

**ALLEGHENY COUNTY SOUTHEAST TAX COLLECTION COMMITTEE
ALLEGHENY COUNTY, PENNSYLVANIA**

RESOLUTION NO. 2011-001

**A RESOLUTION OF THE SOUTHEAST TAX COLLECTION COMMITTEE
APPROVING THE CONTRACT WITH KRATZENBERG & ASSOCIATES,
INC., DBA KEYSTONE COLLECTION GROUP**

WHEREAS, The Management Committee and Officers of the Allegheny County Southeast Tax Collection Committee has reviewed the attached contract for tax collection services from Keystone Collection Group;

WHEREAS, Input was requested from the Board of Delegates regarding the contract;

NOW, THEREFORE BE IT RESOLVED that the Allegheny County Southeast Tax Collection Committee approve and adopt the Contract for the Tax Collector as submitted by the Management Committee and Officers.


All Resolutions or parts of Resolutions which are inconsistent herewith are hereby repealed. The following Resolution or parts thereof are specifically repealed; and

If any section, clause, provision or portion of this Resolution shall be held invalid or unconstitutional by any court of competent jurisdiction, such decision shall not affect any other section, clause, provision or portion of this Resolution so long as it remains legally enforceable minus the invalid portion.

RESOLVED this 28th day of April, 2011.

ATTEST:

SOUTHEAST TAX COLLECTION COMMITTEE


Secretary


Chairman

ALLEGHENY COUNTY SOUTHEAST TAX COLLECTION COMMITTEE

KEYSTONE COLLECTIONS GROUP AGREEMENT FOR SERVICES

THIS AGREEMENT, is made and entered into as of the 13 day of MAY, 2011, by and between the Allegheny County Southeast Tax Collection Committee, situate in the County of Allegheny, Commonwealth of Pennsylvania (the "TCC"), and Kratzenberg & Associates, Inc., a Pennsylvania Corporation d/b/a Keystone Collections Group, maintaining its principal office at 546 Wendel Road, Irwin, PA 15642 (the "Collector").

WHEREAS, the TCC was established pursuant to §505 of the Act of July 2, 2008 (P.L. 197, No. 32) (the "Act"), amending the Act of December 31, 1965 (P.L. 1257, No. 511), known as The Local Tax Enabling Act, to govern the Allegheny County Southeast Tax Collection District (the "District") for the purpose of earned income tax collection; and

WHEREAS, the TCC issued a request for proposal ("RFP") seeking the services of a firm to serve as the appointed Tax Officer (the "Collector") of the District to administer the collection of Earned Income Taxes/Net Profits Taxes ("EIT"), and

WHEREAS, the Collector submitted a proposal in response to the RFP (the "Proposal");

WHEREAS, the TCC has determined that Keystone Collections Group will best serve the needs of the TCC, and Allegheny County school districts and municipalities, Allegheny County businesses, and Allegheny County taxpayers, the TCC now desires to enter into this Agreement with the Collector to engage it to perform the service of the collection of current and delinquent EIT taxes, as authorized by the Local Tax Enabling Act ("Act 511") as amended by P.L. 197, No. 32 ("Act 32").

WHEREAS, the TCC further desires to permit each political subdivision ("PSD") the right to opt-in and have this Agreement control the collection of current and delinquent Local

Services Tax ("LST") pursuant to Act 511 should the terms and conditions appeal to said political subdivision.

NOW THEREFORE, in consideration of the mutual covenants and promises as herein set forth, and the compensation to be paid to the Collector by the TCC in accordance with the terms hereof, the TCC and the Collector agree as follows:

Article I. General Duties of Collector

1. Collector shall act as the exclusive collector and administrator of the current and delinquent EIT, as specified by this Agreement. With respect to the collection of current EIT due each PSD within the District, Collector shall perform all of the duties and shall have all of the powers of a tax collector as provided by applicable Pennsylvania law, including but not limited to, Act 32, Act 511 and if applicable Act 679 for the collection of the EIT (hereinafter collectively "Applicable Law").
2. As detailed in Schedule 1, school districts and municipalities may designate the Collector as the exclusive collector and administrator of the LST, both current and delinquent, in accordance with Act 7 of 2007.
3. At their sole discretion, school districts and municipalities may designate the Collector as the exclusive collector and administrator of delinquent EIT for years prior to the commencement of this Agreement and implementation of Act 32 tax collection consolidation. Collector shall serve as the delinquent EIT collector for 2011 and prior years unless Collector receives written notice by March 1, 2012 from a PSD that the PSD has made prior arrangements for collection of such delinquent tax. Where Collector shall serve as the delinquent EIT collector for 2011 and prior years, the respective PSD shall provide reliable and accurate

payment history and master file data for the subject delinquent tax accounts in a standardized electronic format. In the event the Pennsylvania Department of Community and Economic Development (DCED or Department) or a Pennsylvania court of law with jurisdiction over this Agreement finally determines that a delinquent EIT collector is authorized by pre-existing contract with a PSD to collect delinquent EIT for tax year 2012 and prospectively, Collector agrees to release TCC from its obligation hereunder to maintain Collector as delinquent tax collector for said PSD. Incident to said release the TCC shall indemnify and hold Collector harmless for the release of related tax data to said PSD or its designated delinquent EIT collector.

4. The TCC will supply Collector with a complete listing of all PSDs that designate Collector to collect their LST and/or delinquent EIT. Upon designation by a school district or municipality within the District, the Collector shall perform all of the duties and shall have all of the powers of a tax collector as provided by applicable Pennsylvania law, including but not limited to, Act 32, Act 511 and if applicable Act 679 related to the collection of current and delinquent LST due each political subdivision.
5. To the extent consistent with the provisions of this Agreement and Applicable Law, at its sole expense, Collector shall do and perform all of the work and labor required for the collection of the EIT and LST, including but not limited to, preparing and furnishing all of the necessary supervision, equipment, facilities, supplies, materials, forms, papers, notices, levies, demands, and the records necessary to assess, administer, receive and collect the Taxes and as applicable

carry out the duties of the Tax Officer as provided by Applicable Law. Provided, however, each PSD shall reimburse Collector for postage, printing and paper with respect to the direct cost attributed to current-year form mailings for taxpayers and employers, and will also be compensated and likewise reimbursed for any non-traditional mailings requested by the TCC, such as an amnesty program. Any additional mailings, but for the referenced current form mailings described above, will be at the expense of the Collector unless said mailing was requested by the TCC and/or PSD.

6. Collector shall at all times provide and maintain for the term of this Agreement at an office located at 1532 Lincoln Way, White Oak, PA 15131 or another location within the District. The office shall be open to the public and staffed Monday through Friday from 8 AM to 4 PM. The parties by mutual agreement can modify the hours and days that the office shall be open and/or operation based upon filing deadlines.
7. Collector shall assess interest, fines and penalties upon unpaid Taxes in accordance with Section 509(i)(j) of Act 32 and as otherwise statutorily authorized by Applicable Law as well as those "Costs of Collection" and reasonable administrative fees as approved by Resolution of the Board of Delegates in accordance with Section 707 of Act 32. When used herein, Costs of Collection shall mean the reasonable costs incurred to provide notices of delinquency or to implement similar procedures utilized to collect delinquent taxes from a taxpayer as approved by the Resolution. Costs of Collection shall also include expenses. The Costs of Collection Resolution, shall be adopted by the

Board of Delegates. A copy of the proposed Cost of Collection Resolution is attached hereto, incorporated herein and marked as Schedule "2". Interest and penalties accrued on unpaid taxes may not be abated on accounts in excess of \$12,000 (or the then-prevailing jurisdictional limit of the Pennsylvania Magisterial District Courts) without the respective PSD's written authorization.

8. Collector shall, within thirty (30) days after execution of this Agreement, contact each PSD member for purposes of obtaining a contact name ("Contact Person"), ACH account information and mailing address. Collector shall, within sixty (60) days after execution of this Agreement, provide the Board of Delegates a copy of that list with the ACH Bank account detail redacted and provide each Member PSD written notice of a designated Collector representative to be contacted for questions and information. The Collector will establish a proprietary Schedule of Transition, to guide the Member PSDs on the steps necessary for the PSDs to implement in order to effectuate transition.
9. As soon as available, but no later than June 1st of each year, the Collector shall deliver to the TCC the annual certified public accountants statement attesting to the solvency of the entity serving as Collector. The Report of Solvency Testing of Collector shall conform to Generally Accepted Accounting Standards or other industry standards generally used to measure fiscal strength and ongoing viability of Collector as a business entity.

Article II. General Compensation and Payment Procedures

1. The TCC shall pay the Collector as compensation for services rendered pursuant to this Agreement as set forth in Article II.

2. Specifically, Collector shall apply a 1.59% collection commission ("Fee") for current EIT collected and 1.99% for current LST collected. This commission shall be calculated as a percentage of gross collections of Taxes due to the PSDs within the District. "Gross Collections" shall mean the tax principal plus accumulated penalties and interest. In addition if a Tax becomes delinquent, as provided herein, the contingent Cost of Collection fee shall be payable by the Delinquent Taxpayer. The PSDs within the District shall not be responsible for paying the Cost of Collection fee on any recovered Delinquent Tax in accordance with Article II, Paragraph 6 herein. Notwithstanding, claims against other collectors and/or districts shall be addressed in accordance with Article II, Paragraph 7 below and recoveries against delinquent taxpayers and employers shall be addressed in accordance with Article II, Paragraph 8 below.
3. Delinquent tax is any tax that remains unpaid in full thirty (30) days after the final tax returns are due. This includes all annual tax returns for individuals and both annual and quarterly returns for businesses and employers. Collector shall treat tax paid by or withheld from an individual taxpayer during the current year as a current collection. Collector is nonetheless authorized to treat the employer as delinquent for failure to pay tax after thirty (30) days following the quarterly or annual payment deadlines.
4. For taxes belonging to any other tax collection district, Collector shall transmit such taxes to the destination tax collection district. The TCC shall not compensate Collector for transfers of funds to other TCCs, but Collector shall distribute said funds within the parameters of Act 32.

5. Member PSDs shall receive the Taxes due them net of the Collector's compensation, authorized costs and advancements and any other administrative fees established by the TCC.
6. Collector shall pursue all delinquent collections as necessary through counsel of its choice, who shall be compensated in accordance with the provisions of the Act 192 Resolution. Any professional or other service provider deemed necessary by Collector to assist in collection process shall be engaged by Collector pursuant to the Act 192 Resolution attached hereto as Schedule "2" and described in further detail in paragraph (8) below.
7. 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 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 recovers claimed Tax due to a member PSD, collector shall accordingly retain an amount equal to the amount set forth in the schedule of costs of collection established as reasonable by the Act 192 Resolution, Schedule "2".
8. The TCC shall adopt the conforming resolution in accordance with Act 192 directing Collector to impose all fees, charges and costs in connection with delinquent collection activity directly against the delinquent Taxpayers and/or Employer. Collector shall be entitled to retain from collections a sum equal to the

sum set forth in this schedule of fees established as reasonable by said resolution. A resolution establishing a schedule of fees shall be adopted by the Board of Delegates. The proposed resolution is included here, incorporated and made a part of this Agreement as Schedule "2" and the terms of this Agreement are conditioned upon the adoption of the resolution as stated.

Article III. Term and Renewal Termination

1. This Agreement is for the exclusive collection of the Taxes for the initial Term of appointment of three (3) years, commencing on January 1, 2012 and terminating on December 31, 2014 (the "Term"). Unless earlier terminated, the term of this Agreement shall automatically be extended for successive one (1) year terms beginning January 1st and ending December 31st of each year. It is understood that in the event of renewal, this Agreement shall and will continue on the same terms for an additional one (1) year period and in the event renewals continue thereafter they shall also only be for one (1) year periods. The term of this Agreement will not be extended if either the TCC or the Collector notifies the other in writing of its intent not to extend the term at least sixty (60) days prior to the end of the then-current term. Such notice will be effective to terminate this Agreement as of 11:59 p.m. December 31st of the last year of the then-current term. Notwithstanding the fact the Agreement is not renewed, the Collector will continue to have the responsibility to collect, process, and remit levied taxes for the last annual quarterly filing of the final year of the Collector's appointment in accordance with the terms of this Agreement. As such, fourth quarter payment

processing by Collector will necessarily proceed into the year following the last year of the Collector's contract term.

2. Notwithstanding Article III, Paragraph 1, above, in the event a disagreement arises regarding material breach by Collector pursuant to this Agreement that cannot be resolved by the parties, the Board of Delegates may provide notice of intent to terminate this Agreement provided that written notice of the default and the Board of Delegates' intention to terminate this Agreement is sent to the Collector by certified mail at the address shown in Article XIV hereof, at least thirty (30) days prior to the intended date of termination.
3. Collector, upon receipt of written notice of the Board of Delegates' intention to terminate this Agreement because of a disagreement as to the quality of service, as set forth in paragraph 2 above, shall have a period of thirty (30) days, unless otherwise provided herein, to cure or correct the issues raised in the written notice to the satisfaction of the Board of Delegates in its sole discretion. In the event the issues are not cured within thirty (30) day period to the satisfaction of the Board of Delegates, the Board of Delegates shall have the option to terminate this Agreement and in its discretion to provide written notice of the effective termination date Board of Delegates or right to cure by the Collector. However, if any issue raised in the thirty (30) day notice cannot be resolved within the thirty(30) day period, the Board of Delegates, at its sole discretion, shall be permitted to increase the cure period provided Collector is making progress in correcting such issue.

4. Upon receipt of a termination or non-renewal notice the Collector shall promptly initiate arrangements for the transfer in a standard electronic format mutually agreed upon by Board of Delegates and Collector of the Tax Records not previously transferred to the Board of Delegates. Transfers shall begin thirty (30) days after the TCC's designated Agreement termination date and be completed on or sixty (60) days after the termination date in accordance with the Transition Policy as provided in Article IV herein with supplemental transfers occurring thereafter as reasonably necessary. Collector's failure to timely adhere to the Transition Policy shall subject the Collector to, among other things, the liquidated damages.
5. In event of early termination of this Agreement the Collector shall identify those legal proceedings for which it has incurred Expenses and provide that list and proof of expenditures to the TCC upon termination of Collector's services. Collector's Expenses shall be paid by the TCC within sixty (60) days from the date on which the list and proof of Expenses is provided to the TCC by Collector.

Article IV. Records

1. Collector shall monitor the recommendations and requirements issued by the Department of Community and Economic Development of the Commonwealth of Pennsylvania (the "Department") with respect to standardized forms, reports, notices, returns and schedules and shall confirm their documentation complies with Department requirements.
2. Collector will use best efforts to obtain from the current tax collector for each Member PSD copies of said PSD's Tax data in electronic media where available

as necessary for performance under this Agreement. To the extent such information cannot be obtained from the then-current tax collector, the TCC and the respective PSD will ensure provision of said data to Collector.

3. Collector shall maintain and preserve all electronic records pertaining to the collection of the Taxes which are the subject of this Agreement. Such electronic records shall be available for inspection by the duly appointed auditors of the TCC in accordance with Section 505(h) of Act 32, and any successor laws thereto.
4. The Collector shall, in accordance with Section 509(e) of Act 32 and the Board of Delegates' directives, keep electronic records showing the names of all taxpayers, their current addresses and social security numbers as segregated by political subdivision, the amount of Taxes received from each taxpayer or other tax offices, the date of receipt, the allocation of Taxes, interest, penalties and costs received, the amount and date of all other monies received or distributed, the names of delinquent taxpayers and the Taxes, interest and penalties owed and any other information required by the Department or the TCC (the "Tax Records").
5. Collector acknowledges it has reviewed and understands those Act 32 Best Practices published by the Department and that it has or will as of January 1, 2012 have the hardware, software and processes in place and operational required by the Act 32 Best Practices, and that during the course of this Contract, Collector shall comply with and operate in accordance with Act 32 Best Practices applicable to Tax Officers. Collector further acknowledges that where there is a

conflict between the terms of this Agreement and the Act 32 Best Practices, this Agreement shall control at the option of the Board of Delegates.

6. When applicable, all electronic Tax Records generated during the term of this Agreement shall be retained in accordance with the retention and disposition scheduled established by the Local Government Records Committee of the Pennsylvania Historical and Museum Commission under 53 Pa. C.S. §1831 et seq. (relating to records). At a minimum, the Tax Records shall be maintained and preserved in a standard electronic format by Collector until at least seven (7) years following the date upon which they were initially due or for such other period as required by law.
7. All Tax Records generated during the term of this Agreement shall be maintained in the standard electronic format by Collector mutually agreeable by the Board of Delegates and Collector. Collector may implement appropriate safeguards to protect the confidentiality and other legitimate interests of such Tax Records, provided that, to the extent permitted by Applicable Law, all information about the Tax Records will be provided to the Board of Delegates Secretary/Treasurer in such useful form as it reasonably requires, subject to adequate protection of such data which shall include, at a minimum, the Secretary/Treasurer's execution of a reasonable confidentiality and non-disclosure agreement and Section 356 Affidavit with the Commonwealth of Pennsylvania accepting terms, responsibility and liability (civil and criminal) for handling of social security numbers and other protected, confidential or privileged information, and whereby the TCC will and shall indemnify and hold Collector harmless from and against any resulting

liability for unauthorized release, use or integrity breach of such data. Custody of such records shall remain with Collector, except for those records transferred to Board of Delegates' auditor pursuant to Paragraph 2 of this Article above. Collector agrees, upon Board of Delegates' request, to electronically transfer or deliver to the Board of Delegates or its designated representative the Tax Records not previously provided to the Board of Delegates, in accordance with the Transition Policy at the termination or expiration of Collector's engagement under this Agreement.

8. To the extent required by the PA Right to Know Law, at all times the Tax Records are maintained by Collector hereunder, all records pertaining to the Taxes and taxpayers not previously provided to the TCC will be made available to the TCC for inspection or copying during normal business hours, upon reasonable prior notice to Collector, provided that reasonable costs (costs shall be charged in accordance with the Right to Know Law) if necessary, to copy the records, shall be promptly reimbursed by the TCC to Collector upon submission of an appropriate invoice therefore and ensuring compliance with data safeguards as defined in paragraph (6) above.

Article V. Reports

1. Unless otherwise directed by the Board of Delegates with respect to reports to which it is entitled, for each of the reports referenced in this Article V, a cumulative report, in electronic format unless otherwise requested, providing subtotals for each Member PSD, as well as, a total for the entire District shall be provided to the Board of Delegates with a separate report being provided to each

Member PSD limited to that Member PSD's information. A separate report with respect to those reports required in this Article V shall be provided for each type of tax being collected by the Collector. Collector shall provide, upon reasonable request by the Board of Delegates, additional reports and information.

2. Collector may, with the approval of the TCC, combine two (2) or more reports required by this Article V into one (1) report as long as the information provided in such a combined report is provided to the Board of Delegates within the time frames set forth herein. Collector may choose to provide reports more frequently than required herein.
3. The Collector, within twenty (20) days after the end of each month, shall provide reports, in a format prescribed by the Department or as agreed to by Board of Delegates and Collector, to the Secretary/Treasurer of the Board of Delegates and to the Contact Person of each Member PSD for which Taxes were collected during the previous month (the "Distribution Report"). The Distribution Report to each Member PSD shall include a breakdown of all respective current gross Taxes and Delinquent Taxes, penalties, interest, costs collected and advanced for each respective Member PSD, deduction of fees, and subsequent credit when paid by the taxpayer. The Distribution Report to the Secretary/Treasurer of the Board of Delegates shall include the aggregate summary of the Member PSD Reports. Any commissions earned by the Collector should be deducted separately from the costs collected and advanced to the PSD.
4. The Collector shall provide, within sixty (60) days after each Earned Income and Net Profits quarterly and final annual return filing deadline, a report ("Employer

Report”) identifying those registered employers, segregated by political subdivision, who failed to file quarterly and/or annual returns as required by Act 32 as well as those employers who have failed to remit payment although their return has been filed. Along with the aforementioned Employer Report, a report shall be provided listing, by political subdivision, those employers who have newly registered with the Collector during the most recent quarter in accordance with Section 512(1) of Act 32.

5. The Collector shall provide to the TCC Secretary/Treasurer, within ninety (90) days of the close of each calendar year, a report identifying Tax monies received which the Collector is unable to identify the political subdivision or tax collection district to which those Tax monies are to be distributed.
6. The Collector shall provide, within ninety (90) days of the close of each calendar year, an itemized accounting of all Costs of Collection, administrative fees and any other fees or costs collected by the Collector from taxpayers along with an itemization of those fees of any nature retained by the Collector as well as those third parties receiving those fees and costs collected from taxpayers and/or employer(s) by the Collector and corresponding amounts.
7. On or before June 30th of each calendar year a Report segregated by tax year and Taxing Authorities identifying cumulative total delinquent Earned Income and Net Profits Taxes, interest and penalties owed by taxpayers for tax years administered currently under this Agreement. Payments received for each year as well as the outstanding balance for that particular tax year shall be reflected on the Report. Reports shall include cumulative recoveries on delinquent accounts and

adjustments for determination of tax liabilities as a result of ongoing audit analysis. For example, at the conclusion of the 2014 tax year, the first such report will be provided detailing cumulative delinquent taxes owed for the tax year 2012 and remaining 2012 balance. A similar report would be provided for the 2013 Taxes, etc.

Article VI. Depository and Remittance

1. Collector shall deposit and remit Taxes to the Member PSDs in accordance with Paragraph 3 of this Article.
2. All Tax, penalty and interest collected by Collector are to be treated as public funds and shall be deposited into a federally insured national depository bank trust account and secured by collateral pledged by the depository pursuant to Act 72 of 1971 or other applicable state laws. All public funds are to be fully collateralized.
3. Collector will distribute Tax and Related Amounts in compliance with LTEA, 53 P.S. § 6924.513, provided, however, distributions shall be disbursed to the Taxing Authorities within the District on a weekly basis. Collector shall remit payment via ACH Electronic funds transfer network. Collector shall distribute to other tax collection districts outside of the TCD in accordance with the time frame established by law.
4. When ACH deposits are disbursed to the bank accounts of individual municipalities and school districts as well as the accounts of the TCC, the Collector shall by e-mail notify the applicable municipality, school district or the TCC of the deposit. Each PSD shall identify their respective account information for the ACH deposits no later than sixty (60) days after execution this Agreement.

5. Collector shall remit taxes due other tax collection districts within the time frames required by Act 32.
6. The Collector shall maintain an electronic record of all taxes collected, which shall include all of the information required in the reports referenced under Section 512(4) and (5) of Act 32, the date of distribution, the District's political subdivision or tax officer to which the Taxes are distributed and any other information required by the Department.
7. At the option and direction of the TCC to cover its own internal operations, expenses and administrative costs, additional monies shall be withheld. Such additional withholding shall not reduce, proportionally or otherwise, the commission or compensation due Collector for services rendered under this Agreement (ie. delinquent annual assessment owed by a TCC member).

Article VII. Meetings

1. A management level representative of the Collector shall attend the meetings of Board of Delegates. The Board of Delegates is scheduled to meet quarterly each year though special meetings may be called.
2. A management level representative of the Collector shall attend the meetings of the Board of Delegates when reasonably requested.
3. The Collector may be required to attend and provide testimony before the TCC Tax Appeals Board. The Tax Appeals Board will meet monthly or more often if needed based upon filing of appeals.
4. The TCC may from time to time request special meeting to discuss topics of interest or concern to the TCC.

5. The Collector will attend and participate in educational meetings and seminars designed to inform employers and taxpayers of their obligations under Act 32.

Article VIII. Bonds and Insurance

1. Prior to initiating official duties, the Collector shall give and acknowledge a Bond to the TCC. The Board of Delegates shall fix the amount of the Bond in an amount equal to the maximum amount of earned income Taxes distributable to the Allegheny County Southeast District PSDs that may be in possession of the Collector at any given time. The initial year bond shall be set at an amount as authorized by Department Regulation §125.49 pursuant to §509 (d) Act 32. The Collector's Bond accordingly meets the requirements of §509 (d) of Act 32 which requirement shall include but not be limited to requiring a Bond be joint and several, with one or more corporate sureties, which shall be surety companies authorized to do business in the Commonwealth of Pennsylvania and licensed by the Insurance Department. No later than April 1 of each year, the bond amount may be increased or decreased to the amount representing the bond amount to the highest amount held by Collector at any one time during the preceding calendar year as set forth above and taking into account Collector internal controls, insurance and other risk management and loss prevention measures.
2. The Bond shall be titled solely in the name of the TCC and shall be for the use of the District, and for the use of any political subdivision or tax collection district for which income tax shall be collected or distributed in case of breach of any conditions of a Bond by the act or neglect of the Collector named on the Bond.

3. Collector's bond must be issued by an insurance company that is licensed in Pennsylvania, listed as a certified company acceptable for federal bonds as determined and published by Financial Management Service, a bureau of the U.S. Department of Treasury, rated at least "A" from A.M. Best or another nationally recognized rating agency, and otherwise acceptable to the TCC. The amount of the bond may not exceed the maximum net exposure per fidelity or surety risk as published by the Pennsylvania Insurance Department.
4. In addition to all other requirements of LTEA, 53 P.S. §6924.509(d) and DCED, the 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 Political Subdivision that levies Tax, and also by any other tax collection committee or political subdivision outside of the District to the extent the claim relates to amounts payable to political subdivisions other than the Political Subdivision, to Taxpayers outside the District, 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 after expiration or termination of the bond within generally accepted industry periods and standards. (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. Collector will deliver to the TCC before commencing duties, 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 Political Subdivision 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 District other than the District seeking payment or distribution of Tax, and to any Political Subdivision other than the Political Subdivisions 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. The Collector shall maintain the following insurance coverage and the TCC shall be named an additional insured. The TCC will be supplied with a copy of a Certificate of Insurance. Insurance shall be provided by a carrier with an AM Best Rating of A or better and a class rating of Class VI or better. In the event of

cancellation or material change in any of this coverage the TCC requires thirty (30) days advance written notice thereof:

ACSTCC requires at minimum a Certificate of Insurance as follows:

1. Worker's Compensation: Statutory requirements, including all states' coverage, with Employer's Liability of \$100,000.
2. Comprehensive Automobile Liability, including owned, non-owned and hired vehicles. Single limit: \$1,000,000.
3. Commercial General Liability, including contractual liability (with TCC and taxing authorities named additional insured's; coverage primary to other coverage TCC may have)

\$1,000,000 Per Occurrence
\$2,000,000 Aggregate

Special counsel attorneys engaged by Collector shall additionally maintain professional liability insurance in the amount of not less than:

\$1,000,000 Per Occurrence
\$2,000,000 Aggregate

Certificates of Insurance issued pursuant to these requirements are to indicate the following:

- (1) Name and address of agency
- (2) Name and address of insured (contractor)
- (3) Name and address of carrier (insurance company)
- (4) Additional Insured (Allegheny Southeast Tax Collection Committee)
- (5) Effective dates and expiration dates of each insurance coverage
- (6) Limits of coverage and policy numbers

Article IX. Audit

1. During each calendar year, the Collector shall make available its books, accounts, financial statements, compliance reports and records for Audit by a Certified Public Account of the TCC's designation. The examination by the TCC representative shall include an Audit of all records relating to the cash basis

receipt and disbursement of all District public money by the Collector, a reconciliation of the monthly reports required by §509(b) and analysis of those bond amount under §509(d), an analysis of the collection fees charged to the TCC and any other information relative to TCC public funds deemed pertinent by the TCC. The examination shall not include payroll and other proprietary information and shall be conducted in accordance with accepted governmental auditing standards.

2. Any audit permitted hereunder shall occur at a date and time convenient to Collector at Collector's principal office and shall be at the TCC's sole cost and expense. The Auditor shall be permitted to view confidential information as part of his or her official duties.
3. The TCC may at its own expense undertake either the current generally accepted Standard Auditing Statement (SAS) audit or the SSAE No. 16 audit of the tax collector. The Collector at no expense to the TCC shall make available the information and personnel needed to complete this audit. If the Collector is subject to a SAS audit by another tax collection committee, the TCC will be afforded the opportunity to join and share in the expenses of the audit and accordingly receive the resultant audit report.
4. Collector will provide on an annual basis for the tax collection firm Report On Solvency Testing by its CPA as further described in Article 1 above.

Article X. Confidentiality

1. Any information concerning social security numbers and individual taxpayer earnings obtained by the Collector or any employee or agent of the Collector as a

result of declarations, returns, investigations, hearings or verifications shall be "Confidential Tax Information." The Collector shall comply with the Local Taxpayer Bill of Rights and Section 514 of Act 32 with respect to the maintenance and/or distribution of confidential information. This restriction 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. To the extent that any provision of this Agreement is not consistent with the confidentiality provisions of Applicable Law, then Collector shall comply with Applicable Law and maintain confidentiality of such Confidential Tax Information without breaching any provision of this Agreement. During the term of Collector's relationship with the Allegheny County Southeast TCC shall not use, copy or disclose or permit any unauthorized person to access any confidential tax information, except as permitted herein in connection with Collector's work hereunto.

Article XI. Delinquent Taxes

1. All Delinquent Taxes shall be expediently pursued in a prompt and timely manner and enforced to the fullest extent statutorily permitted and to the extent Collector determines such pursuit to be economically feasible. 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 or cost amount. Collector will deduct the filing fee or costs amount from a subsequent distribution

to such Taxing Authority, and thereafter will credit the amount to the Taxing Authority if and when paid by Taxpayer. Collector shall, in accordance with LTEA, 53 P.S. § 6924.707 (hereafter also referred to as Act 192), impose and collect from Taxpayers and Employers the reasonable costs incurred to provide notices of delinquency or to implement similar procedures to collect Delinquent Tax. In all circumstances, the Collector shall recover any and all costs from collection proceeds pursuant to the provisions of the Local Taxpayers Bill of Rights. Interest and penalties accrued on unpaid taxes may not be abated on accounts in excess of \$12,000 (or the then-prevailing jurisdictional limit of the Pennsylvania Magisterial District Courts) without the respective PSD's written authorization.

2. Earned Income Taxes collection timeline. Collector shall, within thirty (30) days of determining an employer has failed to file a required return, failed to provide information required under the LTEA in order to identify the Taxing Authority or other political subdivision to which funds belong, failed to identify the Taxpayer for which tax funds are withheld by Employer and submitted to Collector and/or failed to permit timely payment, initiate, via written correspondence, a Non-Compliance Notice subject to the appropriate Delinquent Collection Fee under the Act 192 Resolution set forth here as Schedule 2. In the event employer fails to respond or comply with such request a second ten (10) day (or shorter period) demand letter shall be issued subject to the Delinquent Collection Fee. Should employer continue to fail to respond, Collector is authorized to initiate appropriate legal action on a date deemed appropriate by Collector.

3. Collector shall, with respect to individual filers, within thirty (30) days of the delivery of the Commonwealth of Pennsylvania personal income tax register ("State Tape") review the Tape and reconcile the Tape with amounts paid by each taxpayer and/or determine if additional schedules or documentation are necessary for earned income or net profits amount verification by Collector. Upon reconciliation with the tape or determination by the Collector, Collector will contact taxpayer via 30 Day Notice advising of additional amounts due and/or request additional schedules or documentation are necessary for earned income or net profits amount verification by Collector. The Collector is authorized to enter into payment agreements with taxpayers when appropriate in accordance with guidelines provided by the TCC. Where taxpayer has not fully complied with Collector's demands, the Collector may pursue legal action in accordance with Applicable Law. The State Tape related to all PSDs within the District shall be obtained by the PSD at their sole cost and expense and delivered to the Collector for Delinquent Tax Collection and Audit purposes.
4. With respect to Local Services Taxes, Collector shall contact taxpayer or employers, as appropriate via 30 Day Notice advising of the delinquency within thirty (30) days of determining the taxes were not paid and/or an inaccurate return has been filed. Appropriate legal action may follow as determined by Collector.

Article XII. Legal Proceedings

1. The Allegheny County Southeast TCC hereby designates and authorizes Collector to appear before a District Judge, Court of Common Pleas or other appropriate court of competent jurisdiction, arbitration panel, tax appeal board, or DCED

mediator or mediation panel, on behalf of the Allegheny County Southeast TCC and the Member PSDs, Collector shall be permitted to recover and retain from Delinquent Taxpayer those Costs of Collection approved by Resolution of the TCC, imposed upon and collected from the Delinquent Taxpayer as provided by Section 707 of Act 32.

2. Pursuant to Section 329 of Act 32, when bringing a suit for the collection of delinquent Taxes on behalf of the Member PSDs, Collector shall be represented by an attorney. Collector shall be permitted to utilize an attorney of its choice and Collector's attorney(s) shall act as the authorized representative(s) of Collector, the TCC and the Member PSDs and shall therefore be permitted to access and utilize Confidential Taxpayer Information to the extent authorized by law. All suits or other actions taken by Collector and legal counsel shall be in the name of Collector as agent for the PSD or the TCC. The TCC further authorizes Collector to compromise the Tax liability or otherwise settle legal proceedings brought by Collector to enforce obligations related to the tax within ten (10%) percent of the amount of controversy or less without prior PSD approval; provided that the agreed tax liability shall be equal to or greater than the amount fees recovered by the Collector. Collector must obtain the PSD's prior written approval before compromising or settling any Tax liability when the amount in controversy exceeds the aforementioned amount.
3. Collector shall also be permitted to pursue taxes in Federal Court proceedings as deemed appropriate, including Bankruptcy Court. Collector shall be permitted to

bring or pursue criminal sanctions for failure to file returns or as otherwise provided by Applicable Law.

4. Collector may, in accordance with LTEA, 53 P.S. § 6924.702, attach wages to enforce individual Taxpayer obligations.

Article XIII. Indemnity

1. In the event that any challenge is made by any third-party challenging the validity of the TCC or its directives, including resolutions concerning the collection of Taxes by Collector or challenging Collector's authority to collect any amounts due and owing pursuant to this Agreement, then the TCC shall, at its sole cost and expense, defend any such challenge or claim.

The TCC shall indemnify, defend, and hold harmless, Collector from any claims, damages, expenses, or costs, including legal fees with validity of the TCC or legality of its directives, including resolutions concerning the collection of Taxes by Collector, the authority to collect any amounts due and owing pursuant to this Agreement or other applicable laws, the authority of Collector to act as Collector for the TCC or which result from Collector's use of erroneous information provided to Collector by or on behalf of the TCC and Member PSDs.

To the extent that any lawsuit or claim is filed against Collector relating to matters set forth in this Paragraph, then the TCC shall immediately cause an appearance to be entered by qualified legal counsel on behalf of Collector, and shall defend, at its sole cost and expense, any such action brought against Collector relating to matters subject to this indemnification provision. To the extent permitted by law, the TCC shall enter an appearance in any such claim or action in addition to or as

a substitute defendant for Collector. The TCC agrees to be solely liable for any settlement, compromise, payment, judgment or award or any amount determined to be due and owing relating to such claim against Collector. This indemnification provision shall not apply to any claim or action relating to any acts or omissions of any employee, servant, or agent of Collector in providing services on behalf of Collector or the TCC pursuant to this Agreement.

Provided, however, Collector shall give written notice to the TCC of any such lawsuit or other legal proceeding or investigation within ten (10) working days after Collector first learns of or receives process concerning such action and the TCC shall enter a defense to any such proceeding with counsel of its selection and at the TCC's expense. The TCC shall fully indemnify Collector for any such action, investigation or legal proceeding as herein above provided.

2. In the event that Collector is required by the TCC to disclose Confidential Tax Information to the Designated liaison and such disclosure, to the Designated liaison or to anyone who receives Confidential Tax Information from or through the Designated liaison which Confidential Tax Information was originally provided to the Designate liaison by Collector at the request of the TCC or Designated TCC Member, results in a breach of confidentiality in violation of Section 514 of Act 32 or the LTBR, the TCC shall defend, indemnify and hold and save harmless Collector, and fully reimburse Collector with respect to any related demands, actions, losses, damages, liabilities, claims, costs and expenses, resulting from any lawsuit or other legal proceeding or challenge brought by any party. Provided, however, Collector shall give written notice to the TCC of any

such lawsuit or other legal proceeding or investigation within ten (10) working days after Collector first learns of or receives process concerning such action and the TCC shall enter a defense to any such proceeding with counsel of its selection and at the TCC's expense. The TCC shall fully indemnify Collector for any such action, investigation or legal proceeding as herein above provided.

3. Collector shall and will defend, indemnify and hold and save harmless the TCC from any and all acts or omission of Collector, its employees, consultants, agents, representatives, or independent contractors in violation of the Agreement relative to the collection of the Taxes, and from any lawsuit, claim, demand, damages, judgment, execution, or other legal proceedings brought by any person or entity resulting from the Collector, its employees, consultants, agents, representatives, or independent contractors administration and collection of the said Taxes, or arising from Collector's own negligence in the collection and administration by Collector of said Taxes. Provided, however, the TCC shall give written notice to Collector of any such lawsuit or other legal proceeding or investigation within ten (10) working days after the TCC first learns of or receives process concerning such action, and Collector shall enter a defense to any such proceeding with counsel of its selection at the cost of Collector. Collector shall fully indemnify TCC for any action, investigation, or legal proceeding as herein above provided to the extent it is adjudicated Collector in fact caused the act or omission in violation of this Agreement.

Article XIV. Miscellaneous

1. In the event any phrase, clause, sentence, or paragraph of this Agreement is declared invalid by any court of competent jurisdiction, this Agreement shall survive such declaration of invalidity as regards all portions of the Agreement not specifically declared invalid. This Agreement shall be governed by and construed in accordance with the Laws of the Commonwealth of Pennsylvania. All prior or contemporaneous agreements, contracts, promises, representations and statements, whether oral or written, if any among the parties hereto, or their representatives, are merged into this Agreement, and this Agreement shall constitute the entire Agreement among them, and no waiver or modification of the terms hereof shall be valid unless in writing signed by the party to be charged and only to the extent therein set forth. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.
2. The Collector, in accordance with §509(g)(1) of Act 32 shall ensure that the District enters into an agreement with the Department of Revenue for the exchange of information as necessary for the collection of income taxes. The TCC shall enter into an information exchange agreement in accordance with § 509(g) and Article XI (3) above. The TCC will provide a copy of the information exchange agreement to Collector. If the TCC fails to provide a copy by the date upon which Collector commences Tax collection under this Agreement, Collector will provide a reminder to the TCC to provide a copy.

3. The Collector shall as provided by 508(e) of Act 32 complete mandatory education requirements as required by the Department regulation as a prerequisite to act as Collector. The Collector shall provide proof of compliance with Department education requirements to the TCC on an annual basis.
4. With respect to services performed by the Collector, Collector shall perform all services promptly and consistent with the standard of care contemplated in Act 32.
5. Neither party will incur any liability to the other if its performance of any obligation under this Agreement is prevented or delayed by causes beyond its control and without the fault or negligence of either party. Causes beyond a party's control may include, but are not limited to, acts of God or war, changes in controlling law, regulations, severe weather conditions, civil disorders, natural disasters, fire epidemics and quarantines, general strikes throughout the trade, and freight embargoes. Collector shall notify the Board of Delegates orally within five (5) days and in writing within (10) days of the date on which the Collector becomes aware, or should have reasonably become aware, that such cause would prevent or delay its performance. Such notification shall (i) describe fully such cause(s) and its effect on performance, (ii) state whether performance under the contract is prevented or delayed and (iii) if performance is delayed, state a reasonable estimate of the duration of the delay. In the event of a declared emergency by competent governmental authorities, the Board of Delegates by notice of Collector, may suspend all or a portion of this Agreement.

6. It is the intention of the Allegheny County Southeast TCC to establish a web presence. Collector will concurrently establish a web presence to provide information to Taxpayers and that Taxpayers may use to make electronic check payments, or credit card payments subject to Collector's credit card payment and convenience rate policy. Upon request by the TCC and any PSD, Collector will provide a link on its website to their website.
7. Collector acknowledges that it is an Independent Contractor engaged to collect Taxes as set forth above and it not an employee of Allegheny County Southeast TCC and therefore expressly waives any right to unemployment compensative benefits, life, health or accident insurance, pension rights or other benefits customarily paid to employees. Collector shall be responsible for payment of all taxes arising out of compensation received in connection with this agreement.
8. Any notice given hereunder by either party to the other shall be in writing and shall be deemed given when delivered personally, or five (5) days after being sent by Certified Mail, Return Receipt Requested, postage prepaid, as follows:

Allegheny County Southeast TCC
c/o Ms. Susan E. Werksman
2700 Monroeville Boulevard
Monroeville, PA 15146

Keystone Collections Group
Office of General Counsel
546 Wendel Road
Irwin, PA 15642

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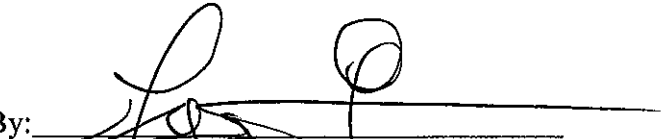
IN WITNESS WHEREOF, the parties hereto, intending to legally bind themselves, have caused these presents to be executed by the proper officers thereof, all as of the date and year first above written.

ATTEST:

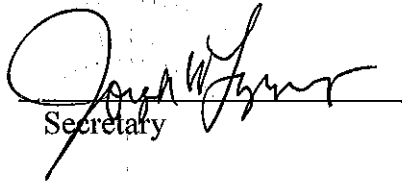
ALLEGHENY COUNTY SOUTHEAST TCC



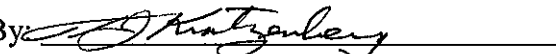
A handwritten signature in black ink, appearing to be 'A.M.', written over a horizontal line.

By: 
Gregory Erosenko, Chairman
Allegheny County Southeast
Tax Collection Committee

KRATZENBERG & ASSOCIATES, INC.
d/b/a KEYSTONE COLLECTIONS GROUP



Secretary

By: 
Thomas J. Kratzenberg, Esquire
President

SCHEDULE "1"

LST Collection

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

SCHEDULE "2"

RESOLUTION NO.

Promulgated under Pennsylvania Act 192 of 2004

Of

Allegheny County Southeast Tax Collection Committee

A RESOLUTION OF THE ALLEGHENY COUNTY SOUTHEAST TAX COLLECTION COMMITTEE, ALLEGHENY COUNTY, PENNSYLVANIA ESTABLISHING REASONABLE COSTS OF COLLECTION FOR DELINQUENT TAXES AND IMPOSING THE COSTS OF SUCH COLLECTION UPON THE DELINQUENT TAXPAYER

WHEREAS, the Local Tax Enabling Act of December 31, 1965, P.L. 1257 No. 511, commonly known as "Act 511", provides for the collection of certain enumerated taxes in this tax collection district. Including penalties for the non-payment thereof; and

WHEREAS, Act 192 of 2004 amended Act 511 by authorizing the costs of delinquent tax collection to be imposed against the delinquent taxpayer; and

WHEREAS, this tax collection district anticipates considerable expense in collecting its delinquent Act 511 taxes and further deems it to be in the best interest of the tax collection district to have the costs of these collections paid by the delinquent taxpayer.

NOW, THEREFORE, be it resolved and it is hereby resolved that the governing body of this tax collection district hereby establishes the following:

- (1) From and after the enactment of this Resolution, to each delinquent Act 511 tax, levy or obligation owed to any taxing authority within the tax collection district, there shall be added such costs, attorney's fees, charges and expenses incurred in the delinquent collection process. Such additional charges shall be collected in addition to all interest and penalties as are allowed by law.
- (2) Such fees and charges shall be reasonable and the same are hereby established in a cost rate schedule as attached herein and made apart hereof as Schedule "A". Said schedule of costs is hereby deemed to be reasonable, fair and necessary in order to allow the tax collection district to collect such sum due. This schedule may be amended from time to time by resolution of the governing body of this tax collection district.
- (3) Any entity empowered to collect sums on behalf of the tax collection district is directed to add such costs of collection as are incurred to the extent allowed as set forth in

Schedule "A". Such entity shall be entitled to retain an amount equal to such sums from delinquent collections. Such sums collected pursuant to this Resolution shall be in addition to any tax penalty, interest or other costs already part of the delinquent account or assessment.

- (4) Any Resolution in conflict with this Resolution shall be deemed to have been repealed to the extent of that conflict. If any portion of this Resolution is deemed to be void, unenforceable or unconstitutional, then it is the intent of the governing body of this tax that it would have enacted the balance of this Resolution irrespective of said invalid portion.
- (5) This Resolution shall become effective this ___ day of ____, 2011.

ADOPTED this __ day of ____ 2011.

ATTEST:

Allegheny County Southeast TCC

Secretary/Treasurer

By: _____

Schedule A

COSTS OF COLLECTION TO BE IMPOSED AND ADDED
TO DELINQUENT TAXES

TAXPAYER NOTIFICATION AND ADMINISTRATION

- | | | |
|----|---|---------|
| 1) | Taxpayer late filing or underpayment notice. | \$10.00 |
| 2) | Employer late filing notice or underpayment penalty notice for quarterly or annual earned income tax or local services tax return.
10% of tax, penalty and interest or \$50.00, whichever is greater | |
| 3) | Delinquent account servicing fee, including records imaging or other detailed recordkeeping, office staffing, computer equipment and software, office space, telephone, printing and imaging equipment, supplies and postage use to generate delinquent notices and to establish notices and to establish monthly payment plans—10% of tax, penalty and interest or \$50.00, whichever is greater | |
| 4) | Partial payment fee—where payment received does not pay accounting full | \$3.00 |
| 5) | Fee for check returned from bank (NSF, Acct. Closed, etc.) | \$29.00 |
| 6) | Notice of intent to file civil suit | \$50.00 |

WAGE ATTACHMENT

- | | | |
|----|--|---------|
| 1) | Taxpayer notice prior to wage attachment | \$25.00 |
| 2) | Employer wage attachment notice | \$25.00 |

LITIGATION

- | | | |
|----|--|----------|
| 1) | Prepare Magisterial District Court complaint | \$75.00 |
| 2) | Prepare for Magisterial District Court hearing | \$100.00 |
| 3) | Attend Magisterial District Court trial or hearing | \$150.00 |
| 4) | Attend Constable execution sale | \$350.00 |
| 5) | Prepare Arbitration complaint/appeal | \$150.00 |

6)	Attend Arbitration trial	\$350.00
7)	Enter default judgment	\$150.00
8)	Issue Sheriff Writ of Execution	\$250.00
9)	Attend Sheriff Sale	\$250.00
10)	Non-litigation legal work	\$70.00 hr
11)	Litigation legal work	\$80.00 hr
12)	All other clerical work not itemized above	\$50.00 hr

