

DRAFT 5/23/13

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May __, 2013

**PERSONAL AND CONFIDENTIAL
ATTORNEY-CLIENT COMMUNICATION**

Mr. Scott R. Niehaus
Village Manager
Village of Tinley Park
16250 South Oak Park Avenue
Tinley Park, Illinois 60477

Re: Scope of Additional Services—Water Matters

Dear Mr. Niehaus:

Thank you for requesting a description of and estimated budget for an additional scope of legal services by Holland & Knight to expand on the three previous scopes of work described in my February 26, 2010, August 3, 2011 and August 1, 2012 letters to you. During the course of these scopes of work, we have provided advice to Tinley Park regarding issues involved in Tinley Park's Water Contract with Oak Lawn and the potential renewal of that Contract and similar contracts held by the other interested communities of Orland Park, Mokena, New Lenox, and Oak Forest (collectively with Tinley Park, the "Working Group").

The Working Group received an initial draft Water Contract from Oak Lawn in spring of 2011 and since that time the Working Group and Oak Lawn have been engaged in discussion and analysis of the full range of issues involved in establishing a long-term working relationship for the provision of water to the Working Group members, including coordination and operational issues, source of supply issues with the City of Chicago, capital construction planning and financing, and the rates for water service. During this period, many non-rate issues, both large and small, have been resolved and converted to contract language, while a small group of non-rate issues remain under discussion.

In addition, during this period, Oak Lawn and its team of consultants have provided further information on and modeling of various aspects of Oak Lawn's rate proposal. The Working Group has elected to undertake the analysis of the financial impact of various rate alternatives with internal municipal resources rather than retain an outside firm. Our services include working with you to clarify, in the proposed contract and related exhibits, those elements of the final rate that are mutually agreed upon with Oak Lawn.

At this point, our work is expected to focus on a group of tasks to support the conclusion of a form of water contract, including: preparation and revision of draft contract language on the

outstanding non-rate issues and the related exhibits; analysis of issues identified from the Oak Lawn rate proposal and preparation and discussion of draft language on rate issues for the contract and related exhibits; review of the proposed consolidated draft contract and exhibits when the parties believe they have reached agreement on all business terms; and completing the contracts for execution and confirming approval by all necessary parties.

Enclosed in Exhibit A is our proposed scope of work and estimated budget to assist the Working Group in its continued discussions with Oak Lawn. Please note that I have not increased my hourly rate for this project in the new year. We recognize that the Working Group and Oak Lawn would like to conclude this project soon and have prepared this budget in light of the likely level of effort required to achieve a form of Contract with Oak Lawn that will address the common concerns of the Working Group. To date, our work has been to produce materials that will inform the Group members, rather than advocating positions that are not in the common interest of or mutually agreed by the Group members. However, as noted previously, we anticipate that in the provision of legal services it may be necessary for us to work directly with each member of the Working Group, which may require us to secure engagements and any necessary waivers and consents from each of the members.

Our services will be provided under the terms outlined in our initial engagement letter to you.

If the terms outlined above and in the attached Exhibit A are satisfactory, please so indicate by signing and returning a copy of this letter.

We look forward to working with you and the Working Group to bring these matters to a successful conclusion.

Very truly yours,

HOLLAND & KNIGHT LLP

By: _____
Barbara A. Adams

Enclosure

Approved this _____ day of _____, 2013.

VILLAGE OF TINLEY PARK

By: _____

Its: _____

EXHIBIT A
WORK PLAN

TASK	BUDGET
CONTRACT REVIEW AND DRAFTING: Includes review and analysis of both non-rate and rate issues raised in revised drafts of the proposed water contract from Oak Lawn and its impacts, meetings with other consultants (management and engineering) in the analysis of issues, drafting revised or additional language for inclusion in contract. Est. 100-130 hours	\$ 34,000-44,000
MEETINGS WITH WORKING GROUP MEMBERS: Includes regular meetings with village managers/city administrators/management consultant, and periodic meetings with the mayors; and periodic meetings with subject matter teams (such as public works directors, finance directors, etc.) to review particular issues, obtain direction about key issues, and develop strategies for negotiation. Est. 80-100 hours	\$ 27,000-34,000
NEGOTIATIONS WITH OAK LAWN: Includes meetings with representatives of Oak Lawn to discuss issues, contract language and related exhibits; consultation with the Working Group's negotiating team; preparation of materials for negotiation sessions. Est. 80-100 hours	\$27,000-34,000
LEGAL RESEARCH/OPINIONS: Includes examination of law pertaining to contract terms raised by Working Group members or in negotiation with Oak Lawn. Est. 8-10 hours	\$ 3,000
TOTAL (see notes below for possible adjustments)	\$91,000-115,000

NOTES:

1. Probable Schedule. These budget estimates are based upon an estimated schedule of meetings with Oak Lawn. Some tasks may require a greater or lesser level of effort as matters proceed, and it is anticipated that some reallocation of budget to tasks where there is greater demand may occur.
2. Contract Preparation. To date, Oak Lawn has prepared all but two of the full contract drafts and exhibits; thus, this proposal does not include a shift in responsibility for preparation of complete contract drafts.
3. Key Issues. A few key issues remain pending which, if pursued, are likely to require an additional level of effort, such as complex rebate or return on investment formulas for payments by the Working Group to be returned from other Oak Lawn customers. Each of these issues could require as much as 25-30 hours of additional work, which would add about \$10,000 per issue to the budget.