

COMMITTEE OF THE WHOLE MEETING
No. 2020-06-1
TUESDAY, JUNE 23, 2020

6:00 P.M.

CALL TO ORDER

ROLL CALL

ADMINISTRATION

Presentation - Southland Water Agency

OPEN TO THE PUBLIC

ADJOURNMENT

Sincerely,



Ronald J. Gardiner
Village President

Posted and distributed 6/19/20



WATER SUPPLY CONTRACT
Between
The Southland Water Agency
and
The Village of Glenwood, Illinois

2020

**WATER SUPPLY CONTRACT
BETWEEN
THE SOUTHLAND WATER AGENCY**

**AND
THE VILLAGE OF GLENWOOD**

THIS CONTRACT made and entered into this day of , 2020, and executed in duplicate originals (each executed copy constituting an original) by and between the Southland Water Agency, a special purpose Agency, organized and existing under and by virtue of the laws of the State of Illinois, party of the first part, and the Village of Glenwood, a municipal corporation organized and existing under and by virtue of the laws of the State of Illinois, party of the second part.

**WATER SUPPLY CONTRACT BETWEEN THE SOUTHLAND WATER
AGENCY AND THE VILLAGE OF GLENWOOD, ILLINOIS**

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**SOUTHLAND WATER AGENCY AND
VILLAGE OF GLENWOOD, COOK COUNTY, ILLINOIS
WATER SUPPLY CONTRACT**

THIS WATER SUPPLY CONTRACT, dated as of _____, 2020, between the Southland Water Agency, a Joint Action Municipal Water Agency and public corporation under Section 3.1 of the Intergovernmental Cooperation Act (§ 5 ILCS 220/3.1) and the Village of Glenwood, Illinois, an Illinois municipal corporation:

WHEREAS, on May 7, 2019, the Village of South Holland, IL, the Village of East Hazel Crest, IL and the Village of Thornton, IL (“Charter Members”), each a municipal corporation, entered into an Intergovernmental Agreement, (hereinafter, the “Intergovernmental Agreement”) whereby they established the Southland Water Agency, a Joint Action Municipal Water Agency and public corporation under Section 3.1 of the Intergovernmental Cooperation Act (§ 5 ILCS 220/1 et seq.) (the “AGENCY”); and

WHEREAS, the AGENCY was established for the purpose of providing adequate supplies of potable Lake Michigan water (“Lake Water”) and water utilities to, from and within the Village of South Holland, IL, the Village of East Hazel Crest, IL and the Village of Thornton, IL (the “Charter Members”), and to other customers; and

WHEREAS, the AGENCY has entered into a long-term contract with Indiana Infrastructure, LLC, for access to Lake Michigan in order to draw Lake Michigan Water for the supply of potable water to the AGENCY Waterworks System; and

WHEREAS, the AGENCY is now or in the future will be the owner and operator

of a waterworks system providing intake, treatment and distribution facilities for Lake Water, consisting of transmission mains, reservoirs, pumping stations, and related facilities (the “Waterworks System”) capable of supplying Lake Water meeting the requirements of the Charter Members and the Village of Glenwood (“PURCHASER”); and

WHEREAS, the Charter Members and the PURCHASER each have their own waterworks systems (“Unit Systems”) to sell and distribute potable water received to their own customers; and

WHEREAS the AGENCY is committed to serve within its planned water Service Area as depicted in Exhibit “A” and to charge for such service fair and equitable rates which are not prohibitive; and

WHEREAS, the Waterworks System will interconnect with and supply Lake Water to the PURCHASER’s waterworks and supply systems, generally at the location depicted in Exhibit “B” (hereinafter, the “Point of Delivery”); and

WHEREAS, under the laws of the State of Illinois, the AGENCY and PURCHASER are authorized to enter into contracts for the purchase and sale of water; and

WHEREAS it is the intent of the AGENCY and PURCHASER to recognize that the Charter Members enabled the AGENCY to establish the AGENCY Water Supply System such that its essential design is in accordance with good engineering practice, and is sufficient to serve all customers, and that the Members have made extraordinary investment, contributions and commitments to the AGENCY and the AGENCY Water Supply System; and.

WHEREAS, the PURCHASER desires to purchase a supply of Lake Water from the AGENCY in order to provide adequate supplies of Lake Water to PURCHASER's customers, and the AGENCY intends to provide a Lake Water supply from and through its Waterworks System, all on such terms and conditions as hereinafter set forth in this Water Supply Contract (hereinafter, "Contract"); and

WHEREAS, the AGENCY agrees to sell, and PURCHASER agrees to purchase exclusively from the AGENCY, an amount of Lake Water, to the extent of the lesser of PURCHASER's Full Water Requirements or the Water Allocation by the State of Illinois or the amount made available through the Waterworks System; and

WHEREAS, the AGENCY and the PURCHASER agree to enter into this Water Supply Contract setting forth the term, water and service rates, water allocations, and other appropriate terms of service, such rates and charges being necessary to pay for the fixed and operational costs of the AGENCY; and

WHEREAS, PURCHASER recognizes that the AGENCY intends to enter into contracts with and provide water to other customers within the Service Area of the AGENCY, now and in the future; and

WHEREAS, by the execution of this Contract, PURCHASER is surrendering none of its rights to the ownership and operation of its Unit System except as expressly limited in this Contract, and the AGENCY is surrendering none of its rights to the ownership and operation of its Waterworks System, but both parties expressly assert their continued rights to own and operate such systems; and

WHEREAS, the parties hereto desire to fulfill their respective obligations to one another, and the obligations to their respective customers, and desire to set forth herein the terms and conditions of their agreements; and

WHEREAS, each party has taken all necessary steps for the adoption of this Contract as a legal and binding document between them, and the individuals executing this Contract have been duly authorized to do so.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained hereinafter, the parties agree as follows:

Section 1. INCORPORATION.

The above Preambles are hereby incorporated herein by reference, as if set out in full. Section numbers and captions are for reference and convenience only and do not expand or limit the meaning as contained in the text of this Contract. A definition in the singular may be used in the plural, and vice-versa.

Section 2. DEFINITIONS.

The following words and phrases shall have the following meanings when used in this Contract, unless the context clearly indicates a different meaning is intended.

"Act" means Section 3.1. of the Intergovernmental Cooperation Act, (5 ILCS 220/3.1)

"AGENCY" means the Southland Water Agency, with offices in Cook County, Illinois.

"AGENCY Water Supply System" means all of the AGENCY's facilities, including land, easements, rights-of-way over lands and waters, pumping, storage, treatment and other facilities, pipelines and appearances acquired and/or constructed and operating permits granted, for the purposes of providing and transmitting Lake Water to customers, but not including local municipal water Supply Systems ("Unit Systems").

"Board of Directors" means the Board of Directors of the AGENCY.

"Contract" means this Water Supply Contract.

"Effective Date" means the date upon which this Contract goes into effect, pursuant to Section 12 of this Contract.

"Lake Water" means water drawn from Lake Michigan for supply or distribution by the AGENCY.

"Lake Water Access Contract" means the AGENCY's long-term contract with Indiana Infrastructure, LLC, for access to Lake Michigan in order to draw Lake Michigan Water for the supply of potable water to the AGENCY Waterworks System.

"Member" or "Charter Member" means the Village of South Holland, IL, the Village of East Hazel Crest, IL and the Village of Thornton, IL as provided under the Intergovernmental Agreement establishing the AGENCY.

"Minimum Take or Pay Contract" means the requirement that a PURCHASER's Water Volume Commitment will be taken or, if not taken, will be paid for on the same basis as if taken.

"Point of Delivery" means that location where the Waterworks System will interconnect with PURCHASER's Unit system, as described in Exhibit B, attached hereto.

"Pre-existing Water Supply Contract" means a written water supply contract between PURCHASER and a public supplier of Lake Water other than the AGENCY, setting forth water rates, water allocations, and other terms of Lake Water supply service, such contract and those terms being in existence and effect at the time of PURCHASER's first approval as a PURCHASER under this Contract, or any successor thereto.

"PURCHASER" means the Village of Glenwood, Illinois, an Illinois municipal corporation purchasing Lake Water from the AGENCY.

"Service Area" means the geographic area that the AGENCY'S Waterworks system is planned to serve. As shown in Exhibit A.

"Unit of Water" means 1,000 (one thousand) gallons of Lake Water.

"Unit System" means PURCHASER's the water supply system, or combined waterworks and sewerage system (if such systems are combined for financing and accounting purposes) dedicated to the distribution of potable water to its customers and connected to the AGENCY Water Supply System pursuant to a contract with the AGENCY.

"Water Allocation" means, with respect to PURCHASER, PURCHASER's allocation and allowable excess from time to time of Lake Water, as determined by the Illinois Department of Natural Resources (IDNR) or its successor regulatory agency; or otherwise pursuant to applicable state law or administrative opinion, or such other amounts of Lake Water as PURCHASER may lawfully take.

"Water Rate" means the AGENCY's rates and charges per unit of water for PURCHASER.

"Water Supply Contract" means this written water supply contract between the AGENCY and PURCHASER, setting forth water rates, water allocations, and other terms of Lake Water service to PURCHASER.

"Waterworks System" means the AGENCY Water Supply System.

Section 3 SERVICE TO BE PROVIDED

(1) The AGENCY agrees to supply to PURCHASER as a customer of the AGENCY and PURCHASER agrees to purchase and take from the AGENCY under and in accordance with the terms hereof, a supply of water through a metered connection authorized by the General Manager of the AGENCY. The AGENCY shall supply available water from the Waterworks System into PURCHASER's Unit System, and PURCHASER shall receive the water from the Waterworks System at the Point of Delivery.

(2) The AGENCY agrees to deliver water to PURCHASER's transmission main supplying PURCHASER's water reservoir(s) and Unit System.

(3) The AGENCY presently has the right under its Lake Water Access Contract to obtain and convey sufficient Lake Water for the purpose of selling same to AGENCY members and customers including PURCHASER.

(4) If for any reason the AGENCY is unable to supply in full the quantities of Lake Water to be furnished from time to time to PURCHASER, the AGENCY shall use due diligence to operate the AGENCY Waterworks System during any such occurrence to provide Lake Water to PURCHASER insofar as practicable, and shall, as promptly as possible, take such actions, including expediting repairs or adjustments, as are necessary to restore delivery to PURCHASER of the Lake Water to be furnished.

(5) PURCHASER and the AGENCY shall each notify the other 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.

Section 4 PURCHASER REQUIREMENTS.

PURCHASER shall satisfy the following requirements throughout the term of this Contract:

(1) PURCHASER shall retain ownership and operational control of its Unit System in a state of repair;

(2) PURCHASER shall retain a Lake Water Allocation from the State of Illinois;

(3) PURCHASER shall timely pay its required initial contribution; and

(4) PURCHASER shall not be in default under this Contract (subject to rights to cure).

Section 5. QUANTITY OF WATER TO BE FURNISHED

(1) The AGENCY agrees to supply to PURCHASER, at the Point of Delivery, for use by its customers, such quantities of Lake Water as is required by PURCHASER for its Full Water Requirements, set forth in Schedule "A" attached hereto, but subject to (1) its Water Allocation as set forth in Schedule "A," commencing at the later of such time as the AGENCY can place into service such transmission or such time as PURCHASER's Pre-existing Water Supply Contract, if any, terminates, but no later than ten (10) years after the Effective Date, for the term of this Contract; and (2) that supplied to the AGENCY through the Waterworks System. The AGENCY's obligation under this Contract shall not exceed on any given day the maximum daily amount of Lake Water set forth in Schedule "A" attached hereto.

(2) The AGENCY agrees to keep in force and timely renew such contracts, licenses, permits and other authorizations as will meet the demands (Full Water Requirements) of PURCHASER, under such terms and conditions as are most advantageous to PURCHASER and the AGENCY.

(3) PURCHASER shall, and hereby agrees to, accept Lake Water at the Point of Delivery at the pressure that exists in the main of the AGENCY at such Point of Delivery, which shall be a minimum of 25 pounds per square inch (psi). In the event that PURCHASER shall 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 systems shall be furnished, installed, operated and maintained by PURCHASER. The AGENCY shall have

no control, nor shall it be in any event responsible to PURCHASER or any of its customers, nor shall any right of action arise or exist against AGENCY and in favor of PURCHASER or any of its customers concerning AGENCY equipment, system and maintenance or repair, or by reason of the main pressure at the Point of Delivery, and PURCHASER shall save the AGENCY harmless from any and all claims made by PURCHASER itself, or by any of its water users.

(4) This is a "Minimum Take or Pay Contract." PURCHASER shall purchase and pay for, during the term of this Contract, that amount of Lake Water that is actually supplied to the PURCHASER's Unit System, provided however, notwithstanding anything herein to the contrary, PURCHASER agrees that in the event that PURCHASER fails to take delivery of Lake Water made available by the AGENCY in the amounts and on the terms set forth in Schedule "B" to this Contract, PURCHASER will still be obligated to pay the AGENCY with respect to such Lake Water as though PURCHASER had taken delivery of such quantities of Lake Water as are set forth in Schedule "A" to this Contract.

(5) The maximum hourly rate of supply and withdrawal of water from the Waterworks System shall not exceed twice the annual average daily contracted amount, as specified in the Schedule "A" to this Contract. The AGENCY shall have the right to restrict the supply of water to PURCHASER in order to ensure an adequate water supply to all purchasers of AGENCY water for public health and fire protection.

(6) PURCHASER and the AGENCY shall each notify and keep the other informed of the name of the individual(s) in

charge of operations of their respective Systems.

(7) PURCHASER has the right to resell Lake Water it purchases under this Contract to existing and future water users of PURCHASER'S Water System, provided (i) that PURCHASER and its customers do not exceed their then current Water Allocation, and (ii) PURCHASER does not resell Lake Water to any customer of the AGENCY then under a water supply contract with the AGENCY ("existing AGENCY customer") without the AGENCY'S written consent. In the event that PURCHASER resells Lake Water to any existing AGENCY customer without the AGENCY'S written consent PURCHASER shall be in default; and any consideration received by PURCHASER therefor in excess of the Water Rates charged PURCHASER by the AGENCY for such Lake Water as set forth in this Contract, then the value of such consideration in excess of the Rates charged by the AGENCY for said Lake Water shall become immediately due and owing to the AGENCY. All customer communities of PURCHASER shall be approved in advance by AGENCY. PURCHASER shall give the AGENCY at least six (6) calendar months prior written notice before PURCHASER enters into a contract to service any new water customer(s), and PURCHASER shall provide the AGENCY with copies of the contract and any other information reasonably requested by the AGENCY in regard to the addition of a new wholesale water customer. PURCHASER shall remain obligated to the AGENCY for payment of all water purchased from the AGENCY, regardless of failure of customers of PURCHASER to pay PURCHASER.

(8) Title to all Lake Water supplied hereunder shall remain in the AGENCY until it leaves the Waterworks System and

enters PURCHASER'S Unit System, or passes the appropriate meter in the case of another customer of the AGENCY.

(9) The AGENCY shall not deliver any water other than Lake Water to PURCHASER without the prior approval of the AGENCY and PURCHASER.

(10) If for any reason, including emergency failure or malfunction in the AGENCY Waterworks System, AGENCY is unable to furnish in full the quantities of Lake Water to be furnished from time to time to PURCHASER, then the AGENCY shall use due diligence during any such occurrence to provide Lake Water (insofar as practicable) to PURCHASER as determined in the sole discretion of the AGENCY, and immediately the AGENCY shall take prompt actions, including making and expediting repairs or adjustments, as are necessary to restore delivery to PURCHASER of the Lake Water to be furnished from time to time under this Contract. PURCHASER may contract outside the AGENCY for a temporary supply of water in case of an emergency, provided, however, PURCHASER shall during the entire term of this Contract be obligated to purchase its entire supply of water from the AGENCY for that purpose and may purchase additional water from others only to the extent and during the time the AGENCY is unable to meet PURCHASER'S requirements as provided for in this Contract. PURCHASER also shall be permitted to provide emergency service to others when necessary and where possible. PURCHASER shall promptly advise the AGENCY of the need and nature of the emergency service required and provided, and the probable duration.

Section 6. FACILITIES, EQUIPMENT AND OPERATION

(1) The AGENCY and PURCHASER will each, at its own expense, operate, maintain, replace and improve their respective water systems and facilities as necessary for the AGENCY to deliver Lake Water to PURCHASER and for PURCHASER to deliver Lake Water to its customers during the term of and any extensions of this Contract. Each party will, from time to time, expand their respective systems as necessary to deliver the Lake Water to be furnished under this Contract and any extensions.

(2) The AGENCY and PURCHASER grant to each other, for the term of this Contract, a license for the right to interconnect their respective System and facilities, and access and use the Systems and facilities of the other for the purposes set forth in this Contract. PURCHASER grants to the AGENCY a license, for the term of this Contract, to access and locate the AGENCY's Waterworks System and facilities within the right-of-way or other real estate owned by or to which PURCHASER holds a property right, for all purposes set forth in this Contract.

(3) The AGENCY shall provide any and all devices reasonably necessary for the purpose of controlling, measuring, transmitting and recording flows and leak detection of the supply of water furnished to PURCHASER, and for the transmitting and recording of pressures, reservoir levels, leakage, and other required operational information.

(4) The AGENCY will assist PURCHASER in obtaining applicable regulatory permits, licenses, inspections, approvals and public right-of-way for any construction of or upon the Unit System, provided the AGENCY has reviewed and approved the plans and specifications as provided herein.

(5) PURCHASER shall be responsible for providing and maintaining at all times during the term of this Contract water storage within PURCHASER's Unit System sufficient in capacity to store not less than two times the annual average daily demand of PURCHASER as allocated by the State of Illinois.

(6) PURCHASER's Unit System shall be operated so as to properly utilize reservoir storage within PURCHASER's Unit System and its customer's connections in such a manner as to assist the AGENCY in maintaining a balanced flow within the AGENCY Waterworks System

(7) PURCHASER agrees to keep the AGENCY informed of the total storage capacity available between the PURCHASER Unit System and customers, collectively.

(8) PURCHASER shall own, maintain and operate its Unit System efficiently, and take steps reasonably necessary so that all improvements and extensions of its Unit System will be in good repair and working order and will operate properly and efficiently.

(9) PURCHASER shall also grant without charge to the AGENCY, upon request by the AGENCY 1) easements necessary for those portions of the AGENCY Water Supply System to be located on or within PURCHASER's property; and 2) easements for the AGENCY to access the AGENCY Water Supply System for purposes of fulfilling its duties and responsibilities under this Contract. PURCHASER shall also grant to the AGENCY, from time to time during the term of this Contract, upon reasonable notice and request from the AGENCY, any reasonably required temporary construction easements upon, over or within any property owned by PURCHASER, for purposes of allowing the AGENCY to extend, repair,

replace, or remove any portion of the AGENCY Water Supply System.

Section 7. WATER QUALITY

(1) The AGENCY shall supply PURCHASER with water of a quality commensurate with Federal and State standards and generally consistent with water quality parameters of the City of Chicago Department of Water. In the event that the Lake Water furnished by the AGENCY fails to meet the minimum water quality standards at the Point of Delivery the AGENCY shall take immediate action to correct any such water quality deficiency.

(2) PURCHASER shall have an air gap at its receiving reservoir for its supply of water from the AGENCY.

(3) The AGENCY bears no degree of responsibility for the water quality beyond the meter after the pumping station discharge into PURCHASER's Unit System

(4) Each of the Parties hereto shall immediately notify the other of any emergency or condition which may affect the quality of water in either Party's system.

(5) The AGENCY and PURCHASER have the right to make inspections of those facilities which may affect the quality of the water supplied to PURCHASER, and to perform any tests deemed reasonably necessary.

Section 8. REPORTING REQUIREMENTS

(1) PURCHASER shall maintain suitable records of water used by PURCHASER and these records shall be available to the AGENCY at all reasonable times.

(2) Not later than January 31st of the calendar year following the date of this Contract, PURCHASER agrees to submit to the General Manager of the AGENCY a written copy of the prevailing water rate as applicable to its water customers. PURCHASER shall include all rates and relevant information and the premise on which rates have been established.

(3) The AGENCY shall annually report the quality of its Lake Water supply to PURCHASER.

Section 9. MEASUREMENT

(1) The quantity of Lake Water furnished to PURCHASER under this Contract will be measured by mutually acceptable master meters for measuring the flow of water at the first point after the Point of Delivery (the "measuring point"). The unit of measurement shall be gallons of water, U.S. Standard Liquid Measure.

(2) The AGENCY shall provide mutually acceptable meters for measuring the supply of water on the discharge side of each pump at the Point of Delivery. The master meters will be the primary devices used for the registration and billing of quantities of water supplied under this Contract. Provisions shall be made for the use of pitot tubes adjacent to the master meter for calibration and test purposes.

(3) The AGENCY shall own, operate, maintain, repair and house the meters referred to in this Section.

(4) The AGENCY will regularly inspect the meters measuring the supply of water furnished, and will repair or replace any part of a meter which has a total registration deviation greater than the industry standards, or which has been in service for a period greater than the industry

standard or which is known or suspected to be registering incorrectly. The AGENCY shall check the master meter for accuracy semi-annually by use of pitot tubes, in the presence of PURCHASER's representatives and at the expense of the AGENCY.

(5) The readings made for purposes of billing PURCHASER shall be made by the AGENCY once every calendar month. Monthly readings shall be transmitted to PURCHASER.

(6) When it is determined that a measuring device registered incorrectly, an estimate of the amount of water furnished through the faulty device shall be prepared by the AGENCY's General Manager for the purpose of billing PURCHASER. The estimate shall be based upon the best available information, including summation of other available meter readings, the average of twelve preceding readings of the meter, exclusive of incorrect reading, and calibration of the master meter.

Section 10. RATES AND BILLING

(1) The rates and charges for Lake Water furnished to PURCHASER under this contract ("Water Rate") shall be as presented in Schedule "B," and shall be payable to the AGENCY per 1,000 gallons supplied to PURCHASER. The initial Water Rate set in Schedule B shall be fixed for the number of Service Years set forth in Schedule "B."

(2) The Water Rates shall not be subject to any surcharge or fee imposed by the AGENCY, and PURCHASER shall be under no obligation to purchase Lake Water from the AGENCY if the Water Rates exceed the terms stated Subsection 10(1) above.

(3) The AGENCY shall bill PURCHASER at monthly intervals for all

Lake Water furnished to PURCHASER under this Contract, including Lake Water resold by PURCHASER, if any, and PURCHASER shall pay the water bill within 28 days of receipt of invoice.

(3) PURCHASER will in each year make all budgetary, emergency or other provisions or appropriations necessary to provide for and authorize the prompt payment by PURCHASER to the AGENCY during each fiscal year, and on each payment date of all the charged, payments and adjustments provided for in this Contract.

(5) The parties agree that, from time to time, they may agree, upon prior approval of their respective authorized officers or bodies, to perform maintenance and repair of one another's water systems; or portions thereof, at agreed upon rates or charges. The parties may agree to make such charges payable as a separate charge with each water bill.

(6) In the event of non-payment of a water bill by PURCHASER within 45 days, the AGENCY reserves the right to require PURCHASER to deposit, in advance, a sum equal to the average estimated costs for water supply during a period of ninety (90) days at the prevailing metered rate. Said sum shall be deposited in an interest-bearing account. The interest shall be credited to PURCHASER after reimbursement to the AGENCY of any costs incurred by the AGENCY due to the delinquent payment by PURCHASER.

Section 11. INITIAL PURCHASER WATER SUPPLY CONTRIBUTION.

(1) PURCHASER shall also pay the AGENCY a Uniform Initial Water Supply Contribution payable under the terms and conditions set forth in Schedule "C."

**Section 12. EFFECTIVE DATE;
TERM**

(1) The Effective Date of this Contract shall be the date that the last authorized signatory signs and dates this Contract, which date shall be inserted on the first page of this Contract. This Contract shall become effective only in the event the corporate authorities of each Party approve this Contract.

(2) This Contract shall have a term commencing on the date of this Contract and terminating at 11:59 p.m. the last day of the fiftieth (50th) year following the Contract date ("Expiration Date"). This Contract shall automatically renew after the initial term for an additional twenty-five (25) year term, or such other renewal term as is agreed to by the AGENCY and PURCHASER prior to expiration of the initial term, unless written notice of non-renewal is submitted by PURCHASER to the AGENCY no less than twelve (12) months after the AGENCY provides PURCHASER with the Water Rates that shall apply during the renewal term . This Contract shall thereafter automatically renew for additional ten (10) year terms, unless written notice of non-renewal is submitted by to the AGENCY no less than twelve (12) months after the AGENCY provides PURCHASER with the Water Rates that shall apply during the renewal term . The terms and conditions of this Contract during any renewal period(s) shall remain unchanged from those set forth in the then active Contract, unless otherwise agreed by the parties by way of written amendment; provided however, the rates for water service during each renewal period shall be as determined by the AGENCY and provided to PURCHASER not less than twenty-four (24) months but more than thirty (30) months prior to the end of the then active term.

Section 13. INSURANCE

PURCHASER shall take out and maintain during the life of this Contract the following insurance, and indemnify the AGENCY as provided under Section 14.

(1) Worker's Compensation - Coverage A - Statutory, Coverage B, - as required by law.

(2) Comprehensive General Liability - Public Liability - Each Person - \$3,000,000.00 (Three Million) Each Accident - \$5,000,000.00 (Five million). Property Damage - Each Accident - \$500,000.00 (Five Hundred Thousand) Aggregate - \$500,000.00 (Five hundred Thousand).

Official's Liability \$1,000,000.00 (One Million) Aggregate - \$500,000.00 (Five hundred Thousand)

(3) Comprehensive Automobiles. - Same limits as Subsection (2).

(4) Contractor's Contractual - Same limits as Subsection (2).

(5) Special Hazards - Blasting Explosion and Collapse, Damage to underground utilities, any other hazards involved in the work to be performed under this Contract. Same limits as Subsection (2).

(6) Owner's Protective - The AGENCY will be an additional named insured.

Section 14. INDEMNITY

PURCHASER shall indemnify to extent permitted by law, keep and save harmless the AGENCY, its agents, officials and employees, against all injuries, deaths, loss, damages, claims, patent claims, suits,

liabilities, judgments, costs and expenses, which may in anywise accrue against the AGENCY in consequence of the granting of this Contract or which may in anywise result therefrom, if it shall be alleged and determined that the act was caused through negligence or omission of PURCHASER or its employees, of contractor or subcontractor or their employees, if any, and PURCHASER shall, at its own expenses, appear, defend and pay all charges of attorneys and all costs and other expenses arising therefrom or incurred in connection therewith, and, if any judgment shall be rendered against the AGENCY in any such action, PURCHASER shall, at its own expense, satisfy and discharge the same. PURCHASER expressly understands and agrees that any performance bond or insurance protection required by this contract, or otherwise provided by PURCHASER or by its contractors or subcontractors, shall in no way limit the responsibility to indemnify, keep and save harmless and defend the AGENCY as herein provided.

AGENCY shall take out and maintain during the life of this Contract Workers Compensation and Comprehensive General Liability insurance with limits not less than those stated in Section 13, naming PURCHASER as an additional insured, and shall indemnify to the extent permitted by law, keep and save harmless the PURCHASER, its agents, officials and employees, against all injuries, deaths, loss, damages, claims, patent claims, suits, liabilities, judgments, costs and expenses, which may in anywise arise out of the AGENCY's installation, removal, service or repair of its Water Supply System within easements or rights-of-way granted or permitted by PURCHASER in favor of the AGENCY.

In defending the AGENCY, its agents, officials and employees, PURCHASER may utilize any immunity which may be raised on behalf of the defendants provided that the use of such immunities by PURCHASER shall not result in a judgment against the defendants.

The obligation of PURCHASER to indemnify shall not extend to any claims made or suits filed by PURCHASER or its members against the AGENCY.

Section 15. FORCE MAJEURE

(1) No Party will be liable in damages to any other Party for delay in performance of, or failure to perform, its obligations under this Contract, if such delay or failure is caused by a Force Majeure Event as defined in Subsection (2) (Force Majeure Event) below. If a Party cannot perform under this Contract due to the occurrence of a Force Majeure Event, then the time period for performance of the Party under this Contract shall be extended by the duration of the Force Majeure Event.

(2) A "Force Majeure Event" means an event not the fault of, and beyond the control of, the Party claiming excuse which makes it impossible or extremely impracticable for such Party to perform obligations imposed on it by this Contract, by virtue of its effect on physical facilities and their operation or employees essential to such performance. Force Majeure Events include:

- an "act of God" such as an earthquake, flood, fire, Lake Michigan seiche, tornado, earth movement, or similar catastrophic event,
- an act of terrorism, sabotage, civil disturbance or similar event,

- a strike, work stoppage, picketing, or similar concerted labor action,
- delays in construction caused by unanticipated negligence or breach of contract by a third party or inability to obtain essential materials after diligent and timely efforts; or
- an order or regulation issued by a Federal or State regulatory agency after the Effective Date or a judgment or order entered by a Federal or State court after the Effective Date. A Force Majeure Event does not include a change in economic or market conditions or a change in the financial condition of a Party to this Contract.

(3) The Party claiming a Force Majeure Event excuse must deliver to the other Parties a written notice of intent to claim excuse from performance under this Contract by reason of a Force Majeure Event. Notice required by this Section must be given promptly in light of the circumstances. Such notice must describe the Force Majeure Event, the services impacted by the claimed event, the length of time that the Party expects to be prevented from performing, and the steps which the Party intends to take to restore its ability to perform its obligations under this Contract.

(4) Both the AGENCY and PURCHASER may exercise their rights under this "Force Majeure" section with regard to all provisions of this Contract.

Section 16. SERVICE OF NOTICE

Except as otherwise provided in this Contract, all notices and other communications in connection with this Contract shall be in writing and deemed to be given on the date of mailing if sent by certified mail, return receipt requested and

deposited in the U.S. Mail, postage prepaid, or may be delivered by messenger delivery, or overnight express mail, or personal delivery, or via facsimile, or via electronic internet mail ("e-mail") to the current mailing address(es) or email address(es) of the Parties' principal administrative offices, addressed to the Mayor/Village President or to the City Administrator/ Village Manager. Facsimile notices shall be deemed valid only to the extent that they are (a) actually received by the individual to whom addressed and (b) followed by delivery of actual notice in the manner described in either (i), (ii), or (iii) above within three (3) business days thereafter at the appropriate address set forth below. E-mail notices shall be deemed valid only to the extent that they are (a) opened by the recipient on a business day at the address set forth below, and (b) followed by delivery of actual notice in the manner described in either (i), (ii), or (iii) above within three (3) business days thereafter at the appropriate address set forth below. Unless otherwise provided in this Contract, notices shall be deemed received after the first to occur of (a) the date of actual receipt; or (b) the date that is one (1) business day after deposit with an overnight courier as evidenced by a receipt of deposit; or (b) the date that is three (3) business days after deposit in the U.S. mail, as evidenced by a return receipt. By notice complying with the requirements of this Section, each Party to this Contract shall have the right to change the address or the addressee, or both, for all future notices and communications to them, but no notice of a change of addressee or address shall be effective until actually received.

Notices and communications shall be addressed to, and delivered at, the following addresses, unless otherwise directed by the Parties:

AGENCY Clerk
Southland Water Agency
16226 Wausau Ave.
South Holland, Illinois 60473

Phone: (708) 210-2900
Email: (to be provided)

and to the PURCHASER as follows:

Village of Glenwood
Village Clerk
One Asselborn Way
Glenwood, IL 60425
Phone: 708.753-2400
Email: _____

until and unless other addresses are specified by notice given in accordance herewith.

By notice with the foregoing requirements of this Section 16, the Parties shall have the right to change the addresses for all future notices and communications to itself, but no notice of such a change shall be effective until actually received.

Section 17. DISPUTE RESOLUTION

If a dispute arises between the AGENCY and PURCHASER concerning this Contract, the Parties will first attempt to resolve the dispute by negotiation. Each Party will designate persons to negotiate on their behalf. The Party contending that a dispute exists must specifically identify in writing all issues and present it to the other Parties. The Parties will meet and negotiate in an attempt to resolve the matter. If the dispute is resolved as a result of such negotiation, there must be a written determination of such resolution, and ratified by the corporate authorities of each Party, which will be binding upon the Parties. If necessary, the Parties will execute an addendum to this Contract. Each Party will bear its own costs, including attorneys' fees, incurred in all

proceedings in this Section. If the Parties do not resolve the dispute through negotiation, any Party to this Contract may pursue other remedies under Section 18 (Remedies) below to enforce the provisions of this Contract.

Section 18. REMEDIES

(1) In any action with respect to this Contract, the Parties are free to pursue any legal remedies at law or in equity. Each and every one of the rights, remedies, and benefits provided by this Contract shall be cumulative and shall not be exclusive of any other rights, remedies, and benefits allowed by law.

(2) Notwithstanding anything to the contrary in Subsection 18(1), the parties hereto acknowledge and agree that the AGENCY and PURCHASER, in entering into this Contract, are relying on PURCHASER'S obligation to purchase Lake Water from the AGENCY and the AGENCY'S obligation to sell Lake Water to PURCHASER as provided in this Contract and for the full Term of this Contract and that the remedies at law for any breach or threatened breach of this Contract, including monetary damages, would be inadequate compensation and irreparable damage would to the non-breaching Party if this Contract is cancelled or terminated contrary to the cancellation and termination terms set forth in this Contract. Therefore, the Parties agree that they each shall be entitled an injunction or injunctions to prevent breaches or threatened breaches of this Contract or to enforce specifically the performance of the terms and provisions hereof. Each party further agrees that: (i) no such party will oppose the granting of an injunction or specific performance as provided herein on the basis that the other party has an adequate remedy at law or that an award of specific performance is not an appropriate remedy for any reason at law or equity; (ii) no such

party will oppose the specific performance of the terms and provisions of this Contract; and (iii) no Party or any other Person shall be required to obtain, furnish, or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 18(2).

(3) In the event litigation is brought to enforce the terms of this Agreement, or because of any act which may arise out of either party's performance hereunder, the Prevailing Party shall be entitled to reimbursement for its costs incurred in connection with such action. "Costs" shall include reasonable pre-litigation, pre-trial, trial, and appellate levels expenses, experts' fees, and attorneys' fees, including, without limitation, reasonable attorneys' fees incurred. A "Prevailing Party" shall include, but not be limited to, a party who brings or defends an action versus the other party by reason of performance, non-performance, breach or default under this Contract and obtains substantially the relief sought whether by compromise, settlement, or judgment.

Section 19. VENUE AND APPLICABLE LAW

All questions of interpretation, construction and enforcement, and all controversies with respect to this Contract, will be governed by the applicable constitutional, statutory and common law of the State of Illinois. The Parties agree that, for the purpose of any litigation relative to this Contract and its enforcement, venue will be in the Circuit Court of Cook County, Illinois or the Northern District, Eastern Division of the United States District Court, Chicago, Illinois, and the Parties consent to the in personam jurisdiction of said Courts for any such action or proceeding.

Section 20. DISCONNECTION; REMOVAL

Upon termination of this Contract, the AGENCY, in its discretion and at its cost, may disconnect or remove the AGENCY Connection Facilities and/or the PURCHASER Connection Facilities and/or transmission mains located within the AGENCY's rights of way or utility easements, but only after the Parties mutually approve and sign an agreement and a release of easements that pertain to disconnection and/or removal of the AGENCY Connection Facilities, the PURCHASER Connection Facilities and / or the transmission mains.

In the event that the Point of Delivery or any portion of the AGENCY Connection Facilities and the PURCHASER Connection Facilities or any transmission mains need to be relocated due to unanticipated circumstances or at the request of either Party, the Parties may negotiate an addendum to this Contract that provides for the relocation, reconstruction, financing and cost sharing of the relocation work. If this Contract is terminated, within ten (10) years of the Effective Date of this Contract, all connection facility assets, components, and equipment within the AGENCY must be removed at PURCHASER's sole cost and expense, unless otherwise agreed upon by the Parties.

Section 21 TERMINATION

(1) Termination by the AGENCY. This Contract shall be subject to termination if a court of competent jurisdiction restricts or limits any of the AGENCY's rights to obtain, sell, contract for, or distribute water to PURCHASER in a manner that prohibits the AGENCY from complying with its obligations to PURCHASER under this Contract. The AGENCY will have the right to terminate this Contract if PURCHASER fails and defaults with respect to its obligations under Section 10 (Rates and Billing) of this Contract, and otherwise fails

and refuses to cure such default under Section 17 (Dispute Resolution) and Section 22 (Default; Cure Period; Relief).

(2) Termination by Mutual Agreement. By mutual consent, the Parties may agree terminate this Contract, in writing, after the approval of a termination or wind-down agreement by their respective corporate authorities.

(3) Termination by PURCHASER. PURCHASER has the right to terminate this Contract only for the following reason(s):

A. If AGENCY is unable to obtain easements or title to real property to construct the PURCHASER Connection Facilities and other AGENCY Project Improvements necessary for the AGENCY's initial delivery of Lake Water to Unit System.

B. If AGENCY's Engineering and Route Study determines that the PURCHASER Connection Facilities and other necessary AGENCY Project Improvements will not be feasible for any reason, including but not limited to a lack of technical feasibility to complete the AGENCY Project Improvements, or a lack of relative financial feasibility to pay for AGENCY's initial Project Improvements.

C. The AGENCY fails to deliver water in accordance with or otherwise fails to comply with the terms of this Contract,

(4) PURCHASER may also terminate this Contract effective at the end of any applicable Renewal Term provided PURCHASER exercises its right of non-renewal by timely issuance of written notice to the AGENCY as required under Section 12(2).

Section 22. DEFAULT; CURE PERIOD; RELIEF

In the event any Party defaults in regard to any obligation under this Contract,

the non-defaulting Party shall send written notice of the default, with a description of the default, and a request that the defaulting Party cure the default. Any Party deemed to be in default under this Contract by another Party shall have a thirty (30) calendar day cure period to resolve the default to the other Party's satisfaction or to initiate and continue to take actions that are designed to cure the default in a reasonable time period so that the Party in default is in conformance with the terms of this Contract. In the event that a default is not cured, the non-defaulting Party and the defaulting Party shall participate in the "Dispute Resolution" process contained in Section 17 (Negotiation) above. If the Dispute Resolution process is not successful, then either Party may seek to enforce remedies in Section 18 (Remedies) to enforce the provisions of this Contract.

23. MISCELLANEOUS.

(1) Good Faith. The Parties each acknowledge their obligation under Illinois law to act in good faith toward, and deal fairly with, each other with respect to this Contract.

(2) Assignment. No Party shall assign, sublet, sell or transfer its interest in this Contract or any of its rights or obligations under this Contract without the prior written consent of the other Party. Unless the Parties mutually consent to an assignment, the assignment shall be void and the terms and conditions of this Contract shall remain binding upon and shall inure to the benefit of the Parties.

(3) Cancellation. This Contract will be subject to cancellation in the event that a Court of competent jurisdiction restricts or limits, directly or indirectly, (i) the AGENCY's right to obtain, distribute, or sell Lake Water to PURCHASER, or (ii)

PURCHASER's right to obtain or purchase Lake Water from the AGENCY.

(4) Entire Agreement. This Contract constitutes the entire agreement of the Parties concerning all matters specifically covered by this Contract. There are no representations, covenants, promises or obligations not contained in this Contract that form any part of this Contract or upon which any of the Parties is relying upon in entering into this Contract. There are no other commitments, understandings, promises or condition among the Parties in any other contract or agreement, whether oral or written, and this Contract supersedes all prior written or oral agreements, commitments and understandings among the Parties.

(5) Prompt Payment. In regard to the payment of any fee, charge or assessment provided for under this Contract, the Parties are subject to and shall comply with the Local Government Prompt Payment Act (50 ILCS 505/1, et seq.).

(6) Compliance With Laws. The Parties to this Contract shall comply with all applicable Federal, State and local laws, rules and regulations in carrying out the terms and conditions of this Contract.

(7) Regulatory Bodies. This Contract shall be subject to all valid rules, regulations, and laws applicable hereto passed or promulgated by the United States of America, the State of Illinois, or any governmental body or agency having lawful jurisdiction, or any authorized representative or agency of any of them; provided, however, that this Subsection 23(7) shall not be construed as waiving the right of any Party to challenge the validity of any such rule, regulation, or law on any basis, including impairment of this Contract.

(8) Interpretation; Headings. This Contract shall be construed and interpreted

so as to preserve its validity and enforceability as a whole. No rule of construction that a document is to be construed against any of the drafting Parties shall be applicable to this Contract. Section headings and titles are descriptive only and do not in any way limit or expand the scope of this Contract.

(9) Waiver. The failure of any Party to enforce any section, subsection, term, condition or covenant (collectively referred to as "provision") of this Contract shall not be deemed a waiver or limitation of that Party's right to subsequently enforce and compel strict compliance with such provision and every other provision of this Contract. No provision of this Contract shall be deemed waived by any Party, unless the provision to be waived and the circumstances giving rise to such waiver are set forth specifically in a duly authorized and written waiver of the Party charged with such waiver. No waiver by either the AGENCY or PURCHASER of any provision of this Contract shall be deemed or construed as a waiver of any other provision of this Contract, nor shall any waiver of any breach be deemed to constitute a waiver of any subsequent breach whether of the same or a different provision of this Contract.

(10) No Individual or Personal Liability. The Parties agree that the actions taken in regard to and the representations made by each respective Party in this Contract and by their respective corporate authorities have not been taken or made in anyone's individual capacity and no mayor/president, board member, council member, official, officer, employee, volunteer or representative of any Party will incur personal liability in conjunction with this Contract.

(11) No Third Party Beneficiaries. This Contract is not intended to benefit any

person, entity or municipality not a Party to this Contract, and no other person, entity or municipality shall be entitled to be treated as beneficiary of this Contract. This Contract is not intended to nor does it create any third party beneficiary or other rights in any third person or party, including, but not limited to, any agent, contractor, subcontractor, consultant, volunteer or other representative of any Party hereto. No agent, employee, contractor, subcontractor, consultant, volunteer or other representative of the Parties hereto will be deemed an agent, employee, contractor, subcontractor, consultant, volunteer or other representative of any other Party hereto.

(12) Modification or amendment. No officer, official or agent of the AGENCY or has the power to amend, modify or alter this Contract or waive any of its conditions as to bind the AGENCY or PURCHASER by making any promise or representation not contained herein.

No amendment to this Contract shall be effective until it is reduced to writing in an addendum and approved by the corporate authorities of the Parties. All addenda shall be executed by an authorized official of each Party. If any governmental agency with regulatory authority enacts new rules or regulations or new nationally recognized water system engineering requirements are adopted that require the method of water production or any components of the infrastructure used for the delivery of water under this Contract to be changed or modified, the Parties agree to negotiate an addendum to this Contract that addresses the construction and operation of the required water system improvements to the AGENCY and/or PURCHASER's Unit water system, the cost allocation of such improvements among the Parties and the financing of such improvements.

(13) Severability. In the event any term, provision or condition of this Contract is held by a court of competent jurisdiction to be invalid, illegal, or unenforceable under any rule of law or public policy, (i) the invalid or unenforceable term(s) shall be severed from this Contract and all other conditions and provisions of this Contract shall nevertheless remain in full force and effect so long as the economic and legal substance of the transaction contemplated hereby is not affected in any manner materially adverse to any party; and (ii) the parties hereto shall negotiate in good faith to modify this Contract so as to affect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

(14) No Separate Legal Entity; No Joint Venture or Partnership or Agency. This Contract establishes a cooperative intergovernmental undertaking, but the Parties do not intend to create a new or separate legal entity by entering into this Contract. This Contract does not establish or create a joint venture or partnership between the Parties, and no Party shall be responsible for the liabilities and debts of the other Parties hereto. No Party shall be deemed to be the agent, employee, or representative of any other Party.

(15) Independent Sovereign Status. The Parties to this Contract are independent, sovereign units of local government and no Party shall exercise control over either the performance of any other Party or the employees of any other Party.

(16) Authorization. In accordance with applicable state laws, this Contract was approved by each Party as follows:

A. The adoption of Ordinance _____ by the Village President and Village Board of Trustees on the ____ day of _____ 2020.

B. The passage of Resolution Number _____ by the Board of Directors of the AGENCY on the 7th day of July, 2020.

(17) Counterparts. This Contract may be executed in counterparts (including facsimile signatures), each of which shall be deemed to be an original and all of which shall constitute one and the same Contract.

(18) Schedules, Exhibits and Addenda. In the event of a conflict between any Exhibit hereto and the text of this Contract, the text of this Contract shall control. The following Schedules are attached to this Contract and made a part hereof:

Schedule "A": PURCHASER's
Water Purchase
Requirements

Schedule "B": Water Rates

Schedule "C": Uniform Initial
Water Supply
Contribution
Schedule

Exhibit "A" AGENCY Service
Area

Exhibit "B" Point of Delivery

By execution of **Addendum "A"** to this Contract PURCHASER acknowledges that it has been provided a copy of the Intergovernmental Agreement, dated May 7, 2019 as amended

**THE REMAINDER OF THIS PAGE IS
INTENTIONALLY LEFT BLANK**

IN WITNESS WHEREOF, the AGENCY and PURCHASER have caused this Contract to be authorized by its corporate board, signed in duplicate originals (each executed copy constituting an original) by its authorized representative, countersigned by its Clerk or Secretary, and caused its corporate Seal to be hereto affixed, on the date written below.

**VILLAGE OF GLENWOOD,
A MUNICIPAL CORPORATION**

BY: _____
Ronald J. Gardiner, President

Dion Lynch, Village Clerk

DATE: _____

(Seal)

**SOUTHLAND WATER AGENCY,
A PUBLIC MUNICIPAL CORPORATION**

BY _____
Don A. De Graff, Chairman

Thomas A. Brown, Secretary

DATE: _____

(Seal)

LIST OF SCHEDULES, EXHIBITS AND ADDENDUM

- Schedule "A":** PURCHASER's Water Purchase Requirements
- Schedule "B":** Water Rates
- Schedule "C":** Uniform Initial Water Supply Contribution Schedule
- Exhibit "A"** AGENCY Service Area
- Exhibit "B"** Point of Delivery
- Addendum "A":** PURCHASER Acknowledgment of receipt of Intergovernmental Agreement, dated May 7, 2019 as amended

Schedule "A"

Purchaser's Water Purchase Requirements

Purchaser's IDNR "Water Allocation"	"Water Volume Commitment" by Agency	Purchaser's "Maximum Daily Amount of Lake Water"	Purchaser's "Minimum Take or Pay" Amount"	Termination Date of Purchaser's Pre- existing Water Supply Contract	Outside Deadline for Agency Supply of Lake Water to Purchaser
1.253 MGD	1.253 MGD	2.500 MGD	0.750 MGD	2033	July 1, 2030

INITIALS

Agency _____

Purchaser: _____

Schedule "B"

Water Rates

(1). AGENCY and PURCHASER acknowledge that the exact charges for Lake Water furnished to PURCHASER under this Contract will be unknown until the final scope of the AGENCY's Waterworks System is confirmed, based on the number of committed customers to be served. Based on preliminary engineering studies conducted to date, the AGENCY confirms to PURCHASER that:

(a) The initial Water Rate payable by PURCHASER to the AGENCY per 1,000 gallons of Lake Water supplied to PURCHASER shall be a minimum of 5.0% below the total water rate and other water supply charges, if any, applicable under PURCHASER's Pre-Existing Water Supply Contract on the date of the AGENCY's initial Lake Water delivery to PURCHASER, or any successor thereto; and

(b) The Water Rate payable by PURCHASER to the AGENCY during the first year of the AGENCY's delivery of Lake Water to Purchaser shall remain unchanged for the first ten (10) years after the date of the AGENCY's initial Lake Water delivery to PURCHASER.

(2). Beginning the eleventh (11th) year after the date of the AGENCY's initial Lake Water delivery to PURCHASER, and over the entire remainder of the 50-year Contract term, the Water Rate payable by PURCHASER to the AGENCY shall not increase by more than 2.0% in any single calendar year.

(3). The Water Rate payable by PURCHASER to the AGENCY shall not be subject to any additional surcharge or fee imposed by the AGENCY.

INITIALS

Agency: _____

Purchaser:_____

Schedule "C"

Uniform Initial Water Supply Contribution Schedule

PURCHASER'S Initial Water Supply Purchaser Contribution is based on its being in the first 20 MGD of Agency Lake Water Customer Commitments and three installments paid in full per the schedule below.

Initial Water Supply Purchaser Contribution: \$50,000 per MGD of 2025 IDNR Allocation

City/Village of **Glenwood** 2025 IDNR Allocation: **1.253** MGD

Total Water Supply Purchaser Contribution = \$50,000 x **1.253** MGD = **\$ 62,650**

50% Due by July 1, 2020: **\$ 31,325**

25% Due by July 1, 2021: **\$ 15,663**

25% Due by July 1, 2022: **\$ 15,662**

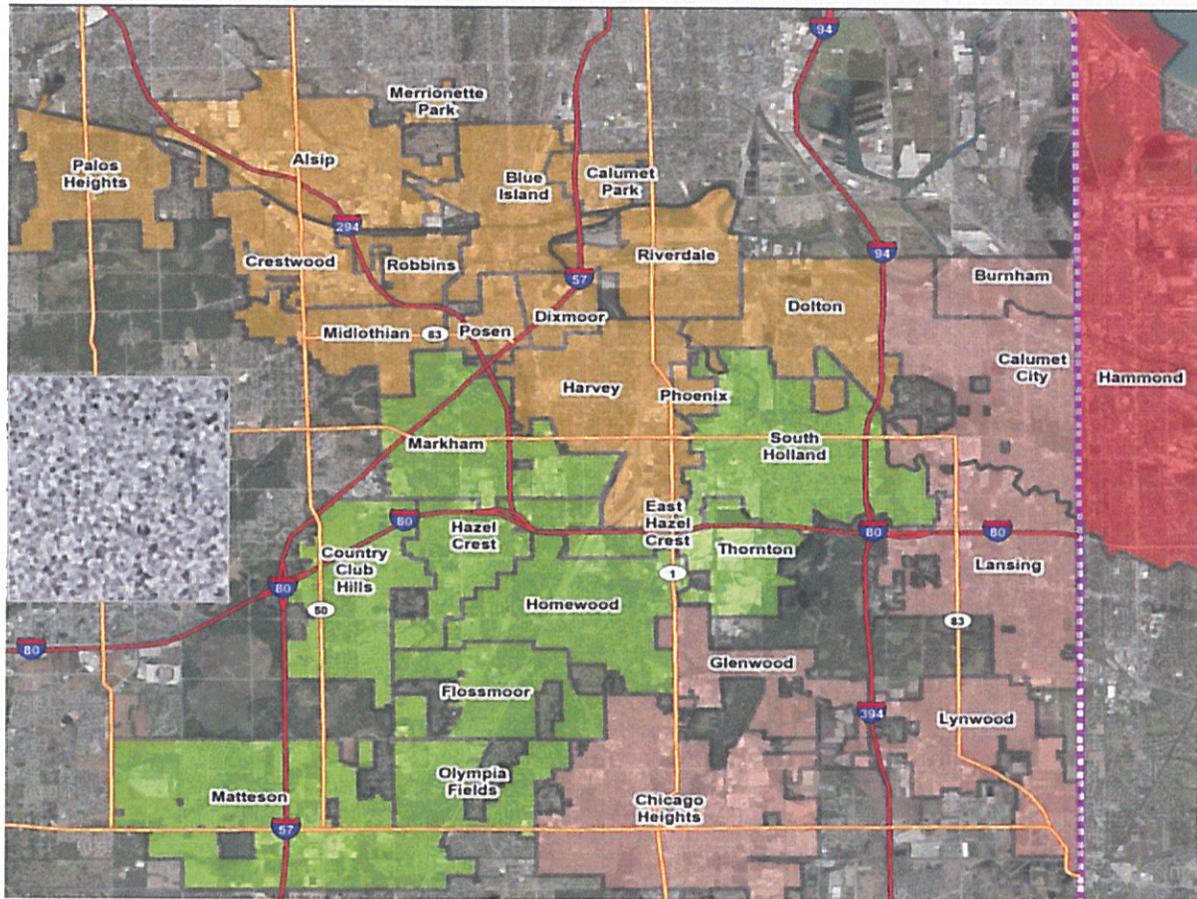
PURCHASER agrees that non-payment of required installments by the dates above will result in the Initial Water Supply Purchaser Contribution for any delinquent payments being subject to a 100% late payment fee.

INITIALS

Agency: _____

Purchaser: _____

Exhibit "A"
Agency Service Area



Addendum "A":

**PURCHASER Acknowledgment of Receipt of Intergovernmental
Agreement, dated May 7, 2019 as Amended**

PURCHASER hereby acknowledges that it has been provided a copy of the Intergovernmental Agreement, dated May 7, 2019 as amended.

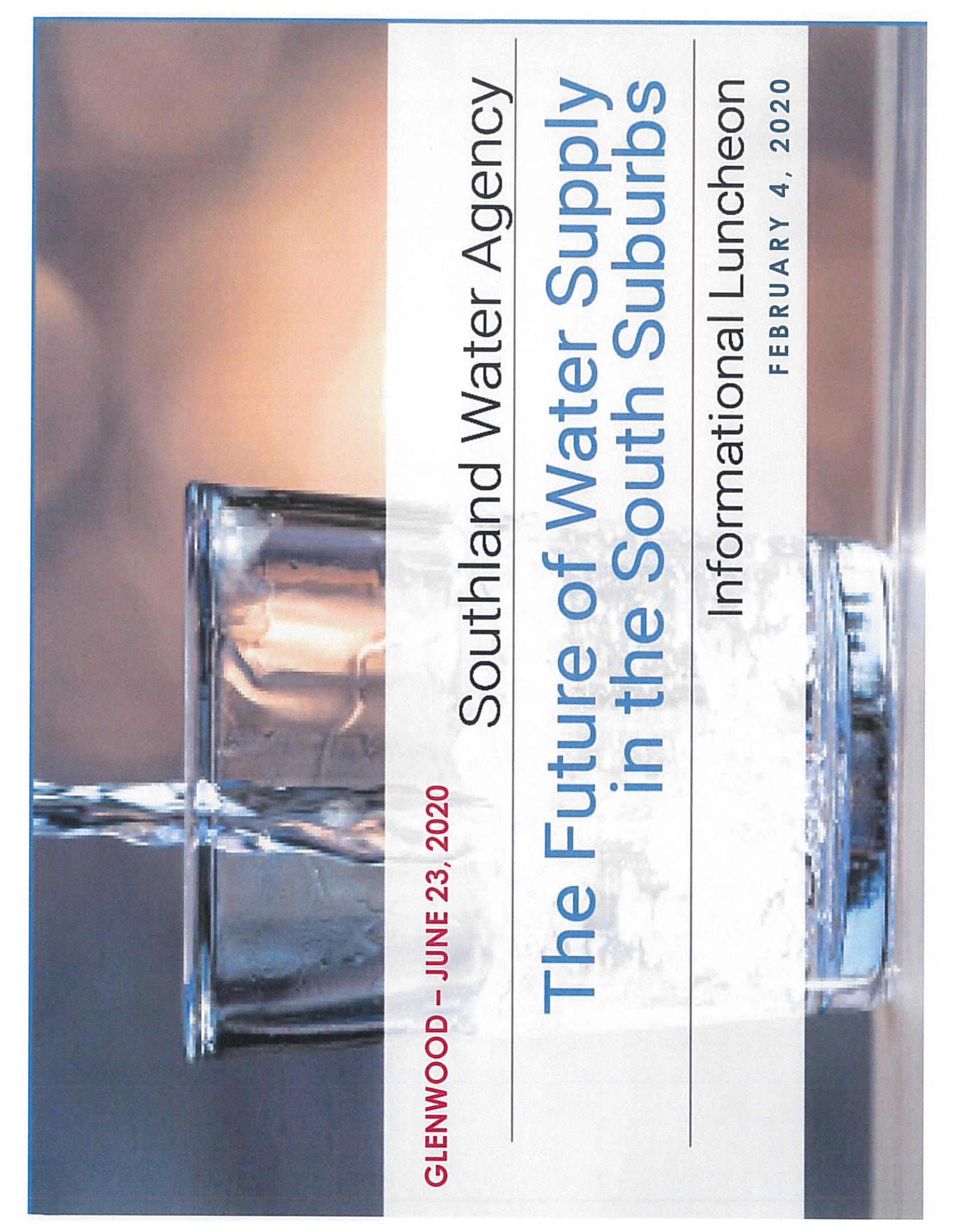
Dated this _____ day of _____, 2020.

**VILLAGE OF GLENWOOD,
A MUNICIPAL CORPORATION**

BY: _____
Ronald J. Gardiner, President

Dion Lynch, Village Clerk

(Seal)

A close-up photograph of water being poured from a chrome faucet into a clear glass. The water is captured in mid-pour, creating a dynamic, blurred effect. The background is a soft, warm-toned sky, possibly at sunrise or sunset, which adds a serene and natural feel to the image.

GLENWOOD – JUNE 23, 2020

Southland Water Agency

The Future of Water Supply in the South Suburbs

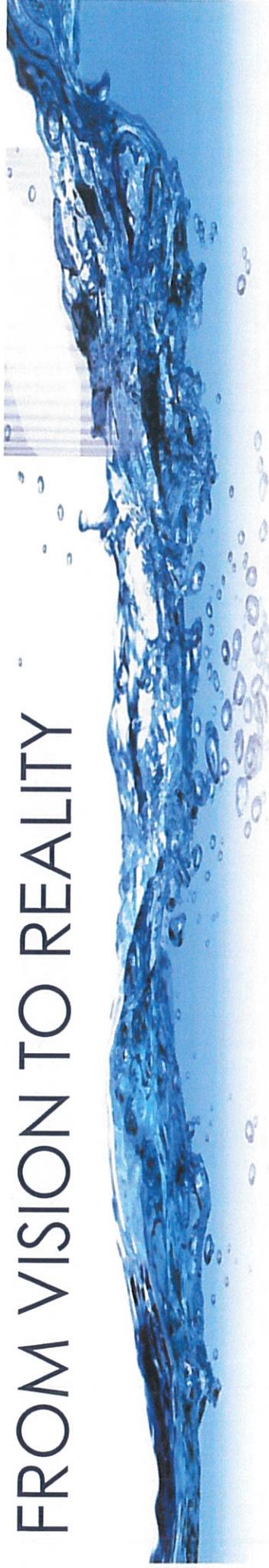
Informational Luncheon

FEBRUARY 4, 2020

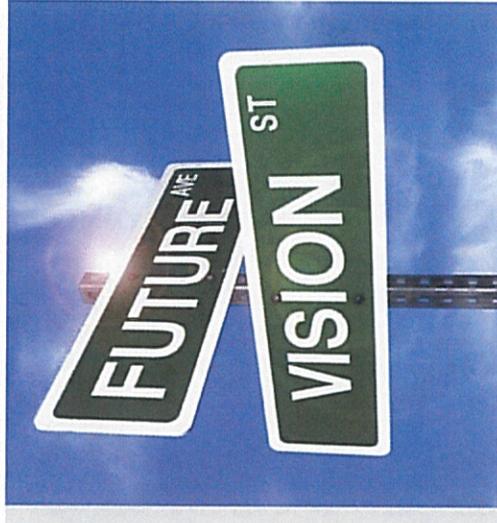
CHICAGO RATE HISTORY

- From 1980-2015, Chicago wholesale water rate increased average of **6% annually. For 35 years.**
- As recently as 2006, Chicago's wholesale rate was only \$1.33/1,000 gal. Hammond's was \$1.16.
- Double-digit annual increases seven times between 2007-15, plus CPI increases since, have tripled rate to \$3.98/1,000 gal
- Hammond has pegged its rate for IL customers at 88% of Chicago's rate (now \$3.50). Chicago Heights currently charges Glenwood about \$5. *Glenwood's current contract with Chicago Heights expires in 2033, but allows Village to purchase water from other sources*

FROM VISION TO REALITY



- New system from Lake Michigan to south suburbs
 - *New intake structure, pump station, water transmission lines*
- Independent system dedicated to serve the Chicago Southland
 - *Agency-owned system from Lake Michigan to each town*
 - *Water purchase & conveyance rates independent of both Chicago & Hammond*



❖ ***Transparency and predictability in water rates for next 50 years***

AGENCY OVERVIEW



- ❑ Legally organized in May 2019 as a non-for-profit governmental agency
- ❑ Intergovernmental Agreement - *South Holland, East Hazel Crest, Thornton*
- ❑ SWA Board (*Mayors De Graff, Brown, Kolosh*)
Sue Turner, Agency Clerk
- ❑ Executive Committee (*3 Village Administrators*)
- ❑ Engineer of Record – Robinson Engineering
- ❑ Attorney of Record – Mike Roth, Ice Miller

SWA SYNOPSIS



- ❑ Agreement for Lake Michigan access site
- ❑ Signed Pre-development agreement for financing and building the system on Indiana side
- ❑ Preliminary agreement for route from Lake to State Line
- ❑ Investigating available sites for water treatment plant
- ❑ Expecting 7-10 community commitments this month

The End Game



- ❑ Initial water rates at least 3% less than current supplier
- ❑ Guarantee of no rate increase first 10 years thereafter
- ❑ Rates to never rise more than 2% annually Years 11-50
- ❑ Deep discounts for early adopters
- ❑ Economic development advantages – cheaper water
- ❑ Lower wholesale rates = funding source to replace local water infrastructure

BASELINE PROJECT

20 MGD in SWA plus Joliet only.

Financing based on \$600,000,000 @ 3.5% for 40 years.

Avg. rates/1,000 gal apply to south suburbs only.

Over 20 MGD in south suburbs or Joliet + others lowers rates even further

Chicago rates EXCLUDE add-ons from intermediate suppliers - avg. rate = \$5.46

- CHICAGO @ 2.0%
- CHICAGO @ 2.5%
- CHICAGO @ 3.0%

CHICAGO @ 2.0%

2100

\$16.45

\$19.79

2067

\$10.30

\$5.46

\$10.50

\$4.82

\$3.98

\$6.38

\$2.92

Bonds paid off

\$7.50

2027

\$4.66

\$4.68

2020

2027

2028

2035

2040

2045

2050

2055

2060

2065

2070

2075

2080

2085

2090

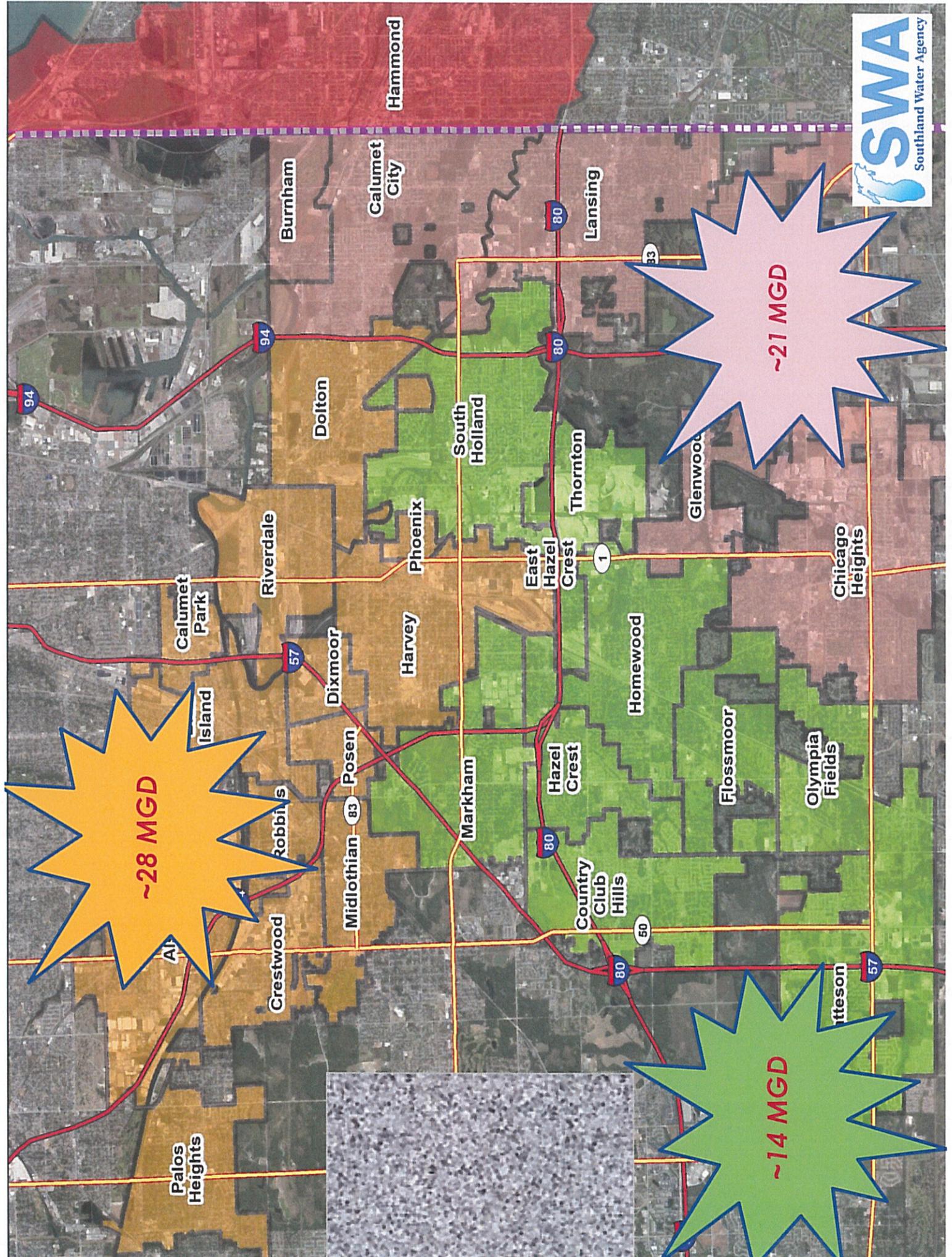
2095

2100

Projected water rate includes 40 years fixed debt service, Lake access agreement terms and 2% annual O/M increase. Capital reinvestments modeled as 150% increase to O/M every 25 years.

Avg. rate equals Chicago wholesale rate in Year 1, and < 1/3 when bonds/loans paid.





~28 MGD

~21 MGD

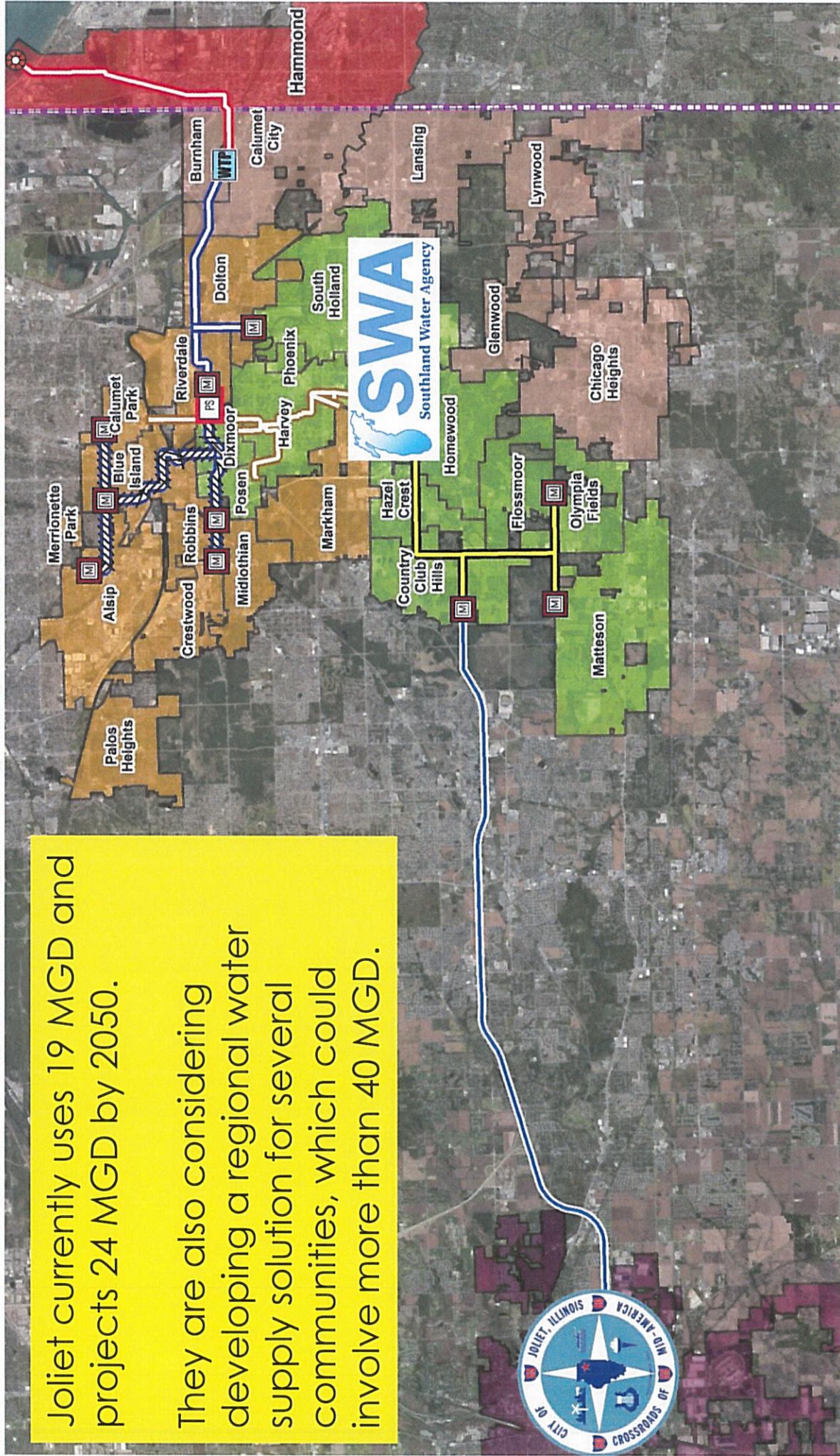
~14 MGD

JOLIET WATER SUPPLY



Joliet currently uses 19 MGD and projects 24 MGD by 2050.

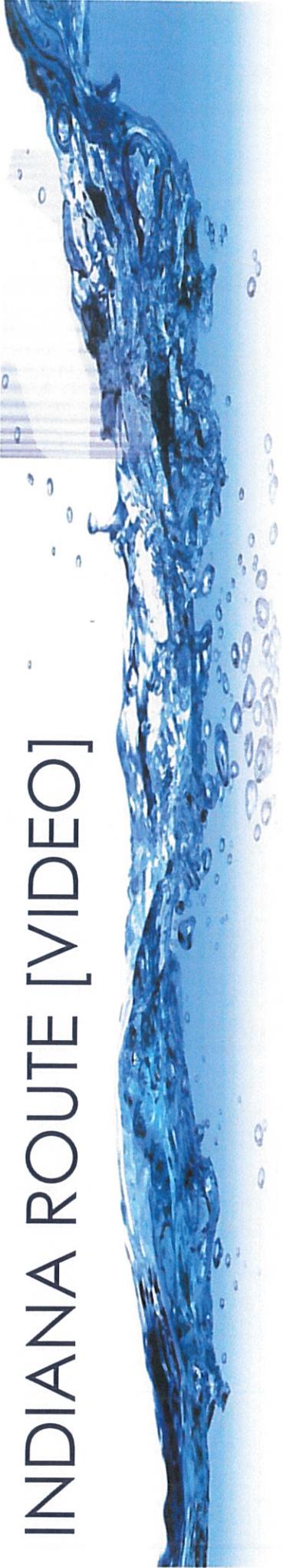
They are also considering developing a regional water supply solution for several communities, which could involve more than 40 MGD.



CURRENT AGENCY ACTIVITY

- Executed pre-development contract with Indiana Infrastructure, LLC to construct Indiana portion of system from Lake Michigan to state line
- Executed contract with Robinson Engineering, Ltd. (with partners) for Facilities Planning Report to be completed Summer 2020
 - WIFIA Letter of Interest, IEPA Loan Applications
 - Robinson partnered with Stanley Consultants, LAN
- On 1/22/20 Agency Board of Directors approved Water Supply Contract for consideration by Southland Communities
 - Initial Customer Contribution Schedule also approved by SWA Board

INDIANA ROUTE [VIDEO]



PROJECT SCOPE



- Raw Water Pump Station on 3 acres
300' x 400' site
- 80' x 120' PS w/80' DIA Caisson
- 40' x 120' Electrical-Mechanical, Office, Parts Storage (surge tank below)
- 80' x 120' Garage/Maintenance Shop
- Crane Pad for Pump Maintenance
- Parking/Generator Access

Raw Water Intake ~2 miles to 40' depth

Raw Water Pipeline in
25' Utility Easement

Majestic Star Riverboat Casino

Agreement to execute
99-year lease for raw
water pump station site



PROJECT SCHEDULE



- 2020
 - Contractual commitments with Cook County customers
 - Contractual commitments with Joliet/Will County
 - Finalize project scope / cost estimates / projected rates
 - Complete Facilities Planning Report / WIFIA Application
 - Identify all property acquisitions; easement/license agreements
 - Refine overall Financing Plan / engage consultant
- 2021-23
 - Design engineering / permitting / land acquisition
 - Secure interim and construction financing
 - Hire Agency Executive Director
- 2024-26
 - Construction / testing
- 2027-28
 - Water service begins

2030-2100

- SAVE HUNDREDS OF MILLIONS FOR SOUTHLAND!

PROJECT FINANCING

- **INDIANA INFRASTRUCTURE, LLC to finance \$300,000,000 system construction to state line**
 - Agency to purchase finished infrastructure assets with revenue bonds secured by water supply contracts
- **Agency to pursue WIFIA low-interest loan from USEPA**
 - Covers 49% of total project costs
 - New program in 4th year
 - First payment not required until 5 years after project completion
 - ~3.30% interest for 35 years
 - Joliet was approved to submit full WIFIA application Nov. 2019
 - Letter of Interest due Summer 2020

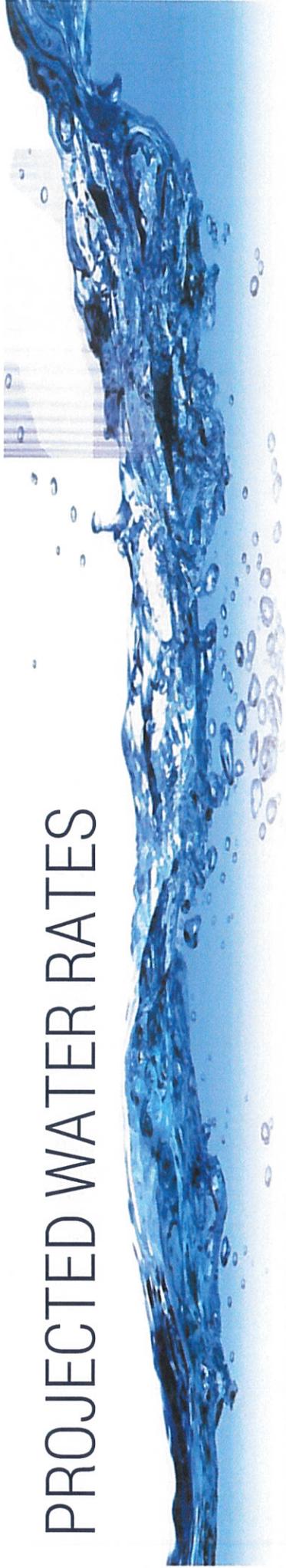
PROJECT FINANCING

- **Agency to also pursue low-interest IEPA loans over multi-year period**
 - ~2.0% interest for 30 years
 - \$50 million maximum per year
 - Potential for principal forgiveness
- **Remainder to come from Agency revenue bonds, potential private investors**
 - No bond issues will be needed from individual customer communities
 - All financing directly by Agency

PROJECTED WATER RATES

- Exact rates will be calculated once community commitments are known and final project scope is ascertained.
- The Agency will guarantee that your water rate from Day One will be below the rates offered at that time (2027-28) by your current supplier. The Agency will also guarantee zero rate increases to each customer for the first 10 years.
- Due to the wide variability of existing rates (over 100%) the Agency cannot guarantee the same rate to all customers during the first 10 years.
- Customer rates for Years 11-50 will become more consistent across entire Southland, aligned with the Agency's mission to provide a fair, cost-effective system regionally

PROJECTED WATER RATES



- Rates for Years 11-50 will be based on a formula that includes the following variables:

DS = Total Average Agency Debt Service

OM = Total Average Operation & Maintenance

RF = Total Annual Replacement Fund Contribution

M = Total Distance in Miles from Water Treatment Plant

U = Units of Water Usage (1 Unit = 1000 gallons)

FD = Formula Discount for Years 11-50

- The actual rate formula will be finalized when final system scope is ascertained.
- ~73% of rate to apply uniformly to all customers for Lake to WTP
- ~27% will consider variable costs due to geography and usage
- The Agency guarantees that the Year 11 formula rate for each customer will never increase by more than 2% in any given year for the remainder of the 50-year contract.

CUSTOMER COMMITMENTS

- One-time, non-refundable application fee based on water usage
 - Fees to assist in defraying Agency formation costs before water starts flowing
 - **The 2020 base fee = \$150,000 / MGD** of a community's 2025 water allocation.
 - The 2021-22 base fee = \$250,000 / MGD. The base fee after 1/1/23 = \$500,000 / MGD.
- Incentives for early adopters
 - Discounted base fee = **\$100,000 / MGD** for the first 20 MGD of customer commitments
 - **Extra discounted base fee = \$50,000 / MGD for commitments before July 1, 2020.**
- Community commitments achieved by executing take-or-pay water supply contract with Agency, and by paying application fee
 - *Communities may pay 50% in Year 1, and 25% in both Years 2 and 3*



JULY 1, 2020 INCENTIVES

• WHY is Agency is offering tremendous incentives for commitments before July 1, 2020?

- WIFIA Letters of Interest are due to USEPA immediately after the 4th of July.
- 20 MGD threshold ensures rates below current suppliers on Day 1, even without Joliet.
- The sooner the Agency reaches 20 MGD, the sooner it becomes 'real' as a partner to Joliet.
- More Agency Usage = More Negotiating Power with Joliet plus its potential Will County partners.

Note: In addition to discounted application fees, early adopters will enjoy lower long-term rates.

RETURN ON INVESTMENT

Application fee math: Glenwood w/ 2025 water allocation = 1.253 MGD

1.253 MGD x \$50,000 / MGD = **\$62,650 total application fee**

Can be paid over three years

50% due Year 1 = \$31,325 before July 1, 2020

25% due Year 2 = \$15,663 before July 1, 2021

25% due Year 3 = \$15,662 before July 1, 2022

RETURN ON INVESTMENT

1.253 MGD x \$50,000 / MGD = **\$62,650 total application fee**

New water system Year 1 rate = 5% below projected 2028 Chi.Hgts rate @ 2%

\$5.740 x 95.0% = \$5.453 saves \$0.287 x 1.253 MGD = **\$131,258 saved Year 1**

+2% \$5.855 *fixed* = \$5.453 \$0.402 x 1.253 MGD = **\$183,853 saved Year 2**

+2% \$5.972 *fixed* = \$5.453 \$0.519 x 1.253 MGD = \$237,362 saved Year 3
= **\$552,473 saved Years 1-3**

- **Return on \$62,650 investment = 882% in just 10 years.**
- **And increases every year after!**

• **First 10 years savings: \$3,672,000**

50-year savings: \$58,637,000

COMMUNITY COMMITMENTS



Benefit summary for early adopters

	FIRST 20 MGD		AFTER FIRST 20 MGD	
	BEFORE 7/1/20	7/1/20-12/31/20	THRU 12/31/20	1/1/21 - 12/31/22 AFTER 1/1/2023
INITIAL FEE PER 205 MGD ALLOCATION	\$50,000	\$100,000	\$150,000	\$250,000
RATE GUARANTEE < CURRENT YEAR 1	5.0%	3.0%	3.0%	2.0%
10-YR RATE FREEZE GUARANTEE				
FORMULA DISCOUNT YEAR 11-50	10%	5%	2.5%	0%
ANNUAL INCREASE CAP YEAR 11-50	2.0%	2.0%	2.0%	2.0%

Interested communities are encouraged to budget their initial fees in the upcoming budget year beginning May 1 to reserve the best rates.



MISSION STATEMENT

The Southland Water Agency is dedicated to providing a sustainable, high quality and cost-effective supply of Lake Michigan water to the Chicago Southland region in a fair and transparent manner for all of its customer communities.



THANK YOU FOR ATTENDING!

Southland Water Agency

The Future of Water Supply in the South Suburbs

Informational Luncheon

FEBRUARY 4, 2020

SOUTHLAND WATER AGENCY

INTERGOVERNMENTAL AGREEMENT

For the Establishment of
The Southland Water Agency

SOUTHLAND WATER AGENCY

**INTERGOVERNMENTAL AGREEMENT FOR THE ESTABLISHMENT OF THE
SOUTHLAND WATER AGENCY**

DATED MAY 1, 2019

**SOUTHLAND WATER AGENCY
INTERGOVERNMENTAL AGREEMENT**

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SOUTHLAND WATER AGENCY

This INTERGOVERNMENTAL COOPERATION AGREEMENT ("Contract") for the establishment of a municipal joint action water agency, dated as of _____, 2019, to be known as the Southland Water Agency, County of Cook, Illinois (the "Agency"), an Agency and public corporation under Section 3.1 of the Intergovernmental Cooperation Act (§ 5 ILCS 220/3.1). The parties to this Contract are identified in Exhibit "A" hereto, have accepted this Contract by their execution in counterparts in Group Exhibit "B" hereto, and are hereinafter referred to as the "Charter Members."

WITNESSETH:

WHEREAS, the Charter Members each have a waterworks system (a "Municipal Water Supply System" as hereafter defined) and have each received or may properly petition to receive from the State of Illinois a "Water Allocation" as hereafter defined; and

WHEREAS, the Charter Members have or will enter into one or more contracts to purchase Lake Water sufficient to meet their water supply needs as customers; and

WHEREAS Sec. 3.1. of the INTERGOVERNMENTAL COOPERATION ACT (5 ILCS 220/3.1) (the "Act") provides that Illinois municipalities and other units of local government may, by intergovernmental agreement, establish municipal joint action water agencies to provide adequate supplies of water on an economical and efficient basis for its members; and

WHEREAS Sec. 3.1. of the Act authorizes municipal joint action water agencies to provide for the planning, financing, construction, ownership, extension, operation, and maintenance of joint waterworks and water supply systems, and for the supply and distribution of water

from sources including Lake Michigan ("Lake Water" as hereinafter defined); and

WHEREAS the Charter Members each find that it is in their best interests to combine with other similarly situated public entities to establish a municipal joint action water agency, named the Southland Water Agency (the "Agency"), under the terms, conditions and limitations set forth in an intergovernmental cooperation agreement ("Contract").

WHEREAS, the Charter Members have each executed counterparts of this Contract and are authorized under Article VII, Section 10 of the Illinois Constitution of 1970, and the Act, to receive Potable Lake Water through the instrumentality of the Agency and, by executing this Contract, are enabling the Agency to exercise such powers and authorities as are set forth in the Act; and

WHEREAS, by the execution of this Contract, the Charter Members are surrendering none of their respective rights to the ownership and operation of their respective Municipal Water Supply Systems, except as expressly limited in this Contract, nor is the Agency surrendering any of its rights to the ownership and

operation of the Agency Water Supply System, but all expressly assert their continued right to own and operate such systems; and

WHEREAS, the Charter Members recognize that the Agency may in the future enter into Water Supply Contracts with other customers that have Lake Water Allocations; and

WHEREAS, this Contract provides for the governance of the Agency, and the Charter Members execute this Contract in reliance upon the continuation of such requirements for the term of this Contract.

NOW, THEREFORE, in consideration of the foregoing recitals and of the mutual covenants and agreements herein contained, the parties hereto hereby agree as follows:

THE PREAMBLES HERETO ARE DEEMED SUBSTANTIVE, AND ARE HEREBY INCORPORATED HEREIN BY REFERENCE, AS IF SET OUT IN FULL. Section numbers and captions are for reference and convenience only and do not expand or limit the meaning as contained in the text of this Contract. A definition in the singular may be used in the plural, and vice-versa.

Section 1. Definitions. The following words and phrases shall have the following meanings when used in this Contract, unless the context clearly indicates a different meaning is intended.

"Act" means Section 3.1. of the Intergovernmental Cooperation Act, (5 ILCS 220/3.1)

"Agency" means the Southland Water Agency, with offices in Cook County, Illinois.

"Agency Project" means any acquisition or construction for the provision

of Lake Water related to or through the Agency Water Supply System including initial acquisition and construction thereof and all future improvements or extensions, acquisition, construction, repair or replacement thereof.

"Agency Water Supply System" means all of the Agency's facilities, including land, easements, rights-of-way over lands and waters, pumping, storage and other facilities, mains and pipelines acquired and used and operating permits granted, for the purposes of providing and transmitting Lake Water to customers, but not including the Municipal Water Supply Systems.

"Aggregate Costs" means Capital Costs and Operation and Maintenance Costs, collectively, as herein defined.

"Board of Directors" means the Board of Directors of the Agency.

"Capital Costs" means all Agency Development Costs and Project Costs, but not Operation or Maintenance Costs.

"Capital Debt" means the amount of the principal and premium, if any, and interest on bonds or other debt, and reserves required therefor, and an adequate depreciation fund, to finance Capital Costs.

"Charter Date" shall be May 1, 2019, unless extended by resolution of the Charter Members as provided in Section 4c.

"Charter Member" means each Customer named as a Charter Member on Exhibit "A" hereto, and that satisfies the Charter Member Requirements set forth in Section 3 of this Contract.

"Charter Water Supply Contract" means a written Water Supply Contract between the Agency and one or more Charter Members, setting forth water rates, water allocations, and other terms of service.

"Contract" means this contract.

"Costs of the Agency Project" or "Project Costs," means, with respect to an Agency Project, all costs of an Agency Project, including the costs of the design, acquisition of necessary lands, easements, and rights-of-way over lands and waters; the acquisition, erection, construction, installation, rehabilitation, repair and replacement of pumping, storage, delivery or other facilities, including mains and pipelines; the costs of financing, development, permitting, and administration during any period of acquisition, erection, construction, rehabilitation, repair, replacement or installation, as aforesaid; the costs of repayment of such interim indebtedness as may be incurred for such costs, including administrative expenses prior to issuance of bonds for an Agency Project; and the costs for such other Agency Project purposes, including without limitation reasonable reserves and working capital for Operation and Maintenance Costs, as may be determined by the Agency.

"Customer" means any municipality purchasing potable water from the Agency.

"Design Capacity" means, for each Customer, the capacity of potable water, on an average daily basis, that the Customer has determined with the Agency's approval, upon its first becoming a Customer, or as revised by the Customer.

"Development Expenses" means professional service fees and related Agency operational obligations incurred by the Charter Members prior to the First Financing Date.

"Directors" means the directors of the Board of Directors.

"Effective Date" means the date upon which this Contract goes into effect, pursuant to Section 2(b) of this Contract.

"First Financing" means the Agency debt for its first borrowing or tranche for reimbursement of Development Expenses and for payment of costs of planning, design, engineering, permitting, acquisition of land, facilities and facilities use rights, construction, testing, Agency operations, and/or other steps pertaining to Agency Water Supply System acquisition, construction, and/or start-up prior to construction or expansion of the Agency Water Supply System.

"First Financing Date" means the date that is 90 days before the date upon which the Agency becomes legally indebted for its First Financing.

"Fiscal Year" means the fiscal year of the Agency.

"Lake Water" means water drawn from Lake Michigan for supply or distribution by the Agency

"Member" means a Customer of the Agency (i) having ownership and operational control of a Municipal Water Supply System; (ii) having been approved as a Charter Member or a Primary Member by the Agency; and (iv) having, by ordinance, resolution or contract, authorized its Membership and agreed to all of the terms and conditions of this Contract and Agency membership.

"Minimum Take or Pay Requirement" means the requirement that a Customer's Water Volume Commitment will be taken or, if not taken, will be paid for on the same basis as if taken.

"Municipal Water Supply System" means the water supply system of a Customer, or combined waterworks and sewerage system (if such systems are combined for financing and accounting purposes) of a Customer, dedicated to the distribution of potable water to its

customers and connected to the Agency Water Supply System pursuant to a contract with the Agency.

"Operation and Maintenance Costs" means all expenses incurred in the administration, operation and maintenance of the Agency and the Agency Water Supply System including Lake Water purchases pursuant to a Source Facility Contract, and accumulation of reserves related to payment of costs.

"Other Available Funds" means revenues derived by each Customer from sources other than the operation of its Municipal Water Supply System.

"Pre-existing Water Supply Contract" means a written Water Supply Agreement between a public, non-member supplier of Lake Water and a municipality, such Agreement being in existence at the time of such municipality's first approval as a Customer, as amended and as may thereafter be amended or supplemented from time to time, setting forth water rates, water allocations, and other terms of Lake Water supply service.

"Primary Member" means a Member that is not a Charter Member.

"Proportionate Share" means the percentage that a Customer's Water Allocation bears to the total Water Allocation of all Customers.

"Second Financing" means the Agency debt for its second borrowing or tranche for reimbursement of Development Expenses and for payment of costs of planning, design, engineering, acquisition of land, facilities and/or facilities use rights, permits, construction, testing, Agency operations, Source Facility Contract fees, and/or other steps pertaining to Agency Water Supply System acquisition, construction, expansion and/or start-up prior

to construction of the Agency Water Supply System, and which may include the assumption of the First Financing.

"Second Financing Date" means the date that is 90 days before the date upon which the Agency becomes legally indebted for its Second Financing.

"Source Facility Contract" means a contract to be entered into between the Agency and a unit of government having access to Lake Water, and the ability to provide the Agency direct access to Lake Water as the Agency's source, and as may thereafter be amended or supplemented from time to time, for things that may include the Agency's location, ownership, operation, maintenance, and use of Lake Water facilities within that unit of government.

"Subsequent Water Supply Contract" means written Water Supply Contract between the Agency and Primary Member.

"Unit of Water" means 1,000 (one thousand) gallons of Lake Water.

"Water Allocation" means, with respect to a Customer, such Customer's allocation and allowable excess from time to time of Lake Water pursuant to applicable state law or administrative opinion, or such other amounts of Lake Water as a Customer may lawfully take.

"Water Delivery Charge" means the Customer's share of the annual Operation and Maintenance Costs of the Agency based on Water Rates set by the Agency.

"Water Demand Charge" means a Customer's share of the annualized Capital Costs of the Agency Project based on the Customer's Water Allocation.

"Water Rate" means the Agency's charge per unit of water for each Customer, based on the sum of a Customer's Water Demand Charge and Water Delivery Charge.

"Water Supply Contract" means a written water supply contract between the Agency and a Customer, setting forth water rates, water allocations, and other terms of service.

"Water Volume Commitment" means the minimum amount of Lake Water committed to be purchased by contract from the Agency and paid for by each Customer for the term of its Water Supply Contract.

Section 2. Creation; Name; Enactment; Term.

(a) **Creation.** There is hereby created a Municipal Joint Action Water Agency, a municipality and a public body corporate and politic, pursuant to the authority granted in 5 ILCS 220/3.1., to be known as the "Southland Water Agency."

(b) **Effective Date.** This Contract will become effective upon execution by a least two owners of Municipal Water Supply Systems that, by ordinance, resolution or contract, have authorized the execution of this Contract and agreed to the terms and conditions of this Contract and Agency membership.

(c) **Contract Term.** If effective as hereinabove provided, this Contract shall continue in force and effect until the earlier of (i) January 1 of each calendar year after the Effective Date if the Agency has not entered into a Source Facility Contract, unless a majority of the members of the Executive Committee vote to continue the force and effect of this Contract; (ii) that date which is seventy-five (75) years after the Effective Date, or (iii) when the Agency is dissolved. The Members and the Agency shall begin good-faith negotiation of

a renewal of this Contract not later than five (5) years prior to the end of the initial seventy-five (75) year term of this Contract.

(d) **Duration.** The duration of the Agency shall be for the Contract Term, as may be renewed, unless terminated earlier in accordance with Section 10(b).

Section 3. Agency Membership; Membership Requirements; Non-Member Requirements.

(a) **Charter Membership Requirements.** The Charter Members of the Agency are those units of local government named as Charter Members on Exhibit "A" hereto and that satisfy the following Charter Member Requirements:

(i) owns and controls a Municipal Water Supply System;

(ii) authorizes by ordinance or resolution and executes this Contract by counterpart included in Group Exhibit "B" to this Contract, on or before the Charter Date;

(iii) has an approved Lake Water Allocation by the State of Illinois; and

(iv) has or will execute a Charter Water Supply Contract acceptable to the Agency upon the Agency becoming capable of supplying Lake Water directly to the Charter Member through the Agency Water Supply System.

(b) **Primary Membership.** The Primary Members of the Agency are those units of local government that are approved by the Agency as a Primary Member and that satisfy the following Membership Requirements:

(i) has ownership and operational control of a Municipal Water Supply System that has been determined by the Agency to be financially and

operationally sound and in a state of repair acceptable to the Agency;

(ii) has received a Lake Water Allocation from the State of Illinois;

(iii) has authorized and adopted this Contract by ordinance or resolution and executes this Contract as a Primary Member;

(iv) has executed a long-term Water Supply Contract with the Agency;

(v) has executed a Primary Membership Agreement with the Agency setting forth specific membership rights and obligations, and benefits that are not more favorable than the benefits of the Charter Members;

(vi) pays its required initial equity contribution;

(vi) has been determined by the Agency that its Primary Membership offers extraordinary benefits to the Agency, considering (1) the Primary Member's Water Volume Commitment, (2) the Primary Member's credit worthiness, (3) the location and proximity of the Primary Member's Municipal Water Supply System relative to the Agency Water Supply System, and (4) other factors; and

(vii) has been approved as a Primary Member unanimously by the Charter Members.

(c) Non-Member Customer Requirements. Non-member Customers of the Agency are those Customers that satisfy the following requirements:

(i) has ownership and operational control of a Municipal Water Supply System that has been determined by the Agency to be financially and operationally sound and in a state of repair acceptable to the Agency;

(ii) has received a Lake Water Allocation from the State of Illinois;

(iii) has executed a long-term Water Supply Contract with the Agency;

(iv) has been determined by the Agency that its purchase of Lake Water under the terms of its long-term Water Supply Contract furthers the interests of the Agency, considering (1) the non-member's Water Volume Commitment, (2) the non-member's credit worthiness, (3) the location and proximity of the non-member's Municipal Water Supply System relative to the Agency Water Supply System, and (4) other factors; and

(vi) has been approved by the Agency as a non-member Customer, as provided herein.

Section 4. Governance; Board of Directors.

(a) Governance. The governing body of the Agency shall be a Board of Directors. There shall be one Director from each Member. Each Director shall have one vote. Each Director shall be appointed by the Member by ordinance, and shall be the mayor, president, or other elected member of the corporate authorities of the member municipality. Each Director shall hold office for a term commensurate with his or her term of office with the Member municipality, or as otherwise specified by the Member. Each Member shall provide for the appointment of an Alternate Director for the Member to serve in the place of the Member's Director in his or her absence. The Board of Directors shall serve without compensation. The Board of Directors shall elect one Director to serve Chairman, but the Chairman shall have no more or less authority than any other Director. The Board may elect persons, who need not be Directors, to such other offices as is

designated in this Contract, or the Agency By-Laws adopted.

(b) Board of Directors Duties and Authority. The Board of Directors shall determine the general policy of the Agency, shall approve the annual budget, shall make all appropriations (which may include appropriations made at any time in addition to those made in any annual appropriation document), shall approve all contracts for the purchase and sale of water and contracts other than those within the authority delegated by the Board, shall adopt any resolutions providing for the issuance of bonds or notes by the Agency, shall adopt its by-laws, rules and regulations, and shall have such other powers and duties as may be prescribed in this Contract or by the Act.

(c) Procedural Rule. The following actions shall require approval by majority vote of the Directors of the Agency Board: (1) All ordinances and all resolutions and motions (i) to create any liability against the Agency, or (ii) for the expenditure or appropriation of Agency money not previously approved in a budget ordinance; (2) Determination of Water Rates; (3) Employment and dismissal of the Executive Director; and (4) all other actions not requiring an extraordinary vote of the Board of Directors, and not delegated to the authority of the Executive Committee. Unless and to the extent specifically provided otherwise by law, the actions enumerated below shall require the affirmative vote of a 2/3 of the Directors of the Agency: (1) extension of the Charter Date; (2) Amendment of this Contract; (3) Approval of Customer Water Supply Contracts; (3) Approval of Source Facility Supply Contracts, and amendments; (5) Borrowing funds; (6) Acquisition of a Water Supply System; (7) Adoption of Agency By-Laws; (8) Abandonment of a Project as

provided in Section 7(e); (9) Authorizing the approval of any new Primary Member of the Agency; and (10) Authorizing the withdrawal of any Member from the Agency on or after the Charter Date. Unless and to the extent specifically provided otherwise by law, the actions enumerated below shall require the unanimous affirmative vote of the Directors of the Agency, in accordance with Section : (1) Early termination of this Contract; (2) Early termination of the Agency.

(d) An Executive Committee of the Board of Directors shall be a standing committee and consist of the Charter Member Directors or other elected or appointed officials of the Charter Members, and the Primary Member Directors or other elected or appointed officials of the Primary Members if so provided in the applicable Primary Membership Agreement. Except as provided in subsection (c) of this Section 4 or as otherwise required by law, the Executive Committee shall be advisory to the Board of Directors on all matters requiring an extraordinary vote of the Board of Directors, and may act on behalf of the Board of Directors on all matters not reserved for Board approval under Section 4(c) or elsewhere in this Contract. The Executive Committee may approve payment of budgeted bills, payroll, and expenditures without the necessity of obtaining specific approval of the Board of Directors.

Section 5. Employment and Personnel.

(a) Employment. The Agency may employ agents and employees and delegate to them such powers as it may deem proper.

(b) Employment Policies. The Board of Directors may approve employment policies of the Agency. The Directors shall approve the compensation

and benefits of staff and officials, and other pecuniary employment policies of the Agency.

(c) The Administrative Staff.

The Administrative Staff shall consist of an Executive Director and such other supervisory, administrative and operating personnel as may from time to time be employed or retained by the Agency.

(d) Executive Director;

Appointment. An Executive Director may be appointed by the Board of Directors. The Executive Director shall be appointed on the basis of the administrative and executive qualifications with special weight given to actual experience and knowledge of the operation and management of a private or public waterworks system with characteristics comparable to those of the Agency. No Director shall receive an appointment as Executive Director during their term of appointment as Director, or within one year of the expiration of such term.

(e) Executive Director; Duties. The Executive Director shall be the Chief Administrative Officer of the Agency and shall be responsible for the efficient administration and management of the Agency. The duties of the Executive Director shall be prescribed by the Agency.

Section 6 Water Supply.

(a) Limitation on Charges for Lake Water. The costs for Lake Water charged by the Agency to Members shall only include Aggregate Costs plus reserves in such amounts reasonably intended to pay future Aggregate Costs. Member Water Rates shall be comprised of a Water Demand Charge and a Water Delivery Charge.

(b) Agreement to Purchase and Sell. Subject to the provisions of this Contract, the Agency shall sell to each

Customer, and each Member agrees and each non-member Customer shall agree in its Water Supply Contract, to purchase exclusively from the Agency an amount of Lake Water to the extent of its Water Volume Commitment and the Water Volume Commitment and water service needs of its customers. The Agency's obligation to each Customer, however, to deliver Lake Water hereunder shall be limited as provided in Section 7(a).

(c) Water Supply Contracts Between Members and the Agency. The Agency and each Member agree to enter into continuous Water Supply Contracts during the term of the Member's membership, setting forth Water Rates and charges determined by the Agency, and other appropriate terms of service. The rates and charges shall be sufficient to pay for the Aggregate Costs of the Agency plus reserves. The Agreement shall also provide for a separate charge amortized over an agreed period of time, for the payment of the initial equity contribution required for its Primary Membership. The Water Supply contracts shall contain a Minimum Take or Pay term, such that the Member shall, upon expiration of the Member's obligation to purchase Lake Water under a Pre-existing Water Supply Contract, either take and pay for its Water Volume Commitment from the Waterworks System or pay a Minimum Take or Pay Requirement and other charges under the governing Water Supply Contract, based on rates or charges for Lake Water that may be higher than those rates or charges in effect at the time of "Pay" in lieu of "Take".

(d) Water Supply Contracts Between Non-Member Customers and the Agency. Each Non-Member Customer shall be required to enter into continuous Water Supply Contracts for the term of this Contract, setting forth Water Rates that shall

be comprised of a Water Demand Charge and a Water Delivery Charge determined by the Agency and that may be higher than Member rates, and other appropriate terms of service. The rates and charges shall be sufficient to at least pay for, and may exceed, the Aggregate Costs of the Agency plus reserves. The non-member Customer Water Supply Contracts shall contain a Minimum Take or Pay term, such that the Customer shall either take its Water Volume Commitment from the Waterworks System or pay a Minimum Take or Pay Requirement and other charges under the governing Water Supply Contract, based on rates or charges for Lake Water that may be higher than those rates or charges in effect at the time of "Pay" in lieu of "Take".

(d) Title to Lake Water. Title to all Lake Water supplied hereunder and under Water Supply contracts shall remain in the Agency until it enters a Municipal Water Supply System

(e) Lake Water Only. The Agency shall not deliver water from any other source than Lake Water.

(f) Emergency Supply. A Customer may contract for a temporary supply of water during and in case of an emergency from any other unit of local government or other entity.

(g) Retail Sales. The Agency shall not engage in the retail sale or distribution of water to residents or customers of any Member or within a municipality or territory within one mile of the corporate limits of a Member unless the Member has consented in writing to such service being provided.

(h) Water Delivery Charge to Charter Members Same. Water Delivery Charges shall be the same for all Charter Members. Water rates shall be calculated and set annually by the Agency. No change in water rates under this Contract or a Water

Supply Contract for any Charter Member may be made unless the same change is made for all Charter Members.

(i) May Use Other Moneys. Members are not prohibited by this Contract from using Other Available Funds to make the payments required by this Contract or the Water Supply Contract. Non-member Customers may be limited or prohibited in the Water Supply Contract from using Other Available Funds to make the payments required by this Contract or the Water Supply Contract.

Section 7. Agency Covenants and Limitations.

(a) Water Supply. The Agency shall use its best efforts to furnish Lake Water to its Members, and non-member Customers as hereinabove provided, but its obligation hereunder shall be limited by (i) the amount of Lake Water from time to time available to the Agency; (ii) contracts between the Agency and its other customers; (iii) the capacity of the Waterworks System; and (iv) ordinary transmission loss, including standard metering error, between the Agency's source of supply and the points of delivery. The Agency shall not enter into contracts with other customers that would cause the Agency to be obligated to sell Lake Water in excess of the least of (i) Waterworks System capacity, (ii) the maximum amount of Lake Water available under Source Facility Contract(s); or (iii) an amount that would decrease the amount of Lake Water then being supplied or to be supplied in the future to existing Members or Customers.

(b) Agency Covenant to Operate Properly. The Agency shall take steps reasonably necessary so that the Agency Water Supply System will at all times be operated properly and efficiently.

(c) Agency to Continue to Serve. The Agency will use its best efforts to continue serving all Customers.

(d) Limitation on Funds. Subject to this subsection, no funds received by the Agency from Members may be expended for any purpose other than the Aggregate Costs and reserves of the Agency.

(e) Non-Abandonment. The Agency shall not abandon any Project or terminate acquisition and construction of all or any part of the Agency Water Supply System prior to its substantial completion without obtaining the consent of at least (i) two-thirds of all Charter Members, (ii) a majority of those Charter Members that would receive less than one-half of their Water Volume Commitment as a result of the termination of this Contract and (iii) a majority of those Members that would receive no Lake Water as a result of such termination. All of the following must occur before such abandonment or termination.

(i) The Agency shall have found that the cost of substantial completion of the Project would so greatly exceed original estimates of that cost that it would not be economically feasible for the Members and Customers together to pay the Fixed Costs which would be payable after substantial completion.

(ii) The Agency shall have been provided with a certificate from an independent consulting engineer and a certificate from an independent financial consultant to the effect that they each concur with the finding of the Agency described in subsection (a) of this Section.

(iii) The Members and any Trustee appointed under a Bond

Resolution of the Agency shall have been given ninety (90) days' notice of the proposed termination of acquisition and construction of all or any part of the Agency Water Supply System.

If the Agency terminates acquisition and construction of all or any part of the Agency Water Supply System pursuant to this Section, the obligations of each Charter Customer to make the payments required for Aggregate Costs under Section 6 of this Contract shall continue.

(f) Agency Insurance. The Agency will carry insurance or maintain self-insurance with respect to the Agency Water Supply System of the kinds and in the amounts which are customarily carried or maintained by parties operating similar properties, including, without limiting the generality of the foregoing, fire and other casualty and public liability insurance or protection. All moneys received for loss under the insurance policies or on deposit as self-insurance reserve funds shall be used in making good the loss or damage in respect of which they were paid except to the extent no longer deemed useful to or profitable in the operation of the Agency Water Supply System, whether by repairing the property damaged or replacing the property destroyed, and provision for making good such loss or damage or replacing the property destroyed shall be made within a reasonable time from date of loss. The proceeds derived from any and all policies or available from self-insurance reserves for public liability losses shall be used in paying or reimbursing any accounts from which payments for settlements, judgments or expenses were advanced.

Section 8. Member Covenants and Limitations. Each Member further covenants as follows:

(a) Maintain and Operate Municipal Water Supply System. It will own, maintain and operate its Municipal Water Supply System efficiently, and take steps reasonably necessary so that all improvements and extensions of its Municipal Water Supply System will be in good repair and working order and will operate properly and efficiently. Each Member will operate the same punctually, and perform all duties with respect to its Municipal Water Supply System as may be required by the Constitution and laws of the State of Illinois and all other applicable laws and by all resolutions and ordinances of such Member. Each Member will continue to own and possess its Municipal Water Supply System and will, within the exercise of reasonable business judgment and in a manner so as not to cause a default hereunder, dispose of property which is part of its Municipal Water Supply System only to the extent that such property is no longer useful or profitable in the operations of its Municipal Water Supply System.

Each Member shall also grant without charge to the Agency, upon request by the Agency 1) easements necessary for those portions of the Agency Water Supply System to be located on or within such Member's property; and 2) easements for the Agency to access the Agency Water Supply System for purposes of fulfilling its duties and responsibilities as to the Agency Water Supply System under this Contract. Each Member shall also grant to the Agency, from time to time during the term of this Contract, upon reasonable notice and request from the Agency, any reasonably required temporary construction easements upon, over or within any property owned by the Member, for purposes of allowing the Agency to extend, repair, replace, or remove any portion of the Agency Water Supply System.

(b) Rate Covenant. It will establish, maintain, revise as necessary and collect, rates and charges from customers of its Municipal Water Supply System as shall be required from time to time to produce revenues at least sufficient (i) to pay all amounts due by the Member under this Contract and its Water Supply Contract, and to pay all other costs of operation and maintenance of its Municipal Water Supply System, (ii) to provide an adequate depreciation fund for its Municipal Water Supply System, and (iii) to pay the principal of and interest on all bonds of such Member payable from the revenues of its Municipal Water Supply System.

(c) Segregate Revenues. It shall provide for the segregation of all revenues of its Municipal Water Supply System in such Municipal Water Supply System Fund and provide for the application of the revenues for the purpose of subsection (b) of this Section. Moneys of a Municipal Water Supply System of a Member which exceed the obligations of such Member hereunder may be used for any lawful corporate purposes.

(d) Future Subordination of Revenue Bond Lien. Any resolution or ordinance of the Member which authorizes the issuance after the date of this Contract of any obligation of the Member to be paid from revenues of its Municipal Water Supply System will expressly provide that revenues of its Municipal Water Supply System may be used to pay principal of and premium, if any, and interest on those obligations only to the extent that those revenues exceed the amounts required to pay the operation and maintenance expenses of its Municipal Water Supply System including, expressly, all amounts payable from time to time under this Contract.

(e) Accounting and Audit. It will make and keep proper books and accounts (separate and apart from all other records and accounts of such Member) in which complete entries shall be made of all transactions relating to its Municipal Water Supply System, and, within two hundred ten (210) days following the close of each fiscal year of such Member, it will cause the books and accounts of its Municipal Water Supply System to be audited annually by independent certified public accountants, showing the receipts and disbursements on account of its Municipal Water Supply System.

(f) Budget and Appropriations. It will adopt a budget or appropriations ordinance for each fiscal year of such Member, or otherwise in accordance with applicable state laws, provide lawful authority for payment of all sums anticipated to be due to the Agency during such fiscal year.

(g) Maintain Water Allocation. It will use its best efforts to obtain or retain, a Water Allocation at least equal to its Water Volume Commitment.

(h) Combining or Separating Municipal Water Supply System Accounts. It shall not combine its existing separate Municipal Water Supply System with its separate sewerage system or separate its existing combined waterworks and sewerage system into separate systems except on the following conditions: (i) the Member shall provide the Agency with written evidence that the proposed combination or separation will not materially and adversely affect the Member's ability to comply with all of the terms, conditions and covenants of this Contract; and (ii) if the Agency shall then determine the proposed combination or separation will not materially and adversely affect the Member's ability to comply with all of the terms, conditions and

covenants of this Contract, then and only then the Agency shall approve such combination or separation and advise such Member in writing.

(i) Member Covenants as to Rate of Withdrawal. Each Member will take Lake Water at the most uniform and continuous rate of withdrawal practicable.

Section 9. Subsequent Water Supply and Other Contracts.

(a) No Contract with Rate More Favorable. The Agency shall not supply Lake Water except pursuant to a Water Supply Contract. No Water Supply Contract shall provide rates, charges or terms lower or more favorable than those provided for Charter Members.

(b) Occasional Service Except for occasional or emergency water use, being use for not more than 30 days during any two-year period, the Agency shall not contract for a supply of Lake Water to any non-member unless approved by the Board pursuant to section 3(c).

(c) Primary and Non-Member Water Supply Contract Terms. The Agency shall not enter into a Water Supply Contract with a Primary Member or a non-member Customer unless such Water Supply Contract provides for the Primary Member's and non-member Customer's payment of all costs associated with the extension of the Agency Water Supply System and connection to the Primary Member's and the non-member Customer's Municipal Water Supply System. The Agency shall negotiate in the Subsequent Water Supply Contract with Primary Members equitable and lawful differential rates or charges in the formula for Aggregate Costs; and shall not enter into a Water Supply Contract with a non-member Customer unless the Water Supply Contract provides for an equitable and lawful

differential rate or charge in the formula for Aggregate Costs. The differential rates may take into account any pertinent factor including each of the following factors: (i) the non-water utility rate which would be chargeable by a regulated utility for the proposed service, (ii) replacement cost of the Agency Water Supply System less depreciation and net outstanding bonds, and (iii) the amount and time of payment of Capital Costs which would have been payable by the proposed Member had such Member become a Charter Member, plus interest on such costs from the time when they would have been paid.

The differential may be satisfied by a lump sum payment or by surcharge for any term of years not longer than the remaining term of the earlier of this Contract or the applicable Member's Water Supply Contract. The differential shall inure to the benefit of the previous Members as their interests may appear (that is, those that have borne greater costs shall benefit proportionally greater) in such reasonable manner as the Agency may determine.

This entire subsection is qualified by the Agency's commitment to its Members to serve within its territorial limit and to charge for such service fair and equitable rates which are not prohibitive. It is the intent of the Agency in entering into this provision of the Contract to recognize that those Members that became Charter Members on or before the Charter Date solely enabled the Agency to establish the Agency Water Supply System, that the Charter Members needed to be induced to be Charter Members, that by its essential design in accordance with good engineering practice, the Agency Water Supply System must be established in many ways sufficient to serve all customers, but that only those who became Charter Members on or before the Charter Date will have paid for the initial

development, acquisition, and construction of the Agency Water Supply System. It is the intent of the Agency in entering into this provision of the Contract to also recognize that any Members that became Charter Members before the Charter Date will have made such extraordinary investment, contributions and commitments to the Agency and the Agency Water Supply System, that the privileges and benefits of Charter Member status is warranted.

Section 10. Member Withdrawal and Early Termination.

(a) Member Withdrawal.

Members may not withdraw from the Agency until after all of the following: (i) the Member's Water Supply Contract expires; (ii) Subsequent Financing has been paid for any Project(s) undertaken by the Agency; (iii) the Member has paid or provided satisfactory assurance of payment an exit fee in the amount of 25% of the average of the total of the Member's annual Water Delivery Charge and annual Water Supply Charge over the thirty-six (36) months preceding withdrawal; (iv) the Member has paid the Member's pro rata share of all Development Expenses, Aggregate Costs and Capital Costs approved by the Agency during the term of the withdrawing Member's membership; and (v) in the case of Primary Members, payment of their initial equity contribution, if any, and payment of their pro rata shares of any unpaid differential charges set forth in Section 9c; and (vi) the Board of Directors has voted to approve the withdrawal in accordance with Section 4(c). As long as any bonds or notes of the Agency are outstanding and unpaid, Except as permitted by the resolution or resolutions authorizing any outstanding bonds or notes, no Member may withdraw from the Agency.

(b) Early Termination of the Agency. The Agency shall terminate and dissolve if, the fifth (5th) anniversary of the Effective Date, the Agency has not entered into a Source Facility Contract. The Agency may not be terminated or dissolved prior to the expiration of the Contract Term, as renewed, unless the Contract is terminated earlier in accordance with Section 2(c), and except upon: (i) 365 days prior written notice of termination or dissolution to all Customers; (ii) the satisfaction or termination of any outstanding bonds or notes of the Agency, unless such bonds or notes provide otherwise; (iii) the satisfaction or termination of all Water Supply Contracts; and (v) the adoption of ordinances or resolutions in favor of dissolution by all of the Members. As long as any bonds or notes of the Agency are outstanding and unpaid, the Agency shall not terminate or dissolve. While any such bonds or notes are outstanding, all contracts for the sale of water by the Agency to Members shall be irrevocable except as permitted by the resolution or resolutions authorizing such bonds or notes.

Upon termination or dissolution of the Agency, the Agency shall not thereafter carry on any business except that necessary to wind up and liquidate its business and affairs including termination and/or transfer of staff. Remaining assets and proceeds from the sale of its assets, after payment of all expenses, shall be distributed equally among the Members, unless directed otherwise by $\frac{3}{4}$ vote of the Agency Members. The termination of contracts, sale of assets, the payment of debts, the distribution of remaining assets, shall all be documents and upon dissolution of made public record,

Section 11. Defaults; Remedies.

(a) Agency Defaults. Failure by the Agency to deliver Lake Water to any Member as required by this Contract or failure of the Agency to perform any other obligation under this Contract and the continuation of that failure to perform for thirty (30) days after written notice from such Member to the Agency of such failure shall be a default of the Agency under this Contract, unless any such failure is excused pursuant to Section 10(c) of this Contract. If the Agency defaults under this Contract, the Member(s) or Members affected may bring any action against the Agency, including an action for direct money damages, but not consequential, incidental, or punitive damages, or for equitable relief including actions for mandamus and specific performance of the Agency's obligations to the extent allowed by law. Election of any remedy shall not be a waiver of any other remedy.

(c) Customer Defaults It is understood and agreed between the parties that the Agency's ability to provide uninterrupted water service to all of its customers, Member and non-member Customers alike, is dependent upon all Customers' performance of their obligations under this Contract and the Water Supply Contracts, including payment as required. If any Customer (i) fails to make payments when due to the Agency or (ii) fails to perform any other obligation to be performed under this Contract, and the Customer fails such obligation within thirty (30) days after written notice from the Agency to the Member of such failure, then such Customer shall be in default under this Contract.

(d) If any Customer defaults under this Contract or the applicable Water Supply Contract, the Agency may, without further notice to the Customer, and in addition to and not in lieu of any other rights and remedies available to the Agency

at law or in equity, exercise any one or more of the following rights:

(i) In the case of late payments,

1. A late payment charge equal to five percent (5%) of each late payment shall be charged on any payment not received by the Agency on or before the payment due date until paid, but acceptance of payment of any such charge shall not constitute a waiver of any Default.

2. The Agency may at its option and in its discretion reduce or discontinue delivery of Lake Water to the Customer until the amount due the Agency is paid in full if a late payment plus the accrued late charge are not paid within thirty (30) days from the date such payment became due.

3. The Agency may bring any action against the Customer, including an action for damages to recover all amounts due plus collection costs and attorneys' fees.

(ii) In the other non-Performance:

1. The Agency may at its option and in its discretion reduce or discontinue delivery of Lake Water to the Customer until the non-performance is cured if said Default is not cured within thirty (30) days after written notice is given by the Agency.

2. The Agency may bring any action against the Customer, including an action for direct money damages, but not consequential, incidental, or punitive damages, or equitable relief, including actions for mandamus and specific performance of the Customer's obligations to the extent allowed by law plus

attorneys' fees and costs. Election of any remedy shall not be a waiver of any other remedy.

(e) **Payment Security.** In order to secure any Customer's payment of amounts due under this Contract or a Water Supply Contract, the Agency may in its sole discretion, require as a condition of entering into a Water Supply Contract that the Customer's payments shall be made to a lock box collection agent designated by the Agency for the collection of rates and charges from customers of any such Municipal Water Supply System. In addition, if a Customer has been late in making payments due more than twice in any eighteen (18) consecutive month period, or has otherwise, in the sole judgment of the Agency, demonstrated a high degree of risk of its inability or unwillingness to make timely payments when due, then upon notice by the Agency, all future payments by the Customer shall be made to a lock box collection agent designated by the Agency for the collection of rates and charges from customers of any such Customer's Municipal Water Supply System. In either such event, the Customer shall direct all of its municipal water purchasers to forward payments directly to the lockbox facility ("Lock Box") established by the Agency and the Agency shall apply such payments to reduce outstanding obligations of the Customer, or satisfy ongoing or future obligations.

(f) **Sole Method for Members to Enforce Provisions Hereof Against Other Members.** Each Member acknowledges and agrees that its obligations hereunder, including its obligation to make payments, are of benefit to each other Member. Accordingly, each Member agrees that, in addition to the Agency, any fifty percent or more of the Members acting together may enforce the provisions of this Contract against other

Members as it affects them, but only if the Agency has not acted to enforce such provisions within 90 days of failure to perform hereunder. Any rights any Member has under this Contract or other contracts with the Agency shall be limited in enforcement as set forth herein.

(g) Member Obligations

Unconditional; No Set-off. The Members shall have no right to terminate, cancel or rescind this Contract, no right to withhold from the Agency Contract payments due or to become due under this Contract, no right to recover from the Agency unless paid in error or contrary to the provisions of this Contract or law, no right of reduction or set-off against the amounts due or to become due under this Contract to the Agency, and no lien on any amounts in any fund established by the Agency for any reason or on account of the existence or occurrence of any event, condition or contingency, whether foreseen or unforeseen or foreseeable or unforeseeable by the Members or the Agency or any other person; including by way of illustration and not limitation by reason of the fact that the Agency Water Supply System in whole or in part is not completed, operable or operating; the output of the Agency Water Supply System in whole or in part is suspended, interrupted, interfered with, reduced or curtailed; any party to Source Facility Contract, does not perform in whole or in part thereunder; the Water Allocation of any Member or non-member Customer is modified or terminated or any Member does not perform in whole or in part under this Contract or any other agreement or instrument; it being the intent hereof that the Members shall be absolutely and unconditionally obligated to make all payments hereunder. The Agency will issue any bonds in specific reliance on the limitations set forth in this Section with respect to the rights of the Members.

Section 11. Miscellaneous.

(a) Modification of this Contract. Except for revisions and adjustments otherwise expressly provided for, this Contract may not be changed or modified prior to recommendation by the Executive Committee, and unless approved by adoption of concurring ordinances by a 2/3 of all Members.

(b) Non-Assignability. Except to the extent hereinafter provided, no party shall assign or transfer this Contract or any rights or interests herein without the written consent of the Agency Board.

(c) Force Majeure. In case by reason of force majeure any party hereto shall be rendered unable wholly or in part to carry out its obligation under this Contract, then if such party shall give notice and full particulars of such force majeure in writing to the other parties within a reasonable time after occurrence of the event or cause relied on, the obligation of the party giving such notice, so far as it is affected by such force majeure shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "force majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States, of the State of Illinois, or of any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines, canals, or tunnels, partial or entire failure of water supply, and inability on the part of the Agency to deliver Lake

Water hereunder, or of any Member to receive Lake Water hereunder, on account of any other causes not reasonably within the control of the party claiming such inability. The settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty and that the above requirement that any "Force Majeure" shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party or parties when such settlement is unfavorable to it in the judgment of the party having the difficulty. No force majeure which renders any of the parties unable to perform under this Contract shall relieve a Member or non-member Customer of its obligation to make payments to the Agency as required under Section 6 of this Contract.

(d) Regulatory Bodies. The parties through this Contract seek to exercise and maintain all sovereign rights granted to them under and through the Constitution and laws of the State of Illinois. This Contract shall be subject to all valid rules, regulations, and laws applicable hereto passed or promulgated by the United States of America, the State of Illinois, or any governmental body or agency having lawful jurisdiction, or any authorized representative or agency or any of them; provided however, that this clause shall not be construed as waiving the right of either party to challenge the validity of such rule, regulation, or law on any basis, including the impairment of this Contract.

(e) Notices and Evidence of Actions. All notices or communications provided for herein shall be in writing and shall be delivered to the Members affected or the Agency either in person or by United States mail, via registered mail, return receipt requested, postage prepaid, addressed to the principal office thereof, or by email to the

address and if approved in writing by a Member.

Any action hereunder to be taken by the Agency or any Member may be evidenced by copy of official proceedings (including pertinent minutes, motions, resolutions, or ordinances) duly certified by the Clerk of such Member or the Agency.

(f) Cooperation. The Members shall reasonably cooperate with the Agency, and the Agency shall reasonably cooperate with the Members, in the establishment, acquisition and construction of the Agency Water Supply System; in the issuance of Agency bonds and the issuance of the Member's general obligation bonds or revenue bonds of its Municipal Water Supply System; in the performance of the Agency's responsibilities as to the construction, operation, maintenance and administration of the Agency Water Supply System; and in the performance of their respective responsibilities for the contracting and supply of water. Neither the Agency nor the Members shall unreasonably act, or fail to reasonably act, so as to interrupt the supply of water to any Member.

Notwithstanding any of the provisions of this Contract, the Agency is not prohibited by this Contract from entering into cooperative arrangements with other suppliers of Lake Water to provide Lake Water to each other to meet their water needs, provided that these arrangements do not interfere, except in emergencies, with the delivery of Lake Water to the Members.

(g) Evidence of Member Action. Wherever in this Contract the consent or authorization of a Member is required, that consent may only be evidenced by a resolution or motion passed by the corporate authorities of the Member.

(h) Severability. Should any

part, term, or provision of this Contract be determined by a court of competent jurisdiction to be illegal or in conflict with any law, the application of such term or provision to circumstances or in respects other than those to which it has been determined to be invalid or unenforceable shall not be affected thereby, and such invalid or unenforceable provision shall be modified to the minimum extent necessary to render such term or provision valid and enforceable and to effect the intent of this Contract.

(i) Governing Law. This Contract shall be construed exclusively under the applicable laws of the State of Illinois. The parties hereto agree that (i) only the state or federal court located in Cook County, Illinois, having jurisdiction and venue to adjudicate any dispute between the parties hereto which arises out of or in connection with this Contract, shall be

eligible for use by the parties for purposes of trial level proceedings.

(j) Execution in Counterparts. This Contract may be executed in several counterparts, each of which shall be deemed to be an original, and all of which shall constitute but one and the same instrument. Any such counterpart may be signed by one or more of the parties hereto so long as each of the parties hereto has signed one or more of such counterparts.

(k) Filing. Promptly upon this Contract being entered into, or upon the amending of this Contract, a copy of the Contract or amendment shall be filed in the office of the Secretary of State of Illinois and with the Cook County Recorder by the Agency. Promptly upon the dissolution of the Agency, if any, that fact shall be certified by an officer of the Agency to the Secretary of State of Illinois.

IN WITNESS WHEREOF, the parties hereto have caused their respective corporate names to be subscribed hereto and their respective corporate seals to be hereto affixed and attested by their duly authorized officers, all on the date set opposite their respective corporate names.

Party Identification attached hereto as Exhibit "A"

Signature Pages attached hereto as Exhibit "B"

EXHIBIT "A"

**PARTIES TO INTERGOVERNMENTAL AGREEMENT FOR THE ESTABLISHMENT
OF THE SOUTHLAND WATER AGENCY**

Charter Member Name: VILLAGE OF EAST HAZEL CREST

Address: 1914 W. 174th Street, East Hazel Crest, IL 60429

Charter Member Name: VILLAGE OF SOUTH HOLLAND

Address: 16226 S. Wausau Avenue, South Holland, IL 60473

Charter Member Name: VILLAGE OF THORNTON

Address: 115 East Margaret Street, Thornton, IL 60476

Charter Member Name: VILLAGE OF HOMEWOOD

Address: 2020 Chestnut Road, Homewood, IL 60430

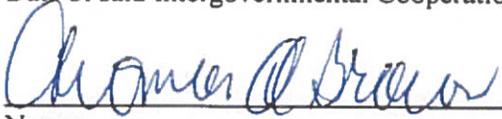
Charter Member Name: _____

Address: _____

GROUP EXHIBIT "B"

COUNTERPART EXECUTION PAGES OF CHARTER MEMBERS TO INTERGOVERNMENTAL AGREEMENT FOR THE ESTABLISHMENT OF THE SOUTHLAND WATER AGENCY

The undersigned, being the chief executive officer of the City/Village of ^{EAST HAZEL} ~~CREST~~, Illinois, an Illinois municipal corporation, and having been duly authorized by ordinance No. _____, hereby acknowledges receipt of the INTERGOVERNMENTAL AGREEMENT FOR THE ESTABLISHMENT OF THE SOUTHLAND WATER AGENCY EFFECTIVE DATE, MAY 1, 2019, and consents to its terms, all of which shall be effective the Effective Date of said Intergovernmental Cooperation Agreement.



Name:

VILLAGE PRESIDENT

Title:

5-1-19

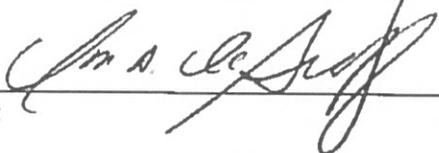
Date



Attest

**COUNTERPART SIGNATURE PAGE
TO INTERGOVERNMENTAL AGREEMENT FOR THE ESTABLISHMENT OF THE
SOUTHLAND WATER AGENCY**

The undersigned, being the chief executive officer of the City/Village of ^{SOUTH} ~~HOLLAND~~, Illinois, an Illinois municipal corporation, and having been duly authorized by ordinance No. _____, hereby acknowledges receipt of the INTERGOVERNMENTAL AGREEMENT FOR THE ESTABLISHMENT OF THE SOUTHLAND WATER AGENCY EFFECTIVE DATE, MAY 1, 2019, and consents to its terms, all of which shall be effective upon the Effective Date of said Intergovernmental Cooperation Agreement.


Name:

DON A. DE GRAFF, VILLAGE PRESIDENT
Title:

5-1-19
Date


Attest

**COUNTERPART SIGNATURE PAGE
TO INTERGOVERNMENTAL AGREEMENT FOR THE ESTABLISHMENT OF THE
SOUTHLAND WATER AGENCY**

The undersigned, being the chief executive officer of the City/Village of THORNTON, Illinois, an Illinois municipal corporation, and having been duly authorized by ordinance No. _____, hereby acknowledges receipt of the INTERGOVERNMENTAL AGREEMENT FOR THE ESTABLISHMENT OF THE SOUTHLAND WATER AGENCY EFFECTIVE DATE, MAY 1, 2018, and consents to its terms, all of which shall be effective upon the Effective Date of said Intergovernmental Cooperation Agreement.

Robert Hahl
Name:

Village President
Title:

5-1-19
Date

Angela J. Suray
Attest