

**WATER SUPPLY AND SALES AGREEMENT FOR
FOREST LAKE SUBDIVISION
Entered Into By and Between
The County of Lake, Illinois
and
Aqua Illinois, Inc.
and
The Village of Hawthorn Woods
Effective as of
JUNE 14th, 2011**

THIS WATER SUPPLY AND SALES AGREEMENT ("**Agreement**") is made this 14th day of JUNE, 2011 by and between the Aqua Illinois, Inc. ("**Aqua**"), an Illinois corporation, the County of Lake ("**Lake County**"), an Illinois body politic and corporate, and the Village of Hawthorn Woods ("**Village**"), an Illinois municipal corporation (Aqua and Lake County and Village being collectively referred to as the "**Parties**", and each individually referred to as a "**Party**").

WHEREAS, Lake County owns and operates a public water supply within unincorporated Lake County, in an area generally consisting of a portion of the Forest Lake subdivision ("Forest Lake"); and

WHEREAS, the existing water supply system in Forest Lake is now more than 45 years old; and

WHEREAS, the Forest Lake water supply system has been cited for violation(s) of State drinking water standards by the Illinois Environmental Protection Agency ("IEPA"); and

WHEREAS, Aqua is willing to sell water to Lake County as provided herein; and

WHEREAS, Lake County has a need for a new source of water supply to serve customers within the Forest Lake area; and

WHEREAS, the Village has adopted a Village ordinance which mandates the payment to the Village of a \$2,000/residence connection fee (for water lines less than 2") ("Connection Fee") for properties connecting to or being supplied through the Aqua water supply system; and

WHEREAS, on or about October 18, 2004, United Land Development L.L.C. and others ("**Kemper Parties**") entered into a certain settlement agreement ("**Settlement Agreement**") with the Village. The Settlement Agreement, among other things, required the Kemper Parties to construct a certain water main along Old McHenry Road ("**Water Main**"), as provided for therein. The Settlement Agreement was incorporated in the stipulated dismissal of the case entitled *Village of Hawthorn Woods v. Amcore Investment Group N.A. as Trustee, et al*, 04 ED 56, consolidated with *Village of Hawthorn Woods v. Kemper Lakes Golf Course, L.L.C., et al*, 04 ED 57; and

WHEREAS, the Settlement Agreement provided that, upon completion of the Water Main, the Kemper Parties and the Village would enter into a recapture agreement (“Recapture Agreement”) by which property owners being supplied from the Water Main would pay their allocable share of the cost of construction of said Water Main. The Forest Lake PWS will be connected to and supplied water through the Water Main which is now owned by Aqua; and

WHEREAS, on or about November 15, 2010, the Parties hereto and others entered into a Recapture and Settlement Agreement further defining, inter alia, the Kemper Parties Recapture rights and obligations. For purposes of this Water Supply and Sales Agreement, the Village agrees and stipulates that the recapture that will be charged to the Forest Lake area (“ Forest Lake Recapture Amount” or “Recapture Amount”) will be \$286,200; and

WHEREAS, the Forest Lake PWS contains 72 residences to be served and this Agreement is intended to provide the mechanism by which the Connection Fees and Recapture Amount are paid by Forest Lake Customers for this project, and said Village Connection Fees and Amount are paid over to the Village as otherwise provided pursuant to this agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth below, the Parties hereby agree as follows:

1. **Definitions.**

The following terms when used in this Agreement shall, unless the context clearly establishes otherwise, have the following meanings:

“**Applicable Law**” means all federal, State, and local statutes, laws, ordinances, regulations, rules, codes and orders applicable to the operations, facilities and activities of Aqua, Lake County, and Village.

“**Aqua System**” means the water supply system along Old McHenry Road owned or operated by Aqua with IEPA facility PWS IL0975040 which will supply the Forest Lake PWS. The Aqua System includes the sources, various water treatment, pumping, and conveyance facilities owned and operated by Aqua.

“**Lake County System**” means that portion of the Lake County’s water supply system located within the Forest Lake subdivision in unincorporated Lake County, Illinois, on

the Execution Date of this Agreement that is intended to become interconnected by pipeline with the Aqua System under the terms of this Agreement.

“Effective Date” means the date on which Aqua commences delivery of water to Lake County pursuant to this Agreement.

“Execution Date” means the date on which all Parties have executed this Agreement, as set forth in the first paragraph of this Agreement.

“Change in Law” means any of the following acts, events, or circumstances to the extent that compliance therewith materially increases the cost of performing or the scope of, a Party’s obligations hereunder:

(1) the adoption, amendment, promulgation, issuance, modification, repeal or written change in administrative or judicial interpretation of any Applicable Law on or after the Execution Date;

(2) the order or judgment of any Governmental Body issued on or after the Execution Date (unless such order or judgment is issued to enforce compliance with Applicable Law which was effective as of the Execution Date) to the extent that such order or judgment is not the result of willful or negligent action, error or omission of the Party seeking relief; provided, however, that the contesting in good faith or the failure in good faith to contest any such order or judgment shall not constitute or be construed as such a willful or negligent action, error or omission;

(3) the suspension, termination, or interruption of any Governmental Approval, a failure to obtain or unusual delay in obtaining any Governmental Approval, or the imposition of a term, condition or requirement which is more stringent or burdensome than the requirements in effect as of the Execution Date, to the extent that such occurrence is not the result of willful or negligent action, error or omission of the Party seeking relief or the failure of the party seeking relief to diligently submit and prosecute Governmental Approval Applications; provided, however, that the contesting in good faith or the failure in good faith to contest any such order or judgment shall not constitute or be construed as such a willful or negligent action, error or omission.

“Drinking Water Requirements” means all requirements (including water quality, monitoring, reporting, recordkeeping, notification and other requirements) imposed under the Federal Safe Drinking Water Act, 42 U.S.C. §300f *et seq.*, and the Illinois Safe Drinking Water Act, and the regulations adopted pursuant thereto.

“Drinking Water Standards” means the primary and secondary maximum contaminant level standards established under the Federal Safe Drinking Water Act, 42 U.S.C. §300f *et seq.*, and the Illinois Safe Drinking Water Act, and the regulations adopted pursuant thereto.

“Existing Customer” means any of the 72 residences which are served by the current Forest Lake PWS, as depicted on **Exhibit A**.

“Forest Lake subdivision” means the territory within unincorporated Lake County served by the Forest Lake public water supply system, as depicted on the map thereof attached as **Exhibit A**.

“Governmental Approval” means any permit, license, authorization, consent, approval, waiver, exception, variance, order, or exemption issued by any Governmental Body pursuant to an Applicable Law.

“Governmental Body” means any agency of the United States Government, state or other governmental entity exercising executive, legislative, judicial, regulatory or administrative functions of a government with jurisdiction over the operations, facilities and activities of Aqua, Lake County, and Village.

“gpd” means gallons per day.

“gpm” means gallons per minute

“ICC” means the Illinois Commerce Commission.

“IEPA” means the Illinois Environmental Protection Agency, or any successor agency.

“Interconnection Facilities” means a meter, meter pit, and all necessary appurtenances at the Point of Delivery as shown on **Exhibit A**.

“mgd” means million gallons per day.

“Point of Delivery” means the location of interconnection between the water supply systems of Aqua and Lake County as shown on **Exhibit A** attached hereto and made a part hereof. The Point of Delivery may be modified by mutual agreement of Aqua and Lake County.

“Potential Customer” means any residence which is located within the Forest Lake subdivision, but is not an Existing Customer, but may in the future be served by the new Forest Lake PWS, but was not considered or was not able to be served at the time of execution of this Agreement.

“Prudent Industry Practice” means the methods, techniques, standards and practices which, at the time they are to be employed and in light of the circumstances known or reasonably believed to exist at such time, are generally as reasonably prudent operation,

maintenance, repair, replacement and management practices followed by the municipal water supply and treatment industry in the northeastern region of the United States.

“PWS” means public water system

“State” means State of Illinois.

"TG" means one thousand (1000) gallons.

“**Uncontrollable Circumstance**” means any act, event, or condition beyond the reasonable control of a Party which materially affects the ability of that Party to perform any obligation under this Agreement (except payment obligations), including (i) a Change of Law, (ii) earthquake, flood, hurricanes, or other natural disaster, (iii) acts of God, (iv) war, civil insurrection, acts of terrorism, or acts of any public enemy; (v) an act of eminent domain or taking, (vi) catastrophic equipment failure or contamination of water sources which are not the result of the willful or negligent actions or omissions by the Party claiming relief; or (viii) failure or interference with normal sources of supply, accident, or other circumstances beyond a party’s reasonable control. “Uncontrollable Circumstances” does *not* include: (1) any act, event or circumstance that would not have occurred if the affected Party had complied with its obligations under the Agreement; (2) changes in interest rates, inflation rates, wage rates, insurance costs, taxes, commodity prices or other general economic conditions, except as otherwise specifically provided in this Agreement; (3) changes in the financial condition of a Party affecting the ability to perform its obligations.

2. Sale of and Purchase of Water, Interconnection and Term.

(a) *Aqua to Sell Water.* Aqua agrees to sell water to Lake County at the Point of Delivery and upon terms and conditions hereinafter provided. Lake County agrees to purchase water at the following rate:

(1) Usage Charges

a. Upon execution of the Agreement, the rate charged for water (the “Usage Charge”) will be according to Aqua’s current ICC approved water tariffs.

b. Thereafter, the Usage Charge shall change from time to time as approved by the ICC.

(2) **Customer Charge.** In addition to the Usage Charge, Lake County shall pay a Customer Charge for the wholesale meter located within the Interconnection Facilities, currently set at \$15.00 per meter per month, which Customer Charge is subject to change from time to time as approved by the ICC.

(b) **Limit On Obligation of Aqua to Supply Water.** Aqua shall supply a maximum day demand of 30,000 gpd for domestic use. The Aqua water distribution system is designed to deliver operating pressure within the range of 60 psi to 80 psi at the Point of Delivery during normal operations. Aqua shall not be obligated, but shall make its best efforts, to supply a maximum day volume of water in excess of 30,000 gpd, if necessary. Furthermore, Aqua shall not restrict flow by installing any flow control devices at the Point of Delivery or any point downstream. Nothing herein is intended to guaranty a specific operating pressure.

(c) **Aqua Delivery of Water at Point of Delivery.** Lake County shall construct, install and complete the Interconnection Facilities. Lake County shall transfer ownership of the tapping sleeve and valve at the Point of Delivery to Aqua as set forth in section 3.

(d) **Use of Purchased Water.** The water purchased by Lake County shall be used solely for the purpose of supplying Existing and Potential Customers within the Forest Lake area, at the Execution Date and may not be resold for use in other portions of Lake County's utility system, unless otherwise agreed to by Aqua, the Village, and Lake County in writing.

(e) **Term.** The term of this Agreement shall be for a period of 20 years from the Effective Date (the "Term"). The Term of this Agreement shall automatically renew for up to two (2) successive periods of five (5) years each unless any Party provides the other Parties with written notice of its intention to terminate the Agreement at least three (3) years prior to the expiration of the Term.

3. **Construction, Ownership and Maintenance of Facilities.**

(a) **Point of Delivery.** Lake County shall provide or arrange for the design, construction, and completion of a PWS which will consist of a 6 inch diameter water transmission main, Interconnection Facilities, the Point of Delivery, and the Easement as laid out in this agreement

- (1) All design plans and installations of the Interconnection shall be subject to Aqua's prior review and approval of all related plans, specifications and final construction as-builts as well as costs.
- (2) Each Interconnection shall contain a shut off valve, a meter, and proper and adequate facilities for the purpose of access and sampling and monitoring the water.
- (3) Aqua's approvals of any design plans and installations shall be solely for the benefit of Aqua and in no event shall Aqua's approval create a duty to, or be for the benefit of, any other party to this agreement, or any third party.
- (4) The Interconnection must be approved by the appropriate local, state or federal agency and such approval must be on file prior to any connection to Aqua facilities.
- (5) The Interconnection shall be constructed such that it is located within Aqua's current service territory of Lake County-Hawthorn Woods;
- (6) Any easement right acquired by Lake County for the Interconnection facilities shall allow Aqua free access to the easement area.

(b) **Meter.** As laid out in section 3(d) Lake County shall dedicate and transfer ownership of the wholesale meter located within the Interconnection Facilities to Aqua, at which time Aqua will be responsible for maintaining said meter, and installing appropriate meter reading devices at the meter pit location.

(c) **Maintenance of Facilities.** Aqua shall operate, inspect, maintain, and repair the Aqua System, to include the tapping sleeve and valve at the Point of Delivery in accordance with Prudent Industry Practice and in compliance with all Applicable Laws and Governmental Approvals.

(d) **Transfer of Ownership.** On the date the Interconnection Facilities are placed in service and bulk water is being delivered by Aqua to Lake County for distribution through the

new Forest Lake PWS, Lake County shall transfer ownership of the tapping sleeve and valve at the Point of Delivery to Aqua, evidenced by a duly executed Bill of Sale. At this time, Lake County shall continue all obligations of Grantee under the Easement.

(e) **No Title.** This Agreement shall not create or vest in Lake County any ownership interest in, or title to, any part of the facilities installed, owned, operated and maintained by Aqua.

(f) **No Extension of Rights.** Nothing in this Agreement, whether explicit or implicit, express or implied, or by operation of law, shall give rise or create any additional right, argument, or entitlement by Lake County over the Aqua System, including any rights of condemnation pursuant to Applicable Law.

(g) **Village Connection Fees and Village (Kemper Parties) Recapture Amount.** The Village represents that for each of the 72 residences (Existing Customers) in the Forest Lake area to be served by and connected to the new PWS through the Aqua Water Main, pursuant to Village ordinance, there is due and owed to the Village from the Forest Lake area resident(s) a Connection Fee of \$2,000 per residence, for a total sum of \$144,000. In addition, the Village represents that, pursuant to the Recapture Agreement to be entered into between the Village and the Kemper Parties, the HWG Recapture Amount that \$3,975 per residence, for a total sum of \$286,200.

(1) **Recapture Amount Payment by the County to the Village.** On or prior to the date bulk water is being delivered by Aqua to Lake County for distribution through the new Forest Lake PWS, the County agrees to pay over to the Village the Village Connection Fee of \$144,000 and the Recapture Amount of \$286,200.

(2) Nothing herein shall obligate Aqua in regard to any payment of, collection of or to have any obligation whatsoever in regard to any Connection Fee or Recapture Amounts due to any other party.

4. **Billing Procedures.**

(a) ***Meter Reading and Invoicing.*** Each month Aqua shall read the meter contained within the Interconnection Facilities and invoice Lake County for the Usage Charge, Customer Charge and any other charges as delineated on the attached **Exhibit B (ICC Schedule of Rates for Water Service)** pursuant to Aqua's tariff which charges are subject to change from time to time as approved by the ICC.

(b) ***Due Date and Payment.*** Lake County shall make payment within thirty (30) days after receipt of the invoice (the "**Due Date**"). All payment and past due charges shall be governed by the terms of the Illinois Local Government Prompt Payment Act, 50 ILCS 505/1 et seq.

(c) ***Disputed Sums.*** If Lake County disputes any amount set forth in an invoice presented by Aqua, Lake County must, on or before the Due Date: (i) pay the invoice, and (ii) notify Aqua in writing of the basis for any such the dispute. Following the resolution of any such dispute, if the Lake County owes any amount to Aqua, such amount shall bear interest as provided in the Illinois Local Government Prompt Payment Act, 50 ILCS 505/8, from the original Due Date; and if Aqua owes any reimbursement of any amounts paid by Lake County, such amounts shall be paid with interest at the 50 ILCS 505/8 rate accruing from the date on which the Lake County made payment of such amounts.

(d) ***Disputes Regarding Meter Accuracy.*** If any dispute arises in which any Party disputes the accuracy of the meter, a meter test shall be performed by a qualified firm acceptable to the Parties and an authorized representative of the Parties shall have the right to be present for such meter test. If the meter test determines that the meter is measuring flow within the accuracy limits set forth in applicable ICC regulations, the Party disputing the accuracy of the meter shall pay for the meter test. If the meter test determines that the meter is not measuring flow within the accuracy limits set forth in applicable ICC regulations, (i) the meter shall be replaced or recalibrated at the cost of Aqua, (ii) any disputed amounts set forth in invoices based upon the readings of such meter shall be adjusted by an amount to reflect the accuracy error value shown in the meter test, and (iii) Aqua shall pay for the cost of the meter test.

5. **Meter Testing and Calibration.**

(a) The Interconnection Facilities' meter shall be tested and calibrated annually by and at the cost of Aqua according to accepted industry standards and Prudent Industry Practice. An authorized representative of Lake County shall have the right to be present when meter testing is performed.

(b) Lake County may request that Aqua test the Interconnection Facilities' meter more frequently but any such tests shall be performed at the sole expense of Lake County.

6. **Water Quality.**

(a) The water delivered by Aqua shall meet all applicable Drinking Water Standards at the Point of Delivery and shall comply with all applicable Drinking Water Requirements.

(b) Aqua shall not be responsible for any contamination or degradation in the quality of the water that occurs after the Point of Delivery. Upon written request, Aqua shall provide Lake County with reports of any water quality test results for water samples taken at the Point of Delivery and, upon written request, with seven calendar days prior notice, Lake County shall be entitled to take split samples with Aqua at the Point of Delivery.

(c) Upon seven calendar days' written notice or request, Aqua shall provide Lake County access to the meter pit in order to take its own water samples at the Point of Delivery.

(d) The Parties shall meet and discuss any planned changes in treatment processes or chemicals, prior to making such changes, and determine if the planned changes will have any adverse impact on the other Party.

7. **Planned Service Interruptions.**

Planned service interruptions that would impact Lake County's provision of a potable water supply to Forest Lake area residents, may be required in the course of operation, repair or maintenance of the Aqua System. All parties acknowledge that the Forest Lake area PWS does not possess any water storage facilities, and Aqua shall use its best efforts and apply Prudent Industry Practice to minimize the number, duration and impact of such occurrences, and limit

any such service interruptions to a maximum twenty-four (24) hour service interruption. Aqua shall provide Lake County with 72 hours advance notice of any planned service interruptions.

8. **Responsibility of Parties.**

To the extent authorized by law, each Party shall be solely responsible to provide water service to customers of its respective system at adequate flow rates and pressures and neither Party shall have any responsibility to the other Party, or any customer of the other Party's water system, for any costs, expenses, damages, liability, loss, claims, suits, or proceedings of any nature arising out of alleged inadequate water pressure or alleged inadequate flow rate in the other Party's water system.

9. **Uncontrollable Circumstances and Change in Law.**

(a) *Uncontrollable Circumstances.* If by reason of Uncontrollable Circumstances, any Party shall be rendered unable, wholly or in part, to satisfy its obligations under this Agreement, then those obligations, to the extent affected by such Uncontrollable Circumstances, shall be suspended or reduced during the continuance of the inability to perform hereunder. Such Party shall be excused from performance only during the period and to the extent that the affected Party, acting with all due diligence and dispatch, is prevented from performing by the Uncontrollable Circumstance. The Party suffering such Uncontrollable Circumstances shall provide notice by telephone to the other Parties at the earliest possible time, and shall thereafter provide a written description of such Uncontrollable Circumstance event, and the actions being taken to mitigate the effect of such Uncontrollable Circumstance, within three (3) working days after the occurrence of such Uncontrollable Circumstance event. Notwithstanding the foregoing, however, to the extent an Uncontrollable Circumstance similarly affects or applies to the water supply obligations of Aqua to others, Aqua shall be excused from performance hereunder only to the same extent and to the same measure as Aqua is unable to perform its obligations to any other public water supply purchaser.

(b) *Duty to Mitigate.* The Party experiencing an Uncontrollable Circumstance event shall use its best efforts to remove or overcome such Uncontrollable Circumstance as soon as reasonably possible.

(c) ***Drought Contingency Plan.*** Lake County has a Water Restriction Ordinance, to regulate water usage from public water supply during times of water shortages or drought. (A copy of the current Ordinance is attached as **Exhibit C.**) In the event of drought, Lake County agrees to impose drought restrictions that are no less stringent than those imposed by Lake County elsewhere within the county corporate limits. To the extent that Aqua or the Village have more stringent water restriction or drought water supply regulations or ordinances, any such more stringent regulations or ordinances shall be enforced by either Aqua or the Village.

10. **Events of Default and Remedies.**

(a) ***Lake County Event of Default.*** The following events shall constitute a Lake County Event of Default under this Agreement:

(1) Lake County's failure, neglect, or refusal to pay any payment due to Aqua under this Agreement, which continues for thirty (30) days after written notice to Lake County.

(2) Lake County's failure to keep and perform any of Lake County's obligations under this Agreement, which failure or breach continues for thirty (30) days after written notice thereof by Aqua to Lake County, unless the nature of the failure or breach is such that more than 30 days is required for its cure and Lake County has commenced such cure within such 30 day period and thereafter diligently prosecutes the same to completion.

(b) ***Remedies for Lake County Event of Default.***

(1) If a Lake County Event of Default shall occur, Aqua shall have the right to seek specific performance or any other remedy at law or equity.

(2) If a Lake County Event of Default shall occur, if such default shall not be cured as provided herein, Aqua shall have the right to terminate this Agreement. No act by Aqua other than giving express notice to Lake County shall terminate this Agreement.

(c) ***Aqua Event of Default.*** The following events shall constitute an Aqua Event of Default under this Agreement:

(1) Aqua's failure to keep and perform any of Aqua's obligations under this Agreement, which failure or breach continues for thirty (30) days after written notice thereof by Lake County to Aqua, unless the nature of the failure or breach is such that more than 30 days is required for its cure and Aqua has commenced such cure within such 30 day period and thereafter diligently prosecutes the same to completion.

(d) Remedies for Aqua Event of Default.

(1) If an Aqua Event of Default shall occur, Lake County shall have the right to seek specific performance or any other remedy at law or equity.

(2) If an Aqua Event of Default shall occur, and if such default shall not be cured as provided herein, Lake County shall have the right to terminate this Agreement. No act by Lake County other than giving express notice to Aqua shall terminate this Agreement.

(3) Neither Party shall initiate a remedy of any Event of Default without first giving at least thirty (30) days prior written notice thereof to the other Parties unless such notice would prejudice the initiating party's rights to obtain such remedy.

11. Dispute Resolution.

(a) **Objective.** It is the stated intent of the Parties to seek to amicably resolve any disputes under the Agreement, where possible, through negotiation between the Parties. Nothing herein shall be construed a prerequisite or requirement prior to initiating any remedy sought by a Party.

(1) **Venue for Disputes.** The venue for any and all disputes not compromised or settled under Section 11(a) above, shall be in the Circuit Court of Lake County, Illinois.

12. Assignment; Successors.

This Agreement may be assigned by any Party without the prior written consent of the other Parties, except that any assignment by Aqua, or any successor, as the purveyor or supplier of a potable public drinking water supply shall only be to either an Illinois unit of local government authorized and permitted to provide public water supply, or to an Illinois public

utility authorized and permitted to provide public water supply in Illinois by the ICC and IEPA. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns.

13. **Notices.**

All notices, demands, requests or other communications required by this Agreement (collectively "Notices") shall be in writing and given as follows by: (i) personal delivery; (ii) established overnight commercial courier with delivery costs prepaid or duly charged; (iii) electronic transmittal via telecopy machine (provided that the receiving Party provides a written acknowledgement by telecopy or other means of Notice); or (iv) certified mail, return receipt requested, postage prepaid. All Notices shall be addressed to the applicable addresses and telecopy machine telephone numbers set forth below, or to any other address or addressee as a Party entitled to receive Notices shall designate, from time to time, by Notice given to the other Parties in the manner provided in this Section. Service of any such notice by express service or certified mail shall be deemed complete the second business day after mailing. Service of any such Notice by telecopy machine shall be deemed complete upon confirmation that the transmission was successful. Service of such notice by personal delivery shall be deemed complete upon tender to an employee of the Party at the office of the person identified to receive such Notice.

If to Aqua:

Terry J. Rakocy, President

Aqua Illinois, Inc.

1000 S. Schuyler Avenue

Kankakee, IL 60901

Fax (815) 935-8809.

For Uncontrollable Circumstances, contact Aqua at (877) 987-2782.

If to Lake County:

Peter E. Kolb, P.E., Director

Lake County Public Works Department

650 W. Winchester Road

Libertyville, IL 60048

Fax (847) 377-7173

For Uncontrollable Circumstances, contact LCPW at (847) 377-7500.

If to Village of Hawthorn Woods:

Pamela Newton, Village Administrator

Village of Hawthorn Woods

2 Lagoon Drive

Hawthorn Woods, IL 60083

Fax (847) 438-1459

For Uncontrollable Circumstance, contact the Village Administrator at (847) 438-5500.

14. **Entire Agreement.**

This Agreement, including all Exhibits attached hereto, constitutes the entire understanding between Aqua, the County, and the Village, respecting the subject matter contained herein.

15. **Amendment.**

This Agreement may be amended only by a written instrument signed by the Parties.

16. **Governing Law.**

This Agreement shall be governed by and interpreted in accordance with the laws of the State of Illinois.

17. **Execution in Counterparts.**

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

18. **No Third-Party Beneficiary.**

This Agreement is solely for the benefit of the parties hereto and no third party shall be entitled to claim or enforce any rights hereunder except as specifically provided in this Agreement

18. **Effective Date.**

This Agreement shall be effective upon execution by the last of the Parties to execute.

NOW THEREFORE, intending to be legally bound hereby, the Parties hereto have set their hand and seal the day and date first above written.

Witness

Jane Zuccarini

Aqua Illinois, Inc.

By: Terry J. Rakocy
Name: Terry J. Rakocy
Title: President

Witness

William R. Healey

County of Lake

By: David Stolman
Name: David Stolman
Title: Lake County Board Chair

Witness

Village of Hawthorn Woods

By: Joseph Marascio
Name: JOSEPH MARASCIO
Title: MAYOR

EXHIBIT A

Forest Lake area map

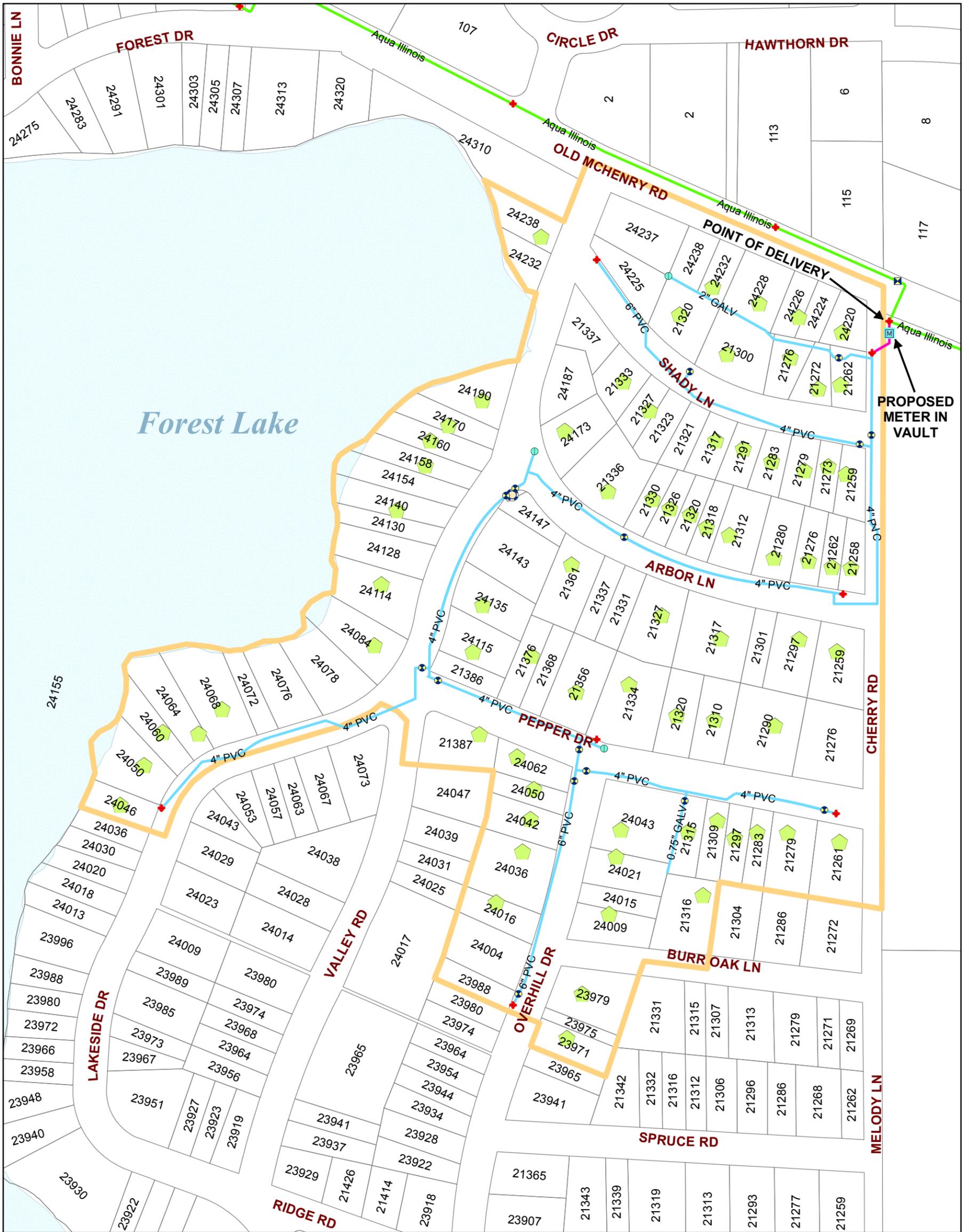
EXHIBIT B

ICC Authorized Schedule of Rates for Water Service

EXHIBIT C

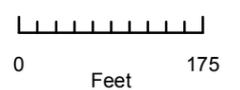
Lake County Water Restriction Ordinance

EXHIBIT A CUSTOMERS CONNECTED TO THE FOREST LAKE WATER SYSTEM



Department of Public Works
650 West Winchester Road
Libertyville, Illinois 60048
Phone: (847) 377-7500
Fax: (847) 377-7173
publicworks@lakecountyil.gov

- ◆ Customers Connected to Water System (72)
- Cap
- ◆ Fire Hydrant
- Meter Pit
- Valve in Box
- Valve in Vault
- Well
- Aqua Illinois Water Main
- LCPW Water Main
- Proposed Interconnection (8" PVC)
- Forest Lake Water System Boundary



AUGUST 30, 2010

AQUA ILLINOIS, INC.
LAKE COUNTY – HAWTHORN WOODS
LAKE COUNTY, ILLINOIS

EXHIBIT B

ILL. C.C. No. 47
Section No. 10
Second Revised Sheet No. 1
Canceling First Revised Sheet No. 1

AQUA ILLINOIS, INC.
SCHEDULE OF RATES
FOR
WATER SERVICE

Applying to the following territory:

- * Village of Hawthorn Woods, Kemper Lakes Development Area, and
- * Kemper 6 & 7 Parcels in Lake County, Illinois.

* Indicates changes in tariff

Filed in Compliance with Order of
Illinois Commerce Commission in Docket No. 06-0795

Issued: July 3, 2007

Effective: July 11, 2007

Issued By: Terry J. Rakocy, President

1000 S. Schuyler Ave., Kankakee, IL 60901

Applies To: Village of Hawthorn Woods, Kemper Lakes Development Area, and
Kemper 6 & 7 Parcels in Lake County, Illinois.

WATER SERVICE

RATES

All water service to residential, commercial, public and industrial customers shall be metered. The service line and meter for a Customer shall be installed in accordance with the Rules, Regulations and Conditions of Service referenced below; provided, however, that, for an outdoor irrigation system installed on a residential customer's premises ("Irrigation System"), the Company will, upon request and at the residential customer's expense, install a separate service line and meter ("Irrigation Service/Meter") for the Irrigation System. The rates for water service shall, in addition to other applicable charges, consist of a monthly Water Customer Charge, monthly Public Fire Protection Service Charge and a Water Usage Charge based on the amount of water used.

Water Customer Charge

The Water Customer Charge for each metered water account shall be \$15.00 per month; and when a separate Irrigation Service Meter is installed, an additional Water Customer Charge of \$2.00 per month will apply for the Irrigation Service/Meter account.

Water Usage Charge

* For all water use (including water for an Irrigation System,) the Customer will pay \$4.24 per each 1,000 gallons of water used.

Public Fire Protection Charge

* Each customer will pay a monthly charge for Public Fire Protection of \$7.50 per month.

* Indicates changes to tariff

Filed in Compliance with Order of Illinois Commerce Commission
in Docket No. 07-0620/07-0621/08-0067 (Consolidated)

Issued: August 28, 2008

Effective: September 5, 2008

Issued By: Terry J. Rakocy, President
1000 S. Schuyler Ave., Kankakee, IL 60901

Applies To: * Village of Hawthorn Woods, Kemper Lakes Development Area and
* Kemper 6 & 7 Parcels in Lake County, Illinois.

BILLING TERMS

Billings will be made on the basis of the above rates and are due and payable at the stated rates on or before the twenty-first (21st) day following the date of the postmark of the bill, or, if said twenty-first (21st) day falls on a Saturday, Sunday, or legal holiday, then on the first day thereafter not a Saturday, Sunday, or legal holiday; all bills unpaid after said twenty-first (21st) day shall be increased by one and one half percent (1-1/2%) per month, including amounts previously past due. At the option of the Company, bills may be rendered monthly, bimonthly or quarterly.

0.10% GROSS REVENUE TAX

Section 36(b) of "An Act Concerning Public Utilities," as amended, authorizes a utility to recover from its customers its liabilities to the State of Illinois for the Gross Revenue Tax imposed by Section 7a of "An Act Concerning Public Utilities," as amended. Pursuant to Section 36(b), the Company will charge an Additional Charge for the Gross Revenue Tax equal to 0.10% of all billings under this rate schedule except for (a) this Additional Charge for the Gross Revenue Tax, (b) the Additional Charge for any Municipal Utility Tax, and (c) any other billings and billing items excluded from the base of the Gross Revenue Tax.

RULES AND REGULATIONS

Reference is hereby made to the Rules, Regulations and Conditions of Service of the Company as stated in Section No. 1 of ILL C. C. No. 47, on file with the Illinois Commerce Commission from time to time. The Schedule of Rates for Water Service and other charges should be read together with and is hereby made subject to said Rules, Regulations and Conditions of Service. An applicant for water service in the Village of Hawthorn Woods should be aware that the Village approved Ordinance #1092-04 that requires all fees, permits, or authorization required by the Village relating to applications for water service to be paid and/or received prior to requesting water service from the Company. An applicant for water service in the Kemper Lakes Development Area should be aware that pursuant to Village of Hawthorn Woods Resolution No. 10-18-04-3 and the associated court order, certain fees, permits, or authorizations may be required to be paid to and/or received by the Village prior to requesting

- * water service from the Company. An applicant for water service in the Kemper 6 & 7 Parcels
- * should be aware that pursuant to a Village of Hawthorn Woods Agreement, certain fees,
- * permits or authorizations may be required to be paid to and/or received by the Village prior to
- * requesting water service from the Company.

* Indicates changes to tariff

Filed in Compliance with Order of
Illinois Commerce Commission in Docket No. 06-0795

Issued: July 3, 2007

Effective: July 11, 2007

Issued By: Terry J. Rakocy, President

1000 S. Schuyler Ave., Kankakee, IL 60901

EXHIBIT B

AQUA ILLINOIS, INC.
LAKE COUNTY – HAWTHORN WOODS
LAKE COUNTY, ILLINOIS

ILL. C.C. No. 47
Section No. 10
Third Revised Sheet No. 4
Canceling Second Revised Sheet No. 4

Applies To: * Village of Hawthorn Woods, Kemper Lakes Development Area and
* Kemper 6 & 7 Parcels in Lake County, Illinois.

MISCELLANEOUS CHARGES

Miscellaneous charges shall be as stated in the Rules, Regulations and Conditions of Service on file with the Commission or as set forth below:

The reconnection fee charged by the Company shall be \$25.00.

A \$15.00 service fee will be assessed for each check returned by the bank uncashed due to insufficient funds.

The charge for the testing of meters one inch (1") and smaller shall be \$7.50, and the charge for the testing one and one-quarter (1¼") and two inch (2") meters will be \$15.00.

The minimum charge for water provided for building and construction purposes shall be \$5.00, payable in advance.

FRANCHISE CHARGES

The following franchise charges may be collected in addition to the rates and charges set forth elsewhere in this tariff:

Within the Village of Hawthorn Woods – Upon passage of a Village ordinance establishing a franchise charge three percent of Amounts Billed for Water Service. Amounts Billed for Water Service means amounts billed to customers which reside within the indicated municipality as water customer charges, volumetric rate charges, public fire protection charges, private fire protection charges or other monthly charges for water service (and not including other billed amounts).

* Indicates changes to tariff

Filed in Compliance with Order of
Illinois Commerce Commission in Docket No. 06-0795

Issued: July 3, 2007

Effective: July 11, 2007

Issued By: Terry J. Rakocy, President

1000 S. Schuyler Ave., Kankakee, IL 60901

EXHIBIT B

AQUA ILLINOIS, INC.
LAKE COUNTY – HAWTHORN WOODS
LAKE COUNTY, ILLINOIS

ILL. C.C. No. 47
Section No. 10
Second Revised Sheet No. 5
Canceling First Revised Sheet No. 5

Applies To: * Village of Hawthorn Woods, Kemper Lakes Development Area and
 * Kemper 6 & 7 Parcels in Lake County, Illinois.

WATER SERVICE

Unaccounted-for Water

The maximum percentage of unaccounted-for water considered in the determination of any rates or surcharges shall not exceed 15.0%. Rates or surcharges approved shall not include charges for unaccounted-for water in excess of this maximum percentage without well-documented support and justification for the Commission to consider in any request to recover charges in excess of this maximum percentage.

* Indicates changes to tariff

Filed in Compliance with Order of
Illinois Commerce Commission in Docket No. 06-0795

Issued: July 3, 2007

Effective: July 11, 2007

Issued By: Terry J. Rakocy, President
1000 S. Schuyler Ave., Kankakee, IL 60901

EXHIBIT B

AQUA ILLINOIS, INC.
LAKE COUNTY – HAWTHORN WOODS
LAKE COUNTY, ILLINOIS

ILL. C.C. No. 47
Section No. 10
First Revised Sheet No. 6
Canceling

Applies To: Village of Hawthorn Woods, Kemper Lakes Development Area, and
Kemper 6 & 7 Parcels in Lake County, Illinois.

WATER SERVICE

MUNICIPALITIES FOR RESALE SERVICE

Rates to Municipalities for Resale

The rate shall consist of a Customer Charge plus a Usage Charge.

Customer Charge

The Water Customer Charge for each metered Municipality for Resale Service Account shall be
* \$15.00 per month.

Usage Charge

In addition to the foregoing Customer Charge, each customer shall pay the following Usage
Charge:

For all water used - \$2.4329 per 1000 gallons.

This rate is available to municipalities desiring to receive water by metered service from Aqua Illinois, Inc.,
Hawthorn Woods Division for redistribution to the municipality consumers.

It shall be the responsibility of the municipality to maintain its own pressure and distribution
system, the rendering of bills, the collections of the bills and any customer service.

* Indicates change to tariff

Filed in Compliance with Order of Illinois Commerce Commission
in Docket 07-0620/07-0621/08-0067 (Consolidated)

Issued: August 28, 2008

Effective: September 5, 2008

Issued By: Terry J. Rakocy, President
1000 S. Schuyler Ave., Kankakee, IL 60901

EXHIBIT C

Agenda Item # 54

DISTRIBUTION
County Board
County Clerk
County Administrator
Recorder of Deeds
Public Works

STATE OF ILLINOIS)
) SS
COUNTY OF LAKE)

COUNTY BOARD, LAKE COUNTY, ILLINOIS

ADJOURNED REGULAR SEPTEMBER, A.D. 2006 SESSION

OCTOBER 10, 2006

MADAM CHAIR AND MEMBERS OF THE COUNTY BOARD:

Your Public Works and Transportation Committee presents herewith an Amended Ordinance Restricting the Outside Use of Water in Public Water Supply Systems of the County of Lake, Illinois, and request its adoption.

Respectfully submitted,

<i>Diana O'Kelly</i>	Aye	Nay
CHAIR	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Paul S.</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
VICE CHAIR		
<i>Ann B. Mair</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Sandy Cole</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Michael A. Albett</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

CERTIFIED TO BE A TRUE COPY OF RECORDS OF THE LAKE COUNTY BOARD MEETING OF

OCT 10 2006 APPROVED

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

Willard R. Helander County Clerk

PUBLIC WORKS AND TRANSPORTATION COMMITTEE

VOICE VOTE

AN AMENDED ORDINANCE RESTRICTING THE OUTSIDE USE OF WATER IN PUBLIC WATER SUPPLY SYSTEMS OF THE COUNTY OF LAKE, ILLINOIS.

WHEREAS, the County of Lake is a participant in the allocation process of Lake Michigan water and is subject to the rules and regulations of the Illinois Department of Transportation (IDOT) and/or the Illinois Department of Natural Resources (IDNR), under its permit for the withdrawal of Lake Michigan water; and

WHEREAS, IDOT/IDNR has promulgated a rule restricting non-essential water uses, with particular reference to lawn sprinkling, and has requested that permittees incorporate similar provisions within their ordinances; and

WHEREAS, the County of Lake, through its Department of Public Works, operates certain public water supply systems that utilize water drawn from public wells, which were negatively impacted in 2005 by drought weather conditions, which demonstrated the need to have effective public water restrictions on non-essential water uses in place;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNTY BOARD OF THE COUNTY OF LAKE, LAKE COUNTY, ILLINOIS, as follows:

SECTION 1. RESTRICTIONS ON WATER USE.

The following mandatory water conservation regulation shall be applicable to all water service customers of the County of Lake Department of Public Works.

A. Summer General Water Use Restriction.

1. Excepting the use of hand-held hoses or sprinkling cans used for the watering of gardens and shrubs, the use of water from the County water system for landscape irrigation and all outside water use including, but not limited to washing cars and vehicles and filling pools, from May 15 through September 15 of each year is prohibited between the hours 10:00 AM and 6:00 PM, except that newly sodded or seeded areas of lawns may be watered at any time for a two-week period following installation of such sod or planting of such seed.

2. Occupants with even-numbered residences or structures shall be limited to water lawns and gardens and other landscape uses, wash cars and vehicles, and use water for outside use only on even-numbered days. Occupants with odd-numbered residences or structures shall be limited to water lawns and gardens and other landscape uses, wash cars and vehicles, and use water for outside use only on odd-numbered days.

B. Landscape Water Use Restrictions.

Definition. Landscape. For purposes of this Ordinance, the term "landscape" shall include shrubbery, trees, lawns, grass, ground covers, plants, vines, gardens, vegetables, or flowers.

C. Emergency Water Shortage.

1. The Director of the Department of Public Works is authorized, when the circumstances warrant, to issue a declaration of chronic water shortage, to ensure the maintenance of an adequate water supply of water to meet internal residential, business and firefighting requirements. Upon the declaration of a chronic water shortage situation, the following authorities or restrictions shall immediately be in force and effect.

(a) Following the initial declaration of a chronic water shortage, the Director is authorized, for all landscape water use, washing of cars and vehicles, and outside water usage, to restrict or limit water usage to specific hours or to totally prohibit such outside water usage.

2. Public Use Conservation Programs. When a chronic water shortage situation arises, the Director is authorized to order all public users to restrict activities calling for high water consumption. The high water consumption category includes, but is not limited to, the testing and clearing of fire hydrants, the cleaning of water mains, the conduct of fire drills, street washing (except in emergencies), sewer flushing, and the watering of public areas.

3. Administration. The authority to administer and enforce this Ordinance shall be in the Director of the Department of Public Works, or his or her designees. As the County provides public water services in some municipalities, the Director is authorized, by writing, to delegate enforcement of this Ordinance within municipal boundaries to officers or employees of that municipality, including court enforcement, if necessary.

4. Variances. Variances from the regulatory standards of this Ordinance may be granted in accordance with the requirements provided below. Any application for a variance shall be made to, and decided by, the Director. No variance shall be granted unless the applicant for the variance can demonstrate that:

- (a) An exceptional economic or other hardship would result without the variance; and
- (b) The relief granted is the minimum necessary; and
- (c) There will be no additional threat to public health, safety or welfare or the creation of a nuisance; and
- (d) No additional public expense will result.

5. Emergency Water Usage Plan. The Department of Public Works, through its Director, officers, and employees, shall establish, and keep on file, a current Emergency Water Use Plan for implementation and/or imposition during declared emergency water shortages.

SECTION 2. PENALTIES.

A. Any person or water customer who violates any provision or section of this Ordinance, or who violates any declaration or order of the Director under this Ordinance, shall be fined not less than \$50.00, nor more than \$250.00 for each violation. Each day that a violation exists or occurs shall constitute a separate offense.

B. The Director may also take any other available legal action necessary to prevent or to remedy any violation, including but not limited to appropriate equitable or injunctive relief or discontinuation of water service to the violator.

SECTION 3. VALIDITY.

A. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

B. The invalidity of any section, clause, sentence, or provision of this Ordinance shall not affect the validity of any other part of this Ordinance, which can be given effect without such invalid part or parts.

SECTION 4. EFFECTIVE DATE. This amended Ordinance shall be in full force and effect from and after its passage, approval and publication as required by law.

Adopted at Waukegan, Lake County, Illinois on this 10th day of October, A.D., 2006.

SECTION 7. This ordinance shall be published and take effect as provided by law.



CHAIR, COUNTY BOARD

ATTEST: (SEAL)



COUNTY CLERK

Adopted: September 11, 1990
Amended: October 10, 2006