

Memorandum of Understanding

Subject: Modifications to the Northern Moraine Wastewater Reclamation District's Facility Planning Area Boundary.

The Village of Volo (Volo), Lakes Region Sanitary District (LRSD), and Lake County have entered into an intergovernmental agreement titled:

*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.*

The agreement specifically addresses the previously mentioned entities' commitments for extending sanitary sewer service to the "Volo Service Area". Article VIII of the agreement recognizes that FPA Boundary Modifications are required and states the entities' obligations for support of the Boundary Modifications. The required Boundary Modifications include non-FPA areas as well as areas within the Northern Moraine Wastewater Reclamation District's (NMWRD) Facility Planning Area Boundary. The entities entered into the agreement without gaining concurrence from NMWRD regarding the necessary modifications to NMWRD's Water Quality Management Plan.

Unaware of the agreement, NMWRD updated its Water Quality Management Plan (WQMP) for the entire Facility Planning Area including the Village of Volo. NMWRD completed and submitted the updated Water Quality Management Plan (WQMP) to the Northeastern Illinois Planning Commission (NIPC) in December 2004. NIPC's staff has reviewed the WQMP and it is to be discussed on February 24, 2005 by the NIPC Water Resources Committee.

In accordance with the intergovernmental agreement, each of the entities (Volo, LRSD and Lake County) are obligated to object to NMWRD's updated WQMP plan, unless it can be determined that it does not adversely effect the intergovernmental agreement. The LRSD notified NMWRD that it was requesting a Boundary Modification on February 1, 2005. NMWRD was unable to provide a resolution of support for the modification based on the information provided during its Board meeting on February 8, 2005. Subsequently, Lake County, the Village of Volo and Lakes Region Sanitary District have filed requests for deferral with NIPC citing that a request for an FPA Boundary Modification for the Volo Service Area is forthcoming.

The affected entities (NMWRD, Volo, LRSD and Lake County) met to discuss the alternatives. At this time NMWRD was presented a copy of the intergovernmental agreement between the County of Lake, Lakes Region Sanitary District and the Village

of Volo. In the spirit of cooperation, the four entities agreed to the following terms, conditioned upon the acceptance of the terms by each entity and execution of obligations as follows:

With Respect to NMWRD's current WQMP Update:

1. Lake County withdraws its request for deferral regarding the NMWRD's WQMP in writing to the Northeastern Illinois Planning Commission, that the withdrawal is received by the NIPC staff prior to February 24, 2005.
2. Lakes Region Sanitary District withdraws its request for deferral regarding the NMWRD's WQMP in writing to the Northeastern Illinois Planning Commission, that the withdrawal is received by the NIPC staff prior to February 24, 2005.
3. Village of Volo withdraws its request for deferral regarding the NMWRD's WQMP in writing to the Northeastern Illinois Planning Commission, that the withdrawal is received by the NIPC staff prior to February 24, 2005.
4. Lake County writes a letter of no objection for the NMWRD's WQMP to the Northeastern Illinois Planning Commission with acknowledgement of the forthcoming LRSD boundary change request, and that the letter is received by the NIPC staff prior to February 24, 2005 and entered into the record.
5. Lakes Region Sanitary District writes a letter of no objection for the NMWRD's WQMP to the Northeastern Illinois Planning Commission with acknowledgement of the forthcoming LRSD boundary change request, and that the letter is received by the NIPC staff prior to February 24, 2005 and entered into the record.
6. Village of Volo writes a letter of no objection for the NMWRD's WQMP to the Northeastern Illinois Planning Commission with acknowledgement of the forthcoming LRSD boundary change request, and that the letter is received by the NIPC staff prior to February 24, 2005 and entered into the record.

With Respect to LRSD's/Northwest Lake's forthcoming WQMP Boundary Modification Request(s):

1. The Northern Moraine Wastewater Reclamation District agrees to file letter(s) of "no objection" to the proposed Facility Planning Area Boundary Modification(s) by the Lake Region Sanitary District or other designated management agency within the Northwest Lake FPA to serve the areas identified in "Exhibit A" of this Memorandum of Understanding.

With Respect to Future NMWRD Boundary Modifications

1. Lake Region Sanitary District will file a letter of "no objection" with NIPC for NMWRD Boundary Modifications to include property with the Mutton Creek Watershed, west of Illinois Route 12 and south of the property shown in "Exhibit A"
2. Village of Volo will file a letter of "no objection" with NIPC for NMWRD Boundary Modifications to include property with the Mutton Creek Watershed, west of Illinois Route 12 and south of the property shown in "Exhibit A"

With respect to future Boundary Modifications between LRSD, Volo and NMWRD

1. The Village of Volo and Lakes Region Sanitary District agree that no further Facility Planning Area Boundary Modifications beyond the areas shown in Exhibit A will be requested by these entities to serve additional property within the NMWRD Facility Planning Area without the concurrence of the NMWRD.
2. The NMWRD agrees that no further FPA Boundary modifications will be requested by NMWRD to serve additional property within the Northwest Lake FPA without concurrence by Lakes Region Sanitary District.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Understanding effective as of February 21, 2005.

Northern Marine Wastewater
Reclamation District, Illinois

John A. Schindler
President

William C. Keilising
Clerk

County of Lake,
Illinois

Peter E. Kolb
Director

William R. Herder
Secretary County Clerk

Village of Volo,
Illinois

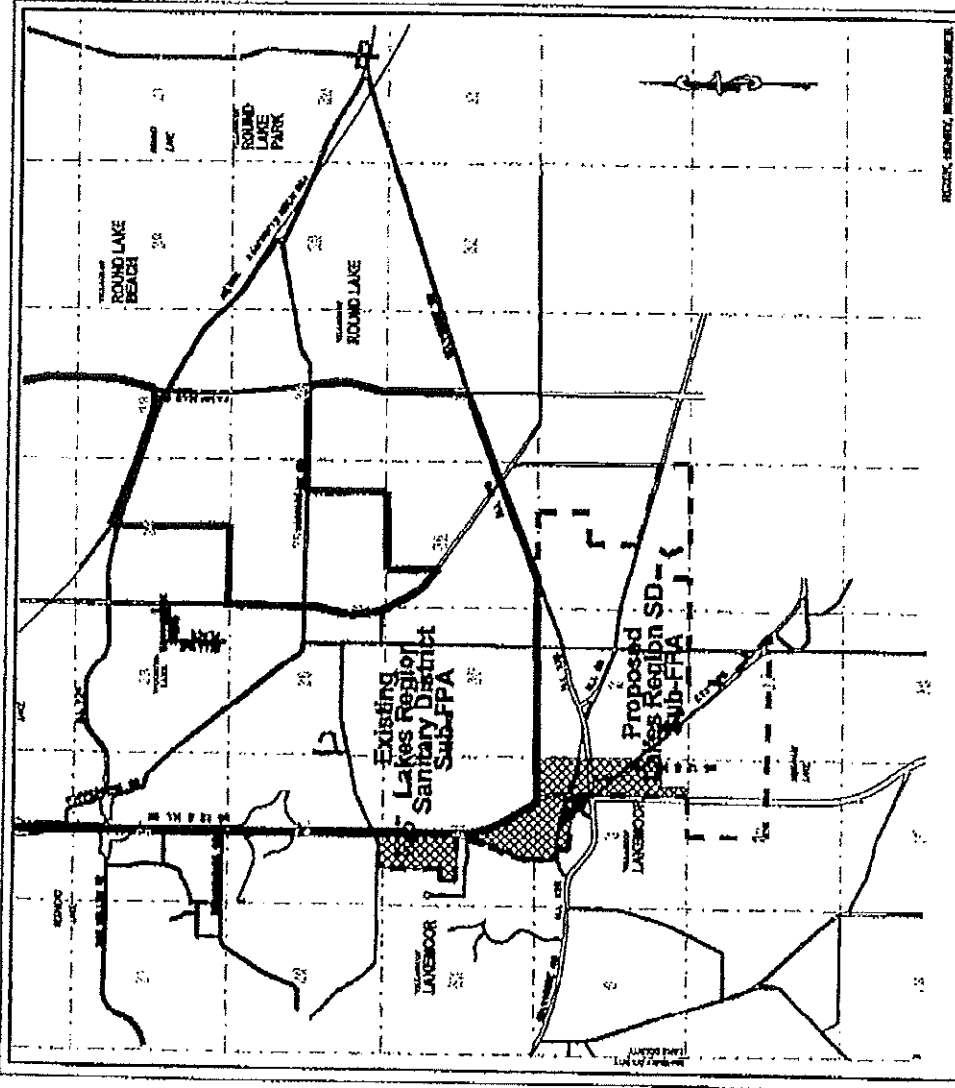
Burnell Russell
President

LaSerge Drake
Village Clerk

Lakes Region
Sanitary District, Illinois

James [Signature]
President

Grant [Signature]
District Clerk



ROCKY MOUNTAIN ENGINEERING AND GRAPHICS, INC.

EXHIBIT A



Currently Within NMWRD FPA/Lakemoor Sub-FPA