The Westmoreland County Tax Collection Committee (WCTCC) met on Tuesday, July 27, 2010 in the Commissioner's Public Meeting Room at the Westmoreland County Courthouse, 2 North Main Street, Greensburg, PA.

CALL TO ORDER: The WCTCC Chairperson Joe Koluder called the meeting to order at 6:34 p.m. with the following members present:

WCTCC Chairperson	-Joe Koluder	-Derry Area School District
WCTCC Vice-Chairperson	-Diane P. Heming	-Murrysville Municipality
WCTCC Secretary	-Mary Perez	-Greensburg City
WCTCC Treasurer	-Diane Figg	-East Huntingdon Township, Everson Borough-Fayette County
WCTCC Solicitor	-Lawrence Maiello	
Eileen M. Navish	-Belle Vernon Area School District	
George Safin	-Franklin Regional School District	
Judith Swigart	-Greater Latrobe School District	
Peggy Gillespie	-Kiski Area School District	
Michael Wrobleski	-Yough School District	
James J. Meyer	-Greensburg Salem School District	
Lee Kunkle	-Greensburg Salem School District	
Jude Abraham	-Hempfield Area School District	
Tammy Tuccarello	-Jeannette City School District	
Terry Struble	-Mt. Pleasant Area School District	
Jeffrey S. McVey	-New Kensington-Arnold School District	
John H. Wilson	-Norwin School District	
Dallas Leonard	-Penn Trafford School District	
William Porter	-Southmoreland School District	
Greg Primm	-Avonmore Borough, East Vandergrift Borough, Hyde Park Borough, Oklahoma Borough, Vandergrift Borough, Allegheny Township, Bell Township, Washington Township-Westmoreland County	
Joe Olszewski	-Avonmore Borough, East Vandergrift Borough, Hyde Park Borough, Oklahoma Borough, Vandergrift Borough, Allegheny Township, Bell Township, Washington Township-Westmoreland County	
Jeffrey Miller	-Bolivar Borough, Fairfield Township	
Margaret Graham	-New Alexandria Borough	
Paul A. Fry	-Ligonier Borough	
Linda Iezzi	-South Greensburg Borough	
Thomas Bompiani	-Youngwood Borough	
Floyd Neiderhiser	-Cook Township	
Vincent DeCario	-Derry Township	
Trudy Harkcom	-Donegal Township	
Thomas Logan	-Hempfield Township	
R. Douglas Weimer	-Hempfield Township	
Caprice M. Mills	-Mt. Pleasant Township	
John M. Shepherd	-North Huntingdon Township	
David Amatangelo	-Rostraver Township	
Dan Pergola	-South Huntingdon Township	

Sherry Kohuth	-South Huntingdon Township
Donna J. Bitonti	-Belle Vernon Borough-Fayette County
Mary E. Ralston	-Parks Township-Armstrong County
George Dunbar	-Penn Township
Judy Gilpin	-Upper Tyrone Township-Fayette County
Joe Grata	-Washington Township-Fayette County
Barbara J. Griffin	-Latrobe Municipality
James R. Morrison	-Murrysville Municipality
Peggie Watson	-Irwin Borough
Gordon Stoves	-North Irwin Borough
Becky Maruca	-Salem Township
Ronald D. Martz	-Salem Township
Angelo Pallone	-Scottdale Borough
Michael O'Barto	-Unity Township
Joyce A. Ewing	-Upper Burrell Township
Cynthia Delissio	-Export Borough
Scott C. Sistek	-New Stanton Borough
Lucille D'Alfonso	-Monessen City
Lori L. Latta	-DerryBorough

Mr. Koluder, "At this time we do have a quorum."

PLEDGE OF ALLEGIANCE

APPROVAL OF MINUTES (5/25/2010 and 6/22/2010): Mr. Koluder, "Last month we did not have a quorum, so we will have two motions for the minutes. When we e-mailed the agenda to you we sent both copies out to you."
Terry Struble **MOVED** to approve the minutes from the 5/25/2010 meeting, and Mary Ralston **SECONDED.** No discussion. **Unanimously all voted in favor to approve.**
Gordon Stoves **MOVED** to approve the minutes from the 6/22/2010 meeting, and Judy Gilpin **SECONDED.** No discussion. **Unanimously all voted in favor to approve.**

NEXT MEETING: Mr. Koluder, "The next meeting is scheduled for August 24, 2010 at 6:30 p.m. at the Westmoreland County Courthouse. That will be a very important meeting as well as you'll find out as we proceed through the agenda. We will have another vote on August 24th for naming the Tax Collector and approving the Agreement."

COMMITTEE UPDATES:

Bylaws Committee-Joe Koluder, Chairperson. Mr. Koluder, "I'll let Lawrence explain this in more detail, but in speaking with our insurance agency the Finance Committee came back and said the insurance agent recommended we put this indemnification clause in our Bylaws."
Solicitor Maiello, "The model bylaws that we used that were recommended by different organizations did not include an indemnity clause in the bylaws because it assumes that the Torts Claim Governmental Immunity Act would cover this organization. When the insurance carrier looked at it they said 'in order for you to get this coverage we want an indemnity provision in the contract because that will trigger your coverage'. We didn't think it was necessary. We went to the Department of Community and Economic Development (DCED) to confirm whether in their opinion the Torts Claim Act covered the TCC and they were not 100% definitive in their answer, so we made the determination that this provision only helps so there's no reason not to adopt it to

satisfy the insurance company. So we prepared a proposed modification to the Bylaws. It's an indemnification provision that if you would get sued individually the TCC would be required to indemnify you. So that's what will come for a vote and you will need two-thirds of the votes that you represent present to pass the amendment."
Dallas Leonard **MOVED** to approve the amendment, and Linda Iezzi **SECONDED.** No further discussion. **All voted unanimously to approve.**

Solicitor Committee-No report.

Finance Committee-Joe Koluder. Mr. Koluder, "All we have from the Finance Committee are the bills. I sent a copy of those out to you with the agenda. We did not have a quorum last time and we directed Diane Figg, our Treasurer, to pay those bills, but they are on this list for you to approve. Some of these bills are being approved that are already paid and some of them will be paid."
Peggy Watson **MOVED** to approve payment of the bills attached to the agenda, and Ronald Martz **SECONDED.** No further discussion. **All voted unanimously to approve.**
Mr. Koluder, "We still have two entities that have not paid and they have not designated delegates either. We did have three and now we're down to two so hopefully we'll get them eventually."

Tax Collector RFP Committee-Peggy Gillespie. Ms. Gillespie introduced the members of the RFP Committee. Ms. Gillespie, "I would like to thank our Solicitor, Lawrence, for his expertise and guidance throughout this entire process. Our Solicitor was present for all of the meetings of the RFP Committee. When this committee was formed it was with the goal of finding the best service at the lowest cost for our County. Each committee member put aside the interests of their own political subdivision in order to focus on finding the best collector for the County. The collector being recommended tonight is not currently the collector for the majority of the committee members who voted to make this recommendation. Our recommendation tonight is based solely on obtaining the highest level of technology for the lowest cost available for that service. In the e-mail that was sent to you was an overview of the process that led to the recommendation of this committee and I'd like to go into a little more detail about that process. The RFP Committee met 11 times with meetings lasting about two hours each with the exception of the final meeting which continued for almost seven hours for final interviews. Five of the meetings were devoted to preparing the RFP, the Tax Collector's Agreement, the selection criteria for the collector utilizing the DCED's Best Practices and Guidelines for Pennsylvania Association of School Business Officials (PASBO) and the DCED. In addition to our meetings each committee member also put in countless individual hours reviewing documents. Following the March approval by this Commission the RFP was distributed on April 1, 2010. A mandatory, pre-proposal conference was held on April 15, 2010 with all interested parties attending prior to the submission of their bid. The RFP responses were due on May 14, 2010. Four companies attended the mandatory meeting and the RFP Committee received proposals from three parties; Berkheimer Tax Administrator, Central Tax Bureau and Keystone Collections Group. Each member of the RFP Committee was provided copies of all three submissions. The submissions were books and binders and some of them were two for every vendor. The responses had a considerable amount of information for each member to review. Starting May 25, 2010 we met regularly to begin reviewing the responses as a group. To ensure all the information was adequately covered the technical aspects of the proposal such as timely deposits, accounting system integrity, audit requirements and so forth, were divided up and each committee member was responsible for in-depth reporting of that piece to the rest of the group. With the volume of information and the manner in which the vendors had addressed the RFP the

committee had numerous questions. Through legal counsel a list of additional questions was mailed to each company for further clarification in their RFP. The responses were reviewed by the committee and some responses generated even more questions. The committee decided to formally interview each vendor to ensure any remaining questions were answered as well as to listen to each firm's approach to Act 32 implementation. The interviews were an hour long for every vendor with the individual committee members evaluating each one immediately after their interview. We gave each collector the opportunity to present their last and best offer in regards to commission. Upon completing the entire process individually the committee evaluated each vendor collectively using a weighted score sheet. The Cost Proposals and Technical Proposals were evaluated separately at first to determine which vendor brought the highest degree of technology to the table. The Cost Proposals were then evaluated to determine the lowest cost for the services. The scoring sheets were only used as a guide; a numeric and objective way to evaluate the specifics of one collector versus another. They also served to identify which elements the committee deemed more critical than others such as the ability to properly identify incoming funds, timely deposit and remittance of those funds, integrity of the data processing system including data backups by third parties, availability of Statement on Auditing Standards No. 70 (SAS 70) audits, (SAS 70 audits evaluate the internal controls of data processing), the conversion or transition process including costs, the flexibility of the vendor to work with this Tax Commission as well as individual political subdivisions, the willingness to bill separately for commissions, compliance with DCED Best Practices and the quality of customer service for our taxpayers. Those were just some of the important factors we considered. The committee overwhelmingly chose to recommend Berkheimer Tax Administrator at the conclusion of the interview process at the proposed rate of 1.45% for Earned Income Tax (EIT) collections. Berkheimer is the largest of the Tax Collectors considered. They had invested in their technology for many years prior to even the suggestion of Act 32. They have completed SAS 70 audits for eight years providing a high degree of assurance that their internal controls over our data will be comprehensive. Throughout the process they remained transparent and flexible to the request of the committee for such things as the separate billings of commissions, third party information backups, no conversion fee for any EIT records regardless of the format, and that was computer to shoe box, as well as the commitment to quick and efficient distributions to all political subdivisions. The proposed commission rate of 1.45% for current EIT is a favorable rate compared to what some are currently paying. The 1.45 rate provides for the system segregation of our funds with the intent of working to physical segregation if the Tax Commission still deems it necessary for full implementation in 2012. Given their efficient disbursement of funds, Berkheimer as well as other collectors felt the interest would be negligible and will be used for offsetting banking costs. The final disposition of the interest for our Commission funds will be negotiated in the final agreement. Again I would like to stress to you that our recommendation process had integrity with countless hours devoted to making this representation as representatives of the Commission. Thank you."
Dallas Leonard, "Is there any ratings for the other entities?"
Ms. Gillespie, "There's a rate sheet on the back table."
Joe Grata, "Peggy, my question is not why Berkheimer, but why not Central Tax just by looking at the rates they would charge?"
Ms. Gillespie, "The committee weighed heavily the cost of the technology with the service. As far as the other two collectors are concerned, their technology exceeded in our opinion that of Central Tax. They have been for years doing on-line filings and invested more in their technology over the course of the years. So we married up the best available technology with the lowest cost available to ensure that we can quickly and accurately segregate and receive our funds."

Thomas Logan, "There's a difference here in the delinquent collection rate; how would that play into the total cost?"
Ms. Gillespie, "And again we evaluated the total cost of delinquents in with our total cost saying to you that Berkheimer is the lowest cost. Are you asking for an explanation on the rate sheet?"
Mr. Logan, "I guess I don't have a real good handle on what the percent of delinquents would normally be?"
Ms. Gillespie, "We used 10% as a rough guide."
Mr. Logan, "If you take 10% delinquents that puts the rates about equal."
Ms. Gillespie, "In the final cost there was a differential."
Mr. Logan, "It would be much more negligible on this sheet then, correct? That's a fair statement?"
Ms. Gillespie, "That would depend on the individual. Please keep in mind that our recommendation tonight is to approve Berkheimer. There are some things that we need to work out in the final agreement and I believe delinquents would be one of them."
Mr. Logan, "In what respect? How are you going to have any negotiating power once you've approved a Tax Collector?"
Ms. Gillespie, "The approval this evening would be conditional on negotiating a final, acceptable agreement."
Solicitor Maiello, "It's a two-step process. Tonight's appointment is conditional. Whoever gets appointed is conditional upon final negotiation of a contract which will be brought back to this committee for final approval. Your Bylaws require the appointment to be approved and then the contract has to be approved."
Diane Heming, "Will we be given copies of the contract before the next meeting so we understand what we're getting involved in?"
Mr. Koluder, "As all of you know these meetings are open to every TCC member that's here. Whenever we sit down to negotiate the contract, those RFP Committee meetings, we'll let you know when they are. As far as getting a copy out to everyone, if it comes in an e-mail format, we should be able to e-mail that out to you."
Solicitor Maiello, "The original contract, that was part of our RFP, is the base score that's going to be used and that was distributed at the beginning of the process and our goal is minimum changes."
Ms. Heming, "I understand, but the one meeting I did attend I believe Berkheimer did a lot of strikethroughs so I think that needs to be clarified to everyone that might have saw that initial contract."
Solicitor Maiello, "The parties that responded had significant comments in the contract so what I would recommend, obviously at an accelerated rate to whoever you appoint, we meet, finalize the contract, and make sure that it's distributed. That shouldn't be a problem."
Mr. Leonard, "Regarding the issue of adjusting the rates after selection is made, would it be fair to say that if any selection is made you could get them to adjust the rates down since overall cost is a very large factor; anybody in the running could adjust the rate to be competitive with the lowest cost? It seems to be an overriding factor."
Mr. Koluder, "As Peggy stated during the presentation and also in Dan's e-mail that went out to everyone, cost was factored in. All three vendors were given the opportunity for a last, best offer and we received those last, best offers. Correct me if I'm wrong, Peggy, what we're referring to is ironing out things like what we talked about during the interview process; making sure that the things that we talked about and discussed make it in the final document to make sure those things are what we talked about and what we receive. That's what we're referring to."
Ms. Gillespie, "We also gave overwhelming attention to the EIT piece and there are some other taxes, too, that we need to evaluate such as the Local Services Tax (LST) and the Per Capita."

Mr. Leonard, "Whenever you discussed the technology piece it seems, I gathered, that CenTax was below in rating and the other two were similar in technology and so forth, collection ability, distribution, dissemination; so they were fairly close?"
Dave Amatangelo, "One of the aspects of the Keystone technology is it's their own software and technology. They build their own technology. As far as Berkheimer, its technology they have built over the years, so in that case it's a different type of technology so I couldn't say it's the same or it's even. I just wanted to point that one aspect out. It is different technology and the majority of the committee felt that the technology by Keystone and Berkheimer was above that of CenTax. CenTax is mainly launching a lot of their stuff right now and Berkheimer and Keystone have maturity with the technology."
Mr. Leonard, "To a certain extent were there any targeted discrepancies or issues regarding as we discussed the top two candidates, Berkheimer and Keystone, that would make one seem to shine higher, because the collection and dissemination process would be very important as well as cost. What I'm trying to get a grasp on, I guess we'll challenge the vote on this tonight, I don't have a good handle on how far apart those candidates are."
Mr. Koluder, "As Peggy noted, the technical part, after countless meetings and countless research and the evaluation part of it, each of the members voted. They scored the technical aspect of it and there was a separation between as Peggy pointed out. It was not unanimous but an overwhelming majority of the members there chose Berkheimer slightly above the other two."
Mr. Leonard, "This is a question for the Solicitor; would it be appropriate to consider having a contract with the cost parameters established; if you're going to work for this group, you're going to do it for this amount of money and move on with the selection process? Could we do it that way?"
Solicitor Maiello, "My understanding is the cost parameters are set with respect to this chart and that our expectations on it with respect to negotiating the contract, you know there are a number of issues, for example, severance of delinquent EIT. During discussions we asked if they were amenable to the contract stating that if we put you on notice that we have the ability to take the delinquent taxes to a separate collector if we don't think the delinquents are being pursued properly? We received different responses. That needs to be confirmed in the contract based on the interview process. We had questions for example with respect to the contract has liquidated damages if you don't turn over records timely or if you're terminated. There's a day-to-day dollar fee they have to pay if they don't cooperate. There was a lot of pushback in the written responses. During the interview there was significant discussion, we got different responses obviously, but there were agreements reached and those will be put into the agreement. So I think with respect to the rates, the rates are set. It's certain provisions in the contract where there were clarifications during the meeting as to are you willing to accept this? The same questions were raised with each collector. There was a chart, questions 1 through 15, same questions, very formal process with responses noted and those will be incorporated into the contract negotiation with whoever you choose to appoint. I think that's where there is still flexibility. I didn't understand the committee was going to go back and negotiate the 1.45%. And I may be speaking out of turn."
Mary Perez, "Can you clarify that, Peggy?"
Mr. Leonard, "That's the crux of my question. It seems a little backward to me not to have the exact clear-cut parameters for every aspect of what this process is going to involve. In reality I believe that would move the cost aspect out of here. We no longer have to worry about a cost aspect. We establish the amount of money, all the parameters and there's no longer a cost aspect. Whoever gets it is going to work for these parameters, this amount of money, this percentage; is there something in the law that prevents us from doing that?"
Solicitor Maiello, "I think the cost parameters are set and I think the sample contract made it clear to each collector that you're going to work within these bounds and if they don't we'll be

back at that next meeting indicating they were unwilling to work within the bounds of the agreement. The difficult part was you got written responses with respect to the contract. Everyone gave very detailed responses; there needed to be a dialog to reach some understanding as to what they were saying and what we were requiring. I think that was agreed upon with respect to the contract provisions during the interview process. I wouldn't expect the committee would permit a variance from that."
Mr. Koluder, "Those rates we handed out are what their last, best offers were."
Mr. Leonard, "Then we shouldn't be looking at any variable in cost. We should just be looking at the components of past work history, complaint history and technology. The cost should be fixed at this point. I don't see where we should even be concerned with cost. We are hiring somebody. We should establish a cost, you got to work for this or not, and then the only variables we have to do is how well can you do the job, how well do you understand the job and how well historically have you done the job?"
Solicitor Maiello, "And the willingness to comply with that contract."
Mr. Koluder, "And that's what the committee has done."
Mr. Leonard, "So we don't have a cost factor to be concerned with here. Somebody shouldn't be doing it less or more expensively than others, then, right and we can take that off the table?"
Solicitor Maiello, "Whoever is appointed tonight has a rate and they'll be expected to maintain and abide by that rate, so it's not an issue."
Ms. Gillespie, "One of the issues we talked about when we get into the final agreement is taking a harder look at the delinquent EIT process. We talked about several safeguards, several measures and so forth. That may or may not impact that rate. Certainly it wouldn't go up, but that may or may not impact that rate, and I was leaving that open so you know we're going back to take a heavier look at the delinquent EIT piece when we get to the final agreement."
Mr. Koluder, "Also the Act 511 and 679 taxes are going to be looked at as well."
Ms. Gillespie, "That's separate than this."
Mr. Koluder, "This group wanted to say for those members that want to, you can go with this new collector for Act 511 and 679, you don't have to, but we're going to be looking at those things as well."
Ms. Gillespie, "We put the rates out for you to see, but it's really not a piece of this process."
Ms. Heming, "So the only firm that is charging us for delinquents is Berkheimer or are they charging the individual?"
Ms. Gillespie, "Berkheimer is proposing to charge 1.45% to the political subdivisions. Keystone, however, will be charging their rate of 1.74 if we require them to have a segregated account, a SAS 70 audit and the Commission retaining the interest for that delinquent account."
Ms. Heming, "Well it looks like if we require all that Berkheimer is charging us 2.45, so those aren't even comparable."
Ms. Gillespie, "When we were pressing for the issue of physical segregation, part of something we debated heavily was whether we want our funds physically segregated from those of other taxing bodies, those of other Counties, if you will. In order to do that Berkheimer at this particular time cannot do a physical separation. They can do a complete accounting separation. They can account for our funds from beginning to end on the system but not a physical separation, so that would require some new technology for them if we would want to pursue that for early implementation which is where that 2.45 rate came from. I don't believe that 2.45 rate is actually on the table at this point, however, if we would push for early implementation for 2011 they would have to invest additional in their technology if we would insist on physical separation. If this Commission still requires physical separation of funds they agree at the 1.45% to have it in place by 2012. They currently cannot provide that today for physical segregation only. But we also talked about early implementation and we gave options if people would want

to implement early, and the question posed to them was what would your rate be today if you had to do that?"
Ms. Heming, "All I asked was are all three of them charging the localities for delinquent collections or is just Berkheimer?"
Ms. Gillespie, "At this time just Berkheimer is charging local subdivisions unless the provisions that I just said about Keystone kick in."
Mr. Koluder, "The blended rate is what we're talking about. The blended rate included as we said earlier a 10% delinquent and a current collection. So the blended rate was looked at."
Ms. Gillespie, "And even with that factor it still came to a lower cost."
Mr. Leonard, "That's what I'm struggling with. The cost factor is really important here. Could we not establish a cost factor that is not a variable anymore that if you're going to do business you're going to do it in this number. That being the best number on the table; I don't know whose number it is at this point, I didn't grab a paper and I apologize for that."
Mr. Koluder, "I apologize if we're not answering your question, but these companies responded to our RFP we sent out. Those rates are what we handed out."
Linda Iezzi, "So that's their bid for the job basically? So Berkheimer has the cheapest rate for the job, right?"
Ms. Gillespie, "For the technology available, yes. These were proposals and they do not have the absolute lowest rate on the table as we just discussed with a question about the other collector, Central Tax."
Ms. Iezzi, "But their technology is better?"
Ms. Gillespie, "Their technology is better and there will be quicker and more efficient disbursement of funds back to the political subdivisions."
Mr. Koluder, "The numbers that we had available, Dan I believe and George, went out and got the current EIT collection by all the municipalities. Actually they went out and got the school ones and they doubled that assuming that the municipalities would be half of what the school did. Then we used 10% as delinquent collections. We applied those rates and that's how we're coming back saying with the exception of CenTax, Berkheimer's bid was lower. Again what this committee was asked to do was come back and make a recommendation of the whole picture which they've done and they've addressed that cost was an important factor and so was the technology part of it, and looking at both pieces the committee recommended Berkheimer."
Ms. Iezzi, "I totally understand that. But in the same sense is it going to be in their contract they will be centrally located because they are not here now?"
Mr. Koluder, "They do have one location. Our committee will decide where that will be. The only condition they had on it is that it would have to be in a place that doesn't charge them rent. So they would provide the cost all part of the 1.45."
Ms. Iezzi, "Who doesn't charge them rent?"
Ms. Gillespie, "Berkheimer is agreeing to establish more or less floating offices within some of our communities as much as we can agree on."
Ms. Iezzi, "It shouldn't be in Allegheny County."
Mr. Koluder, "There will be one in Westmoreland County."
Lee Kunkle, "I would like to know between Berkheimer and Keystone what the turnaround time is for disbursement of funds?"
Ms. Gillespie, "They're both roughly 3-5 days. Three to five days for deposit and disbursement immediately after. Between the two companies I will be very honest with you there was not a significant difference in the disbursements of funds. There was only with the third vendor."
Mr. Koluder, "Berkheimer said they would disburse twice a week during peak times and Keystone said they would disburse once a week."
Jude Abraham, "The part that is not clear to me from the value perspective is can somebody on the committee please help me understand the value of the retains interest, segregated account

versus not. It seems like if we're basing this off of the firms retaining the interest and it's a non-segregated account but we proposed or you summarized it in the format that shows there might be some value to this other way of handling it."
Mr. Koluder, "Our group felt we would like to keep the interest for the TCC; each individual entity keep their interest. Berkheimer and Keystone both said at this time that interest is not significant because of what the rates are and so forth, but they would like to cover their costs. Berkheimer said once we cover our costs then we would be willing to turn over the interest to you. Those are the types of things that we need to make sure that gets in the contract. It's easy enough to say that but we want to see it in the contract. So there are two ways to look at it; we keep the interest that's earned or the company keeps the interest. I think most of us would know the way we currently have the EIT we don't see interest; it's kept by the company."
Ms. Gillespie, "And it's very hard to estimate because it depends on how quick they disburse. We really have a hard time estimating it."
Mr. Koluder, "So we asked what happens if you keep the interest or we keep the interest? We got those rates and that's what we're showing you there."
Ms. Gillespie, "Berkheimer will give us a way to track it so we know what it is so we see it is only offsetting bank costs or whatever that amount is. They're giving us a way to track it."
Mr. Abraham, "I think the bigger concern would be the segregation of accounts. Did the committee evaluate whether segregating the accounts is better or worse than non-segregation?"
Mr. Koluder, "My sense of it was there are varying degrees of importance in each individual person on the RFP Committee and they used that in their decision making. I think both Keystone and Berkheimer said this interest is negligible, but we want to bring that money in and get it out to you as soon as possible going straight back out to the municipality as opposed to setting up a separate account coming into them, going into the Westmoreland County account, then going back out."
Mr. Abraham, "I'm sorry I'm being misunderstood. Does the segregation of accounts help in ensuring that each political subdivision's tax dollars are being properly reflected?"
Ms. Gillespie, "What Berkheimer offered in my opinion was the best of both worlds. Part of the issue is it was difficult to separate out those employer payments coming in because eventually this is all going to be employer-driven. It's all going to be withheld by employers depending on the technology, on-line filings, etc., etc. Berkheimer is able to offer currently today a complete accounting segregation of our funds so the minute funds for Westmoreland County come in it's almost a minute point that it's going into one account when the minute that dollar hits they can identify it as belonging to Westmoreland County and identifying it belongs to Hempfield School, Hempfield Township; to whatever proper political subdivision it does. They feel that adding initially that extra account will actually delay the efficiency or it would actually slow down the process. In our opinion and the recommendation we made was allowing for that accounting segregation."
Mr. Logan, "The rate is an important thing and from my opinion is a wash. They're both the same when you combine the current and the delinquent. But what is really more important is what percent of those delinquents get collected on a timely manner. That is a huge dollar difference into our flow, into our municipality. Is there anybody here that has any history with each company in that respect?"
James Morrison, "I participated in the interview process. I did not participate in the deliberations after the interview. I will qualify that the municipality of Murrysville does have Keystone Collections. I felt that through the process both Keystone and Berkheimer presented complete proposals. I felt that both were technologically capable of handling our accounts and I felt they were equal and we couldn't lose with either one. Admittedly the review of the technical aspects of the proposal, the other parts of the proposal are somewhat subjective, but I think a very good job was done debating out the reasoning there. So what I needed was something objective that

would help me make the decision and take the position that I did. I've had two stints in Murrysville and in between my stints there the municipality of Murrysville had both Keystone and Berkheimer do collections. During the first four years, '99 through 2003, Keystone was the delinquent collector; it was an appointed Tax Collector at that time. We averaged a delinquent collection of roughly $220,000 a year. The EIT in Murrysville represents 50% of our budget which is close to $3,000,000 a year; that's significant to us. During the middle three years there was a competitive process and Berkheimer was selected. Our delinquent tax was $113,000-$114,000; a 50% difference between those two periods. At the end of the three-year contract with Berkheimer, Keystone was selected through a competitive process, and the delinquent collection rate for the next four years went up to $208,000; a 42% increase. Again I have to say, Berkheimer and Keystone from the ability to do the job I believe are equal. My decision is based on my previous experience with the delinquent collection."
"I understand that Act 32 was put into place to collect current EIT, is that correct?"
Solicitor Maiello, "Yes."
"Is it mandated that the appointed EIT collector must also be the appointed delinquent tax collector? In other words, let's say Berkheimer is appointed this evening and let's say some of these municipalities or school districts might see a decrease in their delinquent EIT within the next couple of years and they would like to go back and we have to comply with the law, but if the committee as a whole chooses Berkheimer, you're stuck with Berkheimer. However, if you're not pleased with the delinquent tax collection, is there something that can be added in this agreement because I don't think this Act 32 covers delinquent tax collection, just current, that if the municipality or the school district would want to outsource the delinquent tax collection to someone other than the appointed vendor this evening that they would be at liberty to do that? Is that contrary to the law? I don't know the entire law; I just heard that this law mandates County-wide, current EIT collection."
Solicitor Maiello, "Beginning in 2012 the TCC does have to collect the delinquents; prior to that you can maintain that. The committee was concerned about delinquents also. Part of their instruction to me whenever I put together a sample contract was to include a provision that allows the TCC to sever the delinquent tax collection responsibilities of the appointed Tax Collector, take those away then appoint somebody else. Let's say in year two the delinquents are not moving as you think proper. The TCC has the ability to notify whoever is appointed as the Tax Officer that you're no longer going to be handling the delinquents and we are now going to use 'X' company to handle the delinquents. You can't individually....."
"It's going to be uniform County-wide?"
Solicitor Maiello, "Correct."
Mr. Koluder, "Berkheimer's contract did have severability. As part of that their rate would stay the same if they separated the delinquents. If we as a group would pull the delinquents away they would continue to collect the current at the current rate."
Solicitor Maiello, "That was one of the questions asked to all of the participants during the interviews. Berkheimer indicated they did not have an issue if they would be given notice."
Mr. Koluder, "And this contract would be for three years and then the group would approve the options for years four and five."
John Wilson, "I just want to echo some of what Jude Abraham said in that obviously this committee put a lot of time in and had a very thankless and difficult job; probably the most difficult one that this group faces, so I thank you for that. We right now collect all of our Act 511, 679, current and delinquent, in-house. When I talked with our tax supervisor, what I heard from her is that Keystone is the most responsive company. They get back to us quickly. When there is money due back to us we get it a lot faster than the other ones and she just feels that from her perspective of working with them that Keystone is easier to work with than the other two. Now granted, I'll say this as well, a couple of years ago we did look at farming out some of our

collections that were in-house, and I did not see the technology and I did not do a tour of Berkheimer nor did I do a tour of Central Tax Bureau, but when I toured Keystone I was floored by their technology system and their processes compared to what we do in-house at Norwin. That's my experience from us collecting it ourselves."
"If we were to make a motion tonight to put Berkheimer on as Tax Collector, we'd offer one contract and/or agreement. Is it true to say if we were to offer it to Keystone, would it be a different contract?"
Solicitor Maiello, "It would be the same sample contract. The difference is they all have different comments to it and there are certain provisions that the TCC felt very strongly about that they weren't willing to negotiate. We received different answers from each party. So with respect to those provisions where there's no willingness on the TCC's part to negotiate, that would be the same with everybody. There are certain ones that would not be considered substantive or minor where there would be some flexibility; we might give or take a little bit depending on who you appoint. They had different processes and from the committee's standpoint it was irrelevant because they didn't feel it impacted their efficiency whatsoever, so there, there'll be some flexibility but on certain core points the committee had indicated there wouldn't be flexibility. That is how the contract would be negotiated with whoever you appoint on a consistent basis."
Ms. Gillespie, "I would like to give the committee members a chance to add anything to the conversation if any of the committee members have anything to add or to bring to the group."
James Meyer, "There's a lot of focus here on the delinquent end of the collections. We have to keep in mind what Act 32 is. Act 32 will require every employer to withhold and file the taxes for every one of their employees. This is out there with the intent to eliminate a lot of the people that fall through the cracks. When you look at the delinquents you're looking at a large pool of what your history is at your school district or municipality now. But if everybody complies with Act 32 that pool should be dramatically small with what delinquents are out there. Yes we still need somebody to be aggressive. We still need somebody to go after these people to make sure the employers are complying with Act 32; self-employed individuals are complying with their employees as far as filing the taxes. When we're looking at the rates or how it affects our delinquents three years down the road in 2012 or 2014 you have to look at what pool of delinquents are going to be out there versus what's going to be taken care of if everyone complies with Act 32. I think that's an important factor, because again Act 32 requires every single employer to withhold from every single employee. That needs to be considered."
Mr. Amatangelo, "I wanted to respond to the comment from Norwin. As far as the technology is concerned, again, I wanted to point out one is SAS 70 proven and that meant a lot to us. The segregation of funds was extremely important to us at the beginning and all the way through the process, as far as the auditing process, as far as how the municipalities and school districts would be getting their funds, etc., etc. and I went through three quarters of the process and I felt that having a separate account was most important. If anything goes wrong the segregation will be the qualifier. Everything will be there; we'll be able to spin everything out and we'll be able to correct it. One of the things as far as the spreadsheet is concerned with the rates, what I thought was important was that even though it was a non-segregated account Berkheimer had the technology to do this. That weighed heavily on the committee. That was an important part of our recommendation also. Another thing about the SAS 70 audit, too, when we interviewed Keystone we went through and talked about segregation and they were very against segregation. They have the technology also to be able to pull it out and decipher between whose money is whose. But part of that SAS 70 was a rate increase, so even when I opened up the final cost estimate I didn't believe we were going to actually see the SAS 70 or the segregation. We did see the segregation but only at a higher cost. That meant something to the committee also. That

was all taken into account and I wanted to assure you that the segregated account was spoken about and every rock that could possibly be turned over was turned over on it."
Mr. Leonard, "If segregation of accounts is important, and yes Keystone increases their rate, and yes it's been inferred that Berkheimer will invest in a physical ability to segregate accounts, their rate is 2.45 versus 1.74 so unless I'm misunderstanding something….."
Mr. Amatangelo, "First of all CenTax was completely flexible. As far as Berkheimer they ensured that even though the account is non-segregated with their technology they have the ability to show everything you want to see and if it means that much to us they're going to provide the technology to us down the road."
Ms. Heming, "Why won't they do it now?"
Mr. Koluder, "For the start of 2012; the rate will stay, as Peggy pointed out, at 1.45 and, if we as a group would decide to do that, then it would be set and ready to go for 2012. There was some discussion as to whether or not we wanted to segregate it that way, too. One of the purposes of Act 32, in other words, it's the individual that's attached to let's say Greensburg Salem or Murrysville or something like that. So they talked about whether or not we wanted to set up a separate account or not, and as a group, we decided we would make that decision."
Ms. Heming, "If we tonight agree to move ahead with Berkheimer are we still in negotiations between the 1.45 if we want them to start in 2011, because I'm assuming Central and Keystone can do this January 1st; that's the one difference, correct? These rates are the same at 2011, where Berkheimer will give us a lower rate for segregated coming 2012?"
Mr. Koluder, "This contract isn't for early collections. So, if you were to go in 2011 and want them to collect it for that year, you would have to negotiate your own rate. The rate for the group, this contract starts January 1, 2012."
Ms. Heming, "Then that even further complicates my question. If that's the case then Berkheimer's bid for January 2012, why is the segregated account 2.45? I understand they don't have the technology now, but if they're planning on doing it why wouldn't they account; are we still negotiating with them is what I'm trying to understand?"
Ms. Gillespie, "As I mentioned the 1.45% is the rate the committee is recommending. That rate will include complete accounting segregation of our funds as well as initially the firm retaining the interest with the interest being dealt with in the final agreement. The 2.45 came into play when we were pressing on a physically separate account and we were pressing them for now, meaning in 2011 should we be looking for early implementation. They committed to the committee that if we still insisted on physical separation and they had some parameters dealing with the employer side of it which made it difficult for them to provide the technology prior to 2012. If we still insisted on physical separation they would work with this Commission at the 1.45% for 2012 to provide the physical separation as well."
Caprice Mills, "For the segregated account separately my question would be how are the funds handled today through CenTax, Keystone or Berkheimer? I don't think they're segregating now for each municipality so what is the difference as a County? If they're going to make errors in an accounting system; that can be made whether there's a segregated account or not."
Ms. Gillespie, "You're absolutely correct. They are not segregated now. But our focus was proper control over the County's funds. That's why we felt with the accounting segregation we're actually moving forward at that rate. I think that offered the best of both worlds if you will short of the physical segregation."
Angelo Pallone, "The idea is also to save money. We come together and nobody is segregating now and now we're looking at segregation. You have to have trust. You have to vote on the fact that their accounting records are correct. So I think there's no need for segregation."
William Porter, "I second that. It's a lump sum of cash. You don't audit the cash, you audit the trail, the accounting trail, and if the accounting doesn't jive with the cash then there's a problem, but it should always jive. What you audit is the accounting trail, not cash. Cash is cash. If it's

wrong it's going to be wrong like as in the separate accounts. If the accounting is off it's going to be wrong in separate accounts. Just because you have separate accounts it's not going to correct it."
Ms. Gillespie, "That's why we placed a lot of reliance on the SAS 70 to be honest with you. Having a proven record, having the integrity and the controls over that data processing; it's all about the accounting. That's why we placed extra reliance on that SAS 70."
Mr. Koluder, "We're trying to answer the questions the best we can but we gave this committee the task of going out and preparing the RFP, evaluating the bids and coming back with a recommendation. The RFP Committee has done that. We're trying to clarify the recommendation."
John Shepherd, "You had mentioned earlier the committee had an objective scoring sheet they used. Is there a final score for these three Tax Collectors or was it not really a score as much as you collectively got together and agreed upon who was number one, who was number two and who was number three?"
Mr. Koluder, "There was a scoring and ranking in the technical part of it. As Dan indicated in his letter we had the cost and we had the technical part of it. We took those and went around to each member of the group and then we took one final vote and asked who every person chose."
Mr. Shepherd, "Is there a final score that you would share with us? How close were the two?"
Ms. Gillespie, "Truthfully we used the numbers as opposed to good, better, best. We tried to find some numeric way to give some way to weigh them out. There were numeric scores though, and they were only to use as a guide to see how everybody ranked if you will, but then there was so much more discussion beyond that. But there were final scores."
Scott Sistek, "Is there any reason we can't get that information?"
Solicitor Maiello, "Berkheimer and CenTax on an overall score were approximately four points away; I think it was 368 for CenTax and 372 for Berkheimer and Keystone was 347. I'm qualifying those are from my notes."
Ms. Gillespie, "And again we had to kind of marry the two pieces of cost and technical. Part of the higher scores for CenTax were because of the cost because of the rate you're seeing on the sheet, but, again, the technology provided we did not feel would be efficient for the distribution of our funds. We tried to take the highest technical score which was Berkheimer and marry it to the lowest cost we could get for that service and that proved to be Berkheimer as well."
"Whether or not this is the lowest, best rate I can't say but it's a higher rate than we pay currently. We have a lower rate than what's on this sheet. So whether they put their best offer forth or not I'm not 100% sold. Secondly, what value did the committee put towards keeping local jobs, local tax money in Westmoreland County?"
Ms. Gillespie, "I can honestly say the committee wrestled with the fact that we had one local collector. In the end the overwhelming choice was for Berkheimer. We did wrestle with it; all of us individually and collectively."
Mr. Koluder, "I would just like to commend the committee for all the time and effort they put in. The questions you're asking were asked at the time and debated back and forth between everyone there. I understand you're in a tough situation now based upon in one hour we have to explain everything we did and we're trying to answer those questions to the best of our ability. That's the committee's recommendation. When it comes time to vote you guys make that decision on a case-by-case basis. It will be a roll call vote and the vote here is by the majority of the people here based on percentage; whatever your percentage is. It's not a one-to-one vote. So if you're larger your vote counts more than if you're smaller."
Ms. Iezzi, "Everybody here had the opportunity to be on this committee. This committee has just chosen what they thought was the best. I don't know which one is the best because I wasn't on that committee; I was on the Bylaws Committee. They're in the same position that everyone

here is in. Everybody here could have gone to those meetings and have been on the same committee. So that's what their recommendation is and everybody can vote how they want."
Diane Figg, "From an employer's standpoint I do payroll for people and Berkheimer is very user-friendly. You can file your returns on-line; you can pay your payments on-line. They get their money right out of the bank account; you don't have to send a check in. Actually if you do it on-line, you have to pay on-line. I had another client with Keystone and I did not find it easy to get into. I'm still waiting for an e-mail to have my account set up so I can do on-line access. Central Tax Bureau, I've tried to do on-line access with them, but it was not user-friendly, so I've never electronically filed through Central. So you have to consider the technology from an employer's standpoint because you want it to be easy and user-friendly to make it easy so they can timely file those returns and get the money in so the municipalities and school districts can get their money."
Mr. Leonard, "What was the technical score rating?"
Solicitor Maiello, "I have 158 for Berkheimer; 120 for CenTax and 149 for Keystone."
Mr. Koluder, "As Dan stated in his letter the committee used this information and then they went around again and asked everyone to choose someone, and as Peggy has stated the overwhelming majority chose Berkheimer based on everything they did to that point. Again we were given the task to do this and I want to commend every one of them. That doesn't mean you have to agree with them. They've come back with a recommendation and I think it's time to have a vote."
Mr. Grata, "What sort of a timeline or target date are you looking at because it appears that there's a number of i's to be dotted and t's to be crossed so to speak, in this negotiation? Let's assume you approve Berkheimer, when would all this be finalized so that everybody knows exactly where we're going?"
Mr. Koluder, "August 24, 2010. We would come back at the August meeting with the agreement in place or if we're not able to get the agreement then we would go to the next person in line. We have to do this by September 15th. If we don't, it's out of our hands. It would then go to the Courts. This is the motion written by our Solicitor. The motion will be to appoint Berkheimer Tax Administrator as the Tax Collector for the Westmoreland County Tax Collection District provided such appointment shall be subject to and conditioned upon the satisfactory negotiation by the RFP Committee of all terms and conditions inclusive of compensation of the Tax Collector Agreement; approval of the Tax Collector Agreement by the Tax Collector Committee. So there will be two motions on August 24th, is that correct?"
Solicitor Maiello, "There will be a resolution."
Mr. Koluder, "I'm sorry there will be a resolution on August 24th assuming that this passes this evening, and assuming that an agreement is reached, there will be another motion on August 24th."
Lee Kunkle **MOVED** to approve the motion put forth this evening as stated by Mr. Koluder, and Margaret Graham **SECONDED.** Roll call vote was taken. The percentages of the votes are **yes**, ~~54.61~~ **54.73**; **no**, ~~45.39~~ **45.27**. (Percentages corrected after the meeting adjourned.)
Mr. Koluder, "I know this is a very important decision. I can't thank the committee enough for the time and effort you put in. I would like to send out a special thanks to Dan Watson who has chaired this committee and I think everyone on the committee would agree that he's done an outstanding job. We may not all agree on every point but Dan handled it very professionally. Again thank you very much to the committee and we will need to have some additional meetings to work on the agreement."

Tax Appeals Board-No report.

Website-No report.

OTHER CONCERNS:

Upcoming WCTCC Meetings-Joe Koluder. Mr. Koluder, "Thanks for the quorum this evening. We will ask that all of you come on August 24, 2010 as well. We will have the approval of the agreement on that night as well."
"Can we have a copy of the vote tally so we can see how the percentages played out?"
Ms. Perez, "I can send it to you absolutely. It's the weighting the DCED established based on the percentage of your collections and your population."
Mr. Koluder, "So the RFP Committee will sit down with Berkheimer and our Solicitor, Lawrence, and we'll work out the final agreement and make sure everything is in place. They'll come back on August 24th with a recommendation to approve and Lawrence will have the resolution. As soon as he gets it to me I will get it to you. And we'll provide the agreement to you prior to the meeting."

PUBLIC COMMENT: No public comment this evening.

ADJOURNMENT:

Gordon Stoves **MOVED** to adjourn the meeting. **SECONDED:** Dallas Leonard. All voted unanimously to **adjourn**.

Time: 7:55 p.m.

Respectfully submitted,

Mary Perez
WCTCC Secretary
City Treasurer/Fiscal Director
City of Greensburg