SCHUYLKILL COUNTY
TAX COLLECTION COMMITTEE
Tax Collection Agreement
with
Central Tax Bureau of Pennsylvania, Inc.

Effective September 13, 2010

SCHUYLKILL COUNTY TAX COLLECTION COMMITTEE

Tax Collection Agreement

Effective September 13, 2010

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SCHUYLKILL COUNTY TAX COLLECTION COMMITTEE

Tax Collection Agreement

This Agreement is made as of September 13, 2010 ("**Effective Date**") between the **SCHUYLKILL COUNTY TAX COLLECTION COMMITTEE** ("**TCC**"), and **CENTRAL TAX BUREAU OF PENNSYLVANIA, INC.**, a corporation organized and existing under the laws of the Commonwealth of Pennsylvania ("**Collector**").

Background. The Local Tax Enabling Act ("**LTEA**"), 53 P.S. § 6924.101 *et seq.*, authorizes school districts and municipalities to levy income tax and other taxes on individuals and entities. The TCC is a government entity created and organized under Act 32 of 2008, which amended and restated the LTEA. Under Act 32, the TCC is required to appoint a tax collector to collect income tax and possibly other taxes throughout the Schuylkill Tax Collection District ("**TCD**"), and to oversee the appointed tax collector's collection within the TCD.

The school districts and municipalities included in the TCD are listed in **Exhibit A.** These school districts and municipalities are referred to in this Agreement as "**Taxing Authorities.**" The Taxing Authorities that levy taxes as of the Effective Date that will be collected by Collector and the specific taxes Collector will collect for each Taxing Authority are noted in **Exhibit A.** The ordinances or resolutions of the Taxing Authorities that levy or otherwise relate to the taxes to be collected by Collector are referred to in this Agreement as the "**Enactments.**"

Intending to be legally bound, and in consideration of the mutual covenants contained in this Agreement and other valuable consideration, the parties agree as follows:

1. **Designation as Tax Collector.**

a. *Exclusive Tax Collector.* Except as otherwise expressly stated in this Agreement, the TCC designates Collector as the exclusive collector of tax throughout the TCD from individuals, entities, and employers required to pay or withhold tax ("**Taxpayers**").

b. *Commencement Date.* Collector will commence tax collection under this Agreement throughout the entire TCD on January 1, 2012.

2. **Tax.** The tax for which Collector is appointed as the exclusive collector is:

a. *Tax Types.*

(1) *Income Tax.* All income tax imposed by Taxing Authorities or other political subdivisions on TCD residents or on nonresidents working within the TCD.

(2) *Local Services Tax.* All local services tax imposed on individuals working within those Taxing Authorities that have elected to have Collector collect local services tax under this Agreement.

b. ***Fines, Penalties, and Interest.*** Collector will also collect all fines, penalties, and interest paid by a Taxpayer related to any of the taxes specified in this Section 2.

c. ***Tax Definition.*** The taxes, fines, penalties, and interest specified in this Section 2 are collectively referred to in this Agreement as the **"Tax."**

d. ***Delinquent Tax.*** The tax for which Collector is appointed collector includes tax currently owed and delinquent Tax, except as otherwise expressly stated in this Agreement.

e. ***Related Amounts.*** Collection costs, investment earnings, and other miscellaneous amounts related to or derived from Tax and owed by Taxpayers or other tax collectors to Taxing Authorities or Collector are referred to in this Agreement as **"Related Amounts."**

f. ***Updated Tax List.*** The TCC will update **Exhibit A** to reflect any changes in the specific taxes Collector will collect for each Taxing Authority under this Agreement. Collector will throughout the term of this Agreement collect the tax as reflected in the tax list in the latest version of Exhibit A of which the TCC has notified Collector.

3. **Term of Agreement.**

a. ***Term.*** The term of this Agreement will begin on the Effective Date. Unless earlier terminated under Section 9 (Early Termination) below, the term will end at midnight **three** years from the date on which Collector will commence tax collection under this Agreement throughout the entire TCD, with the result that the term will end at midnight on December 31, 2015.

b. ***Extension of Term.*** If the term of this Agreement is extended, the provisions of this Agreement will govern the extended term, except for any written modification executed by the TCC and Collector (whether in the document memorializing the extension or otherwise).

c. ***Automatic Extension.*** Unless earlier terminated under Section 9 (Early Termination) below, the term of this Agreement will automatically be extended for successive one (1) year terms beginning on January 1 and ending on December 31 of each year. The term of this Agreement will not be extended if either the TCC or Collector notifies the other in writing of the intent not to extend the term at least six (6) months prior to the end of the then-current term. Such notice will be effective to terminate this Agreement as of midnight on December 31 of the last year of the then-current term.

4. **Ongoing Duties and Covenants of Collector.** Collector agrees to the following:

a. ***General Duties.*** Collector will collect, reconcile, administer, enforce, and receive the Tax and Related Amounts, including performance of all tax officer duties specified in LTEA, 53 P.S. § 6924.509. Collector will perform all duties and have all powers granted for this purpose by the LTEA, regulations promulgated by the Pennsylvania Department of Community

and Economic Development ("**DCED**"), other applicable law, the Enactments, TCC policies, and this Agreement.

b. ***Best Interests/Legal Compliance.*** Collector will at all times act in the best interests of the TCC and the Taxing Authorities. Collector will comply with all applicable federal, state, and local laws, rules, and regulations, including the Local Taxpayer Bill of Rights, 53 Pa.C.S.A. § 8421 *et seq.*, the LTEA, DCED rules and regulations, other applicable law, and TCC policies.

c. ***Tax Collector Financial Statements.***

(1) ***Required Annual Financial Statements and Reports.*** As soon as available, but in any event by April 30 of each year, Collector will deliver to the TCC and each Taxing Authority that levies Tax: (i) Collector's annual certified public accountant audit report with financial statements, including consolidated balance sheet reflecting Collector assets, liabilities, and equity as of the end of the prior calendar year, related consolidated statements of income, and cash flows for such calendar year. In each case, the financial statements will set forth in comparative form the corresponding figures for the prior calendar year, and will be in reasonable detail, including footnotes, prepared in accordance with generally accepted accounting principles applied on a consistent basis and certified without exception or qualification by the independent certified public accounting firm selected by Collector and approved by the TCC (the "**CPA**"). (ii) The CPA letter to management with respect to the audit. In addition to the foregoing, by April 30 of each year during which Collector collects Tax under this Agreement, Collector will deliver to the TCC and each Taxing Authority that levies Tax an Independent Service Auditor's Report relating to internal controls prepared by the CPA in accordance with SAS No. 70 covering the prior calendar year, with scope and in form satisfactory to the TCC based on consultation with the TCC auditor. The report shall be a Type II report testing Collector's controls during the calendar year. Among other things, the report shall address the 5 key components on internal control as defined in SAS No. 55, including: control environment; risk assessment; control activities; information and communication; and monitoring. The report must include an unqualified opinion from the CPA.

(2) ***Separate Information Related to Collector Business, Aggregate Trust Funds, and TCC Trust Funds.*** The annual financial statements will separately state:

(i) Collector business assets, liabilities, equity, income, and cash flows.

(ii) Aggregate trust fund assets, liabilities, and cash flows relating to all customers for which Collector collects funds.

(iii) Aggregate trust fund assets, liabilities, and cash flows relating to funds collected or held by Collector under this Agreement.

(iv) In addition, Collector will provide a supplemental schedule showing trust fund assets, liabilities, and cash flows separately stated for each Taxing Authority for which Tax is collected.

If Collector wishes, Collector may provide the financial statements relating to Collector business assets and revenues in a separate packet.

(3) ***Additional Annual Audit and Financial Statement Content Requirements.*** In addition to the items set forth above, the annual audit and financial statements will comply with all requirements of LTEA, 53 P.S. § 6924.505(h), the American Institute of Certified Public Accountants, and DCED, and the annual audit and audit report will include and address: (i) The CPA's examination of Collector records relating to receipt, deposit, investment, and disbursement of funds received or held under this Agreement and funds received or held on behalf of or under an agreement with any customer for which collector collects funds. (ii) The CPA's reconciliation of Collector monthly and annual reports to the TCC with funds received and payable to the Taxing Authorities or Taxpayers within the TCD; and also with funds received and payable to others. (iii) The CPA's conclusion concerning Collector compliance with the provisions of this Agreement relating to bonding, deposits, investments, collateral for investments, monthly and annual reports, distributions, tax records, unidentified funds, and calculation and deduction of Collector's compensation. (iv) The CPA's conclusion concerning Collector compliance with all LTEA requirements, and any CPA findings of noncompliance with the LTEA.

(4) ***Annual Filing with DCED.*** Collector will file with DCED by September 1 of each year a copy of Collector's annual audit report and letter to management.

(5) ***Selection and Approval of Collector CPA.*** LTEA, 53 P.S. § 6924.505(h)(1), requires that the TCC approve the CPA.

(i) ***Initial Approval Prior to 2012.*** On or before January 1, 2011, Collector will notify the TCC in writing of its proposed CPA for the 2012 calendar year, including background information satisfactory to the TCC. On or before May 1, 2011, the TCC will notify Collector in writing if the TCC disapproves of the proposed CPA. Any disapproval notice must be signed by the TCC and include a statement that sets forth facts, occurrences, deficiencies, or unanswered questions supporting the disapproval, and a statement signed by the TCC auditor that in the auditor's opinion the TCC decision is a reasonable decision based on the TCC reported facts, occurrences, deficiencies, or unanswered questions. If the TCC gives Collector a disapproval notice that complies with this Agreement, Collector will propose a new CPA and provide background information on the new CPA satisfactory to the TCC, and the TCC and Collector will endeavor to reach agreement on TCC approval of a new CPA by September 30, 2011. If agreement is not reached on or before September 30, 2011, the TCC may terminate this Agreement by written notice given to Collector on or before October 31, 2011. If the TCC does not give such termination notice, the Collector-proposed new CPA will be used as the CPA for the 2012 calendar year.

(ii) ***Future Year CPA Approval.*** On or before May 1 of each year, Collector will notify the TCC in writing of the proposed CPA for the following calendar year,

including background information on the proposed new CPA satisfactory to the TCC. On or before September 1 of each year, the TCC will notify Collector in writing if the TCC disapproves of Collector's use of the prior calendar year CPA or any proposed new CPA. Any disapproval notice must be signed by the TCC and include a statement that sets forth facts, occurrences, deficiencies, or unanswered questions supporting the disapproval, and a statement signed by the TCC auditor that in the auditor's opinion the TCC decision is a reasonable decision based on the TCC reported facts, occurrences, deficiencies, or unanswered questions. If the TCC gives Collector a disapproval notice that complies with this Agreement, Collector will propose a new CPA and provide background information on the new CPA satisfactory to the TCC, and the TCC and Collector will endeavor to reach agreement on TCC approval of a new CPA by September 30. If agreement is not reached on or before September 30, the TCC may terminate this Agreement by written notice given to Collector on or before October 31. If the TCC does not give such termination notice, the Collector-proposed new CPA will be used as the CPA for the next calendar year.

(iii) ***CPA Background Information.*** Collector and any current or proposed CPA will promptly provide any information concerning the CPA at any time reasonably requested by the TCC. In any event, the CPA background information provided by Collector to the TCC will include: (a) General information concerning the CPA firm, including office locations, number of employees in various described positions, number of years in business, geographic area served, and other clients that are tax collectors or that demonstrate experience relevant to tax collector audits. (b) Information on all professional licenses, certifications, or peer review reports received by the CPA firm or its accounting staff. (c) Information concerning professional liability insurance carried by the CPA, including name of company, coverage limits, deductibles, and any material exclusions. (d) Any legal proceeding (other than a summary offense or driving under the influence), including any arbitration or court action, involving a claim in excess of $10,000, criminal prosecution, or government investigation filed or commenced against or relating to the CPA or any of its owners within the last ten (10) years. (e) Other information that demonstrates proficiency in conducting audits of tax collection operations or similar audits. (f) Information concerning any relationship between Collector and the CPA firm, including without limitation: any family or personal relationship between any officer, director, employee, or owner of Collector and any officer, director, employee, or owner of the CPA firm; any client of the CPA firm that is an officer, director, or owner of Collector; and any client of the CPA firm of which any officer, director, or owner of Collector is an officer, director, employee, or owner. The CPA is required to comply with PICPA and AICPA independence rules. In addition, this subsection on CPA Background Information requires that the CPA provide information on relationships that goes beyond the independence rules. The purpose of providing this information is to allow the TCC to determine whether there is any concern arising from relationships that do not lead to disqualification under the independence rules. For purposes of this Agreement, "family" means: a parent, foster parent, parent-in-law, step-parent, spouse, child, foster child, son- or daughter-in-law, step-child, sibling, foster sibling, sibling-in-law, step-sibling, grandparent, grandchild, nephew, niece, first cousin, uncle, or aunt. For purposes of this Agreement, "personal relationship" means: engagement, dating, engaging in intimate relations, living together, business partnership, ongoing social relationship, and other relationships a reasonable person in the community might consider to be a personal relationship. Collector and the CPA will annually on request sign a form disclosing any relationship between

Collector and the CPA firm. (g) Other information deemed relevant by Collector, the CPA, or the TCC. (h) Experience in performing SAS No. 70 audits.

(iv) *Collector Periodic Change of CPA.* The TCC urges Collector to consider periodic change of the CPA firm as an extra precaution to ensure independence and a fresh view of procedures.

(v) *TCC Review of Collector Financial Records.* The TCC may at any time engage an accounting firm to examine Collector's financial records relating to collection of funds received or held by Collector under this Agreement or received or held on behalf of or under an agreement with any customer for which Collector collects funds, reconciliation of Collector monthly and annual reports, or any other matter the accounting firm deems relevant to verifying compliance with this Agreement. If the TCC exercises this right, Collector will make requested records available for examination, arrange for review of Collector CPA audit work papers, and provide other cooperation as reasonably requested by the TCC accounting firm.

d. ***Tax Collector Bond.*** Collector will provide a bond or bonds complying with the requirements of LTEA, 53 P.S. § 6924.509(d), and this Agreement.

(1) *Bond Amount.*

(i) *Initial Bond Amount.* The initial bond amount will be **$2,102,310.00.** This represents the amount estimated by the TCC and Collector as the highest amount of Tax and Related Amounts Collector will hold at any one time during the first calendar year during which Collector collects Tax under this Agreement, including Tax and Related Amounts payable to the Taxing Authorities or Taxpayers within the TCD, and also Tax and Related Amounts payable to political subdivisions other than the Taxing Authorities, to Taxpayers outside the TCD, and to other tax collectors.

(ii) *Tax Collector Monthly Reports/Midyear Bond Account Modification.* Collector's monthly reports to the TCC and each Taxing Authority that levies Tax will report the highest amount of Tax and Related Amounts held during the month, and also the amount of Tax and Related Amounts held at the end of the month, by Collector under this Agreement, including Tax and Related Amounts received from sources within or outside the TCD and payable to the Taxing Authorities or Taxpayers within the TCD, and also Tax and Related Amounts received from sources within the TCD and payable to political subdivisions other than the Taxing Authorities, to Taxpayers outside the TCD, and to other tax collectors. If any monthly report shows that the highest amount held during the month was more than 10% greater than the amount of the bond then in effect, Collector within 30 days after the date of the monthly report will increase the bond amount to the highest amount held during such month. The monthly report will include an attached statement signed by the CPA attesting that the CPA has reviewed Collector bank and other financial institution monthly statements and confirmed the accuracy of the Collector report concerning the highest amount held and the amount held at the end of the month.

(iii) *Annual Bond Review.* No later than April 1 of each year, the bond amount will be increased or may be decreased to the highest amount held by Collector on any day during the preceding calendar year.

(2) ***Possible Reduction in Bond Amount.*** The TCC may in its discretion authorize reduction in the bond amount to an amount less than the amount calculated under Section 4(d)(1) above. Any such determination to allow reduction of the bond amount will be based on Collector internal controls, insurance or other risk management and loss prevention measures the TCC deems sufficient to justify reduction of the bond amount. Factors that might be considered in connection with a requested reduction in bond amount include: (i) Collector capitalization and financial strength. (ii) Collector internal crime insurance or other insurance protection. (iii) Strong Collector internal controls verified by the CPA. Any reduction in the bond amount must comply with any applicable DCED guidelines.

(3) ***Permissible Bonding Companies.*** Collector's bond must be issued by an insurance company that is licensed in Pennsylvania, listed as a certified company acceptable for federal bonds as determined and published by Financial Management Service, a bureau of the U.S. Department of Treasury, rated at least "A" from A.M. Best or another nationally recognized rating agency, and otherwise acceptable to the TCC. The amount of the bond may not exceed the maximum net exposure per fidelity or surety risk as published by the Pennsylvania Insurance Department.

(4) ***Bond Form Requirements.*** In addition to all other requirements of LTEA, 53 P.S. § 6924.509(d) and DCED, the tax collector bond will comply with the following requirements: (i) The bond will provide joint and several liability of Collector and the surety company issuing the bond. (ii) The obligee under the bond will be the TCC. However, the bond will state that a claim may be made under the bond by the TCC or any Taxing Authority that levies Tax, and also by any other tax collection committee or political subdivision outside of the TCD to the extent the claim relates to amounts payable to political subdivisions other than the Taxing Authorities, to Taxpayers outside the TCD, or to other tax collectors. (iii) The bond will apply to any event or omission that occurs when the bond is in effect, even if the event or omission is discovered or reported to the surety company after expiration or termination of the bond. (iv) The bond will be in form satisfactory to the TCC and will guarantee: (a) Collector's faithful accounting and payment over of all amounts paid to or received or held by Collector under this Agreement. (b) Collector's delivery to any successor tax collector appointed by the TCC of all tax records or other items held by Collector under this Agreement. (c) Collector's faithful execution of all duties required of Collector under this Agreement. (d) Advance written notice from the surety company issuing the bond to the TCC at least thirty (30) days prior to the effective date if the surety company terminates, reduces the amount of, or otherwise changes the terms of the bond.

(5) ***Bond Delivery.*** Collector will deliver to the TCC by September 30, 2011, the initial bond, properly executed by Collector and the surety company. Collector will deliver to the TCC any new bond or modification of a bond promptly after its effective date, properly executed by Collector and the surety company. Within thirty (30) days after such delivery to the

TCC, Collector will give a copy of any bond in effect under this Agreement to each Taxing Authority that levies Tax. Within thirty (30) days of receiving a request, Collector will also provide a copy of any bond in effect under this Agreement to DCED, to any tax collection district other than the TCD seeking payment or distribution of Tax, and to any political subdivision other than the Taxing Authorities seeking payment or distribution of Tax. If any bond has an expiration date or any surety company issuing a bond notifies Collector of termination or change of terms of the bond, a new bond must be delivered to the TCC at least thirty (30) days before the effective date of the expiration, termination, or change in terms.

(6) ***Bond Continuing after Termination of Agreement.*** Collector will continue to provide a bond until six (6) months after the end of the term of this Agreement. The bond amount in effect after the end of the term of this Agreement must be at least twenty-five percent (25%) of the bond amount required immediately prior to the end of the term of this Agreement.

(7) ***Failure to Provide Bond.*** Without limiting any other remedies available to the TCC, if Collector at any time fails to provide a bond in accordance with the requirements of this Section 4(d), Collector will pay to the TCC a penalty in the amount of $1,000 for each day Collector is not in compliance, subject to a maximum payment of $50,000.

(8) ***Letter of Credit.*** In lieu of a bond, Collector may provide a letter of credit or other third party guaranty in form satisfactory to the TCC provided such substitution complies with any applicable DCED guidelines.

e. ***Collector Office, Staff, Technology, Resources, and Safeguards.***

(1) ***Office and Staff.*** Collector's principal office is at the location set forth at the end of this Agreement after Collector's signature. Collector will at all times maintain at least one (1) full-time office within a 5 mile distance from City of Pottsville that is open to Taxpayers and the public and has sufficient staff, technology, and resources to allow Collector to interact in person or by telephone with Taxpayers, to receive returns and payments in person and by other means, and to fulfill its obligations under this Agreement.

(2) ***Technology and Resources.*** Subject to the tax collector compensation provisions set forth below, Collector will perform all necessary work and supply all forms, postage, equipment, computer hardware and software, facilities, and other materials necessary to efficiently fulfill its obligations under this Agreement.

(3) ***Taxpayer Assistance and Filing Options.*** Collector will provide assistance to Taxpayers through operation of a toll-free phone number during normal business hours, counter/walk-in assistance at Collector's principal office and at the office required under this Section 4(e), and a website to provide information to Taxpayers and that Taxpayers may use to make credit card payments. Collector's website will include the Taxpayer Bill of Rights; tax regulations, policies, and procedures; and copies of tax returns and all other forms applicable to Taxpayers. Collector will also maintain the infrastructure and provide information necessary to receive tax returns and payments electronically.

(4) *Collector Warranties and Safeguards.* Collector warrants to the TCC that: (i) Collector will at all times have adequate technology and other resources to comply and will comply with all Best Practices listed in the "Information Technology Report" within the DCED document titled: "Earned Income Tax Consolidation System Best Practices Report – December 31, 2009." (ii) Collector will at all times have adequate technology to comply with all requirements of the LTEA and this Agreement. (iii) Collector will at all times have technology, policies, and procedures in place for the purpose of ensuring the security and confidentiality of information relating to and provided by Taxpayers, including social security numbers and other information, and avoiding a data breach or other improper disclosure of confidential information.

(5) *Subcontractors.* Collector may not assign or delegate duties to a subcontractor unless the TCC gives advance written consent.

f. *Tax Revenue Deposit and Investment.*

(1) *Deposit and Investment Policy.* Collector has received a copy of the **TCC Deposit and Investment Policy** now in effect. In accordance with the **TCC Deposit and Investment Policy** as now in effect or of which the TCC in the future notifies Collector, Collector will promptly deposit and invest all Tax and Related Amounts collected or held by Collector under this Agreement. Such Tax and Related Amounts belong to, are the property of, and will be held as a trust fund for the TCC, the Taxing Authorities and other political subdivisions entitled to receive funds. Such Tax and Related Amounts will remain deposited and invested in accordance with the **TCC Deposit and Investment Policy** until distributed in accordance with this Agreement.

(2) *Tax Collector Funds Not to Be Commingled.* All deposits and investments made by Collector of funds subject to this policy will be deposited, invested, and held in one or more separate accounts with a financial institution or local government investment trust, holding in the account only funds held by Collector in its capacity as tax collector under the Tax Collection Agreement between the TCC and Collector. Collector may not commingle such funds by placing such funds in the same account together with funds that belong to Collector or that are collected or held by Collector for any other tax collection committee, entity, or person.

(3) *Accounting and Allocation of Funds.* Collector will maintain an accounting system that accounts for all Tax and Related Amounts by allocating such amounts as promptly as possible to: (i) each Taxing Authority entitled to receive Tax and Related Amounts; (ii) political subdivisions in other tax collection districts entitled to receive Tax and Related Amounts; or (iii) funds that have not been sufficiently identified by Taxpayers to allow Collector determination of the Taxing Authority or other political subdivision to which the funds belong (**"Unidentified Funds"**). If Collector is collecting more than one type of tax for a Taxing Authority, the accounting system will further provide subaccounts for each different type of tax collected for each such Taxing Authority.

(4) *Investment Earnings Allocation.* Collector each month will allocate investment earnings derived from all Tax and Related Amounts collected or held by Collector

under this Agreement. Collector will allocate Investment earnings in accordance with this Section 4(f)(4) until directed otherwise by the TCC, at which time Collector will follow such future direction. In the absence of other TCC direction, Collector will allocate such amounts pro rata based on undistributed invested daily balances allocated during the month to: (i) each Taxing Authority entitled to receive Tax and Related Amounts; (ii) political subdivisions in other tax collection districts entitled to receive Tax and Related Amounts; or (iii) Unidentified Funds. As to investment earnings allocated to Unidentified Funds, Collector will further allocate such earnings each month to Taxing Authorities pro rata based on the Tax and Related Amounts Collector distributed during the month to such Taxing Authorities.

(5) ***Investment Earnings Retention and Reporting.*** Collector will report investment earning allocations for each month in the subsequent month. Except as may otherwise be required by the LTEA or regulations promulgated thereunder or any other applicable law or regulation, Collector will retain investment earnings as additional compensation for its services under this Agreement and such investment earnings will not be transmitted to Taxing Authorities with distributions.

g. ***Distributions.*** Collector will distribute Tax and Related Amounts in compliance with LTEA, 53 P.S. § 6924.513, and as follows:

(1) ***Distributions to Taxing Authorities Within TCD.*** Collector will distribute by the end of the last business day of each week all Tax and Related Amounts held at the end of the prior week and identified as legally due to each Taxing Authority or the TCC, as the case may be, minus the compensation due Collector.

(2) ***Distributions to Tax Collectors for Other TCDs.*** At the time of distributions to tax collectors for other tax collection districts, Collector will provide to such other tax collectors all information required in employer monthly and annual returns filed under LTEA, 53 P.S. §§ 6924.512(4),(5), and any other distribution information required by DCED.

(i) ***General Rule Before April 1, 2013.*** Collector will distribute to the appropriate tax collector all Tax identified as legally due to specific political subdivisions outside the TCD, together with any investment earnings payable under this Agreement to such political subdivisions. Prior to April 1, 2013, Collector will make such distributions within sixty (60) days of the later of: (a) receipt; or (b) the general deadline for employer remittance, namely thirty (30) days following the end of each calendar quarter.

(ii) ***General Rule Starting April 1, 2013.*** Collector will distribute to the appropriate tax collector all Tax and Related Amounts identified as legally due to specific political subdivisions outside the TCD. On or after April 1, 2013, Collector will make such distributions within thirty (30) days of the later of: (a) receipt; or (b) thirty (30) days following the end of each calendar quarter.

(iii) ***Special Rule for Certain Multi-Site Employers.*** Notwithstanding the foregoing, Collector will distribute to the appropriate tax collector no later than thirty (30) days after the last day of the month following receipt all Tax identified as legally due to specific

political subdivisions outside the TCD and received electronically from employers that operate in more than one tax collection district and have filed a notice pursuant to LTEA, 53 P.S. § 6924.512(5), of intention to file combined returns and make combined payments with Collector. This amount will be distributed, together with any investment earnings payable under this Agreement to such political subdivisions.

(3) ***Manner of Making Distributions.*** If a Taxing Authority requests in writing and provides Collector with wire transfer instructions, Collector will make distributions by wire transfer of immediately available funds according to the instructions provided. In default of such request and instructions, Collector will distribute funds by check mailed to the Taxing Authority or by other means agreed between Collector and the Taxing Authority.

(4) ***Statutory Interest Owed to Tax Collectors for Other TCDs.*** If Collector pays interest at the statutorily prescribed rate to a tax collector for another TCD as a result of a claim of the other tax collector pursuant to LTEA, 53 P.S. § 6924.513(b)(2) or § 6924.510(a), the interest paid will not be charged to the TCC or any Taxing Authority.

(5) ***Unidentified Funds and Receipts.*** If Collector receives Tax and is unable to identify the Taxing Authority or other political subdivision entitled to the Tax within two (2) years of receipt, and if Collector has taken steps mandated by the **any Unidentified Tax Funds Policy** of which the TCC in the future notifies Collector, Collector promptly thereafter will distribute the Tax to the municipality in which the Tax was collected.

(6) ***Corrections to Distributions.*** If Collector at any time, based on annual reconciliation of returns or otherwise, determines that a distribution was incorrect, Collector will make adjustments to future distributions as required to make corrections.

h. ***Deductions for Amounts Owed TCC.*** Collector will comply with TCC notice to deduct from any distribution otherwise due a Taxing Authority any amount the Taxing Authority owes the TCC, and will pay the amount deducted directly to the TCC.

i. ***Reports to TCC and Taxing Authorities.***

(1) ***Monthly Reports.*** Within twenty (20) days after the end of each calendar month, Collector will provide a written report, in accordance with LTEA, 53 P.S. § 6924.509(b), in form prescribed by DCED, with additional information provided in form satisfactory to the TCC. The report will be provided to the TCC Secretary and to the secretary of each Taxing Authority for which Tax was collected during the prior month. The report will include the information set forth in Section 4(i)(1) and (2) until otherwise directed by the TCC, at which time Collector will follow such future direction. In the absence of other TCC direction, the report will set forth:

(i) Aggregate information applicable to the entire TCD, including:

(a) The aggregate amount of funds held at the beginning of the month under this Agreement.

(b) ***Plus*** the amount of Tax received during the month under this Agreement.

(c) ***Plus*** the amount of investment earnings received during the month based on funds held under this Agreement.

(d) ***Plus*** the amount of collection expense recovered from Taxpayers that was previously charged to Taxing Authorities.

(e) ***Plus*** the amount of collection expense paid by Taxpayers and which Collector is entitled to retain under this Agreement.

(f) ***Plus*** all Related Amounts received during the month under this Agreement.

(g) ***Minus*** the amount of Taxpayer refunds paid during the month.

(h) ***Minus*** the amount of collection expense spent on behalf of and chargeable to Taxing Authorities under this Agreement.

(i) ***Minus*** the amount of collection expense paid by Taxpayers and which Collector is entitled to retain under this Agreement.

(j) ***Minus*** the amount distributed to Taxing Authorities under this Agreement.

(k) ***Minus*** the amount of Collector compensation commissions withheld from distributions during the month.

(l) ***Minus*** the amount distributed to other tax collectors under this Agreement.

(m) ***Equals*** the amount of funds held at the end of the month under this Agreement.

(ii) The same information as under subsections (a)-(m) above broken down as to each Taxing Authority, each other tax collector, and unallocated amounts, including investment earnings allocated under Section 4(f)(4) (Investment Earnings Allocation) above.

(iii) The same information as under (ii) broken down as to each type of Tax that Collector collects under this Agreement.

(iv) The same information as under subsections (a)-(m) above broken down for each Taxing Authority as to the amount attributable to the increased Earned Income Tax rate, if any, levied by a municipality for open space lands.

(v) All other information required in monthly reports by this Agreement or DCED.

(vi) Investment information in accordance with Section 11 of the **TCC Deposit and Investment Policy.**

(vii) All other information reasonably requested by the TCC in order to understand receipts and distributions of Tax and Related Amounts, to assess Collector performance, and for other appropriate purposes.

(2) ***Information Concerning Returns and Enforcement, and for the Protection of the TCC and Taxing Authorities.*** In addition to the foregoing, Collector will provide a supplemental monthly report to the TCC Secretary specifying:

(i) Taxpayer information, including:

(a) Number of individual tax returns filed during the month and year to date.

(b) Number of individual non-filers identified during the month and year to date.

(c) Number of individual tax returns processed during the month and year to date.

(d) Number of individual tax returns remaining unprocessed, broken down by tax year.

(e) Number of employer tax returns filed during the month and year to date.

(f) Number of employer non-filers identified during the month and year to date.

(g) Number of employer tax returns processed during the month and year to date.

(h) Employer tax returns remaining unprocessed, broken down by tax year.

(ii) Tax collection legal proceedings information required under Section 4(m)(8) (Enforcement Steps) below.

(iii) Tax Collector bond information required under Section 4(d)(1)(ii) (Tax Collector Bond) above.

(iv) Any criminal charges (other than a summary offense or driving under the influence) filed against Collector or any owner, officer, director, or key employee of Collector; and any criminal charges filed against any employee relating to theft or dishonesty.

(v) Any legal proceeding (arbitration, court action, or complaint filed with or investigation by a government body) filed, commenced, or made by a school district, municipality, other government body, employer, or Taxpayer against Collector. (This does not include Taxpayer refund requests unless the Taxpayer claims wrongful action by Collector and liability of Collector other than the refund claim amount.)

(vi) Any judgment for payment of money in excess of $10,000 rendered in any legal proceeding against Collector or any of its subsidiaries or affiliated companies. (This does not include a judgment for a refund claim amount owed to a Taxpayer.)

(vii) Any legal proceeding (arbitration, court action, or complaint filed with or investigation by a government body) or claim filed, commenced, or made by any person, or any event that has occurred, in either case that could have a material adverse effect on Collector's financial strength.

(viii) Any change of control of Collector, which shall mean: (a) any sale, lease, exchange, or other transfer (in one transaction or series of related transactions) of all or substantially all of the assets of Collector; or (b) the acquisition by any person or persons other than current owners of Collector of the power, directly or indirectly, to vote securities or other ownership interests having more than twenty percent (20%) of the ordinary voting power to elect directors of Collector, or to direct the management of the affairs of Collector.

(ix) Failure by Collector to make any payment more than ten (10) days after when due to any financial institution or any other party with respect to borrowed money.

(x) Any material adverse change in the financial or business condition of Collector.

(xi) The occurrence of any of the events or omissions specified in Section 9(a) (Termination) below.

(3) ***Annual Report.*** By February 1 of each year, Collector will provide a written annual report, in form satisfactory to the TCC. The report will be provided to the TCC Secretary, and to the secretary of each Taxing Authority for which Tax was collected during the prior year. The report will include all information required in monthly reports, except that the report will provide aggregate annual information. In accordance with Section 4(m)(7)(vi) below, the annual report will include a listing of all costs collected during the year from Taxpayers in connection with collection of delinquent Tax. The annual report may omit legal proceedings commenced by Collector and reported under Section 4(m)(8) (Monthly Reports on Legal Proceedings) below.

(4) ***Certification of Reports.*** Collector's monthly and annual reports will include Collector's certification that the reports are accurate and that Collector is in compliance with this Agreement, and explanation of any noncompliance.

(5) ***Revenue Projection Assistance.*** On request from a Taxing Authority or the TCC, Collector will provide revenue projection estimates for future budget planning.

(6) ***Sterling Act Tax Credit Information for School Districts.*** By November 1 of each year, Collector will provide, in form satisfactory to school districts and the TCC, Sterling Act tax credit information that school districts are required to provide to the Pennsylvania Department of Education pursuant to the Taxpayer Relief Act, 53 P.S. § 6926.503(b)(2). The report will be provided to the TCC Secretary, and to the Secretary of each school district for which Tax was collected during the prior year.

(7) ***Data Breach Report.*** If at any time Collector experiences a "breach of the security of the system" requiring notice of breach to affected Taxpayers under the Pennsylvania Breach of Personal Information Notification Act, 73 P.S. § 2301 *et seq.*, Collector will provide notice of the breach to the TCC Secretary. The notice shall be provided as promptly as possible and no later than the date when notice is given to affected Taxpayers. Collector will be responsible for all costs incurred as a result of a breach, including the cost of notifying affected Taxpayers.

j. ***Tax Records.*** Collector has received a copy of the **TCC Tax Records Policy for Tax Collector** now in effect. Collector will maintain at all times an updated Individual Taxpayer List and an Employer List and other Tax Records in accordance with LTEA, 53 P.S. §§ 6924.509(e) and 6924.513(a)(3), and the **TCC Tax Records Policy for Tax Collector**, as now in effect, or of which the TCC in the future notifies Collector. Per LTEA, 53 P.S. § 6924.509(e), all Tax Records are the property of the TCC and the Taxing Authority in which the Tax was collected.

k. ***Refund Processing.*** Collector will refund under LTEA, 53 P.S. § 6924.509(c), and the Local Taxpayer Bill of Rights, 53 Pa.C.S.A. §§ 8425 and 8426, on petition and proof by a Taxpayer, Tax paid and received by Collector or a Taxing Authority in excess of what is owed. Collector will consult with the TCC and receive TCC approval before issuing any refund in excess of $25,000. Subject to the foregoing, Collector will process promptly all refund requests. Each Taxing Authority will at all times be responsible for the amount of any refund the Taxing Authority owes to any Taxpayer, whether such refunds relate to amounts collected during the term of this Agreement or prior to the term of this Agreement. Collector will deduct the refund amount from a distribution otherwise due the Taxing Authority responsible for the refund.

l. ***Ongoing Duty to Maximize Collections.*** Collector will endeavor to maximize Tax collections by ensuring that all Tax owed is paid, including the following steps:

(1) ***Taxpayer Identification.*** Collector will take steps to identify Taxpayers required to pay or withhold Tax or file returns. These steps will include the following:

(i) ***Pennsylvania Department of Revenue Agreement.*** Collector will use the information from state income tax returns provided by the state as a result of the information exchange agreement the TCC enters into with the Pennsylvania Department of Revenue pursuant to LTEA, 53 P.S. § 6924.509(g). The TCC will provide Collector with a copy of the information exchange agreement. If the TCC fails to provide a copy by the date upon which Collector commences Tax collection under this Agreement, Collector will provide a written reminder to the TCC to provide a copy. Collector will compare Collector's Individual Taxpayer List against the Pennsylvania Department of Revenue list at least annually.

(ii) ***Dialogue with Taxing Authorities.*** Collector will engage in ongoing dialogue with Taxing Authorities concerning Taxpayer identification, and will annually ask each Taxing Authority that levies Tax whether it wishes to receive, review, and comment on Collector's list of employers operating within the Taxing Authority and Collector's list of individual Taxpayers residing within the Taxing Authority. Collector will promptly provide copies of such lists if requested by the TCC or a Taxing Authority that levies Tax, and will promptly review and adjust its lists based on information provided by Taxing Authorities. Collector will annually ask each Taxing Authority that levies Tax to provide a list of new employers known to the Taxing Authority to be operating within the Taxing Authority's boundaries.

(iii) ***Other Lists.*** Collector will annually compare Collector's individual Taxpayer list against the county real estate tax duplicate. Collector will also endeavor to obtain other lists of employers and individual Taxpayers for comparison to Collector's Individual Taxpayer List and Employer List.

(iv) ***Commercial Census.*** During the initial two years after Collector commences tax collection throughout the entire TCD, and at least every two (2) years thereafter, Collector will conduct a survey by traveling every road within the TCC to ensure that all employers are included on Collector's Employer List. The TCC may waive this requirement based on information provided by Collector concerning list comparisons and technology that provide comparable benefits.

(2) ***Taxpayer Mailings.*** Collector will annually mail tax return forms to all known employers and individual Taxpayers. Collector will also during the year mail tax returns and related information to any employer or individual Taxpayers identified through Taxpayer identification steps and not included in the most recent annual mailing.

(3) ***Mass Mailings and Amnesty Programs.*** Collector will consider and when appropriate implement amnesty programs and mass mailings to identify Taxpayers and collect Tax owed. Any amnesty program will comply with the TCC policy on abatement of interest or penalties adopted under Section 4(p) below.

(4) ***Examination and Reconciliation of Tax Returns.*** Collector will by August 1 of each calendar year examine all individual tax returns for the prior calendar year or years received by May 1. Collector will as part of this process: (i) Determine if the correct amount of taxable income and Tax owed has been reported. (ii) Determine if the correct amount

of Tax and any Related Amount has been paid, either directly by the individual Taxpayer or by an employer. (iii) Compare taxable income and Tax owed as reported with Tax payments received from individuals and employers. (iv) Compare taxable income and Tax owed as reported with income information from state income tax returns provided by the state. (v) Take other steps as appropriate to verify the correct amount of taxable income and Tax owed has been reported and paid. (vi) Determine if payments received during the year have been distributed to the correct Taxing Authority or other tax collector, and make adjustments to future distributions as required to make corrections.

(5) ***Taxpayer Audits.*** If Collector knows or suspects, based on information available to it, that the correct amount of taxable income has not been reported or that an employer has not correctly withheld or reported withholdings, Collector will, in accordance with LTEA, 53 P.S. § 6924.509(f), conduct audits of the records of Taxpayers to determine Tax or Related Amounts owed and other violations.

(6) ***Claims Against Other Tax Collectors.*** Based on examination and reconciliation of tax returns and other available information, Collector will, in accordance with LTEA, 53 P.S. § 6924.513(b), initiate claims against tax collectors for other tax collection districts for Tax or Related Amounts owed. In addition to other steps, such claims may include appeals in accordance with LTEA, 53 P.S. § 6924.505(j), to the tax appeal board of another tax collection committee, and requests for DCED mediation pursuant to LTEA, 53 P.S. § 6924.505(k). If Collector collects statutory interest from another tax collector on Tax owed, Collector will credit and distribute this interest to the Taxing Authority entitled to the Tax.

(7) ***Delinquent Tax.*** Except for Taxpayers subject to enforcement steps at the time Collector commences collecting Tax within a Taxing Authority, Collector will be responsible, at its expense except as otherwise expressly stated in this Agreement, for collection of all delinquent Tax, including Tax owed for tax years preceding the year during which Collector commences Tax collection under this Agreement. However, unless Collector and the Taxing Authority later agree that Collector will assume responsibility for collection, per LTEA, 53 P.S. § 6924.515(b)(4), Collector will not be responsible to collect delinquent Tax owed for 2011 or prior tax years if Collector receives written notice from a Taxing Authority that the Taxing Authority has made prior arrangements for collection of such delinquent Tax. As to Taxpayers subject to enforcement steps, any taxpayer account subject to legal proceedings, wage attachment, or payment plan commenced by the prior tax collector shall remain with the prior tax collector until such collection action is completed. Collector will aggressively pursue collection of delinquent Tax. Section 4(m)(6) below includes provisions relating to delinquent collection expenses.

m. ***Enforcement Steps.*** Collector will take all necessary and appropriate actions to collect Tax not paid when due and to ensure employer compliance, including without limitation when appropriate the following steps:

(1) ***Pursuit of Taxpayers.*** In addition to annual mailings to individuals and employers included on the Collector's Individual Taxpayer List and Employer List and mailings during the year to employers and individuals believed to be required to pay or withhold Tax or

file returns, Collector will use follow-up mailings and telephone calls to obtain individual Taxpayer and employer compliance or to correct erroneous information.

(2) ***Authorization to File and Prosecute Legal Proceedings.*** Subject to the terms of this Agreement, the TCC authorizes Collector to appear before any court, district justice, arbitration panel, tax appeal board, or DCED mediator or mediation panel in which legal proceedings may be brought to enforce obligations related to the Tax.

The TCC further authorizes Collector to compromise any Tax liability or otherwise settle legal proceedings brought by Collector to enforce obligations related to the Tax involving an amount in controversy of $25,000 or less without prior TCC approval. Collector must obtain the TCC's prior written approval before compromising or settling any Tax liability when the amount in controversy exceeds $25,000.

(3) ***Criminal Prosecutions.*** Collector will initiate criminal prosecutions against Taxpayers to enforce obligations related to the Tax. In addition to various provisions of the Crimes Code, 18 Pa.C.S.A. § 101 *et seq.*, criminal prosecution is available under LTEA, 53 P.S. § 6924.509(j), with respect to certain types of tax, for: (i) Taxpayer failure to file a required return; (ii) employer failure to register, keep records, deduct Tax from employees, or pay Tax deducted from employees; (iii) refusal to permit a Collector agent to examine records; (iv) knowingly making any incomplete, false, or fraudulent return; and (v) attempting to avoid full disclosure of income in order to avoid payment of Tax. In order to allow Collector's legal counsel to assume charge of criminal prosecutions, in accordance with Pennsylvania Rule of Criminal Procedure 454(C), Collector will take steps with the County District Attorney to obtain consent for this procedure. The TCC will cooperate with Collector by joining in such request or providing other information as appropriate.

(4) ***Wage Attachments.*** Collector will, in accordance with LTEA, 53 P.S. § 6924.702, attach wages to enforce individual Taxpayer obligations.

(5) ***Liens.*** Collector will, in accordance with the Municipal Tax Claim Law, 53 P.S. § 7101 *et seq.*, file liens against Taxpayer real estate to enforce obligations related to the Tax.

(6) ***Civil Proceedings.*** Collector will, in accordance with LTEA, 53 P.S. §§ 6924.509(h), 6924.510(e), 6924.513(b)(2), and 6924.705, initiate civil proceedings to enforce obligations of Taxpayers, bonding companies, other tax collectors, or other persons or entities, related to the Tax. Any such legal proceedings will be initiated in the name of Collector as agent for a Taxing Authority or the TCC under this Agreement. Such proceedings include district justice actions and county court actions. Proceedings against employers may include not just actions to collect Tax, but also actions to enforce employer obligations to provide information required under the LTEA in order to identify the Taxing Authority or other political subdivision to which funds belong. Taxing Authorities shall have the right to intervene in any civil proceeding, and to revoke the authorization of Collector to prosecute a civil proceeding and thereafter prosecute the civil proceeding directly in its own name. In the event of revocation,

Collector will reasonably cooperate with the Taxing Authority in transitioning responsibility for the proceeding to the Taxing Authority or its designees.

(7) *Enforcement Steps Expenses.*

(i) *Filing Fees.* Collector will advance filing fees required and costs imposed by any court for any legal proceeding to enforce a Tax obligation. Unless and until paid by a Taxpayer, the Taxing Authority to which the Tax amount is owed is responsible for the filing fee. Collector will deduct the filing fee or cost amount from a subsequent distribution to such Taxing Authority, and thereafter will credit the amount to the Taxing Authority if and when paid by a Taxpayer.

(ii) *District Justice Action Attorney fees.* Collector will pay all attorney fees related to district justice actions. Such attorney fees will not be charged to the TCC or any Taxing Authority.

(iii) *Legal Fees for Other Legal Proceedings.* Collector will initiate or be involved in other legal proceedings, such as county court actions, bankruptcies, taxpayer refund requests, taxpayer or other appeals to the TCC Tax Appeal Board, and DCED mediation. For such proceedings, Collector will pay all attorney fees. Such attorney fees will not be charged to the TCC or any Taxing Authority.

(iv) *Cases of General Interest to Multiple Taxing Authorities.* If the TCC decides that a legal proceeding involves a matter of general interest to multiple Taxing Authorities, the TCC may instruct Collector to charge any attorney fees **[in excess of $1,000]** to the interested Taxing Authorities pro rata in direct proportion to Tax collected for each Taxing Authority during the prior calendar year, or in another manner the TCC deems equitable.

(v) *Claims Against Collector.* Collector will be responsible for and pay all attorney fees or other expenses of any type related to claims by Taxing Authorities against Collector, claims by other tax collectors or political subdivisions outside the TCD for payment of Tax and Related Amounts believed owed to the other tax collector or political subdivision, and claims by Taxpayers against Collector.

(vi) *Taxpayer Payment of Delinquent Collection Expenses.* Collector may, in accordance with LTEA, 53 P.S. § 6924.707, impose and collect from Taxpayers the reasonable costs (including attorney fees) incurred to provide notices of delinquency or to implement similar procedures to collect delinquent Tax. Collector will submit to the TCC a proposed schedule of collection costs to be imposed on Taxpayers, and will collect such amounts from Taxpayers after TCC approval of the schedule. Collector's annual report under Section 4(i)(3) above to the TCC and certain Taxing Authorities will include a listing of all costs collected during the year from Taxpayers in connection with collection of delinquent Tax.

(8) *Monthly Reporting on Legal Proceedings.* In addition to the other monthly reporting requirements in this Agreement, Collector's monthly reports to the TCC and certain Taxing Authorities will include: (i) An explanation of steps taken to identify Taxpayers

required to pay or withhold Tax of file returns, including comparison of Collector Taxpayer lists against Pennsylvania Department of Revenue Taxpayer lists, the County real estate tax duplicate, and other lists of employers and individual Taxpayers; dialogue with Taxing Authorities; survey conducted by traveling TCC roads; Taxpayer mailings; and mass mailings and amnesty programs. (ii) An explanation of the results of all such steps. (iii) a listing of all legal proceedings commenced by Collector under this Agreement during the prior month. (iv) All such legal proceedings commenced during prior months and remaining open. (v) All such legal proceedings commenced during prior months and closed during the month (including explanation of the result of such proceedings). (vi) Any expenses incurred in connection with any such legal proceedings that will be assessed against any Taxing Authority. (vii) The amount of costs collected from Taxpayers in connection with collection of delinquent Taxes. For purposes of monthly reports, legal proceedings will include Taxpayer audits, claims against other tax collectors, criminal prosecutions, wage attachments, liens, and civil proceedings. The report will identify the Taxpayer against whom or which the legal proceeding was commenced, except that names of Taxpayers will be omitted in listing audits.

(9) ***TCC and Taxing Authority Rights Preserved.*** The TCC and Taxing Authorities reserve the right to initiate, or to intervene in as permitted by applicable law, legal proceedings in its or their names for enforcement of obligations related to the Tax. At the TCC's request, Collector will consult with the TCC on any pending legal proceeding.

(10) ***Enactment Validity.*** If an Enactment is challenged in court, Collector will continue to collect the Tax levied under the Enactment until the Enactment is finally adjudicated as being invalid, unless otherwise enjoined by court order or otherwise directed by the TCC.

(11) ***Defense of Enactments.*** Collector is not responsible to defend the validity, legality, or constitutionality of Enactments except to the extent that the legality of same is challenged in response to a legal proceeding filed by Collector. If the legality of an Enactment is challenged in response to a legal proceeding filed by Collector, Collector will defend the legality of the Enactment, subject to consultation with the TCC and the Taxing Authority that passed the Enactment, and the other conditions set forth in this Agreement.

n. ***TCC Tax Appeal Board.*** Collector will participate in, and as appropriate defend against, appeals filed with the TCC Tax Appeal Board.

o. ***DCED Mediation.*** Collector will participate in DCED mediation when a dispute is properly submitted to DCED mediation.

p. ***Abatement of Interest or Penalties/Amnesty Programs.*** Collector will recommend to the TCC a policy on abatement of interest or penalties that would otherwise be imposed for the non-reporting or under-reporting of Tax liability or for the non-payment of Tax, which policy shall apply if the Taxpayer voluntarily files delinquent returns and pays the Tax in full. The TCC will adopt a policy on abatement of interest or penalties subject to any rules or regulations promulgated by DCED pursuant to LTEA, 53 P.S. § 6924.509(i)(2). The policy may incorporate provisions allowing an amnesty program for a limited period of time.

q. ***Amounts Collected.*** Collector will at all times act in the best interests of the TCC and the Taxing Authorities, will aggressively pursue collection of Tax, and will use all reasonable efforts to collect all Tax and Related Amounts owed to the Taxing Authorities. However, Collector does not guarantee that it will collect any particular amount for any Taxing Authority in any given tax year and does not guarantee collection of all Tax and Related Amounts owed. Collector is not required to collect any Tax or Related Amounts that Collector with the exercise of reasonable judgment determines uncollectable.

r. ***Meetings with TCC.*** At least annually, and more frequently if requested by the TCC, Collector will meet with TCC representatives to report on and discuss Tax collection activities, issues, and performance.

5. **Ongoing Duties and Covenants of the TCC.** The TCC agrees to the following:

a. ***Authorized Representatives.*** The TCC will notify Collector in writing of a specific individual or individuals who will act as authorized representatives of the TCC to make requests of, consult with, and receive information from Collector.

b. ***Enactments.*** The TCC has provided or promptly hereafter will provide or cause the Taxing Authorities to provide to Collector a copy of each Enactment and any amendments thereto currently in effect, and will provide or cause the Taxing Authority to provide a copy of any future Enactment or amendment promptly after adoption.

6. **Tax Collector Compensation.**

a. ***Commission.*** Collector will receive a commission as compensation for its services under this Agreement in addition to retention of investment earnings under Section 4(f). Collector will retain its commission from the proceeds of Tax collected, and the commission will not be transmitted to Taxing Authorities with distributions.

b. ***Commission Amount.*** Collector will receive a commission equal to **1.35%** of the Tax, excluding delinquent Tax, distributed by Collector to the Taxing Authorities (without subtracting amounts paid to the TCC under Section 4(h) above). The commission applies solely to distributions of Tax, excluding delinquent Tax, and not to distributions of Related Amounts. The commission applies solely to distributions to the Taxing Authorities, and not to distributions to tax collectors for other tax collection districts. The commission represents payment for all of Collector's services and materials including, but not limited to, expenses for equipment, supplies, postage, and personnel, but excluding items, if any, for which Collector is to be reimbursed as expressly stated elsewhere in this Agreement. The TCC will compensate Collector in an amount equal to zero percent (0.0%) of all delinquent Tax distributed by Collector to the Taxing Authorities. The term "delinquent Tax" for purposes of this Section includes any Tax received more than 180 days after the final due date. However, any Tax received during a payment extension period will not be considered delinquent.

c. ***Expense Reimbursement.*** Except for delinquent tax collection costs Collector is authorized to retain under Section 4(m)(6)(vi) above, if any, and enforcement step expenses

under Section 4(m)(7) above, Collector will be reimbursed for expenses incurred in connection with Tax collection only if the TCC gives advance written approval for the expense.

d. ***Tax Rate Increases.*** If any Taxing Authority increases the rate of any Tax with the result that the annual Tax revenue collected for the Taxing Authority will increase by more than $500,000, the TCC and Collector will agree on an equitable reduction in the applicable Tax collection commission.

7. **Confidentiality.** All information obtained by Collector as a result of Taxpayer declarations, returns, investigations, hearings, or verifications related to Tax collection is confidential. Collector will not divulge to any third party any confidential information. This prohibition does not include disclosure of otherwise confidential information for official purposes as authorized by any law, including without limitation disclosure to a lawyer or accountant retained by Collector or disclosure in a legal proceeding.

8. **Liability and Indemnification.**

a. ***Enactment Compliance.*** Collector will not be liable or responsible for failure of an Enactment to comply with applicable legal requirements.

b. ***Collector Indemnification.*** Collector will hold harmless and indemnify the TCC, the Taxing Authorities, their delegates, directors, elected officials, officers, employees, agents, and consultants, and any insurance company providing insurance to any of them, from and against any claim, loss, damage, liability, or expense (including reasonable attorney fees) arising from or relating to: (1) Collector loss of or failure to pay when owed, to the Taxing Authority, person, or entity to whom or which owed, any amount collected, earned, or otherwise held by Collector. (2) Collector failure to comply with any applicable law or regulation. (3) Collector breach of this Agreement. (4) Collector failure to take any action when the failure constitutes breach of a legal duty. (5) Collector acts or omissions of any nature, except for any action the TCC by written communication expressly and specifically directs Collector to take under circumstances when Collector does not have an obligation under this Agreement or applicable law or regulation to take such action in the absence of the TCC direction. For this purpose, a TCC written communication approving or consenting to an action taken or to be taken by Collector does not constitute a TCC direction to take such action. (6) Any investigation, legal proceeding, administrative action, or other action by any person, entity, or government body relating to or alleging any of the matters referred to in items (1) to (5) set forth in this Section. Collector will have no obligation to indemnify for loss, damage, liability, or expense relating to any investigation, legal proceeding, administrative action, or other action by any person, entity, or government body that is primarily a dispute between the TCC and one or more Taxing Authorities or to the extent the loss, damage, liability, or expense arises or results from a Taxing Authority or TCC action or omission.

c. ***TCC Indemnification.*** To the extent permitted by the Pennsylvania Political Subdivision Tort Claims Act and other applicable law, the TCC will hold harmless and indemnify Collector, its directors, officers, employees, agents, and consultants, and any insurance company providing insurance to any of them, from and against any claim,

loss, damage, liability, or expense (including reasonable attorney fees) arising from or relating to: (1) TCC failure to comply with any applicable law or regulation. (2) TCC breach of this Agreement. (3) TCC failure to take action when the failure constitutes a breach of a legal duty. (4) Collector's compliance with a TCC notice to withhold and pay to the TCC amounts that would otherwise be distributed to the Taxing Authority. (5) Any investigation, legal proceeding, administrative action, or other action relating to or alleging any of the matters referred to in items (1) to (4) set forth in this Section. The TCC will have no obligation to indemnify for loss, damage, liability, or expense relating to any investigation, legal proceeding, administrative action, or other action by any person, entity, or government body to the extent the loss, damage, liability, or expense is attributable to a Taxing Authority or Collector action or omission.

d. ***Collector Insurance.*** Collector shall purchase from and maintain with a company lawfully authorized to do business in Pennsylvania insurance of the types and amounts listed in **Exhibit B**. Collector shall file with the TCC prior to commencement of collection under this Agreement certificates of insurance acceptable to the TCC. These certificates shall contain a provision that coverages afforded under the policies will not be cancelled or allowed to expire until at least 30 days prior written notice has been given to the TCC.

9. **Early Termination.**

a. ***TCC Termination for Cause.*** The TCC may end the term of this Agreement prior to the end of the term set forth in Section 3 (Term of Agreement) above by giving written termination notice to Collector if: (1) Collector or any owner, officer, or key employee of Collector is charged with a crime involving fraud, extortion, or dishonesty, or that reflects adversely on the credibility or integrity of Collector or the owner, officer, or key employee. (2) Collector engages or has engaged before or after the Effective Date in conduct that reflects adversely on Collector's credibility or integrity. (3) Collector fails to meet any annual mandatory education requirements prescribed by DCED under LTEA, 53 P.S. § 6924.508(e). (4) Collector fails to satisfy the requirements for appointment prescribed by DCED under LTEA, 53 P.S. § 6924.508(f). (5) Collector has misrepresented any material fact in Collector's response to the TCC RFP for Tax Collection Services. (6) The TCC does not approve of Collector's auditor in accordance with Section 4(c)(5) (Financial Statements) above. (7) Any Tax Collector bond expires or is terminated, and a new bond has not been delivered to the TCC in accordance with Section 4(d) (Tax Collector Bond) above. (8) The occurrence of any of the events or omissions specified in Sections 4(i)(2) (vii), (viii), (ix), or (x) (Reports to TCC and Taxing Authorities) above. (9) Collector is in material breach of any provision of this Agreement. (10) Collector's insolvency, bankruptcy, or cessation of business operations. (11) Any legislative or regulatory action or enactment or court decision occurs, which has the effect of prohibiting, preventing, inhibiting, or materially restricting Collector's ability, power, or authority to collect Tax.

b. ***Collector Notice to TCC.*** Collector will give prompt written notice, in any event no later than the next monthly report, to the TCC if Collector becomes aware of any event or omission which could provide grounds for TCC termination under Section 9(a) above. After giving notice, Collector will comply with all TCC requests to provide further information regarding the event or omission specified in the notice.

c. ***TCC Notice to Collector.*** A TCC termination notice under Section 9(a) above shall specify the reason for the termination and the termination effective date. If the sole cause for termination is material breach of this Agreement, and none of the other causes for early termination set forth in Section 9(a) applies, the termination effective date shall be at least thirty (30) days after the date of the termination notice, and Collector shall have thirty (30) days after the date of the termination notice within which to cure the breach or to take substantial steps to cure the breach to the satisfaction of the TCC. If Collector does not cure the breach or take substantial steps to cure the breach to the satisfaction of the TCC within thirty (30) days after the date of the termination notice, the termination will be effective on the termination effective date specified in the termination notice.

d. ***TCC Termination Other Than for Cause.*** This Agreement may be terminated by the TCC at any time other than for cause upon one hundred twenty (120) days advance written notice from the TCC to the Collector expressing the intent of the TCC to terminate the Agreement and specifying the termination effective date.

10. **Effect of Termination.** When the term of this Agreement ends, except as otherwise agreed in writing between the TCC and Collector, the following provisions will apply:

a. ***Tax Collector Status Ends.*** Collector will cease to be the exclusive collector of Tax throughout the TCD, and the exclusive collector of Tax throughout the TCD after the termination effective date will be the new tax collector designated by the TCC.

b. ***Collector Announcement.*** Collector will promptly post an announcement on its website that Collector is no longer designated as tax collector for the TCC, which announcement will include the name of the new tax collector as specified in written notice from the TCC to Collector.

c. ***Collector Communications.*** When Collector is contacted in its capacity as tax collector for the TCC, Collector will advise that Collector is no longer designated as tax collector for the TCC and will advise of the name of the new tax collector as specified in written notice from the TCC to Collector.

d. ***TCC Notice to Taxpayers.*** The TCC will notify, or cause the new tax collector for the TCC to notify, in writing, Taxpayers and other tax collectors that after the termination effective date all Tax and communications concerning Tax should be directed to the new tax collector, including Tax attributable to time periods before the termination effective date. This includes processing tax returns related to activities, earnings, or withholding prior to the termination effective date.

e. ***Funds and Communications Received After Termination Effective Date.*** Collector will promptly after receipt transfer to the new tax collector any checks, electronic fund transfers, tax returns, or other communications received by Collector in its capacity as tax collector or former tax collector for the TCC.

f. ***Unidentified Funds.*** Collector will promptly transfer to the new tax collector any Unidentified Funds collected or held by Collector in its capacity as tax collector for the TCC, together with all information in Collector's possession relating to the Unidentified Funds.

g. ***Collector Summary Report.*** Collector will promptly provide the TCC with a report summarizing the status of: (1) Open Taxpayer audits. (2) Open claims against other tax collectors. (3) Taxpayers then identified as delinquent. (4) Open legal proceedings, wage attachments, payment plans, and liens filed and not yet satisfied. (5) All other information reasonably requested by the TCC or the new tax collector.

h. ***Tax Records Transfer.*** Collector will promptly transfer all Tax Records to the new tax collector as directed by the TCC and in accordance with the **TCC Tax Records Policy for Tax Collector**. Collector may keep a copy of Tax Records for Collector reference as needed for delinquent Tax matters Collector will continue to handle or in case of any dispute that continues or arises after the end of the term.

i. ***Taxpayers Subject to Enforcement Steps.*** Unless directed otherwise by the TCC, any Taxpayer account subject to legal proceedings, wage attachment, or payment plan commenced by Collector shall remain with Collector until such collection action is completed, and Collector will be compensated for such collections as provided under this Agreement. Collector will take all steps necessary or appropriate as reasonably directed by the TCC for smooth transition of responsibility for collection of Tax subject to legal proceedings, wage attachment, or payment plan.

j. ***Collector Cooperation.*** Collector will cooperate and take all other steps necessary or appropriate for smooth transition of Tax collection services from Collector to the new tax collector.

k. ***Collector Financial Statements.*** Collector will deliver required financial statements and reports, in accordance with Section 4(c) (Tax Collector Financial Statements) above, for the calendar year in which the termination effective date occurs.

l. ***Collector Bond.*** Collector will provide a bond for a period of six (6) months in accordance with the requirements of Section 4(d) (Tax Collector Bond) above, and in the amount required under Section 4(d)(6).

m. ***Collector Investment of Funds.*** Collector will invest and make payments of any funds held by Collector in its capacity as tax collector for the TCC in accordance with Section 4(f) (Tax Revenue Deposit and Investment) above.

n. ***Collector Distributions.*** As to funds received prior to the termination effective date, Collector will make distributions in accordance with Section 4(g) (Distributions) above.

o. ***Collector Monthly Reports.*** Collector will file monthly reports, in accordance with Sections 4(i)(1), (2) (Reports to TCC and Taxing Authorities) above, until Collector has

filed a final monthly report accounting for all funds held by Collector in its capacity as tax collector for the TCC.

p. ***Collector Annual Report.*** Collector will provide a written annual report, in accordance with Section 4(i)(3) (Reports to TCC and Taxing Authorities) above, for the final year during which monthly reports have been filed.

q. ***Surviving Provisions of Tax Collection Agreement.*** In addition to all provisions in this Section 10, the provisions of Sections 4(b) (Best Interests/Legal Compliance), 4(h) (Deduction for Amounts owed TCC), 4(j) (Tax Records), 7 (Confidentiality), 8 (Liability and Indemnification) above, and Sections 11 (Dispute Resolution), 12 (Notices), 14 (Miscellaneous) below, and any other provisions relating to obligations of the parties after the end of the term, will survive the end of the term of this Agreement.

r. ***Release.*** In the event the TCC ends the term of this Agreement under Section 9(a) (Early Termination) above with the reasonable belief that grounds exist for such action, Collector releases the TCC from all liability to Collector arising from or related to the termination. Notwithstanding the foregoing, Collector will be entitled to all compensation for Tax collected before or for which Collector is authorized to collect after the termination effective date.

11. **Dispute Resolution.**

a. ***Choice of Law.*** This Agreement shall be governed by Pennsylvania law.

b. ***DCED Mediation.*** Any dispute arising from or related to this Agreement subject to mandatory DCED mediation will first be submitted to DCED in accordance with LTEA, 53 P.S. § 6924.505(k). Other disputes may be submitted for DCED mediation if all parties agree.

c. ***Jurisdiction.*** Any dispute between the TCC and Collector arising from or related to this Agreement that is not resolved by discussion or mediation will be submitted to the jurisdiction of the Schuylkill County Court of Common Pleas in Pottsville, Pennsylvania.

12. **Notices under this Agreement.** All communications and notices under this Agreement will be in writing and will be deemed given at the earlier of the time when actually delivered, when mailed by first class or express mail, postage prepaid, or other courier service with charges prepaid, or when sent by facsimile or email transmission (with confirmation from the recipient) – addressed as set forth after each party's signature at the end of this Agreement (or to such other address as a party has substituted or added by notice pursuant to this Section).

13. **Transition to Collection under this Agreement.** Collector agrees to take the following steps as part of the transition to tax collection under this Agreement:

a. ***Tax Records Procurement or Creation.*** Promptly after the Effective Date, Collector will use best efforts to obtain from the current tax collector for each Taxing Authority copies of all Tax Records (other than bank account statements) required under Section 3 of the

TCC Tax Records Policy for Tax Collector. To the extent such information cannot be obtained from the then-current tax collector, Collector will use best efforts to obtain such information from the Taxing Authority. If Collector is the then-current tax collector, Collector will create or maintain such information. Collector will also use best efforts to obtain or maintain copies of such information updated to the date Collector will commence tax collection under this Agreement, so that Collector will have all information needed to begin collecting Tax on the date specified in Section 1(b) (Commencement Date) above.

b. ***Advertisement.*** On or before November 1 prior to the date Collector commences tax collection under this Agreement, Collector will advertise in a newspaper of general circulation within the TCD. The advertisement will include Collector's contact information, website address, and other information to help ensure Taxpayer communications and payments are directed to the correct tax collector.

c. ***Notice to Employers.*** On or before November 1 prior to the date Collector commences tax collection under this Agreement, Collector will notify in writing all employers within the TCD. The notice will include Collector's contact information, website address, and other information to help ensure employer communications and payments are directed to the correct tax collector. The notice will also include tax returns and any other required forms.

d. ***Notice to Individuals.*** On or before December 1 prior to the date Collector commences tax collection under this Agreement, Collector will notify in writing all individuals residing in the TCD who pay or are believed to owe Tax. The notice will include Collector's contact information, website address, and other information to help ensure Taxpayer communications and payments are directed to the correct tax collector. The notice will also include tax returns and any other required forms.

e. ***Fund Transfers from Prior Tax Collector.*** Collector will arrange with the prior tax collector for transfer to Collector of any checks, electronic fund transfers, tax returns, or other communications received by the prior tax collector after the date when Collector commences collecting Tax within a Taxing Authority served by the prior tax collector.

f. ***Transfer of Unidentified Funds from Prior Tax Collector.*** Collector will arrange with the prior tax collector for transfer to Collector of any Unidentified Funds collected or held by the prior tax collector in its capacity as tax collector for a Taxing Authority prior to the date Collector commences collecting Tax within the Taxing Authority.

g. ***Tax Return Processing.*** After the date when Collector commences collecting Tax within a Taxing Authority, except as otherwise provided for Taxpayers subject to enforcement steps: (1) All Tax and Related Amounts owed by Taxpayers residing or located within the Taxing Authority or owed to the Taxing Authority will be paid to Collector, including Tax and Related Amounts owed for time periods before the date Collector commences collecting Tax. (2) All tax returns will be filed with Collector, including tax returns relating to time periods before the date Collector commences collecting Tax.

h. ***Delinquent Tax.*** Collector will collect delinquent Tax as specified in Section 4(l)(7) (Delinquent Tax) above.

i. ***Other Measures.*** Collector will take all other reasonable measures deemed necessary or appropriate by Collector or the TCC to educate Taxpayers about Collector's appointment, and about Act 32, LTEA, and Collector requirements, or to ensure smooth transition of tax collection services from the prior tax collector.

j. ***TCC Tax Collection Transition Plan.*** Collector will assist the TCC in developing, and will comply with other steps required by, a TCC tax collection transition plan.

14. **Miscellaneous.**

a. ***Payment of TCC Costs to Enforce Agreement.*** Collector will pay all costs, including attorney fees and other expenses, incurred by the TCC in enforcing this Agreement irrespective of whether legal proceedings are filed.

b. ***Entire Agreement.*** This Agreement represents the entire Agreement between the TCC and Collector, supersedes any prior agreements between the TCC and Collector, and supersedes any prior agreements between any Taxing Authority and Collector related to collection of the Tax.

c. ***Modification.*** Any modification of this Agreement must be in writing and signed by the TCC and Collector to be valid.

d. ***Independent Contractor.*** Collector is providing tax collection services under this Agreement as an independent contractor. Collector has no authority to create obligations for or legally bind the TCC or any Taxing Authority except as expressly authorized in this Agreement or applicable law.

e. ***Assignment or Subcontracting.*** Collector will not assign, transfer, subcontract, or delegate any of its rights or responsibilities under this Agreement without prior written approval from the TCC.

f. ***Successors.*** This Agreement is binding upon the parties' successors and assigns.

g. ***Severability.*** If any portion of this Agreement is invalid or unenforceable, the validity and enforceability of the remaining provisions shall not be affected or impaired thereby.

h. ***Section Headings.*** The headings contained in this Agreement are for convenience of reference only and are not to be used in interpreting the Agreement.

i. ***Interpretation.*** The parties are equally responsible for the consummation of this Agreement. Alleged ambiguity in this Agreement shall not be construed against either party.

15. **Definitions.**

a. ***Collector*** – as defined in the preface to this Agreement on Page 1.

b. ***CPA*** – as defined in Section 4(c)(1).

c. ***DCED*** – as defined in Section 4(a).

d. ***Effective Date*** – as defined in the preface to this Agreement on Page 1.

e. ***Enactments*** – as defined in the Background Section on Page 1.

f. ***LTEA*** – as defined in the Background Section on Page 1.

g. ***Person*** – any individual, entity, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union, or other governmental body.

h. ***Political Subdivision*** – a city of the second class, city of the second class A, city of the third class, borough, town, township of the first class, township of the second class, school district of the first class A, school district of the second class, school district of the third class, school district of the fourth class, or municipal authority, located in the Commonwealth of Pennsylvania.

i. ***Related Amounts*** – as defined in Section 2(e).

j. ***Tax*** – as defined in Section 2(c).

k. ***Taxing Authorities*** – as defined in the Background Section on Page 1.

l. ***Taxpayers*** – as defined in Section 1(a).

m. ***Tax Records*** – as defined in the **Tax Records Policy for Tax Collector**, as now or in the future in effect. The policy as now in effect is attached to this Agreement.

n. ***TCC*** – as defined in the preface to this Agreement on Page 1.

o. ***TCD*** – as defined in the Background section on Page 1.

p. ***Unidentified Funds*** – as defined in Section 4(f)(3).

[BALANCE OF PAGE LEFT INTENTIONALLY BLANK – SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

COLLECTOR:
CENTRAL TAX BUREAU OF PENNSYLVANIA, INC.

Witness/Attest:

By: _____
Title: ~~President~~ CEO

Street Address:
20 Emerson Lane, Suite 905
Bridgeville, PA 15017

Facsimile Number: 412-221-2434
Email Address: bobv@centaxgroup.com

TCC:
SCHUYLKILL COUNTY TAX COLLECTION COMMITTEE

Witness/Attest:

By: _____
Title: Chairman

Street Address:
c/o Ms. Gail A. Stehr
1093 Ridge Road
Klingerstown, PA 17941

Facsimile Number: N/A
Email Address: gas@tri-valley.k12.pa.us