<u>Item #3</u>:
Resolution Approving IGA
With Buffalo Grove For Lake Michigan Water

LONG GROVE OF LONG GROVE

RESOLUTION NO. 2016-R-__

A RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF AN INTERGOVERNMENTAL AGREEMENT WITH THE VILLAGE OF BUFFALO GROVE RE: DELIVERY OF WATER SERVICE TO THE LONG GROVE ROUTE 83 WATER PLANT

WHEREAS, the Village of Buffalo Grove ("***Buffalo Grove***") is an Illinois municipal corporation; and

WHEREAS, the Village of Long Grove ("***Long Grove***") is an Illinois municipal corporation; and

WHEREAS, Article VII, Section 10 of the 1970 Constitution of the State of Illinois authorizes units of local government to contract or otherwise associate among themselves "to obtain or share services and to exercise, combine, or transfer any power or function, in any manner not prohibited by law or by ordinance" as well as to use their revenues, credit and other resources for intergovernmental activities; and

WHEREAS, the Intergovernmental Cooperation Act, 5 ILCS 220/1 *et seq.*, also authorizes the joint use and enjoyment of the powers, privileges, functions, and authority of local governments; and

WHEREAS, pursuant to the Illinois Municipal Code, including without limitation Divisions 129 and 137, 65 ILCS 5/11-129 and 11-137, authorizes Buffalo Grove and Long Grove to enter into an agreement for the sale by Buffalo Grove and purchase by Long Grove of water; and

WHEREAS, the Village of Buffalo Grove and the Village of Long Grove desire to enter into an Intergovernmental Agreement to set forth their respective rights and responsibilities regarding the funding, design, construction, installation, operation, and maintenance of a potable water supply connection to serve the Long Grove Water System; and

WHEREAS, the President and Board of Trustees have determined that it is in the best interests of the Long Grove to enter into the Intergovernmental Agreement generally in the form attached to, and by this reference incorporated into, this Resolution as Exhibit A;

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NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE LONG GROVE OF LONG GROVE, LAKE COUNTY, ILLINOIS, as follows:

Section 1. Recitals. The recitals set forth above are incorporated as a part of this Resolution by this reference.

Section 2. Approval of the Intergovernmental Agreement. The Village Board of Trustees hereby approves the Intergovernmental Agreement between the Village of Long Grove and the Village of Buffalo Grove in a form substantially the same as Exhibit A and in final form acceptable to the Long Grove Village Manager in consultation with the Village Attorney.

Section 3. Execution of the Intergovernmental Agreement. The Village President and Village Clerk shall be, and hereby are, authorized to execute the final Intergovernmental Agreement on behalf of the Village of Long Grove upon notice from the Village Manager that such agreement is in a final form as provided in Section 2 of this Resolution.

Section 4. Effective Date. This Resolution shall be in effect from and after its passage and approval in the manner provided by law.

PASSED this 24th day of May, 2016.

AYES: (_) Trustees

NAYS: (_)

ABSENT: (_).

APPROVED this 24th day of May, 2016.

_____
Angela Underwood, Long Grove President

ATTEST:

_____
Heidi Locker-Scheer, Long Grove Clerk

EXHIBIT A

INTERGOVERNMENTAL AGREEMENT

INTERGOVERNMENTAL AGREEMENT BETWEEN THE VILLAGE OF BUFFALO GROVE AND THE VILLAGE OF LONG GROVE FOR THE PURCHASE AND SALE OF WATER

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Dated: _____, 2016

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INTERGOVERNMENTAL AGREEMENT BETWEEN THE VILLAGE OF BUFFALO GROVE AND THE VILLAGE OF LONG GROVE FOR THE PURCHASE AND SALE OF WATER

THIS INTERGOVERNMENTAL AGREEMENT FOR THE PURCHASE AND SALE OF WATER is made and entered into as of _____, 2016, by and between the **VILLAGE OF BUFFALO GROVE**, a home rule municipality located in Cook and Lake Counties, Illinois ("***Buffalo Grove***"), and the **VILLAGE OF LONG GROVE**, a non-home rule municipality located in Lake County, Illinois ("***Long Grove***," and, together with Buffalo Grove, the "***Parties***"), for and in consideration of the mutual covenants and agreements herein contained.

SECTION 1 BACKGROUND

A. The Parties wish to engage jointly in a plan for providing a potable water supply to property situated in Long Grove.

B. Buffalo Grove is a home rule municipality existing under Article VII, Section 6 of the 1970 Illinois Constitution, and Long Grove is a non-home rule municipality existing under the Illinois Municipal Code, 65 ILCS 5/1-1-1 *et seq.*

C. Article VII, Section 10 of the 1970 Illinois Constitution and the Illinois Intergovernmental Cooperation Act, 5 ILCS 220/1 *et seq.*, authorize intergovernmental cooperation between municipalities.

D. Pursuant to 65 ILCS 5/11-124-1, the corporate authorities of each municipality are authorized to contract with any person, corporation, municipal corporation, political subdivision, public water district, or any other agency for a supply of water.

E. Pursuant to 65 ILCS 5/11-126-1, the corporate authorities of each municipality may provide for a water supply for fire protection and for the use of the inhabitants of such municipality by procuring such a water supply from any adjacent municipality.

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F. Water supply for the Connection Area[1] can be approached most effectively and economically through a joint undertaking by the Parties.

G. Buffalo Grove owns and operates the Buffalo Grove Waterworks System for the receipt of Potable Water and for the delivery of Potable Water to its Customers.

H. Buffalo Grove is a member community of the Northwest Water Commission ("***Commission***") and secures its Potable Water from the Commission pursuant to an Agreement dated April 4, 1983.

I. Long Grove owns and operates the Long Grove Waterworks System for the delivery of Potable Water to its Customers.

J. Long Grove has received an allocation from the State of Illinois Department of Natural Resources ("***IDNR***") to divert water from Lake Michigan for the Long Grove Waterworks System.

K. Long Grove desires to purchase Potable Water from Buffalo Grove, and Buffalo Grove desires to sell Potable Water to Long Grove, solely for the purposes set forth in and in accordance with the provisions of this Agreement.

SECTION 2 DEFINITIONS

The following words and phrases shall have the following meanings when used in this Agreement.

"***Agreement***" means this Agreement.

"Buffalo Grove" means the Village of Buffalo Grove.

"***Buffalo Grove Connection Facilities***" means the portions of the Buffalo Grove Waterworks System to be constructed pursuant to this Agreement by Long Grove to connect the Long Grove Waterworks System to the Buffalo Grove Waterworks System, which facilities are depicted in the preliminary plans to be approved by both Parties and attached as Exhibit B to this Agreement. The Buffalo Grove Connection Facilities include, among other items, a water

[1] All capitalized words and phrases throughout this Agreement shall have the meanings set forth in Section 2 hereof.

meter, meter vault, cross connection control device, telemetry equipment, and related pipelines and equipment appurtenant thereto.

"***Buffalo Grove Waterworks System***" means all of Buffalo Grove's water system facilities, including land; easements; rights-of-way over lands and waters; pumping facilities, treatment facilities, storage facilities, metering stations, and other facilities; mains; and pipelines acquired and used for the purposes of transmitting Potable Water to Buffalo Grove's Customers. The Buffalo Grove Waterworks System will include the Buffalo Grove Connection Facilities upon their completion and acceptance by Buffalo Grove.

"Business Day" means any calendar day except for Saturdays, Sundays, and holidays recognized by the United States and/or Illinois State governments.

"***Commission***" means the Northwest Water Commission.

"***Connection Area***" means the territory depicted on Exhibit C to this Agreement, provided, however, that such territory may be expanded to include additional properties located within the corporate limits of Long Grove or hereafter annexed to Long Grove during the Term subject to approval by Buffalo Grove, in its sole discretion.

"***Connection Facilities***" means the Buffalo Grove Connection Facilities and the Long Grove Connection Facilities.

"***Customer***" means any person or entity to whom Buffalo Grove or Long Grove sells Potable Water at retail and shall be the person or entity responsible for usage of the water and payment of the water bill.

"***Day***" means any calendar day, being a 24-hour continuous period commencing at 12:00 a.m. (midnight) local time.

"***Delivery Date***" means the date that Buffalo Grove first delivers Potable Water to Long Grove.

"***Effective Date***" means the date established in Section 19 of this Agreement.

"***Fiscal Year***" means the fiscal year of Buffalo Grove.

"***Force Majeure***" means acts of God; strikes, lockouts, or other industrial disturbances; acts of a public enemy; orders of any kind of the Government of the United States, of the State of Illinois, or of any civil or military authority; insurrections; riots; acts of terrorism; epidemics; pandemics; landslides; lightning; earthquakes; fires; hurricanes; storms; floods; washouts; droughts; arrests; restraints of government and people; civil disturbances; explosions, breakage, or accidents to machinery, pipelines, plants, canals, or tunnels; and inability on the part of Buffalo Grove to deliver Potable Water hereunder, or of Long Grove to receive Potable Water hereunder, on account of any other causes not reasonably within the control or ability to cure of the Party claiming such inability.

"***Long Grove***" means the Village of Long Grove.

"***Long Grove Connection Facilities***" means those portions of the Long Grove Waterworks System to be constructed pursuant to this Agreement by Long Grove to connect the existing Long Grove Waterworks System to the Buffalo Grove Waterworks System, which facilities are depicted in the preliminary plans to be approved by both Parties and attached as Exhibit B to this Agreement. The Long Grove Connection Facilities include, among other items, the valves and water main described in this Agreement and pipelines and equipment appurtenant thereto.

"***Long Grove Waterworks System***" means all of Long Grove's water system facilities, including land; easements; rights-of-way over lands and waters; pumping facilities, wells, treatment facilities, storage facilities, metering stations, and other facilities; mains; and pipelines acquired and used for the purposes of transmitting and providing Potable Water to Long Grove's Customers pursuant to this Agreement, as may be expanded or extended from time to time, including the Long Grove Connection Facilities. The Long Grove Waterworks System, as of the Effective Date, is depicted in Exhibit A.

"***Maximum Water Supply Amount***" means the maximum amount of Potable Water that Buffalo Grove shall be obligated to deliver to Long Grove, and that Long Grove shall be

authorized to purchase from Buffalo Grove, pursuant to this Agreement, which amount shall equal Long Grove's Water Allocation from the IDNR as provided for in Exhibit D, unless otherwise agreed to in writing from time to time by the Parties.

"Meter Vault" means the water meter and metering vault to be constructed by Long Grove as part of the Buffalo Grove Connection Facilities containing such necessary equipment and devices of a type meeting the standards of the American Water Works Association for measuring properly the quantity of Potable Water delivered to Long Grove under this Agreement, which facilities are depicted in the preliminary plans to be approved by both Parties and attached as Exhibit B to this Agreement.

"***Party***" or "***Parties***" means either Long Grove, Buffalo Grove, or both, as appropriate.

"***Point of Delivery***" means the first valve immediately downstream from the meter at which the Potable Water delivered to Long Grove pursuant to this Agreement leaves the Buffalo Grove Waterworks System and enters the Long Grove Waterworks System.

"***Potable Water***" means treated, filtered water drawn from Lake Michigan that is suitable for potable use.

"Term" means the term of this Agreement as provided in Section 19.B, as may be extended or renewed.

"***Water Allocation***" means the sum of Long Grove's allocations and allowable excesses from time to time of Potable Water for the Long Grove Waterworks System pursuant to the Level of Lake Michigan Act, 615 ILCS 50/1 *et seq.* (2010), as amended from time to time; the Illinois Department of Natural Resources Rules and Regulations for the Allocation of Water from Lake Michigan, 92 III. Admin. Code Part 730, as amended from time to time; applicable Illinois Department of Natural Resources decisions, as amended from time to time; and such other amounts of Potable Water as Long Grove may lawfully take for the Long Grove Waterworks System.

"***Well Water***" means either treated, filtered water or untreated, unfiltered water drawn from wells owned and operated by or on behalf of Long Grove.

SECTION 3 WATER SUPPLY

A. Agreement to Sell and Purchase. Subject to all provisions of this Agreement, Buffalo Grove shall sell and deliver to Long Grove, and Long Grove shall receive and purchase from Buffalo Grove, the amount of Potable Water received by Long Grove at the Point of Delivery, provided, however, that Long Grove shall not be authorized to draw Potable Water in excess of the Maximum Water Supply Amount. This amount includes municipal use, system leakage, and metering losses located downstream of the Point of Delivery. Additionally, Buffalo Grove's obligation to supply, and Long Grove's right to receive and obligation to purchase, Potable Water under this Agreement shall be subject to any and all regulations, requirements, and laws of the Illinois Department of Transportation, Illinois Department of Public Health, Illinois Environmental Protection Agency, Illinois Department of Natural Resources, and any other federal, state, or local agency having jurisdiction.

B. Beginning of Obligations to Deliver and Receive Potable Water. Buffalo Grove shall be obligated to deliver Potable Water to the Long Grove Waterworks System, and Long Grove shall be obligated to receive at the Point of Delivery, Potable Water delivered by Buffalo Grove immediately after completion of construction of the Point of Delivery, Long Grove Connection Facilities, and Buffalo Grove Connection Facilities and the inspection and final approval for operation thereof by the parties and any regulatory agency having jurisdiction. This paragraph includes any water used to test or prepare the Long Grove Connection Facilities or Buffalo Grove Connection Facilities.

C. Limits on Supply. Buffalo Grove shall use its best efforts to furnish Potable Water to Long Grove as herein provided, but Long Grove acknowledges and agrees that Buffalo Grove's obligation hereunder is limited by:

i. The amount of Potable Water available to Buffalo Grove from time to time;

ii. The capacity of, and any risk of harm to, the Buffalo Grove Waterworks System due to the furnishing of Potable Water;

iii. Ordinary transmission loss, including standard metering error, between Buffalo Grove's source of supply and/or the Point of Delivery to the Long Grove Waterworks System;

iv. The Provisions of this Agreement; and

v. Force Majeure.

D. Additional Subsequent Customers. Long Grove acknowledges that Buffalo Grove may enter into agreements for the sale by Buffalo Grove of Potable Water to Customers other than Long Grove.

E. Emergency or Maintenance Stoppage or Flow Reduction. Buffalo Grove shall undertake to use reasonable care and diligence to provide a constant supply of Potable Water as herein provided at pressures consistent with the pressures maintained within the Buffalo Grove Waterworks System, but Buffalo Grove reserves the right at any time to cease or reduce the flow of Potable Water in its mains for emergency and maintenance purposes. Buffalo Grove shall give notice not less than 48 hours in advance of any stoppage for scheduled maintenance purposes and it shall give such notice as is reasonable under the particular circumstances of any cessation or reduction of flow for emergency purposes. Buffalo Grove shall provide as much notice as practical where the flow of water is expected to be reduced or stopped temporarily.

F. Curtailment: Emergency Use of Other Sources. If it becomes necessary for Buffalo Grove to limit its delivery of Potable Water to its Customers for any reason, Long Grove shall be entitled, to the extent possible, to receive during such period of curtailment a pro rata share of available Potable Water as determined by the ratio of: (a) the total amount of Potable Water delivered to the Long Grove Waterworks System during the prior Fiscal Year to (b) the total amount of Potable Water delivered by Buffalo Grove during the prior Fiscal Year to all of its Customers who are entitled to Potable Water during such period of curtailment, provided,

however, that in the event of a fire or other emergency during any such period of curtailment, Buffalo Grove shall make reasonable efforts to deliver sufficient water to Long Grove for fire suppression or other emergency needs until the emergency is abated.

G. Limits on Use. Potable Water delivered by Buffalo Grove to Long Grove pursuant to this Agreement shall be used solely for the purpose of resale by Long Grove for use on land within the Connection Area. Neither Long Grove nor any Customer of Long Grove shall sell or resell Potable Water to anyone outside of, or for use outside of, the Connection Area without the written approval of Buffalo Grove.

SECTION 4 QUALITY; DELIVERY; STORAGE; DISTRIBUTION; CONSERVATION

A. Water Quality. Buffalo Grove shall supply Long Grove with Potable Water of a quality commensurate to that furnished by Buffalo Grove to its other Customers. Buffalo Grove bears no responsibility for the contamination of Potable Water or deterioration of water quality occurring beyond the Point of Delivery.

B. Maintenance of System; Water Quality; Prevention of Waste. Long Grove shall operate the Long Grove Waterworks Systems in such a manner as at no time to place Buffalo Grove, or the Buffalo Grove Waterworks System, in jeopardy of failing to meet (i) the regulations of any federal, State of Illinois, or local agency or governmental authority having jurisdiction over the operation of the Buffalo Grove Waterworks System or (ii) the commitments Buffalo Grove has to its other Customers and to its Potable Water suppliers. Long Grove shall notify Buffalo Grove immediately of all emergency and other conditions that may directly or indirectly affect the quantity or quality of Potable Water to be received under this Agreement or the Buffalo Grove Waterworks System or water supply. Long Grove further agrees to take reasonable measures to conserve water, subject to Village of Buffalo Grove Ordinances.

C. No Use of Wells and Well Water. Long Grove warrants and represents that it shall not distribute Well Water through the Long Grove Waterworks System as of the Delivery Date and will not do so thereafter without the written consent of Buffalo Grove.

D. Surges and Back-Flows. Long Grove's operation of the Long Grove Waterworks System, including, without limitation, its pressure adjusting stations, shall not cause surges or back-flows into the Buffalo Grove Waterworks System and any connection of the Buffalo Grove Connection Facilities and/or Buffalo Grove Waterworks System to the Long Grove Connection Facilities shall be provided with air gap protection. Buffalo Grove shall not be responsible for any damage to the Long Grove Waterworks System caused by the design, operation, or maintenance of the Long Grove Waterworks System.

E. Long Grove Waterworks System Pressures. Long Grove shall be solely responsible for delivering Potable Water to its Customers at pressures required or necessary to make such delivery.

F. Connection to Transmission Mains. Long Grove shall not construct or install, nor permit to be constructed or installed, any taps from or connections to the Buffalo Grove Waterworks System except at the Point of Delivery as specifically authorized by this Agreement. Such prohibited taps and connections shall include, without limitation, distribution mains, valves, fire hydrants and service lines.

G. Long Grove Connection Facilities. Long Grove, at its own expense and pursuant to the schedule established in Section 10 of this Agreement, shall site, design, construct, operate, maintain, and when necessary replace the Long Grove Connection Facilities, including any valves and/or pressure adjusting stations as may be required, immediately downstream from the Point of Delivery. Initial design and construction plans and specifications for the Long Grove Connection Facilities, and any future modifications thereof, shall be submitted in advance of construction or modification to Buffalo Grove for review and approval, which approval will not be unreasonably delayed or withheld.

I. Service Limitations. Long Grove shall not directly provide Potable Water service to any Customer or property located within the corporate limits of Buffalo Grove. Buffalo

Grove shall not directly provide Potable Water service to any Customer or property located within the corporate limits of Long Grove.

SECTION 5 MEASURING EQUIPMENT

A. Buffalo Grove Connection Facilities and Meter Vault.

i. Construction. Long Grove shall furnish and install the Buffalo Grove Connection Facilities, including the Meter Vault, at its sole expense and in conformance with the preliminary plans therefor attached as Exhibit B to this Agreement, as such preliminary plans may be revised by mutual agreement of the Parties. Construction of the Buffalo Grove Connection Facilities shall be subject to inspection and approval by Buffalo Grove. Upon completion of the project and acceptance by Buffalo Grove, Buffalo Grove shall own, operate, maintain, and replace the Buffalo Grove Connection Facilities, including the Meter Vault, and all equipment and structures related thereto.

ii. Site of Point of Delivery Meter Vault. The Meter Vault and the Point of Delivery shall be located within the Connection Area at a specific location determined by the Parties, which location shall be as close to the shared municipal boundary line of Long Grove and Buffalo Grove as reasonably practicable. Water shall be delivered at atmospheric pressure such that an air gap exists between the Buffalo Grove Waterworks System and the Long Grove Connection Facilities.

iii. Meter Reading and Access. The employees or agents of Buffalo Grove shall be responsible for reading of the meter that is part of the Buffalo Grove Connection Facilities for purposes of billing, as well as for calibrating and adjusting such meter and other equipment in the Meter Vault. Long Grove shall have access to the Meter Vault for examination and inspection in a manner to be mutually agreed by the Parties.

C. Records. For the purpose of this Agreement, the official record of readings of the meter at the Meter Vault shall be the handwritten or electronic record of Buffalo Grove maintained in its office. Upon written request of Long Grove, Buffalo Grove will provide a copy of

such records, or permit Long Grove to have access thereto in the office of Buffalo Grove during regular business hours.

D. Calibration. Buffalo Grove shall calibrate its meter used to deliver Potable Water to the Long Grove Waterworks System at least once in each Fiscal Year. Buffalo Grove shall notify Long Grove of the date and time that any such calibration shall occur at least 72 hours in advance, and Long Grove is entitled to have a representative present during such calibration. Buffalo Grove and Long Grove shall be entitled to jointly observe any adjustments that are made to the meter in the event that any adjustments are necessary. If any check meters have been installed, then such check meters shall be calibrated by Long Grove, if requested in writing by Buffalo Grove to do so, at least once in each Fiscal Year in the presence of a representative of Buffalo Grove, and Buffalo Grove and Long Grove shall be entitled to jointly observe any adjustments that are made to the check meters in the event that any adjustments are necessary.

E. Check Meters. Long Grove, at its option and its own expense, may install and operate a check meter to check any meter installed by Buffalo Grove. Notwithstanding the foregoing, the measurement of Potable Water for purposes of this Agreement shall be solely by the meter that is part of the Buffalo Grove Connection Facilities, except in the cases hereinafter specifically provided to the contrary. All check meters shall be of standard make and shall be subject to inspection and examination by any employee or agent of Buffalo Grove at all reasonable times. The calibration and adjustment of check meters shall be made only by Long Grove, except during any period when a check meter may be used under the provisions hereunder for measuring the amount of Potable Water delivered to Long Grove, in which case the calibration and adjustment of such check meter shall be made by Buffalo Grove with like effects as if such check meter had been furnished and installed by Buffalo Grove.

F. Meter Malfunctions. If either Party at any time observes a variation between a meter and a check meter or any evidence of meter malfunction, such Party shall promptly notify

the other Party, and the Parties shall then cooperate to procure an immediate calibration test and such adjustment, replacement, or other work necessary to return such meter to accuracy. The Party responsible for the maintenance and operation of the meter shall give the other Party notice not less than 72 hours prior to the time of any meter test (which tests shall be conducted, if practical, during normal working hours) so that the other Party may conveniently have a representative present. If such representative is not present after the required notification at the time set in such notice, calibration and adjustment may proceed in the absence of said representative notwithstanding any other provision of this Subsection. If the percentage of inaccuracy of any meter is found to be in excess of two percent, registration thereof shall be corrected by agreement of the Parties based on the best data available, for a period extending back to the time when such inaccuracy began if such time is ascertainable, or for a period extending back one-half of the time elapsed since the last date of calibration (but in no event further back than a period of six months) if such time is not ascertainable.

If for any reason any meter is out of service or in disrepair so that the amount of Potable Water delivered cannot be ascertained or computed from the reading thereof, then the Potable Water delivered during the period such meter is out of service or in disrepair shall be deemed to be the registration of the check meter if one has been installed and is registering accurately, or, in the event that no check meter has been installed or the check meter is registering inaccurately, shall be estimated:

i. By correcting the error if the percentage of the error is ascertainable by calibration tests or mathematical calculations; or

ii. If the error is not ascertainable by calibration tests or mathematical calculation, by estimating the quantity of delivery by considering deliveries during preceding periods under similar conditions when the meter or meters were registering accurately. During any period of such disagreement, Buffalo Grove's estimate of water delivered shall be used for the purpose of computing payments due under Section 7 of this Agreement, and any

adjustments based upon later resolution of such disagreement shall be made by appropriate adjustments to Long Grove's future payments.

G. Removal of Connection Facilities. At any time after 90 days following the termination of this Agreement without renewal, Buffalo Grove, at its own expense and in its discretion, shall remove or abandon in place any Buffalo Grove Connection Facilities, and release any permanent or temporary easements therefor, that are located within Long Grove. Any proposal by Buffalo Grove to abandon in place facilities located in Long Grove shall be subject to the prior review and approval by Long Grove. Buffalo Grove shall be solely responsible for completing all restoration work necessary as a result of the removal of the same.

H. Meters for Long Grove Customers; Retail Billing Services. Buffalo Grove shall read the water meters of Long Grove's Customers and bill Long Grove Customers directly for retail water consumption. Meter reading and billing in Long Grove shall be completed on a monthly basis for commercial Customers and on a bi-monthly basis for residential Customers, unless otherwise determined by the Parties. Long Grove shall be responsible for receipt and collection of all water bill payments made by Long Grove Customers. The Parties acknowledge that Buffalo Grove operates and maintains an existing metering and billing system for its own Customers ("***Metering System***"), which Metering System allows for the transmission of water consumption data from each Customer's water meter to a remote receiver.

The following procedures and meter charges will apply:

i. **Existing Customers:**

a. For any Long Grove Customers with existing water meters that are compatible with the Metering System (including appropriate telemetry), Buffalo Grove will provide meter reading and billing services beginning on the Delivery Date, and no meter charge will be imposed.

b For any Long Grove Customers with existing water meters that are not compatible with the Metering System, Buffalo Grove will manually read and

provide billing services beginning on the Delivery Date for a meter charge of $100.00 per meter per billing period. Buffalo Grove shall not be required to provide manual meter reading and billing services for more than 50 meters.

c. Existing Customers with meters that are not compatible with the Metering System may elect to upgrade to compatible meters at any time during the Term. In such case, Buffalo Grove will either: (i) modify the existing meter to make it compatible with the Metering System (including retrofitting with appropriate telemetry); or (ii) if such modification cannot reasonably be completed at a cost less than the cost of a new meter, install a new meter that is compatible with the Metering System. Following such modification or replacement, Buffalo Grove will provide meter reading and billing services for a monthly or bi-monthly charge equal to the cost of the meter modification or upgrade amortized over a 14-year period.

ii. **New Customers:** Any new Long Grove Customers shall have installed a new water meter compatible with the Metering System at the Customer's expense, which charge shall be included in the Customer's connection fee, which shall include Buffalo Grove's then-current charge for installing and providing a meter. Following the Customer's connection to the Long Grove Water Works System, Buffalo Grove will provide meter reading and billing services, and no meter charge will be imposed after connection.

I. Right of Inspection. Buffalo Grove reserves the right to inspect the Long Grove Connection Facilities to ensure that they are being operated consistent with the terms of this Agreement, including but not limited to inspections to ensure there are no cross connections that threaten potential contamination to the Buffalo Grove Waterworks System and to ensure that the Buffalo Grove Waterworks System is otherwise fully in accordance with state and federal law. If the inspection discloses any code violations or threats to the Buffalo Grove Waterworks System, Buffalo Grove shall deliver to Long Grove a notice at the address listed in

Section 21.B hereof of Buffalo Grove's intention to shut off the supply of water to Long Grove at the expiration of 48 hours after giving such notice unless within the 48 hour period Long Grove shall cure said threats to the Buffalo Grove Waterworks System; provided, however, that, if Long Grove has commenced cure activities within said 48-hour period and the underlying violation does not present an immediate threat to the integrity of the Buffalo Grove Waterworks System, Buffalo Grove shall defer actions to shut off the supply of Potable Water to Long Grove while its cure activities continue. The foregoing notwithstanding, in the event such threats to the Buffalo Grove Waterworks System constitute an emergency, the notice required of Buffalo Grove shall be no more than is reasonable under the circumstances.

SECTION 6 UNIT OF MEASUREMENT

The unit of measurement for Potable Water delivered hereunder shall be gallons of water, U.S. Standard Liquid Measure, and all measuring devices shall be so calibrated unless Buffalo Grove and Long Grove agree otherwise in writing. Should it become necessary or desirable to use other units of measurement, the basis of conversion shall be that 7.48 gallons is equivalent to one cubic foot.

SECTION 7 RATES AND TERMS OF PAYMENT

A. Rate. The rate to be charged under this Agreement shall be based on actual monthly usage by Long Grove and shall be no greater than the lowest rate charged by Buffalo Grove to its residential Customers ("***Rate***"), which Rate may be adjusted by the Buffalo Grove Village Board from time to time. As of the Effective Date, the Rate is $4.56/1,000 gallons. No Rate adjustment shall be effective until 90 days after notice from Buffalo Grove to Long Grove. Nothing in this Agreement shall limit Long Grove's authority with respect to rates and charges imposed upon Customers in the Connection Area.

B. Excess Use Surcharge. The Rate shall be increased by the addition of a surcharge of $2.50/1,000 gallons for any water consumed by Long Grove in excess of the "***Surcharge Threshold***" as defined herein. For the first year of the Agreement, the Surcharge

Threshold shall be 300,000 gallons per day, and the Surcharge Threshold shall thereafter increase by 15% on each anniversary of the Effective Date throughout the Term. For the purpose of calculating any surcharges under this Subsection 7.B, Long Grove's Potable Water consumption shall be calculated on an annual basis based on the average daily water usage during the applicable calendar year. Any applicable surcharges will be billed by Buffalo Grove to Long Grove within 60 days after the end of each calendar year.

C. Meter Reading and Billing. Buffalo Grove shall read the water meter at the Meter Vault on a monthly basis and shall bill Long Grove directly on a monthly basis for water delivered by Buffalo Grove to Long Grove at the Rate, provided, however, that any surcharges applied pursuant to Section 7.B shall be calculated and assessed only on annual basis. Long Grove shall pay any bill issued by Buffalo Grove under this Section 7 within thirty (30) days after such bill is delivered to Long Grove in accordance with this Agreement.Disputed Payments. If Long Grove desires to dispute any payment, or part thereof, due or claimed to be due under this Agreement, then Long Grove shall nevertheless pay the full amount of any such payment when claimed by Buffalo Grove to be due and shall provide written notification to Buffalo Grove that the charges are disputed, the grounds for dispute, and the amount in dispute, not later than the due date of the disputed payment. No adjustment or relief on account of any disputed charges shall be made unless disputed charges are the subject of such notice within the time herein specified, or within a reasonable period from the time Long Grove knew or should have known of the facts giving rise to the dispute. It is expressly understood and agreed that no dispute over payments due or claimed to be due under this Agreement shall be referred to arbitration for review or settlement. Upon receipt of a notification of dispute, representatives of Buffalo Grove shall meet with representatives of Long Grove to resolve such dispute. In the event the dispute is resolved in favor of Long Grove, a credit will be made on the next bill of Long Grove. Either party may terminate the resolution process by notifying the other party and may thereafter seek any remedy available at law or in equity.

E. Overdue Payments. If Long Grove shall fail to make any payment required under this Agreement on or before its due date, and after notice and an opportunity to cure as set forth herein has been exhausted, Buffalo Grove shall have the right to exercise any or all of the following three remedies:

i. Interest. Buffalo Grove, at is option and in its discretion, may collect from Long Grove, and Long Grove shall pay to Buffalo Grove, interest on the amount of such payment, at the maximum legal rate payable, not to exceed 110% of the prime rate of interest from time to time established by the largest commercial bank, measured in terms of total assets, located and doing banking business in the State of Illinois. Such interest shall accrue and shall be compounded on a monthly basis from the date such payment becomes due until paid in full with interest as herein specified.

ii. Reduction or Discontinuance of Delivery. If any payment is not made by Long Grove within 30 days after the date such payment becomes due, then Buffalo Grove, at its option and in its discretion, and whether or not such payment is disputed, may reduce or discontinue delivery of Potable Water to the Long Grove Waterworks System and suspend performance of Buffalo Grove's operations and maintenance obligations under Section 8 of this Agreement until the amount due to Buffalo Grove is paid in full with interest as herein specified. Buffalo Grove shall give notice to Long Grove not less than 10 business days prior to the event of its intention to reduce or discontinue delivery of Potable Water in accordance with this Subsection and shall provide Long Grove an opportunity for a hearing prior to any reduction or discontinuance. If Buffalo Grove reduces or discontinues the delivery of Potable Water under such circumstances, Long Grove shall continue to be liable to make all payments hereunder for any water used.

iii. Security Deposit.

a. Purpose. If Long Grove is at any time in default on any payment due under this Agreement and the default is not cured within 30 days after the

due date of the defaulted payment, then Buffalo Grove, at its option and in its discretion, may require Long Grove, as a further obligation under this Agreement, to deposit in a separate interest bearing account in Buffalo Grove's name, with authorized signatories as designated by Buffalo Grove's Village Manager, a sum of money in a reasonable amount determined by Buffalo Grove, as security for the payment of Long Grove's obligations hereunder. Long Grove's compliance with Buffalo Grove's demand for such a security deposit shall be a condition precedent to the curing of Long Grove's default and the restoration of the Potable Water service to the Long Grove Waterworks System, if such Potable Water service has been reduced or discontinued by reason of such default.

b. Use; Restoration. The security deposit or any part thereof may be applied, at Buffalo Grove's option and in its discretion, to any subsequent default by Long Grove in any payments due under this Agreement. If so applied, Long Grove shall provide funds immediately to restore the security deposit to the amount required by Buffalo Grove.

c. Return. At the earliest of: (i) the end of the Term, or (ii) two years after the curing of the most recent default by Long Grove, or (iii) such earlier time that Buffalo Grove at its option and in its discretion may determine, any security deposit with all accrued interest shall be returned to Long Grove if Long Grove has performed all its obligations under this Agreement.

F. Beginning of Obligation to Pay. Notwithstanding any other provision of this Agreement, Long Grove's obligation to make any and all payments under this Agreement shall begin with the issuance by Buffalo Grove of the first bill issued after the first delivery of Potable

Water to the Long Grove Waterworks System or any portion thereof. This obligation includes, but is not limited to, any water used to test or prepare the Long Grove Waterworks System.

SECTION 8 SYSTEM OPERATION AND MAINTENANCE. Beginning on a date to be specified by Long Grove ("***Commencement Date***"), which Commencement Date is anticipated to be on or about the Delivery Date, Buffalo Grove shall assume responsibility for the operation and maintenance of the Long Grove Waterworks System on behalf of Long Grove as provided in this Section. Long Grove shall provide Buffalo Grove with at least 30 days advance written notice of the Commencement Date. Buffalo Grove's operation and maintenance of the Long Grove Waterworks System shall be subject to the following terms and conditions:

A. Except as provided in Section 8.B, below, Buffalo Grove will perform all standard routine system operations, maintenance, and repairs including, but not limited to, water system and pump station maintenance (related to the water system excluding the building and related structures), water meter maintenance and repairs, water quality sampling and reporting,, customer billing and routine customer service (the "***Routine Work***"). The cost of the Routine Work is included in the Rate, and shall be performed at no additional cost to Long Grove.

B. Any Long Grove Waterworks System operation and Maintenance not provided for in Section 8A ("***Non-Routine Work***") shall be charged to Long Grove either through an annual charge or on a time and material basis.

C. Unless the Parties enter into a separate agreement for Buffalo Grove's performance of Non-Routine Work based on an annual rate basis, Buffalo Grove agrees to perform any Non-Routine Work on a time and materials basis. For all Non-Routine Work, other than an emergency repair, Buffalo Grove shall provide written notice, including an estimate of the cost of the Non-Routine Work, to Long Grove and obtain Long Grove's authorization to proceed before commencing the Non-Routine Work. For any emergency repair that constitutes Non-Routine Work, Buffalo Grove shall provide Long Grove with notice and an estimate of the cost of the Non-Routine Work as soon as reasonably possible under the circumstances and

shall obtain Long Grove's authorization before proceeding with any further Non-Routine Work after the emergency circumstance has been abated. Buffalo Grove and Long Grove shall cooperate to develop a long-term schedule of planned projects that are anticipated to include Non-Routine Work and shall review and update such project schedule at least once per fiscal year.

D. Buffalo Grove shall perform all Routine Work and Non-Routine Work in a manner that is consistent with Buffalo Grove's operations and maintenance standards for the Buffalo Grove Waterworks System and in compliance with all applicable laws and regulations including those of the Illinois Department of Transportation (IDOT), Illinois Department of Public Health (IDPH), Illinois Environmental Protection Agency (IEPA), IDNR, any other agency having jurisdiction over such activities, and the Long Grove Village Code.

E. The Routine Work and Non-Routine Work shall not be deemed to include any capital system improvements, including: infrastructure replacement or improvement; system expansion or extension; construction or installation of new buildings, pumps, motors, structures, or equipment; and capital planning and funding (collectively, "***Capital Improvements***"). Long Grove shall be solely responsible for the planning, funding, and completion of any Capital Improvements to the Long Grove Waterworks System.

SECTION 9 SPECIAL CONDITIONS AND COVENANTS

A. No Liability for Delay. Long Grove acknowledges and agrees that Buffalo Grove shall not be liable to Long Grove nor any of Long Grove's Customers for any damages occasioned by or in any way related to delay or failure in the delivery of Potable Water to the Long Grove Waterworks System, except if Buffalo Grove delays or discontinues water service in breach of this Agreement, including, but not limited to the requirements of Sections 3 and 4 of this Agreement.

B. Title to Potable Water. Title to all Potable Water supplied hereunder shall remain in Buffalo Grove to the Point of Delivery and thereupon shall pass to Long Grove.

C. Financial Obligations of Long Grove Waterworks System.

i. Payment Obligations. Long Grove shall make all budgetary, emergency, and other provisions and appropriations necessary to provide for and authorize the prompt payment to Buffalo Grove of all amounts under this Agreement.

ii. Future Long Grove Debt. In any revenue bond, indenture, or other evidence of indebtedness hereafter issued by Long Grove, the obligation for payment established pursuant to this Agreement shall be expressly provided and set forth in the ordinances or resolutions providing for the issuance of such bonds, indentures, or other evidence of indebtedness.

D. Long Grove Jurisdiction. Long Grove shall not serve any customers outside of the Connection Area without the express prior written agreement of Buffalo Grove

E. Maintenance and Operation of the Long Grove Waterworks System. Long Grove shall own and maintain, or cause to be maintained, the Long Grove Waterworks System, and all improvements and extensions of said System, in good repair and working order, shall operate said System efficiently, shall take all steps reasonably necessary so that said System may at all times be operated properly and advantageously, and shall punctually perform all duties with respect to said System as may be required by this Agreement, and by the Constitution and laws of the United States of America and the State of Illinois and all other applicable laws. In addition, Long Grove shall carry insurance or other risk management protection on the Long Grove Waterworks System of the kinds and in the amounts which are customarily carried by parties operating similar facilities.

F. Long Grove Regulations Equivalent to Buffalo Grove Regulations. Long Grove shall enact regulatory measures regarding the supply and use of Potable Water drawn from the Long Grove Waterworks System, including, without limitation, lawn sprinkling, that are at least as restrictive as those adopted by Buffalo Grove, provided, however, that Long Grove shall not

be required to enact any regulations that exceed the statutory powers and authority of non-home rule municipalities.

G. Accounting and Audit. Long Grove shall, within six months after the close of each of its fiscal years occurring during the Term, or as soon thereafter as the annual audited financial statements become available, provide to Buffalo Grove complete annual audited financial statements of Long Grove, which may be on a consolidated basis, duly certified by Long Grove's independent certified public accountants. In addition, no later than October 31 of each calendar year, Long Grove shall provide Buffalo Grove with a full accounting of water use and source of supply for the prior 12-month period.

H. Maintain Ownership of Long Grove Waterworks System. Subject to the proper exercise by a governmental authority of its powers of eminent domain including its power to acquire property in lieu of obtaining judgment in an eminent domain action, Long Grove shall continue to own and possess the Long Grove Waterworks System and, within the exercise of reasonable business judgment and in a manner so as not to cause a default hereunder, shall dispose of property which is part of said System only to the extent that such property is no longer useful or profitable in the operations of said System and with approval of Buffalo Grove, which approval shall not be unreasonably withheld.

I. No Sale or Assignment of Long Grove Waterworks System. Long Grove shall not sell, assign or otherwise convey the Long Grove Waterworks System or any portion thereof, or enter into an agreement for the sale of the Long Grove Waterworks System or any portion thereof, unless such sale or conveyance is to Buffalo Grove, or an entity approved by Buffalo Grove, in its sole discretion.

J. Release and Indemnification. Long Grove hereby releases Buffalo Grove from, agrees that Buffalo Grove shall not be liable for, and agrees to indemnify and hold Buffalo Grove harmless from: (1) any liabilities for any loss or damage to property or any injury to, or death of, any third party that may be occasioned by or related to any cause whatsoever

pertaining to the provision of Potable Water under this Agreement, or to construction, installation, removal, relocation, replacement, extension, improvement, maintenance, or operation of the Long Grove Waterworks System or to the Long Grove Connection Facilities, except to the extent caused by the sole negligence of Buffalo Grove or Buffalo Grove's willful breach of this Agreement; or (2) any liabilities, losses, or damages, or claims therefor, arising out of the failure, or claimed failure, of Long Grove to comply with its covenants or obligations contained in this Agreement, including, in each such case, any judgment for attorneys' fees (all of the matters in phrases (1) and (2) being referred to individually as a "Claim" and collectively as the "Claims"). Long Grove agrees to indemnify and hold Buffalo Grove and its employees, officials, and agents harmless to the fullest extent permitted by law from any losses, costs, charges, expenses (including attorneys' fees), judgments, and liabilities incurred by Buffalo Grove and its employees, officials, and agents in connection with any Claim or action, suit, or proceeding instituted or threatened by any third party in connection with any Claim. If any Claim is asserted, Buffalo Grove shall give prompt notice to Long Grove, and Long Grove, if requested by Buffalo Grove, shall assume the defense thereof, it being understood, however, that Long Grove shall not settle or consent to the settlement of any such Claim without the written consent of Buffalo Grove, and that Buffalo Grove shall be entitled to choose the counsel for any such defense. This paragraph shall in no way be construed to be nor shall it be a waiver of any immunity that Buffalo Grove and/or Long Grove may assert to any Claim.

K. Assignment of Litigation. Long Grove shall promptly notify Buffalo Grove of any litigation or administrative or other proceeding concerning this Agreement or which may in any way limit any Party's ability to perform any of the obligations of this Agreement. Upon request of Buffalo Grove, Long Grove shall promptly assign to Buffalo Grove the right to prosecute, defend or intervene in any litigation or administrative or other proceeding, to which Long Grove is a party or in which Long Grove is involved, that involves or arises out of the limitation of the

Party's obligation as set forth in this Agreement. Upon assignment, Buffalo Grove shall be responsible for all costs and expenses of the litigation or administrative or other proceeding.

L. Rate of Withdrawal. Long Grove will take Potable Water at the most uniform and continuous rate of withdrawal practicable.

M. Status as Customer. Long Grove recognizes that it is a Customer of Buffalo Grove and the Buffalo Grove Waterworks System and, as such, agrees to comply with all ordinances and regulations of Buffalo Grove governing usage of the Buffalo Grove Waterworks System and Potable Water supplied thereby, including any usage curtailment requirements implemented by Buffalo Grove or the Commission.

SECTION 10 SCHEDULE FOR COMPLETION OF VARIOUS FACILITIES

A. Plans and Specifications for Long Grove Connection Facilities and Buffalo Grove Connection Facilities. Long Grove shall prepare, and submit to Buffalo Grove for its review and approval, complete detailed plans, specifications, and construction contract documents (collectively the "***Construction Documents***") for Long Grove to construct the Long Grove Connection Facilities and the Buffalo Grove Connection Facilities. Buffalo Grove shall provide its comments and revisions on the Construction Documents to Long Grove within 45 days after receipt of those documents. Long Grove shall incorporate all Buffalo Grove comments and revisions to the Construction Documents necessary to ensure compliance with this Agreement.

B. IEPA and Other Approvals for Long Grove Connection Facilities and Buffalo Grove Connection Facilities. Long Grove shall, within 40 days after receipt of Buffalo Grove's comments and revisions pursuant to Subsection 9A above, submit the final Construction Documents for approval and permitting to the Illinois Environmental Protection Agency (the "IEPA") and each other federal, state, or local governmental body having jurisdiction over the Long Grove Connection Facilities and Buffalo Grove Connection Facilities, and shall diligently pursue each such approval and permit until it is secured.

C. Commencement of Construction of Long Grove Connection Facilities and Buffalo Grove Connection Facilities. Long Grove shall cause construction of the Long Grove Connection Facilities and Buffalo Grove Connection Facilities to be commenced within (120) days after Long Grove receives the last approval from any governmental body required as a condition precedent to construction of the Long Grove Connection Facilities and Buffalo Grove Connection Facilities, or such longer period as may be agreed to in writing by the Parties. Long Grove shall cause construction to be pursued diligently and continuously until it is completed.Transfer of Property Rights/Payment Covenant/Oversizing.

i. Conveyance of Long Grove Easement. Subject to the terms of this Agreement, Long Grove shall grant to Buffalo Grove all necessary easements for the Meter Vault and other Buffalo Grove Connection Facilities to be constructed on property owned or controlled by Long Grove.

ii. Acquisition of Property. Long Grove shall acquire all property rights not already owned by it necessary to fulfill the requirements of this Agreement.

iii. Payment Covenant. It is expressly understood and agreed that Long Grove shall be responsible for all payments for the design and construction of the Long Grove Connection Facilities and Buffalo Grove Connection Facilities. It is further agreed that upon completion of the Buffalo Grove Connection Facilities, and approval thereof by Buffalo Grove, said improvements shall be conveyed to Buffalo Grove, at no cost to Buffalo Grove.

iv. Oversizing. In the event that Buffalo Grove requires that the Long Grove Connection Facilities, the Buffalo Grove Connection Facilities, or any other element of Long Grove's work on an element of the Buffalo Grove Waterworks System be oversized for purposes of maintaining the functionality of the Buffalo Grove Water System and its ability to serve Long Grove pursuant to this Agreement, the Parties shall equally divide the additional costs resulting from such oversizing. In the event that Buffalo Grove requires Long Grove to oversize any element of the Long Grove Connection Facilities, the Buffalo Grove Connection

Facilities, or any other element of Long Grove's work on an element of the Buffalo Grove Waterworks System, said cost of oversizing shall fully be reimbursed to Long Grove through a reduction in the cost of water provided pursuant to this Agreement; such reimbursement will be applied to Long Grove's bill for water service on a monthly basis over a one year period or such longer period as necessary to fully reimburse the cost of oversizing to Long Grove.

SECTION 11 ASSIGNABILITY

A. Assignment by Long Grove. Long Grove shall not assign or transfer this Agreement or any rights or interests herein without the advance written consent of Buffalo Grove.

B. Assignment by Buffalo Grove. The right to receive all payments that are required to be made by Long Grove to Buffalo Grove in accordance with the provisions of this Agreement may be assigned by Buffalo Grove to any bond trustee as provided in any bond ordinance of Buffalo Grove to secure the payment of the principal of and the premium, if any, and interest on such bonds as those amounts come due, subject to the application of those payments as may be provided in the bond ordinance. Buffalo Grove shall not otherwise assign or transfer this Agreement or any rights or interests herein without the advance written consent of Long Grove.

SECTION 12 FORCE MAJEURE

If by reason of *Force Majeure* either Party to this Agreement shall be rendered unable wholly or in part to carry out its obligation under this Agreement, then if such Party shall give notice and full particulars of such *Force Majeure* in writing to the other Party within a reasonable time after occurrence of the event or cause relied on, the obligation of the Party giving such notice, so far as it is affected by such *Force Majeure,* shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such Party shall endeavor to remove or overcome such inability with all reasonable dispatch. The settlement of strikes and lockouts shall be entirely within the discretion of the Party having the difficulty and the above requirement that any *Force Majeure* shall be remedied with all reasonable dispatch

shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party or parties when such settlement is unfavorable to it in the judgment of the Party having the difficulty.

SECTION 13 BUFFALO GROVE DEFAULTS, LONG GROVE TERMINATION

Failure by Buffalo Grove to deliver Potable Water to Long Grove as required by this Agreement for a period of seven days after written notice from Long Grove to Buffalo Grove of such failure, or a failure of Buffalo Grove to perform any other obligation under this Agreement for a period of 60 days after written notice from Long Grove to Buffalo Grove of such failure, shall be a default of Buffalo Grove under this Agreement, unless any such failure is specifically excused by this Agreement. If Buffalo Grove defaults under this Agreement, then Long Grove may declare this Agreement null and void after giving the required notice set forth above.

SECTION 14 LONG GROVE RIGHTS AND OBLIGATIONS

A. Long Grove shall have: (1) no right to terminate, cancel, or rescind this Agreement, except for the rights of termination provided in Section 13 and Section 14.B of this Agreement; (2) no right to withhold from Buffalo Grove payments due under this Agreement; (3) no right to recover from Buffalo Grove amounts previously paid under this Agreement unless paid in error or contrary to the provisions of this Agreement or law; (4) no right of reduction or set-off against the amounts due or to become due under this Agreement to Buffalo Grove except as expressly provided in this Agreement; and (5) no lien on any amounts in any fund established by Buffalo Grove for any reason or on account of the existence or occurrence of any event, condition, or contingency, whether foreseen or unforeseen or foreseeable or unforeseeable by Long Grove or Buffalo Grove or any other person. It is the intent hereof that Long Grove shall be absolutely and unconditionally obligated to make all payments under this Agreement except as otherwise expressly provided in this Agreement.

B. Long Grove shall have the right, upon 60 days' notice to Buffalo Grove, to terminate this Agreement at any time before the commencement of construction of either the Long Grove Connection Facilities or the Buffalo Grove Connection Facilities.

SECTION 15 TAX COVENANTS

At no time shall Long Grove permit use of the Long Grove Waterworks System, as a result of (1) ownership, (2) actual or beneficial use pursuant to a lease or a management, service, incentive payment or output contract, or (3) any other similar arrangement, agreement or understanding, whether written or oral, so that such use would prevent Buffalo Grove from issuing bonds as "governmental use" bonds within the meaning of Section 141 of the Internal Revenue Code of 1986. Furthermore, Long Grove shall not take any action, or omit to take any action lawful and within its power to take, which action or omission would cause interest on any of Buffalo Grove's bonds to become subject to federal income taxes in addition to federal income taxes to which interest on such bond is subject on the date of original issuance thereof. Additionally, Long Grove shall use its best efforts to ensure that none of its debt obligations relative to the Long Grove Waterworks System ever become "private activity bonds" within the meaning of Section 141 of the Internal Revenue Code of 1986.

SECTION 16 COOPERATION IN ISSUANCE OF OBLIGATIONS

Long Grove and Buffalo Grove shall cooperate with each other in the issuance of their respective debt obligations. Each shall comply with all reasonable requests of the other and shall, upon reasonable request of the other:

A. Make available general and financial information about itself; and

B. Consent to publication and distribution of its financial information; and

C. Certify that general and financial information about it is accurate, does not contain an untrue statement of a material fact, and does not omit to state a material fact necessary in order to make the statements in that information, in light of the circumstances under which they were made, not misleading; and

D. Make available certified copies of official proceedings; and

E. Provide reasonable certifications to be used in a transcript of closing documents; and

F. Provide and pay for reasonably requested opinions of counsel of its choice as to the validity of its actions taken with respect to and the binding effect of this Agreement, title to the applicable system, pending or threatened litigation which could materially affect its performance hereunder, and other reasonably related opinions. The first such opinion that is requested by each Party shall be at opposite Party's sole cost and expense. Subsequent opinions shall be at the sole cost and expense of the requesting Party.

The provisions of Subsection A of this Section shall be deemed satisfied by delivery of a complete set of the annual audited financial statements for the most recently completed fiscal year, duly certified by independent certified public accountants.

SECTION 17 REGULATORY BODIES

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

SECTION 18 OTHER WATER SUPPLIERS; WELLS.

Notwithstanding any of the provisions of this Agreement, Buffalo Grove is not prohibited by this Agreement from entering into cooperative arrangements with other suppliers or users of Potable Water to provide Potable Water to each other to meet each other's water needs, provided that these arrangements do not interfere, except in emergencies, with the delivery of

Potable Water to the Long Grove Waterworks System in accordance with this Agreement. Subject to compliance with Section 4 of this Agreement, nothing in this Agreement shall be construed to limit Long Grove's ability to seek or obtain potable water from other providers, to produce such water itself, or to allow the construction and use of private wells to serve properties within the Connection Area for which a connection to the Long Grove Waterworks System is not available. Additionally, nothing herein shall prohibit the construction of water wells solely for irrigation purposes on any property within the Connection Area provided that such wells are not connected or interconnected in any way with the Long Grove Waterworks System or the Buffalo Grove Waterworks System.

SECTION 19 EFFECTIVE DATE: TERM

A. Effective Date. This Agreement shall be effective immediately after authorization and execution by both Parties hereto.

B. Term. Unless earlier terminated in accordance with the provisions of this Agreement, this Agreement shall continue in force and effect for 20 years after the Effective Date, at which time this Agreement shall automatically renew for successive 20-year terms unless either Party provides a written notice of termination to the other Party not more than 30 months nor less than 24 months prior to the end of the then-current Agreement term. In the event that either party serves such notice of termination in accordance with this section, the Agreement shall terminate on the last day of the then-current Agreement term.

SECTION 20 TERMINATION BY BUFFALO GROVE

A. Buffalo Grove shall have no right to terminate, cancel, or rescind this Agreement, except for the rights of termination provided in Section 20.B, below.

B. Upon the occurrence of any of the following events, Buffalo Grove may declare this Agreement null and void after giving the required notice set forth below:

i. If Long Grove fails to perform any obligation under this Agreement (other than the obligation to timely make any payment, in which case Buffalo Grove may exercise the

remedies set forth in Section 7.E of this Agreement) for a period of 60 days after written notice from Buffalo Grove to Long Grove of such failure, unless such failure is specifically excused by this Agreement; or

ii. If Long Grove's performance or non-performance under this Agreement creates an immediate threat of damage to the Buffalo Grove Waterworks System or of danger to public health and, after written notice from Buffalo Grove to Long Grove, the Parties are unable to reasonably and promptly mitigate the threat of damage or danger by engineering, operational, or other means short of termination of this Agreement; or

iii. If Buffalo Grove's right to receive a Potable Water supply from the Commission is terminated or expires, after written notice from Buffalo Grove to Long Grove no less than 90 days prior to the scheduled expiration of such right or no more than 3 business days after Buffalo Grove's receipt of any default, termination, or similar notice from the Commission relating to the possible termination of such right.

SECTION 21 GENERAL

A. Governing Law. This Agreement and the rights of the Parties hereunder shall be interpreted and enforced in accordance with the internal laws, but not the conflicts of laws rules, of the State of Illinois.

B. Notices. Unless expressly provided otherwise herein, all notices and other communications in connection with this Agreement shall be in writing, and shall be deemed delivered to the addressee thereof when delivered in person at the address set forth below, or three business days after deposit thereof in any main or branch United States post office, overnight express delivery, or mailed by United States registered mail or certified mail, postage prepaid, properly addressed to the Parties, respectively, as follows:

For notices and communications to Buffalo Grove:

The Village of Buffalo Grove
50 Raupp Blvd.
Buffalo Grove, IL 60089

Attention: Village Manager

For notices and communications to Long Grove:

Village of Long Grove
3110 Old McHenry Rd
Long Grove, IL 60047
Attention: Village Manager

By notice complying with the foregoing requirements of this Subsection, each Party shall have the right to change the address or addressee, or both, for all future notices and communications to such Party, but no notice of a change of address shall be effective until actually received.

C. Time. Any reference herein to time of day shall refer to local time for Buffalo Grove, Illinois.

D. Entire Agreement. This Agreement, including the exhibits hereto, contains the entire agreement between the Parties hereto with respect to the transactions contemplated by this Agreement and matters related thereto, and does hereby supersede and render null and void and of no further force or effect any and all prior agreements, drafts of agreements and understandings between the Parties.

E. Amendments. This Agreement may not be modified or amended except by a written instrument executed by each of the Parties hereto.

F. Further Action. Each of the Parties hereto agree from time to time to execute and deliver such further instruments, and to take such further action not inconsistent with the provisions of this Agreement, as may reasonably be necessary in order to fully perform and carry out the terms and intent hereof.

G. Captions. The headings, titles or captions contained in this Agreement have been inserted only as a matter of convenience and for reference, and such captions in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

H. Exhibits. Exhibits A through D attached hereto are, by this reference, incorporated herein. In case of any conflict between an exhibit to the Agreement and the text of

this Agreement, the text of this Agreement shall control. The Parties recognize that Exhibit B is not in final form as of the date of execution of this Agreement. When that Exhibit B is in final and approved by both Parties, it shall be deemed to be incorporated into this Agreement.

I. Changes in Laws. Unless otherwise explicitly provided in this Agreement, any reference to laws, ordinances, rules, or regulations shall include such laws, ordinances, rules, or regulations as they may be amended or modified from time to time hereafter.

J. Time is of the Essence. Time is of the essence in the performance of all terms and provisions of this Agreement.

K. Pending Lawsuits. There are no agreements in effect and no lawsuits pending or, to the best of either Parties' knowledge, threatened, that would materially and adversely affect the ability of either Party to fulfill the terms of this Agreement.

L. Responsible Party. Long Grove shall notify and keep Buffalo Grove informed of a telephone number or numbers at which a responsible individual with knowledge of water operations for Long Grove can be reached at all times to an emergency. Initially, Long Grove designates the following telephone number and names: Telephone: 847-634-9440; Name: David Lothspeich.

M. Buffalo Grove Exemptions. The Parties agree that Buffalo Grove shall be exempt from the zoning and permitting authority of Long Grove with respect to the facilities and equipment constructed pursuant to this Agreement. Further, for any project performed in furtherance of this Agreement, Buffalo Grove shall not be charged any fees or costs by Long Grove.

N. Severability. In the event any part or portion of this Agreement, or any provision, clause, wording or designation contained within this Agreement, is held to be invalid by a court of competent jurisdiction, such part, portion, provision, clause, wording or designation shall be deemed to be excised from this Agreement and the invalidity thereof shall not affect the remainder of this Agreement.

O. Reimbursement of Professional Fees/Costs. Long Grove agrees to reimburse Buffalo Grove for all legal, engineering and other professional fees incurred by Buffalo Grove related to the design, review, construction, and approval of all facilities necessary to provide Long Grove with Potable Water pursuant to this Agreement. The Parties shall confer regularly to estimate fees, to review fees that have been incurred and to consider what fees are estimated still to be incurred, and Buffalo Grove will take all reasonable and appropriate steps to avoid excessive fees.

P. Successors and Assigns. This Agreement shall be binding on, and shall inure to the benefit of, the successors and permitted assigns of Long Grove and Buffalo Grove. Neither Party shall assign this Agreement, in whole or in part, or any of its rights or obligations under this Agreement, except as expressly authorized by this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties hereto have caused their respective corporate names to be subscribed hereto and their respective corporate seals to be affixed hereto and attested by their duly authorized officers, all on the date first shown above.

VILLAGE OF BUFFALO GROVE, an Illinois municipal corporation

By: _____ Date: _____
Beverly Sussman, Village President

(SEAL)

ATTEST:

By: _____
Jan Sirabian, Village Clerk

VILLAGE OF LONG GROVE, an Illinois municipal corporation

By: _____ Date: _____
Angie Underwood, Village President

(SEAL)

ATTEST:

By: _____
Heidi Locker-Scheer, Village Clerk

STATE OF ILLINOIS)
) SS
COUNTY OF _____)

This instrument was acknowledged before me on _____, 20__, by _____, the Village President of the **VILLAGE OF BUFFALO GROVE**, an Illinois municipal corporation, and by _____, the Clerk of said Village.

_____
Signature of Notary

SEAL

My Commission expires: _____

STATE OF ILLINOIS)
) SS
COUNTY OF LAKE)

This instrument was acknowledged before me on _____, 20__, by _____, Village President of the **VILLAGE OF LONG GROVE**, an Illinois municipal corporation, and by _____, Clerk of said Village.

_____
Signature of Notary

SEAL

My Commission expires: _____

LIST OF EXHIBITS

Exhibit A: Long Grove Waterworks System

Exhibit B: Preliminary Plan for Buffalo Grove Connection Facilities, Long Grove Connection Facilities, and the Point of Delivery

Exhibit C: Connection Area

Exhibit D: Illinois Department of Natural Resources Water Allocation.

DRAFT

EXHIBIT A

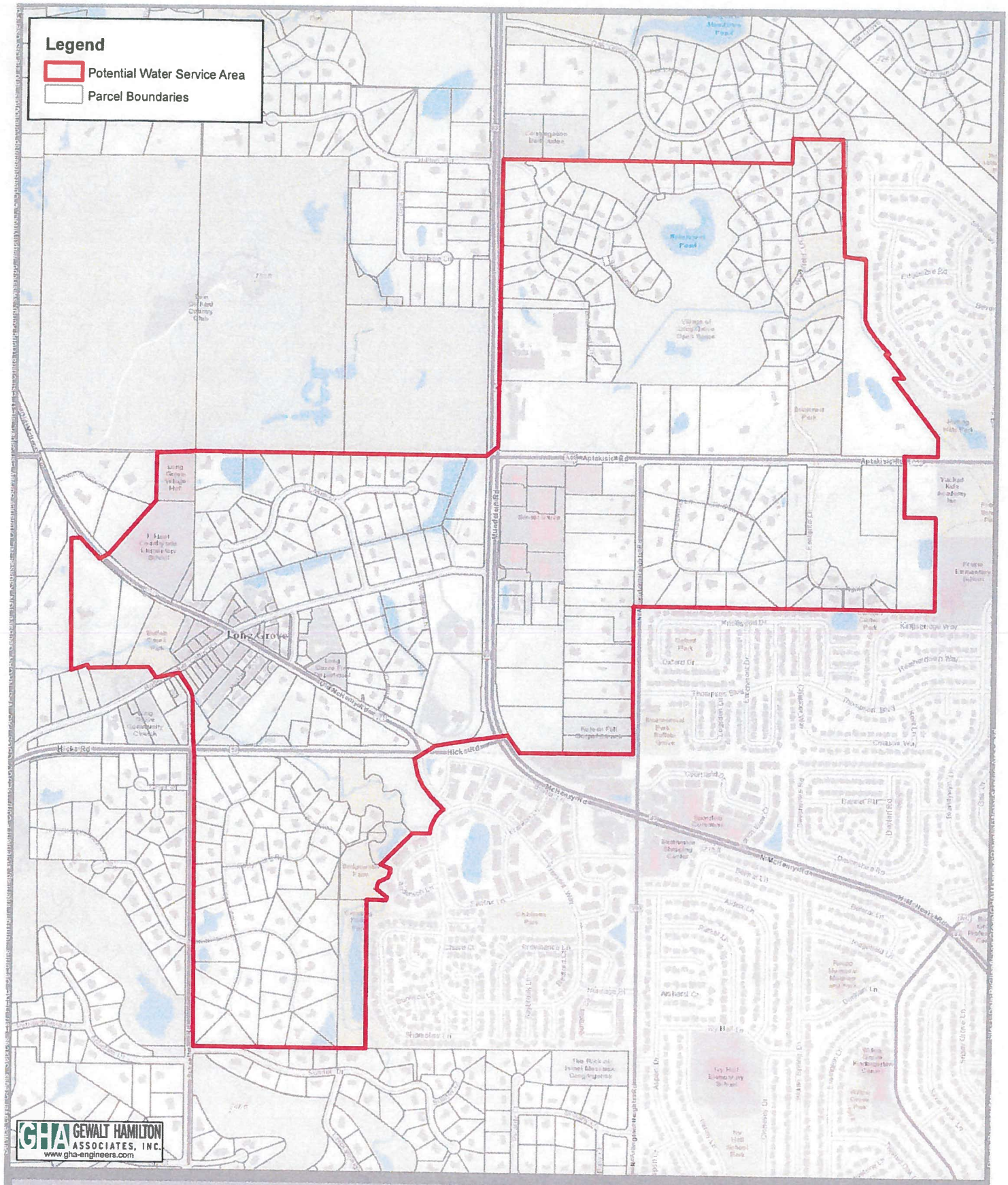
LONG GROVE WATERWORKS SYSTEM

EXHIBIT B

PRELIMINARY PLAN FOR BUFFALO GROVE CONNECTION FACILITIES, LONG GROVE CONNECTION FACILITIES, AND THE POINT OF DELIVERY

EXHIBIT C

CONNECTION AREA



N

1 inch = 1,100 Feet

Potential Water Service Area

Village of Long Grove, Illinois

Map Center: -87.98921 42.17938

Date: 5/4/2018 Project: 5000.000

EXHIBIT D

LONG GROVE ILLINOIS DEPARTMENT OF NATURAL RESOURCES APPROVED WATER ALLOCATION

Illinois Department of
Natural Resources

One Natural Resources Way Springfield, Illinois 62702-1271
http://dnr.state.il.us

Pat Quinn, Governor
Marc Miller, Director

RECEIVED
OCT 11 2011
VILLAGE OF LONG GROVE

Office of Water Resources, Michael A. Bilandic Building, 160 N. LaSalle Street, Suite S-700
Chicago, IL 60601 Phone: 312/793-3123 Fax: 312/793-5968

October 11, 2011

Mr. David Lothspeich
Village Manager
Village of Long Grove
3110 Old McHenry Road
Long Grove, IL 60047

Dear Mr. Lothspeich:

Enclosed is Long Grove's Lake Michigan Water Allocation Permit 2011-211. As a requirement of the permit, all the conditions on the back of the permit must be met. If you have not previously met them, please send evidence, in the form of ordinances, that all the conditions have been met.

If you have any questions, feel free to call me at (312) 793-5947.

Sincerely,

James P. Casey

James P. Casey
Lake Michigan Management Section

JC:cp

Enclosure

State of Illinois
Department of Natural Resources
Office of Water Resources

Lake Michigan Allocation Permit No. 2011-211

The Illinois Department of Natural Resources Hereby Grants

Village of Long Grove

an allocation of water from Lake Michigan in the amounts set below for the accounting years indicated, subject to the conditions contained in this Permit (see reverse side):

YEAR	AMOUNT	YEAR	AMOUNT
2015	0.096	2023	0.320
2016	0.111	2024	0.372
2017	0.129	2025	0.433
2018	0.150	2026	0.503
2019	0.175	2027	0.585
2020	0.203	2028	0.680
2021	0.237	2029	0.791
2022	0.275	2030	0.920

All amounts listed in million gallons per day (MGD).

Date of Issuance: February 1, 2011

Marc Miller, Director
Illinois Department of Natural Resources

Conditions of Permit

As a condition of receiving an allocation of Lake Michigan water, the Department requires that all permittees comply with the following:

1) That
   a) all new water services be metered.
   b) all existing unmetered services be metered as part of any major remodeling.

2) That (where applicable to permittee) permittee will modify local plumbing codes or ordinances to require:

   a) The installation of the following water efficient plumbing fixtures (based on a pressure at the fixture of 40 to 50 psi) in all new construction and in all repair and/or replacement of fixtures or trim:

FIXTURES	MAXIMUM FLOW
Water Closets, tank type	3.5 gal per flush
Water Closets, flushometer type	3.0 gal per flush
Urinals, tank type	3.0 gal per flush
Urinals, flushometer type	3.0 gal per flush
Shower Heads	3.0 GPM
Lavatory, sink faucets	3.0 GPM

   b) The installation of closed system air conditioning in all new construction and in all new remodeling.
   c) that all lavatories for public use in new construction or remodeling be equipped with metering or self-closing faucets.
   d) That all newly constructed or remodeled car wash installation be equipped with a water recycling system.
   e) restrictions on non-essential outside water uses to prevent excessive, wasteful use. As a minimum, unrestricted lawn sprinkling will not be allowed from May 15 - September 15 of each year.

3) That all permittees will agree to submit to the Department proposals designed to reduce or eliminate wasteful water use and to reduce unaccounted-for-flows to 8% or less based on net annual pumpage, and procedures used to determine efficiency of water metering or accounting in permittee's system.

4) That all permittees will limit hydrant uses to 1% or less of net annual pumpage. The Department may grant an exception to this requirement if it can be shown by the permittee that this requirement cannot be met. In determining the merits of a request for an exception, the Department may consider engineering studies of hydrant uses and unusual circumstances during an annual accounting period.

5) That within 90 days of receipt of an allocation permit, each permittee which uses any water from deep aquifer pumpage shall submit a phased program to end this practice.

6) That permittee will comply with all applicable reporting requirements as specified in Section 730.309 of the Department's Rules and Regulations for the Allocation of Lake Michigan water.

Special Conditions: