

COPY

ORDINANCE NO. 370

AN ORDINANCE OF ORWIGSBURG BOROUGH, SCHUYLKILL COUNTY, COMMONWEALTH OF PENNSYLVANIA, ELECTING TO CHANGE THE BENEFITS IT HAS IN THE PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM UNDER ARTICLE IV OF THE PENNSYLVANIA MUNICIPAL RETIREMENT LAW: AGREEING TO BE BOUND BY ALL PROVISIONS OF THE PENNSYLVANIA MUNICIPAL RETIREMENT LAW AS AMENDED AND AS APPLICABLE TO MEMBER MUNICIPALITIES CHANGING BENEFITS UNDER THE PROVISIONS OF THIS ARTICLE: STATING WHICH OF CERTAIN OPTIONS PERMITTED UNDER THE SAID LAW ARE ACCEPTED BY THE BOROUGH. IT IS HEREBY ORDAINED BY ORWIGSBURG BOROUGH, SCHUYLKILL COUNTY, AS FOLLOWS:

SECTION I. Orwigsburg Borough, being a member municipality of the Pennsylvania Municipal Retirement System, hereby elects to change its member benefits in that System as authorized by the Pennsylvania Municipal Retirement Law, Act 15 of 1974, as amended, and does hereby agree to be bound by all the requirements and provisions of said Law, and to assume all obligations, financial and otherwise, placed upon member municipalities. All references hereafter shall be based on benefits negotiated between the Board and the municipality under the provisions of Article IV of the Pennsylvania Municipal Retirement Law.

SECTION II. Membership in the Pennsylvania Municipal Retirement System shall be mandatory for all full-time municipal employees of the Borough. Membership for elected officials, part-time employees, and employees hired on a temporary or seasonal basis is prohibited, as is membership for individuals paid only on a fee basis.

All existing part-time employees who are members of the Borough plan in the System shall remain members of the Borough plan in the System unless the employee elects to withdraw from the pension plan. A member election to withdraw from the plan must be made in writing and received by the Borough before July 1, 2005, and shall be irrevocable.

All existing part-time employees who are not enrolled in the Borough plan in the System may join the Borough plan in the System if the employee: (1) makes a written election to join the Borough plan in the System which must be received by the Borough before July 1, 2005; and (2) makes the required payment of all member contributions plus regular interest that would have been credited to those contributions had they participated in the System from their date of hire. The election, once made, is irrevocable. Failure of the part-time employee to make the required contributions and regular interest payments as determined by the System shall be considered the same as if the part-time employee had chosen not to participate in the System.

SECTION III. Credit for prior service for original members is granted for each year or partial year thereof that the member was employed by the Borough from original date of hire or the expiration of the member's probationary period if one so existed. Benefits provided to members in the agreement dated June 8, 2005, shall accrue based on all credited service granted and earned in accordance with this section.

SECTION IV. Payment for any obligation established by the adoption of this ordinance and the agreement between the Board and Orwigsburg Borough shall be made by the Borough in accordance with the Pennsylvania Municipal Retirement Law and Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act.

SECTION V. As part of this ordinance, the Borough agrees that the System shall provide the benefits set forth in the agreement between the Board and Orwigsburg Borough, dated June 8, 2005. The passage and adoption of this ordinance by Orwigsburg Borough is an official acceptance of said agreement and the financial obligations resulting from the administration of said benefit package. Orwigsburg Borough hereby assumes all liability for any unfundedness created due to the acceptance of the benefit structure outlined in the above-referenced agreement.

SECTION VI. Orwigsburg Borough intends this ordinance to be the complete authorization of the Borough's municipal pension plan and it shall become effective and specifically repeal Ordinance Number 323 either immediately or on June 1, 2005, which is the effective date of the Agreement dated June 8, 2005, between the Pennsylvania Municipal Retirement System and Orwigsburg Borough, whichever is later.

SECTION VII. A duly certified copy of this ordinance and the referenced agreement shall be filed with the Pennsylvania Municipal Retirement System of the Commonwealth of Pennsylvania. Membership for the municipal employees of Orwigsburg Borough in the Pennsylvania Municipal Retirement System shall be effective the first day of January, 1991, with the revised plan structure reflected in the agreement dated June 8, 2005, effective the first day of June, 2005.

ORDAINED this 8th day of June, 2005.

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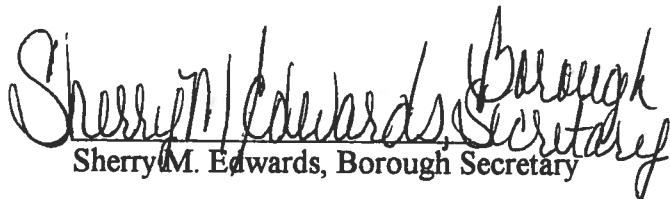
ATTEST:

Sherry M. Edwards, Borough Secretary
Sherry M. Edwards, Borough Secretary

DULY ENACTED AND ORDAINED this 8th day of June 2005, by the Borough Council of the Borough of Orwigsburg, Schuylkill County, Pennsylvania, in lawful session duly assembled.

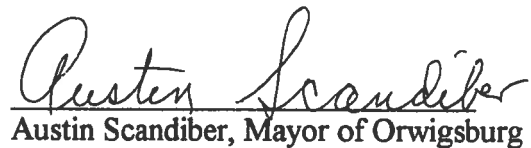
ATTEST:

BOROUGH OF ORWIGSBURG


Sherry M. Edwards, Borough Secretary


Charles J. Sterner, Council President

EXAMINED AND APPROVED this 8th day of June, 2005


Austin Scandiber, Mayor of Orwigsburg

ORWIGSBURG BOROUGH
MUNICIPAL EMPLOYEE PENSION PLAN AGREEMENT

AN AGREEMENT, dated this 8th day of June, 2005, by and between Orwigsburg Borough (the Borough) and the Pennsylvania Municipal Retirement Board (the Board);

WHEREAS, Article IV, Section 401 of the Act of February 1, 1974, No. 15, states:

“401. This article shall provide for the enrollment of those municipalities in the Pennsylvania Municipal Retirement System which want to offer retirement benefits to their employees . . .”; and,

WHEREAS, Article IV, Section 413 of the Act also provides:

“413. Procedures for Amending Contracts. Any municipality which has joined the System under this Article IV may, with the approval of the Board, amend the contract to increase any of the benefits enumerated in Article IV to its members. . .”; and,

WHEREAS, Orwigsburg Borough has enrolled its municipal employees in the Pennsylvania Municipal Retirement System and desires to amend its pension plan for the municipal employees:

NOW THEREFORE, the Pennsylvania Municipal Retirement Board and Orwigsburg Borough hereby agree to the following retirement pension plan for the municipal employees:

1. Coverage: Effective as of the date of this agreement as provided above, this plan shall cover all full-time municipal employees, hereinafter referred to as member, of the Borough. Membership for elected officials, part-time employees, and employees hired on a temporary or seasonal basis is prohibited, as is membership for individuals paid only on a fee basis. Individual membership shall be effective as of the date the Borough entered into the Pennsylvania Municipal Retirement System or upon the expiration of the individual’s probationary status, whichever is more recent.

All existing part-time employees who are members of the Borough plan in the System shall remain members of the Borough plan in the System unless the employee elects to withdraw from the pension plan. A member election to withdraw from the plan must be made in writing and received by the Borough before July 1, 2005, and shall be irrevocable.

All existing part-time employees who are not enrolled in the Borough plan in the System may join the Borough plan in the System if the employee: (1) makes a written election to join the Borough plan in the System which must be received by the Borough before July 1, 2005; and (2) makes the required payment of all member contributions plus regular interest that would have been credited to those contributions had they participated in the System from their date of hire. The election, once made, is irrevocable. Failure of the part-time employee to make the required contributions and regular interest payments as determined by the System shall be considered the same as if the part-time employee had chosen not to participate in the System.



Credited service shall accrue from the original member's date of hire or the expiration of the member's probationary period if one so existed. Credited service time earned prior to the enrollment of the Borough into the System shall be known as prior service.

No credited service time shall be granted for time employed in a status other than active employee of the municipality excluding credit for purchased military service, reinstatement of previous service or service earned and credited under Section 12, the portability section of this agreement.

2. Superannuation Retirement: Eligibility for a superannuation retirement shall occur upon the member's attainment of fifty-four (54) years of age or older.

3. Basic Benefit: The basic annual benefit shall be equal to two and five-tenths percent (2.5%) of the member's final salary multiplied by all years of credited service. Provided, however, in no event shall the basic benefit exceed seventy-five percent (75%) of the member's final salary.

4. Final Salary: The final salary shall be the average annual compensation earned and paid during the member's final three (3) consecutive years of employment, or if not so long employed, then the average annual compensation earned and paid during the whole period of such employment.

5. Early Retirement: A member who has been involuntarily terminated after eight (8) years of credited service or who has separated voluntarily after twenty (20) years of credited service may retire early. Benefits will be actuarially reduced for each year or partial year thereof that early retirement takes place prior to age fifty-four (54).

6. Permanent Disability Benefits: A member who has ten (10) or more years of credited service may, upon application or on application of one acting in the member's behalf, or upon application of a responsible official of the municipality, be retired by the Pennsylvania Municipal Retirement Board on a disability allowance if the physician designated by the Board, after medical examination of the member shall certify to the Board that the individual is unable to engage in any gainful employment and that said member ought to be retired. When the disability of a member is determined to be service-connected, as defined in Act 15 of 1974, no minimum period of service shall be required for eligibility.

A disability annuity shall be payable from the total disability reserve account which, together with the municipal annuity and the member's annuity, if any, shall be sufficient to produce a retirement allowance of thirty percent (30%) of the member's final salary. Where the disability of the member is determined to be service-connected, the disability allowance shall equal fifty percent (50%) of the member's final salary. The disability annuity shall be reduced by the amount of any payments for which the member shall be eligible under the Act of June 2, 1915 (P.L. 736, No. 338), known as "The Pennsylvania Workmen's Compensation Act" or the Act of June 21, 1939 (P.L. 566, No. 284), known as "The Pennsylvania Occupational Disease Act."

Any member with eight (8) or more years of credited service entitled to retire for disability may, in lieu of such retirement, elect to retire not voluntarily under the provisions of Section 5.

Should a disability annuitant die before the total disability retirement allowance received equals the amount of the member's accumulated deductions at the time of disability retirement, the Board shall pay to the named beneficiary (if living, or if the named beneficiary predeceased the annuitant, or no beneficiary was named, then the annuitant's estate) an amount equal to the difference between such total retirement allowance received and the annuitant's accumulated deductions. If such difference is less than one hundred dollars (\$100) and no letters have been taken out on the estate within six (6) months after the disability annuitant's death, such difference may be paid to the undertaker or to any person or municipality who or which shall have paid the claim of the undertaker.

7. Death Benefit: When a member dies and the member has:

- (a) met the requirements for a superannuation retirement found in Section 2 of this agreement but has not yet retired; or,
- (b) met the requirement for vesting found in Section 11 of this agreement but has not yet vested; or,
- (c) actually elected to vest a benefit but has failed to attain superannuation retirement age,

a death benefit shall then be paid to the member's named beneficiary. The death benefit shall be a payment equal to the present value of the accrued benefit as of the date of the member's death.

A member who is entitled to a superannuation retirement allowance because of meeting the requirements found in Section 2, or a member who is eligible to vest or who has vested in accordance with Section 11 of this agreement may file a written application for a retirement benefit, selecting a retirement option and requesting that such election become effective upon the death of the member. The application must be filed with the Pennsylvania Municipal Retirement Board on a PMRB-8 form. The application shall be held by the Board until 1) the member files a later application (PMRB-8) for a retirement allowance or 2) the death of the member.

If no application for retirement was pre-filed by a member who dies and who was eligible for the death benefit found in this Section, it shall be considered that the member elected Option 1 as provided in Section 13 of this agreement. In such event the payment under Option 1 shall be made to the beneficiary designated in the Nomination of Beneficiary form (PMRB-2) on file with the Board or in the absence of such a form, the estate of the member.

8. Cost-of-Living Increases: Retired members of the plan shall be entitled to a cost-of-living benefit effective the first January following at least one year from the initial date of retirement. The amount of such increases are subject to all of the following limitations:

- (a) the percent increase in pension shall not exceed the percent increase in the Consumer Price Index since the final year in which the retired member last worked;
- (b) the pension benefit after such increase shall not exceed seventy-five percent (75%) of the final average salary which was used as the basis for computing the retired member's benefit; and
- (c) the total cost-of-living increase shall not exceed thirty percent (30%) of the retired member's benefit at the time the member retired.

9. Military Service: Any member employed by the Borough who enters the uniformed services as defined by the 1994 Uniformed Services Employment and Re-Employment Rights Act (P.L. 103-353) and returns to the Borough to again be a member of the plan within the authorized time period of the law, shall have the authorized time spent in such service credited to the member's employment record for pension or retirement benefits if the individual makes the required employee contributions.

An active member may also purchase credit for other than intervening military service performed for the United States in times of war, armed conflict or national emergency, so proclaimed by the President of the United States, for a period not to exceed five (5) years, provided the member has completed five (5) years of service to the municipality subsequent to such military service. An active member may file an application with the Board for permission to purchase credit for nonintervening military service upon completion of five (5) years of subsequent service to the municipality.

The amount due from the member shall be certified by the Board in accordance with methods approved by the actuary. It may be paid in a lump sum within thirty (30) days or it may be amortized with additional interest through salary deductions in amounts agreed upon by the member and the Board.

The rate of interest to be charged to a member on purchase of credit for nonintervening military service shall be the rate being credited by the System to members' accounts in effect on the date of the member's application, compounded annually.

A member may purchase credit for intervening or nonintervening military service only if discharge or separation from the service was granted under other than dishonorable conditions. A member may not purchase military credit for any service that is covered by another retirement system administered and wholly or partially paid for by any other government agency or private employer.

10. Contributions by Members: Members shall not be required to contribute to the pension plan. If a member terminates before becoming eligible for any benefit or if the member elects not to receive a benefit, the accumulated contributions personally made by the member plus regular interest and any excess investment monies credited on such contributions shall be returned.

11. Vesting: After ten (10) years of credited service, a member may vest by filing an application with the Board within ninety (90) days of separation from employment. Upon attainment of the superannuation age requirement found in Section 2 of this agreement, a basic benefit will be calculated in accordance with Section 3 of this agreement.

12. Portability: When a member leaves the employ of the Borough and enters within one year of separation into the employ of another municipality that has joined the System, the member's service credits shall remain unimpaired. Should a member from the employ of another municipality that has joined the System separate from service and within one year of separation join the pension plan, the member's service credits will remain unimpaired. In such cases, the municipal liability for past service shall be prorated by the System between the municipalities on an equitable basis.

13. Optional Forms of Benefit Payment: At the time a member elects to receive a retirement benefit allowance, the benefit may be payable throughout the member's life, in which case, the benefit is known as a Single Life Annuity. The member may alternatively elect at the time of retirement to receive the equivalent actuarial value in a lesser allowance, payable throughout life with provisions that:

- (a) Option 1. If the member dies before receiving in payments the present value of the retirement allowance as it was at the time of retirement, the balance, if less than five thousand dollars (\$5,000), shall be paid in a lump sum to the designated beneficiary if living, or if the named beneficiary predeceased the member or if no beneficiary was named, then to the member's estate. If the balance is five thousand dollars (\$5,000) or more, the beneficiary may elect, by application duly acknowledged and filed with the Board to receive payment of such balance according to any one of the following provisions:
 - (i) in a lump-sum payment, or
 - (ii) in an annuity having a present value equal to the balance payable, or
 - (iii) in a lump-sum payment and an annuity. Such annuity shall be of equivalent actuarial value to the balance payable less the amount of the lump-sum payment specified by the beneficiary.
- (b) Option 2. Upon the annuitant's death, the retirement allowance shall be continued throughout the life of and paid to the survivor annuitant, if then living.
- (c) Option 3. Upon the annuitant's death, one-half of the retirement allowance shall be continued throughout the life of and paid to the survivor annuitant, if then living.

Should a member who has elected a Single Life Annuity die before receiving in annuity payments the full amount of the total accumulated deductions standing to their credit in the member account on the effective date of retirement, the balance shall be paid to the designated beneficiary.

14. Social Security Offset: There shall be no offset for Social Security retirement benefits received by a member.

15. Determination of Municipal Liability: The Board will actuarially determine the normal cost of the plan and any liability associated with the plan's actuarial experience which shall be contributed annually by the municipality for the service credits of the members. If applicable, any additional amount which shall be contributed annually toward a reserve account for the disability allowances which may be payable in accordance with this agreement shall also be determined and charged the municipality.

The amounts so determined shall be computed in accordance with the requirements of Act 205 of 1984, the Municipal Pension Plan Fund Standard and Recovery Act, and Act 15 of 1974, the Pennsylvania Municipal Retirement Law, and subsequent amendments to either Act.

16. Procedure: Matters or procedure not covered in this agreement shall be as set forth in Act 15 of 1974 and as found in Act 205 of 1984, as they shall, from time to time, be amended.

Should any change or mistake in records result in any member, beneficiary or survivor annuitant receiving from the System more or less than the individual would have been entitled to receive had the records been correct, then regardless of the intentional or unintentional nature of the error and upon the discovery of such error, the Board will correct the error and so far as practicable adjust the payments which may be made for and to such person in such a manner that the actuarial equivalent of the benefit to which the individual was correctly entitled shall be paid.

17. Unfunded Liability: Any unfunded liability incurred by the creation of benefits under this agreement shall be borne by Orwigsburg Borough.

18. Effective Date: This agreement shall be effective the first day of June, 2005, with the acceptance of the same by Orwigsburg Borough and the Pennsylvania Municipal Retirement Board. Termination of this agreement shall be in accordance with Section 412 of Act 15 of 1974.

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IN WITNESS WHEREOF, we have hereunto set our hands and seal the day, month and year above written.

ATTEST:

ORWIGSBURG BOROUGH, SCHUYLKILL
COUNTY

BY: Sherry Medwards
Secretary

BY: Charlton
President of Council

ATTEST:

PENNSYLVANIA MUNICIPAL
RETIREMENT BOARD

BY: James B. All
Secretary

BY: [Signature]
Chairman

Approved as to form and legality:

BY: [Signature]
Office of Attorney General

BY: [Signature]
Office of General Counsel 8/18/05

BY: [Signature]
Chief Counsel

TME:LEH:tme
05/31/2005

Reviewed by PMRS Legal Counsel [Signature]

Pennsylvania Municipal Retirement System Commonwealth of Pennsylvania



P. O. Box 1165, Harrisburg PA 17108-1165
Phone: (717) 787-2065 (800) 622-7968
Fax: (717) 783-8363
www.pmrs.state.pa.us ra-staff@state.pa.us

May 23, 2006

Michael Lonergan, Manager
Orwigsburg Borough
P.O. Box 128
209 North Warren Street
Orwigsburg, PA 17961

Dear Mike:

We take this opportunity to forward the documents amending the Orwigsburg Borough municipal pension plan. This amendment became effective June 1, 2005.

Enclosed, please find a copy of Ordinance No. 370 and an original copy of the Agreement, which has been executed by the Pennsylvania Municipal Retirement System and the various state attorneys. These documents should be retained in the municipality's files for future reference. The benefits that the employees receive are based on these plan documents. We have also retained an original set in our files for our own purposes.

Should you or any of the employees have any questions on the agreement or plan provisions, please do not hesitate to contact our office. We appreciate the opportunity to service your pension needs and thank you for your patience.

Sincerely,

A handwritten signature in black ink, appearing to read "Philip S. Weinert".

Philip S. Weinert
Municipal Services Division

PSW:BFM:psw

Enclosures



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ORWIGSBURG BOROUGH