

**BOROUGH OF ALBURTIS
LEHIGH COUNTY, PENNSYLVANIA**

Ordinance No. 501

(Duly Adopted December 28, 2011)

AN ORDINANCE REVISING THE COMPENSATION OR COMPENSATION RANGES FOR CERTAIN POSITIONS OF EMPLOYMENT OR APPOINTMENT BY THE BOROUGH, EFFECTIVE JANUARY 1, 2012, INCLUDING CERTAIN ADMINISTRATION EMPLOYEES, MAINTENANCE EMPLOYEES, POLICE DEPARTMENT EMPLOYEES, AND PROFESSIONALS; CHANGING THE HEALTH CARE PLAN TO THE KEYSTONE HEALTH PLAN CENTRAL HMO 10/10/50 DIRECT ACCESS WITH RX-OPTION 8; ADDING DENTAL AND VISION CARE PLANS AND ELIMINATING BOROUGH REIMBURSEMENTS FOR CERTAIN DENTAL AND VISION CARE EXPENSES; REQUIRING EMPLOYEES TO CONTRIBUTE TOWARDS THE COST OF MEDICAL PLAN COVERAGE; REVISING THE TERMS AND AMOUNTS PAID FOR THE WAIVER OF MEDICAL PLAN COVERAGE; MAKING CONFORMING CHANGES TO THE CAFETERIA PLAN; AMENDING THE NONUNIFORMED PENSION PLAN SO THAT COVERED COMPENSATION INCLUDES THE AMOUNT OF EMPLOYEE CONTRIBUTIONS TOWARDS MEDICAL PLAN COVERAGE BUT DOES NOT INCLUDE ANY CASH PAYMENTS FOR WAIVER OF MEDICAL PLAN COVERAGE; AND CONFIRMING THE EXISTING FIDELITY BOND REQUIREMENTS FOR CERTAIN BOROUGH EMPLOYEES.

WHEREAS, Borough Council desires to revise the compensation or compensation ranges for certain positions of employment or appointment by the Borough as set forth below, effective January 1, 2012; and

WHEREAS, Borough Council desires to change the medical, dental, and vision benefits provided to its employees as set forth below, and make conforming changes to the Borough's cafeteria plan; and

WHEREAS, the Borough of Alburtis has established a pension plan for its nonuniformed employees; and

WHEREAS, Borough Council desires to amend the nonuniformed pension plan so that the term "compensation" (for purposes of calculating the amount of contributions made to the plan for each participant, and other purposes) includes the amount of em-

ployee contributions towards medical plan coverage but does not include any cash payments for the waiver of medical plan coverage; and

WHEREAS, prior to the adoption of this Ordinance the Council reviewed the following cost estimate provided by the Borough Solicitor of the effect of the changes made herein, as required by Section 305(d) of the Municipal Pension Plan Funding Standard and Recovery Act, 53 PA. STAT. ANN. § 895.305(d):

The amendment provides that employee contributions towards medical plan coverage are included in the term “compensation,” but that any cash payments for the waiver of medical plan coverage are not included in the term “compensation.” Under the Plan, each Plan Year the accounts of active Plan participants as of the last day of the Plan Year receive a regular allocation of seven percent (7.00%) of “compensation” paid in that Plan Year.

In the past few years, employees were not required to make contributions from their regular gross income towards medical coverage. Starting in 2012, employees will generally be required to make such contributions. The amendment provides that these employee contributions will not reduce the “compensation” of Plan participants, even though the employee contributions are not includible in federal gross taxable income. This aspect of the amendment has no effect on the amount of contributions the Borough is required to make to the Plan for 2012 as compared to 2011.

However, in the past few years, employees who waived medical coverage received an additional \$3,000 in cash per year (\$250 per month), and the pension Plan provided that this \$3,000 amount would be included in the “compensation” of each participant whether they elected to receive the \$3,000 in cash and waive medical coverage, or to receive medical coverage and waive the \$3,000 cash payment. For 2012, employees who waive medical coverage will still receive \$3,000 in cash. Under the amendment, though, this \$3,000 amount will *not* be included in the “compensation” of a participant, even if received in cash and included in the participant’s taxable income. This aspect of the amendment has the effect of reducing the amount of contributions the Borough is required to make to the Plan each year by \$210 per participant (7.0% of \$3,000).

WHEREAS, Borough Council desires to confirm the existing fidelity bond requirements for certain Borough employees; and

WHEREAS, on December 21, 2011, the Borough published a public notice in the *East Penn Press*, a newspaper of general circulation in the Borough of Albutis, of its intention to consider and adopt on this Ordinance on December 28, 2011;

Now, THEREFORE, be it ORDAINED and ENACTED by the Borough Council of the Borough of Albutris, Lehigh County, Pennsylvania, as follows:

SECTION 1. Codified Ordinances §§ 11-104, 11-105, 11-106, and 11-108 (relating to Salaries and Compensation—In General) are amended as follows (with deletions indicated by ~~strike-outs~~ and insertions indicated by double underlining):

§ 11-104 Administration.

(a) Executive Secretary.

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(10) 2012. The rate of compensation of the Executive Secretary for the year 2012 shall be \$20.18 per hour.

* * *

(c) Borough Treasurer.

* * *

(9) 2012. The rate of compensation of the Borough Treasurer for the year 2012 shall be within a range from \$16.49 to \$19.48 per hour, with individual rates to be established by motion or resolution of Council.

§ 11-105 Police Department.

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(d) 2012-2014. The rate of compensation for members of the Police Department for the years 2012 through 2014 shall be as provided in the Albutris Police 2012-2014 Collective Bargaining Agreement. See § 11-201(d) (relating to Police Collective Bargaining Agreement).

§ 11-106 Maintenance Department.

* * *

(j) 2012. The rate of compensation for each member of the Maintenance Department for the year 2012 shall be established by motion or resolution of Council within the following range of compensation for the person's employment classification:

<u>Maintenance Supervisor.....</u>	<u>\$18.24 - \$24.29 / hour</u>
<u>Maintenance Full Time A</u>	<u>\$17.47 - \$21.41 / hour</u>
<u>Maintenance Full Time B</u>	<u>\$16.90 - \$17.92 / hour</u>
<u>Maintenance Full Time C</u>	<u>\$15.14* - \$16.90 / hour</u>
<u>Maintenance Part Time</u>	<u>\$ 7.85 - \$11.88 / hour</u>

* In the case of a person who has a current Class A or Class B commercial driver's license (CDL) when first hired by the Borough, the minimum hourly rate shall be \$16.31. In the case of a person who obtains such a license after being hired by the Borough, the minimum hourly rate shall be increased to \$16.31 after the later of the date the person obtains the license or the date three months after the person's first day of employment as a Borough maintenance department employee.

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§ 11-108 Professionals.

(a) Borough Solicitor.

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(9) 2012. The rate of compensation of the Borough Solicitor for the year 2012 shall be \$140.00 per hour.

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SECTION 2. Effective January 1, 2012, Codified Ordinances § 12-403 (relating to Personnel Policies—Benefits—Health & Hospitalization) is amended by amending subsections (a) and (c), and adding new subsections (b.1) and (c.1), as follows (with deletions indicated by ~~strike-outs~~ and insertions indicated by double underlining):

§ 12-403 Health & Hospitalization.

(a) **In General.** Subject to the payment of employee premium contributions as set forth in subsection (b.1), medical ~~Health and hospitalization~~ coverage is provided to full-time Borough employees effective sixty (60) days after initial employment as a full-time Borough employee. The employee may elect, from time to time, whether this coverage is to be provided to the employee alone or to the employee and one or more of the employee's eligible family members, except as otherwise provided in subsection (d). ~~After the last paycheck issued in 2007, a full-time Borough employee need not make any contribution towards the premium cost for this coverage, although to receive the coverage the employee must forego making the election to receive cash in lieu of this coverage which is described in subsection (e).~~ The terms, conditions, limitations, restrictions, deductibles, co-payments, and scope of coverage, as well as the persons eligible for coverage, are described in the summary plan descriptions distributed from time to time to employees and in the health policies and contracts obtained by the Borough from time to time. Nothing in this Chapter shall provide any specific ~~health or hospitalization~~ medical benefits; all such benefits shall be provided by policies as authorized from time to time by action of Council. As of January 1, ~~2008~~ 2012, the coverage provided under this Section is the Keystone Health Plan Central HMO ~~40/40/35~~ 10/10/50 Direct Access with Rx-Option ~~4~~ 8 ~~with Lifestyle.~~ To the extent this Section is inconsistent with the provisions of the current collective bargaining agreement for police officers, the provisions of the collective bargaining agreement shall apply with respect to full-time police officers.

* * *

(b.1) Employee Contributions to Premiums.

(1) In General. Except as provided in subsection (c), each full-time Borough employee must contribute each calendar month towards the premium cost for the medical coverage provided for that month under subsection (a) as elected by the employee from among the options offered by the insurance carrier/organization (e.g., single, employee & child, employee & spouse, employee & children, family). The monthly amount shall be a percentage of the premium charged to the Borough by the carrier/organization for the medical coverage option selected by the employee as set forth in paragraph (2). One-half of the monthly employee contribution shall be deducted from the first paycheck in the month, and one-half of the monthly employee contribution shall be deducted from the second paycheck in the month.

(2) Amount of Employee Contributions. The percentage of the monthly premium charged to the Borough which must be contributed by the full-time Borough employee is—

(A) 2012. Five percent (5.0%) for months in calendar year 2012.

(B) 2013. Five and one-half percent (5.5%) for months in calendar year 2013.

(C) 2014+. Six percent (6.0%) for months beginning on or after January 1, 2014.

(3) Insufficient Paycheck. If the amount of a paycheck for an employee is less than the amount of the required payment for that payday, the employee must pay the deficiency on or before the next payday (together with the amount due on that next payday), either through an additional deduction from the next paycheck, or by a direct payment to the Borough. Otherwise, the health coverage will terminate as of the day after the next payday. However, if the deficiency occurs in the paycheck for last payday of a calendar year, the deficiency may not be paid on a pre-tax basis through the Cafeteria Plan in the following calendar year, but must be paid on an after-tax basis, either by after-tax payroll deduction or by direct payment to the Borough.

(4) Attribution of Contributions. All employee contributions due during a particular calendar month are used to provide health coverage for that particular calendar month, and not for a previous or succeeding calendar month, regardless of whether there are two or three pay-days in that calendar month.

(c) Election to Receive Cash in Lieu Waiver of Coverage.

(1) In General. A full-time Borough employee may elect to receive cash in the amount of Two Hundred Fifty Dollars (\$250.00) per month in lieu of receiving the health and hospitalization coverage provided under subsection (a), provided that the full-time employee's election does not cause the Borough to fail the minimum participation requirements established by the insurance carrier/health maintenance organization/paid provider organization for the Borough to be able to offer the coverage provided from time to time under subsection (a). Except as provided in paragraph (2), a full-time Borough employee may elect to waive the medical coverage provided under subsection (a) if he/she has alternative medical coverage and provides written proof of such coverage to the Borough at the time of the election and from time to time thereafter whenever requested by the Borough. A full-time Borough employee who so waives coverage shall not be required to make the premium contributions described in subsection (b.1), and shall receive a monthly cash payment in the amount of Two Hundred Fifty Dollars (\$250.00) for each calendar month that medical coverage is waived. Payment for any given month shall be made with the first paycheck in that month. Any election under this subsection (c) shall be made in accordance with the provisions of Chapter 14 (relating to Cafeteria Plan).

(2) Preference Rules. It is understood that the minimum participation requirements of the carrier/organization providing the medical coverage under subsection (a) may require a certain minimum number or percentage of Borough employees to be covered, and that certain employees might not be counted for purposes of that calculation (such as a rule that would not count employees who decline coverage because they are covered under the plan of their spouse's employer). If the minimum participation requirements would permit an election under this subsection (c) for some, but not all, of the full-time Borough employees who must be

counted for purposes of such a calculation and who desire to make the election, then as among those employees—

(A) the Chief of Police shall have the first right to make this election;

(B) the remaining full-time police officers shall have the next preference to make this election, in order of seniority (as established in the Collective Bargaining Agreement between the Borough and the collective bargaining representative of the police officers);

(C) finally, the nonuniformed full-time Borough employees shall have preference to make this election in order of their seniority, determined based on their first date of employment as a full-time employee of the Borough which has continued without interruption thereafter.

(c.1) Cafeteria Plan. Elections under subsections (a) and (c) to select a medical coverage option or to waive medical coverage election shall be made in accordance with the provisions of Chapter 14 (relating to Cafeteria Plan). All medical coverage benefits and cash payments in lieu of coverage shall be provided through the Cafeteria Plan, and employee contributions shall be made, where possible, through the Cafeteria Plan.

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SECTION 3. Effective January 1, 2012, Codified Ordinances § 12-405 (relating to Personnel Policies—Benefits—Dental/Eyeglass) is amended in its entirety, as follows (with deletions indicated by ~~strike-outs~~ and insertions indicated by double underlining):

§ 12-405 ~~Dental/Eyeglass~~ Dental and Vision Coverage.

(a) In-~~General.~~ ~~The Borough shall reimburse each full-time Borough employee up to the Reimbursement Limit for dental or eyeglass expenses of the employee, the employee's spouse, and the employee's federal income tax dependents, to be paid upon presentation of a paid receipt.~~

(b) Reimbursement Limit. For purposes of this Section, the term “Reimbursement Limit” shall mean—

~~(1) 1/1/2003.~~ Effective January 1, 2003, Three Hundred Seventy-five Dollars (\$375.00) per calendar year;

~~(2) 1/1/2004.~~ Effective January 1, 2004, Four Hundred Fifty Dollars (\$450.00) per calendar year.

~~(3) 1/1/2006.~~ Effective January 1, 2006, Eight Hundred Dollars (\$800.00) per calendar year;

(a) Dental Coverage. Dental coverage is provided to full-time Borough employees effective sixty (60) days after initial employment as a full-time Borough employee. The employee may elect, from time to time, whether this coverage is to be provided to the employee alone or to the employee and one or more of the employee’s eligible family members. As of January 1, 2012, the coverage provided under this subsection is the Keystone Health Plan Central Dental Plus Plan 100/80/50/50 Multi Coverage Credit.

(b) Vision Coverage. Vision coverage is provided to full-time Borough employees effective sixty (60) days after initial employment as a full-time Borough employee. The employee may elect, from time to time, whether this coverage is to be provided to the employee alone or to the employee and one or more of the employee’s eligible family members. As of January 1, 2012, the coverage provided under this subsection is the Keystone Health Plan Central Vision Plan 12/10 Plus Multi Coverage Credit.

(c) Miscellaneous. The terms, conditions, limitations, restrictions, deductibles, co-payments, and scope of the dental and vision coverage provided under this Section, as well as the persons eligible for coverage, are described in the summary plan descriptions distributed from time to time to employees and in the policies and contracts obtained by the Borough from time to time. Nothing in this Chapter shall provide any specific dental or vision benefits; all such benefits shall be provided by policies as authorized from time to time by action of Council. To the extent this Section is inconsistent with the provisions of the current collective bargaining

agreement for police officers, the provisions of the collective bargaining agreement shall apply with respect to full-time police officers.

SECTION 4. Effective January 1, 2012, Codified Ordinances § 14-109 (relating to Cafeteria Plan—Title, Establishment, and General Definitions—Health Plan) is amended as follows (with deletions indicated by ~~strike-outs~~ and insertions indicated by double underlining):

§ 14-109 Health Plan.

The term “Health Plan” shall mean the health/medical/hospitalization coverage plan provided from time to time under § 12-403 (relating to Personnel Policies—Benefits—Health & Hospitalization). As of January 1, 2008 2012, the Health Plan is the HMO ~~10/10/35~~ 10/10/50 Direct Access with Rx-Option ~~4~~ 8 ~~with lifestyle~~, as provided for the Borough of Albertus under applicable documents with Keystone Health Plan Central, but the specific plan and/or the coverages available under the plan may change from time to time.

SECTION 5. Effective January 1, 2012, Codified Ordinances § 14-301 (relating to Cafeteria Plan— Election of Optional Benefits—Coverage Options) is amended as follows (with deletions indicated by ~~strike-outs~~ and insertions indicated by double underlining):

§ 14-301 Coverage Options.

Except to the extent that a Participant is restricted from waiving or selecting certain options for Health Plan coverage under § 12-403 (relating to Personnel Policies—Benefits—Health & Hospitalization) or corresponding provisions of the current collective bargaining agreement for

police officers, each Each Participant may choose under this Plan to receive his/her full compensation for any Plan Year in cash or to have a portion of it applied by the Employer towards the cost of coverage available to the Participant under one or more of the following plans, to the extent not otherwise paid for or provided by the Employer:

(a) **The Health Plan.** If the Health Plan is selected, *one* of the coverage options available under the Health Plan must be selected as well. The options available as of the ~~Effective Date~~ January 1, 2012 are:

(1) Single (coverage for the Participant only);

(2) ~~Husband/Wife~~ Employee/Spouse (coverage for the Participant and his/her spouse);

(3) Employee/Child(ren) (coverage for the Participant and one or more of his/her eligible children);

(4) Family (coverage for the Participant, his/her spouse, and his/her eligible children).

(b) **The Medical Expense Reimbursement Plan.**

SECTION 6. Effective January 1, 2012, Codified Ordinances § 14-303 (relating to Cafeteria Plan—Election of Optional Benefits—Election of Optional Coverages in Lieu of Cash) is amended as follows (with deletions indicated by ~~strike-outs~~ and insertions indicated by double underlining):

§ 14-303 Election of Optional Coverages ~~in Lieu of Cash~~ or Cash Bonuses in Lieu of Coverage.

A Participant may elect under this Plan to receive one or more of the optional coverages described in § 14-301, to the extent available to the Participant under the applicable plans (and not precluded under § 12-403 (relating to Personnel Policies—Benefits—Health & Hospitalization) or corresponding provisions of the current collective bargaining agreement for police officers), in accordance with the following procedures:

(a) Health Plan.

(1) In General. If a Participant elects coverage for a Plan Year under the Health Plan, the Participant's regular cash compensation for the Plan Year will be reduced in an amount equal to the sum of the amounts which the Participant is required to contribute for Health Plan coverage with respect to the paydays during the Plan Year. The amount of the required employee contribution for any given payday is determined under § 12-403(b.1) (relating to Personnel Policies—Benefits—Health & Hospitalization—Employee Contributions to Premiums) or corresponding provisions of the current collective bargaining agreement for police officers. The balance of the cost of such coverage shall be paid by the Employer with nonelective Employer contributions.

(2) Compensation Reductions Per Payday. The amount of compensation to be reduced from any given paycheck for the Health Plan shall be equal to the amount which the Participant must contribute for that payday under § 12-403(b.1) (relating to Personnel Policies—Benefits—Health & Hospitalization—Employee Contributions to Premiums) or corresponding provisions of the current collective bargaining agreement for police officers.

~~**(1) Bonus.** Each calendar month, a Participant is credited with a bonus from the Employer in the amount of Two Hundred Fifty Dollars (\$250.00), which is in addition to all other compensation otherwise provided to the Participant in connection with his or her employment by the Employer.~~

~~**(2) (3) Election of Payment of Additional Cash in Lieu of Coverage.** If a Participant is eligible under § 12-403(c) (relating to Personnel Policies—Benefits—Health & Hospitalization—Election to Receive Cash in Lieu Waiver of Coverage) or corresponding provisions of the current collective bargaining agreement for police officers to receive cash in lieu of any waive coverage under the Health Plan and receive cash payments in the amount set forth therein, and the Participant so elects to waive coverage and receive the cash payments for a Plan Year, the Employer will pay the bonus provided under paragraph (1) make cash payments each month to the Participant in the amount so set forth via contributions made through this Plan and credited to the Participant. The~~

payments will be included in as part of the first paycheck issued to the Participant in that month, less any applicable taxes and other deductions. The Participant will not receive any coverage under the Health Plan for any such month.

~~(3) **Election of Health Plan Coverage.** If a Participant elects any type of coverage for a Plan Year under the Health Plan, or is not eligible under § 12-403(c) to elect cash in lieu of coverage under the Health Plan, the Participant must surrender the bonus provided under paragraph (1) each month as the Participant's contribution for the Health Plan coverage for that month. Accordingly, there will be no payment of the bonus to the Participant and no deduction from the remainder of the Participant's compensation (not including the bonus under paragraph (1)) for the Health Plan coverage, which will be provided.~~

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SECTION 7. Effective January 1, 2012, Codified Ordinances § 14-304(c) (relating to Cafeteria Plan—Election of Optional Benefits—Election Procedures—Failure to Return Election Forms) is amended as follows (with deletions indicated by ~~strike-outs~~ and insertions indicated by double underlining):

§ 14-304 Election Procedure.

* * *

(c) Failure to Return Proper Election Forms.

* * *

(2) Health Plan Coverage. A Participant's failure to return a completed election form to the Administrator relating to coverage under the Health Plan (or submission of an election form that selects an option or waiver that the Participant is not permitted to make) on or before the due date for any Plan Year after the first Plan Year of this Cafeteria Plan shall constitute—

(A) if the Participant is eligible to make an election under § 12-403(c) (relating to Personnel Policies—Benefits—Health & Hospitalization—~~Election to Receive Cash in Lieu Waiver~~ of Coverage) or corresponding provisions of the current collective bargaining agreement for police officers: a re-election of the same coverage or coverages, if any, as was in effect just prior to the end of the preceding Plan Year (to the extent such coverage(s) remain available to the Participant under the Health Plan, § 12-403(c) or corresponding provisions of the current collective bargaining agreement for police officers, and this Cafeteria Plan), and a re-election of any election to waive Health Plan coverage and receive cash in lieu of coverage which was in effect just prior to the end of the Preceding Plan Year. If the Participant had coverage under the Health Plan just prior to the end of the preceding Plan Year but the coverage option is no longer available to the Participant, then there shall be a deemed election of Single coverage (for the Participant only) under the Health Plan;

(B) if the Participant is not eligible to make an election under § 12-403(c) or corresponding provisions of the current collective bargaining agreement for police officers: a re-election of the same coverage or coverages, if any, as was in effect just prior to the end of the preceding Plan Year (to the extent such coverage(s) remain available to the Participant under the Health Plan, § 12-403(c) or corresponding provisions of the current collective bargaining agreement for police officers, and this Cafeteria Plan), but if there is no such coverage or coverages, then an election of Single coverage (for the Participant only) under the Health Plan.

SECTION 8. Effective January 1, 2012, Codified Ordinances § 14-310 (relating to Cafeteria Plan—Election of Optional Benefits—Maximum Elective Contributions) is amended as follows (with deletions indicated by ~~strike-outs~~ and insertions indicated by double underlining):

§ 14-310 Maximum Elective Contributions

The maximum amount of elective contributions (*i.e.*, salary reductions) under the Plan for any Participant for any Plan Year shall be the maximum coverage amount which the Participant may select for the Plan Year under the Medical Expense Reimbursement Plan (\$2,600.00 for persons eligible under that plan), plus the Participant's share of the cost of the most expensive coverage(s) available to the Participant under the Health Plan for the Plan Year, plus the maximum amount of cash payments available to the Participant if the Participant were to waive coverage under the Health Plan \$250.00 per month (\$3,000.00 for persons eligible for the entire 12-month Plan Year) for contribution of the monthly bonus under § 14-303(a)(1) as the Participant's contribution for coverage under the Health Plan.

SECTION 9. Effective January 1, 2012, Codified Ordinances § 18-109(b) (relating to Nonuniformed Employees Pension Plan—Title and General Definitions—Compensation—Elective Deferrals) is amended as follows (with deletions indicated by ~~strike-outs~~ and insertions indicated by double underlining):

§ 18-109 Compensation

* * *

(b) Elective Deferrals.

(1) “Compensation” shall also include amounts not currently includible in the Qualified Employee’s gross income by reason of the application of Code § 457 (relating to compensation deferred under an eligible deferred compensation plan for state and local governments and tax exempt organizations), Code § 414(h)(2) (relating to employee contributions to governmental plans that are picked up by the employing unit and thus are treated as employer contributions), ~~Code § 125 (relating to cafeteria plans),~~ Code § 402(a)(8) (relating to 401(k) contributions made by an employer at the election of the employee), Code § 402(h)(1)(B) (relating

to salary reduction contributions under a simplified employee pension plan), or Code § 403(b) (relating to certain annuities purchased by charitable organizations or public schools), but only with respect to contributions made to plans maintained by the Employer.

(2) “Compensation” shall also include employee contributions towards medical coverage under § 12-403(b.1) (relating to Personnel Policies—Benefits—Health & Hospitalization—Employee Contributions to Premiums), and Participant compensation reductions for coverage under the Medical Expense Reimbursement Plan under § 14-303(b) (relating to Cafeteria Plan—Election of Optional Benefits—Election of Optional Benefits or Cash Bonuses in Lieu of Coverage—Medical Expense Reimbursement Plan), even though not includible in the Qualified Employee’s gross income by reason of the application of Code § 125 (relating to cafeteria plans) or other provisions of the Code.

(3) “Compensation” shall not include cash payments made under § 12-403(c)(1) (relating to Personnel Policies—Benefits—Health & Hospitalization—Waiver of Coverage—In General) due to the waiver of medical coverage, even though includible in the Qualified Employee’s gross income.

(4) The purpose of paragraphs (2) and (3) is to insure that a Participant shall receive the same pension benefits under this Plan regardless of whether the Participant elects to receive medical coverage or waives the receipt of medical coverage, and regardless of the medical coverage option he/she elects. “Compensation” is the same as it would be if the Employer had maintained a medical coverage plan which covered all Qualified Employees, required no employee contributions, and provided no incentives to Qualified Employees to select any particular coverage option.

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SECTION 10. Codified Ordinances § 3-101 (relating to Fidelity Bonds) is ratified and confirmed for calendar year 2012.

DULY ORDAINED and **ENACTED** by the Borough Council of the Borough of Al-
burtis, this 28th day of December, 2011, in lawful session duly assembled.

**BOROUGH COUNCIL
BOROUGH OF ALBURTIS**

Steven R. Hill, President

Attest:

Sharon Trexler, Executive Secretary

AND NOW, this 28th day of December, 2011, the above Ordinance is hereby
APPROVED.

Robert W. Mader, Mayor