

Act 32 Tax Collection Agreement

**CENTRE COUNTY
TAX COLLECTION COMMITTEE
Tax Collection Agreement
with
Borough of State College**

Effective October 7, 2010

CENTRE COUNTY TAX COLLECTION COMMITTEE

Tax Collection Agreement

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CENTRE COUNTY TAX COLLECTION COMMITTEE

Tax Collection Agreement

This Agreement is made October 7, 2010 (“**Effective Date**”) between the Centre County Tax Collection Committee (“**TCC**”), and the Borough of State College, a Taxing Authority 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 Centre County 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 and its appropriate office 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 matters for which Collector is appointed as the exclusive collector is:

a. **Tax Types.**

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

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 the appointed collector includes tax currently owed and Delinquent Tax as defined below, except as otherwise expressly stated in this Agreement.

(1) All delinquent amounts for tax years that are due prior to the commencement date shall be the responsibility of the Taxing Authorities.

(2) Delinquent amounts for tax years that become due after the commencement date shall be collected by the Collector. Unless otherwise directed by the TCC, following the end of the term of this agreement, Collector shall continue to be responsible for the collection of all amounts becoming delinquent between the commencement date and the end of the term of this Agreement, whether the end of the term occurs by the expiration of time as set forth in this agreement or by the unilateral or mutual act(s) of the parties to this agreement as permitted by 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.** This agreement shall be for an initial three (3) year term beginning January 1, 2012 and continuing through December 31, 2014. Should either party wish to terminate this Agreement on December 31, 2014, that party shall give the other party written notice by U. S. Certified Mail, return receipt requested, postmarked no later than December 31, 2013. If neither party provides notice by the aforesaid date, this Agreement shall automatically be extended for an additional one year term from January 1, 2015 through December 31, 2015. In addition thereto, if neither party gives the other notice of intent to terminate this agreement by U.S. Certified Mail, return receipt requested, by December 31, 2014, this Agreement shall be extended from January 1, 2016 until December 31, 2016. In no event shall this agreement be extended beyond December 31, 2016 without a written agreement, signed by both parties.

The Collector shall, however, continue to be responsible for collecting and processing Earned Income Tax returns for the final calendar year for which this agreement is effective prior to its termination, notwithstanding the reason for the termination of this agreement. The

Collector shall be compensated for the cost of collecting and processing these returns based upon the actual costs incurred, as calculated under the formula as set forth hereinafter.

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.

The Collector shall also undertake certain duties to educate the public on the taxes that the Collector collects. The cost of these services shall be included in the actual cost of collection as calculated hereinafter and shall be allocated among the Taxing Authorities under the formula determined by the TCC. The minimum of which shall consist of the following:

Taxpayer Workshops. The Collector will conduct one (1) annual Taxpayer Workshop in each school district, every year of the contract. The workshop will allow residents to meet members of staff, receive training on how to file their local tax returns online, and to have questions or concerns addressed. The workshops will be provided in a central location within each school district with hours that span daylight and evening hours to accommodate taxpayers’ schedules. These workshops would be offered early in the calendar year (February – March) following the calendar year for which taxpayers are filing to allow taxpayers adequate time to take advantage of their online filing and payment options. This obligation to conduct taxpayer workshops shall continue beyond the term of termination of this agreement for the collection of prior year tax returns as set forth in Paragraph 3(a) of this Agreement, unless the Collector is directed otherwise by the TCC.

Employers’ Workshops. The Collector will conduct Earned Income Tax employer workshops as needed. The workshops will include information related to Act 32 and its impact on the withholding of the Earned Income Tax. The workshops will provide the employer access to Tax Office personnel and will include hands-on training on how to use the employers’ e-filing package.

Limited Remote Office Hours. The Collector will schedule, by appointment only, office hours at a location within each school district during the week prior to the April 15th tax deadline based upon a rotating schedule. However, if no appointments are requested or scheduled at the location(s) for a given day, the Collector is not required to travel to the designated location(s).

Circuit Riders. The Collector will schedule, by appointment only, at the request of the appropriate Taxing Authority, office hours in any Taxing Authority office at any time during the calendar year, for the purpose of meeting with taxpayers or

employers. The cost of this service shall be calculated based upon the actual cost of providing each appointment, and shall be paid by the Taxing Authority by whom the appointment was requested.

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, Management Letter and Reports.*** As soon as available, but in any event no later than June 30 of each year following the year being audited, Collector will deliver to the TCC and each Taxing Authority that levies taxes, Collector's annual audit and financial statements which 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 and internal controls 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.

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

(3) ***Selection and Approval of Collector CPA.*** LTEA, 53 P.S. § 6924.505(h)(1), requires that the CPA selected by the Collector be licensed by the Commonwealth of Pennsylvania.

(i) ***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.

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 bond amount at the commencement of the term of this agreement will be \$12,000,000 and shall remain as such until the TCC and Collector authorize a change in bond amount as noted in item (2) below. 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 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. The bond amount shall stay in effect until the TCC authorizes a change.

(2) ***Possible Change in Bond Amount.*** The TCC may in its discretion authorize a reduction in the bond amount to an amount less than the amount specified in Section 4(d)(1)(i) 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 may be considered by the TCC in connection with a requested reduction in bond amount include but are not limited to: (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. The TCC or Collector may also require an increase the bond amount, which costs shall be considered in the actual cost of collection as calculated hereinafter.

(3) ***Permissible Bonding Companies.*** Collector's bond must be issued by an insurance company that is licensed in Pennsylvania and has a minimum A.M. Best rating of "A-", class VII. If insurance is provided through a trust, risk retention group, pool, or similar entity, re-insurers must satisfy these qualifications, and additional requirements might apply.

(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 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 Taxing Authorities 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 Agreement, 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.

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

(1) ***Office and Staff.*** Collector's principal office is at the location of 243 South Allen Street, State College, Pennsylvania. Collector will at all times maintain an office at this location 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. The Collector's office will maintain reasonable hours, being open at least 35 hours each week (except for weeks with holidays that are officially recognized by State College

Borough) and shall maintain extended evening office hours until 7:00p.m. at least two evenings per week from April 1 until April 15 beginning in 2013 (for the collection of 2012 Earned Income Tax Returns) and continuing until the Collector has completed its responsibility for collecting tax returns as defined in this agreement. Additional remote office hours will be scheduled at other locations throughout the county as noted in Section 4(a) of this Agreement. The Collector shall employ two (2) state-certified tax collectors on the office staff.

(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 telephone number during normal business hours, counter/walk-in assistance at Collector's principal office, and a website to provide information to Taxpayers. 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 to comply with all requirements of the LTEA and this Agreement; (ii) 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.

f. **Tax Revenue Deposit and Investment.**

(1) ***Deposit and Investment Policy.*** The TCC agrees to allow the Collector to follow the Investment Policy attached to this Agreement as **Exhibit C** to govern the investment of all funds in Collector's custody pursuant to the terms of this Agreement which shall not be changed by the Collector without notice to the TCC.

(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) Taxing Authorities 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 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 will monthly allocate investment earnings derived from all Tax and Related Amounts (excluding Unidentified Funds) collected or held by Collector under this Agreement. Collector will allocate investment earnings based upon total earned income tax distributed during the month to each Taxing Authority within the TCC.

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 make distributions of all Tax and Related Amounts legally due to each Taxing Authority, within the requirements of Act 32 of 2008 Section 513 as may be amended. Distributions of tax revenue to Taxing Authorities within the TCD shall be net of collection fees. In addition thereto, distributions shall include investment earnings due the Taxing Authority.

(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.

(3) ***Manner of Making Distributions.*** Collector shall take all necessary actions and sign all necessary documents to authorize initiation of Automated Clearing House (ACH) electronic debit and credit entries to the accounts in which it deposits tax funds collected and payable to Taxing Authorities. Any such fees associated with this manner of distribution are considered a cost of collection under this Agreement. To facilitate the implementation of this provision it is understood that the TCC shall advise and coordinate with the Taxing Authorities and their appropriate officers the taking all necessary actions and signing of all necessary documents to authorized Automated Clearing House (ACH) electronic debit and credit entries to the accounts at their financial institutions to facilitate the receipt of tax monies, as necessary.

(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 entitled to the Tax within two (2) years of receipt, and if Collector has taken steps mandated by the **TCC Unidentified Tax Funds Policy**, as now in effect or of which the TCC in the future notifies Collector, Collector promptly thereafter will distribute the Tax to the municipality in which the Tax was levied.

(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 and also provide an explanation of the reasons for and amounts of the adjustment to the appropriate Taxing Authority

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 thirty (30) 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 this Agreement until otherwise directed by the TCC, and shall include the following:

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

(ii) The tax collector shall include in monthly reports to the TCC a report on deposits and investments, including: (a) Type of permitted deposits or investments used during the month; (b) Amount invested in each type of permitted deposit or investment at the end of the month, specifying the amount held by each depository institution or local government investment trust; (c) Any investment vehicle or account used during the month and not in existence at the end of the month, explaining such investment; (d) Name of custodian holding collateral for uninsured deposits; (e) Assurance that the tax collector is currently complying with all provisions of this policy, including monitoring collateral for deposits; (f) Information and details about any non-compliance with this policy.

(iii) 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 report to the TCC Secretary specifying:**

(i) Taxpayer information, including:

(a) Number of individual tax returns filed.

(b) Number of individual non-filers identified.

- (c) Number of individual tax returns processed.
- (d) Number of individual tax returns remaining unprocessed, broken down by tax year.
- (e) Number of employer tax returns filed.
- (f) Number of employer non-filers identified.
- (g) Number of employer tax returns processed.
- (h) Employer tax returns remaining unprocessed, broken down by tax year.

(ii) Tax collection legal proceedings information required under *Enforcement Steps* below.

(iii) Tax Collector bond information required under *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 *Termination* below.

(3) **Annual Report.** By March 31 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. 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 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 the 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. 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.

1. **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 also endeavor to obtain other lists of employers and individual Taxpayers for comparison to Collector's Individual Taxpayer List and Employer List.

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

(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 this Agreement.

(4) ***Examination and Reconciliation of Tax Returns.*** Collector will by August 1 of each calendar year examine all 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 Taxpayer or by an employer; (iii) compare taxable income and Tax owed as reported with Tax payments received from individuals, entities, 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, less costs, 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.

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.

(3) ***Limited Settlement Authorization.*** The TCC 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 \$2,500 or less without prior TCC approval. The TCC further authorizes Collector to abandon collection procedures for uncollectible amounts of \$2,500 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 \$2,500.

(4) ***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.

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

(6) ***Liens.*** If authorized by law, 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.

(7) ***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 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.

(8) ***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 advance all attorney fees related to district justice actions. Such attorney fees will be charged to the Taxing Authority to whom the tax is owed. Collector will deduct the attorney fees 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.

(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 with approval of Taxing Authority. For such proceedings, the interested Taxing Authority will pay all attorney fees.

(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 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 of malfeasance or nonfeasance by Taxing Authorities against Collector, claims by other tax collectors or Taxing Authorities outside the TCD for payment of Tax and Related Amounts believed owed to the other tax collector or Taxing Authority, 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 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) ***Quarterly Reporting on Legal Proceedings.*** In addition to the other reporting requirements in this Agreement, Collector's 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; 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; (iv) all such legal proceedings commenced that remain open; (v) all such legal proceedings commenced and closed (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 quarterly 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. **Compensation.** The Collector shall receive compensation for its services rendered under this agreement based upon its actual expenses incurred (including a reasonable allocation of overhead expenses for those costs that cannot be directly and exclusively traced to the collection of tax under this agreement) and capital costs (as defined hereinafter) in tax collection efforts pursuant to this Agreement . The Collector shall withhold tax collection costs for the term of this Agreement at a rate of 2.4% of the tax revenue collected for each Taxing Authority. By March 31st of the year following the year to be accounted for, the Collector shall prepare an actual cost reconciliation detailing its costs incurred. By May 15th, any amount due the Collector or the Taxing Authorities of the TCC shall be paid. The Collector and the TCC agree that it is the responsibility of the TCC to determine the formula for the allocation of costs among the Taxing Authorities of the TCC, but that, upon presentation of the formula to the Collector by the TCC, the Collector will determine amounts due to or from each Taxing Authority of the TCC based upon this formula as part of its actual cost reconciliation. All income earned from the investment of sums collected by the Collector under this agreement shall be offset against the collection costs.

b. **Capital Costs.** All capital assets that the Collector reasonably needs to purchase to fulfill its obligations under this agreement shall be depreciated over the shorter of three (3) years or the useful life of the asset, using the straight line depreciation method, as if the asset were placed in service on January 1 of the year the asset is placed in service. All depreciation for any year shall be included in the actual cost reconciliation prepared by the Collector. Upon the termination of this Agreement, any and all remaining unrecognized depreciation shall be due and payable from the TCC to the Collector within thirty (30) days. All capital assets shall be the property of the Collector.

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.** 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.

c. **TCC Indemnification.** To the extent permitted by the Pennsylvania Political Subdivision Tort Claims Act and other applicable law, the Collector will hold harmless and indemnify TCC, 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) Collector failure to comply with any applicable law or regulation; (2) Collector breach of this Agreement; (3) Collector 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 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 to the extent the loss, damage, liability, or expense is attributable to a Taxing Authority or TCC 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 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 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 the executed Memorandum of Understanding for Tax Collection Services; (6) Any Tax Collector bond expires or is terminated, and a new bond has not been delivered (immediately in the event of expiration or a termination caused in entirety or substantially by the Collector or its actions, or within 30 days in the event of a termination which was not caused by the Collector or its actions) to the TCC in accordance with Section 4(d) (Tax Collector Bond) above; (7) 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; (8) Collector is in material breach of any provision of this Agreement; (9) Collector's insolvency, bankruptcy, or cessation of business operations; (10) 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 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 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 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.

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, but will make clear that Collector continues to be responsible for collection and processing of prior year tax returns.

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 attached hereto as **Exhibit E**. 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 *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 *Tax Collector Bond* above, and in the amount required under this Agreement.

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 the 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 *Distributions* above.

o. **Collector Monthly Reports.** Collector will file monthly reports, in accordance with *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 *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 *Best Interests/Legal Compliance, Deduction for Amounts owed TCC, Tax Records, Confidentiality, Liability and Indemnification* above, and *Dispute Resolution, Notices, 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 ***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 Centre County Court of Common Pleas in Bellefonte, Pennsylvania.

12. **Notices under this Agreement.** All communications and notices under this Agreement shall 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 ***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.** Between December 1, 2012 and January 31, 2013, Collector will notify in writing all individuals residing in the TCD and entities having a place of business within the TCD that 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 ***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, the TCC Tax Collection Transition Plan.

14. **Miscellaneous.**

a. **Payment of TCC Costs to Enforce Agreement.** To the extent specified in this 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 consent 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** – the Borough of State College.

b. **CPA** – a Certified Public Accountant licensed by the Commonwealth of Pennsylvania.

c. **DCED** – the Pennsylvania Department of Community and Economic Development.

d. **Effective Date** – October 7, 2010.

- e. **Employer List** – 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.
- f. **Enactments** – as defined in **Background** above.
- g. **Individual Taxpayer List** – 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.
- h. **LTEA** – as defined in **Background** above.
- i. **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.
- j. **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.
- k. **Related Amounts** – as defined in **Related Amounts** above.
- l. **Tax** – as defined in **Tax** above.
- m. **Taxing Authorities** – as defined in **Background** above.
- n. **Taxpayers** – as defined in Section 1(a).
- o. **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.
- p. **TCC** – as defined in the preface to this Agreement.
- q. **TCD** – as defined in **Background** above.
- r. **Unidentified Funds** – as defined in **Accounting and Allocation of Funds** above.

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

COLLECTOR:

Attest:

By: _____

Title: _____

Street Address:
(principal office and mailing address)

Facsimile Number: _____

Email Address: _____

**CENTRE COUNTY TAX COLLECTION
COMMITTEE**

Attest:

By: _____

Title: _____

Street Address:

Facsimile Number: _____

Email Address: _____

Exhibit A

Taxing Authorities/Tax To Be Collected/Commencement Date/Commission Rate

	Municipal Resident EIT (percent)	School District EIT (percent)	Total Resident EIT (percent)	Municipal Nonresident EIT (percent)
BALD EAGLE AREA SCHOOL DISTRICT				
BOGGS TWP	0.50	2.05	2.55	0.50
BURNSIDE TWP	0.50	2.05	2.55	0.50
HOWARD BORO	0.50	2.05	2.55	0.50
HOWARD TWP	0.50	2.05	2.55	0.00
HUSTON TWP	0.50	2.05	2.55	0.50
MILESBURG BORO	0.50	2.05	2.55	0.00
PORT MATILDA BORO	0.50	2.05	2.55	0.00
SNOW SHOE BORO	0.50	2.05	2.55	0.50
SNOW SHOE TWP	0.50	2.05	2.55	0.50
UNION TWP	0.50	2.05	2.55	0.50
UNIONVILLE BORO	0.50	2.05	2.55	0.00
WORTH TWP	0.50	2.05	2.55	0.00
BELLEFONTE AREA SCHOOL DISTRICT				
BELLEFONTE BORO	0.60	1.05	1.65	0.00
BENNER TWP	0.50	1.05	1.55	0.50
MARION TWP	0.50	1.05	1.55	0.50
SPRING TWP	0.50	1.05	1.55	0.50
WALKER TWP	0.50	1.05	1.55	0.50
PENNS VALLEY AREA SCHOOL DISTRICT				
CENTRE HALL BORO	0.50	1.30	1.80	0.00
GREGG TWP	0.50	1.30	1.80	0.50
HAINES TWP	0.50	1.30	1.80	0.50
MILES TWP	0.50	1.30	1.80	0.00
MILLHEIM BORO	0.50	1.30	1.80	0.00
PENN TWP	0.50	1.30	1.80	0.50
POTTER TWP	0.50	1.30	1.80	0.50
STATE COLLEGE AREA SCHOOL DISTRICT				
BENNER TWP	0.50	0.95	1.45	0.50
COLLEGE TWP	0.50	0.95	1.45	0.50
FERGUSON TWP	1.40	0.95	2.35	1.00
HALFMOON TWP	0.50	0.95	1.45	0.50
HARRIS TOWNSHIP	0.50	0.95	1.45	0.50
PATTON TWP	0.50	0.95	1.45	0.50
STATE COLLEGE BORO	1.30	0.95	2.25	1.00

*****Rates current as of August 27, 2010 as per the Pennsylvania Department of Community and Economic Development*****

Exhibit B

Collector Minimum Insurance Requirements
(in addition to tax collector bond)

Insurance Type	Minimum Limits
Commercial general liability, including contractual liability (with TCC and taxing authorities named additional insureds; coverage primary to other coverage TCC may have)	\$5,000,000 per occurrence
Personal/Advertising Injury	\$5,000,000 aggregate
Vehicle liability (including owned, rented, non-owned, and uninsured and underinsured motorist coverage)	\$5,000,000 per occurrence
Employee dishonesty, including third party funds and computer fraud (applicable to all employees and independent contractors)	\$250,000 per loss
Public Officials Liability	\$2,000,000 in aggregate
Cyberfraud/Computer Crime	\$5,000,000 each occurrence
Public Officials Bond (Tax Officer)	\$3,000,000 or as determined
Excess Employee Dishonesty Bond (Finance Director)	\$250,000 excess per loss

- 1. The deductible under any insurance policy required hereunder shall not exceed \$25,000.***
- 2. Insurance must be issued by an insurance company that is licensed in Pennsylvania and has a minimum A.M. Best rating of "A-", class VII. If insurance is provided through a trust, risk retention group, pool, or similar entity, re-insurers must satisfy these qualifications, and additional requirements might apply.***
- 3. The Certificate of Insurance filed by Collector must be signed by a licensed insurance representative and 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.***
- 4. The above limits may be achieved on either a stand-alone basis or in combination with Excess or Umbrella Liability policy.***

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Investments

This policy governs the investment of operating and capital funds of the Borough of State College. The purpose of this policy is to ensure the Borough's funds are invested in legal and prudent instruments, consistent with the provisions herein. A separate policy governs the investment management of the Borough's Pension Plans.

The objectives, in priority order, of the Borough's investment activities shall be:

1. **Safety.** Safety of principal shall be the foremost objective of this policy. All investments shall be undertaken in a manner that seeks to ensure the preservation of principal in the investment portfolio by mitigating credit or interest rate risk.
2. **Liquidity.** The investment portfolio shall remain sufficiently liquid to meet all operating requirements that can be reasonably foreseen. The portfolio shall be structured so that investments mature concurrently with the Borough's anticipated cash needs.
3. **Yield.** Return on investments is of least importance compared to the safety and liquidity objectives previously described. The investment portfolio shall be designed with the objective of attaining a market average rate of return throughout budgetary and economic cycles, consistent with investment risk constraints and liquidity needs.

Standards of Care

Investments shall be made with due care; skill, diligence and prudence. The standard to be used in managing the Borough's investment portfolio shall be the "prudent person" standard, which means that all

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Investments (continued)

investments shall be made with the judgment which persons of discretion and intelligence would exercise in the management of their own affairs, not for speculation but for investment, considering the safety of their capital as well as the return to be derived.

The Public Trust

The Borough's investment program is subject to public review and shall be managed with professionalism worthy of the public trust. All employees involved in the investment process shall refrain from personal business activities or interests which could conflict with the proper execution and management of the Borough's investment program, or that could impair their ability to make impartial decisions.

Material interests in entities with which they conduct business shall be disclosed in writing by all employees involved in the investment process, and they shall further disclose personal investment positions that could be related to the performance of the Borough's investment portfolio. Employees shall at all times, subordinate their personal investment activities to those of the Borough.

Investment Authority

Authority to manage the investment program is granted to the Borough Manager or his/her designee. Responsibility for the operation of the investment program is hereby delegated to the Finance Director, who shall carry out the program in accordance with the provisions of this policy. The Finance Director shall be responsible for all transactions undertaken and shall regulate the activities of subordinate employees. No employee may engage in an investment transaction except as provided in the provisions of this policy.

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Investments (continued)

Authorized Financial Institutions and Broker/Dealers

The Finance Director shall maintain a list of financial institutions and registered broker/dealers authorized to furnish investment services to the Borough. All financial institutions and broker/dealers who desire to offer investment services must furnish the following documentation, as appropriate:

- Audited annual financial statements
- Description of the capitalization and creditworthiness of the entity
- Proof of National Association of Securities Dealers (NASD) certification
- Proof of Pennsylvania registration
- Certification of having read and agreeing to comply with the provisions of this policy

Authorized Investment Pools

The Finance Director shall maintain a list of entities authorized to furnish pooled investment services to the Borough in accordance with the provisions of the Act of the Pennsylvania General Assembly of July 12, 1972 (P.L. 762, No. 180.) Entities which desire to offer pooled investment services must furnish a prospectus along with the following additional documentation, as appropriate:

- Audited annual financial statements
- Description of the organization, management, operation and creditworthiness of the pool

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Investments (continued)

- Statement of investment policies and objectives
- Statement of operating policies and regulations affecting participants
- Statement of applicable fees and service charges
- Methodology for calculating and distributing interest
- Certification of having read and agreeing to comply with the provisions of this policy

Authorized Investment Types

Consistent with the Borough Code and applicable Pennsylvania statutes, the following types of investments are permitted by this policy:

- Insured or collateralized savings accounts or time deposits
- Insured or collateralized certificates of deposit
- United States Treasury bills
- Obligations of the United States government or its agencies or instrumentalities
- Obligations of the Commonwealth of Pennsylvania or its agencies or instrumentalities
- Obligations of the political subdivisions of the Commonwealth of Pennsylvania or their agencies or instrumentalities

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Investments (continued)

- Pooled investments in accordance with the provisions of the Act of the Pennsylvania General Assembly of July 12, 1972 (P.L. 762, No. ISO.)

Competitive Placement of Certain Investment Types

Prior to the placement of a fixed-term investment, the Finance Director shall obtain a minimum of two (2) base rate quotations from entities authorized to furnish such investment services to the Borough. Notwithstanding any other provision of this policy, the investment shall be placed with the entity quoting the highest net rate of return for the term of the investment.

Internal Controls

The Finance Director is responsible for establishing and maintaining an internal control structure designed to ensure the funds of the Borough are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of "reasonable assurance" recognizes that the cost of a control should not exceed the benefits likely to be derived, and that the valuation of these costs and benefits requires estimates and judgments by management. The internal controls shall address the following issues:

- Control of collusion
- Separation of transaction authority from accounting and record keeping responsibilities
- Custodial safekeeping of investments and collateral

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Investments (continued)

- Written confirmation of telecommunicated investment transactions

The Borough's auditor shall annually conduct an independent review to assure the internal control structure adequately and appropriately addresses these and other relevant issues.

Title to Investments and Collateral

All investments shall be titled and/or registered in the name of the Borough of State College. Collateral pledged to secure the investments shall be held in the Borough's name.

Collateralization, Safekeeping and Custody

Collateralization of all Borough investments, and the safekeeping and custody of assets pledged to secure the investments, shall be required and maintained in accordance with the provisions of the Act of the Pennsylvania General Assembly of August 6, 1971 (P.L. 281, No. 72.)

Diversification

The Borough's investment portfolio shall be structured in terms of diversification to minimize risk, provide sufficient liquidity to meet obligations as they become due, and consistent with the safety of principal, to achieve a market average rate of return.

Maximum Maturities

Investments shall be matched with the Borough's anticipated cash requirements. Unless matched to a specific cash flow, investment in instruments maturing more than three (3) years from the date of

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Investments (continued)

Authorized Financial Institutions and Broker/Dealers

The Finance Director shall maintain a list of financial institutions and registered broker/dealers authorized to furnish investment services to the Borough. All financial institutions and broker/dealers who desire to offer investment services must furnish the following documentation, as appropriate:

- Audited annual financial statements
- Description of the capitalization and creditworthiness of the entity
- Proof of National Association of Securities Dealers (NASD) certification
- Proof of Pennsylvania registration
- Certification of having read and agreeing to comply with the provisions of this policy

Authorized Investment Pools

The Finance Director shall maintain a list of entities authorized to furnish pooled investment services to the Borough in accordance with the provisions of the Act of the Pennsylvania General Assembly of July 12, 1972 (P.L. 762, No. 180.) Entities which desire to offer pooled investment services must furnish a prospectus along with the following additional documentation, as appropriate:

- Audited annual financial statements
- Description of the organization, management, operation and creditworthiness of the pool

Exhibit D

Notice to Collector of TCC Representatives

Until further notice from the TCC, the following are the individuals who will act as authorized representatives of the TCC to make requests of, consult with, and receive information from Collector.

1. TCC Primary Contact Person

Name: _____

Title: _____

Street Address: _____

Email Address: _____

2. TCC First Alternate Contact Person

Name: _____

Title: _____

Street Address: _____

Email Address: _____

3. TCC Second Alternate Contact Person

Name: _____

Title: _____

Street Address: _____

Email Address: _____

Date: _____

**CENTRE COUNTY
TAX COLLECTION COMMITTEE**

By: _____

Exhibit E

Tax Records Policy for Tax Collector

CENTRE COUNTY TAX COLLECTION COMMITTEE

Tax Records Policy for Tax Collector

1. **Policy Scope and Legal Authority.** The Local Tax Enabling Act (LTEA), 53 P.S. § 6924.509(e), requires the Centre County Tax Collection Committee (TCC) to adopt a tax records policy. The purpose of this policy is to provide for creation and maintenance of Tax Records by the Tax Collector. Legal authority and rules pertaining to this policy include: LTEA, 53 P.S. §§ 6924.501, 6924.509(e), and 6924.513(a)(3); the Municipal Records Act, 53 Pa.C.S.A. § 1381 *et seq.*; and the Pennsylvania Local Government Records Committee Statements of Policy – Local Government Records, 46 Pa. Code § 15.1, *et seq.*

2. **Definitions.** For purposes of this policy, the terms set forth below have the following meanings:

“DCED” means the Pennsylvania Department of Community and Economic Development.

“Enactment” means any ordinance, resolution, or regulation of a Taxing Authority that levies or otherwise relates to any Tax.

“Related Amounts” means collection costs, investment earnings, and other miscellaneous amounts related to or derived from collection or investment of Tax revenue by Tax Collector.

“Tax” means any tax collected by the Tax Collector, and also all fines, penalties, and interest paid by a Taxpayer related to any of such taxes.

“Tax Collector” means a TCC appointed tax collector in its capacity as tax collector under a Tax Collection Agreement with the TCC.

“Tax Record” is defined in LTEA, 53 P.S. § 6924.501, and for purposes of this policy includes tax returns and supporting schedules; correspondence with a Taxpayer, Taxpayer accountant, or other Taxpayer representative; and account books and other documents, obtained or created by the Tax Collector as part of administration or collection of Tax. The term includes Tax Receipt Information and Distribution Information required by LTEA, 53 P.S. §§ 6924.509(e) and 6924.513(a)(3), and includes paper records and electronic records. The term “electronic records” includes data and information inscribed on a tangible medium or stored in an electronic or other medium and which is retrievable in perceivable form.

“Taxing Authority” means any school district or municipality encompassed within the TCD.

“Taxpayer” means any individual, entity, or employer required to pay or remit Tax.

“TCC” means Centre County Tax Collection Committee.

“TCD” means Centre County Tax Collection District.

Exhibit E

3. **Tax Records to be Created or Maintained.** All Tax Collectors will maintain a computer Tax Record database, containing at least the following Tax Records:

- a. **Tax Receipt Information.** Per LTEA, 53 P.S. § 6924.509(e) and the Enactments, for each type of Tax, a separate record showing: all Tax and Related Amounts received from or refunded to each Taxpayer, other tax collectors, and all other sources within or outside the TCD; dates of receipt; and any other Tax receipt information required by DCED. Per 32 P.S. § 5007.1, for earned income tax, the amount of Tax received from each Taxpayer or other tax collector and attributable to the increased earned income tax rate, if any, levied by a municipality for open space lands.
- b. **Distribution Information.** Per LTEA, 53 P.S. § 6924.513(a)(3) and the Enactments, for each type of Tax, a separate record showing: all Tax and Related Amounts distributed by Tax Collector, including all information required in employer quarterly, monthly, and annual returns filed under LTEA, 53 P.S. §§ 6924.512(4) and (5) and the Enactments; distribution dates; the Taxing Authority or tax collector to which Tax or Related Amounts are distributed; and any other distribution information required by DCED. Per 32 P.S. § 5007.1, for earned income tax, the amount of Tax distributed to each Taxing Authority or tax collector and attributable to the increased earned income tax rate, if any, levied by a municipality for open space lands.
- c. **Reports to TCC.** Copies of all monthly and annual reports to the TCC and Taxing Authorities under Section 4(i) of the Tax Collection Agreement between the TCC and the Tax Collector.
- d. **Enactments.** Copies of all Enactments.
- e. **Tax List.** For each type of Tax collected, a separate list of the tax rate and any applicable exemption in each geographic jurisdiction.
- f. **Delinquent Tax Collection Costs.** A list showing delinquent tax collection costs authorized by the TCC to be assessed against Taxpayers pursuant to LTEA, 53 P.S. § 6924.707(a).
- g. **Tax Returns.** Copies of tax returns and supporting schedules, and correspondence with a Taxpayer, Taxpayer accountant, or other Taxpayer representative, filed with or received by Tax Collector.
- h. **Other TCD Claims.** Copies of claims filed by Tax Collector against tax collectors for other tax collection districts, claims filed by tax collectors for other tax collection districts against Tax Collector, and correspondence with tax collectors for other tax collection districts related to such claims.

Exhibit E

- i. Bank Account Statements. Copies of bank account statements relating to accounts in which Tax or Related Amounts are deposited.
 - j. State Lists. All lists of Taxpayers obtained from the Pennsylvania Department of Revenue.
 - k. Individual Taxpayer List. For each type of Tax collected, a separate alphabetical list of all individuals or entities that paid or were required to pay Tax in the prior calendar year, and all individuals or entities that are currently required to pay Tax.
 - l. Employer List. For each type of Tax, an alphabetical list of all employers that remitted or were required to withhold and remit Tax in the prior calendar year, and all employers that are currently required to withhold and remit Tax.
 - m. Multi-Site Employer List. For income tax, an alphabetical list of all employers that have filed a notice of intention to file combined returns and payments with the Tax Collector pursuant to LTEA, 53 P.S. § 6924.512(5).
 - n. Delinquent Payment Taxpayer List. For each type of Tax, a separate alphabetical list of all individuals or entities required to pay Tax that have failed to pay tax when due.
 - o. Delinquent Payment Employer List. For each type of Tax, a separate alphabetical list of all employers required to withhold and remit tax that have failed to withhold and remit tax when required.
 - p. Delinquent Individual Taxpayer Tax Return List. For each type of tax, a separate alphabetical listing of all Taxpayers required to pay Tax that have failed to file required returns.
 - q. Delinquent Tax Return Employer List. For each type of Tax, a separate alphabetical list of employers required to withhold and remit Tax that have failed to file required returns.
 - r. Enforcement Proceeding List. For each type of Tax, a separate alphabetical list of all individuals, entities, or employers currently subject to criminal or civil litigation, wage attachment, lien, payment plan, or other collection efforts, including notations as to the status of each such account.
 - s. Other Legal Requirements. All other records a tax collector is required to create or maintain pursuant to LTEA, 53 P.S. § 6924.101 *et seq.*; DCED rules, regulations, or guidelines; or other applicable law.
4. **Retention, Deletion, and Updating of Tax Records**. Tax Collector shall retain all Tax Records as electronic records for a period of at least 8 years after receipt or creation. Tax Records may be destroyed or deleted after this record retention period. Items 3(k) through 3(s) above shall be continually updated as necessary to reflect the addition or elimination of individuals, entities, or employers, or the resolution of delinquencies or enforcement proceedings.

Exhibit E

5. **Database Requirements.**

- a. Each different individual, entity, or employer listed in the database shall be assigned a single account number.
- b. The database shall be searchable by name and taxpayer identification number.

6. **Tax Records Satisfactory to TCC.** Tax Collector shall at all times maintain the database and all Tax Records in form reasonably determined by the TCC to be satisfactory.

7. **Electronic Tax Records.** If not received or initially created as electronic records, Tax Collector shall electronically image all Tax Records as soon as possible after receipt or creation and will store all electronically imaged Tax Records in the database.

8. **Tax Record Backup.** At least weekly, Tax Collector shall backup the database of electronic Tax Records. Tax Collector shall store backups in an offsite fireproof location. Paper records may be destroyed after conversion to electronic records and backup in accordance with this Section.

9. **Tax Record Ownership.** Per LTEA, 53 P.S. § 6924.509(e), the database and all Tax Records are the property of the TCC and the Taxing Authority in which the Tax was collected. Tax Collector shall provide a copy of any Tax Record at any time on request by the Taxing Authority or TCC.

10. **Tax Record Copies.** If copies of any Tax Record or the database are requested by the TCC, Tax Collector will deliver the Tax Record or database as directed by the TCC in a format specified by the TCC. If a Taxing Authority requests copies of any Tax Record relating to Tax collected by Tax Collector on behalf of the Taxing Authority, Tax Collector will deliver the Tax Record as directed by the Taxing Authority in the format specified by the Taxing Authority. Any time the TCC or a Taxing Authority specifies a digital format for delivery under this Section: (a) Data must be provided electronically in ASCII tab delimited format (.txt) or comma-separated values (.csv). Each file must contain a field name header recorder. (b) A file format must be provided for each file which cross references each field name in the data file. (c) The file format must contain field names, field descriptions, field lengths and field type (Text, Decimal, Integer, or Date). (d) Table definitions must be provided for each table used in the data file.

11. **Tax Record Transfer.** When the term of Tax Collector's appointment ends, Tax Collector will promptly transfer all Tax Records to the new tax collector as directed by the TCC. Tax Collector may keep a copy of Tax Records for reference as needed for delinquent Tax matters. Tax Collector will continue to handle or in case of any dispute that continues or arises after the end of the term.

12. **Independent CPA Audit.** The database and all Tax Records shall be subject to review at any time by the TCC or Tax Collector independent auditors.