

2013 RESTATED AND AMENDED AGREEMENT FOR SEWAGE DISPOSAL
Entered Into By and Between
The County of Lake, Illinois
and
Lakes Region Sanitary District, Illinois
As of
_____, 2013

2013 RESTATED AND AMENDED AGREEMENT FOR SEWAGE DISPOSAL

THIS AGREEMENT made and executed this ____ day of _____, 2013, between the LAKES REGION SANITARY DISTRICT, a municipal corporation located in Lake County, Illinois, hereinafter referred to as the "**District**", and the COUNTY OF LAKE, Illinois, hereinafter referred to as the "**County**,"

RECITALS:

1. The public health, welfare, and safety of the residents of the District and the residents of the County require the development of coordinated and adequate systems and methods for the collection and treatment of sewage so as to eliminate pollution of lakes and streams.

2. The County has established a Department of Public Works pursuant to an Act of the General Assembly of the State of Illinois entitled "An Act in Relation to Water Supply, Drainage, Sewage, Pollution, and Flood Control in Certain Counties", as amended, for the purpose of performing the function of sewage disposal and has prepared a comprehensive plan for the disposal of sewage from areas of the County, including portions of the Northwest Lake Facilities Planning Area established pursuant to the Illinois Water Quality Management Plan, and has prepared plans and programs for providing such service and the related facilities.

3. Pursuant to such plans and programs, the County has constructed, owns, and operates a system of interceptor sanitary sewers in the aforementioned facilities planning area to provide sanitary sewer service. The County and the Village of Fox Lake ("**Fox Lake**") have also entered into the Fox Lake Agreement whereby Fox Lake will provide sewage treatment services for the County in the Northwest Regional Area, subject to certain fees and conditions as outlined in the Fox Lake Agreement.

4. The County and the District have previously entered into a Restated and Amended Agreement for Sewage Disposal, dated November 16, 2004 (collectively, the "**Prior Sewage Agreement**").

5. In accordance with the Prior Sewage Agreement, the District's sewer system is already delivering sewage from customers within the District's service area, which includes the Lakes Region Sanitary District Sub FPA, to the County's interceptor for the Northwest Regional Area.

6. In order to ensure the ability to develop long-range plans for providing sewerage services for future development and redevelopment of its territory, the District requires a long-term source for Sewage Treatment services. The Northwest Regional Water Reclamation Facility is the most effective source for such Sewage Treatment services.

7. In order to conform with the terms and conditions under which continued Sewage Treatment services will be provided through the Northwest Regional Water Reclamation Facility, the County and the District desire to enter this restated and amended agreement for sewage disposal that will permit the District, subject to specified terms, conditions, exceptions, and limitations, to deliver sewage to the County's sanitary sewer system in the Northwest Regional Area for Treatment services via the Northwest Regional Water Reclamation Facility, which restated and amended agreement would supersede the Prior Sewage Agreement.

8. The District does not endorse the recitals or other provisions of the Fox Lake Agreement not referenced or otherwise affected by the terms of this Agreement.

9. The District and the County had previously entered into a "Restated and Amended Agreement for Sewage Disposal" dated as of July 15, 2010 (the "**2010 Agreement**"), which agreement included a clause allowing the District to request amendments to the 2010 Agreement based on certain provisions in other County agreements for wholesale sewer service in the Northwest Regional Area. This "2013 Restated and Amended Agreement for Sewage Disposal" reflects modifications to the 2010 Agreement based upon such requested amendments.

AGREEMENT

In consideration of the mutual covenants and agreements contained herein, the County and the District do hereby agree as follows:

ARTICLE I

RECITALS

The foregoing recitals are, by this reference, fully incorporated into and made a part of this Agreement.

ARTICLE II

DEFINITIONS

2.1 **Biochemical Oxygen Demand (B.O.D.)**.

The quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory test procedures in five days at 20°C.

2.2 **Collection**.

The receipt of Sewage directly from the service connection of an individual Customer and the delivery of such Sewage to the County Interceptors or to any other provider of Transport or Treatment services.

2.3 **Comprehensive Plan**.

The Regional Wastewater Plan of the County of Lake approved by resolution of the County dated December 17, 1968, and amended from time-to-time thereafter.

2.4 **Connection Charges**.

The charges from time-to-time imposed by the County on Customers newly connecting to the County Sewerage System as a condition of such connections.

2.5 **Consultation**.

With respect to the County, as used in the Fox Lake Agreement, "consultation" includes: (i) sixty (60) days notice of any matter about which consultation is to occur, unless either (a) exigent circumstances exist, or (b) the Wholesale Advisory Committee and the County otherwise agree; (ii) the delivery of any applicable and available studies to the Wholesale Advisory

Committee; and (iii) providing the Wholesale Advisory Committee an opportunity to submit written comment to County Public Works staff before such consultation period concludes.

2.6 **County Interceptors.**

The system of Sanitary Sewer interceptors, and related facilities, as generally described in the Comprehensive Plan and tributary to the Northwest Regional Water Reclamation Facility, together with such extensions of, and additions to, such system of interceptors and facilities, all as are or may be owned and operated by the County in the Northwest Lake FPA.

2.7 **County Northwest Service Area.**

The Northwest Lake FPA (the boundaries of which as of the Effective Date of this Agreement are depicted on Exhibit A), except that portion lying within the Fox Lake municipal service area under the Fox Lake Agreement or any portion of the Northwest Lake FPA that is not to receive Treatment service from the Northwest Regional Water Reclamation Facility pursuant to the Fox Lake Agreement.

2.8 **County Sewerage System.**

The County Interceptors, and all other Sanitary Sewers, lift stations, connection facilities, and related facilities, as well as associated land, easements, and rights-of-way, that the County, from time-to-time, owns or operates for the purpose of, or related to, Transporting Sewage within the County Northwest Service Area to Northwest Regional Water Reclamation Facility or such other provider of Treatment services as the County may utilize.

2.9 **County Sewer Ordinances.**

An ordinance entitled "An Ordinance Regulating the Use of Public and Private Sewer and Drains, Private Sewage Disposal, the Installation and Connection of Building Sewers, and the Discharge of Waters and Wastes into the Public Sewer Systems of the County of Lake in the State of Illinois," enacted by the County on and dated February 9, 1988, together with all such amendments thereto as have been or may be enacted from time-to-time, and any and all other ordinances adopted or rules promulgated by the County relating in any way to the County Sewerage System or to the Collection, Transport, Pretreatment, or Treatment of Sewage in the County.

2.10 **Customer.**

Any dwelling, business, office, industrial, institutional, or other building, facility, or entity located in the District Service Area and within the corporate limits of the District that discharges Sewage, either directly or indirectly, into the County Sewerage System.

2.11 **District Service Area.**

Those areas located within the area depicted on Exhibit B to this Agreement and within the Northwest Lake FPA.

2.12 **District Sewage Collection System.**

All Sanitary Sewers, lift stations, connection facilities, and related facilities, as well as associated lands, easements, and rights-of-way, whether located within or without the District Service Area, presently existing or to be constructed in the future, that are owned, operated, or

maintained by the District and are necessary to Collect Sewage from individual Customers located within the District Service Area and to deliver such Sewage to the County Interceptors in accordance with the County Sewer Ordinances, all other applicable laws, ordinances, and regulations, and sound engineering practices, except as otherwise expressly provided in this Agreement.

2.13 **Effective Date.**

The date on which this Agreement shall become effective pursuant to Subsection 10.8 of this Agreement.

2.14 **Force Majeure.**

Orders of the United States, State of Illinois, or other civil or military authority, changes in applicable law, strikes, lock-outs, acts of God, inability to obtain labor or materials, enemy action, civil commotion, fire, unavoidable casualty, or other similar events or circumstances.

2.15 **Fox Lake.**

The Village of Fox Lake, Illinois.

2.16 **Fox Lake Agreement.**

That certain agreement between the County and Fox Lake dated July 15, 2010 (and amendments thereto that may be entered into from time-to-time) providing *inter alia* for the treatment and disposal of sewage delivered from the County Interceptor to Northwest Regional Water Reclamation Facility.

2.17 **Industrial Waste.**

Liquid and water-carried waste discharged by any non-residential Customer.

2.18 **Inflow/Infiltration.**

A. Inflow: Water other than wastewater that enters a sewerage system from sources such as roof leaders, drains, manhole covers, cross connections between storm and sanitary sewers, catch basins, cooling towers, storm waters, surface runoff, street wash waters, or drainage.

B. Infiltration: Water other than wastewater that enters a sewerage system from the ground through such means as defective pipes, pipe joints, connections, or manholes.

C. Excessive Inflow/Infiltration: Any flow greater than 2.5 times the design average flow of the Northwest Regional Water Reclamation Facility, or such greater multiple of the design average flow that may be authorized from time-to-time in the NPDES permit for the Northwest Regional Water Reclamation Facility.

2.19 **Meter.**

Any device used to measure flow.

2.20 **Northwest Lake FPA.**

The Northwest Lake Facilities Planning Area as established in the Illinois Water Quality Management Plan, as such plan may be amended from time-to-time.

2.21 **Northwest Regional Water Reclamation Facility.**

The wastewater treatment plant constructed, owned, and operated by Fox Lake, and located at 200 Industrial Drive, Fox Lake, Illinois, which discharges into the Fox River in Lake County, Illinois, together with any additions to, or extensions of, such plant.

2.22 **Population Equivalent (P.E.).**

The calculated population that would normally produce 100 gallons of Sanitary Sewage per day containing 0.17 pounds of B.O.D. and 0.20 pounds of total Suspended Solids. The P.E. for a discharger of Industrial Waste shall be based on the highest of the flow, B.O.D., and Total Suspended Solids.

2.23 **Pretreated Sewage.**

Sanitary Sewage or Industrial Waste that has been subjected to Pretreatment.

2.24 **Pretreatment.**

The process, or any portion of the process, of changing the physical, chemical, or biological character of Sanitary Sewage or Industrial Waste so as to meet the pretreatment standards promulgated under Section 307(b) and 307(c) of the Federal Clean Water Act, or any amendment thereto, as well as any pretreatment standards heretofore or hereafter established by State law, the County Sewer Ordinances, or in accordance with the Fox Lake Agreement.

2.25 **Properly Shredded Garbage.**

Garbage that has been shredded to such degree that all particles will be carried freely under the flow conditions normally prevailing in public sewers, with no particle greater than 1/2 inch in any dimension.

2.26 **Residential Customer Equivalent (R.C.E.).**

A unit of measurement for purposes of imposing Connection Charges or assessing Sewer User Fees on Customers that shall equal either:

- A. The sanitary sewage flow from a single dwelling unit of any type; or
- B. For non-residential Customers, which for calculation purposes is 2.5 P.E.

2.27 **Sanitary Sewage.**

Liquid and water-carried waste and Properly Shredded Garbage discharged from the plumbing fixtures of dwellings and other buildings, but not including Industrial Waste.

2.28 **Sanitary Sewer.**

Any sewer that carries Sewage.

2.29 **Sanitary Sewer Service.**

The Transport and Treatment of Sewage, or any combination of one or more of such activities.

2.30 **Sewage.**

Sanitary Sewage, Industrial Waste, and Pretreated Sewage, together with such Inflow/Infiltration as may be permitted pursuant to the County Sewer Ordinances or the Fox Lake Agreement.

2.31 **Sewer User Fee.**

The standard rates charged by the County (which includes applicable County and Fox Lake fees) in the County Sewerage System for Transport and Treatment of Sewage of a specified volume, strength, and composition.

2.32 **Suspended Solids.**

Nonfilterable solids that either float on the surface of, or are in suspension in, Sewage or other liquids.

2.33 **Transport.**

The conveyance of Sewage from the point or points of discharge of the District Sewage Collection System to the Northwest Regional Water Reclamation Facility or to any other provider of Treatment service.

2.34 **Treatment.**

The process, or any portion of the process, of changing the physical, chemical, or biological character or composition of Sanitary Sewage or Industrial Waste so as to meet all federal, state, Fox Lake, and County requirements.

2.35 **Volo Service Subarea.**

Those areas located within the area depicted on Exhibit B to this Agreement that are within the corporate limits of the District and the corporate limits of the Village of Volo, Illinois from time-to-time, including any territory hereafter annexed to the District and the Village of Volo, Illinois.

2.36 **Wholesale Advisory Committee.**

An advisory body comprised of both the Wholesale Policy Advisory Committee and the Wholesale Technical Advisory Committee, the responsibilities of which will be further set forth in bylaws to be approved by the Wholesale Policy Advisory Committee. The Wholesale Advisory Committee is established for the purposes of communication and coordination on matters of mutual concern regarding sanitary sewerage service, including input on operational and cost effectiveness matters relating to local systems, transport, and treatment activities, throughout the Northwest Lake FPA.

2.37 **Wholesale Policy Advisory Committee.**

An advisory body comprised of one representative from each of the District, the County, Fox Lake, and each municipality, sanitary district, and public utility company that (i) owns local sewers that are located within the Northwest Lake FPA; (ii) is served by the Northwest Regional Water Reclamation Facility; and (iii) is a party to a current contract for such service with the County ("**Wholesalers**"). Representatives (as well as any alternative representatives) are to be approved by resolution of the respective corporate authorities of the District, County, Fox Lake, and each Wholesaler. Representatives and alternate representatives shall be either members of the corporate authorities or administrative officials of the District, County, Fox Lake, or a Wholesaler. The Wholesale Policy Advisory Committee is established for the purposes of communication and coordination on matters of mutual concern regarding sanitary sewerage service throughout the Northwest Lake FPA.

2.38 **Wholesale Technical Advisory Committee.**

An advisory body comprised of one representative from the District, County, Fox Lake, and each Wholesaler. Representatives (as well as any alternative representatives) are to be approved by resolution of the respective corporate authorities of the District, County, Fox Lake, and each Wholesaler. Representatives and alternate representatives shall be either engineers or full-time employees of the District, County, Fox Lake, or each Wholesaler with responsibilities relating to the representative's sanitary sewer system.

ARTICLE III

SANITARY SEWER SERVICE

3.1 **County Obligations.**

The County shall, subject to the conditions precedent and limitations set forth in Article V of this Agreement, and to the other terms and conditions of this Agreement, use its best efforts to operate and maintain the County Sewerage System in accordance with its customary practices and sound engineering practices. Use of the County Sewerage System shall be governed by the County Sewer Ordinances and this Agreement.

3.2 **District Obligations.**

Except as provided in Section 3.3 of this Agreement, the District shall not, at any time during the term of this Agreement, (i) offer, authorize, or permit any Sanitary Sewer Service within the District Service Area other than such Service as is delivered by the County by and through the County Sewerage System; (ii) construct, or cause, permit, or consent to the construction of, any Sanitary Sewers or Treatment facilities (other than the County Sewerage System and the District Sewage Collection System) within the District Service Area; or (iii) deliver Sewage from properties within the District Service Area to any Transport or Treatment facility other than the County Sewerage System (either directly or through tributary lines) without, in each such case, the prior written consent of the County.

3.3 **Alternative Sanitary Sewer Services.**

A. **Limited Right to Use Other Facilities.**

1. **Capacity to Serve.** If, at any time after the Effective Date of this Agreement, the County is unable or unwilling to provide Sanitary Sewer Service as required by this Agreement for all Sewage from the District Service Area

either directly or through tributary lines, the District may, upon proper notice as provided in Subsection A.2 of this Section 3.3, and without the consent of the County, make alternate arrangements for Sanitary Sewer Service with respect to such Sewage that the County is unable or unwilling to Transport or Treat. By pursuing alternative arrangements under this Section 3.3.A.1, the District shall not be authorized to reduce the volume of Sewage Collected from the District Service Area that has been and can continue to be served by the County Sewerage System. For the purpose of this Section, the County's ability to provide Sanitary Sewer Service shall be without regard to any expansion of the County Sewerage System for which the District would be responsible for payment as described in Section 3.3.B, and a request for such an expansion shall not be a condition precedent to exercising the relief herein described.

2. Required Notice. Any notice required pursuant to Subsection 3.3.A.1 of this Agreement shall be in writing and shall be delivered to the County not less than 90 days before the District enters into any agreement or other arrangement for any Sanitary Sewer Service with respect to Sewage from the District by any provider of Sanitary Sewer Service other than the County. Such notice shall specify (a) the additional amount of Sewage for which the District requires additional capacity and that the District intends to deliver to any other service provider, (b) the time within which such additional Sanitary Sewer Service capacity is required, and (c) the basis for the District's conclusion that the County cannot or will not provide Sanitary Sewer Service with respect to such Sewage. If, within 90 days after such notice is delivered to the County, the County agrees in writing to provide the required Sanitary Sewer Service, the District shall be required to take such Service from the County pursuant to this Agreement rather than from any other service provider. Otherwise, the District shall have no obligation to deliver such additional amounts of Sewage (as set forth in the notice) to the County Sewerage System at any time thereafter.

B. District Request for Expansion of County Sewerage System. The parties acknowledge and agree that the County has the right, but not the obligation, to expand the County Sewerage System. Nevertheless, if, (i) as a result of the lack of capacity in any portion of the County Sewerage System needed to Transport Sewage from the District Service Area, the County is unable to provide Sanitary Sewer Service for all Sewage from the District Service Area, and (ii) the County has not otherwise elected to expand the County Sewerage System to address such lack of capacity, then (iii) the District may request the County for a proposal to design, install, and construct such improvements to the County Sewerage System. If the County elects to provide such proposal, and the District agrees in writing to pay the full cost of implementing such proposal (unless the County and District otherwise agree), then the County shall be required to design, install, and construct such improvements in the manner set forth in the proposal, and the County agrees to reserve capacity in the County Sewerage System for the District to the extent that the improvements made pursuant to this Section 3.3.B enhance the capacity of the County Sewerage System to serve the District.

C. Exceptions to Use of County Sewerage System. Notwithstanding any provisions in this Agreement to the contrary, the District may deliver Sewage collected from properties within the areas depicted on Exhibit C to this Agreement (the "**Direct Service Properties**") directly to Transport facilities that are not part of the County Sewerage System; provided, however, that Sanitary Sewer Service through such alternative Transport facilities shall be governed (as applicable) by that certain "Intergovernmental Service Agreement" between the Village of Fox Lake and the District dated November 15, 1999 and the "Intergovernmental

Agreement" between the Village of Fox Lake, the Village of Volo, and the District dated September 24, 2002. The Direct Service Properties shall be exempt from the County portion of the Sewer User Fees but shall be required to pay all Connection Charges as established in Section 6.2 of this Agreement.

D. Septic Systems. Notwithstanding any provisions in this Agreement, or any District ordinances or District agreements with the Village of Volo to the contrary, residential septic systems serving only one detached single family dwelling on a lot of at least 40,000 square feet in area and any other septic systems that may from time to time receive written approval from the County and Fox Lake shall not be considered to be Treatment facilities for purposes of this Section. In addition, any existing septic systems serving nonresidential structures or residential structures for which certificates of occupancy have been issued prior to the date of this Agreement shall not be considered a Treatment facility for purposes of this Section; provided, however, that such existing septic systems (other than those serving only one detached single family dwelling on a lot greater than 40,000 square feet in area) shall not be replaced or repaired in a manner requiring a permit from the Lake County Board of Health unless there is no Sanitary Sewer within 300 feet of the property served by such septic system (or such greater distance as may be established by regulation of the Lake County Health Department). In addition, the County shall not have an obligation to Transport Sewage to the Northwest Regional Water Reclamation Facility if treated by any other type of on-site treatment system for which required permits have been issued and maintained (including without limitation land treatment systems).

3.4 **Other Agreements and Laws.**

Except as provided in Section 3.3.C of this Agreement, nothing in this Agreement shall be construed or interpreted as a waiver by the County of its rights under any other agreement or law governing the County's right to provide exclusive Sanitary Sewer Service within any portion of the County, including the District Service Area.

ARTICLE IV

DISTRICT SEWAGE COLLECTION SYSTEM

4.1 **Acknowledgement of Existing District Sewage Collection System.**

The parties acknowledge that the District currently owns, operates, and maintains the District Sewage Collection System, which system is tributary to the County Sewerage System. The District shall be permitted to continue to Collect Sewage from Customers within the District Service Area and to deliver such Sewage to the County Sewerage System, subject to and in accordance with the County Sewer Ordinances and the terms of this Agreement.

4.2 **Extensions to District Sewage Collection System.**

A. Permitted Extensions and Enlargements. The District shall be permitted to extend, enlarge, or otherwise modify or improve the District Sewage Collection System in any manner that the District determines is necessary and appropriate in order to serve Customers within the District Service Area; provided that any such extension, enlargement, modification, or improvement shall be undertaken in accordance with the terms of this Agreement.

B. Standards for Extensions or Enlargements. In the event that the District elects to extend, enlarge, or otherwise modify or improve the District Sewage Collection System, either directly or by owners, subdividers, or developers of any lot, tract, or parcel within the District

Service Area in connection with the development of any such lot, tract, or parcel, the District shall require any such extension, enlargement, modification, or improvement, to be designed, constructed, and installed in accordance with this Agreement, the County Sewer Ordinances, all other requirements of law, and sound engineering practices. In fulfilling its responsibilities hereunder, the District shall, at a minimum, undertake or cause to be undertaken, at no cost to the County, the following:

1. Obtain engineering services, from a firm experienced in the design of public sewerage systems, for the design, plans and specifications, and construction of any portion of the District Sewage Collection System;
2. Obtain all easements, rights-of-way, licenses, and other property rights that are necessary or convenient to construct, install, operate, and maintain any portion of the District Sewage Collection System, including the preparation of appropriate surveys, agreements, and other relevant documents;
3. Enter into contracts with firms experienced in the construction and installation of public sewerage systems;
4. Secure all permits, approvals, and authorizations that may be necessary or appropriate to construct, install, and operate the portion of the District Sewage Collection System; and
5. In cases where the County is required to execute an IEPA permit application, submit to the County, for the County's review and approval, all final engineering plans and specifications and all permit applications for such new portions of the District Sewage Collection System.

Further, the District shall permit the County to conduct such reviews and inspections of the work required to be performed pursuant to this Subsection 4.2.B as the County may reasonably deem necessary or appropriate to protect its interests.

C. County Obligations. Subject to the conditions and limitations set forth in Article V of this Agreement and to the other terms and conditions of this Agreement, and subject further to all customary County fees and charges being paid, the County shall have the following obligations with respect to any extension, enlargement, modification, or improvement of the District Sewage Collection System:

1. The obligation to approve, when completed in accordance with this Agreement, the County Sewer Ordinances, all other requirements of law, and sound engineering practices, all designs, all plans, and specifications required to be prepared or supplied pursuant to this Section 4.2; and
2. The obligation to execute, when completed in accordance with this Agreement, the County Sewer Ordinances, all other requirements of law, and sound engineering practices, all permit applications required to be filed pursuant to this Section 4.2, but only when the signature of the County is required by the permitting agency.
3. The County shall complete its obligation under this Section within thirty (30) days after submission in full to the County.

D. Expansion Limitations. Notwithstanding anything in this Article IV to the contrary, the District shall not expand the District Service Area without the express written consent

of the County; in assessing whether to consent to any such expansion, the County will apply the standards set forth in its "Considerations and Principles Relating To Intergovernmental Agreements For Sewer and Amendments To Existing Agreements," a copy of which is attached hereto as Exhibit D (the "**Amendment Criteria**"); except that the District may expand the District Service Area to correspond to expansions of the Volo Service Subarea to the extent that such expansions of the Volo Service Subarea comply with the terms, conditions, requirements, and limitations of the "Agreement for Sewage Disposal" among the County, the District, and the Village of Volo dated November 16, 2004, a copy of which is attached to this Agreement as Exhibit E (the "**Volo Service Agreement**"). The County reserves the right to demand a new and separate service agreement (or an amendment to this Agreement) for any area served by an expansion of a District Service Area outside of the Volo Service Subarea.

E. Conditions of Service to Certain Properties. The County acknowledges that the District has entered into a certain intergovernmental agreement with the Village of Round Lake dated November 16, 2004 (the "**LRSD-Round Lake Agreement**"). The County and the District agree that the "Western Trunk Sewer Service Area" included in the LRSD-Round Lake Agreement (the "**Round Lake Properties**") may receive Sanitary Sewer Service through the District pursuant to this Agreement, and as provided in that certain "Agreement for Sewage Disposal" entered into by and between the County and the Village of Round Lake dated July 10, 2012 (the "**County-Round Lake Agreement**"). In the event of any apparent inconsistency between the terms of the County-Round Lake Agreement and the terms of the LRSD-Round Lake Agreement regarding County Sanitary Sewer Service to the Round Lake Properties, the District, County, and Round Lake shall meet in an effort to reconcile such terms, but the County-Round Lake Agreement shall control in the event of a direct conflict. The County acknowledges that, to the extent that the County-Round Lake Agreement authorizes Sanitary Sewer Service to the Round Lake Properties, such agreement also provides for direct Sanitary Sewer Service by the District to the Round Lake Properties and the District Service Area shall include the Round Lake Properties.

F. Authorized Service Area Expansions. Notwithstanding any other provision in Section 4.2.D or Section 4.2.E, the County acknowledges and agrees that the District Service Area will be automatically expanded, and the District shall be allowed to serve, such additional properties in accordance with the following conditions and limitations:

1. Such additional properties shall have been annexed to the Village of Round Lake or the Village of Round Lake Park;
2. Such additional properties shall have been annexed to the District;
3. Such additional properties are identified either: (a) in Exhibit D to the County-Round Lake Agreement, or (b) Exhibit D to that certain "Agreement for Sewage Disposal" entered into by and between the County and the Village of Round Lake Park dated July 10, 2012 (the "**County-Round Lake Park Agreement**");
4. The District shall have entered into an agreement with either the Village of Round Lake or the Village of Round Lake Park to provide retail service to such properties as identified in Exhibit D to the County-Round Lake Agreement or Exhibit D to the County-Round Lake Park Agreement, as applicable; and
5. The District shall only provide service to such properties consistent with the terms of the County-Round Lake Agreement (including Exhibit D thereto) or the terms of the County-Round Lake Park Agreement (including Exhibit D thereto), as applicable.

ARTICLE V

CONDITIONS AND LIMITATIONS

5.1 Conditions Beyond County's Control.

The County shall not be responsible for any failure to perform the undertakings, obligations, and commitments assumed by it pursuant to this Agreement caused by a Force Majeure.

5.2 Conditions Precedent to County Service.

Notwithstanding any other provision of this Agreement, the right of any Customer located within the District Service Area to receive Sanitary Sewer Service from the County pursuant to this Agreement, and the County's obligation to provide Sanitary Sewer Services to any such Customer, shall be subject to all of the following conditions precedent having first been satisfied:

- A. Receipt by the County of all necessary governmental approvals to operate all of the components of the County Sewerage System as may be necessary to provide Sanitary Sewer Service to such Customer pursuant to this Agreement;
- B. Connection of the Customer to the District Sewage Collection System in accordance with this Agreement;
- C. (i) The ability of the County to provide Sanitary Sewer Service as required by this Agreement without violating any applicable laws or regulations or the provisions of the Fox Lake Agreement, (ii) the ability of the Northwest Regional Water Reclamation Facility to accept Sewage that the District delivers to the County Sewerage System from the District Service Area for treatment and disposal in compliance with all applicable laws and regulations, and (iii) the legal right of the County to deliver said Sewage to said plant for such purposes;
- D. Payment of required Connection Charges to the County; and
- E. All other terms and conditions of this Agreement.

5.3 Limitations on County Service.

Notwithstanding any other provision of this Agreement, the right of the District or any Customer located within the District Service Area to receive Sanitary Sewer Service from the County, and the County's obligation to provide Sanitary Sewer Service within the District Service Area, shall be subject to the following limitations:

- A. No new points of connection between the District Sewage Collection System and the County Interceptors shall be permitted unless authorized in writing by the County Director of Public Works, in which case the precise number, size, and location of such new connections shall be determined by the County, after consultation with the District and consideration of the Comprehensive Plan and the County Sewer Ordinances, in accordance with sound engineering practices.
- B. The Sanitary Sewer Service to be provided by the County pursuant to this Agreement shall be on a first come-first serve basis and within the limits of available capacity.

- C The Sanitary Sewer Service to be provided by the County pursuant to this Agreement shall be subject to the County Sewer Ordinances and all other applicable laws, ordinances, rules, and regulations that are generally applicable throughout the County Northwest Service Area, including the Fox Lake Agreement and any Pretreatment standards. Except as otherwise required by federal or state law or the Fox Lake Agreement, no amendment to the County Sewer Ordinances shall be enforced against the District until 60 days after the County shall have given the District written notice of such amendment. The District shall be given notice by the County Director of Public Works of any proposed amendment to the County Sewer Ordinances prior to the adoption of such amendments in order to permit the District to review and comment; provided that any failure to give notice shall not affect the applicability of such amendments to the County Sewer Ordinances, but such amendments shall not take effect with respect to the District until 60 days after the delivery of notice by the County of the effective date of the amendment. In addition, the maximum infiltration rate for new Sewers constructed within the District Sewage Collection System shall conform to the rules and regulations of the Illinois Environmental Protection Agency.

- D. The Sanitary Sewer Service to be provided by the County pursuant to this Agreement shall be subject to all other terms and conditions of this Agreement.

5.4 **Volo Service Subarea.**

The County's obligation to provide sanitary sewer services to, and the District's ability to deliver to the County Sewerage System sewage from, the Volo Service Subarea shall be governed by the Volo Service Agreement. Any service to the Volo Service Subarea shall only be authorized in accordance with the Volo Service Agreement.

ARTICLE VI

CHARGES AND FEES

6.1 **District Payment of County Sewer User Fees and Connection Charges.**

A. The District shall be obligated to pay Connection Charges to the County relating to new Customers connecting to the County Sewerage System (and indirectly to the Northwest Regional Water Reclamation Facility or any other Treatment facility) for Sanitary Sewer Service within the District Service Area as provided for in this Article VI. The District shall deliver payment of the Connection Charges within thirty-five (35) days after such connection is authorized or effected (whichever first occurs).

B. The District shall be obligated to pay Sewer User Fees to the County for Sanitary Sewer Service billed to Customers within the District Service Area and connected to the County Sewerage System (and indirectly to the Northwest Regional Water Reclamation Facility or any other Treatment facility) as provided for in this Article VI. The District shall pay all such Sewer User Fees to the County within thirty-five (35) days after the due date of its periodic Customer service billing.

C. If the District fails to make timely payment in full of charges due to the County pursuant to Section 6.1.A or 6.1.B above, daily interest charges for late payments to the County shall be assessed against the District at a rate of nine percent per annum. A summary statement of Customers and amounts billed and collected shall accompany each payment. A complete

statement of accounts and billing records shall be made available to the County upon request. In addition, the County shall have access to the District's records relating to the District Sewage Collection System, and the District shall have access to the County's records relating to the County Sewerage System. The District shall continue its past practice of shutting off service to delinquent accounts.

D. The District assumes the responsibility to collect, and irrespective of collection, shall be responsible for payment to the County of, all Connection Charges and Sewer User Fees as provided for in this Agreement. The District shall use its best efforts and all reasonable commercial means to collect the amounts due the County. The District shall not issue any sewer permits until the District has collected the Connection Charges due the County and the Northwest Regional Water Reclamation Facility.

E. Pursuant to the Fox Lake Agreement, a portion of the Connection Charges and Sewer User Fees that the County imposes from time to time will be the connection charges or the sewer user fees of Fox Lake relating to a Customer's use of the Northwest Regional Water Reclamation Facility. The District is required to pay the entire Connection Charge or Sewer User Fee that is due, including the Fox Lake component of such charge or fee.

F. The District and County agree that, as of the Effective Date, \$31,283.30 of Sewer User Fees billed to Customers have been unpaid for at least 45 days before the execution of the 2010 Agreement (the "**Unpaid Amount**"), and that a portion of the Unpaid Amount is deemed uncollectible, leaving a balance of the Unpaid Amount due from the District to the County in the amount of \$26,204.55 (the "**Balance Due**"). The District shall have 24 months from the Effective Date to remit to the County the Balance Due, during which time no interest charge will be assessed against the District by the County on the Balance Due. To the extent that any portion of the Balance Due is discharged in bankruptcy or foreclosure proceedings after the Effective Date, the District shall so notify the County and the Balance Due will be further reduced by the amount so discharged. Except as expressly provided herein, nothing in this Section 6.1.F shall affect the District's obligations to pay the County for Sewer User Fees billed to Customers in accordance with this Agreement.

6.2 **Connection Charges.**

The District shall collect from the Direct Service Properties and every Customer located within the District Service Area hereafter connecting to the County Sewerage System (either directly or indirectly) a Connection Charge at the same rate as the County from time-to-time charges for similar Sanitary Sewer Services provided by the County through similar facilities of the County Sewerage System. The County shall be solely responsible for setting such Connection Charges, subject to the adjustment provisions in Section 6.7 of this Agreement.

6.3 **Basis for Determining Connection Charges.**

A. Connection Charges shall be assessed against each Customer on a per Residential Customer Equivalent (R.C.E.) basis. Unless the parties otherwise agree in writing, (i) all dwelling units, irrespective of size or type, shall be assessed as one R.C.E., and (ii) the R.C.E.s for all other Customers shall be based on the coefficients for the Northwest Regional Water Reclamation Facility set forth in Exhibit F to this Agreement. The Connection Charge for any Customer whose use is not listed in Exhibit F shall be established as provided in Section 6.3.B of this Agreement.

B. As of the Effective Date of this Agreement, the basic Connection Charge shall be established based on the coefficients for the Northwest Regional Water Reclamation Facility set forth in Exhibit F to this Agreement. The Connection Charge for any Customer whose use is not listed in Exhibit F shall be established pursuant to the Fox Lake Agreement. Notwithstanding the

foregoing, for any Customer whose sewage flow materially exceeds the flow represented in an application for sewer connection, an additional Connection Charge shall be assessed in conformity with such actual flow and in an amount mutually agreed upon by Fox Lake and County pursuant to the Fox Lake Agreement.

C. Fox Lake may adjust its portion of the Connection Charges from time to time as the need arises after proper written notice is given to the County pursuant to the Fox Lake Agreement. Within seven (7) days of receiving notice of a connection charge adjustment from Fox Lake, the County will notify the District of such adjustment and provide a copy of said notice to the District. The District has the right to object to the County to any such adjustment in writing within thirty (30) days of written notice. Upon actual receipt of notice of the District's objection within such 30-day period, the County will notify Fox Lake, and Fox Lake and the County shall mutually agree to engage jointly a registered professional engineer and certified public accountant to undertake a rate study to determine an appropriate connection charge per R.C.E. for the Northwest Regional Water Reclamation Facility. Charges incurred by the County under 3.1.D of the Fox Lake Agreement as a result of an objection made by the District under this Section 6.3.C must be reimbursed by the District within thirty (30) days of written notice. In the event that such a rate study is performed at the request of the District, the County shall cooperate with the District by providing to the District, upon the District's reasonable request, such County records as are germane to such rate study consistent with Section 6.6.A. Unless Fox Lake and the County otherwise agree, such rate study shall be completed within ninety (90) days after the commencement of such engagement, and the study shall consider the replacement, upgrading, and expansion costs for the Northwest Regional Water Reclamation Facility, but shall not include any administrative fee for Fox Lake respecting its operation and management of the Northwest Regional Water Reclamation Facility. The new Connection Charge determined thereby (and pursuant to Section 3.2.F of the Fox Lake Agreement) will be effective with respect to the District beginning with the next applicable billing period commencing not less than fifteen (15) days or more than one hundred twenty (120) days after the completion of any such rate study.

6.4 **Sewer User Fees.**

A. Flat Rate User Fees. The parties acknowledge and agree that, under the Prior Sewage Agreement, Sewer User Fees were imposed on a flat-rate basis to approximate the relative use of Sanitary Sewer Service by Customers within the District Service Area. Subject to the provisions of Section 6.4.B of this Agreement, the assessment of Sewer User Fees shall continue on a flat-rate basis as follows:

1. All Customers occupying dwelling units shall be deemed to utilize one (1) R.C.E. of Sanitary Sewer Service each month.
2. All Customers other than those occupying dwelling units shall be deemed to utilize Sanitary Sewer Service each month in accordance with the following calculation:

$$(\text{Estimated P.E. of Customer}) \times \frac{1 \text{ R.C.E.}}{2.5 \text{ P.E.}}$$

where the "Estimated P.E. of Customer" shall be based upon the "**Sewer Use Coefficients**" as established in Exhibit F, but if the Sewer Use Coefficients are not applicable to the Customer's proposed use, then the "Estimated P.E. of Customer" shall be based on the larger of either: (a) the estimate of P.E. reported in connection with any IEPA permit for such Customer; (b) the standard P.E. coefficient as applied by the IEPA for persons having similar uses as the Customer; or (c) where applicable, Section 2.2C of the Volo Service Agreement. With respect to Sewer User Fees for non-metered customers, one R.C.E. shall be deemed to equal 7,500 gallons per month.

3. Pursuant to Section 6.7 of this Agreement, the County shall from time-to-time establish a flat rate fee per RCE of Sanitary Sewer Service (the "**RCE Rate**"). The monthly Sewer User Fee for each Customer shall be determined by multiplying the number of such Customer's RCEs (as established pursuant to Section 6.4.A.1 or 6.4.A.2) by the RCE Rate.

B. Transition to Volume-Based Sewer User Fees. The District agrees to use its best efforts to convert from a flat-rate Sewer User Fee to a system under which Sewer User Fees are based on (i) the volume of the Sewage delivered to the County Sewerage System by the individual residential Customers, and (ii) on the volume, strength, and composition of the Sewage delivered to the County Sewerage System by the individual non-residential Customers. At such time as the County and District mutually determine that the District has sufficient means for measuring Sewage flows of all or a defined group of individual Customers, then the District shall bill and collect from every Customer located within the District Service Area (or such portion of the District Service Area as the County and the District may agree) Sewer User Fees based upon the actual volume, strength, and composition of Sewage delivered to the County Sewerage System from such Customer. The County shall be solely responsible for setting such Sewer User Fees, subject to the adjustment provisions in Section 6.7 of this Agreement.

6.5 Metering.

A. Individual Metering. To the extent that Sewer User Fees are billed and collected based upon actual volume, strength, and composition pursuant to Section 6.4.B of this Agreement, the County shall have the right to establish and enforce reasonable requirements for the District and all Customers located within the District Service Area for the installation, calibration, inspection, maintenance, repair, and replacement of meters to measure each Customer's Sewage or water use (as mutually agreed upon pursuant to Section 6.4.B) for the purpose of establishing and billing Sewer User Fees. Nothing in this Section 6.5 shall be deemed to limit the County's right to estimate any Customer's water consumption for the purpose of establishing and billing Sewer User Fees or to limit the County's ability to establish minimum periodic charges. Pursuant to the County Sewer Ordinances, the metered flow may be adjusted for such quantity of water usage that is reasonably estimated as not entering into the sanitary sewers by limiting the total metered flow for residential County Customers for the billing period from May through October in any year to the lesser of the actual metered amount or 110% of the metered water flow from the preceding billing period from November through April (the "**Summer User Credit**"). For any Customer that has a separate irrigation source or a separately metered irrigation system for its property, the actual meter reading for the Customer shall be used, exclusive of any meter reading for the irrigation system. The County may through its County Sewer Ordinances reduce or eliminate the Summer User Credit for County Sewer User Fees.

B. System Wide Metering. At such time as the County and the District mutually determine pursuant to Section 6.4.B, the District shall, at its own expense, furnish, install, own, operate, and maintain Meters and related equipment of standard type for measuring all Sewage delivered by the District to the County Sewerage System (or for measuring water consumption as a reflection of Sewage flows). Such Meters may be located at the premises of Customers or where the District's connecting Sewers connect to the respective County interceptors. The County shall have access at all reasonable times to such Meters for inspection and examination. All calibration, adjustment, reading, and recording of such Meters shall be the District's responsibility.

C. Data Sharing. To the extent the County provides water service to Customers within the District Service Area ("**County Water Customers**") and maintains water meter reading data on such County Water Customers, the County agrees to provide such data to the District within fifteen (15) days after such data is collected. Should any County Water Customer fail to pay Sewer User Fees for two or more consecutive billing cycles, the County agrees to coordinate with the District to shut off water service to the County Water Customer, subject to applicable law and the payment to the County of all applicable water shut-off fees.

6.6 Reporting

A. Mutual Requirements. Each party shall establish and maintain at all times during the term of this Agreement permanent books and records of bills, invoices, rates, receipts, accounts receivable, connections, quantities of flow, permits, and any other records relating to Sanitary Sewage Service and fees and charges relating thereto dating back not less than seven years (the "**Recordkeeping Data**"). Each party shall have the right to inspect and copy Recordkeeping Data of the other during normal business hours, and the parties hereby waive all copying and related costs for all reasonable requests for records.

B. District Reporting. The District shall provide to the County, on a quarterly basis, a report of all invoices issued to Customers after the effective date of this Agreement, with a history of payment by Customers. The report shall be in substantially the form shown in Exhibit G attached hereto, and shall include, without limitation, information regarding any interest payments required by Section 6.1.C, and such other information as may reasonably be requested from time to time by the County.

C. County Reporting. The County shall cause to be prepared annual financial statements of the County Northwest Sewerage System, which financial statements shall include at least the categories of information described in Exhibit H to this Agreement. The County shall provide to the District a copy of such annual financial statements within thirty (30) days after their completion and acceptance by the County.

6.7 Adjustments to Fees and Charges.

A. Level of Sewer User Fees. Sewer User Fees shall be uniform for all Customers receiving similar Sanitary Sewer Service within the County Sewerage System. Such Sewer User Fees shall at all times be set at levels designed to assure that County revenues from such Fees and available reserves will always be sufficient, when considered in light of any other moneys legally available for and applied to such purposes, (i) to provide adequate and proper levels of service; (ii) to pay the County's costs of maintenance, replacement, and operation; (iii) to pay the principal of, and premiums and interest on, bonds secured, in whole or in part, by the revenues of the County Sewerage System; (iv) to provide a reasonable depreciation fund; (v) to provide such other reserves and sinking funds as may be deemed necessary or desirable by the County for the payment of such bonds and for the replacement, extension, and improvement of the County Sewerage System; and (vi) to pay for sewer user fees due to Fox Lake under the Fox Lake

Agreement for Treatment services (or for Treatment services as may be provided by another), which sewer user fee may include amounts provided for in Section 3.2.I of the Fox Lake Agreement.

B. Level of Connection Charges. The County may adjust Connection Charges for new Customers receiving Sanitary Sewer Services as may be deemed necessary or desirable by the County (or as required of the County under the Fox Lake Agreement or any similar agreement with a provider of Treatment services), provided that such Connection Charges shall at all times be uniform among Customers of the County Sewerage System receiving similar Sanitary Sewer Services.

C. Procedure for Adjusting Connection Charges and Sewer User Fees. Except as provided in Sections 6.3.C or 6.7.D of this Agreement relating to adjustments in Connection Charges and Sewer User Fees resulting from changes in such Charges or Fees associated with the Northwest Regional Water Reclamation Facility, at least 90 days prior to any adjustment in Connection Charges or Sewer User Fees, the County will notify the District of its intent to adjust Connection Charges or Sewer User Fees (the "**Adjustment Notice**"), and provide therewith the rate studies, trend reports, or other supporting data relating to such adjustment, which studies, reports, or data shall be the most current available. The Adjustment Notice shall set forth, *inter alia*, the amount of the increase or decrease to the rates or charges, as well as the total of each adjusted rate or charge; such Adjustment Notice may be for a multi-year adjustment period. Within 45 days after the County delivers the Adjustment Notice to the District, the District may notify the County of any objection to or comment upon the rate studies, supporting data, or adjustment in Connection Charges or Sewer User Fees (the "**District Response**"). In the event that there is a District Response, the Parties shall make reasonable efforts to confer regarding the District Response and endeavor to resolve any objection or address any comments set forth in the District Response. In the event that the Parties are not able to resolve all objections or address all concerns that might be raised in a District Response within 90 days after the delivery of the Adjustment Notice, the County may approve any such adjustment in Connection Charges or Sewer User Fees as the County determines to be necessary and appropriate; provided, however, that the District reserves the right to pursue any remedy available by law with respect to any adjustment approved over the District's objection. Any such adjustments in Connection Charges will not be effective until 60 days after the County approves such adjustment, nor will adjustments in Sewer User Fees be effective until the next applicable billing period commencing not less than fifteen (15) days nor more than one hundred twenty (120) days after the County approves such adjustment. Such adjustments may be made without the need for hearings.

D. Changes in Treatment Rates. Any adjustment in connection charges or sewer user fees required by Fox Lake in order to meet requirements of Northwest Regional Water Reclamation Facility shall be reflected in the amounts the County charges the District for its Customers. Fox Lake may adjust its portion of the Sewer User Fees from time to time as the need arises after proper written notice is given to the County pursuant to the Fox Lake Agreement. Within seven (7) days of receiving notice of a sewer user fee adjustment from Fox Lake, the County will notify the District of such adjustment along with any financial analysis. The District has the right to object to the County to any such adjustment in writing within thirty (30) days of written notice. Upon actual receipt of notice of the District's objection within such 30-day period, the County will notify Fox Lake, and Fox Lake and the County shall mutually agree to engage jointly a registered professional engineer and certified public accountant to undertake a rate study to determine an appropriate sewer user fee per R.C.E. for the Northwest Regional Water Reclamation Facility. Charges incurred by the County under 3.2.D of the Fox Lake Agreement as a result of an objection made by the District under this Section 6.7.D must be reimbursed by the District within thirty (30) days of written notice. Unless Fox Lake and the County otherwise agree, such rate study shall be completed within ninety (90) days after the commencement of such engagement, and the study shall consider the replacement, upgrading, and expansion costs for

the Northwest Regional Water Reclamation Facility, but shall not include any administrative fee for Fox Lake respecting its operation and management of the Northwest Regional Water Reclamation Facility. The new Sewer User Fee determined thereby (and pursuant to Section 3.2.F of the Fox Lake Agreement) will be effective with respect to the District beginning with the next applicable billing period commencing not less than fifteen (15) days or more than one hundred twenty (120) days after the completion of any such rate study.

6.8 **Service Conditioned on Payment.**

Either the District or any of its Customers may be denied issuance of a temporary or final sewer permit for any building, structure, or Customer within the District Service Area in the event that all Connection Charges due to the County have not been paid to the District. In addition, in the event that the District fails to pay Connection Charges or Sewer User Fees as provided in this Agreement, the County may take steps to terminate Sanitary Sewer Service to the District; provided, however, that no termination of service shall occur unless the District fails to bring current its account with the County within 45 days after notice from the County regarding such failure to pay.

6.9 **District Service Charges.**

Nothing in this Agreement shall limit the District's discretion in establishing reasonable fees and rates related solely to the District Sewage Collection System for its Customers, so long as such fees and rates are at all times sufficient to permit the District to meet its obligations under this Agreement.

6.10 **Inflow/Infiltration Reduction.**

A. The District and the County acknowledge and agree that Excessive Inflow/Infiltration from local sewage collection systems tributary to the County Sewerage System increases the cost of operating, and reduces the overall capacity and capability of, both the Northwest Regional Water Reclamation Facility and the County Sewerage System. The District and the County acknowledge, however, that it may be more cost-effective to reduce the effects of Excessive Inflow/Infiltration through regional excessive flow detention facilities or similar mechanisms ("**Regional I/I Facilities**") as well as attainable local corrective measures. In order to create appropriate incentives for local corrective measures and appropriate means for undertaking regional excessive flow detention facilities to address problems that may be resulting from Excessive Inflow/Infiltration, the County and the District agree to participate in and comply with the provisions for accommodating Inflow/Infiltration as set forth in Section 3.2.H of the Fox Lake Agreement. Nothing in this Agreement affirmatively requires the District to eliminate all Excessive Inflow/Infiltration from the District Sewage Collection System.

B. The County acknowledges that the District may propose for inclusion in the CMOM program under Section 3.2.H.3 of the Fox Lake Agreement objective standards by which the District or any Wholesaler may attain a "safe harbor" against the imposition of a Local I/I Surcharge pursuant to said Section 3.2.H.3; the County agrees to give reasonable consideration to any such proposal, provided that such proposal shall be subject to the review and approval of the Wholesale Advisory Committee, the County, and Fox Lake.

C. As provided in Section 3.2.H.2(x) of the Fox Lake Agreement, any Regional I/I Surcharge shall be assessed upon all County Customers and Fox Lake Customers.

D. In accordance with Subsection 3.2.H.4 of the Fox Lake Agreement, any Local I/I Surcharge imposed under Subsection 3.2.H of the Fox Lake Agreement shall be accounted for separately from any other funds collected by the County, Fox Lake, the District, or any other

Wholesaler with a Surcharged System (as defined in Subsection 3.2.H.3 of the Fox Lake Agreement) and held during the Initial Surcharge Year (as defined as hereinafter defined) in a fund designated for improvements to the Surcharged System (a "**Local Improvement Fund**") and shall be used as follows:

- (i) During the first year of incurring a Local I/I Surcharge (the "**Initial Surcharge Year**"), all Local I/I Surcharge revenues shall be deposited in a Local Improvement Fund to be administered by the Wholesale Advisory Committee. If the Wholesale Advisory Committee determines that a Surcharged System meets its Annual CMOM Investment (as defined in Subsection 3.2.H.3 of the Fox Lake Agreement) as prescribed for the Initial Surcharge Year, then: (a) the Local I/I Surcharge imposed upon the Surcharged System shall no longer be imposed after such determination; and (b) the Wholesale Advisory Committee shall make the Local Improvement Fund moneys available to the owner of the Surcharged System for use in making up deficiencies in its prior Annual CMOM Investment;
- (ii) If a Surcharged System fails to meet its Annual CMOM Investment as prescribed for the Initial Surcharge Year during the Initial Surcharge Year, then: (a) the Local I/I Surcharge shall continue to be imposed until the Wholesale Advisory Committee determines that a Surcharged System has met its Annual CMOM Investment as prescribed for any year after the Initial Surcharge Year; and (ii) all moneys in the Local Improvement Fund shall be transferred, and all future Local I/I Surcharge revenue shall be deposited, into the Regional Surcharge Fund (as defined in Subsection 3.2.H.2 of the Fox Lake Agreement) for a Regional I/I Facility as designated by the County and Fox Lake after consultation with the Wholesale Advisory Committee.

ARTICLE VII

OWNERSHIP AND MAINTENANCE

7.1 County Sewerage System.

The County shall retain ownership of all Sewers and other facilities in the County Sewerage System that it now owns, or that it may in the future construct, or that it may in the future accept dedication of from the District or any other person or entity. The County shall maintain and operate the County Sewerage System and shall bear all risk of loss or damage to each element of said System, all at its sole cost.

7.2 District Sewage Collection System.

The District shall retain ownership of all Sewers and related facilities in the District Sewage Collection System that it now owns or that it may in the future construct, or that it may in the future accept dedication of from any person or entity, including but not limited to any future extensions thereto that are now located or that may be located within the District. The District shall maintain and operate the District Sewage Collection System and shall bear all risk of loss or damage to said system, all at its sole cost.

7.3 Right of First Refusal.

- A. Northwest Regional Water Reclamation Facility. The County has a right of first

refusal respecting the purchase of the Northwest Regional Water Reclamation Facility pursuant to Section 5.3A of the Fox Lake Agreement. In the event that the County receives notice of a *bona fide* offer for the purchase of the Northwest Regional Water Reclamation Facility in accordance with Section 5.3A of the Fox Lake Agreement, the County will notify the District within five days thereafter. In the event that the County elects not to exercise its right of first refusal to purchase the Northwest Regional Water Reclamation Facility on its own behalf, and the District desires to present an offer to purchase the Northwest Regional Water Reclamation Facility by providing written notice to the County within 21 days after receipt of notice from the County (or such later period as the County might agree) and such offer to purchase is in accordance with Section 5.3A of the Fox Lake Agreement (the "Purchase Terms"), then the County agrees to exercise its right of first refusal to purchase and resell to the District the Northwest Regional Water Reclamation Facility contemporaneously with the County's purchase of the Northwest Regional Water Reclamation Facility (the "NWRWRF Resale"). The District agrees to purchase the Northwest Regional Water Reclamation facility from the County under the Purchase Terms and also to pay for any administrative, legal, or other costs associated with the NWRWRF Resale. Nothing in this Section 7.3A assures the District of the time by which the County might decline such right or the time the District might be required to formulate a written offer as required by Section 5.3A of the Fox Lake Agreement.

B. County Sewerage System.

(i) In the event that the County ever seeks to sell the County Sewerage System and receives a *bona fide* offer from a qualified purchaser for such sale and Fox Lake does not exercise its right of first refusal pursuant to Section 5.3B of the Fox Lake Agreement, the District shall have the right of first refusal to purchase the County Sewerage System in accordance with this Section 7.3B. Upon receipt of a written *bona fide* offer from a qualified purchaser, the County shall deliver a copy of such offer to the Village. If, within 35 days after such delivery, the District delivers to the County a written offer to purchase the County Sewerage System consistent with the terms and conditions set forth in Section 7.3.B(ii), and the County has not received an offer from Fox Lake in accordance with Section 5.3B of the Fox Lake Agreement, then the County shall sell the County Sewerage System to the District pursuant to such offer. If the District fails to deliver a written offer within such 35 day period, the County may proceed to sell the County Sewerage System to the qualified purchaser, provided that such purchase is made subject to the terms, conditions, and obligations of this Agreement and said purchaser shall be deemed the successor to the County under this Agreement.

(ii) Any timely offer from the District pursuant to Section 7.B(i) shall be accepted by the County provided that Fox Lake does not deliver an offer in accordance with Section 5.3B of the Fox Lake Agreement, and such offer conforms to the following terms: (a) a purchase price in an amount equal to or greater than the amount of the *bona fide* offer; (b) payment of the purchase price on the same terms as the *bona fide* offer, or within 180 days after the delivery of the District's offer; and (c) such conditions and contingencies that are substantially the same conditions and contingencies as contained in the *bona fide* offer.

ARTICLE VIII

FPA AMENDMENTS

8.1 Joint Action.

In order to promote sound public sewer planning and the efficient and economical use of County and District facilities being installed and maintained pursuant to this Agreement:

1. The County shall file, and the District shall support, any application that may

be required to amend the Illinois Water Quality Management Plan with respect to the development of the County Sewerage System consistent with this Agreement.

2. The District shall file, and the County shall support, any application that may be required to amend the Illinois Water Quality Management Plan with respect to the development of the District Sewerage Collection System consistent with this Agreement.
3. Neither the District, unless authorized pursuant to Section 5.4 of this Agreement, nor the County shall file or support any application to amend, and the County and the District shall undertake joint and cooperative action to oppose and object to any third-party petition to amend, the Illinois Water Quality Management Plan or the Areawide Water Quality Management Plan for Northeastern Illinois that would have the effect of preventing the District and the County from providing Sanitary Sewer Service to the any lot, parcel, or tract within the District Service Area, in the manner provided by this Agreement. For purposes of this Clause 8.1(3), joint and cooperative action shall include, without limitation, filing written objections, providing staff support, and retaining such attorneys and consultants as the parties mutually agree are necessary with respect to such objections.
4. With respect to any areas in the District Service Area that are subject to the LRSD-Round Lake Agreement, the County: (a) will issue a letter of support in connection with any petition to amend the Illinois Water Quality Management Plan or the Areawide Water Quality Management Plan for Northeastern Illinois, including any petition for a Facility Planning Area boundary amendment, to the extent that such petition relates to such areas; and (b) will not object to any actions by the District to annex other areas to the extent that such areas are not currently within the corporate limits of the District and otherwise satisfy all the requirements of Section 4.2.F of this Agreement.

8.2 **Exceptions.**

Nothing in Section 8.1 of this Agreement shall require the County or the District to take any action that it is prohibited from taking, or to refrain from taking any action that it is required to take, pursuant to any agreement that such party approved by formal action of its corporate authorities prior to the Effective Date of this Agreement.

ARTICLE IX

OTHER CONTRACTS AND SERVICE

9.1 **County Rights.**

A. The County shall have the right to contract with other persons, natural or corporate, private or public, to perform services similar to those to be performed pursuant to this Agreement; provided, however, that nothing in this Agreement shall be construed to require the County to provide Sanitary Sewer Service to any area of the District not located within the District Service Area.

B. The County agrees that, should it enter into an agreement with other persons, natural or corporate private or public, to perform services similar to those to be performed pursuant to this Agreement within the Northwest Lake FPA (a "**Wholesale Agreement**") after the approval of this Agreement, that it shall provide a copy of such Wholesale Agreement to the District. Within thirty (30) days of receipt of the Wholesale Agreement, the District must notify the County of any provisions within such Wholesale Agreement that the District believes are applicable to the District and desirable to incorporate into this Agreement (a "**Requested Amendment**"). Such Requested Amendments identified on Exhibit J to this Agreement shall automatically be deemed incorporated into and made a part of this Agreement, unless, within thirty (30) days of receiving notice from the District, the County shall notify the District of any disagreement whether the Requested Amendments fall within the categories identified in Exhibit J. If the parties disagree over whether a Requested Amendment is within a category identified in Exhibit J, they shall meet to confer regarding the applicability or inapplicability of the Requested Amendment to the terms of service and obligations under this Agreement. In the absence of any objection to a Requested Amendment, or after determining that a Requested Amendment is appropriate following conferral, the District and County shall prepare and execute or cause to be executed a written amendment to this Agreement to incorporate all applicable Requested Amendments without formal action of the corporate authorities of the County or the District. For purposes of this Section 9.1.B only, the County Director of Public Works may bind the County and the District Manager may bind the District. Should the County be a party to litigation, the outcome of which invalidates any provision of a Wholesale Agreement or the Fox Lake Agreement, the offending provision will be treated as a Requested Amendment and automatically be deemed incorporated into and made part of this Agreement.

9.2 **District Acknowledgements.**

The District acknowledges and agrees that: (i) the County's obligation to provide Sanitary Sewer Service to the District arises from this Agreement; (ii) the County does not act or operate as a public or private utility; (iii) the County does not act or operate in a business or proprietary capacity in providing Sanitary Sewer Service to lots, tracts, parcels, or areas within the District Service Area; (iv) the County does not by this Agreement, or its performance pursuant to this Agreement, hold itself out as offering to, and is under no obligation to, provide Sanitary Sewer Service to any lot, tract, parcel, or area other than lot, tracts, parcels, or areas located within the District Service Area; (v) the County's obligation to provide Sanitary Sewer Service to lots, tracts, parcels, or areas within the District Service Area is the sole contractual obligation set forth in this Agreement (and, to the extent applicable, the Volo Service Agreement); and (vi) the County shall have no obligation to amend the terms of this Agreement, except as provided in 9.1.B above, including without limitation the boundaries of the District Service Area.

9.3 **Other County Service.**

Nothing in this Agreement shall be construed or interpreted to prevent or limit the right of the County, or to require the consent of the District, to provide Sanitary Sewer Service to parties other than the District on such terms and conditions as the County may, in its sole discretion, determine to be appropriate, including, without limitation, Sanitary Sewer Service utilizing the County Sewerage System; provided, however, that the County shall not provide Sanitary Sewer Service within the District Service Area except in accordance with the terms and conditions of this Agreement.

9.4 **No Third Party Beneficiaries.**

Nothing in this Agreement shall create, or be construed or interpreted to create, any third party beneficiary rights.

9.5 **Water Service.**

This Agreement does not pertain to public water supply service within the District and shall not affect the rights or obligations of either the County or the District with respect to such service within the District.

ARTICLE X

LEGAL RELATIONSHIPS AND REQUIREMENTS

10.1 **Exhibits.**

Exhibits A through J attached to this Agreement are, by this reference, incorporated into and made a part of this Agreement.

10.2 **Entire Agreement; Supersedence of Prior Sewage Agreement.**

There are no representations, covenants, promises, or obligations not contained in this Agreement that form any part of this Agreement or upon which either of the parties is relying in entering into this Agreement. In addition, this Agreement is intended to supersede and render of no further force or effect the Prior Sewage Agreement (including all amendments thereto).

10.3 **Amendments.**

Except as expressly provided otherwise in this Agreement (and particularly as provided in Section 9.1.B), this Agreement shall not be modified, changed, altered, amended, or terminated without the written and duly authorized consent of the County and the District.

10.4 **Waivers.**

No term or condition of this Agreement shall be deemed waived by either party unless the term or condition to be waived and the circumstances giving rise to such waiver are set forth specifically in a duly authorized and written waiver of such party. No waiver by any party of any term or condition of this Agreement shall be deemed or construed as a waiver of any other term or condition of this Agreement, nor shall waiver of any breach be deemed to constitute a waiver of any subsequent breach whether of the same or a different provision of this Agreement.

10.5 **Interpretation and Severability.**

It is the intent of the County and the District that this Agreement be construed and interpreted so as to preserve its validity and enforceability as a whole. In case of any conflict among the provisions of this Agreement, the provision that best promotes and reflects the intent of the parties shall control. If any provision of this Agreement is construed or held to be void, invalid, or unenforceable in any respect, the remaining provisions of this Agreement shall not be affected thereby but shall remain in full force and effect. In addition, the Parties acknowledge that each Party had the opportunity to seek review of this Agreement by counsel prior to its execution and therefore this Agreement shall be deemed to have been drafted mutually by the County and the District.

10.6 **Regulatory Bodies.**

This Agreement shall be subject to all valid rules, regulations, and laws applicable hereto passed and promulgated by the United States of America, the State of Illinois, or any other governmental body or agency having lawful jurisdiction, or any authorized representative or agent

of any of them; provided, however, that this Section 10.6 shall not be construed as waiving the right of any party to challenge the validity of any such rules, regulations, or laws on any basis, including the impairment of this Agreement. The County reserves the right to adopt ordinances, rules, and regulations governing the design, installation, and use of the County Sewerage System.

10.7 **Successors; Assignment.**

This Agreement shall be binding on, and shall inure to the benefit of the successors and permitted assigns of the County and the District. The District shall not assign this Agreement in whole or in part, or any of its rights or obligations under this Agreement, without the prior express written consent of the County, which consent may be withheld in the sole and unfettered discretion of the County. The County shall not assign this Agreement in whole or in part, or any of its rights or obligations under this Agreement, without the prior express written consent of the District, which consent may be withheld in the sole and unfettered discretion of the District.

10.8 **Effective Date and Term.**

A. **Effective Date.** This Agreement shall take effect as of the date first above written when executed by the duly authorized representatives of the County and the District.

B. **Term.** This Agreement shall be in full force and effect for a period of 20 years from and after its Effective Date.

10.9 **Notices.**

All notices and other communications in connection with this Agreement shall be in writing and shall be deemed delivered to the addressee thereof when delivered in person or by express mail or messenger at the address set forth below or three business days after deposit thereof in any main or branch United States post office, certified or registered mail, return receipt requested, postage prepaid, properly addressed to the parties, respectively, as follows:

For notices and communications to the County:

County of Lake
18 North County Street
Waukegan, Illinois 60065
Attn: County Administrator

and

Lake County Department of Public Works
650 Winchester Road
Libertyville, Illinois 60046
Attn: Director of Public Works

For notices and communications to the District:

Lakes Region Sanitary District
Attn: District Manager
25700 West Old Grand Avenue
Ingleside, Illinois 60041

By notice complying with the foregoing requirements of this Section 10.9, each party shall have the right to change the addressees or addresses or both for all future notices and communications to such party, but no notice of a change of address shall be effective until actually received.

10.10 **Execution in Counterparts.**

This Agreement may be executed in multiple identical counterparts, and all of said counterparts shall, individually and taken together, constitute one and the same Agreement.

10.11 **Enforcement and Remedies.**

The parties hereto may in law or in equity enforce or compel the performance of this Agreement and shall otherwise have all remedies provided by applicable United States of America, State of Illinois, and local laws, ordinances, rules, and regulations, except that neither the District nor the County shall seek or recover monetary damages against the other or any of the other's officials, agents, representatives, attorneys, or employees on account of the negotiation, execution, or breach of any of the terms and conditions of this Agreement. Enforcement actions to collect Connection Charges or Sewer User Fees due under this Agreement shall not be actions for monetary damages.

[SIGNATURES CONTINUE ON FOLLOWING PAGE.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written.

LAKES REGION SANITARY DISTRICT

By: _____
District President

ATTEST:

District Clerk

COUNTY OF LAKE

By: _____
Chairman, Lake County Board

ATTEST:

County Clerk

#11476375_v2

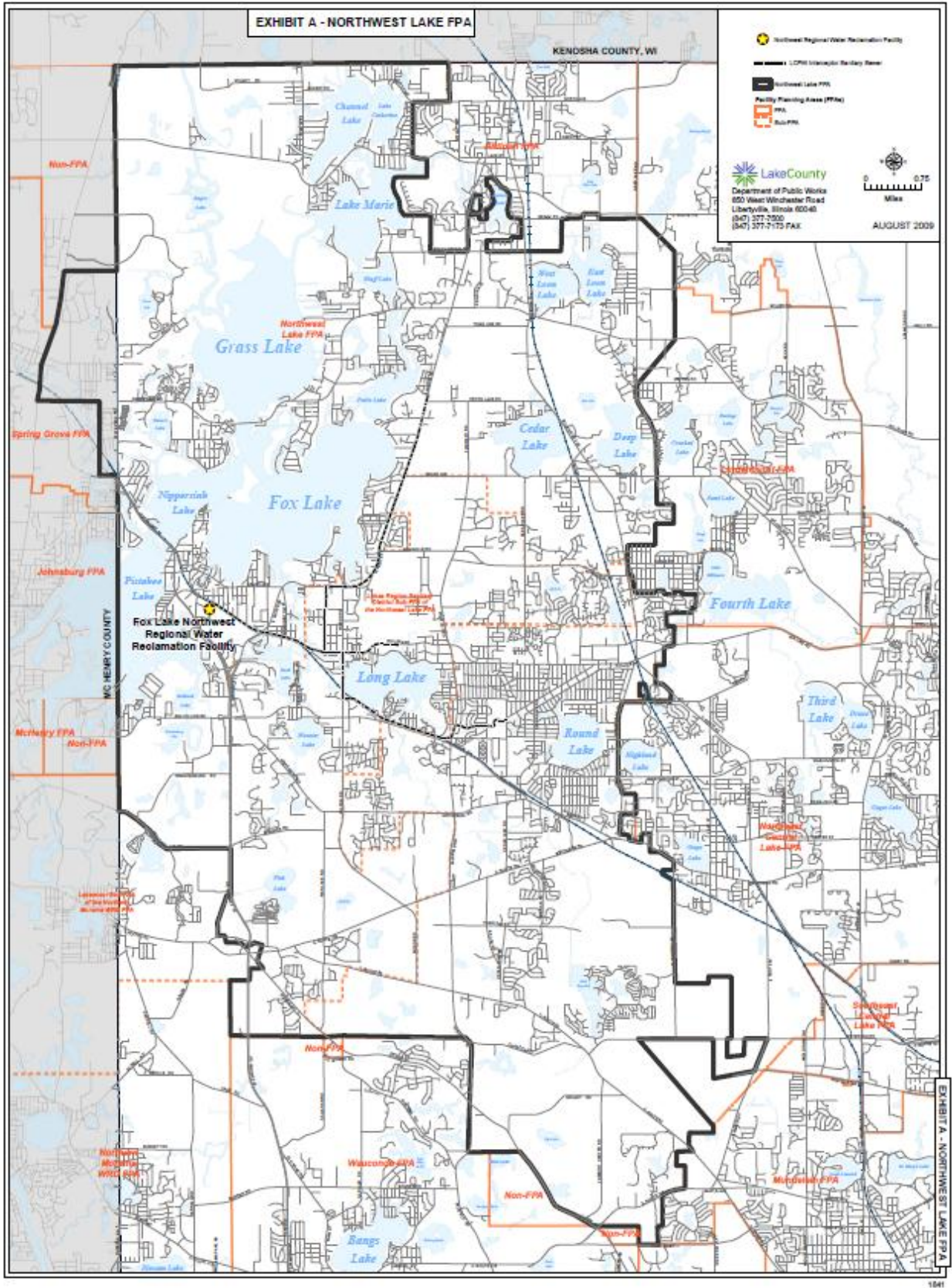
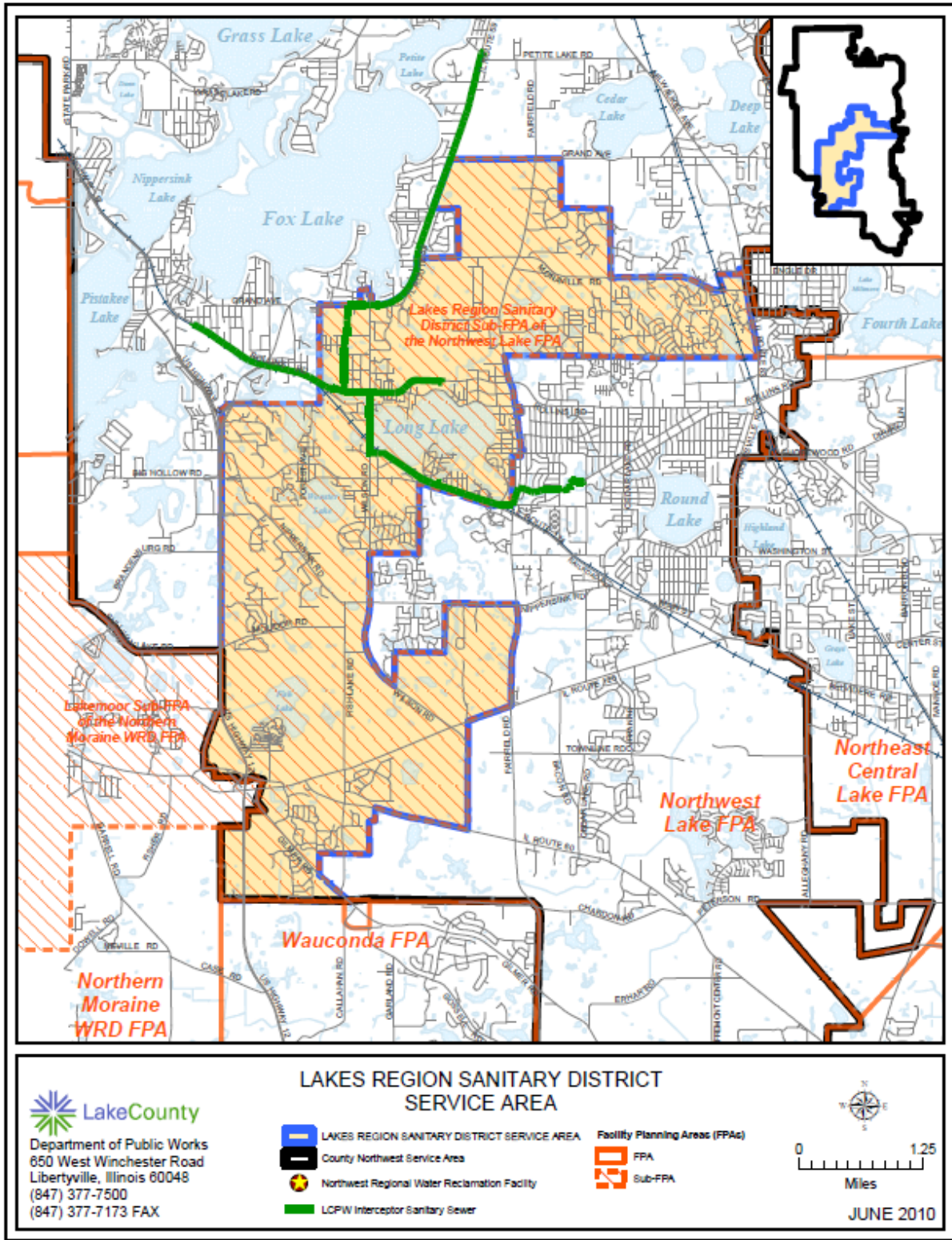


EXHIBIT B



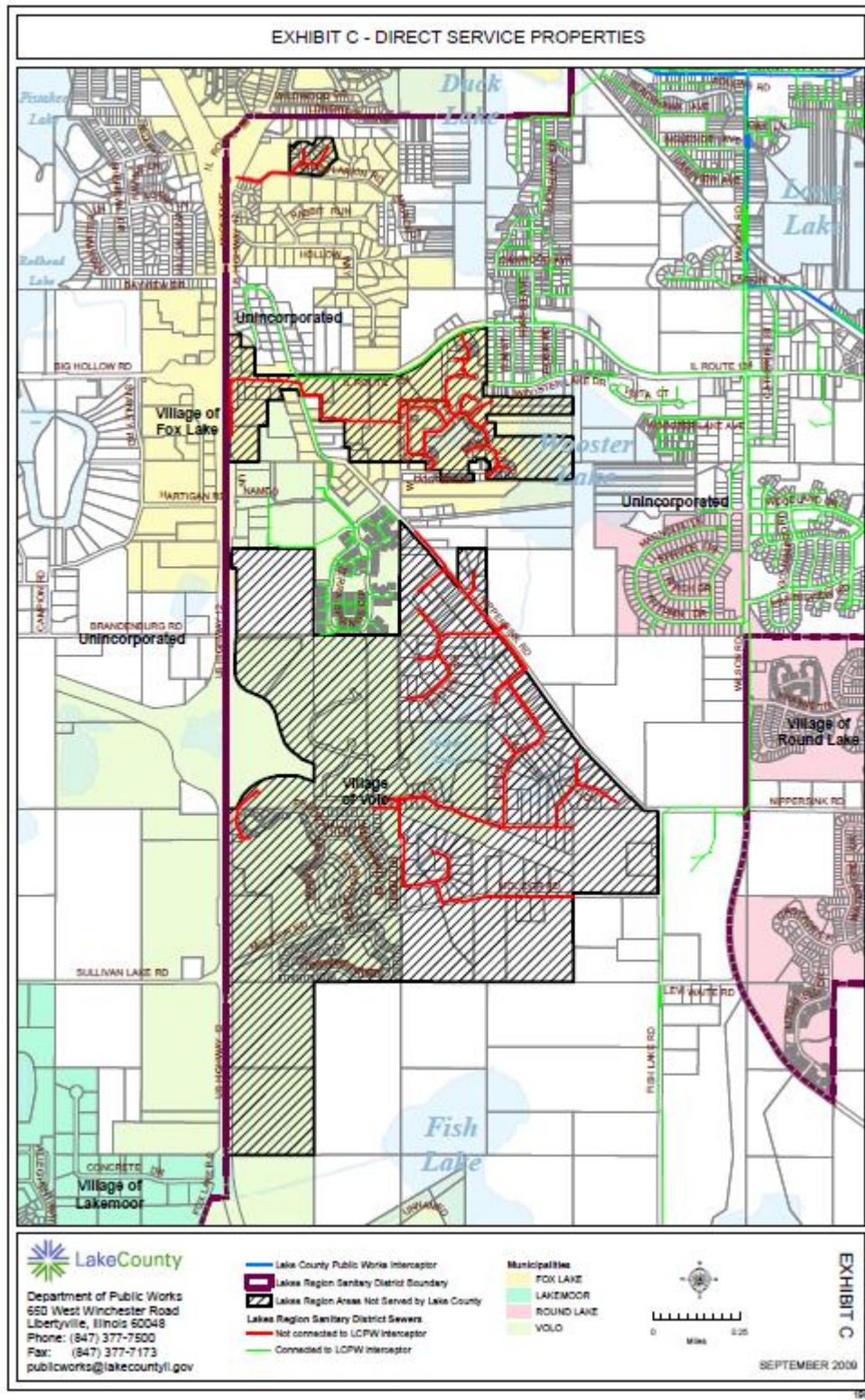


EXHIBIT D

**CONSIDERATIONS AND PRINCIPLES RELATING TO
INTERGOVERNMENTAL AGREEMENTS FOR SEWER
AND AMENDMENTS TO EXISTING AGREEMENTS**

1. Premises:

- a. The County is a regional government.
- b. County decisions often have regional effects that should be evaluated.
- c. In addition, as the primary regional government in Lake County, the County has a special responsibility to encourage intergovernmental cooperation.

2. Decision-Making Process:

- a. In order to give appropriate consideration to intergovernmental impacts of decisions, the external effects of decisions should be thoroughly evaluated through consultation with affected or potentially affected governmental units, agencies, and departments.
- b. Decisions should be made with due consideration to the objectives of the County's Framework Plan.
- c. Decisions should also be made giving due consideration to the direct and indirect effects of such decisions, including the totality of the benefits and impacts of the decision on affected governmental units, agencies, and departments.
- d. Ultimately, the County as a regional government must exercise its legislative discretion in determining what it believes is best for the County and its residents as a whole.

3. Factors to Be Assessed Relating to Sewer Service Decisions:

- a. The County is not a public utility, but it provides certain public services with the goal of enhancing the well being of all Lake County residents. This goal is ordinarily achieved through the use of regional publicly owned wastewater treatment facilities.
- b. In making decisions related to sewer service, the County should evaluate both direct and indirect effects from both a policy and practical perspective. Those effects may include without limitation:

• Consistency with the Framework Plan	• Impact on other affected public bodies
• Consistency with relevant municipal plans	• Fiscal and related benefits
• Available and committed capacity of system	• Level of support/opposition to proposal
• Impact on County roads and other services	• Specific environmental concerns

- c. Coordination of concerns of affected governments is important to achieve appropriate planning and wise investment of public resources. This is increasingly important as development spreads throughout the County and actions of one community are more likely to affect other communities.

- d. To better ensure that decisions are made based on understandable parameters, sewer service agreements and amendments to such agreements should ordinarily be based on specific limitations on the County's obligations to provide such services. Those limitations should be expressed in terms of capacity and, when appropriate, the nature of the development to be served. In addition, amendments to existing sewer service agreements should ordinarily be considered in the context of specific developments to be served.
- e. Although past practices are important, the considerations and effects of sewer decisions are ever-evolving and cannot be made based on static models of precedent.

EXHIBIT E

Volo Service Agreement

EXHIBIT E

Agenda Item # 73

DISTRIBUTION

- County Board
- County Clerk
- County Administrator
- Public Works

STATE OF ILLINOIS)
) SS
 CERTIFIED COPY OF
 RECORDS OF THE LAKE COUNTY
 BOARD MEETING OF

COUNTY BOARD, LAKE COUNTY, ILLINOIS

NOV 9 2004 APPROVED

ADJOURNED REGULAR SEPTEMBER A.D., 2004 SESSION

CERTIFICATION NOT VALID UNLESS SEAL
 OF LAKE COUNTY, ILLINOIS IS AFFIXED

NOVEMBER 9, A.D., 2004

Willard R. Helander County Clerk

MADAM CHAIR AND MEMBERS OF THE COUNTY BOARD:

Your Public Works and Transportation Committee and Financial and Administrative Committee present herewith a Joint Resolution authorizing execution of an Agreement for Sewage Disposal with the Lakes Region Sanitary District and the Village of Volo; and request its adoption.

Respectfully submitted,

	Aye	Nay		Aye	Nay
CHAIR			<i>[Signature]</i>	X	
VICE CHAIR			<i>[Signature]</i>	X	
<i>Michael A. Albett</i>	✓		<i>[Signature]</i>		✓
<i>Ann Flanigan</i>		✓	<i>Robert Salvignian</i>		○
<i>[Signature]</i>	✓		<i>[Signature]</i>	✓	
<i>Ann B. Meier</i>	✓		<i>[Signature]</i>	X	
			<i>Mauro O. Kelly</i>	X	
PUBLIC WORKS AND TRANSPORTATION COMMITTEE			FINANCIAL AND ADMINISTRATIVE COMMITTEE		

VOICE VOTE

RESOLUTION

WHEREAS, the County of Lake (County) and the Lakes Region Sanitary District (LRSD) entered into an Agreement for Sewage Disposal with the Lakes Region Sanitary District dated March 8, 1977, which agreement has been amended in 1999 and 2002; and

WHEREAS, the Village of Volo has developed a Village of Volo 2030 Comprehensive Plan that establishes land use and development goals for property currently within the Village and other territory appropriate for future annexation and development within the Village; and

WHEREAS, in order to serve the Village's demand as identified in their Comprehensive Plan, the LRSD plans to provide collection of sanitary sewage to current and future customers within the Village; and

WHEREAS, these properties are also within the boundaries of the Lakes Region Sanitary District; and

WHEREAS, the Volo Service Subarea is defined as those areas within the corporate limits of the LRSD and the corporate limits of the Village of Volo, including any area hereafter annexed to the LRSD and the Village of Volo; and

WHEREAS, the LRSD will collect sewage from customers within the Volo Service Subarea and deliver sewage to the County's sanitary sewer system in the Northwest Regional area, subject to the terms of the LRSD-County Agreement; and

WHEREAS, execution of an Agreement for Sewage Disposal must be authorized by Resolution of this County Board.

NOW, THEREFORE, BE IT RESOLVED, by this County Board of Lake County, Illinois, that the Chairman of the County Board and the Clerk of said County be and they are hereby authorized and directed to execute an Agreement for Sewage Disposal with the Lakes Region Sanitary District and the Village of Volo in substantially the attached form.

DATED at WAUKEGAN, LAKE COUNTY, ILLINOIS, on this 9th day of November
A.D., 2004.

AGREEMENT FOR SEWAGE DISPOSAL
Entered Into By and Among
The County of Lake, Illinois,
The Lakes Region Sanitary District, Illinois,
And
The Village of Volo, Illinois

As of
November 16, 2004

AGREEMENT FOR SEWAGE DISPOSAL

THIS AGREEMENT made and executed this 16 day of November, 2004, between the LAKES REGION SANITARY DISTRICT, an Illinois municipal corporation located in Lake County, Illinois, hereinafter referred to as the "**District**", the VILLAGE OF VOLO, an Illinois municipal corporation located in Lake County, Illinois, hereinafter referred to as the "**Village**," and the COUNTY OF LAKE, Illinois, hereinafter referred to as the "**County**,"

RECITALS:

1. The public health, welfare, and safety of the residents of the District, the Village, and the County require the development of coordinated and adequate systems for the collection and treatment of sewage so as to eliminate pollution of lakes and streams.
2. The County has established a Department of Public Works pursuant to an Act of the General Assembly of the State of Illinois entitled "An Act in Relation to Water Supply, Drainage, Sewage, Pollution, and Flood Control in Certain Counties", as amended, for the purpose of performing the function of sewage disposal and has prepared a comprehensive plan for the disposal of sewage from areas of the County, including portions of the Northwest Lake Facilities Planning Area established pursuant to the Illinois Water Quality Management Plan, and has prepared plans and programs for providing such service and the related facilities.
3. Pursuant to such plans and programs, the County has constructed, owns, and operates a system of interceptor sanitary sewers in the aforementioned facilities planning area to provide sanitary sewer service. The County has also entered into an agreement with the Village of Fox Lake ("**Fox Lake**") whereby Fox Lake will perform the function of sewage treatment for the County in the Northwest Regional Area subject to certain fees and conditions as outlined in the agreement between Fox Lake and the County, which agreement and any amendments thereto are, by this reference, incorporated herein and made a part hereof as if fully set forth.
4. The District has also developed a system of sanitary sewers for the collection of sewage from customers within certain territory over which it has jurisdiction. The District and the County have previously entered into an "Agreement for Sewage Disposal," dated 8 March 1977, as amended from time-to-time (the "**Prior Sewage Agreement**"), pursuant to which the District's sewer system is currently delivering sewage from District customers to the County's interceptor for the Northwest Regional Area.
5. Because the Prior Sewage Agreement is scheduled to expire within three years, and the District seeks to develop long-range plans for providing sewerage services for future development and redevelopment of its territory, the District and the County have entered into a "Restated and Amended Agreement for Sewage Disposal," dated November 16, 2004 (the "**LRSD-County Agreement**").
6. The Village has prepared a "Village of Volo 2030 Comprehensive Plan, Adopted by the Village Board on August 26, 2003" (the "**Village Plan**") that establishes land use and development goals for properties currently included within the Village and other territory that

could be appropriate for future annexation and development within the Village. Pursuant to the Village Plan, the Village has identified the anticipated demand for sanitary sewage services for properties to be developed within the Village. Pursuant to the Village Plan, the long-term demand for sanitary sewer service from the Village's customers in the Volo Service Subarea (as hereinafter defined) is not expected to exceed 21,900 P.E., and it is anticipated that 50% of that demand will be from nonresidential customers in the Village.

7. In order to serve the Village's demand as identified in the Village Plan and at the request of the Village, the District has developed plans to provide collection of sanitary sewage to current and future customers within the Village.

8. In response to the request of the District and the Village, the County has agreed to provide sanitary sewer service to the District in connection with its future customers located within the Village. To that end, the County, the Village, and the District desire to enter this Agreement for sewage disposal that will permit the District, subject to specified terms, conditions, and limitations, to collect sewage from customers within the Volo Service Subarea and to deliver sewage to the County's sanitary sewer system in the Northwest Regional Area, subject to the terms, conditions, and limitations of the LRSD-County Agreement.

AGREEMENT

In consideration of the mutual covenants and agreements contained herein, the County and the District do hereby agree as follows:

ARTICLE I

RECITALS

The foregoing recitals are, by this reference, fully incorporated into and made a part of this Agreement.

ARTICLE II

DEFINITIONS

2.1 **In General.** The definitions set forth in the LRSD-County Agreement are hereby incorporated into and made a part of this Agreement.

2.2 **Additional Definitions.** In addition to the definitions in the LRSD-County Agreement, the following definitions shall apply to the following terms when used in this Agreement unless the context otherwise requires:

A. **District South Sewage Collection System.**

All Sanitary Sewers, lift stations, connection facilities, and related facilities, associated lands, and easements, presently existing or to be constructed in the future, that are owned, operated, or maintained by the District and are necessary to Collect Sewage from individual Customers located within the Volo Service Subarea and to deliver such Sewage to the County

Interceptors in accordance with the County Sewer Ordinances, all other applicable laws, ordinances, and regulations, and sound engineering practices.

B. Existing Development Flow.

The amount of sewage from residential and nonresidential development existing within the Volo Service Subarea prior to the execution of this Agreement, which development has previously received a certificate of occupancy (or is in fact occupied), and is served by private sewage disposal systems as of the Effective Date of this Agreement. Such existing development is identified in the Village Plan.

C. Nonresidential Sewage Flow.

The amount of sewage from all Village Nonresidential Customers as may exist from time-to-time, which flow shall be quantified at the time of permitting based on standards established from time-to-time by the Illinois Environmental Protection Agency (the "IEPA") or, if the IEPA no longer establishes any such standards, in accordance with the generally applicable terms set forth in the County Sewer Ordinances; provided, however, that, for purposes of this Agreement, in no event shall the P.E. for any Village Nonresidential Customer be quantified at an amount of less than 15 P.E. per acre or portion thereof developed for a Village Nonresidential Customer.

D. Residential Sewage Flow.

The amount of sewage from all Village Residential Customers as may exist from time-to-time, which flow shall be quantified at the time of permitting based on standards established from time-to-time by the Illinois Environmental Protection Agency (the "IEPA") or, if the IEPA no longer establishes any such standards, in accordance with the generally applicable terms set forth in the County Sewer Ordinances.

E. Total Sewage Flow.

The sum of the Nonresidential Sewage Flow and the Residential Sewage Flow.

F. Village Customer.

Any dwelling, business, office, industrial, institutional, or other building, facility, or entity located in the Volo Service Subarea and within the corporate limits of the Village that discharges Sewage, either directly or indirectly, into the County Sewerage System.

G. Village Nonresidential Customer.

A Village Customer that is not a Village Residential Customer.

H. Village Residential Customer.

A Village Customer for which the premises receiving Sanitary Sewer Service are used for a dwelling.

I. Village Agreement Effective Date.

The date on which this Agreement shall become effective pursuant to Subsection 10.8 of this Agreement.

J. **Volo Service Subarea.**

Those areas located within the area depicted on Exhibit A to this Agreement that are within the corporate limits of the District and the corporate limits of the Village of Volo, Illinois from time-to-time, including any territory hereafter annexed to the District and the Village of Volo, Illinois.

ARTICLE III

SANITARY SEWER SERVICE

3.1 **County Obligations.**

The County shall, subject to the conditions precedent and limitations set forth in Article V of this Agreement, and to the other terms and conditions of this Agreement and the LRSD-County Agreement, use its best efforts to operate and maintain the County Sewerage System in accordance with its customary practices and sound engineering practices. Use of the County Sewerage System shall be governed by the County Sewer Ordinances that are generally applicable to all Customers and by this Agreement.

3.2 **District Obligations.**

The District agrees to provide collection of sewage from Village Customers through the District South Sewage Collection System subject to the conditions precedent and limitations set forth in Article V of this Agreement, and to the other terms and conditions of this Agreement and the LRSD-County Agreement, and subject to the District's standard and customary terms and conditions for service (as may be modified by any further agreement that the District and Village may enter into); provided that, to the extent that the District's standard and customary terms for service are inconsistent with the conditions precedent, terms, and limitations of this Agreement or the LRSD-County Agreement, the conditions precedent, terms, and limitations of this Agreement and/or the LRSD-County Agreement shall control; provided further that any separate agreement between the District and the Village shall in no way alter the terms, conditions, and limitations in this Agreement or the LRSD-County Agreement.

3.3 **Village Obligations.**

A. **Use of County Sewerage System for Sanitary Sewer Service.** Except as provided in Section 3.3 of this LRSD-County Agreement, the Village shall not, at any time during the term of this Agreement, (i) offer, authorize, or permit any Sanitary Sewer Service within the Volo Service Subarea other than such Service as is delivered by the County by and through the County Sewerage System; (ii) construct, or cause, permit, or consent to the construction of, any Sanitary Sewers or Treatment facilities (other than the County Sewerage System and the District South Sewage Collection System) within the Volo Service Subarea; or (iii) deliver Sewage from properties within the Volo Service Subarea to any Transport or Treatment facility other than the County Sewerage System without, in each such case, the prior written consent of the County, the District, and the Village.

B. **Septic Systems.** Notwithstanding any District ordinances or District

agreements with the Village to the contrary, no residential septic system serving not more than one detached single family dwelling on a lot of not less than 40,000 square feet in area shall be considered to be a Treatment facility for purposes of this Section; provided, however, that the Village shall report to the County and the District any future authorization or use of septic systems for any such detached single family dwellings, and the calculable sewage flow from such septic systems shall result in an adjustment to the ultimate Total Sewage Flow authorized for sanitary sewer service under this Agreement. In addition, any existing septic systems serving nonresidential structures or residential structures (other than detached single family dwellings on a lot greater than 40,000 square feet in area) for which certificates of occupancy have been issued prior to the date of this Agreement shall not be considered a Treatment facility for purposes of this Section; provided, however, that such existing septic systems shall not be replaced or repaired in a manner requiring a permit from the Lake County Board of Health unless there is no Sanitary Sewer within 300 feet of the property served by such septic system.

C. After the date of this Agreement, neither the Village nor the County shall permit any septic systems for nonresidential structures in the Volo Service Subarea; provided, however, that the Village or County may authorize a temporary non-residential septic system prior to the construction and operation of the District South Sewage Collection System and subject to securing all required permits from the Lake County Board of Health; provided further than any such temporary non-residential septic system shall be discontinued within six months after a Sanitary Sewer is constructed within 300 feet of the property served by such septic system.

3.4 Other Agreements and Laws.

Nothing in this Agreement shall be construed or interpreted as a waiver by the County of its rights under any other agreement or law governing the County's right to provide exclusive Sanitary Sewer Service within any portion of the County, including the Volo Service Subarea.

ARTICLE IV

DISTRICT SEWAGE COLLECTION SYSTEM

4.1 Establishment of District South Sewage Collection System and Extensions to District Sewage Collection System.

A. Permitted Extensions and Enlargements. The District shall be permitted to extend, enlarge, or otherwise modify or improve the District Sewage Collection System in any manner that the District determines is necessary and appropriate (including the establishment of a District South Sewage Collection System) in order to serve Village Customers within the Volo Service Subarea; provided that any such extension, enlargement, modification, or improvement shall be undertaken in accordance with the terms of this Agreement.

B. Standards for Extensions or Enlargements. In the event that the District elects to extend, enlarge, or otherwise modify or improve the District Sewage Collection System (including the establishment of a District South Sewage Collection System), the District may do so in accordance with the terms, conditions, and limitations of the LRSD-County Agreement. The District and the Village may cooperate in whatever manner they deem necessary or appropriate in the establishment of a District South Sewage Collection System or the extension, enlargement, modification, or improvement of the District Sewage Collection System, provided that such activities shall comport with the terms, conditions, and limitations of this Agreement

and the LRSD-County Agreement.

C. County Obligations. With respect to the establishment of the District South Sewage Collection System, the County shall comply with its obligations with respect to any extension, enlargement, modification, or improvement of the District Sewage Collection System as set forth in this Agreement and the LRSD-County Agreement.

ARTICLE V

CONDITIONS AND LIMITATIONS

5.1 Conditions Beyond County's Control.

The County shall not be responsible for any failure to perform the undertakings, obligations, and commitments assumed by it pursuant to this Agreement caused by a Force Majeure.

5.2 Conditions Upon County Service.

The terms, conditions, and limitations in the LRSD-County Agreement, together with the terms, conditions, and limitations of this Agreement, shall apply to the County's provision of Sanitary Sewer Service to the Volo Service Subarea.

5.3 Limitations on County Service.

A. In General. The County's obligation to provide Sanitary Sewer Service within the Volo Service Subarea shall be subject to the same limitations as the County's obligation to provide sanitary sewer service to other customers in the District Service Area as set forth in the LRSD-County Agreement.

B. Ultimate Limitations on Service within the Volo Service Subarea. The ultimate Total Sewage Flow for which the County shall provide sanitary sewer service from the Volo Service Subarea shall not exceed 21,900 P.E., of which not more than 300 P.E. shall be Existing Development Flow; provided that, to the extent Existing Development Flow exceeds 300 P.E., not more than 300 P.E. of such Existing Development Flow shall be included within the Nonresidential Sewage Flow. In addition, consistent with the Village Plan (and subject to adjustments as provided in this Agreement), the ultimate Residential Sewage Flow for which the County shall provide sanitary sewer service from the Volo Service Subarea shall not exceed 10,950 P.E., being not more than 50% of the ultimate Total Sewage Flow. To the extent that any portion of the territory included within the Volo Service Subarea as depicted on Exhibit A to this Agreement is either:

1. annexed to a municipality other than the Village;
2. hereafter subdivided pursuant to a plat approved by the County that provides for sanitary sewer service directly from the County;
3. issued a building permit by the County for a use that will receive sanitary sewer service directly from the County; or

4. hereafter approved for detached single family dwelling or dwellings that will utilize a septic system in accordance with Section 3.3.B of this Agreement,

(collectively, "**Flow Adjusting Events**"), then the ultimate Total Sewage Flow for which the County is obliged to provide sanitary sewer service from the Volo Service Subarea shall be reduced by the number of acres impacted by any of the Flow Adjusting Events multiplied by the "P.E. /Acre" value assigned to such acreage pursuant to the "Volo Zoning/Proposed Land Use Service Area Map" attached to this Agreement as Exhibit B and the "Village of Volo Flow and Population Projections at the Service Area 3" attached to this Agreement as Exhibit C (collectively, Exhibits B and C shall be referred to as the "**Village Plan Sewer Service Projections**"). If, after the parties have reasonably attempted to determine the amount that the ultimate Total Sewage Flow should be reduced as a result of a Flow Adjusting Event, the parties do not agree on the amount that the ultimate Total Sewage Flow shall be reduced based on the Village Plan Sewer Service Projections, then the parties shall collectively select a civil engineer who will apply the Village Plan Sewer Service Projections to the acreage affected by any Flow Adjusting Events, and the determination of such civil engineer shall be final with respect to the amount that the ultimate Total Sewage Flow shall be reduced.

C. Additional Limitations on Service within the Volo Service Subarea. To ensure the parties' desire to provide balanced development within the Volo Service Subarea in general conformity with the Village Plan, the following additional limitations shall apply with respect to the allocation of connection authorizations within the Volo Service Subarea:

1. Phase I Connections. "Phase I" shall be the period during which the Total Sewage Flow does not exceed 7,500 P.E. With respect to connections from the Volo Service Subarea during Phase I, not more than 67% of the Total Sewage Flow may at any time be Residential Sewage Flow (the "**Phase I Residential P.E. Limit**"); provided, however, that at any time during Phase I the amount of Residential Sewage Flow may exceed the Phase I Residential P.E. Limit by up to 1,500 P.E. so long as the Residential Sewage Flow during Phase I does not exceed 5,000 P.E.
2. Phase II Connections. "Phase II" shall be the period during the Total Sewage Flow exceeds 7,500 P.E. but is not more than 15,000 P.E. With respect to connections from the Volo Service Subarea during Phase II, the Residential Sewage Flow shall not at any time exceed the following amount:

$$\frac{1}{3} [\text{Total Sewage Flow} - 7500 \text{ P.E.}] + 5,000 \text{ P.E.} = \text{"Phase II Residential P.E. Limit."}$$

To the extent that, at any time during Phase II, the Residential Sewage Flow allowable under the Phase II Residential P.E. Limit exceeds the Nonresidential Sewage Flow by less than 500 P.E., the amount of Residential Sewage Flow may nevertheless exceed the Nonresidential Sewage Flow by up to 500 P.E.

3. Phase III Connections. "Phase III" shall be the period during which the Total Sewage Flow exceeds 15,000 P.E. Unless otherwise provided pursuant to Section 5.3.D of this Agreement, during Phase III the

Residential Sewage Flow shall not exceed 50% of the Total Sewage Flow by more than 500 P.E.

D. [Intentionally omitted.]

E. Consent from the Village of Round Lake. Notwithstanding anything to the contrary in this Agreement or the LRSD-County Agreement, to the extent that the Village seeks sanitary sewer service for any prospective Village Customer located within the cross-hatched area depicted on Exhibit A-1 to this Agreement, the Village shall first secure the written approval of the Village of Round Lake as a condition precedent to the County's obligation to provide sanitary sewer service to the Village or District with respect to such prospective Village Customers. Such consent from the Village of Round Lake may be granted other than on a case-by-case basis pursuant to an intergovernmental agreement or such other writing that clearly authorizes sanitary sewer service for such Village Customers.

F. Agreements with, and Conditions of Service Upon, Village Customers. The Village and the District agree that neither shall annex any territory located within the area depicted on Exhibit A to this Agreement unless the Village or the District has entered into an annexation agreement with the owner(s) of record of such territory, which agreement shall expressly incorporate the terms of this Agreement and the LRSD-County Agreement into its terms, and which agreement shall also require the owner(s) of record of such territory and such owner's or owners' successors in interest to such territory to release any claims against the County, the District, or the Village with respect to the terms, conditions, and limitations upon sanitary sewer service as set forth in this Agreement or the LRSD-County Agreement. In addition, for all prospective Village Customers for whose real property no such annexation agreement is in effect, the Village and the District shall require as a condition of sanitary sewer service that such prospective Village Customers on behalf of themselves and their successors in interest to the real property to be served agree in writing to acknowledge and accept the terms of this Agreement and the LRSD-County Agreement and to release any claims against the County, the District, and the Village with respect to the terms, conditions, and limitations upon sanitary sewer service as set forth in this Agreement or the LRSD-County Agreement.

G. Reporting Requirements.

1. Annually on or before the 1st day of March during the term of this Agreement, the District shall provide a report to the County reflecting, at a minimum, the following information based on the IEPA permits the District has executed through December 31 of the preceding calendar year: (a) the identification of the Phase (Phase I, II, or III) that the parties are operating under pursuant to Section 5.3.C of this Agreement, (b) the ultimate Total Sewage Flow authorized under the Agreement, as adjusted for any Flow Adjustment Events as provided for under Section 5.3.B of the Agreement, (c) the applicable Residential P.E. Limit as provided for under Section 5.3.C of the Agreement, (d) the Total Sewage Flow, (e) the Residential Sewage Flow, (f) the Nonresidential Sewage Flow, (g) the Existing Development Flow, and (h) the Combined Sewage Flow.
2. On at least a quarterly basis, the Village shall be required to report to the County and the District on all building permits and sewer connection permits issued for Village Customers receiving sanitary sewer service within the Volo Service Subarea. The District shall review all such reports

to determine whether the type of sewage flows (e.g., Nonresidential Sewage Flow, Residential Sewage Flow, Existing Development Flow) and Total Sewage Flow for which building permits or sewer connection permits have been issued are consistent with the types of sewage flows and Total Sewage Flow contemplated by the IEPA permit applications previously executed by the County for such parcels. The District shall further advise the County in writing of the nature and extent of any variance between the type of sewage flow or Total Sewage Flow reflected in such building permits and sewer connection permits on the one hand and the corresponding IEPA permit applications previously executed by the County on the other hand. Any variances between the type of sewage flow or Total Sewage Flow reflected by the building permits or sewer connection permits as compared to the corresponding IEPA permit applications previously executed by the County shall, in the discretion of the County, result in adjustments to the Nonresidential Sewage Flow and Residential Sewage Flow for purposes of Section 5.3.C of this Agreement.

3. In the event that any party becomes aware of the occurrence of any Flow Adjusting Event, as defined in Section 5.3.B of this Agreement, that party shall promptly notify the other parties in writing of such occurrence and at the same time shall make a good faith attempt to calculate the reduction warranted to the ultimate Total Sewage Flow as a result of the Flow Adjusting Event and provide written notice of such calculation and the basis thereof in writing to the other parties. Notwithstanding anything to the contrary herein, any final determination of the reduction to ultimate Total Sewage Flow warranted by any Flow Adjusting Event shall be made in accordance with the terms of Section 5.3.B of this Agreement.

ARTICLE VI

CHARGES AND FEES

All Connection Charges and Sewer User Fees for sanitary sewer service to Village Customers shall be governed by and subject to the terms set forth in the LRSD-County Agreement. For any Village Nonresidential Customer, the Nonresidential Sewage Flow attributable to such Village Nonresidential Customer pursuant to Section 2.2.C of this Agreement shall be the basis for calculating the required Connection Fees.

ARTICLE VII

OWNERSHIP AND MAINTENANCE

Ownership and maintenance responsibilities for the County Sewerage System and the District Sewage Collection System shall be as set forth in the LRSD-County Agreement. In relation to the County under this Agreement and the LRSD-County Agreement, and notwithstanding any agreements or understandings between the District and the Village to the

contrary, the District South Sewage Collection System shall be deemed to be part of the District Sewage Collection System.

ARTICLE VIII

FPA AMENDMENTS

8.1 Joint Action.

In order to promote sound public sewer planning and the efficient and economical use of any County, District, and Village facilities being installed and maintained pursuant to this Agreement:

1. The County shall file, and the District and Village shall support, any application that may be required to amend the Illinois Water Quality Management Plan with respect to the development of the County Sewerage System consistent with this Agreement.
2. The District shall file, and the County and Village shall support, any application that may be required to amend the Illinois Water Quality Management Plan with respect to the development of the District Sewage Collection System (including the District South Sewage Collection System) consistent with this Agreement.
3. Neither the District, the Village, nor the County shall file or support any petition or application to amend, and the County, the District, and the Village shall undertake joint and cooperative action to oppose and object to any third-party petition or application to amend, the Illinois Water Quality Management Plan or the Areawide Water Quality Management Plan for Northeastern Illinois that would have the effect of preventing the District and the County from providing Sanitary Sewer Service to the any lot, parcel, or tract within the Volo Service Subarea, in the manner provided by this Agreement. For purposes of this Clause 8.1(3), joint and cooperative action shall include, without limitation, filing written objections, providing staff support, and retaining such attorneys and consultants as the parties mutually agree are necessary with respect to such objections.

8.2 Exceptions.

Nothing in Section 8.1 of this Agreement shall require the County, the District, or the Village to take any action that it is prohibited from taking, or to refrain from taking any action that it is required to take, pursuant to any agreement that such party approved by formal action of its corporate authorities prior to the Effective Date of this Agreement.

ARTICLE IX

OTHER CONTRACTS AND SERVICE

9.1 County Rights.

The County shall have the right to contract with other persons, natural or corporate, private or public, to perform services similar to those to be performed pursuant to this Agreement; provided, however, that nothing in this Agreement shall be construed to require the County to provide Sanitary Sewer Service to any area of the Village not located within the Volo Service Subarea.

9.2 Village and District Acknowledgements.

The Village and District acknowledge and agree that: (i) the County does not act or operate as a public or private utility; (ii) the County does not act or operate in a business or proprietary capacity in providing Sanitary Sewer Service to lots, tracts, parcels, or areas within the Volo Service Subarea; (iii) the County does not by this Agreement or the LRSD-County Agreement, or its performance pursuant to this Agreement or the LRSD-County Agreement, hold itself out as offering to, and is under no obligation to, provide Sanitary Sewer Service to any lot, tract, parcel, or area other than lot, tracts, parcels, or areas located within the Volo Service Subarea; and (iv) the County's sole obligation to provide Sanitary Sewer Service to lots, tracts, parcels, or areas within the Volo Service Subarea is the contractual obligation set forth in this Agreement and the LRSD-County Agreement.

9.3 Other County Service.

Nothing in this Agreement shall be construed or interpreted to prevent or limit the right of the County, or to require the consent of the District or the Village, to provide Sanitary Sewer Service to parties other than the District or the Village on such terms and conditions as the County may, in its sole discretion, determine to be appropriate, including, without limitation, Sanitary Sewer Service utilizing the County Sewerage System; provided, however, that the County shall not provide Sanitary Sewer Service within the Volo Service Subarea except in accordance with the terms and conditions of this Agreement.

9.4 No Third Party Beneficiaries.

Nothing in this Agreement shall create, or be construed or interpreted to create, any third party beneficiary rights.

9.5 Water Service.

This Agreement does not pertain to public water supply service within the District or the Village and shall not affect the rights or obligations of either the County, the District, or the Village with respect to such service within the District or the Village.

9.6 Village-Districts Agreements.

Nothing in this Agreement shall preclude the Village and the District from entering into separate agreements with each other to define further their respective obligations to each other relating to sanitary sewer service; provided, however, that no such separate agreements shall alter, modify, or otherwise affect the terms, conditions, or limitations of this Agreement or the LRSD-County Agreement; and provided further that, notwithstanding the provisions of such separate agreements, the obligations and rights of the Village and the District vis-à-vis the County shall be and remain as set forth in this Agreement and the LRSD-County Agreement.

ARTICLE X

LEGAL RELATIONSHIPS AND REQUIREMENTS

10.1 Exhibits.

Exhibits A through C attached to this Agreement are, by this reference, incorporated into and made a part of this Agreement.

10.2 Entire Agreement; Consistency with the LRSD-County Agreement.

There are no representations, covenants, promises, or obligations not contained in this Agreement that form any part of this Agreement or upon which either of the parties is relying in entering into this Agreement. In addition, this Agreement is intended to be in harmony with and complementary to the terms and provisions of the LRSD-County Agreement.

10.3 Amendments.

Except as expressly provided otherwise in this Agreement, this Agreement shall not be modified, changed, altered, amended, or terminated without the written and duly authorized consent of the County, the District, and the Village.

10.4 Waivers.

No term or condition of this Agreement shall be deemed waived by any party unless the term or condition to be waived and the circumstances giving rise to such waiver are set forth specifically in a duly authorized and written waiver of such party. No waiver by any party of any term or condition of this Agreement shall be deemed or construed as a waiver of any other term or condition of this Agreement, nor shall waiver of any breach be deemed to constitute a waiver of any subsequent breach whether of the same or a different provisions of this Agreement.

10.5 Interpretation and Severability.

It is the intent of the County, the District, and the Village that this Agreement be construed and interpreted so as to preserve its validity and enforceability as a whole. In case of any conflict among the provisions of this Agreement, the provision that best promotes and reflects the intent of the parties shall control. If any provision of this Agreement is construed or held to be void, invalid, or unenforceable in any respect, the remaining provisions of this Agreement shall not be affected thereby but shall remain in full force and effect. In furtherance of the foregoing, neither the County, the District, nor the Village may challenge the enforceability of any provisions of this Agreement. Notwithstanding anything in this Section to the contrary, however, if the provisions of Section 5.3 of this Agreement are held to be void, invalid, or unenforceable in any respect, then this Agreement shall be deemed a nullity in its entirety, and the parties shall enter into good faith negotiations to reform the Agreement in order to effectuate the intent of the parties as reflected in Section 5.3.

10.6 Regulatory Bodies.

This Agreement shall be subject to all valid rules, regulations, and laws applicable hereto passed and promulgated by the United States of America, the State of Illinois, or any other governmental body or agency having lawful jurisdiction, or any authorized representative or agent of any of them; provided, however, that this Section 10.6 shall not be construed as waiving the right of any party to challenge the validity of any such rules, regulations, or laws on any basis, including the impairment of this Agreement. The County reserves the right to adopt ordinances, rules, and regulations governing the design, installation, and use of the County Sewerage System. The District reserves the right to adopt ordinances, rules, and regulations governing the design, installation, and use of the District Sewage Collection System, provided that such ordinances, rules, and regulations are not inconsistent with this Agreement or the LRSD-County Agreement.

10.7 Successors; Assignment.

This Agreement shall be binding on, and shall inure to the benefit of the successors and permitted assigns of the County, the District, and the Village. Neither the District nor the Village shall assign this Agreement in whole or in part, or any of its rights or obligations under this Agreement, without the prior express written consent of the County, which consent may be withheld in the sole and unfettered discretion of the County. In addition, the County shall not assign this Agreement in whole or in part, or any of its rights or obligations under this Agreement, without the prior express written consent of the District and the Village, which consent may be withheld in the sole and unfettered discretion of the District or the Village.

10.8 Effective Date and Term.

A. Effective Date. This Agreement shall take effect as of the date first above written when executed by the duly authorized representatives of the County, the District, and the Village; provided, however, that this Agreement shall not be effective unless and until the LRSD-County Agreement shall have become effective.

B. Term. This Agreement shall be in full force and effect for a period of 20 years from and after its Effective Date.

10.9 Notices.

All notices and other communications in connection with this Agreement shall be in writing and shall be deemed delivered to the addressee thereof when delivered in person or by express mail or messenger at the address set forth below or three business days after deposit thereof in any main or branch United States post office, certified or registered mail, return receipt requested, postage prepaid, properly addressed to the parties, respectively, as follows:

For notices and communications to the County:

County of Lake
18 North County Street
Waukegan, Illinois 60065
Attn: County Administrator

and

Lake County Department of Public Works
650 Winchester Road
Libertyville, Illinois 60046
Attn: Superintendent

For notices and communications to the District:

Lakes Region Sanitary District
Attn: District Manager
25700 West Old Grand Avenue
Ingleside, Illinois 60041.

For notices and communications to the Village:

Village of Volo
Attn: Village President
27273 Volo Village Road
Volo, Illinois 60073

By notice complying with the foregoing requirements of this Section 10.9, each party shall have the right to change the addressees or addresses or both for all future notices and communications to such party, but no notice of a change of address shall be effective until actually received.

10.10 Execution in Counterparts.

This Agreement may be executed in multiple identical counterparts, and all of said counterparts shall, individually and taken together, constitute one and the same Agreement.

10.11 Indemnification.

The Village agrees to indemnify, defend, and hold the County and the District, and their respective officers, officials, employees, agents, attorneys, and representatives, harmless from and against any suits, actions, complaints, claims, damages, judgments, awards, or any liabilities of any kind whatsoever arising out of or relating to Village land use determinations or allocations of sanitary sewer service based on the provisions of Section 5.3 of this Agreement.

10.12 Enforcement and Remedies.

The parties hereto may in law or in equity enforce or compel the performance of this Agreement and shall otherwise have all remedies provided by applicable United States of America, State of Illinois, and local laws, ordinances, rules, and regulations, except that neither the District, the County, nor the Village shall seek or recover monetary damages against the other or any of the other's officials, agents, representatives, attorneys, or employees on account of the negotiation, execution, or breach of any of the terms and conditions of this Agreement. Enforcement actions relating to Section 10.11 of this Agreement or to collect Connection Charges or Sewer User Fees due under this Agreement (or the LRSD-County Agreement) shall not be deemed actions for monetary damages for purposes of this Section 10.12.

[SIGNATURES CONTINUE ON FOLLOWING PAGE.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written.

ATTEST:

Michael D. Hagan
District Clerk

LAKES REGION SANITARY DISTRICT

By: *James A. Pelt*
District President

ATTEST:

Willard R. Helander
County Clerk

COUNTY OF LAKE

By: *Ray Belmont*
Chairman, Lake County Board

ATTEST:

LaVerne Drake
Village Clerk

VILLAGE OF VOLO

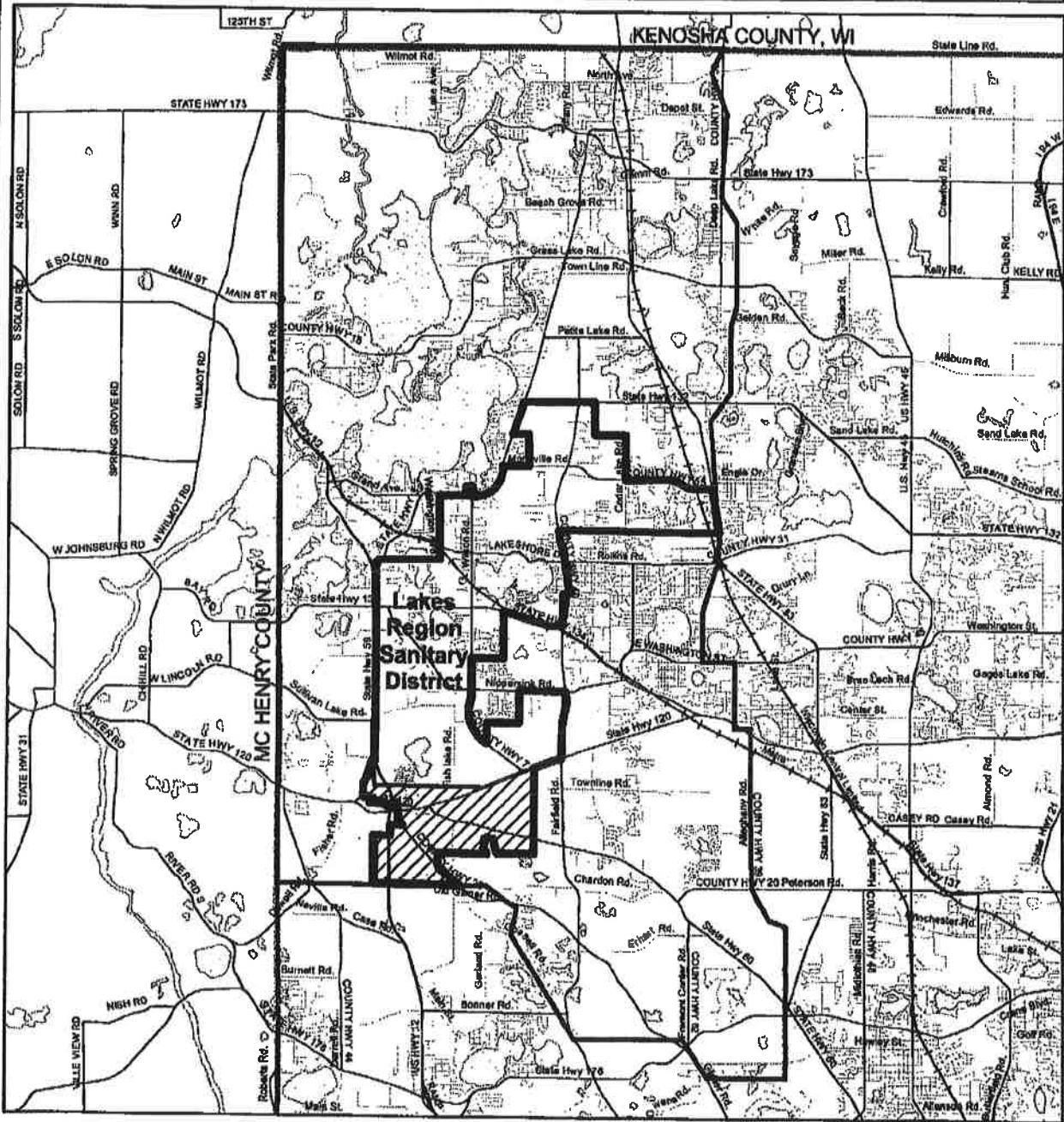
By: *Burnell Russell*
Village President

2200321_v6

EXHIBIT A

Volo Service Subarea Map

VOLO SERVICE SUBAREA EXHIBIT A



Lake County
 Lake County Public Works Department
 650 West Winchester Road
 Libertyville, Illinois 60048
 (847) 377-7500
 (847) 377-7173 FAX



Legend

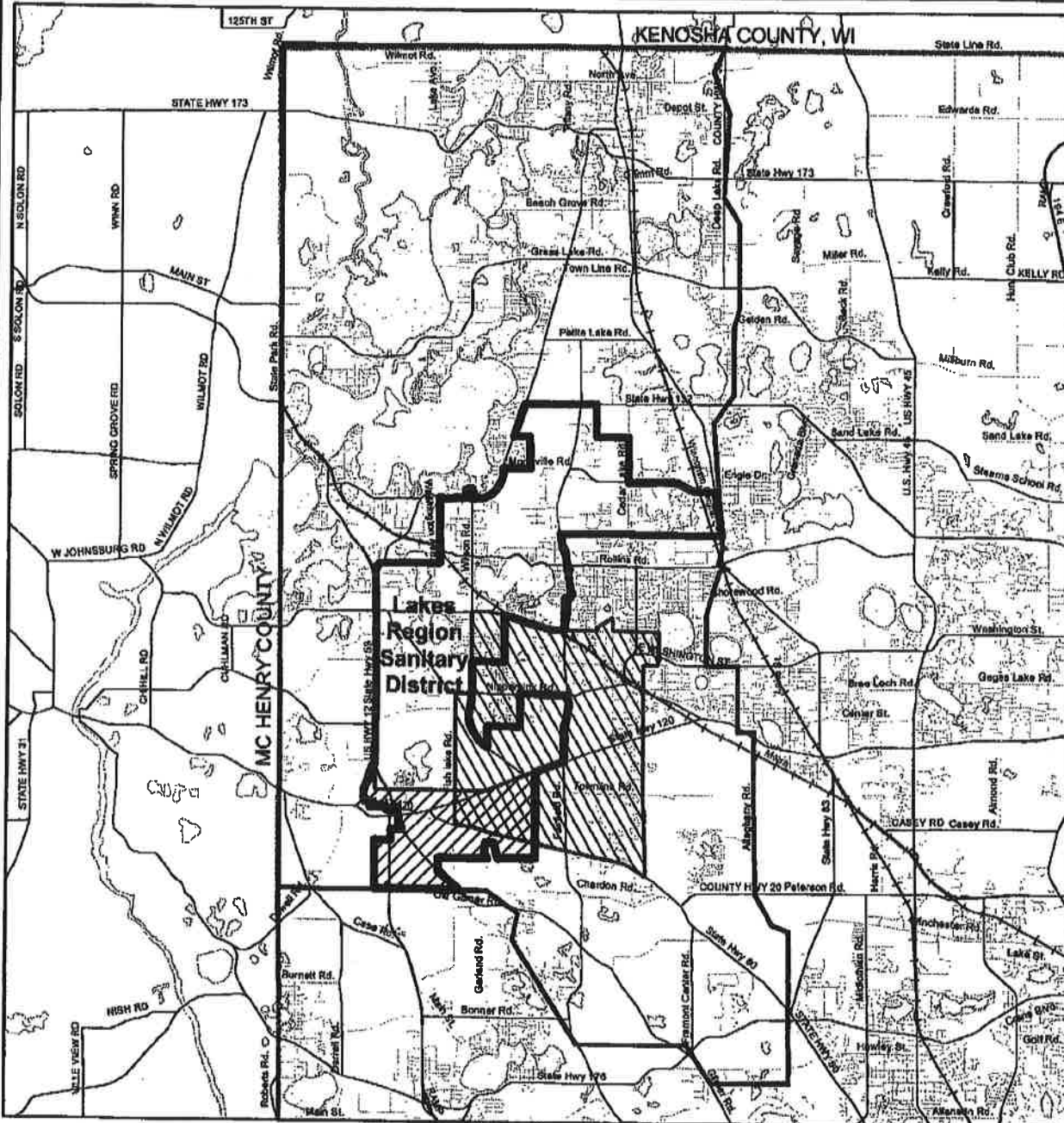
-  Volo Service Subarea
-  Lakes Region Sanitary District Boundary (as amended)
-  County / Fox Lake Sewer Service Area (1977)

OCTOBER 2004





EXHIBIT A-1

Volo Service Subarea Map (with Round Lake "Sphere of Influence")

VOLO SERVICE SUBAREA AND ROUND LAKE SPHERE OF INFLUENCE EXHIBIT A-1



Legend

-  Volo Service Subarea
-  Round Lake Sphere of Influence
-  Lakes Region Sanitary District Boundary (as amended)
-  County / Fox Lake Sewer Service Area (1977)



Lake County Public Works Department
650 West Winchester Road
Libertyville, Illinois 60048
(847) 377-7500
(847) 377-7173 FAX

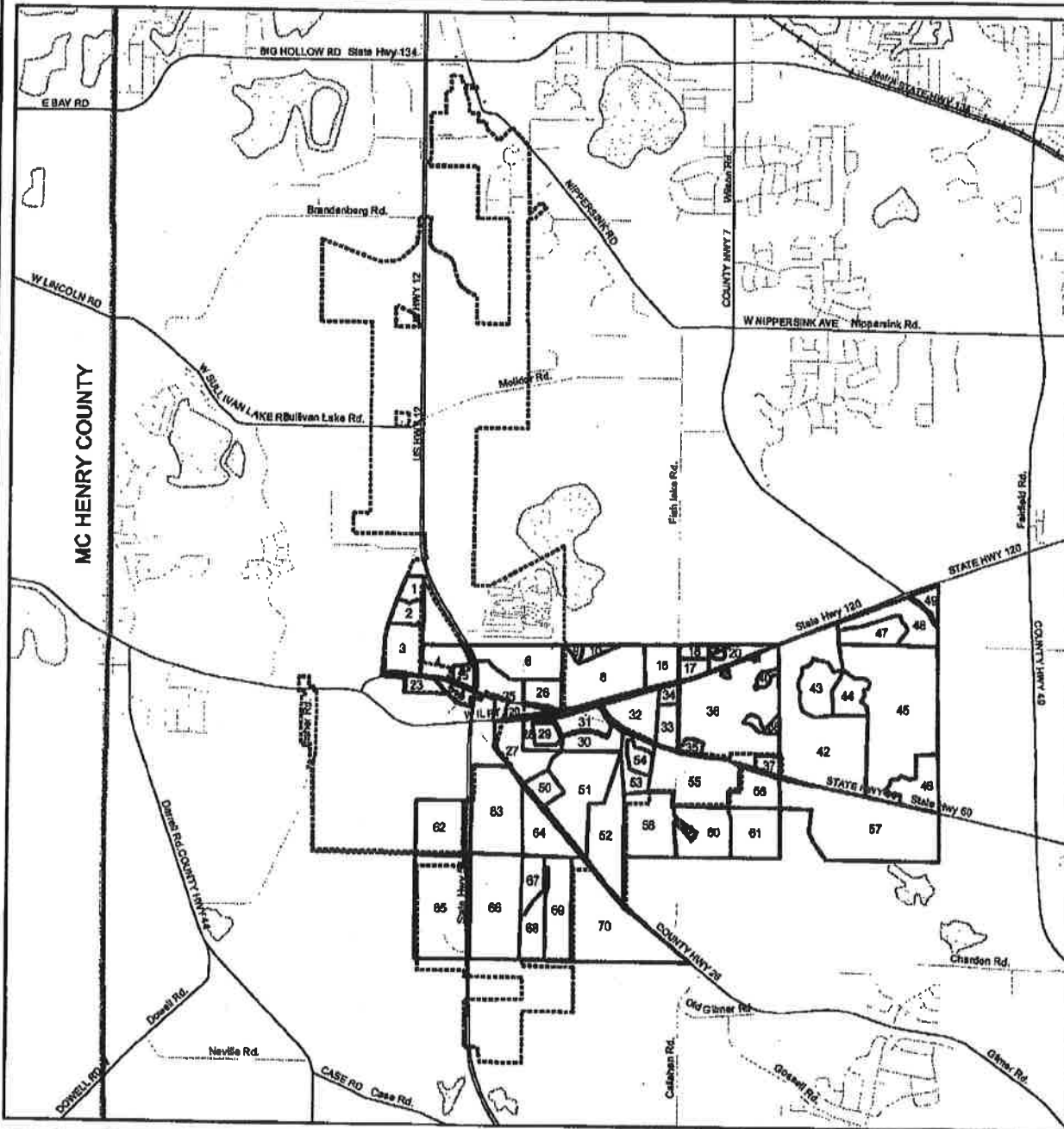


OCTOBER 2004

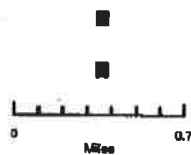
EXHIBIT B

Volo Zoning/Proposed Land Use Service Area Map

VILLAGE OF VOLO ZONING AND PROPOSED LAND USE SERVICE AREA EXHIBIT B



Lake County Public Works Department
650 West Winchester Road
Libertyville, Illinois 60048
(847) 377-7500
(847) 377-7173 FAX



Legend

- Volo Zoning & Proposed Land Use Service Area
- Village of Volo Municipal Boundary

OCTOBER 2004

EXHIBIT C

Village of Volo Flow and Population Projections at the Service Area 3

**EXHIBIT C
VILLAGE OF VOLO
*FLOW AND POPULATION PROJECTIONS
AT THE SERVICE AREA 3
VOL37-4113**

Oct-03
REVISED 11/12/2003
REVISED 01-12-04
REVISED PER LCPW 04-01-04
REVISED PER LCPW 05-04-04

SERVICE AREA	ZONING	PARCEL #	AREA(A/G)	EST DU/AC	PE/AC	PE	DAILY FLOW(GPD)
3	Commercial	1	11.0		15	165	16,500
3	Wetlands	2	14.0		N/A	N/A	N/A
3	Commercial	3	27.0		15	405	40,500
3	Moderate-Density Residential	4	34.0	5.7	20	680	68,000
3	Commercial	5	7.0		15	105	10,500
3	Mixed Use	6	38.0		15	570	57,000
3	Commercial	8	59.0		15	885	88,500
3	Open Space/Conservation Areas/Buffers	9	3.0		N/A	N/A	N/A
3	Low-Density Residential	10	5.0	2.5	10	50	5,000
3	Moderate-Density Residential	16	20.0	5.7	20	400	40,000
3	Public/Quasi-Public Space	17	8.0		15	120	12,000
3	Public/Quasi-Public Space	18	6.0		15	90	9,000
3	Wetlands	19	2.0		N/A	N/A	N/A
3	Open Space/Conservation Areas/Buffers	20	12.0		N/A	N/A	N/A
3	Mixed Use	23	9.0		15	135	13,500
3	Commercial	24	5.0		15	75	7,500
3	Commercial	25	29.0		15	435	43,500
3	Commercial	26	74.0		15	1110	111,000
3	Commercial	27	30.0		15	450	45,000
3	Open Space/Conservation Areas/Buffers	28	9.0		N/A	N/A	N/A
3	Light Industrial/Employment	29	8.0		15	120	12,000
3	Light Industrial/Employment	30	17.0		15	255	25,500
3	Commercial	31	15.0		15	225	22,500
3	Light Industrial/Employment	32	28.0		15	420	42,000
3	Moderate-Density Residential	33	14.0	5.7	20	280	28,000
3	Commercial	34	5.0		15	75	7,500
3	Wetlands	35	5.0		N/A	N/A	N/A

*Excludes a small amount of service area # 3 currently within the boundary of LRSD

		VOLO SA					
SERVICE AREA	ZONING	PARCEL #	AREA(AC)	EST DU/AC	PE/AC	PE	DAILY FLOW(GPD)
3	Low-Density Residential	36	124.0	2.5	10	1240	124,000
3	Commercial	37	7.0		15	105	10,500
3	Wetlands	38	5.0		N/A	N/A	N/A
3	Wetlands	39	1.0		N/A	N/A	N/A
3	Wetlands		4.0		N/A	N/A	N/A
3	Wetlands	41	0.2		N/A	N/A	N/A
3	Estate Residential	42	134.0	1.5	7	938	93,800
3	Lakes	43	26.0		N/A	N/A	N/A
3	Wetlands	44	18.0		N/A	N/A	N/A
3	Estate Residential	45	150.0	1.5	7	1050	105,000
3	Public/Quasi-Public Space	46	28.0		15	420	42,000
3	Wetlands	47	20.0		N/A	N/A	N/A
3	Commercial	48	31.0		15	465	46,500
3	Commercial	49	7.0		15	105	10,500
3	Mixed Use	50	11.0		15	165	16,500
3	Moderate-Density Residential	51	63.0	5.7	20	1260	126,000
3	Low-Density Residential	52	50.0	2.5	10	500	50,000
3	Open Space/Conservation Areas/Buffers	53	15.0		N/A	N/A	N/A
3	Wetlands	54	9.0		N/A	N/A	N/A
3	Low-Density Residential	55	61.0	2.5	10	610	61,000
3	Estate Residential	56	24.0	1.5	7	168	16,800
3	Estate Residential	57	124.0	1.5	7	868	86,800
3	Low-Density Residential	58	47.0	2.5	10	470	47,000
3	Wetlands	59	2.0		N/A	N/A	N/A
3	Low-Density Residential	60	38.0	2.5	10	380	38,000
3	Public/Quasi-Public Space	61	36.0		15	540	54,000
3	Commercial	62	38.0		15	570	57,000

SERVICE AREA	ZONING	PARCEL #	AREA(AC)	EST DUJAC	PE/AC	PE	DAILY FLOW(GPD)
3	Commercial	63	64.0		15	960	96,000
3	Light Industrial/Employment	64	30.0		15	450	45,000
3	Light Industrial/Employment	65	78.0		15	1170	117,000
3	Light Industrial/Employment	66	79.0		15	1185	118,500
3	Moderate-Density Residential	67	15.0	5.7	20	300	30,000
3	Wetlands	68	22.0		N/A	N/A	N/A
3	Open Space/Conservation Areas/Buffers	69	40.0		N/A	N/A	N/A
3	Low-Density Residential	70	93.0	2.5	10	930	93,000
TOTAL			1988.2			21899	2,189,900

VOLO SA

SERVICE AREA	ZONING	AREA(AC)	EST DUJAC	PE/AC	PE	DAILY FLOW(GPD)	% OF TOTAL AREA
3	Commercial	408.0		15.0	6135	613500	21
3	Wetlands	102.2		N/A	N/A	N/A	5
3	Moderate-Density Residential	146.0	5.7	20.0	2920	292000	7
3	Mixed Use	58.0		15.0	870	87000	3
3	Open Space/Conservation Areas/Buffers	79.0		N/A	N/A	N/A	4
3	Low-Density Residential	418.0	2.5	10.0	4180	418000	21
3	Lakes	26.0		N/A	N/A	N/A	1
3	Public/Quasi-Public Space	78.0		15.0	1170	117000	4
3	Light Industrial/Employment	240.0		15.0	3600	360000	12
3	Estate Residential	432.0	1.5	7.0	3024	302400	22
TOTAL		1988.2			21899	2189900	100

Notes:
 The Service Area 3 is planned to discharge to the Lake County Public Works Department Interceptor on Wilson Road
 Areas such as wetlands, Lakes, Regional Open Space, Open Space/Conservation Areas/Buffers and Public/Quasi-Public Space
 are not taking into account for PE calculations
 Most PE/AC calculation is rounded up to nearest 5 except Residential Estate which is calculated at 7 PE/AC.
 Actual PE/AC may be less than estimated above

EXHIBIT F

Schedule of Sewer Use Coefficients

Use	Coef.	GPD per
Auto Dealer	0.14	square ft
Bank	0.1	each
Barber Shop	54.6	barber chair
Beauty Shop	269	station
Bowling Alley	133	Alley
Bus - Rail Depot	3.33	square ft
Car Wash	4.78	square ft
Church	5	seat
College Residence	106	student
Dentist / Doctor	0.3	square ft
Fraternal Organization	0.3	square ft
Extended Stay - Motel Style	0..256	square ft
Extended Stay - 2 BR	250	unit
Extended Stay - 3 BR	250	unit
Firehouse	25	person per shift
Gas/Food w/o Car Wash	400	facility
Golf-Swim Clubs	0.5	square ft
Grocery	0.1	square ft
Hospitals	346	bed
Hotels	0.256	square ft
Institution 1 Bedroom	200	unit
Institution 2 Bedroom	250	unit
Jail & Prison	133	person
Laundromat	175	machine
Laundry	0.253	square ft
Medical Offices	0.3	square ft
Motel	0.256	square ft
Night Club / Tavern	1.33	person / capacity
Nursing Home	125	bed
Office, Large > 10,000 sf	0.1	square ft
- additional use	0.03	square ft mechanical space
- additional use	25	cafe seat
Office, Small ≤ 10,000 sf	0.1	square ft
Office, Old ¹	0.142	square ft
Pool outdoor	2.5	resident / member/patron
Professional Bldg	0.1	square ft
Restaurant, Drive-In	109	car stall
Restaurant, Non Chain	25	seat
Restaurant, Large Chain	2000	unit
Restaurant, Small Chain	625	unit
Retail > 100,000 sf	0.05	square ft
Retail ≤ 100,000 sf	0.10	square ft
School, High ²	5-7	student
School, Elementary ²	2.5 - 3.5	student
Service Station	0.251	inside square ft
Theaters	3.33	seat
Warehouses	0.025	square ft plus office
Health Club	0.5	square ft.

General Note: Connection fees will be based on numbers indicated here or some other agreed upon amount.

Footnote 1: Old Offices have not been modernized with modern water saving fixtures and may include toilet facilities that use greater than 1.6 gallons per flush.

Footnote 2: IEPA permits may require higher coefficients.

Exhibit G

Sewer Connection and Use Reporting Form

Invoice Date: Billing Period: to Village or Agency: **LAKES REGION SANITARY DISTRICT**

User Fees Paid: \$0.00
 Connection Fees Paid: \$0.00
 Check #

Service Area	Previous			Number of Accounts/RCE			Usage (in 1000 GL)			County Sewer Rate	Month(s)	Extension Amount due Lake County
	Accts	RCE	Accts	New Additions	Current	RCE	Water	Non-Irrigation	Irrigation			
Residential												0.00
Commercial											2	0.00
Residential											2	0.00
Commercial											2	0.00
Residential											3	0.00
Commercial											3	0.00
Residential											3	0.00
Commercial											3	0.00
Residential											3	0.00
Commercial											3	0.00
Residential											3	0.00
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Commercial											3	0.00
Residential											3	0.00
Commercial											3	0.00
Residential											3	0.00
Commercial											3	0.00
Residential											3	0.00
Commercial											3	0.00
Residential											1	0.00
Commercial											1	0.00
Adjustments												
New / Reinstated - Prorated Charges												
Total:	0	0	0	0	0	0	0	0	0	0	0	0.00

BEGINNING ACCOUNTS RECEIVABLE BALANCE
NET PAYMENTS RECEIVED
ENDING ACCOUNTS RECEIVABLE BALANCE

Report prepared by: Gary Bogolin Phone: 847-973-8940	Lake County Public Works 650 West Winchester Road Libertyville IL 60048-1391
* For New Accounts, see attached detail report	Mr. Nazer Uddin Phone: 847.377.7127 Fax: 847.377.7173 Email: nuddin@lakecountyl.gov

EXHIBIT H**Financial Statement Categories**

Operating Revenues

- User Charges
- Connection Charges
- Inspection Fees
- Revenue from Other Sources

TOTAL REVENUES

Operating Expenses

- Salaries, Payroll, and Related Personnel Expenses
- Expenses: Office Supplies, Equipment, Furnishings
- Building Operation and Maintenance Expenses
- Chemical Supplies
- Laboratory Supplies
- Rolling Stock and Equipment Operating and Maintenance Expenses
- Capital Expenses for Rolling Stock and Equipment
- Miscellaneous Commodity Expenses
- Consultant Services
- Software and Data Processing Maintenance
- Laboratory Fees
- Training/Continuing Education Expenses
- Pest Control
- Garbage Disposal
- Security Services
- Biosolids Management
- Telecommunication and Data Services
- Building and Storage
- Sewage Collection and Transport Facilities Construction, Repair, and Replacement Expenses
- Sewage Collection, Retention, and Transport Facilities Operation and Maintenance Expenses
- Transmission and Disposal Fees and Charges
- Wells, Water Storage Tank Operation and Maintenance Expenses
- All Other Maintenance
- Equipment Rental
- All Other Fees
- Wholesale Sewerage T
- Meter Reading Service
- Testing and Inspecting
- H/L/D Employee Benefit
- Retirement Benefits/

- Auditing And Accounting
- Financial Services
- Bio Hazard Waste Disposal
- Publications & Legal Notices
- Insurance
- Temporary Employment Services
- Indirect Cost Allocations
- Revenue Bond Issue Costs
- Loss on Revenue Bonds Refunding
- Principal Payments
- Interest Payments
- Depreciation Expense

TOTAL EXPENSES

(Surplus) or Deficit

EXHIBIT I

[Reserved]

EXHIBIT J**Requested Amendment Categories**

County Obligations to operate and maintain the County Sewerage System under Section 3.1
Process for waiving District obligations under Section 3.2
Limited right to use other facilities under Section 3.3.B
Expansion request process under Section 3.3.B
Septic system regulations under Section 3.3
Other agreements and Laws under Section 3.4
Permitted extensions and enlargements, standards for extensions or enlargements, County obligations with respect to extension and enlargement, and expansion limitations under Section 4.2.A-D
Conditions and limitations under Section 5.1-5.3
Applicable charges and fees under Article VI, except any payment arrangements for existing balances due or fee reimbursements that are specific to a particular Wholesaler.
FPA Amendments under Section 8.1(3)
Legal relationships and requirements in Article X