



LEHIGH COUNTY AUTHORITY

LCA Main Office:
1053 Spruce Road
Wescosville, PA 18106
610-398-2503

Agendas & Minutes Posted:
www.lehighcountyauthority.org

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BOARD MEETING AGENDA – January 27, 2020

1. Call to Order

- NOTICE OF MEETING RECORDINGS

Meetings of Lehigh County Authority's Board of Directors that are held at LCA's Main Office at 1053 Spruce Road, Wescosville, PA, may be recorded for viewing online at lehighcountauthority.org. Recordings of LCA meetings are for public convenience and internal use only and are not considered as minutes for the meeting being recorded, nor are they part of public record. Recordings may be retained or destroyed at LCA's discretion.

- *Public Participation Sign-In Request*

2. Review of Agenda / Executive Sessions

3. Approval of Minutes

- *January 13, 2020 Board meeting minutes*

4. Public Comments

5. Action / Discussion Items:

FINANCE AND ADMINISTRATION

- *Resolution 1-2020-2 – Approval of Updated Pension Documents (Approval) (gray)*
- *LCA Strategic Plan – 2019 Action Plan Update & 2020 Planning Effort (Discussion) (white)*
- *Preliminary 2021-2025 Capital Plan (Discussion) – to be distributed at the meeting*

WATER

WASTEWATER

- *Suburban Division – Closure of WLI High Flow Emergency Declaration (Discussion) (yellow)*

6. Monthly Project Updates / Information Items (1st Board meeting per month)

7. Monthly Financial Review (2nd Board meeting per month) – **December report to be distributed at a later date**

8. Monthly System Operations Overview (2nd Board meeting per month) – **December report attached**

9. Staff Comments

10. Solicitor's Comments

11. Public Comments / Other Comments

12. Executive Sessions

13. Adjournment

UPCOMING BOARD MEETINGS

Meetings begin at Noon at LCA's Main Office, unless noted otherwise below.

February 10, 2020

February 24, 2020

March 9, 2020

PUBLIC PARTICIPATION POLICY

In accordance with Authority policy, members of the public shall record their name, address, and discussion item on the sign-in sheet at the start of each meeting; this information shall also be stated when addressing the meeting. During the Public Comment portions of the meeting, members of the public will be allowed 5 minutes to make comments/ask questions regarding non-agenda items, but time may be extended at the discretion of the Chair; comments/questions regarding agenda items may be addressed after the presentation of the agenda item. Members of the public may not request that specific items or language be included in the meeting minutes.

REGULAR MEETING MINUTES

January 13, 2020

The Regular Meeting of the Lehigh County Authority Board of Directors was called to order at 12:00 p.m. on Monday, January 13, 2020, Chairman Brian Nagle presiding. Other Members present at the commencement of the meeting were: Linda Rosenfeld, Jeff Morgan, Richard Bohner, Norma Cusick, Scott Bieber, and Amir Famili. Ted Lyons was on the conference phone for the duration of the meeting. Authority Staff present were Liesel Gross, Chuck Volk, Ed Klein, John Parsons, Susan Sampson, Chris Moughan, Todd Marion, Phil DePoe, Andrew Moore and Lisa Miller.

Chairman Nagle announced that today's Board meeting is being videotaped and streaming live and recordings will be posted to the Authority's website.

Chairman Nagle also announced that the Board received their packets prior to the meeting.

REVIEW OF AGENDA

Liesel Gross stated there are no changes to the agenda as presented and there will be an Executive Session at the end of the regular meeting to discuss matters of potential litigation and personnel.

APPROVAL OF MINUTES

December 9, 2019 Regular Meeting Minutes

On a motion by Richard Bohner, seconded by Norma Cusick, the Board approved the minutes of the December 9, 2019 (8-0).

PUBLIC COMMENTS

None.

ACTION AND DISCUSSION ITEMS

Lehigh County Authority Solicitor Contract & Resolution No. 1-2020-1

Liesel Gross recommended the Board approve the appointment of King, Spry, Herman, Freund & Faul, LLC ("KingSpry") to serve as Solicitor to the Authority along with Resolution No. 1-2020-1 which is necessary because a prior Resolution was approved by the Authority in 1982 regarding the Solicitor position. The new Resolution clarifies that the position may be filled either by in-house counsel or independent contractor. The Resolution also allows for the Executive Administrative Support Specialist and the Human Resources Manager to attest the Chief Executive Officer's signature in addition to the Solicitor.

Ms. Gross introduced Mike Gaul from KingSpry who has been working with the Authority since Brad Landon's retirement on December 20, 2019, and who will be the primary attorney to the Authority. Attorney Gaul introduced other members of the firm, Ms. Keely Collins, Mr. Kevin Reid, and Mr. Kent Herman, who gave a brief introduction of their work at KingSpry. Attorney Gaul said that KingSpry is very familiar with the Authority because they have been performing public financing for the Authority since 2008.

Kevin Baker arrived at 12:08 p.m.

Liesel Gross explained that KingSpry has offered a reasonable retainer and also a competitive hourly rate. KingSpry also has no conflicts of interest that would prohibit them from being appointed as the Authority's solicitor.

On a motion by Norma Cusick, seconded by Linda Rosenfeld, the Board approved Resolution No. 1-2020-1 which clarifies the Lehigh County Authority Solicitor position and addresses certain duties by the Solicitor and other members of the Authority Staff (9-0).

On a motion by Norma Cusick, seconded by Linda Rosenfeld, the Board approved the contract with KingSpry as set forth in the Scope of Services and Compensation Agreement letter to the Authority dated December 12, 2019 (9-0).

Suburban Division – Park Pump Station Upgrade: Electrical Contract Change Order

Chuck Volk stated that the pumps and controls for this project have been activated for a seven-day run test, and at the end of that time, will be declared substantially complete. The scope of the change order is for the addition of soft starters to the variable frequency drive (VFD) units, which represent a value-added project scope adjustment. The Authority's Operations department recommended the adjustment during the construction phase. The soft starters will allow continuous operation of the pumps in the event of a VFD unit failure, and is preferable to emergency bypass wiring.

Mr. Volk asked for approval of the Capital Project Authorization Amendment No. 1 and Construction Change Order for the Electrical Contract to Shannon A. Smith, Inc. in the amount of \$60,954.00.

Amir Famili asked if this process is the best practice recommended by the manufacturer, and if this approach is something that should be applied to all VFDs moving forward. Mr. Volk said it is a best practice, and will be put into use with VFDs at other Authority facilities as appropriate. The installation of soft starters at some other facilities, however, may not be as critical as the Park Pump Station, because the other facilities have pump redundancy that would allow for continuous operation in the event of the failure of a single VFD unit.

On a motion by Linda Rosenfeld, seconded by Norma Cusick, the Board approved the Capital Project Authorization Amendment No. 1 and Construction Change Order for the Electrical Contract to Shannon A. Smith, Inc. in the amount of \$60,954.00 (9-0).

MONTHLY PROJECT UPDATES / INFORMATION ITEMS

Liesel Gross reviewed a few items for the upcoming meetings on January 27th and February 10th.

STAFF COMMENTS

Liesel Gross noted that the Monthly Financial review and the Monthly System Operations overview have been posted to the Authority website for the previous two months and will be back on track and presented at the January 27th meeting.

Ms. Gross announced that the Authority has received the 2019 DVT Risk Management Innovation Award for its written procedure "Lone Worker Protection" by Chris Moughan and Kevin German. Another recognition the Authority received is an article in CityWorks magazine written by Chris Moughan and Mark Bowen entitled "Reimplementation, Release, and Buy-In". The article describes

the three steps for implementing a preventative maintenance program using the Authority's computerized maintenance management system.

SOLICITOR'S COMMENTS

Mike Gaul stated that he is excited to be part of the group.

PUBLIC COMMENTS / OTHER COMMENTS

None.

Chairman Nagle called a recess at 12:32 p.m. The meeting reconvened at 12:41 p.m.

EXECUTIVE SESSION

An Executive Session was held at 12:42 p.m. to discuss matters of potential litigation and personnel.

The Executive Session ended at 2:39 p.m.

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 2:39 p.m.

Richard H. Bohner
Secretary

RESOLUTION No. 1-2020-2

(Duly adopted 27 January 2020)

A RESOLUTION OF LEHIGH COUNTY AUTHORITY ELECTING TO AMEND ITS NON-UNIFORM PENSION PLAN ADMINISTERED BY THE PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM PURSUANT TO 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.

WHEREAS, on January 13, 2014, the Lehigh County Authority (the "Authority") Board of Directors (the "Board") adopted Resolution No. 1-2014-1, electing to amend the Authority's municipal pension plan (the "Pension Plan") administered by the Pennsylvania Municipal Retirement System ("PMRS"); and

WHEREAS, PMRS has notified the Authority that PMRS is changing its administered pension plans to new federal Internal Revenue Service ("IRS") approved documents, and, as a result, the Authority needs to approve amendments to its Pension Plan documents; and

WHEREAS, the Board desires to approve, through this Resolution, such Pension Plan amendments.

NOW THEREFORE, be it resolved by the Board of this Authority, as follows:

1. Lehigh County Authority (the Authority), having established a non-uniform pension plan administered by the Pennsylvania Municipal Retirement System (the System), hereby elects to amend its Non-Uniform Pension Plan administered by the System in accordance with Article IV of the Pennsylvania Municipal Retirement Law, 53 P.S. §881.101 et seq. (Retirement Law), and does hereby agree to be bound by all the requirements and provisions of the Retirement Law and the Municipal Pension Plan Funding Standard and Recovery Act, 53 P.S. §895.101 et seq., and to assume all obligations, financial and otherwise, placed upon member municipalities.
2. As part of this Resolution, the Authority agrees that the System shall administer and provide the benefits set forth in the amended Non-Uniform Pension Plan Document entered into between the Pennsylvania Municipal Retirement Board and the Authority effective as of the date specified in the adoption agreement (the Contract). A copy of the approved Base Plan document is attached under Tab "A". Copies of the approved Adoption Agreements, PMRS Defined Benefit Plan, and PMRS Defined Cash Balance Plan, are attached under Tab "B". The Board approves the execution and delivery of the Adoption Agreements.
3. The Authority acknowledges that by passage and adoption of this Resolution, the Authority officially accepts the Contract and the financial obligations resulting from the administration of the Contract.
4. Payment for any obligation established by the adoption of this Resolution and the Contract shall be made by the Authority in accordance with the Retirement Law and the Municipal

Pension Plan Funding Standard and Recovery Act. The Authority hereby assumes all liability for any unfundedness created due to the benefit structure set forth in the Contract.

5. The Authority intends this Resolution to be the complete authorization of the Contract, as amended, and it shall become effective as of the date specified in the adoption agreement, which is the effective date of the Contract, as amended. This Resolution supersedes and repeals Authority Resolution No. 1-2014-1, but only to the extent they are inconsistent. To the extent that the provisions of this Resolution and Resolution No. 1-2014-1 are the same or similar in substance, the provisions of this Resolution are intended as a continuation of such prior provisions and not as new provisions.

6. A duly certified copy of this Resolution and an executed Contract shall be filed with the System.

On motion of _____, seconded by _____,
this resolution was adopted the 27th day of January 2020.

Tally of Votes: Yeas _____ Nays _____

☞ ☞

I, Michael A. Gaul, Solicitor of Lehigh County Authority, do hereby certify that the foregoing is a true, correct and complete copy of a resolution which was duly adopted by the Authority at a public meeting of the Authority held on 27 January 2020, after notice thereof had been duly given as required by law, at which meeting a quorum was present and voting and which resolution No. 1-2020-2 is now in full force and effect on the date of this certification.

_____ Michael A. Gaul, Esquire Lehigh County Authority Solicitor	_____ Date
--	---------------

Attest:

_____ Lisa A. Miller Executive Administrative Support Specialist	_____ Date
--	---------------

PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM

DEFINED BENEFIT PLAN

Adoption Agreement 001

The undersigned, Lehigh County Authority, Pennsylvania ("Municipality"), by executing this Adoption Agreement 001, elects to establish its own single employer plan within the meaning of Code Section 401(a) in the Pennsylvania Municipal Retirement System (the "System") and hereby adopts the accompanying Base Plan Document and Trust documents in full as if the Municipality were a signatory to those agreements. The Municipality makes the following elections granted under the provisions of the Base Plan Document..

TYPE OF PLAN ADOPTION

- ☐ **New Plan Effective Date:** _____
(Effective date of newly-adopted Plan. Date cannot be earlier than the first day of the initial Plan Year)
- ☒ **Restatement Effective Date:** January 1, 2020
(Effective date of this Plan document which restates and supersedes previous PMRS Plan document or Original Plan document. Date cannot be earlier than (1) the first day of the 2008 Plan Year; or (2) the first day of the first Plan Year of the PMRS Plan or Original Plan as applicable.)
- ☒ **PMRS Plan Effective Date:** July 1, 1975
(Effective date of Plan initially administered by PMRS and restated under this document.)
- ☒ **Original Plan Effective Date:** July 1, 1975
(Effective date of Plan initially administered by Municipality or third party administrator or PMRS and restated under this document.)

ARTICLE I: DEFINITIONS

Any capitalized terms used in this Adoption Agreement but not defined herein shall be given the meaning set forth in the Base Plan Document and Trust.

1.23 COMPENSATION.

The total amount of all payments, direct or indirect, made by the Municipality to an Member for services rendered to the Municipality, for a calendar year which ends within a Plan Year, as defined in Code Section 3401(a) for purposes of tax withholding at the source (as reported to the Employee on Form W-2 for such year). Compensation shall include before-tax or salary deferral contributions made to this Plan or any other plan of the Municipality, under a Code Section 132(f)(4) qualified transportation plan or under Code Sections 125, 402(g)(3), 457 or 414(h), on behalf of a Member for such Plan Year. The term Compensation shall **exclude** the following (select all exclusions):

- ☐ -- Overtime (as defined under the Fair Labor Standards Act)
- ☐ -- Bonus Payments (Regular)
- ☐ -- Bonus Payments (Special)
- ☐ -- Unused Accrued Leave Payments
(if unused accrued leave is included for purposes of Compensation, it should be excluded for purposes of calculation of Credited Service under Section 1.24)
- ☐ -- Unused Sick Leave Payments
(if unused sick leave is included for purposes of Compensation, it should be excluded for purposes of calculation of Credited Service under Section 1.24)
- ☒ X Payments under the "The Pennsylvania Workmen's Compensation Act"

<input type="checkbox"/>	Incentive Payments
<input checked="" type="checkbox"/>	Education Incentive Payments
<input type="checkbox"/>	Longevity Payments
<input checked="" type="checkbox"/>	Payments in Lieu of Offered Benefits
<input checked="" type="checkbox"/>	Allowance for Meals
<input checked="" type="checkbox"/>	Allowance for Clothing and/or Equipment
<input checked="" type="checkbox"/>	All other Compensation except regular salary not otherwise enumerated in the Base Plan Document or in this Adoption Agreement
<input checked="" type="checkbox"/>	Other (Specify Short Name) : _____
	Definition: _____

1.24 CREDITED SERVICE.

Method of Measurement (Select One)

<input type="checkbox"/>	Hours of Service Method
<input checked="" type="checkbox"/>	Elapsed Time Method

Adjustments to Credited Service

Maximum years of Credited Service

Include Exclude

Maximum Years: _____

Unused sick leave

(converted to Credited Service under the following formula) :

(if included for purposes of Credited Service, should be excluded for purposes of Compensation under Section 1.23)

Unused annual leave

(converted to Credited Service under the following formula):

(if included for purposes of Credited Service, should be excluded for purposes of Compensation under Section 1.23)

Worker's Compensation Leave

Service as Employee before the Municipality's PMRS Plan Enrollment Date

Service as Employee before the Original Plan Effective Date

Service as Employee under the non-PMRS Original Plan

Service as Employee before the terminated Prior Plan of Municipality

Service as Employee under the terminated Prior Plan of Municipality

Service as Employee after the terminated Prior Plan of Municipality

Name of terminated Prior Plan: _____

Service as Employee before the merged Prior Plan of Municipality

Service as Employee under the merged Prior Plan of Municipality

Service as Employee after the merged Prior Plan of Municipality

Name of merged Prior Plan: _____

1.34 ELIGIBILITY SERVICE.Method of Measurement (Select One)

- ☐ Hours of Service Method
- ☒ Elapsed Time Method

1.35 EMPLOYEE.Plan Type (Select one)

- ☐ Municipal Police Officers
- ☐ Municipal Firefighters
- ☒ Non-Uniform Municipal Employees (Select all that apply)

Eligible Employees for Mandatory Membership (Select all that apply)

- ☒ Full-time Employees not subject to a collective bargaining agreement with a bargaining unit authorized with the Municipality
- Defined as regularly scheduled to perform at least forty (40) Hours of Service per week

- ☒ Full-time Employees subject to a collective bargaining agreement with one of the specified bargaining units below authorized with the Municipality:

Defined as regularly scheduled to perform at least forty (40) Hours of Service per week

SEIU Local 32BJ

SMART Local 19

- ☐ Elected Officials (Employee employed exclusively by virtue of election and employed concurrent with a term of office)
- ☐ Temporary Employees (Employee expressly hired for a definite period less than _____ () months (must be less than twelve (12))
- ☐ Seasonal Employees (Employee expressly hired for a specific task for a duration of less than twelve (12) months)
- ☐ Part-time Employees regularly scheduled for _____ () or more hours per week

Eligible Employees for Optional Membership/Employee Election (Select all that apply)

- ☒ No Eligible Employees
- ☐ Elected Officials (Employees employed exclusively by virtue of election and employed concurrent with a term of office)
- ☐ Temporary Employees (Employee expressly hired for a definite period less than _____ () months (must be less than twelve (12))
- ☐ Seasonal Employees (Employee expressly hired for a specific task for a duration of less than twelve (12) months)
- ☐ Part-time Employees regularly scheduled for _____ () or more hours per week

Ineligible Employees

- ☒ All individuals not otherwise identified as Eligible Employees in this Section
- ☐ Individuals specified as follows:

(Category cannot be age or service-based and cannot name specific individuals or a finite group)

The average annual annualized Compensation earned and paid during the:

1.38 FINAL AVERAGE SALARY. (Select One)

The average annual annualized Compensation earned and paid during the:

- ☒ Average Monthly Compensation
Thirty-six (36) consecutive calendar months of the most recent one hundred twenty (120)
consecutive calendar months of Credited Service which produces the highest Final Average Salary
- ☐ Average Annual Compensation
_____ (_____) consecutive calendar years of the most recent _____ (_____)
consecutive calendar years of Credited Service which produces the highest Final Average Salary
- ☐ Final Monthly Compensation
_____ (_____) most recent consecutive calendar months of Credited Service
which determines the Final Average Salary

1.41 HOURS OF SERVICE.

- ☐ An Employee shall be awarded a Year of Service upon completion of _____ (_____) Hours
of Service.

(The number of Hours of Service cannot exceed 2,000.) .

1.61 NORMAL RETIREMENT AGE (Applicable to In-Service Distributions)

- ☒ In-Service Distributions Not Allowed
- ☐ In-Service Distributions Allowed in Accordance with Section 10.05
(Continuing Employment after Normal Retirement Age)
- ☐ In-Service Distributions Allowed in Accordance with Section 10.06
(Re-employment after Benefit Commencement Date)

Normal Retirement Age for Allowable In-Service Distributions

- ☐ Eligible Employees (Select all that apply below)
- ☐ Date the Member attains age sixty-five (65)
- ☐ Date the Member attains age sixty-two (62)
- ☐ The later of the date:
Member attains age sixty (60) and
Member completes five (5) Years of Vesting Service
- ☐ The later of the date:
Member attains age fifty-five (55) and
Member completes ten (10) Years of Vesting Service

- ☐ -- Date the Member's age plus completed Years of Vesting Service equals or exceeds eighty (80)
- ☐ -- Date the Member's age plus completed Years of Vesting Service equals or exceeds _____ (____) (The numerical value shall not be less than eighty (80))
- ☐ -- Date the Member completes twenty-five (25) Years of Vesting Service (Must be combined with one of the other options)

To use the three options below, the date the Member meets the specified conditions cannot be greater than the date the member attains age 65 nor less than the date the member attains age 55 and, in any event, may not be less than the representative typical retirement date for such Member's occupation.

☐ -- Date the Member attains age _____ (____):

☐ -- The later of the date:

Member attains age _____ (____)

Member completes _____ (____) Years of Vesting Service

☐ -- Other: _____

☐ -- Police Officers, Firefighters and other qualified public safety employees as defined under Code Section 72(t)(10) have the following additional options (Select all that apply below)

☐ -- Date the Member attains age fifty (50)

☐ -- Date the Member completes twenty (20) Years of Vesting Service

☐ -- Date the Member's age plus completed Years of Vesting Service equals or exceeds seventy (70)

☐ -- Date the Member's age plus completed Years of Vesting Service equals or exceeds _____ (____) (The numerical value shall not be less than seventy (70))

To use the three options below, the date the Member meets the specified conditions cannot be greater than the date the member attains age 65 nor less than the date the member attains age 50 and, in any event, may not be less than the representative typical retirement date for such Member's occupation.

☐ -- Date the Member attains age _____ (____):

☐ -- The later of the date:

Member attains age _____ (____)

Member completes _____ (____) Years of Vesting Service

☐ -- Other: _____

(Normal Retirement Age designation cannot be earlier than Superannuation Retirement Pension eligibility under Section 5.01.)

1.69 **PLAN.**

Plan name as adopted by the Municipality:

Lehigh County Authority Non-Uniform

Defined Benefit Plan

1.70 PLAN ENTRY DATE.

- ☐ Employee's Employment Commencement Date
- ☒ After Completion of Eligibility Criteria under Section 2.01
- ☒ First day
- ☐ First day of the following month
- ☐ First day of the following calendar year quarter
- ☐ First day of following calendar year
- ☐ Other: _____

(Option must be completed in a manner that results in Member entering Plan on the earlier of: (i) the first day of the plan year beginning after the date on which the employee has met the minimum age and service requirements; or (ii) six month after the date the requirements are met.)

1.71 PLAN YEAR

The Plan Year shall be the:

- ☒ Calendar Year
- ☐ Twelve month period beginning _____ and ending _____

1.97 VESTING SERVICE.

Method of Measurement (Select One)

- ☐ Hours of Service Method
- ☒ Elapsed Time Method

Adjustments to Vesting Service

Service as Employee before the Municipality's PMRS Plan Enrollment Date

Include	Exclude
<input checked="" type="checkbox"/>	<input type="checkbox"/>

Service as Employee before the Original Plan Effective Date

<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Service as Employee under the non-PMRS Original Plan

<input type="checkbox"/>	
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Service as Employee before the terminated Prior Plan

<input type="checkbox"/>	
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<input checked="" type="checkbox"/>	
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Service as Employee under the terminated Prior Plan

<input type="checkbox"/>	
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<input checked="" type="checkbox"/>	
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Service as Employee after the terminated Prior Plan

<input type="checkbox"/>	
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<input checked="" type="checkbox"/>	
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Name of terminated Prior Plan: _____

Service as Employee before the merged Prior Plan

<input type="checkbox"/>	
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<input checked="" type="checkbox"/>	
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Service as Employee under the merged Prior Plan

<input type="checkbox"/>	
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<input checked="" type="checkbox"/>	
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Service as Employee after the merged Prior Plan

<input type="checkbox"/>	
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<input checked="" type="checkbox"/>	
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Name of merged Prior Plan: _____

ARTICLE II: MEMBERSHIP

2.01 MEMBERSHIP ELIGIBILITY.

Eligibility Date (Select One)

- ☐ Employee's Employment Commencement Date
- ☐ Date on which the Employee completes _____ (____) months of Eligibility Service
- ☒ Date on which the Employee completes ninety (90) days of Eligibility Service
- ☐ Other date (specify): _____
(Service requirements cannot exceed twelve (12) months.)

ARTICLE III: MUNICIPALITY CONTRIBUTIONS

3.03 TIME OF PAYMENT OF CONTRIBUTION.

Contribution Remittance (Select One)

- ☒ On an annual basis (not later than December 31)
- ☐ At the same time and frequency of Member's contributions as specified in Section 4.01 or Section 4.02

ARTICLE IV: MEMBER CONTRIBUTIONS

4.01 MEMBER PRE-TAX PICK-UP CONTRIBUTIONS.

Contribution Requirement (Select One)

- ☒ Not Required
- ☐ Required in an amount equal to _____ percent (____%) of Compensation

Contribution Remittance (Select One)

- ☐ On a payroll basis
- ☐ Per Weekly Period
- ☐ Per Bi-Weekly Period
- ☐ Per Semi-Monthly Period
- ☐ Per Monthly Period
- ☐ Per Other Period: _____
- ☐ On a monthly basis
- ☐ On a quarterly basis

4.02 MEMBER AFTER-TAX CONTRIBUTIONS.

Contribution Requirement (Select all that apply)

- ☒ Not Permitted
- ☐ Required in an amount equal to _____ percent (____) of Compensation (Section 4.02(a))

Contribution Remittance (Select One)☐

On a payroll basis

☐

Per Weekly Period

☐

Per Bi-Weekly Period

☐

Per Semi-Monthly Period

☐

Per Monthly Period

☐

Per Other Period: _____

☐

On a monthly basis

☐

On a quarterly basis

4.03 OTHER MEMBER CONTRIBUTIONS.Service Purchase Contributions (Select one)☐

Not Permitted

☒

Permitted

Prior Plan Transfer Contributions (Select one)☒

Not Permitted

☐

Permitted

Prior Plan Termination Contributions (Select one)☒

Not Permitted

☐

Permitted

(Such contributions shall be subject to the limits on the purchased Permissive Service Credit (including Non-Qualified Service Credit) set forth in Article XI of the Base Plan Document.)

4.08 REPAYMENT OF MEMBER ACCOUNT.Minimum Repayment Amount (Select one)☒

An amount not less than one-hundred percent (100 %) of the previously refunded amount including interest

☐

An amount equal to the lesser of (a): the repayment for one (1) year of Credited Service or (b): 100% of the previously refunded amount including interest

Repayment Time Period (Select one)☐

At any time between the Member's Reemployment Commencement Date and the Member's subsequent Termination of Employment

☒

Repayment (not to exceed five (5) years) must be made within (complete only one) :

Ninety (90) days of the Member's Reemployment Commencement Date

_____ (_____) months of the Member's Reemployment Commencement Date

_____ (_____) years of the Member's Reemployment Commencement Date

ARTICLE V: SUPERANNUATION RETIREMENT PENSION

5.01 OFFERING OF SUPERANNUATION RETIREMENT PENSION.

- ☒ Eligible Employees (Select all that apply below)
- ☐ Date the Member attains age sixty-five (65)
- ☐ Date the Member attains age sixty-two (62)
- ☐ The later of the date:
- Member attains age sixty (60) and
- Member completes five (5) Years of Vesting Service
- ☐ The later of the date:
- Member attains age fifty-five (55) and
- Member completes ten (10) Years of Vesting Service
- ☐ Date the Member's age plus completed Years of Vesting Service equals or exceeds eighty (80)
- ☐ Date the Member's age plus completed Years of Vesting Service equals or exceeds _____ (____) (The numerical value shall not be less than eighty (80))
- ☐ Date the Member completes twenty-five (25) Years of Vesting Service (Must be combined with one of the other options)

To use the three options below, the date the Member meets the specified conditions cannot be greater than the date the member attains age 65 nor less than the date the member attains age 55 and, in any event, may not be less than the representative typical retirement date for such Member's occupation.

- ☒ Date the Member attains age sixty (60):
- ☒ The later of the date:
- Member attains age fifty-five (55)
- Member completes twenty (20) Years of Vesting Service
- ☐ Other: _____
- ☐ Police Officers, Firefighters and other qualified public safety employees as defined under Code Section 72(t)(10) shall have the following additional options (Select all that apply below)
- ☐ Date the Member attains age fifty (50)
- ☐ Date the Member completes twenty (20) Years of Vesting Service
- ☐ Date the Member's age plus completed Years of Vesting Service equals or exceeds seventy (70)
- ☐ Date the Member's age plus completed Years of Vesting Service equals or exceeds _____ (____) (The numerical value shall not be less than seventy (70))

To use the three options below, the date the Member meets the specified conditions cannot be greater than the date the member attains age 65 nor less than the date the member attains age 50 and, in any event, may not be less than the representative typical retirement date for such Member's occupation.

- ☐ Date the Member attains age _____ (____):

- ☐ The later of the date:
 Member attains age _____ (____)
 Member completes _____ (____) Years of Vesting Service
- ☐ Other: _____

5.02 AMOUNT OF SUPERANNUATION RETIREMENT PENSION.

Shall be calculated using the following Pension Benefit Formula(s):

For Basic Benefit (Select all that apply)

- ☐ Maximum Annual Benefit Amount
 _____ percent (____%) of Member Final Average Salary
- ☒ Single Tiered Formula (Unit Credit Plan)
 Member Final Average Salary multiplied by one and six hundred sixty-seven thousandths
 percent (1.667 %) multiplied by the Member Years of Credited Service
- Fixed amount of _____ dollars (\$_____) multiplied by the Member
 Years of Credited Service
- ☐ Multi-Tiered Formula (Unit Credit Plan)
 Member Final Average Salary multiplied by _____ percent (____%)
 multiplied by the Member Years of Credited Service during the period
 _____ to _____
- Member Final Average Salary multiplied by _____ percent (____%)
 multiplied by the Member Years of Credited Service during the period
 _____ to _____
- Member Final Average Salary multiplied by _____ percent (____%)
 multiplied by the Member Years of Credited Service during the period
 _____ to _____

For Service Increment Benefit (Select one)

- ☒ Not Permitted
- ☐ Two and one half percent (2.5%) of the Basic Benefit multiplied by completed Years of
 Credited Service in excess of twenty-five (25) subject to a maximum Service Increment
 Benefit of one-thousand two hundred dollars (\$1,200) annually
- ☐ Two and one half percent (2.5%) of the Basic Benefit multiplied by completed Years of
 Credited Service in excess of twenty-five (25) subject to a maximum Service Increment
 Benefit of one-thousand two hundred dollars (\$1,200) annually for each year of
 applicable Credited Service up to a maximum five (5) additional years of such Credited
 Service
- ☐ Fixed dollar amount of one-thousand two hundred dollars (\$1,200) annually after
 completion of one (1) Year of Credited Service in excess of twenty-five (25)

**(Benefit accrual rate must be no less than 0.5% of Final Average Salary per year of Credited
 Service inclusive of Service Increment Benefit, if any)**

5.04 INVOLUNTARY/VOLUNTARY LUMP SUM PAYMENT OF SUPERANNUATION RETIREMENT PENSION.Involuntary Lump Sum Payment (Amounts less than \$5,000)☒

Required

☐

Not Required

Voluntary Lump Sum Payment (Amounts less than \$5,000)☐

Permitted

☒

Not Permitted

ARTICLE VI: EARLY RETIREMENT PENSION**6.01 OFFERING OF EARLY RETIREMENT PENSIONS.**The Plan offers: (Select all that apply)☐

No Early Retirement Pension

☐

An Unreduced Early Retirement Pension

☒

A Reduced Early Retirement Pension

6.02 ELIGIBILITY FOR EARLY RETIREMENT PENSION.For Unreduced Early Retirement Pension (Select all that apply)☐

Date the Member attains _____ (____) years of age

☐

Date the Member completes _____ (____) years of Vesting Service

☐

Date the Member age plus the Member Years of Vesting Service equals or exceeds _____ (____)

☐

The later of the date:

Member attains _____ (____) years of age

Member completes _____ (____) years of Vesting Service

☐Date the Member is involuntarily terminated
(provided that the Member has at least eight (8) years of Vesting Service)For Reduced Early Retirement Pension (Select all that apply)☐

Date the Member attains _____ (____) years of age

☒Date the Member completes twenty (20) years of Vesting Service☐

Date the Member age plus the Member Years of Vesting Service equals or exceeds _____ (____)

☐

The later of the date:

Member attains _____ (____) years of age

Member completes _____ (____) years of Vesting Service

☒Date the Member is involuntarily terminated
(provided that the Member has at least eight (8) years of Vesting Service)**(Eligibility criteria selected must be earlier than eligibility criteria for Superannuation Retirement Pension under Section 5.01.)**

6.03 AMOUNT OF EARLY RETIREMENT PENSION.

For Reduced Early Retirement Pension/Pension Benefit Reduction Factors (Select one)

Pension benefit reduction for each month between the Benefit Commencement Date and the Member Superannuation Retirement Date

- ☒ Actuarial Reduction using Actuarial Equivalence as defined in Section 1.04 of the Base Plan Document
- ☐ Annual rate of _____ percent (____%)
- ☐ Other reductive factor or schedule (must be uniform to all Members) (specify):

ARTICLE VII: DISABILITY PENSION**7.01 OFFERING OF DISABILITY PENSION.**

The Plan offers: (Select all that apply)

- ☐ No Disability Pension
- ☒ Disability Pension
- ☒ Service-Connected Disability Pension

7.02 ELIGIBILITY FOR DISABILITY PENSION.

For Disability Pension: (Select all that apply)

- ☐ Member's Plan Entry Date
- ☐ Date the Member attains _____ (____) years of age
- ☒ Member completes five (5) years of Vesting Service
- ☐ The later of the date:
- Member attains _____ (____) years of age
- Member completes _____ (____) years of Vesting Service

For Service Connected Disability Pension: (Select all that apply)

- ☒ Member's Plan Entry Date
- ☐ Date the Member attains _____ (____) years of age
- ☐ Date the Member completes _____ (____) years of Vesting Service
- ☐ The later of the date:
- Member attains _____ (____) years of age
- Member completes _____ (____) years of Vesting Service

7.03 AMOUNT OF DISABILITY PENSION.For Disability Pension (Select all that apply)

Benefit Formula:

- ☒ twenty-five percent (25 %) of Final Average Salary
- ☐ _____ percent (_____ %) of Superannuation Retirement Pension calculated to reflect the Member's Final Average Salary and Credited Service as of the date of Disability.

Adjustments/Reductions to the Benefit Payments:

- ☒ No adjustments or reductions
- ☐ Payments under the "The Pennsylvania Workmen's Compensation Act"
- ☐ Payments under the "The Pennsylvania Occupational Disease Act"
- ☐ Payments under the Social Security Disability Insurance (SSDI) Program

For Service Connected Disability Pension (Select all that apply)

Benefit Formula:

- ☒ twenty-five percent (25 %) of Final Average Salary
- ☐ _____ percent (_____ %) of Superannuation Retirement Pension calculated to reflect the Member's Final Average Salary and Credited Service as of the date of Disability.

Adjustments/Reductions to the Benefit Payments:

- ☐ No adjustments or reductions
- ☒ Payments under the "The Pennsylvania Workmen's Compensation Act"
- ☒ Payments under the "The Pennsylvania Occupational Disease Act"
- ☐ Payments under the Social Security Disability Insurance (SSDI) Program

ARTICLE VIII: DEFERRED VESTED PENSION**8.04 COMPUTATION AND PAYMENT OF DEFERRED VESTED PENSION.**Involuntary Lump Sum Payment (Amounts less than \$5,000)

- ☒ Permitted
- ☐ Not Permitted

Voluntary Lump Sum Payment (Amounts less than \$5,000)

- ☐ Permitted
- ☒ Not Permitted

8.05 VESTING SCHEDULE.

<input type="checkbox"/>	100% Vested upon Plan Entry Date	
<input checked="" type="checkbox"/>	100% Vested upon Specified Years of Vesting Service	% Vested
	Less than <u>eight</u> (<u>8</u>) years of Vesting Service	0%
	Equal to or greater than <u>eight</u> (<u>8</u>) years of Vesting Service	100%
	(Not to exceed fifteen (15) years of Vesting Service)	
<input type="checkbox"/>	Percent Vested upon Completed Years of Vesting Service	% Vested
	_____ (_____) years	_____ %
	_____ (_____) years	_____ %
	_____ (_____) years	_____ %
	_____ (_____) years	_____ %
	_____ (_____) years	_____ %
	_____ (_____) years	_____ %
	(Not to exceed twenty (20) years of Vesting Service)	

ARTICLE IX: DEATH BENEFITS**9.01 PRE-RETIREMENT DEATH BENEFIT.**Offering of Pre-Retirement Death Benefit

<input type="checkbox"/>	Not Offered (Distribution of Minimum Death Benefit only)
<input checked="" type="checkbox"/>	Offered to a Member who has met the requirements: (Select all that apply)
<input checked="" type="checkbox"/>	To receive a Superannuation Retirement Pension under Section 5.01
<input type="checkbox"/>	To receive an Early Retirement Pension under Section 6.02
<input type="checkbox"/>	Of minimum Vesting Service under Section 8.05
<input checked="" type="checkbox"/>	Completion of <u>ten</u> (<u>10</u>) Years of Vesting Service under Section 8.05

ARTICLE X: PAYMENT OF RETIREMENT BENEFIT – NORMAL & OPTIONAL FORMS OF DISTRIBUTION**10.01 NORMAL FORM OF BENEFIT.**

<input checked="" type="checkbox"/>	Single Life Annuity for the life of the Member
<input type="checkbox"/>	Single Life Annuity with 50% Spouse/Minor Children Survivor
	Payable for the life of the Member, and one-half the monthly amount payable for the life of the Spouse or Minor Children as applicable following the death of the Member.
<input type="checkbox"/>	Single Life Annuity with 100% Spouse/Minor Children Survivor
	Payable for the life of the Member, and the same monthly amount payable for the life of the Spouse or Minor Children as applicable following the death of the Member.
	(All Normal Form payments shall be adjusted as appropriate to comply with Code Section 415(b))

10.02 OPTIONAL FORMS OF BENEFIT.

The optional forms of benefit offered to the Member.

- ☒ Single Life Annuity with Minimum Net Present Value.
Single life annuity with guaranteed total payment equal to the Actuarial Equivalence of straight life annuity determining as Benefit Commencement Date
- ☒ Single Life Annuity with Ten (10) Years of Certain Payments
Payable for the life of the Member, with a minimum 120 monthly payments if the Member death occurs prior to 120 monthly payments being paid to the Member
- ☒ Single Life Annuity with Twenty (20) Years of Certain Payments
Payable for the life of the Member, with a minimum 240 monthly payments if the Member death occurs prior to 240 monthly payments being paid to the Member
- ☒ Joint Life Annuity with 50% Survivor Annuitant Benefit
Payable for both the life of the Member and the Survivor Annuitant, with the Survivor Annuitant receiving 50% of the monthly benefit that had been received by the Member
- ☒ Joint Life Annuity with 100% Survivor Annuitant Benefit
Payable for both the life of the Member and the Survivor Annuitant, with the Survivor Annuitant receiving 100% of the monthly benefit that had been received by the Member
- ☒ Lump Sum Payment of Employee Contributions and Excess Interest Investment Account with a Normal or Optional Form of Annuity Benefit
The Normal or Optional Form of Benefit will be actuarially reduced in an amount equal to the lump sum payment.

10.03 COST OF LIVING ADJUSTMENT.Offering of Cost of Living Adjustment ("COLA")☐

Not Offered

☐

Offered at the Discretion of the Municipality

An ad hoc, one-time adjustment elected by the Municipality and implemented with a Plan amendment or addendum specifying the COLA amount, the eligible payees and the beginning adjustment date.

☒

Offered upon allocation of Excess Interest under Section 15.10

☒

Proportionately by Monthly Retirement Benefit (equal percentage)

☐

In Equal Dollar Amounts per Eligible Payee

☐

Offered on a Continuing Basis and Applied Every _____ (____) Year(s)

☐

Fixed applied rate in the amount of _____ percent (____%)

☐

Adjustable rate in an amount equal to the most recent calendar year annual change in the Consumer Price Index ("CPI COLA")

Maximum and Minimum Limits on CPI COLA☐

No Maximum and Minimum Limits

Maximum and Minimum Annual Limits Follows: (Select all that apply)

☐

Maximum limit of _____ percent (____%)

☐

Minimum limit of _____ percent (____%)

Maximum Cumulative Limits Based on: (Select all that apply)

☐

_____ percent (____%) of Final Average Salary

☐

_____ percent (____%) of Initial Monthly Retirement Benefit

☐

_____ percent (____%) of Simple Addition of COLA Percentage Rates

Payees Eligible for COLA (Select all that apply)☐

All Retired Members

☐

Retired Members having Retired on or before: _____ (insert date)

☐

Retired Members having Retired on or after: _____ (insert date)

☒Other Eligibility for Retired Members: **Having a balance in an Excess Interest Account in accordance with Section 15.10****10.05 CONTINUATION OF EMPLOYMENT AFTER NORMAL RETIREMENT AGE.**

A Member continuing as an Employee (as defined in Section 1.34 of this Adoption Agreement) after Normal Retirement Age:

☐

May elect to Retire and commence payment of Superannuation Retirement Benefit without a Severance from Credited Service or a Termination of Employment

☒

Shall not be able to commence Superannuation Retirement Benefit without a Termination of Employment or Retirement

10.06 REEMPLOYMENT OF RETIRED MEMBER.

After Reemployment Commencement Date as an Employee (as defined in Section 1.34), the Retired Member:

- ☐ -- Shall elect to continue or cease receiving his Accrued Benefit
- ☒ X Shall cease receiving his Accrued Benefit

ARTICLE XI: MISCELLANEOUS PROVISIONS AFFECTING THE CREDITING OF SERVICE

11.01 SERVICE UPON REEMPLOYMENT. (Select one)

- ☐ -- Not Applicable; Plan has Member Contributions
- ☒ X Credited Service shall be restored regardless of Breaks in Service
- ☐ -- Credited Service shall be restored if the Member has incurred less than _____ (____) consecutive Breaks in Service (must be equal to or greater than five (5))

11.02 SERVICE PRIOR TO ORIGINAL PLAN EFFECTIVE DATE.Inclusion of Credited Service Prior to the Original Plan

- ☐ -- Not Included
- ☒ X Included subject to the following limits: (Select all that apply)
- ☒ X No limit on Credited Service Prior to Original Plan
- ☐ -- A maximum _____ percent (____%) of such Credited Service A
- ☐ -- maximum _____ (____) years of such Credited Service
- ☐ -- Excluding such Prior Credited Service as follows:
- _____

Member Purchase of Credited Service Prior to Original Plan

- ☒ X Not permitted to purchase such Credited Service
- ☐ -- Member is permitted to purchase such Credited Service as follows: (Select one)
- ☐ -- _____ percent (____%) of the Actuarial Equivalence of the Service to be purchased.
- ☐ -- Other method or formula as follows:
- ☐ -- _____

Member Payment Time Period for Purchase of Credited Service Prior to Original Plan
 (Select all that apply)

- ☐ -- Member payment must be made in whole within _____ (____) days of payment notification amount by the Municipality
- ☐ -- Member may elect to make the required payment by payroll deduction for a period not to exceed _____ (____) years (maximum five (5) years).
- The payment will be adjusted to include interest at the rate established by the Board compounded annually. Interest shall begin on the first day of the month following the month of notification of the payment amount by the Municipality shall end on the last day of the month preceding the final payment
- ☐ -- Other time period as follows:

Payments over multiple periods will be adjusted to include interest at the rate established by the Board compounded annually. Interest shall begin on the first day of the month following the month of notification of the payment amount by the Municipality shall end on the last day of the month preceding the final payment

11.03 QUALIFIED MILITARY SERVICE.

Non Intervening Military Service

<u>Return to Employment</u>	Yes	No
Repayment of Mandatory Employee Contributions required to receive Credited Service	<input checked="" type="checkbox"/> X	<input type="checkbox"/> --
<u>Death During Military Service</u>		
Credited Service granted to Members who die during Qualified Credited Military Service	<input type="checkbox"/> --	<input checked="" type="checkbox"/> X
<u>Disability During Military Service</u>		
Credited Service granted to Members who become Disabled during Qualified Credited Military Service	<input type="checkbox"/> --	<input checked="" type="checkbox"/> X
Vesting Service granted to Members who become Disabled during Qualified Credited Military Service	<input type="checkbox"/> --	<input checked="" type="checkbox"/> X

11.04 TRANSFER OF SERVICE AND ASSETS FROM ANOTHER SYSTEM PLAN.

- ☒ X Plan will allow the transfer of Member Credited Service, Vesting Service and Contribution Account assets from or to other System Plans
- ☐ -- Plan will not allow the transfer of Member Credited Service, Vesting Service and Contribution Account assets from or to other System Plans

11.05 PRIOR PLAN SERVICE CREDIT.Transfer Contributions

- ☐ -- Credited Service Purchase allowed (Subject to the limits of Section 11.02)
- ☒ X Credited Service Purchase not allowed

Termination Contributions

- ☐ -- Credited Service Conversion allowed (Subject to the limits of Section 11.02)
- ☒ X Credited Service Conversion not allowed

Inclusion of Prior Plan Credited Service

- ☒ X Not Included
- ☐ -- Included subject to the following limits: (Select all that apply)
- ☐ -- Limited to Credited Service Before the Prior Plan
 - ☐ -- Limited to Credited Service During the Prior Plan
 - ☐ -- Limited to Credited Service After the Prior Plan
 - ☐ -- A maximum _____ percent (____%) of such Limited Credited Service
 - ☐ -- A maximum _____ (____) years of such Limited Credited Service
 - ☐ -- Excluding such Limited Credited Service as follows:

Member Purchase of such Prior Plan Credited Service

- ☒ X Not permitted to purchase such Credited Service
- ☐ -- Member is permitted to purchase such Credited Service as follows: (Select one)
- ☐ -- _____ percent (____%) of the Actuarial Equivalence of the Service to be purchased.
 - ☐ -- Other method or formula as follows:

Member Payment Time Period for Purchase of Prior Plan Credited Service
(Select all that apply)

- ☐ -- Member payment must be made in whole within _____ (____) days of payment notification amount by the Municipality
- ☐ -- Member may elect to make the required payment by payroll deduction for a period not to exceed _____ (____) years (maximum five (5) years).
- Payments over multiple periods will be adjusted to include interest at the rate established by the Board compounded annually. Interest shall begin on the first day of the month following the month of notification of the payment amount by the Municipality shall end on the last day of the month preceding the final payment.
- ☐ -- Other time period as follows:

Payments over multiple periods will be adjusted to include interest at the rate established by the Board compounded annually. Interest shall begin on the first day of the month following the month of notification of the payment amount by the Municipality shall end on the last day of the month preceding the final payment

11.06 TRANSFER OF LOANS.Transferred from Prior Plan

- ☐ -- Shall be permitted
- ☒ X Shall not be permitted

11.07 PERMISSIVE SERVICE CREDIT.

- ☒ X The Plan will not allow the purchase of Permissive Service Credit
- ☐ -- The Plan will allow the purchase of Permissive Service Credit

Maximum Amount of Allowable Permissive Service Credit

- ☐ -- No limit on allowable years of service
- ☐ -- Years of service allowed to be purchased shall not exceed _____ (____) years

Applicable Service Types (Select all that apply)

- ☐ -- Federal government service
- ☐ -- Commonwealth of Pennsylvania government service (including school district service)
- ☐ -- Government service with Municipalities located within the Commonwealth of Pennsylvania
- ☐ -- Government service with states other than the Commonwealth of Pennsylvania:
- ☐ -- Government service with other municipalities located outside the Commonwealth of Pennsylvania:

11.08 NON-QUALIFYING SERVICE CREDIT.

- ☒ X The Plan will not allow the purchase of Nonqualified Service Credit
- ☐ -- The Plan will allow the purchase of Nonqualified Service Credit

Maximum Amount of Allowable Nonqualified Service Credit

- ☐ -- Years of Nonqualified Service Credit allowed to be purchased shall not exceed _____ (____) years (maximum of five (5))

ARTICLE XIII: ADMINISTRATION**13.04 NOTICE TO MUNICIPALITY.**

Municipality: Lehigh County Authority, Pennsylvania

Employer Identification Number: 25-1215330

Address 1: P.O. Box 3348

Address 2: _____

City, ST Zip: Allentown, PA 18106

Contact Name: Kathy Martin

Contact Position: HR Manager

Phone Number: (610) 351 - 6322 Fax Number: (610) 351 - 8363

Email Address: KathyMartin@lehighcountyauthority.org

ARTICLE XV: PENNSYLVANIA MUNICIPAL RETIREMENT FUND

15.10 ALLOCATION OF EXCESS INTEREST.

Municipality Allocation

Between three account types: Municipal Account, Active and Deferred Vested Member Accounts and Payee Accounts (Select one)

- ☒ Proportionately by Aggregate Account Balances (equal percentage)
- ☐ Proportionately between Active and Deferred Vested Member Accounts and Payee Accounts only
- ☐ In Equal Dollar Amounts per Account Type
- ☐ Specified Percentage by Account Type
- _____ percent (____ %) to the Municipal Account
- _____ percent (____ %) to the Active and Deferred Vested Member Accounts
- _____ percent (____ %) to the Payee Accounts (See Section 10.03 for Payee Allocation)

Active and Deferred Vested Member Allocation

If allocated an amount of Excess Interest (Select one)

- ☒ Proportionately by Account Balance (equal percentage)
- ☐ In Equal Dollar Amounts per Member
- ☐ Proportionately by Credited Service

[Signatures on the following page]

The Municipality hereby agrees to the provisions of this Adoption Agreement, Base Plan Document and Trust, and in witness of its agreement, the Municipality by its duly authorized officers has executed this Adoption Agreement, on the date specified below.

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

ATTEST:

LEHIGH COUNTY AUTHORITY

BY: _____

BY: _____
Head of Governing Authority

DATE: _____

ATTEST

**PENNSYLVANIA MUNICIPAL
RETIREMENT BOARD**

BY: _____
PMRS Secretary

BY: _____
PMRS Board Chair

DATE: _____

Approved as to form and legality:

BY: _____
Chief Counsel, PMRS

BY: **49-FA-1.0** _____
Office of General Counsel

BY: **49-FA-1.0** _____
Office of Attorney General

This Plan is an important legal document. Failure to properly fill out this Adoption Agreement may result in disqualification of this Plan. PMRS will inform you of any amendments made to the Base Plan Document. The PMRS mailing address for U.S. Postal Service delivery is P.O. Box 1165, Harrisburg, PA 17108-1165. The PMRS street address for overnight/courier service delivery is 1721 N. Front Street, 3rd Floor, Harrisburg, PA 17102-2315.

You may rely on an opinion letter issued by the Internal Revenue Service as evidence that this Plan is qualified under Code Section 401 only to the extent provided in Revenue Procedure 2015-36.

You may not rely on the opinion letter in certain other circumstances or with respect to certain qualification requirements, which are specified in the opinion letter issued with respect to the Plan and in Revenue Procedure 2015-36. In order to have reliance in such cases, an individual application for a determination letter must be made to Employee Plans Determinations of the Internal Revenue Service.

**PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM
CASH BALANCE PLAN
Adoption Agreement**

The undersigned, Lehigh County Authority, Pennsylvania ("Municipality"), by executing this Adoption Agreement, elects to establish its own single employer plan within the meaning of Code Section 401(a) in the Pennsylvania Municipal Retirement System (the "System") and hereby adopts the accompanying Base Plan Document and Trust documents in full as if the Municipality were a signatory to those agreements. The Municipality makes the following elections granted under the provisions of the Base Plan Document.

TYPE OF PLAN ADOPTION

- ☐ **New Plan Effective Date:** _____
(Effective date of newly-adopted Plan. Date cannot be earlier than the first day of the initial Plan Year)
- ☒ **Restatement Effective Date:** January 1, 2020
(Effective date of this Plan document which restates and supersedes previous PMRS Plan document or Original Plan document. Date cannot be earlier than (1) the first day of the 2008 Plan Year; or (2) the first day of the first Plan Year of the PMRS Plan or Original Plan as applicable.)
- ☒ **PMRS Plan Effective Date:** July 1, 1975
(Effective date of Plan initially administered by PMRS and restated under this document.)
- ☒ **Original Plan Effective Date:** July 1, 1975
(Effective date of Plan initially administered by Municipality or third party administrator or PMRS and restated under this document.)

ARTICLE I: DEFINITIONS

Any capitalized terms used in this Adoption Agreement but not defined herein shall be given the meaning set forth in the Base Plan Document and Trust.

1.23 COMPENSATION.

The total amount of all payments, direct or indirect, made by the Municipality to an Member for services rendered to the Municipality, for a calendar year which ends within a Plan Year, as defined in Code Section 3401(a) for purposes of tax withholding at the source (as reported to the Employee on Form W-2 for such year). Compensation shall include before-tax or salary deferral contributions made to this Plan or any other plan of the Municipality, under a Code Section 132(f)(4) qualified transportation plan or under Code Sections 125, 402(g)(3), 457 or 414(h), on behalf of a Member for such Plan Year. The term Compensation shall **exclude** the following (select all exclusions):

- ☐ Overtime (as defined under the Fair Labor Standards Act)
- ☐ Bonus Payments (Regular)
- ☐ Bonus Payments (Special)
- ☐ Unused Accrued Leave Payments
(if unused accrued leave is included for purposes of Compensation, it should be excluded for purposes of calculation of Credited Service under Section 1.24)
- ☐ Unused Sick Leave Payments
(if unused sick leave is included for purposes of Compensation, it should be excluded for purposes of calculation of Credited Service under Section 1.24)
- ☒ Payments under the "The Pennsylvania Workmen's Compensation Act"

- ☐ Incentive Payments
- ☒ Education Incentive Payments
- ☐ Longevity Payments
- ☒ Payments in Lieu of Offered Benefits
- ☒ Allowance for Meals
- ☒ Allowance for Clothing and/or Equipment
- ☒ All other Compensation except regular salary not otherwise enumerated in the Base Plan Document or in this Adoption Agreement
- ☒ Other (Specify Short Name : _____)

Definition:**CREDITED SERVICE.****Method of Measurement** (Select One)

- ☐ Hours of Service Method
- ☒ Elapsed Time Method

Adjustments to Credited Service

	Include	Exclude
Maximum years of Credited Service		
Maximum Years: _____	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Unused sick leave (converted to Credited Service under the following formula) :	<input type="checkbox"/>	<input checked="" type="checkbox"/>

(if included for purposes of Credited Service, should be excluded for purposes of Compensation under Section 1.23)

Unused sick leave (converted to Credited Service under the following formula) : ☐ ☒

(if included for purposes of Credited Service, should be excluded for purposes of Compensation under Section 1.23)

Worker's Compensation Leave	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Service as Employee before the Municipality's PMRS Plan Enrollment Date	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Service as Employee before the Original Plan Effective Date	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Service as Employee under the Non-PMRS Original Plan	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Service as Employee before the terminated Prior Plan of Municipality	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Service as Employee under the terminated Prior Plan of Municipality	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Service as Employee after the terminated Prior Plan of Municipality	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Name of terminated Prior Plan:	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Service as Employee before the merged Prior Plan of Municipality	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Service as Employee under the merged Prior Plan of Municipality	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Service as Employee after the merged Prior Plan of Municipality	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Name of merged Prior Plan:		

1.34 ELIGIBILITY SERVICE.Method of Measurement (Select One)

- ☐ Hours of Service Method
- ☒ Elapsed Time Method

1.35 EMPLOYEE.Eligible Employees for Mandatory Membership (Select all that apply)

Plan Type

- ☐ Municipal Police Officers
- ☐ Municipal Firefighters
- ☒ Non-Uniform Municipal Employees (Select all that apply)

- ☒ Full-time Employees not subject to a collective bargaining agreement with a bargaining unit authorized with the Municipality

Defined as regularly scheduled to perform at least forty (40) Hours of Service per week

- ☒ Full-time Employees subject to a collective bargaining agreement with one of the specified bargaining units below authorized with the Municipality:

Defined as regularly scheduled to perform at least forty (40) Hours of Service per week

SEIU Local 32 BJ; SMART Local 19



- ☐ Elected Officials (Employee employed exclusively by virtue of election and employed concurrent with a term of office)
- ☐ Temporary Employees (Employee expressly hired for a definite period less than _____ () months (must be less than twelve (12))
- ☐ Seasonal Employees (Employee expressly hired for a specific task for a duration of less than twelve (12) months)
- ☐ Part-time Employees regularly scheduled for _____ () or more hours per week
- Eligible Employees for Optional Membership/Employee Election
- ☒ No Eligible Employees
- ☐ Elected Officials (Employees employed exclusively by virtue of election and employed concurrent with a term of office)
- ☐ Temporary Employees (Employee expressly hired for a definite period less than _____ () months (must be less than twelve (12))
- ☐ Seasonal Employees (Employee expressly hired for a specific task for a duration of less than twelve (12) months)
- ☐ Part-time Employees regularly scheduled for _____ () or more hours per week

Ineligible Employees

- ☒ All individuals not otherwise identified as Eligible Employees in this Section
☐ Individuals specified as follows:

(Category cannot be age or service-based and cannot name specific individuals or a finite group)

1.41 HOURS OF SERVICE.

- ☐ An Employee shall be awarded a Year of Service upon completion of _____ (____) Hours of Service.

(The number of Hours of Service cannot exceed 2,000.) .

1.61 NORMAL RETIREMENT AGE (Applicable to In-Service Distributions)

- ☒ In-Service Distributions Not Allowed
☐ In-Service Distributions Allowed in Accordance with Section 10.05 (Continuing Employment after Normal Retirement Age)
☐ In-Service Distributions Allowed in Accordance with Section 10.06 (Re-employment after Benefit Commencement Date)

Normal Retirement Age for Allowable In-Service Distributions

- ☐ Eligible Employees (Select all that apply below)
- ☐ Date the Member attains age sixty-five (65)
☐ Date the Member attains age sixty-two (62)
☐ The later of the date:
 Member attains age sixty (60) and
 Member completes five (5) Years of Vesting Service
- ☐ The later of the date:
 Member attains age fifty-five (55) and
 Member completes ten (10) Years of Vesting Service
- ☐ Date the Member's age plus completed Years of Vesting Service equals or exceeds eighty (80)
☐ Date the Member's age plus completed Years of Vesting Service equals or exceeds _____ (____) (The numerical value shall not be less than eighty (80))
☐ Date the Member completes twenty-five (25) Years of Vesting Service
 (Must be combined with one of the other options)

To use the three options below, the date the Member meets the specified conditions cannot be greater than the date the member attains age 65 nor less than the date the member attains age 55 and, in any event, may not be less than the representative typical retirement date for such Member's occupation.

[--] Date the Member attains age _____ (____):

[--] The later of the date:

Member attains age _____ (____)

Member completes _____ (____) Years of Vesting Service

[--] Other: _____

[--] Police Officers, Firefighters and other qualified public safety employees as defined under Code Section 72(t)(10) have the following additional options (Select all that apply below)

[--] Date the Member attains age fifty (50)

[--] Date the Member completes twenty (20) Years of Vesting Service

[--] Date the Member's age plus completed Years of Vesting Service equals or exceeds seventy (70)

[--] Date the Member's age plus completed Years of Vesting Service equals or exceeds _____ (____) (The numerical value shall not be less than seventy (70))

To use the three options below, the date the Member meets the specified conditions cannot be greater than the date the member attains age 65 nor less than the date the member attains age 50 and, in any event, may not be less than the representative typical retirement date for such Member's occupation.

[--] Date the Member attains age _____ (____):

[--] The later of the date:

Member attains age _____ (____)

Member completes _____ (____) Years of Vesting Service

[--] Other: _____

(Normal Retirement Age designation cannot be earlier than Superannuation Retirement Pension eligibility under Section 5.01.)

1.69 PLAN.

Plan name as adopted by the Municipality:

Lehigh County Authority Non-Uniform **Cash Balance Plan**

1.70 PLAN ENTRY DATE (Select One)

- ☐ Employee's Employment Commencement Date
- ☒ After Completion of Eligibility Criteria under Section 2.01
- ☒ First day
- ☐ First day of the following month
- ☐ First day of the following calendar year quarter
- ☐ First day of following calendar year
- ☐ Other: (specify) :

(Option must be completed in a manner that results in Member entering Plan on the earlier of: (i) the first day of the plan year beginning after the date on which the employee has met the minimum age and service requirements; or (ii) six month after the date the requirements are met.)

1.71 PLAN YEAR (Select One)

The Plan Year shall be the:

- ☒ Calendar Year
- ☐ Twelve month period beginning _____ and ending _____

1.97 VESTING SERVICE.

Method of Measurement (Select One)

- ☐ Hours of Service Method
- ☒ Elapsed Time Method

Adjustments to Vesting Service

	<u>Include</u>	<u>Exclude</u>
Service as Employee before the Municipality's PMRS Plan Enrollment Date	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Service as Employee before the Original Plan Effective Date	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Service as Employee under the Non-PMRS Original Plan	<input type="checkbox"/>	
Service as Employee before the terminated Prior Plan of Municipality	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Service as Employee under the terminated Prior Plan of Municipality	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Service as Employee after the terminated Prior Plan of Municipality	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Name of terminated Prior Plan:		
Service as Employee before the merged Prior Plan of Municipality	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Service as Employee under the merged Prior Plan of Municipality	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Service as Employee after the merged Prior Plan of Municipality	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Name of merged Prior Plan:		

ARTICLE II: MEMBERSHIP

2.01 MEMBERSHIP ELIGIBILITY.

Eligibility Date (Select One)

- ☐ Employee's Employment Commencement Date
- ☐ Date on which the Employee completes _____ (____) months of Eligibility Service
- ☒ Date on which the Employee completes ninety (90) days of Eligibility Service
- ☐ Other date (specify): _____

(Service requirements cannot exceed twelve (12) months.)

ARTICLE III: MUNICIPALITY CONTRIBUTIONS

3.01 CONTRIBUTION AMOUNT.

Required Municipal Contribution (Select One)

- ☒ Not Required
- ☐ Required in an amount equal to: (Select One)
 - ☐ _____ percent (____%) of each Member's Compensation
 - ☐ _____ dollars (\$_____) per period
 - ☐ Per Weekly Period
 - ☐ Per Bi-Weekly Period
 - ☐ Per Semi-Monthly Period
 - ☐ Per Calendar Monthly Period
 - ☐ Per Calendar Year Period
 - ☐ Per Other Period (Please Specify): _____
 - ☐ _____ dollars (\$_____) per hour of Service

3.03 TIME OF PAYMENT OF CONTRIBUTION.Contribution Remittance (Select One)

- ☐ On an annual basis (not later than December 31)
- ☐ On a quarterly basis
- ☐ On a monthly basis
- ☐ On a payroll period basis
- ☐ Per Weekly Period
- ☐ Per Bi-Weekly Period
- ☐ Per Semi-Monthly Period
- ☐ Per Calendar Monthly Period
- ☐ Per Calendar Year Period
- ☐ Per Other Period (Specify): _____
- ☒ At the same time and frequency of Member's contributions as specified in Section 4.01 or Section 4.02

ARTICLE IV: MEMBER CONTRIBUTIONS**4.01 MEMBER PRE-TAX PICK-UP CONTRIBUTIONS.**Contribution Requirement (Select One)

- ☐ Not Required
- ☒ Required in an amount equal to one percent (1.00 %) of Compensation

Contribution Remittance (Select One)

- ☐ On a payroll basis
- ☐ Per Weekly Period
- ☐ Per Bi-Weekly Period
- ☐ Per Semi-Monthly Period
- ☐ Per Monthly Period
- ☐ Per Other Period: _____
- ☒ On a monthly basis
- ☐ On a quarterly basis

4.02 MEMBER AFTER-TAX CONTRIBUTIONS.Contribution Requirement (Select all that apply)

- ☐ Not Permitted
- ☐ Required in an amount equal to _____ percent (_____ %) of Compensation (Section 4.02(a))
- ☒ Optional After Tax Contributions in an amount not to exceed ten percent (10.00 %) of Compensation (Section 4.02(b))

Contribution Remittance (Select One)

- ☐ On a payroll period basis
- ☐ Per Weekly Period
- ☐ Per Bi-Weekly Period
- ☐ Per Semi-Monthly Period
- ☐ Per Monthly Period
- ☐ Per Other Period: _____
- ☒ On a monthly basis
- ☐ On a quarterly basis

4.03 OTHER MEMBER CONTRIBUTIONS.Service Purchase Contributions (Select one)

- ☐ Not Permitted
- ☒ Permitted

Prior Plan Transfer Contributions (Select one)

- ☒ Not Permitted
- ☐ Permitted

Prior Plan Termination Contributions (Select one)

- ☒ Not Permitted
- ☐ Permitted

(Such contribution shall be subject to the limits on the purchase of Permissive Service Credit (including Non-Qualified Service Credit) set forth in Article XI of the Base Plan Document.)

4.08 REPAYMENT OF MEMBER ACCOUNT.Minimum Repayment Amount (Select one)

- ☒ An amount not less than one hundred percent (100 %) of the previously refunded amount including interest
- ☐ An amount equal to the lesser of (a): the repayment for one (1) year of Credited Service or (b): 100% of the previously refunded amount including interest

Repayment Time Period (Select one)

- ☐ At any time between the Member's Reemployment Commencement Date and the Member's subsequent Termination of Employment
- ☒ Repayment (not to exceed five (5) years) must be made within (complete only one) :
- ninety (90) days of the Member's Reemployment Commencement Date
- _____ (_____) months of the Member's Reemployment Commencement Date
- _____ (_____) years of the Member's Reemployment Commencement Date

ARTICLE V: SUPERANNUATION RETIREMENT PENSION

5.01 OFFERING OF SUPERANNUATION RETIREMENT PENSION.

- ☒ Eligible Employees (Select all that apply below)
- ☐ Date the Member attains age sixty-five (65)
- ☐ Date the Member attains age sixty-two (62)
- ☐ The later of the date:
- Member attains age sixty (60) and
- Member completes five (5) Years of Vesting Service
- ☐ The later of the date:
- Member attains age fifty-five (55) and
- Member completes ten (10) Years of Vesting Service
- ☐ Date the Member's age plus completed Years of Vesting Service equals or exceeds eighty (80)
- ☐ Date the Member's age plus completed Years of Vesting Service equals or exceeds _____ (____) (The numerical value shall not be less than eighty (80))
- ☐ Date the Member completes twenty-five (25) Years of Vesting Service (Must be combined with one of the other options)

To use the three options below, the date the Member meets the specified conditions cannot be greater than the date the member attains age 65 nor less than the date the member attains age 55 and, in any event, may not be less than the representative typical retirement date for such Member's occupation.

- ☒ Date the Member attains age _____ **sixty** _____ (**60**)
- ☒ The later of the date:
- Member attains age **fifty-five** _____ (**55**)
- Member completes **twenty** _____ (**20**) Years of Vesting Service
- ☐ Other: _____
- ☐ Police Officers, Firefighters and other qualified public safety employees as defined under Code Section 72(t)(10) shall have the following additional options (Select all that apply below)
- ☐ Date the Member attains age fifty (50)
- ☐ Date the Member completes twenty (20) Years of Vesting Service
- ☐ Date the Member's age plus completed Years of Vesting Service equals or exceeds seventy (70)
- ☐ Date the Member's age plus completed Years of Vesting Service equals or exceeds _____ (____) (The numerical value shall not be less than seventy (70))

To use the three options below, the date the Member meets the specified conditions cannot be greater than the date the member attains age 65 nor less than the date the member attains age 50 and, in any event, may not be less than the representative typical retirement date for such Member's occupation.

- ☐ Date the Member attains age _____ (____):

☐ The later of the date:

Member attains age _____ (____)

Member completes _____ (____) Years of Vesting Service

☐ Other: _____

5.04 INVOLUNTARY/VOLUNTARY LUMP SUM PAYMENT OF SUPERANNUATION RETIREMENT PENSION.

Involuntary Lump Sum Payment (Amounts less than \$5,000)

☒ Required

☐ Not Required

Voluntary Lump Sum Payment (Amounts less than \$5,000)

☐ Permitted

☒ Not Permitted

5.06 CASH BALANCE ACCRUED BENEFIT CALCULATION RULES.

Cash Balance Contribution Credit Amount (Select All That Apply)

Accrued Benefit must be no less than one half of one percent (0.5%) of Compensation for each year of Credited Service. Additionally, the incremental accrual in any Plan year shall not exceed 133 1/3% of the accrual for any prior Plan year.

☒ one percent (1.00 %) of the Compensation earned by the Member during each Cash Balance Contribution Credit Period

☐ _____ dollars (\$_____) per each Cash Balance Contribution Credit Period

☐ _____ dollars (\$_____) per each Hour of Service credited to the Member per Cash Balance Contribution Credit Period

☒ Member Optional After-Tax Contributions

ARTICLE VI: EARLY RETIREMENT PENSION

6.01 OFFERING OF EARLY RETIREMENT PENSIONS.

The Plan offers: (Select one)

☐ No Early Retirement Pension

☒ An Early Retirement Pension

6.02 ELIGIBILITY FOR EARLY RETIREMENT PENSION.For An Early Retirement Pension (Select all that apply)

- ☐ --] Date the Member attains _____ (____) years of age
- ☒ [X] Date the Member completes twenty (20) years of Vesting Service
- ☐ --] Date the Member age plus the Member Years of Vesting Service equals or exceeds _____ (____)
- ☐ --] The later of the date:
- Member attains _____ (____) years of age
- Member completes _____ (____) years of Vesting Service
- ☒ [X] Date the Member is involuntarily terminated
(provided that the Member has at least eight (8) years of Vesting Service)

(Eligibility criteria selected must be earlier than eligibility criteria for Superannuation Retirement Pension under Section 5.01.)

6.03 AMOUNT OF EARLY RETIREMENT PENSION.For Reduced Early Retirement Pension/Pension Benefit Reduction Factors (Select one)

Pension benefit reduction for each month between the Benefit Commencement Date and the Member Superannuation Retirement Date

- ☒ [X] Actuarial Reduction using Actuarial Equivalence as defined in Section 1.04 of the Base Plan Document
- ☐ --] Annual rate of _____ percent (____%)
- ☐ --] Other reductive factor or schedule (must be uniform to all Members) (specify):

ARTICLE VII: DISABILITY PENSION**7.01 OFFERING OF DISABILITY PENSION.**

The Plan offers: (Select all that apply)

- ☐ --] No Disability Pension
- ☒ [X] Disability Pension
- ☒ [X] Service-Connected Disability Pension

7.02 ELIGIBILITY FOR DISABILITY PENSION.

For Disability Pension: (Select all that apply)

- ☐ Member's Plan Entry Date
- ☐ Date the Member attains _____ (____) years of age
- ☒ Date the Member completes five (5) years of Vesting Service
- ☐ The later of the date:
- Member attains _____ (____) years of age
- Member completes _____ (____) years of Vesting Service For Service

Connected Disability Pension: (Select all that apply)

- ☒ Member's Plan Entry Date
- ☐ Date the Member attains _____ (____) years of age
- ☐ Date the Member completes _____ (____) years of Vesting Service The
- ☐ later of the date:
- Member attains _____ (____) years of age
- Member completes _____ (____) years of Vesting Service

ARTICLE VIII: DEFERRED VESTED PENSION**8.04 COMPUTATION AND PAYMENT OF DEFERRED VESTED PENSION.**Involuntary Lump Sum Payment (Amounts less than \$5,000)

- ☒ Permitted
- ☐ Not Permitted

Voluntary Lump Sum Payment (Amounts less than \$5,000)

- ☐ Permitted
- ☒ Not Permitted

8.05 VESTING SCHEDULE.

<input type="checkbox"/> --	100% Vested upon Plan Entry Date	
<input checked="" type="checkbox"/> X	100% Vested upon Specified Years of Vesting Service	% Vested
	Less than <u>eight</u> (<u>8</u>) years of Vesting Service	0%
	Equal to or greater than <u>eight</u> (<u>8</u>) years of Vesting Service	100%
	(Not to exceed fifteen (15) years of Vesting Service)	
<input type="checkbox"/> --	Percent Vested upon Completed Years of Vesting Service	% Vested
	<u> </u> (<u> </u>) years	<u> </u> %
	<u> </u> (<u> </u>) years	<u> </u> %
	<u> </u> (<u> </u>) years	<u> </u> %
	<u> </u> (<u> </u>) years	<u> </u> %
	<u> </u> (<u> </u>) years	<u> </u> %
	<u> </u> (<u> </u>) years	<u> </u> %
	<u> </u> (<u> </u>) years	<u> </u> %
	(Not to exceed twenty (20) years of Vesting Service)	

ARTICLE IX: DEATH BENEFITS**9.01 PRE-RETIREMENT DEATH BENEFIT.**Offering of Pre-Retirement Death Benefit

- ☐ -- Not Offered (Distribution of Minimum Death Benefit only)
- ☒ X Offered to a Member who has met the requirements: (Select all that apply)
- ☒ X To receive a Superannuation Retirement Pension under Section 5.01
- ☐ -- To receive an Early Retirement Pension under Section 6.02
- ☐ -- Of minimum Vesting Service under Section 8.05
- ☒ X Completion of ten (10) Years of Vesting Service under Section 8.05

ARTICLE X: PAYMENT OF RETIREMENT BENEFIT – NORMAL & OPTIONAL FORMS OF DISTRIBUTION

10.01 NORMAL FORM OF BENEFIT.

- [X] Single Life Annuity for the life of the Member
 - [--] Single Life Annuity with 50% Spouse/Minor Children Survivor
 - Payable for the life of the Member, and one-half the monthly amount payable for the life of the Spouse or Minor Children as applicable following the death of the Member.
 - [--] Single Life Annuity with 100% Spouse/Minor Children Survivor
 - Payable for the life of the Member, and the same monthly amount payable for the life of the Spouse or Minor Children as applicable following the death of the Member.
- (All Normal Form payments shall be adjusted as appropriate to comply with Code Section 415(b))

10.02 OPTIONAL FORMS OF BENEFIT.

The optional forms of benefit offered to the Member.

- [X] Single Life Annuity with Minimum Net Present Value.
 - Single life annuity with guaranteed total payment equal to the Actuarial Equivalence of straight life annuity determining as Benefit Commencement Date
- [X] Single Life Annuity with Ten (10) Years of Certain Payments
 - Payable for the life of the Member, with a minimum 120 monthly payments if the Member death occurs prior to 120 monthly payments being paid to the Member
- [X] Single Life Annuity with Twenty (20) Years of Certain Payments
 - Payable for the life of the Member, with a minimum 240 monthly payments if the Member death occurs prior to 240 monthly payments being paid to the Member
- [X] Joint Life Annuity with 50% Survivor Annuitant Benefit
 - Payable for both the life of the Member and the Survivor Annuitant, with the Survivor Annuitant receiving 50% of the monthly benefit that had been received by the Member
- [X] Joint Life Annuity with 100% Survivor Annuitant Benefit
 - Payable for both the life of the Member and the Survivor Annuitant, with the Survivor Annuitant receiving 100% of the monthly benefit that had been received by the Member
- [X] Lump Sum Payment of Employee Contributions and Excess Interest Investment Account with a Normal or Optional Form of Annuity Benefit
 - The Normal or Optional Form of Benefit will be actuarially reduced in an amount equal to the lump sum payment.

10.03 COST OF LIVING ADJUSTMENT.Offering of Cost of Living Adjustment ("COLA")

- ☐ --] Not Offered
- ☐ --] Offered at the Discretion of the Municipality
An ad hoc, one-time adjustment elected by the Municipality and implemented with a Plan amendment or addendum specifying the COLA amount, the eligible payees and the beginning adjustment date.
- ☒ X] Offered upon allocation of Excess Interest under Section 15.10
- ☒ X] Proportionately by Monthly Retirement Benefit (equal percentage)
- ☐ --] In Equal Dollar Amounts per Eligible Payee
- ☐ --] Offered on a Continuing Basis and Applied Every _____ (____) Year(s)
- ☐ --] Fixed applied rate in the amount of _____ percent (____%)
- ☐ --] Adjustable rate in an amount equal to the most recent calendar year annual change in the Consumer Price Index ("CPI COLA")

Maximum and Minimum Limits on CPI COLA

- ☐ --] No Maximum and Minimum Limits
- Maximum and Minimum Annual Limits Follows: (Select all that apply)
- ☐ --] Maximum limit of _____ percent (____%)
- ☐ --] Minimum limit of _____ percent (____%)
- Maximum Cumulative Limits Based on: (Select all that apply)
- ☐ --] _____ percent (____%) of Final Average Salary
- ☐ --] _____ percent (____%) of Initial Monthly Retirement Benefit
- ☐ --] _____ percent (____%) of Simple Addition of COLA Percentage Rates

Payees Eligible for COLA (Select all that apply)

- ☐ --] All Retired Members
- ☐ --] Retired Members having Retired on or before: _____ (insert date)
- ☐ --] Retired Members having Retired on or after: _____ (insert date)
- ☒ X] Other Eligibility for Payees: **Having a balance in an Excess Interest Account in accordance with Section 15.10**

10.05 CONTINUATION OF EMPLOYMENT AFTER NORMAL RETIREMENT AGE.

A Member continuing as an Employee (as defined in Section 1.34) after Normal Retirement Age:

- ☐ --] May elect to Retire and commence payment of Superannuation Retirement Benefit without a Severance from Credited Service or a Termination of Employment
- ☒ X] Shall not be able to commence Superannuation Retirement Benefit without a Termination of Employment or Retirement

10.06 REEMPLOYMENT OF RETIRED MEMBER.

After Reemployment Commencement Date as an Employee (as defined in Section 1.34), the Retired Member:

- ☐ --] Shall elect to continue or cease receiving his Accrued Benefit
- ☒ X] Shall cease receiving his Accrued Benefit

ARTICLE XI: MISCELLANEOUS PROVISIONS AFFECTING THE CREDITING OF SERVICE

11.01 SERVICE UPON REEMPLOYMENT. (Select one)

- ☐ --] Not Applicable; Plan has Member Contributions
- ☒ X] Credited Service shall be restored regardless of Breaks in Service
- ☐ --] Credited Service shall be restored if the Member has incurred less than _____ (____) consecutive Breaks in Service (must be equal to or greater than five (5))

11.02 SERVICE PRIOR TO ORIGINAL PLAN EFFECTIVE DATE.Inclusion of Credited Service Prior to the Original Plan

- ☐ --] Not Included
- ☒ X] Included subject to the following limits: (Select all that apply)
- ☒ X] No limit on Credited Service Prior to Original Plan
- ☐ --] A maximum _____ percent (____ %) of such Credited Service
- ☐ --] A maximum _____ (____) years of such Credited Service
- ☐ --] Excluding such Prior Credited Service as follows:
- _____

Member Purchase of Credited Service Prior to Original Plan

- ☒ X] Not permitted to purchase such Credited Service
- ☐ --] Member is permitted to purchase such Credited Service as follows: (Select one)
- ☐ --] _____ percent (____ %) of the Actuarial Equivalence of the Service to be purchased.
- ☐ --] Other method or formula as follows:
- _____

Member Payment Time Period for Purchase of Credited Service Prior to Original Plan
(Select all that apply)

- ☐ Member payment must be made in whole within _____ (____) days of payment notification amount by the Municipality
- ☐ Member may elect to make the required payment by payroll deduction for a period not to exceed _____ (____) years (maximum five (5) years).
- The payment will be adjusted to include interest at the rate established by the Board compounded annually. Interest shall begin on the first day of the month following the month of notification of the payment amount by the Municipality shall end on the last day of the month preceding the final payment
- ☐ Other time period as follows:

 Payments over multiple periods will be adjusted to include interest at the rate established by the Board compounded annually. Interest shall begin on the first day of the month following the month of notification of the payment amount by the Municipality shall end on the last day of the month preceding the final payment

11.03 QUALIFIED MILITARY SERVICE.

Non Intervening Military Service

<u>Return to Employment</u>	Yes	No
Repayment of Mandatory Employee Contributions required to receive Credited Service	<input checked="" type="checkbox"/> [X]	<input type="checkbox"/> [--]

Death During Military Service

Credited Service granted to Members who die during Qualified Credited Military Service	<input type="checkbox"/> [--]	<input checked="" type="checkbox"/> [X]
--	---------------------------------	---

Disability During Military Service

Credited Service granted to Members who become Disabled during Qualified Credited Military Service	<input type="checkbox"/> [--]	<input checked="" type="checkbox"/> [X]
Vesting Service granted to Members who become Disabled during Qualified Credited Military Service	<input type="checkbox"/> [--]	<input checked="" type="checkbox"/> [X]

11.04 TRANSFER OF SERVICE AND ASSETS FROM ANOTHER SYSTEM PLAN.

- ☒ Plan will allow the transfer of Member Credited Service, Vesting Service and Contribution Account assets from or to other System Plans
- ☐ Plan will not allow the transfer of Member Credited Service, Vesting Service and Contribution Account assets from or to other System Plans

11.05 PRIOR PLAN SERVICE CREDIT.Transfer Contributions

- ☐ --] Credited Service Purchase allowed
- ☒ X] Credited Service Purchase not allowed

Termination Contributions

- ☐ --] Credited Service Conversion allowed
- ☒ X] Credited Service Conversion not allowed

Inclusion of Prior Plan Credited Service

- ☒ X] Not Included
- ☐ --] Included subject to the following limits: (Select all that apply)
- ☐ --] Limited to Credited Service Before the Prior Plan
 - ☐ --] Limited to Credited Service During the Prior Plan
 - ☐ --] Limited to Credited Service After the Prior Plan
 - ☐ --] A maximum _____ percent (____ %) of such Limited Credited Service
 - ☐ --] A maximum _____ (____) years of such Limited Credited Service
 - ☐ --] Excluding such Limited Credited Service as follows:

Member Purchase of such Prior Plan Credited Service

- ☒ X] Not permitted to purchase such Credited Service
- ☐ --] Member is permitted to purchase such Credited Service as follows: (Select one)
- ☐ --] _____ percent (____ %) of the Actuarial Equivalence of the Service to be purchased.
 - ☐ --] Other method or formula as follows:

Member Payment Time Period for Purchase of Prior Plan Credited Service
(Select all that apply)

- ☐ --] Member payment must be made in whole within _____ (____) days of payment notification amount by the Municipality
- ☐ --] Member may elect to make the required payment by payroll deduction for a period not to exceed _____ (____) years (maximum five (5) years).
- Payments over multiple periods will be adjusted to include interest at the rate established by the Board compounded annually. Interest shall begin on the first day of the month following the month of notification of the payment amount by the Municipality shall end on the last day of the month preceding the final payment.
- ☐ --] Other time period as follows:

Payments over multiple periods will be adjusted to include interest at the rate established by the Board compounded annually. Interest shall begin on the first day of the month following the month of notification of the payment amount by the Municipality shall end on the last day of the month preceding the final payment

11.06 TRANSFER OF LOANS.Transferred from Prior Plan

- ☐ --] Shall be permitted
- ☒ X] Shall not be permitted

11.07 PERMISSIVE SERVICE CREDIT.

- ☒ X] The Plan will not allow the purchase of Permissive Service Credit
- ☐ --] The Plan will allow the purchase of Permissive Service Credit

Maximum Amount of Allowable Permissive Service Credit

- ☐ --] No limit on allowable years of service
- ☐ --] Years of service allowed to be purchased shall not exceed _____ (____) years

Applicable Service Types (Select all that apply)

- ☐ --] Federal government service
- ☐ --] Commonwealth of Pennsylvania government service (including school district service)
- ☐ --] Government service with Municipalities located within the Commonwealth of Pennsylvania
- ☐ --] Government service with states other than the Commonwealth of Pennsylvania:
- ☐ --] Government service with other municipalities located outside the Commonwealth of Pennsylvania:

11.08 NON-QUALIFYING SERVICE CREDIT.

- ☒ X] The Plan will not allow the purchase of Nonqualified Service Credit
- ☐ --] The Plan will allow the purchase of Nonqualified Service Credit

Maximum Amount of Allowable Nonqualified Service Credit

- ☐ --] Years of Nonqualified Service Credit allowed to be purchased shall not exceed _____ (____) years (maximum of five (5))

ARTICLE XIII: ADMINISTRATION**13.04 NOTICE TO MUNICIPALITY.**

Municipality: Lehigh County Authority, Pennsylvania

Employer Identification Number: 25-1215330

Address 1: P.O. Box 3348

Address 2: _____

City, ST Zip: Allentown, PA 18106

Contact Name: Kathy Martin

Contact Position: HR Manager

Phone Number: (610) 351-6322 Fax Number: (610) 351-8363

Email Address: KathyMartin@lehighcountyauthority.org

ARTICLE XV: PENNSYLVANIA MUNICIPAL RETIREMENT FUND

15.10 ALLOCATION OF EXCESS INTEREST.

39-448-6 N

Municipality Allocation

Between three account types: Municipal Account, Active and Deferred Vested Member Accounts and Payee Accounts (Select one)

- ☒ Proportionately by Aggregate Account Balances (equal percentage)
- ☐ Proportionately between Active and Deferred Vested Member Accounts and Payee Accounts only
- ☐ In Equal Dollar Amounts per Account Type
- ☐ Specified Percentage by Account Type
 - _____ percent (____ %) to the Municipal Account
 - _____ percent (____ %) to the Active and Deferred Vested Member Accounts
 - _____ percent (____ %) to the Payee Accounts (See Section 10.03 for Payee Allocation)

Active and Deferred Vested Member Allocation

If allocated an amount of Excess Interest (Select one)

- ☒ Proportionately by Account Balance (equal percentage)
- ☐ In Equal Dollar Amounts per Member Proportionately
- ☐ Proportionately by Credited Service

[Signatures on the following page]

The Municipality hereby agrees to the provisions of this Adoption Agreement, Base Plan Document and Trust, and in witness of its agreement, the Municipality by its duly authorized officers has executed this Adoption Agreement, on the date specified below.

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

ATTEST:

LEHIGH COUNTY AUTHORITY

BY: _____

BY: _____
Head of Governing Authority

DATE: _____

ATTEST

**PENNSYLVANIA MUNICIPAL
RETIREMENT BOARD**

BY: _____
PMRS Secretary

BY: _____
PMRS Board Chair

DATE: _____

Approved as to form and legality:

BY: _____
Chief Counsel, PMRS

BY: **49-FA-1.0**
Office of General Counsel

BY: **49-FA-1.0**
Office of Attorney General

This Plan is an important legal document. Failure to properly fill out this Adoption Agreement may result in disqualification of this Plan. PMRS will inform you of any amendments made to the Base Plan Document. The PMRS mailing address for U.S. Postal Service delivery is P.O. Box 1165, Harrisburg, PA 17108-1165. The PMRS street address for overnight/courier service delivery is 1721 N. Front Street, 3rd Floor, Harrisburg, PA 17102-2315

You may rely on an opinion letter issued by the Internal Revenue Service as evidence that this Plan is qualified under Code Section 401 only to the extent provided in Revenue Procedure 2015-36.

You may not rely on the opinion letter in certain other circumstances or with respect to certain qualification requirements, which are specified in the opinion letter issued with respect to the Plan and in Revenue Procedure 2015-36. In order to have reliance in such cases, an individual application for a determination letter must be made to Employee Plans Determinations of the Internal Revenue Service.

**PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM
BASE PLAN DOCUMENT**

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Pennsylvania Municipal Retirement System Base Plan Document

Pursuant to Article IV of the Pennsylvania Municipal Retirement Law 53 P.S. § 881.101 et. seq., (“PMRL”), (Sections of the PMRL referenced in this Base Plan Document are attached hereto in Addendum A) and Sections 104 and 401 thereof, the Pennsylvania Municipal Retirement Board has adopted this “Base Plan Document” which, together with the applicable executed “Adoption Agreement” shall constitute the “Plan” of a Municipality. Each such Plan is intended to be a tax qualified governmental plan under Sections 401, 414(d) and 501 of the Internal Revenue Code of 1986, as amended.

This Base Plan Document and its related Adoption Agreements are important legal documents under the Internal Revenue Code and Pennsylvania law. The Municipality is urged to consult with its legal counsel regarding the adoption of these instruments.

ARTICLE I: DEFINITIONS

All capitalized terms set forth shall have the meaning set forth below.

- 1.01 Accrued Benefit** means, subject to Plan termination provisions in Article XVI of the Plan, a Member's Superannuation Retirement Pension under Section 5.02 of the Plan. The Accrued Benefit shall include the value of the Member Contribution Account, if applicable, based on the subcategory of the type of contribution. For Cash Balance Plans the minimum annual Accrued Benefit is one half of one percent (0.5%) of Compensation.
- 1.02 Accumulated Deductions** means the total amount deducted from the salary or compensation of the Member and paid over by the Municipality or paid by the Member or from any existing pension or retirement system directly into the Fund and credited to the appropriate subaccount within the Member's Contribution Account, together with Regular Interest thereon.
- 1.03 Active Member** means a Member who is accruing Credited Service under the Plan.
- 1.04 Actuarial Equivalence or Actuarial Equivalent** means a benefit of equal value to the normal form of benefit (as defined in Article X of the Plan) whether in the form of an annuity, a lump sum or otherwise, based on the following:
- (a) For Mortality:
 - (i) For Members under age 50:
 - (A) The RP-2000 Male Non-Annuitant and the RP-2000 Female Non-Annuitant Mortality Tables (as published by the Society of Actuaries) are used with a blend of seventy percent (70%) male and thirty percent (30%) female rates
 - 1. For male Members, the mortality table is projected 15 years with Scale AA mortality improvements
 - 2. For female Members, the mortality table is projected 15 years with Scale AA mortality improvements and also setback 5 years
 - (ii) For Members 50 years of age and older:
 - (A) The RP-2000 Male Annuitant and the RP-2000 Female Annuitant Mortality Tables (as published by the Society of Actuaries) are used with a blend of seventy percent (70%) male and thirty percent (30%) female rates
 - 1. For male Members, the mortality table is projected 5 years with Scale AA mortality improvements
 - 2. For female Members, the mortality table is projected 10 years with Scale AA mortality improvements
 - (b) For an Interest Rate, the rate of Regular Interest as defined in Section 1.77 of the Plan.
 - (c) With respect to benefits determined under a cash balance formula, (1) the Actual Equivalence shall be applied to the Member's Hypothetical Account Balance; and (2) lump sum payment and other benefits payable in a form that would be subject to the minimum present value requirements of Code Section 417(e)(3) (if applicable) will not be determined using the applicable mortality table and applicable latest rules under Code Section 417(e), this produces a benefit greater than the benefit determined using the Actual Equivalence assumption specified in this Section.
- 1.05 Actuarially Sound** means a plan which is being operated under supervision of an Actuary and which is being funded annually at a level not lower than the normal cost of the plan plus a

contribution towards the unfunded accrued liability sufficient to complete the funding thereof within thirty years of the effective date of the system. If the unfunded accrued liability is increased subsequent to the effective date of the system, such additional liability shall be funded within a period not to exceed thirty years from the effective date of the increase. If deemed advisable by the actuary, the initial liability and any increase thereof, may be combined and amortized over a period of years, not to exceed thirty.

1.06 Actuary means:

- (a) Member of the American Academy of Actuaries, and
- (b) an individual who has demonstrated to the satisfaction of the Insurance Commissioner of Pennsylvania that he had the educational background necessary for the practice of actuarial science and has had at least seven years of actuarial experience, or
- (c) a firm, partnership, or corporation of which one or more Members meets the requirements of subclauses (a) and (b) above.

1.07 Adoption Agreement means the document executed by each Municipality, and approved by the Board, electing to join the System and setting forth its applicable terms. The terms of this Plan and Trust as modified by the terms of an adopting Municipality's Adoption Agreement shall constitute a separate Plan and Trust to be construed as a single Plan. Each elective provision of the Adoption Agreement shall correspond by section reference to the section of the Base Plan Document that grants the election.

1.08 Alternate Payee means a spouse, former spouse, child or dependent of a Member, who is recognized by an Approved Domestic Relations Order as having a right to receive all or a portion of the money payable to the Member under the Plan.

1.09 Annuitant means a Member during the time period:

- (a) beginning with the effective date of the Member's Retirement; and
- (b) ending on the date of termination of the Member's annuity.

1.10 Approved Domestic Relations Order means a Domestic Relations Order which has been reviewed and approved by the Board.

1.11 Average Annual Compensation means the arithmetic annual average of Compensation paid to a Member by the Municipality for a specified number of consecutive years of Credited Service immediately preceding the Member's most recent Termination of Employment. The Municipality, in its Adoption Agreement, shall determine the years of Credited Service for use in the calculation and the maximum number of years of Credited Service to consider.

If a Member does not have a sufficient number of consecutive years of Credited Service as specified by the Municipality in its Adoption Agreement, the Average Annual Compensation shall be based on such actual lesser number of consecutive years of Credited Service.

If a Member (a) Terminates Employment and is later reemployed; or (b) has an unpaid Leave of Absence, the consecutive years of Credited Service prior to such Termination or Leave of Absence combined with the consecutive years of Credited Service after such Termination or Leave of Absence shall be considered consecutive for the purposes of this Section.

1.12 Average Monthly Compensation and Final Monthly Compensation means the arithmetic monthly average of Compensation paid to a Member by the Municipality for a specified number of consecutive months for purposes of determining the Member's Final Average Salary. The Municipality, in its Adoption Agreement, shall determine the maximum number of months of

Credited Service for use in the calculation and the specific months of Credited Service to consider (either the months producing the highest average or the final months immediately preceding Termination of Employment). If any partial months of Credited Service are within the maximum number of months of Credited Service considered, the partial months shall be included without adjustment.

If a Member does not have a sufficient number of consecutive months of Credited Service as specified by the Municipality in its Adoption Agreement, the Average Monthly Compensation or Final Monthly Compensation shall be based on such actual lesser number of consecutive months of Credited Service.

If a Member (a) Terminates Employment and is later reemployed; or (b) has an unpaid Leave of Absence, the consecutive months of Credited Service prior to such Termination or Leave of Absence combined with the consecutive months of Credited Service after such Termination or Leave of Absence shall be considered consecutive for the purposes of this Section.

- 1.13 Base Plan Document** means this document which sets forth the mandatory provisions of a Municipality's Plan.
- 1.14 Basic Benefit** means the pension benefit determined pursuant to the formula set forth in Section 5.02(a)(i) of the Plan.
- 1.15 Beneficiary** means a person last designated by a Member to receive benefits after the death of such Member.
- 1.16 Benefit Commencement Date** means, with respect to a Member, Survivor Annuitant, or Beneficiary the first day of the first period for which payment of the benefit under the Plan is scheduled to commence, either as a result of the Member's written election or by operation of the Plan, whichever is later.
- 1.17 Board** means the Pennsylvania Municipal Retirement Board as established pursuant to Section 103 of the PMRL. See Addendum A. The Board may act in the name of the System and shall designate, as appropriate, its Secretary to act on its behalf.
- 1.18 Break in Service** means,
- (a) with respect to an Employee:
 - (i) under the Hours of Service Method, any consecutive twelve (12) month period during which such Employee fails to complete at least fifty percent (50%) of the required number of hours designated in Section 1.40 of the Adoption Agreement for purpose of the Hours of Service Method. The consecutive twelve (12) month period shall be measured from the Employment Commencement Date or Reemployment Commencement Date and each anniversary thereof; and
 - (ii) under the Elapsed Time Method, a Period of Severance of twelve (12) consecutive months.
 - (b) For a Leave of Absence, including Military Leave under USERRA and FMLA Leave under the Family and Medical Leave Act of 1993, a Break in Service shall not be deemed to have occurred if the Employee returns to the Service of the Municipality following the Leave of Absence within the time required by the earlier of federal or state law.

(c) For a Maternity or Paternity Leave, for purposes of determining when the measuring period for a Break in Service begins, the Employee shall receive additional Eligibility and Vesting Service as follows:

- (i) Under the Hours of Service Method, an Employee shall be credited with the greater of:
 - (A) the number of Hours of Service actually worked, or
 - (B) the number of Hours of Service he normally would have been credited but for the Maternity or Paternity Leave.

Provided, however, the maximum number of Hours of Service credited for purposes of this Section shall not exceed fifty percent (50%) of the required number of hours under designated in Section 1.40 of the Adoption Agreement for purpose of the Hours of Service Method. Hours of Service credited shall be applied only to the Plan Year in which the Maternity or Paternity Leave begins unless such Hours of Service are not required to prevent the Employee from incurring a Break in Service, in which event such Hours of Service shall be credited to the Employee in the immediately following year.

- (ii) Under the Elapsed Time Method, the Termination of Employment Date of an Employee who is absent from employment beyond the first anniversary of his first date of absence is the second anniversary of the first date of absence. The period between the first and second anniversaries is neither a Period of Service nor a Period of Severance.
- (iii) No Service shall be credited due to Maternity or Paternity Leave as described in this Section unless the Employee furnishes proof satisfactory to the Municipality:
 - (A) that his absence from work was due to a Maternity or Paternity Leave, and
 - (B) of the number of days he was absent due to the Maternity or Paternity Leave.
- (iv) No Service shall be credited due to Maternity and Paternity Leave in excess of the amount of time the Employee was actually absent due to such Maternity and Paternity Leave.
- (v) An Employee shall not earn Credited Service while on Maternity or Paternity Leave.

The Municipality shall prescribe uniform and nondiscriminatory procedures by which to make the determinations required in this Section.

- 1.19 Cash Balance Contribution Credit** means the sum of (i) required Municipal contributions under Article III; (ii) required Member contributions under Article IV; and (iii) Optional After-Tax contributions (if permitted) under Section 4.02(b).
- 1.20 Cash Balance Interest Credit** means the amount credited to the Member's Hypothetical Account Balance as provided in Section 5.06.
- 1.21 Cash Balance Interest Crediting Rate** means the Regular Interest rate and in no event shall not exceed six percent (6%) annually.
- 1.22 Code** means the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.).

1.23 **Compensation** means remuneration actually received for services rendered as a Municipal Employee, Municipal Firefighter or Municipal Police Officer:

- (a) The following items are excluded from compensation:
 - (i) Reimbursement for expenses incidental to employment;
 - (ii) Income derived directly or by formula from the collection of fees or taxes;
 - (iii) Severance payments; and
 - (iv) Payments related to services rendered during a Period of Service in which an individual is an Ineligible Employee or an Ineligible Member.
- (b) The following additional rules apply:
 - (i) Compensation shall be adjusted as appropriate pursuant to the terms of the Adoption Agreement.
 - (ii) For Members who are enrolled in a Plan that has adopted the provisions of Code Section 414(h), the term includes a contribution designated as a pickup contribution.
 - (iii) Compensation shall include payments pursuant to the Enforcement Officers Disability Benefits Law, 53 P.S. § 637. See Addendum A.
 - (iv) Notwithstanding any provision of this Plan to the contrary, a Member's Compensation shall not exceed the limitations under Code Section 401(a)(17), as adjusted in accordance with Code Section 401(a)(17)(B).
 - (A) The adjustment in effect for a calendar year applies to a period:
 - 1. which begins in the calendar year;
 - 2. which does not exceed twelve months; and
 - 3. over which Compensation is determined.
 - (B) If a determination period consists of fewer than twelve months, the Compensation limit shall be multiplied by a fraction:
 - 1. the numerator of which is the number of months in the determination period; and
 - 2. the denominator of which is twelve.

1.24 **Credited Service** means the measurement of a Member's Service that is used to determine the Member's Accrued Benefit. Credited Service shall not include Service while the individual is an Ineligible Employee or an Inactive Member unless otherwise specifically provided for by the Municipality in its Adoption Agreement.

- (a) Credited Service shall be determined, as specified in each Municipality's Adoption Agreement, by either the:
 - (i) Elapsed Time Method or
 - (ii) Hours of Service Method.
- (b) Each Municipality shall elect in its Adoption Agreement to include or exclude:
 - (i) A maximum number of years of Credited Service that will be used in Pension benefit calculations,
 - (ii) Service prior to the Original Effective Date of the Plan,

- (iii) Transferred and/or additional Credited Service as provided in Article XI,
- (iv) Service rendered under a Prior Plan of the Municipality; or
- (v) Unused sick leave and/or annual leave as specifically set forth in the Adoption Agreement.

- 1.25 Deferred Vested Pension** means, with respect to a Member, the benefit described in Article VIII of the Plan.
- 1.26 Disability or Disabled** means, upon certification by the Board, a Member who is unable to engage in any gainful employment by reason of any medically determinable physical or mental impairment.
- 1.27 Disability Date** means the date on which the Disability applicant became Disabled, as determined by the Board, provided however, that the Disability Date shall not be later than the Member's Termination of Employment.
- 1.28 Disability Pension** means, with respect to a Member, the benefit described in Article VII of the Plan.
- 1.29 Domestic Relations Order** means any judgment, decree or order, including approval of a property settlement agreement, entered into on or after the effective date of this definition by a court of competent jurisdiction pursuant to a domestic relations law which relates to the marital property rights of the spouse or former spouse of a Member, including the right to receive all or a portion of the money payable to that Member under the Plan, in furtherance of the equitable distribution of marital assets that satisfies the definition of a "qualified domestic relations order" under Code Section 414(p). The term includes an "order of support" under 23 Pa.C.S. § 4302 (relating to definitions) and an order for the enforcement of arrearages under 23 Pa.C.S. § 3703 (relating to enforcement of arrearages).
- 1.30 Early Retirement Date** means the date the Member becomes eligible for an Early Retirement Pension, as specified the Municipality's Adoption Agreement.
- 1.31 Early Retirement Pension** means, with respect to a Member, the benefit described in Article VI of the Plan.
- 1.32 Effective Date of Disability Retirement** means the later of (i) the date following the last day for which the Member is paid for services as an Employee; or (ii) the date on which the Member files an application for Disability Pension
- 1.33 Elapsed Time Method** means a method of computing Service by reference to the total time (years, months and days) that elapses between the Employee's Employment Commencement Date or Reemployment Commencement Date and the Employee's Termination of Employment. The total time need not be consecutive.

For the purpose of calculating Eligibility Service and Vesting Service, a Member shall accrue one day of Service for each day in which he is credited with one Hour of Service as an Employee of the Municipality and shall accrue one Year of Service for each three hundred and sixty-five (365) days. The calculations shall be subject to the Break in Service provisions of the Plan.

For the purpose of calculating Credited Service, a Member shall accrue one day of Service for each day in which he is credited with one Hour of Service as an Employee of the Municipality and shall

accrue one Year of Service for each three hundred and sixty-five (365) days. The calculations shall not be subject to the Break in Service provisions of the Plan.

- 1.34** **Eligibility Service** means the measurement of an Eligible Employee's Service for purposes of determining when the Employee is eligible for membership in the Plan and is measured from the Employee's Employment Commencement Date or Reemployment Commencement Date, as applicable, to the date the Employee satisfies the requirements in Article II of the Plan and the Municipality's Adoption Agreement. Eligibility Service shall not include the Period of Service for which the Employee was considered an Ineligible Employee.

Eligibility Service shall be determined, as specified in each Municipality's Adoption Agreement, by either the:

- (a) Elapsed Time Method or
- (b) Hours of Service Method.

- 1.35** **Employee** means an individual employed by the Municipality. Employees designated in the Municipality's Adoption Agreement as eligible to participate in the Plan shall be considered an "Eligible Employee." An Employee designated as ineligible to participate in the Plan or not otherwise identified in the Adoption Agreement as eligible to participate in the Plan shall be considered an "Ineligible Employee." Individuals paid by the Municipality wholly on a fee basis shall be considered "Ineligible Employees."

- 1.36** **Employment Commencement Date** means the date on which an Eligible Employee first performs an Hour of Service for the Municipality.

- 1.37** **Excess Interest** means additional assets which may result when investment earnings from the Fund exceed those necessary to cover the Regular Interest or all reserves for the covered Plans and the current market asset value exceeds the Reserve Accounts plus expenses. Excess Interest is determined and declared pursuant to the Board policies attached in Addendum B.

- 1.38** **Final Average Salary** means the Average Monthly Compensation or the Average Annual Compensation or Final Monthly Compensation as elected by the Municipality in its Adoption Agreement.

- 1.39** **Fund** means the Pennsylvania Municipal Retirement Fund created by the PMRL and consisting of all property of every kind invested and administered by the Board pursuant thereto.

- 1.40** **Hour of Service** means the increments of time, described in sections (a), (b), (c), and (d) hereof (as applicable), subject to any limitations set forth herein:

- (a) Each hour for which the Municipality, either directly or indirectly, pays an Employee, or for which the Employee is entitled to payment, for the performance of duties during the Plan Year. The Municipality shall credit Hours of Service under this paragraph (a) to the Employees for the Plan Year(s) in which the Employee performs the duties, irrespective of when paid;
- (b) Each hour for back pay, irrespective of mitigation of damages, to which the Municipality has agreed or for which the Employee has received an award. The Municipality shall credit Hours of Service under this paragraph (b) to the Employee for the Plan Year(s) to which the award or the agreement pertains rather than for the Plan Year(s) in which the award, agreement or payment is made; and
- (c) Each hour for which the Municipality, either directly or indirectly, pays an Employee, or for which the Employee is entitled to payment (irrespective of whether the employment

relationship is terminated), for reasons other than for the performance of duties during a Plan Year, such as leave of absence, vacation, holiday, sick leave, illness, incapacity (including disability), layoff, jury duty, or military duty, provided:

- (i) A Municipality shall not credit more than fifty percent (50%) of the required number of hours under the Hours of Service Method to an Employee on account of any single continuous period during which the Employee does not perform any duties as an Employee (whether or not such period occurs during a single Plan Year);
 - (ii) An hour for which an Employee is directly or indirectly paid, or entitled to payment, on account of a period during which he performs no duties as an Employee shall not be credited as an Hour of Service if such payment is made or due under a plan maintained solely to comply with applicable workers' compensation, unemployment compensation, or disability insurance laws; and
 - (iii) Hours of Service shall not be credited to an Employee for a payment that solely reimburses such Employee for medical or medically related expenses incurred by him.
- (d) Each hour for which the Employee is required to be granted leave under USERRA.
- (e) A Municipality shall not credit an Hour of Service under more than one (1) of the above paragraphs (a), (b), (c) or (d). If the Service counted under this Section can be counted under more than one of these paragraphs, the rule crediting the greatest number of Hours of Service shall apply. The Municipality shall resolve any ambiguity with respect to the crediting of an Hour of Service in favor of the Employee.
- (f) The Municipality shall credit Hours of Service under this Section in accordance with Department of Labor Regulation Section 2530.200b-2(b) and (c), 29 CFR Part 2530, as amended, which the Plan, by this reference, specifically incorporates in full, or such other federal regulations as may from time to time be applicable.

- 1.41 Hours of Service Method** means a method for computing Service by reference to the number of Hours of Service performed by the Employee in a consecutive twelve (12) month period or any permitted equivalency. Any computations or calculations using the Hours of Service Method shall: (a) award a year of Service for any consecutive twelve (12) month period in which a Member is credited with the number of Hours of Service as set forth in the Adoption Agreement; and (b) be subject to the Break in Service provisions.
- 1.42 Hypothetical Account Balance** means the balance of a hypothetical account established for the benefit of a Member and credited with Cash Balance Contribution Credits and Cash Balance Interest Credits.
- 1.43 Inactive Member** means a Member who has experienced a Severance from Credited Service but has not received full payment of his Vested benefit under the Plan. A Member on Leave of Absence shall not be deemed an Inactive Member.
- 1.44 In-service Distribution** means a distribution of a Member's Accrued Benefit commencing after the Member's Normal Retirement Age and before the Member's Severance from Credited Service.
- 1.45 Joint Coverage Member** means a Member who shall have become a Member of the System subsequent to the last date permitted by the Municipality employing him for statement of preference concerning social security coverage, or who, having become a Member on or before such date, shall have filed with the Municipality a written statement that he elects social security coverage

under an agreement with the Federal Secretary of Health, Education and Welfare entered into by the Commonwealth of Pennsylvania.

1.46 Leave of Absence means a paid or unpaid excused leave of absence granted to an Employee in accordance with applicable federal or state law or the Municipality's personnel policies. Leave of Absence shall include the following:

(a) Military Leave

Employees who leave the service of a Municipality, voluntarily or involuntarily, to enter the Armed Forces of the United States and the Employee is legally entitled to certain rights under USERRA.

(b) FMLA Leave

Employees who leave the service of the Municipality under the provisions of the Family and Medical Leave Act of 1993 ("FMLA") provided that the Employee returns to active employment within the time required under the FMLA.

(c) Other Leave

Employees who leave the service of the Municipality under such other circumstances as approved by the Municipality and applied uniformly among Employees under similar circumstances.

1.47 Limitation Year means the calendar year.

1.48 Look Back Month means the December 1 immediately preceding a Stability Period.

1.49 Maternity or Paternity Leave means any period during which an Employee is absent from work with a Municipality by reason of (a) pregnancy of such Employee, (b) the birth of a child of such Employee, (c) the placement of a child with such Employee in connection with the adoption of a child by such Employee, or (d) for purposes of such Employee caring for such child immediately after such birth or placement.

1.50 Member means an individual that is:

(a) a Municipal Officer, Employee, Firefighter or Police Officer; or

(b) an Employee of a municipal government association, who satisfies the conditions for membership as set forth in Article II.

1.51 Member Contribution Account means the notional account and subaccounts thereunder established by the Board to reflect Accumulated Deductions and other contributions made by the Member to the Trust, if any, plus Regular Interest credited thereon as required under the Plan. In addition to any other accounts the Board shall establish, the Board shall establish the following subaccounts under the Member Contribution Account for each Member to be designated as follows:

(a) "Pick-Up Contribution Account" shall reflect a Member's interest in the Municipality pick-up contributions made under Section 4.01 of the Plan and shall include any payments made by the Member under Section 4.08 of the Plan to repay such account.

(b) "Required After Tax Contribution Account" shall reflect a Member's interest in required after-tax contributions made by the Member under Section 4.02(a) of the Plan and shall include any payments made by the Member under Section 4.08 of the Plan to repay such account.

(c) "Optional After-Tax Contribution Account" shall reflect a Member's interest in elective after-tax contributions made by the Member under Section 4.02(b) of the Plan and shall

include any payments made by the Member under Section 4.08 of the Plan to repay such account.

- (d) “Service Purchase Account” shall reflect a Member’s interest in payments made by the Member under Section 4.03(a) of the Plan for the purpose of purchasing eligible Credited Service under the Plan.
- (e) “Transferred Contribution Account” shall reflect a Member’s interest in amounts transferred by the Municipality under Section 4.03(b) of the Plan, from one or more of the Municipality’s tax-qualified plans, that have been merged or combined with the Plan, directly to the Fund.
- (f) “Terminated Contribution Account” shall reflect a Member’s interest in amounts transferred, at the election of the Member under Section 4.03(c) of the Plan, from one or more of the Municipality’s previously terminated Prior Plans directly to the Fund.

1.52 Member’s Excess Investment Account means the account maintained for each Member, to which shall be credited such Excess Interest deemed to be earned on the Member Contribution Account. For purposes of any distribution of the Member Contribution Account, said distribution shall include the Member’s Excess Investment Account.

1.53 Membership Commencement Date means the date a Member first commences participation under the Plan.

1.54 Municipal Contribution Account means, in the aggregate, the account and subaccounts thereunder established by the Board to reflect contributions made by the Municipality to the Trust, plus Regular Interest deemed to be earned by the Board thereon as required under the Plan. In addition to any other accounts the Board shall establish, the Board shall establish separate accounts for each Municipality to be designated as follows:

- (a) “Defined Benefit Contribution Account” shall reflect the Municipality’s required contributions and any additional contributions made by the Municipality under Sections 3.01 and 3.02 of the Plan.
- (b) “Cash Balance Contribution Account” shall reflect the Municipality’s contributions required Section 3.02 of the Plan.

1.55 Municipal Employee means a person holding an office or position, other than that of a Municipal Firefighter or Municipal Police Officer, under a Municipality or a municipal government association and paid on a regular salary or per diem basis. The term shall not include officers and employees paid wholly on a fee basis.

1.56 Municipal Firefighter means a person holding a full-time position in the fire department of a Municipality and who works for a stated salary or Compensation.

1.57 Municipal Police Officer means a person holding a full-time position in the police department of a Municipality and who works for a stated salary or Compensation.

1.58 Municipality means a city, borough, town, township, county, institution district, or any newly created governmental unit, or an authority created by a city, borough, town, township, county or county institution district, or jointly by any such political subdivisions, or an institution supported and maintained by a municipality or a municipal government association, or an industrial development agency which has adopted bylaws and the governing body of which is organized and holds regular public meetings.

- 1.59 **New Member** means a municipal officer, employee, firefighter or police officer, or an employee of a municipal government association who first becomes a Member after the date the Municipality by which he is employed establishes a Plan.
- 1.60 **Nonqualified Service Credit** means Permissive Service Credit other than service rendered as an employee of the Government of the United States, any State or political subdivision thereof, any agency of the foregoing, service as an employee of an educational organization described in Code Section 170(b)(1)(A)(ii), or military service (other than qualified military service under Code Section 414(u).
- 1.61 **Normal Retirement Age** means such age as may be stipulated by the Municipality in the Adoption Agreement at which a Member is eligible to commence receipt of his Superannuation Retirement Pension under Section 5.01 without actuarial or other reduction for early commencement. The above notwithstanding, Normal Retirement Age shall be interpreted consistent with the requirements of “normal retirement age” as set forth in Treasury Regulation § 1.401(a)-1(b).
- 1.62 **Original Member** means a Municipal Officer, Employee, Firefighter or Police Officer, or an employee of a municipal government association who was employed by the Municipality and becomes a Member in the Plan the date the Municipality establishes a Plan.
- 1.63 **Original Plan** means the tax-qualified plan of a Municipality that is (i) merged into this Plan; or (ii) administered by the Municipality or a third party other than Board, and is restated and superseded by this Plan document (provided that the corresponding assets of such plan are transferred into this Plan). If there is no such tax-qualified plan, then this Plan shall be the Original Plan of the Municipality.
- 1.64 **Original Plan Effective Date** shall mean the effective date of the Original Plan of the Municipality.
- 1.65 **Original Plan Service** means all service an Eligible Employee completed at the time the Municipality by which he is or was employed elected to join the System or the same Municipality under a prior name or classification elected to join the System.
- 1.66 **Period of Service** means for purposes of the Elapsed Time Method of counting Service, the Employee’s period of employment with the Municipality commencing with the Employment Commencement Date or the Reemployment Commencement Date, whichever is applicable, and ending on the Employee’s Termination of Employment date.
- 1.67 **Period of Severance** means, for purposes of the Elapsed Time Method of counting Service, a continuous period of time during which the Employee is not employed by the Municipality, commencing on the Employee’s Termination of Employment date and ending on the Employee’s Reemployment Commencement Date.
- 1.68 **Permissive Service Credit** means certain Credited Service that the Member may receive only by making a voluntary contribution which does not exceed the amount necessary to fund the benefit attributable to such service credit. Such service shall include service rendered as an employee of the Government of the United States, any State or political subdivision thereof, any agency of the foregoing, service as an employee of an educational organization described in Code Section 170(b)(1)(A)(ii), or military service (other than qualified military service under Code Section 414(u).
- 1.69 **Plan** means the plan as set forth in this document, including the executed Adoption Agreement through which a Municipality establishes a Plan. A Municipality shall designate the name of the Plan in the Adoption Agreement. The Board shall administer and maintain the Plan of each

adopting Municipality as a separate Plan and independent from the plan of any other Municipality, and any other plan offered by the adopting Municipality.

- 1.70 Plan Entry Date** means the date designated in the Municipality's Adoption Agreement as the Employee's Membership Commencement Date after satisfying the Plan eligibility requirements as specified in Article II of the Plan and the Municipality's Adoption Agreement.
- 1.71 Plan Year** means the twelve (12) month period specified in the Adoption Agreement.
- 1.72 PMRS Plan Effective Date** shall mean the date the Municipality establishes a plan with the Board pursuant to Sections 107 or 402 of the PMRL. See Addendum A.
- 1.73 Policy Statement** means a statement of rule issued by the Board pursuant to its general powers under Section 104(10) of the PMRL. See Addendum A. In the event of a conflict between operative provisions of the Base Plan and a Policy Statement, the terms of the Base Plan shall control. All Policy Statements are incorporated by reference and attached at Addendum B.
- 1.74 Prior Plan** means a tax-qualified plan established by a Municipality that has been terminated or frozen for future benefit accruals.
- 1.75 Prior Plan Service** means all service recognized under a Prior Plan of the Municipality prior to the Original Plan.
- 1.76 Reemployment Commencement Date** means the first date on which the Eligible Employee performs an Hour of Service that is required to be taken into account for Eligibility, Vesting or Credited Service, following a Break in Service or Period of Severance.
- 1.77 Regular Interest** means the rate fixed by the Board (from time to time, and in effect on the Look Back Month), to be applied to the Member's notional accounts, to the Municipal Accounts and to the Retired Member's Reserve Account. Effective January 1, 2017, the Regular Interest rate is five and one-quarter percent (5.25%).
- 1.78 Retire or Retirement** means Termination of Employment with the Municipality or Severance from Credited Service on or after (i) the Member's Early Retirement Date or Superannuation Retirement Date or Disability Date and (ii) the Member has filed an application to retire.
- 1.79 Reserve Account** means separate accounts and subaccounts established for the aggregation of monies held in the Trust and to be used for specified purposes. The Board shall establish a minimum number of such accounts to be designated as follows:
- (a) **Disability Reserve Account**
This account is the aggregation of monies collected from Municipalities that offer a Disability Pension and is used to supplement monies transferred from one or more Municipality Accounts and one or more Member Contribution Accounts if such transferred monies are insufficient to equal the Actuarial Equivalence of such Member's Disability Pension through a transfer to the Retired Member's Reserve Account.
 - (b) **Member Reserve Account**
This account is the aggregation of each Member's Contribution Accounts and subaccounts and such monies are held in Trust for each Member. The monies are used to provide for the applicable Pension benefits provided to Members by their respective Municipality through transfers to the Retired Member's Reserve Account.

(c) Municipal Reserve Account

This account is the aggregation of each Municipality's accounts and subaccounts and such monies are held in Trust for each Municipality. The monies are used to provide for the applicable Pension benefits provided to Members by each such applicable Municipality through transfers to the Retired Member's Reserve Account.

(d) Retired Members' Reserve Account

This account is the aggregation of monies transferred from the other Reserve Accounts and held in Trust for each Retiree. The monies are used to provide for the applicable Pension benefits provided to Members by each such applicable Municipality.

- 1.80** Service means any period of time the Employee is in the employ of the Municipality, including any period the Employee is on a Leave of Absence authorized by the Municipality up to one (1) year, unless a longer period is required by law to be counted as Service. Notwithstanding any provision of this Plan to the contrary, contributions, benefits, Vesting, Eligibility and Credited Service with respect to qualified military service will be provided in accordance with USERRA and Code Section 414(u) and with respect to FMLA Leave will be provided in accordance with the Family and Medical Leave Act of 1993.
- 1.81** Service Connected Disability means total and permanent disability of a Member prior to eligibility for superannuation retirement resulting from a condition arising out of and incurred in the course of his employment, and which is compensable under the applicable provisions of 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." See Addendum A.
- 1.82** Service Increment Benefit means a supplemental benefit payable to a Member who has twenty-six (26) or more years of Credited Service as provided in the Municipality's Adoption Agreement.
- 1.83** Severance from Credited Service means an Employee's Termination of Employment or change in employment status (via election, appointment or otherwise) such that he is no longer an Eligible Employee under the Plan.
- 1.84** Single Coverage Member means a Member who shall become a Member of the System on or before the last date permitted by the municipality employing him for statement of preference concerning social security coverage and who either shall have filed with the Municipality a written statement that he does not elect social security coverage under any agreement with the Federal Secretary of Health, Education and Welfare entered into by the Commonwealth of Pennsylvania, or shall not have filed with the municipality any written statement.
- 1.85** Spouse or Surviving Spouse means the person to whom the Member is legally married for Federal tax purposes.
- 1.86** Stability Period means the calendar year during which Regular Interest will be in effect.
- 1.87** Superannuation Retirement Date means the date of the Member's Retirement after becoming eligible for a Superannuation Retirement Pension as specified in Section 5.01 of the Municipality's Adoption Agreement.
- 1.88** Superannuation Retirement Pension means, with respect to a Member, the benefit described in Section 5.02 of the Plan.
- 1.89** Survivor Annuitant means any person who has been named by a Member under a joint and survivor annuity option to receive an annuity upon the death of such Member. The term shall also

include a spouse, or child(ren) if applicable, for plans that have elected a life and 50% spouse benefit or life and 100% spouse benefit as specified in Section 10.01 of the Base Plan Document.

- 1.90** **System** means the Pennsylvania Municipal Retirement System, an agent multiple employer retirement system for purposes of Government Accounting Standards Board requirements created pursuant to the PMRL. The above notwithstanding, this Base Plan document and accompanying Adoption Agreements are approved by the Internal Revenue Service pursuant to Rev. Proc. 2015-36 solely for the purposes of establishing and maintaining an individual Plan by an adopting Municipality.
- 1.91** **Termination Contribution** means an amount transferred to this Plan pursuant to an Eligible Rollover Distribution (as defined in Article X) of a Member's account under a Prior Plan of the Municipality or the predecessor to the Municipality.
- 1.92** **Termination of Employment, Terminate Employment, Termination, or Terminated** means a termination of employment with the Municipality, including Retirement, resignation, discharge, and death except as otherwise provided by the Municipality as a Leave of Absence or any other leave of absence regulated by federal or state law. Unless otherwise provided by law, if an Employee on a Leave of Absence fails to return to active employment upon expiration of the Leave of Absence, the Employee will be considered Terminated as of the last day worked immediately preceding the Leave of Absence.
- 1.93** **Transfer Contribution** means an amount transferred to this Plan directly from a Member's account under an Eligible Retirement Plan (as defined in Article X) sponsored by the Municipality or the predecessor to the Municipality.
- 1.94** **Trust** means the agreement setting forth the terms and conditions with respect to the administration, investment and distribution of the Fund by the Board.
- 1.95** **USERRA** means the Uniform Services Employment and Reemployment Rights Act of 1994.
- 1.96** **Vested** means that portion of a Member's interests in this Plan that is vested pursuant to Article XIII or Section 16.06, if applicable.
- 1.97** **Vesting Service** means the measurement of a Member's Service that is used to determine the Member's Vested Accrued Benefit, and if the Member meets Service related requirements for all other benefits provided in the Plan. Vesting Service shall be measured from the Member's Employment Commencement Date or Reemployment Commencement Date and each anniversary thereof. Vesting Service shall not include the Period of Service for which the Employee was considered an Ineligible Employee.
- (a) Service shall be determined, as specified in each Municipality's Adoption Agreement, by either the:
 - (i) Elapsed Time Method or
 - (ii) Hours of Service Method.
 - (b) A Municipality shall elect in its Adoption Agreement to include or exclude:
 - (i) Service before the Original Plan Effective Date, or
 - (ii) Service before the PMRS Restatement Plan Date, or
 - (iii) unused sick leave and/or unused annual leave in accordance with the Municipality's personnel policies.

ARTICLE II: MEMBERSHIP

2.01 Initial Membership

(a) Mandatory Membership

Each Eligible Employee in a category selected for mandatory membership under Section 1.35 of the Adoption Agreement shall become a Member in the Plan on the Plan Entry Date (if actively employed on that date) coincident with or immediately following the date on which he meets the eligibility conditions selected by the Municipality in its Adoption Agreement.

(b) Optional Membership

(i) Each Eligible Employee in a category selected for optional membership under Section 1.35 of the Adoption Agreement must elect to become a Member by filing a written election with the Municipality within ninety (90) days of notification by the Municipality of membership eligibility. Such Eligible Employee shall become a Member effective on the date of filing of the written election and membership shall be prospective from such date. The election, or failure to elect membership shall be irrevocable for the duration of the Eligible Employee's service in the category of optional membership.

(ii) The above notwithstanding, if the Plan does not require pre-tax pick-up contributions pursuant to Code Section 414(h), then an Eligible Employee for optional membership may elect to become a Member by filing a written election with the Municipality within one year of notification by the Municipality.

(c) Ineligible Employee

An Ineligible Employee identified in the Municipality's Adoption Agreement shall not be eligible to become a Member in the Plan.

2.02 Membership Upon Reemployment

Upon an Employee's Reemployment Commencement Date, the Eligible Employee shall have the following status in the Plan based on his status as of his most recent Termination of Employment:

- (a) If the Eligible Employee was a Member, he shall reenter the Plan as a Member on his Reemployment Commencement Date.
- (b) If the Eligible Employee had satisfied the Plan's eligibility conditions but had not become a Member, he shall become a Member on the next Plan Entry Date after his Reemployment Commencement Date.
- (c) If the Eligible Employee had not satisfied the Plan's eligibility conditions, he shall receive all previous Eligibility Service and shall become a Member on the Plan Entry Date coincident with or immediately following his satisfying the Plan's eligibility conditions.
- (d) The above notwithstanding, the Eligible Employee's position upon reemployment (either optional membership or mandatory membership) shall determine the conditions of membership upon such reemployment.

2.03 Membership Upon Change in Employment Status

If an Eligible Employee has a change in employment status, the Period of Service when the Employee was an Ineligible Employee shall be not included in determining Eligibility Service.

- (a) If the Employee had not previously satisfied the Plan's eligibility conditions, he shall become a Member on the Plan Entry Date coincident with or immediately following his satisfying the Plan's eligibility conditions as an Eligible Employee.
- (b) If, during one or more previous periods of Service in which he was an Eligible Employee, the Employee had previously satisfied the Plan's eligibility conditions but had not become a Member, he shall become a Member on the next Plan Entry Date coincident with or immediately after his most recent change in employment status.
- (c) If, during one or more previous periods of Service in which he was an Employee, the Employee was a Member, he shall reenter the Plan as a Member on date of his change in employment status.

Under no circumstances shall a person who is not an Eligible Employee, as defined by the Adoption Agreement, become a Member unless he is an Eligible Employee on the Plan Entry Date.

ARTICLE III: MUNICIPALITY CONTRIBUTIONS

3.01 Determination of Contribution

The Board will actuarially determine the normal cost of the benefits provided for in a Municipality's Plan and any amortization of unfunded liability associated with the actuarial experience of such benefits which shall be contributed annually by the Municipality. Additionally, the Board shall determine and the Municipality shall be charged an additional amount to be contributed annually toward a reserve account for any disability benefit if disability benefits are elected by the Municipality under the terms of its Adoption Agreement.

3.02 Amount

Unless otherwise provided in Article IV of its Adoption Agreement, the Municipality shall make the contributions required to fund the Municipality's cost of the benefits provided to its Members as set forth in Section 5.02 of the Plan.

3.03 Time of Payment of Contribution

(a) Defined Benefit Plan

Unless otherwise provided in the Municipality's Adoption Agreement, the Municipality shall pay its contribution for each Plan Year in one (1) annual payment. The Municipality must make its contribution to the Board no later than December 31 of the year for which the contribution was required.

(b) Cash Balance Plan

Unless otherwise provided in the Municipality's Adoption Agreement, the Municipality shall pay its contributions for each Plan Year in the same manner and frequency as it remits Member contributions in accordance with Section 4.04 of the Plan and Section 4.02 of the Municipality's Adoption Agreement. The above notwithstanding, the Municipality must complete its aggregate requirement contributions to the Board no later than December 31 of the year for which the contributions were required.

ARTICLE IV: MEMBER CONTRIBUTIONS

4.01 Pre-Tax Pick-Up Contributions

If the Municipality elects the application of this Section in its Adoption Agreement, it shall contribute to the Plan, to the credit of each Member, the amount of the required Member contribution (as a percentage of Compensation as specified in the Adoption Agreement) to fund the Member's cost of the benefit provided to the Member as set forth in Section 5.02(a) or (b) as applicable. The contributions are mandatory and no Member shall be entitled under any circumstances to receive such contributions in cash in lieu of having them contributed to the Trust by the Municipality in accordance with the preceding sentence. Such contributions shall be made pursuant to Code Section 414(h) and shall be treated as Municipality contributions in determining their federal income tax treatment under the Code.

4.02 After-Tax Member Contributions

(a) Required After-Tax Contributions

If the Municipality elects the application of this Section in its Adoption Agreement, it shall require a Member to make after-tax contributions by payroll deduction to the Trust. The Board shall allocate and credit such contribution made for a particular Plan Year to the Member's Required After-Tax Contribution Account as soon as administratively possible. The Board may establish appropriate procedures it deems necessary to facilitate Member payroll deduction contributions. Required after-tax contributions shall be allocated to the cost of the Member's benefit as set forth in Section 5.02(a) or (b) as applicable.

(b) Optional After-Tax Contributions

If the Municipality elects the application of this Section in its Adoption Agreement, it shall allow a Member to elect after-tax contributions by payroll deduction to the Trust. The Board shall allocate and credit such contribution made for a particular Plan Year to the Member's Optional After-Tax Contribution Account as soon as administratively possible. The Board may establish appropriate procedures it deems necessary to facilitate Member payroll deduction contributions and the Member's elected use of such contributions. Optional after-tax contributions may be (i) utilized for the purchase of Permissive Service Credit as provided in Section 11.07; or (ii) allocated to the Member's Hypothetical Account Balance pursuant to Section 5.06.

4.03 Other Member Contributions

(a) Service Purchase Contributions

If the Municipality elects in its Adoption Agreement to allow Members to purchase transferred, prior or additional service in accordance with Article XI of the Plan, the Member may make contributions to purchase such service. For the purchase of such service, the Plan may accept payment directly from the Member or through a plan-to-plan transfer or rollover contribution from any other allowable qualified retirement plan, Section 401(k) plan, Section 457(b) governmental deferred compensation plan or a Section 403(b) tax sheltered annuity. Any Service Purchase Contributions received from the sources specified in this subsection and used for service purchases shall be allocated to the Member Service Purchase Account.

(b) Transferred Contributions

If the Municipality elects in its Adoption Agreement to transfer funds from one or more of the Municipality's Prior Plans pursuant to a merger of such Prior Plan with this Plan, such funds may be: (i) utilized for the purchase of Permissive Service Credit as provided in Section 11.07; or (ii) allocated to a Member's Hypothetical Account Balance pursuant to

Section 5.06. Any such Transferred Contributions shall be allocated to the Member's Transferred Contribution Account.

(c) Terminated Contributions

If the Municipality elects in its Adoption Agreement to permit Members to transfer funds from one or more of the Municipality's Prior Plans where such plans have been previously terminated by the Municipality, such funds may be: (i) utilized for the purchase of Permissive Service Credit as provided in Section 11.07; or (ii) allocated to a Member's Hypothetical Account Balance pursuant to Section 5.06. Any Terminated Contributions shall be allocated to the Member's Terminated Contribution Account.

4.04 Time and Manner of Contribution

Contribution deductions from Member Compensation as specified in Sections 4.01 and 4.02 shall be made on a payroll basis and unless otherwise elected in the Adoption Agreement, the Municipality shall remit such contributions as of each payroll period as soon as administratively possible. Other Member contributions identified in Section 4.03 shall be remitted to the System as soon as administratively possible by the Municipality or representative acting on its behalf and, if applicable, by the Member or representative acting on its behalf.

4.05 Allocation of Contributions

The Board shall establish and maintain the Member Contribution Accounts and subaccounts to which all Member contributions shall be allocated. Each Member Contribution Account shall be credited with contributions, rollovers, transfers and earnings allocated to such Account if provided under the Adoption Agreement and debited with distributions made during the Plan Year.

4.06 Interest on Member Contribution Account

The Member Contribution Account described in this Article of the Plan shall be credited with Regular Interest.

4.07 Refund of Member Contribution Account

A Member or Beneficiary shall receive a refund or withdrawal of his Member Contribution Account if:

- (a) the Member Terminates Employment and, at the time of such Termination, does not have sufficient vesting Service to qualify for a vested Accrued Benefit in accordance with the vesting schedule specified in Section 8.05 of the Adoption Agreement, or
- (b) the Member or Beneficiary is receiving benefits under the Plan and dies before receiving Pension benefit payments in an amount equal to or greater than the Member Contribution Account, and no additional Pension benefits are due, then the Beneficiary (or estate, if no Beneficiary) shall receive the amount remaining in the Member Contribution Account, or
- (c) the Member Terminates Employment and, at the time of such Termination, requests the refund of his Member Contribution Account in lieu of retaining an Accrued Benefit, or
- (d) the Member dies before receiving any benefits under the Plan and the value of the death benefit payable to the Beneficiary is equal to or less than the Member Contribution Account, then the Beneficiary (or estate, if no Beneficiary) shall receive the amount remaining in the Member Contribution Account and no additional death benefits will be paid, or
- (e) an individual has been determined to be an Ineligible Employee and is ineligible to be a Member in the Plan.

Distribution of the Member Contribution Account shall be made only in a lump sum and for no less than 100% of the Member Contribution Account including interest earnings. Upon distribution of the Member Contribution Account, the Member or Beneficiary shall have no Accrued Benefit under the Plan.

4.08 Repayment of Member Contribution Account

(a) Restoration of Service

A Member who is reemployed with the Municipality after receiving a refund of amounts allocated to his Member Contribution Account:

- (i) shall have his Eligibility and Vesting Service restored in accordance with Article XI of the Plan, and
- (ii) shall have his Credited Service and any previous Accrued Benefits restored by repaying the Board the entire amount distributed under Section 4.07 plus interest at the Regular Interest rate. Interest shall begin on the first day of the month following the month of the previously refunded Member Contribution Account and shall end on the last day of the month preceding such repayment.

(b) Repayment Requirements

Unless otherwise provided in the Municipality's Adoption Agreement, the Member shall not:

- (i) repay the Member Contribution Account balance and interest later than ninety (90) days after the Member's Reemployment Commencement Date and
- (ii) repay less than 100% of the previously refunded Member Contribution Account plus interest.
- (iii) Upon 100% repayment, the Member shall have his Member Contribution Account restored along with the applicable Credited Service under Section 5.02.
- (iv) Upon less than 100% repayment, the Member shall have the respective subaccounts of his Member Contribution Account restored in the following order:
 - (A) Pick-up Contribution Account;
 - (B) Required After-Tax Contribution Account;
 - (C) Service Purchase Account (if any);
 - (D) Optional After-Tax Contribution Account (if any);
 - (E) Transferred Contribution Account (if any); and
 - (F) Terminated Contribution Account (if any).

The full amount of refund or withdrawal, plus interest, shall be restored to each sub account before restoration of the next sequential sub account. Credited Service under Section 5.02 attributed to such repaid contribution shall be determined upon completion of the repayment.

The Plan may accept any such repayment directly from the Member or through a plan-to-plan transfer from any other qualified retirement plan, Section 401(k) plan, Section 457(b) plan or a Section 403(b) tax sheltered annuity.

ARTICLE V: SUPERANNUATION RETIREMENT PENSION

5.01 Offering of Superannuation Retirement Pension

A Member who Retires on or after satisfaction of the conditions set forth in Section 5.01 of the Adoption Agreement, shall receive a Superannuation Retirement Pension.

5.02 Amount of Superannuation Retirement Pension

(a) Defined Benefit Plan

Subject to the maximum permissible amount limitations in Article XII, a Member's Superannuation Retirement Pension shall equal his Accrued Benefit. The Member's Accrued Benefit shall be the sum of:

- (i) his Basic Benefit as determined under Adoption Agreement; and
- (ii) his Service Increment Benefit if such benefit is authorized under the Adoption Agreement.

The Superannuation Retirement Pension shall be expressed in the normal form of benefit as elected by the Municipality in Section 10.01 of the Adoption Agreement.

(b) Cash Balance Plan

Subject to the maximum permissible amount limitations of Article XII, a Member's Superannuation Retirement Pension shall be his Accrual Benefit as calculated pursuant to Section 5.06. The Superannuation Retirement Pension shall be expressed in the normal form of benefit as elected by the Municipality in Section 10.01 of the Adoption Agreement.

5.03 Computation and Payment of Superannuation Retirement Pension

(a) Computations

The Superannuation Retirement Pension shall be computed by the Board in the form of benefit selected by the Member. A Member shall select the form of benefit for his Superannuation Retirement Pension as either the normal form as elected by the Municipality in Section 10.01 of its Adoption Agreement or any eligible optional form as elected by the Municipality in Section 10.02 of its Adoption Agreement. If no optional form of benefit is selected by the Member, the Pension benefit shall be paid in the normal form.

(b) Payments

Payments shall begin no earlier than the Member's Superannuation Retirement Date and begin no later than the date specified in Section 10.04(b) of the Plan. Between the dates a Member is first eligible to receive Superannuation Retirement Pension and the Mandatory Commencement of Benefits date specified in Section 10.04(b), a Member must apply for benefits to commence. The Member's Benefit Commencement Date shall be the first day of the month coincident with or next following the later of (i) Member's Termination of Employment following the Superannuation Retirement Date; (ii) the date specified by the Member in his or her application, or (iii) the date the application is approved by the Board.

Payments for an annuity form of benefit shall continue until the last scheduled payment coincident with the month of the Member's death or, if applicable, the month of the death of the Survivor Annuitant.

The above notwithstanding, if a Member's Retirement arises due to a Severance from Credited Service, and the Member remains employed by the Municipality, payment shall

begin no earlier than the Member's Normal Retirement Age as set forth in Treasury Regulation § 1.401(a)-1(b).

5.04 Involuntary Lump Sum Payment of Superannuation Retirement Pension

If elected by the Municipality in its Adoption Agreement, a lump sum payment shall be made for a Superannuation Retirement Pension to Members, with the Member's consent, if the lump sum Actuarial Equivalent of the Member's vested Accrued Benefit is less than or equal to \$5,000.

However, effective as of January 1, 2006, if the mandatory distribution is greater than \$1,000 but less than \$5,000, and the Member does not elect to have such distribution paid directly to an Eligible Retirement Plan, specified by the Member in a direct rollover or to receive the distribution directly, then the Board will (i) pay the distribution in a direct rollover to an individual retirement plan designated by the Board; or (ii) retain the distributable amount until the Member elects to have such benefit paid provided, however, that such benefit shall commence on or before the Required Beginning Date as set forth under Section 10.04(b).

If such a lump sum payment is made or transferred to an Individual Retirement Account or an Eligible Retirement Plan, the Member's vested Accrued Benefit shall be disregarded and he shall not be entitled to any other Pension benefits under the Plan.

5.05 Late Retirement

Except as provided in Article X, a Member shall receive Credited Service for Service completed after the Member's Superannuation Retirement Date, until subsequent Termination of Employment.

5.06 Cash Balance Superannuation Retirement Pension

(a) Accrued Benefit

- (i) A Member's Accrued Benefit, as of any determination date (on or prior to the Superannuation Retirement Date), means a lifetime annuity in the normal form of benefits as described in Section 10.01 of the Plan commencing at a Participant's Superannuation Retirement Date, calculated by projecting the Member's Hypothetical Account Balance to Superannuation Retirement Age with interest at the Cash Balance Interest Crediting Rate in effect at the date of determination, and converting the projected account to an Actuarial Equivalent benefit payable in the normal form at the Member's Benefit Commencement Date.
- (ii) In the event of a change in the assumptions defined under Section 1.04, Actuarial Equivalence/ or Actuarial Equivalent such that the change would result in a lower projected Superannuation Retirement Pension, the Accrued Benefit will be determined as the last day of the Stability Period immediately preceding the Stability Period in which the assumption change takes effect. In no event will a Member's accrued benefit be less than the Accrued Benefit defined in this subsection

(b) Establishment of Hypothetical Account Balance.

A Hypothetical Account Balance shall be established and maintained for each Member. Additions to and reductions in the Hypothetical Account Balance shall be made in accordance with the provisions set forth below. This Hypothetical Account Balance shall be a hypothetical account for bookkeeping purposes only and neither the maintenance nor the adding of credits thereto shall be construed as an allocation of assets of the Plan to, or a segregation of such assets in, any such Hypothetical Account Balance, or otherwise creating a right for any individual to receive specific assets of the Plan. Benefits provided under the

Plan shall be paid from the general assets of the Trust in the amounts, in the forms, and at the times provided, under the terms of the Plan. When applying any statutory or Plan limitation and/or minimum benefit that is expressed in terms of an annuity to the benefit derived from the Hypothetical Account Balance, the limit shall be applied to the annuity derived from the Hypothetical Account Balance that is payable at the time and in the form corresponding to the Plan limitation or minimum benefit, determined under the terms of the Plan.

(c) Cash Balance Contribution Credits

As of the last day of each Plan Year, a Cash Balance Contribution Credit amount as set forth in the Adoption Agreement shall be credited to such Member's Hypothetical Account. If the Member is employed for a period of less than the full Plan Year, the Cash Balance Contribution Credit shall be equal to the ratio of (i) the number of days in which the Member is employed in the Plan Year; to (ii) 365.

(d) Cash Balance Interest Credits

At the end of each Cash Balance Interest Credit Period, a Cash Balance Interest Credit shall be credited to the Hypothetical Account Balance. The Cash Balance Interest Credit shall be calculated by multiplying the balance in the Member's Hypothetical Account Balance at the beginning of the Cash Balance Interest Credit Period by the Cash Balance Interest Crediting Rate applicable for such Cash Balance Interest Credit Period, based upon the Stability Period and the Lookback Month that applies for the Cash Balance Interest Credit Period. No Cash Balance Interest Credits shall accrue to any portion of the Hypothetical Account Balance after the annuity starting date that applies to that portion.

(e) Cash Balance Interest Credit Period

The Cash Balance Interest Credit Period shall be each calendar quarter.

ARTICLE VI: EARLY RETIREMENT PENSION

6.01 Offering of Early Retirement Pension

The Municipality shall elect in its Adoption Agreement whether to offer an Early Retirement Pension. If the Municipality elects to offer an Early Retirement Pension, a Member who satisfies the eligibility criteria specified in Section 6.02 of its Adoption Agreement and who Retires on or after the Early Retirement Date, but before the Superannuation Retirement Date, may elect to receive an Early Retirement Pension.

6.02 Eligibility for Early Retirement Pension

If the Municipality elects to provide an Early Retirement Pension, its Adoption Agreement shall specify the following eligibility criteria:

- (a) The minimum age, if any, for a Member to be eligible for an Early Retirement Pension,
- (b) The minimum years of Vesting Service, if any, required to be completed to be eligible for an Early Retirement Pension, and
- (c) The minimum age and years of Vesting Service combined (expressed as a single cumulative number), if any, required to be completed to be eligible for an Early Retirement Pension,

The Municipality may elect to provide for more than one method of determining Member eligibility for the Early Retirement Pension under (a), (b) and (c).

If a Member must satisfy a minimum age and Vesting Service requirement for an Early Retirement Pension, a Member who has a Termination of Employment after satisfying the Vesting Service requirement but not the minimum age requirement may elect to receive an Early Retirement Pension upon satisfying the minimum age requirement.

6.03 Amount of Early Retirement Pension

Subject to the maximum permissible amount limitations of Article XII of the Plan, if the Municipality elects to provide an Early Retirement Pension, it shall equal the Member's vested Accrued Benefit or the Actuarial Equivalent of the vested Accrued Benefit as of the Early Retirement Date.

The formula specified by the Municipality in Section 5.02 of the Adoption Agreement shall be used to calculate the Early Retirement Pension in the normal form of benefit as elected by the Municipality in Section 10.01 of the Adoption Agreement. The above notwithstanding, the Early Retirement Pension payable from a Cash Balance Plan shall be the Actuarial Equivalent of his Hypothetical Account Balance determined as of the Benefit Commencement Date.

The Early Retirement Pension shall be adjusted by any reductions elected by the Municipality in its Adoption Agreement for a reduced Early Retirement Pension when the Member's Benefit Commencement Date is prior to his Superannuation Retirement Date.

6.04 Computation and Payment of Early Retirement Pension

(a) Computations

The Early Retirement Pension shall be computed by the Board in the form of benefit selected by the Member. A Member shall select the form of benefit for his Early Retirement Pension as either the normal form as elected by the Municipality in Section 10.01 of its Adoption Agreement or any eligible optional form as elected by the Municipality in Section 10.02 of

its Adoption Agreement. If no optional form of benefit is selected by the Member, the Pension benefit shall be paid in the normal form.

(b) Payments

Payments shall begin no earlier than the Early Retirement Date and begin no later than the date specified in Section 10.04(b) of the Plan. Between the dates a Member is first eligible to receive the Early Retirement Pension and the Mandatory Commencement of Benefits date specified in Section 10.04(b), a Member must apply for benefits to commence. The Member's Benefit Commencement Date shall be the first day of the month coincident with or next following the later of (i) the Member's Termination of Employment following Early Retirement Date; (ii) the date the application is approved by the Board; or (iii) the date specified by the Member in his or her application. The above notwithstanding, if a Member's Retirement arises due to a Severance from Credited Service, and the Member remains employed by the Municipality, payment shall begin no earlier than the Member's Normal Retirement Age as set forth in Treasury Regulation § 1.401(a)-1(b).

Payments for an annuity form of benefit shall continue until the last scheduled payment coincident with the month of the Member's death or, if applicable, the month of the death of the Survivor Annuitant.

6.05 Limited Offering of Early Retirement Pension Under Alternative Eligibility Requirements

The Municipality may amend this Plan to provide for different eligibility requirements for an Early Retirement Pension as part of a bona fide retirement incentive program ("Program"). Prior to the implementation of any such Program, the Municipality shall:

- (a) submit to the System a proposed addendum as an amendment to its Adoption Agreement specifying the proposed Program's terms and conditions as tentatively approved by the Municipality's governing authority; and
- (b) provide a draft of the disclosure documents to be provided to eligible Members explaining the Program and an illustration of the Program's impact on a typical Member; and
- (c) provide an explanation of the Municipality's reason for the Program including the expected Municipality benefits; and
- (d) request the System to complete an actuarial cost study of the proposed Program.

Upon completion of the actuarial cost study, the System shall provide the Municipality the cost study results and may request additional information from the Municipality. If the Municipality elects to amend the Plan to implement the Program, it shall provide the System with an ordinance or resolution (i) authorizing an amendment of the Plan in the form of a proposed addendum; (ii) a copy of the disclosure documents for each eligible Member; and (iii) identifying the Program's final terms and conditions, the estimated annual and total additional costs to the Municipality's Plan and any other information requested by the System.

Such Program shall be permitted only upon a determination by the Board that (i) additional benefits thereunder, when added to all other benefits provided under the plan do not exceed the limitation on benefits set forth under Code Section 415(b); and (ii) the Program does not otherwise violate any tax qualification provisions of the Code.

ARTICLE VII: DISABILITY PENSION

7.01 Offering of Disability Pension

The Municipality may elect in its Adoption Agreement to provide a disability benefit under the Plan. If the Municipality elects to provide such benefit, an active Member who, prior to satisfying the requirements for a Superannuation Retirement Pension, becomes Disabled and who satisfies the eligibility criteria established in Section 7.02 of the Municipality's Adoption Agreement shall receive a Disability Pension.

7.02 Eligibility for Disability Pension

If the Municipality elects to provide a disability benefit, the Municipality shall also elect the eligibility criteria for Member submission of an application for a non-service connected Disability Pension. Where the disability of a Member is determined to be a Service Connected Disability, no minimum period of service, nor minimum age, shall be required for eligibility. In addition to any other criteria elected by the Municipality which shall be non-discretionary and applied on a uniform basis, a Member may become eligible for a Disability Pension only if he is an Eligible Employee on his Disability Date.

7.03 Amount of Disability Pension

Subject to the Maximum Permissible Dollar Limitations of Article XII of the Plan, if the Municipality elects to provide a Disability Pension, its Adoption Agreement shall establish the amount of a Member's Disability Pension including any adjustments or offsets for payment made to the Member for the same disability. The Municipality shall be allowed to establish a different benefit amount if the Member is determined to have a Service Connected Disability.

The above notwithstanding, the Disability Pension payable from a Cash Balance Plan shall be the Actuarial Equivalence of his Hypothetical Account Balance determined as of the Benefit Commencement Date.

7.04 Computation and Payment of Disability Pension

(a) Benefit Commencement Date

- (i) The Benefit Commencement Date shall be no earlier than the later of the first day of the month coincident with or next following the Member's Termination of Employment; or
- (ii) the first day of the first month coincident with or next following the Disability Date as determined by the Board.

(b) Program Computations

The Disability Pension shall be computed by the Board in the Single Life form of benefit.

(c) Payments

- (i) Shall be in accordance with Article X of the Plan.
- (ii) Payments shall continue until earlier of:
 - (A) the last scheduled payment coincident with the month the Member has been determined to no longer be Disabled, or
 - (B) the last scheduled payment coincident with the month of the Member's death.

7.05 Recovery from Disability

If a Member recovers from Disability and is reemployed as an Employee under the Plan, the Member's Credited Service shall be restored up to the Benefit Commencement Date of his Disability Pension. The Member then shall commence to accrue benefits under the Plan based upon his Credited Service before the Benefit Commencement Date of his Disability Pension and after his Reemployment Commencement Date.

7.06 Application and Continuing Evidence of Total Disability

- (a) A Member may, upon application or on application of one acting on the Member's behalf, or upon application of a responsible official of the Municipality, be retired by the Board on a disability retirement following a review of the application and any supporting medical records and other documentation submitted with the application certifies to the Board that the Member is unable to engage in any gainful employment and that said Member ought to be retired.
- (b) The Board may require a Disabled Member to undergo medical examination by a physician designated by the Board at least once per year prior to the Member's Superannuation Retirement Date. Such examination shall be made at the place of residence of the Member or other place mutually agreed upon. Should the physician report and certify to the Board that such Disabled Member is no longer physically or mentally incapacitated for the performance of duty and is able to engage in a gainful occupation, then his disability retirement allowance shall be discontinued, and in lieu thereof an early involuntary retirement allowance shall at that time be granted as if such person had been retired not voluntarily, if such provision is selected by the Municipality in Section 6.01 of the Adoption Agreement and if the Member shall have had the required number of years of total service as stated in the Adoption Agreement.
- (c) Should a Disabled Member refuse to submit to a medical examination as provided above, his Disability Pension shall be discontinued until the withdrawal of such refusal, and should such refusal continue for one year, then all his right in and to any disability retirement allowance or for early involuntary retirement allowance shall be forfeited.
- (d) Should a Disabled Member die before the amount payable under this section equals the total amount allocated to his Member Contribution Account, plus the balance in the Member's Excess Investment Account as of the Effective Date of Disability Retirement, the Board shall pay to the Beneficiary (if living, or if the Beneficiary predeceased the Disabled Member, or no Beneficiary was named, then to the Disabled Member's estate) an amount equal to the difference between such amounts paid under this Section and the Member Contribution Account and the balance in the Member's Excess Investment Account. 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 Disabled Member'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.

ARTICLE VIII: DEFERRED VESTED PENSION

8.01 Offering of Deferred Vested Pension

A Member who meets the eligibility criteria specified in Section 8.02 shall receive a Deferred Vested Pension.

8.02 Eligibility for Deferred Vested Pension

A Member is eligible to receive a Deferred Vested Pension provided that: (a) the Member has completed the minimum amount of Vesting Service specified in Section 8.05 of the Municipality's Adoption Agreement; and (b) the Member Terminated Employment but has not yet Retired.

8.03 Amount of Deferred Vested Pension

The Member's Deferred Vested Pension shall equal his Vested Accrued Benefit as of the date of his Termination of Employment.

8.04 Computation and Payment of Deferred Vested Pension

(a) Computations

The Deferred Vested Pension shall be computed by the Board in the form of benefit selected by the Member. A Member shall select the form of benefit for his Deferred Vested Pension as either the normal form as elected by the Municipality in Section 10.01 of its Adoption Agreement or any eligible optional form as elected by the Municipality in Section 10.02 of its Adoption Agreement. If no optional form of benefit is selected by the Member, the Pension benefit shall be paid in the normal form.

(b) Payments

Payments shall begin no earlier than the Member's Early Retirement Date and begin no later than the date specified in Section 10.04(b) of the Plan. Between the dates a Member is first eligible to receive his Early Retirement Pension and the Mandatory Commencement of Benefits date specified in Section 10.04(b), a Member must apply for benefits to commence; provided however, the Member's Benefit Commencement Date shall be the first day of the month coincident with or next following the later of (1) the Member's Termination from Employment; or (2) the date the application is approved by the Board.

Payments for an annuity form of benefit shall continue until the last scheduled payment coincident with the month of the Member's death or, if applicable, coincident with the month of the death of the Survivor Annuitant.

(c) Voluntary Lump Sum Payment of Deferred Vested Pension

Notwithstanding the provisions of paragraphs (a) and (b), if elected by the Municipality in its Adoption Agreement, a lump sum payment shall be made for a Deferred Vested Pension to Members, at any time on or after the Member's Termination of Employment with the Member's consent, if the lump sum Actuarial Equivalent of the Member's vested Accrued Benefit is less than \$5,000.

If such a lump sum payment is made or transferred to an Individual Retirement Account or an Eligible Retirement Plan, the Member's vested Accrued Benefit shall be disregarded and he shall not be entitled to any other benefits under the Plan.

(d) Involuntary Lump Sum Payment of Deferred Vested Pension

Notwithstanding the provisions of paragraphs (a), (b) and (c), if elected by the Municipality in its Adoption Agreement, a lump sum payment shall be made for a Deferred Vested Pension

to Members, at any time on or after the Member's Termination of Employment and without the Member's consent, if the lump sum Actuarial Equivalent of the Member's vested Accrued Benefit is less than or equal to \$5,000 or such other higher amount as the Board may approve from time to time.

However, effective as of January 1, 2006, if the mandatory distribution is greater than \$1,000, and the Member does not elect to have such distribution paid directly to an Eligible Retirement Plan, specified by the Member in a direct rollover or to receive the distribution directly, then the Board will (i) pay the distribution in a direct rollover to an individual retirement plan designated by the Board; or (ii) retain the distributable amount until the Member elects to have such benefit paid provided, however, that such benefit shall commence on or before the Required Beginning Date set forth under Section 10.04(b).

If such a lump sum payment is made or transferred to an Individual Retirement Account or an Eligible Retirement Plan, the Member's vested Accrued Benefit shall be disregarded and he shall not be entitled to any other Pension benefits under the Plan.

8.05 Vesting Schedule

A Member's Accrued Benefit derived from Municipality contributions shall be one hundred percent (100%) vested:

- (a) on and after his Superannuation Retirement Date (if employed on or after that date),
- (b) if his employment Terminates as a result of:
 - (i) death, provided the member has satisfied the death benefit eligibility criteria elected by the Municipality in Section 9.01 of its Adoption Agreement; or
 - (ii) Disability, provided the member has satisfied the Disability benefit eligibility criteria elected by the Municipality in Section 7.02 of its Adoption Agreement;
- (c) if there is a complete termination of the Plan, but only to the extent the benefits are funded.

For all other circumstances other than those applicable above, a Member shall receive a vested percentage of his Accrued Benefit derived from Municipality contributions equal to the percentage of completed vesting service designated in the Municipality's Adoption Agreement.

8.06 Member Contribution Forfeitability

A Member shall be one hundred percent (100%) vested at all times in the amounts allocated to his Member Contribution Account.

ARTICLE IX: DEATH BENEFITS

9.01 Pre-Retirement Death Benefit

(a) Eligibility and Amount

If a Member dies while an Employee of the Municipality, the Member's designated Beneficiary shall be entitled to an immediate death benefit equal to Actuarial Equivalent of his Vested Accrued Benefit, provided the Member, prior to his death, satisfied the death benefit eligibility criteria elected by the Municipality in Section 9.01 of its Adoption Agreement.

If the Member fails to satisfy the death benefit eligibility criteria prior to his death, the designated Beneficiary shall receive the value of the Member Contribution Account balance valued as of the Member's date of death in a single lump sum payment.

(a) Optional Forms of Payment

Upon satisfying the death benefit eligibility criteria, a Member shall have the option of filing with the System an application to specify a form of payment for the distribution of the death benefit. The available forms of payment shall be the forms of benefit elected by the Municipality in Section 10.02 of its Adoption Agreement.

If the Member fails to specify a form of payment upon satisfying the death benefit eligibility criteria, it will be deemed that the Member has specified the optional form of benefit identified as the "Single Life Guaranteed Present Value" and shall be paid to the designated Beneficiary in a single lump-sum payment or, in accordance with the limitations found in Section 10.04 of the Plan, an Actuarial Equivalent period certain annuity.

9.02 Deferred Vested Death Benefit

(a) Eligibility and Amount

If a Deferred Vested Member eligible to receive a Deferred Vested Pension dies prior to the Benefit Commencement Date, the Member's designated Beneficiary shall be entitled to a death benefit equal to Actuarial Equivalent of his Vested Accrued Benefit, provided the Member, prior to his death, satisfied the death benefit eligibility criteria elected by the Municipality in Section 9.01 of its Adoption Agreement.

If the Member fails to satisfy the death benefit eligibility criteria prior to his death, the designated Beneficiary shall receive the value of the Member Contribution Account balance valued as of the Member's date of death less any benefit payment paid to or on behalf of the Member. Such amount shall be paid in a single lump sum payment.

(b) Optional Forms of Payment

Upon satisfying the death benefit eligibility criteria, a Member shall have the option of filing with the System an application to specify a form of payment for the distribution of the death benefit. The available forms of payment shall be the forms of benefit elected by the Municipality in Section 10.02 of its Adoption Agreement.

If the Member fails to specify a form of payment upon satisfying the death benefit eligibility criteria, it will be deemed that the Member has specified the optional form of benefit identified as the "Single Life Guaranteed Present Value" and shall be paid to the designated Beneficiary in a single lump-sum payment or, in accordance with the limitations found in Section 10.04 of the Plan, an Actuarial Equivalent period certain annuity.

9.03 Post Retirement Death Benefit

If a Member's death occurs after the Benefit Commencement Date and there remains no further benefit payment obligations based on the Member's elected optional form of benefit, the designated Beneficiary shall be entitled to an amount equal to the Member's Contribution Account as of the Benefit Commencement Date less the total accumulated benefit payment amounts made to the Member or to the applicable recipients designated by the Member; otherwise no death benefit is payable.

9.04 Minimum Death Benefit

The minimum death benefit shall be a refund of the Member's Contribution Account valued at the time of the Member's death less any benefit payments paid to or on behalf of the Member.

9.05 Limitation on Death Benefit

Notwithstanding anything in this Article to the contrary, death benefits shall not be paid in excess of the amount that would be considered an incidental death benefit as defined under Treasury Regulation § 1.401-1(b)(1)(i).

ARTICLE X: PAYMENT OF ACCRUED BENEFIT - OPTIONAL FORMS OF PAYMENT

10.01 Normal Form of Benefit

The Municipality shall elect in its Adoption Agreement to provide one of the following the normal form of benefits that shall be used for the computation and payment of pension benefits.

(a) Single Life

An immediate monthly benefit payment payable for the life of the Member.

(b) Life and 50% Spouse Benefit

An immediate monthly benefit payment payable for the life of the Member and the life of the Spouse. Upon the Member's death, the Spouse at the time of the Member's death shall receive a survivor's annuity equal to fifty percent (50%) of the monthly benefit amount being received by the Member immediately preceding his death and such survivor annuity shall be paid for the remainder of the Spouse's life. If the Member has no Spouse at the time of death, and the Survivor Annuitant is one or more of Member's children under the age of 18, (or, if in college, under the age of 23), the survivor's annuity shall be divided and paid equally to each child until such child attains age 18 (or, if in college, age 23).

(c) Life and 100% Spouse Benefit

An immediate monthly benefit payment payable for the life of the Member and the life of the Spouse. Upon the Member's death, the spouse at the time of the Member's death shall receive a survivor's annuity equal to one hundred percent (100%) of the monthly benefit amount being received by the Member immediately preceding his death and it shall be paid for the remainder of the Spouse's life. If the Member has no Spouse at the time of death, and the Survivor Annuitant is one or more of Member's children under the age of 18, (or, if in college, under the age of 23), the survivor's annuity shall be divided and paid equally to each child until such child attains age 18 (or, if in college, age 23).

10.02 Optional Forms of Benefit

Subject to the limitations of Section 12.08 of the Plan, if the Member selects an optional form of benefit, the Member shall receive the Actuarial Equivalent of the Vested Accrued Benefit payable at Early Retirement or Superannuation Retirement Date.

(a) Required Optional Forms of Benefit

The Municipality shall provide the following optional forms of benefit for the computation and payment of monthly benefits:

(i) Single Life with Minimum Net Present Value

A monthly benefit payable for the life of the Member; provided however, that the total benefit payments shall not be less than the present value of the Member's Vested Accrued Benefit ("NPV") as of the Benefit Commencement Date. Should the Member die prior to receiving benefit payments at least equal to the NPV, the designated beneficiary shall receive the remaining amount.

(ii) Life and 50% Survivor Annuitant Benefit

A monthly benefit payable for the life of the Member. Upon the Member's death, the Survivor Annuitant shall receive fifty percent (50%) of the monthly benefit amount being received by the Member immediately preceding his death for the remainder of the Survivor Annuitant's life.

(iii) **Life and 100% Survivor Annuitant Benefit**

A monthly benefit payable for the life of the Member. Upon the Member's death, the Survivor Annuitant shall receive one hundred percent (100%) of the monthly benefit amount being received by the Member immediately preceding his death for the remainder of the Survivor Annuitant's life.

(b) **Employer Elective Optional Forms of Benefit**

The Municipality may elect in its Adoption Agreement to provide the following additional optional forms of benefit for the computation and payment of monthly benefits:

(i) **Single Life with 10 Years Certain**

A monthly benefit payable for the life of the Member; provided however; that the total number of monthly benefit payments made shall not be less than 120. Should the Member die prior to receiving 120 monthly benefit payments, the designated Beneficiary shall receive the remaining monthly benefit payments.

(ii) **Single Life with 20 Years Certain**

A monthly benefit payable for the life of the Member; provided however; that the total number of monthly benefit payments made shall not be less than 240. Should the Member die prior to receiving 240 monthly benefit payments, the designated Beneficiary shall receive the remaining monthly benefit payments.

(iii) **Lump Sum Payment with Reduced Monthly Benefit**

A lump sum payment of the Member's Contribution Account at his Benefit Commencement Date combined with a reduced monthly benefit based on the Member's election of one of remaining available optional forms of benefit. The Member may elect to withdraw less than the full amount of the Member Contribution Account. The reduced monthly benefit shall be the Actuarial Equivalent of the Member's Vested Accrued Benefit less the lump sum payment of the Member's Contribution Account.

The Member may select in writing one of the permitted optional forms of benefit prior to his Benefit Commencement Date. This optional form selection shall become irrevocable upon deposit of the Member's first benefit payment, including lump sum payments. If a Member fails to elect one of the optional forms of benefit as of his Benefit Commencement Date, the System shall deem the Member as having elected the Normal Form of Benefit specified in Section 10.01 of the Municipality's Adoption Agreement.

10.03 Cost of Living Adjustment

If elected by the Municipality in its Adoption Agreement, eligible Plan Members shall receive a cost of living adjustment applied to eligible benefit payments in an amount provided in the Municipality's Adoption Agreement as follows:

(a) **Municipality Discretionary Percentage Rate**

The Municipality may provide from time to time a specified cost of living adjustment to be applied to eligible benefit payments. Any such cost of living adjustment does not obligate the Municipality to provide future cost of living adjustments. Each such adjustment shall be specified as a fixed percentage rate to be applied equitably to all eligible benefit payments and shall be adopted by the Municipality as an amendment to the Plan in accordance with the provisions of Article XVI.

Any Municipality discretionary adjustment authorized and adopted shall not exceed the percentage change calculated in accordance with Subsection (c) below. If the discretionary adjustment percentage rate exceeds the percentage change calculated in accordance with Subsection (c) below, the cost of living adjustment shall be adjusted to the rate calculated in Subsection (c) below.

(b) Fixed Percentage Rate

If a fixed percentage cost of living adjustment has been elected by the Municipality in the Adoption Agreement, the Municipality will provide for a cost of living adjustment based on a specified fixed percentage rate to be applied equitably to all eligible benefit payments.

Any fixed percentage rate adjustment authorized and adopted shall not exceed the percentage change calculated in accordance with Subsection (c) below. If the fixed percentage rate specified the Adoption Agreement exceeds the percentage change calculated in accordance with Subsection (c) below, the cost of living adjustment shall be adjusted to the rate calculated in Subsection (c) below.

(c) Adjustable Percentage Rate based on the Consumer Price Index

The Municipality may provide for a cost of living adjustment based on the United States Bureau of Labor Statistics' Consumer Price Index. The index series used shall be the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for All Items, 1982-84=100.

- (i) Such increases shall be a percentage to be applied to the existing benefit payment amount.
- (ii) The specific percentage change shall be calculated by:
 - (A) averaging the monthly index amounts for the final three months of each calendar year immediately preceding the year in which the increase is to be applied (the "Second Year") and averaging the monthly index for the final three months of the calendar year preceding the Second Year (the "First Year"); and
 - (B) Subtracting the First-Year average from the Second-Year average; and
 - (C) Dividing the result of subsection (B) by the First-Year average.
- (iii) If the result in subsection (ii)(C) is less than zero, no adjustment shall be made for the applicable Plan year.
- (iv) If the result in subsection (ii)(C) is greater than zero, the percentage amount, rounded down to one decimal place, shall be applied to all eligible benefit payments.

Cost of living adjustments shall be applied to eligible benefit payments beginning with the payments dated April 1 in the applicable Plan Year.

(d) Maximum Cost of Living Adjustment

Notwithstanding anything in this Section, in no event shall a cost of living adjustment cause annual payment to a Member or Beneficiary to exceed (i) seventy-five percent (75%) of the Member's Final Average Salary; or (ii) one hundred thirty percent (130%) of the Member's or Beneficiary's annual Pension payment; each determined as of the Member's Date of Termination of Service.

For the purposes of this Section 10.03, "eligible benefit payments" shall mean payments to eligible Members that were disbursed or required to be disbursed by December 31 of the Plan Year immediately preceding the Plan Year in which the cost of living adjustment is to be applied. For the purposes of this Section 10.03, "eligible Plan Members" shall mean

Members receiving benefit payments for an Early or Superannuation Retirement Pension and, if elected by the Municipality in its Adoption Agreement, Members receiving a Disability or Deferred Vested Pension or Survivor Annuitants receiving a joint and survivor annuity.

10.04 Commencement of Benefits/Payment Schedules

(a) Entitlement to Payments

The Member is entitled to commence the payment of his Superannuation or Early Retirement on the first day of the first month coincident with or following his Termination of Employment following his Superannuation or Early Retirement Date.

(b) Mandatory Commencement of Benefits – Required Beginning Date

In no event shall the Board commence the payment of a Member's Superannuation Retirement Pension, Early Retirement Pension or Deferred Vested Pension later than the first day of April in the calendar year following the later of:

- (i) the calendar year in which the Member attains age 70-1/2, or
- (ii) the calendar year in which the Member Terminates Employment as required by Code Section 401(a)(9).

(c) Benefit Payments to Beneficiaries After Member's Death

- (i) If Pension benefit payments begin prior to the Member's death, the remaining Vested Accrued Benefit will be distributed to his Beneficiary at least as rapidly as under the method of benefit payments being used as of the date of the Member's death.
- (ii) If the Member dies after application to the Board for the commencement of benefits but prior to the Benefit Commencement Date, the Member's Beneficiary, based on the Actuarial Equivalence of a single, lump sum payment calculated as of the Member's date of death, shall receive the greater of:
 - (A) the remaining vested Accrued Benefit, or
 - (B) the total of any Death Benefits described in Article IX as elected by the Municipality in its Adoption Agreement.
- (iii) If the Member dies before his Benefit Commencement Date the following rules apply:
 - (A) If the Member's Spouse is the sole Beneficiary, distribution must begin by December 31 of the calendar year immediately following the calendar year in which the Member dies or by December 31 of the calendar year in which the Member would have attained age 70½, if later.
 - (B) If the Member's Spouse is not the sole Beneficiary, then distribution must begin by December 31 of the calendar year immediately following the calendar year in which the Member dies.
 - (C) If there is no designated Beneficiary as of September 30 of the year following the year of the Member's death, the Member's entire benefit must be distributed by December 31 of the calendar year containing the fifth anniversary of the Member's death.
 - (D) If the Member's Spouse is the sole Beneficiary and the Spouse dies after the Member but before distributions to the Spouse begin, this Section 10.04(c)(iii) (other than Section 10.04(c)(iii)(A)) will apply as if the Spouse were the Member.

(d) Conformance to Code Section 401(a)(9)

- (i) All distributions will be made in accordance with Code Section 401(a)(9), the regulations promulgated under Code Section 401(a)(9) and any other provisions reflecting the requirements of Code Section 401(a)(9) and prescribed by the Internal Revenue Service; and the terms of the Plan reflecting the requirements of Code Section 401(a)(9) override the distribution options (if any) in the Plan which are inconsistent with those requirements.
- (ii) Effective January 1, 2006, unless the Member's benefit 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 sections (e), (f) and (g) of this Section 10.04. If the Member's benefit is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code Section 401(a)(9) and the Treasury regulations.
- (iii) Notwithstanding any other provision in the Plan to the contrary, distributions from the Plan will be made in accordance with a good faith interpretation of Code Section 401(a)(9) and the regulations thereunder as applicable to governmental plans with the meaning of Code Section 414(d) and shall be implemented in accordance with the grandfathering provisions of such regulations applicable to annuity option distributions in effect on April 17, 2001.

(e) Determination of Amount to be Distributed Each Year

(i) Annuity Distributions

If the Member's benefit is paid in the form of annuity distributions under the Plan, payments under the annuity will satisfy the following requirements:

- (A) the annuity distributions will be paid in periodic payments made at intervals not longer than one year;
- (B) the distribution period will be over a life (or lives) or over a period certain not longer than the period described in Section 10.04 (f) or 10.04 (g);
- (C) 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; and
- (D) Payments will either be non-increasing or increase only as follows:
 - 1. 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;
 - 2. to the extent of the reduction in the amount of the Member'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 Section 10.04(f) dies;
 - 3. to provide cash refunds of employee contributions upon the Member's death;
 - 4. to pay increased benefits that result from the allocation of Excess Interest pursuant to Section 15.10; or
 - 5. to pay increased benefits that result from a Plan amendment.

(ii) Amount Required to be Distributed by Required Beginning Date

The amount that must be distributed on or before the Member's Required Beginning Date (or, if the Member dies before distributions begin, the date distributions are required to begin under section (c)(iii)(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 Member'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 Member's Required Beginning Date.

(iii) Additional Accruals After First Distribution Calendar Year

Any additional benefits accruing to the Member 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.

(f) Requirements For Annuity Distributions That Commence During Member's Lifetime

(i) Joint Life Annuities Where the Beneficiary Is Not the Member's Spouse

If the Member's benefit is being distributed in the form of a joint and survivor annuity for the joint lives of the Member and a non-spouse Beneficiary, annuity payments to be made on or after the Member's Required Beginning Date to the Beneficiary after the Member's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the Member using the table set forth in Q&A-2 of section 1.401(a)(9)-6 of the Treasury regulations. If the form of distribution combines a joint and survivor annuity for the joint lives of the Member and a non-spouse Beneficiary and a period certain annuity, the requirement in the preceding sentence will apply to annuity payments to be made to the Beneficiary after the expiration of the period certain.

(ii) Period Certain Annuities

Unless the Member's Spouse is the sole designated Beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the Member's lifetime may not exceed the applicable distribution period for the Member under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations for the calendar year that contains the Benefit Commencement Date. If the Benefit Commencement Date precedes the year in which the Member reaches age 70, the applicable distribution period for the Member is the distribution period for age 70 under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations plus the excess of 70 over the age of the Member as of the Member's birthday in the year that contains the Benefit Commencement Date. If the Member's Spouse is the Member's sole Beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the Member's applicable distribution period, as determined under this section (f)(ii), or the joint life and last survivor expectancy of the Member and the Member's Spouse as determined under the Joint and Last Survivor Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the Member's and Spouse's attained ages as of the Member's and Spouse's birthdays in the calendar year that contains the Benefit Commencement Date.

(g) Requirements For Minimum Distributions Where Member Dies Before Date Distributions Begin

(i) Member Survived by Designated Beneficiary

If the Member dies before the date distribution of his or her benefit begins and there is a Beneficiary, the Member's entire benefit will be distributed, beginning no later than the time described in section (c)(iii)(A) or (B), over the life of the designated Beneficiary or over a period certain not exceeding:

(A) unless the Benefit Commencement Date is before the first distribution calendar year, the life expectancy of the Beneficiary determined using the Beneficiary's age as of the Beneficiary's birthday in the calendar year immediately following the calendar year of the Member's death; or

(B) if the Benefit Commencement Date is before the first distribution calendar year, the life expectancy of the Beneficiary determined using the Beneficiary's age as of the Beneficiary's birthday in the calendar year that contains the Benefit Commencement Date.

(ii) No Beneficiary

If the Member dies before the date distributions begin and there is no Beneficiary as of September 30 of the year following the year of the Member's death, distribution of the Member's entire benefit will be completed by December 31 of the calendar year containing the fifth anniversary of the Member's death.

(iii) Death of Spouse Before Distributions to Begin

If the Member dies before the date distribution of his or her benefit begins, the Member's Spouse is the Member's sole Beneficiary, and the Spouse dies before distributions to the Spouse begin, this Section 10.04(g) will apply as if the Spouse were the Member, except that the time by which distributions must begin will be determined without regard to section (c)(iii)(A).

(h) Definitions

(i) Designated Beneficiary

The individual who is designated as the Beneficiary under Section 1.09 of the Plan and is the designated Beneficiary under Code Section 401(a)(9) and section 1.401(a)(9)-4 of the Treasury regulations.

(ii) Distribution Calendar Year

A calendar year for which a minimum distribution is required.

For distributions beginning before the Member's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Member's Required Beginning Date. For distributions beginning after the Member's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to section 10.04(c)(iii).

(iii) Life Expectancy

Life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9 of the Treasury regulations.

(iv) Required Beginning Date

The date specified in section 10.04(b) of the Plan.

10.05 Member Continuing Employment after Normal Retirement Age

The Municipality may elect in its Adoption Agreement to permit In-service Distributions. If permitted and a Member elects to commence In-service Distribution, the Member's Service and Compensation earned after commencement of benefit payments shall not thereafter be counted as Credited Service or otherwise increase the Member's Accrued Benefit.

10.06 Reemployment of Member after Benefit Commencement Date

The Municipality shall elect in its Adoption Agreement to allow a retired Member, upon reemployment to (i) elect to either continue or cease receiving his Early or Superannuation Retirement Pension; or (ii) be required to suspend receipt of his Early or Superannuation Retirement Pension.

- (a) If permitted in the Municipality's Adoption Agreement and if the Member elects to continuing receiving his Retirement Benefit, the Member's Service and Compensation earned after the Reemployment Commencement Date shall not thereafter be counted as Credited Service or otherwise increase the Member's Accrued Benefit.
- (b) If the Municipality's Adoption Agreement requires the Reemployed Retired Member suspend receipt of his Retired Benefit; or if the Member elects to suspend receipt of his Retirement Benefit, the Member's Service and Compensation earned after the Reemployment Commencement Date shall thereafter be counted as Credited Service to increase the Member's Accrued Benefit.
- (c) The Municipality is required to notify the Board immediately of the reemployment status of any Retired Member.

10.07 Rollovers

(a) General Rule

Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Member's election under this Section, a Member may elect, at the time and in the manner prescribed by the Board, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Member, in a direct rollover.

(b) Definitions

(i) Eligible Rollover Distribution

An Eligible Rollover Distribution is any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: (A) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Member or the joint lives (or joint life expectancies) of the Member and the Member's designated Beneficiary, or for a specified period often (10) years or more; (B) any distribution to the extent such distribution is required under Code Section 401(a)(9); and (C) the portion of any distribution that is a hardship distribution under Code Section 401(k). A Distributee may not elect a direct rollover with respect to an Eligible Rollover Distribution during the Plan Year that is less than \$200. If the Distributee elects to have only a portion of an Eligible Rollover Distribution paid to an Eligible Retirement Plan, that portion must be equal to at least \$500. Notwithstanding anything contained herein to the contrary, the portion of a distribution that is not includible in the gross income because it represents after-tax amounts shall constitute an Eligible Rollover Distribution, but before January 1, 2007, such portion may be transferred only to an individual retirement account or annuity described in Code

Section 408(a) or (b), or to a qualified defined contribution plan described in Code Section 401(a) or 403(a) that agrees to separately account for amounts so transferred, including separately accounting for the portion of the distribution that is includible in gross income and the portion that is not so includible. Effective for distributions on and after January 1, 2007, after-tax amounts also may be rolled over to a defined benefit plan described in Code Section 401(a) or an annuity described in Code Section 403(b), provided in either case that the recipient agrees to separately account for amounts so transferred, including separately accounting for the portion of the distribution that is includible in gross income and the portion that is not so includible.

(ii) Eligible Retirement Plan

An Eligible Retirement Plan is, in the case of an Eligible Rollover Distribution to the Member or Member's Surviving Spouse, an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a), a qualified trust described in Code Section 401(a), an annuity contract described in Code Section 403(b) that accepts the Member's Eligible Rollover Distribution and an eligible plan under Code Section 457(b) which is maintained by a state, political subdivision or agency or instrumentality of a state and which agrees to separately account for amounts transferred to such plan from this Plan, provided that such account, annuity, contract, plan or trust accepts the Distributee's Eligible Rollover Distribution. Effective as of January 1, 2008, "eligible retirement plan" shall include a Roth IRA established under Code Section 408A.

Effective as of January 1, 2010, in the case of an Eligible Rollover Distribution to a Beneficiary other than the Member's Surviving Spouse, "eligible retirement plan" shall mean: (i) an individual retirement account described in Code Section 408(a), (ii) an individual retirement annuity described in Code Section 408(b), or (iii) as of January 1, 2008, a Roth IRA established under Code Section 408A which shall be treated as an inherited IRA.

(iii) Distributee

A Distributee includes the Member, former Member, Surviving Spouse or effective January 1, 2010, a nonspouse Beneficiary of the Member.

(iv) Direct Rollover

A Direct Rollover is a payment by the Plan to the Eligible Retirement Plan specified by the Member.

ARTICLE XI: MISCELLANEOUS PROVISIONS AFFECTING THE CREDITING OF SERVICE

11.01 Service Upon Reemployment

The Municipality, in its Adoption Agreement, shall specify the maximum number of consecutive one-year Breaks in Service a reemployed Employee may incur in order for the Employee to have his Eligibility Service, Vesting Service and Credited Service restored from his prior employment with the Municipality. An Employee who is reemployed by the Municipality after incurring the number of consecutive one year Breaks in Service equal to or greater than that elected by the Municipality in its Adoption Agreement, shall not have restored any prior Credited Service, Eligibility Service and Vesting Service.

All restored Credited Service, Eligibility Service and Vesting Service shall apply to the Plan provisions in effect under the Plan at the time the Member is reemployed and again participates in the Plan.

(a) Reemployment Having an Existing Vested Accrued Benefit

- (i) If, at an Employee's Reemployment Commencement Date, the Employee has a Vested Accrued Benefit under the Plan and prior Service is restored, his benefit at Benefit Commencement Date shall be the greater of his Vested Accrued Benefit at his Reemployment Commencement Date or his Vested Accrued Benefit as of his Benefit Commencement Date.
- (ii) If, at the Date of Reemployment, the Employee has a vested Accrued Benefit under the Plan and prior Service is not restored, his benefit at Benefit Commencement Date shall be the sum of his vested Accrued Benefit at his Reemployment Commencement Date and his vested Accrued Benefit for subsequent periods of Plan membership as of his Benefit Commencement Date.

11.02 Service Prior to Original Plan

The Municipality may elect in its Adoption Agreement to grant some or all of an Employee's Service with the Municipality prior to the Original Plan Effective Date as Credited Service.

- (a) The Municipality may require the Member to purchase such Service in amounts necessary to reimburse the Plan for up to the total cost of such Service to the Plan; provided, however, any such purchase cost shall not exceed an amount equal to the Actuarial Equivalent present value of the additional Accrued Benefit attributable to such purchased Service as of the date of purchase. The Plan may accept payment directly from the Member or through a plan-to-plan transfer from any other qualified retirement plan, Section 401(k) plan, Section 457(b) deferred compensation plan or a Section 403(b) tax sheltered annuity.
- (b) If Members are required to purchase prior Credited Service, the Member shall have the option to decline any such Service (rather than received such Credited Service as an automatic grant).

11.03 Qualified Military Service

(a) Definitions.

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

- (i) **Differential Wage Payments** means, effective January 1, 2009, any payments that are made by the Municipality to a Member for any period during which the Member is performing Military Service for more than 30 days and represents all or part of the

Compensation that the Member would have received from the Municipality if he were performing services for the Municipality.

- (ii) **Military Service** means the period of a Member's active duty for training and service in the Army, Navy, Air Force, Coast Guard or Marines of the United States of America, the Army National Guard and the Air National Guard when engaged in active duty for training, inactive duty training, or full-time National Guard duty, the commissioned corps of the Public Health Service, and any other category of persons designated by the President in time of war or national emergency.
 - (iii) **Qualified Military Service** means Military Service during which the Member is entitled to reemployment rights under Chapter 43 Title 38 of the United State Code.
 - (iv) **USERRA** means the Uniformed Services Employment and Reemployment Rights Act of 1994.
- (b) **USERRA**. Notwithstanding any provision of the Plan to the contrary, contributions, benefits and service credit with respect to Qualified Military Service will be provided in accordance with Code Section 414(u). Plan Members who are reemployed in accordance with the requirements of USERRA shall be treated as not having a Break in Service during such Qualified Military Service and such periods of Qualified Military Service shall be counted for Vesting Service and Credited Service except as provided below.
- (c) **Reemployment**. The Municipality shall elect in its Adoption Agreement whether a Plan Member must make-up any required Member Contributions in order to receive Credited Service under the Plan for the period of Qualified Military Service.
- (d) **Make-up Member Contributions**. Except as provided in subsection (i) below, a Member who is required to make-up Member Contributions in accordance with this Section must do so within the time period the begins on the Employee's Reemployment Commencement Date and ends on the date that is earliest of (i) three (3) times the period of Qualified Military Service; (ii) five (5) Years; or (iii) Termination of Employment. The Member may make-up all or a portion of any required Member Contributions and shall receive the amount of Credited Service that is directly proportionate to the percentage of Member Contributions that are made-up. The Member shall designate the Plan Year to which such Employee Contributions relate. The Municipality shall grant Credited Service based on the made-up Member Contributions in the time and manner as such Credited Service is accrued by active Members. Such make-up Member Contributions can be paid to the Plan in a lump sum, in installments or by payroll deduction.
- (e) **Death During Military Service**
- (i) **Deemed Return to Employment**. If a Member dies during a period of Qualified Military Service, the Member shall be treated as having returned to employment with the Municipality on the day before his death and died the next day for purposes of any survivor benefits including pre-retirement survivor benefits and any accelerated vesting. Such Member shall receive Vesting Service for the period of Qualified Military Service.
 - (ii) **Credited Service**. The Municipality shall elect in its Adoption Agreement whether to grant Credited Service to any Member who dies during a period of Qualified Military Service. If the Municipality elects to grant such Credited Service and the Plan requires Member Contributions in order for a Member to receive Credited Service, the Member shall be deemed to have made the maximum amount of required Member Contributions during the period of Qualified Military Service.

(f) Disability during Qualified Military Service.

The Municipality shall elect in its Adoption Agreement whether to grant Credited Service and Vesting Service if a Member becomes Disabled during a period of Qualified Military Service. If the Municipality elects to grant Credited Service to such Members, the Municipality shall also credit Vesting Service to the Member for such period. The Municipality may elect to credit Vesting Service without crediting Credited Service. However, if the Municipality elects to grant such Credited Service and the Plan requires Member Contributions in order for a Member to receive Credited Service, the Member shall be deemed to have made the maximum amount of required Member Contributions during the period of Qualified Military Service.

(g) Compensation.

For purposes of this Section, a Member's Compensation during the period of Qualified Military Service shall be treated as equivalent to the Compensation he or she would have received during such period but for the period of Qualified Military Service. Such determination shall be based on the rate of pay the Employee would have received during that time; provided however if the Compensation the Employee would have received is not reasonably certain, Compensation for this purpose shall equal the Employee's average Compensation during the 12 months period immediately preceding the Qualified Military Service (or, if shorter, the period of employment immediately preceding the Qualified Military Service).

(h) Intervening Military Service

- (i) Any Member who enters the uniformed services as defined by USERRA and returns to service as a Member 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 Member makes the required member contributions.
- (ii) The amount due from the Member shall be certified by the System and shall be paid by the Member in accordance with applicable law.
- (iii) A Member may purchase credit for intervening 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.

(i) Non-Intervening Military Service

An Active Member may purchase credit for other than intervening military service performed for the armed forces of the United as defined by USERRA, 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 non-intervening military service upon completion of five (5) years of subsequent service to the Municipality. The cost of such purchase shall not exceed an amount equal to the Actuarial Equivalent present value of the additional Accrued Benefit attributable to such purchased service as of the date of such purchase.

- (i) The rate of interest charged a Member on purchase of credit for non-intervening military service shall be the Regular Interest in effect on the date of the Member's application.

- (ii) An Active Member may purchase credit for non-intervening 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.

(j) Differential Wage Payments

If the Municipality pays Differential Wage Payments to the Member while on Qualified Military Leave, such payments shall be treated as Compensation under the Plan. Such Differential Wage Payments shall also be treated as Compensation for purposes of Code Section 415 and Section 12.11 of the Plan.

11.04 Transfer of Service and Assets from Another System Plan

The Municipality may elect in its Adoption Agreement to allow Eligible Employees who have previously been Members of another System Plan to transfer Credited Service and Vesting Service and assets from other System plans to the Municipality's Plan subject to certain terms and conditions.

(a) Limitations

- (i) The Employee shall be an Eligible Employee with the Municipality within one (1) year of Termination of Employment from the municipality for which the service is being transferred.
- (ii) At the time the Employee elects to transfer service, the Employee shall be an Eligible Employee under the Plan but is not required to be a Member of the Plan at the time the Employee elects to transfer service. If not a Plan Member at the time the Employee elects to transfer service, the Employee shall subsequently become a Member after satisfying the Plan's eligibility requirements.
- (iii) The Employee shall affirmatively elect to transfer service no later than the one (1) year period specified in subparagraph (i). If however, the Employee's Employment Commencement Date is within ninety (90) days of the expiration of such one (1) year period, he will have ninety (90) days from his Employment Commencement to provide the affirmative election to transfer service.
- (iv) The affirmative election shall be made in the form and substance approved by the Board which shall (A) identify the Plan from which the Credited Service is to be transferred, and (B) specify the amount of Credited Service to be transferred. Failure to affirmatively elect in such manner within the required time limit shall prohibit the transfer of service under this Section.

(b) Transfer of Applicable Vesting Service and Credited Service

- (i) Vesting Service will be transferred in an amount equal to the Vesting Service earned by the Employee with the previous Municipality as of his Termination of Employment with the previous Municipality.
- (ii) Credited Service will be transferred in an amount equal to the Credited Service earned by the Employee with the previous Municipality as of his Termination of Employment with the previous Municipality. A System Policy Statement that reflects the differences in the Actuarial Equivalent present values of the Accrued Benefit when the Accrued Benefit is calculated will be issued to the Member.

(c) Transfer of Applicable Assets

- (i) Assets in the Member's Member Contribution Account of the previous Municipality shall be transferred to equivalent Member Contribution Accounts in the Municipality Plan in an amount equal to the amounts as of the date of transfer. If an appropriate Member Contribution Account type has not been established within the Municipality Plan, such an account type shall be established if needed for the appropriate accounting of any transferred Member Contributions.
- (ii) Assets in the Municipality Contribution Account from the previous Municipality shall be transferred to equivalent Municipality Contribution Account in an amount equal to the Actuarial Equivalent present value of Member's Accrued Benefit in the previous Municipality plan less the transferred amounts of the Member's Member Contribution Account referenced in paragraph (c)(i) above.
- (iii) Any transfer of service under this Section shall be treated as a purchase of Permissive Service Credit and subject to the provision of Code Section 415(n) as set forth in Section 11.09 below.

(d) Calculation of Benefits from Transferred Service and Assets

After the transfer of service and assets, the calculation of benefits based on the transferred service and assets shall be based on the Plan provisions of the Municipality receiving such transfer. Transferred assets shall be applied to the cost of purchasing Permissive Service Credit (including Non-Qualified Service Credit) pursuant to Section 11.07 and 11.08. If, however, the assets to be transferred exceed the amount necessary for the purchase of Permissive Service Credit, such excess shall be allocated as follows:

- (i) If the Plan is a Cash Balance Plan, any excess shall be allocated to the Member's Hypothetical Account Balance pursuant to Section 5.06.
- (ii) If the Plan is a Defined Benefit Plan, the Municipality shall transfer such excess to a Cash Balance Plan established and maintained by the Municipality. If the Municipality does not maintain a Cash Balance Plan, the excess amounts shall be returned to the Member.

11.05 Purchase of Service Credited Under Prior Plan of the Municipality

(a) Transfer Contributions

If elected by the Municipality in the Adoption Agreement, a Member may elect to utilize Transfer Contribution amounts to purchase and convert Prior Plan Service to Credited Service under this Plan. The cost of such conversion shall not exceed an amount equal to the Actuarial Equivalent present value of the additional Accrued Benefit attributable to such purchased service as of the date of such purchase. The amount of Prior Plan Service to be purchased and converted to Credited Service shall be determined at the discretion of the Member subject to the following limitations:

- (i) Transfer Contribution amounts cannot be used to purchase and convert years of Credited Service in excess of the Member's years of Prior Service;
- (ii) The Member may determine the amount of Prior Service to be purchased and converted to Credited Service provided, however that Prior Service shall be purchased and converted to Credited Service in increments authorized in the election notice;
- (iii) Transfer Contribution amounts cannot be used to purchase Prior Service that results in the Member receiving a duplicate benefit under this Plan and the Prior Plan for the same service;

- (iv) The election to convert Prior Service to Credited Service by purchase shall be made in accordance with the election notice; and
 - (v) The election to convert Prior Service to Credited Service by purchase shall be irrevocable.
- (b) Termination Contributions

If elected by the Municipality in the Adoption Agreement, Termination Contributions amounts shall be used to purchase and convert Prior Plan Service to Credited Service under this Plan. The cost of such conversion shall not exceed an amount equal to the Actuarial Equivalent present value of the additional Accrued Benefit attributable to such purchased Service on the date of purchase. The Prior Plan Service to be purchase and converted to Credited Service shall be determined as follows:

 - (i) Termination Contribution amounts cannot be used to purchase and convert years of Credited Service in excess of the Member's years of Prior Service;
 - (ii) Termination Contribution amounts shall be utilized to purchase and convert the maximum increment of Credited Service available for such amounts;
 - (iii) Termination Contribution amounts cannot be used to purchase Prior Service that results in the Member receiving a duplicate benefit under this Plan and the Prior Plan for the same service; and
 - (iv) The purchase and conversion of Prior Service to Credited Service shall be irrevocable.
- (c) Any purchase of service under this Section shall be treated as a purchase of Permissive Service Credit and subject to the provisions of Code Section 415(n) as set forth in Section 11.07 and 11.08 below. If, however, such Termination Contributions or Transfer Contributions exceed the amount necessary for the purchase of Permissive Service Credit, the excess shall be allocated to the Member's Hypothetical Account Balance under the Cash Balance Plan maintained by the Municipality.

11.06 Transfer of Member Loans

Upon joining the System, a Municipality may elect in the Adoption Agreement to have Member loans transferred from the Municipality's Original Plan or Prior Plan to this Plan with other assets transferred from the Original Plan or Prior Plan. Such transfer shall be permitted only upon a determination by the Board that the loans to be transferred satisfy the provisions of Code Section 72(p) and Treas. Reg. 1.72(p)-1. In the event the Member fails to repay the outstanding loan in accordance with the loan agreement, then the outstanding loan amount shall be treated as a taxable distribution.

11.07 Permissive Service Credit

A Municipality may elect in the Adoption Agreement to allow a Member to purchase certain types of Permissive Service Credit pursuant to the requirements of Section 415(n) of the Code as set forth in Section 11.09.

(a) Limitations

- (i) The Municipality shall elect in its Adoption Agreement the maximum amount of Permissive Service Credit a Member may purchase.
- (ii) The Municipality shall elect in its Adoption Agreement the types of Permissive Service Credit the Member may purchase.

- (iii) A Member may not purchase Permissive Service Credit for any service that is covered by another retirement system administered by an employer for which Permissive Service Credit is otherwise allowed to be purchased.

(b) Cost

The cost to purchase Permissive Service Credit shall be an amount equal to the Actuarial Equivalence attributable to such service as of the service purchase date.

Subject to the Code, the Municipality may also limit the type and amount of Permissive Service Credit in the Adoption Agreement.

11.08 Nonqualified Service Credit

A Municipality may elect in the Adoption Agreement to allow a Member to purchase Nonqualified Service Credit pursuant to the requirements of Section 415(n) of the Code as set forth in Section 11.09. The cost to purchase Nonqualified Service Credit shall be an amount equal to the Actuarial Liability attributable to such service as of the service purchase date.

11.09 Service Purchases under Code Section 415(n)

- (a) If a Member makes one or more contributions to purchase Permissive Service Credit or Nonqualified Service Credit under the Plan, then the requirements of Section 415(n) of the Code will be treated as satisfied only if:

- (i) the requirements of Section 415(b) are met, determined by treating the Accrued Benefit derived from all such contributions as an annual benefit for purposes of Section 415(b) of the Code; or
- (ii) the requirements of Section 415(c) of the Code are met, determined by treating all such contributions as annual additions for purposes of Code Section 415(c).

(b) Permissive Service Credit

- (i) For purposes of this Plan, the term “Permissive Service Credit” means service credit:
 - (A) recognized by the Plan for purposes of calculating a Member’s benefit under the Plan;
 - (B) that the Member has not received under the Plan; and
 - (C) that the Member may receive only by making a voluntary additional contribution, in an amount determined under the Plan, that does not exceed the amount necessary to fund the benefit attributable to the service credit.

The term may include service credit for periods for which there is no performance of service and may include service credited in order to provide an increased benefit for service credit a member is receiving under the plan.

- (ii) The Plan will fail to meet the requirements of this Section if:
 - (A) more than five (5) years of “Nonqualified Service Credit” as defined below are taken into account for purposes of this Section; or
 - (B) any Nonqualified Service Credit is taken into account under this Section before the Member has at least five years of Membership under the Plan.
- (iii) The term “Nonqualified Service Credit” means Permissive Service Credit other than that allowed with respect to:

- (A) service (including parental, medical, sabbatical and similar leave) as an employee of the Government of the United States, any state or political subdivision of the United States, or any agency or instrumentality of any of the foregoing (other than military service or service for credit that was obtained as a result of a repayment described in Code Section 415(k)(3));
- (B) service (including parental, medical, sabbatical and similar leave) as an employee (other than as an employee described in subsection (e)(1)) of an education organization described in Code section 170(b)(1)(A)(ii) that is a public, private or sectarian school that provides elementary or secondary education (through grade 12), or a comparable level of education, as determined under the applicable law of the jurisdiction in which the service was performed;
- (C) service as an employee of an association of employees who are described in subparagraph (A) above; or
- (D) military service (other than qualified military service under IRC section 414(u)) recognized by the Plan.

In the case of service described in subparagraphs (A), (B) and (C) above such service will be nonqualified service if recognition of the service would cause a Member to receive a pension benefit for the same service under more than one plan.

- (iv) In the case of a Transfer Contribution to which Code Section 403(b)(13)(A) or 457(e)(17)(A) applies (without regard to whether the transfer is made between plans maintained by the same Municipality):
 - (A) the limitations of paragraph (i) will not apply in determining whether the transfer is for the purchase of Permissive Service Credit; and
 - (B) the distribution rules of the Plan will apply to the Transfer Contribution and any benefits attributable to those amounts.

ARTICLE XII: MISCELLANEOUS PROVISIONS AFFECTING THE PAYMENT OF BENEFITS

12.01 Non-Duplication of Benefits

If the Board distributes any part or all of a Member's Accrued Benefit to him and the Member is later rehired by the Municipality before or after Retirement, the Board shall compute the Member's Accrued Benefit by taking into account all of the Member's Credited Service. However, the Board shall offset the Member's Accrued Benefit so computed by the Member's Accrued Benefit attributable to any distribution described in Article X of the Plan and by any Accrued Benefit disregarded under Section 8.04 of the Plan.

12.02 Form of Payment of Benefits

Benefit payments, including lump sum payments, will be made by direct deposit to a financial institution specified by the Member. Exceptions may be granted upon request for Members who do not have an account at a financial institution.

12.03 Merger of Plan

Neither the Municipality nor the Board shall consent to, or be a party to, any merger or consolidation of the Plan with another plan, or to a transfer of assets or liabilities to another plan, unless immediately after the merger, consolidation or transfer, the surviving Plan provides each Member a benefit equal to or greater than the benefit each Member would have received had the Plan terminated immediately before the merger or consolidation or transfer. However, the Board possesses the specific authority to enter into a merger agreement or a direct transfer of assets agreements with the trustees of other retirement plans described in Code Section 401(a) and to accept the direct transfer of plan assets, or to transfer plan assets, as a party to any such agreement.

The Board may accept a direct transfer of plan assets on behalf of an Employee prior to the date the Employee satisfies the Plan's eligibility condition(s). If the Board accepts such a direct transfer of plan assets, the Board shall treat the Employee as a Member for all purposes of the Plan except the Employee may not make Member Contributions under Sections 4.01 or 4.02 of the Plan, nor shall the Employee accrue benefits, including any minimum Superannuation Retirement Pension provided for, until he actually becomes a Member in the Plan.

12.04 Payments to Minors or Legally Incompetent Persons

Whenever any benefit is to be paid to or for the benefit of any person who is a minor or determined to be incompetent by qualified medical advice, the Board shall cause the benefit to be paid to the person having custody of the minor or incompetent or to the legal guardian or custodian appointed by the Member or a court of competent jurisdiction.

12.05 Unclaimed Payments

The Board shall take reasonable steps, as appropriate, to locate a Member entitled to Plan benefits. Such steps shall include: (i) use of certified mail; (ii) verification through related Plan records and, as appropriate, Municipality records (such as group health plans); (iii) contact of Member's designated Beneficiaries; and (iv) use of free electronic search tools including internet search engines, public record databases (such as those for licenses, mortgages and real estate taxes), obituaries and social media.

If the above attempts to locate a Member have failed, the Board may direct that the payment and all remaining payments otherwise due to the Member allocated to an appropriate Reserve Account at the discretion of the Board. If the Member later notifies the Board of his whereabouts and

requests the payments due to him, an amount equal to the undistributed amount to be paid to him as soon as administratively feasible.

12.06 Assignment or Alienation

A Member, Survivor Annuitant or Beneficiary shall not anticipate, assign or alienate (either at law or in equity) any benefit provided under the Plan, and the Board shall not recognize any such anticipation, assignment or alienation, subject to the following exceptions (a) federal tax liens or other applicable garnishment under federal law, (b) an assignment of Plan benefits for the provision of health care premiums, or (c) an Approved Domestic Relations Order, or (d) a trustee-to-trustee transfer of a Member's accrued benefit in accordance with Section 12.02 of the Plan. Furthermore, a benefit under the Plan is not subject to attachment, garnishment, levy, execution or other legal or equitable process.

12.07 No Decrease in Benefits by Change in Social Security

In the case of a Member or Beneficiary who is receiving benefits under this Plan or a Member who has Terminated Employment with the Municipality and has a vested Accrued Benefit under this Plan, any increase in the taxable wage base or the benefit level payable under Title II of the Social Security Act shall not affect the way benefits are payable under this Plan to such Member or Beneficiary. The Plan does not permit the recalculation of any benefits accrued before the Termination of Employment of a Member on the basis of changes in Social Security benefit levels or the taxable wage base in effect after reemployment with the Municipality.

12.08 Limitation on Benefits

(a) General Rule

The annual benefit under this Plan payable to a Member at any time shall not exceed the maximum permissible amount. "Maximum permissible amount" shall mean \$160,000, such limitation to be adjusted automatically as determined by the Internal Revenue Service for each calendar year, with the new limitation to apply to limitation years ending within the calendar year of the date of the adjustment.

(a) Annual Benefit

(i) In General

For purposes of subsection (a), the term "annual benefit" means a benefit payable annually in the form of a straight life annuity (with no ancillary benefits) under a plan to which employees do not contribute and under which no rollover contributions (as defined in Code sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3), and 457(e)(16)) are made.

(ii) Adjustment for Certain Other Forms of Benefit

If the benefit under the Plan is payable in any form other than the form described in paragraph (i), or if the Member contributes to the plan or make rollover contributions (as defined in sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3), and 457(e)(16)), the determinations as to whether the limitation described in subsection (a) has been satisfied shall be made, in accordance with regulations by adjusting such benefit so that it is equivalent to the benefit described in subparagraph (i). For purposes of this subparagraph, any ancillary benefit which is not directly related to retirement income benefits shall not be taken into account; and that portion of any joint and survivor annuity which constitutes a qualified joint and survivor annuity (as defined in section 417) shall not be taken into account.

(iii) Adjustment to \$160,000 Limit Where Benefit Begins Before Age 62

If the retirement income benefit under the plan begins before age 62, the determination as to whether the \$160,000 limitation set forth above has been satisfied shall be made, in accordance with regulations prescribed by the Internal Revenue Service, by reducing the limitation so that such limitation (as so reduced) equals an annual benefit (beginning when such retirement income benefit begins) which is equivalent to a \$160,000 annual benefit beginning at age 62.

(iv) Adjustment to \$160,000 Limit Where Benefit Begins After Age 65

If the annual benefit under the Plan begins after age 65, the determination as to whether the \$160,000 limitation set forth above has been satisfied shall be made, in accordance with regulations, by increasing the limitation so that such limitation (as so increased) equals an annual benefit (beginning when such retirement income benefit begins) which is equivalent to a \$160,000 annual benefit beginning at age 65.

(v) Limitation on Certain Assumptions

- (A) For purposes of adjusting any limitation under paragraph (iii) and, for purposes of adjusting any benefit under subparagraph (ii), the interest rate assumption shall not be less than the greater of 5 percent or the rate specified in the Plan.
- (B) For purposes of adjusting any limitation under paragraph (iv), the interest rate assumption shall not be greater than the lesser of 5 percent or the rate specified in the Plan.
- (C) For purposes of this Section, no cost of living adjustment under Code Section 415(d)(1) shall be taken into account before the year for which such adjustment first takes effect.
- (D) For purposes of adjusting any benefit or limitation under paragraph (ii), (iii) or (iv), the mortality table used shall be the applicable mortality table (within the meaning of Code Section 417(e)(3)(B)).

(vi) Special Limitation for Qualified Police or Firefighters

In the case of a qualified participant, paragraph (iii) of this subsection shall not apply.

(vii) Qualified Participant Defined

For purposes of paragraph (vi), the term “qualified participant” means a participant with respect to whom the period of service taken into account in determining the amount of the benefit under such defined benefit plan includes at least 15 years of service of the participant:

- (A) as a full-time employee of any police department or fire department which is organized and operated by the State, Indian tribal government (as so defined), or any political subdivision maintaining such defined benefit plan to provide police protection, firefighting services, or emergency medical services for any area within the jurisdiction of such State, Indian tribal government (as so defined), or any political subdivision, or
- (B) as a member of the Armed Forces of the United States.

(viii) Exemption for Survivor and Disability Benefits.

Paragraph (iii) of this subsection and subsection (v) shall not apply to:

- (A) income received from a governmental plan (as defined in section 414(d)) as a pension, annuity, or similar allowance as the result of the recipient becoming disabled by reason of personal injuries or sickness, or
- (B) amounts received from a governmental plan by the beneficiaries, survivors, or the estate of an employee as the result of the death of the employee.

(b) Total Annual Benefits Not in Excess of \$10,000

Notwithstanding the preceding provisions of this Section 12.09, the benefits payable with respect to a Member under the Plan shall be deemed not to exceed the limitation of this Section if:

- (i) the retirement benefits payable with respect to such Member under such plan and under all other defined benefit plans of the Municipality do not exceed \$10,000 for the Plan Year, or for any prior Plan Year, and
- (ii) the Municipality has not at any time maintained a defined contribution plan in which the Member participated.

(c) Reduction for Membership of less than 10 years

(i) Dollar Limitation

In the case of a Member who has less than 10 years of Membership in the Plan, the limitation referred to in subsection (a)(i) shall be the limitation determined under such subsection (without regard to this subsection) multiplied by a fraction:

- (A) the numerator of which is the number of years (or part thereof) of participation in the defined benefit plan of the employer, and
- (B) the denominator of which is 10.

(ii) Limitation on Reduction

In no event shall paragraph (i) reduce the limitations referred to in subsection (a) to an amount less than 1/10 of such limitation (determined without regard to this paragraph).

(d) Plan Aggregation

If the Municipality maintains both a Defined Benefit Plan and Cash Balance Plan, the limits set forth in this Section shall apply to the aggregate Accrued Benefit of such plans.

ARTICLE XIII: ADMINISTRATIVE PROVISIONS

13.01 General Powers of the Board

In the administration of the System, the Board has all power granted to it under Section 104 of the PMRL, as set forth in Addendum A, including but not limited to:

- (a) Entering into agreements for professional services, including but not limited to actuarial, investment and medical as it deems advisable;
- (b) Keep in convenient form such data as shall be deemed necessary for actuarial valuation purposes;
- (c) From time to time, through its Actuary, make an actuarial investigation into the mortality and service experience of the Members and Annuitants and of the various accounts created by 16 Pa. Code §81.7 (see Addendum A);
- (d) Adopt for the Base Plan one or more mortality tables and such other tables as shall be deemed necessary;
- (e) Amend the Base Plan Document as necessary and appropriate to comply with the Code or adopt administrative changes;
- (f) Adopt Policy Statements as necessary to administer the System and establish rules regarding the operation of the System. Policy Statements shall remain in full force and effect until superseded or otherwise revoked by the Board;
- (g) Certify annually the amount of appropriation which the Municipality shall pay into the Fund, which amounts shall be based on estimates furnished by the Actuary;
- (h) Prepare and distribute annual statements of accounts to each of the Active Members and annuitants showing the contributions made during the year, the interest earned and the total balance standing in the Member's Contribution Account at the end of the year; and
- (i) Perform such other functions as are required for the execution of any other Federal and State law and to administer and interpret this Plan to ensure that the System is maintained as tax qualified under the IRC.

The Board shall discharge its duties and obligations above solely in the interest of the participants and beneficiaries and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims.

13.02 Policy Statements

- (a) All Policy Statement set forth in Addendum B, shall be deemed incorporated herein by reference regardless of its adoption date and shall be binding on the Municipality to the extent applicable.
- (b) All Policy Statement may be retitled, amended, or supplemented from time to time by written notice to the Municipality.
- (c) The Board shall provide written notice, which may be email, to the Municipality within ninety (90) days of enactment of any new Policy Statement.
- (d) The above notwithstanding, a Policy Statement shall not be applicable to the extent inconsistent with the Base Plan Document.

13.03 Plan Withdrawal

- (a) The Municipality may, for good cause, file an application with the Board for permission to withdraw from the system if it meets all of the following requirements:
 - (i) The Municipality has been enrolled in the System for a period of at least five years.
 - (ii) The Municipality has met all of its financial obligations to the System.
 - (iii) The Municipality has passed an ordinance or resolution signifying its intention to withdraw from the System.
 - (iv) The Municipality has certified to the Board that an affirmative vote approving withdrawal from the System had been obtained from at least seventy-five percent (75%) of all Active Members, Inactive Members, vested Members, Annuitants, and Survivor Annuitants after providing such Members with the information specified in Section 13.03(e) of the Base Plan Document.
 - (v) The Municipality has acknowledged its responsibility to assume and provide for all future benefit payments to the existing Active Members, Inactive Members, vested Members, Annuitants, Survivor Annuitants, and their Beneficiaries effective upon the withdrawal.
 - (vi) The application has specified a date for the withdrawal to become effective, provided if there are Annuitants and/or Survivor Annuitants in active pay status the effective date is the first day of a month no earlier than the month after which the Board is scheduled to take action on the withdrawal application.
- (b) In the event that the Municipality elects to withdraw from the System, a Member's basic benefit under this Plan shall be immediately vested to the extent funded as of the effective date of the withdrawal.
- (c) In the event the Municipality withdraws from the System, the Municipality shall only be entitled to the assets credited to the Municipal Account and the Members' Accounts in accordance with the provisions of the PMRL and Policy Statements. Assets that are actuarially determined by the Board's Actuary to be matched to the Municipality's Annuitants and Survivor Annuitants will also be returned to the Municipality in accordance with the PMRL and Policy Statements.
- (d) If the Municipality intends to continue the Plan in substantially the same form with a successor to the System, the Board shall determine the amount of Plan assets attributable to the Municipality in accordance with policies and procedures established by the Board and provided in the Trust Agreement or a separate written instrument. After the determination of the assets attributable to the Municipality, the Board, with consent of the Municipality, may apply the assets of the portion of the Trust attributable to the Municipality to either:
 - (i) Purchase deferred paid-up annuities for all vested accrued benefits of all Plan Members;
 - (ii) Purchase deferred paid-up annuities for all vested accrued benefits of Plan Members who are former Employees of the Municipality;
 - (iii) Purchase deferred paid-up annuities for all accrued benefits of retired Employees of the Municipality; or
 - (iv) Not purchase any deferred paid-up annuities.

Any remaining assets of the Trust attributable to the Municipality, shall, after satisfaction of the requirements of this Section, be transferred to the successor trustee designated by the Municipality, as soon as practical after the later of the December 31st or ninety (90) days following the date of determination of any such remaining assets.

- (e) Prior to the Board transferring any assets to a successor to the System, the Municipality shall warrant and certify to the Board, in a manner satisfactory to the Board, the following:
 - (i) The successor trustee has been duly appointed by the Municipality;
 - (ii) The plan document pursuant to which the Plan will continue to be maintained, is qualified under Code Section 401(a);
 - (iii) The assets of the Plan will continue to be held by the successor trustee for the exclusive benefit of Plan Members and their Beneficiaries;
 - (iv) The successor plan document does not reduce the Accrued Benefit, vested percentage or existing benefit payment options of any Plan Member;
 - (v) The Municipality has met all minimum funding requirements applicable to the Plan in accordance with the Board's funding policy; and
 - (vi) To the extent permitted by federal, state or local law, the Municipality agrees to indemnify the Board from and against any loss, liability or claim arising out of the Municipality's maintenance of the Plan from and after the date of withdrawal from the Trust.

13.04 Notice

Any notice, demand, direction, instruction, or other communication required or permitted ("Notice") to the Board hereunder shall be confirmed in writing and shall be sufficiently given for all purposes when sent by:

- (a) registered U.S. Postal Service delivery, postage prepaid, or
- (b) facsimile, with a copy sent by 1st Class U.S. Postal Service delivery (provided that if the date of dispatch is not a working day, the facsimile shall be deemed to have been received at the opening of business of the addressee on the next working day),
- (c) email to any party at the email address below, or
- (d) delivering the same in person to any party at the applicable address, or
- (e) any other method or other address as may be designated in writing from time to time by the parties:

PENNSYLVANIA MUNICIPAL RETIREMENT BOARD

Attn: Secretary

For Registered U.S. Postal Service delivery; for overnight/courier service delivery; and for in-person delivery:

1721 N. Front Street, 3rd Floor

Harrisburg, PA 17102-2315

For 1st Class U.S. Postal Service delivery:

P.O. Box 1165

Harrisburg, PA 17108-1165

Fax: (717) 783-8363

Email: RA-Staff@state.pa.us

Any Notice to the Municipality shall be as provided in the Adoption Agreement.

13.05 Information to Board

The Municipality shall supply current information to the Board as to the name, date of birth, Employment Commencement Date, annual Compensation, Leaves of Absences, Vesting, Eligibility, and Credited Service and date of Termination of Employment of each Employee who is, or who will be eligible to become, a Member under the Plan, together with any other information which the Board considers necessary. The Municipality's records as to the current information the Municipality furnishes to the Board shall be conclusive as to all persons.

The following documents will be accepted as documentation of proof of an individual's date of birth in the following order of preference: birth certificate, baptismal certificate showing the date of birth, selective service record, armed forces discharge papers, passport, Pennsylvania Department of Transportation-issued photo ID (need not be current), military ID (DD Form 2) or its equivalent, school records, naturalization record, alien registration records, other records as may be submitted by the Member which are acceptable to the Board.

13.06 Liability

The Municipality shall hold and save harmless the Commonwealth, the Board, its officers, agents and employees and the System from any and all claims, demands, actions or liability of any nature based upon or arising out of any services performed by its employees, servants and agents under this Plan in a manner which is clearly contrary to the written direction of the System or the Board and shall defend any and all actions brought against the System or the Board based upon such claims or demands.

13.07 Amendment to Vesting Schedule

Although the Municipality reserves the right to amend the vesting schedule in the Adoption Agreement at any time, the Municipality shall not apply the amended vesting schedule to reduce the Vested percentage of any Member's Accrued Benefit derived from Municipality contributions (determined as of the later of the date the Municipality adopts the amendment, or the date the amendment becomes effective) to a percentage less than the Vested percentage computed under the Plan without regard to the amendment.

13.08 Information to Municipalities

The Board shall, with the aid of the Actuary, prepare a circular of information relative to the system, showing estimates of the costs thereof to municipalities and Members, including costs of administration, the benefits to be derived therefrom, the methods of administration by the Board and the municipality, and such other information as may be deemed appropriate. Such circular of information shall be furnished to municipalities upon request.

ARTICLE XIV: MEMBER ADMINISTRATIVE PROVISIONS

14.01 Beneficiary Designation

Any Member may from time to time designate, in writing or via secure electronic communication, any person or persons, continentally or successively, to whom the Board shall pay various death benefits provided under the Plan on event of his death. The Board shall prescribe the form or forms, for the designation of Beneficiaries and, upon the Member's filing the form with the Municipality or Board, it effectively shall revoke all designations filed prior to that date by the same Member. Beneficiary designations may be made and/or maintained electronically, if the Municipality or the Board has established a method that is reasonably calculated to provide accurate results.

14.02 No Beneficiary Designation

If a Member fails to name a Beneficiary in accordance with Section 14.01 of the Plan, or if the Beneficiary named by a Member predeceases him or dies before complete distribution of all benefits payable under the Plan, then the Board shall pay such benefits to the Member's estate or next of kin under 20 Pa.C.S. § 3101 (relating to payments to family and funeral directors (see Addendum A) to the extent applicable.

If payment cannot be made as specified above, the Member's benefits shall remain a part of the Municipality's pension assets until his payment can be processed pursuant to this Section 14.02.

14.03 Personal Data to Board

Each Member and each Beneficiary of a deceased Member must furnish to the Board such evidence, data or information as the Board considers necessary or desirable for the purpose of administering the Plan. The provisions of this Plan are effective for the benefit of each Member upon the condition precedent that each Member will furnish promptly full, true and complete evidence, data and information when requested by the Board, provided the Board shall advise each Member of the effect of his failure to comply with its request.

14.04 Information Available

Any Member in the Plan or any Beneficiary may examine copies of the Plan, latest annual report, any bargaining agreement, Adoption Agreement, or any other instrument under which the Plan was established or is operated. The Board will maintain all of the items listed in this Section 14.04 in its offices, or in such other place or places as it may designate from time to time in order to comply with all applicable regulations, for examination during reasonable business hours. Upon the written request of a Member or Beneficiary the Board shall furnish him with a copy of any item listed in this Section 14.04. The Board may make a reasonable charge to the requesting person for the copy so furnished. The Board may provide Members with any information required under any applicable federal or state law via electronic communication, provided the electronic communication is not prohibited under such laws and the method of electronic communication is reasonably calculated to provide accurate results. A Beneficiary's right to (and the Board's duty to provide to the Beneficiary) information or data concerning the Plan, shall not arise until the Beneficiary first becomes entitled to receive a benefit under the Plan.

14.05 Benefits Claims Procedures

- (a) The Board is statutorily vested with the exclusive jurisdiction to administer and interpret this Plan. The parties hereby waive any claim or defense that forum before the Board is not convenient or proper.

- (b) If a Member and/or Municipality believe that a right or benefit under this Plan has been improperly denied, a written request for a final determination must be filed with the Board.
- (c) If the Member and/or Municipality disagrees with the final determination reached by the Board. The Member and/or the Municipality has the right to file an appeal and request an administrative hearing before the Board. *See* 1 Pa. Code §§ 31.11, 31.15, 33.31, 33.34, and 35.20. *See* Addendum A. The appeal and request for an administrative hearing must include a statement of the facts that forms the basis of the requested relief and all points of law that support the claim.
- (d) An administrative hearing is a process in which evidence is presented before an independent hearing examiner who makes a recommendation to the Board, following which the Board renders a final adjudication. All administrative hearings are conducted at the Board's headquarters in Harrisburg, Pennsylvania. The Board's final adjudication is subject to an appeal before the Commonwealth Court of Pennsylvania.
- (e) All appeals and requests for administrative hearings must be made in writing within 30 days of the date of the final determination and sent to:

**Appeal Docket Administrator
Pennsylvania Municipal Retirement Board
5 North Fifth Street
Harrisburg, PA 17110**

- (f) If the appeal and request for an administrative hearing is not received by the Board within the thirty (30) day period, the Member and/or Municipality will no longer have the right to administratively appeal the denial of its request to the Board.

14.06 Filings with the Board

(a) Receipt

Any filing, election or notice required to be made under this Plan by a Member must be made by written statement, duly attested, and filed in the office of the Board or deposited in the United States mail, addressed to the Board.

(b) Timeliness

The timeliness of any filing, election or notice required to be made under this Plan to the Board by a Member shall be governed by the actual receipt of the filing, election or notice rather than the date of mailing.

(c) Municipal Certifications

- (i) In the event the Board receives an application for a benefit from a Member in which certification by the Municipality with regard to the data used to calculate such benefit is needed but such certification has not been made by the Municipality, the Board shall issue a formal demand to the Municipality for such certification of the necessary data.
- (ii) Any certification required to be made by the Municipality with regard to any application for benefits by a Member under this Plan shall be made by the Municipality within forty-five (45) days following the date of the Board's formal demand.
- (iii) Failure of the Municipality to provide such requested certification within the forty-five (45) day period shall result in the Board utilizing the most current reliable data maintained by the Board for the Member.

ARTICLE XV: PENNSYLVANIA MUNICIPAL RETIREMENT FUND

15.01 General

The Pennsylvania Municipal Retirement Fund shall consist of (i) contributions by the Municipalities; (ii) contributions by Members through the employing Municipality; (iii) transfers made from municipal retirement plans or pension systems that are tax qualified under Section 401(a) of the Code; and (iv) investment earnings.

15.02 Separate Accounts

The Board shall keep separate accounts for each Municipality, except the Disability Reserve Account and the Retired Member's Reserve Account which shall be maintained as pooled accounts, as described in 16 Pa. Code §81.7 (attached in Addendum A). The Municipality and the Members shall be liable to the Board for the amount of contributions required to cover the cost of the Vested Accrued Benefit and other benefits payable to such Members.

15.03 Disability Pension

Upon the granting of a Disability Retirement Pension, there shall be transferred to Retired Member's Reserve Account the amount of the Disabled Annuitant's Member's Contribution Account, together with an amount from the Municipal Contribution Account, equal to the amount of the Actuarial Equivalent of the Member's Vested Accrued Benefit as of the Benefit Commencement Date of the Disability Retirement Pension. If the total amount transferred from the applicable Member Contribution Account and Municipal Account is less than the Actuarial Equivalent of the Disability Retirement Pension, the difference in amount shall be transferred from the Disability Reserve Account to the Retired Member's Reserve Account.

15.04 Superannuation, Early and Deferred Vested Pension

Upon the granting of a Superannuation, Early or Deferred Vested Pension, there shall be transferred to the Retired Member's Reserve Account the amount of the Member's Account, plus an amount from the Municipal Account such that the sum will equal the Actuarial Equivalent of the Superannuation, Early or Deferred Vested Pension.

15.05 Municipal Liability

The Regular Interest charges payable and the creation and maintenance of the necessary reserves for the payment of the benefits, as to the Municipality and its Members are hereby made the obligation of the Municipality in accordance with PMRL Section 111 and shall not otherwise attach to those assets of the Fund attributable to any other municipality and its members. See Addendum A.

15.06 Exclusive Benefit

The Fund is a trust, and the assets of the Plan are held in trust. No part of the assets of the Plan shall be used for or diverted to purposes other than for the exclusive benefit of the Members, their Survivor Annuitant or Beneficiaries prior to the satisfaction of all liabilities of the Plan with respect to them. The assets of the Fund shall be used only to pay:

- (a) Benefits to Members in accordance with the Plan; and
- (b) Necessary and appropriate expenses of the Plan.

15.07 Custody of the Fund

All moneys and securities in the Fund shall be placed in the custody of the State Treasurer as is required by PMRL Section 109. See Addendum A.

15.08 Management and Investment of the Fund

The members of the Board shall be trustees of the Fund, and shall have the exclusive management of said Fund, with full power to invest the moneys therein, subject to the terms, conditions, limitations and restrictions imposed by law upon fiduciaries. The Board shall have power to hold, purchase, sell, assign, transfer and dispose of any securities and investments in said Fund, as well as the proceeds of such investments, and of the money belonging to such Fund.

The members of the Board shall discharge its duties and obligations solely in the interest of the participants and beneficiaries and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims. For the avoidance of doubt, nothing in this Section 15.08 shall prevent the Board from contractually requiring plan fiduciaries to perform services in accordance with a heightened fiduciary standard.

15.09 Allocation of Regular Interest

The Board shall annually allocate Regular Interest to the credit of each Member's Contribution Account, Municipal Account, and the Retired Member's Reserve Account.

15.10 Allocation of Excess Interest

- (a) The Board may, after deducting money to pay for Regular Interest and any appropriate expenses of each Plan, award Excess Interest to the Municipality in accordance with the terms of this Plan.
- (b) In the event that the Municipality's funding status in relation to the benefit structure set forth under this Plan is less than 95% funded as of the most recent actuarial report filed pursuant to the Municipal Pension Plan Funding Standard and Recovery Act, 53 P.S. § 895.101 et seq., (See Addendum A) all Excess Interest awarded by the Board shall be allocated to the Municipal Account.
- (c) In the event that the Municipality's funding status in relation to the benefit structure set forth under this Plan is 95% funded or more as of the most recent actuarial report filed pursuant to the Municipal Pension Plan Funding Standard and Recovery Act, 53 P.S. § 895.101 et seq., (See Addendum A) Excess Interest awarded to the Municipality shall be allocated as elected by the Municipality in its Adoption Agreement.

ARTICLE XVI: AMENDMENT

16.01 Amendment by Board

The Base Plan Document may be amended at any time and from time to time, in the sole discretion of the Board as sponsor of the Base Plan, by a written instrument. Each amendment shall state the date to which it is either retroactively or prospectively effective. Any amendment which is required by the Internal Revenue Service in order for the Plan or Trust to qualify or continue to be qualified under the applicable provisions of the Code, or which in the judgment of the Board is necessary or appropriate to such qualification or continued qualification, may be made effective retroactively. Each Municipality, by executing an Adoption Agreement, shall thereby delegate to the Board the power to amend its Plan and shall thereby be deemed to have assented to any such amendment. Municipalities will be notified in writing of any Plan amendments made by the Board.

16.02 Amendment by Municipality

The Municipality may amend its Plan from time to time under the circumstances provided below. Each Amendment shall specify its effective date and unless otherwise specified, Amendments are assumed to be applied prospectively from its effective date. The above notwithstanding, no Amendment shall be effective until approved as to form and content by the Board. A resolution, in absence of a completed and approved Adoption Agreement amendment, shall not constitute an amendment of the Plan.

(a) Adoption Agreement Amendment

The Municipality may amend its Plan by changing its election of options in the Adoption Agreement, in the manner it deems necessary or advisable. The Municipality shall identify to the Board any information related to the changes the Board may require.

(b) Application of Amendments

An Amendment shall be considered to be of “General Application” or “Limited Application” as described below:

(i) General Application

Amendments of General Application, as of the Effective Date of the Amendment shall apply to:

- (A) all current and future Eligible Employees; and
- (B) all past and future Eligibility Service, Vesting Service and Credited Service.

(ii) Limited Application

Amendments of Limited Application shall be all other Amendments not of General Application. Amendments of Limited Application shall, at a minimum, include:

- (A) the specific subset of Employees, as identified in the Adoption Agreement, if applicable, which will be affected; and
- (B) the specific Service, if applicable, which will be affected.

(c) Impact on Tax-Qualified Status

For purposes of reliance on the advisory letter issued pursuant to Rev. Proc. 2015- 36, the Board will no longer have the authority to amend the Plan on behalf of a Municipality (i) as of the date of the adoption of a Municipality amendment to the Plan to incorporate a feature described in Section 16.03 of Rev. Proc. 2015-36: or (ii) as of the date the IRS notifies the

Board that the Plan is being treated as an individually designed plan pursuant to Section 24.03 of Rev. Proc. 2015-36.

16.03 Limitations on Amendments

No amendment shall be made that would jeopardize the qualified status of the Plan.

No amendment shall authorize or permit any portion of the Trust Fund (other than the part which is required to pay investment or administration expenses) to be used for or diverted to purposes other than for the exclusive benefit of the Members or their Beneficiaries.

No amendment shall have the effect of decreasing a Member's Accrued Benefit, including a change in the actuarial assumptions or in the Compensation levels used to determine a Member's Superannuation Retirement Pension.

No amendment shall affect the rights, duties, or responsibilities of the Board without the written consent of the Board. Additionally, no such amendment shall be enacted or approved that impairs or is otherwise violative of a Member's rights and protections under the Pennsylvania Constitution.

No amendment shall take effect without the consent and approval of the Board.

16.04 Termination or Freeze by Municipality

By adopting the Plan, the Municipality represents that the Plan is intended to be a permanent and continuing program for providing benefits to the Members therein. The Municipality shall have the right to terminate its Plan upon not less than ninety (90) days advance written notice to the Board. A termination of the Municipality's Plan shall be effective as of the last day of the Plan Year, which follows receipt of the notice of termination (unless the Municipality and Board agree upon a different date).

(a) Complete Plan Termination

If Municipality intends to completely terminate the Plan, the Board shall determine the amount of Plan assets attributable to the Municipality in accordance with the terms of the Plan and Trust. The Board may use the Trust assets attributable to the Municipality to purchase deferred paid-up annuities for the benefits described in (b)(i) through (iii) below.

(b) Annuities Purchased

If any annuities are purchased by the Board in accordance with subsections (a) or (b) hereof, at the option of the Board, such annuities shall be either (i) held by the Board, (ii) transferred to a successor trustee, or (iii) transferred to the applicable Employee or Beneficiary.

16.05 Distribution Upon Termination of Trust

If the Municipality terminates the Plan, the Board shall determine the amount of Plan assets attributable to the Municipality in accordance with the terms of this Plan and Trust. The Board shall allocate assets of the Plan among the Members and Beneficiaries according to the following priorities:

- (a) Benefits payable as an annuity, in the case of the benefit of a Member or Beneficiary which was in pay status as of the termination date of the Plan, each such benefit, based on the provisions of the Plan under which such benefit would be the least;
- (b) All other Vested benefits under the Plan; and

(c) Any other benefits under the Plan.

If assets are insufficient to provide all benefits under the Plan, the Board shall allocate such assets to satisfy obligations within each category by order of priority. If assets are insufficient to provide all benefits under a priority category, the Board shall allocate assets to Members within that category in the ratio which each Member's total benefit bears to the total benefits of all Members within that category.

16.06 Full Vesting on Termination

Notwithstanding any other provision of this Plan to the contrary, upon either full or partial termination of the Plan or the discontinuance of contributions or benefit accruals under the Plan (i.e. a freeze), under Sections 16.04 or 16.05 of the Plan, the Accrued Benefit of those Members, Beneficiaries, Inactive Members and joint annuitants affected shall become one hundred percent (100%) vested and Vested to the extent funded.

ARTICLE XVII: MISCELLANEOUS PROVISIONS

17.01 Use of Trust Fund

The terms of the Plan shall govern the establishment of the Trust Fund from which the benefits provided by the Plan shall be paid. All contributions paid over to the Board shall be invested in accordance with the terms of the Plan and Trust.

17.02 Amount of Municipality Contributions

Each Municipality shall contribute to the Trust Fund such amounts as are necessary to fund its respective benefits under the Plan, and shall contribute such additional amounts as the Board (based on the recommendation of the Actuary and Board) deem necessary or desirable to maintain the actuarial soundness of the Plan. The Board may establish a formal funding policy for this purpose.

17.03 Use of Forfeitures

Forfeitures and investment income attributable to contributions shall be used to reduce Municipality contributions and shall not be used hereunder to increase the benefit of any person.

17.04 Payment of Contributions

Contributions shall be paid by the Municipality to the Board or the Trust Fund manager. The Board or Trust Fund Manager shall provide each Municipality instructions regarding the payment of contributions, including: the schedule for paying contributions; the deadline for paying contributions; the amount of contributions due; and to whom contributions shall be sent.

17.05 Contingent Nature of Municipality Contributions

Contributions made by each Municipality are hereby made expressly contingent on the maintenance of a qualified status by the Plan for the year with respect to which such contribution is made.

17.06 Form of Municipality Contribution

Municipalities may pay their contributions to the Board or Trust Fund manager in cash.

17.07 Exclusive Benefit

Except as otherwise provided herein, the Municipality shall have no beneficial interest in any asset of the Trust or Trust Fund and no part of any asset in the Trust or Trust Fund shall ever revert to or be repaid to a Municipality, either directly or indirectly; prior to the satisfaction of all liabilities with respect to the Members and their Beneficiaries under the Plan. At no time shall any part of the corpus or income of the Trust Fund, or any asset of the Trust, be (at any time) used for or diverted to purposes other than the exclusive benefit of the Members or their Beneficiaries or to pay necessary and appropriate expenses of the System.

17.08 Evidence

Anyone required to give evidence under the terms of the Plan may do so by certificate, affidavit, document or other information which the person to act in reliance may consider pertinent, reliable and genuine, and to have been signed, made or presented by the proper party or parties. The Board shall be fully protected in acting and relying upon any evidence described under the immediately preceding sentence.

17.09 Waiver of Notice

Any person entitled to notice under the Plan may waive the notice.

17.10 Successors

The Plan shall be binding upon all persons entitled to benefits under the Plan, their respective heirs and legal representatives, upon the Municipality, its successors and assigns, and upon the Board and its successors.

17.11 Word Usage

Words used in the masculine shall apply to the feminine where applicable, and wherever the context of the Municipality's Plan dictates, the plural shall be read as the singular and the singular as the plural.

17.12 Intent of Tax Qualification

In an intent to maintain tax qualification, the applicable tax-qualification provisions of the Code shall control over any conflicting provision of state law.

17.13 Employment Not Guaranteed

Nothing contained in this Plan, or any modification or amendment to the Plan, or in the creation of any account, or the payment of any benefit, shall give any Employee, Member, or Beneficiary any right to continue employment, any legal or equitable right against the Municipality, or an Employee of the Municipality, or against the Board, or its agents or employees or against the Board, except as expressly provided by the Plan or by a separate agreement.

17.14 Entire Agreement

Except as expressly provided herein, this Plan supersedes all prior contracts and undertakings, written or oral, between the same parties concerning the same subject matter. The above notwithstanding, in no event shall any provision of this Plan reduce, diminish or otherwise impair any right of a Member Beneficiary or Survivor Annuity under any plan or contract for such benefits accrued as of the date of execution of this Plan.

17.15 Mistake in the Record

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 shall 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 he was correctly entitled shall be paid.

17.16 Counterparts

This Plan may be executed in any number of separate counterparts, each of which shall be deemed an original, but the several counterparts shall together constitute but one and the same instrument.

17.17 Severability

If any one or more of the covenants, agreements, provisions, or terms of this Plan shall be held contrary to any express provision of applicable law then such covenants, agreements, provisions, or terms shall be deemed severable from the remaining covenants, agreements, provisions, or terms

of this Plan and shall in no way affect the validity or enforceability of the remainder of this Plan or the rights of the parties hereto.

17.18 No Presumption Based upon Draftsmanship

For purposes of the interpretation and construction of this Plan and for the purpose of resolving any ambiguity herein, no inference or presumption shall be accorded to any party hereto based upon draftsmanship.

17.19 Headings

The headings and captions in this Plan are for convenience and reference purposes only and shall not be construed or deemed to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions hereof.

ADDENDUM A – APPLICABLE STATE LAWS

Sections 101, 103, 104, 107, 109, 111, 401 and 402 of the Pennsylvania Municipal Retirement Law 53 P.S. § 881.101 et. seq., (“PMRL”)

Enforcement Officers Disability Benefits Law, 53 P.S. § 637

16 Pa. Code § 81.7

Public Employee Pension Forfeiture Act (P.L. 752, No. 140)

20 Pa.C.S. § 3101

1 Pa. Code §§ 31.11, 31.15, 33.31, 33.34, and 35.20

ADDENDUM B – PMRS POLICY STATEMENTS

Subject

Actuary Tables

Allocation of Excess Interest

Disability Reserve

Excess Interest Award Process

Overpayment

Permanent Employment

Plan Withdrawal Procedure

Portability-Individual Member

Portability-Plan Spin-offs

Refund- Plan Withdrawal

Treatment of Member Contributions



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MEMORANDUM

TO: LCA Board of Directors
FROM: Liesel Gross, CEO
DATE: January 20, 2020
RE: LCA 2020: Strategic Goals & 3-Year Action Plan

Attachments: 2019 Action Plan – Year-End Status Report
LCA 2020: Action Plan for 2020

Over the past three years, Lehigh County Authority staff have developed an updated goal-setting strategy that included the following elements:

- Alignment with the Effective Utility Management (EUM) framework established by the American Water Works Association (AWWA), US Environmental Protection Agency and other water industry organizations
- Key performance indicators selected from the AWWA Benchmarking program
- Three-year action plans for the four primary EUM attributes selected for Lehigh County Authority's strategic goals (rolled out in early 2018 as our "LCA 2020" plan)

The purpose of developing the three-year action plans was to provide for somewhat longer-term focus on the overarching strategic goals and key performance indicators that are most important for LCA's overall organizational performance. These action plans can then be used to establish operational priorities, inform our budgeting process, and provide structure for reporting on key achievements as we move forward.

The four goal areas LCA has selected to focus on within the LCA 2020 timeframe are:

1. Product Quality
2. Financial Viability
3. Infrastructure Stability
4. Employee & Leadership Development

Attached to memo is a year-end status update on the specific actions planned in each of these areas for 2019. The "2019 Status" of the report indicates items that are completed or that require a schedule adjustment, and notes are indicated to describe more about the status of each item. We have also attached an updated LCA 2020 Action plan for the remaining year of the plan (2020) to guide our work in the year ahead.

While the action items are fairly detailed and operational in nature, when taken in context of the overarching strategic goals for the organization, we can see the pathway for improvement. The LCA

Every drop matters. Every customer counts.

2020 vision continues to be focused on the most important initiatives for our organization's success, including the following critical elements:

- Resolution to outstanding legal and financial matters related to the Allentown Water/Sewer Lease
- Elimination of sanitary sewer overflows and addressing long-term sewage capacity needs for our region
- Organization-wide focus on consistent asset management and preventive maintenance strategies to ensure system sustainability
- Dedicated efforts to develop and maintain a highly engaged and skilled workforce

At our January 27, 2019 LCA Board meeting, we will review the work we have completed in these areas in 2019 and any barriers to success we have encountered, and lay out the action plan for 2020 to help keep all LCA resources aligned on our vision and mission and goals for the year ahead. We will also give a brief review of Key Performance Indicators (KPIs) for each goal area.

2020 Strategic Planning:

It is important to note that as we have moved through the LCA 2020 strategy over the past three years, some goals and priorities have changed. These are noted in the 2019 Action Plan as items requiring a schedule or goal adjustment. As part of the discussion with the Board, we will review next steps in the Strategic Planning process to develop an updated plan for the years ahead.

Of critical importance for our next Strategic Plan will be:

Alignment with Community Goals – By seeking Board, employee, customer and community input, we will ensure our plans and goals are aligned with what the community expects from LCA in the future.

Establishing KPI Targets – Over the past three years, we have been focused on establishing ways to gather data and illustrate performance in key areas such as maintenance, compliance, safety and financial performance. The next step is to establish actual performance targets.

Implementation Planning – Many of the challenges we face in achieving LCA's goals has been lack of available time and resources. To be effective, our next plan must include an evaluation of required resources.

At the January 27, 2020 Board meeting, we will review the planning process and seek the Board's feedback on their desired level of participation in this important work.

Strategic Goal	What it means for LCA	Why is it important?	Measure(s)	2019 Action Plan	2019 Status	2019 Owner	2019 Notes
Product Quality							
Elimination of SSOs / EPA Clean Water Act compliance	Sewer system under EPA Administrative Orders to eliminate Sanitary Sewer Overflows – must be addressed for environmental compliance as well as to address future needs for system conveyance capacity.	LCA's most significant Product Quality challenge and regulatory compliance issue. Difficult to measure, however, due to regional nature of system, weather impacts and other uncontrollable factors.	Treat as a “project progress” report until approved corrective action plan is in place, when specific targets can be established and reported on.	Complete WLI emergency rehab program – <i>OPS</i>	1 - Complete	John P	Final project review scheduled for 1/27/2020
				WLI system flow metering & modeling – <i>CM</i>	1 - Complete	Phil D	2019 flow metering completed and model calibration on schedule for Q1 2020 completion as planned.
				Analyze & decide path forward on WLI conveyance projects – <i>CM / CW</i>	4 - Schedule Adjustment Required	Phil D/Chuck V	This work is dependent on regional Act 537 planning.
				Evaluate need for Act 537 reopener / KITP expansion – <i>CM / CW</i>	1 - Complete	Phil D	Regional Act 537 Plan work has been kicked off in two phases (2020 and 2021-2025)
				Evaluate need for updated allocation / planning module approval method for City & Suburban – <i>CW / CM</i>	1 - Complete	Phil D	DEP discussions in 2019 has resulted in an approved Connection Management Plan for the region that requires updated tracking of sewage planning modules.
				Complete PPS rehab project & force main evaluation – <i>CW</i>	0 - Goal Adjustment Required	Chuck V	Project must be split into 2 items: PPS on track for Q1 2020 completion Force Main Evaluation - weather dependent / early 2020 NOTE: Repeated in Infrastructure Stability goal, remove from this section
				Implement Fats Oils & Grease (FOG) program – <i>CM</i>	4 - Schedule Adjustment Required	Andrew M	Preliminary planning steps complete with pilot program rolled out for selected commercial properties.
				All sewer system Capacity Management, Operations & Maintenance (CMOM) measures achieved / reported – <i>OPS / IT</i>	4 - Schedule Adjustment Required	John P/Chris M	City Division CMOM work completed in 2019; Suburban Division CMOM work is substantially completed, but not fully achieved.
				Implement Heidelberg & Lynn Twp corrective action plans – <i>CW / OPS</i>	1 - Complete	Chuck V/John P	Corrective action plans submitted for both systems; programs moving according to plan, awaiting DEP approval
				City AO projects TBD – <i>CM</i>	1 - Complete	Phil D	Year 1 (2020) work will be out to bid in February
				Develop public education for FOG program & removal of clearwater connections – <i>CC</i>	0 - Goal Adjustment Required	Sue S/Andrew M	Tied to FOG program schedule.

Strategic Goal	What it means for LCA	Why is it important?	Measure(s)	2019 Action Plan	2019 Status	2019 Owner	2019 Notes
Financial Viability							
Financial plans and rates match up with operational and capital program needs	Cash generated from operations covers both operations and debt-related expenses; forward looking targets established to cover new debt/capex	Excess cash must be generated, which is needed for future capital and principal payments, and to avoid/limit future borrowing, while also allowing for operational goals to be met.	Debt Service Coverage Ratio	Address City Division financial sustainability via monthly billing implementation, lease restructuring, debt restructuring, capex financing, and other available means – <i>ALL</i>	4 - Schedule Adjustment Required	Liesel G/Ed K	Pending dispute resolution process
				Develop future capex financing plan and rate forecast for all divisions – <i>FN</i>	1 - Complete	Ed K	2019 capital plans included 5-year rate forecasts
				Adaptive Insights implemented – <i>FN</i>	0 - Goal Adjustment Required	Ed K/Chris M	Improved financial reporting achieved outside of Adaptive Insights software. Goal to use Adaptive for future budget preparation to reduce Excel reliance.
				Develop improved forecasting & reporting tools (revenues, expenses, rates) – <i>FN</i>	0 - Goal Adjustment Required	Ed K	Some significant improvements made in 2019 - closing general ledger reduced from 5 days to 1 day; Other improvements tied to Adaptive implementation to conform reporting to audit statements
				Revamp accounts payable process – <i>FN</i>	0 - Goal Adjustment Required	Ed K	This is a long-term goal that needs to be broken into separate milestones.
		Division-specific evaluations, goals and plans are needed to address different needs of each “fund”	Internal vs. External Funding for Capital Projects	Develop enhanced capital improvements prioritization methodology – <i>FN / CW</i>	0 - Goal Adjustment Required	Ed K/Chuck V	Prioritization methods developed for City capex. Focus area moving forward is on project accounting and improved forecasting.
				Review & develop strategy for improved allocation and accountabilities within Internal Services budget – <i>FN</i>	0 - Goal Adjustment Required	Ed K	Goal will extend beyond Internal Service budget - New focus is on revamping budget structure to provide Home Department budgets for each manager to improve accountabilty for costs. Reallocation of internal services will be a product of this budget restructuring.
				Documentation of financial processes, policies & strategy – <i>ALL</i>	0 - Goal Adjustment Required	Ed K	Multi-year effort as processes are updated to best practices.
				Completion of tapping fee calculations for Suburban water – <i>FN</i>	4 - Schedule Adjustment Required	Ed K	Will be compelted Q2 2020.
				Implement “One LCA” asset / equipment sharing program – <i>FN / OPS</i>	1 - Complete	Ed K/John P/Chris M	Generating employee buy-in will be an ongoing effort!

Strategic Goal	What it means for LCA	Why is it important?	Measure(s)	2019 Action Plan	2019 Status	2019 Owner	2019 Notes
Infrastructure Stability							
Asset Management Program Development	Planned approach to assessing risk and planning projects and preventive maintenance strategies on a life-cycle cost basis.	LCA’s asset management approach is currently inconsistent and not well defined, but systems are aging and require increasing investment to repair and replace critical assets. Methods to plan and prioritize our work is a growing need.	Asset Condition Assessment Completion – Number / ratio of critical assets with condition assessed and categorized.	CMMS Integration – 2019 Milestones – <i>IT</i>	1 - Complete	Chris M	Moving this goal into a continuous improvement mode for ongoing integration and support.
				Convert 3 Suburban stations from Telog to SCADA – <i>IT</i>	0 - Goal Adjustment Required	Chris M	SCADA upgrade for Suburban Division will require comprehensive strategy.
				Complete 2 nd Suburban asset upgrade project (mechanical focus, started in 2018) & scope out next project based on next tier of high-risk components – <i>CW</i>	1 - Complete	Chuck V	
				Incorporate results of Allentown wastewater master plan into capital plan documentation – <i>CW</i>	1 - Complete	Chuck V	
				Park Pump Station rehab construction complete – <i>CW</i>	4 - Schedule Adjustment Required	Chuck V	Will be completed Q1 2020.
			Asset “Needs Addressed” Coverage – Progress on addressing needs identified via condition assessment work.	Park Pump Station force main evaluation & rehab plan – <i>CW</i>	4 - Schedule Adjustment Required	Chuck V	Weather dependent
				Review / update / align LCA rules & regs for water / sewer service and City ordinances – <i>ALL</i>	4 - Schedule Adjustment Required	Liesel G	Not started, needs to be completed
				Complete Wynnewood wastewater plant reconstruction – <i>CW</i>	4 - Schedule Adjustment Required	Chuck V	Q1 2020 completion expected
Preventive Maintenance Program Development	Applying consistent and measured approach to maintaining assets on a planned / preventive basis, to reduce reactive and emergency-based repairs.	Increased focus on preventive maintenance needed at LCA in certain areas, and measure will also provide focus for establishing consistent procedures for tracking maintenance activities	Planned Maintenance Ratio -- Planned maintenance as a percentage of all maintenance activities completed	CMMS Integration – 2019 Milestones – <i>IT</i>	1 - Complete	Chris M	
				Implement FOG program – <i>CM (crosses with Product Quality goal)</i>	4 - Schedule Adjustment Required	Andrew M	See above.
				Phase 3 Interceptor easement clearing program – <i>OPS</i>	1 - Complete	John P	
				Phase 3 flushing, valve & hydrant program – Suburban – <i>OPS</i>	4 - Schedule Adjustment Required	John P	Valves 50% complete and hydrants 100% complete. Flushing not started. All uncompleted work rolls to 2020.
				Evaluate all preventive maintenance strategies implemented by Allentown and Suburban divisions & develop plan for alignment – <i>OPS</i>	1 - Complete	John P	Preventive maintenance goals / targets have been aligned. Implementation in Suburban Division remains a challenge pending staffing evaluation (2020).

Strategic Goal	What it means for LCA	Why is it important?	Measure(s)	2019 Action Plan	2019 Status	2019 Owner	2019 Notes
Employee/Leadership Development							
Knowledge Management / Succession Planning	LCA’s ability to move through personnel transitions within limited downtime in productivity or knowledge loss is critical to maintaining the pace of business and stature in the industry / region.	LCA employees who are new to the organization, or new in their roles as managers/leaders, require training and support to be effective in their jobs.	Training & Knowledge Management Coverage – Ratio of “high risk” employees for which a KM / Succession plan has been developed	Develop employee training tracking system for external and internal training and OJT provided, priorities for future training, and job-specific training requirements – <i>HR</i>	0 - Goal Adjustment Required	Kathy M / Liesel G	All employee engagement goals to be evaluated upon addition of HR Coordinator
				Develop succession / knowledge retention plan for retirement risks identified in 2018 – <i>ALL</i>	1 - Complete	Liesel G	
				Complete job analysis for training requirements for 5 positions – <i>ALL</i>	0 - Goal Adjustment Required	Kathy M / Liesel G	All employee engagement goals to be evaluated upon addition of HR Coordinator
				Kick off Document Management assessment – <i>IT</i>	1 - Complete	Chris M	Board resolution on document control adopted in December
Technical & Leadership Training for LCA Employees / Managers	High rates of employee turnover due to retirements results in many employees in new positions who need to develop expertise and skills to be effective in their new roles. Focus is on technical (water/sewer system operations and maintenance) and leadership skills, as the two areas identified as requiring significant attention to address existing gaps.	Loss of institutional knowledge has already impacted LCA operations as new employees need to learn undocumented LCA processes from scratch. As employees retire from LCA with greater frequency, the importance of planning in advance for those transitions is becoming increasingly urgent.	Training Hours per Employee	Implement “stay interview” technique – <i>ALL</i>	0 - Goal Adjustment Required	Liesel G/Kathy M	All employee engagement goals to be evaluated upon addition of HR Coordinator
			Leadership / Technical Training programs offered	Develop mentoring / coaching program for new managers or managers in need of support – <i>ALL</i>	0 - Goal Adjustment Required	Kathy M / Liesel G	All employee engagement goals to be evaluated upon addition of HR Coordinator
				Conduct employee-wide survey to compare to 2014 results – <i>ALL (completed in 2018)</i>	1 - Complete	Kathy M / Liesel G	
				Assess gaps in inter-departmental communication & cooperation – <i>ALL</i>	1 - Complete	Liesel G	Next step required: develop actions for improvement
				Conduct targeted employee focus groups to determine barriers to full engagement & explore survey results – <i>ALL</i>	1 - Complete	Liesel G	

LCA 2020: Strategic Goals & 3-Year Action Plan

Strategic Goal	What it means for LCA	Why is it important?	Measure(s)	2018 Action Plan (see 2018 year-end status report)	2019 Action Plan (see 2019 year-end status report)	2020 Action Plan
Product Quality						
Elimination of SSOs / EPA Clean Water Act compliance	Sewer system under EPA Administrative Orders to eliminate Sanitary Sewer Overflows – must be addressed for environmental compliance as well as to address future needs for system conveyance capacity.	LCA's most significant Product Quality challenge and regulatory compliance issue. Difficult to measure, however, due to regional nature of system, weather impacts and other uncontrollable factors.	Treat as a “project progress” report until approved corrective action plan is in place, when specific targets can be established and reported on.	<p>Complete AO project planning w/ WLI signatories, City and City signatories (dependent upon regulatory feedback & municipal cooperation) – CM</p> <p>LCA Suburban systems CMOM program – finalize and input into CityWorks – OPS / IT</p> <p>City Division CMOM review – align with Operating Standards & existing process for identifying / tracking trouble spots – OPS</p> <p>Investigate & develop Fats, Oils & Grease (FOG) program – City Division – CM</p> <p>Kick off PPS & force main rehab projects – CW</p> <p>Develop updated connection / planning module approval method for City & Suburban – CW / CM</p> <p>Complete “rebaseline” of WLI communities’ allocation – CM</p> <p>City AO projects TBD – CW</p>	<p>Complete WLI emergency rehab program – OPS</p> <p>WLI system flow metering & modeling – CM</p> <p>Analyze & decide path forward on WLI conveyance projects – CM / CW</p> <p>Evaluate need for Act 537 reopener / KITP expansion – CM / CW</p> <p>Evaluate need for updated allocation / planning module approval method for City & Suburban – CW / CM</p> <p>Complete PPS rehab project & force main evaluation – CW</p> <p>Implement FOG program – CM</p> <p>Develop public education for FOG program & removal of clearwater connections – CC</p> <p>All CMOM measures achieved / reported – OPS / IT</p> <p>Implement Heidelberg & Lynn Twp corrective action plans – CW / OPS</p> <p>City AO projects TBD – CM</p>	<p>Submit Interim Act 537 Plan with connection management plan request to DEP – PL</p> <p>Complete all KISS sewage billing meter evaluations & data review in advance of 2021 flow monitoring – PL</p> <p>Develop project plan for Trexlertown interceptor/storage – CW</p> <p>Complete WLI rehab projects (manholes, end seals) – CW / OPS</p> <p>Complete PPS force main evaluation & scope rehab work required – CW</p> <p>Develop framework for lateral maintenance & basement inspection programs for Heidelberg, Lynn Twp, UMiT, WT & LT – OPS / CC</p> <p>Develop scope for flow metering program for operational optimization – OPS / IT</p> <p>Alignment and documentation of all KISS communities’ allocation, planning modules & connections. – PL</p> <p>City 2020 AO projects – PL</p>

Strategic Goal	What it means for LCA	Why is it important?	Measure(s)	2018 Action Plan (see 2018 year-end status report)	2019 Action Plan (see 2019 year-end status report)	2020 Action Plan
Financial Viability						
Financial policies, debt structure, plans and rates match up with operational and capital program needs	Cash generated from operations covers both operations and debt-related expenses; forward looking targets established to cover new debt/capex	<p>Excess cash must be generated, which is needed for future capital and principal payments, and to avoid/limit future borrowing, while also allowing for operational goals to be met.</p> <p>Division-specific evaluations, goals and plans are needed to address different needs of each “fund”</p>	<p>Debt Service Coverage Ratio</p> <p>Internal vs. External Funding for Capital Projects</p>	<p>Overall budget process improvement initiative – ALL</p> <p>Adaptive Insights implemented – FN</p> <p>Revised forecasting & reporting tools – ALL</p> <p>Capital plan development process improvement & budget schedule alignment – CW / FN (crosses with Infrastructure Stability goal)</p> <p>Develop enhanced capital improvements prioritization methodology – ALL</p> <p>Suburban water budget 5-year expense forecast based on O&M targets – OPS</p> <p>Internal services budget review & process improvement – FN</p> <p>Completion of 2019-2022 Suburban water rate study – FN</p> <p>City Division financial evaluation & options analysis for improved financial performance – ALL</p> <p>Financial policy & strategy documentation – ALL</p> <p>Future capex financing plan for all divisions – FN</p>	<p>Address City Division financial sustainability via monthly billing implementation, lease restructuring, debt restructuring, capex financing, and other available means – ALL</p> <p>Develop future capex financing plan and rate forecast for all divisions – FN</p> <p>Adaptive Insights implemented – FN</p> <p>Develop improved forecasting & reporting tools (revenues, expenses, rates) – FN</p> <p>Revamp accounts payable process – FN</p> <p>Develop enhanced capital improvements prioritization methodology – FN / CW</p> <p>Review & develop strategy for improved allocation and accountabilities within Internal Services budget – FN</p> <p>Documentation of financial processes, policies & strategy – ALL</p> <p>Completion of tapping fee calculations for Suburban water – FN</p> <p>Implement “One LCA” asset / equipment sharing program – FN / OPS</p>	<p>Address City Division financial sustainability and legal matters with final / firm conclusion – ALL</p> <p>Complete Suburban Division wastewater common rate evaluation – FN</p> <p>Implement Project Accounting module within MUNIS financial system – FN/CW</p> <p>Evaluate (and implement if appropriate) Human Resources module within MUNIS financial system – FN/HR</p> <p>Expand financial reporting capacity to provide department specific dashboards – ALL</p> <p>Develop project plan to revamp LCA budget into Home Departments for responsibility-based budgeting and accountability – ALL</p> <p>Review and update LCA financial guidelines; develop plan for documenting more detailed policies and procedures – ALL</p>

Strategic Goal	What it means for LCA	Why is it important?	Measure(s)	2018 Action Plan (see 2018 year-end status report)	2019 Action Plan (see 2019 year-end status report)	2020 Action Plan
Infrastructure Stability						
Asset Management Program Development	Planned approach to assessing risk and planning projects and preventive maintenance strategies on a life-cycle cost basis.	LCA's asset management approach is currently inconsistent and not well defined, but systems are aging and require increasing investment to repair and replace critical assets. Methods to plan and prioritize our work is a growing need.	<p>Asset Condition Assessment Completion – Number / ratio of critical assets with condition assessed and categorized.</p> <p>Asset “Needs Addressed” Coverage – Progress on addressing needs identified via condition assessment work.</p>	<p>CMMS Implementation – 2018 Milestones – <i>IT</i></p> <p>Convert 3 Suburban stations from Telog to SCADA – <i>IT</i></p> <p>Suburban asset condition assessment – mechanical focus (structural & electrical completed in 2016) – <i>CW / OPS</i></p> <p>Allentown wastewater treatment plant master plan developed – <i>OPS</i></p> <p>Park Pump Station rehab construction under way – <i>CW</i></p> <p>Park Pump Station force main evaluation & rehab plan – <i>CW</i></p> <p>Review / update / align LCA rules & regs for water / sewer service and City ordinances – <i>ALL</i></p> <p>Capital plan development process improvement & budget schedule alignment – <i>CW / FN (crosses with Financial Viability goal)</i></p>	<p>CMMS Integration – 2019 Milestones – <i>IT</i></p> <p>Convert 3 Suburban stations from Telog to SCADA – <i>IT</i></p> <p>Complete 2nd Suburban asset upgrade project (mechanical focus, started in 2018) & scope out next project based on next tier of high-risk components – <i>CW</i></p> <p>Incorporate results of Allentown wastewater master plan into capital plan documentation – <i>CW</i></p> <p>Park Pump Station rehab construction complete – <i>CW</i></p> <p>Park Pump Station force main evaluation & rehab plan – <i>CW</i></p> <p>Review / update / align LCA rules & regs for water / sewer service and City ordinances – <i>ALL</i></p> <p>Complete Wynnewood wastewater plant reconstruction – <i>CW</i></p>	<p>Combine Allentown water & wastewater master plans w/ Suburban condition and risk assessment data into single system – <i>IT</i></p> <p>Develop SCADA program strategy for Suburban Division to standardize integration and eliminate Telog – <i>IT</i></p> <p>Complete 3rd Suburban asset upgrade project (extended mechanical focus) – <i>CW</i></p> <p>Review / update / align LCA rules & regs for water/sewer service and City ordinances – <i>ALL</i></p> <p>Complete Wynnewood WWTP and PPS construction projects – <i>CW</i></p> <p>Sand Spring wastewater plant reconstruction stays on schedule for early 2021 completion – <i>CW</i></p>

Strategic Goal	What it means for LCA	Why is it important?	Measure(s)	2018 Action Plan (see 2018 year-end status report)	2019 Action Plan (see 2019 year-end status report)	2020 Action Plan
Infrastructure Stability						
Preventive Maintenance Program Development	Applying consistent and measured approach to maintaining assets on a planned / preventive basis, to reduce reactive and emergency-based repairs.	Increased focus on preventive maintenance needed at LCA in certain areas, and measure will also provide focus for establishing consistent procedures for tracking maintenance activities	Planned Maintenance Ratio -- Planned maintenance as a percentage of all maintenance activities completed	<p>CMMS Implementation – 2018 Milestones – <i>IT</i></p> <p>Investigate & develop Fats, Oils & Grease (FOG) program – City Division – <i>CM (crosses with Product Quality goal)</i></p> <p>Phase 2 Interceptor easement clearing program – <i>OPS</i></p> <p>Phase 2 flushing, valve & hydrant program – Suburban – <i>OPS</i></p> <p>Develop measure for preventive vs. reactive maintenance – Phase 1 – multiple measures – <i>IT</i></p>	<p>CMMS Integration – 2019 Milestones – <i>IT</i></p> <p>Implement FOG program – <i>CM (crosses with Product Quality goal)</i></p> <p>Phase 3 Interceptor easement clearing program – <i>OPS</i></p> <p>Phase 3 flushing, valve & hydrant program – Suburban – <i>OPS</i></p> <p>Evaluate all preventive maintenance strategies implemented by Allentown and Suburban divisions & develop plan for alignment – <i>OPS</i></p>	<p>Incorporate route easement maintenance into overall PM program – <i>OPS</i></p> <p>Develop Suburban Division staffing plan to address preventive maintenance strategies for valves, hydrants, system flushing, etc. – <i>OPS</i></p> <p>Investigate / implement rag reduction / enforcement program – <i>CM</i></p> <p>All CMOM work completed – <i>OPS / IT</i></p> <p>Implement FOG program, ph. 1 – <i>CM</i></p>

Strategic Goal	What it means for LCA	Why is it important?	Measure(s)	2018 Action Plan (see 2018 year-end status report)	2019 Action Plan (see 2019 year-end status report)	2020 Action Plan
Employee/Leadership Development						
Knowledge Management / Succession Planning Technical & Leadership Training for LCA Employees / Managers	<p>LCA's ability to move through personnel transitions within limited downtime in productivity or knowledge loss is critical to maintaining the pace of business and stature in the industry / region.</p> <p>High rates of employee turnover due to retirements results in many employees in new positions who need to develop expertise and skills to be effective in their new roles. Focus is on technical (water/sewer system operations and maintenance) and leadership skills, as the two areas identified as requiring significant attention to address existing gaps.</p>	<p>Loss of institutional knowledge has already impacted LCA operations as new employees need to learn undocumented LCA processes from scratch. As employees retire from LCA with greater frequency, the importance of planning in advance for those transitions is becoming increasingly urgent.</p> <p>LCA employees who are new to the organization, or new in their roles as managers/leaders, require training and support to be effective in their jobs.</p>	<p>Training & Knowledge Management Coverage – Ratio of “high risk” employees for which a KM / Succession plan has been developed</p> <p>Training Hours per Employee</p> <p>Leadership / Technical Training programs offered</p>	<p>Update LCA retirement risk profile – ALL</p> <p>Complete treatment plant O&M staff realignment – OPS</p> <p>Identify next area of focus for succession planning & develop the plan – ALL</p> <p>Conduct targeted employee focus groups to determine barriers to full engagement – ALL</p> <p>Complete foundations of leadership training program for all managers – ALL</p> <p>Offer at least 4 leadership “practice” opportunities to new / junior managers (Board presentations, team leadership, external networking, etc.) – ALL</p> <p>Conduct 2nd round of train-the-trainer course – ALL</p> <p>Implement “lunch & learn” program for training topics of general interest to all employees (IT, CS, Safety) – IT/CS/RM</p>	<p>Develop employee training tracking system for external and internal training and OJT provided, priorities for future training, and job-specific training requirements – HR</p> <p>Develop succession / knowledge retention plan for retirement risks identified in 2018 – ALL</p> <p>Complete job analysis for training requirements for 5 positions – ALL</p> <p>Kick off Document Management assessment – IT</p> <p>Implement “stay interview” technique – ALL</p> <p>Develop mentoring / coaching program for new managers or managers in need of support – ALL</p> <p>Conduct employee-wide survey to compare to 2014 results – ALL (completed in 2018)</p> <p>Conduct targeted employee focus groups to determine barriers to full engagement & explore survey results – ALL</p> <p>Assess gaps in inter-departmental communication & cooperation – ALL</p>	<p>Update LCA retirement risk profile – ALL</p> <p>Identify next area of focus for succession planning & develop the plan – ALL</p> <p>Implement Document Management program (phase 1) – IT / ALL</p> <p>Implement Employee Net Promoter Index assessment – EX</p> <p>Develop framework for improved performance management system – HR / EX</p> <p>Develop non-union compensation strategy & communications plan – HR / EX</p> <p>Complete non-union compensation study – HR</p> <p>Complete gap analysis of HR policies, documents & procedures – HR / ALL</p> <p>Form three cross-organizational teams – EX / ALL</p> <ul style="list-style-type: none"> - LCA Community - Management Support - Continuous Improvement

Western Lehigh Interceptor (WLI) Emergency High Flow Project

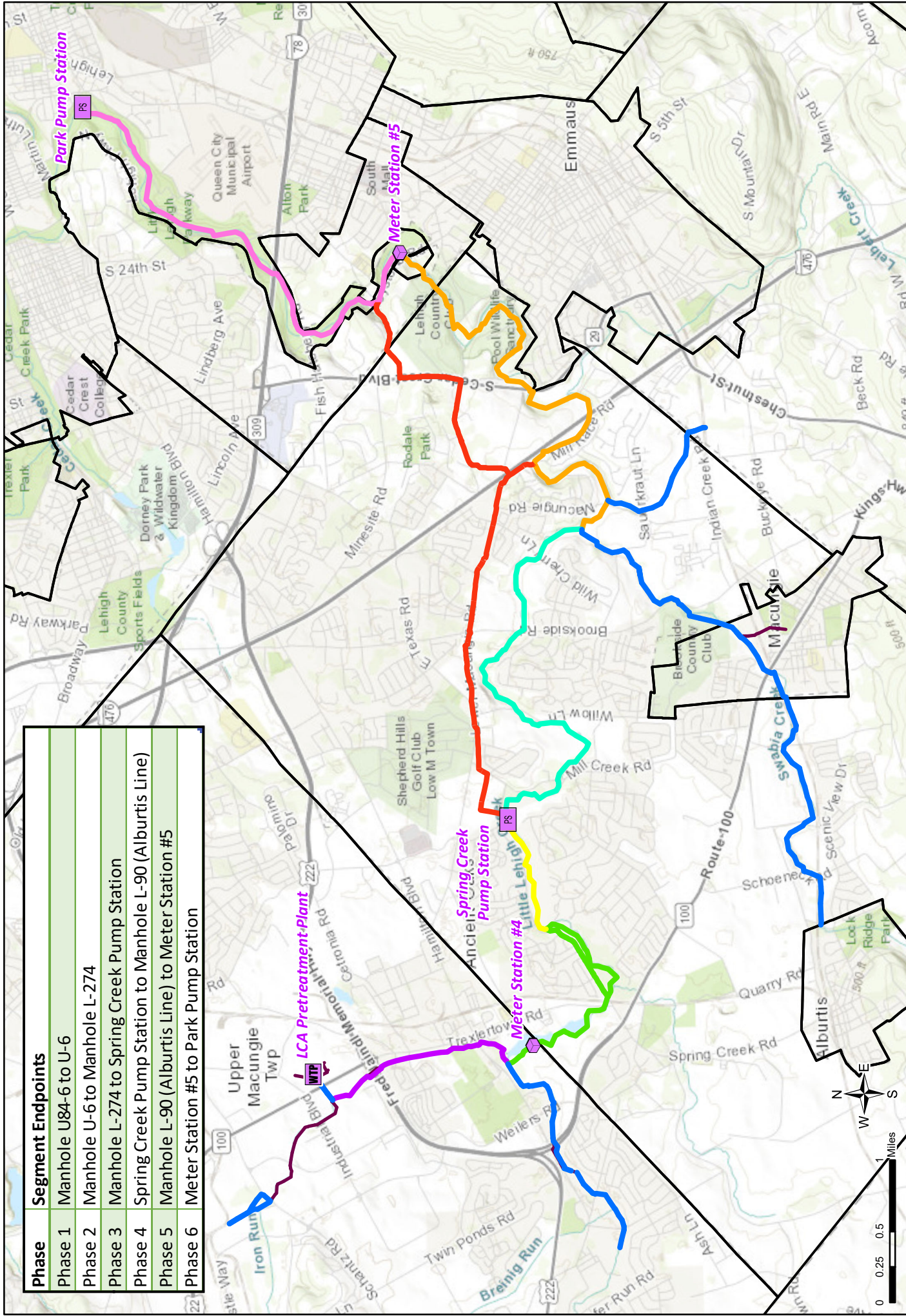
Project Summary

1/27/2020


The fall of 2018 brought with it extremely high rainfall amounts. Unfortunately, this also led to a very high number of sanitary sewer overflows (SSOs) along the WLI and particularly around the Trexlertown area. In November of 2018, LCA pulled staff together to launch a project that would evaluate the existing sewer conditions in that region and would then attend to correcting any deficiencies that were found. Approximately 99% of the sewer segments from the Pretreatment Plant (PTP) to Spring Creek Pump Station (SCPS) have been CCTV'd, and all deficiencies have been remediated. This length represents Phases 1-3 of the project. Approximately 95% of the sewer segments from the Pretreatment Plant to Park Pump Station have now been CCTV'd. This length represents Phases 4-6 of the project. The list of corrective actions includes, but is not limited to: joint leak repairs, manhole leak repairs, debris removal and manhole chimney and cover repairs. During this project, over 16 miles of sanitary sewer was CCTV'd and evaluated. The Emergency Project is to be closed out as of 1/27/2020.

Project Chronology

11/29/2018	Emergency Activation Date
12/04/2018	CCTV and other recon work begins downstream of PTP
12/10/2018	Board approval received to implement emergency conditions for this project
03/25/2019	Phase 1 work begins
05/24/2019	Phase 1 work ends
07/01/2019	Phase 2 work begins
07/19/2019	WLI Corrective Action Plan sent to PaDEP
08/20/2019	Phase 3 work begins
09/19/2019	Phase 3 work ends
10/09/2019	Phase 2 work ends
11/05/2019	End seal recon work begins upstream of PTP
11/13/2019	End seal recon/remediation work ends
12/19/2019	Contractor completes final repairs on badly leaking end seal upstream of SCPS
01/27/2020	Emergency Project to be closed



Phase	Segment Endpoints
Phase 1	Manhole U84-6 to U-6
Phase 2	Manhole U-6 to Manhole L-274
Phase 3	Manhole L-274 to Spring Creek Pump Station
Phase 4	Spring Creek Pump Station to Manhole L-90 (Alburtis Line)
Phase 5	Manhole L-90 (Alburtis Line) to Meter Station #5
Phase 6	Meter Station #5 to Park Pump Station



Lehigh County Authority

Western Lehigh Interceptor Emergency Project

- Phase 1
- Phase 2
- Phase 3
- Phase 4
- Phase 5
- Phase 6

WLI EMERGENCY PROJECT

PHASES 1-6

LEHIGH COUNTY AUTHORITY
GIS

SCALE: 1:55,000
DATE: 8/23/2019
DRAWN: AKW
CHECKED:

Phase 1 Summary:

7,115' of 24" sanitary sewer was CCTV'd

93 Manholes were checked

38 joints were air-tested, and 16 of them were grouted

Approximately 5 cubic yards of sediment was removed

Approximately 100,800 GPD of infiltration was removed.

Phase 2 Summary:

2,988' of 27" sanitary sewer was televised

15 manholes were checked

16 joints were tested, 7 joints were grouted

Approximately 5 cubic yards of material was removed from L-299 to L-298 under Trexlertown Road. This was by far the largest blockage that was found during the entire project. Five (5) cubic yards of debris that was pulled from 122' of 27" sanitary sewer equates to 28% of the total volume of that segment. Some spots along the section showed debris filling about 50% of the cross-sectional area. To put things in perspective, concrete trucks typically hold 10 cubic yards, so half of the volume of one of those drums was pulled from the section that runs underneath Trexlertown Road.

Estimates show that ~35 GPM of infiltration was removed from addressing mainline leakage and ~23 GPM of infiltration was removed from addressing manhole leakage

Phase 3 Summary:

A full bypass was set up for this phase of the work by Xylem

4,666' of 30" sanitary sewer was televised

12 joints were tested, 8 joints were grouted, including a failed link seal near MH L-255A

Estimates show ~18 GPM of infiltration was removed from addressing mainline leakage

3,477' of 20" relief sanitary sewer was televised

19 manholes were added to scope for rehabilitation given a temporary road was installed for access to televise and grout the mainline sewer

19 frames and covers were replaced

30 Vertical Feet (VF) of grade rings were added to raise frames and covers

296 Vertical Feet (VF) of manhole lining was applied using a polyurea material

13 manholes required injection grouting to address manhole leakage

Estimates show ~31 GPM of infiltration was removed from addressing manhole leakage

Project Cost Summary

Staff (with 2.5 multiplier) 2,430 Regular Hours

222 Overtime Hours

Staff Time Subtotal \$224,863

<u>Company</u>	<u>Task</u>	<u>Amount Invoiced</u>
SPS	Phase 1	\$324,300
	Phase 2	\$144,250
	20" Relief Line Cleaning	\$42,924
	Phase 3	\$379,850
	Phase 3 MH Rehab	\$140,350
	End Seal Bypasses	\$12,980
	SPS Subtotal	\$1,090,791
Arcadis	Phase 1	\$55,997
	Phases 2/3	\$59,165
	Arcadis Subtotal	\$117,619
Xylem	Phase 3 Bypass	\$374,400
	End Seal Bypass	\$51,448
	Xylem Subtotal	\$432,366
TFE	Phase 1 CCTV	\$15,900
Video Pipe	Phase 1 CCTV	\$15,725
Brad Landon	Legal Services	\$1,589
DBi	Phase 1 Access	\$8,100
Scheuermann	Phase 3 Access	\$25,050
Bloodhound	End Seal CCTV	\$3,812
Miscellaneous		\$41,970
Total Expenses		\$1,752,922
Total Project Costs		\$1,965,156

Lehigh County Authority
Western Lehigh Interceptor (WLI) Corrective Action Plan
Submitted to Pa. Department of Environmental Protection – April 15, 2019

Prepared by: John Parsons, LCA Chief Operations Officer, johnparsons@lehighcountyauthority.org
Liesel Gross, LCA Chief Executive Officer, lieselgross@lehighcountyauthority.org

Regional Overview

In 2009, peak flow issues in the Lehigh County Authority (LCA) sewer conveyance systems and in the collection systems connected to it (namely Upper Milford, Weisenberg, Lower Macungie, Upper Macungie and Lowhill townships, and the boroughs of Alburtis and Macungie) caused the Pennsylvania Department of Environmental Protection (PADEP) to begin carefully reviewing sewer system extensions in each of these communities. Pursuant to communications with PADEP and in accordance with Chapter 94 requirements, the parties formed the Western Lehigh Sewerage Partnership (WLSP) to jointly investigate and develop an appropriate corrective action plan. Also in 2008 and 2009, sewer flow metering and modeling work was conducted by the WLSP to begin developing a flow management strategy to address these concerns. The WLSP then created the Sewer Capacity Assurance and Rehabilitation Program (SCARP) to address both the PADEP concerns along with other related long-term wastewater needs for the Partners.

The SCARP, and the updated implementation plan submitted to PADEP in August 2018, satisfy PADEP's requirements for a Capital Improvements Plan, Long-term Asset Management Plan, and Program Management Plan. The WLSP expects the existing Connection Management Plan that resulted from these planning efforts to remain in place while the SCARP is being implemented, subject to additional discussion with PADEP.

PADEP collaboration will be critical to the success of this program. It is especially noteworthy that the WLSP's efforts do not address downstream hydraulic restrictions in the Kline's Island Sewer System (KISS), the Kline's Island Wastewater Treatment Plant, or any peak-flow or dry-day capacity concerns of the other municipalities in the KISS including non-WLSP municipalities (South Whitehall, Hanover and Salisbury townships, the City of Allentown, Borough of Emmaus, and Coplay-Whitehall Sewer Authority). Further discussion is required to determine how the WLSP's upstream efforts work within the full regional context of the KISS.

Regardless of these regional concerns, removal of inflow and infiltration in the leakiest portions of the WLSP collection systems is ongoing and will continue until 2025. A recalibration of the WLSP hydraulic model will be conducted in 2019 and 2020 to inform the partners of progress made and help shape the remaining source reduction rehabilitation work. In parallel, several significant capital improvements will be implemented to address hydraulically restricted portions of LCA's system of interceptors that transport the municipal waste through the region to the Kline's Island plant for treatment. LCA has requested help from PADEP to review project details specifically to address restrictions in the Trexlertown area of our Western Lehigh Interceptor, to support streamlined permitting and review of critical projects to address immediate needs in this area. We expect to meet with PADEP in Spring 2019 to kick off this effort.

This overview has been provided to illustrate the regional context in which LCA is working to provide enhanced sewer service in Lehigh County and the extensive planning work that has already been completed to address known issues related to conveyance capacity in our service area. The remainder of this document will offer more specific details related to current work that is being expedited by LCA to address ongoing service issues in the Trexlertown area.

Background of Current Situation

During 2018, a near-record amount of rainfall fell in Lehigh County, totaling over 63 inches or about 20 inches above normal. In particular, the second half of 2018 was extraordinarily wet and approximately 44 inches of rain fell in the Western Lehigh sewer service area in just six months.

Month	Rainfall (Inches)
July 2018	5.80
August	12.21
September	6.65
October	3.25
November	9.73
December 2018	6.24
Six-Month Total	43.88

This situation led to numerous and recurring sanitary sewer overflows (SSOs) in many sanitary sewer collection systems and numerous hydraulic overloads and bypasses at wastewater treatment plants throughout the region. LCA experienced similar problems in its Western Lehigh Interceptor, and specifically in the Iron Run Trunk Line (IRTL) which runs from the village of Fogelsville southward to the village of Trexlertown and beyond. This area of LCA's system is known to be hydraulically restricted and is the top priority for the conveyance capacity capital projects outlined in the SCARP plan described in the "Regional Overview" section of this document.

During this period of extreme wet weather, flows in the Western Lehigh Interceptor remained high for prolonged periods of time following each rain event, and LCA suspects this to be caused by record-breaking high groundwater levels in this area. As a result of these conditions, the IRTL operated in a surcharge condition during many of these months, and prolonged SSOs occurred at several manholes, some for several days or weeks after a major storm. These SSOs were outlined in the October 2, 2018 notice of violation issued by PADEP, and the impacted manholes on the IRTL include:

U56 & U58; U61, U62, U63 & U64; U66; U69

After nearly five months of persistently high precipitation levels and resulting SSOs in these areas, LCA's Board of Directors declared an Emergency on November 29, 2018, which had the impact of providing dedicated resources to LCA to investigate and address system deficiencies on an expedited basis to address the ongoing concerns of continued SSOs in the Trexlertown area that is served by the IRTL. The remainder of this document outlines the approach LCA is taking to complete this work.

Corrective Action Plan

Following the Emergency declaration by LCA's Board of Directors, CCTV inspections began immediately on the IRTL. This work focused on the areas immediately downstream of the LCA Industrial Pretreatment Plant (PTP) in Fogelsville and captured all areas where the SSOs were occurring. LCA explored many options to draw flows down in the IRTL to allow CCTV work to be completed even in these exceptionally high flow conditions. The method that proved to be most effective was to use the existing flow equalization basin at the PTP to hold back flows during the CCTV inspections, which served to draw down the flows in the IRTL. After the day's CCTV work was completed, the PTP would release the sewage it held back in the prior day. This method is expected to be effective for portions of the interceptor upstream of LCA's Spring Creek Pump Station. Sections of the interceptor downstream of this pump station will be dewatered through a combination of coordinated pumping using the PTP and pump station, plus the use of bypass pumping and/or line plugs as needed.

A key outcome of the initial investigation conducted in December 2018 was that joint leaks and other defects are easily identified due to the high groundwater conditions in the area. Under normal conditions, inspection of the interceptor would require pressure testing each joint to find leaks – under the current high-groundwater conditions, the leaking joints are easily located via visual inspection. As a result, LCA plans to use this opportunity to inspect and rehabilitate the full length of the Western Lehigh Interceptor to the extent possible. Therefore, this Emergency project has been broken down into phases as follows:

Phase 1: Starting at manhole (MH) U84-7 immediately downstream of the PTP and ending at MH U6, which is where the Breinigsville Interceptor and the IRTL join.

Status: Phase 1 captures the entire section of the IRTL where flows have been most restricted and prolonged SSOs experienced. Therefore it is the highest priority phase of work and is scheduled to be completed by May 2019.

CCTV work for this area was completed in January 2019 resulting in identification of 18 separate defects to be remediated. Most of the defects were joint leaks and sediment accumulation. Remediation work (grout sealing of joint leaks, removal of debris/sediment, and selected manhole repairs) began on March 29, 2019 and is expected to be completed by end of May 2019. Contractor selection included preparation of bid specs and expedited unit-pricing method so that the contract can be extended to future phases of work.

Due to the proximity of this section of the IRTL to the PTP, flows in the interceptor are being managed by holding back flows at the PTP on selected work days, with the release of those sewer flows back into the interceptor on non-work days.

Phase 2: Starting at MH U6 and ending at MH L274. Phase 2 will also include a relief line that runs adjacent to the interceptor in this phase.

Status: Most of this area has been CCTV'd with defects identified. Three sections remain to be inspected and will be coordinated with the contractor based on the scheduled flow holds and releases from the PTP being conducted as part of the Phase 1 work. The contract for Phase 1 work will be extended to Phase 2 to complete rehabilitation of the identified defects on a near continuous basis.

Phase 3: Starting at MH L274 and ending at Spring Creek Pump Station (SCPS).

Status: This area is upstream of the SCPS but far enough downstream of the PTP as to dampen the impact of the flow management methodology used in Phases 1 and 2. Therefore, the flows in the interceptor in this area cannot be drawn down sufficiently using existing infrastructure to allow for inspection and rehabilitation. In addition, this section of the interceptor runs through highly flood-prone areas surrounding the Little Lehigh Creek, making access challenging during periods of wet weather. Therefore, the entire area will be set up for bypass pumping from MH L274 to the SCPS. The bid specifications for this bypass operation has been prepared and will be issued by the end of April, for contract award in May 2019. The contractor will then complete both inspection and rehabilitation as a continuous process during the entire bypass period to expedite the repairs on a “find and fix” basis. This will minimize costs for the bypass operation, as well as minimize and public impacts of the bypass operation.

LCA expects to complete all work related to Phase 1, Phase 2 and Phase 3 by Fall 2019.

Phase 4: Starting at SCPS and ending at Meter Station 5.

Phase 5: Starting at MS5 and ending at Park Pump Station.

Status: The portion of the LCA interceptor downstream of the SCPS were included in this corrective action plan because LCA intends to inspect and rehabilitate the interceptors in 2019 as part of this effort. However, they are significantly distant from the area impacted by hydraulic restrictions in the Trexlertown area where SSO activity is occurring. Therefore, they will be addressed outside the scope of the Emergency Declaration.

These downstream areas have been broken down in phases to recognize that flow management strategies may be different for each area based on available pumping systems and relief interceptors. Phase 4, which is immediately downstream of the SCPS, can be inspected through increased pumping of sewage flows through the SCPS and the use of quick-duration line plugs to remove flows during CCTV and grouting work. Phase 5, which is the most downstream area of the LCA system prior to the Park Pump Station, will likely require temporary manhole-to-manhole bypass pumping to manage flows during inspection and rehabilitation work.

Other Work: Upper Macungie Township owns and operates the sewer collection system in the areas most impacted by the wet-weather and high groundwater levels in 2018 and early 2019. A small number of customers have experienced frequent sewer backups as a result of surcharge conditions in both the LCA interceptors and the township collection system during high-flow events. As a result, the township is working directly with their customers to evaluate modifications to their sewer laterals to provide improved service and protection against continued backups as the region works through the long-term flow management strategies to address wet-weather impacts to the sewer system.

Results Expected & Municipal Cooperation

The high flows experienced in the IRTL during 2018 were a result of excessive rainfall and high groundwater levels during this time period, as well as excessive inflow and infiltration into the system. LCA owns and operates 31 miles of trunk lines, interceptors and relief interceptors throughout Lehigh County. The remaining 900 miles of the sewer collection system are owned and operated by municipalities that flow through LCA or Allentown interceptors. Therefore, the work described in this corrective action plan is expected to only marginally reduce the flows that occur during peak wet-weather events. However, the work completed to date on Phase 1 and Phase 2 have identified defects within LCA's interceptors that are contributing to the problem. We estimate Phase 1 work will eliminate up to 500,000 gallons per day of extraneous flow from the interceptor, which will have an immediate and positive impact on system performance in the Trexlertown area.

A high level of cooperation and collaboration among the WLSP municipalities has occurred for more than 10 years to address these issues in a planned and coordinated matter, and we expect this partnership to continue for the long-term benefit of the region served by the Western Lehigh Interceptor. PADEP will also be an important partner in this work as rehabilitation alone will not address the near-term needs of the region for conveyance capacity improvements. In the weeks ahead, LCA looks forward to working with PADEP on the capital improvements needed to address the region's needs.

WLI End Seal Investigations/Remediations (per Capital Works)

On November 5, 2019 Lehigh County Authority (LCA) began mobilization for a project under the Western Lehigh Interceptor (WLI) emergency declaration to investigate infiltration sources in a section of the WLI from manholes U-92 through U-96.

The scope of the project included the initial installation of a continuously manned bypass pumping system from upstream manhole U-97 to downstream manhole U-91. This consisted of two 8-inch Dri-Prime Godwin pumps in sound attenuating enclosures and approximately 1,400 feet of fused 12-inch heavy duty polyethylene pipe. This system was constructed by the bypass pumping contractor (Xylem) and ready for activation on November 8, 2019 to allow for Closed Caption Televised video (CCTV) to commence on Monday November 11, 2019.

Beginning on Monday November 11, 2019, the CCTV contractor (Bloodhound) along with Xylem and LCA operational staff prepared for the day's activities of bypassing the main line, jetting both the main line and manholes, inspection of the manholes and completing the CCTV investigation of this section of the system. At the conclusion of the day's activities, deficiencies in the system were identified. Significant sources of infiltration were discovered, including a major joint separation leak within the heavy duty polyethylene pipe liner. An estimated fifty-one gallons per minute flow rate was calculated for this leak by using a Marsh Mcbirney Velocity meter and Manning's equation.

Following the identification of all deficiencies in the segments that were bypassed, on November 12, 2019 our repair contractor (SPS) began work to repair leaks by the process of injection grouting. SPS continued their efforts into Wednesday November 13, 2019 by completing all repairs possible. Ultimately AV-100 grout, AV-202 grout and oakum were used at the identified repair locations by differing methods. The use of an inflatable packer in conjunction with AV-202 grouting within the interceptor yielded a complete and effective repair of the deficiency. In addition, repairs in manholes were addressed by drilling and injecting AV-100 grout in barrel joint leaks and drilling and injecting AV-202 in end seal leaks with the assistance of oakum. The only deficiency that was not completely repaired was one end seal leak in manhole U-95 estimated at 5GPM. This repair was not completed due to high hydrostatic pressure, which forced the AV-202 grout and oakum out from between the reinforced concrete pipe and heavy duty polyethylene pipe liner before it could setup and stop the leak. Multiple attempts were made by SPS but were unsuccessful.

In conclusion, LCA was able to remove approximately 97 GPM or 139,680 GPD of infiltration leakage from the segment. Note that approximately 102 GPM or 146,800 GPD of infiltration was observed during the CCTV and manhole investigation.

Ancillary Work Completed During the WLI Project

Approximately 4500' of access road was reconditioned during Phase 3

With cooperation from Lower Macungie Township, numerous stream blockages were removed. The blockages as they existed made localized flooding worse and kept many manholes submerged during periods of high flow.

Numerous manholes were raised above flood plain and/or new frame/covers were installed.

Unmaintained sewer easements were cleared to allow future access.

Future Work Summary

The remaining sections that have not been CCTV'd to-date need to be completed. The present count is approximately 70 segments remain.

Manholes in Phases 4-6 need to be opened and evaluated.

The deficiencies that have already been found in Phases 4-6 will need to be addressed. Add to these any new deficiencies found during the remaining CCTV work and manhole investigations. Generally, the deficiencies found to-date are blockages (debris) more so than leakage.

Many more stream blockages need to be removed. This type of work needs to be implemented as annual maintenance.

Presented: January 27, 2020

Critical Activities	System	Description	Dec-19	2019 Totals	2018 Totals	Permit	
			Daily Avg (MGD)	Daily Avg (MGD)	Daily Avg (MGD)	Daily Max (MGD)	
Water Production	Allentown	Total	20.46	21.51	21.48	39.0	
		Schantz Spring	7.37	7.77	6.90	9.0	
		Crystal Spring	3.83	3.88	3.88	4.0	
		Little Lehigh Creek	9.17	9.85	10.69	30.0	
		Lehigh River	0.09	0.01	0.02	28.0	
	Central Lehigh	Total	8.92	9.75	9.46	19.04 MGD Avg	
		Feed from Allentown	6.45	6.93	6.74	7.0 MGD Avg 10.5 MGD Max	
		Well Production (CLD)	2.27	2.80	2.71	8.54 MGD Avg	
		Sum of all (12) other Suburban Water Systems	0.15	0.17	0.18	1.71 Sum of all wells	
Wastewater Treatment		Kline's Island	32.64	37.63	36.08	40.0	
		Pretreatment Plant	4.70	5.88	5.46	5.75 (design capacity)	
		Sum of all (5) other Suburban WW Systems	0.21	0.19	0.20	0.36	
			Dec-19	2019 Totals	2018 Totals	2017 Totals	
Precipitation Totals (inches)			3.42	57.24	66.96	50.18	
Compliance Reports Submitted to Allentown			17	261	285	291	
Notices of Violation (NOVs)			(Allentown + Suburban)	0	1	1	3
Sanitary Sewer Overflows (SSOs)/Bypasses			(Allentown + Suburban)	0	37	78	22
Main Breaks Repaired			Allentown	2	18	33	19
			Suburban	2	10	23	12
Customer Service Phone Inquiries			(Allentown + Suburban)	1,566	21,426	26,440	27,313
Water Shutoffs for Non-Payment			(Allentown + Suburban)	199	1,757	1,838	1,577
Injury Accidents			(Allentown + Suburban)	0	10	14	8
Emergency Declarations			Allentown	0	(2) @ \$152,053	(5) @ \$76,469	(2) @ \$51,235
			Suburban	0	(1) @ \$19,335	(1) @ \$21,197	(1) @ \$72,554
Significant Repairs/Upgrades: Similar to what the Allentown Water Plant has done for years, a new PM program is being implemented in Suburban and at the Allentown WWTP that will be aimed at reducing costly pump repairs/replacements. A simple, periodic oil analysis will be performed and historical comparisons can be used to predict internal health of the motor. Abnormal levels of metals in the samples may indicate bearing or other premature breakdown. The presence of water indicates other problems. Many times, a quick and sometimes simple corrective action is all that is required to address the deficiency before a major failure occurs. All of LCA Operations will now be using this inexpensive PM to reduce the chances of premature motor failures and/or expensive repairs.							
Description of NOVs and/or SSOs: There were zero (0) SSOs or Bypasses for either the City and Suburban systems during December, 2019. Also, no NOVs were issued to either the City or Suburban systems during this time.							
Other Highlights: Suburban Operations will now be assembling an annual report starting with production year 2019. The format will be similar to the WFP, WWTP, D/C reports that have been done in the city for years. All four (4) annual Operational summaries will be available for review by those that are interested in reviewing annual performance.							