



200 W. Madison Street, Suite 3200
Chicago, IL 60606
312.541.9300

SIKICH.COM

The Honorable Raymond Soliman, Mayor
City of Crest Hill
20600 City Center Blvd
Crest Hill, IL 60403

December 19, 2024

Re: Internal Control Review Services for City of Crest Hill, Illinois – Phase II for the Human Resources Module and a 2018 Investigation Update

Dear Mr. Soliman:

This engagement agreement (the "Agreement") between Sikich LLC, an Illinois limited liability company ("Sikich," "we," "our," or "us") and the City of Crest Hill, Illinois ("Client," "you," or "your"), sets forth the mutual agreements regarding professional forensic services (the "Services") that we will provide to you. This engagement shall be the continuation of consulting services completed under Phase I, referred to in the engagement agreement dated July 23, 2024, as well as an update of investigation services performed in 2018, referred to in the engagement agreement dated March 21, 2018.

Services and Fees

This Agreement confirms that the Client has retained Sikich to provide internal control review services. Our understanding is that you will direct our engagement including the scope of our Services and approve the Services we will provide under this Agreement. First, Sikich will perform an update of an investigation completed in 2018 regarding the Department of Water/Wastewater, including reviewing the status of recommended internal control improvements. Then, Phase II of the Services for the Human Resources Module will include the following procedures from our proposal dated November 1, 2024: (1) map each function; identification of who, what, when, why and how work is performed; (2) apply principles of separation of duties to note control deficiencies; (3) interview personnel; and (4) perform certain procedures to assess possible fraudulent activities. Finally, we will recommend improvements to the internal controls of the current system and assist the City Council in updating policies and procedures accordingly. All deliverables provided under this Agreement will be in a format suitable for your needs (the "Deliverable"). We understand and you acknowledge and agree that the Services are being performed for internal use only and that our work cannot be considered an audit or attest engagement as defined by the American Institute of Certified Public Accountants and should not be referred as an audit in the City Council's proceedings, but rather as a consulting engagement.

The fees for the Services will be in the amount of \$350 per hour, and the total fees will not exceed \$15,000. Should you wish to only update our investigative report dated March 21, 2018, our fee will be based upon professional time expended at the rate quoted above not to exceed \$5,000.

We will charge the Client for out-of-pocket expenses incurred in connection with provision of Services, including, among others (as applicable), industry research reports and materials, travel and living expenses (meals, lodging, etc.), fees to professionals for consultation or technical matters, and other direct engagement expenses, if any.

As the Services progress, related charges will be billed on a monthly basis. Payment is due upon receipt of the invoices. In the event that you should disagree with or question any amount due under an invoice, you agree that you shall communicate such disagreement to us in writing within fifteen (15) working days of the invoice

ACCOUNTING TECHNOLOGY ADVISORY

date. Disagreement with any amount not made known to us in writing within that period is considered invalid. We retain the right to discontinue the Services (and at our opinion, terminate this Agreement) if the Client's account balance becomes 30 days past due. In addition, amounts past due for more than 30 days will be subject to an interest charge of 1.5% per month from the date of the invoice. If we elect to terminate our Services for nonpayment, or other reasonable causes such as failure to provide the information or cooperation necessary for successful performance of our Services, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our Deliverable. You will be obligated to compensate us for all the time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Management Responsibilities

You agree to make all management decisions, perform all management functions, and assume all management responsibilities for the Services; oversee the Services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the Services performed; and to accept responsibility for the results of the Services, including decisions regarding the implementation of any recommendations provided by us.

The Client will establish and maintain internal controls relevant to its organization, including the security of email accounts or other methods used to communicate with our engagement team members, and monitor the effectiveness of their operation.

Use of and Access to Deliverables

Sikich is providing the Services and the Deliverable, and any other deliverables hereunder, solely for the Client's internal use and benefit. The Services, Deliverable and other deliverables are not for third party's use, benefit, or reliance and Sikich disclaims any contractual or other responsibility or duty of care to any third party based upon the Services, the Deliverable or any other deliverables issued here under. Access to the Deliverable or any findings in our Deliverable are limited to the Client, its management, and their respective advisors. Except as otherwise provided herein, the Client shall not discuss the Services with or disclose the Deliverable or any other deliverables to any third party, or otherwise disclose the Services, Deliverable or other deliverables without Sikich's prior written consent. The Client will indemnify and hold Sikich harmless from any and all claims asserted by a third party as a result of such unauthorized release of the Report or other deliverables or reliance on the Services, Deliverable or other deliverables. Any third-party recipient of the Deliverable or other deliverables will first be required to execute a letter regarding their access to the Deliverable or other deliverables and acknowledgment of their non-reliance on Deliverable and other deliverables among other conditions. Our Deliverable may not be used by the Client or any other person for any other purpose without our prior written consent, which may be granted or withheld in our absolute discretion. We have no responsibility to update our Deliverable for events and circumstances that occur after the date of its issuance. If for any reason we are unable to complete the Services, we will not issue a Deliverable.

Standards and Confidentiality

This engagement will be conducted according to the guidelines outlined by the AICPA's Statement on Standards for Consulting Services.

The Services will be performed based on information you provide to us. We will not audit, compile, or review any financial statements, forecasts, or financial data provided to us and will rely on such data without verification. To the extent we collect data from third party sources, we do not warrant the accuracy, completeness, or reliability of the data obtained will not verify or audit this information. Our engagement does

not include any procedures designed to detect errors, fraud, theft, or other wrongdoing or illegal acts. Therefore, our Services cannot be relied on to disclose such matters, or other illegal acts that may exist, nor will we be responsible for the impact on our Services of incomplete, missing, or withheld information, or mistaken or fraudulent data provided from any source or sources. In addition, we are not responsible for identifying or communicating deficiencies in your internal controls. You are responsible for developing and implementing internal controls applicable to your operations.

This engagement is limited to the Services described above. We will not make management decisions or perform management functions on your behalf, nor will you request that we do so. You understand and agree that the Services may include advice and recommendations based upon our knowledge, training, and experience. However, at all times, the decisions related to implementation of the advice and recommendations we provide are solely your responsibility. If you ask us to assist you in implementing any advice or recommendation, we will confirm this representation in a separate agreement.

All information and materials of any form or description collected by us in the course of our Services shall constitute our work files and will at all times, during and after completion of our Services, remain in our exclusive possession. We shall have unlimited discretion to retain, discard, or dispose of our work files but will at all times maintain all information and materials provided by the Client in strictest confidence.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. Some of these third-party service providers may be offshore. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards designed to protect the confidentiality of your personal information. In addition, we will enter into confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that such service providers have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers engaged by us.

We will use reasonable efforts to keep strictly confidential the Deliverable, its existence, and content, as well as the identity of the Client and other identifying information. We will nevertheless have no liability to the Client or any third party for information disclosed in, or pursuant to, any ruling, order, or proceeding of any court or other judicial or non-judicial forum or of any regulatory agency or similar instrumentality.

In accordance with the final rules published by the Federal Trade Commission, commonly referred to as the Gramm-Leach-Bliley Act, the following disclosures are made: In the process of preparing the tasks included in the assignment, we may collect from you, or with your authorization, certain essential information which is non-public and personal, such as information concerning income, expenses, assets, liabilities, and other similar information. We follow reasonable standards for protecting the confidentiality and security of the non-public personal information collected. We will not disclose any non-public personal information about you to any third party, except as permitted by you or required by law.

The Client hereby acknowledges and consents to Sikich's use of third-party cloud computing services to store confidential and proprietary information and other data of the Client and agrees that Sikich's use of such cloud services coupled with the use of encrypted devices, password protections and firewall protection shall constitute the best efforts of Sikich to safeguard such information and data from unauthorized disclosure. The Client further agrees that, subject to applicable law, Sikich shall only be liable if it has finally judicially been determined that

Sikich did not take commercially reasonable measures to protect the confidential and proprietary information and other data of the Client from unauthorized disclosure.

In connection with this Agreement, we may communicate with you or others via e-mail transmission. As e-mails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third-party or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that e-mails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of e-mails transmitted by us or in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of e-mail transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits or disclosure or communication of confidential or proprietary information. Communications by email are authorized unless written objection is provided to us prior to any such communication.

As a result of our prior or future services to you, we might be requested or required to provide information or documents to you or a third party in a legal, administrative, regulatory inquiry or arbitration or similar proceeding in which we are not a party. If this occurs, our efforts in complying with such requests will be deemed billable to you as a separate engagement. We shall be entitled to compensation for our time and reasonable reimbursement for our expenses (including legal fees) in complying with the request.

Disputes; Indemnification; Legally Binding Contract; Other

This Agreement is a legally binding contract between the Client and us and will be binding upon, and inure to the benefit of, their respective heirs, assigns, successors-in-interest, and legal representatives (as applicable). It may not be amended without the prior written consent of both parties.

The Client shall indemnify and hold harmless Sikich and its principals, directors, employees, agents or subcontractors against all costs, damages, and liabilities (including reasonable attorneys' fees, costs and expenses) associated with any third-party claim or proceeding, relating to or arising out of our provision of Services under this Agreement, other than as determined through arbitration to have been caused by the gross negligence or willful misconduct of Sikich.

You acknowledge and agree that in no event will Sikich be liable to the Client or any related party thereto, whether a claim be in tort, contract or otherwise, for any amount in excess of the total fees paid by the Client to Sikich pursuant to this Agreement, or for any, incidental, indirect, punitive, special, exemplary, lost profits similar damages or consequential damages of any kind.

No (i) direct or indirect holder of any equity interests or securities of Sikich, (ii) affiliate of Sikich, or (iii) director, officer, employee, representative, or agent of Sikich, or of an affiliate of Sikich or of any such direct or indirect holder of any equity interests or securities of Sikich (collectively, the "Sikich Affiliates") shall have any liability or obligation of any nature whatsoever in connection with or under this Agreement or the transactions contemplated hereby, and Client waives and releases all claims against such Sikich Affiliates related to any such liability or obligation.

In the event of a dispute involving interpretation or performance under this Agreement, the dispute shall be submitted to arbitration under the rules of commercial arbitration of the American Arbitration Association, the results of which shall be binding on all parties to this Agreement. The arbitration shall be conducted in Chicago,

Illinois. The party prevailing at the arbitration shall recover its costs and expenses, including attorneys', arbitrators', and stenographers' fees from the other party.

THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ILLINOIS. SIKICH AND CLIENT KNOWINGLY, VOLUNTARILY, AND IRREVOCABLY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) RELATED TO OR ARISING OUT OF OR IN CONNECTION WITH THE ENGAGEMENT OF SIKICH PURSUANT TO, OR THE PERFORMANCE BY SIKICH OF THE SERVICES CONTEMPLATED BY, THIS AGREEMENT.

If either party hereto desires to terminate its relationship with the other or the engagement, it may do so at any time for any reason by giving written notice to the other party. In such event, Sikich will be paid for the fees and expenses incurred through the termination date, as well as for reasonable engagement closing costs.

It is understood and agreed that Sikich will for all purposes be an independent contractor, will not hold itself out as representing or acting in any manner for the Client, and neither Sikich nor the Client will have any authority to bind the other party to any contract or in any other manner. Sikich and the Client do not intend to create a joint Client relationship, and Sikich and the Client each represent that it is the sole employer of its employees. Sikich shall not and does not have the right to control the Client's employees' essential terms and conditions of employment, including hiring its employees, determining their wages and benefits, or assigning, scheduling, training, disciplining, or terminating the Client's employees.

The Client represents and warrants the following with respect to the U.S. Treasury Department's Office of Foreign Assets Control (OFAC): (a) the Client does not have any nexus with persons or entities on any of OFAC's sanctions list (e.g. SSI, SDN, FSE etc.) either through large shareholders, employees, beneficial owners, vendors, affiliated entities (i.e. affiliates or subsidiaries), third parties, customer base or otherwise; (b) the Client does not have any operations in any comprehensive OFAC sanctioned country (including Cuba, Iran, Syria, Sudan, North Korea, the Crimea); (c) the Client does not have any operations in any limited OFAC sanctioned country program; or (d) the Client does not remit payment for Sikich's fees and expenses from an OFAC sanctioned country.

Sikich shall not be deemed in default of any provision of this Agreement or be liable for any delay, failure in performance, or interruption of the Services resulting directly or indirectly from acts of God, electronic virus attack or infiltration, civil or military authority action, civil disturbance, war, strike and other labor disputes, fires, floods, other catastrophes, and other forces beyond its reasonable control.

All notices given under or pursuant to this Agreement will be sent by national courier, Certified or Registered Mail, Return Receipt Requested, and will be deemed to have been delivered when physically delivered to the Client or Sikich at the following address:

If to Sikich:

Sikich LLC
1415 W. Diehl Road, Suite 400
Naperville, IL 60563
Attention: Mary O'Connor

With a copy to:

Sikich LLC
1415 W. Diehl Road, Suite 400
Naperville, IL 60563
Attention: Office of General Counsel

If to the Client:

City of Crest Hill, Illinois
20600 City Center Blvd.
Crest Hill, IL 60403
Attention: Raymond Soliman

With a copy to:

Spesia & Taylor
1415 Black Road
Joliet, IL 60435
Attention: Michael R. Stiff

Those provisions that by their nature are intended to survive termination or expiration of this Agreement and any right or obligation of the parties in this Agreement which, by its express terms of nature and context is intended to survive termination or expiration of this Agreement, shall survive any such termination or expiration.

Miscellaneous

Entire Agreement: This Agreement constitutes the entire agreement between Sikich and the Client, regarding the terms of this Agreement. In the event the Client requires Sikich to execute a purchase order or other Client documentation in order to receive payment for Services, the terms and conditions contained in such purchase order or documentation shall be null and void and shall not govern the terms of this Agreement. This Agreement is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein and supersedes any other such promises or representations. This Agreement can only be modified by a written agreement signed by duly authorized representatives of each party.

Counterparts: This Agreement may be executed in counterparts (and by facsimile or other electronic means), each of which shall constitute an original and all of which together will be deemed to be one and the same document.

Severability: The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision.

Authority; Due Authorization; Enforceability: Each party hereto represents and warrants that it has all requisite power and authority to enter into this Agreement and to perform its obligations hereunder. Each party hereto further represents and warrants that this Agreement has been duly and validly authorized by all necessary corporate action and has been duly executed and delivered by each such party and constitutes the legal, valid, and binding agreement of each such party, enforceable in accordance with its terms.

Counsel Representation: The terms of this Agreement have been negotiated by the parties hereto, who have each been represented by counsel, there shall be no presumption that any of the provisions of this Agreement shall be construed adverse to any party as "drafter" in the event of a contention of ambiguity in this Agreement, and the parties waive any statute or rule of law to such effect.

Assignment: This Agreement may not be assigned by any party hereto without the prior written consent of the other party. Any attempted assignment of this Agreement made without such consent shall be void and of no effect, at the option of the non-assigning party.

Headings: Headings used herein are for convenience of reference only and shall not affect the interpretation or construction of this Agreement.

The Client understands and acknowledges that our Services and work product will be subject to the terms of this Agreement.

The Client acknowledges having read this Agreement in its entirety, has had full opportunity to consider its terms in consultation with its legal and financial advisors, has had a full and satisfactory explanation of the same, and fully understands and agrees to be bound by the terms of this Agreement.

Please indicate your understanding and acceptance of this Agreement and your intention to be legally bound hereby by executing this Agreement in the space provided below where indicated and return it to our offices indicating your authorization for us to proceed on the above terms and conditions. Please retain the second copy of this Agreement for your files.

Sincerely,

Sikich LLC



Mary O'Connor, ASA, CRE, CMI, CFE

Principal

The undersigned agrees to proceed with the above terms and conditions provided herein.

The Honorable Raymond Soliman, Mayor of the City of Crest Hill
City of Crest Hill, Illinois

Signature: _____

Title: _____

Date: _____