



BAKER TILLY

Baker Tilly Virchow Krause, LLP
Ten Terrace Ct, PO Box 7398
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August 22, 2011

Mr. Peter Kolb, Director
Mr. Nazer Uddin, Senior Financial Officer
Lake County Public Works Department
650 West Winchester Road
Libertyville, IL 60048-1391

Dear Peter and Nazer:

We are pleased to confirm our understanding of the revised services we are to provide to the Lake County Public Works Department.

Based on our understanding of the correspondence that has taken place between the Lake County Public Works Department (department) and Baker Tilly Virchow Krause, LLP (Baker Tilly), it was determined Baker Tilly be required to revise the services related to the completion of the water and sewer rate and connection fee study as determined in the original scope as identified in Agreement #101543. This letter is to confirm our understanding of the terms and objectives in relation to these services.

REVISED SCOPE CHANGE ORDER #1

Our understanding of the services to be provided is as follows:

- > Revise rate study results to reflect forecasted 2012 test year
- > Revise the retail sewer rate structure to include one rate for each retail region
- > Create overall comparison of increase/decrease as determined using the cash basis approach to the increase/decrease that would result from using the utility basis approach

FEES

Our estimated fees for these services are as follows: \$ 27,000

The fees assume approximately 120 hours for on- and off-site fieldwork and 24 hours for travel. All out-of-pocket expenses, such as lodging and mileage, would be passed through at cost.

Our fees are based on known circumstances at the time of this agreement. Should circumstances change significantly during the course of this engagement, we will discuss with you the need for any revised fees.

All other terms and conditions of our December 15, 2009 engagement letter remain in effect.

27,000
19,000

46,000



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October 14, 2011

Mr. Peter Kolb, Director
Mr. Nazer Uddin, Senior Financial Officer
Lake County Public Works Department
650 West Winchester Road
Libertyville, IL 60048-1391

Dear Peter and Nazer:

We are pleased to confirm our understanding of the additional services we are to provide to the Lake County Public Works Department.

Based on our understanding of the correspondence that has taken place between the Lake County Public Works Department (department) and Baker Tilly Virchow Krause, LLP (Baker Tilly), it was determined Baker Tilly be requested to provide additional services related to leading multiple working sessions with management and the committee related to policy questions and theory in order to complete the water and sewer rate and connection fee study as determined in the original scope as identified in Agreement #101543. This letter is to confirm our understanding of the terms and objectives in relation to these additional services.

REVISED SCOPE

Change Order # 2

Our understanding of the additional services to be provided is as follows:

- > Develop working session materials related to the following issues:
 - Minimum Bill vs. Fixed Charge
 - Possible development of increasing rate block structure (conservation rates)
 - Summer sewer credit
 - Private and public fire protection
- > Provide one (1) working session with management and up to an additional three (3) working sessions with the committee in relation to these issues

FEES

Our estimated fees for these services are as follows: **\$ 19,000**

The fees assume approximately 112 hours for on- and off-site fieldwork and travel. All out-of-pocket expenses, such as mileage, would be passed through at cost.

Our fees are based on expected circumstances at the time of this agreement. Should circumstances change significantly during the course of this engagement, we will discuss with you the need for any revised fees. Should management and the committee wish to implement changes to the rate study based on the results of the aforementioned working sessions additional fees may be requested.

All other terms and conditions of our December 15, 2009 engagement letter remain in effect.