

ORDINANCE NO. 101-2002

AN ORDINANCE OF THE TOWNSHIP OF CENTRE, BERKS COUNTY, PENNSYLVANIA, ELECTING TO ENROLL ITS POLICE OFFICERS IN THE PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM UNDER ARTICLE IV OF THE PENNSYLVANIA MUNICIPAL RETIREMENT LAW; AGREEING TO BE BOUND BY ALL PROVISIONS OF THE PENNSYLVANIA MUNICIPAL RETIREMENT LAW, AS AMENDED, AND AS APPLICABLE TO MEMBER MUNICIPALITIES JOINING UNDER THE PROVISIONS OF THIS ARTICLE; STATING WHICH OF CERTAIN OPTIONS PERMITTED UNDER THE SAID LAW ARE ACCEPTED BY THE TOWNSHIP; PROVIDING FOR A REPEALER CLAUSE; PROVIDING FOR A SEVERABILITY CLAUSE AND PROVIDING FOR THE EFFECTIVE DATE OF THE ORDINANCE

BE IT ENACTED AND ORDAINED by the Board of Supervisors of the Township of Centre, Berks County, Pennsylvania, (the "Township") and it is hereby ENACTED AND ORDAINED by the authority of the same as follows:

SECTION 1. The Township of Centre (the "Township") hereby elects to enroll its police officers in the Pennsylvania Municipal Retirement System (the "System"), as authorized by the Pennsylvania Municipal Retirement Law, Act 15 of 1974, as amended, (the "Act") with the express purpose of having the Pennsylvania Municipal Retirement System administer the retirement plan established by the Township for their police officers. The Township does hereby agree to be bound by all the requirements and provisions of said Act and to assume all obligations, financial and otherwise, placed upon member municipalities. All references hereafter shall be based on benefits negotiated between the Pennsylvania Retirement System Board (the "Board") and the Township under the provisions of Article IV of the Pennsylvania Municipal Retirement Law.

SECTION 2. Membership in the Pennsylvania Municipal Retirement System shall be mandatory for all full-time police officers of the Township. Membership for elected officials and employees hired on a temporary or seasonal basis is prohibited, as is membership for individuals paid only on a fee basis.

SECTION 3. Credit for prior service for original members is granted for each year or partial year thereof that the member was employed by the Township from January 1, 1987, or from the original date of hire, whichever is most recent, or the expiration of the member's probationary period if one so existed. Benefits provided to members in the

Agreement dated September 9, 2002, between the Board and the Township (the "Agreement") shall accrue based on all credited service granted and earned in accordance with this section.

SECTION 4. Payment for any obligation established by the adoption of this Ordinance and the Agreement between the Board and the Township shall be made by the Township in accordance with the Pennsylvania Municipal Retirement Law and Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act.

SECTION 5. As part of this Ordinance, the Township agrees that the System shall provide the benefits set forth in the Agreement between the Board and the Township. The passage and adoption of this Ordinance by the Township is an official acceptance of said Agreement and the financial obligations resulting from the administration of said benefit package. The Township hereby assumes all liability for any unfundedness created due to the acceptance of the benefit structure outlined in the above-referenced Agreement.

SECTION 6. By adoption of this Ordinance, the Township agrees to terminate, upon the effective date of membership in the Pennsylvania Municipal Retirement System, any previously maintained municipal pension program applicable to those employees identified as members in Section 2 of this Ordinance and to transfer any assets from any existing plan to offset the established liability. The Township also acknowledges that an affirmative vote representing at least seventy-five percent (75%) of the plan members indicated the members were in agreement with the establishment of the plan with the Pennsylvania Municipal Retirement System.

SECTION 7. The Township intends this Ordinance to be the complete authorization of the Township's police pension plan and it shall specifically repeal the Resolution passed March 9, 1988, and any and all other agreements, ordinances and/or resolutions that are inconsistent herewith.

SECTION 8. A duly certified copy of this Ordinance and the referenced agreement shall be filed with the Pennsylvania Municipal Retirement System of the Commonwealth of Pennsylvania. Membership for the police pension plan of Centre Township in the Pennsylvania Municipal Retirement System shall be effective the first day of October, 2002.

SECTION 9. If any sentence, clause, section or part of this Ordinance is for any reason found to be unconstitutional, illegal or invalid, such unconstitutionality, illegality or invalidity shall not affect or impair any of the remaining provisions, sentences, clauses, sections or parts of this Ordinance. It is hereby declared as the intent of the Township Board of Supervisors that this Ordinance would have been adopted had such unconstitutional, illegal or invalid sentence, clause, section or part thereof not been included herein.

SECTION 10. The Township intends this Ordinance to become effective October 1, 2002.

ENACTED and ORDAINED this 9<sup>th</sup> day of September, 2002.

TOWNSHIP OF CENTRE

By: Ronald Griggs  
Supervisor

By: \_\_\_\_\_  
Supervisor

Attest: George L. Smith  
Secretary

By: Clair L. Miller  
Supervisor

MUNICIPAL CERTIFICATION

I, GLORIA GRIM, Secretary of the TOWNSHIP OF CENTRE, BERKS COUNTY, PENNSYLVANIA, do hereby certify that the foregoing Ordinance \_\_\_\_\_ was advertised in the Reading Eagle/Times, a daily newspaper of general circulation in Centre Township, on \_\_\_\_\_, 2002, and was duly enacted and approved as set forth at a Regular Meeting of the Board of Supervisors held on September 9, 2002.

I further certify that the total number of members of the governing body of the Township is three (3); that the vote upon said Ordinance was called and duly recorded on the minutes of said meeting and that the members voted in the manner following:

<u>Board of Supervisors</u>	<u>Vote</u>
Ronald Knepp	<u>Aye</u> /Nay
Edward Leh	Aye/ <u>Nay</u>
Clair L. Miller	<u>Aye</u> /Nay

(SEAL)

Gloria Grim  
Secretary

Date: September 9, 2002

CENTRE TOWNSHIP POLICE  
PENSION PLAN AGREEMENT

AN AGREEMENT, dated this 9 day of September, 2002, by and between the Centre Township (the Township) and the Pennsylvania Municipal Retirement Board (the Board);

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

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

WHEREAS, Centre Township desires to establish a police pension plan with the Pennsylvania Municipal Retirement System and has negotiated an optional retirement plan contract with the Pennsylvania Municipal Retirement System for the police officers;

NOW THEREFORE, the Pennsylvania Municipal Retirement Board and Centre Township hereby agree to the following retirement pension plan for the police officers:

1. Coverage: This plan shall cover all full-time police officers, hereafter referred to as member, of the Township. Membership for elected officials and employees hired on a temporary or seasonal basis is prohibited as is membership for individuals paid only on a fee basis. Individual membership shall be effective as of the date the Township entered into the Pennsylvania Municipal Retirement System or upon the expiration of the individual's probationary status, whichever is more recent.

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

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

2. Superannuation Retirement: Eligibility for a superannuation retirement shall occur upon the member's attainment of fifty-five (55) years of age or older and the completion of at least twelve (12) years of credited service.

3. Basic Benefit: The basic annual benefit shall be equal to two percent (2%) of the member's final salary multiplied by all years of credited service. Provided however, in no event shall the basic benefit exceed fifty percent (50%) of the member's final salary.

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

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

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

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

6. Spouse's Pension: In the absence of an election of an option found in Section 13, on the death of an active member of the plan who was eligible at the time of death for either a superannuation retirement allowance because of meeting the superannuation retirement requirements found in Section 2, the surviving spouse (or the surviving minor children in the absence of a spouse or upon the remarriage of the surviving spouse) will receive a pension equal to one-half of the pension which such member would have been eligible to receive if the member had been retired at the time of death. An election by a member of an option found in Section 13 other than a Single Life Annuity, prior to retirement shall make void the foregoing provision.

A member who is entitled to either a superannuation retirement allowance because of meeting the superannuation retirement requirements found in Section 2 may file a written application for retirement requesting that such retirement become effective at the time of death. The member may elect one of the options provided in Section 13 and nominate a beneficiary. The application shall be held by the Board (1) until the member files a later application (PMRB-50) for a retirement allowance or (2) until the death of the member while in municipal service.

If such a member dies prior to receiving a retirement allowance, benefits become effective as if the member had retired on the day immediately preceding death. The beneficiary will receive the annuity option elected before the member's death.

If a member is receiving a retirement allowance in accordance with the Single Life Annuity provisions of Section 13, upon the retired member's death the surviving spouse (or the surviving minor children in the absence of a spouse or upon the remarriage of the surviving spouse) will receive a pension equal to one-half of the pension which such member was receiving. If there is no surviving spouse or minor children, the full amount of the total accumulated deductions standing to the member's credit in the member account on the effective date of retirement minus the total amount of annuity payments received shall be paid to the designated beneficiary.

7. Length of Service Increment: In addition to the basic benefit allowance, those members who have more than twenty-five (25) years of credited service time upon retirement shall receive a yearly service increment to be determined by computing the number of whole years of service beyond twenty-five (25) years and multiplying this number by an amount equal to  $1/40^{\text{th}}$  of the amount of the retirement allowance. This increment shall not, however, exceed one hundred dollars (\$100) per month.

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

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

9. Contributions by Members: Members shall contribute five percent (5%) of their total compensation. For federal tax purposes, subject to changes in federal tax law, member contributions will be treated as taxed at the time they are made to the System, will be tracked separately, and will not be treated as taxable when paid out to the member.

If a member terminates prior to becoming eligible for any benefit or the member elects not to receive a benefit, that individual shall be entitled to all accumulated contributions, interest and any excess investment monies allocated to the member's account. If sufficient funds exist, the Township may annually elect to lower or waive the required member contribution rate by adopting a resolution and filing it with the Board.

10. Vesting: After twelve (12) years of credited service, a member may vest by filing an application with the Board within ninety (90) days of separation from employment. Upon attainment of the superannuation age requirement found in Section 2 of this agreement, a basic benefit will be calculated in accordance with Section 3 of this agreement.

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

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



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

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

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

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

13. Options on Superannuation, Early Retirement or Vesting: At the time a member elects to receive a retirement benefit allowance, the benefit may be payable throughout the member's life, in which case the benefit is known as a Single Life Annuity. A member may elect to waive any entitlement to the spouse's benefit found in Section 6 of this agreement by choosing at time of retirement an alternative to the Single Life Annuity that would be of an equivalent actuarial value but that would be in a lesser allowance and payable throughout life with provisions that:

- (a) Option 1. If the member dies before receiving in payments the present value of the retirement allowance as it was at the time of retirement, the balance, if less than five thousand dollars (\$5,000), shall be paid in a lump sum to the designated beneficiary if living, or if the named beneficiary predeceased the member or if no beneficiary was named, then to the member's estate. If the balance is five thousand dollars (\$5,000) or more, the beneficiary may elect, by application duly acknowledged and filed with the Board to receive payment of such balance according to any one of the following provisions:

- (i) in a lump-sum payment, or
  - (ii) in an annuity having a present value equal to the balance payable, or
  - (iii) in a lump-sum payment and an annuity. Such annuity shall be of equivalent actuarial value to the balance payable less the amount of the lump-sum payment specified by the beneficiary.
- (b) Option 2. Upon the annuitant's death, the retirement allowance shall be continued throughout the life of and paid to the survivor annuitant, if then living.
  - (c) Option 3. Upon the annuitant's death, one-half of the retirement allowance shall be continued throughout the life of and paid to the survivor annuitant, if then living.

A member who has elected a Single Life Annuity shall automatically be deemed to have elected the spouse's death benefit provisions found in Section 6.

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

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

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

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

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

ATTEST:

CENTRE TOWNSHIP,  
BERKS COUNTY

BY: *Gloria Chin*  
Secretary

BY: *Ronald Knapp*  
Chairman

ATTEST:

PENNSYLVANIA MUNICIPAL  
RETIREMENT BOARD

BY: \_\_\_\_\_  
Secretary

BY: \_\_\_\_\_  
Chairman

Approved as to form and legality:

BY: \_\_\_\_\_  
Office of Attorney General

BY: \_\_\_\_\_  
Office of General Counsel

BY: \_\_\_\_\_  
Chief Counsel

TMP:BFM:rr  
9/5/2002

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, regardless of the intentional or unintentional nature of the error and upon the discovery of such error, the Board will correct the error and so far as practicable adjust the payments which may be made for and to such person in such a manner that the actuarial equivalent of the benefit to which he was correctly entitled shall be paid.

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

18. Effective Date: This agreement shall be effective the first day of October , 2002, with the acceptance of the same by Centre Township and the Pennsylvania Municipal Retirement Board. Termination of this agreement shall be in accordance with Section 412 of Act 15 of 1974.

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