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PART 1

OFFICE OF THE TOWNSHIP MANAGER

§101. Creation of Office.

The office of Township Manager of Vernon Township is hereby created by the Board of Supervisors of Vernon Township pursuant to the Act of Assembly of May 20, 1949, P.L. 1562, Article V (53 P.S. 65 599.1).

(Ord. 1989-1, 4/6/1989, §1)

§102. Appointment of Township Manager.

The office of Township Manager shall be filled by one person appointed to said office by a majority vote of all members of the Board of Supervisors of Vernon Township. The Manager shall serve at the pleasure of the Board of Supervisors of Vernon Township for an indefinite term.

(Ord. 1989-1, 4/6/1989, §2)

§103. Removal of Manager.

The person appointed to the office of Township Manager shall be subject to removal at any time by a majority vote of the Board of Supervisors of Vernon Township; provided, however, that at least 30 days before such removal is to become effective the Board of Supervisors of Vernon Township shall furnish the Manager with a written statement setting forth their intention to remove him. The Township Manager shall have the right to a hearing before final removal, within 20 days of removal.

(Ord. 1989-1, 4/6/1989, §3)

§104. Term of Office.

The person appointed to the office of Township Manager shall, unless removed in accordance with §103 above or unless said person resigns, serve until his successor is appointed and qualified. The Township Manager shall have no personal interest, direct or indirect, in contracts with the Township.

(Ord. 1989-1, 4/6/1989, §4)

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§105. Qualifications.

The Manager shall be chosen solely on the basis of executive and administrative abilities with special reference to the duties of the office herein outlined. The Manager need not be a resident of the Township of Vernon at the time of his appointment but during the tenure of his office he may reside outside the Township of Vernon only with the approval of the Board of Supervisors of Vernon Township. If the Board of Supervisors of Vernon Township fails within a reasonable period of time, not to exceed 60 days after the appointment, to approve the Manager's residence outside the Township of Vernon he must immediately become and during his tenure remain a resident of the Township of Vernon.

(Ord. 1989-1, 5/6/1989, §5)

§106. Bond.

Before entering upon his duty the Manager shall give bond in the sum of \$1,000,000 to the Township of Vernon with a bonding company as surety to be approved by the Board of Supervisors of Vernon Township conditioned upon the faithful performance of his duties, the premium for said bond to be paid by the Township of Vernon.

(Ord. 1989-1, 4/6/1989, §6)

§107. Manager's Compensation.

The salary of the Manager shall be fixed from time to time by majority vote of the Board of Supervisors of Vernon Township.

(Ord. 1989-1, 4/6/1989, §7)

§108. Powers and Duties of the Manager.

The Township Manager shall act as chief administrative officer to the Township and shall be responsible to the Board of Supervisors of Vernon Township as a whole for the proper and efficient administration of the affairs of the Township of Vernon placed in his charge. Subject to recall by ordinance of the Township of Vernon, the powers and duties of the Manager shall include the following:

- A. He shall supervise and be responsible for the activities of all municipal departments including the Vernon Township Police Department.
- B. He shall issue such administrative and personnel rules and regulations not in conflict with existing statutes or ordinances to properly carry out his duties as set forth in this Part. Such rules and regulations are to be subject to

revocation, revision and/or modification by a majority vote of the Board of Supervisors of Vernon Township at any regular or special public meeting.

C. Township Employees.

- (1) In accordance with all rules and regulations as are or may hereafter be established, he shall hire and when necessary for the good of the Township of Vernon reward, discipline, suspend or discharge any employee under his supervision; and, provided further, that the Manager shall report, at the next meeting thereafter of the Board of Supervisors of Vernon Township any action taken by authority of this subsection.
- (2) Appointment and promotion of employees shall be made by the Manager on the basis of a personnel system which shall include written procedures for appointment, promotion and removal based upon the merit and fitness of applicants as demonstrated by examination or other evidence of competence. The personnel system shall be governed by personnel rules which are prepared by the Township Manager and approved by the Board of Supervisors.
- (3) No candidate for elective office, appointment or employment and no officer, appointee or employee in the Township shall, directly or indirectly, give or promise any person any office, position, employment, benefit or anything of value for the purpose of influencing or obtaining political support, aid or vote of any person under the penalty of being disqualified to hold office or employment to which he may be or may have been elected or appointed.
- (4) The Board of Supervisors of Vernon Township recognizes that they shall act in all matters as a body and as contrary to the spirit of this Part establishing a Township Manager for any of its members to seek individually to influence acts of the Manager and other employees or officers subordinate to the Manager or Chief of Police. The Board of Supervisors shall deal with the administrative services by majority action exclusively through the Township Manager or Chief of Police and shall not give orders, either publicly or privately, to any subordinate of the Township Manager or Chief of Police.

- D. He shall prepare and submit to the Board of Supervisors of Vernon Township a recommended budget for the next ensuing fiscal year in sufficient time so that the Board or Supervisors of the Township may review, amend and/or adopt the budget prior to the close of the current fiscal year. Said budget shall be accompanied by an explanatory message setting forth a summary of projecting revenues and proposed expenditures, together with any supporting data that may be required to enable the Board of Supervisors to decide upon and adopt the necessary taxation and appropriate legislation. He shall, upon adoption of the budget by the Board of Supervisors, be

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responsible for the efficient administration thereof so that the various appropriations are not exceeded except as may be authorized by the Board of Supervisors according to law.

- E. He shall develop, in conjunction with the preparation of the budget, long range fiscal plans for the Township of Vernon, such plans to be presented annually to the Board of Supervisors of Vernon Township for its review and adoption.
- F. He shall attend all meetings of the Board of Supervisors of Vernon Township and its committees with the right to take part in the discussions. The Manager shall receive notice of all special meetings of the Board of Supervisors and its committees.
- G. He shall prepare the agenda for each meeting of the Board of Supervisors of Vernon Township and supply facts pertinent thereto.
- H. He shall keep the Board of Supervisors informed as to the conduct of Township affairs, submit monthly reports on the condition of Township finances and such other reports as the Board of Supervisors shall request such as Township activities or projects concerning construction, equipment purchases, reports to include breakdown of expenditures as well as making such recommendations to the Board of Supervisors as he deems necessary and advisable for the welfare of the Township.
- I. He shall see that the provisions of all franchises, leases, permits and privileges granted by the Township are observed.
- J. He shall see that all money owed to the Township is promptly paid and that proper proceedings are taken for the securing and collection of all claims of the Township.
- K. He shall employ, only by and with the approval of the Board of Supervisors, experts and consultants to perform work and to advise.
- L. He shall be the purchasing officer to the Township and he shall supervise and coordinate, in accordance with the provisions of the Second Class Township Code, the letting of contracts, purchase of all supplies and equipment for the various agencies, boards, departments and other offices of the Township as authorized by the Board of Supervisors in their annual operating budget. He shall keep an account of all purchases and shall periodically, or when required by the Board of Supervisors, make a full written report thereof; he shall not spend over the amount of \$500 without the approval of the Board of Supervisors.
- M. He shall investigate and dispose of, or designate an officer to investigate and dispose of, all complaints regarding Township services and personnel

and report to the Board of Supervisors thereon. All complaints regarding municipal services shall be referred to the office of the Manager.

- N. He shall enforce and execute the ordinances and regulations of the Township of Vernon.
- O. He shall perform such other duties and fill such other offices as may be required by the Board of Supervisors not inconsistent with the Second Class Township Code or other statutes or ordinances of the Township.
- P. He shall negotiate contracts subject to approval, make recommendations concerning nature and location of municipal improvements as determined by the Board.
- Q. He shall perform other such duties as may be required of the Township Manager by resolution of the Board.
- R. He shall be responsible to the Board for carrying out all policies established by it and for the proper administration of all affairs of the Township.
- S. He shall obtain approval of the Board before advertising for any bid and all bids shall be opened at the regularly scheduled meetings and have the final approval from the Board.
- T. He shall obtain the approval of the Board of Supervisors for the subcontracting or subletting of any job to be performed in Vernon Township.
- U. He shall prepare and recommend short term and long range objectives to the Board of Supervisors.
- V. He shall prepare plans and programs for the attainment of objectives approved by the Board of Supervisors.
- W. He shall investigate and present recommendations to the Board concerning State and Federal grants and aid programs.
- X. He shall prepare reports to other governmental units.
- Y. He shall attend and participate in State conventions and professional association meetings upon request of the Board of Supervisors.
- Z. He shall maintain professional affiliations and keep abreast of new developments in all fields concerning municipal government.
- AA. He shall review budget performance of all departments.
- BB. He shall prepare, recommend and implement a capital improvement program.

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- CC. He shall prepare cash flow statements for all major Township expenditures.
- DD. He shall prepare and update plans for the utilization of funds made available to the Township under Federal and State revenue programs.
- EE. He shall meet with business developers interested in projects in the Township of Vernon.
- FF. He shall prepare and/or approve news releases.
- GG. He shall maintain public relation contracts with residents and taxpayers of the Township of Vernon.
- HH. He shall develop and update a training plan for municipal employees.
- II. He shall prepare and implement a preventive maintenance program for municipal equipment.
- JJ. He shall administer a municipal personnel policy and programs as enacted by the Board of Supervisors.
- KK. He shall prepare and approve, with the assistance of the Roadmaster, specifications for purchases of major equipment.
- LL. He shall direct and supervise the daily work of the Township administrative staff.
- MM. He shall enforce zoning, subdivision, building, demolition and other related structural and land use codes as may be enacted by law or ordinance.
- NN. He shall issue such licenses and permits as may be required by law or ordinance.
- OO. He shall serve as liaison to Planning Commission and the Zoning Hearing Board.
- PP. He shall serve as liaison to the Board of Supervisors and the Sanitary Authority and Water Authority and other governmental units.
- QQ. He shall make every effort to communicate with every member of the Board particularly in the area of providing the Board in the areas of government, road maintenance, personnel direction, water and sewer system maintenance and solid waste disposal.
- RR. He shall investigate and present recommendations of problem areas as requested by the Sanitary Authority, Planning Commission, Water Authority or other Boards created by the Board of Supervisors.

SS. He shall create job classifications for each Township Authority employee and continually review.

(Ord. 1989-1, 4/6/1989, §8; as amended by Ord. 1992-2, 3/5/1992)

§109. Disability or Absence of the Manager.

If the Manager becomes ill or needs to be absent from the Township, he shall designate one qualified member of his staff to perform the duties of the Manager during his absence or disability. The person so designated shall not perform these duties for a period of longer than one month without approval of the Board of Supervisors.

(Ord. 1989-1, 4/6/1989, §9)

PART 2

TOWNSHIP SUPERVISORS

§201. Compensation of Township Supervisors.

1. Each Supervisor of the Township of Vernon elected or appointed to office on or after November 7, 1995, shall receive compensation for attending duly advertised general or special meetings of the Board of Supervisors at the rate of \$150 per each meeting attended by such Supervisor; provided, however, that no Supervisor elected or appointed after November 7, 1995, shall receive annual compensation under this Part in excess of \$2,500.
2. Each Supervisor of the Township of Vernon elected or appointed to office before November 7, 1995, but after November 5, 1991, shall receive compensation for attending duly advertised general or special meetings of the Board of Supervisors at the rate of \$100 for each meeting attended by such Supervisor; provided, however, that no Supervisor elected or appointed after November 5, 1991, or before November 7, 1995, shall receive annual compensation under this Part in excess of \$2,000.
3. Compensation hereinbefore established shall be paid in monthly installments.
4. This Part shall be effective January 2, 1996.

(Ord. 1995-07, 12/28/1995)

PART 3

TOWNSHIP AUTHORITIES

A. Township Water Authority.

§301. Desire to Organize.

It is the desire of the Supervisors of the Township to recognize an authority under the Municipality Authorities Act of May 2, 1945, P.L. 382, as amended.

(Res. 1978-1, 8/15/1978, §1)

§302. Articles of Incorporation.

In pursuance of said desire and intention and in conformity with the terms and provisions of the Municipality Authorities Act, and its amendments, the proposed Articles of Incorporation are hereby set forth in full as follows:

**ARTICLES OF INCORPORATION OF THE VERNON TOWNSHIP
WATER AUTHORITY**

To the Secretary of the Commonwealth of Pennsylvania, Harrisburg, Pennsylvania:

In compliance with the requirement of the Municipality Authorities Act of 1945, P.L. 382, as amended, and pursuant to resolution adopted by the municipal authorities of the Township of Vernon, Crawford County, Pennsylvania, that a Municipal Authority be established under the provisions of the aforementioned law, the Township of Vernon, Crawford County, Pennsylvania, desiring that a Municipal Authority be established and that a Certificate of Incorporation be issued to said Authority, does hereby certify:

- A. The name of the Authority shall be: "Vernon Township Water Authority" of the Township of Vernon, Crawford County, Pennsylvania.
- B. The Authority is formed under the Act of May 2, 1945, P.L. 382, as amended, known as the Municipal Authorities Act of 1945.
- C. No other Authority has been organized under the provisions of this Act, or the Act approved June 28, 1935, P.L. 463, and is in existence within said Township other than the Vernon Township Sanitary Authority.
- D. The name of the incorporating municipality is the Township of Vernon, Crawford County, Pennsylvania.

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The names and addresses of the Board of Supervisors, the municipal authorities of the Township of Vernon, Crawford County, Pennsylvania, are as follows: [Here followed the names and addresses of the Board of Supervisors of the Township.]

- E. The members of the Board shall be five in number. The names, address and terms of office of the first members of the Board of said Authority are as follows: [Here followed the names, addresses and terms of office of the first members of the Board.]

(Res. 1978-1, 8/15/1967, §2)

§303. Execution of Articles of Incorporation.

The proposed Articles of Incorporation of the Authority shall be executed by and on behalf of the Township by the Chairman of the Board of Supervisors of the Township and the seal of the Township shall be thereto affixed, attested by the Secretary of the Board of Supervisors of the Township and filed with the Secretary of the Commonwealth. The Solicitor is hereby authorized and directed to publish notice of this Part and of the day upon which the Articles of Incorporation will be filed with the Secretary of the Commonwealth of Pennsylvania; to file the Articles of Incorporation, together with the ordinance and resolution authorizing the incorporation of the Authority and the necessary proofs of publication and to do all other things necessary or appropriate to effect the incorporation of the Authority.

(Res. 1978-1, 8/15/1978, §3)

§304. Projects.

The projects which shall be undertaken by the Authority shall be to acquire, hold, construct, alter or improve the public water system within Vernon Township and such other projects as the Board of Supervisors may request.

(Res. 1978-1, 8/15/1978, §4)

B. Township Sanitary Authority.

§311. Desire to Organize.

It is the desire of the Board of Supervisors of the Township of Vernon in the County of Crawford and Commonwealth of Pennsylvania and said Board of Supervisors hereby signifies its intention to organize an Authority under the Municipality Authorities Act of May 2, 1945, P.L. 382, as amended.

(Res. 1961-6, 9/1/1961, §1)

§312. Articles of Incorporation.

In pursuance of said desire and intention and in conformity with the terms and provisions of said Municipality Authorities Act and its amendments the proposed Articles of Incorporation are hereby set forth in full as follows:

ARTICLES OF INCORPORATION OF VERNON TOWNSHIP
SANITARY AUTHORITY

To the Secretary of the Commonwealth of Pennsylvania, Harrisburg, Pennsylvania

In compliance with the requirement of the Municipality Authorities Act of 1945, approved May 2, 1945, P.L. 382, as amended, and pursuant to a resolution adopted by the Municipal Authorities of the Township of Vernon in the Commonwealth of Pennsylvania, that a Municipal Authority be established under the provisions of the aforementioned law, the Township of Vernon desiring that a Municipal Authority be established and that a Certificate of Incorporation be issued to said Authority, does hereby certify:

- A. The name of the Authority shall be: "Vernon Township Sanitary Authority."
- B. The Authority is formed under the Act of May 2, 1945, P.L. 382, as amended.
- C. No other Authority has been organized under the provisions of this Act or the Act approved June 28, 1935, P.L. 463, and is in existence within said Township.
- D. The name of the incorporating municipality is: Township of Vernon in the County of Crawford and Commonwealth of Pennsylvania.

The names and addresses of the Board of Supervisors of the Township of Vernon are as follows: [Here followed the names and addresses of the Board of Supervisors.]

- E. The names and addresses and terms of office of the first members of the Board of said Authority are as follows: [Here followed the names and addresses and terms of office of the first members of the Board.]

All of whom reside in and are citizens of the Township of Vernon, Pennsylvania.

- F. The term of existence of the Authority is increased to December 31, 2018.

(Res. 1961-6, 9/1/1961, §2; as amended by Res. 1998-11, 8/6/1998, §1)

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§313. Execution of Articles of Incorporation.

The said proposed Articles of Incorporation of said Authority shall be executed by and on behalf of the Township of Vernon by the Chairman of the Board of Supervisors of said Township and the seal of said Township shall be thereto affixed, attested by the Secretary of the Board of Supervisors of said Township and filed with the Secretary of the Commonwealth. The Solicitor is hereby authorized and directed to cause to be published the notice of intention to file the Articles of Incorporation with the Secretary of the Commonwealth as required by the aforementioned Act.

(Res. 1961-6, 9/1/1961, §3)

C. Solid Waste District 7 Joint Authority.

§321. Desire to Organize.

The Supervisors of Vernon Township of the County of Crawford constitute the municipal authorities of the said Township and it is the desire and intention of the Supervisors of Vernon Township of the County of Crawford, Pennsylvania, and the said Supervisors hereby signify their intention to organize an authority under the Municipality Authorities Act of May 2, 1945, P.L. 382, as amended.

(Res. 1974-2, 10/15/1974, §1)

§322. Name of Authority.

The name of the proposed authority shall be "The Crawford County Solid Waste District 7 Joint Authority."

(Res. 1974-2, 10/15/1974, §2)

§323. First Members of the Board.

The names and addresses and terms of office of the first members of the Board of the Crawford County Solid Waste District 7 Joint Authority are: [Here followed the names, addresses and terms of office of the first members of the Board.]

(Res. 1974-2, 10/15/1974, §3)

§324. Articles of Incorporation.

Pursuant to said desire and intention of the Supervisors and in conformance with the terms and provisions of said Municipal Authorities Act of 1945 and its amendments the proposed Articles of Incorporation are hereby set forth in full, as follows:

ARTICLES OF INCORPORATION

To: The Secretary of the Commonwealth of Pennsylvania Harrisburg, Pennsylvania

In compliance with the requirements of the Municipality Authorities Act of 1945, approved May 2, 1945, P.L. 382, as amended, and pursuant to resolutions duly enacted by the Supervisors of the Township of Hayfield Township, Vernon Township, West Mead Township and Woodcock Township, the Borough Council of Blooming Valley Borough, Saegertown Borough and Woodcock Borough and ordinance duly adopted by the Council of the City of Meadville of Crawford County, Pennsylvania, signifying their desire and intention that a joint municipal authority be established under the provisions of the aforementioned law and that a Certificate of Incorporation be issued to said joint authority, the Supervisors of the Township of Hayfield Township, Vernon Township, West Mead Township and Woodcock Township, the Borough Councils of Blooming Valley Borough, Saegertown Borough and Woodcock Borough and the Council of the City of Meadville of Crawford County do hereby certify:

- A. The name of the Authority shall be: "The Crawford County Solid Waste District 7 Joint Authority."
- B. The Authority is formed under the Act of May 2, 1945, P.L. 382, as amended.
- C. The following other Authorities have been organized by the Townships or Boroughs or the City of Meadville under the provisions of this Act or the Act approved June 28, 1935, P.L. 463, and are presently in existence within each of the Townships or Boroughs or the City of Meadville: [Here followed the names of the organized Authorities.]
- D. The names of the incorporating municipalities are as follows: [Here followed the names of the incorporating municipalities.]
- E. The names and addresses of the Supervisors of Hayfield Township Vernon Township, West Mead Township and Woodcock Township, the Borough Councils of Blooming Valley Borough, Saegertown Borough and Woodcock Borough and the Council of the City of Meadville, being all of the incorporating municipalities, are as follows: [Here followed the names and addresses of the Supervisors and Council members.]
- F. The Board of the Joint Authority to be formed shall consist of eight members. Each governing body of each incorporating municipality shall appoint one member to the Board. One member shall serve for one year, two members for two years, two members for three years, two members for four years and one member for five years from January 1 next succeeding the date of incorporation. Thereafter, the governing body of the municipality which has the power of appointment shall appoint a member of the Board to a term of five years from the date of expiration of the prior term.

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- G. The names and address and terms of office of the first members of the Board of said Joint Authority are as follows: [Here followed the names, addresses and terms of office of the first members of the Board.]

- H. The purpose of the Joint Authority is to and is hereby directed and empowered to undertake the operating of all management services for a district wide garbage, refuse and solid waste collection including storage, collection, transportation, processing and disposal of solid waste, the control of solid waste collectors, processors, disposal facilities and related matters of the said Townships and Boroughs and the City of Meadville of District 7 of the Crawford County Solid Waste Plan which presently are: [Here followed the names of the Townships and Boroughs.]

(Res. 1974-2, 10/15/1974, §4)

§325. Execution of Articles of Incorporation.

The proposed Articles of Incorporation of the said Joint Authority, in substantially the form set forth in §324 of this Part shall be executed by and on behalf of this Township together with the Townships of Hayfield, West Mead and Woodcock, the Boroughs of Blooming Valley, Saegertown and Woodcock and the ordinance of the City of Meadville by the respective Supervisors of the said Townships, the respective Borough Councils of the said Boroughs and the Mayor of the City of Meadville and the seal of each Township and Borough and the City of Meadville shall be thereto affixed and attested by the Secretary of each Township and Borough and the City Clerk of the City of Meadville and filed with the Secretary of the Commonwealth. Attorney Charles D. Lemme, Attorney for Crawford County Solid Waste District 7 Committee, is hereby authorized and directed to cause to be published the notice of intention to file the Articles of Incorporation with the Secretary of the Commonwealth as required by the aforementioned Act. No additional publication of this Part is required.

(Res. 1974-2, 10/15/1974, §5)

PART 4

SOLID WASTE ADVISORY BOARD

§401. Name.

The name of this Board shall be the “Vernon Township Solid Waste Advisory Board.”

(Res. 1993-18, 11/4/1993, Art. 1)

§402. Members of the Board.

The business and direction of the Board shall be by the members of the Board which shall be composed of seven members appointed by the Vernon Township Board of Supervisors.

(Res. 1993-18, 11/4/1993, Art. 2)

§403. Succession.

Members shall hold office for three year terms and may succeed themselves unless the Board of Supervisors chooses not to reappoint them. If for any reason a member cannot fulfill his/her term a successor shall be appointed by the Supervisors to fill said term.

(Res. 1993-18, 11/4/1993, Art. 3)

§404. Quorum.

A simple majority of the members shall constitute a quorum for the purpose of organizing the Board and conducting the business thereof and for all other purposes, and all action may be taken by a vote of a majority. (The bylaws can require a larger number.)

(Res. 1993-18, 11/4/1993, Art. 4)

§405. Powers and Duties of the Board.

The powers and duties of the Board shall be the management of the solid waste problems of Vernon Township in the most organized, cost-efficient manner.

(Res. 1993-18, 11/4/1993, Art. 5)

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§406. Officers.

1. Chairperson. The Chairperson of the Board shall preside at all meetings and have such powers and duties as may, by action of the Board, be delegated to him/her.
2. Vice Chairperson. The Vice Chairperson shall discharge the duties of the Chairperson in the absence of the Chairperson and shall perform and discharge such further duties as may, by action of the Board or Chairperson, be delegated to him/her.
3. Secretary. The Secretary shall keep a record of all the meetings of the Board, have custody of and present the official records of the Board. The Secretary shall keep and maintain a suitable minute book in which shall be recorded the minutes of each meeting of the Board. The Secretary shall perform and discharge such other duties as may be assigned by the action of the Board.
4. Financial Administrator. The Financial Administrator shall keep and maintain a record of all the financial deals of the Board. The Financial Administrator shall work closely with the Township Manager in the administration and disposition of the finances under the control of the Board.

(Res. 1993-18, 11/4/1993, Art. 6)

§407. Reports.

A progress report of the Solid Waste Advisory Board shall be given and/or read at each regular meeting of the Township Supervisors.

(Res. 1993-18, 11/4/1993, Art. 7)

§408. Meetings.

Regular meetings of the Board shall be held at the Vernon Township Municipal Building at a time and date to be determined at the first organizational meeting of the year. Meetings shall be advertised in accordance with the Sunshine Law.

(Res. 1993-18, 11/4/1993, Art. 8)

§409. Special Meetings.

Any special meeting of the Board may be called by the Chairperson of the Board or by written request of any member of the Board. The requirements of the Sunshine Law shall be adhered to in the calling of a special meeting.

(Res. 1993-18, 11/4/1993, Art. 9)

§410. Amendments of the Bylaws.

The bylaws of the Board may be amended at any time by a 2/3 majority vote or written consent of a 2/3 majority of its members. Amendments may not be inconsistent with the provisions set forth in this Part, any act or regulation of the Federal or State governments or ordinance of Vernon Township.

(Res. 1993-18, 11/4/1993, Art. 10)

PART 5

INDUSTRIAL/COMMERCIAL ADVISORY COMMITTEE

§501. Committee Established.

The Board of Supervisors of Vernon Township hereby establishes a committee to be comprised of four persons to be known as the "Vernon Township Industrial/Commercial Advisory Committee."

(Res. 1991-5, 2/20/1991, §1)

§502. Membership.

1. The Board of Supervisors of Vernon Township hereby resolve that the membership of the Vernon Township Industrial/Commercial Advisory Committee shall be composed of the following:
 - A. The Chairperson of the Board of Supervisors of the Township of Vernon.
 - B. The Chairperson of the Vernon Township Water Authority.
 - C. A representative of the Greater Meadville Area Redevelopment Authority who shall be appointed on an annual basis at the reorganization meeting of the Board of Supervisors of Vernon Township.
2. The membership of the Vernon Township Industrial/Commercial Advisory Committee may be expanded from time to time on motion and vote of the Board of Supervisors of Vernon Township, which motion and vote shall take place at the annual reorganization meeting of the Township of Vernon.

(Res. 1991-5, 2/20/1991, §§2, 3)

§503. Purpose.

The stated purposes of the Vernon Township Industrial/Commercial Advisory Committee are as follows:

- A. To encourage industrial/commercial development in the Township of Vernon.
- B. To consult with all interested persons, firms and corporations that express interest in industrial/commercial development in the Township of Vernon and to act as a liaison between such persons, firms and corporations and the Board of Supervisors of Vernon Township and the other boards and commis-

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sions within the Township of Vernon as well as acting as liaison with other municipalities and development agencies outside the Township of Vernon necessary to industrial/commercial development within the Township of Vernon.

- C. To perform such other duties that may from time to time be delegated to the Vernon Township Industrial/Commercial Advisory Committee by the Board of Supervisors of Vernon Township in writing.

(Res. 1991-5, 2/20/1991, §4)

PART 6

POLICE PENSION PLAN

§601. Definitions.

ACCRUED BENEFIT — the amount of retirement benefit credited to the participant determined in accordance with §601, Subsection 1, equal to the amount so computed considering the participant's average monthly compensation at the date of determination, multiplied by a fraction of which the numerator is the participant's service at the date of determination and the denominator is the service he would accumulate if his employment continued until his normal retirement date.

ACTUARIAL EQUIVALENT — except as otherwise defined in this Part:

- A. Any of the aggregate amounts, all equal in value, which are expected to be received under different forms of payment computed using the following assumptions:

Pre and Post Retirement Mortality: 1971 Group Annuity Mortality Table (male rates only)

Pre and Post Retirement Interest Rate: 6% compounded annually

- B. In the event this Part is amended, the actuarial equivalent of a participant's accrued benefit on or after the date of change shall be determined as the greater of the actuarial equivalent of the participant's accrued benefit as of the date of change computed on the old basis or the actuarial equivalent of the accrued benefit computed on the new basis.

ACT 205 — the Pennsylvania Municipal Plan Funding Standard and Recovery Act of 1984.

ACTUARIALLY SOUND — a plan which is being funded annually at a level not lower than the financial requirements of the pension plan pursuant to the Act of December 18, 1984 (P.L. 1005, No. 205), known as the "Municipal Pension Plan Funding Standard and Recovery Act."

ACTUARY — an actuary who is enrolled by the Joint Board for Enrollment of Actuaries or a firm of actuaries so designated.

AGE — the age of a participant computed as of his last birthday.

ANNIVERSARY DATE — January 1 of each year following the effective date of this plan.

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AUTHORIZED LEAVE OF ABSENCE — a temporary cessation from active employment with the employer pursuant to an established nondiscriminatory policy whether occasioned by illness, military service or any other reason. An authorized leave of absence shall not cause a break in service.

AVERAGE MONTHLY COMPENSATION — the average of the compensation received by a participant during the last thirty-six-month consecutive period prior to his retirement date, death or termination of employment with the employer. If a participant has less than 36 months of consecutive service on his date of termination his average monthly compensation will be based on his monthly compensation during his actual consecutive months of service to his date of termination.

BENEFICIARY or BENEFICIARIES — the person or persons as provided in §601, Subsection 2, to receive the benefits which are payable under the plan upon or after the death of the participant.

BOARD OF COMMISSIONERS or BOARD — the governing body of the employer.

BREAK IN SERVICE —

- A. A period of severance of at least 12 consecutive months.
- B. In the case of an individual who is absent from work for maternity or paternity reasons the twelve-consecutive-month period beginning on the first anniversary of the first date of such absence shall not constitute a break in service. For purposes of this Part, an absence from work for maternity or paternity reasons means an absence:
 - (1) By reason of pregnancy of the individual;
 - (2) By reason of a birth of a child of the individual;
 - (3) By reason of the placement of a child with the individual in connection with the adoption of such child by such individual; or
 - (4) For purposes of caring for such child for a period beginning immediately following such birth or placement

CHIEF ADMINISTRATIVE OFFICER — the person who has primary responsibility for the execution of the administrative affairs of the municipality in the case of a municipality or of the pension plan in the case of a pension plan or the designee of that person. (See §609.)

CODE — the Internal Revenue Code of 1986, as the same may be amended from time to time.

COMPENSATION –

- A. Compensation is defined as the total remuneration of the employee, whether salary or hourly wages, including overtime pay, holiday pay, longevity pay and any other form of compensation paid by the employer for police services rendered. However, compensation is exclusive of any single sum or extraordinary payments made which are not directly attributable to active employment during the averaging period, including but not limited to payment for accumulated sick leave, accumulated vacation leave, bonus or payments of a back-pay damage award.
- B. For purposes of the maximum benefit limitations of Code §415 (§604, Subsections 4-6), compensation shall include the participant's wages, salaries, fees for professional services and other amounts received for personal services actually rendered in the course of employment with an employer maintaining the plan (including, but not limited to, commissions paid to salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips and bonuses) paid during the limitation year. Compensation does not include: employer contributions to a qualified retirement plan, a nonqualified deferred compensation plan or a simplified employee pension plan; income received for the disposition of stock pursuant to the exercise of a qualified stock option; income realized upon the exercise of a nonqualified stock option or upon the lapse of substantial forfeiture provisions or nontransferability provisions on previously restricted property (as defined in Code §83); premiums paid by the employer for group life insurance to the extent not includable in the participant's gross income and employer contributions (whether or not under a salary reduction agreement), towards the purchase of a tax-sheltered annuity contract (as described in Code §403(b)).
- C. Compensation shall commence as of an employee's effective date of participation pursuant to §602.

EARLY RETIREMENT AGE — the date the participant has completed 20 years of service (only applicable to post-Act 600 hires).

EFFECTIVE DATE OF THE PLAN — May 1, 1963. The effective date of this total amendment and restatement of the plan is January 1, 1991.

EMPLOYEE — any person who is employed by the employer as a permanent, full-time municipal policeman.

EMPLOYER — the Supervisors of Vernon Township and any successor entity which shall become a party hereto by assuming the obligations of the plan with respect to its employees or any predecessor entity which has maintained this plan or any predecessor plan which has been restated or modified herein. Each such organization shall have all the rights and obligations of the employer with respect to its employees. Such assumption shall be in writing and signed by the employer.

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EMPLOYMENT COMMENCEMENT DATE — the date on which an employee first satisfies the probationary requirements of the employer.

ENTRY DATE — the date on which an employee first completes an hour of service.

FORMER PARTICIPANT — a person who has been a participant but has ceased to be a participant for any reason. Any participant with a vested interest who is no longer employed by the employer shall also be considered a former participant.

INTEREST — a rate of 5% compounded annually which is credited on each participant's compulsory employee contributions from the date of contribution.

MARRIED PARTICIPANT — a participant who is lawfully married on the date retirement income benefits become payable pursuant to §606 of this Part.

NORMAL RETIREMENT AGE — the date the participant has attained the age of 50 years and completed 25 years of service.

PARTICIPANT — any employee who has satisfied the requirements to participate in this plan as provided for in §602 and has not for any reason become ineligible to participate further in the plan.

PERIOD OF SEVERANCE — a continuous period of time during which the employee is not employed by the employer. Such period shall begin on the date the employee retires, quits, is discharged or dies or, if earlier, the twelve-month anniversary date on which the employee was otherwise first absent from service.

PLAN — the defined benefit pension plan set forth herein (including any trust forming a part hereof), as amended and supplemented from time to time, all of which shall be known as the Vernon Township Police Pension Plan.

PLAN ADMINISTRATOR — the chief administrative officer of the employer.

PLAN YEAR — each twelve-month period beginning on January 1 and ending of the following December 31 (also applicable prior to the effective date of the plan).

POLICEMAN — a person holding a full-time position in the Police Department of Vernon Township, Crawford County, Pennsylvania, and who works for a stated salary or compensation.

RETIREMENT DATE — date of actual retirement of a participant which may be his normal, late, early or disability retirement date.

TRUST AGREEMENT — the agreement entered into between the employer and the trustee containing the duties and responsibilities of the trustee with respect to the fund.

TRUSTEE — Pennbank or the person(s) or entity named as trustee by the employer to administer the fund and any and all successors to the trustees.

TRUST FUND or TRUST — the trust fund, established pursuant to the agreement of trust entered into pursuant to this plan by the employer and the trustee specified therein, consisting of the contributions received by the trustee and the assets of the plan as the same may exist from time to time.

VALUATION DATE — the first day of each plan year.

VALUATION REPORT — the biannual actuarial valuation report as required by Act 205.

VESTED BENEFIT or VESTED INTEREST — a nonforfeitable benefit provided in the plan.

YEAR OF SERVICE –

- A. The twelve-consecutive-month period commencing with the participant's employment commencement date and anniversaries thereof.
- B. An employee shall receive credit for the aggregate of all time period(s) ("service") commencing with the first day such employee completes an hour of service (including such day following reemployment) and ending on the date a break in service begins. An employee shall also receive credit for any period of severance of less than 12 consecutive months. Fractional periods of a year shall be expressed in terms of months.
- C. Each employee shall accrue benefits for the period beginning on the date the employee commences participation under the plan and ending on the date on which such employee severs employment with the employer or is no longer a member of an eligible class of employees.
- D. Any member of the police force employed by the Township of Vernon, Crawford County, Pennsylvania, who has been a regular employee of the Township of Vernon, Crawford County, Pennsylvania, for a period of at least six months and shall thereafter enter into any branch of the military service of the United States of America shall have credited to him time spent by him in such military service, if such person returns as a regular employee of the Township of Vernon, Crawford County, Pennsylvania, within six months after his separation from military service or, prior to the adoption of this amendment, shall heretofore return to his employment as a regular employee of the Township of Vernon, Crawford County, Pennsylvania, within six months after his separation from military service.

(Ord. 1992-6, 12/3/1992, §1; as amended by Ord. 2001-1, 6/7/2001, §§1, 2; and by Ord. 2004-04, 10/7/2004, §1)

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§602. Eligibility.

1. Eligibility Requirements.
 - A. Any employee who was a participant as of the effective date of this amendment and restatement of the plan shall continue to participate in the plan. Thereafter, any employee will participate on his entry date.
 - B. In the event a participant becomes a noneligible employee but has incurred a break in service such employee will participate immediately upon becoming an employee again. If such participant incurs a break in service, eligibility will be determined under the break in service rules of the plan.
 - C. In the event an employee who is a noneligible employee becomes an eligible employee, such employee will participate immediately.
2. Determination of Eligibility. The plan administrator shall determine the eligibility of each employee for participation in the plan based upon information furnished by the employer.
3. Termination of Eligibility.
 - A. A participant shall cease to participate in the plan as of the first day of a plan year during which he has a break in service.
 - B. In the event a participant shall go from a classification of an eligible employee to a noneligible employee such former employee shall continue to vest in his accrued benefit under the plan for each year of service completed while a noneligible employee until such time when his accrued benefit shall be forfeited or distributed pursuant to the terms of this agreement. No distribution shall be made to said former participant until such time as he terminates employment.

(Ord. 1992-6, 12/3/1992, §2)

§603. Contributions.

1. Contributions by Employer.
 - A. The employer shall contribute to the plan for investment at least such amounts as are necessary to satisfy the minimum funding standards of Act 205. The employer contribution shall consist of funds received by the employer through Act 205 of the laws of the Commonwealth of Pennsylvania (these funds must be contributed to the plan by the employer within 31 days after receipt.) Contributions from the employer's general fund with respect

to a particular plan year must be paid to the plan by the last day of January in the year of valuation. If the contributions from the general fund are not paid by the last day of January, the outstanding contribution shall be payable with interest for the period since January 1 at a rate equal to the interest assumption used for the actuarial valuation report expressed on a monthly basis. If the contribution remains outstanding after December 31 an additional interest penalty compounded monthly will accrue until the payment is made.

- B. The expenses of administering the plan may be paid directly by the employer if it so elects. Otherwise such expenses shall be paid out of the fund.
- C. Determination and Collection.
 - (1) Contributions shall be determined by the employer based on the valuation report prepared by the actuary.
 - (2) The trustee shall be under no duty or obligation to collect or enforce any contributions of the employer.

2. Compulsory Employee Contributions.

- A. Compulsory Employee Contributions by Participants. As a condition of participation in the plan, each employee shall contribute monthly an amount equal to at least 5% of monthly compensation but not more than 8% of monthly compensation. The Township may, on an annual basis, by ordinance or resolution, reduce or eliminate contributions into the fund by participants. Reduction or elimination of participant contributions shall not permit the return of contributions or any interest of fund earnings to be made to a participant while still a full-time employee.
- B. Commencement of Participant Contributions. Contributions of each participant shall commence with the employer pay period coincident with or next following the employee's employment commencement date and upon completion of the forms necessary to authorize the employer to deduct the contributions required by this section from the pay of the employee. The employer shall deposit these participant contributions to the plan as they are contributed by the participant.
- C. Termination of Contributions. A participant's contributions shall terminate at retirement, death or termination of employment.
- D. Failure of Employee to Make Compulsory Employee Contributions.
 - (1) If an employee elects not to make compulsory employee contributions to the plan, such employee shall not become a participant in the plan until such time as he begins and continues to make the required compulsory employee contributions. The retirement and death benefits of

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such deferred entry employee shall be reduced proportionately. "Proportionately" means the percentage of benefits determined by using as a numerator the actual number of years of service with the employer from date of participation projected to normal retirement date, less the number of years in which participation was deferred due to the employee's failure to make compulsory employee contributions. The denominator shall be the number of actual years of service since the employee became eligible to participate projected to normal retirement date.

- (2) In the computation of years of service any year of service after an employee has become eligible to participate in the plan but during which such employee declined to make the required compulsory employee contributions shall be excluded.
- E. The chief administrative officer shall establish and maintain a separate account in the name of each participant to which the chief administrative officer shall credit his mandatory contributions. Gains or losses on such mandatory contributions shall be directly debited or credited to a participant's compulsory employee contribution account based on the investment results of the transactions relative to the compulsory contributions.
- F. Return of Compulsory Employee Contributions. If an employee terminates employment he shall be entitled to the return of his compulsory employee contributions in accordance with the provisions of §608, Subsection 1.
- G. Overall Limitation of Employee Contributions.
- (1) A plan meets the contribution percentage requirement of Code §401 (m) for any plan year beginning after December 31, 1986, if it meets one of the following tests (ACP test) (for plans which allocate employee contributions to a separate account):
 - (a) The average contribution percentage of highly-compensated employees for the plan year shall not exceed the average contribution percentage for non-highly-compensated employees multiplied by 1 1/4; or
 - (b) The average contribution percentage for highly-compensated employees for the plan year shall not exceed the average contribution percentage for non-highly-compensated employees, multiplied by two; provided, that the average contribution percentage for highly-compensated employees does not exceed the average contribution percentage for non-highly-compensated employees by more than two percentage points.
 - (2) Multiple Use. If one or more highly-compensated employees participates in both a cash or deferred arrangement and a plan subject to the

ACP test maintained by the employer and the sum of the ADP (Actual Deferral Percentage) and ACP of those highly-compensated employees subject to either or both tests exceeds the aggregate limit, the ACP of those highly-compensated employees who also participate in a cash or deferred arrangement will be reduced (beginning with such highly-compensated employee whose ACP is the highest) so that the limit is not exceeded. The amount by which each highly-compensated employee's contribution percentage amount is reduced shall be treated as an excess aggregate contribution. The ADP and ACP of the highly-compensated employees are determined after any corrections required to meet the ADP and ACP of the highly-compensated employees does not exceed 1 1/4 multiplied by the ADP and ACP of the non-highly-compensated employees.

- (3) For purposes of this subsection and Subsection 2I, "average contribution percentage" for a plan year means, with respect to the highly-compensated participant and non-highly-compensated participant group, the average of the ratios (calculated separately for each participant in each group) of:
 - (a) The sum of voluntary employee contributions made pursuant to §603, Subsection 2, on behalf of each such participant for such plan year; to
 - (b) The participant's compensation (as defined in §601) for such plan year.
- (4) Employee contributions are considered to have been made in the plan year in which they are contributed to the trust.
- (5) Aggregate Limit. The sum of:
 - (a) 125% of the greater of the ADP of the non-highly-compensated employees for the plan year or the ACP of non-highly-compensated employees under the plan subject to Code §401(m) for the plan year beginning with or within the plan year of the cash or deferred arrangement; and
 - (b) The lesser of 200% or two plus the lesser of such ADP or ACP.
- (6) For purposes of determining the average contribution percentage and the amount of excess aggregate contributions pursuant to Subsection 2G, the administrator may elect to take into account, with respect to employees eligible to have employee contributions made pursuant to §603, Subsection 3, allocated to their accounts, elective deferrals (as defined in Regulation 1.402(g)-1(b)) and qualified nonelective contributions (as defined in Code §401(m)(4)(C)) contributed to any plan maintained by the employer. Such elective deferrals and qualified

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nonelective contributions shall be treated as employer matching contributions subject to Regulation 1.401(m)-(b)(2) which is incorporated herein by reference. However, for plan years beginning after December 31, 1988, the plan year must be the same as the plan year of the plan to which the elective deferrals and the qualified nonelective contributions are made.

- (7) **Qualified Nonelective Contributions.** Contributions (other than matching contributions) made by the employer and allocated to participants' accounts that the participants may not elect to receive in cash until distributed for the plan; that are nonforfeitable when made; and that are distributable only in accordance with the distribution provisions that are applicable to elective deferrals.
- (8) **Eligible Participant.** Any employee who is eligible to make an employee contribution or an elective deferral (if the employer takes such contributions into account in the calculation of the contribution percentage), or to receive a matching contribution (including forfeitures) or a qualified matching contribution. If an employee contribution is required as a condition of participation in the plan any employee who would be a participant in the plan if such employee made such a contribution shall be treated as an eligible participant on behalf of whom no employee contributions are made.
- (9) For purposes of determining the average contribution ratio of a highly-compensated employee who is subject to the family member aggregation rules of Code §414(q)(6) because such employee is either a 5% owner of the employer or one of the 10 highly-compensated employees paid the greatest compensation (as defined in §601) during the year the following shall apply:
 - (a) The combined average contribution ratio for the family group (which shall be treated as one highly-compensated employee) shall be determined by aggregating voluntary employee contributions made pursuant to §603, Subsection 2, and compensation (§601) of all eligible family members (including highly-compensated employees).
- (10) However, in applying the \$200,000 limit to said compensation for plan years beginning after December 31, 1988, family members shall include only the affected employee's spouse and any lineal descendants who have not attained age 19 before the close of the plan year. Notwithstanding the foregoing, with respect to plan years beginning prior to January 1, 1990, compliance with the regulations then in effect shall be deemed to be in compliance with this subsection.
 - (a) The voluntary employee contributions made pursuant to §603, Subsection 2, and compensation (§601) of all family members

shall be disregarded for purposes of determining the average contribution percentage of the non-highly-compensated participant group except to the extent taken into account in Subsection 2G(9)(a) above.

- (b) If a participant is required to be aggregated as a member of more than one family group in a plan, all participants who are members of those family groups that include the participant are aggregated as one family group in accordance with Subsection 2G(9)(a) and (10)(a) above.
- (11) In the event that this plan satisfies the requirements of Code §401(m), 401(a)(4) or 410(b) only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of such Code sections only if aggravated with this plan, then this section shall be applied by determining the contribution percentage of employees as if all such plans were a single plan. For plan years beginning after December 31, 1989, plans may be aggregated to satisfy §401(m) of the Code only if they have the same plan year.
 - (12) For purposes of this section, if two or more plans of the employer (other than an ESOP as defined in Code §4975(e)(7) for plan years beginning after December 31, 1988, to which matching contributions, employee contributions, or both, are made are treated as one plan for the purpose of Code §§401(a)(4) or 410(b) (other than the average benefits test under Code §410(b)(2)(A)(ii)), such plans shall be treated as one plan for purposes of this section. In addition, two or more plans of the employer to which matching contributions, employee contributions or elective pay deferrals are made may be considered as a single plan for purposes of this section. In such a case, the aggregated plan must satisfy Code §§401(a)(4) and 410(b) as though such aggregated plans were a single plan. Notwithstanding the above, for plan years beginning after December 31, 1988, contributions to an ESOP as defined in Code §4975(e)(7) shall not be aggregated with this plan.
 - (13) If a highly-compensated employee participates in two or more cash or deferred arrangements that have different plan years, all cash or deferred arrangements ending with or within the same calendar year shall be treated as a single arrangement.
 - (14) If a highly-compensated employee participates in two or more plans (other than an ESOP as defined in Code §4975(e)(7)) for plan years beginning after December 31, 1988, which are maintained by the employer or a related employer to which matching contributions, employee contributions or elective deferrals are made, all such contributions on behalf of such highly-compensated employee shall be aggregated for purposes of this section.

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- (15) For purposes of Subsections 2H and I, a highly-compensated participant and non-highly-compensated employee shall include any employee eligible to have voluntary employee contributions pursuant to this section (whether or not voluntary employee contributions are made) allocated to his account for the plan year.

H. Treatment of Excess Employee Contributions.

- (1) Excess aggregate contributions and income allocable thereto shall be distributed on or before the 15th day of the third month following the end of the plan year but in no event later than the last day of the following plan year to participants to whose account employee contributions were allocated for the preceding plan year.
- (2) Excess Aggregate Contributions. With respect to any plan year, the excess of:
 - (a) The aggregate amount of contributions pursuant to Subsection 2H actually made on behalf of the highly-compensated participant group for such plan year, over
 - (b) The maximum amount of such contributions permitted under the limitations of Subsection 2H.
- (3) Determination of Income or Loss. The income or loss allocable to excess aggregate contributions up to the date of distribution shall be equal to the sum of:
 - (a) The amount obtained by multiplying the income or loss allocable to the participant's employee contributions for the plan year by a fraction, the numerator of which is the excess aggregate contributions on behalf of the participant for the preceding plan year and the denominator of which is the sum of the participant's account balance attributable to employee contributions on the last day of the preceding plan year.
 - (b) Ten percent of the amount determined under Subsection 2H(3)(a) multiplied by the number of whole calendar months between the end of the plan year and the date of distribution, counting the month of distribution if distribution occurs after the 15th of such month.
- (4) Excess aggregate contributions shall be distributed from the participant's employee contribution account in proportion to the participant's employee contributions for the plan year, such distribution shall be made on behalf of the highly-compensated participant group in order of their contribution percentages beginning with the highest of such percentages. If there is a loss allocable to such excess amount, the dis-

tribution shall in no event be less than the lesser of the participant's employee contribution account or the participant's employee contributions for the plan year.

- (5) Any distribution of less than the entire amount of excess aggregate contributions (and income) shall be treated as a pro rata distribution of excess aggregate contributions and income. Distribution of excess aggregate contributions shall be designated by the employer as a distribution of excess aggregate contributions (and income).
- (6) For each highly-compensated participant the amount of excess aggregate contributions is equal to the total voluntary employee contributions made pursuant to Subsection 2 and any qualified nonelective contributions or elective deferrals taken into account pursuant to Subsection 2H on behalf of the highly-compensated participant (determined prior to the application of this subsection) minus the amount determined by multiplying the highly-compensated participant's average contribution ratio (determined after application of this subsection) by his compensation (§601). The average contribution ratio must be rounded to the nearest 1/100 of 1% for plan years beginning after December 31, 1988. In no case shall the amount of excess aggregate contribution with respect to any highly-compensated participant exceed the amount of employee contributions made pursuant to Subsection 2 and any qualified nonelective contributions of elective deferrals taken into account pursuant to Subsection 2H on behalf of such highly-compensated participant for such plan year.
- (7) The determination of the amount of excess aggregate contributions with respect to any plan year shall be made after first determining the excess contributions (as defined in Regulation 1.401(k)-(g)(13)), if any, to be treated as voluntary employee contributions due to recharacterization for the plan year of any qualified cash or deferred arrangement (as defined in Code §301(k)) maintained by the employer that ends with or within the plan year.
- (8) If the determination and correction of excess aggregate contributions of a highly-compensated employee whose average contribution ratio is determined under the family aggregation rules, then the average contribution ratio shall be reduced and the excess aggregate contributions for the family unit shall be allocated among the family members in proportion of the sum of voluntary employee contributions made pursuant to Subsection 2 and any qualified nonelective contributions or elective deferrals taken into account pursuant to Subsection 2H of each family member that were combined to determine the group average contribution ratio. Notwithstanding the foregoing, with respect to plan years beginning prior to January 1, 1990, compliance with the regulations then in effect shall be deemed to be compliance with this subsection.

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- I. Notwithstanding the above, within 12 months after the end of the plan year the employer may make a qualified nonelective contribution (as defined in Code §401(m)(4)(C)) on behalf of non-highly-compensated participants in an amount sufficient to satisfy one of the tests set forth in Subsection 2H. Such contribution shall be allocated to the participant's account of each non-highly-compensated participant in the same proportion that each non-highly-compensated participant's compensation for the year bears to the total compensation of all non-highly-compensated participants. A separate accounting shall be maintained with respect to such contributions.
- J. For purposes of this subsection the following definitions shall apply:

AVERAGE CONTRIBUTION PERCENTAGE — the average (expressed as a percentage) of the contribution percentages of the eligible participants in a group.

CONTRIBUTION PERCENTAGE — the ratio (expressed as a percentage) of the sum of the employee contributions under the plan on behalf of the eligible participant for the plan year to the eligible participant's compensation for the plan year. An employer may elect to take into account (in computing the contribution percentage) elective deferrals, matching contributions, and qualified nonelective contributions under the plan or any other plan of the employer.

3. **Time of Payment of Employer Contribution.** The employer shall pay to the chief administrative officer its employer contribution to the plan for each plan year within the time period specified in Act 205.

(Ord. 1992-6, 12/3/1992, §3; as amended by Ord. 2004-04, 10/7/2004, §2)

§604. Benefits.

1. **Normal Retirement Benefit.** The amount of monthly retirement benefit to be provided for each participant who retires on his normal retirement date shall be equal to 50% of his average monthly compensation.
2. **Normal Form of Benefit.** Retirement benefit payable to a retired participant pursuant to Subsections 1 and 9 shall be:
 - A. For a single participant, a monthly pension commencing on his retirement date and continuing for life.
 - B. For a married participant, a monthly pension for life with payments continuing after the participant's death to the surviving spouse of the participant in an amount equal to 50% of the pension that the participant was receiving at the time of his death. In the event that the participant's spouse

does not survive him or in the event that the participant's spouse survives and subsequently dies, then the child or children of the participant under the age of 18 years or, if attending college, under or attaining the age of 23 years shall be entitled to receive a pension which shall be calculated at 50% of the pension the participant was receiving at the time of his death. For purposes of this section, the phrase "attending college" shall mean the eligible children are registered at an accredited institution of higher learning and are carrying a minimum courseload of seven credit hours per semester.

3. Relationship to Social Security. No change in the Social Security Act after the date of a participant's separation from service shall affect the benefits as described under this plan.
4. Service Increment. In addition to the benefit in Subsection 1, a participant who shall retire after completion of at least 26 years of service shall be entitled to receive a monthly service increment benefit of \$100.
5. Cost of Living Increase. A participant who shall retire on or after January 1, 1997, and who is eligible to receive a retirement benefit pursuant to Subsection 1 hereunder shall be entitled to receive a cost-of-living adjustment to the amount of benefit payable under Subsections 1 and 4. Such cost-of-living adjustment shall be initially determined as of the anniversary date following 12 months of retirement and each anniversary date thereafter and shall not be in excess of the following limitations:
 - A. The percentage increase in the Consumer Price Index for the year in which the participant was last employed as an employee of the employer.
 - B. The total retirement benefits payable under this plan shall not exceed 75% of the participant's average monthly compensation.
 - C. The total cost-of-living increase shall not exceed 30% of the participant's retirement benefit under this plan.
 - D. The total cost-of-living increase shall not impair the actuarial soundness of the plan.
- 5A. Increase in Benefits for Individuals Who Retired Prior to January 1, 1997.
 - A. At the discretion of the Board of Supervisors an increase may be provided to participants who retired before January 1, 1997. Such cost shall not be in excess of the limitation as set forth in Subsection 5A-D of this §604.
 - B. Effective January 1, 1999, an increase in pension benefits may be provided for all participants retired and receiving benefits as of that date who retire prior to January 1, 1997.
6. Maximum Benefits.

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- A. Subject to exceptions below, the maximum annual benefit payable to a participant under this plan in any limitation year shall equal the lesser of:
- (1) \$90,000; or
 - (2) 100% of the participant's compensation average over the three consecutive limitation years (or actual number of limitation years for employees who have been employed for less than three consecutive limitation years) during which the employee had the greatest aggregate compensation from the employer.
- B. For purposes of this plan, "annual benefit" means the benefit which would be payable in the form of a straight life annuity with no ancillary benefit or a qualified joint and survivor annuity. If a benefit is payable in any other form, the annual benefit limitation shall be applied by adjusting it to the actuarial equivalent of a straight life annuity. In determining the actuarial equivalent value, the interest rate assumption shall not exceed the greater of 5% or the rate specified in §601, Subsection 3. No adjustment is required for qualified joint and survivor annuity benefits, preretirement death benefits and postretirement death benefits and postretirement medical benefits.
- C. Preservation of Current Accrued Benefit under the Plan.
- (1) In general this subsection shall apply to defined benefit plans that were in existence on May 6, 1986, and that met the applicable requirements of Code §415 as in effect for all limitation years.
 - (2) If the current accrued benefit of an individual who is a participant as of the first day of the limitation year beginning on or after January 1, 1987, exceeds the benefit limitations under Code §415(b), then for purposes of Code §415(b) and (e), the defined benefit dollar limitation with respect to such individual shall be equal to such current accrued benefit.
 - (3) Current Accrued Benefit. A participant's accrued benefit under the plan, determined as if the participant had separated from service as of the close of the last limitation year beginning before January 1, 1987, when expressed as an annual benefit within the meaning of Code §415(b)(2). In determining the amount of a participant's current accrued benefit, the following shall be disregarded:
 - (a) Any change in the terms and conditions of the plan after May 5, 1986.
 - (b) Any cost of living adjustment occurring after May 5, 1986.

- D. The dollar limitation under Code §415(b)(1)(A), stated in Subsection 6A(1) above, shall be adjusted annually as provided in Code §415(d) pursuant to the regulations. The adjusted limitation is effective as of January 1 of each calendar year and is applicable to limitation years ending with or within that calendar year.
- E. The limitation stated in Subsection 6A(2) above for participants who have separated from service with a nonforfeitable right to an accrued benefit shall be adjusted annually as provided in Code §415(d) pursuant to the regulations prescribed by the Secretary of the Treasury.
- F. For purposes of Subsections 4 and 5, all defined benefit plans of the employer, whether or not terminated, are to be treated as one defined benefit plan and all defined contribution plans of the employer, whether or not terminated, are to be treated as one defined contribution plan of the employer.
- G. In the case of a group of related employers, all such employers shall be considered a single employer for purposes of applying the limitation of §415 of the Code.

7. Adjustments to Annual Benefit and Limitations.

- A. If the annual benefit begins on or after age 62, the \$90,000 limitation shall be reduced. If the annual benefit begins before age 62 the \$90,000 limitation (but not the 100% compensation limitation) shall be reduced so that it is the actuarial equivalent of the \$90,000 limitation beginning at age 62. However, the \$90,000 limitation shall not be reduced to less than:
 - (1) \$75,000 if the annual benefit commences on or after age 55; or
 - (2) The amount which is the actuarial equivalent of \$75,000 at age 55 if the annual benefit commences prior to age 55.

For purposes of adjusting the \$90,000 limitation applicable prior to age 62 or the \$75,000 limitation prior to age 55 the adjustment shall be made pursuant to §601, Subsection 3, except that the interest rate assumption shall be the greater of 5% or the rate specified in §601, Subsection 3, and the mortality decrement shall be ignored to the extent that a forfeiture does not occur at death.

- B. If the annual benefit begins after age 65, the \$90,000 limitation shall be increased so that it is the actuarial equivalent of the \$90,000 limitation at the age of 65. For purposes of adjusting the \$90,000 limitation applicable after age 65, the adjustment shall be made pursuant to §601, Subsection 3, except that the interest rate assumption shall be the lesser of 5% or the rate specified in §601, Subsection 3, and the mortality decrement shall be ignored to the extent that a forfeiture does not occur at death.

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- C. For purposes of adjusting any “annual benefit” under Subsection 4 or 5A or B, no adjustments shall be taken into account before the limitation year for which such adjustment first takes effect.
 - D. If a participant has less than 10 years of participation in the plan at the time he begins to receive benefits under the plan, the \$90,000 limitation shall be reduced by multiplying such limitation by a fraction: the numerator of which is the number of years of participation (or part thereof) in the plan and the denominator of which is 10, provided that said fraction shall in no event be less than 1/10. The 100% of compensation limitation shall be reduced in the same manner except the preceding sentence shall be applied with respect to years of service with the employer rather than years of participation in the plan. Additionally, to the extent provided in regulations, the above reductions shall be applied separately with respect to each change in the benefit structure of the plan. Notwithstanding the foregoing, for limitation years beginning prior to January 1, 1987, if a participant has fewer than 10 years of service with the employer at the time he begins to receive benefits under the plan, the maximum annual benefit payable to the retired participant shall be reduced by multiplying such maximum annual benefit by a fraction: the numerator of which is the number of years of service, or part thereof, with the employer, and the denominator of which is 10.
 - E. Exception Benefit. Subject to the limitation of Subsection 5D above, this plan may pay an annual benefit to any retired participant which shall exceed 100% of such participant’s average compensation (Subsection 4 above); provided, the annual benefit shall not be in excess of \$10,000; and, provided, the participant shall not be or have been, at any time, an active participant in any defined contribution plan maintained by the employer.
8. Multiple Plan Reduction.
- A. If an employee has, at any time, participated in one or more defined benefit plans and one or more defined contribution plans maintained by the employer, the sum of the defined benefit plan fraction and the defined contribution plan fraction for any limitation year may not exceed one. In the case of an individual who was a participant in one or more defined benefit plans of the employer as of the first day of the first limitation year beginning after December 31, 1986, the application of the limitations of this section shall not cause the maximum permissible amount for such individual under all such defined benefit plans to be less than the individual’s current accrued benefit. The preceding sentence applies only if such defined benefit plans met the requirements of the Code §415 for all limitation years beginning before January 1, 1987.
 - (1) The defined benefit plan fraction for any limitation year is a fraction, the numerator of which is the participant’s projected “annual benefit” under the plan (determined as of the close of the limitation year pursuant to Regulations 1.415-7(b)(3), and the denominator of this is the

less of: (a) the product of $1\frac{1}{4}$ multiplied by the maximum dollar limitation in effect under Code §425(b)(1)(A) for such limitation year, or (b) the product of $1\frac{2}{5}$ multiplied by the amount which may be taken into account under Code §415(b)(1)(B) for such limitation year.

- (2) The defined contribution plan fraction for any limitation year is a fraction, the numerator of which is the sum of the annual additions to the participant's accounts for such limitation year and for all prior limitation years, and the denominator of which is the sum of the lesser of the following amounts determined for such year and each prior year of service with the employer: (a) the product of $1\frac{1}{4}$ multiplied by the dollar limitation in effect under Code §415(c)(1)(A) for such year (determined without regard to Code §415(c)(6)) or (b) the product of $1\frac{2}{5}$ multiplied by the amount which may be taken into account under Code §415(c)(1)(B) for such year. For the purpose of this subsection, the term "participant's account" shall mean the account established and maintained for each participant with respect to this total interest in the defined contribution plan maintained by the employer resulting from annual additions. The annual addition allocated to pay any participant's account under this plan in a limitation year, plus all annual additions allocated to such participant under any other defined contribution plan of the employer for such limitation shall not exceed the lesser of (a) \$30,000 (or such greater amount as may be determined by the Commissioner of Internal Revenue Service for limitation years ending on or after January 1, 1988, as a cost of living adjustment), or (b) 25% of such participant's compensation. "Annual additions" means the sum credited to a participant's account for any limitation year of:
- (a) Employer contributions.
 - (b) Employee contributions.
 - (c) Forfeitures.
 - (d) Amounts allocated after March 31, 1984, to any individual medical account, as defined in Code §415(1)(2) which is part of a pension or annuity plan maintained by the employer.
 - (e) Amounts derived from contributions paid or accrued after December 31, 1985, in taxable years ending to postretirement medical benefits allocated to a separate account of a key employee (as defined in Code §419(A)(d)(3)) under a welfare benefit plan (as defined on Code §419(e) maintained by the employer.
- (3) Notwithstanding the foregoing, for plan years beginning prior to January 1, 1987, only that portion of employee contributions equal to the lesser of employee contributions in excess of 6% of compensation

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or 1/2 of employee contributions shall be considered an annual addition. The annual addition for any limitation year beginning before January 1, 1987, shall not be recomputed to treat all employee contributions as an annual addition. If the plan satisfied Code §415 as in effect for all limitation years beginning before January 1, 1987, an amount shall be subtracted from the numerator of the defined contribution plan fraction (not exceeding such numerator) as prescribed by the Secretary of the Treasury so that the sum of the defined benefit plan fraction and defined contribution plan fraction computed under §415(e)(1), as amended by the Tax Reform Act of 1986, does not exceed one for such limitation year.

- B. Except as specifically permitted in the regulations of the Secretary of the Treasury under §415 of the Code, the benefits paid or payable at any time shall not exceed the limitations of Subsection 8B above.
- C. Special Rule for Defined Contribution Fraction for Defined Contribution Plan in Effect on or Before July 1, 1982. The Administrator may elect, for any limitation year ending after December 31, 1982, that the amount taken into account in the denominator for every participant for all limitation years ending before January 1, 1983, shall be an amount equal to the product of:
 - (1) The denominator for the limitation year ending in 1982 determined under the law in effect for the limitation year ending in 1982, multiplied by
 - (2) The transition fraction. For purposes of this subsection, the term "transition fraction" shall mean a fraction:
 - (a) The numerator of which is the lesser of:
 - 1) \$51,875; or
 - 2) 1.4 multiplied by 25% of the participant's compensation for the limitation year ending in 1981; and
 - (b) The denominator of which is the lesser of:
 - 1) \$41,500; or
 - 2) 25% of the participant's compensation for the limitation year ending in 1981.

Notwithstanding the foregoing, for any limitation year in which the plan is a top heavy plan, \$41,500 shall be substituted for \$51,875 in determining the transition fraction unless the extra benefit is provided pursuant to §609. However, for any limitation year in which this

plan is a top heavy plan, \$41,500 shall be substituted for \$51,875 in any event.

- D. If the sum of the defined benefit plan fraction and the defined contribution plan fraction shall exceed one in any limitation year for any participant in this plan for reasons other than described in (E) below, the administrator shall limit, to the extent necessary, the annual additions to such participant's account for such limitation year. If, after limiting the annual additions to such participant's account for the limitation year, the sum of the defined benefit plan fraction and the defined contribution plan fraction still exceed one, the administrator shall then adjust the numerator of the defined benefit plan fraction so that the sum of both fractions shall not exceed one in any limitation year for such participant.
 - E. If this substitution of 1.0 for 1.25 and \$41,400 for \$51,875 above or the excess benefit accruals or annual additions provided for in Internal Revenue Service Notice 82-19 cause the 1.0 limitation to be exceeded for any participant in any limitation year, such participant shall be subject to the following restrictions for each future limitation year until the one limitation is satisfied:
 - (1) The participant's accrued benefit shall not increase;
 - (2) No annual additions may be credited to a participant's account; and
 - (3) No employee contributions (voluntary or mandatory) shall be made under any defined benefit plan or any defined contribution plan of the employer.
9. Early Retirement Benefit. The amount of monthly retirement benefit to be provided for each participant who retires on his early retirement date shall be calculated as follows:
- A. A partial retirement benefit shall be determined by applying the percentage that the participant's years of service bear to the years of service that the participant would have rendered had the participant continued to be employed until his normal retirement age to the gross pension amount calculated using his average monthly compensation.
 - B. The actuarial equivalent of the partial retirement benefit shall be determined by actuarially reducing the partial retirement benefit to reflect that it will commence on the effective date of the early retirement rather than on the date on which the participant would have completed normal retirement benefit age and service requirements. The actuarial reduction shall be calculated using the actuarial assumptions reported in the last actuarial evaluation report filed with the Public Employee Retirement Commission under the Act of December 18, 1984 (PL 1005, No. 205) known as the "Municipal Pension Plan Funding Standard and Recovery Act."

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(Ord. 1992-6, 12/3/1992, §4; as amended by Ord. 1997-3, 3/6/1997; by Ord. 1999-2, 8/5/1999, §1; by Ord. 2001-1, 6/7/2001, §§3, 4; and by Ord. 2004-04, 10/7/2004, §3)

§605. Retirement Eligibility.

1. Normal Retirement. Each participant who retires from the employ of the employer when he attains his normal retirement age (See §601, Normal Retirement Date) shall be entitled to receive the benefits provided for in §604, Subsection 1.
2. Early Retirement. Each participant who retires from the employ of the employer when he attains his early retirement age (see §601, Early Retirement Date) shall be entitled to receive the benefits provided for in §604, Subsection 9.
3. Late Retirement.
 - A. A participant who remains in the employ of the employer after his normal retirement date shall continue to be a participant in the plan until his actual retirement date (late retirement date) and shall be entitled to receive the benefit provided for in §603, Subsection 3.
 - B. A participant will be deemed to be retired as of the first day of any calendar month after he attains his normal retirement date during which he performs services for the employer and/or receives payment for vacation, holiday, illness, incapacity during disability, layoff, jury duty, military duty, or leave of absence for fewer than 40 hours of employment.
4. Disability Retirement.
 - A. A participant who suffers a total and permanent disability while incurred in the service of the employer shall be eligible, upon the date on which the determination is made (disability retirement date), to receive the benefits provided for in §606, Subsection 4.
 - B. Total and Permanent Disability. A disability which has lasted at least six uninterrupted months caused by bodily injury or disease which prevents a participant from engaging in any occupation or business for compensation, remuneration or profit and such disability is likely, in the opinion of a qualified physician satisfactory to the chief administrative officer, to be permanent and continuous during the participant's lifetime.
 - C. A participant's right to benefits pursuant to this section shall terminate if, prior to his normal retirement date, the participant (1) is reemployed by the employer, (2) engages in any substantial gainful activity, except for such employment as is found by the chief administrative officer to be for the primary purpose of rehabilitation or not incompatible with a finding of total and permanent disability, or (3) has sufficiently recovered, in the opinion of

the chief administrative officer based on medical examination by a qualified physician appointed by the chief administrative officer, to be able to engage in regular employment with the employer or refuses to undergo any medical examination requested by the chief administrative officer; provided, that a medical examination shall not be required more frequently than twice in any calendar year prior to his 55th birthday. If entitlement to a benefit ceases in accordance with the provisions of this subsection, such participant shall not be prevented from qualifying for benefits under another section of the plan based on his average monthly compensation prior to his disability retirement date; provided, that benefits received pursuant to §604, Subsection 4, shall reduce such other benefits as though the actuarial equivalent of such §604, Subsection 4, benefits had been received pursuant to such provision of the plan as is applicable.

5. Reemployment after Retirement/Suspension of Benefits.

- A. Normal or early retirement benefits in pay status will be suspended for each calendar month during which the employee completes at least 40 hours of service with the employer in Act §203(3)(B) service. Similarly, the actuarial value of benefits which commence later than normal retirement age will be computed without regard to amounts which would have been suspended under the preceding sentence as if the employee had been receiving benefits since normal retirement age.
- B. Resumption of Payment. If benefit payments have been suspended, payments shall resume no later than the first day of the third calendar month after the calendar month in which the employee ceases to be employed in §203(a)(3)(B) service. The initial payment upon resumption shall include the payment scheduled to occur in the calendar month when payments resume and any amounts withheld during the period between the cessation of §203(a)(3)(B) service and the resumption of payments.
- C. Notification.
 - (1) No payment shall be withheld by the plan pursuant to this section unless the plan notifies the employee by personal delivery or first class mail during the first calendar month or payroll period in which the plan withholds payments that his benefits are suspended. Such notification shall contain a description of the specific reasons why benefit payments are being suspended, a description of the plan provision relating to the suspension of payments, a copy of such provisions, and a statement to the effect that applicable Department of Labor Regulations may be found in §2530.203-3 of the Code of Federal Regulations.
 - (2) In addition, the notice shall inform the employee of the plan's procedures for affording a review of the suspension of benefits. Requests for such review may be considered in accordance with the claims proce-

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dures adopted by the plan pursuant to Act §503 and applicable regulations.

D. Amount Suspended.

- (1) **Life Annuity.** In the case of benefits payable periodically on a monthly basis for as long as a life (or lives) continues, such as a straight life annuity or a qualified joint and survivor annuity, an amount equal to the portion of a monthly benefit payment derived from employer contributions.
- (2) **Other Benefit Forms.** In the case of a benefit payable in a form other than the form described in Subsection 5D(1) above, an amount of the employer-derived portion of benefit payments for a calendar month in which the employee is employed in §203(a)(3)(B) service, equal to the lesser of:
 - (a) The amount of benefits which would have been payable to the employee if he had been receiving monthly benefits under the plan since actual retirement based on a single life annuity commencing at actual retirement age; or
 - (b) The actual amount paid or scheduled to be paid to the employee for such month. Payments which are scheduled to be paid less frequently than monthly may be converted to monthly payments for purposes of the above section.

(Ord. 1992-6, 12/3/1992, §6; as amended by Ord. 2001-1, 6/7/2001, §5; and by Ord. 2004-04, 10/7/2004, §4)

§606. Retirement Benefits.

1. **Normal Retirement Pension.**
 - A. Upon retirement at his normal retirement date, each participant shall be entitled to receive the benefit provided in §604, Subsection 1, Normal Retirement Benefit.
 - B. At such time the chief administrative officer shall take any necessary action so that the participant shall receive such benefit either directly from an insurer or as the chief administrative officer shall direct.
2. **Early Retirement.** Each participant who retires from the employ of the employer when he attains his early retirement age (§601, Early Retirement Date) shall be entitled to receive the benefits provided in §604, Subsection 9, of the Codified Ordinances of the Township of Vernon.

3. Late Retirement Pension. A participant who remains in the employ of the employer beyond his normal retirement date shall be entitled to receive, commencing on his late retirement date, his benefit calculated pursuant to §604, Subsection 1, considering his average monthly compensation as of his late retirement date.
4. A participant who shall be entitled to a disability retirement shall receive a monthly benefit in the amount equal to 75% of the participant's monthly salary determined at the time the disability was incurred, provided that any participant who receives benefits for the same injuries under the Social Security Act (49 STAT. 620; 42 U.S.C. §301 et seq.) shall have his disability benefits offset or reduced by the amount of such benefits. For purposes of this subsection "salary" shall mean a participant's basic salary, excluding bonus, overtime or any other forms of extra pay received from the Township. Disability benefits shall commence as of the first day of the month coincident with or immediately following the determination of the disability of the participant pursuant to §605, Subsection 4, and which benefit shall continue to the earliest of the participant's death, cessation of disability, or attainment of normal retirement date. (A participant attaining normal retirement date shall thereafter receive normal retirement benefits per §604.)
5. Distribution of Benefits.
 - A. The normal retirement benefit payable to a retired participant pursuant to §604, Subsection 1, shall be a monthly pension commencing on his retirement date as set forth in §604, Subsection 2.
 - B. In the event a participant elects not to receive the retirement benefit in the normal form set forth in §604, Subsection 2, the plan administrator shall direct the trustee to distribute to a participant or his beneficiary any amount to which he is entitled under the plan in one or more of the following methods as elected by the participant:
 - (1) Months Certain and Life Annuity. A participant may elect to receive an actuarial equivalent pension payable for life, with a stipulation that should he die prior to receiving 0, 60, or 120 monthly payments (as elected by him), the balance of such payments shall continue to be paid to his designated beneficiaries (or if none, to his estate); or
 - (2) Joint and Survivor Annuity. A participant may elect to receive an actuarial equivalent pension for life with payments continuing after his death to a designated beneficiary for the continued lifetime of such designated beneficiary equal to 50%, 66 2/3%, 75%, or 100% of the reduced pension payable to him, as the participant may elect.

Such optional forms of payment shall be actuarial equivalents of the amount of benefit the participant and his beneficiary are entitled to under the plan.

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- C. If the actuarial equivalent of the retired participant's vested benefit derived from employer and employee contributions is less than and has never exceeded \$3,500, the plan administrator shall immediately distribute such benefit in a lump sum payment without such retired participant's consent. For the purpose of determining the actuarial equivalent rate assumption shall be either the rate specified in §601.
 - D. Notwithstanding any provision in this agreement to the contrary, a participant's benefits shall be distributed to him not later than April 1 of the calendar year in which he attains age 71 1/2 or the calendar year in which he retires. Alternatively, distributions to a participant must begin no later than the April 1 following such calendar year and shall not be made over a period not exceeding the life of the participant (or the lives of the participant and the participant's designated beneficiary) or the life expectancy of the participant (or the life expectancy of the participant and his designated beneficiary). For plan years beginning after December 31, 1988, Subsection 5B(2) above shall not apply to any participant unless the participant has attained age 70 1/2 before January 1, 1988. Additionally, for calendar years beginning before 1989, distributions may also be made under an alternative method which provides that the then present value of the payments to be made over the period the participant's life expectancy exceeds 50% of the then present value of the total payments to be made to the participant and his beneficiaries.
6. Time of Payment of Benefits.
- A. Unless elected otherwise as provided in Subsection 6B, payment of benefits must begin no later than 60 days after the close of the plan year in which the latest of the following events occurs:
 - (1) The attainment of normal retirement age.
 - (2) The termination of a participant's service with the employer.
 - B. If the participant so elects, with the consent of the chief administrative officer, payment of benefits shall begin on the date elected by the participant (subject to the restrictions of §606, Subsection 5D). The election shall be made in writing, signed by the participant and submitted to the chief administrative officer and shall describe the date on which payments are to begin.
7. Limitation on Benefits. All rights and benefits, including elections, provided to a participant in this plan shall be subject to the rights afforded to an alternate payee under a qualified domestic relations order as those terms are defined in Code §414(p).

(Ord. 1992-6, 12/3/1992, §6; as amended by Ord. 2001-1, 6/7/2001, §6; and by Ord. 2004-04, 10/7/2004, §5)

§607. [Reserved].

(Ord. 1992-6, 12/3/1992, §7; as amended by Ord. 2004-04, 10/7/2004, §6; and repealed by Ord. 2010-01, 7/1/2010, §1)

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§608. Termination of Service Before Retirement.

1. Deferred Vested Benefits.

A. Participants who terminate their employment for causes other than death prior to their normal retirement date will be vested in their employer derived accrued benefits; provided, they have completed at least 12 years of service with the employer at the time of their termination. Such participants shall be vested in a percentage of their accrued benefit as determined in accordance with the following schedule:

Years of Service	Vested Percentage
Less than 12	0%
12 or more	100%

B. A participant shall be 100% vested in his accrued benefit attributable to his compulsory employee contributions at all times.

C. For purposes of this section, compulsory employee contributions shall mean the total of:

- (1) All compulsory employee contributions made by an employee.
- (2) Interest credited on the amount in Subsection 1C(1) compounded annually at the rate designated in §601. Interest shall be calculated from January 1 following the date of the contribution to the first day of the month in which the contributions are withdrawn.

2. Vest until Normal Retirement Age. Should a participant, before reaching normal retirement age and having completed 12 years of service, for any reason cease to be a municipal employee, he shall be entitled to vest his retirement benefits until he attains normal retirement age, by filing with the Board of Supervisors a written notice of his intention to vest within 90 days of the date of his termination of employment.

A. Upon reaching the date which would have been his normal retirement date had he continued to be employed as a full-time police officer, he shall be paid a retirement benefit determined using the average monthly compensation during the appropriate period prior to his termination of employment.

B. This vested benefit shall be provided only if it does not impair the actuarial soundness (See §601) of the plan.

3. Time of Payment.

A. A participant, upon termination or employment, shall be entitled to elect either:

- (1) The benefit designated in §608, Subsection 2; or
 - (2) Cash Refund. Under this option, the participant will receive a refund of his contributions with interest (§601) thereon to the first day of the month in which his termination of employment occurs.
- B. For the purpose of determining the actuarial equivalent value of a participant's vested accrued benefit in this regard, the interest rate assumption shall be the lesser of the rate specified in §601 or the rate used by the Pension Benefit Guaranty Corporation (as of the beginning of the plan year in which the distribution occurs) in determining the present value of a lump sum distribution on plan termination.

(Ord. 1992-6, 12/3/1992, §8)

§609. Administration.

1. Chief Administrative Officer.

- A. The administration of this plan shall be vested in the chief administrative officer who shall have the power and duty to operate and administer the provisions of the plan and to make and enforce such rules and regulations as may be necessary and proper for the efficient administration of the plan.
- B. The chief administrative officer shall be appointed by the employer and may, but need not be, one of the participants. The chief administrative officer may be removed by the employer or may resign by delivering his written resignation to the employer.
- C. The chief administrative officer may appoint such subcommittees, with such powers as he determines; and may employ counsel and agents and such clerical, accounting and actuarial services as he may require in carrying out the provisions of the plan. All expenses incurred in administering this plan shall be paid by the employer.
- D. The chief administrative officer shall not be liable for any loss other than that specifically provided for under the standards applicable to fiduciaries as contained in the Act. He shall not be personally liable upon, or with respect to, any agreement, act, transaction or omission executed, committed or suffered to be committed by himself or by any other agent or representative, except as specifically provided in Title I of the Act. The chief administrative officer, and any agent thereof, shall be fully protected in relying upon the advice of any legal counsel, physician or other expert retained by him or the employer. Other than the bonding requirement under §412 of the Act, no bond or other security shall be required of the chief administrative officer in any jurisdiction.

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- E. The chief administrative officer shall have the power to determine the eligibility of any employee to participate in or receive benefits under this plan to settle any disputes which may arise in the operation of the plan, to value the assets held in the plan on the basis of their market value in such manner as he may deem appropriate, and to interpret any provisions of this plan. Any such determination, decision, or interpretation of the chief administrative officer shall be conclusive as to all persons affected thereby subject only to the right of review provided by §609, Subsection 1H, hereunder.
- F. The chief administrative officer shall make all distributions hereunder. The Chief Administrative Officer may, to the extent not inconsistent with the plan, specify the time at which any such distribution shall be made and may make such distribution in cash, in property, in annuity, insurance or similar contracts having such provisions as he may deem appropriate in the form of periodic payments, or any combination of the foregoing.
- G. All discretionary acts which may be taken pursuant to this plan by the chief administrative officer with respect to participants or their beneficiaries shall be uniform and nondiscriminatory and shall be applicable to all participants and their beneficiaries in substantially identical situations.
- H. Any claims by a participant or beneficiary shall be filed in writing with the chief administrative officer. The chief administrative officer shall make a decision on such application within 30 days of receipt of such application. Any decision by the chief administrative officer denying a claim by a participant or a beneficiary for benefits under the plan shall be communicated in writing to the participant or beneficiary, setting forth the specific reasons for such denial. Any such participant or beneficiary whose claim has been denied, or his duly authorized representative may (1) appeal to the chief administrative officer in writing within 60 days after receipt of the notice of denial for a review of his initial decision; (2) review pertinent documents; and (3) submit issues and comments in writing. The decision by the chief administrative officer following such review shall be made no later than 60 days after the date of receipt by the chief administrative officer of the request for review, and shall be conclusive as to all persons affected thereby. Such decision shall be in writing and shall include both specific reasons for the decision, written in a manner calculated to be understood by the claimant and specific references to the pertinent plan provisions on which the decision is based.
- I. The chief administrative officer shall hold and invest the contributions in accordance with the instructions of the employer.
- J. The plan shall be used to pay benefits as provided and, to the extent not paid directly by the employer, to pay the expenses of administering the plan pursuant to authorization by the chief administrative officer.

- K. The employer intends the plan to be permanent and for the exclusive benefit of its employees. It expects to make the contributions required under the plan. However, subject to the provisions of the Act, neither the employer nor the chief administrative officer shall be liable in any manner for any insufficiency in the plan. Benefits are payable only from the plan, and only to the extent that there are monies available therein.
 - L. The chief administrative officer shall be the named fiduciary with respect to the management and control of the assets in the plan, and may appoint an investment manager or managers to manage any assets of the plan including the power to acquire and dispose of any plan assets.
2. Trust Agreement. The employer has entered into a trust agreement with Pennbank as trustee hereunder. The trustee is responsible for the investment management of the fund. The trust agreement shall be attached hereto and be deemed to form a part of this plan, and any and all rights or benefits which may accrue to any participant under the plan shall be subject to all of the terms and provisions of the trust agreement.
 3. Assignment of Benefits. No benefit payable under the plan shall be subject in any manner to anticipation, assignment, garnishment or pledge; and, any attempt to anticipate, assign, garnish or pledge the same shall be void. No benefits shall be in any manner liable for or subject to the debts, liabilities, engagements or torts of any participants; and if any participant shall become bankrupt or attempt to anticipate, assign or pledge any benefits, then the chief administrative officer shall nevertheless cause the same to be paid in the manner payable under this plan.

(Ord. 1992-6, 12/2/1992, §9)

§610. Amendment.

The employer shall have the right to amend this plan at any time; provided, however, that no such action shall be effective to permit any part of the corpus or income of the plan established herewith to be used for, or diverted to, purposes other than the exclusive benefit of the participants and their beneficiaries, and defraying the reasonable expenses of administering the plan. The employer retains the right to amend the plan at any time. No amendment to the plan (including a change in the actuarial basis for determining optional or early retirement benefits) or restricting a participant's right to those benefits shall be effective to the extent that it has the effect of decreasing a participant's accrued benefit. For purposes of this subsection a plan amendment which has the effect of eliminating or reducing an early retirement benefit or a retirement-type subsidy, or eliminating an optional form of benefit with respect to benefits attributable to service before the amendment 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 bene-

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fit, a medical benefit, a Social Security supplement, a death benefit (including life insurance), or a plant shutdown benefit (that does not continue after retirement age). 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.

(Ord. 1992-6, 12/3/1992, §10)

§611. Distribution Upon Plan Termination.

In the event of the termination or partial termination of the plan, the accrued benefit of each affected participant who has not incurred a break in service shall become fully vested and shall not thereafter be subject to forfeiture. After giving all proper governmental notifications and subject to the other requirements of the Act, the plan administrator shall allocate all benefits accrued for the affected participants and their beneficiaries to the date of such termination or partial termination, to the extent funded on such date, among such participants and beneficiaries in accordance with the provisions of §4044 of ERISA. The employer shall thereupon direct either that the trustee continue to hold the amounts allocated to participants or beneficiaries in the trust fund in accordance with the provisions of this plan without regard to such termination until all funds have been distributed in accordance with such provisions or that the trustee immediately distribute the allocated amounts to the appropriate participants or beneficiaries. In the event of the termination of the plan, any residual assets held as part of the trust fund, in excess of the present value of affected participant's accrued benefits that are the result of an actuarial error, may be returned to the employer.

(Ord. 1992-6, 12/3/1992, §10)

§612. Miscellaneous.

1. **Applicable Law.** The plan shall be governed by, and construed in accordance with, the laws of the state in which such documents have been executed except to the extent that such laws have been specifically preempted by the Act or other Federal legislation.
2. **Incapacity of Recipient of Benefits.** If any person entitled to receive benefits shall be physically or mentally incapable of receiving or acknowledging receipt of any payment of benefits, the trustee, upon the receipt of satisfactory evidence that such incapacitated person is so incapacitated and that another person or institution is maintaining him and that no guardian or committee has been appointed for him, may provide or the payment of benefits hereunder to such person or institution so maintaining him, and any such payments so made shall be deemed for every purpose to have been made to such incapacitated person.
3. **Merger, Consolidation or Discontinuance Involving Employer.** In the event that the employer shall at any time become insolvent, or in the event of the dissolution

of, or a merger or consolidation involving, the employer, without any provision being made for the continuance of the plan, the plan and the trust thereunder shall terminate and the trustee shall proceed in the manner provided herein in the event of a termination of the plan. In the event of a dissolution, merger or consolidation involving the employer, provisions may be made by the employer's successor, if any, for the continuance of the plan. In such event, said successor shall be substituted hereunder in place of the employer by proper corporate action of such successor.

4. **Liability of Officers and Directors of the Employer.** Subject to the provisions of the Act, no past, present or future officer or director of the employer shall be personally liable to any participant, beneficiary or other person under any provisions of the plan or agreement of trust.
5. **Merger or Consolidation of the Plan.** In the case of any merger or consolidation of the plan with, or transfer of assets or liabilities of the trust to, any other plan, or trust, each participant or beneficiary in the plan shall be entitled to a benefit hereunder immediately after such merger, consolidation, or transfer (if the plan then terminated) which is no less than the benefit he was entitled to receive immediately before such merger, consolidation or transfer (if the plan had then terminated).
6. **Employment Rights not Affected by the Plan.** Participation in this plan shall not give any right to any employee to be retained in the employ of the employer nor shall it interfere with the right of the employer to discharge any employee and to deal with him without regard to the existence of this plan and without regard to the effect that such treatment might have upon him as a participant in this plan.
7. **Assets Owned by Plan, Not Participants or Beneficiaries.** Nothing contained herein shall be deemed to give any participant or his beneficiary any interest in any specific property of the trust fund or any right except to receive such distributions as are expressly provided for in this plan.
8. **Alienation of Benefits and Qualified Domestic Relations Orders.**
 - A. Subject to the exceptions provided below, no benefit which shall be payable out of the plan 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. Any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge the same shall be void. Also, 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 chief administrative officer, 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 provisions of this agreement.

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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 equal to such indebtedness shall be paid by the chief administrative officer to apply against or discharge such indebtedness. Prior to making a payment, however, the participant or beneficiary must be given written notice by the chief administrative officer that such indebtedness is to be so paid in whole or part from his participant's accrued benefits. 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 §609, Subsection 1.

- C. This provision shall not apply to a qualified domestic relations order defined in Code §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 to administer distributions under such 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.
9. Indemnification of Fiduciaries. To the extent permitted by the Act and regulations issued thereunder, the employer shall indemnify and hold harmless all fiduciaries of the plan, as defined in the Act, who are employees of the employer, whether or not named fiduciaries, and defend the same, against any and all claims or liabilities which may be asserted against any of them by reason of any action or omission in the administration of the plan, except in the case of any fraud or willful wrongdoing.
10. Funding Policy. The employer shall make contributions to the plan in accordance with §603, Subsection 1, and the chief administrative officer shall invest the contributions in accordance with the terms of the plan.
11. Meaning of Certain Words. As used herein each gender shall include all other genders and the singular shall include the plural and the plural shall include the singular in all cases where such meaning would be appropriate.
12. Information be Furnished by the Employer. The employer shall furnish to the chief administrative officer such information in the employer's possession as the chief administrative officer shall require from time to time to perform his duties under the plan.
13. Service of Process. The chief administrative officer is the designated agent of the plan for the service of process in connection with all matters affecting the plan.

(Ord. 1992-6, 12/3/1992, §12)

§613. Military Service Purchase.

1. Calculation. Full service credit is provided for each year of military service or fraction thereof, not to exceed five years, to any member of the police force who was not employed by the Township prior to such military service. The amount due for the purchase of credit for military service other than intervening military service shall be computed by applying the average normal cost rate for borough and township police pension plans as certified by the Public Employee Retirement Study Commission, but not to exceed 10%, to the member's average annual rate of compensation over the first three years of municipal service and multiplying the result by the number of years and fractional part of a year of creditable nonintervening military service being purchased together with interest at the rate of 4 3/4% compounded annually from the date of initial entry into military service to the date of payment.
2. Election Period. Active participants as of the enactment date of this section may exercise the option to purchase nonintervening military service within three years of the enactment date. Police becoming active participants after the enactment date of this section may exercise the option to purchase nonintervening military service within three years of their hire date. In either case, no service purchases would be permitted after the later of three years from the enactment date or three years from the date of hire.
3. Purchase Period. In order to effectuate the purchase, participants must make a lump-sum payment of the purchase amount no later than 60 days after the election is made.

(Ord. 1992-6, 12/3/1992; as added by Ord. 2001-1, 6/7/2001, §7)

§614. Provisions Applicable to Pre-Act 600 Participants (Active participants employed on or before January 1, 1989).

1. Normal Retirement Date. The date the participant has attained the earliest of:
 - A. Age 55 and completed 25 years of service;
 - B. Age 60 and completed 20 years of service; or
 - C. Age 65.
2. Early Retirement Date. The date the participant has attained the later of age 60 and completed 10 years of service.
3. Normal Form of Benefit. The normal retirement benefit payable to a retired benefit pursuant to §604, Subsection 1, shall be:
 - A. For a single participant, a monthly pension commencing on his retirement date and continuing for life, with 120 payments guaranteed.

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- B. For a married participant, a monthly pension for life with payments continuing after the participant's death to the surviving spouse of the participant equal to 50% of the pension the participant was receiving at the time of his death. If no spouse survives or if the spouse survives and subsequently dies, then the child or children of the participant under the age of 18 years or, if attending college, under or attaining the age of 23 years shall be entitled to receive a pension calculated at 50% of the pension the participant was receiving at the time of his death. For purposes of this section, the phrase "attending college" shall mean the eligible children who are registered at an accredited institution of higher learning and are carrying a minimum courseload of seven credit hours per semester.
4. **Early Retirement.** Each participant who retires from the employ of the employer when he attains his early retirement age (see §614, Subsection 2, Early Retirement Date) shall be entitled to receive the benefits provided for in §614, Subsection 6.
5. **Disability Retirement.** A person who shall be entitled to a disability retirement shall receive a monthly benefit in an amount equal to 75% of the participant's monthly salary determined at the time the disability was incurred, provided that any participant who receives a benefit for the same injuries under the Social Security Act (49 STAT. 620, 42 U.S.C. §301 et seq.) shall have his disability benefits offset or reduced by the amount of such benefits. For the purpose of this subsection, "salary" shall mean a participant's basic salary excluding bonus, overtime or other forms of extra pay received from the employer. Disability benefits shall commence as of the first date of the month coincident with or immediately following the determination of the participant's disability pursuant to §605, Subsection 4, and continuing to the earliest of the participant's death, cessation of disability or attainment of normal retirement age. (A participant attaining normal retirement age shall thereafter receive normal retirement benefits per §604, as amended.)
6. **Early Retirement Benefit.** The amount of monthly retirement benefit to be provided for each participant who retires on his early retirement date shall be the accrued benefit if deferred to normal retirement date; the actuarial equivalent of his accrued benefit if taken at any time prior to normal retirement.
7. **Deferred Vested Benefits.** Participants who terminate their employment for causes other than death prior to their normal retirement date will vest under the provisions outlined in §608, except the vesting percentage will be determined in accordance with the following schedule:

Years of Service	Vested Percentage
1	10%
2	20%
3	30%
4	40%
5	50%

Years of Service	Vested Percentage
6	60%
7	70%
8	80%
9	90%
10	100%

8. Upon the participant's death prior to his retirement date or termination of employment, there shall be benefits payable in accord with the following. For purpose of this section, the phrase "attending college" shall mean the eligible child or children that are registered at an accredited institution of higher learning and are carrying a minimum courseload of seven credit hours per semester.
 - A. The surviving spouse of a participant who was killed in service or, if no spouse survives or if the spouse survives and subsequently dies, then the child or children under the age of 18 years or, if attending college, under or attaining the age of 23 years, of a participant which was killed in service shall, during their lifetime in the case of a surviving spouse or until reaching the age of 18 years or, if attending college, under or attaining the age of 23 years in the case of a child or children of the participant, be entitled to receive a monthly pension benefit calculated at 100% of the monthly participant's salary at the time of death. For the purpose of this subsection, "salary" shall mean a participant's basic salary excluding bonus, overtime or any other forms of extra pay received from the employer.
 - B. The surviving spouse of a participant or, if no spouse survives or if the spouse survives and subsequently dies, then the child or children under the age of 18 years or, if attending college, under or attaining the age of 23 years, of a participant who died shall, during her lifetime in the case of a surviving spouse or until reaching the age of 18 years or, if attending college, under or attaining the age of 23 years in the case of a child or children, be entitled to receive a pension calculated at 50% of the pension the participant would have been receiving had he been retired at the time of his death.
 - C. The surviving spouse of a participant who died before his pension has vested or, if no spouse survives or if she survives and subsequently dies, then the child or children under the age of 18 years or, if attending college, under or attaining the age of 23 years, of the participant shall be entitled to receive the participant's compulsory employee contributions in accordance with §608, Subsection 1C, unless the participant has designated another beneficiary for this purpose in accordance with §608, Subsection 1C.

(Ord. 2004-04, 10/7/2004, §7)

PART 7

NONUNIFORMED EMPLOYEES PENSION PLAN

§701. Definitions.

ACCRUED BENEFIT — the amount of retirement benefit credited to the participant determined in accordance with §704, Subsection 1, equal to the amount so computed considering the participant's average annual compensation and years of service at the date of determination.

ACT — the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

ACTUARIAL EQUIVALENT –

- A. Except as otherwise defined in this plan, any of the aggregate amounts, all equal in value, which are expected to be received under different forms of payment computed using the following assumptions:

Pre- and Post-Retirement Mortality: 1983 Group Mortality Table, (males rates only)

Pre- and Post-Retirement Interest Rate: 6% compounded annually

- B. In no event shall a participant receive less than the actuarial equivalent of his accrued benefit calculation as of the adoption date of this amendment computed in accordance with the definition of actuarial equivalent in effect on that date.
- C. In the event this section is amended the actuarial equivalent of a participant's accrued benefit on or after the date of change shall be determined as the greater of the actuarial equivalent of the participant's accrued benefit as of the date of change computed on the old basis, or the actuarial equivalent of the accrued benefit computed on the new basis.
- D. The actuarial equivalent computation for a participant's early retirement benefit shall equal the accrued benefit reduced by 5/9% for each of the first 60 months and 5/18% for each of the next 60 months that the early retirement benefit commences prior to the normal retirement date.

ACTUARIALLY SOUND — a plan which is being funded annually at a level not lower than the financial requirements of the pension plan pursuant to the Act of December 18, 1984 (P.L. 1005, No. 205), known as the "Municipal Pension Plan Funding Standard and Recovery Act."

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ADJUSTMENT FACTOR — the cost of living adjustment factor prescribed by the Secretary of the Treasury under Code §415(d) for year beginning after December 31, 1987, applied to such items and in such manner as the Secretary shall prescribe.

AGE — the age of a participant computed as of his last birthday.

ANNIVERSARY DATE — January 1 of each year following the effective date of the plan.

AUTHORIZED LEAVE OF ABSENCE — 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. An “authorized leave of absence” shall not cause a break in service.

AVERAGE ANNUAL COMPENSATION — the average of the compensation received by a participant during the last five calendar year period prior to his retirement date, death or termination of employment with the employer. If a participant has less than five calendar years of service on his date of termination, his average annual compensation will be based on his annual compensation during his actual consecutive calendar years of service to his date of termination.

BENEFICIARY or BENEFICIARIES — the person or persons as provided in §707, Subsection 2, to receive the benefits which are payable under the plan upon or after the death of the participant subject to the restrictions of §706, Subsection 7.

BOARD OF SUPERVISORS or BOARD — the governing body of the employer.

BREAK IN SERVICE —

- A. A twelve-consecutive-month period during which the employee does not complete more than 500 hours of service with the employer. For participants in the plan, computation of each such period shall be made by reference to the vesting computation period.
- B. An employee shall not incur a one-year break in service for the plan year in which he becomes a participant, dies or retires. Solely for purposes of determining whether a participant incurs a one-year break in service, hours of service shall be recognized for an authorized leave of absence and a maternity and paternity leave.

CHIEF ADMINISTRATIVE OFFICER — the person who has primary responsibility for the execution of the administrative affairs of the municipality in the case of a municipality, or of the pension plan in the case of a pension plan, or the designee of that person. (See §709, Subsection 1.)

CODE — the Internal Revenue Code of 1986, as amended or replaced from time to time.

COMPENSATION –

- A. The total compensation received by an employee from the employer which is subject to Federal Income Tax as reported on Form W-2.
- B. For purposes of the maximum benefit limitations of Code §415 (§704, Subsection 4, §705, Subsection 5, and §704, Subsection 6), compensation shall include the participant's wages, salaries, fees for professional services and other amounts received for personal services actually rendered in the course of employment with an employer maintaining the plan (including, but not limited to, commissions paid to salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips and bonuses paid during the limitation year. Compensation does not include: employer contributions to a qualified retirement plan, a nonqualified deferred compensation plan or a simplified employee pension plan; income received from the disposition of stock pursuant to the exercise of a qualified stock option; income realized upon the exercise of a nonqualified stock option or upon the lapse of substantial forfeiture provisions or nontransferability provisions on previously restricted property (as defined under Code §83); premiums paid by the employer for group life insurance to the extent not includable in the participant's gross income; and employer contributions (whether or not under a salary reduction agreement), towards the purchase of a tax sheltered annuity contract (as described in Code §403(B)).
- C. Compensation shall commence as of an employee's effective date of participation pursuant to §702, Subsection 1.
- D. For plan years beginning after December 31, 1988, compensation in excess of \$200,000 shall be disregarded. Such amount shall be adjusted at the same time and in such manner as permitted under Code §415(d). In determining the compensation of a participant for purposes of this limitation, the rules of Code §414(g)(6) shall apply, except in applying such rules, the term "family" shall include only the spouse of the participant and any lineal descendants of the participant who have not attained age 19 before the close of the year. If, as a result of the application of such rules the adjusted \$200,000 limitation is exceeded, then the limitation shall be prorated among the affected individuals' compensation determined under this section prior to the application of this limitation.

EARLY RETIREMENT AGE — a participant's 55th birthday; provided, such participant has completed at least 10 years of service.

EFFECTIVE DATE –

- A. Original effective date of the plan was April 1, 1981.

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- B. The effective date of this total amendment and restatement of the plan is January 1, 1991.

EMPLOYEE — any person who is employed by the employer except those who are members of a collective bargaining organization which has participated in good faith negotiations with the employer concerning retirement benefits.

EMPLOYER — Vernon Township and any successor entity which shall become a party hereto by assuming the obligations of the plan with respect to its employees or any predecessor entity which has maintained this plan or any predecessor plan which has been restated or modified herein. Each such entity shall have all the rights and obligations of the employer with respect to its employees. Such assumption shall be in writing and signed by the employer.

EMPLOYMENT COMMENCEMENT DATE — the date on which an employee first completes an hour of service for the employer.

ENTRY DATE — the date on which an employee first completes an hour of service.

FIDUCIARY or NAMED FIDUCIARY — any person who, with respect to this plan:

- A. Exercises any discretionary authority or discretionary control respecting management of such plan or exercises any authority or control respecting management or disposition of its assets.
- B. Renders investment advice for a fee or other compensation, direct or indirect, with respect to any moneys or other property of such plan, or has any authority or responsibility to do so.
- C. Has any discretionary authority or discretionary responsibility in the administration of the plan.

FORMER PARTICIPANT — a person who has been a participant but has ceased to be a participant for any reason. Any participant with a vested interest who is no longer employed by the employer shall also be considered a former participant.

HOURS OF SERVICE —

- A. An employee shall be credited with an hour of service for each hour for which the employee is directly or indirectly paid, or entitled to payment, by the employer or an affiliated employer for the performance of duties and for each hour for which the employee is directly or indirectly paid, or entitled to such payment, by the employer or an affiliated employer for reasons other than for the performance of duties irrespective of whether the employment relationship has terminated (such as vacation, holidays, sickness, jury duty,

disability, layoff, military duty or leave of absence) during the applicable computation period. These hours shall include overtime hours, but credit is required to be given only for the hours actually worked irrespective of any increase in the rate of pay for such hours.

- B. An employee shall be credited with an hour of service for which back pay has been awarded or agreed to by the employer. These hours shall be credited to the employee for the period or periods to which the award, agreement or payment pertains. The hours to be credited will be determined without regard to the mitigation of damages for reasons such as the employee's bad faith or receipt of compensation from other sources during the period wrongfully not employed.
- C. The number of an employee's hours of service and the plan year or other computation period to which they are to be credited shall be determined in accordance with §§2530.200(b) and (c) of the Rules and Regulations for Minimum Standards for Employee Pension Benefit Plans, which sections are herein incorporated by reference.
- D. Notwithstanding the above:
 - (1) No more than 501 hours of service are required to be credited to an employee on account of any single continuous period during which the employee performs no duties (whether or not such period occurs in a single computation period);
 - (2) An hour for which an employee is directly or indirectly paid, or entitled to payment, on account of a period during which no duties are performed is not required to be credited to the employee if such payment is made or due under a plan maintained solely for the purpose of complying with applicable worker's compensation, or unemployment compensation or disability insurance laws; and
 - (3) Hours of service are not required to be credited for a payment which solely reimburses an employee for medical or medically related expenses incurred by the employee.

LIMITATION YEAR — for purposes of § 704, Subsection 4, § 704, Subsection 5, and §704, Subsection 6 (Code §415), each twelve-consecutive-month period beginning on January 1 and ending on the following December 31.

MARRIED PARTICIPANT — a participant who is lawfully married on the date retirement benefits become payable pursuant to §6 of the plan.

MATERNITY or PATERNITY LEAVE OF ABSENCE — an absence from work for maternity or paternity reasons: by reason of pregnancy of the individual, by reason of a birth of a child of the individual, by reason of the placement of a child with the individual in connection with the adoption of such child by such individ-

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ual, or for purposes of caring for such child for a period beginning immediately following such birth or placement. The hours of service credited under this subsection shall be credited in the computation period in which the absence begins if the crediting is necessary to prevent a break in service in that period, or in all other cases, in the following computation period. An individual who is absent from work for maternity or paternity reasons shall receive credit for the hours of service which would otherwise have been credited to such individual but for such absence, or in any case in which such hours cannot be determined, eight hours of service per day of such absence. The total hours of service required to be credited for a maternity or paternity leave of absence shall not exceed 501.

NORMAL RETIREMENT AGE — a participant's sixtieth birthday. A participant shall have a 100% nonforfeitable vested interest in his accrued benefit upon attainment of his normal retirement age. [Ord. 2009-02]¹

PARITY RULES FOR CANCELLATION OF SERVICE CREDITS — if any former participant is reemployed after a one-year break in service has occurred, for the purpose of calculating his years of service (for vesting) and his vested interest, the years of service, and years of benefit service prior to a one-year break in service subject to the following rules:

- A. If a former participant has a one-year break in service, his prebreak, and postbreak service shall be used for computing years of service for vesting purposes only after he has been employed for one year of service following the date of his reemployment with the employer.
- B. Each nonvested former participant will be considered a new employee and shall lose credits otherwise allowable in Subsection A above if his consecutive one-year breaks in service equal or exceed the greater of:
 - (1) Five; or
 - (2) The aggregate number of his pre-break years of service. Such aggregate number of his pre-break years of service shall not include any years of service not required to be taken into account by reason of any prior breaks in service.
- C. If a former participant completes one year of service following his reemployment with the employer, he shall participate in the plan retroactively to his date of reemployment.
- D. If a former participant completes a year of service (a one-year break in service previously occurred, but employment had not terminated), he shall participate

¹The foregoing amendments to §701, Chapter 1, Part 7 of the Codified Ordinances of Township of Vernon, Crawford County, Pennsylvania shall only pertain to individuals employed by the Township of Vernon, Crawford County, Pennsylvania after January 1, 2010. [Ord. 2009-02]

in the plan retroactively from the first day of the plan year during which he completes one year of service.

- E. Notwithstanding C above, a former participant will become a participant immediately upon returning to the employ of the employer if such former participant had a nonforfeitable right to all or any portion of this accrued benefit at the time of his termination of service.

PARTICIPANT — any employee who has satisfied the requirements to participate in this plan as provided for in §702 and has not for any reason become ineligible to participate further in the plan.

PLAN — the defined benefit pension plan set forth herein (including any trust forming a part hereof), as amended and supplemented, from time, all of which shall be known as the “Vernon Township Nonuniformed Employees Pension Plan.”

PLAN YEAR — each twelve-month period beginning on January 1 and ending on the following December 31 (also applicable prior to the effective date of the plan).

RETIREMENT DATE — the date of actual retirement of a participant which may be his early, normal or late retirement date, whichever is applicable to him pursuant to §705 of the plan.

VESTED BENEFIT or VESTED INTEREST — a nonforfeitable benefit provided in the plan.

VESTING COMPUTATION PERIOD — the plan year.

YEAR OF SERVICE —

- A. A computation period of a twelve-month period, as set forth herein, during which an employee has at least 1,000 hours of service.
- B. For purposes of determining an employee’s vested interest, an employee shall receive credit for a year of service if he renders at least 1,000 hours of service during a vesting computation period.
- C. For all other purposes, an employee shall receive credit for a year of service if he renders at least 1,000 hours of service during a plan year.

YEARS OF BENEFIT SERVICE —

- A. A participant shall be credited with a year of benefit service for each twelvemonth period coinciding with the plan year in which such participant renders 1,000 or more hours of service.
- B. If the participant has received a single sum payment of his benefit pursuant to this plan, years of benefit service completed by the employee with respect to which the employee has received such payment shall be disregarded for

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purposes of determining the amount of the benefit to which the employee may become entitled following his reemployment unless they are restored in accordance with the provisions of §708, Subsection 5.

- C. Years of benefit service for which the employee was not considered an eligible employee shall not be considered for the purpose of calculating his benefit.

(Ord. 1992-3, 3/5/1992, §1; as amended by Ord. 2002-2, 3/7/2002; by Ord. 2007-02, 3/1/2007, §1; and by Ord. 2009-02, 12/28/2009, §§1, 4)

§702. Eligibility.

1. **Eligibility Requirements.** Any employee who was a participant as of the effective date of this amendment and restatement of the plan shall continue to participate in the plan. Thereafter, any employee shall participate on his entry date.
2. **Determination of Eligibility.** The chief administrative officer shall determine the eligibility of each employee for participation in the plan based upon information furnished by the employer.
3. **Termination of Eligibility.** A participant shall cease to participate in the plan as of the first day of a plan year during which he has a one-year break in service.

(Ord. 1992-3, 3/5/1992, §2)

§703. Contributions.

1. **Contributions by Employer.**
 - A. The employer shall contribute to the plan for investment at least such amounts as are necessary to satisfy the minimum funding standards of Act 205. The employer contribution shall consist of funds received by the employer through Act 205 of the laws of the Commonwealth of Pennsylvania (These funds must be contributed to the plan by the employer within 31 days after receipt.) Contributions from the employer's general fund with respect to a particular plan year must be paid to the plan by the last day of January in the year of valuation. If the contributions from the general fund are not paid by the last day of January the outstanding contribution shall be payable with interest for the period since January 1 at a rate equal to the interest assumption used for the actuarial valuation report expressed on a monthly basis. If the contribution remains outstanding after December 31 an additional interest penalty compounded monthly will accrue until the payment is made.
 - B. The expenses of administering the plan may be paid directly by the employer if it so elects. Otherwise such expenses shall be paid out of the fund.

(Ord. 1992-3, 3/5/1992, §3)

§704. Benefits.

1. Normal Retirement Benefit.
 - A. The amount of monthly retirement benefit to be provided for each participant who retires on his normal retirement date (which benefit is herein called his “normal retirement benefit”) shall be equal to 3% of his average annual compensation, multiplied by his number of years of benefit service.
 - B. Notwithstanding the above, each participant shall be provided with a monthly retirement benefit of not less than \$20.
2. Normal Form of Benefit. The normal retirement benefit payable to a retired participant pursuant to §704, Subsection 1, shall be a monthly pension commencing on his retirement date and continuing for life.
3. Relationship to Social Security. No change in the Social Security Act after the date of a participant’s separation from service shall affect the benefits as described under this plan.
4. Maximum Benefits.
 - A. Subject to exceptions below, the maximum annual benefit payable to a participant under this plan in any limitation year shall equal the lesser of:
 - (1) \$90,000; or
 - (2) 100% of the participant’s compensation averaged over the three consecutive limitation years (or actual number of limitation years for employees who have been employed for less than three consecutive limitation years) during which the employee had the greatest aggregate compensation from the employer.
 - B. For purposes of this plan, “annual benefit” means the benefit which would be payable in the form of a straight life annuity with no ancillary benefit or a qualified joint and survivor annuity. If a benefit is payable in any other form, the annual benefit limitation shall be applied by adjusting it to the actuarial equivalent of a straight life annuity. In determining the actuarial equivalent value the interest rate assumption shall not exceed the greater of 5% of the rate specified in §701, Subsection 3. No adjustment is required for qualified joint and survivor annuity benefits, preretirement death benefits and postretirement medical benefits.
 - C. Preservation of Current Accrued Benefit under the Plan.

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- (1) In general, this subsection shall apply to defined benefit plans that were in existence on May 6, 1986, and that met the applicable requirements of Code §415 as in effect for all limitation years.
- (2) If the current accrued benefit of an individual who is a participant as of the first day of the limitation year beginning on or after January 1, 1987, exceeds the benefit limitations under Code Section 415(b), then for purposes of Code Section 415(b) and (e), the defined benefit dollar limitation with respect to such individual shall be equal to such current accrued benefit.
- (3) “Current accrued benefit” shall mean a participant’s accrued benefit under the plan determined as if the participant had separated from service as of the close of the last limitation year beginning before January 1, 1987, when expressed as an annual benefit within the meaning of Code Section 415(b)(2). In determining the amount of a participant’s current accrued benefit, the following shall be disregarded:
 - (a) Any change in the terms and conditions of the plan after May 5, 1986; and
 - (b) Any cost of living adjustment occurring after May 5, 1986.
- (4) The dollar limitation under Code §415(b)(1)(A) stated in Subsection 4A(1) above shall be adjusted annually as provided in Code §415(d) pursuant to the regulations. The adjusted limitation is effective as of January 1 of each calendar year and is applicable to limitation years ending with or within that calendar year.
- (5) The limitation stated in Subsection 4A(2) above for participants who have separated from service with a nonforfeitable right to an accrued benefit shall be adjusted annually as provided in Code §415(d) pursuant to the regulations prescribed by the Secretary of the Treasury.
- (6) For purposes of §704, Subsections 4 and 5, all defined benefit plans of the employer, whether or not terminated, are to be treated as one defined benefit plan and all defined contribution plans of the employer, whether or not terminated, are to be treated as one defined contribution plan of the employer.
- (7) In the case of a group of related employers all such employers shall be considered a single employer for purposes of applying the limitation of §415 of the Code.

5. Adjustments to Annual Benefit and Limitations.

- A. If the annual benefit begins on or after age 62, the \$90,000 limit shall not be reduced. If the annual benefit begins before age 62, the \$90,000 limitation (but not the 100% compensation limitation) shall be reduced so that it is the actuarial equivalent of the \$90,000 limitation beginning at age 62. However, the \$90,000 limitation shall not be reduced to less than:
- (1) \$75,000 if the annual benefit commences on or after age 55; or
 - (2) The amount which is the actuarial equivalent of \$75,000 at age 55 if the annual benefit commences prior to age 55.

For purposes of adjusting the \$90,000 limitation applicable prior to age 62 or the \$75,000 limitation prior to age 55 the adjustment shall be made pursuant to §701, Subsection 3, except that the interest rate assumption shall be the greater of 5% or the rate specified in §701, Subsection 3, and the mortality decrement shall be ignored to the extent that a forfeiture does not occur at death.

- B. If the annual benefit begins after age 65 the \$90,000 limitation shall be increased so that it is the actuarial equivalent of the \$90,000 limitation at the participant's age 65. For purposes of adjusting the \$90,000 limitation applicable after the participant's age 65 the adjustment shall be made pursuant to §701, Subsection 3, except that the interest rate assumption shall be the lesser of 5% or the rate specified in §701, Subsection 3, and the mortality decrement shall be ignored to the extent that a forfeiture does not occur at death.
- C. For purposes of adjusting any annual benefit under §704, Subsection 4B, and/or §705, Subsection 5A and/or 5B, no adjustments shall be taken into account before the limitation year for which such adjustment first takes effect.
- D. If a participant has less than 10 years of participation in the plan at the time he begins to receive benefits under the plan, the \$90,000 limitation shall be reduced by multiplying such limitation by a fraction; (1) the numerator of which is the number of years of participation (or part thereof) in the plan; and (2) the denominator of which is 10; provided, that said fraction shall in no event be less than 1/10. The 100% of compensation limitation shall be reduced in the same manner except the preceding sentence shall be applied with respective years of service with the employer rather than years of participation in the plan. Additionally, to the extent provided in regulations, the above reductions shall be applied separately with respect to each change in the benefit structure of the plan. Notwithstanding the foregoing, for limitation years beginning prior to January 1, 1987, if a participant has fewer than 10 years of service with the employer at the time he begins to receive benefits under the plan, the maximum annual benefit payable to the

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retired participant shall be reduced by multiplying such maximum annual benefit by a fraction: the numerator of which is the number of years of service, or part thereof, with the employer, and the denominator of which is 10.

- E. Exception Benefit. Subject to the limitation of §704, Subsection 5D, above, this plan may pay an annual benefit to any retired participant which shall exceed 100% of such participant's average compensation (§704, Subsection 4, above); provided, the annual benefit shall not be in excess of \$10,000; and, provided, the participant shall not be or have been, at any time, an active participant in any defined contribution plan maintained by the employer.
6. Multiple Plan Reduction.
- A. If an employee has at any time participated in one or more defined benefit plans and one or more defined contribution plans maintained by the employer, the sum of the defined benefit plan fractions and the defined contribution plan fraction for any limitation year may not exceed one. In the case of an individual who was a participant in one or more defined benefit plans of the employer as of the first day of the first limitation year beginning after December 31, 1986, the application of the limitations of this section shall not cause the maximum permissible amount for such individual under all such defined benefit plans to be less than the individual's current accrued benefit. The preceding sentence applies only if such defined benefit plans met the requirements of Code §415 for all limitation years beginning before January 2, 1987.
 - (1) The defined benefit plan fraction for any limitation year is a fraction, the numerator of which is the participant's projected annual benefit under the plan (determined as of the close of the limitation year pursuant to Regulations 1.415-7(3)), and the denominator of which is the lesser of: ((a) the product of 1.25 multiplied by the dollar limitation in effect under Code §415(c)(1)(A) for such year (determined without regard to Code §415(c)(6), or (2) the product of 1.4 multiplied by the amount which may be taken into account under Code §415(c)(1)(B) for such year. For the purpose of this subsection, the term "participant's account" shall mean the account established and maintained for each participant with respect to his total interest in the defined contribution plan maintained by the employer resulting from annual additions. The annual addition allocated to pay any participant's account under this plan in a limitation year, plus all annual additions allocated to such participant under any other defined contribution plan of the employer for such limitation year shall not exceed the lesser of (2) \$30,000 (or such greater amount as may be determined by the Commissioner of Internal Revenue Service for limitation years ending on or after January 1, 1988, as a cost of living adjustment), or (b) 25% of such participant's compensation. "Annual additions" means the sum credited to a participant's account for any limitation year of:

- (a) Employer contributions.
- (b) Employee contributions.
- (c) Forfeitures.
- (d) Amounts allocated after March 31, 1984, to any individual medical account, as defined in Code §415(1)(2) which is part of a pension or annuity plan maintained by the employer.
- (e) Amounts derived from contributions paid or accrued after December 31, 1985, in taxable years ending after such date which are attributable to postretirement medical benefits allocated to a separate account of a key employee (as defined in Code §419A(d)(3)) under a welfare benefit plan (as defined in Code §419(e)) maintained by the employer.

Notwithstanding the foregoing, for plan years beginning prior to January 1, 1987, only that portion of employee contributions equal to the lesser of employee contributions in excess of 6% of compensation or 1/2 of employee contributions shall be considered an annual addition.

The annual addition for any limitation year beginning before January 1, 1987, shall not be recomputed to treat all employee contributions as an annual addition.

If the plan satisfied Code §415 as in effect for all limitation years beginning before January 1, 1987, an amount shall be subtracted from the numerator of the defined contribution plan fraction (not exceeding such numerator) as prescribed by the Secretary of the Treasury so that the sum of the defined benefit plan fraction and defined contribution plan fraction computed under §415(e)(1), as amended by the Tax Reform Act of 1986, does not exceed one for such limitation year.

- B. Except as specifically permitted in the regulations of the Secretary of the Treasury under §415 of the Code, the benefits paid or payable at any time shall not exceed the limitations of Subsection 6A above.
- C. Special Rule For Defined Contribution Fraction for Defined Contribution Plan in Effect on or Before July 1, 1982. The administrator may elect, for any limitation year ending after December 31, 1982, that the amount taken into account in the denominator for every participant for all limitation years ending before January 1, 1983, shall be an amount equal to the product of:
 - (1) The denominator for the limitation year ending in 1982 determined under the law in effect for the limitation year ending in 1982 multiplied by

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- (2) The transition fraction.

For purposes of the preceding subsection, the term "transition fraction" shall mean a fraction;

- (1) The numerator of which is the lesser of:
 - (a) \$51,875; or
 - (b) 1.4 multiplied by 25% of the participant's compensation for the limitation year ending in 1981, and
- (2) The denominator of which is the lesser of:
 - (a) \$41,500; or
 - (b) 25% of the participant's compensation for the limitation year ending in 1981.

Notwithstanding the foregoing, for any limitation year in which the plan is a top heavy plan, \$41,500 shall be substituted for \$51,875 in determining the transition fraction unless the extra minimum benefit is provided pursuant to §709, Subsection 9. However, for any limitation year in which this plan is a top heavy plan, \$41,500 shall be substituted for \$51,875 in any event.

- D. If the sum of the defined benefit plan fraction and the defined contribution plan fraction shall exceed one in any limitation year for any participant in the plan, for reason other than those described in Subsection 6E below, the administrator shall adjust the numerator of the defined benefit plan fraction so that the sum of both fractions shall not exceed one in any limitation year for such participant.
- E. If the substitution of one for 1.25 and \$41,500 for \$51,975 above or the excess benefit accruals or annual additions provided for in Internal Revenue Notice 82-19 cause the one limitation to be exceeded for any participant in any limitation year, such participant shall be subject to the following restrictions for each future limitation year until the one limitation is satisfied:
 - (1) The participant's accrued benefit shall not increase.
 - (2) No annual additions may be credited to a participant's account.
 - (3) No employee contributions (voluntary or mandatory) shall be made under any defined benefit plan or any defined contribution plan of the employer.

(Ord. 1992-3, 3/5/1992, §4; as amended by Ord. 2000-1, 3/2/2000)

§705. Retirement Eligibility.

1. Normal Retirement. Each participant who retires from the employment of the employer on the first day of the calendar year coincident with or next following his or her sixtieth birthday (normal retirement date) shall be entitled to receive the benefits as provided in §704, Subsection 1 of this Part. [Ord. 2009-02]
2. Early Retirement.
 - A. Each participant who ceases to be an employee prior to his normal retirement date but on or after attaining age 55, and, provided, he has completed at least 10 years of service (early retirement date) shall be entitled to receive the benefits provided in §706, Subsection 2.
 - B. Each participant who desires to retire at a date earlier than his normal retirement date, in accordance with §705, Subsection 2A, shall notify the employer and the committee by written notice setting forth his retirement date; such notice to be given no less than 60 days prior to said participant's early retirement date.
3. Late Retirement. A participant who remains in the employ of the employer after his normal retirement date shall continue to be a participant in the plan until his actual retirement date (late retirement date) and shall be entitled to receive the benefit provided for in §706, Subsection 3. A participant will be deemed to be retired as of the first day of any calendar month after he attains his normal retirement date during which he performs services for the employer and/or receives payment for vacation, holiday, illness, incapacity during disability, layoff, jury duty, military duty, or leave of absence for fewer than 40 hours of employment. If a participant makes such election, he shall waive future participation in the plan and shall not accrue any additional benefits under the terms of the plan.
4. Reemployment after Retirement. If a participant who is receiving benefits hereunder returns to the employer, his benefits hereunder shall cease for so long as he continues to be employed. Upon such participant's subsequent retirement his benefit shall be recalculated, based upon his years of service prior and subsequent to such return to employment and his then attained age, and reduced on an actuarial basis to take account of benefit payments previously received by him. This §705, Subsection 4, and the administration thereof, shall be subject to the requirements of Regulation 2530.203-3 of the U.S. Department of Labor, when such regulation becomes final, or other final comparable regulation or regulations.

(Ord. 1992-3, 3/5/1992, §5; as amended by Ord. 2007-02, 3/1/2007, §2; and by Ord. 2009-02, 12/28/2009, §2)

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§706. Retirement Benefits.

1. Normal Retirement Pension.
 - A. Upon retirement at his normal retirement date, each participant shall be entitled to receive the benefit provided in §704, Subsection 1 (normal retirement benefit).
 - B. At such time the chief administrative officer shall take any necessary action so that the participant shall receive such benefit from the plan or directly from an insurer, as the chief administrative officer shall direct.
2. Early Retirement Pension. A participant who retires on an early retirement date may elect to receive one of the following:
 - A. Commencing on his normal retirement date, a monthly benefit equal to his accrued benefit determined by §701, Subsection 1.
 - B. Commencing on his early retirement date, or on the first day of any month thereafter, as selected by the participant, but not later than his normal retirement date, the retirement income described in the preceding subsection monthly benefit described in the preceding Subsection 2A reduced to its actuarial equivalent value as of his early retirement date.
3. Late Retirement Pension. A participant who remains in the employ of the employer beyond his normal retirement date shall be entitled to receive, commencing on his late retirement date, his benefit calculated pursuant to §704, Subsection 1, considering his years of credited service and his average monthly salary as of his late retirement date.
4. Distribution of Benefits.
 - A. Unless otherwise elected as provided below, a participant who is married on the annuity starting date and who does not die before the annuity starting date shall receive the value of his benefits in the form of a joint and survivor annuity. The joint and survivor annuity is an annuity that commences immediately and shall be the actuarial equivalent of the amount of benefit payable under the normal form of benefit. Such joint and survivor benefits following the participant's death shall continue to the surviving spouse during the spouse's lifetime at a rate equal to 50% of the rate at which such benefits were payable to the participant. An unmarried participant shall receive the value of his benefits payable in the form of a life annuity. Such life annuity shall be the actuarial equivalent of the amount of benefit payable under the normal form of benefit. An unmarried participant, however, may elect in writing to waive the life of annuity form of benefit. The election must comply with the provisions of this section as if it were an election to waive the joint and survivor annuity by a married participant, but without the spousal consent requirement.

- B. Any election to waive the joint and survivor annuity must be made by a participant in writing during the election period and be consented to by the participant's spouse. If the spouse is legally incompetent to give consent, the spouse's legal guardian, even if such guardian is the participant, may give consent. Such election shall designate a beneficiary (or a form of benefits) that may not be changed without spousal consent (unless the consent of the spouse expressly permits designations by the participant without the requirement of further consent of the spouse). Such spouse's consent must acknowledge the effect of such election and be witnessed by a plan representative or a notary public. Such consent shall not be required if it is established to the satisfaction of the administrator that the required consent cannot be obtained because there is no spouse, the spouse cannot be located or other circumstances that may be prescribed by Treasury regulations. The election made by the participant and consented to by his spouse may be revoked by the participant in writing without the consent of the spouse at any time during the election period. Any new election must comply with the requirements of this subsection. Such election and revocation may be made any number of times. A former spouse's waiver shall not be binding on a new spouse.
- C. The election period to waive the joint and survivor annuity shall be the ninety-day period ending on the annuity starting date.
- D. For purposes of this section, the annuity starting date means the first day of the first period for which an amount is payable as an annuity (whether by reason of retirement or disability), or in the case of a benefit not payable in the form of an annuity, the first day on which all events have occurred which entitle the participant to such benefit.
- E. With regard to the election, the administrator shall provide the participant, no less than 30 days and no more than 90 days before the annuity starting date, a written explanation of:
 - (1) The terms and conditions of the joint and survivor annuity.
 - (2) The participant's right to make an election to waive the joint and survivor annuity.
 - (3) The right of the participant's spouse to consent to any election to waive the joint and survivor annuity.
 - (4) The right of the participant to revoke such election and the effect of such revocation.
- F. In the event a participant duly elects pursuant to Subsection 4B above not to receive the retirement benefit in the form of a joint and survivor annuity, or if such participant is not married, in the normal form of benefit as pro-

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vided for in §704, Subsection 2, the Administrator shall direct the trustees to distribute to a participant or his beneficiary any amount to which he is entitled under the plan in one or more of the following methods as elected by the participant:

- (1) Life Annuity. A participant may elect to receive a monthly pension commencing on his retirement date and continuing for life (normal form for unmarried participants).
- (2) Months Certainty and Life Annuity. A participant may elect to receive an actuarial equivalent pension payable for life, with a stipulation that should he die prior to receiving 120 monthly payments, the balance of such payments shall continue to be paid to his designated beneficiaries (or if none, to his estate).
- (3) Joint and Survivor Annuity. A married participant may elect to receive an actuarial equivalent pension for life with payments continuing after his death to a designated beneficiary for the continued lifetime of such designated beneficiary equal to 100% of the reduced pension payable to him.

Such optional forms of payment shall be actuarial equivalents of the amount of benefit the participant and his beneficiary were entitled to under the plan.

G. Any distribution to a participant shall require such participant's consent if such distribution commences prior to the later of his normal retirement age or age 62. With regard to this required consent:

- (1) No consent shall be valid unless the participant has received a general description of the material features and an explanation of the relative values of the optional forms of benefit available under the plan that would satisfy the notice requirements of Code §417.
- (2) The participant must be informed of his right to defer receipt of the distribution. If a participant fails to consent, it shall be deemed an election to defer the commencement of payment of any benefit. However, any election to defer the receipt of benefits shall not apply with respect to distributions which are required under §706, Subsection 4I.
- (3) Notice of the rights specified under this subsection shall be provided no less than 30 days and no more than 90 days before the annuity starting date.
- (4) Written consent of the participant to the distribution must not be made before the participant receives the notice and must be made more than 90 days before the annuity starting date.

- (5) No consent shall be valid if a significant detriment is imposed under the plan on any participant who does not consent to the distribution.
- H. The amount of the participant's balance to be distributed each year must be at least an amount equal to the quotient obtained by dividing the participant's entire interest by the life expectancy of the participant and his designated beneficiary.
- I. Notwithstanding any provision in this plan to be contrary, the distribution of a participant's benefits shall be made in accordance with the following requirements and shall otherwise comply with Code §401(a)(9) and the regulations thereunder (including Regulation §1.401(a)(9)-2):
 - (1) A participant's benefits shall be distributed to him not later than April 1 of the calendar year following the later of:
 - (a) The calendar year in which the participant attains age 70½; or
 - (b) The calendar year in which the participant retires.
 - Alternatively, distributions to a participant must begin no later than the applicable April 1 as determined under the preceding sentence and must be made over a period not exceeding the life of the participant (or the lives of the participant and the participant's designated beneficiary) or the life expectancy of the participant (or the life expectancies of the participant and his designated beneficiary) in accordance with regulations.
 - (2) Distributions to a participant and his beneficiaries shall only be made in accordance with the incidental death benefit requirements of Code §401(a)(9)(G) and the regulations thereunder. Additionally, for calendar years beginning before 1989, distributions may also be made under an alternative method which provides that the then present value of the payments to be made over the period the participant's life expectancy exceeds 50% of the then present value of the total payments to be made to the participant and his beneficiaries.
- J. For purposes of this section, at the participant's election, the life expectancy of the participant and a participant's spouse (other than in the case of a life annuity) may be redetermined, but not more frequently than annually, and in accordance with such rules as may be prescribed by Treasury regulations. Further, life expectancy and joint and last survivor expectancy shall be computed using the return multiples of Regulations 1.72-9.

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5. Time of Payment of Benefits.
 - A. Unless elected otherwise as provided in Subsection 5B of this section, payment of benefits must begin no later than 60 days after the close of the plan year in which the latest of the following events occurs:
 - (1) The attainment of normal retirement age.
 - (2) The termination of a participant's service with the employer.
 - B. Payment of benefits shall begin on the date elected by the participant (subject to the restrictions of §706, Subsection 4I). The election shall be made in writing, signed by the participant and submitted to the plan administrator, and shall describe the date on which payments are to begin.
6. Preretirement Survivor Annuity Benefit for Married Participants.
 - A. If a married participant dies on or after his earliest retirement age, and such participant has been married for the one-year period ending on the date of his death, the participant's surviving spouse (if any) will receive the same benefit that would be payable if the participant had retired with an immediate preretirement survivor annuity on the day before the participant's date of death.
 - B. The term "earliest retirement age" means the earliest date on which, under the plan, the participant could elect to receive retirement benefits.
 - C. The term "preretirement survivor annuity" means an annuity payable for the lifetime of the surviving spouse in an amount equal to 50% of the monthly retirement benefit that would have been otherwise payable to the participant had he retired and elected an immediate joint and 50% survivor annuity actuarially reduced for early commencement.
 - D. The provisions of this section shall also apply to any former participants who are credited with an hour of service after August 23, 1984, and terminate thereafter.
 - E. An immediate distribution of the entire amount may be made to the surviving spouse; provided, such surviving spouse consents in writing to such distribution. Any written consent required under this subsection must be obtained not more than 90 days before the commencement of the distribution and shall be made in a manner consistent with §706, Subsection 4.
 - F. The distribution of a preretirement survivor annuity to the participant's surviving spouse must commence on or before the later of:
 - (1) December 31 of the calendar year immediately following the calendar year in which the participant died; or

- (2) December 31 of the calendar year in which the participant would have attained age 70½.

7. Limitation on Benefits.

- A. All rights and benefits, including elections, provided to a participant in this plan shall be subject to the rights afforded to an alternate payee under a qualified domestic relations order as those terms are defined in Code §414(p).
- B. Notwithstanding the other requirements of this section the respective notices prescribed by this section need not be given to a participant if the plan fully subsidizes the costs of a qualified joint and survivor annuity or preretirement survivor annuity. A plan fully subsidizes the cost of a benefit if under the plan the failure to waive such benefit by a participant would not result in a decrease in any plan benefit with respect to such participant and would not result in increased contributions from the participant.

(Ord. 1992-3, 3/5/1992, §6)

§707. Death Benefits.

1. Death Benefits. There shall be no death benefits under this plan except those specifically provided in §706, Subsection 6, or due to the option of benefit payments in pay status which require continued payment to a beneficiary.
2. Beneficiary Designation. Each participant shall designate to the chief administrative officer a beneficiary to receive death benefits provided under any payment option chosen in §706 and shall also designate the mode or method of payment of the death benefit. Such designation may be changed, from time to time, prior to the commencement of retirement benefits by the participant filing a new designation with the chief administrative officer; however, no such change of beneficiary shall be effective until it is received by the chief administrative officer. The participant may designate any beneficiary to receive the remaining benefits payable, except the preretirement survivor annuity (unless another option is elected). In the absence of a designation, the beneficiary of a participant shall be his spouse, if surviving; otherwise, his personal representative, if any, and if none, those persons entitled to his estate under the intestate laws of the state in which the participant resides. In no event shall any portion of the death benefit be made to the employer.
3. Distribution for Minor Beneficiary. In the event a distribution is to be made to a minor, then the chief administrative officer shall 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 or Gift to Minors Act, if

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such is permitted by the laws of the state in which said beneficiary resides. Such a payment to the legal guardian or parent of a minor beneficiary shall fully discharge the trustee, employer and plan from liability on account thereof.

(Ord. 1992-3, 3/5/1992, §7)

§708. Termination of Service Before Retirement.

1. **Deferred Vested Benefits.** Participants will be vested in a percentage of their accrued benefits attributable to employer contributions if they terminate their employment for causes other than death prior to their normal or early retirement dates. Such participants shall be vested in a percentage of their accrued benefit as determined in accordance with the following table:

Years of Credited Service	Vesting %
Less than 4	0%
4	40%
5	50%
6	60%
7	70%
8	80%
9	90%
10 or more	100%

2. **Forfeitures.** Upon the forfeiture of an nonvested portion of a participant's accrued benefit by reason of a break in service with the employer without a fully vested interest in such accrued benefit, the amount of such forfeiture shall be credited against the future contributions of the employer under the plan as provided under §703, Subsection 1.
3. **Amendment of Vesting Schedule.** A participant's vested interest in his accrued benefit shall not be reduced as the result of any direct or indirect amendment to this section. In the event that this plan is amended to change or modify this section, a participant with at least five years at service of the expiration date of the election period may elect to be subject to the preamendment vesting schedule. For plan years beginning after December 31, 1988, three shall be substituted for five in the preceding sentence, if a participant fails to make such election, then such participant shall be subject to the new vesting schedule. The participant's election period shall commence on the adoption date of the amendment and shall end 60 days after the latest of:
 - A. The adoption date of the amendment.

- B. The effective date of the amendment.
 - C. The date the participant receives written notice of the amendment from the employer or administrator.
4. Time of Payment.
- A. When a participant has incurred a one-year break in service, his participation in the plan shall cease. Payment to a former participant of the vested portion of his accrued benefit (determined in accordance with §708, Subsection 1), unless he otherwise elects, shall begin not later than the 60th day after the close of the plan year in which the latest of the following events occurs:
 - (1) The date on which the participant attains the age of 60 years (the normal retirement age specified herein). [Ord. 2009-02]
 - (2) The tenth anniversary of the year in which the participant commenced participation in the plan.
 - (3) The date the participant terminates his service with the employer.
 - B. A participant who, at the time of his termination, had satisfied the service but not the age requirement for early retirement may elect to begin receiving payments on or after attaining his early retirement date in accordance with §706, Subsection 2.
 - C. However, in all other instances, the terminated participant shall not be entitled to receive his deferred vested benefit until his normal retirement date.

(Ord. 1992-3, 3/5/1992, §8; as amended by Ord. 2007-02, 3/1/2007, §3; and by Ord. 2009-02, 12/28/2009, §3)

§709. Administration.

- 1. Chief Administrative Officer.
 - A. The administration of this plan shall be vested in the chief administrative officer, who shall have the power and duty to operate and administer the provisions of the plan and to make and enforce such rules and regulations as may be necessary and proper for the efficient administration of the plan.
 - B. The chief administrative officer shall be appointed by the employer and may, but need not, be one of the participants. The chief administrative officer may be removed by the employer or may resign by delivering his written resignation to the employer.

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- C. The chief administrative officer may appoint such subcommittees with such powers as he determines; and may employ counsel and agents and such clerical, accounting and actuarial services as he may require in carrying out the provisions of the plan. All expenses incurred in administering this plan shall be paid by the employer.
- D. The chief administrative officer shall not be liable for any loss other than that specifically provided for under the standards applicable to fiduciaries as contained in the Act. He shall not be personally liable upon, or with respect to, any agreement, act, transaction or omission executed committed, or suffered to be committed by himself, or by any other agent or representative, except as specifically provided in Title I of the Act. The chief administrative officer, and any agent thereof, shall be fully protected in relying upon the advice of any legal counsel, physician or other expert retained by him or by the employer. Other than the bonding requirement under §412 of the Act, no bond or other security shall be required of the chief administrative officer in any jurisdiction.
- E. The chief administrative officer shall have the power to determine the eligibility of any employee to participate in or receive benefits under this plan, to settle any disputes which may arise in the operation of the plan, to determine the interest of any participant in the plan, to value the assets held in the plan on the basis of their market value in such manner as he may deem appropriate, and to interpret any provisions of this plan. Any such determination, decision or interpretation of the chief administrative officer shall be conclusive as to all persons affected thereby subject only to the right of review provided by §709, Subsection 1H, hereunder.
- F. The chief administrative officer shall make all distributions hereunder. The chief administrative officer may, to the extent not inconsistent with the plan, specify the time at which any such distribution shall be made and may make such distribution in cash, in property, in annuity, insurance or similar contracts having such provisions as he may deem appropriate in the form of periodic payments, or any combination of the foregoing.
- G. All discretionary acts which may be taken pursuant to this plan by the chief administrative officer with respect to participants or their beneficiaries shall be uniform and nondiscriminatory and shall be applicable to all participants and their beneficiaries in substantially identical situations.
- H. Any claims by a participant or beneficiary shall be filed in writing with the chief administrative officer. Any decision by the chief administrative officer denying a claim by a participant or a beneficiary for benefits under the plan shall be communicated in writing to the participant or beneficiary, setting forth the specific reasons for such denial. Any such participant or beneficiary whose claim has been denied, or his duly authorized representative, may (1) appeal to the Pension Board appointed by the Board of Supervisors in writing within 90 days after receipt of the notice of denial for a full review

of the decision by the Board; (2) review pertinent documents; and (3) submit issues and comments in writing. The decision by the Board following such review shall be made no later than 60 days after the date of receipt by the Board of the request for review, and shall be conclusive as to all persons affected thereby. Such decision shall be in writing and shall include both specific reasons for the decision, written in a manner calculated to be understood by the claimant, and specific references to the pertinent plan provisions on which the decision is based.

- I. The chief administrative officer shall hold and invest the contributions in accordance with the instructions of the employer.
- J. The plan shall be used to pay benefits as provided and, to the extent not paid directly by the employer, to pay the expenses of administering the plan pursuant to authorization by the chief administrative officer.
- K. The employer intends the plan to be permanent and for the exclusive benefit of its employees. It expects to make the contributions required under the plan. However, subject to the provisions of the Act, neither the employer, nor the chief administrative officer shall be liable in any manner for any insufficiency in the plan. Benefits are payable only from the plan, and only to the extent that there are monies available therein.
- L. The chief administrative officer shall be the named fiduciary with respect to the management and control of the assets in the plan, and may appoint an investment manager or managers to manage any assets of the plan, including the power to acquire and dispose of any plan assets.

(Ord. 1992-3, 3/5/1992, §9)

§710. Amendment, Termination, and Return of Employer Contributions.

- 1. Amendment and Termination. The employer shall have the right to amend or terminate this plan at any time; provided, however, that no such action shall be effective to permit any part of the corpus or income of the plan established in connection herewith to be used for, or diverted to, purposes other than the exclusive benefit of the participants and their beneficiaries, and defraying the reasonable expenses of administering the plan. The employer retains the right to amend, suspend or terminate the plan at any time. Except as permitted by regulations (including Regulation 1.411(d)-4), no plan amendment or transaction having the effect of a plan amendment (such as a merger, plan transfer or similar transaction) shall be effective if it eliminates or reduces a Code §411(d)(6) protected benefit or adds or modifies conditions relating to Code §411(d)(6) protected benefits, the result of which is a further restriction on such benefit unless such protected benefits are preserved with respect to benefits accrued as of the later of the adoption date or effective date of the amendment. Code §411(d)(6) protected benefits

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are benefits described in Code §411(d)(6)(A), early retirement benefits and retirement-type subsidies, and optional forms of benefits.

2. Return of Employer Contributions.

A. Except as hereinbefore and hereinafter provided, the assets of the plan, including all contributions under the plan, shall never inure to the benefit of the employer and shall be held for the exclusive purposes of providing benefits to the participants and their beneficiaries, and defraying the reasonable expenses of administering the plan.

B. In the event that any contributions should be made by the employer hereunder by a mistake of fact, the chief administrative officer shall, at the direction of the employer, return such contribution to the employer within one year after the date of payment of the contribution.

(Ord. 1992-3, 3/5/1992, §10)

§711. Distribution Upon Plan Termination.

In the event of the termination or partial termination of the plan, the accrued benefit of each affected participant shall become fully vested and shall not thereafter be subject to the forfeiture. The Chief Administrative Officer shall allocate all benefits accrued for the affected participants and their beneficiaries to the date of such termination or partial termination, to the extent funded on such date, among such participants and beneficiaries in accordance with the provisions of §4044 of the Act. The employer shall thereupon direct the chief administrative officer to immediately distribute the allocated amounts to the appropriate participants or beneficiaries, subject to the provisions of §706, Subsection 5. In the event of the termination of the plan, any residual assets held as part of the plan, in excess of the present value of affected participant's accrued benefits that are the result of an actuarial error, shall be returned to the employer.

(Ord. 1992-3, 3/5/1992, §11)

§712. Miscellaneous.

1. **Applicable Law.** The plan shall be governed by, and construed in accordance with, the laws of the state in which such documents have been executed except to the extent that such laws have been specifically preempted by the Act or other Federal legislation.

2. **Incapacity of Recipient of Benefits.** If any person entitled to receive benefits shall be physically or mentally incapable of receiving or acknowledging receipt of any payment of benefits, the chief administrative officer, upon the receipt of satisfactory evidence that such incapacitated person is so incapacitated and that another person or institution is maintaining him and that no guardian or committee has

been appointed for him, may provide for the payment of benefits hereunder to such person or institution so maintaining him, and any such payments so made shall be deemed for every purpose to have been made to such incapacitated person.

3. **Employment Rights not Affected by the Plan.** Participation in this plan shall not give any right to any employee to be retained in the employ of the employer nor shall it interfere with the right of the employer to discharge any employee and to deal with him without regard to the existence of this plan and without regard to the effect that such treatment might have upon him as a participant in this plan.
4. **Ownership of Plan Assets.** Nothing contained herein shall be deemed to give any participant or his beneficiary any interest in any specific property of the plan or any right except to receive such distributions as are expressly provided for in this plan.
5. **Alienation of Benefits and Qualified Domestic Relations Orders.**
 - A. Subject to the exceptions provided below, no benefit which shall be payable out of the plan 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. Any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge the same shall be void. Also, 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 chief administrative officer, 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 provisions of this agreement. 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 equal to such indebtedness shall be paid by the chief administrative officer, to apply against or discharge such indebtedness. Prior to making a payment, however, the participant or beneficiary must be given written notice by the chief administrative officer that such indebtedness is to be so paid in whole or part from his participant's accrued benefits. If the participant or beneficiary does not agree that the indebtedness is a valid claim against his vested accrued benefit, he shall be entitled to a review of the validity of the claim in accordance with the procedures provided in §709, Subsection 1.
6. **Indemnification of Fiduciaries.** To the extent permitted by the Act and regulations issued thereunder, the employer shall indemnify and hold harmless all fiduciaries of the plan, as defined in the Act, who are employees of the employer, whether or not named fiduciaries, and defend the same, against an and all claims or liabilities which may be asserted against any of them by reason of any action or omis-

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sion in the administration of the plan, except in the case of any fraud or willful wrongdoing.

7. **Funding Policy.** The employer shall make contributions to the plan in accordance with §703, Subsection 1, and the chief administrative officer shall invest the contributions in accordance with the terms of the plan.
8. **Meaning of Certain Words.** As used herein each gender shall include all other genders and the singular shall include the plural, and the plural shall include the singular in all cases where such meaning would be appropriate.
9. **Information to be Furnished by the Employer.** The employer shall furnish to the chief administrative officer such information in the employer's possession as the chief administrative officer shall require, from time to time, to perform their duties under the plan and the agreement of trust.
10. **Service of Process.** The chief administrative officer is the designated agent of the plan for the service of process in connection with all matters affecting the plan.

(Ord. 1992-3, 3/5/1992, §12)

PART 8

FIRE DEPARTMENT

A. Volunteer Firemen's Relief Association.

§801. Recognition of Firemen's Relief Association.

1. The following associations are hereby recognized as actively engaged in providing fire protection and/or emergency services in the Township.

Vernon Volunteer Fire Department

Vernon Central Hose Company

2. The above named associations have been formed for the benefit of their members and their families in case of death, sickness, temporary or permanent disability or accident suffered in the line of duty.
3. The above named Associations of the Township is designated the proper association to receive such funds as are due and payable to the Township Treasurer by the Treasurer of the State of Pennsylvania from the tax on premiums from foreign fire insurance companies.

(Ord. 1997-2, 3/6/1997)

§802. Certification to Auditor General.

The Board of Supervisors shall annually certify to the Auditor General of the Commonwealth, the names of the active associations and the percentage of service they contribute to the protection of the Township. Such certification shall be on forms prescribed by the Auditor General.

(Ord. 1997-2, 3/6/1997)

§803. Annual Appropriation.

There is annually appropriated from the Township Treasury all such sums of money that may hereafter be paid into the Township Treasury by the Treasurer of the State of Pennsylvania on account of taxes paid on premiums of foreign fire insurance companies in pursuance of the Act of December 18, 1984, No. 205, §701 et seq. as hereafter amended, supplemented, modified or reenacted by the General Assembly of Pennsylvania. Such monies received by the Township Treasurer from the State Treasurer shall be distributed to the duly recognized association(s) within 60 days of receipt. The funds

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shall be distributed on the basis of the percentage of service established in the certification to the Auditor General and with other provisions of the Act.

(Ord. 1997-2, 3/6/1997)

B. Authorized Activities of Fire Department.

§811. Authorized Activities.

1. The various volunteer firemen, fire police, ambulance corpsmen, members of the scuba team and members of the County organized emergency response team and haz-mat team, all of whom are members of the Vernon Township Volunteer Fire Department and Relief Association and the Vernon Central Hose Company are specifically authorized herein to respond to all fire emergency and disaster calls within Vernon Township.
2. The various firefighters, fire police and ambulance corpsmen of Vernon Township Volunteer Fire Department and Relief Association are authorized to respond to requests from other firefighting and ambulance associations outside of Vernon Township to render aid and assistance for fires, emergencies and other disasters.
3. The members of the Vernon Township Fire Department and Relief Association who are also members of mutual assistance volunteer associations organized on a County level or through the County Office for Emergency Management such as members of the scuba team and members of the emergency response or haz-mat teams are authorized to respond to requests for assistance by appropriate officials from other municipalities, the County Emergency Management Coordinator's Office or other mutual aid association and to provide assistance for emergencies and disasters throughout Crawford County.
4. The various firefighters, fire police and ambulance corpsmen, members of the County mutual aid associations or organizations such as the scuba team and emergency response or haz-mat team who are members of the Vernon Township Volunteer Fire Department and Relief Association are authorized to engage in training, maintenance, fundraising activities or other activities aimed at securing memberships and procuring equipment when specifically authorized by the respective fire chiefs or officers of the mutual aid associations or County Emergency Management Office.
5. The volunteer firefighters, fire police and ambulance corpsmen, members of the County mutual aid associations or organizations such as the scuba team and emergency response or haz-mat team who are members of the Vernon Township Volunteer Fire Department and Relief Association shall be insured pursuant to the Pennsylvania Workmen's Compensation Act as the same is amended, from time to time, whenever they are engaged in activities as described in this Part.

(Res. 1989-2, 1/3/1989; as amended by Ord. 1997-2, 3/6/1997)

C. Reimbursement from Fire Insurance Proceeds.

§821. Definitions.

The term "Fire Department" shall include the Vernon Central Hose Company and the Vernon Township Volunteer Fire Department and/or any such Fire Department that is summoned to stand by or assist at an incident scene within the Township.

(Ord. 2005-01, 7/2/2005)

§822. Application for Reimbursement.

The Supervisors of Vernon Township hereby authorize and direct the Fire Department, by and through its officers and authorized representatives, to make direct application for reimbursement of fire-fighting, fire-protection, and rescue response costs that may be sustained by the Fire Department from time to time with respect to their providing fire-protection coverage within the Township. A copy of any application filed pursuant to this subsection shall be sent to the Secretary of the Board of Supervisors of Vernon Township, Crawford County, Pennsylvania, upon the filing thereof.

(Ord. 2005-01, 7/2/2005)

§823. Insurance Coverage.

The Supervisors acknowledge that individual property owners may maintain insurance coverage, including coverage on owned motor vehicles, coverage through a homeowner's policy, as well as other casualty policies, that would provide reimbursement to the Fire Department for costs incurred while providing fire/rescue protection to said individuals.

(Ord. 2005-01, 7/2/2005)

§824. Determination of Coverage.

The Supervisors hereby authorize and direct the Fire Department, by and through its officers and authorized representatives, to ascertain what insurance coverages may be applicable and available at any given circumstance and to take all necessary and affirmative steps to apply for and receive reimbursement from insurance carriers where an individual property owner and/or automobile owner may have insurance coverage available designed to reimburse the Fire Department.

(Ord. 2005-01, 7/2/2005)

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§825. Bills Not to be Provided to Property Owners.

The Fire Department acknowledges that under no circumstances shall any property owner ever receive a bill from the Fire Department for fire/rescue coverage.

(Ord. 2005-01, 7/2/2005)

§826. Authority.

A true and correct copy of this Subpart may be provided to any insurance company involved in the application for coverage in order to establish the authority of the Fire Department to make a claim and application for reimbursement of fire and rescue protection costs.

(Ord. 2005-01, 7/2/2005)