

INTERMUNICIPAL AGREEMENT
AMONG "OVERPAID" AND "UNDERPAID" MUNICIPALITIES AND
SCHOOL DISTRICTS AND THE
LEBANON COUNTY EARNED INCOME TAX BUREAU

THIS AGREEMENT dated this _____ day of _____, 2010 is entered into by the Lebanon County Earned Income Tax Bureau and entities identified below as "underpaid" and "overpaid".

WITNESSETH:

WHEREAS, the following entities have been identified as "underpaid" in reports prepared for the Lebanon County Earned Income Tax Bureau ("Bureau") by McKonly and Asbury, LLP, dated January 22, 2009 and March 7, 2010 which addresses the distribution of earned income tax revenues within Lebanon County for the years 2004, 2005, 2006, and 2007 (the M&A Reports"): Annville Township, North Cornwall Township, North Lebanon Township, South Lebanon Township, Lebanon City, West Lebanon Township, Northern Lebanon School District, Jonestown Borough, Swatara Township, Union Township, Palmyra Area School District, North Londonderry Township and South Londonderry Township; and

WHEREAS, the following entities have been identified as "overpaid" in the M&A Reports : Annville-Cleona School District, Cleona Borough, North Annville Township, South Annville Township, Cornwall Lebanon School District, Cornwall Borough, Mount Gretna Borough, West Cornwall Township, Eastern Lebanon County School District, Heidelberg Township, Jackson Township, Millcreek Township, Myerstown Borough, Richland Borough, Lebanon School District, Bethel Township, East Hanover Township, and Palmyra Borough; and

WHEREAS, the Bureau collected the earned income tax (“the Taxes”) for all the entities set forth above for the years 2004, 2005, 2006, and 2007 and for various years preceding 2004 (collectively the “Tax Years”); and

WHEREAS, the underpaid and overpaid municipalities and school districts set forth herein have reached an agreement among and between themselves for payments by the overpaid entities to the underpaid entities, to resolve any disputes relating to the findings of the M&A Reports and for all the various years preceding 2004, without resorting to lengthy and costly litigation; and

WHEREAS, the Lebanon County Earned Income Tax Bureau joins in this Agreement.

NOW THEREFORE, the parties hereto for and in consideration of the mutual covenants and agreements contained herein to resolve their differences without litigation, each intending to be legally bound and pursuant to the statutory authority of 53 Pa. C.S.A. §2301 et. seq. do hereby agree as follows:

1. The Preamble clauses set forth above are incorporated herein as if fully set forth.
2. Payments made by the overpaid entities, and received by the underpaid entities, shall be in the amounts identified in the “Grumbine Plan”, a copy of which is attached hereto as Exhibit “A” and incorporated herein by reference as if set forth in full, over a ten (10) year period except as set forth in Clause 3 herein.
3. The overpaid municipalities of the Borough of Mount Gretna, Heidelberg Township, and the Borough of Cornwall shall have twenty (20) years to repay the funds as set forth on Exhibit “A”.

4. Payments shall be made and received hereunder without interest.

5. The Lebanon County Earned Income Tax Bureau will not contribute any funds toward the settlement described herein.

6. Upon the signing of this Agreement, the municipal entities shall enact an Ordinance and the school district entities shall adopt a Resolution at a public meeting approving and authorizing this Agreement pursuant to 53 Pa. C.S. §2307.

7. This Agreement shall become effective only if all of the underpaid entities and the Bureau complete the necessary action to comply with the Intergovernmental Cooperation Act and execute this Agreement. If the Bureau does not enter into this Agreement, or if less than all of the underpaid entities enter into this Agreement, this Agreement shall not have any force or effect and shall not be enforceable against any overpaid entity which has executed this Agreement. This Agreement may become effective if less than all of the overpaid entities execute this Agreement, in which case it shall be binding on the Bureau, all underpaid entities, and upon all overpaid entities signing this Agreement.

8. Further, this Agreement shall become enforceable only upon its approval by the Lebanon County Court of Common Pleas. Each entity which executes this Agreement agrees to cooperate reasonably in taking steps necessary to obtain such Order, and has authorized its Solicitor to execute such documents as may be necessary or desirable to present this Agreement to the Court and to request that the Court enter an Order to approve the Agreement.

9. The underpaid entities agree that they shall defend and indemnify each overpaid entity which has executed this Agreement and which is making payments in

accordance with this Agreement if any person or entity makes any claim against an overpaid entity relating in any manner to the Bureau's distribution of Taxes within Lebanon County for the Tax Years which are the subject of this Agreement including, but not limited to, claims for contribution by overpaid entities which have not executed this Agreement and joiner of any overpaid entity as an additional defendant in any action filed to collect Taxes. Any undersigned overpaid entity shall be entitled to compel the underpaid entities to provide a defense and pay any judgments and to recover all costs in seeking compliance with this Section, including but not limited to attorneys' fees, if the underpaid entities are in violation of this Section. If an undersigned overpaid entity incurs costs as a result of the underpaid entities violating this Section, such overpaid entity may, at its discretion, recover such costs through the deduction of such costs from any sums remaining to be paid under this Agreement. It is the intent of the parties that any overpaid entity which executes this Agreement and pays the sums set forth in Exhibit "A" shall have no other obligations whatsoever and shall incur no further costs related in any manner to the Bureau's distribution of Taxes within Lebanon County during the Tax Years other than the payment of the amount set forth in Exhibit "A".

10. Payments set forth on Exhibit "A" shall be paid annually to a payment agent who will receive the payments from the overpaid entities and pay the underpaid entities. Such annual payment shall be made on or before September 30th of each calendar year with the first payment commencing September 30, 2011. A separate written agreement with the paying agent must be approved by the governing body of each party to this Agreement, and each party agrees to cooperate reasonably in reaching such agreement with the paying agent.

11. Any fees or costs charged by the foregoing payment agent shall be proportionately withheld from amounts distributed to the underpaid entities pursuant to Exhibit "A".

12. Any overpaid entity, within sixty (60) days after entry of the foregoing Court Order approving this Agreement, pay its total sum owed pursuant to Exhibit "A" at a discount of two (2%) percent, which payment shall be distributed to all underpaid entities in the same percentages as set forth on Exhibit "A".

13. Any overpaid entity which fails to make an annual payment on or before September 30 of a calendar year shall pay a penalty of five (5%) percent of the amount which was required to be paid on or before September 30 of such calendar year plus any attorney's fees and costs of suit. The penalty shall be distributed to the underpaid entities in the same percentages of owed to them as set forth in Exhibit "A".

14. This Agreement represents a settlement of disputes among the parties concerning the distribution of Taxes within Lebanon County for the Tax Years. The amounts each party has been overpaid or underpaid as set forth in Exhibit "A" have been accepted only for the purposes of this Agreement and the settlement of potential litigation among these parties. The underpaid entities that have executed this Agreement do not concede that the amounts on Exhibit "A" represent the correct amounts of Taxes which should have been distributed to them for the Tax Years. The overpaid entities that have executed this Agreement do not concede that they have been overpaid Taxes for any of the Tax Years.

15. In exchange for the consideration identified herein, and intending to be legally bound hereby, all parties to this Agreement hereby release, forever quitclaim and

discharge each other (including any officer, director, agent, employee, attorney, contractor or representative of any party hereto), of an from any and all claims, demands, damages, actions, causes of action, liens, or liability relating to or arising from the distribution of earned income tax within Lebanon County during the Tax Years.

IN WITNESS WHEREOF, the parties hereto, and intending to be legally bound thereby, have set their hands and seals the day and year first set forth above.

ATTEST: : LEBANON COUNTY INCOME
: TAX BUREAU
:
:
:
: By: _____
: Its _____

ATTEST: : ANNVILLE-CLEONA SCHOOL DISTRICT
:
:
: By: _____
: Its _____

ATTEST: : ANNVILLE TOWNSHIP
:
:
: By: _____
: Its _____

ATTEST: : CLEONA BOROUGH
:
:
: By: _____
: Its _____

ATTEST: : NORTH ANNVILLE TOWNSHIP
:
:
: By: _____
: Its _____

ATTEST: :
:
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SOUTH ANNVILLE TOWNSHIP

By: _____
Its _____

ATTEST: :
:
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:

CORNWALL LEBANON SCHOOL DISTRICT

By: _____
Its _____

ATTEST: :
:
:

:

CORNWALL BOROUGH

By: _____
Its _____

ATTEST: :
:
:

:

MOUNT GRETNA BOROUGH

By: _____
Its _____

ATTEST: :
:
:

:

NORTH CORNWALL TOWNSHIP

By: _____
Its _____

ATTEST: :
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NORTH LEBANON TOWNSHIP

By: _____
Its _____

ATTEST: :
:
:

:

SOUTH LEBANON TOWNSHIP

By: _____
Its _____

ATTEST: :

WEST CORNWALL TOWNSHIP

_____ :

By: _____

Its _____

ATTEST: :

EASTERN LEBANON COUNTY SCHOOL DISTRICT

_____ :

By: _____

Its _____

ATTEST: :

HEIDELBERG TOWNSHIP

_____ :

By: _____

Its _____

ATTEST: :

JACKSON TOWNSHIP

_____ :

By: _____

Its _____

ATTEST: :

MILLCREEK TOWNSHIP

_____ :

By: _____

Its _____

ATTEST: :

MYERSTOWN BOROUGH

_____ :

By: _____

Its _____

ATTEST: :

RICHLAND BOROUGH

_____ :

By: _____

Its _____

ATTEST: :
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LEBANON SCHOOL DISTRICT

By: _____
Its _____

ATTEST: :
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LEBANON CITY

By: _____
Its _____

ATTEST: :
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WEST LEBANON TOWNSHIP

By: _____
Its _____

ATTEST: :
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NORTHERN LEBANON SCHOOL DISTRICT

By: _____
Its _____

ATTEST: :
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BETHEL TOWNSHIP

By: _____
Its _____

ATTEST: :
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EAST HANOVER TOWNSHIP

By: _____
Its _____

ATTEST: :
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JONESTOWN BOROUGH

By: _____
Its _____

ATTEST: :

SWATARA TOWNSHIP

:

By: _____
Its _____

ATTEST: :

UNION TOWNSHIP

:

By: _____
Its _____

ATTEST: :

PALMYRA AREA SCHOOL DISTRICT

:

By: _____
Its _____

ATTEST: :

PALMYRA BOROUGH

:

By: _____
Its _____

ATTEST: :

NORTH LONDONDERRY TOWNSHIP

:

By: _____
Its _____

ATTEST: :

SOUTH LONDONDERRY TOWNSHIP

:

By: _____
Its _____

MODIFIED "GRUMBINE" PLAN - 3/30/2010

School District/Municipality	2000 Census - Population	# of Properties 11/16/2009	Assessed Value as of 11/16/2009	Municipality/ School District Tax Rate 2010	OVER	UNDER	20 YEARS OR 10-YRS*	Years Paid	Total Payment after 10 Years	% of Total to Underpaid	Annual Payment to Underpaid for Years 1-10 to be Received	Total Payments to Underpaid After 10 Years	Outstanding Balance Due to Underpaid After 10 Years	Balance Due From Overpaid Remaining After 10 Years	Years to Pay Off
Annville-Cleona School District	11,891	4,530	\$ 99,820,500.00	93.49	\$ 500,523.00	\$ -	\$ 50,052.30	10.00	\$ 500,523.00	---	\$ -	\$ -	\$ -	\$ -	---
Annville	4,518	1342	\$ 24,956,500.00	20	\$ -	\$ 11,996.40	\$ -	---	\$ -	0.21 %	\$ 984.48	\$ 9,844.83	\$ 2,151.57	\$ -	---
Cleona Boro	2,148	881	\$ 17,181,200.00	20.8	\$ 43,806.82	\$ -	\$ 4,380.68	10.00	\$ 43,806.82	---	\$ -	\$ -	\$ -	\$ -	---
North Annville Twp	2,279	999	\$ 21,640,200.00	0	\$ 275,413.94	\$ -	\$ 27,541.39	10.00	\$ 275,413.94	---	\$ -	\$ -	\$ -	\$ -	---
South Annville Twp	2,946	1308	\$ 36,042,600.00	6	\$ 313,720.28	\$ -	\$ 31,372.03	10.00	\$ 313,720.28	---	\$ -	\$ -	\$ -	\$ -	---
Cornwall Lebanon School District	31,052	14,131	\$ 376,280,100.00	94.23	\$ 384,926.28	\$ -	\$ 38,492.63	10.00	\$ 384,926.28	---	\$ -	\$ -	\$ -	\$ -	---
Cornwall Boro	3,486	1658	\$ 49,355,700.00	10	\$ 1,056,677.45	\$ -	\$ 52,833.87	20.00	\$ 528,338.72	---	\$ -	\$ -	\$ -	\$ 528,338.72	10.00
Fairview		44	\$ 743,900.00	17	\$ -	\$ -	\$ -	---	\$ -	---	\$ -	\$ -	\$ -	\$ -	---
Mt. Gretna Boro	242	243	\$ 3,525,200.00	15.97	\$ 219,053.91	\$ -	\$ 10,952.70	20.00	\$ 109,526.96	---	\$ -	\$ -	\$ -	\$ 109,526.96	10.00
North Cornwall Twp	6,403	2648	\$ 91,967,400.00	9	\$ -	\$ 315,164.25	\$ -	---	\$ -	5.53 %	\$ 25,863.91	\$ 258,639.07	\$ 56,525.19	\$ -	---
North Lebanon Twp	10,629	4700	\$ 108,329,100.00	8.5	\$ -	\$ 822,264.07	\$ -	---	\$ -	14.44 %	\$ 67,478.98	\$ 674,789.76	\$ 147,474.31	\$ -	---
South Lebanon Twp	8,383	3635	\$ 100,082,100.00	8.5	\$ -	\$ 459,635.34	\$ -	---	\$ -	8.07 %	\$ 37,719.90	\$ 377,199.04	\$ 82,436.30	\$ -	---
West Cornwall Twp	1,909	1203	\$ 22,276,700.00	3.5	\$ 129,588.44	\$ -	\$ 12,958.84	10.00	\$ 129,588.44	---	\$ -	\$ -	\$ -	\$ -	---
Eastern Lebanon School District	17,770	8,288	\$ 196,593,300.00	96.04	\$ 1,171,005.50	\$ -	\$ 117,100.55	10.00	\$ 1,171,005.50	---	\$ -	\$ -	\$ -	\$ -	---
Heidelberg	3,832	1654	\$ 39,425,700.00	4.8	\$ 766,830.89	\$ -	\$ 38,341.54	20.00	\$ 383,415.45	---	\$ -	\$ -	\$ -	\$ 383,415.45	10.00
Jackson	6,338	3378	\$ 92,604,800.00	1.5	\$ 47,838.69	\$ -	\$ 4,783.87	10.00	\$ 47,838.69	---	\$ -	\$ -	\$ -	\$ -	---
Millcreek	2,921	1577	\$ 32,574,800.00	5	\$ 941.76	\$ -	\$ 94.18	10.00	\$ 941.76	---	\$ -	\$ -	\$ -	\$ -	---
Myerstown Boro	3,171	1056	\$ 19,475,100.00	15.5	\$ 44,387.37	\$ -	\$ 4,438.74	10.00	\$ 44,387.37	---	\$ -	\$ -	\$ -	\$ -	---
Richland Boro	1,508	623	\$ 12,512,900.00	12.5	\$ 26,312.78	\$ -	\$ 2,631.28	10.00	\$ 26,312.78	---	\$ -	\$ -	\$ -	\$ -	---
Lebanon School District	25,297	8,737	\$ 130,920,900.00	115.51	\$ 326,089.11	\$ -	\$ 32,608.91	10.00	\$ 326,089.11	---	\$ -	\$ -	\$ -	\$ -	---
Fairview		-44	\$ (741,600.00)	17.0	\$ -	\$ -	\$ -	---	\$ -	---	\$ -	\$ -	\$ -	\$ -	---
Lebanon City	24,461	8,444	\$ 123,020,000.00		\$ -	\$ 1,447,958.54	\$ -	---	\$ -	25.43 %	\$ 118,826.50	\$ 1,188,264.97	\$ 259,693.56	\$ -	---
West Lebanon Twp	836	337	\$ 8,642,500.00	19	\$ -	\$ 62,135.66	\$ -	---	\$ -	1.09 %	\$ 5,099.15	\$ 50,991.53	\$ 11,144.12	\$ -	---
Northern Lebanon School District	14,992	7,460	\$ 170,108,200.00	82.50	\$ -	\$ 107,236.24	\$ -	---	\$ -	1.88 %	\$ 8,800.33	\$ 88,003.26	\$ 19,232.98	\$ -	---
Bethel Twp	4,526	2230	\$ 52,819,300.00	3.3	\$ 70,571.51	\$ -	\$ 7,057.15	10.00	\$ 70,571.51	---	\$ -	\$ -	\$ -	\$ -	---
Cold Springs	49	45	\$ 485,700.00	0	\$ -	\$ -	\$ -	---	\$ -	---	\$ -	\$ -	\$ -	\$ -	---
East Hanover Twp	2,858	1282	\$ 28,209,800.00	2.5	\$ 186,941.80	\$ -	\$ 18,694.18	10.00	\$ 186,941.80	---	\$ -	\$ -	\$ -	\$ -	---
Jonestown Borough	1,028	557	\$ 11,247,700.00	10	\$ -	\$ 166,503.09	\$ -	---	\$ -	2.92 %	\$ 13,664.05	\$ 136,640.51	\$ 29,862.58	\$ -	---
Swatara Twp	3,941	1998	\$ 35,997,800.00	2	\$ -	\$ 166,457.74	\$ -	---	\$ -	2.92 %	\$ 13,660.33	\$ 136,603.30	\$ 29,854.45	\$ -	---
Union Twp	2,590	1348	\$ 41,347,900.00	2	\$ -	\$ 159,455.69	\$ -	---	\$ -	2.80 %	\$ 13,085.71	\$ 130,857.07	\$ 28,598.62	\$ -	---
Palmyra Area School District	19,325	8,789	\$ 237,591,400.00	91.75	\$ -	\$ 859,018.57	\$ -	---	\$ -	15.09 %	\$ 70,495.23	\$ 704,952.29	\$ 154,066.29	\$ -	---
Palmyra Borough	7,096	2752	\$ 57,162,400.00	17.5	\$ 129,669.20	\$ -	\$ 12,966.92	10.00	\$ 129,669.20	---	\$ -	\$ -	\$ -	\$ -	---
N Londonderry Twp	6,771	3166	\$ 105,216,800.00	9	\$ -	\$ 587,268.05	\$ -	---	\$ -	10.31 %	\$ 48,194.06	\$ 481,940.64	\$ 105,327.42	\$ -	---
S. Londonderry Twp	5,458	2871	\$ 75,212,200.00	9	\$ -	\$ 529,205.07	\$ -	---	\$ -	9.29 %	\$ 43,429.13	\$ 434,291.34	\$ 94,913.73	\$ -	---

Totals \$ 5,694,298.74 \$ 5,694,298.74 \$ 467,301.76 \$ 4,673,017.61 100.00 % \$ 467,301.76 \$ 4,673,017.61 \$ 1,021,281.13 \$ 1,021,281.13
17.94%

Legend
20 YEARS-NEW
20 YRS-ORIGINAL
10 YRS-ORIGINAL

Percentage of Balance Due