

ORDINANCE NO. 570

AN ORDINANCE OF BENTLEYVILLE BOROUGH, WASHINGTON COUNTY, COMMONWEALTH OF PENNSYLVANIA, ELECTING TO AMEND ITS POLICE 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. IT IS HEREBY ORDAINED BY BENTLEYVILLE BOROUGH, WASHINGTON COUNTY, AS FOLLOWS:

SECTION I. Bentleyville Borough (the Borough), being a member municipality of the Pennsylvania Municipal Retirement System (the System), hereby elects to amend its Police 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.

SECTION II. As part of this Ordinance the Borough agrees that the System shall administer and provide the benefits set forth in the amended Police Pension Plan Contract entered into between the Pennsylvania Municipal Retirement Board and the Borough effective July 1, 2014 (the Contract).

SECTION III. The passage and adoption of this Ordinance by the Borough is an official acceptance of the Contract and the financial obligations resulting from the administration of the Contract.

SECTION IV. Payment for any obligation established by the adoption of this Ordinance and the Contract shall be made by the Borough in accordance with the Retirement Law and the Municipal Pension Plan Funding Standard and Recovery Act. The Borough hereby assumes all liability for any unfundedness created due to the benefit structure set forth in the Contract.

SECTION V. The Borough intends this Ordinance to be the complete authorization of the Contract and it shall become effective and specifically repeal Ordinance Number 520 either immediately or on July 1, 2014, which is the effective date of the Contract, whichever is later.

SECTION VI. A duly certified copy of this Ordinance and an executed Contract shall be filed with the System.

ORDAINED this 20 day of January, 2015

TALLY OF VOTES – YEAS 7 NAYS 0

ATTEST:

Kimberly D Sacco

Reviewed by PMRS Legal Counsel OB

PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM

POLICE PENSION PLAN  
OF  
BENTLEYVILLE BOROUGH,  
WASHINGTON COUNTY

|  |           |
|--|-----------|
| <b>ARTICLE IX -- CONTRIBUTIONS</b> .....                           | <b>26</b> |
| SECTION 9.1 MUNICIPALITY CONTRIBUTIONS.....                        | 26        |
| SECTION 9.2 MEMBER CONTRIBUTIONS.....                              | 26        |
| <b>ARTICLE X—RETURN TO SERVICE</b> .....                           | <b>28</b> |
| SECTION 10.1 ANNUITANT.....  | 28        |
| SECTION 10.2 FORMER MEMBERS OTHER THAN ANNUITANTS.....             | 28        |
| <b>ARTICLE XI – EXEMPTION OF BENEFITS</b> .....                    | <b>29</b> |
| SECTION 11.1 GENERAL.....  | 29        |
| SECTION 11.2 DOMESTIC RELATION ORDERS.....                         | 29        |
| SECTION 11.3 FORFEITURE.....                                       | 29        |
| <b>ARTICLE XII -- PENNSYLVANIA MUNICIPAL RETIREMENT FUND</b> ..... | <b>30</b> |
| SECTION 12.1 GENERAL.....  | 30        |
| SECTION 12.2 SEPARATE ACCOUNTS.....                                | 30        |
| SECTION 12.3 DISABILITY.....                                       | 30        |
| SECTION 12.4 BASIC BENEFIT.....                                    | 30        |
| SECTION 12.5 MUNICIPAL LIABILITY.....                              | 30        |
| SECTION 12.6 EXCLUSIVE BENEFIT.....                                | 30        |
| SECTION 12.7 CUSTODY OF THE FUND.....                              | 31        |
| SECTION 12.8 MANAGEMENT AND INVESTMENT OF THE FUND.....            | 31        |
| SECTION 12.9 ALLOCATION OF REGULAR INTEREST.....                   | 31        |
| SECTION 12.10 ALLOCATION OF EXCESS INTEREST.....                   | 31        |
| <b>ARTICLE XIII -- ADMINISTRATION</b> .....                        | <b>33</b> |
| SECTION 13.1 GENERAL POWERS OF THE BOARD.....                      | 33        |
| SECTION 13.2 LIMITS ON BENEFIT STRUCTURE.....                      | 33        |
| SECTION 13.3 POLICY STATEMENTS.....                                | 33        |
| SECTION 13.4 AMENDMENT OF CONTRACT.....                            | 34        |
| SECTION 13.5 BENEFITS CLAIMS PROCEDURES.....                       | 34        |
| SECTION 13.6 PLAN WITHDRAWAL.....                                  | 35        |
| SECTION 13.7 NOTICE.....   | 36        |
| SECTION 13.8 FILINGS WITH THE BOARD.....                           | 37        |
| SECTION 13.9 EFFECTIVE DATE.....                                   | 37        |
| SECTION 13.10 ENTIRE AGREEMENT.....                                | 37        |
| SECTION 13.11 APPLICABLE LAW.....                                  | 37        |
| SECTION 13.12 MISTAKE IN THE RECORD.....                           | 38        |
| SECTION 13.13 BINDING EFFECT.....                                  | 38        |
| SECTION 13.14 COUNTERPARTS.....                                    | 38        |
| SECTION 13.15 SEVERABILITY.....                                    | 38        |
| SECTION 13.16 NO PRESUMPTION BASED UPON DRAFTSMANSHIP.....         | 38        |
| SECTION 13.17 HEADINGS.....  | 38        |



## ARTICLE II – DEFINITIONS

### Section 2.1 Definitions

The following terms shall be defined as set forth below, provided, that each term defined in the PMRL shall have the meaning set forth therein and shall be interpreted consistent with its definition under the PMRL.

**“Accumulated Deductions”** means the total amount deducted from the Compensation of the Member as set forth in this Contract 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 Member’s Account, together with Regular Interest thereon, unless interest is specifically excluded in this Contract.

**“Active Member”** means a Member who is earning Credited Service under this Contract as a result of employment with a Municipality.

**“Actuarially Equivalent”** means annuities or lump sum amounts of equal present value determined by appropriate actuarial factors based on mortality tables and interest rates currently adopted and used by the Board. Such mortality tables and interest rates shall comply with IRC Section 415(b)(2), as applicable.

**“Actuary”** means: (1) a member of the American Academy of Actuaries, or (2) an individual who has demonstrated to the satisfaction of the Insurance Commissioner of Pennsylvania that he or she has the educational background necessary for the practice of actuarial science and has had at least seven years of actuarial experience, or (3) a firm, partnership or corporation of which one or more members meets the requirements of subclauses (1) or (2) above.

**“Alternate Payee”** means any 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 monies payable to that Member.

**“Annuitant”** means any Member on or after the Effective Date of Retirement until the Member’s annuity is terminated.

**“Approved Domestic Relations Order”** means any Domestic Relations Order which has been approved by the System in accordance with the PMRL.

**“Basic Benefit”** means the Member’s accrued retirement benefit as calculated pursuant to Article VI Section 6.1.

**“Beneficiary”** means the person or persons last designated in writing to the Board by a Member or an Annuitant, or if one is not so designated, the estate or next of kin under 20 Pa.C.S. § 3101 (relating to payments to family and funeral directors), to the extent applicable, to receive any death benefit after the death of such Member or Annuitant.



**“Credited Service”** means an increment of service by a Member to a Municipality as determined under the terms of Article IV, Section 4.1.

**“Date of Termination of Service”** means for an Active Member, the last day of employment in a status covered by the eligibility requirements of the Contract. For an Inactive Member, the date on which formal action is taken by the Municipality to separate the Member from employment.

**“Disability Annuitant”** means a Member on or after the Effective Date of Disability Retirement until the disability annuity is terminated.

**“Domestic Relations Order”** means any judgment, decree or order, including approval of a property settlement agreement, 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 monies payable to that Member under the System in furtherance of the equitable distribution of marital assets. The term includes orders of support as that term is defined by 23 Pa. C.S. 4302 (relating to definitions) and orders for the enforcement of arrearages as provided by 23 Pa. C.S. § 3703 (relating to enforcement of arrearages).

**“DROP”** means the Deferred Retirement Option Plan adopted by the Board and set forth in Appendix A to this Contract, if one is so attached.

**“DROP participant”** means an Annuitant who has elected to participate in the DROP as may be provided under Article VII, Section 7.2 (b).

**“Early Retirement Benefit”** means the Member’s Basic Benefit adjusted for commencement upon early retirement as may be provided under Article V, Section 5.2.

**“Effective Date of Disability Retirement”** means the date following the last day for which Compensation was paid or the date on which the Member filed an effective application for disability benefits, whichever is later.

**“Effective Date of Retirement”** means one of the following:

- (a) For a Member who files an application for an annuity within ninety days after the Date of Termination of Service, the later of:
  - (i) the first day following the Date of Termination of Service; or
  - (ii) the date specified on the application.
- (b) For a Member who does not file an application for an annuity within ninety days after the Date of Termination of Service, the later of:
  - (i) the date the application is filed; or
  - (ii) the date specified on the application.
- (c) For a Member who applies for a disability retirement, the date certified by the Board as the Effective Date of Disability Retirement.

**“IRC”** means the Internal Revenue Code of 1986, as designated and referred to in the Federal Tax Reform Act of 1986 (Public Law 99-514) as amended. A reference to “IRC Section \_\_\_\_” shall be deemed to refer to the identically numbered section and subsection or other subdivision of such section in 26 U.S.C. (relating to Internal Revenue Code), as such identically numbered section may be amended.

**“Member”** means a municipal police officer, who meets the eligibility requirements in Article III Section 3.1 or 3.2 and who holds a full-time position in the police department of the Municipality and who works for a stated salary.

**“Member’s Account”** means the account to which shall be credited any Accumulated Deductions, municipal contributions made on behalf of the Member and Excess Interest.

**“Member’s Annuity”** means that portion or component of the Basic Benefit which is of Equivalent Actuarial Value, at date of retirement, to the Accumulated Deductions of the Member.

**“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 Accumulated Deductions.

**“Municipal Account”** means the Account maintained for the Municipality, to which shall be credited the contributions made by it toward the benefits of the Members under the System.

**“Municipality”** means Bentleyville Borough, Washington County.

**“Original Member”** means a Member who was employed by the Municipality as of the date the Municipality joined the System.

**“Pennsylvania Municipal Retirement Law”** means, 53 P. S. §881.101 et seq. A reference to “PMRL Section \_\_\_\_” shall be deemed to refer to the identically numbered subsection of 53 P.S. § 881 as may be amended.

**“PMRL”** See the Pennsylvania Municipal Retirement Law.

**“Policy Statement”** means a statement of rule adopted by the Board as provided in Article XIII, Section 13.3 and as authorized by PMRL Section 104(10).

**“Prior Service”** means all service as an Original Member completed at the time the Municipality elected to join the System.

**“Regular Interest”** means the rate fixed by the board, from time to time, on the basis of earnings on investments to be applied to the Member’s Accounts, Municipal Accounts and the Retired Member’s Reserve Account.

## ARTICLE III – MEMBERSHIP

### **Section 3.1 Mandatory Membership**

Membership for full-time police officers of the Municipality is mandatory.

### **Section 3.2 Optional Membership**

Not available.

### **Section 3.3 Prohibited Membership**

Membership for elected officials, part-time employees, seasonal employees, and temporary employees is prohibited, as is membership for individuals paid only on a fee basis.

- (c) 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.

**Section 4.5 Non-Intervening Military Service**

- (a) An Active Member may 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.
- (b) The rate of interest charged a Member on purchase of credit for nonintervening military service shall be the Regular Interest in effect on the date of the Member's application.
- (c) An Active Member may purchase credit for 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.

**Section 4.6 USERRA Service / HEART Act**

- (a) **Qualified Military Service.--** Notwithstanding any provisions herein to the contrary, contributions, benefits and service credit with respect to "qualified military service" within the meaning of IRC Section 414(u)(5) will be provided in accordance with IRC Section 414(u).
- (b) **HEART Act Provisions.--**
  - (i) **Death benefits.** In the case of a death or disability occurring on or after January 1, 2007, if a Member dies while performing qualified military service (as defined in IRC Section 414(u)), the survivors of the Member are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the System as if the Member had resumed and then terminated employment on account of death.



## ARTICLE V – ELIGIBILITY FOR BENEFITS

### Section 5.1 Eligibility for Superannuation Retirement Benefit

- (a) Members hired prior to July 1, 2014 shall be eligible for a Superannuation Retirement Benefit upon attainment of Superannuation Retirement Age, which shall be fifty (50) years of age with five (5) years of Credited Service.
- (b) Members hired on or after July 1, 2014 shall be eligible for a Superannuation Retirement Benefit upon attainment of Superannuation Retirement Age, which shall be sixty-two (62) years of age with ten (10) years of Credited Service.

### Section 5.2 Eligibility for Early Retirement Benefit

- (a) Members hired prior to July 1, 2014. —
  - (i) A Member who terminates service after twenty (20) years of Credited Service may apply for an Early Retirement Benefit.
  - (ii) The Early Retirement Benefit under this subsection will be actuarially reduced for each year or partial year thereof that early retirement takes place prior to the date on which the Member would have attained at least fifty (50) years of age and would have earned twenty-five (25) years of Credited Service (presuming continuous employment).
- (b) Members hired on or after July 1, 2014.—
  - (i) A Member who terminates service after ten (10) years of Credited Service and who has attained at least fifty-two (52) years of age may apply for an Early Retirement Benefit.
  - (ii) The Early Retirement Benefit will be actuarially reduced for each year or partial year thereof prior to sixty-two (62) years of age that early retirement takes place.

### Section 5.3 Eligibility for a Vested Benefit

- (a) Members hired prior to July 1, 2014. —
  - (i) A Member shall vest upon the completion of five (5) years of Credited Service provided the Member files an application to vest with the Board within ninety (90) days of the Member's Date of Termination of Service.
  - (ii) A Vested Member shall be entitled to a Superannuation Retirement Benefit upon attainment of fifty (50) years of age.

## ARTICLE VI – BENEFITS

### Section 6.1 Basic Benefit

- (a) For Members hired prior to July 1, 2014, the annual Basic Benefit shall be calculated by multiplying the Member's Final Salary by all years of Credited Service and multiplied by the benefit accrual rate of two percent (2%). Provided however, in no event shall the annual Basic Benefit exceed fifty percent (50%) of the Member's Final Salary.
- (b) For Members hired on or after July 1, 2014, the annual Basic Benefit shall be equal to a single life annuity starting on the Effective Date of Retirement with a present value equal to the Member's Accumulated Deductions and municipal contributions made on behalf of the Member.

### Section 6.2 Excess Interest Benefit

An annual Excess Interest benefit shall be equal to a single life annuity starting on the Effective Date of Retirement with a present value equal to the Member's Excess Investment Account.

### Section 6.3 Service Increment

In addition to the Basic Benefit, an Annuitant hired prior to July 1, 2014 who has twenty-six (26) or more years of Credited Service shall receive a monthly service increment to be determined by computing the number of whole years of Credited Service beyond twenty-five (25) years and multiplying this number by ten dollars (\$10). This increment shall not, however, exceed one hundred dollars (\$100) per month.

### Section 6.4 Cost of Living Adjustment

Not available.

### Section 6.5 Maximum Benefit Limitations

- (a) General Limitation.-- The annual retirement benefit payable to any Member shall not exceed the maximum permissible amount for the System year pursuant to IRC Section 415(b) and, to the extent applicable, Section 415(c).
- (b) Adjustment of Limitations.--
  - (i) To the extent the limitations set forth herein may be from time to time adjusted by statutes, regulations or other publications issued by the Internal Revenue Service, such adjusted amounts shall be substituted for the amounts set forth in this section, provided that no such adjustment shall reduce a Member's accrued benefit unless such adjustment is required to preserve the qualified status of the System or the applicable Plan.

## ARTICLE VII – OPTIONS UPON TERMINATION OF SERVICE

### Section 7.1 Refund

A Member who terminates service may elect to receive the Accumulated Deductions and the Member's Excess Investment Account standing to the credit of the Member as of the Date of Termination of Service, in lieu of receipt of a benefit provided under Article VI.

### Section 7.2 Optional Form of Payment

(a) Single Life Annuity.--

(i) Upon attainment of eligibility to receive a Superannuation Retirement Benefit or eligibility to elect an Early Retirement Benefit, a Member separating from service may elect to receive the benefits provided in Article VI. Such benefits shall be calculated in accordance with Article VI and shall be paid throughout the Member's life.

(ii) In the event of the death of an Annuitant who has elected to receive a single life annuity before the Annuitant has received in total annuity payments an amount equal to the full amount of the Accumulated Deductions plus Excess Interest standing to the Member's credit on the Effective Date of Retirement, the difference between the total payments made to the date of death and the Accumulated Deductions plus Excess Interest shall be paid to the Beneficiary.

(iii) A Member hired prior to July 1, 2014 who has elected a single life annuity shall automatically be deemed to have elected the spouse's death benefit found in Article VIII, Section 8.3.

(b) Reduced Annuity Options.-- The Member may alternatively elect at the time of retirement to receive the Equivalent Actuarial Value in a lesser allowance, payable throughout life with provisions that:

(i) Option 1. A life annuity to the Member with a guaranteed total payment equal to the present value of the single life annuity on the Effective Date of Retirement. If, at death, the Member has received less than such present value as it was as of the Effective Date of Retirement, the unpaid balance shall be payable to the Beneficiary. If the balance is less than five thousand dollars (\$5,000), it shall be paid in a lump sum to the Beneficiary if living, or if the 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:

(a) in a lump-sum payment; or,

**Section 7.4 Direct Rollover**

- (a) Eligible Rollover Distributions.-- If a Member is eligible for a distribution that qualifies as an "Eligible Rollover Distribution" as defined herein and under IRC Section 402(f)(2)(A), such amount shall be distributed as follows:
- (i) If the distributable amount is \$1,000 or less, it shall be distributed as a direct payment to such Member as soon as administratively practicable after separation from service.
  - (ii) If the distributable amount is \$5,000 or less, but more than \$1,000, then it shall be distributed as soon as administratively practicable after separation from service, as follows:
    - (a) Upon the written consent of the Member, by rollover to an Eligible Retirement Plan as directed by the Member (as provided in subsection (b) below) or by direct payment to the Member; or
    - (b) In absence of the Member's written consent, by direct transfer to an individual retirement account maintained on behalf of the Member by a trustee designated by the Board.
  - (iii) If the distributable amount exceeds \$5,000, it shall be distributed by direct payment to such Member (or by rollover to an Eligible Retirement Plan, as directed by the Member pursuant to subsection (b) below) as follows:
    - (a) If the Member has attained Superannuation Retirement Age, it shall be distributed as soon as administratively practicable after separation from service.
    - (b) If the Member has not attained Superannuation Retirement Age, it shall be distributed as soon as administratively practicable after the Member attains Superannuation Retirement Age; or, if the Member consents to such distribution in writing, as soon as administratively practicable after receipt of such consent.
- (b) Direct Rollovers.-- Except as provided in subsection (a)(1) above, a Member, a Member's surviving spouse, a Member's Beneficiary or a Member's former spouse who is an Alternate Payee under an Approved Domestic Relations Order pursuant to Article XI, Section 11.2, may elect, at the time and in the manner prescribed by the Board, to have any portion of his or her distribution paid directly, as an Eligible Rollover Distribution, to an Eligible Retirement Plan.

- (b) A Service Connected Disability shall equal an annual benefit of fifty percent (50%) of the Disability Annuitant's Final Salary.
- (ii) Non-Service Connected Disability. Not Available
  - (iii) The portion of the disability annuity funded from the Total Disability Reserve Account under this subsection shall be reduced by the amount of any payments for which the Disability Annuitant 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."
- (f) Members hired on or after July 1, 2014.—
- (i) No minimum period of Credited Service shall be required for eligibility to receive a disability retirement.
  - (ii) A Disability Annuitant shall be entitled to receive a disability benefit calculated in accordance with the provisions of Article VI, Section 6.1(b).
  - (iii) The Disability Annuitant's annuity under this subsection shall not be affected by the amount of any payments for which the Disability Annuitant 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."

(iv) If an option was not filed with the Board under this part and there is no surviving spouse or children eligible for the benefit, the balance of the Member's Account on the date of death shall be paid to the Beneficiary.

(b) Members hired on or after July 1, 2014. —

(i) If an Active Member or Vested Member files an application under this part, benefits shall become effective as if such Active Member or Vested Member had retired on the day immediately preceding death in accordance with the annuity option elected in the application.

(ii) If an option was not filed with the Board under this part, it shall be considered that the Active Member or Vested Member elected Option I as provided in Article VII Section 7.2(b)(i). In such event, payment under Option I shall be made to the Beneficiary.

- (c) Contributions shall be deducted from payroll and transmitted to the System by the Municipality in accordance with the Board's policy regarding the treatment of member contributions.
- (d) 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.

## ARTICLE XI – EXEMPTION OF BENEFITS

### Section 11.1 General

The Basic Benefit, Accumulated Deductions and the moneys in the Fund shall be exempt from any State or municipal tax and shall be unassignable except to a Beneficiary.

### Section 11.2 Domestic Relation Orders

Rights under this Contract shall be subject to attachment in favor of an Alternate Payee as set forth in an Approved Domestic Relations Order.

### Section 11.3 Forfeiture

- (a) Rights under this Contract shall be subject to forfeiture as required under the act of July 8, 1978 (P.L.752, No.140), known as the "Public Employee Pension Forfeiture Act." Forfeitures under this clause or under any other provision of law may not be applied to increase the benefits that any member would otherwise receive under this act.
- (b) The Public Employee Pension Forfeiture Act states that all benefits payable to a public employee must be forfeited if the employee is convicted of, or pleads guilty or no defense to a crime related to public office or public employment enumerated in the Public Employee Pension Forfeiture Act.
- (c) In the event a Member is convicted of, pleads guilty or no defense to a forfeitable crime, the Member will be entitled to receive the retirement contributions the Member made, without Regular Interest or Excess Interest, unless a court of competent jurisdiction orders the Member's contributions to be paid as restitution to the Municipality.
- (d) All service and benefits forfeited by operation of the Public Employee Pension Forfeiture Act shall be ineligible for retirement coverage should the Member later gain public employment and qualify for membership in the System, regardless of the employing Municipality.



- (a) Benefits to Members in accordance with the PMRL and this Contract; and,
- (b) Necessary and appropriate expenses of the System.

**Section 12.7 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.

**Section 12.8 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.

**Section 12.9 Allocation of Regular Interest**

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

**Section 12.10 Allocation of Excess Interest**

- (a) The Board may, after deducting money to pay for Regular Interest and any appropriate expenses of the System, award Excess Interest to the Municipality in accordance with Board adopted policy.
- (b) Notwithstanding any other provision, Excess Interest shall not be allocated to the Member's Accounts and/or Retired Members' Reserve Account if the Municipality's funding status in relation to the benefit structure set forth under this Contract 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.
- (c) In the event that the Municipality's funding status in relation to the benefit structure set forth under this Contract 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., all Excess Interest awarded by the Board shall be allocated to the Municipal Account.

## ARTICLE XIII -- ADMINISTRATION

### Section 13.1 General Powers of the Board

In the administration of the System the Board has the exclusive authority under the PMRL to:

- (a) Contract 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 the PMRL;
- (d) Adopt for the System one or more mortality tables and such other tables as shall be deemed necessary;
- (e) 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;
- (f) Prepare and distribute annual statements of accounts to each of the Active Members, showing the contributions made during the year, the interest earned and the total balance standing in the Member's Account at the end of the year;
- (g) Perform such other functions as are required for the execution of the PMRL and of any other Federal and State law and to administer and interpret this Contract to ensure that the System is maintained as tax qualified under the IRC.

### Section 13.2 Limits on Benefit Structure

This Contract shall not provide benefits in excess of or provide for member contribution rates less than those available to the Municipality's class of employees covered by this Contract under existing law, including laws applicable to the establishment of pension plans.

### Section 13.3 Policy Statements

- (a) Pursuant to PMRL Section 104(5), the Board has authority to 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.

- (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. 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 17101-1905**

- (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.

### **Section 13.6 Plan Withdrawal**

- (a) Withdrawal.-- 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 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 per cent of all Active Members, Inactive Members, Vested Members, Annuitants, and Survivor Annuitants.
  - (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.

**Section 13.8 Filings with the Board**

- (a) Receipt.--Any filing, election or notice required to be made under this Contract or the PMRL 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.-- Subject to any exceptions provided for in the PMRL, the timeliness of any filing, election or notice required to be made under this Contract or the PMRL 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 System 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 System 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 Contract shall be made by the Municipality within forty-five (45) days following the date of the System's formal demand.
  - (iii) Failure of the Municipality to provide such requested certification within the forty-five (45) day period shall result in the System utilizing the most current reliable data maintained by the System for the Member.

**Section 13.9 Effective Date**

This Contract shall be effective the first day of July, 2014.

**Section 13.10 Entire Agreement**

Except as hereinabove expressly provided, this Contract supersedes all prior contracts and undertakings, written or oral, between the same parties concerning the same subject matter.

**Section 13.11 Applicable Law**

This Contract shall be governed by and interpreted and enforced in accordance with the PMRL and, as applicable, Municipal Pension Plan Funding Standard and Recovery Act, 53 P.S. §895.101 et seq., 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 as written below.

ATTEST:

BENTLEYVILLE BOROUGH,  
WASHINGTON COUNTY

BY: Kimberly G Sacco 1/23/15  
Secretary Date

BY: Stanley A. Glowacki 1/23/15  
President of Council Date

ATTEST:

PENNSYLVANIA MUNICIPAL  
RETIREMENT BOARD

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

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

Approved as to form and legality:

BY: 49-K-100  
Office of Attorney General

BY: 49-K-100  
Office of General Counsel

BY: \_\_\_\_\_  
Chief Counsel of the Board