

**AGREEMENT BETWEEN
VILLAGE OF HOMER GLEN AND
POSTL-YORE AND ASSOCIATES, INC.
FOR THE
APPRAISAL OF FACILITIES OF
ILLINOIS AMERICAN WATER COMPANY**

This is an Agreement effective as of FEBRUARY 20, 2007 ("Effective Date") between The Village of Homer Glen ("OWNER") and Postl-Yore and Associates, Inc. ("ENGINEER"). OWNER retains ENGINEER to perform professional services, in connection with the Appraisal of Facilities of Illinois American Water Company and American Lake Water Company Serving Properties in the Village of Homer Glen, ("Assignment").

OWNER and ENGINEER, in consideration of their mutual covenants as set forth herein, agree as follows:

ARTICLE 1--ENGINEER'S SERVICES

1.01 Scope

A. ENGINEER shall provide the services set forth in Exhibit SR-A.

B. Upon this Agreement becoming effective, ENGINEER is authorized to begin services as set forth in Exhibit SR-A.

C. If authorized in writing by OWNER, and agreed to by ENGINEER, services beyond the scope of this Agreement will be performed by ENGINEER for additional compensation.

3.01 ENGINEER's services will be performed within a 15 week time period from execution of the contract documents. The ENGINEER shall begin the work within 15 days.

3.02 If ENGINEER's services are delayed or suspended in whole or in part by OWNER, ENGINEER shall be entitled to equitable adjustment of the time for performance and rates and amounts of compensation provided for elsewhere in this Agreement to reflect reasonable costs incurred by ENGINEER in connection with, among other things, such delay or suspension and reactivation and the fact that the time for performance under this Agreement has been revised.

ARTICLE 2--OWNER'S RESPONSIBILITIES

2.01 General

A. OWNER shall have the responsibilities set forth herein and in Exhibit SR-A.

ARTICLE 3--TIMES FOR RENDERING SERVICES

ARTICLE 4--PAYMENTS TO ENGINEER

4.01 Methods of Payment for Services of ENGINEER.

A. OWNER shall pay ENGINEER for services rendered under this Agreement as follows:

1. A Professional Fee in the amount of Fifty One Thousand, Four Hundred Dollars and no/cents (\$51,400.00).
2. Appropriate amounts are incorporated in the Professional Fee to account for labor, overhead, profit, Reimbursable Expenses, and ENGINEER's Consultants' charges, if any.
3. The portion of the Lump Sum amount billed for ENGINEER's services will be based upon ENGINEER's estimate of the proportion of the total services actually completed during the monthly billing period to the Lump Sum.
4. The final report shall be submitted prior to the payment of the last 10% of the fee.

C. *Reimbursable Expenses.* Reimbursable Expenses means the actual expenses incurred by ENGINEER or ENGINEER's Consultants directly in connection with services beyond the agreed Assignment, and if authorized in advance by OWNER, overtime work requiring higher than regular rates.

D. *For Additional Services.* OWNER shall pay ENGINEER for all services not included in the scope of this Agreement on the basis of the billing rate in the October 16, 2006 proposal, as follows:

Hourly Rates

Accounting Professional	\$150
Engineering Principal	\$165
Staff Engineer	\$ 90
Engineering Technician	\$ 75

ARTICLE 5-DESIGNATED REPRESENTATIVES

5.01 Contemporaneous with the execution of this Agreement, ENGINEER and OWNER shall designate specific individuals as ENGINEER's and OWNER's representatives with respect to the services to be performed or furnished by ENGINEER and responsibilities of OWNER under this Agreement. Such individuals shall have authority to transmit instructions, receive information, and render decisions relative to the Assignment on behalf of their respective party.

ARTICLE 6--CONTENT OF AGREEMENT

6.01 The following Exhibits are incorporated herein by reference:

- A. Exhibit SR-A, "Further Description of Services, Responsibilities, Time, and Related Matters," consisting of 3 pages.
- B. Exhibit SR-B, "Standard Terms and Conditions," consisting of 4 pages.

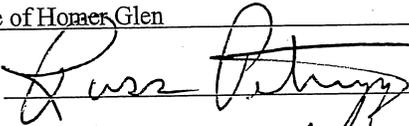
6.02 Total Agreement

- A. This Agreement (consisting of pages 1 to 3, inclusive, together with the Exhibits identified in paragraph 6.01) constitutes the entire agreement between OWNER and ENGINEER and supersedes all prior written or oral understandings. This Agreement may only be amended, supplemented, modified, or canceled by a duly executed written instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, the Effective Date of which is indicated on page 1.

OWNER:

Village of Homer Glen

By: 

Title: Village President

Date Signed: 2-20-07

Address for giving notices:

Village of Homer Glen

14331 S. Golden Oak Dr.

Homer Glen, Illinois 60491

Designated Representative (Paragraph 5.01):

Name: Dwight Johnson

Title: Village Manager

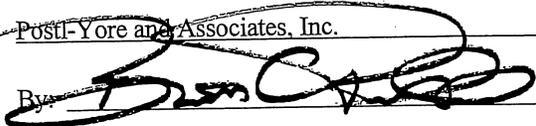
Phone Number: 708-301-0632

Facsimile Number: 708-301-8407

E-Mail Address: djohnson@homerglen.org

ENGINEER:

Postl-Yore and Associates, Inc.

By: 

Title: President

Date Signed: 2-24-07

Address for giving notices:

Postl-Yore and Associates, Inc.

2101 S. Arlington Heights Rd., Suite 111

Arlington Heights, Illinois 60005

Designated Representative (Paragraph 5.01)

Name: Brett C. Postl

Title: President

Phone Number: 847-640-1010

Facsimile Number: 847-640-1079

E-Mail Address: bpostl@postl-yore.com

EXHIBIT SR-A

Initial:

OWNER _____

ENGINEER _____

Further Description of Services, Responsibilities, Time, and Related Matters

Specific articles of the Agreement are amended and supplemented to include the following agreement of the parties:

A.1.01 ENGINEER's Services

The Postl-Yore / Crowe Chizek approach to completing the report on the Appraisal of Facilities of Illinois American Water Company (IAWC) serving the Village of Homer Glen is comprehensive. Both firms bring the necessary expertise to provide the information necessary for the Village to explore possible acquisition of the transmission line and related facilities and assets of the company.

To accomplish this assignment the Project Team shall provide the following services:

1. Development of the requests for information to be served on ALWC and IAWC in accordance with the Illinois Municipal Code 11-124-5(f). This information from the ALWC and IAWC will include, but not be limited to: inventory of facilities, accounting records, construction contracts and payments for facilities, easement agreements, service contracts, supply contracts, maps, computer models, revenues by service areas, etc.
2. Development of a service area map.
3. Development of a distribution facilities system plan showing the existing system, using existing maps and drawings. Field location of facilities is not included in the study. The Village will need to provide the base street map and potable water atlases for inclusion in the master map. A copy of subdivision engineering plans for those areas not included in the atlas should also be supplied, as available.
4. Development of a detailed inventory of existing distribution facilities identifiable from records within the project area. The inventory will include the location, size and material of existing utilities, structures, and buildings. The accuracy of the inventory will reflect the completeness and availability of records for the community. Field location, identifications, testing, etc. are not encompassed in the study.
5. Estimation of condition of each of the individual components of the system.
6. Estimation of useful life cycle and remaining useful life.
7. Inventory of easements, licenses, etc. for routing.
8. Evaluation of contractual obligations and valuation of contracts with Bedford Park and the City of Chicago.
9. Analysis of comparable sales will analyze every qualifying sale based on the following parameters:
 - a. Acquisition Date
 - b. Comparability
 - c. Revenue of Selling Entity
 - d. Price of Selling Entity (stock value, cash and assumed debt)
 - e. EBITDA of Selling Entity
 - f. Net Income of Selling Entity
 - g. Book Value of Selling Entity

10. Analysis will measure the High, Low, Median and Mean Values based on the Gross Price to Revenue, Gross Price to EBITDA, Net Price to Net Income and Net Price to Book Value of each entity.
11. Develop a range of possible valuations based on the comparison of the target utility's data to the values developed in our analysis.
12. Assumptions used in the analysis will be identified and an analysis of the sensitivity of the resulting valuation due to the limitation based in not having a discrete reporting entity to analyze will be provided. Because the target for acquisition is a portion of an existing utility, and therefore, financial results will not necessarily be reported by the exact service territory under review, certain estimates will necessarily be made regarding the portion of specific factors applicable to the service territory.
13. Analysis of the valuation of the capitalization of the annuity (cash flows or EBITDA) will be based on the estimate of net revenues from operation of the service territory at a capitalization rate. The capitalization rate will be based on the weighted average cost of capital (debt and equity) of the target entity.

In addition, based on the proforma EBITDA, less estimated future capital expenditures, we can value the purchase constraint, or the value at which the community can finance the acquisition within the existing revenue requirements.
14. Analysis of Reproduction Cost Less Depreciation and Original/Historic Cost Less Depreciation will also be addressed. Depreciation schedules provided by IALC and IAWC will be used where possible or developed based on accepted accounting practices.
15. A report will be authored, summarizing the accumulation of data, methodology of engineering and accounting practices, and appraisals. The report shall be presented to the Board of Trustees for their consideration.

A.2.01 OWNER's Responsibilities

A. OWNER shall do the following in a timely manner, so as not to delay the services of ENGINEER:

1. Provide all criteria and full information as to OWNER's requirements for the Assignment.
2. Furnish to ENGINEER all existing studies, reports and other available data pertinent to the Assignment, obtain or authorize ENGINEER to obtain or provide additional reports and data as required, and furnish to ENGINEER services of others as required for the performance of ENGINEER's services.
3. Cooperate with the ENGINEER in the execution of legal or governmental administrative service of information requests, coordination of meetings, etc.

B. ENGINEER shall be entitled to use and rely upon all such information and services provided by OWNER or others in performing ENGINEER's services under this Agreement.

C. OWNER shall bear all costs incident to compliance with its responsibilities pursuant to this paragraph A.2.01.

A.3.01 Times for Rendering Services

A. The time period for the performance of ENGINEER's services shall be in accordance with the following schedule:

- 1. Data Acquisition
 - a. Submittal of Request for Information 2 weeks
 - b. Response to requests 6 weeks
 - c. Review of information (concurrent)
- 2. Inventory of Facilities
 - a. Development of Database 1 weeks
 - b. Identification of Company Facilities 2 weeks
 - c. Completion of Data Input 1 weeks
- 3. Mapping (partially concurrent)
 - a. Compilation of Municipal Supplied Maps 1 weeks
 - b. Distribution Facilities Map 2 weeks
- 4. Appraisals
 - a. Development of Accounting Analyses 2 weeks
- 5. Report
 - a. Draft of Report 3 weeks
 - b. Review by Municipalities 2 weeks
 - c. Final Revisions 1 week

Many of the individual efforts can proceed concurrently and therefore we anticipate 15 calendar weeks will be required to complete the assignment.

B. ENGINEER's services under this Agreement will be considered complete when all deliverables set forth in Exhibit SR-A are submitted to OWNER.

EXHIBIT SR-B

Initial:

OWNER _____
ENGINEER _____

Standard Terms and Conditions

Article 6 of the Agreement is amended and supplemented to include the following agreement of the parties:

B.6.01.B Standard Terms and Conditions

1. Standard of Care

The standard of care for all professional services performed or furnished by ENGINEER under this Agreement will be the care and skill ordinarily used by members of ENGINEER's profession practicing under similar circumstances at the same time and in the same locality. ENGINEER makes no warranties, express or implied, under this Agreement or otherwise, in connection with ENGINEER's services.

2. Independent Contractor

All duties and responsibilities undertaken pursuant to this Agreement will be for the sole and exclusive benefit of OWNER and ENGINEER and not for the benefit of any other party. Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either OWNER or ENGINEER. ENGINEER's services under this Agreement are being performed solely for OWNER's benefit, and no other entity shall have any claim against ENGINEER because of this Agreement or the performance or nonperformance of services hereunder. OWNER agrees to include a provision in all contracts with contractors and other entities involved in this project to carry out the intent of this paragraph.

3. Payments to ENGINEER

Invoices will be prepared in accordance with ENGINEER's standard invoicing practices and will be submitted to OWNER by ENGINEER monthly, unless otherwise agreed. Invoices are due and payable within 30 days of receipt. If OWNER fails to make any payment due ENGINEER for services and expenses within 30 days after receipt of ENGINEER's invoice therefor, the amounts due ENGINEER will be increased at the rate of 1.0% per month (or the maximum rate of interest permitted by law, if less) from said thirtieth day. In addition, ENGINEER may, after giving seven days written notice to OWNER, suspend services under this Agreement until ENGINEER has been paid in full all amounts due for services, expenses, and other related charges.

4. Insurance

ENGINEER will maintain insurance coverage for Workers' Compensation, General Liability, and Automobile Liability and will provide certificates of insurance to OWNER upon request. The General Liability and Automobile Liability coverage shall be in an amount not less than \$1,000,000. The OWNER shall be named as additionally insured.

5. Indemnification and Allocation of Risk

- a. To the fullest extent permitted by law, ENGINEER shall indemnify and hold harmless OWNER, OWNER's officers, directors, partners, and employees from and against costs, losses, and damages (including but not limited to reasonable fees and charges of engineers, architects, attorneys, and other professionals, and reasonable court or arbitration or other dispute resolution costs) caused solely by the negligent acts or omissions of ENGINEER or ENGINEER, ENGINEER's officers, directors, employees, agents and consultants in the performance of ENGINEER's services under this Agreement.
- b. To the fullest extent permitted by law, OWNER shall indemnify and hold harmless ENGINEER, ENGINEER's officers, directors, employees, agents and consultants from and against costs, losses, and damages (including but not limited to reasonable fees and charges of engineers, architects, attorneys, and

other professionals, and reasonable court or arbitration or other dispute resolution costs) caused solely by the negligent acts or omissions of OWNER or OWNER's officers, directors, partners, employees, and consultants with respect to this Agreement.

- c. To the fullest extent permitted by law, ENGINEER's total liability to OWNER and anyone claiming by, through, or under OWNER for any injuries, losses, damages and expenses caused in part by the negligence of ENGINEER and in part by the negligence of OWNER or any other negligent entity or individual, shall not exceed the percentage share that ENGINEER's negligence bears to the total negligence of OWNER, ENGINEER, and all other negligent entities and individuals.

6. Dispute Resolution

- a. OWNER and ENGINEER agree that they shall first submit any and all unsettled claims, counterclaims, disputes, and other matters in question between them arising out of or relating to this Agreement or the breach thereof ("disputes") to mediation.
- b. If a party alleges a dispute or controversy with the other party arising out of or relating to the performance of services under this Agreement, then either party shall have the right to request mediation within 20 days after the claiming party has provided the other party with written notice describing the dispute and the claiming party's position with reference to the resolution of the dispute.
- c. Except as otherwise agreed, mediation will proceed pursuant to the Construction Industry Mediation Rules of the American Arbitration Association in effect on the Effective Date of the Agreement. A mediator will be appointed within 30 days of receipt of a written request. The mediator will endeavor to complete the mediation within 30 days thereafter.
- d. No performance obligation under or related to this Agreement shall be interrupted or delayed during any mediation proceeding except upon written agreement of both parties.
- e. The mediator shall not be a witness in any legal proceedings related to this Agreement.

7. Termination of Contract

Either party may at any time, upon seven days prior written notice to the other party, terminate this Agreement. Upon such termination, OWNER shall pay to ENGINEER all amounts owing to ENGINEER under this Agreement, for all work performed up to the effective date of termination.

8. Access

OWNER shall arrange for safe access to and make all provisions for ENGINEER and ENGINEER's Consultants to enter upon public and private property as required for ENGINEER to perform services under this Agreement.

9. Hazardous Environmental Conditions

It is acknowledged by both parties that ENGINEER's scope of services does not include any services related to a "Hazardous Environmental Condition," i.e. the presence at the site of asbestos, PCBs, petroleum, hazardous waste, or radioactive materials in such quantities or circumstances that may present a substantial danger to persons or property exposed thereto in connection with the Assignment. In the event ENGINEER or any other party encounters a Hazardous Environmental Condition, ENGINEER may, at its option and without liability for consequential or any other damages, suspend performance of services on the portion of the Assignment affected thereby until OWNER: (i) retains appropriate specialist consultant(s) or contractor(s) to identify and, as appropriate, abate, remediate, or remove the Hazardous Environmental Condition; and (ii) warrants that the site is in full compliance with applicable laws and regulations. OWNER acknowledges that ENGINEER is performing professional services for OWNER and that ENGINEER is not and shall not be required to become an "arranger," "operator," "generator," or "transporter" of hazardous substances, as defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1990 (CERCLA), which are or may be encountered at or near the site in connection with ENGINEER's activities under this Agreement.

10. **Patents**

ENGINEER shall not conduct patent searches in connection with its services under this Agreement and assumes no responsibility for any patent or copyright infringement arising there from. Nothing in this Agreement shall be construed as a warranty or representation that anything made, used, or sold arising out of the services performed under this Agreement will be free from infringement of patents or copyrights.
11. **Ownership and Reuse of Documents**

All documents prepared or furnished by ENGINEER pursuant to this Agreement are instruments of service intended for use with this Project. The ENGINEER shall deliver the documents to the OWNER after completion of the terms of this Agreement.
12. **Use of Electronic Media**
 - a. Copies of Documents that may be relied upon by OWNER are limited to the printed copies (also known as hard copies) that are signed or sealed by the ENGINEER. Files in electronic media format of text, data, graphics, or of other types that are furnished by ENGINEER to OWNER are only for convenience of OWNER. Any conclusion or information obtained or derived from such electronic files will be at the user's sole risk.
 - b. When transferring documents in electronic media format, ENGINEER makes no representations as to long-term compatibility, usability, or readability of documents resulting from the use of software application packages, operating systems, or computer hardware differing from those used by ENGINEER at the beginning of this Assignment.
 - c. If there is a discrepancy between the electronic files and the hard copies, the hard copies govern.
 - d. Because data stored in electronic media format can deteriorate or be modified inadvertently or otherwise without authorization of the data's creator, the party receiving electronic files agrees that it will perform acceptance tests or procedures within 60 days, after which the receiving party shall be deemed to have accepted the data thus transferred. Any errors detected within the 60-day acceptance period will be corrected by the party delivering the electronic files. ENGINEER shall not be responsible to maintain documents stored in electronic media format after acceptance by OWNER.
13. **Opinions of Probable Construction Cost**
 - a. Construction Cost is the cost to OWNER to construct proposed facilities. Construction Cost does not include costs of services of ENGINEER or other design professionals and consultants, cost of land, rights-of-way, or compensation for damages to properties, or OWNER's costs for legal, accounting, insurance counseling or auditing services, or interest and financing charges incurred in connection with OWNER's contemplated project, or the cost of other services to be provided by others to OWNER pursuant to articles of this Agreement. Construction Cost is one of the items comprising Total Project Costs.
 - b. ENGINEER's opinions of probable Construction Cost provided for herein are to be made on the basis of ENGINEER's experience and qualifications and represent ENGINEER's best judgment as an experienced and qualified professional generally familiar with the industry. However, since ENGINEER has no control over the cost of labor, materials, equipment, or services furnished by others, or over the Contractor's methods of determining prices, or over competitive bidding or market conditions, ENGINEER cannot and does not guarantee that proposals, bids, or actual Construction Cost will not vary from opinions of probable Construction Cost prepared by ENGINEER. If OWNER wishes greater assurance as to probable Construction Cost, OWNER shall employ an independent cost estimator.
14. **Appraisals**
 - a. Appraisals and Opinions of Cost, for the purpose of determinations or actions by the OWNER are to be prepared with a standard of care of the industry.

- b. Appraisals and engineer's opinion of the costs, as prepared with the standards of care in engineering and accounting, reflect pricing within the changing market place, and as such, the ENGINEER assumes no responsibility for the use of the opinions of cost or appraisals by the Owner for considerations or actions.
- 15. Force Majeure
ENGINEER shall not be liable for any loss or damage due to failure or delay in rendering any service called for under this Agreement resulting from any cause beyond ENGINEER's reasonable control.
- 16. Assignment
Neither party shall assign its rights, interests or obligations under this Agreement without the express written consent of the other party.
- 17. Binding Effect
This Agreement shall bind, and the benefits thereof shall inure to the respective parties hereto, their legal representatives, executors, administrators, successors, and assigns.
- 18. Severability and Waiver of Provisions
Any provision or part of the Agreement held to be void or unenforceable under any laws or regulations shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon OWNER and ENGINEER, who agree that the Agreement shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision. Non-enforcement of any provision by either party shall not constitute a waiver of that provision, nor shall it affect the enforceability of that provision or of the remainder of this Agreement.
- 19. Survival
All express representations, indemnifications, or limitations of liability included in this Agreement will survive its completion or termination for any reason.
- 20. Headings
The headings used in this Agreement are for general reference only and do not have special significance.
- 21. Controlling Law
This Agreement is to be governed by the law of the State of Illinois.
- 22. Notices
Any notice required under this Agreement will be in writing, addressed to the appropriate party at its address on the signature page and given personally, or by registered or certified mail postage prepaid, or by a commercial courier service. All notices shall be effective upon the date of receipt.