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June 17, 2014

PERSONAL/CONFIDENTIAL
SUBJECT TO ATTORNEY-CLIENT PRIVILEGE

BY EMAIL AND FIRST CLASS MAIL

James D. Huff, Chair
Union County Utilities Authority
1499 Routes 1&9 North
Rahway, New Jersey 07065

**Re: Union County Utilities Authority
General / Non-Union Employee Stipends
Legal Billing**

Dear Mr. Huff:

Pursuant to our Professional Services Agreement with the Union County Utilities Authority, I am required to notify the Authority when our billing reaches 80% of the contract cap of \$25,000 set forth in the Agreement. As of March 31, 2014, our total fees billed under the Agreement totaled \$20,482.00. Thus, as of March 31, 2014, with disbursements of \$975.24, our billing stood at \$21,457.24. Virtually 100% of this billing occurred as a result of the extraordinary services required by the controversy and subsequent fact-finding inquiry surrounding the non-union employee stipends relating to the Authority's providing services and office space to the Union County Improvement Authority. As a result, on April 16, 2014, I sent a detailed report to the Authority's General Counsel, Kraig Dowd, Esq., setting forth the factual basis for rapid erosion of the contract amount. That memorandum was forwarded to Mr. Dowd at his request in lieu of the usual Monthly Report I prepare for the Executive Director due to the involvement of the Authority's Administrative Team in the fact-finding inquiry. I am attaching a copy of that memorandum to this letter, as well as the copy being sent to Mr. Dowd.

Subsequent to March 31, 2014, we have incurred additional billing in the amount of \$6,170.50 for legal services and \$312.33 for disbursements. Please consider this letter as our request that our contract cap be increased by an additional \$25,000, in view of the fact that the extraordinary services required pursuant to the Employee Stipends Inquiry were not anticipated when the cap was determined.

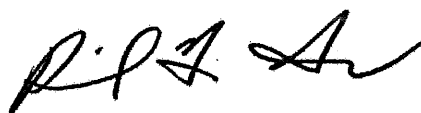
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James D. Huff, Chair
June 17, 2014
Page 2

Thank you for your attention in this regard. If you have any questions, please do not hesitate to contact me.

Very truly yours,

BAUCH ZUCKER HATFIELD LLC

A handwritten signature in black ink, appearing to read "R.H. Bauch", written in a cursive style.

Richard H. Bauch

RHB:bms
Enc.

cc: Daniel P. Sullivan, Executive Director (w/o enc.)
Thomas Brennan, Deputy Executive Director/Comptroller (w/o enc.)
Lisa da Silva, Office Manager (w/o enc.)
Kraig M. Dowd, Esq, General Counsel (w/ enc.)
(All via Email Only)

Subject: UCUA/Legal Billing

Date: Tuesday, June 17, 2014 at 3:28:34 PM Eastern Daylight Time

From: Rich Bauch

To: Daniel P. Sullivan

CC: Thomas Brennan, Lisa da Silva, Kraig Dowd

Dan,

Attached please find correspondence I sent today to Chairman James D. Huff, requesting a Fee CAP increase due to the extraordinary, unanticipated services required in connection with the non-union employee stipend matter..

If you have any questions, please do not hesitate to contact me.

Best regards,

Rich

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Subject: UCUA/Legal Billing

Date: Tuesday, June 17, 2014 at 3:13:12 PM Eastern Daylight Time

From: Rich Bauch

To: 4jdhuff@comcast.net

CC: Kraig Dowd, Eileen M. Prisco

Mr. Huff,

Attached please find correspondence requesting a Fee CAP increase due to the extraordinary, unanticipated services required in connection with the non-union employee stipend matter. Also attached please find a copy of the memorandum I sent to Kraig Dowd on April 16, 2014 explaining in detail the specific services provided in connection with this request.

If you have any questions, please do not hesitate to contact me. I am forwarding a copy of the letter, but not the memorandum, to Mr. Sullivan, Mr. Brennan and Ms. da Silva.

Best regards,
Rich

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Subject: UCUA/Billing

Date: Wednesday, April 16, 2014 at 5:28:44 PM Eastern Daylight Time

From: Rich Bauch

To: Kraig Dowd

CC: Eileen M. Prisco

Kraig,

As previously discussed, due to a conflict with having the Executive Director and Chief Financial Officer review my billing and monthly reports which concern the ongoing Non-Union Employee Stipends Fact-Finding Inquiry, I am submitting both my bill and monthly report directly to you via this email with a request that the bill be processed for approval at the Board's Meeting in May. Additionally, please note that we have reached (and slightly surpassed) the 80% billing threshold rather quickly due to the amount of unanticipated work involved in the pending inquiry. We are requesting that our cap be increased by another \$25,000 at the May meeting.

If you have any questions, please do not hesitate to contact me.

Best regards,
Rich

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