

STATE OF ILLINOIS)

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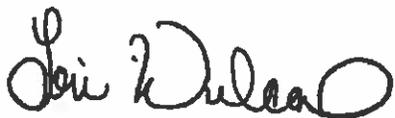
COUNTY OF COOK)

I, Lori Wilcox, duly elected and acting
City Clerk of the City of Chicago Heights, Illinois
and as such the keeper of the records of the
City Council of the City of Chicago Heights, Illinois
do hereby certify that the attached copy of:

ORDINANCE NO. 2013-40

**APPROVING AND AUTHORIZING THE MAYOR TO EXECUTE A
WATER SALES AND PURCHASE AGREEMENT WITH THE
VILLAGE OF GLENWOOD, IL.**

IN WITNESS WHEREOF, I have signed my name and affixed the seal of the City of
Chicago Heights, Illinois this 16th day of September, 2013.



Lori Wilcox, City Clerk

(SEAL)

ORDINANCE #2013- 40

APPROVING AND AUTHORIZING THE MAYOR TO EXECUTE A WATER SALES AND PURCHASE AGREEMENT WITH THE VILLAGE OF GLENWOOD, IL

WHEREAS, the City of Chicago Heights (the CITY) is a Home Rule unit pursuant to the State of Illinois Constitution of 1970, and thereby may promulgate any rule or regulation for the benefit of its citizens; and

WHEREAS, City of Chicago Heights and the Village of Glenwood, IL, (the Village) have enjoyed a 30 year contractual relationship for the sale and purchase of potable water which expired in July 2013; and

WHEREAS, The City and Village wish to continue such a contractual relationship and have negotiated a non-exclusive "Water Sales and Purchase Agreement", whereby the City will provide to the Village its supply of potable water for a term of twenty years:

NOW, BE IT THEREFORE ORDAINED by the Mayor and City Council of the City of Chicago Heights, Cook County, Illinois, that:

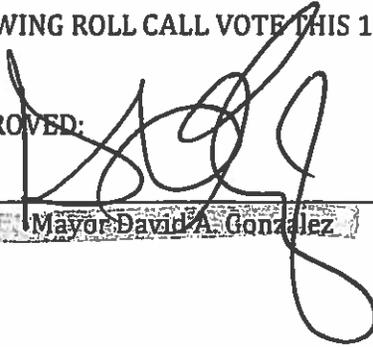
Section 1: the above recitals are incorporated herein-as though specifically set forth.

Section 2: the Mayor is authorized to execute any and all documents necessary to effectuate the "Water Sales and Purchase Agreement" between the City and the Village, in substantial accord with the "Water Sales and Purchase Agreement" attached hereto.

Section 3: This Ordinance shall be in full force and effect from the date of its passage and approval as provided by law.

ADOPTED AND APPROVED BY THE FOLLOWING ROLL CALL VOTE THIS 16th DAY OF
September, 2013.

APPROVED:



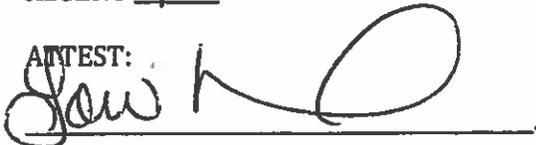
Mayor David A. Gonzalez

AYES 6

NAYS 0

ABSENT 1

ATTEST:



City Clerk Lori Wilcox

City Clerk Lori Wilcox

MEMO

September 9, 2013

To: Mayor & City Council

From: T.J. Somer – Corporation Counsel

Re: New Water Sales & Purchase Agreement with Glenwood

Dear Mayor and Aldermen:

Item #3 on this Agenda is the City's proposed contract with the Village of Glenwood for the continued sale of drinking water. As I am sure you know, after 30 years, our previous contract with Glenwood expired this past July. We have been working endlessly to get this contract done. And I'm pleased to report that we are.

So, the important aspects of the contract are as follows:

1. The Contract is for a 20 year term, and it will expire in 2033.
2. The contract sets forth the new rate for water sales to the Village. That rate will be a total of \$3.30 per 1000 gallons. That figure is broken down into two components: Actual water cost passed down from Hammond, and O&M referred to in the contract as the "delivery rate".
3. Glenwood's water rate will adjust every two years as does our water rate from Hammond .
4. The CPI percentage increase will be added to the delivery charge annually.
5. The issue of water line ownership of the mainline from Hammond to Glenwood is resolved in this contract. Chicago Heights owns the line.
6. The issue of Glenwood's outstanding debt for payment of the bonds floated by the City to pay for the line is resolved in this contract. Glenwood will pay \$500,000 down and be credited towards the debt annually according to the amount of their water use.

There may be couple non-material details to finalize in the contract before it is approved by their board in the next week or two. But, the changes will not materially alter the substance of what is being approved tonite.

Please feel free to call with any questions. Obviously, we seek your support on this issue.

T.J. Somer – Corporation Counsel

CITY CLERK LORI WILCOX

ROLL CALL VOTE RECORD

DATE September 16, 2013

RESOLUTION # 2013 - _____; or,

ORDINANCE # 2013 - 40; or,

MOTION TO: _____.

ROLL CALL VOTE RECORD:

Ward #1

Alderman Walter Mosby: Yes x; No _____; Absent/abstain _____.

Ward #2

Alderman Sonia Perez: Yes x; No _____; Absent/abstain _____.

Ward #3

Alderman Wanda Rodgers Yes x; No _____; Absent/abstain _____.

Ward #4

Alderman Josh Deabel Yes x; No _____; Absent/abstain _____.

Ward 5

Alderman Richard Amadio Yes x; No _____; Absent/abstain _____.

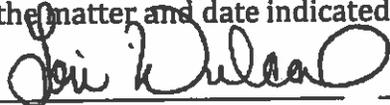
Ward 6

Alderman Vincent Zaranti Yes _____; No _____; Absent/abstain x.

Ward 7

Alderman Sylvia Torres Yes x; No _____; Absent/abstain _____.

I hereby certify that the above accurately reflects the individual record of the vote taken on the matter and date indicated.



City Clerk Lori Wilcox

September 16, 2013

Date

**WATER SALES AND PURCHASE AGREEMENT BETWEEN THE
CITY OF CHICAGO HEIGHTS, ILLINOIS AND THE
VILLAGE OF GLENWOOD, ILLINOIS**

This Agreement is made on the date hereinafter set forth, by and between the VILLAGE OF GLENWOOD, an ILLINOIS municipal corporation, by its duly authorized Board of TRUSTEES and its Mayor (hereinafter referred to as "VILLAGE") and the CITY OF CHICAGO HEIGHTS, an ILLINOIS municipal corporation, by its duly authorized City Council and its Mayor (hereinafter referred to as the "CITY") (VILLAGE and the CITY together hereinafter referred to as the "Parties" or alone as a "Party").

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

WHEREAS, the VILLAGE needs an adequate supply of potable water to serve its residents, businesses and industries, as well as other water users herein defined; and

WHEREAS, CITY anticipates it will be able to supply during normal times all the potable water that the VILLAGE should need or desire.

WHEREAS, the VILLAGE is authorized by law to enter into contracts for a term of 20 years to buy water; and

WHEREAS, the VILLAGE needs a water purchase agreement which will provide an adequate supply of potable water in order to serve its water users. It is agreed and understood that the VILLAGE's water users shall include residential, commercial and industrial consumers located within the territorial city limits of the VILLAGE.

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

WHEREAS, the CITY is currently a wholesale purchaser of potable water under a contract with the Civil City of Hammond, located in Hammond, Indiana which owns and operates a complete water works system via the Hammond Water Works Department providing intake, treatment, and transmission of Lake Water.

WHEREAS, the CITY is authorized by law to enter into contracts for a term of twenty (20) years;

WHEREAS, the VILLAGE desires to obtain a supply of potable water from the CITY in order to provide reliable, adequate supplies of potable water on an economical and efficient basis for the VILLAGE's water users; and

WHEREAS, the CITY deems itself able to so deliver and sell potable water in amounts herein described to the VILLAGE from water mains presently in place and used by the CITY to an existing ("Point of Delivery"); and

WHEREAS, the CITY and VILLAGE have determined that it is necessary and in their best interests for the CITY to contract with VILLAGE to supply its potable water;

NOW, THEREFORE, the VILLAGE OF GLENWOOD, and the CITY OF CHICAGO HEIGHTS, ILLINOIS, do agree as follows:

ARTICLE I - SERVICE TO BE FURNISHED

101 Purchase and Sale

CITY agrees to furnish and deliver potable water to the VILLAGE and the VILLAGE agrees to purchase potable water from CITY under the terms agreed to herein, at the Point of Delivery at 19100 Glenwood-Chicago Heights Road, in the City of Glenwood, Illinois. The parties agree and understand that while CITY is, at the

inception of this Agreement, the sole source provider of water to the VILLAGE, the VILLAGE may explore other sources of water during the term of this Agreement and that the VILLAGE is not obligated by this Agreement to purchase a minimum amount of water from the CITY.

102 Maintenance and Capacity

(a) CITY shall maintain the capacity necessary to supply the VILLAGE's potable water needs through its water supply agreement with Hammond or such other supplier with which the CITY may contract from time to time for its supply of potable water. CITY shall at its sole cost and expense maintain in good working condition: (1) its existing 36 inch water supply main and related pumps, storage facilities, valves and related equipment used to supply water from Hammond; and (2) any other alternate supply water mains, pumps, storage facilities, valves and related equipment used to supply water to VILLAGE.

(b) CITY shall furnish and sell potable water to the VILLAGE during the Term of this Agreement and agrees to supply the potable water to the VILLAGE as required under this Agreement to the extent that water is available to the CITY for such purpose.

(c) The VILLAGE acknowledges that it is familiar with the terms and conditions of the supply of potable water available to the CITY in its purchase agreement with HAMMOND. A copy of the CITY's agreement with Hammond is attached to this Agreement as Exhibit A. CITY agrees that it will not take any intentional action to reduce the amount of potable water available to CITY for resale to the VILLAGE under this Agreement or under any agreement for potable

water that the CITY may enter into from time to time. The VILLAGE agrees that it will not through any act or omission cause CITY to be in breach of this Agreement.

(d) CITY represents that:

(1) Subject to approval of its City Council and Mayor, CITY has the right to enter into and carry out all the terms and conditions of this Agreement during its full term;

(2) This Agreement is valid and binding upon CITY; and

(3) CITY presently has the right to obtain sufficient potable water from HAMMOND for the purpose of reselling same to the VILLAGE during the entire term of this Agreement in order to furnish the quantities of potable water required under this Agreement, and CITY warrants that it will secure adequate quantities of potable water under any future contracts it may enter for purposes of supplying VILLAGE water under this agreement.

ARTICLE II - QUANTITIES OF WATER

201 Quantities of Water to be Furnished

CITY agrees to furnish and deliver to the VILLAGE quantities of potable water as provided in this Agreement to enable it to supply potable Water for the VILLAGE.

202 State Water Allocations

(a) The quantities of potable water supplied to the VILLAGE by the CITY pursuant to Section 201, and the VILLAGE's use of that potable water, shall, on an annual basis, not exceed the total of the annual Illinois Department of Natural

Resources (IDNR) Water Allocations, including any allowable excess, in effect from time to time for the VILLAGE. VILLAGE may sell water outside of its territorial boundaries from time to time provided Glenwood's water usage does not exceed its State IDNR allowance (including allowable excesses) and is otherwise in compliance with the CITY contract with its supplier and with the CITY's consent which shall not be unreasonably withheld. VILLAGE may not sell water to any of CITY'S customer's listed on Exhibit C.

(b) The VILLAGE shall keep on file with the CITY a current list of the IDNR Water Allocation in effect for the VILLAGE. It is agreed and understood that it is the VILLAGE's sole responsibility to ensure that the VILLAGE complies with its IDNR Water Allocation as mandated by the State of Illinois.

203 Emergency

(a) If for any reason, including emergency failure or malfunction in the CITY's or its supplier's water distribution systems the CITY is unable to furnish the quantities of potable water to be furnished from time to time to the VILLAGE, then CITY and its supplier, shall use reasonable due diligence during any such occurrence to provide potable water (insofar as practicable) to the VILLAGE; pursuant thereto CITY shall immediately request that its water supplier promptly take such actions, including making and expediting repairs or adjustments, as are necessary to restore delivery to the VILLAGE of the potable water to be furnished from time to time under this Agreement.

(b) CITY shall as soon as reasonable possible under the circumstances give the VILLAGE notice of leaks, malfunctions, or any other conditions that might

impact the CITY's ability to provide all VILLAGE's potable water needs or otherwise cause the CITY to temporarily shut down any portion of its supply source for potable water sold to the Village for a period of more than 3 hours. The notice shall include the nature of the problem, the CITY's plan to respond to the problem, and any known and estimated time lines for resolving the problem. CITY recognizes and agrees that notice to the VILLAGE pursuant to this paragraph is crucial to the public health and safety as it allows the VILLAGE to begin preparations that may be necessary to insure adequate water capacity including but not limited to; (1) notification to its residential and commercial customers; (2) placing limitations on water usage; (3) increasing its storage; (4) notification of neighboring Village's with whom VILLAGE has emergency cross connections and the preparation for the potential need to open and operate such emergency cross connections.

(c) CITY shall provide VILLAGE at least 14 days written notice of any planned maintenance and repair activities which will result in removing from service any portion of the water main, pumps, or storage facilities by which CITY obtains the supply of water sold to VILLAGE for a period of 3 hours or more. The Notice shall include the nature of the planned work being performed, identify the equipment or items being removed from service and advise of the time for which the equipment is estimated to remain off-line.

204 VILLAGE's right to obtain water from alternate sources.

The VILLAGE may purchase additional water from others in any amount and from any source. The VILLAGE shall during the entire term of this Agreement

not be obligated to purchase its entire supply of water from CITY. The VILLAGE may purchase water from sources or suppliers other than CITY, whether or not CITY is able to meet the VILLAGE's requirements, and the CITY may contract for its supply of potable water from sources other than HAMMOND.

ARTICLE III - DELIVERY AND STORAGE

301 Point of Delivery

Potable water shall be delivered by CITY to the VILLAGE, from the water mains presently in place to the point of delivery at 19100 Glenwood-Chicago Heights Road in Glenwood, Illinois. Said water shall be deemed delivered upon passing through the meters at said point of delivery.

302 Village Owned Water Facilities

The VILLAGE shall provide, operate, maintain, repair, replace, improve and expand transmission mains, pumps, appurtenance and any other necessary equipment, on its distribution system that it either now has or is in the process of providing, and any other necessary equipment to ensure itself that it can receive and distribute the potable water to be furnished from time to time under this Agreement.

303 Commencement of Delivery

The delivery of potable water by CITY under the terms of this Agreement shall commence on July 5, 2013.

304 Rate of Withdrawal

The potable water to be furnished from time to time under this Agreement shall be withdrawn at the Point of Delivery on an hourly even flow basis. The actual volume of water shall be mathematically determined by an establishment of the average daily usage by the VILLAGE each respective month and then divided by twenty-four (24) hours for each day. The VILLAGE may exceed the withdrawal rate only with the consent of CITY at non-off peak hours, or withdraw water at off-peak hours each calendar day as authorized by Section 307 without consent. The Parties agree that CITY shall have the right to restrict the supply of water to the VILLAGE in the same manner that it restricts the supply available to other customers and to its residents in order to ensure an adequate supply to all purchasers of the CITY for public health and fire protection.

305 Pressure

(a) The VILLAGE further agrees to operate its supply system so that normally all water supplied by CITY will pass through ground-storage tanks prior to being pumped to the VILLAGE's distribution system. No direct pumpage from the CITY's supply or supply lines or shall be utilized by the VILLAGE at any time except at such times when it is necessary to take the tanks out of service for maintenance, repairs and painting and then only after receiving the approval of the CITY in writing. This paragraph does not apply to emergency situations. It is understood and agreed that an emergency is not defined as a peak demand hour or day. As long as the CITY is in compliance with its obligations to maintain the water main and pumps and other equipment delivering water to the point of

delivery, it is further agreed that, under no circumstances shall the operation of the VILLAGE in taking water at the Point of Delivery ever lower the P.S.I. available to the CITY's customers downstream below 30 P.S.I.

(b) The VILLAGE shall accept potable water at the Point of Delivery at the pressure that exists in the main of the CITY at such point. The intent of CITY is that the CITY is to maintain pressure satisfactory for its own potable water users in the immediate area of the Point of Delivery, these pressures therefore being available for the service to the VILLAGE. CITY is not required to furnish potable water to the VILLAGE at a specific pressure. In the event that the VILLAGE desires to construct additional facilities to carry the potable water from the Point of Delivery and/or from some other point or points to and through its own distribution system to serve its customers, all such extensions, pumps, equipment and system shall be furnished, installed, operated and maintained by the VILLAGE. CITY shall not have control, responsibility or any duty to maintain any such equipment or system. The CITY shall in no event be responsible to the VILLAGE or any of its residents or water users, nor shall any right of action arise or exist against the CITY in favor of the VILLAGE or any of its residents or water users by reason of the main pressure at the point of delivery of such potable Water, and the VILLAGE shall hold the CITY harmless from and indemnify any and all claims relating to main pressure at the point of delivery of such potable water. It is understood and agreed that the VILLAGE shall take the potable water at the Point of Delivery at the water quality as provided in Section 306 and as further defined in Section 304 and Section 307 herein.

306 Water Quality

(a) CITY shall supply the VILLAGE at the Point of Delivery with potable water of a quality commensurate with that furnished by the CITY to its own residential customers within the CITY. At a minimum all potable water furnished to the VILLAGE at the Point of Delivery shall meet all applicable potable water quality standards established by any federal, or State of Illinois agency with jurisdiction over the CITY for public potable water supply.

(b) In the event that the potable Water fails to meet the minimum water quality standards at Point of Delivery established by Section 306(a), the CITY shall after receiving notice take immediate action to correct any such water quality deficiency.

(c) The CITY shall bear no responsibility for water quality of potable water beyond the Point of Delivery.

(d) The VILLAGE and CITY shall each immediately notify the other as promptly as practicable of any failure of potable water to meet the water quality standards set by the Federal or State Environmental Protection Agency in either Party's system. Notifications under this Section going to either party shall be given directly to the City Council and Mayor of the CITY and VILLAGE;

(e) The CITY shall not be responsible to the VILLAGE or any of its residents or water users, for any pollution that might exist in the potable water furnished under this Agreement that arises in any distribution system of the VILLAGE. The facilities to prevent pollution that the CITY now uses are, for the purpose of the Agreement, deemed adequate by the Parties. The Parties recognize and

acknowledge that currently, (i) the source of water supply is Lake Michigan at the boundary of the City of Hammond, Indiana, with Lake Michigan, (ii) both Parties are familiar with the conditions existing at the source, and (iii) the CITY and VILLAGE are familiar with the method employed by HAMMOND and its water works UTILITY to secure Lake Water, treat it for consumption, and distribute it in its distribution mains.

(f) If the VILLAGE causes any pollution of the water in the system of the CITY, the Parties shall immediately investigate the condition, and the VILLAGE shall immediately remedy and remove any such condition. If the remedying of such VILLAGE caused pollution requires work to be done, by the CITY on the CITY's own system, then the VILLAGE promises and agrees to reimburse and indemnify the CITY directly for such remedial work done and the damages resulting therefrom.

(g) If the CITY causes any pollution of the water in the system of the VILLAGE, the Parties shall immediately investigate the condition, and the CITY shall immediately remedy and remove any such condition. If the remedying of such CITY caused pollution requires work to be done, by the VILLAGE on the VILLAGE'S own system, then the CITY promises and agrees to reimburse and indemnify the VILLAGE directly for such remedial work done and the damages resulting therefrom.

307 Water Storage and Time of Pumpage

(a) The VILLAGE shall provide and maintain at all times during the term of this Agreement water storage of sufficient capacity to store not less than 2 times

the daily State Water Allocations from time to time in effect for the VILLAGE. In the event the VILLAGE's storage capacity falls below this capacity for a reason that is unrelated to the temporary removal of a storage facility for repairs or maintenance, VILLAGE shall construct and provide additional storage that is sufficient to increase its storage to the required amount.

(b) In the event the supply from CITY is, for any reason, temporarily not available, the CITY, the VILLAGE shall be required to utilize its water storage capacity for supply at its peak flow periods which will impose the least strain on the water system of the CITY. The off-peak hours in which the VILLAGE shall take water from the CITY is further defined as being from 10:00 p.m. to 6:00 a.m. the following day.

308 Territorial Responsibilities

The VILLAGE and the CITY shall furnish, install, operate and maintain their respective equipment and systems located within their territorial boundary limits, except as herein otherwise provided, and the CITY shall in no way, or at no time, be obligated to do, or perform any act inside the city limits of VILLAGE except as may be provided in Section 306 herein above set out.

ARTICLE IV - MEASUREMENT

401 Point of Measurement

The CITY shall measure the quantity of potable water furnished to the VILLAGE under this Agreement during each hour of each day at the Point of Delivery. The unit of

measurement shall be gallons of water, U. S. Standard Liquid Measure or such other unit of measurement as the Parties may agree in writing.

402 Measuring Devices

(a) The measuring devices, together with a prefabricated steel meter vault to house them, all as described in "Exhibit B" (collectively, the "Devices"), shall be used at the Point of Delivery for the purpose of controlling, measuring, and recording the quantity of potable Water furnished under the Agreement and of transmitting and recording pressures and other required operational information to the VILLAGE and CITY. The Devices shall be subject to the approval of the CITY's engineers. "Exhibit B" shall be a complete set of working drawings of the Devices prepared and provided by the VILLAGE subsequent to the execution of this Agreement and subject to the approval of the CITY which approval shall not be unreasonably withheld. "Exhibit B" may be amended from time to time by the VILLAGE, only with the prior approval of CITY. The parties agree that the measuring devices currently in operation are compliant at the time of this agreement.

(b) The VILLAGE shall seek and secure approval from the CITY prior to making any future improvements, additions, extensions or modifications to the metering devices, as would affect the CITY and it is further agreed that the reasonable opinion and decision of the engineers of the CITY, in connection with said improvement, or modifications, shall be final and the VILLAGE hereby promises and agrees to abide by such decision.

403 Installation and Maintenance of Devices

(a) At the Point of Delivery of potable water, the VILLAGE, if required by CITY, will be responsible for the cost and the installation of new meters and/or a new meter vault in the event that the existing devices malfunction, are not serviceable or otherwise become obsolete. Said new meter vault shall contain all necessary valves, check valves, special fittings, special castings, drains, suitable entrance to the same, and any other additional equipment and devices to provide a complete and first class installation. All such meters, valves and other appliances, devices and materials shall be subject to the approval of the CITY's engineers. All materials are the meter vaults, including the equipment located therein, shall be furnished and installed by the VILLAGE subject to the approval of CITY. After installation, such equipment shall be maintained, both as to repair and replacement, by the CITY. The VILLAGE shall also install such devices as are necessary for CITY to measure water flow and water pressure at the Point of Delivery by telemetry. The facilities presently used to measure water flow as of the execution of this Agreement are hereby deemed adequate by the Parties. VILLAGE shall be responsible for all costs and expenses associated with the installation and maintenance of the meters, meter vaults and all appurtenances.

(b) It is understood, acknowledged and agreed that title to, access to and ownership of all meter vaults, all materials, equipment, meters, water lines, including the 36" water line, booster pumps and pump stations and all associated appurtenances lying within or outside the territorial limits of Glenwood, up to the current point of delivery or any new point of delivery is vested in the CITY. If

Glenwood adds any improvements to the equipment that is in existence as of the inception of this agreement to enhance water service from Hammond to the point of delivery, such improvements shall also be owned by CITY. Additionally, should Glenwood construct a new water service line to obtain water or other facilities that are not attached to the equipment that is in existence as of the inception of this agreement to deliver water from Hammond to the point of delivery, title to such new line or other facilities shall also vest in the City.

(c) The properly authorized officers, agents and representatives of the CITY shall at all times have free access to the meter or meters and all other facilities herein provided for, for the purpose of shutting off the water for failure to pay the water rates or charges in this Agreement provided to be paid by the VILLAGE and for the purpose of reading the registrations of said meter or meters, and to examine, shut off and test the same to ascertain whether or not they are in good condition and repair and to make such repairs upon the same as may be necessary.

(d) The VILLAGE agrees to notify the CITY at least thirty (30) days before performing any non-emergency installation, repair or replacement of the Devices. Included with said notice shall be detailed plans of the proposed installation, repair or replacement and the CITY shall have fifteen (15) days after notice to review said plans and specify what, if any, modifications to the plans must be made by the VILLAGE to have the Devices to conform to the plans and specifications set forth in "Exhibit B".

(e) CITY shall have the right during the process of any installation, repair or replacement of the measuring devices or related equipment, to inspect at any time such work and shall promptly notify the VILLAGE of their findings as to the conformance of the work with the plans and specifications for Devices set forth in "Exhibit B".

404 Access to Devices

Authorized representatives of the VILLAGE and the CITY shall have access at all reasonable times to all of the Devices for examination, inspection and testing.

405 Operation, Inspection and Calibration of Devices

The CITY will operate the Devices and once every six (6) months inspect and calibrate the accuracy of each of the Devices for the purpose of measuring the supply of potable Water furnished under this Agreement. Such inspection and calibration shall be done in the presence of an authorized representative of the VILLAGE. The results of any such inspection and calibration shall be immediately provided to the VILLAGE.

406 Readings

The readings made of the Devices for the purpose of billing the CITY shall be made by the CITY once every calendar month. CITY shall immediately provide the readings to the VILLAGE.

407 Estimates

The amount of water purchased and sold shall be determined by the meter readings installed at the Point of Delivery, as aforesaid, and the VILLAGE shall pay for water as shown by such readings. In the event that such meter or meters shall become out of repair for a period of ninety (90) days, then the parties shall compute the water

delivered and not metered on a basis of the water readings for the same month of the previous year, and the daily average for such period shall be used as the basis for computing the amount of water delivered and not metered, and the amount to be paid for such unmetered period shall be based upon such computation.

ARTICLE V - WATER RATES

501 Total Base Rate

For the water furnished and delivered by the CITY under this Agreement, the VILLAGE agrees to pay the following initial Total Base Rate:

Water Rate: \$2.20 per 1,000 U.S. gallons;

Delivery Rate: + \$1.10 per 1,000 U.S. gallons; equals

Total Base Rate: \$3.30 per 1000 gallons

In the event the City must temporarily obtain water from the Village, the CITY shall be charged by the Village for said water at the same rate the Village is being charged by the entity from which it is purchasing the water.

502 Rate Modifications

The Total Base Rate referred to above may be initially modified as of February 13, 2015, and thereafter modified during the Term of the Agreement as follows:

- (a) Except as provided in Subparagraph (b) below, the Total Base Rate may not be increased for a period of two (2) years following the initial February 13, 2015 Total base rate modification. Thereafter, CITY may, in its sole discretion, increase the Total Base Rate, as provided below. It is agreed and understood that, whenever

increased , the new Total Base Rate shall equal the current Water rate in effect at the modification date, plus the actual increase in the water base rate imposed upon the CITY by Hammond or such other supplier of water to the CITY at the time, plus the delivery rate and CPI adjustment set forth in Section 502 below.

(b) additionally, on each annual anniversary of the effective date of this agreement, the most recent percentage annual increase in the Consumer Price index (CPI), exclusive of any discounts or penalties, shall also be added to the "Delivery Rate" then in effect to comprise the new Total Base Rate.

(c) Whenever the Water Base Rate imposed upon the CITY by Hammond or such other supplier of water to the CITY at the time, is less than the previous Water Base Rate charged, the Water Base Rate charged the VILLAGE by CITY shall be reduced by the amount of said reduction. The CITY shall give VILLAGE written notice of any increase or decrease in the Rate thirty (30) days prior to the effective date of the modification of the Base Rate.

(d) The Total Base Rate, whenever modified, shall not be subject to increase for a period of two (2) years from the effective date of the most recent Total Base Rate modification except for the annual CPI application set forth above. It is agreed and understood that, during the Term of the Agreement, and subject to the above and Section 503 below, the CITY may increase the prevailing Total Base Rate no more than once in any given two (2) year period.

(e) The VILLAGE agrees that with respect to any future rate adjustments, including, but not limited to, modifications of the Water Base Rate, in the event any approval is required by law, that the VILLAGE will, without objection, join any

petition, rate schedule tariff or other documents or proceedings which may be necessary to be filed with any public body. Further, the VILLAGE agrees to abide by such adjusted rate and to pay same.

503 Surcharge or Tax

No surcharge fee or tax shall be added to the Water Base Rate or delivery rate provided for in this Agreement by CITY not referred to above. Except that, in the event that a tax or other fee is imposed on the CITY by a third-party government authority with respect to its sale of potable water under this Agreement, such tax or fee will be added to the then current Water Base Rate and charged to the VILLAGE immediately, notwithstanding the two year limitation of Base Rate increases set forth in section 502 above.

504 Customer Charges

The CITY shall have no right to determine charges for potable water furnished by VILLAGE to its water users.

505 Debt Repayment:

The Village agrees and acknowledges that as of the effective date of this agreement it owed and continues to owe the City a debt in the amount of \$563,000.00, which arose from underpayments made by the VILLAGE to the City under the parties water purchase agreement that expired on July 5, 2013.

Village agrees to pay said debt to the City in full within 14 days of execution of this agreement.

ARTICLE VI - BILLING

601 Frequency

(a) The CITY shall bill the VILLAGE each month for the water used each month and the VILLAGE promises to pay such statement in full without discount within thirty (30) days after the receipt of such bill. Late Charges shall be assessed against the VILLAGE at ½ of the same current rate charged by the CITY to its resident customers.

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

(c) The VILLAGE agrees to appropriate annually sufficient money to pay for the water furnished by CITY hereunder. The VILLAGE further agrees that it will at all times charge its water users sufficient rates in order to provide adequate funds for the payment of water furnished by CITY.

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

(e) If the VILLAGE shall refuse, neglect or fail to pay promptly the water bills rendered for the potable water supplied it hereunder within the time or times

prescribed herein, and the CITY shall deliver by mail to the VILLAGE's Board of Trustees Office a notice in writing of its intention to shut off the supply of Lake Water on account of such failure, refusal or neglect, then CITY shall have the right to shut off the supply at the expiration of fifteen (15) days after the giving of such notice, and to terminate this agreement unless within such fifteen (15) days, the VILLAGE shall make good such failure. The shutting off of the supply of Potable Water for any such cause shall not release the VILLAGE from its obligation to make payments of any amount or amounts due or to become due in accordance with the terms hereof.

(f) The billing and rates established in Section 501 above shall be effective retroactively to August 1, 2013.

602 Basis

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

603 Form

(a) Each bill shall indicate the total amount of potable water delivered as evidenced by the readings of the Devices at the beginning and end of each billing period.

(b) Each bill shall specify the basic charge per unit of potable water furnished and such adjustments, if any, as are applicable.

ARTICLE VII - TERM AND STANDARD CONDITIONS

701 Term

This Agreement shall expire twenty (20) years from the effective date of this Agreement.

702 Assignment

The payments due to CITY from the VILLAGE pursuant to this Agreement shall be assignable by the CITY without the prior written consent of the VILLAGE.

703 Title to Water

Title to all potable water supplied under this Agreement shall remain in CITY to the Point of Delivery, and upon passing the Point of Delivery, title to the potable water shall pass to the VILLAGE.

704 Amendment

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

705 Notices

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

Office of the Mayor
The City of Chicago Heights, Illinois
1601 Chicago Road
Chicago Heights, IL 60411;

and to VILLAGE at:

Mayor
Village of Glenwood
One Asselborn Way
Glenwood, Illinois 60425

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

706 Indemnification

The CITY shall not be responsible in damages to person or property for any failure to supply water or for interruption of the potable water supply furnished hereunder. The VILLAGE agrees to hold harmless and indemnify CITY against any and all claims for losses, liability or damage, including fees and expenses, arising out of or in connection with any intentional, willful or negligent actions or omissions of the VILLAGE, and the VILLAGE hereby assumes all risks of loss, damage or injury to person or property, in the distribution of said potable water after received at the Point of Delivery. The CITY agrees to hold harmless and indemnify VILLAGE against any and all claims for losses, liability or damage, including fees and expenses, arising out of or in connection with any intentional, willful or negligent actions or omissions of the So long as the CITY is not in breach of this Agreement, The VILLAGE further agrees to hold harmless and indemnify the CITY against all claims for any dispute, loss, damage, or injury sustained, of any kind, nature or description, including attorneys fees and expenses incurred by the CITY by reason of any claims made against the CITY by residents or Authorized Users of the VILLAGE, relating to the CITY's furnishing potable water to the VILLAGE under this Agreement. In the event of any claims arising out of this Agreement between the parties to this Agreement, attorneys fees and costs shall be awarded to the prevailing party.

707 Miscellaneous

(a) This Agreement supersedes all prior negotiations or understandings and is the whole agreement of the parties. There are no other oral or written agreements concerning the subject of this Agreement.

(b) The provisions of this Agreement shall be interpreted when possible in a manner to sustain their legality and enforceability. The unenforceability of any provision of this Agreement in a specific situation shall not affect the enforceability of that provision in another situation or the remaining provisions of this Agreement. If any part of this Agreement shall be held invalid for any reason, the remainder of this Agreement shall remain valid to the maximum extent possible.

(c) This Agreement is performed in the State of Illinois and is to be construed under applicable Illinois law which shall apply to its enforcement, construction and interpretation.

(d) The parties stipulate that the sales under this Agreement constitute wholesale sales between Illinois municipalities. By executing this Agreement, neither party acquiesces that the rights and obligations contained within this Agreement are subject to the interpretation, enforcement or jurisdiction of any administrative agency.

(e) In the event of need for enforcement or interpretation of any provision in this agreement, the parties agree that the Federal and State Courts located in the State of Illinois shall have exclusive jurisdiction. However, in the event that CITY requests that the VILLAGE cooperate and assist CITY in any proceeding before

any other regulatory body, then the VILLAGE agrees to cooperate or assist the CITY as requested.

(f) In the event any statute, either of the United States, the State of Illinois, or any rule is subsequently promulgated by any governmental agency of the United States or the State of Illinois, binding upon CITY, and solely by reason thereof, CITY shall not be permitted to deliver water to the VILLAGE, as provided for in this contract, then this contract may be cancelled by CITY without any liability to the CITY.

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

(h) In the event that the VILLAGE shall desire, at the expiration of this Agreement, to continue to purchase potable water from CITY, it shall twelve (12) months before the expiration of this contract, so notify CITY, and, if CITY desires to continue to sell, and if and only if, the parties hereto agree to the terms and conditions of a new Purchase Agreement, including a new base rate, before the expiration of this Agreement, shall CITY be obligated to continue to supply potable water to the VILLAGE or its water users beyond the expiration of this Agreement.

(i) This Agreement is subject to cancellation by CITY in the event the a court of competent jurisdiction or a governmental agency decrees (1) that CITY has no

right to contract for, sell, or distribute potable water; (2) that limits the amount of potable water CITY may use for domestic pumpage or otherwise places a material burden on CITY in connection with the provision of water; or (3) that limits disposition of water from Lake Michigan or any other source providing water to the city from time to time.

(j) The authority of the officials of the VILLAGE to execute this Agreement is evidenced by the authority of the Mayor and Board of Trustees if the Village of Glenwood given by the attached Resolution adopted at a regular meeting held on the 17TH day of SEPTEMBER, 2013.

(k) The authority of the officials of the CITY to execute this Agreement is evidenced by the Resolution adopted by the CITY OF CHICAGO HEIGHTS, ILLINOIS, at a regular meeting of its Mayor and City Council duly held on the 16TH day of SEPTEMBER, 2013.

ARTICLE VIII – ADDITIONAL TERMS

801 VILLAGE RIGHT OF FIRST REFUSAL

If at any time after the date of this agreement, the City enters into an agreement to sell title to all the physical assets of its water delivery system, including the 36 inch water main, pumping facilities, storage facilities or other equipment used to transmit water from Hammond to City ("Sale Contract"), City shall immediately furnish Village with the sale contract. Village shall have the right to enter into a contract with the City that matches the terms set forth in the sales contract provided to the Village and

conditioned upon the Village's ability to close the purchase on its contract within one hundred twenty days after it received same. Any contract entered into by the City to sell title to all the physical assets of its water delivery system including the 36" water main, pumping facilities, storage facilities, or other equipment used to transmit water from Hammond to City shall be subject to the right given the Village in this section. If City attempts to sell title to all the physical assets of its water delivery system including the 36" water main, pumping facilities, storage facilities or other equipment used to transmit water from Hammond to City without complying with this section, the sale shall be void. The Village's right of first refusal as set forth herein shall not apply to partial transfers of physical assets of the water delivery system, management, service, or operation agreements, leases, public private partnerships in which the City remains a party, or any other arrangement that is less than a full fee simple transfer of title to the Water delivery system's physical assets and its appurtenances.

802 VILLAGE REMEDIES UPON CITY DEFAULT

The CITY shall be in default of this Agreement if the CITY fails to perform or observe any covenant, duty or obligation of this Agreement within 30 days after receipt of written notice thereof from the VILLAGE (which written notice shall specifically describe the covenant, duty or obligation which the other party has allegedly failed or refused to perform or observe). If such default is cured by or on behalf of the CITY party within such 30 day period, the default shall be deemed waived. If the default is one which cannot be reasonably cured within 30 days and if the CITY shall commence curing the same within such 30 day period and thereafter diligently proceed obtain cure of the default, the said 30 day period shall be extended for such time as is reasonably

necessary for the curing of the same. So long as the defaulting party diligently proceeds therewith; if such default is cured within such extended period, the default shall be deemed waived.

If and when any Default by the CITY shall occur, and not be cured as set forth in this Agreement, the VILLAGE may, at its option, (1) seek injunctive relief compelling the CITY to perform its obligations under this Agreement; and (2) pursue all other rights and remedies that may be available by law or equity, including suit for accounting or damages; or (3) terminate this Agreement by giving written notice of termination to CITY.



EXHIBIT A

(Hammond – Chicago Heights water contract)

"EXHIBIT B"

MEASURING DEVICES

Will be furnished at a later date when plans and specifications are furnished.

EXHIBIT C

(List of CITY'S current and anticipated customers)

To any person or entity within the City of Chicago Heights corporate limits
Thornton
Ford Heights
South Chicago Heights
Sauk Village

"EXHIBIT B"

MEASURING DEVICES

Will be furnished at a later date when plans and specifications are furnished.

EXHIBIT C

(List of CITY'S current and anticipated customers)

To any person or entity within the City of Chicago Heights corporate limits

Thornton

Ford Heights

South Chicago Heights

Sauk Village

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

This Agreement is made on the date hereinafter set forth, by and between the CIVIL CITY OF HAMMOND, INDIANA, a municipal corporation, by its duly authorized Board of Public Works and Safety and its Mayor (hereinafter referred to as "HAMMOND") and the CITY OF CHICAGO HEIGHTS, ILLINOIS, a municipal corporation, by its duly authorized City Council and its Mayor (hereinafter referred to as the "CITY") (HAMMOND and the CITY together hereinafter referred to as the "Parties" or alone as a "Party").

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

WHEREAS, the CITY needs an adequate supply of potable Lake Michigan water ("Lake Water") to serve its residents, businesses and industries, as well as other water users herein defined; and

WHEREAS, HAMMOND anticipates it will be able to supply during normal times all the Lake Water that the CITY should need or desire, as well as most if not all said Lake Water the CITY may need during peak demand times; and

WHEREAS, the CITY represents that it has received an allocation of Lake Water by the State of Illinois pursuant to the Level of Lake Michigan Act, as now or hereafter amended or replaced (The "State Water Allocation") Ill. Rev. Stat. CH. 19, 119 *et seq.*; and

WHEREAS, the CITY is authorized by law to enter into contracts for a term of 20 years to buy water; and

WHEREAS, the CITY needs a water purchase agreement which will provide an adequate supply of Lake Water in order to serve its water users. It is agreed and understood that the CITY's water users shall include residential, commercial and industrial consumers located within the territorial city limits of the CITY as well as any authorized water users either named in the "LIST OF AUTHORIZED WATER USERS OUTSIDE OF CITY'S LIMITS" (attached hereto as Exhibit A) or subsequently added with the written consent of HAMMOND ("Authorized Water Users"); and

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

WHEREAS, HAMMOND is a wholesale purchaser of Lake Water under a contract with the Hammond Water Works Department, located in Hammond, Indiana (hereinafter referred to as "UTILITY"). The UTILITY owns and operates a complete water works system providing intake, treatment, and transmission of Lake Water and is a separate municipal entity from HAMMOND; and

WHEREAS, HAMMOND is authorized by law to enter into contracts for a term of twenty (20) years to purchase at wholesale and to resell water at a point of delivery within its city limits to municipal water suppliers located outside the State of Indiana; and

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

WHEREAS, HAMMOND deems itself able to so deliver and sell Lake Water in amounts herein described to the CITY on the Indiana side of the State Line between Indiana and Illinois from water mains presently in place and used by the UTILITY (referred to herein as the "Point of Delivery"); and

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

NOW, THEREFORE, the CIVIL CITY OF HAMMOND, INDIANA, and the CITY OF CHICAGO HEIGHTS, ILLINOIS, do agree as follows:

ARTICLE I - SERVICE TO BE FURNISHED

101 Purchase and Sale

Subject to any limitation contained hereafter, HAMMOND agrees to furnish and deliver Lake Water to the CITY and the CITY agrees to purchase Lake Water from HAMMOND under the terms agreed to herein, at the Point of Delivery in the City of Hammond, Indiana. However, the parties agree and understand that while HAMMOND is at the inception of this Agreement the sole source provider of water to the CITY, the CITY may explore other sources of water during the term of this Agreement and that the CITY is not obligated by this Agreement to purchase a minimum amount of water from HAMMOND.

102 Maintenance and Capacity

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

(b) HAMMOND shall furnish and sell Lake Water to the CITY during the Term as provided in this Agreement. HAMMOND agrees to take reasonable steps to supply the Lake Water to the CITY as required under this Agreement to the extent that water is available to HAMMOND for such purpose.

(c) The CITY acknowledges that it is familiar with the terms and conditions of the supply of Lake Water available to HAMMOND in its purchase agreement with the UTILITY. HAMMOND agrees that it will not take any intentional action to reduce the amount of Lake Water available to HAMMOND for resale to the CITY under this Agreement. The CITY agrees that it will not through any act or omission cause HAMMOND to be in breach of this Agreement.

(d) HAMMOND represents that:

(1) Subject to approval of its Board of Public Works and Safety and Mayor, HAMMOND has the right to enter into and carry out all the terms and conditions of this Agreement during its full term;

(2) This Agreement is valid and binding upon HAMMOND; and

(3) HAMMOND presently has the right to obtain sufficient Lake Water from the UTILITY for the purpose of reselling same to the CITY in order to furnish the quantities of Lake Water to be furnished from time to time to the CITY under this Agreement.

ARTICLE II - QUANTITIES OF WATER

201 Quantities of Water to be Furnished

HAMMOND agrees to furnish and deliver to the CITY quantities of Lake Water as provided and limited in this Agreement to enable it to supply Lake Water for the CITY.

202 State Water Allocations

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

(b) The CITY shall keep on file with the UTILITY a current list of the State Water Allocations in effect for the CITY and each of its Authorized Water Users, as applicable. It is agreed and understood that it is the CITY's sole responsibility to ensure that the CITY and all of its Authorized Water Users comply with their respective State Water Allocations as mandated by the State of Illinois.

203 Emergency

(a) If for any reason, including emergency failure or malfunction in the UTILITY'S water distribution system or water supply system, HAMMOND is unable to furnish the quantities of Lake Water to be furnished from time to time to the CITY, then HAMMOND and the UTILITY shall use reasonable due diligence during any such occurrence to provide Lake Water (insofar as practicable) to the CITY; pursuant thereto HAMMOND shall immediately request the UTILITY to

promptly take such actions, including making and expediting repairs or adjustments, as are necessary to restore delivery to the CITY of the Lake Water to be furnished from time to time under this Agreement.

(b) The CITY may purchase additional water from others in any amount and from any source. The CITY shall during the entire term of this Agreement not be obligated to purchase its entire supply of water from HAMMOND. The City may purchase water from sources or suppliers other than HAMMOND, whether or not HAMMOND is able to meet the CITY'S requirements.

(c) The CITY and HAMMOND shall each notify the other as promptly as practicable of all emergencies, failures, malfunctions or other conditions in its respective system that may directly or indirectly affect the other Party's system.

(d) The CITY and HAMMOND shall each notify and keep the other informed of the name of the individual(s) in charge of operations of its respective system.

ARTICLE III - DELIVERY AND STORAGE

301 Point of Delivery

Lake Water shall be delivered by HAMMOND to the CITY on the Indiana side of the State Line between Illinois and Indiana, from the water mains presently in place and used by the UTILITY.

302 Transmission Facilities

The CITY shall provide, operate, maintain, repair, replace, improve and expand transmission mains, pumps, appurtenance and any other necessary equipment, on its distribution system that it either now has or is in the process of providing, and any other

necessary equipment to insure itself that it can receive and distribute the Lake Water to be furnished from time to time under this Agreement.

303 Commencement of Delivery

The delivery of Lake Water by HAMMOND under the terms of this Agreement shall commence on January 1, 2013.

304 Rate of Withdrawal

The Lake Water to be furnished from time to time under this Agreement shall be withdrawn at the Point of Delivery on an hourly even flow basis. The actual volume of water shall be mathematically determined by an establishment of the average daily usage by the CITY each respective month and then divided by twenty-four (24) hours for each day. The CITY may exceed the withdrawal rate only with the consent of UTILITY at non-off peak hours, or withdraw Lake Water at off-peak hours each calendar day as authorized by Section 307 without consent. The Parties agree that HAMMOND or the UTILITY shall have the right to restrict the supply of water to the CITY in order to ensure an adequate supply to all purchasers of UTILITY water for public health and fire protection.

305 Pressure

(a) The CITY further agrees to operate its supply system so that normally all water supplied by HAMMOND will pass through ground-storage tanks prior to being pumped to the CITY'S distribution system. No direct pumpage from HAMMOND's or the UTILITY's supply shall be utilized by the CITY at any time except at such times when it is necessary to take the tanks out of service for maintenance, repairs and painting and then only after receiving the approval of

HAMMOND or the UTILITY in writing. This paragraph does not apply to emergency situations. It is understood and agreed that an emergency is not defined as a peak demand hour or day. It is further agreed that, under no circumstances shall the operation of the CITY in taking water at the Point of Delivery ever lower the P.S.I. available to the UTILITY'S customers downstream below 30 P.S.I.

(b) The CITY shall accept Lake Water at the Point of Delivery at the pressure that exists in the main of the UTILITY at such point. The intent of HAMMOND is that the UTILITY is to maintain pressure satisfactory for its own Lake Water users in the immediate area of the Point of Delivery, these pressures therefore being available for the service to the CITY. HAMMOND is not required to furnish Lake Water to the CITY at a specific pressure. In the event that the CITY desires to construct additional facilities to carry the Lake Water from the Point of Delivery and/or from some other point or points to and through its own distribution system to serve its customers, all such extensions, pumps, equipment and system shall be furnished, installed, operated and maintained by the CITY. HAMMOND shall not have control, responsibility or any duty to maintain any such equipment or system. The UTILITY and HAMMOND shall in no event be responsible to the CITY or any of its residents or water users, nor shall any right of action arise or exist against the UTILITY and/or HAMMOND in favor of the CITY or any of its residents or water users by reason of the main pressure at the point of delivery of such Lake Water, and the CITY shall hold UTILITY and HAMMOND harmless from and indemnify any and all claims relating to main pressure at the point of

delivery of such lake Water. It is understood and agreed that the CITY shall take the Lake Water at the Point of Delivery "as is" and as defined in Section 304 and Section 307 herein.

306 Water Quality

(a) HAMMOND shall supply the CITY at the Point of Delivery with Lake Water of a quality commensurate with that furnished by the UTILITY to its own residential customers within Hammond. At a minimum all Lake Water furnished to the CITY at the Point of Delivery shall meet all applicable Lake Water quality standards established by any federal, State of Indiana or local Indiana agency with jurisdiction over HAMMOND or the UTILITY for public Lake Water supply.

(b) In the event that the Lake Water fails to meet the minimum water quality standards at Point of Delivery established by Section 306(a), HAMMOND and/or the UTILITY shall after receiving notice take immediate action to correct any such water quality deficiency.

(c) HAMMOND and the UTILITY shall bear no responsibility for water quality of Lake Water beyond the Point of Delivery.

(d) The CITY and HAMMOND shall each immediately notify the other as promptly as practicable of any failure of Lake Water to meet the water quality standards set by the Environmental Protection Agency and Indiana Department of Environmental Management in either Party's system. Notifications under this Section going to the CITY shall be given directly to the City Council of the CITY; and those going to HAMMOND, to such persons as HAMMOND shall designate in writing.

(e) HAMMOND and the UTILITY shall not be responsible to the CITY or any of its residents or water users, for any pollution that might exist in the Lake Water furnished under this Agreement, or arise in any distribution system of the UTILITY, HAMMOND or the CITY. The facilities to prevent pollution that HAMMOND and the UTILITY now use are, for the purpose of the Agreement, deemed adequate by the Parties. The Parties recognize and acknowledge that (i) the source of water supply is Lake Michigan at the boundary of the City of Hammond, Indiana, with Lake Michigan, (ii) both Parties are familiar with the conditions existing at the source, and (iii) the CITY is familiar with the method employed by HAMMOND and the UTILITY to secure Lake Water, treat it for consumption, and distribute it the UTILITY'S distribution mains.

(f) If the CITY causes any pollution of the water in the system of the UTILITY, the Parties shall immediately investigate the condition, and the CITY shall immediately remedy and remove any such condition. In the remedying of such condition, should any work be done, or be required to be done, by the UTILITY on its own system, then the CITY promises and agrees to reimburse and indemnify HAMMOND or the UTILITY directly for such remedial work done and the damages resulting therefrom.

307 Water Storage and Time of Pumpage

(a) The CITY shall provide and maintain at all times during the term of this Agreement water storage of sufficient capacity to store not less than 2 times the daily State Water Allocations from time to time in effect for the CITY and each of its respective Authorized Water Users.

(b) In the event the supply from HAMMOND is, for any reason, not available, and any lack of such storage capacity may develop a strain upon the water system of the UTILITY, the CITY and each of its respective Authorized Water Users shall be required to utilize its water storage capacity for supply at its peak flow periods which will impose the least strain on the water system of the UTILITY. The off-peak hours in which the CITY shall take water from HAMMOND is further defined as being from 10:00 p.m. to 6:00 a.m. the following day. The pumpage and storage of water and the times within which such pumpage and storage shall be made by the CITY are subject to the approval of the UTILITY.

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

308 Territorial Responsibilities

The CITY and the UTILITY shall furnish, install, operate and maintain their respective equipment and systems located within their territorial boundary limits, except as herein otherwise provided, and HAMMOND and the UTILITY shall in no way, or at no time, be obligated to do, or perform any act outside of city limits of HAMMOND except as may be provided in Section 306 herein above set out.

ARTICLE IV - MEASUREMENT

401 Point of Measurement

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

402 Measuring Devices

(a) The measuring devices, together with a prefabricated steel meter vault to house them, all as described in "Exhibit B" (collectively, the "Devices"), shall be used at the Point of Delivery for the purpose of controlling, measuring, and recording the quantity of Lake Water furnished under the Agreement and of transmitting and recording pressures and other required operational information to the CITY and to the UTILITY'S Water Treatment Plant. The Devices shall be in accordance with the standards set by and be subject to the approval of the Indiana Department of Environmental Management. "Exhibit B" shall be a complete set of working drawings prepared and provided by the CITY

subsequent to the execution of this Agreement and subject to the approval of the UTILITY which approval shall not be unreasonably withheld. "Exhibit B" may be amended from time to time by the CITY, only with the prior approval of HAMMOND.

(b) The CITY shall seek and secure approval from the UTILITY prior to making any future improvements, additions, extensions or modifications to the metering devices, as would affect the UTILITY and it is further agreed that the reasonable opinion and decision of the engineers of the UTILITY, in connection with said improvement, or modifications, shall be final and the CITY hereby promises and agrees to abide by such decision.

403 Installation and Maintenance of Devices

(a) At the Point of Delivery of Lake Water, the CITY, if required by UTILITY, will be responsible for the cost and the installation of new meters and/or a new meter vault in the event that the existing devices malfunction, are not serviceable or otherwise become obsolete. Said new meter vault shall contain all necessary valves, check valves, special fittings, special castings, drains, suitable entrance to the same, and any other additional equipment and devices to provide a complete and first class installation. All such meters, valves and other appliances, devices and materials shall be in accordance with the Indiana Department of Environmental Management. All materials or the meter vaults, including the equipment located therein, shall be furnished and installed by the CITY subject to the approval of HAMMOND. After installation, such equipment shall be maintained, both as to repair and replacement, by the UTILITY. The

CITY shall also install such devices as are necessary for HAMMOND to measure water flow and water pressure from its filtration plant by telemetry. The facilities presently used to measure water flow as of the execution of this Agreement are hereby deemed adequate by the Parties.

(b) It is understood, promised and agreed that title to, access to and ownership of all meter vaults, all materials, equipment and meters either in existence at the time of this Agreement or later furnished by the CITY shall pass to, and be vested in the UTILITY, and the lines constructed in the territorial limits of HAMMOND, shall belong to, and become a part of, the system of UTILITY.

(c) The properly authorized officers, agents and representatives of HAMMOND and the UTILITY shall at all times have free access to the meter or meters and all other facilities herein provided for, for the purpose of shutting off the water for failure to pay the water rates or charges in this Agreement provided to be paid by the CITY and for the purpose of reading the registrations of said meter or meters, and to examine, shut off and test the same to ascertain whether or not they are in good condition and repair and to make such repairs upon the same as may be necessary.

(d) The CITY agrees to notify HAMMOND and the UTILITY at least sixty (60) days before performing any installation, repair or replacement of the Devices. Included with said notice shall be detailed plans of the proposed installation, repair or replacement and HAMMOND and/or the UTILITY shall have twenty (20) days after notice to review said plans and specify what, if any, modifications to

the plans must be made by the CITY to have the Devices to conform to the plans and specifications set forth in "Exhibit B".

(e) HAMMOND and/or UTILITY shall have the right during the process of any installation, repair or replacement of the measuring devices or related equipment, to inspect at any time such work and shall promptly notify the CITY of their findings as to the conformance of the work with the plans and specifications for Devices set forth in "Exhibit B".

404 Access to Devices

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

405 Operation, Inspection and Calibration of Devices

The UTILITY will operate the Devices and once every six (6) months inspect and calibrate the accuracy of each of the Devices for the purpose of measuring the supply of Lake Water furnished under this Agreement. Such inspection and calibration shall be done in the presence of an authorized representative of the CITY. The results of any such inspection and calibration shall be immediately provided to the CITY.

406 Readings

The readings made of the Devices for the purpose of billing the CITY shall be made by the UTILITY once every calendar month.

407 Estimates

The amount of water purchased and sold shall be determined by the meter readings installed at the Point of Delivery, as aforesaid, and the CITY shall pay for water as shown by such readings. In the event that such meter or meters shall become out of

repair for a period of ninety (90) days, then the parties shall compute the water delivered and not metered on a basis of the water readings for the same month of the previous year, and the daily average for such period shall be used as the basis for computing the amount of water delivered and not metered, and the amount to be paid for such unmetered period shall be based upon such computation.

ARTICLE V - WATER RATES

501 Base Rate

For the water furnished and delivered by HAMMOND under this Agreement, the CITY agrees to pay the following Base Rate:

\$2.20 per 1,000 U.S. gallons

502 Rate Modifications

The Base Rate referred to above may be adjusted as follows during the Term of the Agreement:

(a) The Base Rate may not be modified for a period of two (2) years from the effective date of this Agreement. Thereafter, HAMMOND may, in its sole discretion, modify the Base Rate, except as provided below. It is agreed and understood that, whenever modified, the new Base Rate shall not exceed an amount equal to eighty-eight percent (88%) of the water rate in effect and being charged by the City of Chicago, Illinois,¹ exclusive of any discounts or penalties, on the date that the new Base Rate goes into effect. In addition, if, on the two (2)

¹ The City of Chicago's projected future water rates per 1,000 gallons (through 1/1/15 only) are currently posted under "Know My Water & Sewer Rates" at https://www.cityofchicago.org/city/en/depts/water/provdrs/cust_serv/svcs/know_my_water_sewerrates.html. See attached Ex. C.

year anniversary of the effective date of any Base Rate modification hereunder, the City of Chicago has a lower water rate, exclusive of any discounts or penalties, than on the date of the said previous modification, then the Base Rate hereunder shall be modified on said anniversary date to an amount equal to eighty-eight percent (88%) of the then-existing Chicago water rate, exclusive of any discounts or penalties. HAMMOND or the UTILITY shall give CITY written notice of any increase or decrease in the Rate sixty (60) days prior to the effective date of the modification of the Base Rate.

(b) The Base Rate, whenever modified, shall not be subject to additional adjustment for a period of two (2) years from the effective date of the most recent Base Rate modification. It is agreed and understood that, during the Term of the Agreement, HAMMOND may modify the prevailing Base Rate no more than once in any given two (2) year period.

(c) The CITY agrees that with respect to any future rate adjustments, including, but not limited to, modifications of the Base Rate, in the event any approval is required by law, that the CITY will, without objection, join any petition, rate schedule tariff or other documents or proceedings which may be necessary to be filed with any public body. Further, the CITY agrees to abide by such adjusted rate and to pay same.

503 Surcharge or Tax

No surcharge fee or tax shall be added to the rates provided for in this Agreement by HAMMOND that is not also charged by the UTILITY in its sale of water to HAMMOND's residents; except that, in the event that a tax or other fee is imposed on

HAMMOND and/or the UTILITY by a third-party government authority with respect to its sale of Lake Water under this Agreement, such tax or fee will be added to the Base Rate and charged to the CITY.

504 Customer Charges

The UTILITY and/or HAMMOND shall have no right to determine charges for Lake Water furnished by CITY to its water users.

ARTICLE VI - BILLING

601 Frequency

(a) The UTILITY shall bill the CITY each month for the water used each month and the CITY promises to pay such statement in full without discount within thirty (30) days after the receipt of such bill. Late Charges shall be assessed against the CITY at the same current rate charged by the UTILITY to its resident customers. UTILITY shall make distribution of funds received pursuant to contract between UTILITY and HAMMOND.

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

(c) The CITY agrees to appropriate annually sufficient money to pay for the water furnished by HAMMOND hereunder. The CITY further agrees that it will at all times charge its water users sufficient rates in order to provide adequate funds for the payment of water furnished by HAMMOND.

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

(e) If the CITY shall refuse, neglect or fail to pay promptly the water bills rendered for the Lake Water supplied it hereunder within the time or times prescribed herein, or if the CITY shall fail to comply with or perform any of the conditions or obligations on its part to be complied with or to be performed hereunder, and if after such failure, HAMMOND shall deliver by mail to the CITY's City Council Office a notice in writing of its intention to shut off the supply of Lake Water on account of such failure, refusal or neglect, then HAMMOND shall have the right to shut off the supply at the expiration of five (5) days after the giving of such notice, and to terminate this agreement unless within such five (5) days, the CITY shall make good such failure. The shutting off of the supply of Lake Water for any such cause shall not release the CITY from its obligation to make payments of any amount or amounts due or to become due in accordance with the terms hereof.

602 Basis

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

603 Form

(a) Each bill shall indicate the total amount of Lake Water delivered as evidenced by the readings of the Devices at the beginning and end of each billing period.

(b) Each bill shall specify the basic charge per unit of Lake Water furnished and such adjustments, if any, as are applicable.

ARTICLE VII - TERM AND STANDARD CONDITIONS

701 Term

This Agreement shall expire twenty (20) years from the effective date of this Agreement.

702 Assignment

This Agreement shall be assignable by HAMMOND without the prior written consent of the CITY.

703 Title to Water

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

704 Amendment

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

705 Notices

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

Office of the Mayor
The City of Chicago Heights, Illinois
1601 Chicago Road
Chicago Heights, IL 60411;

and to HAMMOND at:

Mayor
Civil City of Hammond
5925 Calumet Avenue
Hammond, IN 46320;

and to the UTILITY at:

CEO, Hammond Water Works Department
6505 Columbia Avenue
Hammond, IN 46320;

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

706 Indemnification

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

made against HAMMOND and/or the UTILITY by residents or Authorized Users of the CITY, relating to HAMMOND's furnishing Lake Water to the CITY under this Agreement. In the event of any claims arising out of this Agreement between the parties to this Agreement, attorneys fees and costs shall be awarded to the prevailing party.

707 Miscellaneous

(a) This Agreement supersedes all prior negotiations or understandings and is the whole agreement of the parties. There are no other oral or written agreements concerning the subject of this Agreement other than the agreement between HAMMOND and the UTILITY referred to herein.

(b) The provisions of this Agreement shall be interpreted when possible in a manner to sustain their legality and enforceability. The unenforceability of any provision of this Agreement in a specific situation shall not affect the enforceability of that provision in another situation or the remaining provisions of this Agreement. If any part of this Agreement shall be held invalid for any reason, the remainder of this Agreement shall remain valid to the maximum extent possible.

(c) This Agreement is performed in the State of Indiana and is to be construed under applicable Indiana law which shall apply to its enforcement, construction and interpretation.

(d) The parties stipulate that the sales under this Agreement constitute wholesale sales between an Illinois municipality and an Indiana municipality. By executing this Agreement, neither party acquiesces that the rights and obligations contained within this Agreement are subject to the interpretation,

enforcement or jurisdiction of any administrative agency, including the Indiana Utility Regulatory Commission ("IURC").

(e) This Agreement is further subject to the existing contract between HAMMOND and the UTILITY concerning sale of Lake Water to HAMMOND. All facilities and equipment utilized under this Agreement shall be owned and operated by the UTILITY. A copy of the existing contract between HAMMOND and the UTILITY is attached hereto as Exhibit D.

(f) In the event of need for enforcement or interpretation of any provision in this agreement, the parties agree that the Federal and State Courts located in the State of Indiana shall have exclusive jurisdiction. However, in the event that HAMMOND requests that the CITY cooperate and assist HAMMOND or the UTILITY in any proceeding before the IURC or any other regulatory body, then the CITY agrees to cooperate or assist HAMMOND or the UTILITY as requested.

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

(h) Further, should any law, rule or regulation be passed and adopted by any governmental agency binding on HAMMOND and the UTILITY as to the grade of water to be furnished, or its distribution, then the CITY agrees that when

HAMMOND delivers water in compliance with such law, rule or regulation, that is has completed the obligation on its part to be performed under this Agreement.

(i) HAMMOND agrees that it will not engage in the direct sale of water to any Authorized Water Users of the CITY, as herein defined, without the prior written consent of the CITY.

(j) In the event that the CITY shall desire, at the expiration of this Agreement, to continue to purchase Lake Water from HAMMOND, it shall twelve (12) months before the expiration of this contract, so notify HAMMOND, and, if HAMMOND desires to continue to sell, and if and only if, the parties hereto agree to the terms and conditions of a new Purchase Agreement, including a new base rate, before the expiration of this Agreement, shall HAMMOND be obligated to continue to supply Lake Water to the CITY or its water users beyond the expiration of this Agreement.

(k) This Agreement is subject to cancellation by HAMMOND in the event the a court of competent jurisdiction or a governmental agency decrees (1) that HAMMOND has no right to contract for, sell, or distribute Lake Water; (2) that limits the amount of Lake Water HAMMOND may use for domestic pumpage or otherwise places a material burden on HAMMOND in connection with withdrawal of water from Lake Michigan; or (3) that limits disposition of water from Lake Michigan to any municipality or user residing outside the corporate limits of the City of Hammond.

(l) The authority of the officials of HAMMOND to execute this Agreement is evidenced by the authority of the Board of Works and Safety of the City of

Hammond given by the attached Resolution adopted at a regular meeting held on the _____ day of February, 2013.

(m) The authority of the officials of the CITY to execute this Agreement is evidenced by the Resolution adopted by the CITY OF CHICAGO HEIGHTS, ILLINOIS, at a regular meeting of its City Council duly held on the 14th day of February, 2013.

IN WITNESS this Agreement, the CITY and HAMMOND have executed this Agreement as of the 14th day of February, 2013.



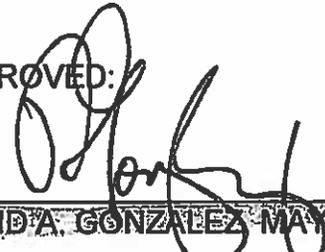
CITY COUNCIL MEMBER



CITY COUNCIL MEMBER

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CITY OF CHICAGO
HEIGHTS, ILLINOIS

APPROVED:



DAVID A. GONZALEZ, MAYOR



LORI WILCOX, CITY CLERK

)
)
)
)
)
CITY OF CHICAGO
HEIGHTS, ILLINOIS

BOARD OF PUBLIC WORKS & SAFETY

[Handwritten Signature]

MEMBER

[Handwritten Signature]

MEMBER

[Handwritten Signature]

MEMBER

ATTEST *[Handwritten Signature]*

CIVIL CITY OF HAMMOND,
INDIANA

APPROVED:

[Handwritten Signature]

THOMAS M. McDERMOTT, JR.
MAYOR

CIVIL CITY OF HAMMOND,
INDIANA

[Handwritten Signature]

ROBERT J. GOLEC, CITY CLERK

ATTEST

"EXHIBIT A"

LIST OF AUTHORIZED WATER USERS OUTSIDE OF CITY'S LIMITS

1. Ford Heights;
2. Glenwood;
3. Sauk Village;
4. South Chicago Heights;
5. Thornton.

"EXHIBIT B"

MEASURING DEVICES

Will be furnished at a later date when plans and specifications are furnished by the CITY and approved by the UTILITY.



Service

English |
Español |
□ |
□ |

Know My Water & Sewer Rates

Water and Sewer Rates Voted on and approved by the Mayor and Chicago City Council of Chicago

Water

Effect.Date	% Increase	Water per 1,000 Cu.Ft.	Water per 1,000 Gallons
1/1/12	25%	\$18.75	\$2.51
1/1/13	15%	\$21.56	\$2.89
1/1/14	15%	\$24.80	\$3.32
1/1/15	15%	\$28.52	\$3.82

Sewer

Effect. Date	% of Water Bill
1/1/12	89%
1/1/13	92%
1/1/14	96%
1/1/15	100%

Historical Water Rates

The water rates are for Chicago and Suburban customers.

Effect.Date	% Increase	Water per 1,000 Cu.Ft.	Water per 1,000 Gallons
1/1/10	14%	\$15.00	\$2.01
1/1/09	15%	\$13.16	\$1.76
1/1/08	15%	\$11.44	\$1.53

Effect. Date	Gross % Increase	Water per 1,000 Cu.Ft.	Water per 1,000 Gallons	Net per 1,000 Cu.Ft.	Net Per 1,000 Gallons	Rate Discount*	PCT % Increase N/A
1/1/07	0%	\$9.95	\$1.33	**	**	**	0%

EXHIBIT C

1/1/06	0%	\$9.95	\$1.33	**	**	**	0%
1/1/05	3%	\$9.95	\$1.33	\$9.71	\$1.30	\$0.24	3%
1/1/04	3%	\$9.66	\$1.29	\$9.42	\$1.26	\$0.24	3%
1/1/03	4%	\$9.38	\$1.25	\$9.16	\$1.22	\$0.23	4%
1/1/02	4%	\$9.02	\$1.20	\$8.80	\$1.17	\$0.23	4%

* Reflects 2.5% Discount Rate for payment that was made within 21 days.

** The Discount Rate was eliminated January 1, 2006.

Historical Sewer Rates

The Sewer service rate is added as a separate line item to the water bill for customers within the Chicago Service Area. The Sewer rate is a percentage of the gross water bill. The following reflects the Sewer service rate history.

Effect. Date	% of Water Bill
1/1/10	86%
1/1/09	85%
1/1/08	84%
1/1/07	83%
1/1/06	83%
1/1/05	83%
1/1/04	83%
1/1/03	83%
1/1/02	83%
1/1/01	83%
1/1/00	83%
1/1/96	81%

STATE OF INDIANA)
) SS:
COUNTY OF LAKE)

**AGREEMENT FOR THE SALE OF WATER
TO THE CIVIL CITY OF HAMMOND
BY THE HAMMOND WATER WORKS DEPARTMENT**

THIS AGREEMENT made on the date hereinafter set forth by and between the HAMMOND WATER WORKS DEPARTMENT of the City of Hammond, Lake County, Indiana, a separate municipal utility, by its duly authorized Board of Directors (hereinafter referred to as "UTILITY"), and the CIVIL CITY OF HAMMOND, INDIANA, a municipal corporation, by its duly authorized Mayor and Board of Public Works and Safety acting in their official capacity (hereinafter referred to as "HAMMOND"), (The UTILITY and HAMMOND together hereinafter referred to as the "Parties" or alone as a "Party.").

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

WHEREAS, HAMMOND desires to purchase Lake Michigan water ("Lake Water") from the UTILITY for resale to Illinois customers, including the CITY OF CHICAGO HEIGHTS, ILLINOIS, hereinafter referred to as "CHICAGO HEIGHTS" and its approved customers as described herein; and

WHEREAS, the UTILITY has surveyed the problem and deems itself able to

**EXHIBIT
D**

deliver and sell Lake Water to HAMMOND on the Indiana side of the state line between Indiana and Illinois from the water main presently in place and used by the UTILITY to presently service CHICAGO HEIGHTS (the "Point of Delivery"); and

WHEREAS, the parties hereto are desirous of selling and purchasing Lake Water, respectively, and therefore said UTILITY and HAMMOND enter into the following Agreement for the sale and purchase of water.

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, to be observed and performed by the parties hereto, and for other good and valuable consideration, the UTILITY and HAMMOND mutually agree as follows:

(1) Purchase and Sale

The UTILITY agrees to furnish and deliver Lake Water to HAMMOND and HAMMOND agrees to purchase Lake Water from the UTILITY at the Point of Delivery to the extent that Lake Water is available to the UTILITY for such purpose at the meter vault on the Indiana side of the state line at the Point of Delivery in HAMMOND. Said delivery of Lake Water shall be in sufficient quantities to meet the demand for Lake Water by CHICAGO HEIGHTS contemplated and described in the Water Purchase Agreement between the CITY OF CHICAGO HEIGHTS, ILLINOIS, and the CIVIL HAMMOND OF HAMMOND, INDIANA, dated the _____ day of February, 2013, hereinafter referred to as the "CHICAGO HEIGHTS CONTRACT". HAMMOND agrees also to require that CHICAGO HEIGHTS agree to purchase Lake Water consistent in all respects with the terms and conditions of this Agreement. Any use of the phrase, "HAMMOND shall require," places an obligation on HAMMOND to require CHICAGO HEIGHTS and/or CHICAGO HEIGHTS Authorized Water Users to agree to the listed item, unless

otherwise noted.

(2) Commencement of Delivery

The delivery of Lake Water by the UTILITY under the terms of this Agreement shall commence on January 1, 2013.

(3) Rate of Withdrawal

The Lake Water to be furnished from time to time under this Agreement shall be withdrawn at the Point of Delivery on an hourly even flow basis. The actual volume of water shall be mathematically determined by an establishment of the average daily usage by CHICAGO HEIGHTS each respective month and then divided by twenty-four (24) hours for each day. It is agreed that CHICAGO HEIGHTS may exceed the withdrawal rate with consent of the UTILITY at non-off peak hours, or withdraw Lake Water at off-peak hours each calendar day as authorized by Section 4 without consent.

(4) Point of Delivery, Storage and Time of Pumpage

(A) Lake Water shall be delivered by HAMMOND to CHICAGO HEIGHTS on the Indiana side of the State Line between Illinois and Indiana, from the water mains presently in place and used by the UTILITY. Said location is designated as the "Point of Delivery" of the Lake Water under the terms of this Contract.

(B) HAMMOND shall require that the water storage capacity of CHICAGO HEIGHTS and all of its Authorized Water Users (as defined in the CHICAGO HEIGHTS CONTRACT) shall be sufficient to meet at least two (2) times the daily State Water Allocation granted to each respective

community by the State of Illinois. HAMMOND will further require CHICAGO HEIGHTS to keep on file with the UTILITY a current list of the State Water Allocations of CHICAGO HEIGHTS and all of its Authorized Water Users.

- (C) HAMMOND shall require that the pumpage, storage of Lake Water, and the times when such pumpage and storage shall be made by CHICAGO HEIGHTS and all of its Authorized Water Users shall be through properly designed facilities of adequate capacity and subject to the approval of the UTILITY.
- (D) Further, HAMMOND agrees to require that CHICAGO HEIGHTS and all of its Authorized Water Users utilize their water storage capacity for supply at its peak flow periods so as to cause the least strain on the water system of the UTILITY. The off-peak hours during which CHICAGO HEIGHTS and its Authorized Water Users shall take maximum water flow from the UTILITY'S system is further defined as being from 10:00 P.M. to 6:00 A.M. the following day.
- (E) HAMMOND shall require that, if a lack of adequate storage by CHICAGO HEIGHTS or any of its Authorized Water Users facilities causes a strain on the water system of the UTILITY, then the offending community must construct and provide additional storage facilities to relieve the strain on the water system of the UTILITY. The reasonable opinion and decision of the Engineers employed by the UTILITY of the necessity of additional

transmission or storage facilities by the offending community to relieve said strain, shall be final, and HAMMOND shall require that CHICAGO HEIGHTS and all of its Authorized Water Users agree to abide by such decision.

(5) Emergency

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

(6) Equipment

(A) At the Point of Delivery of Lake Water to HAMMOND there are meters installed and a meter vault pursuant to the CHICAGO HEIGHTS CONTRACT. Said meter vaults contain all necessary valves, check valves, special fittings, special castings, drains, suitable entrance to the same, and any other additional equipment and devices to provide a complete and first class installation. All such meters, valves, and other appliances, devices and materials are in accordance with the standard set,

and subject to the approval of, the Indiana Department of Environmental Management. All specifications for the meter vaults and the equipment located therein, are in accordance with the CHICAGO HEIGHTS CONTRACT and are subject to the approval of the UTILITY. Such equipment shall be maintained, both as to repairs and replacements, subject to the approval of the UTILITY.

(B) It is understood, promised and agreed that title to, and ownership of said meter vaults and all related materials, equipment and meters shall pass to, and be vested in, the UTILITY, and the lines constructed in the territorial limits of HAMMOND shall belong to, and become a part of the UTILITY's system.

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

(7) Pumpage Limitation

HAMMOND further agrees to require that CHICAGO HEIGHTS operate its system so that, except for emergencies, all Lake Water supplied by HAMMOND will pass through ground-storage tanks prior to being pumped to CHICAGO HEIGHTS' distribution system.

No direct pumpage from the UTILITY'S supply shall be utilized by CHICAGO HEIGHTS, at any time, unless it is necessary to take the storage tanks out of service for maintenance, repairs and painting. Even in those circumstances, direct pumpage is only allowed after receiving the approval of the UTILITY in writing. This paragraph does not apply to emergency situations. An emergency is not defined as a peak demand hour or day.

(8) Water Quality

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

this Agreement is made with reference thereto.

- (B) It is agreed that if HAMMOND, CHICAGO HEIGHTS or any of CHICAGO HEIGHTS' water users causes any pollution of the Lake Water in the system of the UTILITY, the same shall be immediately remedied and removed by the party causing such pollution. In the remedying of such condition, should any work be done, or be required to be done, by the UTILITY on its own system, then HAMMOND, CHICAGO HEIGHTS or any of CHICAGO HEIGHTS' water users responsible for the contamination of the UTILITY's system, shall be required to promise and agree to reimburse and indemnify the UTILITY for such pollution and the damages resulting therefrom. HAMMOND shall require such reimbursement and indemnification to be a condition of the CHICAGO HEIGHTS CONTRACT.
- (C) Further, should any law, rule or regulation be passed and adopted by any governmental agency, modifying in any way the grade of water required to be furnished by the UTILITY, then HAMMOND agrees that when the UTILITY delivers Lake Water in compliance with such law, rule or regulation, that it has completed its obligation with respect to water quality under the terms of this Agreement.
- (9) Water Pressure
- (A) HAMMOND shall, and it hereby agrees to, accept Lake Water at the Point of Delivery at the pressure that exists in the main of the UTILITY at such Point. The UTILITY is not required hereby to furnish Lake Water to HAMMOND at

a specific pressure and shall not be responsible to HAMMOND, CHICAGO HEIGHTS, or any of CHICAGO HEIGHTS' customers for any claim related to inadequate water pressure at the Point of Delivery. HAMMOND, CHICAGO HEIGHTS, and/or CHICAGO HEIGHTS' customers shall be required to hold the UTILITY harmless from and indemnify any and all claims related to water main pressure at the point of delivery made by HAMMOND, CHICAGO HEIGHTS, or any of CHICAGO HEIGHTS' customers. It is understood and agreed that HAMMOND and CHICAGO HEIGHTS shall take the Lake Water at the Point or Points of Delivery "as is", and at the rate and pressure as hereinafter defined.

- (B) HAMMOND shall also require that its customers, including CHICAGO HEIGHTS, in taking Lake Water from the point of delivery, shall in no event ever lower the P.S.I. available to the UTILITY'S customers downstream below 30 P.S.I.

(10) CHICAGO HEIGHTS's Distribution System

HAMMOND shall require that CHICAGO HEIGHTS furnish, install, operate, repair and/or maintain all distribution lines, pumps, storage facilities, and all other necessary equipment on the distribution system that it now has, and all other necessary equipment, to assure itself that it can receive and distribute the water furnished under the CHICAGO HEIGHTS CONTACT.

(11) Territorial Responsibilities

The UTILITY shall furnish, install, operate and maintain its equipment and system

located only within the city limits of Hammond, Indiana, and HAMMOND or the UTILITY shall not be obligated to perform any act outside said city limits or the State of Indiana, related to their performance under the terms of this Agreement.

(12) Limitation on Resale of Water

HAMMOND shall not, without receiving the UTILITY'S written approval, sell Lake Water to any customers other than those referenced in the CHICAGO HEIGHTS CONTRACT and all other contracts between HAMMOND and Illinois communities in existence on the date of this Agreement.

(13) Water Rates

(A) For the Lake Water furnished by the UTILITY to HAMMOND hereunder, HAMMOND agrees to pay the total rate of \$0.575 per 1,000 U.S. gallons during the term of this Agreement, unless modified as noted below. Said total rate is comprised of a Base Rate of \$0.46 per 1,000 gallons of Lake Water plus a Reimbursement Fee equal to \$0.115 per 1,000 gallons of Lake Water. The Reimbursement Fee is the result of the Request for Modification made by HAMMOND requesting that the UTILITY modify its system to meet the increased demand contemplated by the sale of water to CHICAGO HEIGHTS and its current and potential Authorized Water Users. (Said Request for Modification is attached hereto as "Exhibit A.")

(B) The UTILITY may increase its Reimbursement Fee rate during the term of this Agreement but not for the first two (2) years of this Agreement. Once modified, the Reimbursement Fee rate shall not be subject to additional

modification for a period of two (2) years thereafter.

- (C) It is further agreed that if, in the event that a tax or other fee is imposed on HAMMOND and/or the UTILITY with respect to the sale of Lake Water under the CHICAGO HEIGHTS CONTRACT, such tax or fee will be added by the UTILITY to the Base Rate hereunder and charged to HAMMOND.
- (D) Also, if at any time there is an increase to the UTILITY'S rate charged for Lake Water furnished to single family residential customers located within the city limits of Hammond, Indiana, then the Base Rate for all Lake Water sold to HAMMOND hereunder shall be increased to the new rate to said single family residential customer.

(14) Measurement and Billing

- (A) The amount of water purchased and sold shall be determined by the readings of meters installed at the Points of Delivery, as aforesaid, and HAMMOND shall pay for the amount of water shown by such readings pursuant to Paragraph 13(A). In the event that such meter or meters shall become out of repair for a period of time, then the parties shall compute the water delivered and not metered on a basis of the water readings for the same month of the previous year and the daily average for such period shall be used as the basis for computing the amount of water delivered and not metered, and the amount to be paid for such unmetered period shall be based upon such computation.
- (B) The UTILITY will bill CHICAGO HEIGHTS for its monthly water usage. All

payments by CHICAGO HEIGHTS shall be to the UTILITY.

(15) Term and renewal

- (A) This contract shall continue in force and effect for twenty (20) years from the date of commencement.
- (B) In the event that HAMMOND shall desire, at the expiration of this contract to continue to purchase water from the UTILITY, it shall, six (6) months before the expiration of this contract, so notify the UTILITY, and if both parties agree that it would be in their respective best interests to renew the contract, then the contract shall be renewed for an additional period of twenty (20) years at rates terms and conditions to be agreed upon at that time.

(16) Indemnification

The UTILITY shall not be responsible in damages to person or property for any failure to supply water or for interruption of the Lake Water supply furnished hereunder. HAMMOND shall require that CHICAGO HEIGHTS and all of its customers agree to hold harmless and indemnify HAMMOND and/or the UTILITY against any and all claims for losses, liability or damage, including fees and expenses, arising out of or in connection with the delivery and sale of the Lake Water after it is received by CHICAGO HEIGHTS at the Point of Delivery. CHICAGO HEIGHTS and all of its customers shall assume all risks of loss, damage or injury to person or property, in the distribution of said Lake Water after received at the Point of Delivery. HAMMOND shall also require that CHICAGO HEIGHTS agree to hold harmless and indemnify HAMMOND and/or the UTILITY against

all claims for any dispute, loss, damage, or injury sustained, of any kind, nature or description, including attorneys' fees and expenses incurred by HAMMOND and/or the UTILITY by reason of any claims made against HAMMOND and/or the UTILITY by residents or Authorized Users of CHICAGO HEIGHTS, relating to HAMMOND's furnishing Lake Water to CHICAGO HEIGHTS under the CHICAGO HEIGHTS CONTRACT. In the CHICAGO HEIGHTS CONTRACT, HAMMOND shall require that if there are ever any claims arising out of that Agreement wherein CHICAGO HEIGHTS, HAMMOND and/or the UTILITY are parties to the dispute, that attorneys' fees and costs shall be awarded to the prevailing party or parties.

(17) Notices

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

Office of the Mayor
The City of Chicago Heights, Illinois
1601 Chicago Road
Chicago Heights, IL 60411;

to HAMMOND at:

Mayor,
Civil City of Hammond
5925 Calumet Avenue
Hammond, IN 46320;

and, to the UTILITY at:

CEO, Hammond Water Works Department
6505 Columbia Avenue
Hammond, IN 46320;

or at such other address as such party by written notice may designate and shall be

deemed given when so delivered.

(18) Miscellaneous Provisions

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

and by reason thereof HAMMOND and/or the UTILITY shall not be permitted to deliver water to CHICAGO HEIGHTS or any of CHICAGO HEIGHTS' customers, as provided for in this contract, then this contract may be cancelled by HAMMOND or the UTILITY without any liability to CHICAGO HEIGHTS or any of CHICAGO HEIGHTS' customers.

- (C) This Agreement is subject to cancellation by HAMMOND or the UTILITY in the event that any Court of competent jurisdiction decrees that HAMMOND and/or the UTILITY has no right to contract for, sell, disperse, distribute or otherwise limits the amount of Lake Water that HAMMOND or the UTILITY may deliver to any municipality or user residing outside of the corporate limits of Hammond, Indiana or the State of Indiana.
- (D) HAMMOND shall require that CHICAGO HEIGHTS and all of its customers agree to not commit any intentional acts or omissions that would cause HAMMOND to be in breach of this Agreement.
- (E) HAMMOND shall not permit CHICAGO HEIGHTS or any of its customers to resell water, either on a retail or wholesale basis, to any users outside their territorial limits without receiving the prior written approval of HAMMOND or the UTILITY.
- (F) HAMMOND designates the engineering staff of the UTILITY as the engineers to make final decisions relative to any engineering questions or problems arising either under this contract or any of the contracts between HAMMOND and its Illinois customers.

(G) This Agreement may be amended only upon mutual agreement of both parties in writing.

(H) The authority of the officials of HAMMOND to execute this Agreement is evidenced by the authority of the Board of Public Works and Safety of HAMMOND of Hammond given by the attached Resolution adopted at a regular meeting held on the 7th day of ~~January~~ ^{FEBRUARY}, 2013

(I) The authority of the officials of the HAMMOND WATER WORKS DEPARTMENT of the City of Hammond, Indiana to execute this Agreement is evidenced by the Resolution adopted by the Board of Directors of said department, at a regular meeting of said Board of Directors duly held on the 13th day of ~~January~~ ^{FEBRUARY}, 2013

IN WITNESS of this Agreement, the HAMMOND WATER WORKS DEPARTMENT of the City of Hammond, Indiana and the CIVIL CITY OF HAMMOND, INDIANA have executed this Agreement as of the 13th day ~~January~~ ^{FEBRUARY}, 2013.

BOARD OF DIRECTORS, HAMMOND
WATER WORKS DEPARTMENT

BY: Sharon M. Daniels
SHARON DANIELS, PRESIDENT

ATTEST:

Carl A. Walker

BOARD OF DIRECTORS,
HAMMOND WATER WORKS
DEPARTMENT

PAUL WALKER, SECRETARY)

BOARD OF PUBLIC WORKS & SAFETY)


MEMBER


MEMBER


MEMBER

ATTEST: 

CIVIL CITY OF HAMMOND,
INDIANA

APPROVED:)


THOMAS M. McDERMOTT, JR.,
MAYOR

CIVIL CITY OF HAMMOND,
INDIANA


ROBERT J. GOLEC, CITY CLERK

ATTEST