

**SETTLEMENT AGREEMENT OF
THE NORTHERN WILL COUNTY WATER AGENCY AND ITS MEMBER
MUNICIPALITIES AND AMERICAN LAKE WATER COMPANY AND ILLINOIS-
AMERICAN WATER COMPANY**

This Settlement Agreement (“Agreement”) set forth below is entered into between the Northern Will County Water Agency (the “Agency”), comprised of the Villages of Bolingbrook, Homer Glen, Lemont, Romeoville, and Woodridge (each a municipality that is a member of the Agency), located within the State of Illinois, on the one part, and American Lake Water Company (“ALWC”), an Illinois common carrier by pipeline, and Illinois-American Water Company, an Illinois public utility (“IAWC”), on the other part. Collectively, the Agency and its member municipalities, ALWC and IAWC are referred to herein as “Parties” and individually as a “Party.”

WHEREAS, the Agency and its member villages (collectively, “Plaintiffs”), filed a condemnation complaint styled as the Northern Will County Water Agency, Village of Bolingbrook, Village of Homer Glen, Village of Lemont, Village of Romeoville and Village of Woodridge v. American Lake Water Company, Illinois American Water Company and American Water Works Company, Inc, et al in the Circuit Court of Will County, Illinois, Case Number 14ED33 (the “Lawsuit”) against ALWC, IAWC and American Water Works Company (AWWC) (collectively, the “Defendants”), regarding condemnation of certain assets owned by ALWC and IAWC, and ALWC, IAWC and AWWC filed a response to the complaint and ALWC filed a counterclaim for damages to the remainder.

WHEREAS, the Parties have communicated through confidential settlement discussions, continued to work both independently and together in a mutually beneficial manner towards full resolution of the Lawsuit and the issues between them that were or could have been raised therein, and now desire to memorialize through this Agreement the terms of the settlement between the Parties.

WHEREAS, it is expressly understood that the Parties enter into this Agreement and the settlement it represents solely for the purpose of allowing the Parties to avoid the time and expense of further litigation and this Agreement does not and shall not constitute an admission by any Party of any wrongdoing, contractual obligation, imprudence or any other duty whether based in law, regulation, judicial or administrative orders, common law or otherwise.

WHEREAS, the Parties agree that all discussions had and information shared during the settlement process has been and will continue to be confidential and pursuant to applicable rules regarding settlement discussions and, notwithstanding any rules to the contrary, are not admissible in any proceeding of any kind relating to the subject matter of the Lawsuit.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, and all other consideration, which the Parties represent,

warrant, acknowledge and agree are satisfactory to form an enforceable settlement agreement, the Parties memorialize the terms of the settlement as follows:

Effective Date: This Agreement is effective as of January 31, 2023.

Execution: Each Party and signatory of this Agreement represents and warrants that it has full power and requisite authority to execute this Agreement and enter into this mutually agreeable settlement agreement. The Agency has duly authorized the execution, delivery, and performance of this Agreement and no other proceeding or action on the part of the Agency or its member Villages is necessary to authorize the execution, delivery and performance of this Agreement. The Parties agree that this Agreement may be executed in counterparts and an electronic copy of a signature via a .PDF of executed pages shall have the same effect as originals.

ALWC Portion of Wholesale Water Rate: Subject to approvals by the Illinois Commerce Commission (“ICC”), should ALWC, in its sole discretion seek such approvals, the ALWC portion of the wholesale water rate that is passed through to IAWC customers will be set at its current rate of \$1.8004 per 1,000 gallons of water delivered for a period of 5-years, starting January 1, 2023 through and including December 31, 2027. During this 5-year period, if the then current formula used to set the triennial rate calculation for the ALWC portion of the wholesale water rate results in a rate that would be lower than the current rate for the ALWC portion of the wholesale water rate for IAWC customers residing in the municipalities that comprise the Agency, the triennial rate would be set at the lower calculated rate for that triennial period. For avoidance of doubt, all pass through charges, including, but not limited to, those charges billed from Bedford Park for water, will continue to be passed through as they are currently passed through and shall not be subject to a cap.

Bill Format: Subject to confirmation and ICC approval, if necessary, IAWC will redesign its bills to its residential customers receiving wholesale water from ALWC such that the “Supply charge: American Lake Water” line item would be removed from the “Pass Through Charges” line items and moved to a different part of the bill.

UAW Water Study/Audit: IAWC agrees to, under reasonable terms, begin as soon as practicable, but in no event later than December 31, 2023, commissioning an unaccounted for water study/audit of IAWC distribution systems located within the municipalities that are members of the Agency to identify areas where unaccounted for water may be reduced by prudent and reasonable means. The cost of this study shall not be charged to the Agency or its member municipalities and a final report shall be made available within 30 days of completion.

Capital Projects: Subject to a prudent and reasonable review by IAWC, obtaining all required approvals including, but not limited to, approvals by the appropriate state and local permitting agencies, approval of the engineering plans, and obtaining the required easements (each of which the parties recognize could impact timing), the Derby Meadows wastewater treatment facility will be closed within 5 years, will be replaced with a pump station (or substantially similar facility) that will allow the wastewater to be pumped through a new force main to be treated at the Chickasaw wastewater treatment plant. Additionally, after a prudent and reasonable review by IAWC, IAWC will address overall customer service, service reliability and the reduction of unaccounted for water issues through the implementation of certain capital projects in Bolingbrook and Woodridge.

Future Collaboration:

Within 90 days of execution of this Agreement, representatives of ALWC and IAWC will convene a discussion with representatives of interested municipalities who are members of the Agency on the following topics:

- a. Meet to discuss HB 1105;
- b. Meet to discuss how Plainfield should factor into the purchased water surcharge and lost water through the local distribution system owned by IAWC;
- c. Meet to discuss potential dedicated customer service team for Illinois;
- d. Meet to discuss the Bedford Park wholesale water agreement;
- e. Engagement with any group that requests to and receives or may receive Lake Michigan Water through Chicago. Groups may include but are not limited to Bedford Park, Oak Lawn, DuPage Water Commission, or Joliet and other communities associated with their purchasing of Lake Michigan Water from the City of Chicago.

Releases: As reflected herein, the Parties agree that the disputes arising from the claims asserted in the Lawsuit that were raised or could have been raised as of the Effective Date will be resolved and fully satisfied, subject to the terms of the Agreement. In consideration of the mutual promises and covenants of IAWC and ALWC set forth herein, and all other consideration, which the Parties represent, warrant, acknowledge and agree are satisfactory to provide the releases set forth herein, the Agency, and its member municipalities, to the maximum extent permitted by law, hereby irrevocably and unconditionally release and discharge ALWC, IAWC, and AWWC and their past or present predecessors, parents, subsidiaries, affiliates, successors, assigns, officers, directors, shareholders, attorneys, and employees, and any related or affiliated corporations or entities, and their past or present predecessors, parents, subsidiaries, affiliates, successors, assigns, officers, directors, shareholders, attorneys, and employees, and any person or entity acting through or in concert with any of the preceding persons or entities from any and all monetary actions, claims, demands, debts,

reckonings, damages, judgments, executions, liabilities, appeals, obligations, attorney's fees, costs and causes of action, known or unknown, asserted or unasserted, arising from the claims asserted in the Lawsuit from the beginning of time to the Effective Date of this Agreement. As reflected herein, the Parties agree that the disputes arising from the claims asserted in the Lawsuit that were raised or could have been raised as of the Effective Date will be resolved and fully satisfied, subject to the terms of the Agreement. In consideration of the mutual promises and covenants of the Agency, comprised of its municipal members, set forth herein, and all other consideration, which the Parties represent, warrant, acknowledge and agree are satisfactory to provide the releases set forth herein, ALWC, IAWC and AWWC, to the maximum extent permitted by law, hereby irrevocably and unconditionally release and discharge the Agency, comprised of its members, and its past or present predecessors, parents, subsidiaries, affiliates, successors, assigns, officers, directors, shareholders, attorneys, and employees, and any related or affiliated corporations or entities, and its past or present predecessors, parents, subsidiaries, affiliates, successors, assigns, officers, directors, shareholders, attorneys, and employees, and any person or entity acting through or in concert with any of the preceding persons or entities from any and all monetary actions, claims, demands, debts, reckonings, damages, judgments, executions, liabilities, appeals, obligations, attorney's fees, costs and causes of action, known or unknown, asserted or unasserted, arising from the claims asserted in the Lawsuit from the beginning of time to the date of this Agreement. Notwithstanding the foregoing, the Parties acknowledge and confirm that ALWC and IAWC are and remain the sole and exclusive owners of the System as defined in the condemnation complaint filed in the Lawsuit and all other assets (tangible and intangible) that make up the System (as identified in the condemnation complaint) including, without limitation, the Balancing Account which is the subject of the counterclaim filed in response to the Lawsuit.

Dismissal of Lawsuit: Upon execution of this Agreement, the Agency and its counsel shall take any necessary actions to ensure that the Lawsuit is immediately dismissed in its entirety, with prejudice, and with each party bearing its own costs and fees. The Parties will cooperate to draft, file and secure a mutually acceptable dismissal of the Lawsuit and the counterclaim.

Dispute Resolution: Any breach arising out of or relating to this Agreement shall first be raised and discussed by duly authorized representatives of the disputing Parties, who will in good faith try and resolve the dispute within 90 days of notice of the dispute (the "Negotiating Period"). If the disputing Parties are unable to resolve the dispute during the Negotiation Period then the parties shall, within 30 days after the end of the Negotiation Period (such 30-day period being herein called the "Selection Period"), attempt to agree upon three arbitrators to whom to submit for binding arbitration the determination of the dispute. If the Parties are unable to agree upon the three arbitrators within the Selection Period, then, at the end of the Selection Period, the Parties shall each choose one arbitrator and the two chosen arbitrators will select the third arbitrator, which selection shall be made within thirty days after the end of the Selection Period. Any arbitrator selected by

the parties or by the two chosen arbitrators shall be independent of both parties and shall have substantial experience in matters relating to the dispute at hand, if practicable. The disputing parties shall share equally the fees and expenses of the arbitrator selected pursuant to this Agreement and the prevailing party may be awarded its legal fees and costs incurred due to the arbitration. The Parties can also agree in writing to work together in good faith to agree to an alternative, expeditious, efficient and cost-effective dispute resolution process and further agree to split the costs of any such alternative dispute resolution process equally among the Parties. The Parties agree that any matters subject to the jurisdiction of the ICC shall not be subject to alternative dispute resolution.

Good Faith Cooperation and Collaboration: The Parties agree that they will cooperate and undertake the activities and actions set forth in this Agreement in good faith, subject to applicable laws, regulations, tariffs and orders or directives from the ICC. The Parties will cooperate in good faith to gain the approval of some or all of the components of this Agreement by the ICC, should ALWC or IAWC, in its sole discretion, seek approval, formally or informally, of some or all of the components of this Agreement from the ICC. The Parties further acknowledge that the activities and goals stated in this Agreement may require cooperation and collaboration with each other and the Parties agree to reasonably cooperate upon request. Such cooperation may include, but is not limited to, engagement with and/or participation in communications with municipal, regulatory or other legal entities, or any other reasonable request that, in a Party's good faith estimation, would be necessary to accomplish a task or obligation set forth in this Agreement. The Parties further agree that they will not characterize this Agreement in any manner that would impugn or disparage another Party and that, upon request by a Party, will work to provide information jointly about the Agreement.

Attorney Fees Reimbursement: For a period of 5 years, starting January 1, 2023 through and including December 31, 2027, if the Agency or any municipality that is a member of the Agency, during the 5-year period, seeks to take or condemn either IAWC or ALWC property, then the Agency or that municipality agrees to reimburse the Defendants' legal fees incurred for the Lawsuit at the following percentages for each entity: Agency (100%); Bolingbrook (78.689%); Homer Glen (20.546%); Lemont (.059%); Romeoville (.022%) and Woodridge (.684%). In no event will the total amount of reimbursement under this provision exceed \$4,000,000.

Drafting, Governing Law and Other Provisions: The Parties acknowledge that each Party has been or has had the opportunity to be represented by counsel of its own choosing with respect to entering this Agreement. The Parties further agree that this Agreement was mutually drafted and it shall be construed and interpreted in accordance with the laws of the State of Illinois, without regard to choice of conflicts of laws rules or caselaw.

Entire Agreement: This Agreement represents the entirety of the understanding of and between the Agency and its municipal members, and ALWC and IAWC with

respect to settlement of the Lawsuit and this Agreement supersedes all prior agreements, understandings, negotiations and discussions of the Parties with respect to settlement of the Lawsuit, whether oral or written. Any amendments or modification to this Agreement must be agreed to in writing by the Parties and designated agents of the Parties with authority to bind the respective Party.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of January 30, 2023:

Illinois-American Water Company

Northern Will County Water Agency

By: _____
Rebecca Losli, Illinois-American
Water Company

By: _____
Mary Alexander-Basta, duly authorized
to sign and execute on behalf of the
Northern Will County Water Agency and its
members

Date: _____

Date: _____

American Lake Water Company

Village of Bolingbrook

By: _____
Rebecca Losli, American Lake Water
Company

By: _____
Mary Alexander-Basta, Mayor,
Village of Bolingbrook

Date: _____

Date: _____

Village of Homer Glen

By: _____
George Yukich, Mayor,
Village of Homer Glen

Date: _____

Village of Lemont

By: _____
John Egofski, Mayor,
Village of Lemont

Date: _____

Village of Romeoville

By: _____
John Noak, Mayor,
Village of Romeoville

Date: _____

Village of Woodridge

By: _____
Gina Cunningham-Picek, Mayor,
Village of Woodridge

Date: _____