

CITY OF VILLA GROVE
DOUGLAS COUNTY, ILLINOIS

ORDINANCE NO. 2021-MC10

**AN ORDINANCE AUTHORIZING EXECUTION OF AN ASSET PURCHASE AGREEMENT FOR
THE SALE OF THE CITY WATER & WASTEWATER SYSTEMS**

PASSED BY THE CITY COUNCIL AND
APPROVED BY THE MAYOR OF THE
CITY OF VILLA GROVE, ILLINOIS
THIS THIRTEENTH DAY OF DECEMBER 2021

PUBLISHED IN PAMPHLET FORM BY AUTHORITY OF THE MAYOR AND CITY COUNCIL OF THE CITY OF
VILLA GROVE, DOUGLAS COUNTY, ILLINOIS, THIS THIRTEENTH DAY OF DECEMBER 2021

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DOUGLAS COUNTY, ILLINOIS

ORDINANCE NO. 2021-MC10

December 13, 2021

**AN ORDINANCE AUTHORIZING EXECUTION OF AN ASSET PURCHASE AGREEMENT FOR
THE SALE OF THE CITY WATER & WASTEWATER SYSTEMS**

WHEREAS, the City of Villa Grove, Douglas County, Illinois (the "City"), is a duly organized and existing City created under the provisions of the laws of the State of Illinois, and is now operating under the provisions of the Illinois Municipal Code, and all laws amendatory thereof and supplementary thereto with full powers to enact ordinances for the benefit of the residents of the City.

WHEREAS, the City has identified serious problems with its existing water system and existing sewer system and it has determined that it has insufficient capital and resources to upgrade its systems; and

WHEREAS, 65 ILCS 5/ Article 5 "Water Supply and Sewage Systems" authorizes the City to contract for a supply of water and for sanitary sewer service; and

WHEREAS, the Constitution of the State of Illinois and Illinois Compiled Statutes including but not limited to 65 ILCS 5/11-76-1, 65 ILCS 5/11-76-2, 65 ILCS 5/11-76-4, 220 ILCS 5/9 and applicable case law authorize the City to sell and/or transfer assets; and

WHEREAS, the City has considered input from the public from numerous public meetings held over the past year, together with the advice of its engineers, and engaged the consulting services of engineer Gerry Hartman and has determined that the sale of its water and wastewater systems will achieve upgrading the water and wastewater service to

its citizens, releasing the City from the cost and burden of operating inefficient water and wastewater systems, and providing a more efficient manner of delivering water and collecting fees of same; and

WHEREAS, the City duly issued a Request for Proposal ("RFP") for the sale of its water and wastewater systems with publication of same duly made and a request for same duly approved; and

WHEREAS, the City also undertook the distribution of the RFP to qualified bidders; and

WHEREAS, the City has examined the most cost-effective manner in which to upgrade its water and wastewater systems verses the cost of interconnecting the system with Illinois American Water Company. The City hereby makes the finding that an interconnection with Illinois American Water Company is the least cost alternative to the customers of the water and wastewater systems; and

WHEREAS, the City has considered various possible purchasers but has determined that Illinois American Water Company offers the best and most convenient level of service; and

WHEREAS, the City Council of the City of Villa Grove has determined that it is advisable, necessary and in the best interest of the City and its residents to authorize the sale of its municipal water and wastewater systems through its execution of an Asset Purchase Agreement and a collective body of other agreements related to same all to Illinois American Water Company; and

WHEREAS, the City is authorized to enter into contracts, charge license fees, and levy utility taxes pursuant to the Illinois Revised Statutes; and

WHEREAS, on December 8, 2021 the Mayor and City Council adopted an ordinance approving the execution of an agreement for the sale of the City water and wastewater systems and has subsequently amended said agreement as provided in this ordinance which the Mayor and City Council have determined to be in the best interest of the City; and

WHEREAS, the Mayor and City Council, as a majority of the corporate officers now holding office, at this regular meeting have determined that all of the piping, pumps, electrical equipment, structures, water storage tanks, tanks, fittings, plumbing, wiring,

mechanisms, chemicals, supplies, and any and all other equipment, materials and supplies that comprise the City water supply system or as otherwise referenced in the Asset Sales Agreement attached hereto and by reference incorporated herein are personal property and not real property and are no longer necessary or useful to or for the best interests of the City of Villa Grove and that the sale of same is hereby authorized, without advertising, pursuant to the terms of the Asset Sales Agreement with Illinois American Water Company referenced herein; and

WHEREAS, the Mayor and City Council of the City of Villa Grove have determined that the Old Wastewater Treatment Plant, the Wastewater Treatment plant, water towers, lift stations and all other real property described in the Asset Purchase Agreement for the sale of the City water and wastewater systems identified as Exhibit A attached hereto and by reference incorporated herein which underlies certain structures servicing the City water and wastewater systems are no longer necessary, appropriate, or required for the use of and/or are profitable to or for the best interests of the City and are therefore suitable for selling to Illinois American Water Company; and

WHEREAS, it is in the best interest of the City to enter into the Asset Purchase Agreement referenced herein.

NOW THEREFORE, BE IT ORDAINED by the Mayor and the City Council of Villa Grove, Illinois as follows:

SECTION 1: Incorporation Clause. The Mayor and City Council members hereby find that all of the recitals hereinbefore stated as contained in the preambles to this Ordinance are full, true and correct and does hereby, by reference, incorporate and make them part of this Ordinance.

SECTION 2: Purpose. This ordinance is to enter into an Asset Purchase Agreement for the sale of the City water and wastewater systems to Illinois American Water Company.

SECTION 3. Sale Authorized. This Ordinance hereby authorizes the Mayor, City Council and City Clerk to execute the Asset Purchase Agreement with Illinois American Water Company, a copy of which is attached hereto and by reference incorporated herein, all under such terms as they deem appropriate.

SECTION 4: Invocation of Authority. This ordinance is enacted pursuant to the authority granted to this City by the Constitution of the State of Illinois and Illinois Compiled Statutes including but not limited to 65 ILCS 5/11-76-1, 65 ILCS 5/11-76-2, 65 ILCS 5/11-76-4, 220 ILCS 5/9 and applicable case law.

SECTION 5: State Law Adopted. All applicable provisions of the Illinois Compiled Statutes, including the Illinois Municipal Code, as may be amended from time to time, relating to the purposes of this ordinance are hereby incorporated herein by reference.

SECTION 6: Approval and Execution of Documents. The Mayor and City Clerk are hereby authorized and directed to execute Asset Sales and the City Clerk is authorized and directed to attest, countersign and affix the seal of the City to such documents and any and all other documents necessary to carry out and give effect to the purpose and intent of this Ordinance.

SECTION 7: Other Actions Authorized. That the Mayor, City Clerk, and City Attorney are hereby authorized and directed to do all things necessary, essential, or convenient to carry out and give effect to the purpose and intent of this Ordinance. The within authorization shall include, but not limited to, adjustments to legal descriptions for conveyed parcels, transfer of easements, adjustments to equipment and/or inventory, reconciliation of credits, payment of obligation(s), modification of exhibits, and other adjustments which they determine to be in the City's interest consistent with the intent of this Ordinance.

SECTION 8: Acts of Village Officials. That all acts and doings of the officials of the City, past, present, and future which are in conformity with the purpose and intent of this ordinance, are hereby in all respects, ratified, approved, authorized and confirmed.

SECTION 9. Headings. The headings for the articles, sections, paragraphs and sub-sections of this ordinance are inserted solely for the convenience of reference and form no substantive part of this ordinance nor should they be used in any interpretation or construction of any substantive provisions of this ordinance.

SECTION 10: Severability. The provisions of this Ordinance are hereby declared to be severable and should any provision, clause, sentence, paragraph,

sub-paragraph, section, or part of this Ordinance be determined to be in conflict with any law, statute or regulation by a court of competent jurisdiction, said provision shall be excluded and deemed inoperative, unenforceable, and as though not provided for herein, and all other provisions shall remain unaffected, unimpaired, valid and in full force and effect. It is hereby declared to be the legislative intent of the City Council that this Ordinance would have been adopted had not such unconstitutional or invalid provision, clause, sentence, paragraph, sub-paragraph, section, or part thereof had not been included.

SECTION 11: Superseder and Publication. All code provisions, ordinances, resolutions and orders, or parts thereof, in conflict herewith, are to the extent of such conflict hereby superseded. A full, true and complete copy of this Ordinance shall be published in pamphlet form as provided by the Illinois Municipal Code, as amended.

SECTION 12: Effective Date. This Ordinance shall be in full force and effect upon passage and approval, as provided by the Illinois Municipal Code, as amended.

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PRESENTED, PASSED, APPROVED AND ADOPTED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF VILLA GROVE, ILLINOIS, at its regular meeting on this thirteenth day of December, A.D., 2021, by a roll call vote as follows:

Blaney, Thelma I. yea

Hooker, Anthony L. yea

Cheely, Kerry S. yea

Johnson, Derek S. yea

Eversole-Gunter, Cassandra A. —

Pangburn, Matthew M. yea

Garrett, Ryan P. yea

APPROVED:

Cassandra A. Eversole-Gunter

CASSANDRA A. EVERSOLE-GUNTER
Mayor

ATTEST:

Michelle L. Osborne

MICHELLE L. OSBORNE
City Clerk



ASSET PURCHASE AGREEMENT

City of Villa Grove to Illinois-American Water Company

This Asset Purchase Agreement (the “Agreement”) is made and entered into on the _____ day of December, 2021 by and between Illinois-American Water Company, an Illinois corporation (“Illinois-American”), and the City of Villa Grove, Illinois, an Illinois municipal corporation (“Villa Grove”). Hereinafter, Illinois-American and Villa Grove may be referred to individually as a “Party” or together as the “Parties.”

RECITALS:

A. Villa Grove currently owns and operates a water treatment and distribution system (the “Water Assets”), a wastewater collection and treatment system (“Wastewater Assets”) and Combined Sewer System Assets in or near Villa Grove, Illinois. Hereinafter, the Water Assets, the Wastewater Assets and the Combined Sewer System Assets will be referred to together as the “System.”

B. Villa Grove desires to sell substantially all of the assets that constitute or are used in furtherance of the System to Illinois-American pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals, and the representations, warranties, and covenants contained herein, and in exchange for other consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

**ARTICLE 1
Definitions and Related Matters**

For purposes of this Agreement, the capitalized terms used herein shall have the meanings assigned to them herein or in the attached Exhibit 1 and, for purposes of this Agreement and all other documents executed in connection herewith, the rules of construction set forth in Exhibit 1 shall govern.

**ARTICLE 2
Purchase and Sale of Assets; Closing**

2.1 Transfer of Assets. On and subject to the terms and conditions of this Agreement, at the Closing on the Closing Date and effective as of the Effective Time, Illinois-American shall purchase, acquire and accept from Villa Grove, and Villa Grove shall sell, convey, transfer, assign and deliver to Illinois-American, free and clear of all Encumbrances, the Acquired Assets. Notwithstanding anything to the contrary contained in this Section 2.1 or elsewhere in this Agreement, the Excluded Assets are not part of the sale and purchase contemplated hereunder, are excluded from the Acquired Assets, and shall remain the exclusive property of Villa Grove subsequent to the Closing.

2.2 Consideration.

(a) The consideration for the System and the Acquired Assets (the "Purchase Price") shall be as follows: (i) for the Water Assets, the lesser of Seven Million Dollars (\$7,000,000.00) and the fair market value of the Water Assets as determined pursuant to the appraisal process set forth in 220 ILCS 5/9-210.5 and 5/9-210.6, et seq. (the "Illinois Systems Viability Act"), and (ii) for the Wastewater Assets the lesser of Four Million Dollars (\$4,000,000.00) and the fair market value of the Wastewater Assets as determined pursuant to the appraisal process set forth in the Illinois Systems Viability Act; provided however that if the fair market value as determined by said appraisal process is less than Seven Million Dollars (\$7,000,000.00) for the Water Assets or is less than Four Million Dollars (\$4,000,000.00) for the Wastewater Assets, Villa Grove or Illinois-American shall have the right to terminate this Agreement pursuant to Section 8.1. Illinois-American shall request that the ICC use the procedures set forth under the Illinois Systems Viability Act to establish the ratemaking rate base of the Water Assets and the Wastewater Assets. At Closing, Illinois-American shall pay to Villa Grove and such other payees set forth on Schedule 2.2, in accordance with wire transfer instructions to be provided by Villa Grove to Illinois-American at least ten (10) Business Days prior to the Closing Date, in immediately available funds, an aggregate amount equal to the Purchase Price. Such wire transfer instructions shall contemplate direct payment to each lender from which Villa Grove has incurred indebtedness for borrowed money which is outstanding.

(b) Illinois-American shall prepare the Allocation, which Allocation shall be binding upon Villa Grove. Illinois-American shall report, act, and file Tax Returns in all respects and for all Tax purposes consistent with the Allocation. No Party shall take any Tax position (whether in audits, Tax Returns, or otherwise) that is inconsistent with or contrary to the Allocation. In the event that the Allocation is disputed by any Governmental Authority, the Party receiving notice of such dispute will promptly notify the other Party, and the Parties will consult in good faith as to how to resolve such dispute in a manner consistent with the Allocation.

2.3 Assumption of Liabilities; Excluded Liabilities. Upon the terms and subject to the satisfaction or, if permissible, waiver, of the conditions of this Agreement, at the Closing on the Closing Date and as of the Effective Time, Illinois-American shall assume and discharge, when and as due, only the following Liabilities of Villa Grove, whether known or unknown, in each case, to the extent related to the System (collectively, the "Assumed Liabilities"): all Liabilities arising out of, resulting from or related to the Assumed Contracts set forth in Schedule 2.3, but only to the extent such Liabilities (i) are to be performed after the Effective Time, (ii) do not arise as a consequence of any breach or default prior to the Effective Time, and (iii) are accompanied by a correlated duty of performance or payment on the part of the other party(ies) thereto. Notwithstanding anything in this Agreement to the contrary, except for the Assumed Liabilities, any and all Liabilities of Villa Grove, whether or not incurred in connection with the operation of the System, shall remain the sole responsibility of and shall be retained, paid, performed and discharged solely by Villa Grove.

2.4 Closing. Unless this Agreement is first terminated pursuant to Article 8 hereof, and subject to the satisfaction or, if permissible, waiver of each of the conditions set forth in Article 5 hereof, the Closing will take place at a title company mutually agreed to by the Parties,

or such other place or by such other means (e.g., facsimile and overnight delivery of original execution documents) as is agreed to by the Parties at 10:00 A.M., Central time, on (a) such date as is three (3) Business Days after the date on which all of the conditions set forth in Article 5 hereof shall have been satisfied or (to the extent permissible) waived (other than those conditions which, by their nature are to be satisfied or waived at Closing but subject to their satisfaction or waiver at Closing) or, if Illinois-American shall so elect, the final day of Villa Grove's billing period of which such date is a part or (b) such other date as the Parties hereto may agree upon in writing. In any event, the Closing shall be effective as of the Effective Time.

2.5 Closing Obligations.

In addition to any other documents to be delivered under other provisions of this Agreement, at Closing:

(a) Villa Grove shall deliver or cause to be delivered to Illinois-American, the following documents (for the transfer, filing or recording of which documents Illinois-American shall pay all Taxes required for Closing other than any outstanding property taxes):

(i) a bill of sale for all of the Acquired Assets that are Tangible Personal Property substantially in the form of Exhibit 2 (the "Bill of Sale"), duly executed by Villa Grove;

(ii) an assignment of all the Acquired Assets which are intangible personal property substantially in the form of Exhibit 3 (the "Intangible Assignments"), duly executed by Villa Grove;

(iii) all Consents and approvals from Governmental Authorities, and third parties under Contracts, necessary to ensure that Illinois-American will continue to have substantially the same full rights with respect to the Acquired Assets as Villa Grove had immediately prior to the consummation of the Contemplated Transactions, including the written Consents, in form and substance reasonably acceptable to Illinois-American, of the Governmental Authorities and third parties set forth in Schedule 2.5(a)(iii);

(iv) a payoff letter, which may be effective as of receipt by such lender of a portion of the Purchase Price otherwise payable to Villa Grove, from each lender identified in Schedule 2.5(a)(iv) or any other indebtedness for borrowed money which is outstanding relating to the Acquired Assets, and a release of all Encumbrances relating to the Acquired Assets executed, filed and/or recorded by the holder of or parties to such Encumbrance (including without limitation the IEPA, Illinois Department of Natural Resources, United States Department of Agriculture, or any other Governmental Authority with authority over the System or the Acquired Assets), if any, in each case in substance and form reasonably satisfactory to Illinois-American and its counsel;

(v) a satisfaction letter from each government agency identified in Schedule 2.5(a)(v) from which Villa Grove has procured a grant or has incurred indebtedness for borrowed money which is outstanding, if any, and a release of all Encumbrances relating to the Acquired Assets executed, filed and/or recorded by the holder of or parties to each such Encumbrance (including without limitation the IEPA, Illinois Department of Natural Resources, United States

Department of Agriculture, or any other Governmental Authority with authority over the System or the Acquired Assets), if any, in each case in substance and form reasonably satisfactory to Illinois-American and its counsel;

(vi) for each interest in Real Property and for each easement and/or right-of-way affecting any Real Property or Acquired Asset, whether or not identified on Schedule 3.4(a), Schedule 3.4(b)(i), or Schedule 3.4(b)(ii), a recordable general warranty deed or such other appropriate document or instrument of transfer, assignment or approval, as the case may require, each in form and substance reasonably satisfactory to Illinois-American;

(vii) such other bills of sale, assignments, certificates of title, documents and other instruments of transfer and conveyance as may reasonably be requested by Illinois-American, each in form and substance reasonably satisfactory to Illinois-American;

(viii) a copy of each permit, license, easement, land-right and other necessary authority for the operation of the System and the Acquired Assets, in each case validly issued in the name of Villa Grove and in full force and effect;

(ix) the certificate contemplated by Section 5.1(d);

(x) a legal opinion of Villa Grove's legal counsel, affirmatively opining to such matters as Illinois-American or its legal counsel may reasonably request, including but not limited to the due authorization and execution of this Agreement by Villa Grove and the enforceability thereof;

(xi) a certificate, dated as of the Closing Date, by the Mayor and City Council of the City of Villa Grove and Villa Grove's legal counsel certifying as to all requisite resolutions, ordinances and actions of Villa Grove's City Council approving the execution and delivery of the Agreement and the consummation of the Contemplated Transactions and that Villa Grove has no Tax due to any jurisdiction, including, without limitation, Illinois, in form and substance reasonably acceptable to Illinois-American;

(xii) a franchise agreement in full force and effect granting Illinois-American a twenty (20) year franchise to provide water service to the residents of Villa Grove substantially in the form of Exhibit 5 (the "Franchise Agreement"); and

(xiii) a lease agreement, in a form substantially similar to that attached as Exhibit 6 (the "Lease"), allowing Villa Grove to utilize the offices located at 120 N. Main, Villa Grove, IL at the water treatment plant at no cost until the 3-year anniversary of the Closing; and

(xiv) all other documents, instruments and writings required or reasonably requested by Illinois-American to be delivered at or prior to the Closing pursuant to this Agreement or otherwise required in connection herewith.

(b) At or prior to the Closing, Illinois-American shall deliver the following:

- (i) to Villa Grove in accordance with wire transfer instructions to be provided by Villa Grove to Illinois-American at least ten (10) Business Days prior to the Closing Date, in immediately available funds, an aggregate amount equal to the Purchase Price;
- (ii) to Villa Grove, the Intangible Assignments, duly executed by Illinois-American; and
- (iii) to Villa Grove, the Lease, duly executed by Illinois-American;
- (iv) to Villa Grove, the Transaction Costs as defined in Section 9.7; and
- (v) to Villa Grove, all other documents, instruments and writings required or reasonably requested by Villa Grove to be delivered at or prior to the Closing pursuant to this Agreement or otherwise required in connection herewith.

ARTICLE 3

Representations and Warranties of Villa Grove

Villa Grove hereby makes the following representations and warranties to Illinois-American, each of which is true and correct on the date hereof and shall survive the Closing and the Contemplated Transactions hereby to the extent set forth herein:

3.1 Organization of Villa Grove. Villa Grove is a municipal corporation organized, validly existing and in good standing under the Laws of the State of Illinois, with full power and authority to conduct the Business and the System as they are now being conducted and to own and operate the System and the Acquired Assets.

3.2 Enforcement; Authority; No Conflict.

(a) This Agreement constitutes the legal, valid and binding obligation of Villa Grove, enforceable against Villa Grove in accordance with its terms except as such enforcement may be limited by bankruptcy, insolvency or other similar Laws affecting the rights of creditors generally and by general principles of equity. Villa Grove has the absolute and unrestricted right, power and authority to execute and deliver this Agreement and the Transaction Documents and to consummate the Contemplated Transactions. The Mayor and City Council of Villa Grove have duly authorized the execution, delivery, and performance of this Agreement by Villa Grove and no other municipal proceeding on the part of Villa Grove is necessary to authorize the execution, delivery and performance of this Agreement.

(b) This Agreement has been, and the Transaction Documents will be, duly executed and delivered by Villa Grove.

(c) Neither the execution, delivery or performance by Villa Grove of this Agreement or the Transaction Documents nor the consummation by it of the Contemplated Transactions will (i) contravene, conflict with or result in a violation of any ordinance, regulation, resolution, or

other governing law of Villa Grove, (ii) contravene, conflict with or result in a violation of or give any Governmental Authority or other Person the right to challenge any of the Contemplated Transactions or to exercise any remedy or obtain any relief under any Laws or any Order to which Villa Grove or any of the Acquired Assets may be subject, (iii) contravene, conflict with or result in a violation of any of the terms or requirements of or give any Governmental Authority the right to revoke, withdraw, suspend, cancel, terminate or modify any Permit or other authorization by a Governmental Authority that is held by Villa Grove or that otherwise relates to the System or any of the Acquired Assets, (iv) contravene, conflict with or result in a violation or breach of any provision of, require the Consent of any Person under, or give any Person the right to declare a default or exercise any remedy under or to accelerate the maturity or performance of or to cancel, terminate or modify any Contract, indenture, mortgage, note, lease or other instrument or document to which Villa Grove is a party or by which any of the Acquired Assets are bound or (v) result in the imposition or creation of any Encumbrance upon or with respect to any of the Acquired Assets.

(d) Except as set forth in Schedule 3.2(d) and in Section 5.1(g), no filings or registrations with, notifications to, or authorizations, Consents or approvals of, a Governmental Authority or third party are required to be obtained or made by Villa Grove in connection with the execution, delivery or performance by Villa Grove of this Agreement or the Transaction Documents or the consummation by Villa Grove of the Contemplated Transactions except related to the ICC approval. Neither the Contemplated Transactions nor the Transaction Documents will result in the creation of any Encumbrance against any of the Acquired Assets.

3.3 Assets. Villa Grove has clear, good, and marketable title to, or a valid leasehold interest in, all of the Acquired Assets, free and clear of all Encumbrances. None of the Acquired Assets are leased or on loan by Villa Grove to any third party. The Acquired Assets constitute all of the assets and property that, together with the rights granted or conveyed under the Transaction Documents, are necessary for the operation of the System, the Business and the Acquired Assets as conducted as of the date hereof. Upon the Closing, Illinois-American shall continue to be vested with good title or a valid leasehold interest in the System and all of the Acquired Assets. The Business constitutes all of the business conducted by any Person in connection with the System.

3.4 Real Property; Easements.

(a) Villa Grove owns and has good marketable title to the Real Property, free and clear of all options, leases, covenants, conditions, easements, agreements, claims, and other Encumbrances of every kind and there exists no restriction on the use or transfer of such property in such case except as set forth on Schedule 3.4(e). Set forth on Schedule 3.4(a) is a complete and accurate listing of all Real Property. Villa Grove is not the lessor or lessee of any Real Property, and there are no outstanding options, rights of first refusal or rights of first offer to purchase any of the Real Property or any portion thereof or interest therein. Villa Grove has made available to Illinois-American copies of all title reports, surveys, title policies and appraisals relating to the Real Property to the satisfaction of Illinois-American. At and after the Closing, Illinois-American shall have the right to maintain or use the Real Property, including the space facilities or appurtenances outside the building lines, whether on, over or under the ground, and to conduct such activities thereon as maintained, used or conducted by Villa Grove on the date hereof and

such right is not subject to revocation. At and after the Closing, Illinois-American shall have all rights, Easements and agreements necessary for the use and maintenance of water, sewer or other utility pipelines, poles, wires, conduits or other like facilities, and appurtenances thereto, over, across and under the Real Property.

(b) The Real Property is properly classified under applicable zoning Laws, ordinances, and regulations for the current and continued operation of the System on the Real Property. No Proceeding is pending or threatened which could adversely affect the zoning classification of the Real Property. There are sufficient parking spaces, loading docks and other facilities at such Real Property to comply with such zoning Laws, ordinances, and regulations and Villa Grove's use or occupancy of the Real Property is not dependent on any permitted non-conforming use or similar variance, exemption, or approval from any Governmental Authority. Villa Grove's current use and occupancy of the Real Property and its operation of the System thereon does not violate any easement, covenant, condition, restriction or similar provision in any instrument of record or other unrecorded agreement affecting such Real Property. The present use and operation of the Real Property does not constitute a non-conforming use and is not subject to a variance. Villa Grove has not received any notice of violation of any easements, covenants, restrictions or similar instruments and there is no basis for the issuance of any such notice or the taking of any action for such violation. Villa Grove has not entered into any easements relating to the Real Property or the Acquired Assets except as set forth on Schedule 3.4(b)(i) and, to Villa Grove's knowledge, no other easements relate to the Real Property or the Acquired Assets except as set forth on Schedule 3.4(b)(i). All of such easements are valid and will be transferred to Illinois-American and remain in full force as of the Closing. Set forth on Schedule 3.4(b)(ii) hereto is a true, correct and complete list of all rights of way relating to the Real Property or the Acquired Assets. All of such rights of way are valid and will be transferred to Illinois-American and remain in full force as of the Closing. All Improvements located on, and the use presently being made of, the Real Property comply with all applicable zoning and building codes, ordinances and regulations and all applicable fire, environmental, occupational safety and health standards and similar standards established by Law and the same use thereof by Villa Grove and Illinois-American following Closing will not result in any violation of any such code, ordinance, regulation or standard. There is no proposed, pending or threatened change in any such code, ordinance, regulation or standard which would adversely affect the Business, the System or the Acquired Assets. To Villa Grove's Knowledge, Except as set forth on Schedule 3.4(b)(iii), all Improvements located on, and the use presently being made of, the Real Property comply with all applicable zoning and building codes, ordinances and regulations and all applicable fire, environmental, occupational safety and health standards and similar standards established by Law and the same use thereof by Illinois-American following Closing will not result in any violation of any such code, ordinance, regulation or standard.

(c) No Improvements encroach on any land that is not included in the Real Property or on any easements affecting such Real Property, or violate any building lines or set-back lines, and there are no encroachments onto the Real Property, or any portion thereof, which would interfere with the use or occupancy of such real Property or the continued operation of the System as currently conducted.

(d) There is no unpaid property Tax, levy or assessment against the Real Property (except for Encumbrances relating to Taxes not yet due and payable), nor is there pending or threatened any condemnation Proceeding against the Real Property or any portion thereof.

(e) Except as set forth on Schedules 3.4 (a) and 3.4(e), there is no condition affecting the Real Property or the Improvements located thereon which requires repair or correction to restore the same to reasonable operating condition.

3.5 Personal Property. Set forth on Schedule 3.5(a) is a complete and accurate listing of all Acquired Assets which are personal property. Except as set forth in Schedule 3.5(b): (i) no Acquired Asset which is personal property is in the possession of others (other than immaterial items temporarily in the possession of others for maintenance or repair), (ii) neither Villa Grove nor any of its Affiliates holds any such property on consignment, and (iii) each item of such Acquired Assets has been maintained in accordance with normal industry practice, is in good operating condition and repair (subject to normal wear and tear) and is suitable for the purposes for which it is presently used.

3.6 No Undisclosed Liabilities. Except (a) to the extent and for the amount reflected as a Liability on the balance sheet included in the Unaudited Financial Statements, (b) Liabilities incurred in the Ordinary Course of Business since the date of the balance sheet included in the Unaudited Financial Statements (none of which will or may reasonably be expected to have an adverse effect upon the Business), or (c) as set forth on Schedule 3.6, Villa Grove does not have any Liabilities whatsoever, known or unknown, asserted or unasserted, liquidated or unliquidated, accrued, absolute, contingent, or otherwise, there is no basis for any claim against Villa Grove, the System or any of the Acquired Assets for any such Liability and there is no basis for any such Liability to become the Liability of Illinois-American from and after the Closing.

3.7 Contracts. Set forth on Schedule 3.7 is a complete and correct list of all Contracts related to the System to which Villa Grove is a party or is otherwise bound. Villa Grove has delivered or caused to be delivered to Illinois-American correct and complete copies of each such Contract (including any and all amendments), a description of the terms of each such Contract which is not in writing, if any, and all documents affecting the rights or obligations of any party thereto.

3.8 Environmental Matters.

(a) To Villa Grove's Knowledge, except as set forth on Schedule 3.8(a), Villa Grove is and at all times has been in full compliance with and has not been and is not in violation of or liable under any applicable Environmental Law. Villa Grove has no basis to expect nor has it received any actual or threatened Order, notice or other communication from any Governmental Authority or other Person of any actual or potential violation or failure to comply with any Environmental Law or of any actual or threatened obligation to undertake or bear the cost of any Environmental, Health and Safety Liabilities with respect to the Real Property or any other properties or assets (whether real, personal or mixed) in which Villa Grove has or has had an interest or with respect to the Real Property or any other real property at or to which Hazardous Materials were generated, manufactured, refined, transferred, imported, used or processed by

Villa Grove or any other Person for whose conduct it is or may be held responsible, or from which Hazardous Materials have been transported, treated, stored, handled, transferred, disposed, recycled or received.

(b) To Villa Grove's Knowledge, except as set forth on Schedule 3.8(b), there are no pending or threatened claims, Encumbrances or other restrictions of any nature, resulting from any Environmental, Health and Safety Liabilities or arising under or pursuant to any Environmental Law with respect to or affecting the Real Property or any other properties and assets (whether real, personal or mixed) in which Villa Grove has or had an interest.

(c) Neither Villa Grove nor any other Person for whose conduct it is or may be held to be responsible has any known Environmental, Health and Safety Liabilities with respect to the Real Property or with respect to any other properties and assets (whether real, personal or mixed) in which Villa Grove (or any predecessor) has or has had an interest or at any property geologically or hydrologically adjoining the Real Property or any such other property or assets that could reasonably be expected to have a material adverse effect thereon.

(d) To Villa Grove's Knowledge, there are no known Hazardous Materials, except those used in connection with the operation of the System and set forth in the list on Schedule 3.8(d), present on or in the Environment at the Real Property or at any geologically or hydrologically adjoining property, including any Hazardous Materials contained in barrels, above or underground storage tanks, landfills, land deposits, dumps, equipment (whether moveable or fixed) or other containers, either temporary or permanent and deposited or located in land, water, sumps or any other part of the Real Property or such adjoining property or incorporated into any structure therein or thereon. Neither Villa Grove nor any other Person for whose conduct it is or may be held to be responsible has permitted or conducted, or is aware of, any Hazardous Activity conducted with respect to the Real Property or any other properties or assets (whether real, personal or mixed) in which Villa Grove has or has had an interest except in material compliance with all applicable Environmental Laws. There has been no known Release or threat of Release, of any Hazardous Materials at or from the Real Property or from or by any other properties and assets (whether real, personal or mixed) in which Villa Grove has or has had an interest, or any geologically or hydrologically adjoining property, whether by Villa Grove or any other Person.

(e) Except as set forth in Schedule 3.8(e), Villa Grove has no knowledge the following exists at the System or on the Real Property: (1) underground storage tanks; (2) asbestos-containing material in any form; (3) materials or equipment containing polychlorinated biphenyl; (4) groundwater monitoring wells; or (5) landfills, surface impoundments, or disposal areas.

(f) Except as set forth in Schedule 3.8(f), neither Villa Grove nor any of its Affiliates is obligated to provide financial assurance in consideration of the System under Environmental Law.

(g) Villa Grove has delivered to Illinois-American true and complete copies and results of any reports, studies, analyses, tests or monitoring possessed or initiated by Villa Grove or its predecessors pertaining to Hazardous Materials or Hazardous Activities in, on or under the Real Property, or concerning compliance by Villa Grove, its predecessors, or any other Person for

whose conduct Villa Grove is or may be held to be responsible, with Environmental Laws, said reports, studies, etc. to include without limitation, any and all Phase I environmental reports now or hereafter in the possession or control of Villa Grove.

3.9 Permits. Set forth on Schedule 3.9 is a complete and correct list of all Permits used by Villa Grove in the continuing operation of the System. Such Permits constitute all those necessary for the continuing operation of the System and are all valid and subsisting and in full force and effect. No fact or circumstance exists which is reasonably likely to cause any such Permit to be revoked or materially altered subsequent to the execution of this Agreement and the Closing Date. Neither the execution of this Agreement nor the Closing does or will constitute or result in a default under or violation of any such Permit.

3.10 Insurance. Villa Grove maintains and has maintained appropriate insurance necessary for the full protection of all of its assets, properties, the System, operations, products and services. All such policies are in full force and effect and Villa Grove will use commercially reasonable efforts to cause such policies to be outstanding and in full force and effect as of Closing and immediately following the execution of this Agreement and the consummation of the Contemplated Transactions. There are no pending Proceedings arising out of, based upon or with respect to any of such policies of insurance and, to Villa Grove's knowledge, no basis for any such Proceedings exists. Villa Grove is not in default with respect to any provisions contained in any such insurance policies and no insurance provider is in default with respect to such insurance policies. Set forth in Schedule 3.10 is a true and accurate list of all such insurance policies Villa Grove maintains, and the premiums therefor have been paid in full as they have become due and payable.

3.11 Absence of Certain Changes. There has not been any undisclosed occurrence or event which, individually or in the aggregate, has had or is reasonably expected to have any Material Adverse Effect. Villa Grove has continually operated the System and the Business only in the Ordinary Course of Business. Without limitation of the foregoing, Villa Grove has not entered into, amended, terminated or received notice of termination of any Permit necessary for the continued operation of the System. In addition, Villa Grove has not taken any action in connection with the System or the Business which, if taken on or after the date hereof, would have required the prior written Consent of Illinois-American pursuant to Section 6.5 hereof.

3.12 Litigation and Proceedings. There are no undisclosed Proceedings, either pending or threatened, anticipated or contemplated, against Villa Grove or involving the operation of the System, any of the Acquired Assets, or any of Villa Grove's officials, employees, officers, agents or other personnel in their capacity as such, which could directly affect any of the Acquired Assets or the System. Villa Grove has not been charged with, nor is it under investigation with respect to, any charge which has not been resolved to its favor concerning any violation of any applicable Law with respect to any of the Acquired Assets or the System and there is no valid basis for any such charge or investigation. Neither Villa Grove nor any of its Affiliates has been subject to or threatened to be subject to any Proceeding or Order relating to personal injury, death or property or economic damage arising from products sold, licensed or leased and services performed by Villa Grove or any of its Affiliates with respect to the System or the Business. No judgment, Order, writ, injunction, decree, assessment or other command of any Governmental Authority affecting

Villa Grove or any of the Acquired Assets or the System has been entered which is presently in effect. There is no Proceeding pending or, to Villa Grove's knowledge, threatened which challenges the validity of this Agreement or the Contemplated Transactions or otherwise seeks to prevent, directly or indirectly, the consummation of the Contemplated Transactions, nor is there any valid basis for any such Proceeding.

3.13 Compliance with Laws. Villa Grove is in compliance with all Laws, Permits, Orders, ordinances, rules and regulations, whether civil or criminal, of any federal, state, local or foreign governmental authority applicable to the System or the Business and has not committed any violation of any Law or any provision of its charter or ordinances (or equivalent governing documents) applicable to the Acquired Assets and/or the operation of the System. Except as set forth in Schedule 3.13 neither Villa Grove nor any of its Affiliates has received any notice alleging such default, breach or violation.

3.14 Financial Statements. Attached as Schedule 3.14 are the Financial Statements. The Financial Statements have been prepared in accordance with GAAP, subject in the case of the Unaudited Financial Statements to normal year-end adjustments and the absence of footnotes. The Financial Statements were derived from the books and records of Villa Grove, are true correct and complete in all material respects and present fairly in all material respects the financial condition, operating results and cash flows of Villa Grove as of the dates and during the periods indicated therein (subject, in the case of the Unaudited Financial Statements, to normal year-end adjustments and the absence of footnotes).

3.15 No Indebtedness or Grants.

(a) There is no lender from which Villa Grove has incurred indebtedness for borrowed money which is outstanding, no obligation on the part of Villa Grove for the payment or repayment of money, whether as principal or as surety and whether present or future, actual or contingent, and no encumbrance of the Acquired Assets executed, filed and/or recorded.

(b) Villa Grove has not procured a grant from any Governmental Authority or other entity in connection with the design, construction, operation, maintenance or replacement of the System, and Villa Grove will not be obligated to return any grant funds to any Governmental Authority or other entity in connection with the sale or transfer of the Acquired Assets.

3.16 No Other Representations and Warranties. Except as set forth in this Agreement or any other written document executed by Villa Grove and delivered to Illinois-American in connection with this Agreement, Villa Grove makes no representations or warranties with respect to the Acquired Assets or the Business.

ARTICLE 4
Representations and Warranties of Illinois-American

Illinois-American hereby makes the following representations and warranties to Villa Grove:

4.1 Organization. Illinois-American is a duly organized and validly existing corporation in good standing under the Laws of Illinois and has the power and authority to own, lease and operate its assets and properties and to conduct the business of the System as now being conducted.

4.2 Enforcement; Authority; No Conflict.

(a) This Agreement constitutes the legal, valid and binding obligation of Illinois-American and is enforceable against Illinois-American in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency or other similar Laws affecting the rights of creditors generally and by general principles of equity. Illinois-American has the absolute and unrestricted right, power and authority to execute and deliver this Agreement and the Transaction Documents to which it is a party and to perform its obligations hereunder and thereunder.

(b) Neither the execution or delivery of this Agreement nor the consummation of the Contemplated Transactions shall result in: (i) a violation of or a conflict with any provision of the articles of incorporation or the bylaws of Illinois-American; (ii) a material breach of or default under any term, condition or provision of any Contract to which Illinois-American is a party, or an event which, with the giving of notice, lapse of time, or both, would result in any such breach or default; or (iii) a material violation of any applicable Law, Order, judgment, writ, injunction, decree or award or any event which, with the giving of notice, lapse of time, or both, would result in any such violation.

ARTICLE 5

Conditions Precedent to Closing

5.1 Conditions Precedent to the Obligations of Illinois-American. Illinois-American's obligations to consummate the Contemplated Transactions are subject to the satisfaction in full, unless expressly waived in writing by Illinois-American, of each of the following conditions:

(a) Authorization of Contemplated Transactions. Illinois-American shall have obtained all necessary corporate approvals to consummate the Contemplated Transactions, including, but not limited to the approval of its Board of Directors;

(b) Representations and Warranties. Each of the representations and warranties of Villa Grove contained in this Agreement or in any Transaction Document shall have been true, correct and accurate in all respects on and as of the date hereof and shall also be true, correct and accurate in all material respects on and as of the Closing Date with the same force and effect as though made by Villa Grove on and as of the Closing Date (except to the extent that any such representation or warranty is made solely as of the date hereof or as of another date earlier than the Closing Date, which shall be accurate as of such date);

(c) Covenants. Villa Grove shall have performed, observed and complied in all material respects with all of their respective obligations, covenants, undertakings and agreements

contained in this Agreement or any Transaction Document and required to be performed, observed or complied with by Villa Grove prior to or at the Closing;

(d) Certificates. Villa Grove shall have delivered to Illinois-American a certificate, dated as of the Closing Date and executed by an officer of Villa Grove, to the effect that the conditions set forth in Sections 5.1(b), (c) and (m) have been satisfied;

(e) Proceedings. No provision of any Law or Order shall be in effect, and no Proceeding by any Person shall be threatened or pending before any Governmental Authority, or before any arbitrator, which would: (i) prevent consummation of the Contemplated Transactions; (ii) have a likelihood of causing the Contemplated Transactions to be rescinded following consummation; (iii) adversely affect the right of Illinois-American to own any of the Acquired Assets; or (iv) adversely affect the System prospects or the value or condition of any of the Acquired Assets or the System;

(f) Closing Deliveries. Villa Grove shall have delivered or caused to be delivered to Illinois-American each of the items set forth in Section 2.5(a);

(g) Governmental and Third-Party Approvals. (i) Illinois-American shall have obtained a certificate of convenience and necessity and all regulatory approvals by the ICC, or any other applicable regulatory body, and all other applicable Consents and approvals from Governmental Authorities and other third parties which are required, or which are requested by Illinois-American in its sole and absolute discretion, in connection with the Contemplated Transactions, each in form and substance acceptable to Illinois-American in its sole and absolute discretion (including, without limitation, with respect to: the terms and conditions contained in any such approval by the ICC regarding customer rates, accounting, and ratemaking rate base treatment of the Acquired Assets: the facilities to be constructed by Illinois-American after Closing; and the rate to be charged to the Village of Camargo (“Camargo”) for a supply of water), and (ii) any waiting periods under existing Laws, and all extensions thereof, the passing of which is necessary to consummate the Contemplated Transactions, shall have expired;

(h) Due Diligence. Illinois-American shall have completed and be satisfied, in its sole and absolute discretion, with the results of its due diligence review of the Acquired Assets and Villa Grove, including without limitation, with the results of any Phase I Environmental Site Assessment or other environmental assessment performed with respect to the Real Property or the Acquired Assets or chain of title search, all material contracts and operating permits and licenses of the System, and Villa Grove’s operations, contracts, employment practices, compliance, accounting and other items as Illinois-American deems necessary, as each of the foregoing items relate to the System or the Acquired Assets;

(i) Permits. All Permits, licenses, easements, and land-rights, and any other necessary authority for the operation of the System and the Acquired Assets shall be validly issued in the name of Villa Grove and in full force as of the Closing Date, and Illinois-American shall have received a copy of each such instrument;

(j) No Encumbrances. The System and the Acquired Assets shall be free and clear of any and all Encumbrances, including without limitation any violations cited by the IEPA, Illinois Department of Natural Resources or any other Governmental Authority with authority over the System or the Acquired Assets;

(k) Phase I Review. Phase I Environmental Site Assessments ("ESA"), including chain of title searches for each parcel of land included in the Acquired Assets, shall have been completed for the benefit of the Parties (and their parent companies) and shall have been satisfactory in Illinois-American's sole discretion, and copies of the final Phase I ESA reports shall have been distributed to Villa Grove. Illinois-American shall use commercially reasonable efforts to complete the Phase I ESA and to share the Phase I ESA reports with Villa Grove within one hundred twenty (120) days of the date hereof;

(l) Contracts. Illinois-American shall have entered into an agreement, effective at Closing, with Camargo to provide a water supply to Camargo, or shall be satisfied in its sole discretion that an assignment of Villa Grove's existing agreement with Camargo, as amended, to Illinois-American is effective and legally binding on Camargo;

(m) Missing Easements. Villa Grove shall have obtained all the Missing Easements; and

(n) No Material Adverse Effect. Illinois-American shall have determined that there shall not have occurred any event or circumstance which, individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect.

5.2 Conditions Precedent to Obligations of Villa Grove. Villa Grove's obligation to consummate the Contemplated Transactions is subject to the satisfaction in full, unless expressly waived in writing by Villa Grove, of each of the following conditions:

(a) Representations and Warranties. Each of the representations and warranties of Illinois-American contained in this Agreement or in any Transaction Document shall have been true, correct and accurate in all respects on and as of the date hereof and shall also be true, correct and accurate in all material respects (other than representations and warranties qualified as to materiality, which shall have been true, correct and accurate in all respects) on and as of the Closing Date with the same force and effect as though made by Illinois-American on and as of the Closing Date (except to the extent that any such representation or warranty is made solely as of the date hereof or as of another date earlier than the Closing Date, which shall be accurate as of such date);

(b) Covenants. Illinois-American shall have performed, observed and complied in all material respects with all of its obligations, covenants, undertakings and agreements contained in this Agreement or any Transaction Document and required to be performed, observed or complied with by Illinois-American prior to or at the Closing;

(c) Proceedings. No provision of any Law or Order shall be in effect which would prevent consummation of the Contemplated Transactions; and

(d) Closing Deliveries. Illinois-American shall have delivered or caused to be delivered to Villa Grove each of the items set forth in Section 2.5(b).

ARTICLE 6

Covenants and Special Agreements

6.1 Access to Information; Confidentiality

(a) Access. Between the date of this Agreement and the Closing Date, Illinois-American may, directly and through its representatives, make such confirmatory investigation of the System and the Acquired Assets as each deems necessary or advisable. In furtherance of the foregoing, Illinois-American and its representatives shall have reasonable access, upon reasonable notice during normal business hours, to all employees, properties, books, Contracts, commitments and records of the Business, and Villa Grove shall furnish and cause to be furnished to Illinois-American and its representatives such financial and operating data and other information as may from time to time be reasonably requested relating to the System, shall permit Illinois-American or its representatives to conduct such physical inspections and environmental audits of the Real Property as requested by Illinois-American and shall permit Illinois-American or its representatives to conduct interviews of employees of or servicing the Business. Villa Grove and the management, employees, accountants and attorneys of or servicing the Business shall cooperate fully with Illinois-American and its representatives in connection with such investigation.

6.2 Cooperation. Subject to the terms and conditions of this Agreement, the Parties shall cooperate fully with each other and their respective counsel and accountants in connection with, and take or cause to be taken and do or cause to be done, any actions required to be taken under applicable Law to make effective the Contemplated Transactions as promptly as practicable. Prior to the Closing, the parties shall proceed expeditiously and in good faith to make such filings and take such other actions as may be reasonably necessary to satisfy the conditions to Closing set forth in Section 5.1(g). Any and all filing fees in respect of such filings shall be paid by Illinois-American from and after the Closing, the parties shall do such acts and execute such documents and instruments as may be reasonably required to make effective the transactions contemplated hereby. On or after the Closing Date, the parties shall, on request, cooperate with one another by furnishing any additional information, executing and delivering any additional documents and instruments, including contract assignments, and doing any and all such other things as may be reasonably required by the parties or their counsel to consummate or otherwise implement the transactions contemplated by this Agreement. Should Villa Grove, in its reasonable discretion, determine after the Closing that books, records or other materials constituting Acquired Assets are still in the possession of Villa Grove, Villa Grove shall promptly deliver them to Illinois-American at no cost to Illinois-American. Villa Grove hereby agrees to cooperate with Illinois-American to ensure a proper transition of all customers with respect to billing and customer service activities. Illinois-American shall take the lead in obtaining ICC approval with respect to the Contemplated Transactions.

6.3 Exclusivity. Villa Grove will not, at any time prior to the termination of this Agreement, directly or indirectly, (i) take any action to solicit, initiate or encourage the making of

any Acquisition Proposal, or (ii) discuss or engage in negotiations concerning any Acquisition Proposal with, or further disclose any non-public information relating to Villa Grove to, any person or entity in connection with an Acquisition Proposal, in each case, other than Illinois-American and its representatives.

6.4 No Inconsistent Action. Prior to the Closing Date, no Party shall take any action, and each Party will use its commercially reasonable efforts to prevent the occurrence of any event (but excluding events which occur in the Ordinary Course of Business and events over which such Party has no control), which would result in any of its representations, warranties or covenants contained in this Agreement or in any Transaction Document not to be true and correct, or not to be performed as contemplated, at and as of the time immediately after the occurrence of such action or event. If at any time prior to the Closing Date, a Party obtains knowledge of any facts, circumstances or situation which constitutes a breach, or will with the passage of time or the giving of notice constitute a breach, of any representation, warranty or covenant of such Party under this Agreement or any Transaction Document or will result in the failure of any of the conditions contained in Article 5 to be satisfied, such Party shall give the other Party prompt written notice thereof; provided, however, that no such notice shall cure any breach of any representation, warranty or covenant contained herein or therein or will relieve any such Party of any obligations hereunder or thereunder unless specifically agreed to in writing by the other Party.

6.5 Conduct of Business. Between the date of this Agreement and the Closing Date, Villa Grove shall carry on the operation of the System, the Business and the Acquired Assets in the Ordinary Course of Business and in compliance with Law, not introduce any materially new method of management or operation, use reasonable best efforts to preserve the System, the Business and the Acquired Assets, conserve the goodwill and relationships of its customers, suppliers, Governmental Authorities and others having business relations with it, maintain in full force and effect all policies of insurance now in effect for the benefit of Villa Grove, maintain supplies at a level which is sufficient to operate the System in accordance with past practice and maintain the Acquired Assets in substantially the condition currently existing, normal wear and tear excepted. By way of illustration and not limitation, Villa Grove will not, between the date hereof and the Closing Date, directly or indirectly do, or prepare to do, any of the following without the prior written Consent of Illinois-American, (a) sell, lease, transfer or otherwise dispose of, or license, mortgage or otherwise encumber, or give a security interest in or subject to any Encumbrances, any of the Acquired Assets, (b) merge or consolidate with or acquire, or agree to merge or consolidate with or acquire (by merging or consolidating with, or by purchasing a substantial portion of the stock or assets of, or by any other manner), any business or corporation, partnership, joint venture, association or other business organization or division thereof or otherwise change the overall character of the Business in any material way, (c) enter into any Contract other than in the Ordinary Course of Business, (d) abandon, sell, license, transfer, convey, assign, fail to maintain or otherwise dispose of any item of the transferred intellectual property, (e) make any change in any of its present accounting methods and practices, (f) make any new Tax election, or change or revoke any existing Tax election, or settle or compromise any Tax liability or file any income Tax Return prior to the last day (including extensions) prescribed by Law, in the case of any of the foregoing, material to the business, financial condition or results of operations of Villa Grove, (g) engage in any transactions with any Related Person which would survive Closing, (h) pay, discharge, settle or satisfy any material claims or Liabilities (absolute,

accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction, in the Ordinary Course of Business or in accordance with their terms, of Liabilities reflected or reserved against in the Financial Statements (or the notes thereto), or not required by GAAP to be so reflected or reserved, or incurred since December 31, 2020 in the Ordinary Course of Business, or waive any material benefits of, or agree to modify any material confidentiality, standstill, non-solicitation or similar agreement with respect to the Business to which Villa Grove or any of its Affiliates is a party, (i) engage in any activity with the purpose or intent of (A) accelerating the collection of accounts receivable or (B) delaying the payment of the accounts payable, (j) create or issue or grant an option or other right to subscribe, purchase or redeem any of its securities or other equity interests (other than with Illinois-American), (k) adopt a plan of complete or partial liquidation or resolutions providing for or authorizing such a liquidation or dissolution, merger, consolidation, restructuring, recapitalization or reorganization or (l) enter into any agreement (conditional or otherwise) to do any of the foregoing.

6.6 No Transfer at Odds with Law. Notwithstanding anything to the contrary contained herein, nothing in this Agreement shall be deemed to require the conveyance, assignment or transfer of any Acquired Asset that by operation of applicable Law cannot be conveyed, assigned, transferred or assumed. Each Party shall continue to use reasonable best efforts to obtain at the earliest practicable date all unobtained Consents or approvals required to be obtained by it in connection with the transfer of the Acquired Assets or performance of any Transaction Document. If and when any such Consents or approvals shall be obtained, then Villa Grove shall promptly, and hereby does, assign its rights thereunder to Illinois-American without payment of consideration and Illinois-American shall, and hereby does, without the payment of any consideration therefor, (i) assume such rights or (ii) perform (or agree to perform) under such Transaction Document, as applicable. Each Party shall execute such good and sufficient instruments as may be necessary to evidence such assignment and assumption. The entire beneficial interest in and to, and the risk of loss with respect to, the Acquired Assets shall, regardless of when legal title thereto shall be transferred to Illinois-American, pass to Illinois-American at Closing as of the Effective Time, and Villa Grove shall, without consideration therefor, pay, assign and remit to Illinois-American all monies, rights and other consideration received in respect of such performance. To the extent permitted by Law, Villa Grove shall exercise or exploit their rights in respect of such Acquired Assets only as directed by Illinois-American.

6.7 Release of Encumbrances. Villa Grove promptly shall take such actions as shall be requested by Illinois-American to secure the release of all Encumbrances relating to the Acquired Assets, in each case in substance and form reasonably satisfactory to Illinois-American and its counsel.

6.8 Retention of Records. Subject to applicable Law and, subject to any applicable restrictions as to confidentiality (as to which Illinois-American does not provide indemnification, or the waiver of which Villa Grove shall not have obtained after using reasonable best efforts), Villa Grove shall preserve any books and records relating to the System or the Business that are not delivered to Illinois-American hereunder for a period no less than seven (7) years after the Closing Date (or such longer period as shall be required by applicable Law), and Villa Grove shall make available such books and records for review and copying to Illinois-American and its

authorized representatives following the Closing at Illinois-American's expense upon reasonable notice during normal business hours. During such period, Villa Grove shall permit, to the extent permitted by applicable Law and upon request of Illinois-American, Illinois-American and any of its agents, representatives, advisors or consultants reasonable access to employees of or servicing the Business for information related to periods up to and including the Closing.

6.9 Customer Rates.

(a) Water Rates. After the Closing, Illinois-American shall apply the rates set forth in Schedule 6.9, provided, however, that on the first anniversary of the Closing, Illinois-American shall apply its then current Central Division Water Service district rates, all subject to the approval of the ICC.

(b) Wastewater Rates. After the Closing, Illinois-American shall apply its then-current Central Sewer Service district rates, subject to the approval of the ICC.

6.10 Capital Improvement Planning. The Parties acknowledge that the System is in need of capital improvements to ensure the provision of safe, adequate, and reliable service to customers. After Closing, Illinois-American will conduct a planning study and hydraulic modeling to evaluate and prioritize need capital improvements to the System, including, potential construction of a new wastewater treatment plant and lift station improvements. The Parties recognize that capital improvement plans are subject to modification based upon differing approaches, future conditions and prioritization.

6.11 Operation and Maintenance of the Stormwater System. Villa Grove shall at all times maintain ownership of the Stormwater System Assets. In addition, at such time, as the Combined Sewer System Assets are separated by Illinois-American, the Separated Stormwater System Assets shall be transferred to, and thereafter owned and maintained by Villa Grove.

6.12 Villa Grove Employee. As of the date of this Agreement, Villa Grove has one employee who works on the System in the position of Water Billing Clerk (the "Employee"). Illinois-American will make an offer of employment, effective or before the Closing Date, to the Employee provided that the Employee passes Illinois-American's standard background check, with their employment to be subject to the same rules and conditions in Illinois-American's employment policies.

ARTICLE 7
Indemnification

7.1 Survival of Representations and Warranties and Covenants.

(a) All of the representations and warranties made by Villa Grove in this Agreement, its Schedules, or any certificates or documents delivered hereunder shall survive the Closing Date and consummation of the Contemplated Transactions for a period of three (3) years; provided, however, that the representations and warranties contained in Sections 3.1, 3.3, 3.5, 3.6, and 3.8 shall survive indefinitely.

7.2 Indemnification and Payment of Damages by Villa Grove. Subject to the terms of this Article 7, Villa Grove hereby agrees to fully pay, protect, defend, indemnify and hold harmless the Indemnified Persons from any and all Damages arising out of, resulting from, relating to or caused by: (i) any inaccuracy in or breach of (or any claim by any third party alleging or constituting an inaccuracy or breach of) any representation or warranty of, or any failure to perform or nonfulfillment of any provision or covenant contained in this Agreement or any other Transaction Document by, Villa Grove; (ii) all Liabilities and/or duties of Villa Grove, whether accruing prior to or after the Closing Date, and any Encumbrance affecting the Acquired Assets; (iii) assessments, charges and other similar claims due or owing, directly or indirectly, by Villa Grove or otherwise as a result of or on account of the Acquired Assets or the System at any time prior to the Closing Date; (iv) the ownership and/or operation of any of the Acquired Assets or the System prior to Closing; (v) any Proceeding now existing or hereafter arising and relating to the Acquired Assets or the System and arising from events or matters occurring prior to the Closing Date; (vi) any Excluded Assets; (vii) any and all Taxes imposed on or arising from the transfer of the Acquired Assets; (viii) intercompany accounts payable and accounts receivable by and among Villa Grove and/or its Affiliates; (ix) transaction costs and expenses incurred by or on behalf of Villa Grove in connection with this Agreement or the Contemplated Transactions; or (x) any matters described on Schedule 7.2.

7.3 Indemnification By Illinois-American. Illinois-American hereby agrees to fully pay, protect, defend, indemnify and hold harmless Villa Grove and its respective successors and assigns, from any and all Damages incurred by any of them arising out of, resulting from, relating to or caused by (i) any inaccuracy in or breach of any representation or warranty of, or any failure to perform or nonfulfillment of any provision or covenant contained in this Agreement or any other Transaction Document by, Illinois-American or (ii) transaction costs and expenses incurred by or on behalf of Illinois-American in connection with this Agreement or the Contemplated Transactions or (iii) subject to Section 7.2, liabilities arising from operation of the System after Closing.

7.4 Notice of Claim. In the event that either party seeks indemnification on behalf of an Indemnified Person, such party seeking indemnification (the "Indemnified Party") shall give reasonably prompt written notice to the indemnifying party (the "Indemnifying Party") specifying the facts constituting the basis for such claim and the amount, to the extent known, of the claim asserted; provided, however, that the right of a person or entity to be indemnified hereunder shall not be adversely affected by a failure to give such notice unless, and then only to the extent that, an Indemnifying Party is actually irrevocably and materially prejudiced thereby. Subject to the terms hereof, the Indemnifying Party shall pay the amount of any valid claim not more than 10 days after the Indemnified Party provides notice to the Indemnifying Party of such amount.

7.5 Right to Contest Claims of Third Persons. If an Indemnified Party is entitled to indemnification hereunder because of a claim asserted by any Third Person, the Indemnified Party shall give the Indemnifying Party reasonably prompt notice thereof after such assertion is actually known to the Indemnified Party; provided, however, that the right of a Person to be indemnified hereunder in respect of claims made by a Third Person shall not be adversely affected by a failure to give such notice unless, and then only to the extent that, an Indemnifying Party is actually irrevocably and materially prejudiced thereby. Illinois-American shall have the right, upon written

notice to Villa Grove, to investigate, contest or settle the Third Person Claim. Villa Grove may thereafter participate in (but not control) the defense of any such Third Person Claim with its own counsel at its own expense. If Villa Grove thereafter seeks to question the manner in which Illinois-American defended such Third Person Claim or the amount or nature of any such settlement, Villa Grove shall have the burden to prove by clear and convincing evidence that conduct of Illinois-American in the defense and/or settlement of such Third Person Claim constituted gross negligence or willful misconduct. The Parties shall make available to each other all relevant information in their possession relating to any such Third Person Claim and shall cooperate in the defense thereof, provided that Illinois-American shall control the defense thereof. Promptly (and in any event within 10 days) following the resolution of any Third Person Claim, Villa Grove shall pay to Illinois-American any amount to which Illinois-American is entitled pursuant to this Article 7 with respect to such Third Person Claim.

7.6 Certain Indemnification Matters.

(a) Notwithstanding anything contained herein or elsewhere to the contrary, all “material” and “Material Adverse Effect” or similar materiality type qualifications contained in the representations and warranties set forth in this Agreement shall be ignored and not given any effect for purposes of the indemnification provisions hereof, including, without limitation, for purposes of determining whether or not a breach of a representation or warranty has occurred and/or determining the amount of any Damages.

(b) No information or knowledge acquired, or investigations conducted, by Illinois-American or its representatives, of Villa Grove or the System or otherwise shall in any way limit, or constitute a waiver of, or a defense to, any claim for indemnification by any Indemnified Persons under this Agreement.

ARTICLE 8 Termination

8.1 Termination. This Agreement may be terminated at any time prior to the Closing only (a) by mutual written Consent of Villa Grove and Illinois-American, (b) by Villa Grove or Illinois-American upon written notice to the other, if the Closing shall not have occurred on or prior to March 31, 2023; provided, however, that the right to terminate this Agreement under this Section 8.1(b) shall not be available to any Party whose breach under this Agreement has caused or resulted in the failure of the Closing to occur on or before such date, (c) by Illinois-American , if Illinois-American is not in material breach of any of its representations, warranties, covenants and agreements under this Agreement and there has been a material breach of any representation, warranty, covenant or agreement contained in this Agreement on the part of Villa Grove and Villa Grove has not cured such breach within five (5) Business Days after receipt of notice of such breach (provided, however, that, no cure period shall be required for a breach which by its nature cannot be cured), (d) by Illinois-American , if, at any time before Closing, Illinois-American is not satisfied with the results of its due diligence review of the System and the Acquired Assets, (e) by Villa Grove if Villa Grove is not in material breach of any of its representations, warranties, covenants and agreements under this Agreement and there has been a material breach of any representation, warranty, covenant or agreement contained in this Agreement on the part of

Illinois-American and Illinois-American has not cured such breach within five (5) Business Days after receipt of notice of such breach (provided, however, that, no cure period shall be required for a breach which by its nature cannot be cured), (f) by Villa Grove or Illinois-American upon written notice to the other, if any court of competent jurisdiction or other competent Governmental Entity shall have issued a statute, rule, regulation, Order, decree or injunction or taken any other action permanently restraining, enjoining or otherwise prohibiting the Contemplated Transactions, and such statute, rule, regulation, Order, decree or injunction or other action shall have become final and non-appealable, (g) by Illinois-American, if all regulatory approvals (including but not limited to rate treatment, accounting treatment, refunds, setting of rate base, approvals regarding Environmental Laws, and all approvals described in Section 5.1(g)) contemplated hereby or otherwise necessary to close the Contemplated Transactions have not been obtained within 270 days of the date hereof, or (h) by Illinois-American if any Material Adverse Effect shall have occurred or, in the reasonable judgment of Illinois-American, shall be reasonably likely to occur.

8.2 Effect of Termination. The right of each Party to terminate this Agreement under Section 8.1 is in addition to any other rights such Party may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. If this Agreement is terminated pursuant to Section 8.1, all further obligations of the Parties under this Agreement will terminate, except that the obligations set forth in this Section 8.2 (“Effect of Termination”) or Article 9 (“General Provisions”) will survive; provided, however, that if this Agreement is terminated by a Party because of the breach of the Agreement by another Party or because one or more of the conditions to the terminating Party’s obligations under this Agreement is not satisfied as a result of the other Party’s failure to comply with its obligations under this Agreement, the terminating Party’s right to pursue all legal remedies will survive such termination unimpaired.

ARTICLE 9

General Provisions

9.1 Amendment and Modification. No amendment, modification or supplement of any provision of this Agreement will be effective unless the same is in writing and is signed by the Parties.

9.2 Assignments. Villa Grove may not assign or transfer any of its rights or obligations under this Agreement to any other Person without the prior written Consent of Illinois-American. Illinois-American may not assign its rights and obligations under this Agreement to any third party, without the prior written Consent of Villa Grove, but may assign its rights and obligations under this Agreement to any Related Person or successor in interest without the Consent of Villa Grove. Subject to this Section 9.2, all provisions of this Agreement are binding upon, inure to the benefit of and are enforceable by or against the Parties hereto and their respective heirs, executors, administrators or other legal representatives and permitted successors and assigns.

9.3 Captions; Construction. Captions contained in this Agreement and any table of contents preceding this Agreement have been inserted herein only as a matter of convenience and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof. In the event of an ambiguity or question of intent or interpretation arises, this

Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provisions of this Agreement.

9.4 Counterparts; Facsimile. This Agreement may be executed by the Parties hereto on any number of separate counterparts, and all such counterparts so executed constitute one agreement binding on all the Parties hereto notwithstanding that all the Parties hereto are not signatories to the same counterpart. For purposes of this Agreement, a document (or signature page thereto) signed and transmitted by facsimile machine, telecopier, or e-mail is to be treated as an original document.

9.5 Entire Agreement. This Agreement and the other Transaction Documents constitute the entire agreement among the Parties hereto pertaining to the subject matter hereof and supersede all prior agreements, letters of intent, understandings, negotiations and discussions of the Parties hereto, whether oral or written, executed by the Parties pertaining to the subject matter hereof. All of the Exhibits and Schedules attached to this Agreement are deemed incorporated herein by reference.

9.6 Governing Law. This Agreement and the rights and obligations of the Parties hereunder are to be governed by and construed and interpreted in accordance with the Laws of the State of Illinois applicable to Contracts made and to be performed wholly within Illinois, without regard to choice or conflict of laws rules.

9.7 Legal Fees, Costs. All legal, consulting and advisory fees and other costs and expenses incurred in connection with this Agreement and the Contemplated Transactions are to be paid by the Party incurring such costs and expenses, provided, however, that Illinois-American shall pay to Villa Grove its reasonable legal and consulting fees incurred in connection with the Contemplated Transactions, not to exceed Fifty Thousand Dollars (\$50,000.00) (the "Transaction Costs"), as set forth in a statement provided to Illinois-American at the Closing.. Illinois-American shall pay for all documentary stamps, recording costs, and title company fees, and any costs incurred in connection with obtaining any necessary approval of the Contemplated Transactions from the ICC, Illinois Environmental Protection Agency, or Illinois Department of Natural Resources.

9.8 Notices. All notices, Consents, requests, demands and other communications hereunder are to be in writing and are deemed to have been duly given, made or delivered: (i) when delivered in person, (ii) three (3) Business Days after deposited in the United States mail, first class postage prepaid, or (iii) in the case of telegraph or overnight courier services, one (1) Business Day after delivery to the telegraph company or overnight courier service with payment provided, in each case addressed as follows:

if to Villa Grove, (i) to City of Villa Grove, City Hall, 120 North Main Street, Villa Grove, IL 61843, Attn: Cassandra Eversole-Gunter, Mayor, (ii) with a copy to Marc R. Miller, Miller & Hendren, 2504 Galen Drive, Suite 101, Champaign, IL 61821, or

(b) if to Illinois-American, (i) to President, Illinois-American Water Company, 300 N. Water Works Drive, Belleville, 62223, (ii) with a copy to Corporate Counsel, Illinois-American Water Company, 300 North Water Works Drive, Belleville, IL 62223.

or to such other address as any Party hereto may designate by notice to the other Parties in accordance with the terms of this Section.

9.9 Severability. This Agreement shall be deemed severable; the invalidity or unenforceability of any term or provision of this Agreement shall not affect the validity or enforceability of this Agreement or of any other term hereof, which shall remain in full force and effect, for so long as the economic or legal substance of the Contemplated Transactions is not affected in any manner materially adverse to any Party.

9.10 Specific Performance and Injunctive Relief; Remedies. The Parties hereto recognize that if any or all of them fail to perform, observe or discharge any of their respective obligations under this Agreement, a remedy at law may not provide adequate relief to the other Parties hereto. Therefore, in addition to any other remedy provided for in this Agreement or under applicable Law, any Party hereto may demand specific performance of this Agreement, and such Party shall be entitled to temporary and permanent injunctive relief, in a court of competent jurisdiction at any time when any of the other Parties hereto fail to comply with any of the provisions of this Agreement applicable to such Party. To the extent permitted by applicable Law, all Parties hereto hereby irrevocably waive any defense based on the adequacy of a remedy at law, which might be asserted as a bar to such Party's remedy of specific performance or injunctive relief. Except as otherwise provided herein, all rights and remedies of the parties under this Agreement are cumulative and without prejudice to any other rights or remedies under Law. Nothing contained herein shall be construed as limiting the Parties' rights to redress for fraud.

9.11 No Third-Party Beneficiary. This Agreement is solely for the benefit of the Parties hereto and their respective successors and permitted assigns (and those Persons entitled to recover under the indemnity provisions hereof), and no other Person (other than those Persons entitled to recover under the indemnity provisions hereof) has any right, title, priority or interest under this Agreement or the existence of this Agreement.

9.12 Waiver of Compliance; Consents. Any failure of a Party to comply with any obligation, covenant, agreement or condition herein may be waived by the other Party only by a written instrument signed by the Party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. Whenever this Agreement requires or permits Consent by or on behalf of any Party hereto, such Consent shall be given in writing in a manner consistent with the requirements for a waiver of compliance as set forth in this Section 9.12.

9.13 Jurisdiction; Venue; Consent to Service of Process. Each of the Parties irrevocably and unconditionally submits to the non-exclusive jurisdiction of the Douglas County Circuit Court in Tuscola, Illinois or, if such court will not accept jurisdiction, the Supreme Court of the State of Illinois. In any action, suit or other Proceeding, each of the Parties irrevocably and

unconditionally waives and agrees not to assert by way of motion, as a defense or otherwise any claims that it is not subject to the jurisdiction of the above courts, that such action or suit is brought in an inconvenient forum or that the venue of such action, suit or other Proceeding is improper. Each of the Parties also hereby agrees that any final and unappealable judgment against a Party in connection with any action, suit or other Proceeding shall be conclusive and binding on such Party and that such award or judgment may be enforced in any court of competent jurisdiction. Each Party irrevocably consents to service of process in the manner provided for the giving of notices pursuant to Section 9.8. Nothing in this Section 9.13 shall affect the right of any Party to serve process in any other manner permitted under applicable Law.

9.14 WAIVER OF JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS.

9.15. Broker Disclosure. This will confirm that Cassandra A. Eversole-Gunter is the Mayor of Villa Grove and is signing this contract on its behalf as Seller and that she is a real estate broker licensed in the State of Illinois. The parties acknowledge that none of the property sold hereunder is subject to any brokerage or listing agreement.

[Remainder of page intentionally left blank; signature page attached.]

IN WITNESS WHEREOF, the Parties have executed this Asset Purchase Agreement as of the date first set forth above:

**Illinois-American Water Company,
an Illinois corporation**

**City of Villa Grove, an Illinois municipal
corporation**

By: _____
Justin L. Ladner, President

By: _____
Cassandra Eversole-Gunter, Mayor

EXHIBIT 1
Definitions

“Acquired Assets” means all right, title, and interest in and to all of the assets which are owned or held by Villa Grove as of the Effective Time that constitute the System or that are used in the operation thereof, including, with respect to the System, all of its (a) Real Property now used and required in the ongoing operation of the System, (b) Tangible Personal Property, (c) intellectual property, goodwill associated therewith, licenses and sublicenses granted and obtained with respect thereto, and rights thereunder, remedies against past, present, and future interests therein under the Laws of all jurisdictions, (d) leases, subleases, easements, rights of way, and rights thereunder, (e) all rights of Villa Grove in and to any indentures, mortgages, instruments, Encumbrances, or guaranties secured for the operation of the System, (f) franchises, approvals, Permits, pending application for Permits and Permit renewals, exemptions from any Permits, licenses, Orders, registrations, certificates, variances, and similar rights obtained from governments and governmental agencies in each case to the extent assignable or transferable to Illinois-American, (g) books, data, records, ledgers, files, documents, correspondence, lists, plats, architectural plans, drawings, specifications, creative materials, studies, reports, and other printed or written materials related to Villa Grove’s construction, maintenance, and operation of the System, and (h) all of the intangible rights and property, if any, of Villa Grove utilized in the operation of the System, provided that Acquired Assets shall not include any Excluded Assets.

“Acquisition Proposal” means any offer or proposal for the acquisition of Villa Grove, the Acquired Assets or any portion thereof, whether by way of merger, consolidation or statutory share exchange or the acquisition of shares of capital stock, the acquisition of assets or similar transaction.

“Affiliate” means any Person who is employed by Villa Grove.

“Allocation” means a reasonable and supportable allocation of the Purchase Price among the Acquired Assets in accordance with Code section 1060 and the Treasury regulations thereunder (and any similar provisions of state or local Law, as appropriate).

“Audited Financial Statements” means the audited balance sheets (if any) of Villa Grove as of April 30, 2018, 2019, and 2020 and the related audited statements of income and cash flows for the twelve (12) month period ended April 30, 2018, 2019, and 2020, respectively.

“Bill of Sale” means a bill of sale for all of the Acquired Assets that are Tangible Personal Property substantially in the form of Exhibit 2 (the “Bill of Sale”).

“Business” means the water distribution and treatment business and wastewater collection and treatment business of Villa Grove as the same are conducted by Villa Grove as of the date hereof and as the same shall be conducted by Villa Grove as of immediately prior to the Closing.

“Business Day(s)” means any day other than (i) Saturday or Sunday, or (ii) any other day on which governmental offices in the State of Illinois are permitted or required to be closed.

“Closing” means the closing of the Contemplated Transactions.

“Closing Date” means the date on which the Closing actually occurs.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations and other guidance promulgated thereunder.

“Confidential Information” means (i) information not available to the general public concerning the System and financial affairs with respect to a Party hereto or its Affiliates, and (ii) analyses,

compilations, forecasts, studies and other documents prepared on the basis of such information by the Parties or their agents, representatives, any Related Person, employees or consultants.

“Consent” means any approval, consent, ratification, waiver or other authorization.

“Contemplated Transactions” means the transactions contemplated by this Agreement and the Transaction Documents.

“Contract” means any agreement, contract, obligation, legally binding commitment or undertaking (whether written or oral and whether express or implied).

“Combined Sewer System Assets” means the assets of the sewer collection system designed and constructed to collect and convey municipal sewage (i.e., domestic, commercial and industrial) and stormwater through a single pipe-system to the wastewater treatment plant for discharge, including (i) wastewater collection pipes, pumping stations and other assets used for wastewater collection, (ii) stormwater drains, pipes, collection basins, pumping stations and other assets used for wastewater collection, and (iii) catch basins, inlets, pipes and all other stormwater lateral facilities, in each case that connect wastewater and surface stormwater drains to the combined sewer mains that discharge to the wastewater treatment plant.

“Damages” means any and all claims, losses and other liabilities, plus reasonable attorneys’ fees and expenses, including court costs and expert witness fees and costs, incurred in connection with such claims, losses and other liabilities and/or enforcement of this Agreement.

“Effective Time” means 12:01 a.m. on the Closing Date.

“Encumbrance” means any charge, claim, community property interest, condition, easement, equitable interest, encumbrance, lien, mortgage, option, pledge, security interest, right of first refusal, right of way, servitude or restriction of any kind, including any restriction on use, transfer, receipt of income or exercise of any other attribute of ownership, or any repayment obligation under any grant.

“Environment” means soil, land surface or subsurface strata, surface waters (including navigable waters, ocean waters, streams, ponds, drainage basins and wetlands), groundwater, drinking water supply, stream sediments, ambient air (including indoor air), plant and animal life and any other environmental medium or natural resource.

“Environmental, Health and Safety Liabilities” means any cost, damages, expense, liability, obligation or other responsibility arising from or under Environmental Law or Occupational Safety and Health Law and consisting of or relating to (a) any environmental, health or safety matters or conditions (including on-site or off-site contamination, occupational safety and health and regulation of chemical substances or products), (b) fines, penalties, judgments, awards, settlements, legal or administrative Proceedings, damages, losses, claims, demands and response, investigative, remedial or inspection costs and expenses arising under Environmental Law or Occupational Safety and Health Law, (c) financial responsibility under Environmental Law or Occupational Safety and Health Law for cleanup costs or corrective action, including any Cleanup required by applicable Environmental Law or Occupational Safety and Health Law (whether or not such Cleanup has been required or requested by any Governmental Authority or any other Person) and for any natural resource damages, or (d) any other compliance, corrective, investigative or remedial measures required under Environmental Law or Occupational Safety and Health Law. The terms “removal,” “remedial,” and “response action,” include the types of activities covered by the United States Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., as amended, and the United States Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq., as amended.

“Environmental Law” means any Law relating to pollution or protection of human health, safety, the environment, natural resources or Law relating to releases or threatened releases of Hazardous Materials into the indoor or outdoor environment (including, without limitation, ambient air, surface water, groundwater, land, surface and subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, release, transport or handling of Hazardous Materials.

“Excluded Assets” means (a) all cash, cash equivalents and short-term investments of Villa Grove, including all bank accounts, demand accounts, certificates of deposit, time deposits, marketable securities, negotiable instruments and the proceeds of accounts receivable paid prior to the Closing Date, other than deposits and funds included in the Acquired Assets, (b) all intergovernmental accounts receivable of Villa Grove and notes for those accounts receivable, (c) all Contracts to which Villa Grove is a party, including the Contracts listed on Schedule 3.7 except the Contracts listed on Schedule 2.3, subject to Section 5.1(g)(i), (d) all equity interests owned or held by Villa Grove, (e) all insurance policies of Villa Grove and rights thereunder, (f) all causes of action, judgments, claims, reimbursements and demands of whatever nature (including rights under and pursuant to all warranties, representations and guarantees made by suppliers of products, materials or equipment, or components thereof) in favor of Villa Grove to the extent related to any Excluded Asset, (g) all rights of Villa Grove under this Agreement and the Transaction Documents, (h) accounts, notes, and customer accounts receivable arising after the Effective Time, and (i) all rights, properties and assets set forth on Schedule A.

“Financial Statements” means the Audited Financial Statements and the Unaudited Financial Statements.

“GAAP” means United States generally accepted accounting principles as in effect on the date hereof, applied on a consistent basis.

“Governmental Authority(ies)” means any (a) nation, state, county, City, City, district or other jurisdiction of any nature, (b) federal, state, local, municipal, foreign or other government, (c) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official or entity and any court or other tribunal), (d) multi-national organization or body or (e) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature.

“Hazardous Activity” means the distribution, generation, handling, importing, management, manufacturing, processing, production, refinement, Release, storage, transfer, transportation, treatment or use (including any withdrawal or other use of groundwater) of Hazardous Materials in, on, under, about or from the System or any part thereof into the Environment, and any other act, system, operation or thing that increases the danger or risk of danger, or poses an unreasonable risk of harm to persons or property on or off the System, or that may affect the value of the System or the Business.

“Hazardous Materials” means any waste or other substance that is listed, defined, designated or classified as, or otherwise determined to be, hazardous, radioactive or toxic or a pollutant or a contaminant under or pursuant to any Environmental Law, including any admixture or solution thereof, and specifically including petroleum and all derivatives thereof or synthetic substitutes therefor and asbestos or asbestos-containing materials.

“ICC” means the Illinois Commerce Commission.

“IEPA” means the Illinois Environmental Protection Agency.

“Improvements” means all buildings, structures, fixtures, building systems and equipment, and all components thereof, including the roof, foundation, load-bearing walls, and other structural elements thereof, heating, ventilation, air conditioning, mechanical, electrical, plumbing, and other building

systems, environmental control, remediation, and abatement systems, sewer, storm, and wastewater systems, irrigation and other water distribution systems, parking facilities, fire protections, security, and surveillance systems, and telecommunications, computer, wiring, and cable installations, included in the Real Property.

“Indemnified Persons” means Illinois-American and Illinois-American’s Affiliates and the past, present and future officers, directors, shareholders, partners, employees, agents, attorneys, representatives, successors and assigns of each of them in their capacities as such.

“Intangible Assignments” means the assignments of all of the Acquired Assets which are intangible personal property substantially in the form of Exhibit 3.

“Knowledge” means (i) the actual knowledge of a particular fact by any of the Persons listed on Schedule B (each, a “Knowledge Party”), and (ii) knowledge that would have been acquired by any Knowledge Party acting reasonably and diligently in the performance of such person’s role with and duties to Villa Grove. The words “know,” “knowing” and “known” shall be construed accordingly.

“Law(s)” means any law, rule, regulation or ordinance of any federal, foreign, state or local Governmental Authority or other provisions having the force or effect of law, including all judicial or administrative Orders and determinations, and all common law.

“Liability” or “Liabilities” means any liability, indebtedness or obligation of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise and whether or not the same is required to be accrued on the financial statements of a Person.

“Material Adverse Effect” means a material adverse effect on (a) the business, assets, Liabilities (contingent or otherwise), operations or condition (financial or otherwise) of the System, the Business and the Acquired Assets, taken as a whole; provided, however, that “Material Adverse Effect” shall not include any changes resulting from general business or economic conditions, including such conditions related to the industry in which the System is operated, which do not specifically relate to the System and which are not disproportionately adverse to the System than to other businesses being operated in the industries in which the System operates, or (b) the ability of Villa Grove to consummate the Contemplated Transactions.

“Missing Easement” means, as of any particular date, each Easement that is appurtenant to any Water Asset or Wastewater Asset or necessary for access to any Water Asset or Wastewater Asset or for the operation of any Water Asset or Wastewater Asset (including Easements for utilities and power to any Water Asset or Wastewater Asset) or otherwise is necessary for or used in connection with the operation of the System or to provide continuous and unimpeded rights of way for the Water Assets or Wastewater Assets (including access thereto) that either (a) has not been obtained by Villa Grove prior such date or (b) if such Easement has been obtained by Villa Grove prior such date, such Easement is unrecorded or such Easement is not sufficient to operate the System as currently conducted.

“Occupational Safety and Health Law” means any Law designed to provide safe and healthful working conditions and to reduce occupational safety and health hazards, and any program, whether governmental or private (including those promulgated or sponsored by industry associations and insurance companies), designed to provide safe and healthful working conditions.

“Order” means any award, decision, injunction, judgment, order, ruling, subpoena or verdict entered, issued, made or rendered by any court, administrative agency or other Governmental Authority or by any arbitrator.

“Ordinary Course of Business” means, with respect to the System and the Business, only the ordinary course of commercial operations customarily engaged in by the System and the Business consistent with past practices, and specifically does not include (a) activity (i) involving the purchase or sale of the System or the Business or any product line or business unit thereof, or (ii) that requires approval by the board of aldermen (or other governing persons) of Villa Grove or any of its Affiliates, or (b) the incurrence of any Liability for any tort or any breach or violation of or default under any Contract or Law.

“Permit” means any approval, Consent, license, permit, waiver or other authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Authority or pursuant to any Law.

“Person” means any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, cooperative, estate, trust, association, organization, labor union or other entity or Governmental Authority.

“Proceeding” means any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, investigative or informal) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Authority or arbitrator.

“Real Property” means those parcels of real property and those easements or any right-of-way used in the operation of the System, together with all fixtures, fittings, buildings, structures and other Improvements erected therein or thereon.

“Records” means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

“Related Person” means: (a) with respect to a particular individual, (i) each other member of such individual’s Family, (ii) any Person that is directly or indirectly controlled by such individual or one or more members of such individual’s Family, (iii) any Person in which such individual or members of such individual’s Family hold (individually or in the aggregate) a Material Interest; and (iv) any Person with respect to which such individual or one or more members of such individual’s Family serves as a director, officer, partner, executor or trustee (or in a similar capacity) and (b) with respect to a specified Person other than an individual, (i) any Person that directly or indirectly controls, is directly or indirectly controlled by, or is directly or indirectly under common control with such specified Person, (ii) any Person that holds a Material Interest in such specified Person, (iii) each Person that serves as a director, officer, partner, executor or trustee of such specified Person (or in a similar capacity), (iv) any Person in which such specified Person holds a Material Interest, (v) any Person with respect to which such specified Person serves as a general partner or a trustee (or in a similar capacity) and (vi) any Related Person of any individual described in clause (ii) or (iii). For purposes of this definition, (x) the “Family” of an individual includes (A) the individual, (B) the individual’s spouse, (C) any other natural person who is related to the individual or the individual’s spouse within the second degree, and (D) any other natural person who resides with such individual; and (y) “Material Interest” means direct or indirect beneficial ownership (as defined in Rule 13d-3 under the Securities Exchange Act of 1934) of voting securities or other voting interests representing at least five percent (5%) of the outstanding equity securities or equity interests in a Person.

“Release” means any spilling, leaking, emitting, discharging, depositing, escaping, leaching, dumping or other releasing into the Environment, whether intentional or unintentional.

“Separated Stormwater System Assets” means assets that exclusively transport stormwater after having been separated from Combined Sewer System Assets by Illinois-American as follows, in Illinois-

American's sole discretion: (i) Illinois-American constructs new sanitary sewer assets in a particular location and transfers the former Combined Sewer System Assets to Villa Grove for the conveyance of stormwater only, (ii) Illinois-American constructs new stormwater only assets in a particular location and transfers such new stormwater only assets to Villa Grove, or (iii) Illinois-American constructs both new stormwater only assets and new sanitary sewer only assets in a particular location and transfers the new stormwater only assets to Villa Grove.

"Stormwater System Assets" means all assets owned by Villa Grove that are used exclusively to transport stormwater, including (i) drains, pipes and collection basins and all other stormwater drainage assets used exclusively for stormwater collection, conveyance and discharge and (ii) catch basins, inlets, pipes and all other stormwater lateral facilities (the "Stormwater Lateral facilities") that connect surface stormwater drains to storm conveyances which discharge to surface waters or the wastewater treatment plant. Stormwater Systems shall not include the Combined Sewer System Assets or any other property that is jointly used for (a) the collection, transportation and treatment of stormwater or otherwise in the operation of the stormwater system and (b) the operation of the wastewater and sewer collection system, including the Stormwater Lateral Facilities that connect surface stormwater drains to Combined Sewer System Asset mains.

"Tangible Personal Property" means all water mains, wastewater mains, water pipes, wastewater pipes, water lines, wastewater lines, service lines, laterals, valves, meters, vaults, hydrants, pumps, water towers, boosters, lift stations, wells, machinery, equipment, tools, furniture, office equipment, computer hardware, supplies (including chemicals and spare parts), materials, vehicles and other items of tangible personal property of every kind owned or leased by Villa Grove (wherever located and whether or not carried on Villa Grove' books), together with any express or implied warranty by the manufacturers or lessors of any item or component part thereof, and all maintenance records and other documents relating thereto.

"Tax" or "Taxes" means all taxes, charges, withholdings, fees, duties, levies, or other like assessments including, without limitation, income, gross receipts, ad valorem, value added, excise, property, sales, employment, withholding, social security, Pension Benefit Guaranty Corporation premium, environmental (under Section 59A of the Code) occupation, use, service, service use, license, payroll, franchise, transfer and recording taxes, fees and charges, windfall profits, severance, customs, import, export, employment or similar taxes, charges, fees, levies or other assessments, imposed by any Governmental Authority, whether computed on a separate, consolidated, unitary, combined or any other basis, and shall include any interest, fines, penalties, assessments, or additions to tax resulting from, attributable to, or incurred in connection with any such Tax or any contest or dispute thereof, and including any Liability for the Taxes of another Person under Treasury Regulation section 1.1502-6 (or any similar provisions of state, local, or foreign Law), as transferee or successor, by Contract or otherwise.

"Tax Return" or "Tax Returns" means any return, declaration, report, claim for refund, or information return or statement relating to, or required to be filed in connection with any Taxes, including any schedule or attachment thereto and including any amendment thereof.

"Third Person" means a claimant other than an indemnified person hereunder.

"Third Person Claim" means a claim alleged by a Third Person.

"Transaction Documents" means this Agreement, the Bill of Sale, the Intangible Assignments and all other documents, certificates, assignments and agreements executed and/or delivered in connection with this Agreement in order to consummate the Contemplated Transactions, as the same may be amended, restated, modified or otherwise replaced from time to time.

“Unaudited Financial Statements” means the unaudited balance sheet of Villa Grove as of April 30, 2021 and the related compiled consolidated statements of income and cash flows for the period then ended.

Rules of Construction

For purposes of this Agreement and the other documents executed in connection herewith, the following rules of construction shall apply, unless specifically indicated to the contrary: (i) wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, the feminine and the neuter; (ii) the term “or” is not exclusive; (iii) the term “including” (or any form thereof) shall not be limiting or exclusive; (iv) the terms “hereof,” “herein” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including the Schedules and Exhibits hereto) and not to any particular provision of this Agreement; (v) all references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations as well as all rules and regulations promulgated thereunder, unless the context otherwise requires; (vi) all references in this Agreement or in the Schedules to this Agreement to sections, schedules, exhibits and attachments shall refer to the corresponding sections, schedules, exhibits and attachments of or to this Agreement; and (vii) all references to any instruments or agreements, including references to any of the documents executed in connection herewith, shall include any and all modifications or amendments thereto and any and all extensions or renewals thereof.

Exhibit 2

Form of Bill of Sale

BILL OF SALE

***CITY OF VILLA GROVE
TO
ILLINOIS-AMERICAN WATER COMPANY***

1. **Sale and Transfer of Assets.** For good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, and as contemplated by that certain Asset Purchase Agreement dated as of _____, 202__ (the "Purchase Agreement") by and between Illinois-American Water Company, an Illinois corporation ("Assignee"), and the City of Villa Grove, an Illinois municipal corporation ("Assignor"), Assignor hereby sells, conveys, transfers, assigns and delivers to Assignee, effective as of the Effective Time, all of Assignor's right, title and interest in and to all of the Acquired Assets, including without limitation those assets listed on Exhibit A attached hereto.

2. **Further Actions.** Assignor covenants and agrees to warrant and defend the sale, transfer, assignment, conveyance, grant and delivery of the Acquired Assets hereby made against all persons whomsoever, to take all steps reasonably necessary to establish the record of Assignee's title to the Acquired Assets and, at the request of Assignee, to execute and deliver further instruments of transfer and assignment and take such other action as Assignee may reasonably request to more effectively transfer and assign to and vest in Assignee each of the Acquired Assets, all at the sole cost and expense of the Assignor.

3. **Power of Attorney.** Without limiting Section 2 hereof, Assignor hereby constitutes and appoints Assignee the true and lawful agent and attorney in fact of Assignor, with full power of substitution and resubstitution, in whole or in part, in the name and stead of Assignor but on behalf and for the benefit of Assignee and its successors and assigns, from time to time:

(a) to demand, receive and collect any and all of the Acquired Assets and to give receipts and releases for and with respect to the same, or any part thereof;

(b) to institute and prosecute, in the name of Assignor or otherwise, any and all proceedings at law, in equity or otherwise, that Assignee or its successors and assigns may deem proper in order to collect or reduce to possession any of the Acquired Assets and in order to collect or enforce any claim or right of any kind hereby assigned or transferred, or intended so to be; and

(c) to do all things legally permissible, required or reasonably deemed by Assignee to be required to recover and collect the Acquired Assets and to use Assignor's name in such manner as Assignee may reasonably deem necessary for the collection and recovery of same,

Assignor hereby declaring that the foregoing powers are coupled with an interest and are and shall be irrevocable by Assignor.

4. Terms of the Purchase Agreement. The terms of the Purchase Agreement, including but not limited to Assignor's representations, warranties, covenants, agreements and indemnities relating to the Acquired Assets, are incorporated herein by this reference. Assignor acknowledges and agrees that the representations, warranties, covenants, agreements and indemnities contained in the Purchase Agreement shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein. In the event of any conflict or inconsistency between the terms of the Purchase Agreement and the terms hereof, the terms of the Purchase Agreement shall govern. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Purchase Agreement.

[Remainder of page intentionally left blank; signature page attached.]

IN WITNESS WHEREOF, Assignor has executed this Bill of Sale as of _____,
202__.

CITY OF VILLA GROVE, ILLINOIS

By: _____
Name: Cassandra Eversole-Gunter
Title: Mayor

Accepted

Illinois-American Water Company

By: _____
Duly Authorized Officer

Dated: _____

Exhibit A

Acquired Assets

“Acquired Assets” means all right, title, and interest in and to all of the assets which are owned or held by Villa Grove as of the Effective Time that constitute the System or that are used in the operation thereof, including, with respect to the System, all of its (a) Tangible Personal Property, including but not limited to all water mains, water pipes, water lines, service lines, valves, vaults, pumps, fire hydrants, treatment facilities, groundwater wells, pumps, storage tanks, sewer mains, sewer treatment facilities, lift stations, and manholes, (b) leases, subleases, easements, rights of way, and rights thereunder, (c) all rights of Villa Grove in and to any indentures, mortgages, instruments, Encumbrances, or guaranties secured for the operation of the System, (d) claims, causes of action, rights of recovery, rights of set-off, and rights of recoupment (including any such item relating to the payment of Taxes), (e) franchises, approvals, Permits, pending application for Permits and Permit renewals, exemptions from any Permits, licenses, Orders, registrations, certificates, variances, and similar rights obtained from Governmental Authorities in each case to the extent assignable or transferable to Illinois-American, (f) books, data, records, ledgers, files, documents, correspondence, lists, plats, architectural plans, drawings, specifications, creative materials, studies, reports, and other printed or written materials related to Villa Grove’s construction, maintenance, and operation of the System, and (g) all of the intangible rights and property, if any, of Villa Grove utilized in the operation of the System, provided that Acquired Assets shall not include any Excluded Assets.

Please see also Exhibit 1, attached hereto and incorporated herein.

Exhibit 3

Form of Intangible Assignment

INTANGIBLE ASSIGNMENT

THIS INTANGIBLE ASSIGNMENT (the "Assignment") is made as of this ___ day of _____, 202__ by and between Illinois-American Water Company, an Illinois corporation ("Assignee"), and the City of Villa Grove, an Illinois municipal corporation ("Assignor").

WHEREAS, Assignor desires to irrevocably grant, transfer and assign to Assignee, and Assignee desires to accept the grant, transfer and assignment of, any and all Acquired Assets which are intangible assets, including without limitation those assets listed on Exhibit A attached hereto (collectively, "Intangibles").

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein and other good and valuable consideration, the sufficiency of which is hereby acknowledged:

1. Assignor hereby irrevocably sells, conveys, assigns, transfers and delivers to Assignee, and Assignee hereby purchases, acquires and accepts the grant, transfer and assignment of, all of Assignor's worldwide right, title and interest in, to and under the Intangibles, the same to be held and enjoyed by the said Assignee, its successors and assigns from and after the date hereof as fully and entirely as the same would have been held and enjoyed by the said Assignor had this assignment not been made.
2. Assignor agrees to execute any and all applications, assignments or other instruments which Assignee deems desirable or necessary to protect Assignee's interests in the Intangibles.
3. From and after the date hereof but subject to the terms and conditions hereof, Assignor and Assignee shall do such acts and execute such documents and instruments as may be reasonably required to make effective the transactions contemplated hereby.
4. Assignor hereby authorizes all appropriate governmental entities to record this Assignment, and to issue or transfer all said Intangibles to the Assignee as owner of all right, title and interest therein, or otherwise as the Assignee may direct, in accordance with the terms of this Assignment.
5. Except to the extent that federal law preempts state law with respect to the matters covered hereby, this Assignment shall be governed by and construed in accordance with the laws of the State of Illinois, without regard to its conflicts of law principles.

[Remainder of page intentionally left blank; signature page follows.]

EXHIBIT A

INTANGIBLES

[List to be provided by Assignor.]

Exhibit 4

Form of Franchise Agreement

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is made and entered into as of the ___ day of _____ 202___ by and between the City of Villa Grove, an Illinois municipal corporation (the "City"), and Illinois-American Water Company, an Illinois public utility corporation (the "Water Company").

RECITALS

WHEREAS, the City owns and operates its own municipal water and wastewater systems; and

WHEREAS, the City Council (the "Council") has determined that it would be in the best interests of the citizens of the City for it to enter into agreements to sell its water and wastewater systems and otherwise enter into a franchise agreement for the provision of potable water and the removal of wastewater within the City; and

WHEREAS, the Council has determined that the Water Company, which provides water treatment, storage and distribution services as well as wastewater collection and treatment services to many communities in the State of Illinois, is the most suitable entity with which to enter into such transactions and agreements; and

WHEREAS, the Council has passed one or more ordinances approving the execution of an Asset Purchase Agreement and this Franchise Agreement with the Water Company; and

WHEREAS, this Agreement memorializes the terms and conditions of the franchise, which have been mutually agreed upon by the City and the Water Company.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the City and Water Company do mutually covenant and agree as follows:

SECTION ONE: In consideration of the covenants contained herein, and for other and further advantages accruing to the City there is hereby given and granted to Water Company, its successors and assigns, the exclusive right, privilege, authority, license, and permission to construct, install, operate, repair, replace, remove, and maintain in and through the City a potable water supply and distribution system and a wastewater collection and treatment system and to construct, install, operate, repair, replace, remove, and maintain all such facilities as may be necessary and convenient for such water and wastewater systems, in, upon, along, over, across, and under the public ways and public property in the City for a term of thirty (30) years from and after the effective date of this Agreement. The rights set forth herein shall be subject to such other terms and conditions as are otherwise set forth in this Agreement, and the rights of any person or entity currently having rights, licenses, easements or franchises in or

about the public ways of the City. Such potable water and wastewater system shall be respectively used, inter alia, for the purpose of supplying water and/or collecting and treating wastewater in the City for domestic, public, manufacturing, and other purposes, and to transport water and wastewater through said City to other municipalities and unincorporated areas where services may now or hereafter be furnished by means of the existing distribution system and transmission mains or as the same may be hereafter extended, enlarged, replaced, relocated, or paralleled by additional mains from time to time hereafter.

SECTION TWO: The City hereby contracts with the Water Company to take from said company all water and dispose of all wastewater required for municipal purposes. The City agrees to pay for all such water and wastewater at the rates and/or wastewater rates approved, from time to time, by the Illinois Commerce Commission ("Commission").

SECTION THREE: It is understood that a separate fire department ("FD") exists and provides fire protection service in the City. The Water Company agrees the FD may request fire hydrants as deemed necessary for public fire protection and that installation of such hydrants and services requested by the FD will be installed under the rules and regulations of the Water Company as now in effect and approved by the Commission and the regulations of the Illinois Environmental Protection Agency, as such rules and regulations may be lawfully modified in the future. City may from time to time and at any time, inspect or cause fire hydrants to be inspected, and if any are found to be in disrepair or not in good, effective working order, the Water Company shall be notified by the City in writing of the location of any such fire hydrant, and upon receipt of such notice, the Water Company shall restore or repair such hydrant to effective working order as soon as reasonably possible. The City shall notify the Water Company in advance of when the City is going to inspect fire hydrants, including which fire hydrants are being inspected and the dates the inspection will be performed. The Water Company may have a representative present at the time of any such inspection.

SECTION FOUR: Upon the annexation of any territory to the City, the portion of the Water Company's facilities that may be located within such annexed territory and in, under, or upon the streets, alleys, or public ways, shall thereafter be subject to all the terms of this franchise grant.

SECTION FIVE: The City will not permit or allow the public fire hydrants erected in its streets and public right-of-ways to be used for any purpose other than extinguishments of fires, necessary and proper testing of its firefighting equipment, and necessary washing or flushing of sewers, and gutters; and the City will take all necessary steps and adopt any ordinances which it determines are necessary to protect and afford protection to the property of the Water Company located within the City. Except for emergency purposes, when water is used for the purposes expressly stated in this Section, the approval of the fire chief of the FD for the use of the hydrant or hydrants shall first be obtained and the Water Company shall be notified of the time, place, estimated volume of water to be used, and the person employed by the City or FD who will be conducting each such use. No unauthorized person may use the

hydrants for any purpose. Within one (1) calendar month of the approved usage, City or FD will advise the Water Company of the volume of water used.

SECTION SIX: In the event that the Water Company causes an opening in any street or right-of-way within the City during the operation of the water system, the Water Company will repair or replace the street or right-of-way at its expense and shall place the paving or other surface back in substantially the same condition as prior to such opening as expediently as reasonably possible upon considering all relevant factors, including without limitation weather conditions. The Water Company agrees to notify the City in advance of the opening of any such street or right-of-way for non-emergency repairs or maintenance to the water or wastewater system and will apply for all required permits prior to initiation of any such street or right-of-way openings. Subject to Section 14, the City shall not adopt any ordinance or other fee schedule which would impose fees upon the Water Company for the privilege granted hereby of utilizing such streets and right-of-ways for the purposes of public water or wastewater service. The Water Company shall provide the City with a list of all such openings which have been made in the prior calendar month no later than the tenth day of the immediately following month. The Water Company shall not unreasonably obstruct the public ways of the City or private ways including private drives in connection with any of the work undertaken. Furthermore, the Water Company shall maintain such barriers, signs, and warning signals as may be reasonably necessary to avoid injury or damage to life and property and as otherwise provided for in the Manual of Uniform Traffic Control Devices of the State of Illinois, as such manuals may, from time to time be in effect, or any successor provisions.

SECTION SEVEN: Any person or corporation shall not be permitted, and the City shall not grant to any person or corporation, the right to install, extend, or maintain any water, gas, telephone, sewer, or other system, or any pipes, mains, conduits, or wires, so as to injure, damage, or interfere with the water system, wastewater system, and the pipes, hydrants, and mains of the Water Company; the City shall not vacate or convey away any rights-of-way containing Water Company facilities without the Water Company's prior approval or reservation of an easement providing a right to construct, operate, maintain, extend, or replace its facilities, and no person or corporation shall be permitted or granted the right to interfere in any way with any of the rights granted hereunder to the Water Company to construct, operate, install, extend, maintain, or replace its water and wastewater systems, or use the streets, avenues, alleys, parks, and other public places as provided herein.

SECTION EIGHT: The City shall adopt no ordinances in conflict herewith for the term of this Agreement except as required by State or Federal law.

SECTION NINE: The Water Company and the City recognize that communication of planned improvements or maintenance of infrastructure is beneficial to each party and to the residents of the City. To that end, the parties shall meet at least once each year during the first quarter thereof to discuss their respective plans in order to coordinate, to the extent possible, any such construction activities. At the annual meeting, the Company will provide a summary of the immediately preceding year's

activities affecting the water and wastewater facilities. In furtherance of communication during emergency situations, each party shall also provide to the other a list of contact telephone numbers or other contact information which will allow either party to contact a representative of the other twenty-four (24) hours per day, three hundred sixty-five (365) days per year.

SECTION TEN: Any waiver of any provision of this Agreement and any consent to any departure from the terms of any provision of this Agreement is to be effective only in the specific instance and for the specific purpose for which given. No failure on the part of any party hereto to exercise, and no delay in exercising, any right, power or privilege hereunder operates as a waiver thereof; nor does any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof, or the exercise of any other right, power or privilege. No notice to or demand on any party hereto in any case entitles such party to any other or further notice or demand in similar or other circumstances.

SECTION ELEVEN: The Water Company shall render efficient services, make repairs promptly, and interrupt service only for good cause and for the shortest time practicable. Such service shall be in accordance with industry standards and all applicable laws and regulations. It shall provide and maintain operational telephone numbers such that the Water Company's supervisory personnel can be reached directly (not through a call center) in the event of an emergency on a twenty-four (24) hour per day, three hundred, sixty-five (365) days per year basis. Such numbers shall be provided to the FD and the Mayor of the City, and shall be updated promptly upon any changes.

SECTION TWELVE: The Water Company shall inform the City whenever there is a planned maintenance or construction project that has a significant impact on the water and wastewater systems. The Water Company shall notify the City if it changes any treatment technique that impacts the chemical qualities of the water distributed by the Water Company through its system serving the City.

SECTION THIRTEEN: The City shall permit the Water Company to abandon any underground franchise property in place so long as such property does not interfere with the use of the streets or public rights-of-way in or at which such property is located or with the use thereof by any public utility, other entity or person, and the Water Company shall notify and provide the City with suitable maps and other documents, which shall identify the location of the abandoned property.

SECTION FOURTEEN: The Water Company shall collect and process all gross receipts tax or any other surcharge of any kind levied or imposed by any appropriate taxing jurisdiction, including without limitation the City's municipal utility tax in effect from time to time. In the event that the City should change or add any additional tax or surcharge, the City shall give the Water Company at least sixty (60) days notice of such change or addition.

SECTION FIFTEEN: This Agreement shall, to the extent now or hereafter permitted by statutes, laws and regulations of the State of Illinois, inure to the benefit of and be binding upon any municipality or other unit of state or local government in or to which the City may hereafter be included, attached or annexed or into which it may be incorporated, and shall also inure to the benefit of and be binding upon the successors and assigns of the Water Company as provided herein. The Water Company shall have the right at any time to assign the entire Agreement to any public utility corporation organized under the laws of the State of Illinois or authorized to engage in public utility business within the State of Illinois or to any other person, firm, or corporation authorized or empowered to own and/or operate a water utility business within the corporate limits of the City.

SECTION SIXTEEN: If any provision of this Agreement, or the application of such provision to particular circumstances, shall be held invalid, the remainder of this Agreement, or the application of such provision to circumstances other than those as to which it is held invalid, shall not be affected thereby.

SECTION SEVENTEEN: Any notice required under this Agreement to be served upon the City or the Water Company shall be in writing and served by either (a) certified mail, return receipt requested; (b) personal service; or (c) a national over-night carrier service, addressed to each of the Parties as follows or to such other address as the City or Water Company may hereafter furnish in writing to the other Party:

City of Villa Grove, Illinois:

Acting Mayor
City of Villa Grove
120 North Main Street
Villa Grove, IL 61956

With a copy to (which shall not constitute notice):

Marc R. Miller
Miller & Hendren
2504 Galen Dr., Suite 101
Champaign, IL 61821

The Water Company:

Illinois-American Water Company
Attn: District Manager
100 N. Water Works Drive
Belleville, IL 62223

With a copy to (which shall not constitute notice):

Corporate Counsel
Illinois American Water Company
300 North Water Works Drive
Belleville, IL 62223

SECTION EIGHTEEN: The provisions herein constitute the complete agreement between the City and the Water Company. All acts, ordinances, and parts of acts heretofore passed inconsistent with this Agreement are hereby repealed.

SECTION NINETEEN: The Water Company and the City respectively agree that certain confidential and proprietary information relating to the operations, business, properties and assets of the water and wastewater systems (collectively, "Confidential Information") may be exchanged between the parties in order to comply with this Agreement. The City hereby acknowledges that maintaining the confidence of this

information is imperative to the security of the water and wastewater system. To that end, the parties hereby agree to maintain the Confidential Information to the extent allowed by law, in confidence, giving it the same degree of care, but no less than a reasonable degree of care, as the parties exercise with their own confidential or proprietary information. Neither party, without the prior written consent of the other party (which may be withheld in such other party's sole discretion), will disclose any portion of the Confidential Information to others, except to their employees, attorneys, agents, consultants or contractors having a need to know in order to accomplish the purpose of this Agreement and who are bound by a like obligation of confidentiality under this Agreement; provided, however, that the restrictions of this sentence shall not apply (a) as may otherwise be required by law, (b) to the extent necessary for regulatory purposes, including without limitation, the requirements of the Commission, and (c) to the extent such information shall have otherwise become publicly available.

SECTION TWENTY: City shall in no way be liable or responsible for any accident or damage that may occur in the construction, operation or maintenance by the Water Company of its facilities hereunder, except to the extent caused or contributed to by the negligence of City. The Water Company shall indemnify, become responsible for and forever save harmless the City from any and all judgments, damages, decrees, costs and expenses, , which the City may legally suffer in incur, or which may be legally obtained against the City for or by reasons of the use and occupation of any street, alley, avenue or other public way or place in the City by the Water Company pursuant to the terms of this ordinance or legally resulting from the exercise by the Water Company of any of the privileges herein granted, except to the extent caused or contributed to by the negligence of City. As additional security therefore the Water Company shall, during the life of this Agreement, include City as an additional insured on Water Company's policies of insurance, excluding any workman's compensation policies, for claims resulting from the exercise by the Water Company of any of the privileges herein granted.

Water Company shall secure and maintain at all times during the term of this Franchise, insurance coverage, in the amounts stated below for customary comprehensive general liability insurance. The comprehensive general limits shall be no less than two million dollars (\$2,000,000.00) per occurrence (combined single limit), including bodily injury and property damage, and in an amount not less than five million dollars (\$5,000,000.00) annual aggregate for each personal injury liability and products-completed operations. City shall be named as an Additional Insured with respect to all operations of the insured and the applicable Water Company's insurance policy shall contain a waiver of subrogation against City, its departments, agencies, boards, commissions, officers, agents, and employees for losses arising from the service provided by or on behalf of that Water Company in the event that Water Company is found to be negligent. Insurance coverage must be provided by an insurance company admitted to do business in Illinois and rated B+ or better by AM Best's Insurance Rating. Subsequently, a certificate of insurance, signed by an authorized representative of the insurer with 30 days' notice of cancellation or non-renewal, shall be presented a minimum of five (5) days after the date of expiration of the policy term. In the event a Water Company fails to provide such certificate of coverage, City may- but shall not be

required to – purchase insurance if available, to protect itself against any losses. If City elects to purchase the insurance under the provision, City shall provide the applicable Grantee with at least five business days' prior written notice and that Water Company shall be liable to City for all costs incurred by City for purchasing such insurance.

Water Company shall submit to City Clerk, City of Villa Grove, City Hall, 120 North Main Street, Villa Grove, IL 61956 a certificate of insurance, evidencing the coverage and limits stated in the foregoing paragraph within ten (10) days of award of this Franchise. Insurance evidenced by the certificate shall not expire be cancelled, nor non-renewed without thirty (30) days' prior written notice to City. A statement to that effect must appear on the face of the certificate, and certificate shall be signed by a person authorized to bind the insurer.

During the term of this Franchise, it may become commercially reasonable for Water Company to proactively increase its coverage levels or purchase new insurance coverage. The terms here in are not a limitation on Water Company's rights to determine the level and types of insurance it seems proper to purchase at any time but do establish a level of minimum coverage.

SECTION TWENTY-ONE: Water Company shall bill, collect and pay to the City a franchise fee ("Franchise Fee") beginning _____, of two percent (2.0%) of all amounts billed for water and wastewater services.

To the extent that City imposes a utility tax on water, Water Company shall bill, collect and pay a utility tax as set by the City Council, upon 30 days written notice to Water Company of the imposition of such utility tax. Payment shall be remitted to City with 60 days of receipt by Water Company except as otherwise provided by law.

For purposes of this Agreement, amounts billed for water means amounts billed to customers which reside within the City only as customer charges, demand charges, usage charges, private fire protection charges and public fire protection charges (and not including other billed amounts, for example fees, franchise fees, charges, taxes and miscellaneous charges).

SECTION TWENTY-TWO: Water Company shall provide water service at no cost to the fire district for fire protection purposes and hydrant flushing.

SECTION TWENTY-THREE: At the time(s) it repaints the water tower, Water Company shall, at the request of the City, paint or otherwise mark "Villa Grove" or such other community identifying logo on the water tower. Water Company shall also consult with City regarding the color of the water tower and will reasonably accommodate any request by the City. Before painting any third-party mark or logo on the water tower, Water Company shall obtain the written consent of the City, which shall not be unreasonably withheld. In addition, Water Company will allow an antenna to remain on the water tower, pursuant to a lease with appropriate indemnifications and other provisions, to accommodate the Village's need for data communications, provided such

installation and operation does not materially interfere with Water Company's operation of the water tower.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

City of Villa Grove, Illinois

Illinois-American Water Company

By: _____
Name: Cassandra Eversole-Gunter
Title: Mayor

By: _____
Name: _____
Title: _____

ATTEST

ATTEST

Michelle Osborne, City Clerk
(Seal)

Secretary
(Seal)

Exhibit 4

Abstractor Search Result Chart

Exhibit 6

Lease Agreement

This Lease Agreement ("Lease") entered into this _____ day of _____, 202__, between Illinois-American Water Company, an Illinois Corporation, hereinafter "Owner" and the City of Villa Grove, an Illinois Municipal Corporation, hereinafter "Tenant" in consideration of their mutual promises agree as follows:

1. Property. Tenant agrees to lease under the terms of this Lease from Owner the first-floor offices of property located at 120 N. Main, Villa Grove, Illinois shown in the yellow highlighted area on the attached Exhibit A (hereinafter the "Premises").

2. Term & Rent. The term of this Lease shall be three (3) years beginning on _____, 202__. The Parties do not anticipate any renewal or extension of this term.

The parties acknowledge that Tenant is already in possession of the premises. Concurrent with the execution of this Lease, Tenant has sold the Premises and the property where the Premises are located to Owner. This Lease is an extension of Tenant's possession of the Premises. As part of those negotiated terms, Owner and Tenant agree that there shall be no rent payable by Tenant during this Lease.

3. Premises Use. The Premises are to be only used and occupied for municipal offices. No other use of any sort shall be permitted without written consent of Owner. Tenant shall, at its own risk and expense, promptly comply with and carry out all orders, laws, ordinances, and regulations applicable to its occupancy and business, including, but not limited to, all governmental licenses, permits, and requirements of cleanliness, safety, use, and occupation of the property.

Tenant agrees to maintain the interior of premises in a clean, orderly, and attractive condition. Tenant shall maintain the heat at a temperature sufficient to prevent the freezing of water and plumbing fixtures and all other damage caused by low temperature.

4. Utilities. Tenant, during the entire period of this Lease, will pay Owner for the costs of all public utilities used and consumed by it within the leased Premises.

5. Sublease/Assignment. Tenant shall not, without the prior written consent of Owner, permit any transfer of this Lease or any interest under it or any lien upon Tenant's interest by operation of law, or assign or convey this Lease or any interest under it, or sublet the premises or any part thereof, or permit the use or occupancy of the premises or any part thereof by anyone other than Tenant. If Owner consents to assignment or sublease, Tenant shall continue to be personally liable with respect to the obligations hereunder. The granting of any such consent is solely at the discretion of Owner.

6. Alterations. Tenant shall not make any alteration to the Premises, without Owner's advance written consent. Whenever consent is sought and before any contract is let or any work is done or any materials are delivered on the premises, Tenant shall comply with Owner's request for plans, specifications, names and addresses of contractors, copies of contracts, necessary permits and

indemnification in form and amount satisfactory to Owner against liens, costs, damages and expenses of all kinds, and Tenant shall permit Owner to supervise construction alterations. Owner's decision to refuse any consent shall be conclusive. Tenant shall pay the cost of all such installations, alterations and additions, and the expense of the maintenance and operation thereof. All installations, additions, hardware, non-trade fixtures and improvements, temporary or permanent, in and upon the premises, whenever and whether placed there by Tenant or Owner, shall be and become Owner's property and shall remain upon the premises upon termination of the term by lapse of time or otherwise, all without compensation, allowance or credit to Tenant, provided, however, if prior to such termination or within ten (10) days thereafter, Owner so directs by notice, Tenant shall promptly remove the installations, additions, hardware, non-trade fixtures and improvements which were placed on the premises by Tenant and which are designated in the notice, failing which, Owner may remove the same and Tenant shall pay the costs thereof. Any damage caused by Tenant to the premises by the removal of any of these items, or any other item, will be repaired in such a way as to restore the improvements to their original condition prior to the installation of the items removed, at Tenant's expense. If Tenant does not remove its furniture, window treatments, trade fixtures or other personal property of all kinds from the premises prior to the end of the term, however ended, Tenant shall be conclusively presumed to have conveyed the same to Owner under this lease as a Bill of Sale without further payment or credit by Owner to Tenant.

7. Waste. Tenant agrees to provide and use adequate closed containers for garbage and debris and to assure that the garbage area is cleaned on a weekly basis, and to assure that no building or other materials are left outside the leased Premises. Containers will be discreetly located in areas designated by, and at the sole discretion of, Owner. Tenant will also be responsible for the maintenance, repair, and cleaning of its grease trap and related equipment.

8. Maintenance. Owner will be responsible for the maintenance of the roof, foundation, slab floors and exterior (exclusive of doors and windows), HVAC, electrical, plumbing, windows, doors, and exterior improvements through the term of the lease and through all renewals. Tenant shall, at its expense, be responsible for all other interior repairs.

9. Indemnification. Tenant agrees to indemnify Owner against all damages, claims, and liability arising from any breach of this Lease or any accident or injury whatsoever during the Lease term at the Premises. This indemnification includes all costs, attorney fees, expenses, and liabilities incurred in connection with any such claim or action or proceeding brought thereon, whether or not suit is actually filed. Tenant covenants and agrees to pay and indemnify Owner against all legal costs and charges, including legal fees lawfully and reasonably incurred in enforcing any covenant or agreement contained in this Lease, whether or not suit is actually filed. Tenant agrees that the terms of this Lease shall be binding upon Tenant's heirs, representatives and assigns, and that the term "Tenant" when used herein shall also be construed to mean "Tenants" when more than one individual executes this Lease agreement, and that each individual and entity executing this Lease agreement shall be individually and jointly and severally responsible for full performance of all terms hereof.

10. Liability Insurance. Tenant shall procure and maintain, during the Lease term a policy or policies of insurance written by responsible insurance company or companies, insuring Owner and Tenant on any and all losses, claims, demands or actions for injury to, or death of any

one person in an amount of not less than one million dollars (\$1,000,000.00) for any one incident, and for damages to property made by or on behalf of any person, firm or corporation, arising from, related to, or connected with the conduct and operation of Tenant's business at the Premises. Tenant shall provide Owner with certificates of insurance showing that Owner is named as additional insured. Tenant also agrees to maintain fire and extended coverage insurance to adequately cover the reasonable fair market value of any improvements erected on or installed at the Premises. Tenant shall insure his own property and that of his customers and shall provide evidence of such insurance to Owner and shall otherwise hold Owner harmless from any claims resulting from the uninsured damages to Tenant's property and that of its customers.

11. Default and Remedies. The following rights and remedies are cumulative and shall not exclude any other right or remedy allowed by law:

A. Termination. Upon any termination of this Lease, whether by lapse of time or otherwise, or upon any termination of Tenant's right to possession without termination of this Lease, Tenant shall surrender possession and vacate the premises immediately, and deliver possession thereof to Owner, and hereby grants to Owner full and free license to enter into and upon the Premises in such event with or without process of law and to repossess the Premises and to remove Tenant and any others who may be occupying the Premises and to remove any and all property therefrom, without being deemed guilty of trespass, eviction or forcible entry and detainer, and without relinquishing Owner's right to rent or any other right given to Owner hereunder or by operation of law.

B. Holdover. Tenant shall pay to Owner, as liquidated damages, for each day that Tenant retains possession of the premises or any part thereof after termination of the term of this Lease by lapse of time or otherwise, an amount equal to double the per diem rental in effect for the period next preceding termination, and interest thereon from the date of termination until paid; or if and only if Owner serves written notice upon Tenant of Owner's election thereof, such holding over shall constitute renewal of this Lease for one (1) year. Owner's acceptance of any rent after holding over begins does not renew this Lease. This provision does not waive Owner's right of re-entry or any other right hereunder.

C. Default. In the event of default by either party under this Lease, the non-defaulting party shall tender a notice of default on the defaulting party identifying the default and giving the defaulting party 30 days to cure the default. Upon the expiration of said 30 day opportunity to cure such default, the non-defaulting party may then pursue such remedy that is available at law.

12. Notices. Any notice required under the contract to be served upon Owner or Tenant shall be effective when actually received or when mailed by certified mail to such parties; information copies of all such notices shall be sent by first class mail to the offices of any attorneys or other parties named herein.

13. Recording. Tenant shall not record this Lease without Owner's prior written consent, and such recordation shall, at the option of Owner, constitute a noncurable default of Tenant hereunder. Tenant shall, upon request of Owner, execute, acknowledge and deliver to Owner a short form memorandum of this Lease for recording purposes. Any such recording is at the sole discretion of Owner.

14. Severability of Provisions. If any clause or provision of this Lease shall be determined to be illegal, invalid or unenforceable under the present or future laws effective during the term hereof, then and in that event, it is the intention of the parties hereto that the remainder of this Lease shall not be effected thereby; and it is also the intention of the parties hereto that in place of any such clause or provision that is illegal, invalid or unenforceable, there be added as part of this Lease a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and legal, valid and enforceable.

15. Entirety, Plurality, No Partnership, and Headings. The Lease contains the entire agreement between the parties and no oral representation, warranty or covenant exists other than those herein set forth. References to plural parties shall apply to singular parties as well. Nothing contained in this Lease shall be deemed or construed to create a partnership or joint venture of or between Owner and Tenant or to create any other relationship between the parties hereto other than Owner and Tenant.

16. Parking. At no additional rent, Owner shall provide Tenant with three parking spaces located adjacent to the building. The parties shall work together to identify such parking spaces for Tenant's use. From time to time, Owner may request that Tenant temporarily vacate such parking spaces if needed for Owner's operations.

17. Headings. The headings of the Sections are for convenience only and do not define, limit or construe the contents of the Section.

IN WITNESS WHEREOF, Owner and Tenant have executed this Lease as of the day and year first above written with the undersigned warranting and representing one to the other that they have full authority and power to enter into this Lease on behalf of the parties for whom they have so affixed their signature this date.

OWNER:

Illinois-American Water Company

BY: _____
Duly Authorized Agent

TENANT:

City of Villa Grove

BY: _____
Duly Authorized Officer

ATTEST: _____

NOTICES:

Illinois-American Water Company
Attn: Eastern District Manager
100 N. Water Works Drive
Belleville, IL 62223

COPY TO:

Corporate Counsel
Illinois-American Water Company
300 N. Water Works Drive
Belleville, IL 62223

NOTICES:

City of Villa Grove
120 N. Main Street
Villa Grove, IL 61956

COPY TO:

Marc R. Miller
Miller & Hendren
2504 Galen Drive, STE 101
Champaign, IL 61821

Schedule A

Excluded Assets

Stormwater Sewer Assets

Schedule B

Knowledge Parties

Mayor

City Administrator

Schedule 2.2

Purchase Price Payees

City of Villa Grove – Net Proceeds

Villa Grove State Bank, \$30,700 +/- (Truck)*

IEPA #L175239, \$4,631,575.08 +/-* (SRF loan for water treatment plant)

IEPA #L175568, \$370,000 +/-* (sewer treatment plant)

*to the extent any balance exists at closing

Schedule 2.3

Assumed Liabilities

Intergovernmental Agreement dated September 22, 2003 between the City of Villa Grove and the Village of Camargo

Modification of Intergovernmental Agreement regarding Water Supply dated February 23, 2004 between the City of Villa Grove and the Village of Camargo

Second Amendment to Intergovernmental Agreement dated September 13, 2004 between the City of Villa Grove and the Village of Camargo

Schedule 2.5(a)(iii)

Consents and Approvals as to Acquired Assets

Illinois Commerce Commission: Certificate of Convenience and Necessity and Acquisition Approval

Illinois Environmental Protection Agency regarding NPDES Permit No. IL0059005

Transfer of permits listed in Schedule 3.9

Schedule 2.5(a)(iv)

Payoff Letters from Lenders

Villa Grove State Bank, \$30,700 +/- (Truck)*

IEPA #L175239, \$4,631,575.08 +/-* (SRF loan for water treatment plant)

IEPA #L175568, \$370,000 +/-* (sewer treatment plant)

*to the extent any balance exists at Closing

Schedule 2.5(a)(v)

Satisfaction Letters from Grantors

None.

Schedule 3.2(d)

Approvals

Illinois Commerce Commission: Certificate of Convenience and Necessity and Acquisition Approval

Illinois Environmental Protection Agency regarding NPDES Permit No. IL0059005

Schedule 3.4(a)

Real Property

Confirmed parcels owned by Villa Grove:

Water Treatment Plant and Water Tower (75,000 gal elevated tank); Parcel ID 04-03-10-209-012 and 04-03-10-209-006

Water Tower (150,000 elevated tank); Parcel ID 04-03-11-116-006; 405 S. Sycamore

Well Site; Parcel ID 04-03-10-210-005

Wastewater Treatment Plant; Parcel ID 04-03-03-400-060; 15.52 +/- acres (to be subdivided by Villa Grove with consent of the Parties with the treatment plant on Illinois American's parcel and an eastern storage shed and burn pile on Villa Grove's parcel)

Old Sewer Plant Lift Station; Parcel ID 04-03-02-300-003; 1.27 +/- acres

Below lift stations to be verified to be located on owned real estate, easement or in right of way within thirty days of the Execution Date of the APA by Villa Grove:

Harrison Park Lift Station, located at the northwest corner of Pine and Vine Streets

McCoy Lift Station, located at the Southwest intersection of McCoy Ave. and McCoy Circle

Industrial Park Lift Station, located on Industrial Drive on the east side of Illinois 130

Birch Lane Lift Station, located at the west end of Birch Lane

Adams Street Lift Station, located at the South intersection of East Adams and North Spruce Streets

And all other real estate owned by Villa Grove and used in connection with the operation and maintenance of the Water Assets and Wastewater Assets

Schedule 3.4(b)(i)

Held Easements

All easements granted to Villa Grove relating to the Real Property or the Acquired Assets and used in operation of the System, including but not limited to the following:

[To be provided by Villa Grove within sixty days of signature of this Agreement.]

Schedule 3.4(b)(ii)

Rights of Way

All rights of way granted to Villa Grove relating to the Real Property or the Acquired Assets and used in operation of the System, including but not limited to the following:

[To be provided by Villa Grove within sixty days of signature of this Agreement.]

Schedule 3.4(b)(iii)

Real Property Conditions

None.

Schedule 3.4(e)

Restrictions on Real Property

None other than those recorded on the chain of title of the real estate

Schedule 3.5(a)

Personal Property

All water mains, wastewater mains, water pipes, wastewater pipes, water lines, wastewater lines, service lines, laterals, valves, meters, vaults, hydrants, pumps, wells, tanks, machinery, equipment, tools, furniture, office equipment, computer hardware, supplies (including chemicals and spare parts), materials, vehicles and other items of tangible personal property of every kind owned or leased by Villa Grove (wherever located and whether or not carried on Villa Grove's books), together with any express or implied warranty by the manufacturers or lessors of any item or component part thereof, and all maintenance records and other documents relating thereto, including but not limited to the following:

Water System - IEPA PWSID IL0410350

- Water treatment plant – ion exchange softening facility
- Wells
- Two elevated water storage tanks – 1935 (75,000 gallons) & 1992 (150,000 gallons)
- Water main:
 - 2-inch PVC 5,100 linear feet (approximate)
 - 4-inch PVC 40,000 linear feet (approximate)
 - 6-inch PVC 50,000 linear feet (approximate)
 - 8-inch PVC 40,000 linear feet (approximate)
 - 10-inch PVC 1,400 linear feet (approximate)
- Fire hydrants 140 (approximate)
- 1,453 water services (approximate)

Wastewater System

- Wastewater treatment plant (complete mix activated sludge dual tank with Rapid Sand Filtration, chlorine contact excess flow clar.)
- Six lift stations and all equipment at the lift stations
- Sanitary main:
 - Gravity Sewer 8" – 56,200 LF
 - Gravity Sewer 10" – 6,300 LF
 - Gravity Sewer 12" – 5,800 LF
 - Force Main 2" – 1,000 LF
 - Force Main 4" – 1,000 LF
 - Force Main 6" – 2,400 LF
 - Force Main 8" – 5,100 LF
 - Force Main 12" – 6,300 LF
- 190 (approximate) manholes
- Sludge Truck
- 1060 wastewater services (approximate).

In addition to all inventory, spare parts, chemicals, tools, equipment which are used in connection with operation of the water and wastewater systems.

Schedule 3.5(b)

Conditions Affecting Personal Property

None known.

Schedule 3.6

Liabilities

None except for those identified on Schedule 2.2 to be paid at closing.

Schedule 3.7

Contracts Related to System

Intergovernmental Agreement dated September 22, 2003 between the City of Villa Grove and the Village of Camargo

Modification of Intergovernmental Agreement regarding Water Supply dated February 23, 2004 between the City of Villa Grove and the Village of Camargo

Second Amendment to Intergovernmental Agreement dated September 13, 2004 between the City of Villa Grove and the Village of Camargo

Schedule 3.8(a)

Environmental Law Non-Compliance

None.

Schedule 3.8(b)

Environmental Law Claims

None.

Schedule 3.8(d)

Hazardous Materials

None.

Schedule 3.8(e)

Knowledge of Certain Environmental Conditions

None.

Schedule 3.8(f)

Financial Assurance Required by Environmental Laws

None.

Schedule 3.9

Permits

Illinois Environmental Protection Agency Operating Permits

Illinois Environmental Protection Agency NPDES permit No. IL0059005

All permits relating to the Acquired Assets and used in operation of the System

Schedule 3.10

Insurance

Illinois Municipal League Risks Management Association Policy #687B0602

Schedule 3.13

Compliance with Laws

None.

Schedule 3.14

Financial Statements

Villa Grove, Illinois, Annual Financial Report, Fiscal Year Ending _____, 2020

Villa Grove, Illinois, Annual Financial Report, Fiscal Year Ending _____, 2019

Villa Grove, Illinois, Annual Financial Report, Fiscal Year Ending _____, 2018

Schedule 6.9
Rates

All Customers (Residential and Nonresidential)	
Water Service Charge (includes first 1,000 gallons)	\$22.03
Water Usage Charge (after 1,000 gallons)	\$0.630 per 100 gallons

ICC Gross Receipts Tax and ICC Utility Assessment Charge and any other charges assessed by and subject to approval by the ICC.

Schedule 7.2
Indemnification Matters

None.