

**ANNEXATION AGREEMENT
(CORNERSTONE)**

THIS AGREEMENT made and entered into this ____ day of _____, 2009 (the "**Execution Date**") between the VILLAGE OF GRAYSLAKE, an Illinois municipal corporation, located in Lake County, Illinois (hereinafter referred to as the "**Village**"), and LAKE COUNTY LAND HOLDINGS, L.L.C., a Delaware corporation (hereinafter referred to as the "**Owner**") (collectively the Village and the Owner are hereinafter referred to as the "**Parties**").

WITNESSETH

WHEREAS, the Owner is the owner of the property legally described in **Exhibit A** attached hereto and made a part hereof (hereinafter referred to as the "**Subject Territory**"), which territory is subject to this Annexation Agreement; and

WHEREAS, the Subject Territory is presently contiguous to the Village, and none of said territory is presently within the corporate limits of any other municipality; and

WHEREAS, the Owner of the Subject Territory has filed with the Clerk of the Village a Petition for Annexation of the Subject Territory to the Village; and

WHEREAS, it is the mutual desire of the Parties hereto that the Subject Territory and all portions of any public road or highway that are adjacent to or within the Subject Territory and not already incorporated into any other municipality be annexed to the Village on terms and conditions hereinafter set forth; and

WHEREAS, the corporate authorities of the Village have considered the annexation of the Subject Territory; and

WHEREAS, the Owner is also the owner of additional property legally described in **Exhibit A-1** attached hereto and made a part hereof (hereinafter referred to as the "**Incorporated Territory**") located within the corporate limits of the Village, contiguous to the Subject Territory, and consisting of approximately 49 acres (the Subject Territory and the Incorporated Territory shall hereinafter be collectively referred to as the "**Property**"); and

WHEREAS, the Parties wish to enter into a binding agreement with respect to said annexation of the Subject Territory, as well as zoning and development of the Property, and to other related matters, pursuant to the provisions of the Illinois Municipal Code 65 ILCS 5/11-15.1-1 et seq., upon the terms and conditions contained in this Agreement; and

WHEREAS, the corporate authorities, after due and careful consideration, have concluded that the annexation of the Subject Territory to the Village on the terms and conditions hereinafter set forth would serve the best interests of the Village by extending the corporate limits, promote sound planning and development of the Village, and will otherwise enhance and promote the general welfare of the Village; and

WHEREAS, the Owner, for the purpose of the effectuation of this Agreement, will execute all necessary documents to accomplish the annexation of the Subject Territory to the Village, to

induce the Village to annex all of the Subject Territory to the Village, and to approve the rezoning and special use permit to allow the Property to be used for the uses and purposes as hereinafter authorized; and

WHEREAS, all public hearings and actions by the corporate authorities of the Village required by law to be held or taken prior to the execution of the Agreement have been held and taken; and

WHEREAS, appropriate notice has been served upon officials of affected fire protection districts, public library districts, and townships, all in the manner required by law; and

WHEREAS, the Owner represents that there are no unpaid taxes or assessments on the Property, and no taxes or assessments on the Property are delinquent to date of the execution of this Agreement, and this representation is hereby made by the Owner herein to the Village as an inducement to the Village to enter into this Annexation Agreement, and

WHEREAS, the Village has duly adopted an Ordinance authorizing the execution of this Agreement;

NOW, THEREFORE, for and in consideration of the mutual covenants, promises, and agreements hereinafter set forth, the parties hereto agree as follows:

NOW, THEREFORE, in mutual consideration of the foregoing premises, and in consideration of the mutual covenants, agreements, and conditions hereinafter contained, and the benefits anticipated to inure to each of them the parties hereby agree as follows:

Section 1. Recitals. The Parties acknowledge that the statements and representations contained in the foregoing recitals are true and accurate and incorporate said recitals into this Agreement as if fully set forth in this Section 1.

Section 2. Annexation.

A. Adoption of Annexation Ordinance. The Village Board of Trustees agrees to approve an ordinance ("**Annexation Ordinance**"), in substantially the form of **Exhibit B** attached to this Annexation Agreement, annexing the Subject Territory (as depicted on the Plat of Annexation attached to the Annexation Ordinance) to the Village; provided, however, that the effective date of the Annexation Ordinance shall be as provided in Section B below.

B. Effective Date of Annexation. The effective date of the Annexation Ordinance and the annexation of the Subject Territory shall occur upon (i) the approval of the Annexation Ordinance, and (ii) the recordation of the Annexation Ordinance.

C. Valid Annexation. This Annexation Agreement in its entirety, at the option of the Owner, shall be null and void unless the Subject Territory is validly annexed to the Village pursuant to this Section 2, the Property is validly zoned and classified in accordance with and as contemplated by Sections 3.A and 3.B of this Annexation Agreement, and zoning relief is granted in accordance with and as contemplated by Section 3.C of this Agreement. The Village shall cause the Annexation Ordinance to be recorded within 90 calendar days after its approval; except that no action should be taken by the Village Board of Trustees to record the Annexation Ordinance unless and until: (i) this Agreement has been fully executed by all Parties; (ii) the Village has taken the

actions required under Section 3.A, 3.B, and 3.C of this Annexation Agreement; and (iii) the Owner has caused the Special Use Permit (as hereinafter defined) to be fully executed by Owner.

Section 3. Zoning.

A. Text Amendment. Immediately following the passage of the Annexation Ordinance, the Village Board agrees to approve an ordinance substantially in the form of **Exhibit C** to this Annexation Agreement (the "**Text Amendment Ordinance**"), which ordinance will create a new "MX Mixed Use" Zoning District.

B. Map Amendment. Immediately following the passage of the Text Amendment Ordinance, the Village Board of Trustees agrees to approve an ordinance, substantially in the form of **Exhibit D** to this Annexation Agreement ("**Rezoning Ordinance**"), amending the Village's zoning map to classify the Property into the MX Mixed Use District. The Rezoning Ordinance shall not be effective unless and until the Annexation Ordinance is recorded and effective in accordance with Section 2.B of this Annexation Agreement.

C. Special Use Permit Ordinance. Immediately following the passage of the Rezoning Ordinance, the Village Board of Trustees agrees to approve an ordinance, substantially in the form of **Exhibit E** (the "**SUP**"), to grant a special use permit to approve a planned unit development for the Property and the General Development Plan for the Property (the "**Master Plan**") setting forth the mix of uses for the Property, which Master Plan is attached to this Annexation Agreement as **Exhibit E-1**. As provided in the SUP, development of the Property pursuant to the Master Plan is subject to the Agreement of Conditions and Specifications for a Special Use Permit for the Cornerstone Development attached as **Exhibit E-2** to this Annexation Agreement (the "**SUP Agreement**") (collectively, the SUP, Master Plan, and SUP Agreement shall be referred to as the "**Special Use Permit Ordinance**"). The Special Use Permit Ordinance shall not be effective unless and until the Annexation Ordinance is recorded and effective in accordance with Section 2.B of this Annexation Agreement. The Parties acknowledge and agree that the applicability of the Special Use Permit Ordinance to the Incorporated Territory is subject to the concurrence of the County of Lake, which concurrence is provided for in Section 7 of that certain "Intergovernmental Agreement Between the Village of Grayslake and the County of Lake Regarding the Cornerstone Development (Alter Property)," a copy of which is attached hereto as **Exhibit E-3** (the "**Village-County Master Agreement**"). If such Village-County Master Agreement is not entered into between the Village and Lake County, or if concurrence with the Special Use Permit Ordinance is not otherwise obtained from Lake County, (i) within 90 calendar days after the Effective Date of the Annexation Ordinance, and (ii) prior to the date that the Owner notifies the Village of its desire to terminate this Annexation Agreement, then this Annexation Agreement and any other related agreements entered into with the Village shall be null and void of no effect. Upon Owner's termination notice, the Parties shall promptly take such lawful action as is necessary to disconnect the Subject Territory from the jurisdictional boundaries of the Village. The Owner agrees to sign the Unconditional Agreement and Consent (Exhibit D to the SUP) and the SUP Agreement within 60 calendar days of the termination or waiver of Owner's rights under Section 5 herein.

Section 4. Use and Development of the Property.

A. Use Restrictions. The Owner shall have the right to develop and use the Property in accordance with the terms and conditions of the Special Use Permit Ordinance and any amendments to the Special Use Permit Ordinance that the Village may from time-to-time lawfully enact. The

Parties acknowledge and agree that no amendment to the Special Use Permit Ordinance shall be effective without the prior written acceptance of the Owner.

B. Compliance with Laws. Except as otherwise provided in this Agreement and in the Special Use Permit Ordinance, the development of the Property shall be subject to all the provisions of the Zoning Ordinance, Subdivision Ordinance, Building Codes, and other applicable rules, regulations, ordinances, and codes of the Village that are now in full force and effect, as well as federal, state, and other local government laws, ordinances, regulations, and rules. For site improvements that ordinarily are required for subdivisions, such plans and specifications shall comply with the Village's Subdivision Ordinance. Changes in the ordinances, codes, regulations, and rules of the Village shall apply to the Property to the extent provided in the Special Use Permit Ordinance. It is understood by the parties that the Village has no control over the federal, state, and county jurisdictional enactments, and that, where applicable, the development of the Property shall be subject to any lawful changes in these other jurisdictions' laws and regulations.

C. Existing Buildings and Structures; Improvements. The Village acknowledges and agrees that any existing structures as currently located, used, and developed on the Property are deemed conforming as to location and use. To the extent that any such building or structure is damaged or destroyed to any extent before the portion of the Property on which it is located has received final plat approval, the Owner shall be authorized to repair or reconstruct such building or structure in the same manner and in the same location as currently exists; provided, however, that such repair or reconstruction shall be required to incorporate all changes required of existing structures for the general safety and welfare of the occupants and the public pursuant to the International Building Code/2003, the International Fire Code/2003, and other health and safety codes of the Village, as such codes may be amended or updated from time-to-time; provided further that any replacement building or structure, or any alteration or enlargement to such structure, shall comply fully with the then current construction codes and standards of the Village applicable to the building or structure in question. The Village acknowledges and agrees that any and all other improvements existing on the Property as of the date of this Agreement may continue in use and may be maintained and repaired, subject to the terms of this Agreement and the Special Use Permit Ordinance.

D. Additional Buildings and Improvements.

1. **Compliance with Master Plan.** The Owner shall be permitted to make improvements and to construct new buildings and structures and additions to existing buildings and structures on the Property, in accordance with and as depicted on the Master Plan and subject to the terms and conditions of this Annexation Agreement and the Special Use Permit Ordinance. The Parties agree that the development of the Property will be in substantial conformance with the Master Plan (or any successor plan or plans approved as part of Final PUD approval in accordance with the Village's Zoning Ordinance) and the Village's building and construction regulations in effect from time-to-time. Minor changes in the location and siting of buildings, structures, and improvements may be authorized by the Building Department, in its reasonable discretion, if required by engineering or other circumstances not foreseen at the time of the signing of this Annexation Agreement or as otherwise provided in the Special Use Permit Ordinance.

2. **Phases.** The development of the Property may occur in phases, as provided in the Special Use Permit Ordinance.

3. Building Permits. The Parties agree that before proceeding with the construction of any building addition, new building or structure, or other improvements on the Property, the Owner shall provide the Village with construction plans and specifications, which plans and specifications shall comply with all applicable Village codes, ordinances, procedures, or regulations, unless otherwise expressly provided in this Agreement (including the Heartland Agreement with respect to the Incorporated Territory) or the Special Use Permit Ordinance.

4. Temporary Access. During the construction of the improvements and buildings on the Property, the Village agrees not to object to any temporary construction equipment accesses approved by the Lake County Division of Transportation ("**LCDOT**") or the Illinois Department of Transportation ("**IDOT**"), provided the Owner obtains the appropriate permits or approvals from LCDOT or IDOT.

5. Tree Removal. The Owner shall be allowed to remove trees from the Property in connection with the proposed development of the Property. Tree removal from the Property shall be subject to the tree replacement regulations of the Village, except as otherwise provided in the Special Use Permit Ordinance.

6. Construction Hours. All exterior construction of the improvements and buildings for the Property shall comply with the requirements of the Special Use Permit Ordinance.

7. At-Risk Excavation and Grading Activities. The Owner shall have the right, at any time after the execution and recordation of this Annexation Agreement, and prior to obtaining approval of final engineering drawings and the final landscape plan for the development of the Property in accordance with the Special Use Permit Ordinance, but not until after (i) receipt of a watershed development permit, or an earth change approval for such work pursuant to the applicable Watershed Development Ordinance, (ii) delivery to the Village of required performance security, and (iii) after approval by the Village of stormwater management, soil sedimentation, and erosion control plans, to undertake excavation, preliminary grading work, and filling and soil stockpiling on the Property in preparation for the development of the Property pursuant to the Master Plan; provided, however, that the Owner shall not perform any of such activities within any wetland area until it has received all governmental approvals required by law for such work. Such work shall be undertaken at Owner's sole risk and without injury to adjacent properties and shall be subject to execution of an at-risk agreement by the Owner therefor. To the extent that any work done pursuant to this paragraph does not conform to the Final Engineering Plans approved in connection with the Special Use Permit Ordinance, the Owner will be required to re-grade the affected portion of the Property to comply with the approved Final Engineering Plans.

Section 5. Disconnection. Except as set forth in Section 3.C and this Section 5, the Owner shall have no disconnection rights under the terms of this Agreement.

A. Grounds for Disconnection. If within the number of days from the Effective Date of the Annexation Ordinance as specified in each condition below of this Section 5.A any one or more of the conditions set forth in this Section 5.A then exist (subject to the other terms of this Section 5), then the Owner shall have the right to pursue disconnection of the Property from the Village in accordance with the procedures set forth in Section 5.D of this Agreement. If Owner disapproves of any one or more of the agreements described in subparagraphs (ii) through (iv) and (viii) of this Section 5.A then the respective condition(s) so disapproved are deemed to have not been met for purposes of this Section 5. At least one of the following conditions must exist as of

the date that Owner exercises its right to disconnect under Section 5.D of this Annexation Agreement:

- (i) the Property in its entirety is not transferred to the Northeast Central Lake Facilities Planning Area (the "NECFPA") (180 days); or
- (ii) the Village has not entered into an agreement (or an amendment to an existing agreement) with the County of Lake either (a) in the form of Exhibit F attached hereto, or (b) in such other form that is acceptable to the Owner in the Owner's sole determination to permit the Property to receive sanitary sewerage service via the County's Northeast Central Sewerage System for development of the Property consistent with the Master Plan (90 days); or
- (iii) the Village has not entered into an agreement (or an amendment to an existing agreement) with the County of Lake and other affected municipalities either (a) in the form of Exhibit G attached hereto, or (b) in such other form that is acceptable to the Owner in the Owner's sole determination to provide for certain County Highway improvements serving the Property, which agreement includes amendments to the Central Range Agreement between the Village and the County of Lake that affect the Incorporated Territory within the Property (90 days); or
- (iv) The Village has not entered into an agreement (or an amendment to an existing agreement) with the County of Lake either (a) in the form of Exhibit E-3 attached hereto, or (b) in such other form that is acceptable to the Owner in the Owner's sole determination to provide for acceptance of the proposed Development as being in conformity with the Heartland Settlement Agreement, building permit procedures for the Incorporated Property and other related matters (90 days); or
- (v) The Village and Owner have not entered into an agreement with Fremont School District #79 either (a) in the form of Exhibit I-1 attached hereto, or (b) in such other form related to the impacts of the Development on School District #79 (90 days); or
- (vi) The Village and Owner have not entered into an agreement with Mundelein High School District #120 either (a) in the form of Exhibit I-2 attached hereto, or (b) in such other form related to the impacts of the Development on School District #120 (90 days); or
- (vii) The Owner has not received approval of the Owner's Title Insurance Company with respect to acceptance of the Proposed Development Plan being in compliance with the covenants of the Heartland Settlement Agreement by committing to issue its zoning and covenant compliance endorsements to Owner's title insurance policies (90 days); or
- (viii) The Village has not entered into an agreement with Owner regarding economic incentives to be made available to the Project, including but not limited to, Business District Sales Tax funding, Special Service Area (SSA) funding, Recapture Agreement, and/or other municipal capital contributions necessary to fund the financial gap as identified by the financial analyses mutually agreed to by the parties (90 days).

For purposes of this Section 5, the Village shall deliver to Owner, upon Owner's written request, a true and complete copy of each of the above lawfully approved and fully executed documents of which Owner is not in possession.

Unless the disconnection rights set forth in this Section 5 shall have been terminated or waived, the owner shall have no right to obtain Final PUD approval for any portion of the Property.

B. Procedures for Disconnection. If any of the grounds for disconnection identified in Section 5.A of this Agreement are outstanding, within the time prescribed in Section 5.A, then the Owner shall have the right to notify the Village of its desire to disconnect the Subject Territory from the Village (a "**Disconnection Notice**"). In such case, unless the Village is able to eliminate the condition or conditions that permit such disconnection within 60 calendar days after receipt of the Disconnection Notice, the Owner may, at any time thereafter, file a petition for disconnection in accordance with 65 ILCS 5/7-3-4, and (except as provided in Section 5.C below) the Village shall be required to approve a disconnection ordinance relating to the Subject Territory within 45 calendar days after the filing of the disconnection petition. Upon the passage of such disconnection ordinance, this Annexation Agreement and the Special Use Permit Ordinance shall have no further force or effect and shall thereafter be deemed null and void.

C. Termination of Disconnection Rights. In the event that the Village eliminates all of the conditions giving rise to disconnection as set forth in Section 5.A at any time prior to the date by which the Village must approve a disconnection ordinance in accordance with Section 5.B the Owner's right to disconnection the Subject Territory (or any portion thereof) shall terminate.

Section 6. Water and Sanitary Sewer Services.

A. Prerequisites to Sanitary Sewer Service. The parties acknowledge and agree that, in order to provide sanitary sewerage service to the Property, the Property must be included entirely within the NECFPA and the Village must enter into the County Sewer Agreement. The parties will use best efforts to effect such activities in a prompt and timely manner.

B. Connection. Subject to the satisfaction of the pre-requisites for sanitary sewer service as set forth in Section 6.A as well as the terms of the Special Use Permit Ordinance, and except as provided in Section 6.F, the Property shall be required to connect to public sewer and water mains when made available to the Property. Subject to the payment of the then-applicable connection fees at the time of building permit issuance and of recapture payments as set forth in **Exhibit H**, compliance with Section 7.B below, and the availability of capacity, the Village agrees to permit the owner of any lot to connect to the Village sewer and water systems. Subject to Section 6.E of this Agreement, availability of capacity shall be determined on a first-come, first-serve basis, and any owner of a lot shall pay all usual and customary user fees for use of the sewer and water systems once connected. As of the date of this Agreement, the Village acknowledges that water and sanitary sewer facilities exist, or can be reasonably extended or enlarged, to provide necessary capacity to serve the proposed development of the Property consistent with the Master Plan. If such capacity does not exist at the time of development of the Property, the Owner will be permitted to establish such temporary facilities as are necessary to proceed with the development of the Property as permitted under the terms of the Special Use Permit Ordinance, which temporary facilities shall comply with applicable public health regulations. Except as set forth in **Exhibit H**, the Village will not cause the Property, or any portion thereof, to be the subject of any recapture agreement or ordinance for water and sanitary sewer services.

C. Off-Site Improvements and Extension of Water and Sewer Service to the Property. The Owner acknowledges that it has examined the existing Village water and sewer facilities and agrees that the Owner will be responsible for installing all off-site water or sewer lines and facilities needed to serve the Property. To the extent that such off-site water or sewer facilities to be constructed by the Owner will become a benefit to properties other than the Property, then the Village agrees to adopt a recapture ordinance allowing for the recapture of sums expended for such off-site improvements to the extent of such benefits unrelated to the Property. Such ordinance shall be pursuant to a recapture agreement between the Village and the Owner, in substantially the form attached hereto as **Exhibit H-1** (the "**Standard Recapture Agreement**"). The Standard Recapture Agreement shall be finalized and lawfully executed by the Village and the Owner upon the certification of the costs of construction, the acceptance of such certification by the Village, and the agreed-upon allocation of the costs to the properties benefited.

D. On-Site Water and Sanitary Sewer Improvements. The Owner shall install, or cause to be installed, at the Owner's cost, an on-site water distribution system to serve the Property, which system shall be designed, installed, and maintained in accordance with all applicable regulations and the Special Use Permit Agreement. The Owner shall also install, or cause to be installed, at the Owner's cost, an on-site sewage collection system to serve the Property, which system shall be designed, installed, and maintained in accordance with all applicable regulations. If the on-site improvements are designed to benefit properties other than the Property, then the Village agrees, subject to statutory requirements, to adopt a recapture ordinance allowing for the recapture of sums expended for such improvements, which are or will become a benefit to properties other than the Property. Such ordinance shall provide for the Village and the Owner entering into a Standard Recapture Agreement relating to the improvements. The Standard Recapture Agreement shall be lawfully executed by the Village and the Owner upon the certification of the costs of construction, the acceptance of such certification by the Village, and the agreed-upon allocation of the costs to the properties benefited.

E. Availability of Capacity.

- i. The parties acknowledge and agree that sanitary sewer service to the Property is provided through treatment facilities owned or controlled by the North Shore Sanitary District (the "**NSSD Treatment Facilities**"), interceptor transport facilities owned or controlled by the County of Lake (the "**County Transport Facilities**"), and local collection and transport facilities owned or controlled by the Village (the "**Village Collection Facilities**"). As of the date of this Agreement, the Village acknowledges that water and sanitary sewer facilities exist, or can be reasonably extended or enlarged (subject to securing all required permits and approvals), to provide necessary capacity to serve the proposed development of the Property consistent with the Master Plan. The Parties further acknowledge and agree that, in the event that capacity is unavailable in the NSSD Treatment Facilities or the County Transport Facilities at such time as the Owner seeks to secure sanitary sewer service for any portion of the Property, the Owner may be denied sanitary sewer service.
- ii. The Parties acknowledge that, as of the date of this Agreement, the Village Collection Facilities through which the Property will be served have capacity of approximately 20,000 P.E. At such time that the available capacity within such Village Collection Facilities is reduced to 10,000 P.E., the Village shall notify Owner and the Parties shall meet to evaluate whether the overall capacity of the Village

Collection Facilities are still projected to have sufficient capacity to serve fully the development projected for the Property. If the Parties determine that the capacity of the Village Collection Facilities is likely to be insufficient to serve fully the development projected for the Property, then the Village shall undertake a preliminary engineering assessment of the steps required to improve the Village Collection Facilities so that the development projected for the Property will be fully served.

- iii. At such time that the available capacity within such Village Collection Facilities is reduced to 5,000 P.E., the Village shall notify Owner and the Parties shall meet to evaluate whether the overall capacity of the Village Collection Facilities is still projected to have sufficient capacity to serve fully the development projected for the Property. If the Parties determine that the capacity of the Village Collection Facilities is likely to be insufficient to serve fully the development projected for the Property, then the Village shall (A) undertake an engineering study of improvements to be made to the Village Collection Facilities so that the development projected for the Property will be fully served, and (B) cause a financial plan to be developed to ensure that funds will be available to undertake any required improvements to the Village Collection Facilities.
- iv. At such time that the Village Collection Facilities have committed capacity of 18,000 P.E., the Parties shall confer to determine whether sufficient capacity exists to serve fully the development projected for the Property. If the Village Collection Facilities lack sufficient capacity to serve fully the development projected for the Property, the Village shall cause engineering plans to be prepared to enhance the Village Collection Facilities in order to serve fully the Property.
- v. If the Owner seeks to secure sanitary sewer service for any part of the Property at a time when capacity is available in the NSSD Treatment Facilities and the County Transport Facilities but not in the Village Collection Facilities, then the Village shall notify the Owner of the unavailability of capacity in the Village Collection Facilities (the "**Capacity Notification**") within 30 calendar days after receiving the Owner's request for sanitary sewer service. Within such 30-day period, the Village will commence preparation of final engineering plans to be prepared for such improvements needed to expand the Village Collection Facilities to provide the requested capacity for the Property (the "**Expansion Improvements**"). Within 90 days after the Village completes such engineering work, the Village shall execute a contract to construct or otherwise install the Expansion Improvements and thereafter cause such construction or installation to proceed with due diligence until completed and without cost to Owner (except as may be due through the payment of customary connection fees).
- vi. In the event that Owner seeks to secure water service for any part of the Property at a time when capacity is not available in the Village water system, then the Village shall notify the Owner of the unavailability of capacity in the Village water system (the "**Water Capacity Notification**") within 30 calendar days after receiving the Owner's request for water service. Within such 30-day period, the Village will commence preparation of engineering plans to be prepared for such improvements needed to expand the Village water system to provide the requested capacity for the Property (the "**Water Expansion Improvements**"). Within 90 days after the Village

completes such engineering work, the Village shall execute a contract to construct or otherwise install the Water Expansion Improvements and thereafter cause such construction or installation to proceed with due diligence until completed and without cost to Owner (except as may be due through the payment of customary connection fees). To the extent that the Village requires any permits or approvals to provide water service to the Property (including any allocation for Lake Michigan water), the Village will make diligent efforts to pursue such allocations, permits, or approvals.

F. Irrigation Wells. Subject to all applicable laws and regulations pertaining to the application for and the installation thereof, Owner and its successors or assigns shall be permitted to install irrigation wells and attendant facilities for non-potable water uses ("*NPW Wells*"). Water used from any NPW Well shall not be drained into the public sewer collection and transmission pipes without a permit therefor from the Village. The design, location, and use of NPW Wells and their facilities shall not materially alter or adversely affect in a material way, the Master Plan for the Cornerstone Development.

Section 7. Drainage. All new construction on the Property shall comply with all applicable Village ordinances and regulations, the Lake County Stormwater Management Commission Watershed Ordinance, and the requirements of the Special Use Permit Ordinance.

Section 8. Road Improvements. The Owner shall construct, or cause to be constructed, at the Owner's cost, road improvements in accordance with the Special Use Permit Ordinance. To that end:

- (a) The Owner shall be responsible for payment of the costs of constructing the highway access improvements required by the LCDOT pursuant to the County's Highway Access Ordinance or a negotiated and acceptable written agreement between the Owner and LCDOT. The Owner agrees that any agreement with LCDOT shall specify that any improvements made pursuant to any agreement shall, upon completion, be under LCDOT jurisdiction; and
- (b) The Owner acknowledges that the Village has entered into that certain "Central Range Transportation Agreement" and that the Village intends to enter into the Transportation Improvement Intergovernmental Agreement with the County and other municipalities (collectively, the "*Transportation Agreements*"). Subject to Section 5 of this Annexation Agreement and in accordance with the Transportation Agreements, the Owner shall be responsible for paying for (or undertaking, if authorized pursuant to the Transportation Agreements) the Transportation Improvements set forth in the Transportation Agreements.

Section 9. Other Improvements. Subject to any express terms in this Annexation Agreement and in the Special Use Permit Ordinance, as well as any public financial incentives or assistance provided by the Village or other governmental agencies, all improvements, whether public or private (including landscaping) on the Property and necessary to serve the Property, shall be installed at the Owner's expense using the Owner's contractors and contracts, including but not limited to interior roadways, storm sewers, on-site sanitary sewers, on-site watermains, street lighting, street trees, drainage improvements, all required utilities, entry signage, paths, trails, alleys, and any other amenities or improvements required as part of any Final PUD approval, all in accordance with engineering drawings and specifications approved by the Village. The Owner, its

grantees, successors, or assigns shall have the right to use all such public improvements. It is recognized and agreed that the county, state, and/or federal government, their departments and agencies, may provide financial assistance for said improvements. The Village agrees that if required by county, state, or federal law or regulation that the Village must be a "conduit" for such assistance, then the Village will use its best efforts to cooperate with the Owner in applying for and obtaining such financial assistance, provided that the Village incurs no expenses or indebtedness associated with said cooperation.

Section 10. Security for Improvements. The Owner shall be required to provide security for the improvements to be constructed as part of the development of the Property in accordance with the Special Use Permit Ordinance.

Section 11. Economic Incentives.

A. Creation of Business District; Sales Tax. Upon the request of the Owner, the Owner will cooperate with the Village for purposes of creating a Business District encompassing the Property (or such portions of the Property as the parties may agree) and imposing a Business District sales tax at a rate of one per cent (1.0%) pursuant to and in accordance with 65 ILCS 5/11-74.3-1 *et seq.* To the extent permitted by law, such Business District and Business District sales tax shall be established no later than 120 days from the filing of Owner's written request. The Owner waives any and all objections relating to such Business District and Business District sales tax, and the Owner agrees to reimburse the Village for all costs and expenses (including reasonable attorneys' fees) incurred by the Village in connection with its efforts to establish the Business District and Business District sales tax.

B. Agreement. In order to make the project economically viable, pursuant to Section 8-11-20 of the Illinois Municipal Code (65 ILCS5/8-11-20), the parties agree to enter into an agreement (the "*Economic Incentive Agreement*") for the sharing of sales tax revenues to reimburse the Owner for a portion of the costs the Owner will incur in installing the public improvements on the Property. Prior to the Village's execution of any such Economic Incentive Agreement, the Owner shall provide to the Village all information reasonably requested by Village in support of the Owner's claim for sale tax sharing. The revenue sharing term shall commence with the opening for business of the first enterprise within the Property, which is subject to reporting and payment of the Business District sales tax and shall continue for the periods agreed to by the Village and set forth in such agreement.

C. Transfer of Parcels. The Village acknowledges that the Owner is providing the financing for the Public Improvements necessary to complete the development of the Property, as depicted on the Master Plan, and that payments made to the Owner pursuant to this paragraph are payments to reimburse the Owner for all its initial expenses, therefore, the Owner's right to receive said payments shall not be affected by any transfer or sale of any or all of Owner's portion of, or interest in, the project or the parcels, provided, however, that the authorizations required under the above paragraphs continue to be provided to the Village by the Owner or the Owner's designee or assignee or to any party or successor to whom this revenue is assigned.

D. Additional Economic Incentives. To the extent that the Parties determine that the Business District sales taxes to be paid to the Owner pursuant to this Section are insufficient to reimburse the Owner for extraordinary public improvements and amenities associated with the development of the Property in accordance with this Annexation Agreement and the Special Use Permit Ordinance, the Village will cooperate with the Owner to employ other means available by

law (exclusive of tax increment financing) to generate new revenue sources for the development of the Property, including without limitation the establishment of special service areas ("*SSA*"); provided, however, that, to the extent any *SSA* imposes a special tax roll tax on residential properties, then the Owner shall cause any outstanding amount of taxes due pursuant to the special tax roll to be paid for each such residential unit at the time of the closing on the initial sale of such unit.

Section 12. Condemnation. The Village agrees that, except as otherwise provided in connection with this Agreement, it shall not consent to or otherwise approve any condemnation claims or proceedings which affect the Property or any portion thereof and will not undertake any such proceedings in its own behalf without the written approval of the Owner.

Section 13. Fees and Taxes.

A. Impact Fees. Except to the extent that the Owner has otherwise entered into an agreement with an affected school, fire protection, library, or park district or other affected governmental body, the Owner shall pay impact fees for the Property for the purposes, in the amounts, and at the times set forth in **Exhibit I** to this Agreement. With respect to such impact fees:

1. The Parties acknowledge and agree that, subject to the approval of Fremont Elementary School District No. 79 and following the annexation of the Subject territory pursuant to this Annexation Agreement, the Owner and the Village will execute the "Agreement Relating to School Impacts of the Alter Development" (the "*District 79 Agreement*") in substantially the form attached hereto as **Exhibit I-1**.
2. The Parties acknowledge and agree that, subject to the approval of Mundelein High School District No. 120 and following the annexation of the Subject Territory pursuant to this Annexation Agreement, the Owner and the Village will execute the "Agreement Relating to School Impacts of the Alter Development" (the "*Mundelein High School District 120 Agreement*") in substantially the form attached hereto as **Exhibit I-2**.
3. In connection with impact fees that are due, the Owner shall dedicate to the Round Lake Area Park District approximately 13.31 acres (plus an additional 0.48 acres of wetlands for which no dedication credit shall be extended) as identified on the Master Plan. The Parties acknowledge and agree that the Owner and the Round Lake Area Park District shall enter into an agreement to provide for the foregoing dedication, the terms of which agreement shall include without limitation the applicable acreage value for the dedicated property, a schedule of periodic adjustments to the acreage value to account for inflation, and the escrowing of funds by the Round Lake Area Park District.
4. The Owner shall pay to the Grayslake Fire Protection District those impact fees described in **Exhibit I**, or, alternatively, the Owner shall enter into an agreement with the Grayslake Fire Protection District to provide for the dedication of land or improvements in lieu of such fees.

B. Special Property Taxes. Unless otherwise expressly provided for herein, without the written consent of the Owner, the Village agrees that it will not levy against the Property any

special assessment, special service area tax, or other special property tax. Nothing in this Section shall, however, prevent the Village from levying or imposing general real estate taxes upon the Property in the manner provided by law.

C. **Fees and Costs.** Owner shall pay all fees, charges, donations, and contributions required by Village codes and ordinances as they may be in force from time-to-time in accordance with the terms of the Special Use Permit Ordinance.

D. **Reimbursement of Costs.** The Owner shall pay to the Village, within 30 calendar days of presentation of a written demand or demands therefor, all reasonable legal, engineering, and other consulting or administrative fees, costs, and expenses incurred or accrued in connection with the review and processing of plans for the development of the Property and in connection with the negotiation, preparation, consideration, review, implementation, and enforcement of this Agreement and related documentation. In connection with such requirement, the Owner shall also submit, and replenish as needed, an escrow to the Village in accordance with Village requirements. Payment of all such fees, costs, and expenses for which demand has been made, but payment has not been received, by the Village prior to execution of this Agreement shall be made within 30 calendar days of presentation of an invoice therefor in accordance with the Special Use Permit Ordinance. The Village agrees to provide the Owner with reasonable documentation for the amounts set forth in any such invoice.

Section 14. General Provisions.

A. **Binding and Enforceable.** This Agreement will be binding and enforceable in any Court of competent jurisdiction over any of the Parties hereto, their successors and assigns, lessors or any other successor municipal authority for a period of twenty (20) years from the date of the execution of this Agreement. The Parties hereto understand that this Agreement runs with the land during the term hereof, and as such is assignable to and binding upon any subsequent grantees and successors in interest. The agreements contained herein shall survive the annexation of the Property and shall not be merged or expunged by the annexation of the Property or any part thereof to the Village. The Village agrees that, whenever an individual lot, unit, or building (or group of Lots, units, or buildings) is transferred or conveyed and all Project Improvements (as defined in the SUP Agreement) have been completed and approved pursuant to the SUP Agreement, the Village shall, upon request, provide a recordable instrument, properly executed by the Village, certifying that such property is free of, or released from, the obligations of this Annexation Agreement; provided, however, that nothing in this sentence shall be deemed to affect the applicability of the Special Use Permit Ordinance.

B. **Remedies.** Upon breach of this Agreement, any of the Parties, in any court of competent jurisdiction, by an action or proceeding at law or in equity (including actions for mandamus), may secure the specific performance of the agreements herein contained, may be awarded damages for failure of performance, or both. No action taken by any Party hereto pursuant to the provisions of this Section 14.B or pursuant to the provisions of any other Section of this Agreement shall be deemed to constitute an election of remedies and all remedies set forth in this Agreement shall be cumulative and non-exclusive of any other remedy either set forth herein or available to a Party at law or in equity. The Parties acknowledge and agree that the individuals who are members of the group constituting the corporate authorities of the Village and the individuals signing on behalf of Owner are entering into this Agreement in their corporate capacities as members of such group and shall have no personal liability in their individual capacities.

C. **Time is of the Essence.** Time is of the essence of this Agreement and all documents, agreements, and contracts executed pursuant hereto.

D. **Notices.** Any notice or communication required or permitted to be given under this Agreement shall be in writing and shall be delivered (i), personally, (ii) by a reputable overnight courier, (iii) by certified mail, return receipt requested, and deposited in the U.S. Mail, postage prepaid, (iv) by facsimile, or (v) by electronic internet mail ("e-mail"). Facsimile notices shall be deemed valid only to the extent that they are (a) actually received by the individual to whom addressed and (b) followed by delivery of actual notice in the manner described in either (i), (ii), or (iii) above within three calendar days thereafter at the appropriate address set forth below. E-mail notices shall be deemed valid and received by the addressee thereof when delivered by e-mail and (a) opened by the recipient at the address set forth below, and (b) followed by delivery of actual notice in the manner described in either (i), (ii), or (iii) above within three calendar days thereafter at the appropriate address set forth below. Unless otherwise expressly provided in this Agreement, notices shall be deemed received upon the earlier of (a) actual receipt; or (b) one (1) calendar day after deposit with an overnight courier as evidenced by a receipt of deposit; or (c) three (3) calendar days following deposit in the U.S. mail, as evidenced by a return receipt. By notice complying with the requirements of this Section, each Party shall have the right to change the address or the addressee, or both, for all future notices and communications to such Party, but no notice of a change of addressee or address shall be effective until actually received.

If to the Village, or to the corporate authorities.

Village of Grayslake
10 South Seymour Avenue
Grayslake, Illinois 60030
Attn: Village Manager
Facsimile: 847-223-4821
E-mail: mellis@villageofgrayslake.com

with a copy to:

Victor P. Filippini, Jr.
Holland & Knight LLP
131 South Dearborn Street-30th Floor
Chicago, Illinois 60603
Facsimile: 312-578-6666
E-mail: victor.filippini@hkllaw.com

If to the Owner:

Steve Park
The Alter Group
5500 West Howard Street
Skokie, Illinois 60077
Facsimile: 847-676-7855
E-mail: SPark@Altergroup.com

with a copy to:

Rudolph F. Magna
Law Offices of Rudolph F. Magna
495 North Riverside Drive-Suite 201
Gurnee, Illinois 60031
Facsimile: 847-623-5336
E-mail: rmagna@maglaw36.com

or such other address or addressee as any Party may from time to time designate in a written notice to the other party.

E. **Recordation.** Upon execution of this Agreement, the Parties will record it in the office of the Lake County Recorder of Deeds.

F. **Severability.** If any provision of this Agreement is held invalid, then such provision will be deemed to be removed herefrom, and the invalidity of that provision will not affect any of the other provisions herein.

G. **Representations.** The Owner hereby warrants and represents to the Village (i) that it is or will, concurrent with the annexation of the Property to the Village, become the record and beneficial owner of, or contract purchaser of, fee simple title to the Property, (ii) that no other person or entity has any legal, beneficial, contractual or security interest in the Property except for the current owners of the Property; (iii) that it has the full and complete right, power and authority to enter into this Annexation Agreement and to agree to the terms, provisions and conditions set forth in and to bind the Property as set forth in this Annexation Agreement, (iv) that all legal actions needed to authorize the execution, delivery and performance of this Annexation Agreement have been taken, and (v) that neither the execution of this Annexation Agreement nor the performance of the obligations assumed by the Owner will (a) result in a breach or default under any agreement to which the Owner is a party or to which it or the Property is bound or (b) violate any statute, law, restriction, court order or agreement to which the Owner or the Property are subject.

H. **Term.** This Annexation Agreement shall be effective from its effective date for 20 years, or for the longest term allowed under Section 11-15.1-5 of the Illinois Municipal Code, 65 ILCS 11-15.1-5, or its successor statute.

I. **Other Agreements.** The Parties acknowledge that the Incorporated Territory is subject to a certain Heartland Settlement Agreement and Release (the "*Heartland Agreement*"), and nothing in this Agreement is intended to abrogate any provisions of such Heartland Agreement.

J. **Third-Party Beneficiaries.** The Parties agree that there are no incidental or intended third-party beneficiaries of this Agreement; except that the County of Lake is an intended third-party beneficiary of this Annexation Agreement (including the exhibits hereto), but only if the Owner is expressly acknowledged as a third-party beneficiary of Section 7 of the Village-County Master Agreement.

K. **Releases Relating to County Agreements.** As additional consideration for the County entering into the Village-County Master Agreement, the County Sewer Agreement, and the Transportation Improvement Intergovernmental Agreement (collectively, the "*County Agreements*"), the Owner hereby releases and waives all claims it may have against the County of Lake or the Village in connection with the terms and provisions of the County Agreements, but not with respect to the performance or non-performance of such County Agreements.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their proper officers duly authorized to execute same, the day and year first above written.

VILLAGE:

OWNER:

VILLAGE OF GRAYSLAKE

LAKE COUNTY LAND HOLDINGS, L.L.C.

By: _____

By: _____

Its: _____

Its: _____

Attest: _____

Attest: _____

Its: _____

Its: _____

6004377_v8

LIST OF EXHIBITS

- Exhibit A: Legal Description of the Subject Territory
- Exhibit A-1: Legal Description of the Incorporated Territory
- Exhibit B: Annexation Ordinance
- Exhibit C: Text Amendment Ordinance
- Exhibit D: Rezoning Ordinance
- Exhibit E: Special Use Permit Ordinance
- Exhibit E-1: Master Plan
- Exhibit E-2: SUP Agreement
- Exhibit E-3: Village-County Master Agreement
- Exhibit F: County Sewer Agreement
- Exhibit G: Transportation Improvement Intergovernmental Agreement
- Exhibit H: Recapture Payment Applicable to the Property
- Exhibit H-1: Standard Recapture Agreement
- Exhibit I: Applicable Impact Fees
- Exhibit I-1: District 79 Agreement
- Exhibit I-2: Mundelein High School District 120 Agreement

PARCEL 1: THE WEST HALF (EXCEPT THE NORTH 185 FEET THEREOF, MEASURED PERPENDICULARLY) OF THE NORTHWEST QUARTER OF SECTION 11, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN LAKE COUNTY, ILLINOIS.

PARCEL 2: THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 2, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN LAKE COUNTY, ILLINOIS.

PARCEL 3: THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER (EXCEPT THE NORTH 10 ACRES THEREOF) OF SECTION 3, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN LAKE COUNTY, ILLINOIS.

PARCEL 4: THE EAST HALF (EXCEPT THE NORTH 185 FEET THEREOF, MEASURED PERPENDICULARLY) OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN LAKE COUNTY, ILLINOIS.

PARCEL 5A: THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER (EXCEPT THE NORTH 66 FEET THEREOF AND EXCEPT THE SOUTH 200 FEET OF THE NORTH 266 FEET THEREOF) OF SECTION 3, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN LAKE COUNTY, ILLINOIS.

PARCEL 5B: THE WEST HALF (EXCEPT THE NORTH 185 FEET THEREOF, MEASURED PERPENDICULARLY) OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN LAKE COUNTY, ILLINOIS.

PARCEL 6: THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER AND NORTHEAST QUARTER OF THE NORTHWEST QUARTER (EXCEPT THE NORTH 185 FEET THEREOF) OF SECTION 10; THE WEST 10 ACRES OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 10, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN LAKE COUNTY, ILLINOIS.

PARCEL 7: THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 10, (EXCEPT THE SOUTH 20 ACRES THEREOF AND EXCEPT THE WEST 5 ACRES OF THAT PART OF SAID QUARTER QUARTER SECTION LYING NORTH OF THE SOUTH 20 ACRES THEREOF), IN TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN LAKE COUNTY, ILLINOIS.

Legal Description

600+/- Acres

To Be Annexed to Village of Grayslake

PARCEL 8: THE SOUTH 20 ACRES (EXCEPT THE WEST 5 ACRES THEREOF) OF THE EAST HALF OF THE NORTHWEST QUARTER OF SECTION 10, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN LAKE COUNTY, ILLINOIS.

PARCEL 9: THAT PART OF THE SOUTHWEST QUARTER OF SECTION 11, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: TO-WIT: COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 11; THENCE NORTH 40 CHAINS; THENCE EAST 17.29 CHAINS TO A POINT THAT IS 22.34 CHAINS WEST OF THE EAST LINE OF SAID QUARTER SECTION; THENCE SOUTH 30 CHAINS; THENCE EAST 9.43 CHAINS TO A POINT 12.91 CHAINS WEST OF THE EAST LINE OF SAID QUARTER SECTION; THENCE SOUTH 10 CHAINS; THENCE WEST 27.31 CHAINS TO THE POINT OF BEGINNING, (EXCEPT THAT PART THEREOF LYING SOUTH OF THE HIGHWAY), AND (EXCEPT THE SOUTH 660 FEET OF THE WEST 660 FEET THEREOF), IN LAKE COUNTY, ILLINOIS.

PARCEL 10: THAT PART OF THE SOUTH HALF OF SECTION 11, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED BY A LINE DESCRIBED AS FOLLOWS: BEGINNING AT A POINT 12.91 CHAINS WEST AND 1.64 CHAINS NORTH OF THE SOUTHWEST CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION 11; THENCE NORTH 9.86 CHAINS; THENCE WEST 9.43 CHAINS; THENCE NORTH 713.38 FEET; THENCE EAST 27.84 CHAINS TO A POINT 363 FEET EAST OF THE WEST LINE OF SAID SOUTHWEST QUARTER OF SAID SECTION 11; THENCE NORTH 1174 FEET TO THE NORTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 11; THENCE EAST ALONG THE NORTH LINE OF SAID SOUTHWEST QUARTER OF SECTION 11, 865.5 FEET TO THE CENTER LINE OF STATE ROAD NO. 83; THENCE SOUTHERLY ALONG THE CENTER OF STATE ROAD NO. 83, 2460 FEET, MORE OR LESS, TO THE CENTER OF A PUBLIC ROAD (THE INTERSECTION OF THE CENTER LINE OF SAID PUBLIC ROAD AND THE CENTER LINE OF SAID STATE ROAD NO. 83 BEING 362.6 FEET NORTH AND 266.1 FEET EAST OF THE SOUTHWEST CORNER OF SAID SOUTHWEST QUARTER OF SECTION 11); THENCE SOUTH 77 DEGREES 53 MINUTES WEST, 1142.6 FEET TO THE POINT OF BEGINNING, IN LAKE COUNTY, ILLINOIS.

PARCEL 11: THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER (EXCEPT THE NORTH 1246.67 FEET THEREOF) IN SECTION 10, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN LAKE COUNTY, ILLINOIS.

PARCEL 12: THAT PART OF THE SOUTHWEST QUARTER OF SECTION 11, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN DESCRIBED AS FOLLOWS: BEGINNING AT A POINT 12.91 CHAINS WEST AND 11.50 CHAINS NORTH OF

Legal Description

600+/- Acres

To Be Annexed to Village of Grayslake

Page 3 of 3

THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION 11; THENCE WEST TO A POINT THAT IS 22.34 CHAINS WEST OF THE EAST LINE OF SAID SECTION; THENCE SOUTH TO A POINT THAT IS 30 CHAINS SOUTH OF THE NORTH LINE OF SAID QUARTER SECTION; THENCE EAST TO A POINT DUE SOUTH OF THE POINT OF BEGINNING AND THENCE NORTH TO THE POINT OF BEGINNING, IN LAKE COUNTY, ILLINOIS.

PARCEL 13: THE WEST 660.0 FEET OF THE SOUTH 660.0 FEET OF THE SOUTHWEST QUARTER OF SECTION 11, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN LAKE COUNTY, ILLINOIS.

PARCEL 14: THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 11, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, (EXCEPT THAT PART THEREOF DEDICATED FOR HIGHWAY PURPOSES TO STATE OF ILLINOIS BY INSTRUMENT DATED APRIL 3, 1927 AND RECORDED AUGUST 15, 1928 AS DOCUMENT 303862 AND BY INSTRUMENT DATED AUGUST 20, 1952 AND RECORDED AUGUST 23, 1952 AS DOCUMENT 766951 AND BY INSTRUMENT DATED NOVEMBER 5, 1958 AND RECORDED JANUARY 9, 1959 AS DOCUMENT 1016914 AND EXCEPT THE WEST HALF OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER AND EXCEPT THE SOUTH 662 FEET OF THE WEST 130 FEET OF THE EAST HALF OF SAID SOUTHWEST QUARTER OF SAID NORTHEAST SECTION OF SECTION 11 AND EXCEPT THE NORTH 8 ACRES OF THE EAST HALF OF SAID SOUTHWEST QUARTER OF SAID NORTHEAST QUARTER SECTION), IN LAKE COUNTY, ILLINOIS.

Exhibit A-1

Legal Description

49+/- Acre Parcel

Already in Village of Grayslake

Page 1 of 1

THAT PART OF THE SOUTH HALF OF SECTION 11, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT A POINT 12.91 CHAINS WEST AND 1.64 CHAINS NORTH OF THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION 11; THENCE NORTH 9.86 CHAINS; THENCE WEST 9.43 CHAINS; THENCE NORTH 713.38 FEET TO THE SOUTHWEST CORNER AND POINT OF BEGINNING OF THE DESCRIPTION; THENCE EAST 27.84 CHAINS TO A POINT 363:0 FEET EAST OF THE WEST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 11; THENCE NORTH PARALLEL WITH THE WEST LINE OF SAID SOUTHEAST QUARTER, 1174 FEET MORE OR LESS TO THE NORTH LINE THEREOF; THENCE WEST ALONG THE NORTH LINE OF THE SOUTHEAST QUARTER AND THE NORTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 11, A DISTANCE OF 1837.44 FEET; THENCE SOUTH TO THE POINT OF BEGINNING (EXCEPT THE NORTH 40 FEET OF THE WEST 5 CHAINS OF THE SOUTHEAST QUARTER OF SECTION 11, AND THE NORTH 40 FEET OF THE EAST 22.34 CHAINS OF THE SOUTHWEST QUARTER OF SECTION 11, BOTH HERETOFORE DEDICATED FOR PUBLIC ROAD PURPOSES BY DOCUMENT 761162, RECORDED JUNE 23, 1952 AND ALSO EXCEPT THE NORTH 40 FEET OF THE EAST 33 FEET OF THE WEST 363 FEET OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 11, HERETOFORE DEDICATED FOR PUBLIC ROAD PURPOSES BY DOCUMENT 761163, RECORDED JUNE 23, 1952), IN LAKE COUNTY, ILLINOIS.

Exhibit B

**VILLAGE OF GRAYSLAKE
ORDINANCE NO. 2009-0-23**

**AN ORDINANCE ANNEXING PROPERTY
TO THE VILLAGE OF GRAYSLAKE**

Published in pamphlet October 6, 2009

VILLAGE OF GRAYSLAKE

ORDINANCE NO. 2009-0-23

**AN ORDINANCE ANNEXING PROPERTY
TO THE VILLAGE OF GRAYSLAKE**

WHEREAS, the Owner is the owner of record of certain real property consisting of approximately 600 acres, located in unincorporated Lake County, Illinois, and legally described in **Exhibit 1** and depicted on the Plat of Annexation in **Exhibit 2** ("*Subject Territory*"); and

WHEREAS, the Subject Territory is presently contiguous to the Village, and none of said territory is presently within the corporate limits of any other municipality; and

WHEREAS, the Owner of the Subject Territory has filed with the Clerk of the Village a Petition for Annexation of the Subject Territory to the Village under Section 7-1-8 of the Illinois Municipal Code, 65 ILCS 5/7-1-8; and

WHEREAS, there are no electors residing within the Subject Territory; and

WHEREAS, all petitions and other documents necessary to accomplish the annexation of the Subject Territory to the Village have been executed; and

WHEREAS, notice of the annexation has been delivered to all entities and officials if required by Section 7-1-1 of the Illinois Municipal Code, 65 ILCS 5/7-1-1; and

WHEREAS, the Village is authorized to annex the Subject Territory under Section 7-1-8 of the Illinois Municipal Code, 65 ILCS 5/7-1-8; and

WHEREAS, the President and Board of Trustees of the Village of Grayslake have found and determined that it is in the best interests of the Village that the Subject Territory and all portions of any public road or highway that are adjacent to or within the Subject Territory and not already incorporated into any other municipality be annexed to the Village;

NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF GRAYSLAKE, COUNTY OF LAKE, STATE OF ILLINOIS, as follows:

SECTION ONE: Recitals. The foregoing recitals are hereby incorporated into and made a part of this Ordinance as if fully set forth in this Section.

SECTION TWO: Annexation. The Village Board of Trustees hereby annexes the Subject Territory to the Village of Grayslake.

SECTION THREE: Recordation and Reporting. The Village Clerk is hereby authorized and directed to record in the Office of the Lake County Recorder of Deeds promptly after the effective date of this Ordinance, a certified copy of this Ordinance, including the Plat of Annexation and any other notices required under Section 7-1-1 of the Illinois Municipal Code, 65 ILCS 5/7-1-1. The Village Manager is hereby authorized and directed to notify the Election Authorities, as defined in Section 7-1-1 of the Illinois Municipal Code, 65 ILCS 5/7-1-1, and the United States Post Office branches serving the Subject Territory, of the annexation by registered or certified mail within 30 days after the effective date of this Ordinance.

SECTION FOUR: Effective Date. This Ordinance will be in full force and effect on and after its (i) passage, approval, and publication in pamphlet form in the manner provided by law and (ii) recordation with the Lake County Recorders Office.

The foregoing Ordinance was passed this 6th day of October, 2009 by a vote as follows:

AYES: Carrett, Wenzel, Shover, Taylor, Jansen, Waldenstrom
NAYS: _____
ABSENT: _____

APPROVED Ruth Taylor
Village President

ATTEST:
[Signature]
Deputy Village Clerk



Passed: _____
Approved: _____
Published in Pamphlet Form: 10-6-09

Exhibit C

**VILLAGE OF GRAYSLAKE
ORDINANCE NO. 2009-0-24**

**AN ORDINANCE AMENDING THE
GRAYSLAKE ZONING ORDINANCE TO ADD A NEW
"MX" MIXED USE DISTRICT**

Published in pamphlet form October 6, 2009

VILLAGE OF GRAYSLAKE

ORDINANCE NO. 2009-0-24

**AN ORDINANCE AMENDING THE
GRAYSLAKE ZONING ORDINANCE TO ADD A NEW
"MX" MIXED USE DISTRICT**

WHEREAS, the Village has entered into that certain Annexation Agreement dated as of _____, 2009 ("*Annexation Agreement*") with Lake County Land Holdings, LLC for, among other things, the mixed-use development of the approximately 641-acre tract of land generally located along Peterson Road between Illinois Route 83 and Alleghany Road ("*Property*") and the annexation to the Village of that portion of the Property that is currently unincorporated; and

WHEREAS, upon annexation, that portion of the Property that was unincorporated will be automatically zoned into the R1 Single-Family Residence District pursuant to Section 17.20.030.D of the Zoning Ordinance; and

WHEREAS, the residential zoning district classifications and regulations are not appropriate for the proposed mixed uses of the Property; and

WHEREAS, pursuant to Section 3.A of the Annexation Agreement, the Village agreed to amend its Zoning Ordinance to add a new district entitled the "MX Mixed Use District," and the parties to the Annexation Agreement agreed that the Property would be zoned into that District; and

WHEREAS, after a public hearing held by the Grayslake Zoning Board of Appeals, the Zoning Board of Appeals has recommended, and the Grayslake Board of Trustees has determined, that it would be in the best interests of the Village and its residents to amend the Grayslake Zoning Ordinance to add the new MX Mixed Use District, which zoning district would provide more appropriate zoning and use regulations for the Property, as well as other property in the Village; and

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND BOARD OF TRUSTEES OF THE VILLAGE OF GRAYSLAKE, COUNTY OF LAKE, STATE OF ILLINOIS,
as follows:

SECTION ONE. Recitals. The foregoing recitals are hereby incorporated into, and made a part of, this Ordinance as findings of the Board of Trustees of the Village of Grayslake.

SECTION TWO. Creation of MX Mixed Use District. Section 17.08.010, entitled "Establishment of zones," of Chapter 17.08, entitled "Zoning Districts Designated," of Title 17, entitled "Zoning," of the Grayslake Village Code shall be, and it is hereby, amended by adding a new Subsection W, which new Subsection 17-08.010.W shall be and read as follows:

W. Mixed Use (MX). The mixed use zoning district is established to provide for the development of parcels in excess of 500 acres that, due to their size, can sustain a wide array of uses that might otherwise be allowed in any of the other zoning districts of the Village. Parcels zoned in the MX district will be permitted to develop as of right under the regulations applicable to the AG zoning district regulations. Pursuant to a planned development approval based on a master plan for the entire parcel, however, properties in the MX zone may be developed and used for any use otherwise permitted or specially permitted under the Zoning Ordinance *provided that* such use is expressly authorized as part of the planned development approvals. Any planned development approval shall also establish all applicable bulk, yard, space, height, and other requirements governing the development of properties within the MX District.

SECTION THREE. Effective Date. This Ordinance shall be in full force and effect upon its passage, approval, and publication in pamphlet form in the manner provided by law.

The foregoing Ordinance was passed this 6th day of October, 2009 by a vote as follows:

AYES:

Bonnett, Deppel, Edwards, Taylor, Jovic, Walkerton

NAYS:

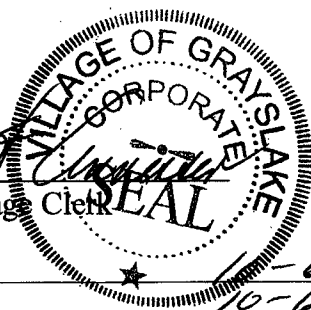
ABSENT:

APPROVED

Russ Taylor
Village President

ATTEST:

[Signature]
Deputy Village Clerk



Passed: 10-6-09

Approved: 10-6-09

Published in Pamphlet Form: 10-6-09

Exhibit D

**VILLAGE OF GRAYSLAKE
ORDINANCE NO. 2009-0-25**

**AN ORDINANCE AMENDING THE GRAYSLAKE ZONING MAP
TO ZONE CERTAIN PROPERTY IN THE VICINITY OF
PETERSON ROAD BETWEEN ILLINOIS ROUTE 83 AND
ALLEGHANY ROAD INTO THE MIXED USE "MX"
DISTRICT UNDER THE VILLAGE OF GRAYSLAKE ZONING ORDINANCE
(CORNERSTONE DEVELOPMENT)**

Published in pamphlet form October 6, 2009

VILLAGE OF GRAYSLAKE

ORDINANCE NO. 2009-0-25

**AN ORDINANCE AMENDING THE GRAYSLAKE ZONING MAP
TO ZONE CERTAIN PROPERTY IN THE VICINITY OF
PETERSON ROAD BETWEEN ILLINOIS ROUTE 83 AND
ALLEGHANY ROAD INTO THE MIXED USE "MX"
DISTRICT UNDER THE VILLAGE OF GRAYSLAKE ZONING ORDINANCE
(CORNERSTONE DEVELOPMENT)**

WHEREAS, pursuant to Section 11-13-1 of the Illinois Municipal Code, 65 ILCS 5/11-13-1, the Village has promulgated an extensive code of zoning regulations, which regulations are set forth in the Grayslake Village Code ("*Zoning Code*"); and

WHEREAS, pursuant to Section 11-13-14 of the Illinois Municipal Code, 65 ILCS 5/11-13-14, the Village is authorized to amend its zoning regulations, including the boundaries of zoning districts; and

WHEREAS, Lake County Land Holdings, L.L.C., a Delaware corporation (hereinafter referred to as the "*Owner*") is the owner of record of certain real property consisting of approximately 600 acres and located in unincorporated Lake County, Illinois ("*Unincorporated Parcel*"); and

WHEREAS, Owner is also the owner of real property consisting of approximately 40 acres and located adjacent to the Unincorporated Parcel in the Village of Grayslake, Illinois ("*Incorporated Parcel*"); and

WHEREAS, the Incorporated Parcel and the Unincorporated Parcel shall be collectively referred to as the "*Property*," which Property is generally located along Peterson Road between Illinois Route 83 and Alleghany Road and is legally described in **Exhibit 1** attached to this Ordinance; and

WHEREAS, the Village and the Owner have executed an Annexation and Development Agreement ("*Annexation Agreement*") to govern the use and development of the Property; and

WHEREAS, the Village has adopted an ordinance annexing the Unincorporated Parcel to the Village (the "*Annexation Ordinance*"); and

WHEREAS, further, the Village has adopted an ordinance amending the Zoning Code to create the MX Mixed Use District; and

WHEREAS, the Annexation Agreement calls for the Owner to seek, pursuant to the Zoning Code, zoning of the Property to the newly created MX Mixed Use District; and

WHEREAS, the Owner desires to zone the Property to the MX Mixed Use District; and

WHEREAS, a public hearing to consider the rezoning of the Property into the MX Mixed Use District as provided for in this Ordinance was duly noticed and was held at the Zoning Board of Appeals meeting on March 9, 2009; and

WHEREAS, the President and Board of Trustees of the Village of Grayslake have determined it to be in the best interests of the Village and its residents to zone the Property to the MX Mixed Use District to facilitate the development of the Property in a manner consistent with the Annexation Agreement;

NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF GRAYSLAKE, COUNTY OF LAKE, STATE OF ILLINOIS, as follows:

SECTION ONE. Recitals. The foregoing recitals are hereby incorporated into, and made a part of, this Ordinance as findings of the Board of Trustees of the Village of Grayslake.

SECTION TWO. Amendment to the Grayslake Zoning Map. The Grayslake Zoning Map shall be, and is hereby, amended by amending the zoning district designation of the Property to the MX Mixed Use District.

SECTION THREE. Effective Date. This Ordinance shall be in full force and effect upon its passage, approval, and publication in pamphlet form in the manner provided by law; provided, however, that this Ordinance shall not be effective until the Annexation Agreement has been signed by Owner and the Annexation Ordinance has been recorded. Notwithstanding the expiration of the Annexation Agreement, this Ordinance shall continue in full force and effect, and the terms, provisions, and conditions of this Ordinance shall survive the termination of the Annexation Agreement and shall not be merged therein.

The foregoing Ordinance was passed this 6th day of October, 2009 by a vote as follows:

AYES: Caruth, Waple, Edwards, Fogel, Jones, Caldwellstrom
NAYS: _____
ABSENT: _____

APPROVED Scott Taylor
Village President



ATTEST: [Signature]
Deputy Village Clerk

Passed: 10-6-09
Approved: 10-6-09
Published in Pamphlet Form: 10-6-09

Exhibit E

**VILLAGE OF GRAYSLAKE
ORDINANCE NO. 2009-0-26**

**AN ORDINANCE GRANTING A SPECIAL USE PERMIT FOR A
PLANNED UNIT DEVELOPMENT AND APPROVING A
GENERAL DEVELOPMENT PLAN FOR THE CORNERSTONE PROPERTY
(GENERALLY LOCATED ALONG ILLINOIS ROUTE 83 AND PETERSON ROAD)**

Published in pamphlet form October 6, 2009

VILLAGE OF GRAYSLAKE

ORDINANCE NO. 2009-0-26

**AN ORDINANCE GRANTING A SPECIAL USE PERMIT FOR A
PLANNED UNIT DEVELOPMENT AND APPROVING A
GENERAL DEVELOPMENT PLAN FOR THE CORNERSTONE PROPERTY
(GENERALLY LOCATED ALONG ILLINOIS ROUTE 83 AND PETERSON ROAD)**

WHEREAS, Lake County Land Holdings, L.L.C., a Delaware corporation (hereinafter referred to as the "*Owner*") is the owner of approximately 641 acres of real property generally located at or along Peterson Road, west of Illinois Route 83 and extending west of Alleghany Road, which property is legally described in Exhibit A attached hereto (the "*Property*"); and

WHEREAS, a portion of the Property was recently annexed into the Village pursuant to an ordinance duly adopted by the Village Board of Trustees (the "*Annexation Ordinance*"); and

WHEREAS, the Property has been zoned into the Village's "MX" Mixed Use zoning district; and

WHEREAS, the MX District authorizes tracts in excess of 500 acres to be developed pursuant to a planned unit development, which approval will govern the uses and development for such tract; and

WHEREAS, the Property qualifies for development as a planned unit development under the "MX" District; and

WHEREAS, pursuant to notice duly published in accordance with state law, the Grayslake Plan Commission commenced a public hearing on March 9, 2009, for the purposes of hearing and considering testimony on the Owner's request for approval of a special use permit for a planned unit development and approval of a master plan for the development of the entire Property (the "*Proposed Development*"); and

WHEREAS, during the public hearings, representatives of the Owner presented oral and written testimony, including without limitation the following plans for the Proposed Development:

1. Cornerstone Conceptual Land Use Diagram, dated April 2007 (the "*Land Use Plan*");
2. Cornerstone: Zoning Parcels Exhibit (undated)(the "*Parcel Map*");
3. Cornerstone, A New Beginning: Project Vision and Pattern Book, prepared by The Alter Group, and dated December 2008 (the "*Pattern Book*");

[Insert list of all other materials comprising the master plan]

all attached to this Ordinance as **Exhibit B** (collectively, "*Master Plan*"); and

WHEREAS, during the public hearing, the Plan Commission made the following findings:

1. According to the testimony and other evidence presented by the Owner, including the Master Plan, the Proposed Development will include various residential, retail/commercial, and light industrial buildings and uses, as well as outlots, on the Property.
2. The Owner testified that the Proposed Development will be constructed in substantial conformity with the Master Plan.
3. The evidence presented demonstrates that, subject to the conditions hereinafter set forth, the construction and maintenance of the Proposed Development on the Property:
 - (a) is consistent with the stated purpose of the planned unit development regulations;
 - (b) meets the requirements and standards of the planned unit development regulations;
 - (c) makes adequate provision for public services, provides adequate control over vehicular traffic, provides and protects designated open space, and furthers the amenities of light and air, recreation, and visual enjoyment;
 - (d) is compatible with the adjacent properties and neighborhood;
 - (e) is not detrimental to the tax base and economic well-being of the entire community; and

(f) conforms with the intent and spirit of the comprehensive plan of the Village.

4. The evidence presented demonstrates that the Proposed Development satisfies the requirements for granting a special use permit for a preliminary planned unit development and approving the Master Plan to permit the Proposed Development on the Property, subject to the terms and conditions hereinafter set forth;

WHEREAS, based on these findings, the Plan Commission recommended that a special use permit be granted for a planned unit development and the Master Plan be approved as the general development plan for the Property to permit the Proposed Development on the Property; and

WHEREAS, the President and Board of Trustees, having considered the recommendations of the Plan Commission and being fully advised in the premises, have determined that it is in the best interests of the Village and its residents to grant a special use permit for a planned unit development and approve the Master Plan to permit the Proposed Development on the Property, subject to the terms and conditions of this Ordinance as hereinafter set forth; and

NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF GRAYSLAKE, COUNTY OF LAKE, STATE OF ILLINOIS, as follows:

SECTION ONE: Recitals. The foregoing recitals are hereby incorporated into and made a part of this Ordinance as if fully set forth in this Section.

SECTION TWO: Grant of a Special Use Permit for a Planned Unit Development and Approval of the Master Plan. Pursuant to Sections 17.08.010.W, 17.24, and 17.32 of the Grayslake Zoning Code, and subject to the limitations therein and the conditions set forth in Section Three of this Ordinance, a special use permit for a planned unit development shall be,

and is hereby, granted, and the Master Plan shall be, and is hereby, approved as the general development plan for the Property to permit the Proposed Development on the Property.

SECTION THREE: Conditions on Approval. The approvals granted pursuant to Section Two of this Ordinance shall be, and they are hereby, conditioned upon and limited by the terms and conditions of the "Agreement of Conditions and Specifications for a Special Use Permit for Cornerstone Property (Generally Located Along Illinois Route 83 and Peterson Road)" (the "*SUP Agreement*"), which is attached hereto as **Exhibit C**. In addition to the remedies set forth in the SUP Agreement, any violation of this Ordinance or the SUP Agreement shall be deemed a violation of the Grayslake Zoning Code and shall subject the Owner to enforcement proceedings accordingly.

SECTION FOUR: Amendments. Unless otherwise precluded by state law, applications to amend or make administrative or minor changes to this Ordinance, or for other land use approvals for the Property (including but not limited to special use permits), need only be executed by the owner or owners of that portion of the Property that is the subject matter of any such application, and shall not require the authorization or execution by the owner or owners of any other portion of the Property. In addition, amendments to the SUP Agreement may, in the discretion of the Village Board of Trustees, be made without amending the terms of this Ordinance and the procedures relating thereto.

SECTION FIVE: Effective Date. This Ordinance shall be in full force and effect from and after its passage, approval, and publication in pamphlet form in the manner provided by law; provided, however, that this Ordinance shall be of no force or effect unless and until (i) the Owner has caused a duly authorized person to execute and file with the Village their unconditional agreement and consent, in the form attached hereto as **Exhibit D** and by this reference incorporated herein and made a part hereof, (ii) the SUP Agreement has been duly

executed by all parties thereto, and (iii) and the Annexation Ordinance has been recorded. If the Owner does not file its unconditional agreement and consent and the fully executed SUP Agreement with the Village within 60 days following the passage of this Ordinance, or within such greater time as the Village may approve, the Village Board may, in its discretion and without public notice or hearing, repeal this Ordinance and thereby revoke the special use permit granted in this Ordinance. Upon this Ordinance having full force and effect, the Village Clerk shall cause it to be recorded in the Office of the Lake County, Illinois Recorder of Deeds.

The foregoing Ordinance was passed this 6th day of October, 2009 by a vote as follows:

AYES: Carratt, Kappel, Edwards, Vogel, Jervis, Waldenstrom
NAYS: —
ABSENT: —

APPROVED Ruth Taylor
Village President

ATTEST:

[Signature]
Deputy Village Clerk



Passed: 10-6-09
Approved: 10-6-09
Published in Pamphlet Form: 10-6-09

Exhibit E-1
Master Plan

See Exhibit J - Special Use Agreement
(Exhibit B)

Exhibit E-2
Special Use Permit (SUP) Agreement

See Exhibit J - SUP Agreement

Exhibit E-3
Intergovernmental Agreement
Between
the Village of Grayslake and the County of Lake
Regarding
The Cornerstone Development (Alter Property)

Exhibit F
County Sewer Agreement

**See Exhibit E – Third Amendment to
Restated and Amended Agreement
for Sewage Disposal with
The Village of Grayslake**

Exhibit G
Transportation Improvement
Intergovernmental Agreement

See Exhibit F – Transportation IGA

Exhibit H
Recapture Payment Applicable
to Property

(to be determined)

1 **THIS INSTRUMENT PREPARED BY**
2 **AND RETURN TO:**

3
4
5
6
7
8
9

10
11 **THE ABOVE SPACE FOR RECORDER'S USE**

12
13 **RECAPTURE AGREEMENT FOR SEWER IMPROVEMENTS BETWEEN**
14
15

16 **THIS RECAPTURE AGREEMENT** (the "Agreement") is made and entered into as of

17 _____, 200_, by and between

18 _____, an Illinois municipal corporation

19 located in Lake County, Illinois (the "Village"). Developer and the Village are hereinafter

20 individually referred to as a "Party" and collectively as the "Parties."

21 **RECITALS:**

22 A. Description of

23 Improvements _____

24
25 B. Developer was required to construct and oversize the improvements so as to have

26 sewage pumping, flow and transmission capacity over and above that capacity necessary to

27 accommodate Developer's then proposed industrial subdivision and Developer has dedicated the

28 improvements to the Village of _____ The Village has accepted the dedication

29 of the improvements and has been operating the improvements since _____.

30 The Village has now incorporated some of the improvements into its utility systems and the Village

31 has determined that the Developer's improvements, to the extent of the certified costs contained in
32 this Agreement, are of benefit to the Benefited Properties described in this Agreement.

33 C. Developer and the Village have now agreed to an amount which can and should be
34 lawfully recaptured from other property owners' future development availing itself of the
35 improvements, parts thereof or of the Village sewer mains
36 _____ and sewer mains tributary thereto.

37 D. The planned growth of the Village and the health, safety and welfare of the residents
38 of the Village has been furthered by Developer's construction of the improvements as valued herein.

39 F. The Parties are entering into this Agreement pursuant to: (a) the authority granted in
40 Division 5 of Article 9 of the Illinois Municipal Code, 65 ILCS 5/9-5-1 and 5/9-5-2, (b) the
41 authority granted in the intergovernmental cooperation provisions of the Illinois Constitution
42 (Article VII, Section 10) and of Act 220 of Chapter 5 of the Illinois Compiled Statutes (5 ILCS
43 220/1 *et seq.*; and (c) the Village's general police powers.

44 G. The Village has adopted the necessary ordinances required by state statute to approve
45 this Agreement and to authorize the payment of the Recapture Amounts.

46 H. _____
47 _____
48 _____

49 **NOW, THEREFORE**, in consideration of the foregoing recitals, the mutual covenants and
50 agreements hereinafter contained, and other good and valuable consideration, the receipt and
51 sufficiency of which are hereby acknowledged by the Parties, the Parties agree as follows:

52 1. **Recitals.** The foregoing recitals are material to this Agreement and are
53 expressly incorporated into and made a part of this Agreement as fully as though set forth in their

54 entirety in this Paragraph 1. The Parties acknowledge the accuracy and truth of the foregoing
55 recitals.

56 2. **Definitions.**

57 (a) "Benefited Property" refers to the properties identified on the Maps
58 Identifying the Benefited Properties attached hereto as Exhibit A and on the Benefited
59 Properties List, attached hereto as Exhibit B and as described in Section 4(a).

60 (b) "Recapturable Certified Cost" refers to One
61 \$\$\$\$\$_____ which the parties hereto agree is of benefit to the
62 Benefited Property and which is the recapturable portion of the total cost of the original
63 improvements.

64 (c) "Recapturable Improvements" refers to the improvements for which recapture
65 is payable.

66 (d) "Developer" refers to
67 _____.

68 (e) "Owners of Benefited Property" refers to the record title holders of property
69 identified on the Maps Identifying the Benefited Properties attached hereto as Exhibit A and
70 on the Benefited Properties List, attached hereto as Exhibit B.

71 (f) "P.E. Cost Basis" refers to \$\$\$\$\$\$\$\$\$\$\$\$\$\$ _____ per P.E.

72 (g) "Permanent Index Numbers (PIN Numbers)" refers to the convention used by
73 the County Recorder's Office for identifying parcels of property by township, section, lot
74 and block.

75 (h) "Improvements" refers to the above-referenced required sanitary sewer main
76 and lift station improvements constructed by Developer.

77 (i) "Recapture Amount" refers to the computation set forth in paragraph 5(a) due
78 and owing from an owner of a Benefited Property.

79 (j) "Village" refers to the Village of Grayslake, Illinois.

80
81 (k) _____
82

83 3. **Improvements/Certified Costs.**

84 (a) The Improvements (as defined herein) are public improvements which are
85 eligible for recapture.

86 (b) The Village Engineer has confirmed that Developer has completed the
87 Improvements in substantial conformance with the approved final engineering plans.

88 (c) The Village Engineer has certified that the cost of the Recapturable
89 Improvements is \$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$ _____; that the
90 payments to the contractors as disclosed in the contractor's affidavits were attributable, in
91 part, to the Improvements.

92 (d) The Village Engineer has certified that the cost per P.E. for the Benefited
93 Property is \$\$\$\$\$\$ _____ per P.E.

94
95 (e) The Improvements have been accepted for use by the Village.

96 (f) The Village Engineer has certified that the capacity of the Sanitary Sewer
97 Improvements is _____ P.E.

98 (g) Developer has conveyed all right, title and interest in and to the
99 Improvements to the Village, and the Village has accepted and assumed ownership of the
100 Improvements.

101 (h) The certified cost of constructing each component of the Improvements
102 included the following:

103 (i) The engineering expense for preparation of the plans and
104 specifications for each component of the Improvements, and any revision thereto, to
105 the extent paid by Developer and all other engineering costs and expenses incurred
106 by Developer in constructing each component of the Improvements.

107 (ii) All engineering costs and expenses incurred by the Village and
108 reimbursed by Developer in constructing each component of the Improvements;

109 (iii) The total amounts paid in connection with the construction of each
110 component of the Improvements which has been verified by the Village Engineer's
111 review of schedules of values, contracts, final waivers of lien, and proofs of payment;

112 (iv) Any and all permit fees, plan review and inspection fees paid to the
113 Village, or any other governmental agencies having jurisdiction over the Benefited
114 Properties, in connection with the construction of each component of the
115 Improvements.

116 4. **Benefited Property/Allocation of Certified Costs Between Developer and**

117 **Owners of Benefited Property.**

118 (a) **Benefited Properties.** Developer's construction of the Improvements has
119 made it possible for the Village to provide sanitary sewer service to Developer's Property
120 and to certain properties other than Developer's Property. These other properties are
121 referred to as "Benefited Property", and collectively as the "Benefited Properties" and fall
122 within the West Side Interceptor Usage Area. The Benefited Properties include the

123 properties that are identified on the Maps Identifying Benefited Properties attached hereto as
124 Exhibit A and on the Benefited Properties List attached hereto as Exhibit B.

125 (b) **Amendment of Benefited Properties List to include Additional Property**
126 **Acquired by Developer.** The Village agrees that properties, that Developer may
127 hereafter acquire, and that the Improvements have the capacity to serve, and shall be entitled
128 to connect to and secure the benefits of the Improvements, even if they are not identified on
129 the Benefited Properties List, provided that capacity is then currently available, and provided
130 that such properties shall be within the boundaries of the Village and of the appropriate
131 Facilities Planning Area.

132 (c) **Amendments of the Benefited Properties List as a Matter of Right.** In
133 the event the County changes the permanent index numbers of any of the properties
134 identified on the Benefited Properties List, the Village Manager and the Developer are
135 hereby authorized to amend Exhibit B to reflect the then-current and correct PIN Numbers.

136 5. **Allocation of Certified Costs between Other Developers and Owners of**
137 **Benefited Properties.**

138 (a) **Allocation of Certified Costs.** The Recapturable Certified Costs shall
139 be allocated between and among the owners of the Benefited Properties as follows:

140 (i) Developer shall be reimbursed on a cost per P.E. basis.

141 (ii) The number of P.E. that is allocable to the dwelling units and non-
142 residential structures to be constructed shall be calculated by using the following P.E.
143 allocation:

- 144 (1) Detached Single-Family Homes 3.5 P.E. per unit
 145 (2) Townhouses and Other
 146 Multi-Family Residential 3.0 P.E. per unit
 147
 148 (3) Commercial/Office/Industrial/or
 149 Any Other Non-Residential
 150 Land Use 15 P.E. per acre
 151

152 (iii) The Village agrees to require the developer of a Benefited Property to

153 pay its recapture obligation at the rate determined herein. Provided, however, the

154 Village may seek payment from such developer or owner of a Benefited Property in

155 excess of the per-pe amount and, if such excess is paid, the Village shall pay over to

156 Developer such excess to reduce the outstanding balance of Recapture Amounts then

157 due Developer without penalty. With respect to the Benefited Properties, connection

158 to the Improvements shall be on a first-come, first-served basis pursuant to the same

159 formula. As a condition to the Final Plat Approval, the Developer of the Benefited

160 Property shall be required to pay as recapture that amount attributable to the number

161 of dwelling units or commercial acreage approved on the final plat of subdivision.

162 **For example**, but not by way of limitation, if the final plat of subdivision contains

163 100 dwelling units consisting of a mix of 50 single-family homes and 50 townhomes,

164 the owner of the Benefited Property shall be required to pay at Final Plat Approval

165 \$.00 computed as follows:

166 50 single family homes x 3.5 P.E. x \$200.00 (assuming this amount)
 167 per P.E. = \$35,000.00; and

168 50 townhomes x 3.0 P.E. x \$200.00 per P.E.
 169 = \$30,000.00

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 171 \$35,000.00 + \$30,000.00 = a total recapture fee of \$65,000.00.
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(b) **Additional Covenants in Annexation Agreements.** In all annexation agreements regarding territory within the West Side Interceptor Usage Area hereafter entered into by the Village, the Village shall require of any of such territory's owners and developers an additional covenant in such annexation agreement to pay the PE charges set forth herein, provided such development drains sewerage into the _____ . Such covenant shall be an obligation of the owner/developer of the annexing territory independent and in addition to this agreement to pay the applicable per-PE recapture fees. Nothing herein is to be construed to require the aforesaid owner/developer of a Benefited Property to pay more than the per-PE fee as set forth in this Agreement. When all principal and interest due on the Recapturable Certified Cost is paid in full to Developer, the Village shall have no further obligation under this paragraph (b).

(c) **Payment of Interest on Recapture Amount.** In addition to the payment of Recapture Amounts, any owner of a Benefited Property who is obligated to pay the Recapture Amounts shall also pay simple interest to the Village ("Interest") which shall be calculated at the rate _____ computed from the Date of this Agreement to the date of payment.

(d) **Satisfaction of Recapture Obligations.** Once the Recapturable Certified Cost of constructing the Improvements and the accrued interest has been fully paid to Developer, the Village shall not be required to collect further Recapture Amounts from the

195 owners of the Benefited Properties who thereafter connect to the Improvements and this
196 Agreement shall be deemed to be fully fulfilled.

197 (e) **Village Cooperation.** To the extent permitted by law, the Village agrees that
198 any rezoning, special use, conditional use or planned development ordinance adopted by the
199 Village after the date of this Agreement in connection with the use, development or
200 improvement of any Benefited Property, and any annexation agreement or pre-annexation
201 agreement entered into after the date of this Agreement with any owner of any Benefited
202 Property shall require said owner to pay the Recapture Amounts and Interest provided for
203 herein and to waive any right to contest the legality or enforceability of this Agreement and
204 their obligation to pay such Recapture Amounts and Interest.

205 6. **Ability to Connect.**

206 (a) The owners of all Benefited Properties annexed to the Village may be
207 permitted to connect to the Improvements, and to extensions thereto provided they shall have
208 first paid to the Village:

209 (i) applicable _____ fees, sanitary and connection fees then
210 due and payable under applicable Village ordinances or pre-annexation agreements
211 as of the date of such connection, unless otherwise formally waived by the Village;

212 (ii) all Recapture Amounts charged to the property to which the request
213 for connection to the Improvements applies;

214 (iii) all Interest then due from such Benefited Property in connection with
215 the payment of said Recapture Amounts.

216 7. **Collection and Payment of Fees.**

217 (a) The Village shall act as collection agent for the Recapture Amounts and
218 Interest that are payable under the terms of this Agreement by developers or owners of
219 Benefited Properties. The Village shall forward to Developer, in the manner hereinafter
220 described, each Recapture Amount paid, the receipt therefor, and each payment of Interest,
221 when it receives such Recapture Amounts and Interest from the owners and developers of
222 Benefited Properties.

223 (b) The Village shall issue a receipt, in duplicate, upon the payment of any
224 Recapture Fee and any Interest by the developer or owner of a Benefited Property. The
225 Village shall deliver to Developer all Recapture Amounts and Interest collected by the
226 Village as soon as practical after approval of the disbursement by the Village Board, but in
227 no event later than thirty (30) days following the date of collection of the Recapture Amount
228 and Interest.

229 8. **Limitation on Village's Obligations to Deliver Recapture Amounts and Interest**
230 **to Developer.**

231 The Village's obligation to deliver over to Developer Recapture Amounts and Interest
232 collected from owners of the Benefited Properties constitutes a limited obligation of the Village
233 payable solely from amounts received by the Village from such owners and developers. Said
234 obligation does not now, and shall never constitute a general indebtedness of the Village within the
235 meaning of any State of Illinois constitutional or statutory provision and shall not constitute or give
236 rise to any pecuniary liability of the Village or a charge against its general credit or taxing power.
237 Nothing contained herein, however, shall be deemed to exonerate or exculpate the Village from
238 liability in the event of willful, intentional or negligent failure to perform the duties assumed by it
239 hereunder as collection agent provided that Developer shall notify the Village promptly after first

240 discovery of any such failure. This limitation does not apply to other obligations of the Village
241 relating to settlement of the formerly-existing disputed claim between the Developer and the Village
242 over recapture.

243 9. **Term.** This Agreement shall remain in full force and effect until the first to occur of:
244 (a) such time as Developer has fully recaptured all Recapture Amounts and all Interest due
245 hereunder; or (b) the date which is 20 years from the date of this Agreement.

246 10. **Books and Records.** Developer shall maintain complete books and records showing
247 its expense kept in accordance with generally accepted accounting principles for construction of the
248 Improvements and the Village shall keep and maintain complete books and records showing
249 Recapture Amounts and Interest collected by it. The maintenance of such books and records by the
250 Village shall be deemed complete if kept in accordance with generally accepted accounting
251 principles as applied to Illinois municipalities. If a developer or property owner of a benefited
252 property objects to payment of the Recapture Amount and/or Interest thereon, and the records are
253 material to resolving such claim or objection, such books and records shall be available for
254 examination by the duly authorized officers or agents of the Village and Developer during normal
255 business hours, upon request being made a reasonable period of time prior thereto. The Developer
256 may request inspection of the Village's records at any time under the Freedom of Information Act of
257 the State of Illinois.

258 11. **Notice.** Any notice which any Party hereto may desire or may be required to give to
259 any other Party shall be in writing, and shall either be mailed by certified or registered mail, postage
260 prepaid, return receipt requested, or delivered by an overnight courier service (e.g., by Federal
261 Express) to the respective addresses of the Parties set forth below, or sent by telecopy facsimile to
262 the telecopy numbers of the Parties set forth below. Mailed notices shall be deemed given two

263 business days after the mailing thereof; notices delivered by an overnight courier service shall be
264 deemed given the day following their delivery to such service; and faxed notices shall be deemed
265 given as of the date of the transmission, provided the sending FAX machine produces a transaction
266 statement that reflects the date and time of service, the FAX number to: which the notice was
267 transmitted and an acknowledgement from the receiving FAX machine that the transmission has
268 been received. Any such notice may be served by personal delivery thereof to the other Party which
269 delivery shall constitute service of notice hereunder on the date of such delivery.

270 **If to the Village:**

271
272 **If to Developer:**
273

274 or to such other address as any Party may, from time to time, designate in a written notice to the
275 other Party.

276 12. **Successors and Assigns.** This Agreement shall inure to the benefit of, and be
277 binding upon, successors, grantees and assigns of Developer who have been designated in writing
278 by Developer as being parties intended to be benefited and burdened by the provisions of this
279 Agreement, and upon successor Corporate Authorities.

280 13. **Merger/Amendment.** This Agreement contains the entire agreement of the Parties
281 relative to the subject matter hereof. This Agreement may be modified only by a written instrument
282 executed by the Parties hereto.

283 14. **Remedies.**

284 (a) It is agreed that the Parties may, at law or in equity, by suit, action,
285 mandamus or other proceeding, enforce or compel the performance of this Agreement. No
286 action taken by any Party hereto pursuant to the provisions of this Article or pursuant to the
287 provisions of any other Article of this Agreement shall be deemed to constitute an election of
288 remedies and all remedies set forth in this Agreement shall be cumulative and non-exclusive
289 of any other remedy either set forth herein or available to any Party at law or in equity.

290 (b) In the event of a material breach of this Agreement, the Party claiming breach
291 shall give prompt written notice of such alleged breach to the other Party and the Party
292 receiving such notice shall have thirty (30) days after receipt of such notice to correct such
293 alleged breach, prior to the seeking by the Party affected by such default of any remedy
294 provided for herein (provided, however that said 30-day period shall be extended if the
295 defaulting Party has initiated the cure of said default and is diligently proceeding to cure the
296 same).

297 (c) If a Party to this Agreement shall fail to perform any of its obligations
298 hereunder, and the Party affected by such default shall have given written notice of the
299 default to the defaulting Party, and the defaulting Party shall have failed to cure the default
300 within thirty (30) days after the receipt of the default notice (provided, however, that said 30-
301 day period shall be extended if the defaulting Party has initiated the cure of said default and is
302 diligently proceeding to cure the same).

303 (d) The failure of a Party to insist upon the strict and prompt performance of the
304 terms, covenants, agreements and conditions herein contained, or any of them, upon the Party
305 imposed, shall not constitute or be construed as a waiver or relinquishment of such Party's

306 right thereafter to enforce any such terms, covenants, agreements or conditions, but the same
307 shall continue in full force and effect.

308
309 15. **No Third Party Beneficiaries.** Except as otherwise specified herein, the
310 provisions of this Agreement are for the exclusive benefit of the Village and Developer, their
311 successors and assigns, and not for the benefit of any third person or entity, nor shall this Agreement
312 be deemed to have conferred any rights, express or implied, upon any third person or entity.

313 16. **Captions and Designations/Exhibits.** Throughout this Agreement, the
314 singular shall include the plural and the masculine gender shall include the feminine and neuter, and
315 vice versa, unless the context otherwise requires. Article numbers and caption headings are purely
316 descriptive and shall be disregarded in construing this Agreement. All exhibits to this Agreement
317 are expressly incorporated herein by this reference thereto.

318 17. **Severability.** If any provision of this Agreement is held to be invalid by any court of
319 competent jurisdiction, such provision shall be deemed to be excised from this Agreement and the
320 invalidity thereof shall not affect any other provision contained herein. No Party to this Agreement
321 shall contest the validity or enforceability, or assert the invalidity or unenforceability of any
322 provision of this Agreement.

323 18. **Further Assurances.** The Parties shall do all things necessary or appropriate to carry
324 out the terms and provisions of this Agreement, and to aid and assist each other in carrying out such
325 terms and provisions and in furthering the intentions of the Parties as evidenced by such terms and
326 provisions. Specifically, but without limitation, the Village shall enact such resolutions and
327 ordinances and take such other actions as may be necessary or desirable to enable the Village and

328 Developer to comply with and effectuate the terms and provisions hereof and to further the
329 intentions of the Parties as evidenced by the terms and provisions of this Agreement.

330 19. **Authorizations.** The Parties represent and warrant that the individuals executing
331 this Agreement on their behalf have been duly authorized to do so and that all necessary actions,
332 authorizations, resolutions and approvals have been secured prior to the execution and delivery of
333 this Agreement.

334 **IN WITNESS WHEREOF**, the Village has caused this Agreement to be executed by its
335 duly authorized corporate officers and the Developer in their own proper persons, all as of the day
336 and year first above written.

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VILLAGE OF Grayslake, an Illinois
municipal corporation

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By: _____

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ATTEST:

Its: Mayor

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By: _____

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Its: Village Clerk

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Developer:

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STATE OF ILLINOIS)
) SS
COUNTY OF LAKE)

I, the undersigned, a Notary Public in and for said County and State aforesaid, DO HEREBY CERTIFY that _____ and _____, personally known to me to be the Village Mayor and Village Clerk, respectively, of the **VILLAGE OF GRAYSLAKE**, and personally known to me to be the same persons whose names are subscribed to the foregoing Recapture Agreement, appeared before me this day in person and severally acknowledged that as such Village Mayor and Village Clerk, they signed and delivered said Recapture Agreement, pursuant to authority given by the Board of Trustees of said village, as their free and voluntary act and deed of said Village, for the uses and purposes therein set forth.

GIVEN under my hand and seal, this _____ day of _____, 200_.

Notary Public

STATE OF ILLINOIS)
) SS
COUNTY OF LAKE)

I, the undersigned, a NOTARY PUBLIC in and for said County, in the State aforesaid, DO HEREBY CERTIFY that _____ personally known to me to be the same person(s) whose name is/are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that he/she/they signed, sealed and delivered the said instrument as his/her/their free and voluntary act as such person(s) for the uses and purposes therein set forth.

Given under my hand and official seal, this _____ day of _____, 200_.

Notary Public

STATE OF ILLINOIS)
) SS
COUNTY OF LAKE)

I, the undersigned, a NOTARY PUBLIC in and for said County, in the State aforesaid, DO
HEREBY CERTIFY that _____
personally known to me to be the same person(s) whose name is/are subscribed to the foregoing
instrument, appeared before me this day in person, and acknowledged that he/she/they signed,
sealed and delivered the said instrument as his/her/their free and voluntary act as such person(s) for
the uses and purposes therein set forth.

Given under my hand and official seal, this _____ day of _____, 200__

Notary Public

EXHIBITS LIST

EXHIBIT DESCRIPTION

Maps Identifying the Benefited Property..... A

The Benefited Properties List..... B

DRAFT 9/8/09

EXHIBIT A

MAPS IDENTIFYING THE BENEFITED PROPERTIES

DRAFT 9/8/09

EXHIBIT B

THE BENEFITED PROPERTIES LIST

Exhibit I
Applicable Impact Fees

Type of Governmental Body	Fee Basis	When Payment Due	Offsetting Land Value
Elementary School District	\$2,500.00 per 1 BR unit \$5,820.00 per 2-3 BR unit \$7,765.00 per 4 or more BR \$1,000.00 per Age-Restricted Unit	Prior to building permit issuance	\$100,000/acre
Fire Protection District	\$500/unit	Prior to building permit issuance	\$100,000/acre
High School District		Prior to building permit issuance	\$100,000/acre
Library District	\$500/unit	Prior to building permit issuance	\$100,000/acre
Park District		Prior to building permit issuance	\$100,000/acre (exclusive of wetland areas)

AN AGREEMENT RELATING TO SCHOOL IMPACTS
OF THE ALTER DEVELOPMENT

THIS AGREEMENT is made and entered into on this 26th day of October, 2009, by and among the VILLAGE OF GRAYSLAKE, an Illinois municipal corporation (the "Village"), FREMONT ELEMENTARY SCHOOL DISTRICT NO. 79, an Illinois school district (the "District"), and LAKE COUNTY LAND HOLDINGS, L.L.C., a Delaware corporation ("Developer") (collectively, the Village, the District, and Developer are hereinafter referred to from time-to-time as the "Parties").

IN CONSIDERATION OF the mutual promises and covenants hereinafter set forth, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

Section 1. Recitals.

A. The Developer is the owner of record of approximately 641 acres of real property generally located at or along Peterson Road, west of Illinois Route 83 and extending west of Alleghany Road, which property is legally described in Exhibit 1 attached hereto (the "Property").

B. The Property has been or may be annexed to the Village pursuant to an annexation agreement between the Developer and the Village (the "Annexation Agreement") that sets forth or shall set forth the terms and conditions for the development of the Property.

C. The Parties acknowledge and agree that the development of the Property, as proposed, will result in significant long-term benefits to the community, the Village, and the District.

D. The Parties acknowledge and agree that residential development on the Property will have certain impacts on the District, and the best interests of all the Parties will be served to address those impacts in the manner hereinafter described.

E. To minimize adverse financial impacts on the School District, the parties acknowledge that it is important (i) to time residential development with non-residential development to minimize adverse financial impacts on the District, and (ii) to cause appropriate School District Enhancement Fees to be paid by the Developer to the District.

F. This Agreement is entered into pursuant to the authority conferred upon the Village and the District, including without limitation Article VII, Section 10 of the Illinois Constitution and the Illinois Intergovernmental Cooperation Act, 5 ILCS 220.

Section 2. Definitions.

A. Definitions Generally. Unless otherwise provided, terms used in this Agreement shall have the same meaning as provided in the Grayslake Zoning Code.

B. Special Definitions. For purposes of this Agreement, the following words when used in this Agreement shall be defined as hereinafter set forth:

1. Age-Restricted Development. A residential development that is designed to serve persons 55 years of age and older, where at least 80% of the dwelling units in such development are Age-Restricted Units. Such limitations shall be enforced by restrictive covenants or other similar means.
2. Age-Restricted Units. Dwelling units in an Age-Restricted Development where at least one resident is at least 55 years of age and there are no permanent residents under 21 years of age.
3. General Development Plan. The general development plan for the Property as approved by the Village in connection with the Annexation Agreement.
4. Market Rate Apartments. Apartments in an Apartment Building (as those terms are defined under the Grayslake Zoning Code, but exclusive of two-family dwellings and attached single-family dwellings

such as townhouses having separate facilities except for common devising walls and roofs) that are made available based on prevailing market rates for rent and without any restriction regarding rental adjustment. Market Rate Apartments do not include Age-Restricted Units or Apartments in an Apartment Building that are for sale or intended for sale.

5. Model Units. Dwelling units, irrespective of type, that are authorized under the Annexation Agreement to be constructed and used for sale and promotional purposes.
6. Population Equivalent (P.E.). The calculated population that would normally produce 100 gallons of sanitary sewage per day in accordance with IEPA standards.
7. Residential Sewerage Flow. The amount of sewage (as expressed in P.E.) generated from the residential development within the Property.

Section 3. Residential Development Parameters.

A. General Limitations. Developer shall not develop any residential units on the Property except in accordance with the following restrictions:

1. Total Dwelling Units. Developer shall not develop more than 801 dwelling units on the Property. The dwelling units shall further be limited as follows:
 - a. Age-Restricted Units. A total of 178 dwelling units on the Property are planned to be Age-Restricted Units. A minimum of 145 of the total maximum 801 dwelling units shall be Age-Restricted Units except that the Age-Restricted Units may be replaced with non-residential development or open space; except that no more than ten Age-Restricted Units may be replaced with public open space. There shall be no limit on the number of Age-Restricted Units provided the total number of residential units shall not exceed 801. In addition, to the extent that the number of Age-Restricted Units is fewer than 145 units, then the total maximum dwelling units authorized for the Property shall be reduced from 801 on a unit-for-unit basis.
 - b. Apartments. No more than 78 apartments may be developed on the Property, which apartments shall all be Market Rate Apartments, not more than 50 of which may be designed or constructed with two bedrooms, and the remainder of which shall be designed and constructed with not more than one bedroom.

- (1) No certificates of occupancy for apartments on the Property (other than authorized Model Units) may be issued earlier than five years after the first building permit is issued for any portion of the Property.
 - (2) In addition to the requirement discussed in Section 3 A.1.b.(1), no certificates of occupancy for apartments on the Property (other than authorized Model Units) may be issued until at least 500,000 square feet of non-residential buildings have been built.
 - (3) Notwithstanding paragraphs (1) and (2) above; certificates of occupancy for apartments on the Property may be issued provided a minimum of 1,000,000 square feet of non-residential buildings have been built.
 - (4) The minimum fair market value (based on purchase price) of a one-bedroom apartment shall not be less than \$185,000, and the minimum fair market value of a two-bedroom apartment shall not be less than \$220,000 [which values are expressed in 2008 dollars and shall be adjusted based on the Engineering News Record (ENR) Building Cost Index.
 - (5) The Landlord of any residential rental property shall limit the number of parking spaces assigned to rental unit tenants to not more than 2 primary spaces per unit and guest parking of not more than 10% of the total number of primary parking spaces. The provisions of the Annexation Agreement shall contain parking regulations for the rental properties consistent with this paragraph (5).
- c. Detached Market Rate Single-Family Dwelling. No more than 123 detached market rate single-family dwellings may be developed on the Property.
- (1) No more than 41 certificates of occupancy for detached market rate single-family dwellings on the Property may be issued in the first year of sales and no more than 82 certificates of occupancy for detached market rate single-family dwellings on the Property may be issued in the first two years of sales.
 - (2) Certificates of occupancy for detached market rate single-family dwellings may only be issued in accordance with the following limitations:

- (a) No certificates of occupancy for detached market rate single-family dwellings on the Property (other than authorized Model Units) may be issued earlier than five years after the first building permit is issued for any portion of the Property.
 - (b) No certificates of occupancy for detached market rate single-family dwellings on the Property (other than authorized Model Units) may be issued until at least 500,000 square feet of non-residential buildings have been built.
 - (c) Notwithstanding paragraphs (a) and (b) above; certificates of occupancy for detached market rate single-family dwellings on the Property may be issued provided a minimum of 1,500,000 square feet of non-residential buildings have been built.
- d. Townhomes and Condominiums. Other than Age-Restricted Units, Apartments, and Detached Market Rate Single-Family Dwellings, the remaining types of dwellings to be developed on the Property will be townhomes and condominiums as described in the General Development Plan. In the event the number of Apartments built is less than 78, or the number of Detached Market Rate Single-Family Dwellings built is reduced below 123, the number of townhomes or condominiums can be increased by a corresponding number.
2. General Development Plan. The Village and the Developer agree that no change in the authorized number or type of dwelling units in, or in the phasing requirements under, the General Development Plan for the Property shall be approved that is inconsistent with Sections 3.A and 3.B of this Agreement and that would result in an increase in the number of students generated from the Property [based on page 5, Table 4 of the Gruen Gruen and Associates "Fiscal Impact of Proposed Cornerstone on Fremont School District no. 79, Mundelein High School District No. 120, and Grayslake Community High School District No. 127 Using Lake County School Impact Model," dated February 2009 ("*Gruen February 2009 Fiscal Impact Report*")], unless the District first approves such change.
3. Dwelling Unit Designs. All dwelling units constructed on the Property shall substantially conform with the "Cornerstone, A New Beginning:

Project Vision and Pattern Book," as amended, which will be an exhibit to the Annexation Agreement.

B. General Phasing Requirements. Residential development on the Property (as measured by Residential Sewerage Flow) shall be coordinated with the construction of non-residential development as follows:

1. Phase I. The total amount of Residential Sewerage Flow from the Property (exclusive of Residential Sewerage Flow attributable to Age-Restricted Units and authorized Model Units) shall not exceed 750 P.E. until at least 500,000 square feet of non-residential buildings have been built on the Property.
2. Phase II. The total amount of Residential Sewerage Flow (exclusive of Residential Sewerage Flow attributable to Age-Restricted Units and authorized Model Units) from the Property shall not exceed 1,500 P.E. until at least 1,000,000 square feet of non-residential buildings have been built on the Property.
3. Phase III. The total amount of Residential Sewerage Flow (exclusive of Residential Sewerage Flow attributable to Age-Restricted Units and authorized Model Units) from the Property shall not exceed 2,250 P.E. until at least 1,500,000 square feet of non-residential buildings have been built on the Property.
4. Total Residential Sewerage Flow. The total Residential Sewerage Flow from the Property shall not exceed 3,000 P.E., unless the Village expressly permits additional Residential Sewerage Flow, but in no event shall the total Residential Sewerage Flow exceed 3,500 P.E.
5. Transfer of Residential Sewerage Flow. Nothing in this Agreement shall prevent the Developer or the Village from allowing the total amount of Residential Sewerage Flow to be less than 3,000 P.E. in which case the PE allocation shall be transferred to the non-residential development within the Property.

Section 4. School District Enhancement Fees.

A. Fee Schedule. The Developer agrees to pay School District Enhancement Fees to the District prior to the issuance of the building permit for the initial construction of each dwelling unit in accordance with the following schedule:

Number of Bedrooms (Any Type of Dwelling Unit)	SDEF Amount
1 Bedroom (exclusive of Age-Restricted Units)	\$2,595.00
2-3 Bedrooms (exclusive of Age-Restricted Units)	6,041.00
4 or more Bedrooms (Single-Family Dwellings)	8,060.00
Age-Restricted Units	1,038.00

B. Annual Fee Adjustment The amount of the School District Enhancement Fees in the foregoing table are expressed in 2009 dollars and may be increased once annually anytime after January 1 of each year by the District based upon the Engineering News Record (ENR) Building Cost Index. By way of example and not by way of limitation, the following formula shall be used in calculating the Annual Fee Adjustment:

ENR Building Cost Index:

January 2009	5890.27
January 2008	<u>5583.84</u>
Differential	306.43

Divide by Base (Jan 2008 Index) 5583.84

Percentage Change for 2008 - 2009 5.49% (factor of 1.0549)

If the Fee to be adjusted is \$1000, the fee would be increased to \$1055 which is

$$\$1000 \times 1.0549 = \$1054.9 = \underline{\$1055} \text{ (rounded)}$$

Within five business days after the adoption of new School District Enhancement Fees in accordance with this Section 4.B, the District shall notify Developer in accordance with

Section 6.M. of this Agreement. In no event shall the School District Enhancement Fees be reduced due to a decrease of any kind in the ENR Building Cost Index.

C. Fee Limitations. Nothing in this Agreement shall require Developer to pay a higher or additional amount per residential unit type in any given year than that required pursuant to this Section 4. The fees established by this Agreement, and as adjusted in accordance with Section 4.B. above, shall be the exclusive fees charged to Developer for development of the residential components of the Developer's project. Notwithstanding any other provision of this Section 4, Developer's fees shall not be reduced unless (1) the District negotiates a lower fee per residential unit type with another developer and (2) the total Per-Student Real Estate Tax Revenue generated by the other development project is less than the Per-Student Real Estate Tax Revenue generated by the Developer's project on the Property. The Per-Student Real Estate Tax Revenue of the Developer's project shall be determined by (i) using the data from where the Build-Out column and Total Property Tax Revenue row intersect from page 7, Table 5 of the Gruen February 2009 Fiscal Impact Report to determine the projected ad valorem tax revenue at build-out and (ii) using the data from page 5, Table 4 of the Gruen February 2009 Fiscal Impact Report to determine the projected number of students at build-out, and dividing the projected ad valorem tax revenue by the projected total number of students at build-out. The Per-Student Real Estate Tax Revenue for the other development shall be determined by utilizing the Lake County School Impact Model ("*Model*") to estimate the District's ad valorem tax revenue at build-out. The ad valorem tax revenue at build-out shall be divided by the number of students that the Model projects to be generated at build-out.

Example:

Estimated total property tax revenue at build-out for Cornerstone	\$6,394,500
---	-------------

Estimated total number of students at build-out

203.72

$\$6,394,500 / 203.72 = \$31,389$

Section 5. School District Support.

From and after the execution of this Agreement by the Parties, and for so long as the School District has a right to receive the fees established herein, upon the reasonable request of the Developer, the District shall execute letters endorsing and supporting the project proposed for the Property as a project which, under the terms of this Agreement, does not adversely affect the mission of the District and the education of its students, and shall appear at public hearings and meetings as may be reasonably requested by the Village and the Developer to present testimony in support of the project.

Section 6. Legal Relationships and Requirements.

A. Exhibits. Exhibit 1 is by this reference incorporated into and made part of this Agreement.

B. Entire Agreement. There are no representations, covenants, promises, or obligations not contained in this Agreement that form any part of this Agreement or upon which any of the parties is relying in entering into this Agreement.

C. 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 Parties. Any requested amendment shall be promptly considered by all parties and acted upon within 60 days of receipt of the request with all reasonable documentation necessary to review the request.

D. 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 different provisions of this Agreement.

E. Materiality. Each party, for itself and its successors and assigns, hereby agrees that all of the representations, promises, covenants, agreements, findings, and obligations set forth in this Agreement are material to this Agreement.

F. No Interpretation Against Drafter. This Agreement has been negotiated by all parties and shall not be construed against any party as the drafter of this Agreement.

G. Joint Defense. Except for any suit against another party or parties to the Agreement to enforce this Agreement, the Parties agree to cooperate with each other in the defense of any lawsuit regarding the legality or enforceability of this Agreement.

H. Enforcement and Remedies. This Agreement shall be enforceable in the Circuit Court of Lake County, Illinois, Nineteenth District by any party in an appropriate action at law or in equity. Upon breach of this Agreement, a party, by an action or proceeding at law or in equity, may secure the specific performance of the covenants and agreements herein contained. No action taken by any party hereto pursuant to the provisions of this section or pursuant to the provisions of any other section of this Agreement shall be deemed to constitute an election of remedies, and all remedies set forth in this Agreement shall be cumulative and non-exclusive of any other remedy either set forth herein or available to either party at law or in equity.

I. Counterparts. This Agreement may be executed in several counterparts, all of which shall be an original and all of which shall constitute but one and the same Agreement. This Agreement shall be executed in multiple originals, with each party to receive a fully

executed original.

J. Effective Date; Recording; Duration. The Agreement shall be in full force and effect from and after: (i) its execution by an authorized representative of the Village, the District, and the Developer, (ii) the execution of an Annexation Agreement between the Village and the Developer, and (iii) recording of the Annexation Agreement and Annexation Ordinance; and (iv) for so long as the Property is within the jurisdictional limits of the Village of Grayslake. To the extent that any portion of the Property is not within the jurisdictional limits of the Village, the terms of this Agreement shall not be applicable to such unincorporated portion or portions of the Property.

K. Successors. This Agreement shall inure to the benefit of, and be binding upon the successors in interest of the Parties and, as to the Developer, its successors or assigns to all or any portion of the Property.

L. Third-Party Beneficiaries. The Parties agree that there are no incidental or intended third-party beneficiaries of this Agreement.

M. Event of Termination. If the Property is not annexed to the Village or, if annexed, it is disconnected pursuant to the terms of the Annexation Agreement, then this Agreement shall be of no force or effect and, if this Agreement has been recorded, the District shall timely execute and deliver to Developer a recordable instrument abrogating this Agreement.

N. Notices. All notices required herein shall be in writing and shall be deemed properly served if delivered in person, by commercial overnight air courier, by facsimile or by registered or certified U.S. Mail, return receipt requested, with postage prepaid to the following or to such other or additional parties and addresses as either the Developer, the Village, or the District may from time-to-time designate by notice:

If to Village:

Village of Grayslake
10 S. Seymour
Grayslake, IL 60030
Attn: Village Manager
Phone: 847-223-8515
Fax: 847-223-4821

If to District:

Fremont School District 79
28855 N. Fremont Center Rd.
Mundelein, IL 60060
Attn: Superintendent of Schools
Phone: 847-566-0169
Fax: 847-566-7280

If to Developer:

Lake County Land Holdings LLC
c/o The Alter Group
5500 W. Howard St.
Skokie, IL 60077
Attn: Stephen M. Park, Sr. Vice President
Phone: 847-676-4300
Fax: 847-676-7855

[Signature page to follow.]

IN WITNESS WHEREOF, the Parties have caused these presents to be executed by their duly authorized corporate officers and have caused their corporate seals to be hereunto affixed all as of the day and year first above written.

VILLAGE:

VILLAGE OF GRAYSLAKE, an
municipal corporation

DISTRICT:

FREMONT ELEMENTARY SCHOOL Illinois
DISTRICT NO. 79, an Illinois school district

By: _____
Mayor

By: Sandra Bickley
Its President

Attest:

Clerk

Attest:

[Signature]
Secretary

DEVELOPER:

LAKE COUNTY LAND HOLDINGS, L.L.C., a Delaware
Corporation

By: _____
Its _____

STATE OF ILLINOIS)
) ss
COUNTY OF LAKE)

I, the undersigned, a Notary Public, in and for the County and State aforesaid, DO HEREBY CERTIFY, that _____ personally known to me to be the Mayor of the Village of Grayslake, Illinois, A Municipal Corporation, and _____, Village Clerk, personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such Mayor and Village Clerk, they signed and delivered this instrument as Mayor and Village Clerk of said Village, and caused the Village seal of said municipality to be affixed hereto, pursuant to authority given by the Board of Trustees of said Village, as their free and voluntary act, and as the free and voluntary act and deed of said Village, for the uses and purposes therein set forth.

Given under my hand and notarial seal this _____ day of _____, 2009.

Notary Public (seal)
Commission expires:

STATE OF ILLINOIS)
) SS
COUNTY OF _____)

I, the undersigned, a notary Public, in and for the County and State aforesaid, DO HEREBY CERTIFY, that _____ personally known to me to be the Manager of LAKE COUNTY LAND HOLDINGS, L.L.C., a Limited Liability Company, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such Managing Partner, he/she signed and delivered the said instrument as Manager of said Limited Liability Company, pursuant to authority, given by the Operating Agreement of said Limited Liability Company as his/her free and voluntary act, and as the free and voluntary act and deed of said Limited Liability Company, for the uses and purposes therein set forth.

Given under my hand and official seal, this _____ day of _____, 2009.

NOTARY PUBLIC
Commission expires _____ (seal)

STATE OF ILLINOIS)
) ss
COUNTY OF LAKE)

I, the undersigned, a Notary Public, in and for the County and State aforesaid, DO HEREBY CERTIFY, that _____ personally known to me to be the President of the Board of Education of Freemont Elementary School District No. 79 and _____, District Secretary, personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such President and Secretary, they signed and delivered this instrument as President and Secretary of said School District No. 79 and caused the District seal to be affixed hereto, pursuant to authority given by the Board of Education said School District No. 79, as their free and voluntary act and as the free and voluntary act and deed of said School District No. 79., for the uses and purposes therein set forth.

Given under my hand and notarial seal this _____ day of _____, 2009.

Notary Public (seal)

Commission expires:

EXHIBIT 1

Legal Description of the Property

8706013_v5

AN AGREEMENT RELATING TO SCHOOL IMPACTS
OF THE ALTER DEVELOPMENT

THIS AGREEMENT is made and entered into on this 27 day of OCTOBER, 2009, by and among the VILLAGE OF GRAYSLAKE, an Illinois municipal corporation (the "Village"), MUNDELEIN HIGH SCHOOL DISTRICT NO. 120, an Illinois school district (the "District"), and LAKE COUNTY LAND HOLDINGS, L.L.C., a Delaware corporation ("Developer") (collectively, the Village, the District, and Developer are hereinafter referred to from time-to-time as the "Parties").

IN CONSIDERATION OF the mutual promises and covenants hereinafter set forth, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

Section 1. Recitals.

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D. The Parties acknowledge and agree that residential development on the Property will have certain impacts on the District, and the best interests of all the Parties will be served to address those impacts in the manner hereinafter described.

E. To minimize adverse financial impacts on the School District, the parties acknowledge that it is important (i) to time residential development with non-residential development to minimize adverse financial impacts on the District, and (ii) to cause appropriate School District Enhancement Fees to be paid by the Developer to the District.

F. This Agreement is entered into pursuant to the authority conferred upon the Village and the District, including without limitation Article VII, Section 10 of the Illinois Constitution and the Illinois Intergovernmental Cooperation Act, 5 ILCS 220.

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2. Age-Restricted Units. Dwelling units in an Age-Restricted Development where at least one resident is at least 55 years of age and there are no permanent residents under 21 years of age.
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such as townhouses having separate facilities except for common devising walls and roofs) that are made available based on prevailing market rates for rent and without any restriction regarding rental adjustment. Market Rate Apartments do not include Age-Restricted Units or Apartments in an Apartment Building that are for sale or intended for sale.

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7. Residential Sewerage Flow. The amount of sewage (as expressed in P.E.) generated from the residential development within the Property.

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A. General Limitations. Developer shall not develop any residential units on the Property except in accordance with the following restrictions:

1. Total Dwelling Units. Developer shall not develop more than 801 dwelling units on the Property. The dwelling units shall further be limited as follows:
 - a. Age-Restricted Units. A total of 178 dwelling units on the Property are planned to be Age-Restricted Units. A minimum of 145 of the total maximum 801 dwelling units shall be Age-Restricted Units except that the Age-Restricted Units may be replaced with non-residential development or open space; except that no more than ten Age-Restricted Units may be replaced with public open space. There shall be no limit on the number of Age-Restricted Units provided the total number of residential units shall not exceed 801. In addition, to the extent that the number of Age-Restricted Units is fewer than 145 units, then the total maximum dwelling units authorized for the Property shall be reduced from 801 on a unit-for-unit basis.
 - b. Apartments. No more than 78 apartments may be developed on the Property, which apartments shall all be Market Rate Apartments, not more than 50 of which may be designed or constructed with two bedrooms, and the remainder of which shall be designed and constructed with not more than one bedroom.

- (1) No certificates of occupancy for apartments on the Property (other than authorized Model Units) may be issued earlier than five years after the first building permit is issued for any portion of the Property.
- (2) In addition to the requirement discussed in Section 3 A.1.b.(1), no certificates of occupancy for apartments on the Property (other than authorized Model Units) may be issued until at least 500,000 square feet of non-residential buildings have been built.
- (3) Notwithstanding paragraphs (1) and (2) above; certificates of occupancy for apartments on the Property may be issued provided a minimum of 1,000,000 square feet of non-residential buildings have been built,
- (4) The minimum fair market value (based on purchase price) of a one-bedroom apartment shall not be less than \$185,000, and the minimum fair market value of a two-bedroom apartment shall not be less than \$220,000 [which values are expressed in 2008 dollars and shall be adjusted based on the Engineering News Record (ENR) Building Cost Index.
- (5) The Landlord of any residential rental property shall limit the number of parking spaces assigned to rental unit tenants to not more than 2 primary spaces per unit and guest parking of not more than 10% of the total number of primary parking spaces. The provisions of the Annexation Agreement shall contain parking regulations for the rental properties consistent with this paragraph (5).

c. Detached Market Rate Single-Family Dwelling. No more than 123 detached market rate single-family dwellings may be developed on the Property.

- (1) No more than 41 certificates of occupancy for detached market rate single-family dwellings on the Property may be issued in the first year of sales and no more than 82 certificates of occupancy for detached market rate single-family dwellings on the Property may be issued in the first two years of sales.
- (2) Certificates of occupancy for detached market rate single-family dwellings may only be issued in accordance with the following limitations:

- (a) No certificates of occupancy for detached market rate single-family dwellings on the Property (other than authorized Model Units) may be issued earlier than five years after the first building permit is issued for any portion of the Property.
 - (b) No certificates of occupancy for detached market rate single-family dwellings on the Property (other than authorized Model Units) may be issued until at least 500,000 square feet of non-residential buildings have been built.
 - (c) Notwithstanding paragraphs (a) and (b) above; certificates of occupancy for detached market rate single-family dwellings on the Property may be issued provided a minimum of 1,500,000 square feet of non-residential buildings have been built.
- d. Townhomes and Condominiums. Other than Age-Restricted Units, Apartments, and Detached Market Rate Single-Family Dwellings, the remaining types of dwellings to be developed on the Property will be townhomes and condominiums as described in the General Development Plan. In the event the number of Apartments built is less than 78, or the number of Detached Market Rate Single-Family Dwellings built is reduced below 123, the number of townhomes or condominiums can be increased by a corresponding number.
2. General Development Plan. The Village and the Developer agree that no change in the authorized number or type of dwelling units in, or in the phasing requirements under, the General Development Plan for the Property shall be approved that is inconsistent with Sections 3.A and 3.B of this Agreement and that would result in an increase in the number of students generated from the Property [based on page 16, Table 11 of the Gruen Gruen and Associates "Fiscal Impact of Proposed Cornerstone on Fremont School District no. 79, Mundelein High School District No. 120, and Grayslake Community High School District No. 127 Using Lake County School Impact Model," dated February 2009 ("*Gruen February 2009 Fiscal Impact Report*")], unless the District first approves such change.
3. Dwelling Unit Designs. All dwelling units constructed on the Property shall substantially conform with the "Cornerstone, A New Beginning:

Project Vision and Pattern Book," as amended, which will be an exhibit to the Annexation Agreement.

B. General Phasing Requirements. Residential development on the Property (as measured by Residential Sewerage Flow) shall be coordinated with the construction of non-residential development as follows:

1. Phase I. The total amount of Residential Sewerage Flow from the Property (exclusive of Residential Sewerage Flow attributable to Age-Restricted Units and authorized Model Units) shall not exceed 750 P.E. until at least 500,000 square feet of non-residential buildings have been built on the Property.
2. Phase II. The total amount of Residential Sewerage Flow (exclusive of Residential Sewerage Flow attributable to Age-Restricted Units and authorized Model Units) from the Property shall not exceed 1,500 P.E. until at least 1,000,000 square feet of non-residential buildings have been built on the Property.
3. Phase III. The total amount of Residential Sewerage Flow (exclusive of Residential Sewerage Flow attributable to Age-Restricted Units and authorized Model Units) from the Property shall not exceed 2,250 P.E. until at least 1,500,000 square feet of non-residential buildings have been built on the Property.
4. Total Residential Sewerage Flow. The total Residential Sewerage Flow from the Property shall not exceed 3,000 P.E., unless the Village expressly permits additional Residential Sewerage Flow, but in no event shall the total Residential Sewerage Flow exceed 3,500 P.E.
5. Transfer of Residential Sewerage Flow. Nothing in this Agreement shall prevent the Developer or the Village from allowing the total amount of Residential Sewerage Flow to be less than 3,000 P.E. in which case the PE allocation shall be transferred to the non-residential development within the Property

Section 4. School District Enhancement Fees.

A. Fee Schedule The Developer agrees to pay School District Enhancement Fees to the District prior to the issuance of the building permit for the initial construction of each dwelling unit in accordance with the following schedule:

Type of Dwelling Unit / Number of Bedrooms	SDEF Amount
Single Family Detached - 2 Bedroom	\$207.58
Single Family Detached - 3 Bedroom	1,909.74
Single Family Detached - 4 Bedroom	3,736.44
Single Family Attached - 2 Bedroom	394.40
Single Family Attached - 3 Bedroom	612.36
Single Family Attached - 4 Bedroom	1,795.57
Apartments/Condominiums - 1 Bedroom	10.38
Apartments/Condominiums - 2 Bedroom	477.43
Age Restricted Units	500.00

B. Annual Fee Adjustment The amount of the School District Enhancement Fees in the foregoing table are expressed in 2009 dollars and may be increased once annually anytime after January 1 of each year by the District based upon the Engineering News Record (ENR) Building Cost Index. By way of example and not by way of limitation, the following formula shall be used in calculating the Annual Fee Adjustment:

ENR Building Cost Index:

January 2009	5890.27
January 2008	<u>5583.84</u>
Differential	306.43
Divide by Base (Jan 2008 Index)	5583.84
Percentage Change for 2008 - 2009	5.49% (factor of 1.0549)

If the Fee to be adjusted is \$1000, the fee would be increased to \$1055 which is

$$\$1000 \times \underline{1.0549} = \$1054.9 = \underline{\$1055} \text{ (rounded)}$$

Within five business days after the adoption of new School District Enhancement Fees in accordance with this Section 4.B, the District shall notify Developer in accordance with Section 6.M. of this Agreement. In no event shall the School District Enhancement Fees be reduced due to a decrease of any kind in the ENR Building Cost Index.

C. Fee Limitations. Nothing in this Agreement shall require Developer to pay a higher or additional amount per residential unit type in any given year than that required pursuant to this Section 4. The fees established by this Agreement, and as adjusted in accordance with Section 4.B. above, shall be the exclusive fees charged to Developer for development of the residential components of the Developer's project. Notwithstanding any other provision of this Section 4, Developer's fees shall not be reduced unless (1) the District negotiates a lower fee per residential unit type with another developer and (2) the total Per-Student Real Estate Tax Revenue generated by the other development project is less than the Per-Student Real Estate Tax Revenue generated by the Developer's project on the Property. The Per-Student Real Estate Tax Revenue of the Developer's project shall be determined by (i) using the data from where the Build-Out column and Total Property Tax Revenue row intersect from page 17, Table 12 of the Gruen February 2009 Fiscal Impact Report to determine the projected ad valorem tax revenue at build-out and (ii) using the data from page 16, Table 11 of the Gruen February 2009 Fiscal Impact Report to determine the projected number of students at build-out, and dividing the projected ad valorem tax revenue by the projected total number of students at build-out. The Per-Student Real Estate Tax Revenue for the other development shall be determined by utilizing the Lake County

School Impact Model ("*Model*") to estimate the District's ad valorem tax revenue at build-out. The ad valorem tax revenue at build-out shall be divided by the number of students that the Model projects to be generated at build-out.

Example:

Estimated total property tax revenue at build-out for Cornerstone	\$3,954,900
Estimated total number of students at build-out	68.359
$\$3,954,900 / 68.359 = \$57,855$	

Section 5. School District Support.

From and after the execution of this Agreement by the Parties, and for so long as the School District has a right to receive the fees established herein, upon the reasonable request of the Developer, the District shall execute letters endorsing and supporting the project proposed for the Property as a project which, under the terms of this Agreement, does not adversely affect the mission of the District and the education of its students, and shall appear at public hearings and meetings as may be reasonably requested by the Village and the Developer to present testimony in support of the project.

Section 6. Legal Relationships and Requirements.

A. Exhibits. Exhibit 1 is by this reference incorporated into and made part of this Agreement.

B. Entire Agreement. There are no representations, covenants, promises, or obligations not contained in this Agreement that form any part of this Agreement or upon which any of the parties is relying in entering into this Agreement.

C. 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 Parties. Any requested amendment shall be

promptly considered by all parties and acted upon within 60 days of receipt of the request with all reasonable documentation necessary to review the request.

D. 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 different provisions of this Agreement.

E. Materiality. Each party, for itself and its successors and assigns, hereby agrees that all of the representations, promises, covenants, agreements, findings, and obligations set forth in this Agreement are material to this Agreement.

F. No Interpretation Against Drafter. This Agreement has been negotiated by all parties and shall not be construed against any party as the drafter of this Agreement.

G. Joint Defense. Except for any suit against another party or parties to the Agreement to enforce this Agreement, the Parties agree to cooperate with each other in the defense of any lawsuit regarding the legality or enforceability of this Agreement.

H. Enforcement and Remedies. This Agreement shall be enforceable in the Circuit Court of Lake County, Illinois, Nineteenth District by any party in an appropriate action at law or in equity. Upon breach of this Agreement, a party, by an action or proceeding at law or in equity, may secure the specific performance of the covenants and agreements herein contained. No action taken by any party hereto pursuant to the provisions of this section or pursuant to the provisions of any other section of this Agreement shall be deemed to constitute an election of remedies, and all remedies set forth in this Agreement shall be

cumulative and non-exclusive of any other remedy either set forth herein or available to either party at law or in equity.

I. Counterparts. This Agreement may be executed in several counterparts, all of which shall be an original and all of which shall constitute but one and the same Agreement. This Agreement shall be executed in multiple originals, with each party to receive a fully executed original.

J. Effective Date; Recording; Duration. The Agreement shall be in full force and effect from and after: (i) its execution by an authorized representative of the Village, the District, and the Developer, (ii) the execution of an Annexation Agreement between the Village and the Developer, and (iii) recording of the Annexation Agreement and Annexation Ordinance; and (iv) for so long as the Property is within the jurisdictional limits of the Village of Grayslake. To the extent that any portion of the Property is not within the jurisdictional limits of the Village, the terms of this Agreement shall not be applicable to such unincorporated portion or portions of the Property.

K. Successors. This Agreement shall inure to the benefit of, and be binding upon the successors in interest of the Parties and, as to the Developer, its successors or assigns to all or any portion of the Property.

L. Third-Party Beneficiaries. The Parties agree that there are no incidental or intended third-party beneficiaries of this Agreement.

M. Event of Termination. If the Property is not annexed to the Village or, if annexed, it is disconnected pursuant to the terms of the Annexation Agreement, then this Agreement shall be of no force or effect and, if this Agreement has been recorded, the District shall timely execute and deliver to Developer a recordable instrument abrogating this Agreement.

N. Notices All notices required herein shall be in writing and shall be deemed properly served if delivered in person, by commercial overnight air courier, by facsimile or by registered or certified U.S. Mail, return receipt requested, with postage prepaid to the following or to such other or additional parties and addresses as either the Developer, the Village, or the District may from time-to-time designate by notice:

If to Village: Village of Grayslake
10 S. Seymour
Grayslake, IL 60030
Attn: Village Manager
Phone: 847-223-8515
Fax: 847-223-4821

If to District: Mundelein High School District 120
1350 W. Hawley Street
Mundelein, IL 60060
Attn: Superintendent of Schools
Phone: 847-949-2200
Fax: 847-949-4614

If to Developer: Lake County Land Holdings LLC
c/o The Alter Group
5500 W. Howard St.
Skokie, IL 60077
Attn: Stephen M. Park, Sr. Vice President
Phone: 847-676-4300
Fax: 847-676-7855

[Signature page to follow.]

IN WITNESS WHEREOF, the Parties have caused these presents to be executed by their duly authorized corporate officers and have caused their corporate seals to be hereunto affixed all as of the day and year first above written.

VILLAGE:

VILLAGE OF GRAYSLAKE, an
municipal corporation
district

By: _____
Mayor

Attest:

Clerk

DISTRICT:

MUNDELEIN HIGH SCHOOL Illinois
DISTRICT NO. 120, an Illinois school

By: Ed. M. Anko
Its President

Attest:

Karen Hauke
Secretary

DEVELOPER:

LAKE COUNTY LAND HOLDINGS, L.L.C., a Delaware
Corporation

By: _____

Its _____

STATE OF ILLINOIS)
) ss
COUNTY OF LAKE)

I, the undersigned, a Notary Public, in and for the County and State aforesaid, DO HEREBY CERTIFY, that _____ personally known to me to be the Mayor of the Village of Grayslake, Illinois, A Municipal Corporation, and _____, Village Clerk, personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such Mayor and Village Clerk, they signed and delivered this instrument as Mayor and Village Clerk of said Village, and caused the Village seal of said municipality to be affixed hereto, pursuant to authority given by the Board of Trustees of said Village, as their free and voluntary act, and as the free and voluntary act and deed of said Village, for the uses and purposes therein set forth.

Given under my hand and notarial seal this _____ day of _____, 2009.

Notary Public (seal)
Commission expires:

STATE OF ILLINOIS)
) SS
COUNTY OF _____)

I, the undersigned, a notary Public, in and for the County and State aforesaid, DO HEREBY CERTIFY, that _____ personally known to me to be the Manager of LAKE COUNTY LAND HOLDINGS, L.L.C., a Limited Liability Company, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such Managing Partner, he/she signed and delivered the said instrument as Manager of said Limited Liability Company, pursuant to authority, given by the Operating Agreement of said Limited Liability Company as his/her free and voluntary act, and as the free and voluntary act and deed of said Limited Liability Company, for the uses and purposes therein set forth.

Given under my hand and official seal, this _____ day of _____, 2009.

NOTARY PUBLIC
Commission expires _____ (seal)

STATE OF ILLINOIS)
) ss
COUNTY OF LAKE)

I, the undersigned, a Notary Public, in and for the County and State aforesaid, DO HEREBY CERTIFY, that EDWIN SPECHT personally known to me to be the President of the Board of Education of Mundelein High School District No. 120 and KAREN HAYLIK District Secretary, personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such President and Secretary, they signed and delivered this instrument as President and Secretary of said School District No. 120 and caused the District seal to be affixed hereto, pursuant to authority given by the Board of Education said School District No. 120, as their free and voluntary act and as the free and voluntary act and deed of said School District No. 120., for the uses and purposes therein set forth.

Given under my hand and notarial seal this 27 day of OCTOBER, 2009.

Shelley Malham
Notary Public

(seal)

Commission expires: 1/19/2010



EXHIBIT 1

Legal Description of the Property

8706024_v5