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 UP 1984 Mortality Table with interest computed at seven percent (7%).

(3) "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 (1) (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 (1) (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.

(4) "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.

(5) "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.

(6) "415 Compensation" with respect to any Participant shall mean such Participant's wages as defined in Code Section 3401 (a) and all other payments of compensation by the Township (in the course of the Township's business) for a Plan Year for which the Township is required to furnish the Participant with a written statement under Code

Sections 6041 (d), 6051 (a) (3) and 6052. "415 Compensation" must be determined without regard to any rules under Code Section 3401 (a) that limit the remuneration included in wages

based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code Section 3401 (a) (2).

(0)7 "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 the 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:

(7)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 (e) (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

(7)2 if Leased Employees do not constitute more than twenty percent (20%) of the recipient's non-highly compensated work force.

(8) "Limitation Year" shall mean the Plan Year, for purposes of applying the limitations under the current Article.

(i) "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.

(j) "Plan Year" shall mean the twelve-month period beginning on January I and ending on December 31 of each year.

(11) "Regulation"shall mean the Income Tax Regulation's as amended from time to time, as promulgated by the Secretary of the Treasury or his delegate.

11.03 Incorporation of Code Section 415 by Reference. Notwithstanding anything contained in this Plan or this Article to the contrary, the limitations, adjustments, and other requirements prescribed in this Article shall at all times comply with the applicable provisions of Code

Section 41 5 and the Regulations thereunder, the terms of which are specifically incorporated herein by reference.

11.04 Required Distributions.

(11)1 The entire benefit of any Member 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 Member or over the lives of such Member and a designated Beneficiary (or over a period not extending beyond the life expectancy of such Member, or the joint life expectancies of such Member and a designated Beneficiary).

If a Member 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.

(11)2 If a Member 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. However, 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 shall 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. For purposes of the five-year rule set forth above, the benefit payable to the Beneficiary under the preceding sentence shall be treated as distributed on the date on which such distributions begin. Provided, however, that if the designated Beneficiary is the surviving spouse of the Member, 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 (70 ½) 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.

(11)3 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 (701/2), or the calendar year in which the employee retires.

(0)1 The phrase "Designated Beneficiary" shall mean any individual designated by the employee under this Plan according to its rules.

(0)2 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).

(0)3 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.

(4) Distributions made under Paragraphs 12.09(a) and (b) shall be subject to the provisions of Sections 5.01 and 5.02 and Article VIII hereof.

11.05 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 required to be recognized pursuant to State law under 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).

11.06 Direct Rollover.

(4)1 Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Section, a distributes 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 distributes in a direct rollover.

(b) For purposes of this Section, the following definitions shall apply:

(1)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).

(1)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.

(1)3 A distributes 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 distributes.

11.07 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 XII

MISCELLANEOUS

12.1 PARTICIPANT'S RIGHTS

This Plan shall not be deemed to constitute a contract between the Employer 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 Employer or to interfere with the light of the Employer 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

(1) 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.

(2) 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.

(3) 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 Employer, 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 Employer.

12.9 ACTION BY THE EMPLOYER

Whenever the Employer under the terms of the Plan is permitted or required to do so of 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 Employer, (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 Employer 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 4th 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 regular session duly assembled.

_____
Karen S. Hargrave, Secretary