

CHAPTER 1

ADMINISTRATION AND GOVERNMENT

Part 1

Benefits for Employees

A. Definitions

B. Clay Township Municipal Pension Plan

- §101. Establishment of Plan and Title
- §102. Effective Date and Plan Year
- §103. Membership in Plan
- §104. Conditions for Re-entering Plan
- §105. Conditions for Excluding Certain Discountenances or Breaks in Service
- §106. Funding of the Plan
- §106.A. Return of Excess Unauthorized Distribution
- §107. Credit for Prior Service
- §108. Vesting
- §109. Retirement Benefits
- §110. Death Benefits
- §111. Disability Benefits
- §112. Termination of Participation in Plan and Redistribution of Non-vested Assets
- §113. Benefits to Former Employees
- §114. Continuation in Service after Normal Retirement Date
- §115. Rights of Township to Discontinue or Amend
- §116. Distribution upon Termination

C. Clay Township Employees' Voluntary Pension Plan

- §120. Establishment of Plan and Title
- §121. Effective Date and Plan Year
- §122. Membership in Plan
- §123. Funding of the Plan
- §124. Declaration of Contribution
- §125. Contributions by Payroll Deduction
- §126. Maintenance of Separate Accounts
- §127. Investment of the Trust Fund
- §128. Retirement Benefits
- §129. Death Benefits
- §130. Termination of Participation in Plan

D. Miscellaneous

- §140. Intent and Interpretation
- §141. Construction
- §142. Administration Costs
- §143. Validity
- §144. Effective Date

Part 2

Compensation of Township Supervisors

- §201. Annual Compensation for Members of the Board of Supervisors
- §202. Annual Statutory Limit
- §203. Limits on Compensation
- §204. Payment in Monthly Installments
- §205. Compensation for Members of Board of Supervisors
- §206. Effective Date

Part 3

Pension Plan for Police Officers of the Township of Clay

- §301. Incorporation of Plan

[Previous Part 3 repealed in its entirety on 03/10/03 by Ordinance No. 03-10-03A, Section 1. Same Ordinance maintains benefits vested for any retired police officer unless amendment grants greater benefit. Otherwise replaced as indicated herein.]

[Amended (revised) to adopt by reference the attached revised sections of Police Pension Plan on 09/08/03 by Ordinance No. 09-08-03, Section 1.]

[Amended to Adopt by Reference the "Second Amendment to Clay Police Pension Plan" by Ordinance No. 0-10-13-03, §1]

Part 4

Township Manager

- §401. Establishment of Office
- §402. Appointment, Compensation and Removal
- §403. Bond
- §404. Illness or Absence
- §405. Powers and Duties
- §406. Validity

Part 1

Benefits for Employees

A. Definitions

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

1. “Anniversary date”: The first day of each year, including the year in which this Plan is effective. [Ord. 01-051490, 05/14/1990, Art. I.a]
2. “Employee”: A full-time employee of the Township of Clay except members of the police force. A full-time employee is an employee who customarily works an average of at least 35 hours in a week and 40 such weeks in a year. [Ord. 01-051490, 05/14/1990 Art. I.b as amended by Ord. 10-14-91, 10/14/1991, §2]
3. “Gross Wages”: All compensation of an employee while they are a Participant, including base wages, overtime and bonuses only, and excluding, among other things, workman’s compensation, unemployment compensation, disability benefits and the like.”[Added by Ord. 10-14-91, 05/14/1990, §3]
4. “Normal retirement date”: The first day of the month coincident with or following the attainment of Participant’s sixty-fifth (65th) birthday, or the first day coincident with or following the completion of ten (10) years of Participation, whichever is later.[Ord. 01-051490, 05/14/1990, Art. I.d]
5. “Participant”: Any employee as defined herein. [Ord. 01-051490, 05/14/1990, Art .I.e]
6. “Past service”: Those years or months which a Participant worked in service to the Township prior to the effective date of this Part. [Ord. 01-051490, 05/14/1990, Art. I.f]
7. “Plan”: The Clay Township Municipal Pension Plan or the Clay Township Employees’ Voluntary Pension Plan, whichever is applicable. [Ord. 01-051490, 05/14/1990, Art. I.g]
8. “Service to the Township”: Employment by the Township, including leaves of absence granted by the Supervisors, and absences due to illness, disability and vacation leaves, provided the employee returns to the employ of the Township within the time his employment rights are protected by law. [Ord. 01-051490, 05/14/1990, Art. I.h]
9. “Township”: The Township of Clay, Lancaster County, Pennsylvania. [Ord. 01-051490, 05/14/1990, Art. I.i]
10. “Trustee”: The Board of Supervisors of the Township. [Ord. 01-051490, 05/14/1990, Art .I.j]

B. Clay Township Municipal Pension Plan

§101. Establishment of Plan and Title. There is hereby established the “Clay Township Municipal Pension Plan,” hereinafter referred to as the “Municipal Plan”. [Ord. 01-051490, 05/14/1990, Art. II, §1]

§102. Effective Date and Plan Year. The effective date of the plan is January 1, 1990. The plan year is the period of twelve consecutive months beginning on a January 1 and ending on the next December 31. [Ord. 01-051490, 05/14/1990, Art. II, §2]

§103. Membership in Plan. All present full-time employees of the Township, except police officers, employed on January 1, 1990 or thereafter, are eligible for immediate membership in the Plan. [Ord. 01-051490, 05/14/1990, Art. II, §3, as amended by Ord. 10-14-91, 10/14/1991 §4]

§104. Conditions for Re-entering Plan. Except as provided in Section 205, any employee who leaves the service of the Township before retirement under this Plan must qualify as a member upon re-entering its service as if he had not previously been an employee. [Ord. 01-051490, 05/14/1990, Art. II, §4]

§105. Conditions for Excluding Certain Discontinuances or Breaks in Service. The Township, through its Supervisors, may exclude any discontinuance or break in service not exceeding a period of six (6) months. The time elapsed during any separation in service shall not be included in any computation of length of service.[Ord. 01-051490, 05/14/1990, Art. II, §5]

§106. Funding of the Plan. The Plan shall be financed by periodic payments made by the Township in amounts to be set, from time to time, by Resolution of the Board of Supervisors. The Trustee shall invest and reinvest the principal and income of the fund and keep the fund invested, without distinction between principal and income, in such securities, annuities, or other investments as the Trustee shall deem advisable. Township’s contributions shall be made at such time as Township shall reasonably provide, but no later than March of the year following the year in which the compensation is earned. [Ord. 01-051490, 05/14/1990, Art. II, §6, as amended by Ord. 10-14-91, 10/14/1991, §5, and Ord. 010697, 01/06/1997, §2]

§106.A. Return of Excess Unauthorized Distribution. In the event in the audit of this Plan by the Commonwealth of Pennsylvania, the Commonwealth determines that any annual municipal contribution in excess of six percent (6%) was improperly made and should be returned to the Commonwealth, the Employee plan to which the distribution was previously made shall be responsible to pay back to the Township the excess distribution received by that employee plan (in excess of six percent (6%) per annum) and the income earned thereon for the period described in the Commonwealth’s Audit Notice. Because of this, no such distribution shall be considered as vested until such time as the final time for audit of each Plan by the Commonwealth of Pennsylvania has expired or each Plan and the benefits described therein have passed the Commonwealth audit. [Added by Ord. 061499, 06/14/1999, §1]

§107. Credit for Prior Service. Participants who were employees on the effective date of the Plan shall receive no vesting, contribution, or other credit for past service to the Township prior to January 1, 1990. For all purposes of this Part, current employees’ first day of service shall be considered January 1, 1990. [Ord. 01-051490,

05/14/1990, Art. II, §7]

§108. Vesting. A participant shall have a vested interest in the contribution made on his behalf by the Township according to the years of qualified participation in the Plan (except that no vesting shall be granted for the first three months of employment), according to the following schedule:

<u>Years of Participation</u>	<u>Percent of Vested Interest in Contributions</u>
0 to 1	20
1 + 1 day to 2	40
2 + 1 day to 3	60
3 + 1 day to 4	80
4 + 1 day	100

[Ord. 01-051490, 05/14/1990, Art. II, §8 as amended by Ord. 10-14-91, 10/14/1991, §6]

§109. Retirement Benefits. Upon retirement, a participant shall receive as retirement benefits an amount equal to the total of all employer contributions to the plan together with all earnings thereon, as shown in the participant's account balance at the time of retirement, adjusted according to the vesting schedule set forth in Section 108 provided, however, that no retirement benefits shall be paid until actual retirement. The participants shall have the option, upon retirement, to receive the aforesaid sum in installments in accordance with such plans as are made available to the participant by the Administrator of the plan. [Ord. 01-051490, 05/14/1990, Art. II, §9 as amended by Ord. 10-14-91, 10/14/1991, §7]

§110. Death Benefits. If a participant dies while an employee of the Township, his beneficiaries shall be entitled to receive the full amount of employer contributions, together with all earnings thereon, as shown in the participant's account balance at the time of death, as adjusted according to the vesting schedule set forth in Section 108.

If a former employee whose participation has ceased under Section 112 dies, his beneficiaries shall be entitled to receive whatever benefits said former employee would be entitled to receive under Section 113.

Each participant may designate in writing a beneficiary or beneficiaries for any death benefits at the time he enters the Plan. In the absence of the designation of beneficiary, any death benefits payable shall be paid to the participant's estate. [Ord. 01-051490, 05/14/1990, Art. II, §10]

§111. Disability Benefits. If a participant becomes totally disabled, he shall be entitled to receive the same benefits payable under Section 110 as if he had died while an employee of the Township. A participant shall be deemed totally disabled for the purpose of this section only after he has been unable to perform any work for the Township for a period of thirty-five (35) consecutive weeks, and only if he submits to the Township a certificate of total disability from the Social Security Administration. [Ord. 01-051490, 05/14/1990, Art. II, §11]

§112. Termination of Participation in Plan and Redistribution of Nonvested

Assets. The termination of a Participant's employment by the Township prior to normal retirement date for a reason other than death or total disability shall terminate the participant's membership in the plan, subject, however, to the participant's vested interest. Should a participant have an interest contributed or to be contributed that is not vested, such interest shall be immediately redistributed to the remaining participants as an additional contribution to those participants in that year of termination. Distribution to the remaining participants shall be in proportion to their respective customary annual proposed or completed contributions for the current year of distribution. *[Ord. 01-051490, 05/14/1990, Art. II, §12, as amended by Ord. 010697, 01/06/1997, §1]*

§113. Benefits to Former Employees. Former employees whose participation in the Plan has ceased under Section 112 shall be entitled to receive, upon attaining the age of 65, the total of all employer contributions to the plan, together with all earnings thereon as shown in the participant's account balance at the time of his attaining the age of 65, adjusted according to the vesting schedule set forth in Section 208. *[Ord. 01-051490, 05/14/1990, Art. II, §13]*

§114. Continuation in Service after Normal Retirement Date. A participant, eligible to retire at sixty-five (65) may continue in the employ of the Township after his normal retirement date. No benefits hereunder shall be received until actual retirement. The employer shall continue to make contributions until the time of actual retirement. *[Ord. 01-051490, 05/14/1990, Art. II, §14]*

§115. Rights of Township to Discontinue or Amend. It is the expectation of the Township that it will continue the Plan indefinitely and make the required payments of its contributions hereunder, but the continuance of the plan is not assumed as a contractual obligation of the Township and the right is reserved by the Township at any time to reduce or discontinue its contributions hereunder. *[Ord. 01-051490, 05/14/1990, Art. II, §15]*

§116. Distribution upon Termination. Upon termination of the Plan or upon complete discontinuance of contributions by the Township, the Plan funds shall be distributed as follows:

First, all retirement, death, and disability benefits then payable shall be paid to participants entitled thereto.

Second, benefits shall be paid to all participants under Section 109 as though they had retired with their then percentage vested benefits immediately prior to termination of the Plan.

Third, all remaining funds shall be paid into the Township general fund. *[Ord. 01-051490, 05/14/1990, Art. II, §16]*

C. Clay Township Employees' Voluntary Pension Plan

§120. Establishment of Plan and Title. There is hereby established the "Clay Township Employees' Voluntary Pension Plan", hereinafter referred to as the "Employees' Plan". *[Ord. 01-051490, 05/14/1990, Art. III, §1]*

§121. Effective Date and Plan Year. The effective date of the Plan is January 1, 1990. The plan year is the period of twelve consecutive months beginning on a January

1 and ending on the next December 31. *[Ord. 01-051490, 05/14/1990, Art. III, §2]*

§122. Membership in Plan. All present full-time employees of the Township, except police officers, employed on January 1, 1990, or thereafter, are eligible for immediate membership in the Plan. *[Ord. 01-051490, 05/14/1990, Art. III, §3, as amended by Ord. 10-14-91, 10/14/1991, §4]*

§123. Funding of the Plan. The plan shall be financed by periodic voluntary participant contributions. Each participant may contribute to the fund in each plan year during which he is a member such amount as he may determine to contribute. However, such amount shall not exceed ten percent (10%) of the total compensation paid him by the Employer in such year. *[Ord. 01-051490, 05/14/1990, Art. III, §4]*

§124. Declaration of Contribution. The amount of each participant's voluntary contribution shall be determined by the participant's direction to the Trustee prior to the beginning of each plan year on a form provided by the Trustee. *[Ord. 01-051490, 05/14/1990, Art. III, §5]*

§125. Contributions by Payroll Deduction. Each participant's voluntary contribution as determined under Section 124 shall be by means of regular deductions from the wages paid to him by the Employer. *[Ord. 01-051490, 05/14/1990, Art. III, §6]*

§126. Maintenance of Separate Accounts. Each participant's voluntary contributions shall be separately maintained and shall be nonforfeitable. *[Ord. 01-051490, 05/14/1990, Art. III, §7]*

§127. Investment of the Trust Fund. The Trustee shall invest and reinvest the principal and income of the fund and keep the fund invested, without distinction between principal and income, in such securities as the Trustee shall deem advisable. *[Ord. 01-051490, 05/14/1990, Art. III, §8]*

§128. Retirement Benefits. Upon retirement, a participant shall receive as retirement benefits an amount equal to the total of all employee voluntary contributions, together with all earnings thereon, as shown in the participant's account balance at the time of retirement. *[Ord. 01-051490, 05/14/1990, Art. III, §9]*

§129. Death Benefits. If a participant dies while an employee of the Township, his beneficiaries shall be entitled to receive the participant's benefits provided for in Section 128.

Each participant may designate a beneficiary or beneficiaries for any death benefits at the time he enters the plan. In the absence of the designation of beneficiary, any death benefits payable shall be paid to the participant's estate. *[Ord. 01-051490, 05/14/1990, Art. III, §10]*

§130. Termination of Participation in Plan. Cessation of a participant's employment by the Township prior to the normal retirement date shall terminate the participant's membership in the plan, and he may receive all of this voluntary contributions, together with all earnings thereon, as shown in the participant's account balance at the time of termination; or, with the consent of the Trustee, he may continue to maintain his separate account with the Trustee as theretofore maintained. *[Ord. 01-051490, 05/14/1990, Art. III, §11]*

D. Miscellaneous

§140. Intent and Interpretation. The Municipal Plan and the Employees' Plan are created for the exclusive benefit of the employees of the employer and shall be interpreted in a manner consistent with their being employees' trusts. [*Ord. 01-051490, 05/14/1990, Art. IV, §1*]

§141. Construction. The Municipal Plan and the Employees Plan are not to be construed as creating or changing any contract of employment between the employer and its employees and the employer retains the right to deal with its employees and to terminate their employment at any time to the same extent as though these plans had not been created. Nothing in these plans shall be construed as limiting the right of the employer to change the compensation, salary, or remuneration of any employee at any time. [*Ord. 01-051490, 05/14/1990, Art. IV, §2*]

§142. Administration Costs. The costs and expenses of administering this Plan shall be born solely by the Township, and shall not be charged against Plan finances. [*Ord. 01-051490, 05/14/1990, Art. IV, §3*]

§143. Validity. If any section, subsection, sentence, clause, phrase, or portion of this Part is for any reason held invalid or unconstitutional by any Court of competent jurisdiction such portion shall be deemed separate, distinct and independent provision and such holdings shall not affect the validity of the remaining portions hereof. [*Ord. 01-051490, 05/14/1990, Art. IV, §4*]

§144. Effective Date. This Part shall become effective five (5) days after the adoption hereof. [*Ord. 01-051490, 05/14/1990, Art. IV, §6, as amended by Ord. 10-14-91, 10/14/1991, Ord. 010697, 01/06/1997, and Ord. 061499, 06/14/1999*]

Part 2

Compensation of Township Supervisors

§201. Annual Compensation for Members of the Board of Supervisors. Each Supervisor of Clay Township elected or appointed to office on or after May 16, 1998, shall receive compensation for attending duly advertised general or special public meetings of the Board of Supervisors at the rate of \$200 for each meeting attended by such supervisor [*Ord. 01-41486, 04/14/1986, §1; as amended by Ord. 051198-B, 05/11/1998, §1*]

§202. Annual Statutory Limit. No Supervisor shall receive annual compensation under this Part in excess of the annual statutory limit set by the General Assembly in Act No. 68 for Supervisors of townships within the appropriate population category. [*Ord. 01-41486, 04/14/1986, §2*]

§203. Limits on Compensation. No Supervisor shall be compensated for attending any meetings of the Board of Supervisors in excess of 13 meetings per year; such absences of compensation shall not negate or in any way affect such supervisor's duty or obligation to attend such uncompensated meetings. [*Ord. 01-41486, 04/14/1986, §3*]

§204. Payment in Monthly Installments. Such compensation shall be paid in monthly installments. [*Ord. 01-41486, 04/14/1986, §4*]

§205. Compensation for Members of Board of Supervisors who assumed office prior to May 16, 1998. Members of the Board of Supervisors whose terms of office commenced prior to May 16, 1998 shall receive compensation in accordance with Ord. 01-41486 of the Township enacted April 14, 1986. [*Ord. 01-41486, 04/14/1986; §5, as amended by Ord. 051198-B, 05/11/98, §2*]

§206. Effective Date. This Part shall become effective five (5) days after its adoption as provided by law and shall apply to Supervisors, elected or appointed, following its effective date. [*Ord. 01-41486, 04/14/1986, §5,6; as amended by Ord. 051198-B, 05/11/1998, §2*]

[Previous Part 3, repealed in its entirety on 03/10/03 by Ordinance No. 03-10-03A, Section 1. Same Ordinance maintains benefits vested for any retired police officer unless amendment grants greater benefit. Otherwise replaced as indicated below:]

Part 3

“Pension Plan for Police Officers of the Township of Clay”

§301. Incorporation of Plan. The Township of Clay does hereby adopt a Police Pension Plan entitled “Pension Plan for Police Officers of the Township of Clay” (hereinafter known as “Plan”) originally effective November 1, 1980 as amended and restated effective April 1, 2003 which is incorporated herein by reference.

[Amended by Ordinance No. 03-10-03A, §1]

[Amended to Adopt by Reference the “First Amendment to Clay Police Pension Plan” by Ordinance No. 09-08-03, §1]

[Amended to Adopt by Reference the “Second Amendment to Clay Police Pension Plan” by Ordinance No. 0-10-13-03, §1]

[Amended to Adopt by Reference the "First Amendment to Clay Police Pension Plan" by Ordinance No. 09-08-03, §1]

First Amendment to Clay Police Pension Plan

This First Amendment to the "Pension Plan for Police Officers of the Township of Clay, Originally Effective November 1, 1980 As Amended and Restated Effective April 1, 2003.(hereafter "Police Pension Plan") is entered into this ___ day of _____, 2003 by and between the Township of Clay ("Township ") and the Clay Township Police Pension Plan Administrator, Susquehanna Trust & Investment Co. ("Susquehanna").

The parties hereunto, intending to be legally bound hereby, agree that the aforesaid Agreement is amended in the following respects only:

SECTION 1. Article I, Section 1.10 - Service, Subsection (g)(1) **Year of Service** is hereby amended to read as follows:

"Year of Service means 12 months of service, excluding any breaks in service. For purposes of determining an employee's initial year of service upon his employment, the initial year of service shall commence on the employee's first day of employment. The first day of employment is the first day the employee performs an hour of service. The first day of re-employment is the first day the employee performs an hour of service following a break in service. An initial year of service shall end on the day immediately preceding the first anniversary of the employee's date of hire or rehire. Any subsequent year of service shall commence on the day following the completion of the immediately preceding year of service."

SECTION 2. Article III, Section 3.1 Service Rules, Subsection (a)(1) Year of Vesting Service is hereby amended to read as follows:

"Year of Vesting Service - For purposes of determining the nonforfeitable interest in the participant's accrued benefit, the participant shall receive credit for the aggregate of all time periods commencing with the participant's first day of employment or re-employment and ending on the date a break in service begins, except for periods of service disregarded below. The first day of employment or re-employment is the first day the participant performs an hour of service. Fractional periods of a year will be expressed in terms of days. One year of vesting service shall be credited for each 365-day period."

SECTION 3. Article V, Section 5.1 **Vesting** is hereby amended by deleting all reference to "fifteen (15) years of vesting service" and replacing that phrase with "twelve (12) years of vesting service".

In all other respects the Police Pension Plan is hereby ratified and reconfirmed.

SUSQUEHANNA TRUST & INVESTMENT CO.

TOWNSHIP OF CLAY

By: _____
Thomas Zartman, Chair

Attest: _____
Jonathan Price, Secretary

[Adopted by Reference per Ordinance No. 0-10-13-03, §1]

SECOND AMENDMENT TO CLAY POLICE PENSION PLAN

This Second Amendment to the “Pension Plan for Police Officers of the Township of Clay, originally Effective November 1, 1980 As Amended (hereafter “Police Pension Plan” or “plan”) is entered into this ___ day of _____, 2003 by and between the Township of Clay (“Township”) and the Clay Township Police Pension Plan Administrator, Susquehanna Trust & Investment Co. (“Susquehanna”).

The parties hereunto, intending to be legally bound hereby, agree that the aforesaid Agreement is amended in the following respects only:

As authorized by Section 9.2 of the Police Pension Plan as amended, the Plan is hereby amended in the following manner:

FIRST: Section 3.6 is amended to read as follows:

Section 3.6 – Disability Retirement

If an actively employed participant suffers a service-connected disability and is unable to perform his normal duties prior to his normal retirement date, he may receive a disability benefit under the plan. Such disabled participant shall be entitled to a monthly disability benefit equal to 50% of the participant's monthly salary at the time the disability was incurred, reduced by the amount of any disability benefits payable under Social Security for the same injuries.

Disability benefit payments shall cease upon death or upon recovery from disability prior to the date on which the disabled participant would have reached his normal retirement date if he had continued as an active participant under the plan. If disability benefits cease due to death before the participant's attainment of his normal retirement date, the death benefit payable shall be the survivor's benefit (if any) described in Section 4.2(b), without any reduction with respect to disability payments that have been made. For the purpose of determining whether there has been a recovery, the plan administrator may require evidence of continued disability. Such evidence may include examination by a doctor selected by the plan administrator. The participant's refusal to submit to medical examinations shall render him ineligible for disability benefits.

If disability continues until attainment of normal retirement date, the disability benefit shall continue until death.

Disability means inability to engage in any substantial gainful activity for which the participant is reasonably fitted through training, education, and experience by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months and that is the result of the performance of police services for the employer.

The permanence and degree of the impairment shall be supported by medical evidence. The plan administrator shall determine whether the participant is disabled as defined hereunder after consultation with a physician chosen by the plan administrator. The physician shall examine the participant at the participant's place of residence or at a place mutually agreed upon. In the administration of this Section, all employees shall be treated in a uniform manner in similar circumstances.

SECOND: Article IV is amended to read as follows:

ARTICLE IV – DEATH BENEFITS

Section 4.1 – Death Benefit With Respect to Employee Contributions

- (a) **Benefit Payable** – Effective April 17, 2002, if no death benefit is payable under Section 4.2, an amount equal to the participant's accumulated contributions as determined under Section 6.2 shall be payable to the participant's named beneficiary designated under Section 4.1(b) in one lump sum. If there is no named beneficiary, then the benefit shall be payable to the participant's surviving spouse. If there is neither a named beneficiary nor a surviving spouse, then the benefit shall be payable to any child (or children) of the participant who is under the age of eighteen or, if attending college, who is under or attaining the age of twenty-three. For this purpose, attending college shall mean being registered at an accredited institution of higher learning and carrying a minimum course load of seven credit hours per semester. In the case of multiple eligible children, the benefit payable shall be divided equally among the children. Child shall include adopted child of the participant.
- (b) **Beneficiary Designation** – The participant shall have the right to designate his beneficiaries, including a contingent beneficiary, and shall have the right at any time to change such beneficiaries for the purpose of specifying the recipient of any benefits payable under Section 4.1(a). The designation shall be made in writing on a form supplied by the plan administrator. No designation shall be effective until filed with the plan administrator. If the participant fails to designate a beneficiary and no benefit is otherwise payable under Section 4.1(a), "beneficiary" shall mean the estate of the participant. However, in the event that no letters have been taken out on the estate within six months after death and the death benefit payable is less than \$100, the death benefit shall be paid to the undertaker or any person or municipality that paid the claim of the undertaker.

Section 4.2 – Killed-in-Service Death Benefit and Survivor Benefit

- (a) **Killed-in-Service Death Benefit** – If an active participant is killed on or after April 17, 2002, while performing police services for the employer, the participant's surviving spouse or eligible child (if any) shall receive a monthly benefit equal to 100% of the participant's monthly salary at the time of death.
- (b) **Survivor Benefit** – If no benefit is payable under Section 4.2(a), then a

survivor benefit may be payable under this Section 4.2(b). Further, if the plan administrator determines that the conditions for a benefit under both Section 4.2(a) and Section 4.2(b) have been satisfied, the greater of the two benefits shall be paid. If a retired or disabled participant who is receiving a pension benefit dies or if a participant dies after satisfying the requirements for retirement whether or not he had previously terminated employment, the participant's surviving spouse or eligible child (if any) shall receive a benefit equal to 50% of the retirement benefit that the participant was receiving or would have been receiving if the participant had been retired at the time of his death.

- (c) Payment shall be in the form of a pension (without actuarial adjustment with respect to the age of the beneficiary) and shall commence as of the first day of the month following the date of death. Payment to the surviving spouse shall cease upon the death of the surviving spouse.

Effective April 17, 2002, if there is no surviving spouse or if the surviving spouse dies (thereby ceasing to be the surviving spouse of the participant), then the benefit shall be payable to any child (or children) of the participant who is under the age of eighteen or, if attending college, who is under or attaining the age of twenty-three. For this purpose, attending college shall mean being registered at an accredited institution of higher learning and carrying a minimum course load of seven credit hours per semester. In the case of multiple eligible children, the benefit payable shall be divided equally among the children. Payment shall cease upon the earlier of death or the attainment of age eighteen (or under or attaining the age of twenty-three, if attending college). Child shall include adopted child of the participant.

The participant's spouse cannot waive receipt of this benefit. In the case of an unmarried participant who has no children under the age of eighteen (or under or attaining the age of twenty-three, if attending college), no death benefit shall be payable under this Section 4.2, but a death benefit may be payable under Section 4.1. The death benefit payable shall not be less than the benefit payable under Section 4.1. In the event that there is no spouse or child eligible to receive the death benefit payable under this Section 4.2, the death benefit provided under Section 4.1 shall be paid as described therein. The distribution shall comply with the Distribution Requirements of Section 7.2(d)(2).

If there is an acceptable domestic relations order in force with respect to the participant, the alternate payee shall receive a portion of the death benefit otherwise payable with respect to any actual surviving spouse or eligible child to the extent provided in the order, but only if the alternate payee has not died. However, no order shall be accepted if it provides that the alternate payee shall be the surviving spouse creating a right to a death benefit under this Section 4.2 as the death benefit payable hereunder is only payable with respect to a surviving spouse or an eligible child.

THIRD: Internal Revenue Code Section 417 Mortality Table

For the purpose of implementing the limitations on benefits of IRC section 415 for

limitation years beginning on or after December 31, 2002, Section 1.2(c) is amended to replace the IRC section 417 mortality table prescribed by the U.S. Secretary of the Treasury under Revenue Ruling 95-6 with the mortality table prescribed in Revenue Ruling 2001-62. As amended, Section 1.2(c) is hereby amended by the addition of the following:

Notwithstanding the preceding, effective for the purpose of implementing the limitations on benefits of IRC section 415 for limitation years beginning on or after December 31, 2002, the reference in this Section 1.2(c) to the mortality table prescribed in Revenue Ruling 95-6 shall be construed as a reference to the mortality table prescribed in Revenue Ruling 2001-62 for all purposes under the plan.

FOURTH: Military Service

Section 1.10(e) regarding crediting years of service for military service is amended to insert the paragraph addressing the coordination of the Plan benefits with benefits provided by another governmental agency that was inadvertently deleted in the production of the plan document. The additional paragraph shall read as follows:

No service shall be credited under this Section 1.10(e) if the employee is entitled to receive retirement benefits for such service under a retirement system administered and wholly or partially paid for by any other governmental agency with the exception of an employee eligible to receive military retirement pay earned by a combination of active duty and nonactive duty with a reserve or national guard component of the armed forces which retirement pay is payable only upon attainment of a specified age and period of service under 10 U.S.C. Ch 67 (relating to retired pay for nonregular service).

FIFTH: Compensation Inclusion of Elective Contributions

Section 7.1(e)(3) is amended to address elective contributions with respect to a cafeteria plan in compliance with Revenue Ruling 2002-27. As amended, Section 7.1(e)(3) shall contain an additional paragraph that shall read as follows:

Effective for limitation years beginning after December 31, 1997, elective contribution amounts under a cafeteria plan excludable under IRC section 125 include any amounts not available to a participant in cash in lieu of group health coverage because the participant is unable to certify that he has other health coverage. An amount will be treated as an amount under IRC section 125 only if the employer does not request or collect information regarding the participant's other health coverage as part of the enrollment process for the health plan.

SIXTH: Minimum Required Distributions

Section 7.2 is amended to adopt the final regulations under IRC section 401(a)(9). As amended, Section 7.2(a) shall contain the following additional paragraph:

With respect to distributions under the Plan made on or after August 1, 2002 for calendar years beginning on or after January 1, 2002, the plan will apply the minimum distribution requirements of IRC section 401(a)(9) in accordance with

the regulations under section 401(a)(9) that were made final on April 17, 2002 (the 2002 Final Regulations) and the provisions of Section 7.2(h), notwithstanding any provision of the Plan to the contrary. If the total amount of required minimum distributions made to a participant for 2002 prior to August 1, 2002 are equal to or greater than the amount of required minimum distributions determined under the 2002 Final Regulations, then no additional distributions are required for such participant for 2002 on or after such date. If the total amount of required minimum distributions made to a participant for 2002 prior to August 1, 2002 are less than the amount determined under the 2002 Final Regulations, then the amount of required minimum distributions for 2002 on or after such date will be determined so that the total amount of required minimum distributions for 2002 is the amount determined under the 2002 Final Regulations.

As amended, Section 7.2 shall contain a new Subsection (h) that shall read as follows:

- (h) **Compliance With Final Regulations** – The requirements of this Section 7.2(h) shall take precedence over any inconsistent provisions of the plan. All distributions required under Section 7.2 will be determined and made in accordance with the Treasury regulations under IRC section 401(a)(9).

Notwithstanding the other provisions of this Section 7.2, distributions may be made

under a designation made before January 1, 1984, in accordance with Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) section 242(b)(2) and the provisions of the plan that relate to TEFRA section 242(b)(2).

(1) Time and Manner of Distribution

(A) **Required Beginning Date** – The participant's entire interest will be distributed, or begin to be distributed, to the participant no later than the participant's required beginning date.

(B) Death of Participant Before Distributions

Begin – If the participant dies before distributions begin, the participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(i) If the participant's surviving spouse is the participant's sole designated beneficiary, then distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the participant died, or by December 31 of the calendar year in which the participant would have attained age 70½, if later.

(ii) If the participant's surviving spouse is not the participant's sole designated beneficiary, then distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the participant died.

(iii) If there is no designated

beneficiary as of September 30 of the year following the year of the participant's death or if a lump sum death benefit is otherwise payable, the participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the participant's death.

(iv) If the participant's surviving spouse is the participant's sole designated beneficiary and the surviving spouse dies after the participant but before distributions to the surviving spouse begin, this Paragraph (1)(B), other than Paragraph (1)(B)(i), will apply as if the surviving spouse were the participant.

For purposes of this Paragraph (1)(B) and Paragraph (4), distributions are considered to begin on the participant's required beginning date (or, if Paragraph (1)(B)(iv) applies, the date distributions are required to begin to the surviving spouse under Paragraph (1)(B)(i)). If annuity payments irrevocably commence to the participant before the participant's required beginning date (or to the participant's surviving spouse before the date distributions are required to begin to the surviving spouse under Paragraph (1)(B)(i)), the date distributions are considered to begin is the date distributions actually commence.

(C) Forms of Distribution – Unless the participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with Paragraphs (2), (3), and (4). If the participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of IRC section 401(a)(9) and the Treasury regulations. Any part of the participant's interest which is in the form of an individual account described in IRC section 414(k) will be distributed in a manner satisfying the requirements of IRC section 401(a)(9) and the Treasury regulations that apply to individual accounts.

(2) Determination of Amount to be Distributed Each Year

(A) General Annuity Requirements – If the participant's interest is paid in the form of annuity distributions under the plan, payments under the annuity will satisfy the following requirements:

- (i) The annuity distributions will be paid in periodic payments made at intervals not longer than one year;
- (ii) The distribution period will be over a life (or lives) or over a period certain not longer than the period described in Paragraph (3)

or (4);

(iii) Once payments have begun over a period certain, the period certain will not be changed even if the period certain is shorter than the maximum permitted;

(iv) Payments will either be nonincreasing or increase only as

follows:

a. by an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the Bureau of Labor Statistics;

b. to the extent of the reduction in the amount of the participant's payments to provide for a survivor benefit upon death, but only if the beneficiary whose life was being used to determine the distribution period described in Paragraph (3) dies or is no longer the participant's beneficiary pursuant to a qualified domestic relations order within the meaning of IRC section 414(p);

c. to provide cash refunds of employee contributions upon the participant's death; or

d. to pay increased benefits that result from a plan

amendment.

(B) Amount Required to be Distributed by Required Beginning Date –

The amount that must be distributed on or before the participant's required beginning date (or, if the participant dies before distributions begin, the date distributions are required to begin under Paragraph (1)(A) or (B)) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bi-monthly, monthly, semi-annually, or annually. All of the participant's benefit accruals as of the last day of the first distribution calendar year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the participant's required beginning date.

(C) Additional Accruals After First Distribution Calendar Year –

Any additional benefits accruing to the participant in a calendar year after the first distribution calendar year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

(3) Requirements For Annuity Distributions That Commence During Participant's Lifetime

The participant's interest cannot be distributed in the form of a joint and survivor annuity under the terms of this plan. Further, no death benefit can be paid in the form of a period certain annuity. Section 7.2(d)(1)(F)

shall not apply.

(4) Requirements For Minimum Distributions Where Participant Dies Before Date Distributions Begin

(A) Participant Survived by Designated Beneficiary – If the participant dies before the date distribution of his or her interest begins and there is a designated beneficiary, the participant's entire interest will be distributed, beginning no later than the time described in Paragraph (1)(B)(i) or (ii), over the life of the designated beneficiary or over a period certain not exceeding:

(i) unless the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year immediately following the calendar year of the participant's death; or

(ii) if the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year that contains the annuity starting date.

(B) No Designated Beneficiary – If the participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the participant's death, distribution of the participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the participant's death.

(C) Death of Surviving Spouse Before Distributions to Surviving Spouse Begin – If the participant dies before the date distribution of his or her interest begins, the participant's surviving spouse is the participant's sole designated beneficiary, and the surviving spouse dies before distributions to the surviving spouse begin, this Paragraph (4) will apply as if the surviving spouse were the participant, except that the time by which distributions must begin will be determined without regard to Paragraph (1)(B)(ii).

(5) Definitions

(A) Designated Beneficiary – The individual who is designated as the beneficiary under Section 7.2(f)(1) and is the designated beneficiary under IRC section 401(a)(9) and Regulation section 1.401(a)(9)-1, Q&A-4.

(B) Distribution Calendar Year – A calendar year for which a minimum distribution is required. For distributions beginning before the participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the participant's required beginning date. For distributions beginning after the participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to Paragraph (1)(B).

(C) **Life Expectancy** – Life expectancy as computed by use of the Single Life Table in Regulation section 1.401(a)(9)-9.

(D) **Required Beginning Date** – The date specified in Section 7.2(f)(4).

In all other respects the Police Pension Plan is hereby ratified and reconfirmed.

SUSQUEHANNA TRUST & INVESTMENT
CO.

TOWNSHIP OF C

By: _____
Thomas Zartman, Chair

ATTEST:

Jonathan Price, Secretary

Part 4

Township Manager

§401. Establishment of Office. Pursuant to Section 599.1 of the Second Class Township Code the office of “Township Manager” of Clay Township is hereby created. [Ord. 01-031488, 03/14/1988 §I]

§402. Appointment, Compensation and Removal. The Township Manager shall be appointed, compensated and removed as provided in the Second Class Township Code. [Ord. 01-031488, 03/14/1988, §II]

§403. Bond. Before entering upon his duties the Township Manager shall give a bond to the Township with a bonding company as surety to be approved by the Board of Supervisors in an amount of at least Ten Thousand Dollars (\$10,000.00) (or such other additional amount as the majority of the Board of Supervisors shall by resolution direct) conditioned upon the faithful performance of his duties, the premium for said bond to be paid by the Township. [Ord. 01-031488, 03/14/1988, §III]

§404. Illness or Absence. In the case of illness or absence of the Township Manager from the Township, the Board of Supervisors may designate a qualified individual to perform the duties of the Township Manager during his absence or disability. [Ord. 01-031488, 03/14/1988, §IV]

§405. Powers and Duties. The Township Manager shall act as chief administrative officer of the Township, subject to the instructions issued by the Board of Supervisors, and excluding supervisory powers over the police department and the roadmaster (or road superintendent) and the employees of the roadmaster (or road superintendent). Subject to recall by ordinance the powers and duties of the Township Manager shall include, but not be limited to, the following:

1. He shall supervise and be responsible for all of the activities of all municipal departments, except for the police department and jurisdiction exercised by the roadmaster (or road superintendent).
2. He shall issue administrative and personnel rules and regulations not in conflict with existing statutes or ordinances to properly carry out the duties contained in this Part. Such rules and regulations are to be subject to revocation, revision and/or modification by the Board of Supervisors, by majority vote of its members at any regular public meeting.
3. In accordance with all rules and regulations as are or may hereafter be established, he shall hire, and when necessary shall suspend, or otherwise discipline any employees under his supervision, provided that he shall acquire the consent of the Board of Supervisors prior to any hirings and disciplinary actions.
4. He shall prepare and submit to the Board of Supervisors a recommended budget for the ensuing fiscal year in sufficient time so that said Board may review, amend, and/or adopt the budget prior to the close of the current fiscal year. Said budget is to be accompanied by an explanatory message setting forth a summary of projected revenues and proposed expenditures, together

with any supporting data as 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 responsible for the efficient administration thereof so that the various appropriations are not exceeded, except as may be authorized by the Board according to law.

5. He shall execute and enforce the laws of the Commonwealth of Pennsylvania, and such parts and resolutions of the Township as the Board of Supervisors may prescribe.
6. He shall attend all meetings of the Township Board of Supervisors, with the right to take part in the discussion, and shall receive notice of all regular and special meetings of the Board of Supervisors and its committees or commissions.
7. He shall attend such meetings of the Township Planning Commission, as they shall require.
8. If qualified, he shall serve as supervisor of all community sewage facilities located within and administered by the Township.
9. He shall prepare the agenda for each meeting of the Board of Supervisors and supply facts pertinent thereto.
10. He shall keep the Board of Supervisors informed as to the conduct of the Township affairs; submit periodic reports on the condition of the Township finances and such other reports as the Board of Supervisors shall request; and shall make such recommendations to the Board of Supervisors as he deems necessary and advisable for the welfare of the Township.
11. He shall see that the provisions of all franchises, leases, permits, and privileges granted by the Township are observed.
12. He shall see that all money owed to the Township is promptly paid and that proper proceedings are taken for the security and collection of all claims of the Township.
13. He shall be the Purchasing Officer of 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 directed by the Board of Supervisors, make a full written report thereof.
14. He shall hold such other municipal offices and head such other municipal departments as the Board of Supervisors may from time to time direct.
15. He shall receive all complaints regarding Township services and shall process and act upon the same promptly and in accordance with the instructions from the Board of Supervisors.

16. He shall make research and investigation into the administrative and governmental functions of various townships and make recommendations to the Board of Supervisors of appropriate ordinances and resolutions affecting the health, safety, welfare and administration of this Township.
17. He shall establish and maintain appropriate filing systems and efficient administration procedures for the conduct of business of the Township.
18. 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.
[Ord. 01-031488, 03/14/1988, §V]

§406. Validity. If any section, subsection, sentence, clause or phrase of this Part is for any reason held invalid, such decision or decisions shall not affect the validity of the remaining portions of this Part. All Parts prescribing the duties of heads of departments shall remain in full force and effect insofar as they do not conflict with the provisions of this Part, in which case the provisions of this Part shall govern. *[Ord. 01-031488, 03/14/1988, §VI]*