

**FIRST AMENDMENT TO THE
•REGIONAL WATER SYSTEM•
WATER SALE, PURCHASE AND SERVICE AGREEMENT
BETWEEN THE VILLAGE OF OAK LAWN, ILLINOIS AND
CERTAIN OF ITS MUNICIPAL CUSTOMERS**

This First Amendment to the Water Sale, Purchase and Service Agreement (this “*Amendment*”) made and entered into as of the Effective Date defined below, by and between the VILLAGE OF OAK LAWN, COOK COUNTY, ILLINOIS, an Illinois municipal corporation and home rule unit duly organized and existing under the laws of the State of Illinois (“*Oak Lawn*”), and each of the following units of local government:

VILLAGE OF MOKENA
VILLAGE OF NEW LENOX
CITY OF OAK FOREST

VILLAGE OF ORLAND PARK
VILLAGE OF TINLEY PARK

(the “*Southwest System Customers*”), and all of Oak Lawn and the named municipalities referred to collectively as the “*Parties*” and each individually as a “*Party*.”

WITNESSETH:

PREAMBLES

A. The Parties have entered into that certain Water Sale, Purchase and Service Agreement dated as of August 1, 2014 (the “*Agreement*”).

B. The estimated costs and completion date of the 2013 Regional System Improvements have changed substantially since the date of the Agreement; such increased costs and extended completion date being caused by multiple factors, including (i) changes to the scope of the 2013 Regional System Improvements, (ii) the costs of licenses, easements and permits, (iii) additional engineering and construction management services, and (iv) the costs of escalation and inflation.

C. The Parties now desire to amend the Agreement on the terms and conditions set forth herein.

D. The Parties have each, respectively, duly authorized their respective Presidents or Mayors to sign and their Municipal Clerks to attest this Amendment.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and undertakings contained herein, and other valuable consideration the receipt and sufficiency of which is hereby acknowledged by the undersigned, the Parties hereby agree as follows:

Section 1. Recitals and Definitions.

A. *Recitals.* The above paragraphs and recitals are hereby incorporated by reference, as if set forth within this Section 1.

B. *Definitions.* Unless otherwise defined in this Amendment, capitalized terms used herein shall have the respective meanings assigned to such terms in the Agreement.

Section 2. Amendment to Agreement.

A. The Agreement is hereby modified and amended to reflect the terms hereof; and wherever reference is made to the Agreement, such reference shall be deemed to refer to the Agreement as modified and amended by this Amendment.

B. The definition of “Asset Management Program” in Section 1.B. of the Agreement, is hereby amended to read as follows:

“*Asset Management Program*” means a written document providing asset management planning to determine the condition, and identify maintenance, rehabilitation and replacement needs, of the Oak Lawn Regional Water System, in a manner consistent with the International Infrastructure Management Manual, International Edition 2011, by the National Asset Management Support Group, and providing for the implementation of such system operations, repairs, rehabilitations and replacement as will meet such needs in a timely and practical manner.

C. The definition of “Equitable Return” in Section 1.B. of the Agreement, is hereby amended to read as follows:

“*Equitable Return*” means the amount set forth as follows:

(A) for purposes of this definition, the following further terms are defined:

(1) “*Annual Increase*” means an increase in the rate of return over the rate for the prior Fiscal Year equal to the greater of 2% or the increase in the PPI, year over year, as most recently published;

(2) “*Initial Rate*” means \$0.05 (5 cents) per 1,000 gallons of Chicago Water delivered under this Agreement;

(3) “*Subsequent Rate*” means \$0.10 (10 cents) per 1,000 gallons of Chicago Water delivered under this Agreement;

(B) For the Fiscal Year 2014 and each Fiscal Year thereafter until the end of the Fiscal Year 2020, Equitable Return shall be the Initial Rate;

(C) For the Fiscal Year 2021 and each Fiscal Year thereafter until the end of the Fiscal Year after the Fiscal Year in which the 2013 Regional System Improvements are Substantially Complete and Operational, Equitable Return shall be the Subsequent Rate; and

(D) For each Fiscal Year thereafter Equitable Return means the rate of such return for the prior Fiscal Year plus the Annual Increase.

D. Section 8.F. of the Agreement is hereby amended to read as follows

Asset Management and Asset Management Program. Oak Lawn will identify and implement best management practices and standards for the Oak Lawn Regional Water System. To that end, within two (2) years after the Effective Date, Oak Lawn will provide an Asset Management Program. The Asset Management Program shall thereafter be updated biennially. To be effective for the provisions of this Agreement, the Asset Management Program and any annual updates must be approved by Executive Consent Obtained. Upon such consent, Oak Lawn shall implement such Asset Management Program.

E. Section 11.D. of the Agreement is hereby amended to read as follows:

(1) *Construction of the Orland Spur Two Main.* As part of the 2013 Regional Water System Improvements, Oak Lawn will design, construct and install the Orland Spur Two Main, the cost of which will be borne and paid for by Orland Park as part of Orland Park's share of the Capital Costs and Charges. The Orland Spur Two Main shall be designed and constructed in accordance with Oak Lawn's specifications, including but not limited to the flow meter configuration and the corrosion control system. Orland Park shall be named as the owner on any permit or easement related to the Orland Spur Two Main. (2) *Alternate Pipe Size Election.* Oak Lawn shall include alternate bid items in the bid package for the Orland Spur Two Main for alternate pipe sizes for the Main that are larger than 24-inches in diameter as requested by Orland Park. Oak Lawn shall notify Orland Park of the prices received for the alternate pipe sizes; in the event that Orland Park notifies Oak Lawn that Orland Park elects to have the Main be constructed in one of the alternate pipe sizes, Oak Lawn shall include the alternate pipe size elected by Orland Park in the contract for that bid package. Oak Lawn shall include the additional cost of construction of the Main resulting from the election of the alternate pipe size in the relevant bid package which shall be financed by the issuance of New Series Bonds. Orland Park shall be allocated that portion of the bid package attributable

to the additional cost of the alternate pipe size and shall be directly billed for a pro-rata percentage of the debt service due on the New Series Bonds issued for said bid package. (3) *Conveyance of and License to Use the Orland Spur Two Main.* Upon completion and final acceptance, Oak Lawn will convey the Orland Spur Two Main to Orland Park by a bill of sale from Oak Lawn to Orland Park. After completion of that conveyance, for the remaining term of this Agreement: (i) Orland Park hereby grants to Oak Lawn a license to operate, use, maintain, test, inspect, repair, remove, and replace, together with all reasonable rights of ingress and egress necessary for the exercise of the license, as a part of and an expense of the Oak Lawn Regional Water System, the Orland Spur Two Main; (ii) the Orland Spur Two Main will be owned by Orland Park and such ownership shall continue to be held by Orland Park; and (iii) Orland Park reserves the right (a) to test and inspect the Orland Spur Two Main at any time without notice to Oak Lawn, and (b) to repair, or to remove and replace, the Orland Spur Two Main following notice to Oak Lawn and Oak Lawn's failure to complete the necessary repair, or removal and replacement, following ninety (90) days notice to Oak Lawn of the need for the repair, or removal and replacement. Orland Park will submit evidence of all costs and expenses incurred in connection with any such repair, or removal and replacement, and such costs and expenses shall be reimbursed by Oak Lawn to Orland Park and such costs and expenses shall be treated by Oak Lawn as costs and expenses of Oak Lawn Regional Water System.

F. Section 11.E. shall be added to the Agreement as follows:

E. *Palos Hills Connection and Pump Station Building.* As part of the 2013 Regional Water System Improvements, Oak Lawn will design, construct and install the Palos Hills Connection and construct and install a new Pump Station Building, the cost of which will be borne and paid for by Palos Hills as part of Palos Hills' share of the Capital Costs and Charges up to the amount of \$2,666,670. Oak Lawn shall include any costs in excess \$2,666,670 for the construction of the Connection and Pump Station Building in Bid Package 8 which shall be financed by the issuance of New Series Bonds. Palos Hills shall be allocated that portion of Bid Package 8 in excess \$2,666,670 and shall be directly billed for a pro-rata percentage of the debt service due on the New Series Bonds issued for Bid Package 8. Upon completion and final acceptance, Oak Lawn is to convey the Pump Station Building to Palos Hills by a bill of sale from Oak Lawn to Palos Hills; *provided, however*, that Oak Lawn shall retain ownership to the piping and all appurtenances to the downstream flange of the flow

meter and that Palos Hills shall grant Oak Lawn right of access to the Pump Station Building for the purpose of maintaining said piping and appurtenances. After completion of that conveyance, for the remaining term of this Agreement, the Pump Station Building will be owned by Palos Hills and such ownership shall continue to be held by Palos Hills and Oak Lawn shall have no right or obligation to operate, use or maintain the Pump Station Building except for said piping and appurtenances described herein. Palos Hills shall be named as the owner on any permit or easement related to the Pump Station Building.

G. Section 13.A. of the Agreement is hereby amended to read as follows:

2013 Regional System Improvements. Oak Lawn will construct the 2013 Regional System Improvements with due diligence. Oak Lawn will undertake to work and cooperate with the Municipal Customers to establish construction schedules which will efficiently cause acquisition and construction of the System Projects that comprise the 2013 Regional System Improvements so as to meet the needs of the Municipal Customers with minimal disruptions of service, and the Municipal Customers shall likewise work and cooperate with Oak Lawn to such end and to provide such facilities within each respective Municipal Customer Water System as will permit the Oak Lawn Regional Water System to efficiently serve such needs. Subject to *force majeure*, Oak Lawn will endeavor to complete the 2013 Regional System Improvements by December 31, 2025. Further, Oak Lawn shall proceed with due diligence to construct the 2013 Regional System Improvements. Oak Lawn shall not change any route approved herein for the 2013 Regional System Improvements to a route which is not through Cook County Forest Preserve District land without Corporate Consent Obtained. Further, beginning with Bid Package 4A and for all subsequent Bid Packages, Executive Consent Obtained is required to award a Bid Package, approve engineering (design and construction) contracts for such Bid Package and approve any additional engineering requirements exceeding \$5,000 per Bid Package.

H. Section 13.C. is hereby added to the Agreement as follows:

Palos Park Option to Upgrade the Size of Its System Connection Main. The Municipal Customers acknowledge that, as part of the 2013 Regional Water System Improvements, Oak Lawn will design, construct and install the transmission main that connects the West Side Transmission Main to the Palos Park Point of Delivery (the "*Palos Park System Connection Main*"), the cost of

which will be borne and paid for by Palos Park as part of Palos Park's share of the Capital Costs and Charges. Oak Lawn shall include alternate bid items in the bid package for the Palos Park System Connection Main for alternate pipe sizes for the Palos Park System Connection Main that are larger than 10-inches in diameter as requested by Palos Park. Oak Lawn shall notify Palos Park of the prices received for the alternate pipe sizes. In the event that Palos Park notifies Oak Lawn that Palos Park elects to have the Palos Park System Connection Main be constructed in one of the alternate pipe sizes, Oak Lawn shall include the alternate pipe size elected by Palos Park in the contract for that bid package. Within thirty (30) days after completion and final approval of the Palos Park System Connection Main and the submission of an invoice by Oak Lawn to Palos Park therefor, Palos Park is to reimburse Oak Lawn for the additional cost of construction of the Palos Park System Connection Main resulting from the election of the alternate pipe size, and Palos Park is not to pay any additional amount as a part of the Capital Costs and Charges due to the election of the alternate pipe size. Alternatively, at the request of Palos Park, Oak Lawn shall include the additional cost of construction of the Main resulting from the election of the alternate pipe size in the relevant bid package which shall be financed by the issuance of New Series Bonds. Palos Park shall be allocated that portion of the bid package attributable to the additional cost of the alternate pipe size and shall be directly billed for a pro-rata percentage of the debt service due on the New Series Bonds issued for said bid package.

I. Section 13.D. of the Agreement is hereby added to the Agreement as follows:

Realignment of Transmission Main. Oak Lawn and the Municipal Customers agree to a realignment of the Transmission Main for Bid Package 7A (Cross-Town Connection to Booster Station 2) and Bid Package 7B (Orland Park Spur Two Main), such that the intersection of the improvements financed by Bid Package 7A and Bid Package 7B occurs at a point south of 151st Street as shown on *Exhibit C-1* attached hereto (with such further changes or modifications as approved by Executive Consent Obtained). Orland Park shall be allocated \$812,800 of any additional costs resulting from this realignment (including 36-inches of the 60-inch pipe running south of 151st Street along the Com-Ed corridor, engineering costs, construction services, permit fees and easements) and shall be directly billed for a pro-rata percentage of the debt service due on the New Series Bonds issued for said bid package. Any additional costs as a result of the realignment in

excess of \$812,800 shall be paid by the Municipal Customers as a part of the Capital Costs and Charges.

J. The following is hereby added to the end of Section 15.E. of the Agreement:

Such True Up as described herein is subject to approval by Executive Consent Obtained. In addition, beginning in Fiscal Year 2021, the cost of water leakage out of the Oak Lawn Regional Water System (being the variance between the amount of water billed by Chicago less the amount of water billed by the Oak Lawn Regional Water System to the Municipal Customers) for the previous year (Fiscal Year 2020) shall be paid by each Municipal Customer according to each Municipal Customer's Proportionate Share.

K. The first sentence of Section 15.C.(2) of the Agreement is hereby amended to read as follows:

Other Non-Operating Charges shall include an accumulation for a reserve for the Oak Lawn Regional Water System for Operation and Maintenance Costs (the "*O&M Reserve*" which reserve is intended to provide for unforeseen increases in such costs, Default Costs, or, as provided in the proceedings for the issuance of the Bonds, to pay Bonds in the event there has been a default in the payment of Capital Costs and Charges or to pay Bonds issued in the form of a revolving line of credit).

L. The following sentence is hereby added to Section 18.C. of the Agreement:

Specifically, in connection with a bond rating, bond issuance or bond continuing disclosure agreement, each Municipal Customer shall provide financial information about itself within 60 days of request by Oak Lawn.

M. Attachment 2 of Exhibit B to the Agreement, depicting the Point of Delivery to Palos Hills, is hereby replaced with *Exhibit 1* attached hereto.

N. Exhibit C-1 of the Agreement, being the Realignment of Bid Package 7A and 7B, is hereby added to the Agreement as shown on *Exhibit 2* attached hereto.

O. Exhibit O of the Agreement, being the Financing Plan and Parameters for the 2013 Regional System Improvements, is hereby replaced with *Exhibit 3* attached hereto.

P. Exhibit P of the Agreement, being the Statement of Mutual Cooperation Process, is hereby replaced with *Exhibit 4* attached hereto.

Section 3. Effectiveness.

A. This Amendment shall become binding upon the Parties upon (1) execution and delivery by Oak Lawn and the other Parties hereto of counterparts of this Amendment (2) execution and delivery by Oak Lawn and each of the North System Customers (as defined in the Agreement) of counterparts of the First Amendment to the Water Sale, Purchase and Service Agreement by and between Oak Lawn and the North System Customers. Provided such conditions have been met, the Effective Date of this Amendment shall be the first day of the month following the completion of the actions set forth in clauses (1) and (2) herein.

B. The Parties hereby consent to the terms, provisions and conditions of this Amendment and hereby ratify, confirm and approve the Agreement, as modified and amended herein, and acknowledge that the Agreement, as modified and amended herein, shall remain in full force and effect.

C. It is the express intention and agreement of the Parties that the modification and amendment of the Agreement is not intended or to be construed as an extinguishment, revocation, satisfaction or discharge of any of the liabilities or obligations under the Agreement.

Section 4. Miscellaneous.

A. Should any part, term or provision of this Amendment be determined by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining portions or provisions shall not be affected thereby.

B. This Amendment shall be governed by and construed in accordance with the laws of the State of Illinois, without giving effect to its principles of conflict of laws.

C. This Amendment may be executed in any number of counterparts, each of which shall be executed by Oak Lawn and the other Parties and all of which shall be regarded for all purposes as one original and shall constitute and be but one and the same.

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IN WITNESS WHEREOF, Oak Lawn and each of the Southwest System Customers have caused their respective corporate seals to be hereunto affixed and attested and these presents to be signed by their respective officers.

SOUTHWEST SYSTEM CUSTOMERS:

VILLAGE OF MOKENA

By: _____
Its: Village President

ATTESTED:

Municipal Clerk

[SEAL]

DATED: _____, 2020

VILLAGE OF NEW LENOX

By: _____
Its: Mayor

ATTESTED:

Municipal Clerk

[SEAL]

DATED: _____, 2020

CITY OF OAK FOREST

By: _____
Its: Mayor

ATTESTED:

Municipal Clerk

[SEAL]

DATED: _____, 2020

VILLAGE OF ORLAND PARK

By: _____
Its: Village President

ATTESTED:

Municipal Clerk

[SEAL]

DATED: _____, 2020

VILLAGE OF TINLEY PARK

By: _____
Its: Village President

ATTESTED:

Municipal Clerk

[SEAL]

DATED: _____, 2020

OAK LAWN:

VILLAGE OF OAK LAWN

By: _____
Its: Village President

ATTESTED:

Municipal Clerk

[SEAL]

DATED: _____, 2020

EXHIBIT 1
TO THE FIRST AMENDMENT TO THE REGIONAL WATER SYSTEM
WATER SALE, PURCHASE AND SERVICE AGREEMENT

EXHIBIT B – ATTACHMENT 2

OAK LAWN REGIONAL WATER SYSTEM POINT OF DELIVERY TO PALOS HILLS

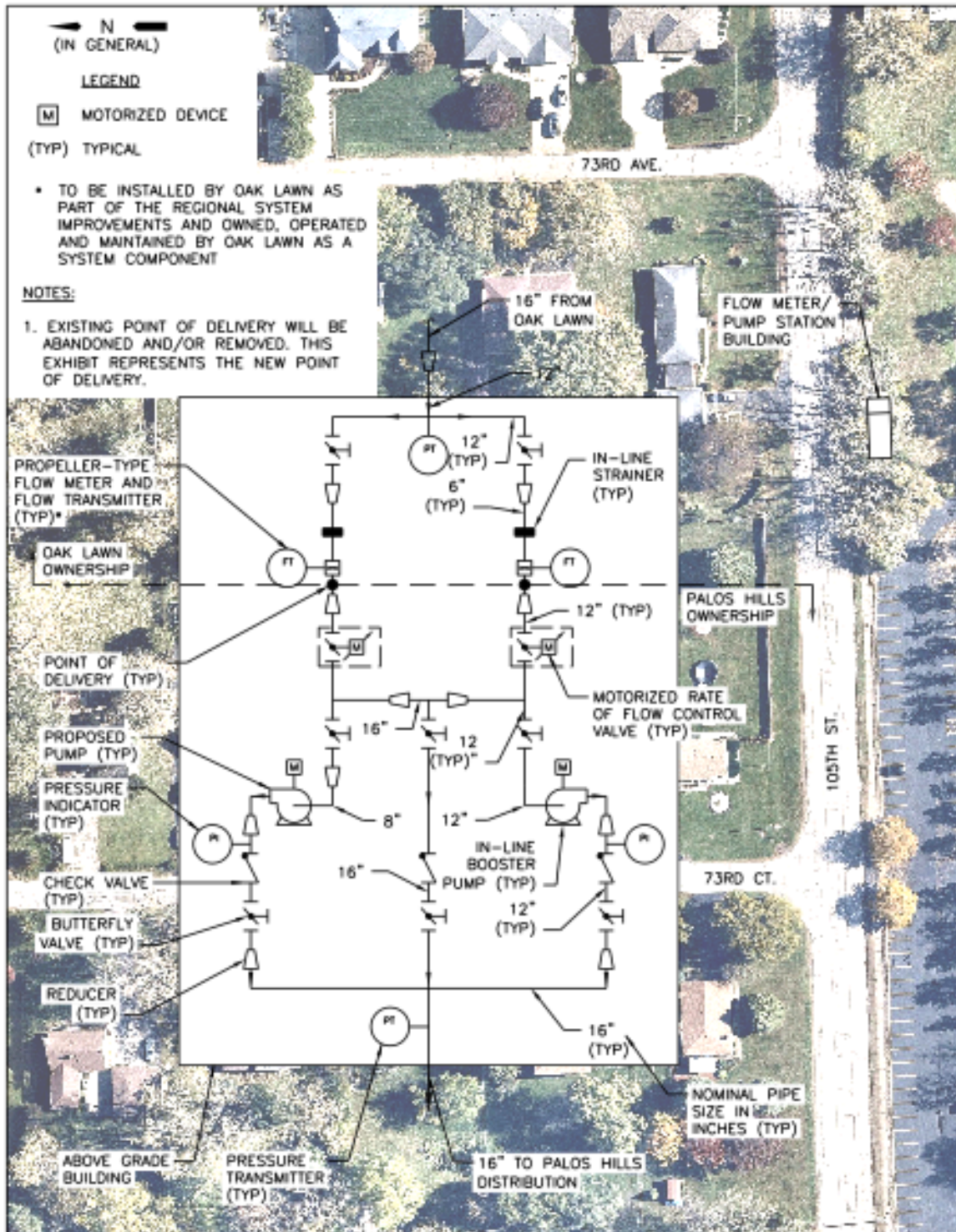


EXHIBIT 2
TO THE FIRST AMENDMENT TO THE REGIONAL WATER SYSTEM
WATER SALE, PURCHASE AND SERVICE AGREEMENT

EXHIBIT C-1
REALIGNMENT OF BID PACKAGES 7A AND 7B



Village of Oak Lawn Water Transmission Main Bid Packages 7A & 7B - Revised Alignments



EXHIBIT 3
TO THE FIRST AMENDMENT TO THE REGIONAL WATER SYSTEM
WATER SALE, PURCHASE AND SERVICE AGREEMENT

EXHIBIT O

FINANCING PLAN AND PARAMETERS
OAK LAWN REGIONAL WATER SYSTEM
“NEW SERIES BONDS” FOR THE
“2013 REGIONAL SYSTEM IMPROVEMENTS”

I. INTRODUCTION.

This Financing Plan and Parameters (the or this “*FPP*”) is set forth as Exhibit O to that certain “Regional Water System Water Sale, Purchase and Service Agreement Between the Village of Oak Lawn, Illinois and Certain of Its Municipal Customers” (the “*Agreement*”). The defined terms of the Agreement are incorporated by reference, unless otherwise defined expressly in this Exhibit O or unless the context or use of a term clearly indicates another meaning is intended. This FPP is pursuant to Section 4.B of the Agreement and relates to the New Series Bonds and Bonds issued at any time in the future to refund New Series Bonds.

II. SOURCE OF FUNDS AND LIEN PRIORITIES; PREFERENCES FOR IEPA LOANS.

The Bonds shall be payable from the “*Net Revenues*” (Regional System Revenues less Operation and Maintenance Costs). The Bonds may be in various lien positions, commonly referred to as first lien, second lien, third lien, and so on. It is anticipated that a portion of the Bonds will be issued to the IEPA pursuant to its 20-year loan program for water projects (such portion will be referred to interchangeably with Bonds as the “*IEPA Loans*”).

IEPA Loans shall be Bonds in a third lien position on Net Revenues. Oak Lawn shall procure the maximum amount of IEPA Loans made available to it to finance the Project. In stating this preference, the Parties to the Agreement acknowledge that they are familiar with the IEPA water project loan program regulations, which in general provide funding for certain Project costs and defer loan repayment for a period of time, adding the deferred interest to principal at the time the loan begins to amortize, and such amortization occurring in level stated amounts of principal and interest semi-annually for 20 years. It is possible that during the course of acquiring and constructing the 2013 Regional System Improvements (herein also the “*Project*”) the IEPA may offer a 30-year loan program. Oak Lawn will seek to issue Bonds for 30-year IEPA Loans only after Executive Consent [is] Obtained as provided in the Agreement.

One series of IEPA Loans has already been procured by Oak Lawn, utilizing its own credit on an interim basis. This is an IEPA Loan approved for \$15,000,000 (estimated to be drawn in the amount of approximately \$12,700,000), more or less, to provide for improvements at the Harker Pumping Station. This FPP permits allocation of that IEPA Loan to a Bond (*i.e.*

payable from the Net Revenues). This FPP permits Oak Lawn to have allocated to it, to the fullest extent possible, the debt service payments on this IEPA Loan as its share of Capital Costs and Charges. This provision entitles Oak Lawn to the (low) interest rate obtained on such IEPA Loan.

For Bonds which must be issued which are not IEPA Loans, this FPP permits the issuance of Senior Lien Bonds with a goal of achieving a rating in the second highest rating category by one or more appropriate rating agencies (such as Moody's or S&P) which ratings are now commonly known as "AA" or "Aa." The Parties acknowledge that such ratings typically require financial covenants, such as Net Revenues coverage of debt service on such Bonds.

III. MAXIMUM PRINCIPAL AMOUNTS.

A. The maximum principal amount of Bonds issued to pay the costs of acquiring and constructing the Project, including the costs of all lands and rights in land and water, and other necessary or advisable capital expenditures related thereto, and all costs of engineering related to the Project, shall not exceed such principal amount as will produce not in excess of \$275,000,000 of proceeds.

B. To said principal amount may be added amounts as follows:

1. Costs of issuance of the New Series Bonds (which includes the costs of all Parties to the Agreement of negotiating the Agreement) including legal, financial advisory, and engineering costs of such negotiations, bank fees and underwriting fees and similar costs, costs of credit enhancement such as bond insurance, line of credit or letter of credit fees, and the like, and typical closing costs for Bonds and original issue discount.

2. Bond reserve amounts not to exceed ten percent (10%) of the face ("*par*") amount of the New Series Bonds.

3. For any series of refunding Bonds, such additional principal amounts as may be necessary to accomplish such refunding (*i.e.* pay the designated debt service [principal and interest and redemption costs, if any] of such prior series of Bonds) including costs of issuance of such refunding Bonds, in each instance limited to two percent (2%) of par plus any bank fees or credit enhancement fees related to such refunding Bonds.

4. Capitalized interest on any Bonds for a maximum term of five years.

C. The maximum principal amount of Bonds of all series, including any series of refunding Bonds, which may be outstanding at any one time shall not exceed \$297,000,000.

IV. MINIMUM PURCHASE PRICE AND COMPENSATION TO BANKS AND UNDERWRITERS.

Bonds shall be sold at not less than 98% of par, exclusive of any original issue discount. Compensation paid to any bank or financial institution acquiring Bonds in a negotiated purchase shall not exceed 1% of par. Compensation to any underwriters of Bonds shall not exceed 2% of par.

V. RATES OF INTEREST ON BONDS.

No Bond shall bear a rate of interest or have a yield greater than permitted to a non-home rule governmental unit in Illinois as currently provided in the “Bond Authorization Act” of the State, as supplemented or amended. Oak Lawn will retain an independent financial advisor for all Bonds except those which are IEPA Loans. Oak Lawn will obtain from such financial advisor an opinion on each series of Bonds except IEPA Loans that the interest rates payable and the other financial terms of such Bonds are fair and reasonable in view of the structure of such Bond issue and then current conditions in the relevant market for such Bonds.

Bonds may utilize interest rate swaps upon the terms set forth in the Bond Authorization Act.

VI. MAXIMUM ANNUAL DEBT SERVICE.

Planned maximum annual debt service shall not exceed \$22,500,000. However, Bonds may become due resulting in greater debt service than that amount with the intention of refunding such Bonds (such obligations may have what is referred to as “bullet” maturities).

VII. TERM TO MATURITY; CERTAIN BOND CONSIDERATIONS.

As noted above, the Parties acknowledge the terms upon which the IEPA Loans will be repaid.

For other Bonds, planned principal authorization, to the extent commercially reasonable, will be deferred so as to begin to amortize at the final maturity of an IEPA Loan and end prior to expiration of the current term of the Agreement.

VIII. REVOLVING LINE OF CREDIT BONDS.

At any time prior to the completion of the Project, Bonds may be issued in the form of a revolving line of credit (“*L/C Bonds*”) having a variable rate of interest within the maximum rate of interest set forth above. The maximum amount of such LC Bonds is \$35,000,000. If the L/C Bonds are outstanding upon completion of the Project, Oak Lawn will begin a financing effort to refund such L/C Bonds with long-term Bonds. Or, at such time, the term or maturity of the L/C Bonds may be extended to a further date if in the judgment of Oak Lawn such extension is advantageous but only after Executive Consent [is] Obtained as provided in the Agreement.

EXHIBIT 4
TO THE FIRST AMENDMENT TO THE REGIONAL WATER SYSTEM
WATER SALE, PURCHASE AND SERVICE AGREEMENT

EXHIBIT P

STATEMENT OF MUTUAL COOPERATION PROCESS

For purposes of this Exhibit, all definitions as given in the Agreement of which this Exhibit is a part are incorporated by reference.

A. It is the intention of the Parties to this Agreement to create a long-term arrangement that is able to change and evolve over coming years to meet the changing demographics and needs of Oak Lawn and the Southwest System Customers.

B. Both Oak Lawn and the Southwest System Customers embrace the concept of establishing a framework for a long-term intergovernmental cooperative relationship for the reliable and cost-effective delivery of Chicago Water from Chicago to the Southwest System Customers through the Oak Lawn Regional Water System. To meet this objective, Oak Lawn and the Southwest System Customers agree to work together to investigate possible means of furthering the improvement and operation of the Oak Lawn Regional Water System to provide the Southwest System Customers with a long-term, reliable supply of Chicago Water. Oak Lawn and the Southwest System Customers agree that they will, from time to time, investigate alternative capital improvements and financing methods, as well as alternative operations and maintenance procedures, for the Oak Lawn Regional Water System, with the overall objective of enhancing the public health, safety and welfare of those to whom the Southwest System Customers provide Chicago Water.

C. Both Oak Lawn and the Southwest System Customers recognize that an essential element of this cooperative relationship is to ensure a reliable water delivery system for the provision of Chicago Water at a reasonable cost, and they jointly will seek out and develop mutually beneficial opportunities. As part of this effort, this Agreement establishes a regular method of budget development and review for the Oak Lawn Regional Water System, on Oak Lawn's annual budget cycle, and a process to evaluate budgeted items and anticipated costs.

D. Oak Lawn recognizes that the Southwest System Customers are a substantial contributor to the total Operation and Maintenance Costs of, and to the Capital Costs and Charges for, the Oak Lawn Regional Water System in the provision of Chicago Water to the Southwest System Customers, and that the Southwest System Customers desire meaningful input in various aspects of the Oak Lawn Regional Water System. Oak Lawn intends to share these enhanced input opportunities with the Southwest System Customers.

E. This Agreement will establish a variety of mechanisms for enhanced contact and communication between Oak Lawn and the Southwest System Customers on topics relevant to this Agreement including, among other things, water supply and reliability, Operation and

Maintenance Costs and Capital Costs and Charges for the Oak Lawn Regional Water System, and the future effective and beneficial functioning of the Oak Lawn Regional Water System and the relationship between the Parties.

F. The mutually cooperative efforts set forth in this Exhibit will occur mainly through Working Groups as described in Sections I.B and I.D of this Exhibit and management level communications as described in the following sections. The Southwest System Customers acknowledge that providing review, feedback, recommendations and input to Oak Lawn, and Oak Lawn's acceptance of such, shall not supersede Oak Lawn's role as the sole entity responsible for the daily operation of the Oak Lawn Regional Water System. Oak Lawn supports these mutual cooperation efforts but reserves the right to accept or not accept certain recommendations provided by the Southwest System Customers.

G. The Southwest System Customers acknowledge that Oak Lawn is the licensed water system operator solely responsible for the Oak Lawn Regional Water System and as established and permitted by the IEPA, and therefore it shall be mandatory that Oak Lawn retain full operational control of the Oak Lawn Regional Water System.

H. Oak Lawn and the Southwest System Customers agree to commence mutual cooperation efforts outlined in this Exhibit, including Working Groups as described in Sections I.B and I.D of this Exhibit, upon execution of this Agreement. The Parties agree that this will enable and support the effective and efficient completion of the 2013 Regional System Improvements, the plan for which the Southwest Customers have approved.

ACCORDINGLY, OAK LAWN AND THE SOUTHWEST SYSTEM CUSTOMERS AGREE AS FOLLOWS.

I. Cooperation and Communication Regarding Reliability and Cost Control; Review and Accountability.

A. *Coordination and Communication.* Oak Lawn and the Southwest System Customers agree that they desire to establish a variety of means to enhance and promote communication and cooperation between Oak Lawn and the Southwest System Customers. In addition to those matters otherwise addressed in this Agreement, Oak Lawn and the Southwest System Customers also wish to establish procedures and processes to allow review of the Oak Lawn Regional Water System, to enable continuing channels of communication between Oak Lawn and the Southwest System Customers, and to ensure beneficial decision-making by Oak Lawn in the operation, maintenance and periodic improvement of the Oak Lawn Regional Water System. Nothing in this Exhibit is intended to require the Southwest System Customers to create reports that each does not regularly produce.

In order to enhance transparency and avoid delay in decision making, the following are the general expectations and responsibilities for communication by and between the Contractor, Oak Lawn, Customer Communities and their Consulting Engineer currently Christopher B. Burke Engineering (CBBEL), Oak Lawn's Consulting Engineer (CDM Smith), and information from public agencies or utilities involved in the Project:

Oak Lawn will receive questions and comments on the project, conduct weekly construction and coordination meetings, update the managers and boards of trustees as needed, and process pay applications.

Oak Lawn's Consulting Engineer, currently CDM Smith, will be the central communications hub with all parties, coordinate communications with the contractor, attend weekly construction meetings, attend weekly coordination meetings with CBBEL, attend the customer review committee meetings or conference calls as requested, post weekly construction coordination meeting minutes to the SharePoint site, and prepare logs of work change directives, change orders, RFI's, and submittals uploaded to the SharePoint site monthly.

Customer Communities and the Customer Communities' Consulting Engineer, currently CBBEL, will attend weekly coordination meetings, schedule and attend Customer Review Committee meetings or conference calls as needed, and update communities not on the Customer Review Committee as needed.

Change Order Working Group, at times referred to as the Customer Review Committee, will consist of three members of the customer communities that are selected by a vote of the customer communities. This group will review and approve change orders as described in section D(4). They also will update communities not on the Customer Review Committee of any decisions that are made via e-mail.

Contractor will be required to attend weekly construction meetings, respond to CDM Smith requests, and prepare minutes for weekly construction meetings.

Public Agencies and Utilities will be engaged to receive questions or comments pertaining to the project and be provided responses as required in a timely fashion.

B. Mutual Cooperation Through Working Groups.

1. *Formation.* To facilitate an ongoing structure for consistent communication, Oak Lawn and the Southwest System Customers agree that the Southwest System Customers will establish three working groups ("*Working Groups*"), consisting of personnel from the Southwest System Customers, to address the subject areas described in Section I.D of this Exhibit. The Southwest System Customers will notify Oak Lawn of the formation of the Working Groups and the membership of each Working Group, as well as the designated chairperson for each Working Group and such group's designated liaison to Oak Lawn, from time to time. The Southwest System Customers shall be responsible to provide staff support to the Working Groups, including preparation of meeting agenda and minutes. The Working Groups are intended to be performing jointly the role of staff of the Southwest System Customers, and are not intended to be public bodies subject to the provisions of the Open Meetings Act.

2. *Oak Lawn Liaisons.* Oak Lawn will designate at least one liaison to act on its behalf in cooperating with the Working Groups in various ways, including (a) meeting

with the Working Groups as described in this Exhibit, (b) providing information to the Working Groups as requested by each Working Group in connection with their various subject matter areas, and (c) obtaining answers to questions and concerns raised by the Working Groups in connection with the Agreement and provision of Chicago Water to the Southwest System Customers. Oak Lawn's liaison to each Working Group shall be a person holding a position of comparable rank and responsibilities as those held by a majority of individuals serving on each Working Group.

C. Meetings with Working Groups.

1. *In General.* The Southwest System Customers in conjunction with Oak Lawn will create a meeting schedule and provide an agenda for each of the Working Groups' meetings with their respective Oak Lawn liaisons from time to time. Oak Lawn and each Working Group agree that the "Operations" Working Group and the "Finance/Administration" Working Group shall each meet with their respective designated liaisons from Oak Lawn not less than two (2) times in each calendar year unless the Working Group and Oak Lawn mutually agree that fewer meetings are required from time to time. Oak Lawn and each Working Group agree that the "Management" Working Group and Oak Lawn's designated liaison will meet at least once in each calendar year, on call of the Management Working Group with at least fourteen (14) days notice to Oak Lawn. Oak Lawn and the Working Groups agree that additional meetings will be held by any of these Working Groups with their respective liaisons on call of the Working Group with at least fourteen (14) days notice to Oak Lawn. In the event of an emergency, Oak Lawn and the appropriate Working Group agree to meet as soon as is practicable under the circumstances.

2. *Cooperation with Others.* The Southwest System Customers acknowledge that other Municipal Customers may have substantially similar rights relating to mutual cooperation or may have an interest in the Working Group meetings or actions and agree to cooperate and coordinate with Oak Lawn to the end of avoiding duplicative efforts.

D. Working Groups. The Working Groups will be as follows:

1. *Management Working Group:* The Management Working Group will have at least the following functions and duties and other duties as assigned by the Southwest System Customers:

a. Review Oak Lawn's overall compliance with the terms and conditions of this Agreement;

b. Review the overall compliance of each of the Southwest System Customers with the terms and conditions of this Agreement and report on the same to Oak Lawn at least on an annual basis if requested by Oak Lawn;

c. Review and provide recommendations to Oak Lawn and the Southwest System Customers regarding any proposed revisions to, or renewals of, this Agreement;

d. Review, evaluate and provide feedback on the compliance of Oak Lawn and Chicago with the terms and conditions of the Chicago-Oak Lawn Agreement, as such matters affect the Southwest System Customers;

e. Review and provide recommendations to Oak Lawn on all purchases involving Major Capital Costs prior to approval by the corporate authorities of Oak Lawn of the contracts relating to those costs;

f. In conjunction with Oak Lawn's annual budget process, review and provide input on proposed Oak Lawn budget components for the Oak Lawn Regional Water System;

g. In conjunction with Oak Lawn's Asset Management Program for the Oak Lawn Regional Water System, review and provide input on the Oak Lawn Regional Water System's capital budget;

h. On an annual basis, provide to Oak Lawn the capital improvement plan of each Southwest System Customer for its respective Municipal Customer Water System, and provide feedback and input to Oak Lawn on said plans;

i. Review updates of the status of performance and improvements under this Agreement and the Chicago-Oak Lawn Agreement, and coordinate input and recommendations thereon from, the Operations Working Group and the Finance/Administration Working Group;

j. Provide feedback and input to Oak Lawn as well as the corporate authorities of the Southwest Customers regarding performance under this Agreement and the Chicago-Oak Lawn Agreement and matters involving the Oak Lawn Regional Water System; and

k. Make recommendations to and coordinate with Oak Lawn regarding public information and education on matters involving this Agreement through various methods and programs, such as public meetings, newsletters, websites, and social media.

l. Approve the contractor (i.e. lowest qualified bid) and any proposed engineering (design and construction) for the remaining bid packages as well as any additional proposed engineering requirements that are over \$5,000.

m. Receive and review the regional water system water loss report on an annual basis.

n. Approve the true-up of budgeted versus actual cost of the rate for the Customer Communities on an annual basis.

2. *Operations Working Group*: The Operations Working Group will have at least the following functions and duties and other duties as assigned by the Southwest System Customers:

a. Review and provide feedback to Oak Lawn regarding Oak Lawn's duty to provide the supply of Chicago Water required under this Agreement;

b. Review operational practices and procedures of Oak Lawn in the operation of the Oak Lawn Regional Water System;

c. Review the operational practices and procedures of each of the Southwest System Customers in the operation of their respective Water Systems, as such matters affect the Oak Lawn Regional Water System, and report on the same to Oak Lawn at least on an annual basis if requested by Oak Lawn;

d. Provide input to Oak Lawn to develop appropriate methods for, and to improve, operational coordination in the operation of the Oak Lawn Regional Water System as it delivers Chicago Water to the Southwest System Customers;

e. Review and provide recommendations to the Management Working Group and Oak Lawn on all purchases involving Major Capital Costs prior to approval by the corporate authorities of Oak Lawn of the contracts relating to those costs;

f. In conjunction with Oak Lawn's annual budget process, review and provide input to the Finance/Administration Working Group on proposed Oak Lawn budget components for the Oak Lawn Regional Water System;

g. In conjunction with Oak Lawn's Asset Management Program for the Oak Lawn Regional Water System, review and provide input on the capital budget for the Oak Lawn Regional Water System;

h. Encourage continued and ongoing day-to-day communication between operators of the Oak Lawn Regional Water System and operators of the Southwest System Customers' Water Systems;

i. Review the Chicago Water use requirements of the Southwest Customers and the parameters under which such Chicago Water is to be delivered;

j. Review the quality and source of Chicago Water provided to the Southwest System Customers under the Agreement;

k. Review, discuss and communicate regarding potential and actual emergency conditions that may affect the delivery of Chicago Water under this Agreement;

l. Review, discuss and communicate regarding potential and actual events that may result in planned curtailment or planned shut-downs of, or other impacts on, the Chicago Water supply under this Agreement;

m. Suggest, review and provide input to Oak Lawn on cost effectiveness and cost control initiatives in areas relating to contractual services, commodities and services provided by the Oak Lawn Water Division, where such Division provides support and services to the Oak Lawn Regional Water System; and

n. Provide input and recommendations on these matters to the Management Working Group.

3. *Finance/Administration Working Group:* The Finance/Administration Working Group will have at least the following functions and duties and other duties as assigned by the Southwest System Customers:

a. Conduct, at least on an annual basis, a review of the billing procedures, schedules, and invoices from Oak Lawn to the Southwest System Customers, including supporting documentation as requested;

b. Conduct, at least on an annual basis, a review of the components in the water rate charged by Oak Lawn to the Southwest System Customers, and any changes to or adjustments in the rate;

c. Review and communicate in regard to changes or adjustments to the Chicago Water rates;

d. Conduct, at least on an annual basis, a review of Oak Lawn's debt schedules pertaining to the Oak Lawn Regional Water System, as well as any costs allocated to the Southwest System Customers and the formulas used to calculate the Southwest System Customers' required reimbursement of such costs;

e. Review the financial impact of, and provide recommendations to, the Management Working Group on proposed financing methods, if financing is necessary, for all purchases involving Major Capital Costs prior to approval by the corporate authorities of Oak Lawn of the contracts relating to those costs and other capital items in Oak Lawn's Asset Management Program;

f. In conjunction with Oak Lawn's annual budget process, review and provide input on proposed Oak Lawn budget components for the Oak Lawn Regional Water System;

g. Suggest, review and provide input to Oak Lawn on cost effectiveness and cost control initiatives in areas relating to contractual services, commodities and services provided by the Oak Lawn Water Division, where such Division provides support and services to the Oak Lawn Regional Water System;

h. Review the financial impact of the use of the Oak Lawn Regional Water System by Municipal Customers other than the Southwest System Customers who are Parties under this Agreement, and costs assigned to such Municipal Customers, including any amounts such other customers may be required to pay as a fair share, equitable contribution based on the terms of this Agreement; and

i. Provide input and recommendations on these matters and proposed System Projects to the Management Working Group.

4. *Change Order Working Group:* The Change Order Working Group will be provided with bid package change orders that exceed \$20,000 in construction cost per occurrence to review and approve or reject. The Change Order Working Group, Oak Lawn's Consulting Engineer, and Oak Lawn will have at least the following functions and duties:

a. Oak Lawn's Consulting Engineer:

- i. Determine if a change order meets the qualifications for review by the Change Order Working Group and Oak Lawn.
- ii. Change Order Working Group, Customer Communities' Consulting Engineer & Oak Lawn will discuss all change orders at weekly coordination meetings.
- iii. If the change order qualifies for review by the Change Order Working Group, then Oak Lawn's Consulting Engineer will provide that change order to them for review.
- iv. If the change order is approved by the Change Order Working Group, Oak Lawn's Consulting Engineer will issue a Work Change Directive to the Contractor or issue a change order to the Contractor which may be comprised of several approved Work Change Directives.

- v. If the change order is not approved then Oak Lawn's Consulting Engineer, the Change Order Working Group, and Oak Lawn will review the recommendations of both consulting engineers, arrange the necessary meeting to determine the solution, if possible, and issue the appropriate direction to the Contractor.
- b. Change Order Working Group, Customer Communities' Consulting Engineer & Oak Lawn:
 - i. Timely review change order requests
 - ii. Attend meetings or conference calls to address and review recommendations of the consulting engineers
 - iii. Issue decisions on whether change orders requiring Change Order Working Group approval are approved or not approved within three (3) business days from receipt by Oak Lawn's Consulting Engineer in writing.

II. Notice of Oak Lawn Meetings. Oak Lawn shall provide notice to the Southwest System Customers of any meeting of the Oak Lawn corporate authorities, or any board, committee, commission, advisory group or other similar body of Oak Lawn when Oak Lawn anticipates that the agenda for a meeting of any such body will include matters relating to the Oak Lawn Regional Water System. Such notice to the Southwest System Customers shall be given to the Southwest System Customers at the same time as notice is given to the members of any such body and shall include copies of the agenda and any agenda materials provided to such body. The Southwest System Customers shall be responsible, not less often than annually, to provide an email address for such notifications, and sending to such addresses shall be adequate notice.

III. Audited Financial Statements. Oak Lawn shall provide to the Southwest System Customers, within two hundred ten (210) days after the close of each of its Fiscal Year, an audit of the Oak Lawn Regional Water System financial records prepared by a certified public accounting firm retained by Oak Lawn for such Fiscal Year.