

ORDINANCE MIS. NO. 82-24

Authorizing the City of Chicago Heights to enter into a water purchase contract with the Civil City of Hammond.

BE IT ORDAINED, by the City Council of the City of Chicago Heights, Illinois, THAT:

SECTION I

The Mayor and City Clerk hereby authorized to enter into a contract with the Civil City of Hammond, Indiana to purchase lake water for use by the City of Chicago Heights to its water user customers and for resale of said lake water to other municipalities in accordance with the agreement or contract between the City of Chicago Heights and the Civil City of Hammond.

SECTION II

All ordinances or parts of ordinances in conflict with this ordinance are hereby repealed.

SECTION III

This ordinance shall take effect after its passage, recording, and publication in pamphlet form as provided by law.

SECTION IV

That this ordinance was presented and read in full at a regular meeting of the City Council held on the 15th day of November, 1982, where upon motion made and seconded (said motion being reduced to writing and read) this ordinance was deposited in the Office of the City Clerk, where it remained on file for public inspection for the period of one week; that on the 22nd day of November, 1982, at a regular meeting of the City Council, said ordinance was again presented and read in full; that upon motion made and seconded (said motion being reduced to writing and read) this ordinance was passed and approved by roll call vote of 5 yeas and 0 nays.

SIGNED and APPROVED:

November ²²15, 1982

Charles Brown
Mayor

PASSED: November ²²15, 1982

RECORDED: November ²²15, 1982

John M. Coombs
City Clerk

WATER PURCHASE AGREEMENT BETWEEN CITY OF CHICAGO HEIGHTS,
ILLINOIS AND CIVIL CITY OF HAMMOND, INDIANA

This AGREEMENT made on the date hereinafter set forth, by and between the CIVIL CITY OF HAMMOND, INDIANA, a municipality, by its duly authorized Board of Works and Mayor hereinafter referred to as "HAMMOND" and the City of Chicago Heights, Illinois, a municipal corporation, by its duly authorized City Council of Commissioners and Mayor (hereinafter referred to as "CHICAGO HEIGHTS") to witness the following agreements.

WHEREAS, CHICAGO HEIGHTS is a municipal corporation, organized and existing under and by virtue of the laws of the State of Illinois; and

WHEREAS, CHICAGO HEIGHTS needs an adequate supply of potable Lake Michigan water ("Lake Water") to serve its residents, businesses and industries; and

WHEREAS, CHICAGO HEIGHTS intends to provide Lake Water to the Village of Glenwood, which HAMMOND consents to and to other Illinois municipal water suppliers which are CONTIGUOUS to, adjoin, or are near by Chicago Heights, namely the Village of Olympia Fields, Illinois, the Village of Matteson, Illinois, the Village of Steger, Illinois, the Village of South Chicago Heights, and the Village of Crete, Illinois, as may from time to time enter long term contracts with CHICAGO HEIGHTS for Lake Water (the "Water Supplier"), all in accordance with applicable allocations of Lake Water by the State of Illinois but only with the prior written consent of HAMMOND and to the extent of the water supply available to CHICAGO HEIGHTS under this agreement, and to whom no liability shall extend to HAMMOND or the UTILITY; and

WHEREAS, CHICAGO HEIGHTS, has received and the Water Suppliers shall have each received an allocation of Lake Water by the State of Illinois pursuant to the Level of Lake Michigan Act, as now or hereafter amended or replaced (the "State Water Allocation") Ill. Rev. Stat. CH. 19, 119 et seq; and

WHEREAS, CHICAGO HEIGHTS is authorized by law to enter into contracts for a term of 30 years to buy water; and

WHEREAS, CHICAGO HEIGHTS needs a water purchase agreement which will provide an adequate supply of Lake Water in order to serve its resident water users and to sell to Water Suppliers and to be able to borrow moneys to pay the costs to obtain, receive, store, pump and transmit Lake Water from HAMMOND to CHICAGO HEIGHTS and the Water Suppliers; and

WHEREAS, HAMMOND is a municipality organized and existing under and by virtue of the laws of the State of Indiana; and

WHEREAS, HAMMOND is a wholesale purchaser by contract of Lake Water from the Department of Water Works of the City of Hammond, Indiana, a separate municipal entity, (hereinafter referred to as "UTILITY") which owns and operates a complete water works system providing intake, treatment, and transmission of Lake Water, (a copy of said Contract for reference purposes is marked "Exhibit A" and attached hereto); and

WHEREAS, HAMMOND is authorized by law to enter into contracts for a term of 30 years to purchase at wholesale and to resell water at a point of delivery within its city limits to municipal water suppliers located outside the State of Indiana; and

WHEREAS, CHICAGO HEIGHTS desires to obtain a supply of Lake Water from HAMMOND in order to provide reliable, adequate supplies of Lake Water on an economical and efficient basis for CHICAGO HEIGHTS resident water users and for the Water Suppliers; and

WHEREAS, HAMMOND has surveyed the problem and deems itself able to so deliver and sell Lake Water to CHICAGO HEIGHTS on the Indiana side of the State Line between Indiana and Illinois from water mains presently in place and used by the UTILITY at 172nd Place and State Line Avenue, (referred to herein as the "Point of Delivery").

WHEREAS, CHICAGO HEIGHTS and HAMMOND have determined that it is necessary and in their best interests for CHICAGO HEIGHTS to contract with HAMMOND for a supply of Lake Water; and

NOW, THEREFORE, The Civil City of HAMMOND, Indiana and the City of CHICAGO HEIGHTS, Illinois agree as follows:

ARTICLE I - SERVICE TO BE FURNISHED

101

Purchase and Sale

HAMMOND agrees to furnish and deliver water to CHICAGO HEIGHTS and CHICAGO HEIGHTS obligates itself to purchase all of its supply of Lake Water from HAMMOND to the extent that Lake Water is available to HAMMOND for such purpose at the meter vault to be constructed on the Indiana side of the State line at the "Point of Delivery" in the City of Hammond, Indiana, in sufficient quantities to normally supply the Lake Water consumers described in this Agreement. ("Exhibit B" for Average Daily Quantity in Gallons is attached hereto and made a part of this Agreement).

102

Maintenance and Capacity

(a) HAMMOND shall maintain the capacity through its water supply agreements with the UTILITY to supply the Lake Water to be furnished to CHICAGO HEIGHTS from time to time and subject to the limitations under this Agreement.

(b) HAMMOND undertakes a definite obligation to furnish and sell Lake Water to Chicago Heights during the term of and as provided in this Agreement. HAMMOND agrees to take reasonable steps to supply the Lake Water to CHICAGO HEIGHTS as required under this Agreement to the extent that water is available to HAMMOND for such purpose.

(c) CHICAGO HEIGHTS is familiar with the terms of the supply of Lake Water available to HAMMOND in its purchase agreement with the UTILITY (Exhibit "A") and HAMMOND agrees that it will not intentionally do any act to reduce the amount of Lake Water available to HAMMOND for resale to CHICAGO HEIGHTS under this Agreement. CHICAGO HEIGHTS agrees not to commit any acts or omissions that would cause HAMMOND to be in breach of said Agreement.

(d) HAMMOND represents that:

(1) HAMMOND has the right to enter into and carry out all the terms and conditions of this Agreement during its full term;

- (2) This Agreement is valid and binding upon
HAMMOND: and
- (3) HAMMOND presently has the right to obtain
sufficient Lake Water from the UTILITY for the
purpose of reselling same to CHICAGO HEIGHTS in
order to furnish the quantities of Lake Water
to be furnished from time to time to CHICAGO HEIGHTS
under this Agreement.
- (e) HAMMOND will obtain and present to CHICAGO HEIGHTS
upon execution of this Agreement, formal legal
opinions from The Attorney for the Civil City of
Hammond and from The Attorney for the Hammond Water
Works Department, as the case may be, with respect
to each of these representations of paragraph (d)
above. CHICAGO HEIGHTS will likewise furnish HAMMOND
a formal legal opinion as to CHICAGO HEIGHTS' right
to enter and carry out the terms of this contract.
- (f) HAMMOND shall make available to CHICAGO HEIGHTS in
timely fashion all public records available to it,
including annual financial reports or audits,
engineering reports or evaluations and capital plans
pertaining to HAMMOND and the UTILITY, pertinent to
the operation, maintenance, replacement, improvement
and expansion of their respective capacities and
facilities insofar as the same may affect HAMMOND'S
performance under this Agreement.

ARTICLE II - QUANTITIES OF WATER

201 Quantities of Water to be Furnished

(a) HAMMOND agrees to furnish and deliver to CHICAGO HEIGHTS
quantities of Lake Water as provided and limited in
this Agreement to enable it to supply Lake Water for
CHICAGO HEIGHTS and to Water Suppliers. HAMMOND'S
obligation under this Agreement shall not exceed in any
calendar day in a calendar year twice the average daily amount
of Lake Water as set forth for such year in Exhibit "B",
which exhibit is attached hereto and made a part hereof

this Agreement.

202

State Water Allocations

(a) The quantities of Lake Water supplied to CHICAGO HEIGHTS by HAMMOND pursuant to Section 201 and CHICAGO HEIGHTS' use and resale of that Lake Water shall, on an annual basis, not exceed the total of the annual State Water Allocations, including any allowable excess, in effect from time to time for CHICAGO HEIGHTS and the Water Suppliers.

(b) CHICAGO HEIGHTS shall keep on file with HAMMOND a current list of the State Water Allocations in effect for CHICAGO HEIGHTS and the Water Suppliers. Failure to have on file in timely fashion such current list shall not affect any other obligation of the parties under this Agreement.

203

Emergency

(a) If for any reason, including emergency failure or malfunction in HAMMOND'S or the UTILITY'S water distribution system or water supply system, HAMMOND is unable to furnish in full the quantities of Lake Water to be furnished from time to time to CHICAGO HEIGHTS, then HAMMOND shall use due diligence during any such occurrence to provide Lake Water (insofar as practicable) to CHICAGO HEIGHTS as determined in the sole discretion of the UTILITY as provided in "Exhibit A" and pursuant thereto to immediately request the UTILITY to promptly take such actions, including making and expediting repairs or adjustments, as are necessary to restore delivery to CHICAGO HEIGHTS of the Lake Water to be furnished from time to time under this Agreement.

(b) CHICAGO HEIGHTS may purchase additional water from others in any amount and from any source in order to supply Chicago Heights and the Water Suppliers, in case of the failure of HAMMOND to supply Lake Water in the

amounts specified in Section 201 (a). Provided, however, CHICAGO HEIGHTS shall during the entire term of this Agreement be obligated to purchase its entire supply of water from HAMMOND to the extent water is available to HAMMOND for that purpose and may purchase additional water from others only to the extent and during the time HAMMOND is unable to meet CHICAGO HEIGHTS' requirements.

(c) CHICAGO HEIGHTS or HAMMOND shall each notify the others as promptly as practicable of all emergencies, failures, malfunctions or other conditions in their respective systems which may directly or indirectly affect the other party's system.

(d) CHICAGO HEIGHTS and HAMMOND shall each notify and keep the other informed of the name of the individual(s) in charge of operations of their respective systems.

ARTICLE III - DELIVERY AND STORAGE

301 Point of Delivery

Lake Water shall be delivered by HAMMOND to CHICAGO HEIGHTS on the Indiana side of the State Line between Illinois and Indiana, from the water mains presently in place and used by HAMMOND at 172nd Place and State Line Avenue, Hammond, Indiana (the "Point of Delivery").

302 Transmission Facilities

CHICAGO HEIGHTS shall provide, operate, maintain, repair, replace, improve and expand transmission mains, pumps, appurtenance and any other necessary equipment, on its distribution system that it either now has or is in the process of providing, and any other necessary equipment to insure itself that it can receive and distribute the Lake Water to be furnished from time to time under this Agreement. CHICAGO HEIGHTS shall begin construction of said facilities within three hundred and sixty five (365) days after execution of this Agreement and shall obtain all necessary permits, easement, rights-of-way and such, for the construction of all transmission facilities required

to transport the Lake Water from the Point of Delivery to its ultimate destination within the State of Illinois.

303

Commencement of Delivery

(a) The delivery of Lake Water by HAMMOND shall commence at such time as CHICAGO HEIGHTS can place in service such transmission facilities as are needed to receive and distribute Lake Water to CHICAGO HEIGHTS and the Water Suppliers as provided for in Section 302, and no later than March 1, 1985 as provided in this Section.

(b) Prior to such time, HAMMOND shall furnish to CHICAGO HEIGHTS such Lake Water as is needed for the construction or testing of the CHICAGO HEIGHTS' transmission facilities or the obtaining of any permits required in connection with the construction or operation of such facilities. HAMMOND shall be capable of delivering Lake Water to CHICAGO HEIGHTS and CHICAGO HEIGHTS shall be ready to take water at the Point of Delivery no later than March 1, 1985. If CHICAGO HEIGHTS does not start purchasing its entire water supply under this Agreement by March 1, 1986 then HAMMOND shall have the option to cancel this Agreement by giving thirty (30) days written notice.

304

Rate of Withdrawal

The Lake Water to be furnished from time to time under this Agreement shall be withdrawn at the Point of Delivery only at off-peak hours of each calendar day as authorized by Section 307 in order to maintain as even an amount of withdrawal as possible with a minimum number of off use cycles. The maximum hourly rate of withdrawal of Lake Water from HAMMOND'S mains should not exceed three times the hourly rate represented by aggregate State Water Allocations in effect from time to time for CHICAGO HEIGHTS and the Water Suppliers.

305

Pressure

(a) CHICAGO HEIGHTS further agrees to operate its supply system so that normally all water supplied by HAMMOND will

pass through ground-storage tanks prior to being pumped to CHICAGO HEIGHTS' distribution system. No direct pumpage from HAMMOND'S supply shall be utilized by CHICAGO HEIGHTS at any time except at such times when it is necessary to take the tanks out of service for maintenance, repairs and painting and then only after receiving the approval of HAMMOND in writing. This paragraph does not apply to emergency situations. An emergency is not defined as a peak demand hour or day. Provided, however, the operation of CHICAGO HEIGHTS in taking water at the Point of Delivery shall in no event ever lower the P.S.I. available to the UTILITY'S customers downstream below 40 P.S.I.

(b) CHICAGO HEIGHTS shall, and it hereby agrees to, accept Lake Water at the point of delivery at the pressure that exists in the main of the UTILITY at such point. The intent of HAMMOND is that the UTILITY is to maintain pressures satisfactory for its own Lake Water users in the immediate area of CHICAGO HEIGHTS connections, these pressures therefore being available for the service to CHICAGO HEIGHTS. HAMMOND is not required hereby to furnish Lake Water to CHICAGO HEIGHTS at a specific pressure. In the event that CHICAGO HEIGHTS desires to construct additional facilities to carry the Lake Water from the point or points of delivery to and through its own distribution system to serve its customers, all such extensions, pumps, equipment and system shall be furnished, installed, operated and maintained by CHICAGO HEIGHTS. Over such equipment, system and the repairing and maintenance thereof, Hammond shall have no control, nor shall they be in any event responsible therefore. The UTILITY and HAMMOND shall in no event be responsible to CHICAGO HEIGHTS or any of its resident water users or the Water Suppliers, nor shall any right of action arise or exist against the UTILITY and HAMMOND in favor of CHICAGO HEIGHTS or any of its resident water users or the Water Suppliers by reason of the main pressure at the point of delivery of such Lake Water,

and CHICAGO HEIGHTS shall save the UTILITY and HAMMOND harmless from any and all claims made by CHICAGO HEIGHTS itself, or by any of its resident water users or the Water Suppliers. It is understood and agreed that CHICAGO HEIGHTS shall take the Lake Water at the point of delivery "as is" and at the "off peak hours" as hereinafter defined in Section 307.

306

Water Quality

- (a) Hammond shall supply Chicago Heights at the Point of Delivery with Lake Water of a quality commensurate with that furnished to its own residential customers within HAMMOND. At a minimum all Lake Water furnished to CHICAGO HEIGHTS at the Point of Delivery shall meet all applicable Lake Water quality standards established by any Federal, State of Indiana or local agency as shall have jurisdiction over HAMMOND and the UTILITY for public Lake Water supplies.
- (b) In the event that the Lake Water fails to meet the minimum water quality standards at Point of Delivery established by Section 306(a), HAMMOND shall take immediate action to correct any such water quality deficiency.
- (c) HAMMOND and the UTILITY shall bear no responsibility for water quality of Lake Water beyond the Point of Delivery.
- (d) CHICAGO HEIGHTS and HAMMOND shall each immediately notify the other as promptly as practicable of any failure of Lake Water to meet the water quality standards set by E.P.A. and Indiana State Board of Health in either party's system. Notifications under this Section going to CHICAGO HEIGHTS shall be given directly to the Mayor of the City of Chicago Heights; and those going to HAMMOND, to such person as HAMMOND shall designate in writing.
- (e) HAMMOND and the UTILITY shall not be responsible to CHICAGO HEIGHTS, the water suppliers or any of their customers, for any pollution that might exist in the Lake Water furnished under this Agreement, or arise in any distribution system of the UTILITY, HAMMOND or CHICAGO HEIGHTS.

The facilities to prevent pollution that HAMMOND and the UTILITY now use are, for the purpose of the Agreement, deemed by the parties hereto adequate. It is recognized by the parties hereto that the source of water supply is Lake Michigan at the boundary of the City of Hammond, Indiana, with said lake, and both parties are familiar with the conditions existing at said point, and CHICAGO HEIGHTS is familiar with the method employed by HAMMOND and the UTILITY to secure Lake Water and treat the same for consumption, and then distribute the same to its distribution mains, and this Agreement is made with reference thereto.

(f) If CHICAGO HEIGHTS or its water suppliers causes any pollution of the water in the system of HAMMOND or the UTILITY, the same shall be immediately investigated by the parties hereto, and CHICAGO HEIGHTS shall immediately remedy and remove any such condition. In the remedying of such condition, should any work be done, or be required to be done, by the City of Hammond on its own system, then CHICAGO HEIGHTS promises and agrees to reimburse and indemnify the City of Hammond for such remedial work done and the damages resulting therefrom.

307

Water Storage and Time of Pumpage

(a) CHICAGO HEIGHTS shall be responsible for there being provided and maintained at all times during the term of this Agreement water storage by CHICAGO HEIGHTS and the Water Suppliers collectively of sufficient capacity to store not less than 2 times the daily State Water Allocations from time to time in effect for CHICAGO HEIGHTS and the Water Suppliers.

(b) The water storage capacity of CHICAGO HEIGHTS and the Water Suppliers shall be sufficient to meet at least 2 times the daily state water allocation from time to time in effect for CHICAGO HEIGHTS and the Water Suppliers during any forty-eight (48) hour period in the event the supply from HAMMOND is, for any reason, not available, and any lack of storage of such storage capacity may develop a strain upon the water system of HAMMOND and the UTILITY. CHICAGO HEIGHTS shall utilize its water storage capacity for supply at its peak flow periods which will make the least strain on the water system of HAMMOND and the UTILITY. The off-peak hours in which CHICAGO HEIGHTS shall take water from HAMMOND is further defined as being from 10:00 p.m. to 2:00 o'clock p.m. the following day. This pumpage and storage of water and the times when such pumpage and storage shall be made by CHICAGO HEIGHTS shall be made by CHICAGO HEIGHTS through properly designed facilities of CHICAGO HEIGHTS of adequate capacity and subject to the approval of HAMMOND.

(c) It is further understood and agreed by the parties hereto, that in the event the consumption by CHICAGO HEIGHTS by reason of lack of adequate storage facilities causes a strain on the water system of HAMMOND and the UTILITY, then CHICAGO HEIGHTS will construct and provide additional storage facilities to relieve the strain on the water system of HAMMOND and the UTILITY. It is further agreed that the reasonable opinion and decision of the Engineers of HAMMOND of the necessity of additional transmission or storage facilities by CHICAGO HEIGHTS to relieve said strain, shall be final, and CHICAGO HEIGHTS hereby promises and agrees to abide by such decision.

308

Territorial Responsibilities

(a) CHICAGO HEIGHTS and HAMMOND shall furnish, install, operate and maintain their respective equipment and systems located within their territorial boundary limits, except as herein otherwise provided, and HAMMOND and the UTILITY shall in no wise, or at no time, be obligated to do, or perform any act outside of city limits of HAMMOND

except as may be provided in Section 306 herein above set out.

(b) CHICAGO HEIGHTS shall not, without receiving HAMMOND'S prior written approval, sell water either on a retail or wholesale basis to any users outside CHICAGO HEIGHTS' Territorial City Limits including the Water Suppliers specifically described and set forth in this Agreement, which consent shall not be unreasonably withheld if there is water reasonably available to HAMMOND for such purpose.

ARTICLE IV - MEASUREMENT

401 Point of Measurement

HAMMOND shall measure the quantity of Lake Water furnished to CHICAGO HEIGHTS under this Agreement during each hour of each day at the Point of Delivery. The unit of measurement shall be gallons of water, U.S. Standard Liquid Measure or such other unit of measurement as the parties may agree to in writing.

402 Measuring Devices

(a) The device, together with a reinforced concrete meter vault to house them, all as described in Exhibit "C" (collectively, the "Devices"), shall be used at the Point of Delivery for the purpose of controlling, measuring, and recording the quantity of Lake Water furnished under the Agreement and of transmitting and recording pressures and other required operational information to CHICAGO HEIGHTS and to the UTILITY'S Water Treatment Plant. The Devices shall be in accordance with the standards set by and be subject to the approval of the Indiana State Board of Health. Exhibit "C" shall be a complete set of working drawings prepared and provided by Chicago Heights subsequent to the execution of this Agreement and subject to the approval of HAMMOND which approval shall not be unreasonably withheld. Exhibit "C" may be amended from time to time by CHICAGO HEIGHTS, only with the prior approval of HAMMOND.

(b) CHICAGO HEIGHTS shall seek and secure approval from

HAMMOND prior to making any future improvements, additions, extensions or modifications to the metering devices, as would affect HAMMOND and it is further agreed that the reasonable opinion and decision of the engineers of HAMMOND, in connection with said improvement, or modifications, shall be final and CHICAGO HEIGHTS hereby promises and agrees to abide by such decision.

403

Installation and Maintenance of Devices

(a) At the Point of Delivery of Lake Water, CHICAGO HEIGHTS, will undertake that meters will be installed and a meter vault will be constructed and paid for by CHICAGO HEIGHTS, in which there shall be installed suitable metering devices to measure and determine the amount of water delivered, all as described in Exhibit "C" attached. Said meter vault shall contain all necessary valves, check valves, special fittings, special castings, drains, suitable entrance to the same, and any other additional equipment and devices to provide a complete and first class installation. All such meters, valves and other appliances, devices and materials shall be in accordance with the standard set, and be subject to the approval of the Indiana State Board of Health. All materials for the meter vaults, including the equipment located therein, shall be furnished and installed by CHICAGO HEIGHTS subject to the approval of HAMMOND. After installation, such equipment shall be maintained, both as to repairs and replacements, by CHICAGO HEIGHTS, subject to the approval of HAMMOND.

(b) It is understood, promised and agreed that title to, access to and ownership of all meter vaults, all materials, equipment and meters furnished by CHICAGO HEIGHTS shall pass to, and be vested in Hammond, and the lines constructed in the territorial limits of HAMMOND, shall belong to, and become a part of, the system of Hammond.

(c) The properly authorized officers, agents and representatives of HAMMOND shall at all times have free access to the meter or meters and all other facilities herein provided for for the purpose of shutting off the water for

failure to pay the water rates or charges in this Agreement provided to be paid by CHICAGO HEIGHTS and for the purpose of reading the registrations of said meter or meters, and to examine, shut off and test the same to ascertain whether or not they are in good condition and repair and to make such repairs upon the same as may be necessary, the cost and expense of any and all necessary repairs to be borne by CHICAGO HEIGHTS upon giving five (5) business days notice and consultation prior to exercising the rights here and above given in this subparagraph "C".

(d) HAMMOND shall have the right during initial installation of the Devices and any later repair or replacement of them to inspect at any time such work and shall promptly notify CHICAGO HEIGHTS of their findings as to the conformance of the work with the plans and specifications for Devices set forth in Exhibit "C".

(e) CHICAGO HEIGHTS will notify HAMMOND when the Devices or such later repairs or replacements as are provided are completed and are first placed in service. HAMMOND shall have ten (10) days after notice to inspect the work in question and specify what, if any, work must be completed by CHICAGO HEIGHTS to have the Devices to conform to the plans and specifications set forth in Exhibit "C".

404 Access to Devices

Authorized representatives of CHICAGO HEIGHTS and HAMMOND shall have access at all reasonable times to all of the Devices for examination and inspection.

405 Operation, Inspection and Calibration of Devices

HAMMOND will operate the Devices and once every 6 months inspect and calibrate the accuracy of each of the Devices for the purpose of measuring the supply of Lake Water furnished under this Agreement. Such inspection and calibration shall be done in the presence of an authorized representative of CHICAGO HEIGHTS. The results of any such inspection and calibration shall be immediately provided to CHICAGO HEIGHTS. CHICAGO HEIGHTS will as soon as possible repair or replace any such Device or part of a Device which is known or suspected to be registering incorrectly, provided that such repair or replacement shall

generally conform to the plans and specifications set forth in Exhibit "C".

406

Readings

The readings made of the Devices for the purpose of billing CHICAGO HEIGHTS shall be made by HAMMOND not less frequently than once every calendar month.

407

Estimates

The amount of water purchased and sold shall be determined by the meter readings installed at the "Point of Delivery", as aforesaid, and CHICAGO HEIGHTS shall pay for such water as shown by such readings. In the event that such meter or meters shall become out of repair for a period of time, then the parties shall compute the water delivered and not metered on a basis of the water readings for the same month of the previous year, and the daily average for such period shall be used as the basis for computing the amount of water delivered and not metered, and the amount to be paid for such unmetered period shall be based upon such computation.

ARTICLE V - WATER RATES

501

For the water furnished by HAMMOND under this Agreement, CHICAGO HEIGHTS agrees to pay a single flat rate for all the water so furnished and delivered, the following single flat rate:

\$0.51 per 1,000 U.S. gallons

502

The rate to be charged CHICAGO HEIGHTS shall be adjusted throughout the term of this Agreement, as follows:

- (a) Any time the UTILITY'S rate for Lake Water furnished to single family residential customers located within the city limits of Hammond, Indiana, using the lowest gallonage bracket (which rate is presently charged for the first 5,000 gallons per month and is presently \$0.51 per 1,000 gallons, hereinafter referred to as the "Base Rate") is lawfully increased, then the price

of all Lake Water sold to CHICAGO HEIGHTS shall be the same single flat rate as the new increased Base Rate applicable to said single family residential customer and CHICAGO HEIGHTS agrees to pay such increased single flat rate per 1,000 gallons for all Lake Water purchased as of the effective date of the new Base Rate, regardless of the total quantity purchased.

- (b) CHICAGO HEIGHTS agrees that after any future Base Rate adjustments and, in the event any approval is required by law, that they will without objection join any petition, rate schedule, tariff or other documents or proceedings which may be necessary to be filed with the Indiana Public Service Commission or any other public body and CHICAGO HEIGHTS agrees to abide by such adjusted Base Rate and to pay the same.
- (c) Any further or future increases in the Base Rate shall likewise be reflected by an increase in CHICAGO HEIGHTS' rate as set forth above during the term of this Agreement. In no event shall the rate for water under this Agreement be less than the rate paid by HAMMOND to the UTILITY as determined in the existing contract between HAMMOND and the UTILITY plus twenty five percent of the rate charged therein to HAMMOND by the UTILITY.

503 No Surcharge

No surcharge fee or tax shall be added to the rates provided for in this Agreement by HAMMOND, the Hammond Water Works Department or any agency of either or both that is not also charged by the UTILITY in its sale of water to its other customers.

505 Chicago Heights Customer Charges

HAMMOND shall have no right to determine charges for Lake Water furnished by CHICAGO HEIGHTS to its resident water users or Water Suppliers.

ARTICLE VI - BILLING

601

Frequency

(a) HAMMOND shall bill CHICAGO HEIGHTS each month for the water used each month, and CHICAGO HEIGHTS promises to pay such statement in full without discount within thirty (30) days after the receipt of such bill. Late Charges shall be assessed against CHICAGO HEIGHTS at the same current rate charged by the UTILITY to its suburban customers.

(b) In the event the UTILITY shall be required to alter, amend or establish a new rule, or rules, by order of the Public Service Commission of the State of Indiana, or by law, then the existing rules of the UTILITY and such alterations, amendments, or new rules, shall apply and govern the parties hereto.

(c) CHICAGO HEIGHTS agrees to appropriate annually sufficient money or so much thereof, as may be necessary, to provide sufficient funds for the payment of the water furnished by HAMMOND hereunder, CHICAGO HEIGHTS further agrees that it will at all times charge its resident water consumers sufficient rates in order to provide adequate funds for the payment of water furnished by HAMMOND.

(d) In the event CHICAGO HEIGHTS shall not pay its water bill on time, then to secure prompt payment of the water bills, HAMMOND shall also have the right at any time to require CHICAGO HEIGHTS to pay in advance a sum of money estimated by the Hammond City Controller to be equal to the cost of water required by CHICAGO HEIGHTS for a period of ninety (90) days at the then prevailing metered rate, which said advance payment CHICAGO HEIGHTS hereby agrees to make upon written demand.

(e) If CHICAGO HEIGHTS shall refuse, neglect or fail to pay promptly the water bills rendered for the Lake Water supplied it hereunder within the time or times prescribed herein, or if CHICAGO HEIGHTS shall fail to comply with or perform any of the conditions or obligations on its part to be complied with or to be performed hereunder, and if after such failure HAMMOND shall deliver by mail to the Mayor's

office notice in writing of its intention to shut off the supply of Lake Water on account of such failure, refusal or neglect, then HAMMOND shall have the right to shut off the supply at the expiration of five (5) days after the giving of such notice, and to terminate this agreement unless within such five (5) days, CHICAGO HEIGHTS shall make good such failure. The shutting off of the supply of Lake Water for any such cause shall not release CHICAGO HEIGHTS from its obligation to make payments of any amount or amounts due or to become due in accordance with the terms hereof.

602 Basis

Bills shall be based on readings of the Devices at the Point of Delivery. The readings may also be adjusted as provided for in Section 407.

603 Form

- (a) Each bill shall indicate the total amount of Lake Water delivered as evidenced by the readings of the Devices at the beginning and end of each billing period.
- (b) Each bill shall specify the basic charge per unit of Lake Water furnished and such adjustments, if any, as are applicable.

ARTICLE VII - TERM AND STANDARD CONDITIONS

701 Term

This Agreement shall have a term of thirty (30) years commencing on the date of this Agreement.

702 ASSIGNMENT

This Agreement shall not be assigned or transferred by either party without the written consent of the other.

703 Title to Water

Title to all Lake Water supplied under this Agreement shall remain in HAMMOND to the Point of Delivery, and upon passing the Point of Delivery, title to the Lake Water shall pass to CHICAGO HEIGHTS.

704

Amendment

This Agreement may be amended only by a written agreement between the parties hereto.

705

Notices

All notices under this Agreement shall be in writing either delivered or mailed, certified mail return receipt requested, to CHICAGO HEIGHTS, at:

Mayor,
City of Chicago Heights
1601 Chicago Road
Chicago Heights, Illinois 60411

and to HAMMOND, at:

Mayor,
Civil City of Hammond
5925 Calumet Avenue
Hammond, Indiana 46320

or at such other addresses at such party by written notice designate and shall be deemed given when so delivered.

706

Indemnification

HAMMOND and the UTILITY shall not be responsible in damages to person or property for any failure to supply water or for interruption of the Lake Water supply furnished hereunder. CHICAGO HEIGHTS agrees to save harmless and indemnify HAMMOND and the UTILITY against any and all claims for losses, liability or damage, including fees and expenses, arising out of or in connection with the delivery and sale of the Lake Water after it is received by CHICAGO HEIGHTS at the Point of Delivery, and CHICAGO HEIGHTS hereby assumes all risks of loss, damage or injury to person or property, in the distribution of said Lake Water after received at the Point of Delivery. CHICAGO HEIGHTS further agrees to save harmless and indemnify HAMMOND and the UTILITY against all claims for any loss, damage or injury sustained, of any kind, nature or description, including fees and expenses incurred by HAMMOND and the UTILITY, by reason of any claims made against HAMMOND or the UTILITY by CHICAGO HEIGHTS, the Water Suppliers or their agents or employees, or by any

person whomsoever, for any loss that might occur by virtue of furnishing Lake Water to CHICAGO HEIGHTS under this Agreement.

707

Miscellaneous Provisions

(a) This Agreement supersedes all prior negotiations or understandings and is the whole agreement of the parties. There are no other oral or written agreements concerning the subject of this Agreement other than the agreement between HAMMOND and the UTILITY referred to herein. The provisions of this Agreement shall be interpreted when possible in a manner to sustain their legality and enforceability. The unenforceability of any provision of this Agreement in a specific situation shall not effect the enforceability of that provision in another situation or the remaining provisions of this Agreement. If any part of this Agreement shall be held invalid for any reason the remainder of this Agreement shall remain valid to the maximum extent possible. This Agreement is to be performed in the State of Indiana and is to be construed under applicable Indiana law which shall apply to its enforcement, construction and interpretation. This Agreement is further subject to the existing contract between HAMMOND and the UTILITY concerning sale of Lake Water to HAMMOND (Exhibit "A"). In the event the need for enforcement of any provision in this agreement or its interpretation arises, the parties agree to submit to the jurisdiction of the Federal and State Courts located in the State of Indiana having jurisdiction.

(b) In the event any statute, either of the United States, the State of Indiana, or any rule is promulgated by any governmental agency of the United States or of the State of Indiana, binding upon HAMMOND and the UTILITY, and by reason thereof HAMMOND and the UTILITY shall not be permitted to deliver water to CHICAGO HEIGHTS, as provided for in this contract, then this contract may be cancelled by HAMMOND without any liability to HAMMOND and the UTILITY.

(c) Further, should any law, rule or regulation be passed and adopted by any governmental agency binding on HAMMOND and the UTILITY as to the grade of water to be furnished, or its distribution, then CHICAGO HEIGHTS agrees that when HAMMOND delivers water in compliance with such law, rule or regulation, that it has completed the obligation on its part to be performed under this agreement.

(d) In the event that CHICAGO HEIGHTS shall desire, at the expiration of this Agreement, that is, thirty (30) years from the date this Agreement takes effect, to continue to purchase Lake Water from HAMMOND, it shall, twelve (12) months before the expiration of this contract, so notify HAMMOND, and CHICAGO HEIGHTS shall investigate the problem, and, in the event at that time it shall be to the best interest of both parties, then the contract shall be renewed for an additional period of twenty (20) years at rates to be agreed upon at that time.

(e) This Agreement is subject to cancellation by HAMMOND in the event the Supreme Court of the United States of America or any other court of competent jurisdiction decrees that HAMMOND has no right to contract for, sell, distribute or limits the amount of Lake Water HAMMOND may use for domestic pumpage or otherwise places a burden on HAMMOND in connection with withdrawal of water from Lake Michigan, or otherwise dispose of water from Lake Michigan to any municipality or user residing outside of the limits of the City of Hammond.

(f) The authority of the officials of HAMMOND to execute this Agreement is evidenced by the authority of the Board of Works of the City of Hammond given by the attached Resolution adopted at a regular meeting held on the 12 day of November, A.D., 1982.

(g) The authority of the officials of CHICAGO HEIGHTS to execute this Agreement is evidenced by the Resolution adopted by the City of Chicago Heights, at a regular meeting of their City Council at a meeting duly held on the _____ day of _____, A.D., 1982.

IN WITNESS of this Agreement, Chicago Heights and Hammond
have executed this Agreement as of the 12 day
of November, 1982.

Charles Brown

Mayor

CITY OF
CHICAGO
HEIGHTS,
ILLINOIS

John M. Costabile

City Clerk

BOARD OF WORKS, CITY OF HAMMOND

George Hudick
Thomas C. Conley

Attest
Jane Morte

Approved:

Ed [Signature]

Mayor

CIVIL CITY OF
HAMMOND,
INDIANA

Stanley [Signature]

City Clerk

Attest

(d) The CITY shall also require that its customers, in taking water from the point of delivery, shall in no event ever lower the P.S.I. available to the UTILITY's customers down stream below 40 P.S.I.

(e) The pumpage, storage of water, and the times when such pumpage and storage shall be made by the CITY's customers shall be through properly designed facilities of adequate capacity and subject to the approval of the UTILITY.

(f) The CITY hereby agrees to abide by the opinion of the engineers of the UTILITY and their decision regarding the need for any additional transmission or storage facilities by the CITY's customers to relieve any strain caused by such customer on the UTILITY's system. Such decision shall be final and binding on the CITY and its customers.

(g) The CITY shall not permit its customers to resell water, either on a retail or wholesale basis, to any users outside their territorial limits without receiving the prior written approval of the UTILITY, which consent shall not be unreasonably withheld if there is water reasonably available to the UTILITY for such purpose.

(i) The UTILITY has the right to approve any measuring devices that might be installed by any of the CITY's customers for the purpose of measuring water delivered under any water sales contracts with the CITY and its customers. The CITY shall also secure the prior written approval of the UTILITY for any future improvements, additions or modifications to any measuring device. The opinion and decision of the engineers of the UTILITY in connection with said improvements and modifications, shall be final and such approval shall not be unreasonably withheld.

(j) The CITY designates the engineering staff of the UTILITY as the engineers to make final decisions relative to any engineering questions or problems arising either under this contract and in

any contracts between the CITY and its customers and the opinion and decisions of the said engineers shall be binding on the CITY and its customers.

(k) This contract shall continue in force and effect for a period of thirty (30) years from the date of this Agreement.

(12) The UTILITY shall furnish the grade of water that the UTILITY furnishes to its own patrons. The UTILITY shall not be responsible to the CITY, or any of ITS CUSTOMERS, including CHICAGO HEIGHTS, for any pollution that might exist in the water, or arise in any distribution system of the UTILITY, CITY or the CITY'S CUSTOMERS. The facilities to prevent pollution that the UTILITY now uses, are, for the purpose of this contract, deemed by the parties hereto to be adequate. It is recognized by the parties hereto that the source of water supply is Lake Michigan at the boundary of the City of Hammond, Lake County, Indiana, with said lake, and both contracting parties are familiar with the conditions existing at said point, and the CITY and ITS CUSTOMERS are familiar with the method employed by the UTILITY to secure said water and treat the same for consumption, and then distribute the same to its distribution mains, and this contract is made with reference thereto.

If the CITY or ITS CUSTOMERS causes any pollution of the water in the system of the UTILITY, the same shall be immediately remedied and removed by the party causing such pollution. In the remedying of such condition, should any work be done, or be required to be done, by the UTILITY on its own system, then the CITY and ITS CUSTOMERS shall be required to promise and agree to reimburse and indemnify the UTILITY for such pollution and the damages resulting therefrom.

(13) In the event any statute, either of the United States or the State of Indiana, or any rule is promulgated by any governmental agency of the United States or of the State of Indiana,

binding upon the UTILITY, and by any reason thereof the UTILITY shall not be permitted to deliver water to the CITY, as provided in this contract, then this contract shall be cancelled without any liability to the UTILITY. This Agreement may be amended only upon mutual agreement of both parties in writing.

Further, should any law, rule or regulation be passed and adopted by any governmental agency binding on the UTILITY as to the grade of water to be furnished, or its distribution, then the CITY agrees that when the UTILITY delivers water in compliance with such law, rule or regulation, that it has completed the obligation on its part to be performed under this contract.

(14) In the event that the CITY shall desire, at the expiration of this contract, that is, thirty (30) years from the date this contract takes effect, to continue to purchase water from the UTILITY, it shall, six (6) months before the expiration of this contract, so notify the UTILITY, through its proper officers, and the CITY through its proper officers, shall investigate the problem, and, in the event at that time it shall be to the best interests of both parties, then the contract shall be renewed for an additional period of twenty (20) years at rates to be agreed upon at that time.

(15) Indemnification

The UTILITY shall not be responsible in damages to person or property for any failure to supply water or for interruption of the Lake Water supply furnished hereunder. The CITY shall require that ITS CUSTOMERS, including CHICAGO HEIGHTS, agree to save harmless and indemnify the CITY and the UTILITY against any and all claims for losses, liability or damage, including fees and expenses, arising out of or in connection with the delivery and sale of the Lake Water after it is received by the CITY'S CUSTOMERS at the Point of Delivery; and such CUSTOMER shall assume all risks of loss, damage or injury to person or property, in the

distribution of said Lake Water after received at the Point of Delivery. The CITY'S CUSTOMERS, including CHICAGO HEIGHTS shall agree to save harmless and indemnify the CITY and the UTILITY against all claims for any loss, damage or injury sustained, of any kind, nature or description, including fees and expenses incurred by the CITY or the UTILITY, by reason of any claims made against the CITY or the UTILITY by the CITY'S CUSTOMERS, including CHICAGO HEIGHTS, the Water Suppliers or their agents or employees, or by any person whomsoever, for any loss that might occur by virtue of furnishing Lake Water to the CITY'S CUSTOMERS, including CHICAGO HEIGHTS, under the CHICAGO HEIGHTS AGREEMENT.

(16) Miscellaneous Provisions

(a) This Agreement supersedes all prior negotiations or understandings and is the whole agreement of the parties. There are no other oral or written agreements concerning the subject of this Agreement other than the agreement between the CITY and CHICAGO HEIGHTS referred to herein. The provisions of this Agreement shall be interpreted when possible in a manner to sustain their legality and enforceability. The unenforceability of any provision of this Agreement in a specific situation shall not effect the enforceability of that provision in another situation or the remaining provisions of this Agreement. If any part of this Agreement shall be held invalid for any reason the remainder of this Agreement shall remain valid to the maximum extent possible. This Agreement is to be performed in the State of Indiana and is to be construed under applicable Indiana law which shall apply to its enforcement, construction and interpretation. In the event the need for enforcement of any provision in this Agreement or its interpretation arises, the parties agree to submit to the jurisdiction of the Federal and State Courts located in the State of Indiana having jurisdiction.

(b) In the event any statute, either of the United States, the State of Indiana, or any rule is promulgated by any governmental agency of the United States or of the State of Indiana, binding upon the CITY and the UTILITY, and by reason thereof the CITY and the UTILITY shall not be permitted to deliver water to the CITY'S CUSTOMERS, including CHICAGO HEIGHTS, as provided for in this contract, then this contract may be cancelled by the UTILITY without any liability to the CITY and ITS CUSTOMERS.

(c) Further, should any law, rule or regulation be passed and adopted by any governmental agency binding on the CITY and the UTILITY as to the grade of water to be furnished, or its distribution, then the CITY agrees that when the UTILITY delivers water in compliance with such law, rule or regulation, that it has completed the obligation on its part to be performed under this Agreement.

(d) This Agreement is subject to cancellation by the UTILITY in the event the Supreme Court of the United States of America or any other Court of competent jurisdiction decrees that the CITY or the UTILITY has no right to contract for, sell, disperse, distribute or limits the amount of Lake Water that the CITY or the UTILITY may use for domestic pumpage or otherwise places a burden on the CITY or the UTILITY in connection with withdrawal of water from Lake Michigan, or otherwise dispose of water from Lake Michigan to any municipality or user residing outside of the limits of the City of Hammond.

(e) The authority of the officials of the CITY to execute this Agreement is evidenced by the authority of the Board of Works of the City of Hammond given by the attached Resolution adopted at a regular meeting held on the 12TH day of NOVEMBER, A.D., 1982.

(f) The authority of the officials of the HAMMOND WATER WORKS DEPARTMENT OF THE CITY OF HAMMOND, INDIANA to execute this

Agreement is evidenced by the Resolution adopted by the Board of Trustees of said department, at a regular meeting of said Board of Trustees at a meeting duly held on the 10th day of November, A.D., 1982.

IN WITNESS of this Agreement, the BOARD OF TRUSTEES, HAMMOND WATER WORKS DEPARTMENT and the CIVIL CITY OF HAMMOND, INDIANA have executed this Agreement as of the 12 day of November, A.D., 1982.

BOARD OF TRUSTEES,
HAMMOND WATER WORKS DEPARTMENT
BY: John Amisovic
President
ATTEST:
[Signature]
Secretary

BOARD OF TRUSTEES,
HAMMOND WATER WORKS
DEPARTMENT

CIVIL CITY OF HAMMOND, INDIANA
BOARD OF WORKS
BY: [Signature]
George Swindley
Thomas C. Cooley
APPROVED:
[Signature]
Mayor

CIVIL CITY OF
HAMMOND,
INDIANA

Attest:
Lois Moxie

ATTEST:
Stanley Kucik
City Clerk

COPY OF RESOLUTION ENACTED BY THE BOARD
OF TRUSTEES, HAMMOND WATER WORKS DEPARTMENT

At the regular meeting of the Board of Trustees, Hammond Water Works Department on the 10TH day of NOVEMBER, 1982, the following Resolution was adopted:

Motion made by P. RASKOSKY, seconded by J. TAYLOR, and carried, to adopt the following Resolution: "It is resolved that the Board of Trustees, Hammond Water Works Department do enter into a thirty-year contract with the Civil City of Hammond, Indiana to sell water to the Civil City for resale according to the terms contained in agreement between the Hammond Water Works Department and said Civil City. Said Board of Trustees, Hammond Water Works Department approves said agreement and authorizes it's President to execute the necessary contracts and documents in connection with said agreement with the Civil City of Hammond."

DATED this 10TH day of NOVEMBER, 1982.

BOARD OF TRUSTEES, HAMMOND
WATER WORKS DEPARTMENT.

BY: John Hmurovich
JOHN HMUROVICH, President
of the Board of Trustees

ATTEST:

Robert Kotsos
ROBERT KOTSO, Secretary
of the Board of Trustees

CONTRACT BETWEEN
DEPARTMENT OF WATER WORKS OF THE CITY OF HAMMOND, INDIANA
AND
THE CIVIL CITY OF HAMMOND

AVERAGE DAILY QUANTITY IN GALLONS

<u>YEAR</u>	
1985	10,380,000
1986	10,509,000
1987	10,712,000
1988	10,914,000
1989	11,117,000
1990	11,319,000
1991	11,504,000
1992	11,689,000
1993	11,874,000
1994	12,059,000
1995	12,244,000
1996	12,429,000
1997	12,614,000
1998	12,799,000
1999	12,984,000
2000	13,011,000
2001	13,038,000
2002	13,065,000
2003	13,092,000
2004	13,119,000
2005	13,146,000
2006	13,173,000
2007	13,200,000
2008	13,227,000
2009	13,254,000
2010	13,342,000
2011	13,430,000
2012	13,518,000
2013	13,606,000
2014	13,694,000
2015	13,782,000
2016	13,870,000
2017	13,958,000
2018	14,045,000
2019	14,132,000
2020	14,162,000
2021	14,192,000
2022	14,222,000
2023	14,242,000
2024	14,262,000
2025	14,282,000
2026	14,302,000
2027	14,312,000
2028	14,322,000
2029	14,332,000
2030	14,342,000
2031	14,352,000

EXHIBIT "B"

MEASURING DEVICES

Will be furnished at a later date when plans and specifications are furnished by Robinson Engineering and approved by the HAMMOND and the UTILITY Engineering Departments.

AGREEMENT
FOR SALE OF WATER TO CIVIL CITY OF HAMMOND

THIS AGREEMENT made on the date hereinafter set forth by and between the BOARD OF TRUSTEE, HAMMOND WATER WORKS DEPARTMENT, of the City of Hammond, Indiana, a municipal corporation, by its duly authorized Board of Trustees (hereinafter referred to as "UTILITY") and the CIVIL CITY OF HAMMOND, INDIANA, a municipality, by its duly authorized Mayor and Board of Works acting in their official capacity (hereinafter referred to as "CITY") to witness the following agreements.

WHEREAS, the UTILITY owns, operates and maintains a complete water works system, including a filtration plant, pumping station, storage and transmission facilities and furnishes filtered and treated water to the residents and industries located within its corporate limits and, by contract only, beyond the corporate limits, and

WHEREAS, the CITY in order to raise revenue for its civil operations desires to purchase water from the UTILITY for resale to Illinois customers, including the City of Chicago Heights, Illinois, and hereinafter referred to as "CUSTOMER", "CITY'S CUSTOMERS" or "CHICAGO HEIGHTS", and

WHEREAS, the UTILITY has surveyed the problem and deems itself able to deliver and sell water to the CITY on the Indiana side of the state line between Indiana and Illinois from the water mains presently in place and used by the UTILITY at 172nd Place and State Line Road (The "Point of Delivery"), and

WHEREAS, the parties hereto are desirous of selling and

purchasing water, respectively, said UTILITY and CITY desire entering into the following Agreement for the sale and purchase of water.

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, to be observed and performed by the parties hereto and for other good and valuable consideration, which includes but is not limited to the benefits recited above and to be received and enjoyed by the UTILITY and the CITY, respectively, it is mutually agreed, as follows:

(1) The UTILITY agrees to furnish and deliver water to the CITY and CITY obligates itself to purchase all of its supply of water from the UTILITY at the Point of Delivery to the extent that water is available to the UTILITY for such purpose at the meter vault to be constructed on the Indiana side of the state line at the Point of Delivery in the City of Hammond, Lake County, Indiana, in sufficient quantities to normally supply the water consumers described in the Water Purchase Agreement between the City of CHICAGO HEIGHTS, ILLINOIS, and the CIVIL CITY OF HAMMOND, INDIANA, dated the 12 day of NOVEMBER, 1982, hereinafter referred to as the "CHICAGO HEIGHTS CONTRACT".

(2) At the Point of Delivery of water to the CITY there will be meters installed and a meter vault will be constructed pursuant to the CHICAGO HEIGHTS CONTRACT in which there shall be installed suitable metering devices to measure and determine the amount of water delivered. Said meter vaults shall contain all necessary valves, check valves, special fittings, special castings, drains, suitable entrance to the same, and any other additional equipment and devices to provide a complete and first class installation. All such meters, valves, and other appliances, devices, and materials shall be in accordance with the standard set, and be subject to the approval of the Indiana State Board

of Health. All materials for the meter vaults, including the equipment located therein, shall be furnished and installed by CHICAGO HEIGHTS in accordance with the CHICAGO HEIGHTS CONTRACT and shall be subject to the approval of the UTILITY. After installation, such equipment shall be maintained, both as to repairs and replacements, by CHICAGO HEIGHTS, subject to the approval of the UTILITY.

It is understood, promised and agreed that title to, and ownership of all meter vaults, all materials, equipment and meters furnished by CHICAGO HEIGHTS shall pass to, and be vested in the City, and the lines constructed in the territorial limits of the CITY shall belong to, and become a part of the City system.

(3) The CITY further agrees to require that CHICAGO HEIGHTS operate its system so that normally all water supplied by the CITY will pass through storage tanks prior to being pumped to CHICAGO HEIGHTS' distribution system. No direct pumpage from the UTILITY's supply shall be utilized by the CITY'S CUSTOMERS, including CHICAGO HEIGHTS, any time except at such times when it is necessary to take the tanks out of service for maintenance, repairs and painting and then only after receiving the approval of the UTILITY in writing. This paragraph does not apply to emergency situations. An emergency is not defined as a peak demand hour or day.

(4) The CITY shall, and it hereby agrees to, accept water at the Point or Points of Delivery at the pressure that exists in the main of the UTILITY at such Point or Points. The intent of the UTILITY is to maintain pressures satisfactory for its own water users in the immediate area of the CITY's connections, these pressures therefore being available for the service to the CITY. The UTILITY is not required hereby to furnish water to

the CITY at a specific pressure. In the event that any customer of the CITY, including CHICAGO HEIGHTS desires to construct additional facilities to carry the water from the Point or Points of Delivery to and through its own distribution system to serve its patrons, the CITY shall require that all such extensions, pumps, equipment and system shall be furnished, installed, operated and maintained by such customer. Over such equipment, system and the repairing and maintenance thereof, the UTILITY and the CITY shall have no control, nor shall it be in any event responsible therefor. The UTILITY shall in no event be responsible to the CITY, ITS CUSTOMERS, CHICAGO HEIGHTS or any of its customers or patrons, nor shall any right of action arise or exist against the UTILITY in favor of the CITY, ITS CUSTOMERS, CHICAGO HEIGHTS or any of its customers by reason of the main pressure at the Point or Points of Delivery of such water, and the CITY and ITS CUSTOMERS shall save the UTILITY harmless from any and all claims made by the CITY itself, or by any customer of the CITY. It is understood and agreed that the CITY shall take the water at the Point or Points of Delivery "as is", and at the "off peak hours" as hereinafter defined.

(5) The CITY shall require that CHICAGO HEIGHTS furnish, install, operate, repair and maintain all distribution lines, pumps, storage facilities, and all other necessary equipment on the distribution system that it now has, and all other necessary equipment, to assure itself that it can receive and distribute the water furnished under the CHICAGO HEIGHTS CONTRACT.

The CITY shall require CHICAGO HEIGHTS to obtain all necessary permits, easements, right-of-ways, etc., for the construction of all mains or conduits required in connection with the transporting of water from the Point of Delivery to its distribution system.

(6) The CITY shall require that:

(a) CHICAGO HEIGHTS shall be responsible for there being provided and maintained at all times during the term of this Agreement water storage by CHICAGO HEIGHTS and the Water Suppliers collectively of sufficient capacity to store not less than 2 times the daily State Water Allocations from time to time in effect for CHICAGO HEIGHTS and the Water Suppliers.

(b) The water storage capacity of CHICAGO HEIGHTS and the Water Suppliers shall be sufficient to meet at least 2 times the daily state water allocation from time to time in effect for CHICAGO HEIGHTS and the Water Suppliers during any forty-eight (48) hour period in the event the supply from the CITY is, for any reason, not available, and any lack of storage of such storage capacity may develop a strain upon the water system of the UTILITY. CHICAGO HEIGHTS shall utilize its water storage capacity for supply at its peak flow periods which will make the least strain on the water system of the UTILITY. The off-peak hours in which the CITY'S CUSTOMERS, including CHICAGO HEIGHTS shall take water from the CITY and the UTILITY'S system is further defined as being from 10:00 P.M. to 2:00 o'clock P.M. the following day. This pumpage and storage of water and the times when such pumpage and storage shall be made by the CITY'S CUSTOMERS through properly designed facilities of the CITY'S CUSTOMERS, including CHICAGO HEIGHTS. If a lack of adequate storage facilities causes a strain on the water system of the CITY and the UTILITY, then such CUSTOMER will construct and provide additional storage facilities to relieve the strain on the water system of the CITY and the UTILITY. The reasonable opinion and decision of the Engineers of

the UTILITY of the necessity of additional transmission or storage facilities by the CITY'S CUSTOMERS, including CHICAGO HEIGHTS to relieve said strain, shall be final, and the CITY shall require that ITS CUSTOMERS agree to abide by such decision.

The off-peak hours in which the CITY'S CUSTOMERS shall take water from the UTILITY's system is further defined as being from 10:00 o'clock P.M. to 2:00 o'clock P.M. the following day. This pumpage and storage of water and the times when such pumpage and storage shall be made by the CITY'S CUSTOMERS, shall be subject to the approval of and directed by the Engineers of the UTILITY.

(7) The UTILITY, CITY and the CITY'S CUSTOMERS, including CHICAGO HEIGHTS, shall furnish, install, operate and maintain their respective equipment and system located within their territorial or boundry limits, except as herein otherwise provided, and the CITY and UTILITY shall in no wise, or at no time be obligated to do, or perform, any act outside the city limits of Hammond, Lake County, Indiana. The CITY shall not, without receiving the UTILITY's written approval, sell water either on a retail or wholesale basis to any customers not described and set forth in their contract with CHICAGO HEIGHTS.

(8) The CITY shall require CHICAGO HEIGHTS to seek and secure approval from the CITY prior to making any future improvements, additions, extensions or modifications to the present metering devices, as would affect said CITY or UTILITY, and that the reasonable opinion and decision of the Engineers of the UTILITY, in connection with said improvement, or modification, shall be final and the CITY shall abide by such decision.

(9) For the water furnished by the UTILITY to the CITY, the CITY agrees to pay for the water so furnished and delivered, the following prices:

\$0.38 per 1,000 gallons.

UTILITY, be available to it, and the parties agree to be bound by the present rules and regulations, including the rules and regulations regarding delinquencies, which are attached hereto marked "Exhibit A", and made a part hereof. In the event the UTILITY shall be required to alter, amend or establish a new rule, or rules, by order of the Public Service Commission of the State of Indiana, such alterations, amendments, or new rules, shall apply and govern the parties hereto.

(11) The parties agree:

(a) All moneys received by the CITY from resale of water to Illinois customers, including CHICAGO HEIGHTS, shall be the sole and separate property of the CIVIL CITY OF HAMMOND and after payment by the CITY to the UTILITY for the water purchased pursuant to this Agreement the balance of said money shall be available solely to the CIVIL CITY as revenue to be used solely for CIVIL CITY governmental operating expenditures.

(b) The CITY shall require that its customers agree not to commit any acts or omissions that would cause the CITY to be in breach of this Agreement.

(c) That if for any reason, including an emergency failure or malfunction in the CITY's or the UTILITY's water distribution system or water supply system, the CITY is unable to furnish in full the quantities of Lake Water to be furnished to its customers, including CHICAGO HEIGHTS, then the UTILITY shall use due diligence to so operate its water system during any such occurrence so as to provide Lake Water insofar as practicable to the CITY's customers, as well as the UTILITY's customers, as determined in the sole discretion of the UTILITY. The UTILITY shall promptly take such actions, including making and expediting repairs or adjustments, as are reasonably necessary to restore delivery to the CITY's customers as well as the UTILITY's customers.

The price to be charged to the CITY shall be adjusted throughout the term of the Agreement, as follows:

Any time the UTILITY's rate for water furnished to the Towns of Munster or Highland, Indiana is increased, then the price of water to the CITY shall be increased to the rate of either of said Towns, whichever is lowest, and the CITY agrees to pay such increased rate. Any further or future increases in rates shall be likewise reflected in an increase in the CITY's rate as set forth above during the term of this Agreement. In the event the UTILITY shall in the future, pursuant to existing laws or acts amendatory thereto, withdraw from the jurisdiction of the Public Service Commission and pursuant to law effects such withdrawal, then all references to any requirements of the Public Service Commission's approval mentioned in this Agreement shall be eliminated.

(10) The amount of water purchased and sold shall be determined by the readings of meters installed at the Points of Delivery, as aforesaid, and the CITY shall pay for such water as shown by such readings. In the event that such meter or meters shall become out of repair for a period of time, then the parties shall compute the water delivered and not metered on a basis of the water readings for the same month of the previous year and the daily average for such period shall be used as the basis for computing the amount of water delivered and not metered, and the amount to be paid for such unmetered period shall be based upon such computation.

The UTILITY shall bill the CITY each month for the water used each month, and the CITY promises to pay such statement in full without discount within thirty-five (35) days after the receipt of such bill. In the event such statement is not paid, then the rules of the UTILITY, including the right to shut off the supply of water, as now in force, shall, at the option of the