BOROUGH OF DONORA
WASHINGTON COUNTY, PENNSYLVANIA
ORDINANCE NO. ________ OF 2026

AN ORDINANCE AMENDING, CONSOLIDATING AND RESTATING THE BOROUGH OF DONORA POLICE PENSION PLAN

AN ORDINANCE OF THE BOROUGH OF DONORA, WASHINGTON COUNTY, PENNSYLVANIA, AMENDING, CONSOLIDATING AND RESTATING THE BOROUGH OF DONORA POLICE PENSION PLAN; ESTABLISHING AND MAINTAINING A POLICE PENSION FUND; PROVIDING DEFINITIONS, ADMINISTRATIVE PROVISIONS, PARTICIPATION REQUIREMENTS, CONTRIBUTIONS, RETIREMENT, DISABILITY, DEATH AND SURVIVOR BENEFITS, VESTING, TERMINATION, FUNDING, ROLLOVERS, COST-OF-LIVING ADJUSTMENTS, AMENDMENT AND TERMINATION PROVISIONS; PRESERVING ACCRUED AND VESTED RIGHTS; AND REPEALING AND SUPERSEDING PRIOR POLICE PENSION ORDINANCES TO THE EXTENT RESTATED HEREIN.

DRAFTING NOTE: This document consolidates the fourteen (14) historical ordinances supplied for review. Because pension benefits are affected by state law, federal tax law, actuarial requirements, and collective bargaining obligations, the Borough Solicitor, pension counsel/administrator, and actuary should review this restatement before advertisement or enactment. The draft intentionally preserves the substantive terms found in the supplied ordinances rather than independently updating them to later law.

RECITALS AND LEGISLATIVE HISTORY

WHEREAS, the Borough historically created and administered a police pension fund through Ordinance No. 812, which was later repealed and the fund dissolved by Ordinance No. 872;

WHEREAS, Ordinance No. 930 established a new Borough of Donora Police Pension Plan effective January 1, 1958, funded by participant contributions, Borough appropriations, and Commonwealth allocations;

WHEREAS, Ordinance No. 1126 terminated the trust agreement authorized under Ordinance No. 930, appointed the Borough Secretary and successors as Trustee, and provided for a Pension Trust Committee;

WHEREAS, Ordinance No. 1135 established and reorganized the Police Pension Fund and expressly superseded Ordinance Nos. 930 and 1126 while preserving pension rights and liabilities then existing;

WHEREAS, Ordinance No. 1243 amended and restated the Police Pension Plan in its entirety effective January 1, 1989 for purposes of consolidation;

WHEREAS, Ordinance No. 1262 further amended survivor benefits, deferred vesting, participant contributions, and normal retirement benefits, including a five percent (5%) participant contribution requirement effective January 1, 1997;

WHEREAS, Ordinance No. 1285 further amended survivor benefits;

WHEREAS, Ordinance No. 1311 clarified Employment and Aggregate Service, eliminated certain Social Security offsets for specified participants, added Internal Revenue Code Section 415 limitations, and restated deferred vesting provisions;

WHEREAS, Ordinance No. 1316 incorporated the provisions of Pennsylvania Act 64 of 2002 relating to special ad hoc adjustments for qualifying retired or disabled police officers;

WHEREAS, Ordinance No. 1318 incorporated Internal Revenue Code Section 415 requirements by reference and added direct rollover provisions;

WHEREAS, Ordinance No. 1329 added definitions relating to college attendance and salary at disability/death, restated survivor benefits and disability retirement, and added a killed-in-service survivor benefit;

WHEREAS, Ordinance No. 1392 granted a one-time ad hoc cost-of-living adjustment of Two Hundred Dollars ($200.00) per month, effective January 1, 2018, to each participant who retired prior to January 1, 2018 and was receiving a retirement benefit under the Plan as of January 1, 2018; and

WHEREAS, Ordinance No. 1405, enacted October 10, 2024, amended the Borough of Donora Police Pension Plan by establishing an Act 44 Deferred Retirement Option Program (DROP) for eligible full-time police officers; and

WHEREAS, Borough Council desires to place the operative provisions of the foregoing enactments into a single consolidated and restated ordinance without impairing accrued or vested rights.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED by the Council of the Borough of Donora, and it is hereby ordained and enacted by authority of the same, as follows:

ARTICLE I — ESTABLISHMENT, PURPOSE AND DEFINITIONS

Section 1.01. Establishment and Continuation of Plan.

The Borough of Donora Police Pension Plan and Police Pension Fund are hereby continued, consolidated and restated. The Plan shall be maintained for eligible full-time permanent police officers and their eligible survivors and beneficiaries in accordance with this Ordinance, applicable Pennsylvania law, applicable federal tax law, and lawful collective bargaining obligations.

Section 1.02. Accrued Benefit.

"Accrued Benefit" means, as of any given date, the benefit determined under Section 5.02 multiplied by a fraction, the numerator of which is the Participant's Aggregate Service as of such date and the denominator of which is the Aggregate Service that would be credited to the Participant as of the Normal Retirement Date if the Participant continued as a full-time permanent police officer until such date.

Section 1.03. Accumulated Contributions.

"Accumulated Contributions" means the total amount contributed by a Participant to the Fund or its predecessor by payroll deduction or otherwise, plus interest credited at five percent (5%) per annum, compounded annually, subject to applicable law.

Section 1.04. Act.

"Act" means the Municipal Pension Plan Funding Standard and Recovery Act, Act 205 of 1984, as amended, and any successor law applicable to the Plan.

Section 1.05. Actuary.

"Actuary" means the person or entity serving as the Plan's actuary and qualified as an Approved Actuary under applicable law.

Section 1.06. Aggregate Service and Employment.

For purposes of determining Aggregate Service, "Employment" includes the following:

(a) Periods for which an Employee is directly or indirectly compensated or entitled to compensation by the Employer for performance of duties as a police officer.

(b) Periods for which an Employee receives fixed periodic salary-continuation payments for reasons other than performance of duties, including vacation, holidays, sickness, workers' compensation or similar benefits, whether paid directly by the Employer or through a program to which the Employer contributed.

(c) Periods during which an Employee is entitled to disability benefits under this Plan, provided the Employee returns to Employment within three (3) months after it is determined that the Employee is no longer Totally and Permanently Disabled, if such determination occurs before Normal Retirement Age.

(d) Voluntary or involuntary military service with the Armed Forces of the United States, provided the Participant was employed as a regular full-time member of the Borough police force for at least six (6) months immediately before military service and returns to Employment within six (6) months after discharge, or within any longer period protected by law or collective bargaining agreement.

(e) Qualified military service under Chapter 43 of Title 38, United States Code, provided the Participant returns to Employment and pays the Participant Contributions that would have been paid during such service. Estimated compensation shall be based on the average compensation paid during the twelve (12) months immediately preceding military service. Required contributions must be paid within the period prescribed in the prior Plan: the earlier of three (3) times the period of qualified military service or five (5) years after re-employment.

Aggregate Service means the total period or periods of Employment with the Employer, whether or not interrupted, including qualifying military service. A period for which a Participant withdrew Accumulated Contributions shall not thereafter count as Aggregate Service unless the withdrawn amount, with applicable interest, is repaid to the Fund as permitted by the Plan and applicable law.

Section 1.07. Basic Monthly Earnings.

"Basic Monthly Earnings" means total compensation of the Employee, whether salary or hourly wages, including overtime pay, holiday pay, longevity pay, and other compensation paid by the Employer for police services rendered.

Section 1.08. Council and Employer.

"Council" means the Council of the Borough of Donora. "Employer" means the Borough of Donora.

Section 1.09. Employee.

"Employee" means a regular police officer employed by the Borough on a permanent full-time basis as a member of the Borough Police Department.

Section 1.10. Disability Retirement Date.

"Disability Retirement Date" means the date on which the Plan Administrator determines a Participant is incapacitated by Total and Permanent Disability, or the date Employment terminates due to such disability, if later.

Section 1.11. Final Monthly Average Salary.

(a) For a Participant hired on or before August 30, 1983, the average monthly salary earned and paid during the final thirty-six (36) months immediately preceding retirement included in the averaging period. Salary includes total compensation, including overtime, holiday pay, longevity, and other compensation for police services.

(b) For a Participant hired after August 30, 1983, the average monthly salary earned and paid during the final thirty-six (36) months immediately preceding retirement included in the averaging period. Salary includes regular salary and fixed periodic compensation such as longevity pay, holiday pay and night differential pay, but excludes irregular or extra compensation such as overtime or court pay.

Section 1.12. Normal Retirement Date.

The earliest date on which a Participant is entitled to a normal retirement benefit under Section 5.01.

Section 1.13. Participant.

An Employee who has satisfied the eligibility requirements of this Plan and has not ceased to be a Participant.

Section 1.14. Pension Fund.

The Borough of Donora Police Pension Fund, including all money, property, investments, policies and contracts held for the Plan.

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Section 1.15. Plan.

The pension plan set forth in this Ordinance, as amended from time to time, designated the Borough of Donora Police Pension Plan.

Section 1.16. Plan Administrator.

The Retirement Plan Board appointed by Council to administer the Plan. If no such appointment is made, Council shall be the Plan Administrator.

Section 1.17. Plan Year.

The twelve-month period beginning January 1 and ending December 31 of each year.

Section 1.18. Policy or Contract.

A retirement annuity, retirement income endowment policy, combination thereof, or other insurance contract or policy deemed appropriate under applicable law.

Section 1.19. Total and Permanent Disability.

A total and permanent disability of an Employee, incurred prior to eligibility for superannuation retirement, resulting from a condition incurred in the line of duty while performing service as an Employee of the Borough.

Section 1.20. Attending College.

For purposes of survivor benefits, eligible children are “Attending College” when registered at an accredited institution of higher learning and carrying a minimum course load of seven (7) credit hours per semester.

Section 1.21. Member’s Salary at the Time the Disability Was Incurred.

The fixed, periodic payment for the final completed month of active Employment during the year in which the disability occurred.

Section 1.22. Member’s Salary at the Time of Death.

The fixed, periodic payment for the final completed month of active Employment.

ARTICLE II — ADMINISTRATION OF THE PLAN

Section 2.01. Supervision by Council.

The operation of the Plan shall be supervised by Council. By majority action, Council may act directly or through a designated Plan Administrator and may execute or authorize all instruments necessary to implement the Plan.

Section 2.02. Records and Construction.

The Plan Administrator shall keep records necessary to determine the status of each Participant and the Participant's presumptive share of the Fund as determined by the Actuary. Council or the Plan Administrator may make rules and determinations necessary for administration where the Plan is silent, subject to amendment by ordinance or resolution and applicable law.

Section 2.03. Acceptance of Gifts, Grants, Devises and Bequests.

Council may accept money or property, real or personal, by gift, grant, devise or bequest in trust for the benefit of the Plan. Care, management, investment and disposition shall be vested in Council or its duly appointed delegate, subject to Pennsylvania law, this Plan, and lawful donor restrictions.

Section 2.04. Preservation of Existing Rights.

No Participant, retiree, survivor or beneficiary who became entitled to a benefit under a prior Borough police pension ordinance shall be deprived by this consolidation of any accrued or vested right lawfully acquired. Existing liabilities and payment obligations of the Fund shall continue according to the governing law and plan terms applicable to such rights, except where lawfully modified.

ARTICLE III — PARTICIPATION

Section 3.01. Eligibility.

Each Employee employed as a regular full-time permanent member of the Borough Police Department shall participate in the Plan.

Section 3.02. Notification.

Council shall furnish the Plan Administrator written notice of the appointment of each new full-time permanent Employee eligible for participation within sixty (60) days after appointment.

Section 3.03. Designation of Beneficiary.

Each new Participant shall provide Council a written beneficiary designation when participation commences. A designation may be changed or rescinded by written notice without the beneficiary's consent, subject to applicable law.

ARTICLE IV — CONTRIBUTIONS AND FUNDING

Section 4.01. Participant Contributions.

Effective January 1, 1997, and continuing unless lawfully amended, each Participant shall, as a requirement of participation, make regular contributions to the Pension Fund equal to five percent (5%) of the Participant's Basic Monthly Earnings.

Section 4.02. Payment of Participant Contributions.

Participant contributions shall be deducted from the Participant's Basic Monthly Earnings during each month of Aggregate Service in which the Employee is a Participant.

Section 4.03. Reduction or Elimination of Participant Contributions.

If an actuarial study demonstrates that the condition of the Pension Fund permits Participant payments to be reduced or eliminated without requiring additional Employer contributions to maintain actuarial soundness, the Borough may, on an annual basis and as permitted by law, reduce or eliminate Participant contributions by ordinance or resolution.

Section 4.04. State Aid.

General Municipal Pension System State Aid and other State aid deposited into the Pension Fund shall be used in accordance with applicable law, including reduction of unfunded liability, application toward the Employer's annual obligation for future service costs, and, where legally permissible, reduction of Participant contributions.

Section 4.05. Employer Contributions.

The remainder of required annual contributions, as determined by the Actuary in accordance with applicable law, shall be an obligation of the Borough and shall be paid into the Pension Fund by appropriation.

ARTICLE V — RETIREMENT BENEFITS

Section 5.01. Normal Retirement Date.

(a) For Employees generally, the Normal Retirement Date is the later of: (i) completion of twenty-five (25) years of service with the Employer; and (ii) attainment of age fifty-five (55). If an actuarial study shows that a reduction is feasible and the Borough lawfully adopts such reduction, the age may be reduced to fifty (50).

(b) For an Employee for whom a pension fund had been established and who was hired before December 21, 1965, the Normal Retirement Date is the earlier of the date described in subsection (a) or the date the Employee has completed twenty (20) years of Aggregate Service and attained age sixty (60), subject to any lawfully established pre-December 21, 1965 age provision.

Unless otherwise lawfully amended, the Plan's stated normal retirement standards are twenty-five (25) years with the Employer and age fifty-five (55), or, for the grandfathered group described above, twenty (20) years of Aggregate Service and age sixty (60).

Section 5.02. Normal Retirement Benefit.

Each Participant entitled to a normal retirement benefit under Section 5.01 shall receive a monthly benefit equal to fifty percent (50%) of the Participant's Final Monthly Average Salary. A Participant in active Employment on or after January 1, 1993 shall not have the Normal Retirement Benefit offset by fifty percent (50%) of the Participant's Social Security benefit if the Participant was not eligible to begin receiving Social Security retirement benefit payments before January 1, 1997.

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Section 5.03. Service Increment Benefit.

In addition to the benefit under Section 5.02, a retired Participant with more than twenty-five (25) years of Aggregate Service shall receive the following monthly service increment, not to exceed One Hundred Dollars ($100.00) per month:

Years of Aggregate Service	Monthly Service Increment
26	$20.00
27	$40.00
28	$60.00
29	$80.00
30	$100.00

Section 5.04. Late Retirement.

A Participant may continue to work beyond the Normal Retirement Date subject to the Borough's rules and regulations regarding retirement age. No retirement benefit shall be paid until Employment ceases and retirement begins.

Section 5.05. Payment of Retirement Benefits.

Retirement benefits shall be paid monthly as of the first day of each month. The first installment shall be payable on the first day of the month next following the retirement date.

Section 5.06. Non-assignment and Protection from Legal Process.

Pension payments shall not be subject to attachment, execution, levy, garnishment or other legal process except as required by law, shall be payable only to the Participant, eligible survivor or designated beneficiary, and shall not be assigned or transferred.

Section 5.07. Maximum Benefit Limitations.

Notwithstanding any other provision, benefits attributable to Employer contributions shall not exceed the limitations of Internal Revenue Code Section 415, as adjusted and as applicable to governmental plans. Benefits in forms other than a straight life annuity, benefits commencing before or after the ages specified by the Code, small benefits, and benefits under multiple Employer plans shall be adjusted and aggregated as required by Code Section 415 and applicable regulations. The special treatment stated in Ordinance No. 1311 for qualified police/fire participants, disability retirement benefits, and survivor benefits is preserved to the extent permitted by current federal law.

Section 5.08. Incorporation of Internal Revenue Code Section 415.

The limitations, adjustments and other requirements of Internal Revenue Code Section 415 and regulations thereunder, as applicable to governmental plans, are incorporated into this Plan by reference.

Section 5.09. Direct Rollovers.

For distributions subject to the direct-rollover provisions, a distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee. The Plan shall administer eligible rollover distributions, eligible retirement plans, distributees and direct rollovers in accordance with Internal Revenue Code requirements applicable at the time of distribution. The historical Five Hundred Dollar ($500.00) threshold contained in Ordinance No. 1318 shall apply only to the extent it remains legally applicable.

ARTICLE VI — DISABILITY RETIREMENT

Section 6.01. Disability Retirement.

A Participant who incurs a Total and Permanent Disability shall be entitled to a Disability Retirement Benefit as of the Disability Retirement Date.

Section 6.02. Amount of Disability Retirement Benefit.

A Participant retiring due to Total and Permanent Disability shall receive a disability retirement benefit equal to fifty percent (50%) of the Member's Salary at the Time the Disability Was Incurred. If the Participant receives Social Security disability benefits for the same injuries, the Plan disability benefit shall be offset or reduced by the amount of such Social Security disability benefits.

Section 6.03. Payment and Duration.

Disability payments shall be made monthly as of the first day of each month, commencing on the first day of the month coincident with or immediately following the Disability Retirement Date, and shall continue until the earlier of the Participant's death or cessation of Total and Permanent Disability.

A Participant who fails to return to Employment within three (3) months after cessation of Total and Permanent Disability before Normal Retirement Age shall be deemed to have terminated Employment as of the Disability Date. Such Participant shall not be entitled to a refund of Accumulated Contributions to the extent total disability payments exceed the value of Accumulated Contributions as of the Disability Date, and shall not be entitled to other benefits based upon Aggregate Service as of the Disability Date, except as otherwise required by law.

Section 6.04. Verification of Disability.

The Plan Administrator shall determine whether a Participant has incurred Total and Permanent Disability and shall rely upon the report of a physician acceptable to the Plan Administrator. If the Participant recovers sufficiently to resume active Employment as a police officer, or refuses a directed medical examination, disability payments shall cease. A medical examination shall not be required more frequently than once in any twelve (12) month period.

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Section 6.05. Cessation; Recovery of Improper Payments.

A Participant receiving disability benefits shall immediately notify the Plan Administrator of any change affecting entitlement. The Plan may recover improperly paid benefits by lawful means, including legal action or offset against future retirement or other Plan benefits, together with recoverable costs.

ARTICLE VII — DEATH AND SURVIVOR BENEFITS

Section 7.01. Pre-Retirement Death; Accumulated Contributions.

Except where the killed-in-service benefit in Section 7.04 applies, if a Participant dies before becoming entitled to retirement benefits, the Participant's designated beneficiary, or if none survives, the Participant's estate, shall receive the Participant's Accumulated Contributions, subject to applicable law.

Section 7.02. Survivor Benefit.

If a Participant dies after commencement of benefit payments or after becoming eligible to receive benefit payments, the surviving spouse, if any, shall receive a survivor benefit equal to fifty percent (50%) of the benefit the Participant was receiving or was eligible to receive as of the date of death. The survivor benefit shall be paid to the surviving spouse until the spouse's death. Upon the spouse's death, or if there is no surviving spouse, the benefit shall be paid monthly in equal shares to the surviving dependent children until age eighteen (18), or, if Attending College, until under or attaining age twenty-three (23), consistent with the terms of Ordinance No. 1329.

Section 7.03. Payment of Survivor Benefits.

Survivor benefits shall be paid monthly as of the first day of each month, beginning on the first day of the month next following the Participant's death, and shall cease when no eligible survivor remains under this Article.

Section 7.04. Killed-in-Service Survivor Benefit.

If a Participant is killed in service, the surviving spouse shall receive a survivor benefit equal to one hundred percent (100%) of the Member's Salary at the Time of Death. Upon the death of the surviving spouse, or if there is no surviving spouse, the benefit shall be paid monthly in equal shares to surviving dependent children until age eighteen (18), or, if Attending College, until under or attaining age twenty-three (23).

The killed-in-service benefit shall be in lieu of a refund of Accumulated Contributions; provided, however, that if the Participant's Accumulated Contributions exceed the death benefit otherwise payable, the death benefit shall be no less than the amount of the Participant's Accumulated Contributions.

ARTICLE VIII — TERMINATION OF EMPLOYMENT AND VESTING

Section 8.01. Rights of Terminated Employees.

If a Participant ceases to be an Employee other than by retirement, disability or death as otherwise provided, the Participant's rights shall be limited to those provided in this Article and applicable law.

Section 8.02. Refund of Accumulated Contributions.

A Participant whose Employment terminates before Normal or Disability Retirement Date, who is not otherwise eligible for a pension and has not elected a deferred vested benefit, shall be entitled to a refund of Accumulated Contributions. Upon receipt of the refund, the Participant and beneficiary shall have no further claim to Plan benefits attributable to the refunded service, except as otherwise required by law.

Section 8.03. Deferred Vested Benefit.

A Participant who has completed at least twelve (12) years of Aggregate Service and whose Employment terminates for a reason other than death before Normal Retirement Date may elect a deferred vested benefit in lieu of a refund of Accumulated Contributions. The deferred vested benefit shall equal the Participant's Accrued Benefit as of termination and shall commence, after application, on the first day of the month coincident with or next following the date on which the Participant's Normal Retirement Date would have been attained had Employment continued.

A Participant in active Employment on or after January 1, 1993 who becomes eligible for a deferred vested benefit shall receive that benefit without a Social Security offset. The election must be made in writing acceptable to the Plan Administrator within ninety (90) days after the last day of Employment. Failure to elect within that period shall constitute a waiver of the deferred vested benefit and the Participant shall receive a distribution of Accumulated Contributions under Section 8.02, subject to applicable law.

ARTICLE IX — ACTUARIAL FUNDING AND ADMINISTRATIVE EXPENSES

Section 9.01. Actuarial Valuations.

The Plan Actuary shall perform actuarial valuations at the intervals required by the Municipal Pension Plan Funding Standard and Recovery Act and other applicable law. Valuations shall be prepared and certified by an Approved Actuary.

Section 9.02. Permissible Administrative Expenses.

Expenses permitted by applicable law and directly associated with administration of the Plan may be paid from Plan assets. Such expenses may include authorized investment and investment-management costs, accounting expenses, insurance premiums on Fund assets, reasonable and necessary counsel fees, and legitimate travel and education expenses for pension officials. Municipal fiduciaries shall monitor such services for necessity, reasonableness and benefit to the Plan, and the Plan Administrator shall document expenses with appropriate detail.

Section 9.03. Chief Administrative Officer.

The Chief Administrative Officer shall supervise preparation and filing of required actuarial reports, determine the Plan's financial requirements and the Borough's minimum municipal obligation from the most recent actuarial report, submit those requirements to Council annually, and certify the accuracy and legal conformity of the calculations.

Section 9.04. Benefit Plan Modifications.

Before adoption of any benefit plan modification, the Chief Administrative Officer shall provide Council a cost estimate prepared by an Approved Actuary showing the effect of the proposed modification on future Plan financial requirements and the Borough's future minimum obligation.

ARTICLE X — AMENDMENT AND TERMINATION

Section 10.01. Amendment.

The Borough may amend the Plan by lawful written enactment, provided that no amendment shall unlawfully deprive a Participant or beneficiary of accrued or vested benefits; Plan assets shall be used only for lawful Plan purposes; and no benefit modification shall be adopted without any actuarial cost estimate required by law.

Section 10.02. Termination of Plan.

The Borough may terminate the Plan only by lawful written enactment and subject to all applicable statutory, contractual, collective bargaining, fiduciary and constitutional requirements.

Section 10.03. Automatic Termination of Employer Contributions.

Subject to applicable law governing financially distressed municipalities, the Borough's obligation to contribute shall terminate upon liquidation or dissolution of the Employer, adjudication in bankruptcy, or general assignment for the benefit of creditors, to the extent such provisions are legally applicable to a Pennsylvania borough.

Section 10.04. Distribution Upon Termination.

Upon Plan termination, vested benefits accrued as of the termination date shall be nonforfeitable to the extent required by law and funded. Council shall direct the Plan Administrator either to continue holding and administering vested accrued benefits until distributed or to distribute benefits as permitted by law. If assets are insufficient, amounts attributable to mandatory or voluntary Employee contributions shall receive the priority required by law.

Section 10.05. Residual Assets.

After satisfaction of all liabilities to Participants and other persons entitled to benefits, residual assets shall be disposed of in accordance with applicable law. Any return of residual assets to the Borough or Commonwealth shall occur only to the extent legally permitted.

Section 10.06. Exclusive Benefit Rule.

Until all Plan liabilities are satisfied, the corpus and income of the Pension Fund, after payment of proper administrative expenses, shall be used exclusively for Participants, beneficiaries and estates, except as otherwise expressly permitted by law.

ARTICLE XI — ROLLOVERS, AD HOC ADJUSTMENTS AND SPECIAL STATUTORY BENEFITS

Section 11.01. Pennsylvania Act 64 of 2002.

Effective July 1, 2002, the Plan incorporates the provisions of Pennsylvania Act 64 of 2002 governing special ad hoc adjustments for qualifying retired or disabled police officers and firefighters, to the extent applicable to this Plan and as subsequently amended or superseded by law.

Section 11.02. 2018 Ad Hoc Cost-of-Living Adjustment.

Each Participant who retired prior to January 1, 2018 and was receiving a retirement benefit under the Plan as of January 1, 2018 was granted a **one-time ad hoc cost-of-living adjustment** increasing the monthly benefit by Two Hundred Dollars ($200.00), commencing January 1, 2018. *This Section memorializes the benefit granted by Ordinance No. 1392 and does not create a new or additional adjustment.*

Section 11.03. 2026 Ad Hoc Cost-of-Living Adjustment.

Each Participant who retired prior to January 1, 2027 and was receiving a retirement benefit under the Plan as of October 31, 2026 is being granted a **one-time ad hoc cost-of-living adjustment** increasing the monthly benefit by One Thousand Dollars ($1,000.00), commencing November 1, 2026.

Section 11.04. Administration Under Federal Tax Law.

The Plan shall be administered as a governmental pension plan in compliance with applicable provisions of the Internal Revenue Code, including rollover and benefit-limitation requirements, to the extent necessary to preserve the intended tax-qualified status of the Plan.

ARTICLE XII — DEFERRED RETIREMENT OPTION PROGRAM (ACT 44 DROP)

Section 12.01. Establishment of DROP.

The Borough of Donora Police Pension Plan includes an Act 44 Deferred Retirement Option Program (DROP) for eligible full-time Borough police officers. *The provisions of this Article consolidate and restate Ordinance No. 1405.*

Section 12.02. DROP Definitions.

For purposes of this Article: “Beneficiary” means the individual identified by a police officer to receive the contents of the officer’s DROP Account if the officer dies while participating in DROP but before separation from Employment; “Act 44 DROP Program” means the Deferred Retirement Option Program established by this Article; “DROP Account” means the separate ledger account created within the Pension Plan to receive a DROP Participant’s monthly pension benefits during participation; “Fund” or “Plan” means the Borough of Donora Police Pension Plan; and “Police Officer,” for DROP purposes, means a duly appointed full-time Borough police officer serving as a member of the Donora

Police Department who satisfies DROP eligibility, executes the required documents, and is approved for participation by the Borough.

Section 12.03. DROP Eligibility.

Effective January 1, 2024, a member of the Donora Police Department who did not retire before implementation of the Act 44 DROP Program may enter DROP on the first day of any month following completion of twenty-five (25) years of credited service and attainment of age fifty (50), whichever occurs later.

Section 12.04. Written Election and Irrevocable Resignation Date.

An eligible Police Officer electing DROP shall complete and execute an Act 44 DROP Election Form prepared by the Borough. The form shall be signed by the Police Officer, notarized, and submitted before the requested DROP commencement date. The eligible member shall notify the Borough of the intent to enter DROP three (3) months before entry. The election shall contain an irrevocable notice that the member will resign from the Donora Borough Police Department on a specified resignation date. The resignation date shall be no less than twelve (12) months and no more than sixty (60) months from execution of the DROP Election Form. The officer shall cease Employment on the resignation date unless the Borough properly terminates or honorably discharges the officer earlier. A DROP Participant may voluntarily resign during the DROP period, which terminates DROP participation. As a condition of participation, the officer shall hold the Borough harmless with respect to tax consequences or investment performance related to the DROP Account.

Section 12.05. Required Disclosures and Retirement Documents.

The DROP Election Form shall explain the member's rights and obligations and shall advise that: (a) the member forgoes active participation in the Police Pension Plan and any recalculation of pension benefits to include salary increases after DROP begins; (b) service during DROP shall not count as pension service or create additional service-increment benefits not earned before DROP; and (c) the Participant must complete all retirement documents required by the Borough for presentation to Borough Council for approval of retirement and pension payment. Once approved by Borough Council, the DROP election is irrevocable. A Participant may not leave DROP and later re-enter.

Section 12.06. Participant Contributions During DROP.

A Police Officer shall not be required to make Participant Contributions to the Pension Fund during the officer's DROP period.

Section 12.07. Limitation on Pension Accrual.

After the effective date of DROP participation, the member shall no longer earn or accrue additional years of continuous service for pension purposes.

Section 12.08. Benefit Calculation During DROP.

For all Pension Plan purposes, the continuous service and applicable average compensation of a DROP Participant shall remain frozen as of the effective date DROP participation begins. Service, earnings, or increases in earnings thereafter shall not be recognized in determining benefits payable by

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the Police Pension Fund. The pension benefit may increase only as a result of cost-of-living adjustments in effect at DROP entry or applicable cost-of-living adjustments granted thereafter.

Section 12.09. Payments to DROP Account; Rate of Return.

Beginning with DROP participation, the monthly retirement benefit that would have been payable had the member ceased Employment and commenced normal retirement shall instead be paid into the member's separate DROP Account within the Pension Fund. The separate interest-bearing account shall generate a rate of return of not less than zero percent (0%) and not more than four and one-half percent (4.5%). Members shall not have the option of self-directed investment of their individual DROP Accounts.

Section 12.10. Accrual of Non-Pension Benefits.

After an officer elects DROP, all other contractual benefits shall continue to accrue. Any buyback of accrued but unused sick or vacation time shall be paid when the officer ceases Employment with the Borough.

Section 12.11. Payout of DROP Account.

Upon the resignation date stated in the DROP Election Form, or such earlier date as the Borough separates the member from Employment, retirement benefits shall thereafter be paid to the member or eligible beneficiary and shall cease being deposited into the DROP Account. Within thirty (30) days following termination of Employment, the DROP Account balance shall be distributed as elected: (a) to the member or surviving beneficiary, less applicable withholding taxes; or (b) by direct payment to the custodian of an eligible retirement plan as permitted under applicable Internal Revenue Code rollover provisions. If the member or beneficiary fails to make an election within sixty (60) days following termination of DROP participation, the Borough shall pay the balance to the member or surviving beneficiary, less applicable withholding.

Section 12.12. Disability During DROP.

If a DROP Participant becomes temporarily incapacitated during DROP due to a service-connected injury, the member shall continue participating in DROP as if fully employed and shall receive disability pay in the same amount as disabled Police Officers who are not participating in DROP. A temporarily disabled member may not draw from the DROP Account. If the officer has not returned to work by the required resignation date, the resignation date controls. DROP participation creates no right to continued Employment and does not limit the Borough's authority to honorably discharge an officer unable to perform full police duties. If a DROP Participant becomes permanently disabled during the DROP period, the officer shall be honorably discharged. The member's monthly retirement benefit shall not be recalculated; the monthly disability retirement benefit shall be fifty percent (50%) as calculated at the time of entry into DROP.

Section 12.13. Death During DROP.

If a DROP Participant dies during the DROP period, DROP participation terminates on the date of death and the designated Beneficiary shall be entitled to payment of the DROP Account in accordance with Section 12.11.

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Section 12.14. Forfeiture of Benefits.

Notwithstanding DROP status, a current or former DROP Participant who is convicted of, or pleads guilty to, criminal misconduct constituting a crime related to public office or public employment under Pennsylvania's Pension Forfeiture Act shall forfeit pension rights, including amounts deposited in the DROP Account, to the extent required by that Act. In such event, the Participant shall be entitled only to the return of Participant contributions, if any, without interest, to the extent provided by applicable law.

Section 12.15. Cost of DROP Management.

Costs or fees associated with management of DROP Accounts shall be paid directly from the Police Pension Fund and not separately by the Borough.

Section 12.16. Amendment of DROP.

The Act 44 DROP Program may be amended only by Ordinance and pursuant to the applicable Donora collective bargaining agreement with the Borough's Police Officers.

Section 12.17. Employment Rights Unaffected.

Election to participate in DROP shall not limit the Borough's right to suspend or terminate an officer for just cause or to grant an honorable discharge based upon physical or mental inability to perform the officer's duties.

ARTICLE XIII — MISCELLANEOUS PROVISIONS

Section 13.01. No Contract of Employment.

Nothing in this Plan creates a right to continued Employment or limits the Borough's lawful authority concerning employment, except for rights expressly granted by the Plan, applicable law or collective bargaining agreement.

Section 13.02. Gender and Number.

Words of any gender include all genders, and singular and plural forms shall be read as the context requires.

Section 13.03. Governing Law.

This Plan shall be construed and enforced under the laws of the Commonwealth of Pennsylvania and applicable federal law.

Section 13.04. Headings.

Article and Section headings are for convenience only. If a heading conflicts with substantive text, the substantive text controls.

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Section 13.05. Severability.

If any provision is held illegal or invalid, the remaining provisions shall remain in effect and shall be construed as if the invalid provision had not been included, to the maximum extent permitted by law.

Section 13.06. Incapacity of Pensioner.

If a pensioner is physically or mentally incapable of receiving or acknowledging a benefit payment, the Plan Administrator may, upon satisfactory evidence, make payment to a person or institution maintaining or caring for the pensioner. Such payment shall discharge the Plan to the extent of the payment.

Section 13.07. Benefits Payable to Estate of Deceased Participant.

If a benefit is payable to a deceased Participant's estate and no estate administration is pending, the Plan Administrator may, in its discretion and as permitted by law, pay the benefit to the surviving spouse or, if none, to the Participant's living issue per stirpes, or may require formal estate administration.

Section 13.08. Liability of Officers.

Subject to applicable law, no past, present or future officer of the Borough shall be personally liable to a Participant, beneficiary or other person solely by reason of Plan administration.

Section 13.09. No Interest in Specific Fund Property.

No Participant or beneficiary shall have an interest in specific property of the Pension Fund, but only the right to distributions expressly provided by the Plan and law.

Section 13.10. Sole Benefit of Participants.

The income and principal of the Pension Fund are for the sole use and benefit of Participants and eligible beneficiaries and shall be protected from claims and liabilities to the extent permitted by law.

ARTICLE XIV — CONSOLIDATION, REPEAL, SAVINGS AND EFFECTIVE DATE

Section 14.01. Consolidation and Supersession.

This Ordinance is intended as a consolidated restatement of the Borough police pension enactments supplied for review, including Ordinance Nos. 812, 872, 930, 1126, 1135, 1243, 1262, 1285, 1311, 1316, 1318, 1329, 1392 and 1405. Upon the effective date of this Ordinance, those ordinances are repealed and superseded to the extent their operative provisions are restated herein, except that no repeal shall impair accrued, vested or previously granted benefits or rights.

Section 14.02. Historical Acts Preserved.

The repeal or supersession of a prior ordinance shall not revive an ordinance previously repealed, undo a completed liquidation, invalidate a prior lawful administrative action, or rescind a benefit already granted. Historical effective dates shall continue to govern rights that accrued under the prior enactments.

Section 14.03. Conflict With Applicable Law or Collective Bargaining Agreement.

If any provision of this Ordinance conflicts with mandatory state or federal law, the mandatory law shall control. Nothing herein is intended to unilaterally diminish a pension benefit protected by applicable law or a binding collective bargaining agreement.

Section 14.04. Repealer and Supersession.

All prior Ordinances, and all amendments thereto, relating to the Borough of Donora Police Pension Plan and Police Pension Fund are hereby repealed and superseded upon the effective date of this Ordinance, it being the express legislative intent of Borough Council that this Ordinance consolidates, restates, and encompasses the operative provisions of the fourteen (14) prior Police Pension Ordinances into one comprehensive Ordinance.

Notwithstanding the foregoing, the repeal and supersession of any prior Ordinance shall not be construed to impair, diminish, terminate, or otherwise adversely affect any pension benefit, accrued benefit, vested right, retirement benefit, survivor benefit, disability benefit, DROP benefit or account, cost-of-living adjustment, or other right or entitlement lawfully earned, accrued, granted, or vested prior to the effective date of this Ordinance.

Section 14.05. Effective Date.

This Ordinance shall take effect on **October 9, 2026**, or on such other date as provided by law, following lawful enactment and approval.

ORDAINED AND ENACTED this ______ day of __________________, 2026.

BOROUGH OF DONORA **ATTEST**

_________________________________ _________________________________

Casey J. Perrotta
President of Council

Michael J. Thornton
Borough Administrator

EXAMINED AND APPROVED this ______ day of __________________, 2026.

ATTEST

_________________________________ _________________________________

Donald E. Pavelko
Mayor

Michael J. Thornton
Borough Administrator

APPENDIX A — SOURCE ORDINANCE CROSS-REFERENCE

Ordinance	Principal Subject / Effect
812 of 1944	Created an early police pension fund; later expressly repealed by Ordinance 872.
872 of 1952	Repealed Ordinance 812 and dissolved/liquidated that fund.
930 of 1957	Established the police pension plan effective January 1, 1958.
1126 of 1972	Terminated the Ordinance 930 trust agreement; appointed Borough Secretary as Trustee; provided Pension Trust Committee.
1135 of 1973	Re-established/reorganized the Police Pension Fund and superseded Ordinances 930 and 1126.
1243 of 1989	Comprehensive amendment and restatement effective January 1, 1989; principal base text for this consolidation.
1262 of 1993	Amended survivor benefit/vesting; set Participant contribution at 5% of Basic Monthly Earnings; restated normal retirement benefit.
1285 of 1996	Further amended surviving spouse benefit.
1311 of 2001	Added Employment definition; restated normal retirement benefit and deferred vesting; added Code Section 415 limitations.
1316 of 2002	Incorporated Pennsylvania Act 64 of 2002.
1318 of 2002	Added Code Section 415 incorporation and direct rollover provisions.
1329 of 2004	Added college/salary definitions; restated survivor and disability provisions; added killed-in-service survivor benefit.
1392 of 2018	Granted $200/month ad hoc COLA effective January 1, 2018 to qualifying pre-2018 retirees.
1405 of 2024	Established the Act 44 Deferred Retirement Option Program (DROP), including age/service eligibility, 12-60 month irrevocable election, frozen pension accrual, DROP account funding and return, payout/rollover, disability/death provisions, forfeiture, management costs, and CBA-based amendment requirements.

Important review items before enactment: confirm the current collective bargaining agreement pension language; confirm current participant contribution rate; confirm whether any pension ordinances, resolutions, MOUs or arbitration awards exist after Ordinance No. 1405; obtain an actuarial cost/impact review if the restatement could be interpreted as a benefit modification; and have pension counsel verify current Internal Revenue Code rollover/Section 415 language.