



Scope of Work 1 - Appendix A

Phases 1- 4 IRA Base Energy Credit Compliance

Gemma Stanton
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RE: IRA Renewable Tax Credit Consulting Services – Wastewater Treatment Plant Solar and Water Treatment Plant Solar

Baker Tilly Advisory Group, LP (“Baker Tilly”) will perform the following services: Support Related to the Pursuit of the Federal Renewable Energy Tax Credit as part of the Inflation Reduction Act 2022 (“IRA22”, or the “Act”), the “Scope”.

Our Understanding:

City of South Bend, IN (The “Client”), plans to build two solar energy projects, both under 1 MW, located at the water treatment plant and the wastewater treatment plant in South Bend, IN. The water treatment plant solar will be approximately \$2 million in value and the wastewater treatment plant solar will be approximately \$2.3 million in value.

The water treatment plant project is expected to begin construction in Q4 2024 and be placed in service in Q4 2025. The wastewater treatment plant project is expected to begin construction Fall 2024 and be placed in service by July 2025. The Client is seeking the investment tax credit for the projects. Both projects will have one prime contractor and expecting to have at least 2 additional subcontractor vendors as part of the projects. (“the Projects”).

The Client is aware that it may be eligible for a Federal Tax Credit because of the Project qualifying under the IRA22. The Act’s “energy security” subtitle includes tax provisions providing credits and incentives for the production and consumption of clean energy, carbon emissions reduction, electric vehicle purchases and, among other items, promoting domestic energy security.

Based upon initial discussions, the Client is interested in having Baker Tilly support its goal to preserve, enhance, and claim an Investment Tax Credit (ITC) or a Production Tax Credit (PTC) from its Project to the Client. The following outlines Baker Tilly’s proposed approach to this engagement:

Scope, Objectives and Approach:

It is anticipated that this Project will be completed in phases from the initial pursuit of the IRA22 applicability through the construction of the Project. The scope of the Project includes four main phases to assist the Client with how to Determine, Preserve, Enhance and Claim the IRA 22 tax credit. Additional

bonus criteria certifications, related to Prevailing Wage & Apprenticeship, Energy Community, or Domestic Content, will be issued under separate engagement after Phase 1 as required for each Project as appendices B, C, & D (as applicable).

Baker Tilly's detailed approach/work plan for Appendix A can be summarized as follows:

Phase 1. Determining Project Eligibility for an IRA22 Tax Credit

- a. Provide assistance with interpretation and application of the IRA22 guidance to the Project's set of facts and circumstances to the Project.
- b. Understand the Property Type versus IRS rules.
- c. Coordinate data request from Client.
- d. Analyze the proposed sources and uses of funds, existing Project budgets and financial model prepared by management, and other relevant documents to gain an understanding of the Project on a preliminary basis.
- e. Analyze the planned legal structure for ownership of the Project.
- f. Analyze Project documents that establish the eligible Project costs which are considered eligible for ITC or PTC (if applicable). This will include review of the Project's process design, associated capitalized costs, use of any grant proceeds, timeline regarding construction and placed in service activities, and actions taken to-date that may support compliance with the IRS Begun Construction and placed in service requirements.
- g. Estimate the size range of the tax credit for the Project.
- h. Confirm if project is subject to Prevailing Wage & Apprenticeship (PW&A) to obtain credit adder.
- i. Confirm if the Energy Community adder could apply to the Project site.
- j. Confirm if the Domestic Content adder could apply to the Project.
- k. Prepare an updated written summary which outlines our initial views regarding the Project's eligibility for the ITC or PTC, estimated ITC or PTC amounts, suggested steps to meet any Begun Construction and/or placed in service requirements under the IRA22 timeline requirements. This will include review of the Client's ability to retain and utilize the ITC or PTC tax benefits.

Phase 2. Preserving the Tax Credit – Pre-Construction communication to Vendors

- a. Identify all key vendors within scope for the Project Type and the total Project budget.
 - b. Analyze Project plans with Client Project manager as it relates to impacts on credit amount and key action steps for preserving the tax credit with use of prevailing wage and apprenticeship.
 - c. Assist Client to communicate to its Vendors the compliance requirements of IRA22 to obtain the Domestic Content and/or Prevailing Wage & Apprenticeship credit adders.
 - d. Support the Client in assembling requests to vendors to allow for efficient analysis of impacts of certain design considerations as it relates to the tax credit.
 - e. Identify key vendor(s) for which the Client can enter into binding written agreements to meet Begun Construction for Safe Harbor. (If applicable)
 - f. Assist Client to establish best method to meet the Begun Construction requirements. (If applicable)
 - g. Review Property Type sizing, as required, to the extent it pertains to tax credit considerations.
 - h. Provide a brief memo to Client management documenting the action steps taken to meet Begun Construction to preserve the tax credit, the Project Type Eligibility, and the resulting Credit % being preserved.
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Note: Complete and final guidance related to IRA22 Prevailing Wage and Apprenticeship (PW&A) bonus compliance requirements under the Inflation Reduction Act have not been released at this time. In the absence of final guidance, Baker Tilly and Client agree the current Scope under this SOW is designed to satisfy the existing regulations.

Phase 3. Establishing The Eligible Energy Basis – Post Construction

- a. Establish total cost basis of the Project and perform a cost segregation study to determine the Eligible Cost Basis of the Energy Property.
- b. Review Client's own expenditures, in addition to the Project vendors, for qualifying expenditures which could qualify as Energy Property.
- c. Upon construction completion, perform a site visit (as needed) to complete the cost segregation study, delineate key process areas with upstream production facility that can be part of Energy Property, and document the Project on an as-built basis.
- d. From cost segregation study, categorize the depreciation lives of assets included in the study according to MACRS rules. This includes both capitalized items as well as items that may be expensed for tax purposes.
- e. Document with vendors how the Project was placed in-service.
- f. Determine final tax credit eligible basis, subject to management review and agreement, for purposes of claiming the tax credit.
- g. Issue a schedule of values showing the buildup of Energy Property basis along with other asset classifications from the fixed asset schedule for the final Project costs.

Phase 4. Claiming the Tax Credit - Project Workpaper File Generation

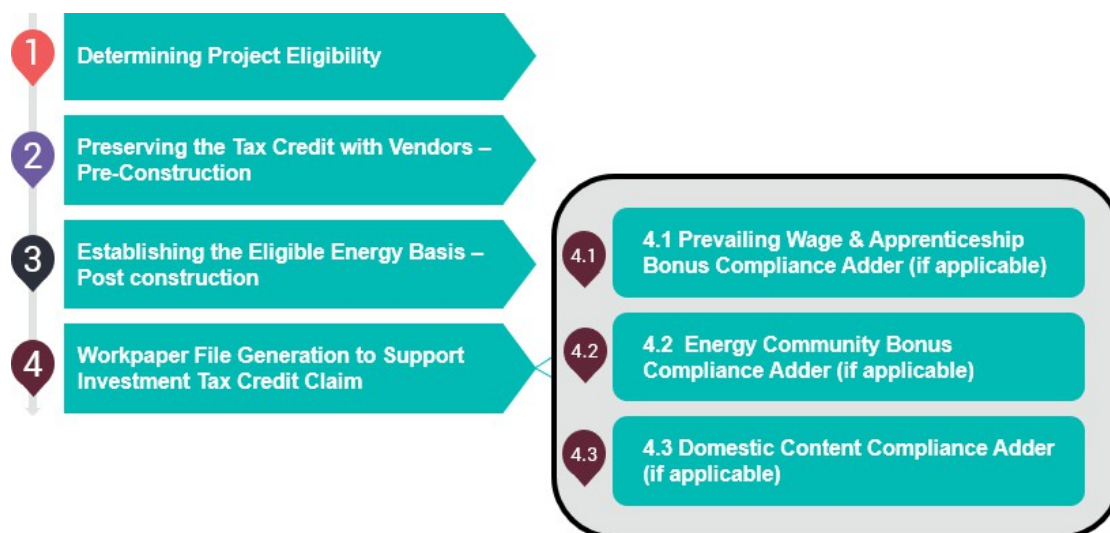
- a. Document compliance with "begun construction" tests as required by the Internal Revenue Service (IRS) (if applicable).
- b. Document compliance with "placed in service" tests as required by the IRS.
- c. Document Project Type eligibility based upon IRS code and other IRS and Environmental Protection Agency (EPA) memoranda.
- d. Document timing Tax Credit can be claimed or transferred.
- e. Provide any additional information which would help support the Project's claiming a Tax Credit in the event of an IRS audit.
- f. Provide the necessary workpapers to the Client to support its claim or transfer of the Tax Credit and assist with the preparation of the prescribed tax form.

Example supporting workpapers outlined in Addendum 1.

Additionally, Baker Tilly will assess the Project for eligible bonus credit criteria related to Prevailing Wage & Apprenticeship (5X multiplier), Energy Community and the Domestic Content under separate appendices B, C, & D respectively (as applicable).

Project Timing, Phases and Budget:

The Project will commence upon execution of a formal engagement letter and applicable SOW, and subject to availability of requested information from the Client. Below are the work steps associated with the complete IRA compliance program:



Pricing for IRA Compliance Management will be billed on a fixed total dollar amount for the Project. Signature of this agreement confirms consent with the fees for Appendix A only as follows:

Wastewater Treatment Plant Project

Appendix	Phase	IRA Compliance Management	Fee Each
A	1	Project Eligibility Memo	\$10,000
	2	Vendor Management-	\$5,000
	3	IRA Cost Segregation and Energy Property Basis	\$6,500
	4	Workpaper File Generation to Support Tax Credit Claim	\$7,000
B	4.1	PW&A Compliance Program and Certification*	N/A
C	4.2	IRA Energy Community	N/A
D	4.3	Domestic Content	N/A
Total IRA Compliance Cost			\$28,500

Water Treatment Plant Project

Appendix	Phase	IRA Compliance Management	Fee Each
A	1	Project Eligibility Memo	\$10,000
	2	Vendor Management-	\$5,000
	3	IRA Cost Segregation and Energy Property Basis	\$6,500
	4	Workpaper File Generation to Support Tax Credit Claim	\$7,000
B	4.1	PW&A Compliance Program and Certification*	N/A
C	4.2	IRA Energy Community	N/A
D	4.3	Domestic Content	\$50,000
Total IRA Compliance Cost			\$78,500

Annual PW&A Compliance During Recapture Period	N/A
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*Projects which must backflush prior wages will incur an additional admin charge to administer data entry.

A separate Appendix B for 4.1 PW&A requires signature for agreement with the work activities being performed.

A separate Appendix C for the 4.2 Energy Community requires signature for agreement with work activities being performed.

A separate Appendix D for the 4.3 Domestic Content bonus credit compliance requires signature for agreement with work activities being performed.

Billing for the collective Project Appendices, as signed together, will be issued in one combined bill in monthly installments from the Project start date through the expected placed in service (PIS) date. The fee schedule for this Project if all Appendices are signed is as follows:

Total IRA Program Cost	Cost (\$)
Total Project Capital Cost	\$4,300,000
Appendix A	\$57,000
Appendix B	N/A
Appendix C	N/A
Appendix D	\$50,000
Total IRA Compliance Cost:	\$107,000
Project start to PIS completion (months)	12
Billing amount per month	\$8,917
Annual Compliance (Y1+) \$/year	N/A

Any out-of-scope fees for non-IRA compliance, will be at billed at Baker Tilly’s standard billing rates based on actual time incurred according to the rate schedule set forth below:

Standard Hourly Rates			
1/1/2024-12/31/24			
Principals / Directors	\$350.00	To	\$650.00
Senior Managers / Managers	\$245.00	To	\$340.00
Consultants / Accountants	\$160.00	To	\$250.00
Support / Municipal Bond Disclosure Specialists	\$130.00	To	\$220.00
Interns / Staff / Admin Support	\$110.00	To	\$135.00

** Billing rates are subject to change periodically after outer date above due to changing requirements and economic conditions. The fees billed will be the fees in place at the time services are provided. Actual fees will be based upon experience of the staff assigned and the complexity of the engagement.*

Travel time and out-of-pocket expenses are in addition to these amounts, will be itemized separately, and will always be billed at actual cost with no mark-up. Travel time is billed at half Baker Tilly’s standard hourly rates.

Billing Procedures

You will receive a monthly statement showing the installment fees and any travel costs incurred in the prior month which is payable no later than 60 days after the invoice date. The account balance is due and payable on receipt of the invoice. All unpaid invoices will accrue 1% late payment charges monthly.

Nonattest Services

As part of this engagement, we will perform certain nonattest services. For purposes of the Agreement and

this SOW Appendix, nonattest services include services that the *Government Auditing Standards* refers to as nonaudit services.

We will not perform any management functions or make management decisions on your behalf with respect to any nonattest services we provide.

In connection with our performance of any nonattest services, you agree that you will:

- Continue to make all management decisions and perform all management functions, including approving all journal entries and general ledger classifications when they 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 nonattest services we perform.
- Accept responsibility for the results of our nonattest services.
- Establish and maintain internal controls, including monitoring ongoing activities related to the nonattest function.

Conflicts of Interest

We are unaware of any additional conflicts of interest related to this SOW Appendix that exist at this time.

Termination

Notwithstanding termination provisions contained in the Agreement, this SOW Appendix is intended to be ongoing and applicable individually to specific services including financings, arbitrage computations, and/or continuing disclosure engagement, (“Sub-engagements”) as if they are the sole subject of the SOW Appendix. As such, termination may occur for a specific Sub-engagement without terminating the SOW Appendix itself. On termination of a Sub-engagement or the SOW Appendix, all fees and charges incurred prior to termination shall be paid promptly. Unless otherwise agreed to by the Client and Baker Tilly, the scope of services provided in a Sub-engagement performed under this SOW Appendix will terminate 60 days after completion of the services for such Sub-engagement.

Project Team

This work will be led by a cross functional advisory and tax Baker Tilly team, with members from our Manufacturing, Energy & Infrastructure, Real Estate and State and Local Government teams as necessary to complete the work, based on the Property Type seeking the tax credit.

Other Disclosures

During the course of the Agreement, Baker Tilly may interact with other Project participants (service providers, investors, lenders, funding parties, utilities, etc.) that have pre-existing client relationships with Baker Tilly. By signing this Agreement, the Client acknowledges the potential conflicts of interest that may arise. In the event of any such conflicts of interest, Baker Tilly shall immediately notify the Client of such circumstance.

Baker Tilly works with many clients that are involved in energy project development across a wide geographic region. The Client acknowledges by signing below that Baker Tilly is not exclusive in its relationship with the Client and that Baker Tilly may provide similar services to these separate clients, provided that it complies with all confidentiality and other professional obligations to the Client.

Baker Tilly does not draft legal documents, ensuring that operating and funding agreements are consistent with the Client’s intent and enforceable will be the responsibility of the Client’s law firm.

Engagement-Specific Terms and Conditions

The following terms and conditions are in addition to, and not in lieu of, the terms and conditions included in the Agreement to which this SOW Appendix is attached. Should there be any conflict between the terms of the Agreement and the terms listed below, the terms below shall govern.

1. Responsibilities of Client

- a. To ensure an effective and efficient engagement, Client agrees to provide Baker Tilly with all information requested, in a timely manner, and to provide any reasonable assistance as may be required to properly perform the engagement. In performing services under this Agreement, Baker Tilly will rely upon Client personnel for the accuracy and completeness of its records and all other information supplied to us, without independent investigation or verification. Inaccuracy, incompleteness, or tardiness in the delivery of information to Baker Tilly, whether or not Client personnel knew or should have known that such information was not complete, accurate or current, could have a material effect on tax returns, our conclusions and the fee for services.
 - b. US Treasury Regulations require taxpayers to disclose any tax strategy or transaction that the IRS identifies as: 1) a Listed Transaction; 2) substantially similar to a Listed Transaction; or 3) any other Reportable Transaction. In addition, certain states have similar disclosure
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requirements. Noncompliance with these rules may result in significant penalties. Client agrees to inform Baker Tilly of participation in any such transactions.

- c. Client agrees to file with Client's tax returns the forms as prepared by Baker Tilly. Client agrees that Baker Tilly assumes no responsibility and has no liability for any forms altered by Client prior to filing with the taxing jurisdiction. Client is responsible for the timely filing of the forms Baker Tilly prepares and agrees to inform us in writing of any failure to timely file the forms with Client's related tax returns.
- d. Most tax returns require signatures, under penalty of perjury, by the taxpayer or an officer of the taxpayer affirming that the tax returns and the accounting schedules and statements are true, correct and complete to the best of his or her knowledge. Client is responsible for understanding and agreeing with the various amounts, computations and statements made in the tax returns and accepts responsibility for the results of the tax services rendered. Baker Tilly's services may include advice and recommendations, but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by, Client. Baker Tilly will not perform any management functions or make management decisions for Client in connection with this engagement.
- e. Client is required to maintain and retain adequate documentation to support the tax returns as filed as penalties can be imposed by taxing authorities for the failure to produce adequate documentation supporting the items included in a tax return. Baker Tilly has no responsibility or liability for Client's failure to maintain adequate documentation.
- f. Official IRS guidance for IRA22 has been issued as of the date of this SOW. Baker Tilly is performing the services consistent with current prevailing guidance and interpretation under IRA22 and will continue to monitor FAQs and subsequent guidance issued by the IRS. Client accepts and acknowledges that Baker Tilly makes no guarantees that the IRS will issue a tax credit and/or Client will receive or be able to utilize such tax credit.

2. Responsibilities of Baker Tilly

- a. Baker Tilly's services under this Agreement are subject to and will be performed in accordance with Treasury Department Circular 230, the American Institute of Certified Public Accountants (AICPA) and other professional standards applicable to tax services. We disclaim all other warranties, either express or implied.
 - b. Baker Tilly will perform these services on the basis of the information you have provided and in consideration of the applicable tax laws, regulations and associated interpretations as of the date the services are provided. Tax laws and regulations and/or their interpretation are subject to change at any time, and such changes may be retroactive in effect and may be applicable to advice given or other services rendered before their effective dates. Baker Tilly has no responsibility or liability for such changes occurring after the completion date of this engagement.
 - c. Client acknowledges and agrees that any advice, recommendations, information or work product provided to Client by Baker Tilly in connection with this Agreement is for the sole use of Client and may not be relied upon by any third party. Baker Tilly has no liability or responsibility to any third parties as a result of this Agreement.
 - d. Tax returns and other filings are subject to examination by taxing authorities. Baker Tilly will be available to assist Client in the event of an audit of any issue for which Baker Tilly has provided services under this Agreement. Fees for these additional services will be communicated in a
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separate SOW.

- e. The services performed under this Agreement do not include the provision of legal advice and Baker Tilly makes no representations regarding questions of legal interpretation. Client should consult with its attorneys with respect to any legal matters or items that require legal interpretation, under federal, state or other type of law or regulation.
- f. Baker Tilly may utilize the services of independent contractors in providing services to Client. All such third parties are bound by the same confidentiality requirements as Baker Tilly and its employees. Client hereby consents to disclosure of confidential information necessary to the provision of the related services.
- g. Subject to the "Other Disclosures" section above and any other similar provisions regarding conflicts and professional responsibilities, nothing in this Agreement prevents Baker Tilly from providing services to other clients.

3. Beneficial Ownership Information Reporting

- a. The Corporate Transparency Act ("CTA") imposes new reporting requirements on most small businesses, including those that may be reported on Schedule C of the Form 1040. All domestic and foreign entities formed or registered to do business in the United States are subject to filing requirements unless they meet one of the explicitly stated exceptions. Affected companies will be required to submit a Beneficial Ownership Information ("BOI") reporting form with the Financial Crimes Enforcement Network ("FinCEN"). The report requires companies to provide identifying information on beneficial owners and company applicants. As of Jan. 1, 2024, filings for newly formed entities are due within 30 days of formation; however, the initial filing deadline for existing companies is Jan. 1, 2025. Companies are also required to file updated BOI reports.
- b. Consultations and preparation of reports related to the BOI reporting requirements are services that are considered to involve the practice of law. As such Baker Tilly will not be responsible for advising you regarding the legal or regulatory aspects of your company's compliance with the CTA, nor will Baker Tilly be responsible for the preparation or submission of any BOI reports to FinCEN. If you have any questions regarding your compliance with the CTA, we encourage you to consult with qualified legal counsel.

4. Third Party Service Providers and Tax Return Information Disclosure Consent

- a. Baker Tilly is committed to protecting the privacy and confidentiality of Client's tax return information. Baker Tilly is also committed to providing Client with comprehensive, integrated services that enhance and protect Client's value. To optimize Baker Tilly's service delivery and the results Baker Tilly is able to provide, Baker Tilly would like to obtain Client's consent to use and disclose Client's tax return information for various purposes of benefit to Client, as detailed below.
 - b. For any business taxpayer subject to this Agreement, the Section 7216 consent is contained in the body of the letter immediately below. Please read the consent below carefully before executing. Client is not required to execute this consent to engage Baker Tilly's tax return preparation services, and Baker Tilly is not conditioning Baker Tilly's provision of services on Client's consent. For the avoidance of doubt, by signing this SOW, Client is providing your consent to allow Baker Tilly to use the tax return information with respect to Client's business for the purposes identified below. Client may request to limit the tax return information disclosed or used, and to limit the consented uses and disclosures. Client may terminate consent at any time
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by providing written notice to Baker Tilly.

I.R.C. § 7216 Client Consent to Disclosure and Use of Tax Return Information (Non-1040)

I authorize Baker Tilly Advisory Group, LP (“Baker Tilly”) to use and disclose all of Taxpayer’s tax return information for the purposes identified below. I authorize Baker Tilly to use Taxpayer’s tax return information for the following purposes:

- To identify and suggest useful information and services, including attest services, non-tax services such as audit services, financial services, investment advisory services, and consulting services, and additional tax services such as advanced federal and state income tax, indirect tax credits & incentives, international tax, and industry-specific services, and to determine whether such information and services would be valuable to you.
- To aggregate and anonymize tax return information to analyze, deliver, support, optimize, communicate, and market our services and to allow us to provide you and others with other helpful information.

I authorize Baker Tilly to disclose Taxpayer’s tax return information to all Baker Tilly national and international affiliates (including officers, employees, or members thereof who may be located outside the United States; together, “Baker Tilly Entities”) and contractors inside and outside the United States providing administrative, tax return preparation and ancillary services (“Outsource Providers”) for the following purposes:

- To enable Baker Tilly Entities and Outsource Providers to provide administrative, tax return preparation and ancillary services for Baker Tilly on behalf of Taxpayer.
- To enable Baker Tilly Entities to identify and suggest useful information and services, including attest services, non-tax services such as audit services, financial services, investment advisory services, and consulting services, and additional tax services such as advanced federal and state income tax, indirect tax credits & incentives, international tax, and industry-specific services, and to determine whether such information and services would be valuable to you.

This consent will remain in effect until and unless revoked by written notice of Taxpayer.

5. Copies of Our Work Product

You have the right to review and/or be supplied with copies of any and all tax planning or research memoranda and work papers prepared by our firm related to this engagement. The scope of this engagement is not intended to rise to the level at which we will issue a formal tax opinion to you. Therefore, all written tax advice provided under this engagement letter will contain the following legend:

Tax information, if any, contained in this communication was not intended or written to be used by any person for the purpose of avoiding penalties, nor should such information be construed as an opinion upon which any person may rely.

6. Audit Defense

Your returns may be selected for review by the taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax

examination, we will be available upon request to represent you at our standard hourly rates. Please note we cannot make, nor provide, any guarantee with respect to any proposed adjustments by a taxing authority. Any such audit defense work shall be covered under the terms of a separate engagement letter.

7. Additional Work Due to Tax Law Changes

Congress and Treasury continue to revise the tax law, as well as issue additional guidance and rules relating to the law changes. Any such guidance or legislative changes have the potential to impact tax positions on your return and may require additional analysis and computations. Our fee associated with any additional time that we spend on such issues will be based on our standard hourly rates for the level of staff performing the services. Before we begin any incremental work, we will provide an estimate of the additional fees expected to be incurred.

8. Tax Return Preparer Standards, Reporting, Disclosure, Privacy, and Related Matters

- a. Prior to engaging our services in preparation of tax returns, it is important you are aware of the standards that will be applied to preparing, signing and filing such returns. Internal Revenue Code (IRC) section 6694 and the related Treasury Regulations provide that a tax return preparer may sign a tax return only if there is substantial authority for all tax positions reflected in the return, or alternatively, there is disclosure of any position that has a reasonable basis but lacks the support of substantial authority. This standard corresponds with the taxpayer standard that relates to the avoidance of a penalty for a substantial understatement of tax. Positions claimed on a tax return that lack a reasonable basis could subject taxpayers to a substantial understatement of tax penalty, even if such positions are disclosed on their returns. Professionals cannot sign returns with positions that lack a reasonable basis.
 - b. With respect to any transaction deemed to be a tax shelter there is a higher minimum standard of “more-likely-than-not” which must be satisfied for any benefits to be claimed on a tax return. Disclosure of the position does not remove this minimum standard for tax shelter positions.
 - c. As a result of the existence of these standards, our professional standards and related due diligence may require us to evaluate all positions to be reflected on your federal tax returns to determine if such positions meet the substantial authority standard discussed above. As noted above, certain positions may be required to be disclosed to the federal, and in some cases, the state tax authorities.
 - d. It is not possible for us to know in advance whether any positions to be reflected on your return may require additional analysis. Therefore, we cannot estimate in advance the additional amount of fees which may be associated with any such effort if it becomes necessary. We will, however, advise you of any positions which require additional analysis and discuss the associated fees with you prior to undertaking the additional effort required to reach a conclusion in compliance with these standards.
 - e. The federal government requires U.S. persons which have any interest in, or signature authority over, a foreign bank, securities, or other financial account to report such interest on Form 114, Report of Foreign Bank and Financial Accounts (formerly Form TD F 90-22.1), if the aggregate value of such accounts exceeds \$10,000 at any time during the year. U.S. persons include U.S. citizens, U.S. residents and entities including, but not limited to corporations, partnerships or limited liability companies created or organized in the U.S. or under the laws of the U.S., and trusts and estates formed under the laws of the U.S. Please inform Baker Tilly if Client has any foreign bank accounts, activities, or investments, so that Baker Tilly can discuss how it can help
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Client comply with the law.

- f. Revised (IRC) section 7216 and the related Treasury Regulations prescribe a penalty for any tax return preparer that uses or discloses tax return information without securing the consent of the taxpayer prior to any such use or disclosure. Should Client request that any tax information be provided to a third party, Baker Tilly can provide the information directly to Client, and Client can provide the information to the third party, or Baker Tilly can provide the information directly to the third party. If Client requests that Baker Tilly provide the information directly to a third party, a specific and detailed written consent with Client's signature will be required to be furnished to Baker Tilly prior to the release of any tax return information. Baker Tilly will bill Client for the time necessary to draft the consent, obtain Client's signature and satisfy Client's request to provide tax information directly to a third party.
- g. The advice Baker Tilly renders may result in one or more positions that will be reflected on Client's federal tax returns. Taxpayers will not be subject to an underpayment of tax penalty if each position taken on the return has substantial authority. Positions that lack substantial authority but have a reasonable basis may be claimed on the tax return if such positions are disclosed to the IRS. Positions that lack a reasonable basis claimed on a tax return could subject taxpayers to a substantial understatement of tax penalty, even if such positions are disclosed on their returns. The higher more-likely-than-not standard for reportable transactions remains. Regardless of disclosure, any position or transaction deemed to be a reportable transaction must meet the more-likely-than-not confidence level in order to avoid penalties. Baker Tilly will inform Client of the level of confidence Baker Tilly may have regarding all such positions.

9. Prevailing Wage & Apprenticeship Bonus Compliance

Prevailing Wage & Apprenticeship Bonus Compliance is not applicable as South Bend's projects are under 1 MW and exempt from Prevailing Wage & Apprenticeship compliance.

10. Domestic Content Certification; Confidentiality, Disclosures, and Disclaimers

The following applies to the extent you engage Baker Tilly for Domestic Content Compliance services as further specified in Appendix D (Phase 4.3).

- a. As an express condition to Baker Tilly providing the Domestic Content Compliance Services, you agree to the following:
 - i. Baker Tilly will not independently verify the information you provide.
 - ii. Baker Tilly is not responsible for or liable for incorrect, inaccurate, or incomplete information you provide, and shall be entitled to rely on such information without further examination.
 - iii. Baker Tilly does not and cannot guarantee acceptance and granting of such domestic content tax credit, and you acknowledge and accept the risk that taxation authorities and/or courts may find that your clients are not entitled to the bonus tax credit related to domestic content or may assess interest and penalties owed by your clients as a result of the loss of tax credit.
 - iv. You will indemnify, defend, and hold Baker Tilly harmless from and against any penalties, fines, losses, liabilities, or other damages incurred by Baker Tilly related to or arising from incorrect information you provide, including, but not limited to, penalties, fines, losses, liabilities, or other damages incurred by Baker Tilly or the Project Owner client as a result of such information.

If this SOW Appendix is acceptable, please sign below and return one copy to us for our files. We look forward to working with you on this important project.

Acknowledgement

The services and terms as set forth in this SOW Appendix are agreed to on behalf of the Client and Baker Tilly by their respective authorized representatives identified below:

Baker Tilly Advisory Group, LP

South Bend, Indiana, City of

Signature:

Signature:

Name: Jeffrey P. Rowe

Name:

Title: Principal

Title:

Date:

Date:

Addendum 1: Phase 4 Example Workpaper Exhibits: (as applicable)

- Exhibit A – Begun Construction Safe Harbor report.
- Exhibit B – Production and Consumption report
- Exhibit C – Energy Eligible Basis report
- Exhibit D – Tax Forms
 - Exhibit D.1 – Election statement
 - Exhibit D.2 – Tax Filing Forms
 - Exhibit D.3 – Pre-filing registration
 - Exhibit D.4 – Election to transfer credits.
 - Exhibit D.5 – Election for direct pay
- Exhibit E – Prevailing Wage & Apprenticeship Compliance and Documentation
- Exhibit F – Energy Community Compliance
- Exhibit G – Domestic Content Compliance and Documentation
- Exhibit H – IRS Project Credit Allocation letter (48C/Environmental Justice)
- Exhibit I – Credit Summary

	Type	%
Base Energy Credit	Energy Type	6%
PW&A	Y	30%
Domestic Content	N	0%
Energy Community	Y	10%
Total Credit %		40%
Project Cost	\$XX,000,000	From Exhibit C
Eligible Energy Property	\$ X,000,000	From Exhibit C
Total Credit Value		\$X,X00,000

SOW 1 - Appendix D

4.3 IRA Renewable Tax Credit

Domestic Content Consulting Services

Baker Tilly will perform the following services: Support Related to the Pursuit of the Federal Renewable Energy Tax Credit as part of the Inflation Reduction Act 2022 (“IRA22”, the “Act”) – Domestic Content Compliance Consulting

The following is pursuant to the MSA signed on June 20, 2020 for services to be provided by Baker Tilly Advisory Group, LP (“Baker Tilly” or “Consultant”) and City of South Bend, IN (“the Company” or “Client”).

Our Understanding

City of South Bend, IN (The "Client"), plans to build two solar energy projects, both under 1 MW, located at the water treatment plant in South Bend, IN. The water treatment plant solar will be approximately \$2 - \$4 million in value.

The water treatment plant project is expected to begin construction in Q4 2024 and be placed in service in Q4 2025. The wastewater treatment plant project is expected to begin construction Fall 2024 and be placed in service by July 2025. The Client is seeking the investment tax credit for the projects. Both projects will have one prime contractor and expecting to have at least 2 additional subcontractor vendors as part of the projects. ("the Projects").

The Client is aware that it may be eligible for a Federal Tax Credit because of the Project utilizing IRA22. The Act’s “energy security” subtitle includes tax provisions providing credits and incentives for the production and consumption of clean energy, carbon emissions reduction, electric vehicle purchases and, among other items, promoting domestic energy security.

Based upon initial discussions, the Client is interested in having Baker Tilly support its goal to preserve, enhance, and claim the Domestic Content bonus as defined within IRA22 from its Project to the Client.

Summary of Services

For the designated Project, Baker Tilly will perform an analysis of the supply chain, procurement and equipment country of origin documentation, manufactures cost and Project costs for the purposes of reporting the Project’s Domestic Content compliance status.

Project Summary	
Project name	Wastewater and Water Treatment Plants Solar
Project type	Solar project
Project capital expenditure	\$2 - \$4 million
Current status	Planning
Estimated number of primary equipment manufacturers	5
Manufacturers requiring product certification	1
Advisory scope	IRA22 domestic content guidance
Compliance scope	IRA22 domestic content compliance monitoring and compliance report compilation

Scope, Objectives and Approach

IRA22 Planning & Guidance

Baker Tilly will assist the Client's project team with developing domestic content requirements that may be integrated into their procurement procedures and documents.

- Interpretation of IRA22 domestic content guidance:
 - Title 49 CFR Part 661
 - Part III – Administrative, Procedural, and Miscellaneous Notice 2023-38
- Domestic Content Bonus Credit Guidance under Sections 45, 45Y, 48 and 48E
- Procurement guidance with respect to
 - Answering contractor/supplier/manufacturer questions
 - Procurement requirements
 - Procurement documentation

Preliminary Domestic Content Assessment

Baker Tilly will assess the procurement plan and identify planned purchases that add or detract from achieving domestic content compliance. Additionally, we will identify suppliers that have agreed to provide required domestic content documentation as well as those that have declined.

- Request supplier estimates of domestic content
- Structural steel assessment
- Manufactured product assessment
- Preliminary domestic content report
 - List supply chain partners
 - List manufactured project content
 - List expected structural steel use
 - List estimated Client's cost of manufactured content
 - Compute preliminary manufactured domestic content compliance based on Project's estimated cost
 - Report structural steel domestic status
 - List of non-domestic planned purchases that detract from the domestic content ratio.

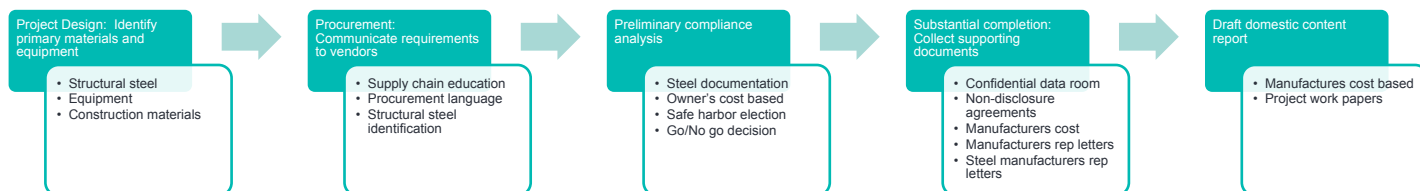
Safe Harbor Election (Treasury Notice 2024-41)

IRA22 provides an alternative manufacturer's costing methodology for Photovoltaic, Land-Based Wind and Battery Energy Storage System (BESS) projects. The Treasury has defined the allowable project components and assigned a cost factor for determining manufactured product cost. Baker Tilly will:

- Assess the project for eligibility
- Compute project domestic cost percentage
- Evaluate Safe Harbor Election as a viable option to comply with Adjusted Percentage Rule

Confidential Data Room

Baker Tilly will provide Client's supply chain partners with a secure and confidential data room to upload manufacturer's cost information.



Domestic Content Report

Baker Tilly will draft a domestic content compliance report that includes:

- Supply chain partners list
- Structural steel content list
- Manufactured project content list
- Total domestic manufactured cost
- Total project manufactured cost
- Domestic content compliance ratio
- Supplier domestic content supporting documentation.

Domestic Content Statutory Elective Payment Phaseouts and Exceptions (Treasury Notice 2024-9)

Qualifying facilities eligible for direct pay are subject to elective payment reductions if the project fails to achieve the adjusted percentage rule. The Treasury has provided for two Domestic Content Exceptions:

1. Increased cost exception: The cost of domestic steel, iron, or manufactured products increase the overall project cost by more than 25%
2. Non-Availability exception: Relevant steel, iron or manufactured products are not produced in the United States in sufficient and reasonably available quantities or of a satisfactory quality

Domestic Content Exceptions Report

Baker Tilly will draft a domestic content exceptions report that includes:

- Supply chain partners list
- Structural steel content list
- Manufactured project content list
- Preliminary domestic content compliance ratio
- Increased cost exception assessment (if applicable)
- Non-Availability exception assessment (if applicable)
- Supporting documentation and workpapers

Domestic manufacturer product costing

In the event the Client wants an independent review of the manufacturer's certifications to Baker Tilly, or manufacturer cannot provide, we can perform a validation exercise that will walk through the calculation process with the manufacturer and identify the serial numbers purchased and used by the Client's Project to provide certainty beyond the manufacturer's assertions regarding the status of the Domestic Content bonus credit.

We would provide this service by working directly with Manufacturer to validate assumptions used in certifying domestic content and gathering the backup data to support assertions made for the product specific to this project. Our standard procedures for this review include the following steps:

- Attribute assessment of products in scope.
 - Documentation review: Product specifications, engineering drawings, bill of materials.
 - Identification of data for country of origin.
- Production process(es) assessment.
 - Review manufacturing process in accordance with the definition outlined by the IRA22.
 - Review onsite manufacturing process flow at the in-scope production facility(ies).
 - Review functionality, nature and capability/capacity of manufactured component(s) as applicable.
 - Review production data alignment with manufacturer's product acceptance criteria.
- Manufacturing cost assessment.
 - Direct cost allocation methodology review, inclusive of direct material costs and direct labor costs
 - For direct material costs, included is a review of the cost for materials which make up an integral part of the finished product and cost for materials that are consumed in production.
 - For direct labor costs, included is a review of the cost for labor, encompassing both full-time and part-time employees (contract and independent contractors). Labor costs include but are not limited to the following: base compensation, hourly pay, overtime pay, vacation pay, holiday pay, sick leave pay, payroll taxes, payments to a supplemental unemployment plan. A review of

- employee benefits expenses will not be included.
- Verification of costs for purchased components.
- Calculate current state Domestic Content percentage from extract analysis on products used in the Project

These procedures include a site visit to the manufacturing facility to verify the activities presented and Baker Tilly will document all the supporting information to hold on file to supply as support for an IRS audit, resulting in data protection for the manufacturer and high-quality support for the owner of the credit.

Roles and responsibilities

Roles and Responsibilities	
Decisions to pursue Domestic Content bonus and associated supplier costs	Client
Writing procurement and contracting terms and conditions	Client and Baker Tilly
Collaborating with supply chain partners and gaining agreement to provide required information	Client and Supply Chain
Supply chain partner decisions and manufactured product selection	Client
Collaborate with Client and their suppliers on acceptable alternative domestic content documentation if necessary	Baker Tilly
Provide project suppliers with domestic content data collection forms	Baker Tilly
Communicating with Client events or decisions that may impair realizing the domestic content bonus	Baker Tilly
Providing supply chain partners with affidavit templates	Baker Tilly
Providing supply chain partners with a secure data room	Baker Tilly
Final determination of adequacy of domestic content documentation	Baker Tilly

Additional disclaimers

Please note that Baker Tilly will, in good faith, rely on purchase orders, bills of materials, procurement information, manufacturer's costs and their representations furnished by the Client or third parties, without independent audit or verification. By providing this information to Baker Tilly, Client represents that all procurement, supply chain and finished manufacture's cost data they have provided for the credit computation is complete and accurate, and therefore does not require independent verification from Baker Tilly. Client adheres to all terms and disclaimers outlined in SOW Appendix A, Engagement-Specific Terms and Conditions Section 10.a.

Engagement Fee

Domestic Content Consulting Services	Fee estimate
Ad hoc consulting services	Included in Appendix A Phase 2
Preliminary domestic content analysis five (5) manufacturers Go/No go milestone	\$7,500 per manufacturer \$37,500
Continuous domestic content monitoring One domestic content compliance report for the project	\$12,500
Total: If more than five (5) manufactures deliver finished manufactured product to the project fees will be adjusted as follows: <ul style="list-style-type: none"> ● Preliminary analysis: \$7,500 for each additional manufacture ● Domestic content report: \$2,500 for each additional manufacture 	\$50,000

Signature Section

The services and terms as set forth in this Scope Appendix are agreed to on behalf of the Client and Baker Tilly by their respective authorized representatives identified below

SOUTH BEND, INDIANA

Signature: Alisha Giersberg

Name: Alisha Giersberg

Title: Senior Purchasing Agent

Date: 11/12/2024

BAKER TILLY ADVISORY GROUP, LP

Signature: _____

Name: _____

Title: _____

Date: _____