

**RESOLUTION AUTHORIZING AND APPROVING
AN AGREEMENT WITH BAKER TILLY VIRCHOW KRAUSE, LLP.**

WHEREAS, the Village of Barrington Hills (“Village”) located in the Counties of Cook, Kane, Lake and McHenry in the State of Illinois, is a home rule municipality; and

WHEREAS, the President and Board of Trustees of the Village deem it advisable, necessary, appropriate, and in the public interest and find that it would best serve the public and corporate purposes for the Village to enter into an Engagement letter with standard business terms set forth a contractual agreement for Baker Tilly Virchow Krause, LLP (“Agreement”), to analyze the financial impact of a proposed collective bargaining agreement with Metropolitan Alliance of Police Barrington Hills Chapter #576 a copy of which Agreement is attached hereto and expressly made a part hereof as Exhibit A.

NOW, THEREFORE, BE IT RESOLVED by the President and Board of Trustees of the Village of Barrington Hills, located in the Counties of Cook, Kane, Lake and McHenry in the State of Illinois, a home rule municipality as follows:

Section 1: Recitals. The foregoing recitals are hereby incorporated into this Resolution as findings of the President and Board of Trustees.

Section 2: Authorization. The President and Board of Trustees hereby authorize and approve the execution of the Agreement substantially in the form attached hereto and made part hereof as Exhibit A.

Section 3: Execution and Delivery. The President and Village Clerk of the Village of Barrington Hills are hereby authorized and directed to execute and deliver the Agreement substantially in the form of Exhibit A and to do all things necessary and essential, including the execution of any other documents and certificates to accomplish the agreement hereinabove authorized and set forth in the Agreement.

Section 4: Ratification. All actions take by the President prior to the date hereof are hereby ratified and confirmed.

Section 5: Effective Date. This Resolution shall be in full force an effect from and after its approval and publication according to law.

APPROVED THIS ____ day of January, 2013.

AYES: _____ NAYS: _____ ABSENT: _____

ATTEST:

Village Clerk

Village President

EXHIBIT A



Baker Tilly Virchow Krause, LLP
Ten Terrace Ct, PO Box 7398
Madison, WI 53707-7398
tel 608 249 6622
fax 608 249 8532
bakertilly.com

January 24, 2013

Mr. Robert G. Abboud, President
Village of Barrington Hills
112 Algonquin Road
Barrington Hills, IL 60010

Dear Mr. Abboud:

This engagement letter and the attached standard business terms set forth a contractual agreement for Baker Tilly Virchow Krause, LLP ("Baker Tilly", "Contractor", "we" or "our") to provide project management assistance to the Village of Barrington Hills ("the Village" or "Client") regarding the calculation of compensation and benefits costs. Specifically, our review will analyze potential costs associated with proposed compensation and benefit changes of Village police officers, as currently being negotiated as part of a collective bargaining process between the Village and the Metropolitan Alliance of Police, Barrington Hills Police Chapter #576. The letter which follows summarizes the scope of work, project timeline, expected deliverables, and fees for the services to be provided by Baker Tilly.

Project Objectives and Scope

Baker Tilly will provide the estimated costs for six areas of compensation using the Union's proposed changes to compensation policy. The six areas include:

1. Overtime Pay
2. Compensatory Time
3. Longevity Bonus
4. Vacation Carryover
5. Holiday Bank
6. Health and Dental Insurance

The Village has directed Baker Tilly to calculate the costs for each of the six categories using the criteria from the police Union's proposal dated March 31, 2011.

Deliverable: An Excel spreadsheet containing the estimated costs for each of the six categories, including the assumptions used.

The project scope and deliverables are outlined below. We will collaborate with the Village President and project manager to outline key information to be brought to the Village President for decision making.

Mr. Robert G. Abboud
President, Village of Barrington Hills

January 24, 2013
Page 2

We currently expect to apply the agreed-upon procedures listed below. The engagement will not be completed until the Project Liaison agrees that the procedures are sufficient for its purposes. Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described either for the purpose for which this report has been requested or for any other purpose. If, for any reason, we are unable to complete the procedures, or if we determine in our professional judgment the circumstances necessitate, we will describe any restrictions on the performance of the procedures in our report, or may withdraw and decline to issue a report as a result of this engagement.

Because the agreed-upon procedures listed do not constitute an examination, we will not express an opinion on the final costs to actually be incurred by the City. In addition, we have no obligation to perform any procedures beyond those listed in the attached schedule.

At the conclusion of our engagement, we will require a representation letter from management that, among other things, will confirm management's responsibility for the presentation of the final anticipated contract costs.

In addition to the spreadsheet, we will submit a report listing the procedures performed and our findings. This report is intended solely for the use of the Village of Barrington Hill's, and should not be used by anyone other than this specified party. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Agreed Upon Procedures:

We will calculate the estimated costs for the identified six areas, as indicated by the calculation methods and assumptions provided by the Village.

1. Overtime (OT) Pay

For Calendar Year (CY) 2011 and CY 2012, determine the amount of overtime to be paid retroactively for CY 2011 and CY 2012, with an additional breakout showing the amount of 7% interest applied. For CY 2013 and CY 2014, calculate the estimated overtime pay anticipated based on historical rates of OT usage.

2. Compensatory Time

For CY 2011 and CY 2012, determine the cost of compensatory time based on the number of hours accrued for each officer. For CY 2013 and CY 2014, estimate the costs associated with compensatory time by:

- > The cost of paying a total of 12 hours of compensatory time each month; and
- > The cost of paying 80 hours of compensatory time for each officer annually.

Compensatory time earnings and costs will be calculated per Section 7.6 of the Union's Proposal dated March 31, 2011.

3. Longevity Bonus

For CY 2013 and CY 2014, determine the cost of the longevity bonus for each officer based on the number of years of service. The amount will be determined using the figures in Section 7.10 of the Union's Proposal dated March 31, 2011.

Mr. Robert G. Abboud
President, Village of Barrington Hills

January 24, 2013
Page 3

4. Vacation Carryover

For each year from CY 2011 through CY 2014, estimate the amount paid in vacation carryover using the conditions included in Section 8.4 of the Union's Proposal dated March 31, 2011, which would increase the amount each officer could carryover to the total amount they earn in each calendar year.

5. Holiday Bank

For each year from CY 2011 through CY 2014, estimate the total amount paid from banked holiday time using the conditions included in Section 9.2 and 9.3 of the Union's Proposal dated March 31, 2011.

6. Health and Dental Insurance

Determine the Village's cost to pay the health and dental premiums in several scenarios based on the percentage of officers who waive health or dental benefits.

To complete our work, we will use the following information provided by the Village:

- > The number of hours given, used, and balances for compensatory time, duty reduction, holiday, sick leave, and vacation for each office for CY 2011 and CY 2012
- > The date of hire for each officer
- > The total number of overtime hours incurred for each officer for CY 2011 and CY 2012
- > The CY 2013 monthly premiums for health insurance, which totals \$592.07 per month, and for dental insurance, which totals \$46.36 per month.
- > The percentage used to calculate officers' pension contribution.

Calculations using wage rates will include those rates included in the Union's Proposal dated March 31, 2011. Annual base salaries will be calculated using the wage rate multiplied by 2,080 hours.

In some cases, Baker Tilly may provide several estimates of costs based on potential scenarios, such as different rates of overtime for 2013 or 2014. These scenarios are for illustrative purposes only and do not reflect the opinion of Baker Tilly.

Our services will not include the following. We recommend that the Village seek advice from their legal counsel where appropriate:

- > Legal interpretation issues with regards to the current bargaining relationship between the Village and the Metropolitan Alliance of Police, Barrington Hills Police Chapter #576.
- > Employment law related matters
- > Legal review of various policies and procedures
- > Tax advice

While we will not serve to provide legal advice, we will work with you to incorporate the legal advice of your attorneys into the assumptions used in calculating these costs.

Project Timetable

The project will commence upon receipt of the requested information and will be conducted within 3 business days. We anticipate the deliverable to be available by 3:00 p.m. on January 28, 2013.

Mr. Robert G. Abboud
President, Village of Barrington Hills

January 24, 2013
Page 4

This timeline assumes the availability of data and the availability of Village staff to answer questions, Village elected officials and legal counsel to provide advice or make decisions as required.

Project Professional Fees and Expenses

Professional fees are not to exceed \$7,200, inclusive of expenses.

Our cost estimates for this project are based on the assumption that we will not have to expend a significant amount of time performing data extraction or reviewing paper records, but would have access to, and be provided with electronic or other readily available data. If we are required to utilize our services to a greater extent for data extraction, or if the Village is unable to provide electronic information resulting in our having to expend time entering manual records into spreadsheets, databases, or other electronic systems to be used for our analytical purposes, we would develop an appropriate estimate of hours and costs associated with this additional work, and submit to the Village.

Additionally, these fees and our project timeline assume that appropriate staff and officials will be available per the agreed-to schedules and that information will be provided within the specified timeframes. Costs incurred for multiple requests for information or rescheduled interviews will be passed on to the County after discussion with the County's project liaison.

Additions to the project scope beyond those noted above and associated costs will only be incurred with prior approval of the Village's designated project manager.

Billings will be rendered month and payment shall be made within 30 days of receipt.

Non-Attest Services

The services that we are providing constitute non-attest services. While our team is responsible for overall project management on this project, the Village is responsible for reviewing and understanding the nature of our work and the impact that our work will have on the Village.

As part of our Services, we will not perform any management functions or make management decisions on the Village's behalf with respect to any non-attest services we provide.

In connection with our performance of our non-attest services, the Village agrees that they will do the following:

- > Continue to make all management decisions and perform all management functions, including approving all deliverables that are submitted to you.
- > Designate an employee with suitable skill, knowledge and/or experience, preferably within senior management, to oversee the services we perform.
- > Evaluate the adequacy and results of the Services we are perform under this Engagement Letter.
- > Accept responsibility for the results of the Services we are performing.
- > Establish and maintain internal controls, including monitoring ongoing activities related to these Services.

Mr. Robert G. Abboud
President, Village of Barrington Hills

January 24, 2013
Page 5

To ensure effective project management, we also suggest that you:

- > Appoint a project liaison to coordinate scheduling, data collection, and other logistical arrangements, and to receive project status reports from the project team.
- > Establish a project Steering Committee to review the overall direction of the project, and receive the project deliverables.
- > Determine appropriate involvement of Village Board or Committee members.
- > Ensure proper two-way communication between the project team and the client is occurring throughout the project.
- > Ensure we are incorporating appropriate points of Village stakeholder engagement throughout process.

Contractor shall submit all deliverable products and payment invoices to Client's project manager for review and approval. We understand that Rosemary Ryba, Village Treasure will serve as Client's project manager.

If the terms of this agreement and the attached standard business terms are acceptable, please sign below and keep one signed copy for your records and return the other to Christine Smith, Principal.

If there are any questions regarding the engagement letter, please contact Christine Smith, the engagement principal at 608 240 2391 or christine.smith@bakertilly.com. If the services outlined herein are in accordance with your requirements, and if the above terms are acceptable, please have one copy of this letter signed in the space provided below and return.

We look forward to working with you on this project.

Sincerely,

BAKER TILLY VIRCHOW KRAUSE, LLP



Enclosures

The services and terms set forth in the Engagement Letter are agreed to by:

Village of Barrington Hills, IL Representative

Name

Title

Signature

Date

Baker Tilly Virchow Krause, LLP

Standard Business Terms

These Standard Business Terms ("Terms") govern the services provided by Baker Tilly Virchow Krause, LLP ("Baker Tilly" or "we") set forth in the Engagement Letter to which these Terms are attached (the "Services"). These Terms, together with the Engagement Letter to which they are attached, constitute the entire understanding and agreement between the client identified on such Engagement Letter (the "Client") and Baker Tilly with respect to the Services described in the Engagement Letter (collectively, the Engagement Letter and these Terms are referred to as the "Agreement") and supersede and incorporate all prior or contemporaneous representations, understandings or agreements, and may not be modified or amended except by an agreement in writing signed between the parties hereto. If there is a conflict between these Terms and the terms of any Engagement Letter, these Terms shall govern.

Section 1. Deliverables

(a) Materials specifically prepared by Baker Tilly for Client as a deliverable under a Engagement Letter (each a "Deliverable") may, when fully paid for by Client, be used, copied, distributed internally, and modified by Client but solely for its internal business purposes. Client shall not, without Baker Tilly's prior written consent, disclose to a third party, publicly quote or make reference to the Deliverables. Baker Tilly shall retain all right, title and interest in and to: (i) the Deliverables, including but not limited to, all patent, copyright, trademark and other intellectual property rights therein; and (ii) all methodologies, processes, techniques, ideas, concepts, trade secrets and know-how embodied in the Deliverables or that Baker Tilly may develop or supply in connection with this Agreement (the "Baker Tilly Knowledge"). Subject to any confidentiality restrictions, Baker Tilly may use the Deliverables and the Baker Tilly Knowledge for any purpose.

(b) The documentation for this engagement, including the workpapers, is not part of the Deliverables, is the property of Baker Tilly and constitutes confidential information. We may have a responsibility to retain the documentation for a period of time sufficient to satisfy any applicable legal or regulatory requirements for records retention. If we are required by law, regulation or professional standards to make certain documentation available to Regulators, Client hereby authorizes us to do so.

Section 2. Standards of Performance

Baker Tilly shall perform its Services in conformity with the terms expressly set forth in this Agreement, including all applicable professional standards. Accordingly, our Services shall be evaluated on our substantial conformance with such terms and standards. Any claim of nonconformance (and applicability of such standards) must be clearly and convincingly shown. Client acknowledges that the Services will involve the participation and cooperation of management and others of Client. Unless required by professional standards or Client and Baker Tilly otherwise agree in writing, Baker Tilly shall have no responsibility to update any of its work after its completion.

Section 3. Warranty

(a) Each party represents and warrants to the other that it has full power and authority to enter into and perform this Agreement and any Engagement Letter entered into pursuant hereto and the person signing this Agreement or such Engagement Letter on behalf of each party hereto has been properly authorized and empowered to enter into this Agreement.

(b) Baker Tilly warrants that it will perform its services on a reasonable professional efforts basis. This warranty is in lieu of, and we expressly disclaim, all other warranties, express, implied or otherwise, including without limitation any implied warranties of merchantability or fitness for a particular purpose. We cannot and do not warrant computer hardware, software or services provided by other parties.

Section 4. Limitation on Damages and Indemnification

(a) The liability (including attorney's fees and ALL other costs) of Baker Tilly and its present or former partners, principals, agents or employees related to any claim for damages relating to the services performed under this Agreement shall not exceed the fees paid to Baker Tilly for the portion of the work to which the claim relates. This limitation of liability is intended to apply to the full extent allowed by law, regardless of the grounds or nature of any claim asserted, including the negligence of either party. In no event shall either party be liable for ANY lost profits, LOST Business opportunity, lost data, consequential, special, incidental, exemplary or punitive damages arising out of or related to this Agreement.

(b) As Baker Tilly is performing the Services solely for the benefit of Client, Client will indemnify Baker Tilly, its subsidiaries and their present or former partners, principals, employees, officers and agents against all costs, fees, expenses, damages and liabilities (including attorneys' fees and all defense costs) associated with any third-party

claim, relating to or arising as a result of the Services, Client's use of the Deliverables, or this Agreement.

(c) In the event Baker Tilly is requested by the Client; or required by government regulation, subpoena, or other legal process to produce its engagement working papers or its personnel as witnesses with respect to its Services rendered for the Client, so long as Baker Tilly is not a party to the proceeding in which the information is sought, Client will reimburse Baker Tilly for its professional time and expenses, as well as the fees and legal expenses, incurred in responding to such a request.

(d) Because of the importance of the information that Client provides to Baker Tilly with respect to Baker Tilly's ability to perform the Services, Client hereby releases Baker Tilly and its present and former partners, principals, agents and employees from any liability, damages, fees, expenses and costs, including attorney's fees, relating to the Services, that arise from or relate to any information, including representations by management, provided by Client, its personnel or agents, that is not complete, accurate or current.

(e) Baker Tilly will indemnify Client against any damage or expense relating to bodily injury or death of any person or tangible damage to real and/or personal property incurred while Baker Tilly is performing the Services to the extent such damage is caused solely by the negligent acts or willful misconduct of Baker Tilly's personnel or agents in performing the Services.

(f) Each party recognizes and agrees that the warranty disclaimers and liability and remedy limitations in this Agreement are material bargained for bases of this Agreement and that they have been taken into account and reflected in determining the consideration to be given by each party under this Agreement and in the decision by each party to enter into this Agreement.

(g) The terms of this Section 4 shall apply regardless of the nature of any claim asserted (including, but not limited to, contract, tort, or any form of negligence, whether of Client, Baker Tilly or others), but these terms shall not apply to the extent finally determined to be contrary to the applicable law or regulation. These terms shall also continue to apply after any termination of this Agreement.

(h) Client accepts and acknowledges that any legal proceedings arising from or in connection with the services provided under this Agreement must be commenced within twelve (12) months after the performance of the Services for which the action is brought, without consideration as to the time of discovery of any claim.

Section 5. Personnel

During the term of this Agreement, and for a period of six (6) months following the expiration or termination thereof, neither party will actively solicit the employment of the personnel of the other party involved directly with providing Services hereunder. Both parties acknowledge that the fee for hiring personnel from the other party, during the project term and within six months following completion, will be a fee equal to the hired person's annual salary at the time of the violation so as to reimburse the party for the costs of hiring and training a replacement.

Section 6. Termination

(a) This Agreement may be terminated at any time by either party upon fifteen (15) days' written notice to the other. However, upon termination of this Agreement, this Agreement will continue to remain in effect with respect to any Statement(s) of Work already issued at the time of such termination, until such Statements of Work are themselves either terminated or the performance there under is completed.

(b) This Agreement and all Statements of Work may be terminated by either party effective immediately and without notice, upon: (i) the dissolution, termination of existence, liquidation or insolvency of the other party, (ii) the appointment of a custodian or receiver for the other party, (iii) the institution by or against the other party of any proceeding under the United States Bankruptcy Code or any other foreign, federal or state bankruptcy, receivership, insolvency or other similar law affecting the rights of creditors generally, or (iv) the making by the other party of any assignment for the benefit of creditors.

Baker Tilly Virchow Krause, LLP
Standard Business Terms (cont.)

(c) Client shall pay Baker Tilly for all Services rendered and expenses incurred as of the date of termination, and shall reimburse Baker Tilly for all reasonable costs associated with any termination.

(d) In the unlikely event that differences concerning the Services or fees should arise that are not resolved by mutual agreement, both parties agree to attempt in good faith to settle the dispute by engaging in mediation administered by the American Arbitration Association under its mediation rules for professional accounting and related services disputes before resorting to litigation or any other dispute-resolution procedure. Each party shall bear their own expenses from mediation and the fees and expenses of the mediator shall be shared equally by the parties.

(e) Further, in the unlikely event that differences concerning the Services or fees should arise that are not resolved by mutual agreement or mediation, both parties agree to waive a jury trial to facilitate judicial resolution and save time and expense of both parties.

(f) Any rights and duties of the parties that by their nature extend beyond the expiration or termination of this Agreement, including but not limited to, limitation of liability, ownership of work product, and survival of obligations, any accrued rights to payment and remedies for breach of this Agreement shall survive the expiration or termination of this Agreement or any Engagement Letter.

Section 7. Force Majeure

In the event that either party is prevented from performing, or is unable to perform, any of its obligations under this Agreement due to any act of God, fire, casualty, flood, war, strike, lock out, failure of public utilities, injunction or any act, exercise, assertion or requirement of any governmental authority, epidemic, destruction of production facilities, insurrection, inability to obtain labor, materials, equipment, transportation or energy sufficient to meet needs, or any other cause beyond the reasonable control of the party invoking this provision ("**Force Majeure Event**"), and if such party shall have used reasonable efforts to avoid such occurrence and minimize its duration and has given prompt written notice to the other party, then the affected party's failure to perform shall be excused and the period of performance shall be deemed extended to reflect such delay as agreed upon by the parties.

Section 8. Taxes

Baker Tilly's fees are exclusive of any federal, national, regional, state, provincial or local taxes, including any VAT or other withholdings, imposed on this transaction, the fees, or on Client's use of the Services or possession of the Deliverable (individually or collectively, the "Taxes"), all of which shall be paid by Client without deduction from any fees owed by Client to Baker Tilly. In the event Client fails to pay any Taxes when due, Client shall defend, indemnify, and hold harmless Baker Tilly, its officers, agents, employees and consultants from and against any and all fines, penalties, damages, costs (including, but not limited to, claims, liabilities or losses arising from or related to such failure by Client) and will pay any and all damages, as well as all costs, including, but not limited to, mediation and arbitration fees and expenses as well as attorneys' fees, associated with Client's breach of this Section.

Section 9. Notices

Any notice or communication required or permitted under this Agreement or any Engagement Letter shall be in writing and shall be deemed received (i) on the date personally delivered; or (ii) the date of confirmed receipt if sent by Federal Express, DHL, UPS or any other reputable carrier service, to applicable party (sending it to the attention of the title of the person signing this Agreement) at the address specified on the signature page of this Agreement or such other address as either party may from time to time designate to the other using this procedure.

Acknowledgement:

The Business Terms above correctly sets forth the understanding of the Client.

Accepted by:

Signature: _____

Title: _____

Date: _____

Section 10. Miscellaneous

(a) In the event that any provision of this Agreement or any Engagement letter is held by a court of competent jurisdiction to be unenforceable because it is invalid or in conflict with any law of any relevant jurisdiction, the validity of the remaining provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Agreement or such Engagement Letter did not contain the particular provisions held to be unenforceable. The unenforceable provisions shall be replaced by mutually acceptable provisions which, being valid, legal and enforceable, come closest to the intention of the parties underlying the invalid or unenforceable provision. If the Services should become subject to the independence rules of the U.S. Securities and Exchange Commission with respect to Client, such that any provision of this Agreement would impair Baker Tilly's independence under its rules, such provision(s) shall be of no effect.

(b) Neither this Agreement, any Engagement Letter, any claim, nor any rights or licenses granted hereunder may be assigned, delegated or subcontracted by either party without the written consent of the other party. Either party may assign and transfer this Agreement and any Engagement Letter to any successor that acquires all or substantially all of the business or assets of such party by way of merger, consolidation, other business reorganization, or the sale of interests or assets, provided that the party notifies the other party in writing of such assignment and the successor agrees in writing to be bound by the terms and conditions of this Agreement.

(c) The validity, construction and enforcement of this Agreement shall be determined in accordance with the laws of the State of Illinois, without reference to its conflicts of laws principles, and any action arising under this Agreement shall be brought exclusively in the State of Illinois. Both parties consent to the personal jurisdiction of the state and federal courts located in Illinois.

(d) The parties hereto are independent contractors. Nothing herein shall be deemed to constitute either party as the representative, agent, partner or joint venture of the other.

(e) The failure of either party at any time to enforce any of the provisions of this Agreement or a Engagement Letter will in no way be construed as a waiver of such provisions and will not affect the right of the party thereafter to enforce each and every provision thereof in accordance with its terms.

(f) Client acknowledges that: (i) Baker Tilly and Client may correspond or convey documentation via Internet e-mail unless Client expressly requests otherwise, (ii) neither party has control over the performance, reliability, availability, or security of Internet e-mail, and (iii) Baker Tilly shall not be liable for any loss, damage, expense, harm or inconvenience resulting from the loss, delay, interception, corruption, or alteration of any Internet e-mail.

(g) Except to the extent expressly provided to the contrary, no third-party beneficiaries are intended under this Agreement.

(h) Baker Tilly Virchow Krause, LLP is a member of Baker Tilly International Limited. Each member firm of Baker Tilly International Limited is a separate and independent legal entity. Baker Tilly International Limited and its other members are not responsible or liable for any acts or omissions of Baker Tilly Virchow Krause, LLP. Baker Tilly Virchow Krause, LLP and its subsidiaries are not responsible or liable for any acts or omissions of any other member of Baker Tilly International Limited. Baker Tilly International Limited does not render any professional services and does not have an ownership or partnership interest in Baker Tilly Virchow Krause, LLP.

Baker Tilly International Limited is an English Company. Neither Baker Tilly International Limited nor any other member firm has a right to exercise management control over any other member firm. Baker Tilly Virchow Krause, LLP is not Baker Tilly International Limited's agent and does not have authority to bind Baker Tilly International Limited or act on Baker Tilly International Limited's behalf.