

8/28/07 Execution Copy

**MUNICIPAL SERVICES AGREEMENT**

**BY AND BETWEEN**

**THE CITY OF HIGHLAND PARK**

**And**

**MIDWEST FAMILY HOUSING, LLC**

**DATED AS OF OCTOBER 1, 2007**

**MUNICIPAL SERVICES AGREEMENT  
BY AND BETWEEN  
THE CITY OF HIGHLAND PARK  
AND  
MIDWEST FAMILY HOUSING, LLC**

**THIS MUNICIPAL SERVICES AGREEMENT ("Agreement")** is made and entered into as of this 1<sup>st</sup> day of October, 2007 ("**Effective Date**"), by and between the **CITY OF HIGHLAND PARK**, an Illinois municipal corporation and home rule unit of local government ("**Highland Park**"); and **MIDWEST FAMILY HOUSING, LLC**, an Illinois limited liability company ("**MFH**") (Highland Park and MFH are at times collectively referred to in this Agreement as the "**Parties**").

**IN CONSIDERATION OF** the recitals and mutual covenants and commitments set forth in this Agreement, the Parties set forth their understandings and agreements as follows:

**SECTION 1. RECITALS.**

**A.** The United States Army Fort Sheridan Military Reservation, comprising approximately 712 acres of land ("**Fort Sheridan Property**") was closed on June 1, 1993, pursuant to the Defense Authorization Amendments and Base Closure and Realignment Act of 1988, Pub. L. No. 100-526, 102 Stat. 2623 ("**Base Closure Act**").

**B.** Pursuant to the Fort Sheridan Retrocession Law of 1992, 5 ILCS 541/20-1 *et seq.* ("**Fort Sheridan Retrocession Law**"), the State of Illinois (i) authorized acceptance of retrocession by the United States of America of exclusive legislative jurisdiction over the Fort Sheridan Property, and (ii) accepted cession from the United States of concurrent jurisdiction, both civil and criminal, with the United States over the Fort Sheridan Property, under and pursuant to the powers and authorities contained in the Statutes of Illinois. The Fort Sheridan Retrocession Law further provides that the United States of America's concurrent jurisdiction shall continue only so long as the United States of America owns the Fort Sheridan Property.

**C.** On October 25, 1995, Highland Park, the City of Highwood (an Illinois home rule municipal corporation) ("**Highwood**"), and the City of Lake Forest (an Illinois home rule municipal corporation), entered into an "Intergovernmental Boundary Agreement," as subsequently amended on October 29, 1997 ("**Boundary Agreement**") to provide, among other things, for the orderly division of the Fort Sheridan Property upon its removal from United States ownership and jurisdiction.

**D.** Pursuant to the Base Closure Act and the Federal Property and Administrative Services Act of 1949, as amended, an approximately 405-acre portion of the Fort Sheridan Property was designated by the federal government as surplus ("**Surplus Property**").

**E.** On September 27, 1996, Highland Park and Highwood entered into the "Highwood/Highland Park Intergovernmental Planning Agreement of 1996" ("**2-H Agreement**") to, among other things, (i) create a Joint Planning Commission ("**JPC**") and establish joint planning goals and procedures for the private development of the Fort

Sheridan Property, including specifically the Surplus Property; (ii) address the costs of increased traffic congestion; and (iii) further intergovernmental cooperation between the two municipalities.

F. Pursuant to the October 31, 1997 "Memorandum of Agreement" between the United States of America, the Highland Park/Highwood Local Redevelopment Authority, and Highland Park ("**1997 MOA**"), the United States agreed to sell to Highland Park the portion of the Surplus Property commonly known as the Fort Sheridan Historic District. This transaction closed on March 3, 1998, and the Historic District was subsequently sold and transferred to the Town of Fort Sheridan Company for private residential development.

G. In conjunction with the 1997 MOA, Highwood and Highland Park entered into a March 3, 1998 "Intergovernmental Annexation Agreement" ("**Annexation Agreement**"). The Annexation Agreement provides for, among other things, the annexation of portions of the Historic District to Highwood and the annexation of portions of the Historic District to Highland Park, all as provided for in the Boundary Agreement.

H. The non-surplus portion of the Fort Sheridan Property, comprising approximately 307 acres ("**Non-Surplus Property**"), was never privately developed and remains owned by the United States of America. Approximately 101 acres of the Non-Surplus Property are occupied and used by the United States of America, Army Reserve ("**Army Reserve Property**"). Approximately 206 acres of the Non-Surplus Property ("**Navy Property**") are occupied and used by the United States of America, Department of the Navy ("**Navy**"). The Navy Property has been occupied by military family housing consisting of approximately 329 single-family ranch, duplex, and multiplex units, plus numerous support improvements and infrastructure, and a 73,000 square foot office building ("**Existing Navy Improvements**").

I. In June 2004, the Navy announced that Naval Station Great Lakes in Illinois ("**Great Lakes**") planned a public/private venture ("**PPV**") with a private developer for the purpose of providing new, safe, high-quality, energy efficient, well-managed, and affordable housing to military families living at or assigned to Great Lakes. The Navy Property at Fort Sheridan is one of the housing areas included within the PPV.

J. On April 8, 2005, the Navy announced that it had selected Midwest Military Communities, LLC ("**MMC**") to be the private developer for the PPV. On or about January 1, 2006, the Navy and MMC entered into a 50-year ground lease and other related documents ("**Ground Lease**") with respect to all of the Great Lakes PPV property, including the developable portions of the Navy Property at Fort Sheridan. Simultaneous with the execution of the Ground Lease, MMC and the Navy formed MFH and all of MMC's rights and obligations under the Ground Lease were assigned to MFH. The Ground Lease provides, among other things, for the operation and maintenance of the PPV properties, including the Navy Property at Fort Sheridan. MMC is the Managing Member, and the Navy is a Member, of MFH.

K. Under the PPV, MFH is required to own, operate, manage, maintain, repair, and renovate the homes to be constructed on the 64-acre portion of the Navy Property at Fort Sheridan ("**PPV Property**") for a period of 50 years. The PPV Property is depicted on **Exhibit A** to this Agreement ("**PPV Property Map**"). Virtually all of the PPV Property is

currently located entirely within the corporate boundaries of Highland Park, except for a small unincorporated portion ("**Unincorporated PPV Property**") located in the northeast portion of the PPV Property, as depicted on the PPV Property Map. Construction on the PPV property will include the demolition and removal of the Existing Navy Improvements and the construction and development of 209 new residential units, including numerous support improvements, utilities, and infrastructure ("**New PPV Improvements**").

L. As part of its agreements with the Navy, MFH is authorized to sell for private development the remaining 45-acres of the Navy Property at Fort Sheridan ("**Disposition Properties**"). The Disposition Properties comprise (i) approximately 11.5 acres located in Highwood and presently occupied with Westover housing units ("**Westover Property**"), (ii) approximately 18.8 unincorporated acres immediately east of Patten Road ("**East Disposition Property**"), and (iii) approximately 15.4 unincorporated acres immediately west of Patten Road ("**West Disposition Property**"). The Disposition Properties are depicted on the PPV Property Map.

M. MFH has commenced demolition of the Existing Navy Improvements and construction of the New PPV Improvements.

N. On April 26, 2007, the Parties entered into a Memorandum of Understanding ("**MOU**"), setting forth a preliminary series of mutual agreements and understandings with regard to the jurisdiction, use, and development of the PPV Property for so long as the PPV Property is owned by the United States of America and used for military or related housing specifically authorized under the Ground Lease. In an April 27, 2007 letter to MFH and Highland Park, the Navy's Commanding Officer acknowledged the Navy's understanding of the MOU and the Navy's confirmation with regard to the MOU and various jurisdiction, municipal services, right-of-way dedication, and police and fire jurisdiction issues ("**Navy Letter**"). The Navy Letter is attached to this Agreement as **Exhibit B**.

O. Under the MOU, the Parties agreed to negotiate and enter into one or more agreements for the provision by Highland Park to the PPV Property of certain municipal services, including, without limitation, police, fire, public works, potable water supply, and other public safety services. This Agreement is intended by the Parties to set forth the Parties' specific agreements and requirements with respect to the provision by Highland Park of certain municipal services to the PPV Property as contemplated by the MOU and to the East and West Disposition Properties as provided in Section 2.B of this Agreement.

P. Pursuant to the MOU, MFH has provided to Highland Park a series of matrices and other documentation reasonably satisfactory to Highland Park, detailing the nature and extent of MFH's adherence to, and divergence from, the standards and requirements set forth in the Highland Park City Code of 1968, as amended ("**City Code**") with respect to construction, improvement, and maintenance of improvements, and with respect to construction and maintenance of buildings ("**PPV Building Standards**"). The PPV Building Standards are attached to this Agreement as **Exhibit C**.

Q. The Parties have the power and authority to enter into this Agreement pursuant to the provisions of Article VII, Section 10 of the Illinois Constitution of 1970; the Local Land Resource Management Planning Act, 50 ILCS 805/1 *et seq.*; the Illinois Intergovernmental Cooperation Act, 5 ILCS 220/1 *et seq.*; 65 ILCS 5/11-6-1 *et seq.*; 65 ILCS

5/11-1-1 *et seq.*; the home rule powers of Highland Park as authorized by the Illinois Constitution; 10 U.S.C. 2683; the Fort Sheridan Retrocession Law; and all other applicable powers and authorities under local, State of Illinois, and federal law.

**SECTION 2. PROVISION OF PPV MUNICIPAL SERVICES.**

**A. General Agreement.** Highland Park shall provide MFH the following municipal services for the PPV Property pursuant to the terms and conditions of this Agreement ("***PPV Municipal Services***"):

**1. Police Services.** Law enforcement and related activities to maintain order, including preventive patrol, crime prevention activities, traffic and parking enforcement, criminal investigation, emergency services, bicycle patrol, special operations, and activities of Highland Park's Tactical Unit, Major Accident Investigation Team and Fire/Bomb Investigation Unit (collectively, "***Police Services***"). The Police Services also specifically include Highland Park's agreement to patrol all areas of the PPV Property, including buildings, and to enforce, prosecute, and to operate pursuant to, and to the same extent as in the non-PPV Property portion of Highland Park ("***HP Proper***"), provisions of Sections 14.050-14.085 and Titles VII, IX, XI, and XIII of the Highland Park Municipal Code as well as applicable offenses set forth in Illinois state statutes. Additional specific provisions and limitations regarding the nature and extent of Police Services are set forth in Section 3 of this Agreement.

**2. Fire/EMS Services.** Fire suppression, fire and arson cause and origin investigation, fire prevention and public education, hazardous materials emergency response, disaster response and management, extrications and other rescues and recoveries, first aid and aid for other emergencies that pose a threat to life and property, and pre-hospital emergency medical care, including patient transport when required ("***Fire/EMS Services***"). Additional specific provisions and limitations regarding the nature and extent of Fire/EMS Services are set forth in Section 4 of this Agreement.

**3. Enhanced 9-1-1.** Emergency services for fire and police at the PPV Property shall be accessed for land-based phones in the PPV through the Enhanced 9-1-1 emergency system phone number available within HP Proper, provided that (i) MFH ensures that the land-based phone system in the PPV is configured in a manner such that all 9-1-1 calls are routed to the Highland Park 9-1-1 Communications Center, (ii) MFH fully cooperates with Highland Park to allow Highland Park to have all available location information, (iii) MFH has addressed the homes in the PPV in cooperation with Highland Park so that the addresses and street names can be used for directing emergency responders, and (iv) MFH has provided such information as is necessary to allow the addresses and street names to be entered into the Highland Park Master Address Database and Geographic Information System. Highland Park shall be entitled to receive the telephone utility taxes applicable to the Enhanced 9-1-1 services.

**4. Public Works Services.** Government services related to potable water distribution (including inspections, cleaning, repair, hydrant pressure testing, and hydrant painting after initial painting); storm and sanitary sewers (including inspection, cleaning, and repair); streets (including plowing, patching, and sweeping), forestry consultation; and general maintenance of infrastructure (including streets, sanitary and

storm sewers). Additional specific provisions and limitations regarding the nature and extent of Public Works Services are set forth in Section 5 of this Agreement.

**5. Refuse Collection and Recycling Services.** Standard and customary refuse collection and disposal and recycling services, subject to the same terms, conditions, and schedules, including Highland Park discounted resident rates, as are applicable in HP Proper. MFH acknowledges that HP Proper is served by a private refuse and recycling contractor and that residents are charged and billed pursuant to Highland Park's refuse and recycling contract with the contractor. The Parties agree that Highland Park's refuse and recycling contractor shall bill the individuals and entities designated by MFH for all charges and costs associated with refuse collection and recycling services to the PPV Property.

**6. Cable Television Services.** At MFH's option and upon MFH's written request and agreement from the cable operator, standard and customary cable television services and products, as provided under the then-applicable Highland Park cable television franchise agreement, subject to the same terms, conditions, customer service standards, and rates as apply in HP Proper.

**B. Delivery of Services.**

**1. Level of Service.** The PPV Municipal Services provided pursuant to this Agreement shall be provided in the same manner, and at the same service level, as the same services are provided within HP Proper. The term "same" shall mean that resources will be allocated and incidents prioritized based on the nature of the incident and availability of resources.

**2. Utilization Priority.** Highland Park shall provide the PPV Municipal Services to the territory within the PPV Property in the nature, manner, and extent that Highland Park determines, in its reasonable discretion, to be necessary based on (a) requests for PPV Municipal Services and (b) the personnel and equipment available from Highland Park to provide the applicable PPV Municipal Service in response to the requests.

**3. Non-Discrimination.** Subject to the terms of this Subsection, Highland Park shall provide the PPV Municipal Services to the territory within the PPV Property on the same basis and to the same extent as the same or comparable services are provided to persons and property within HP Proper. Resources shall not be allocated and incidents shall not be prioritized based on whether the Services are contractually provided under this Agreement as opposed to the services that Highland Park provides in HP Proper under general governmental authority. The level of service and utilization priority required under this Subsection shall be referred to in this Agreement as the "***PPV Service Delivery Standards.***"

**C. Commencement of Services.**

1. **Fire/EMS Services.** Fire/EMS Services shall commence on October 1, 2007.

2. **Police/Public Works Services.** Police Services and Public Works Services shall commence any time after October 1, 2007 for buildings, residential units, and areas of the PPV Property identified by MFH as being ready to receive these services (individually, "**Service Area**," collectively, "**Service Areas**"). Highland Park shall have no obligation under this Agreement to provide Police Services or Public Works Services to any Service Area unless and until (a) MFH has provided Highland Park a written notice and request ("**Service Commencement Notice**") that a Service Area is ready to receive Police and Public Works Services; (b) MFH has provided Highland Park a walk-through and inspection of each type of housing and building within the Service Area; and (c) MFH has provided Highland Park with a written certification from MFH's general contractor for the Service Area (i) that each building within the Service Area is ready for occupancy and (ii) that each building within the Service Area complies with the PPV Building Standards. The Service Commencement Notice must be provided to Highland Park on or before the first day of the month during which MFH desires to commence the Services, which notice must include the address of each building and residential unit within the Service Area.

3. **Enhanced 9-1-1.** The Enhanced 9-1-1 Services shall commence on October 1, 2007.

4. **Refuse Collection and Recycling Services.** The Refuse Collection and Recycling Services shall commence on October 1, 2007.

5. **Cable Television Services.** Upon Highland Park's receipt of a written request from MFH for the commencement of these Services, Highland Park will request from Highland Park's cable operator that Cable Television Services commence within the PPV Property.

**D. Disposition Properties.** The Parties acknowledge that the East and West Disposition Properties will continue to be occupied by and used for the Existing Navy Improvements for a period of time following the effective date of this Agreement and before one or both of these Properties is transferred to some entity other than the United States of America for private development ("**Government Transfer**"). For purposes of designating the area in which PPV Services shall be provided pursuant to this Agreement, the East Disposition Property and the West Disposition Property shall be deemed to be part of the PPV Property until October 1, 2009; provided, however, that prior to October 1, 2009, Highland Park's obligation to provide PPV Services to the East and West Disposition Properties shall terminate for the respective Property upon a Government Transfer of that Property. Highland Park shall have no obligation to provide any municipal services to the Westover Disposition Property. The Parties further agree that Highland Park shall have no obligation to provide any municipal services to any unoccupied building or any other structure within the Disposition Properties that is under construction or in the process of being demolished.

**E. Jurisdiction.**

1. **Concurrent Jurisdiction.** The Parties agree that pursuant to the Fort Sheridan Retrocession Law, the United States does not have exclusive legislative jurisdiction with regard to the PPV Property. The Parties further agree that the State of Illinois shares concurrent jurisdiction, both civil and criminal, with the United States over the PPV Property.

2. **Authority to Perform.** The Parties agree that the State of Illinois' concurrent jurisdiction over the PPV Property includes those powers and authorities necessary to allow the State of Illinois and its political subdivision, Highland Park, to exercise and perform its obligations under this Agreement.

3. **Highland Park Jurisdiction.** The Parties acknowledge that the Boundary Agreement calls for the eventual disconnection by Highland Park and annexation by Highwood of that portion of the PPV Property generally located west of Patten Road ("**West PPV Property**"). Highland Park acknowledges that the Boundary Agreement was entered into without any expectation that the PPV Property would continue to be used for federal government purposes. The Parties intend that the entire PPV Property, including the West PPV Property and the Unincorporated PPV Property, remain and/or be incorporated entirely within the corporate boundaries of Highland Park for so long as the PPV Property is owned by the United States of America and used for military housing ("**PPV End Date**").

4. **Unincorporated PPV Property.** If for any reason the Unincorporated PPV Property is not annexed to Highland Park, and with respect to the East and West Disposition Properties as provided in Subsection 2.D of this Agreement, the Parties intend and agree that Highland Park shall provide PPV Municipal Services to the Unincorporated PPV Property and to the East and West Disposition Properties (as provided in Subsection 2.D of this Agreement) generally to the same nature and extent as it does to the balance of the PPV Property, unless otherwise prohibited by applicable law. The Parties shall take all necessary and reasonable actions to authorize Highland Park to provide PPV Municipal Services to these Properties in accordance with applicable law, including, without limitation, (i) allowing Highland Park to provide Fire/EMS Services notwithstanding the prior provision of similar services by the Great Lakes Fire Department, and (ii) entry into the necessary intergovernmental and other agreements with the County of Lake to allow Highland Park to provide first responder, mutual aid, and direct and primary Police Services to these Properties.

**F. Acknowledgement of Federal Enclave.** Notwithstanding the location of the PPV Property within the corporate boundaries of Highland Park, the PPV Property shall be considered and treated as an enclave of the United States of America within Highland Park and the provision of PPV Municipal Services to the PPV Property shall be governed solely by the terms of this Agreement and the MOU. If there is a conflict between this Agreement and the MOU, this Agreement shall control.

**G. PPV Building Standards.** The Parties acknowledge that Highland Park's agreement to provide PPV Municipal Services under this Agreement is conditioned on, among other things, MFH's agreement to construct the New Navy Improvements

substantially in conformance with the PPV Building Standards. Highland Park shall have no affirmative duty or responsibility to inspect or enforce building and infrastructure standards and conditions.

**H. Mutual Aid.** Highland Park and MFH acknowledge that Highland Park currently is, and may from time to time in the future will be, a party to agreements with other providers of various municipal services for mutual aid among those other providers ("**Mutual Aid Agreements**"). MFH agrees that provision of PPV Municipal Services under one or more Mutual Aid Agreements shall satisfy Highland Park's obligation to provide PPV Municipal Services to the PPV Property, subject to the PPV Service Delivery Standards and provided that Highland Park shall consult in advance with MFH prior to entering into any Mutual Aid or other service agreement that provides for at-cost services within the PPV Property. To the extent permitted by the Mutual Aid Agreements, the Mutual Aid Agreements shall apply within the PPV Property to the same extent as within HP Proper and consistent with the PPV Service Delivery Standards.

**I. PPV Municipal Service Disruption.** The Parties acknowledge and agree that disruptions in PPV Municipal Services may occur from time to time during the term of this Agreement. Disruptions may occur due to a variety of causes, including, without limitation, equipment failure, personnel problems, labor issues, or severe weather. Subject to the PPV Service Delivery Standards, Highland Park shall have no obligation to provide PPV Municipal Services to the PPV Property during any period of time during which the applicable PPV Municipal Service is in fact disrupted. If Highland Park anticipates a disruption in one or more PPV Municipal Services, or if one or more of Highland Park's PPV Municipal Services are in fact disrupted for any reason, then Highland Park shall notify MFH of the anticipated or actual disruption as soon as practical and shall inform MFH of the nature of the disruption as well as the expected length of time that the applicable PPV Municipal Service will be disrupted. In the event of a disruption, Highland Park shall endeavor to obtain mutual aid resources to protect MFH and the PPV Property. Highland Park shall also notify MFH promptly after the disrupted PPV Municipal Services are restored.

**J. Other Agreements.** Nothing in this Agreement shall limit Highland Park's ability or right to agree with other municipalities, individuals, associations, or corporations ("**Outside Providers**") to provide services similar to the PPV Municipal Services provided by Highland Park under this Agreement, except that the agreements must not materially impair Highland Park's ability to provide the PPV Municipal Services to MFH as required by this Agreement and in accordance with the PPV Service Delivery Standards.

**K. Personnel.** Highland Park shall have the sole and exclusive responsibility and authority with respect to the hiring, training, assigning, disciplining, and dismissing of any and all personnel contracted with, employed, or utilized in any way by Highland Park to provide PPV Municipal Services to MFH pursuant to this Agreement.

**L. Ownership.** Nothing in this Agreement grants to MFH any rights or claims of ownership in any equipment, systems, machinery, or implements relating to or otherwise utilized for the PPV Municipal Services.

**M. Army Reserve Property.** Nothing in this Agreement shall require or be construed to require Highland Park to provide any municipal services of any kind to the Army Reserve Property.

**N. Ravines/Landfills.** Highland Park shall have no responsibility to maintain, manage, or remediate any contaminated property, any of the ravines, or any of the landfills located within the PPV Property, specifically including Landfill 6, Landfill 7, and Coal Storage Area 5, notwithstanding that portions of those landfills are located under the PPV Patten ROW (as defined in Section 5.A.2 of this Agreement). Highland Park agrees to provide technical assistance with regard to ravine activities if requested by MFH.

**O. Reimbursable Expenses.** The Parties acknowledge that certain expenses incurred by Highland Park in the course of the provision of PPV Municipal Services are required to be reimbursed by the individual or other entity requiring or necessitating the particular Municipal Service. The reimbursement rules and regulations of Highland Park shall apply in the PPV Property, and to residents of the PPV Property, to the same extent as they apply in HP Proper.

**P. Military Remnants and Artifacts.** Highland Park shall have no responsibility with regard to the presence, detection, discovery, detonation, or removal of any unexploded ordnance or other remnant or artifact of military operations on the PPV Property or on the Disposition Properties. If, in the course of providing the PPV Municipal Services as required under this Agreement, Highland Park becomes aware of the existence or location of ordinances, remnants, or artifacts, then Highland Park shall timely notify MFH. Upon notification from Highland Park under this Subsection, or at any other time MFH becomes aware of the existence or location of ordinances, remnants, or artifacts, MFH shall take, or shall notify the Navy requesting that the Navy take, all reasonable actions as are necessary to have the ordinances, remnants, and artifacts removed, and after the removal MFH shall promptly notify Highland Park.

**Q. House and Street Names and Numbering.** MFH shall require and provide that all residential structures within the PPV Property comply with the City Code provisions regulating the addressing and numbering of residential structures, including those regulations requiring contrasting colors, three-inch height, and a prohibition on script. The visibility and lettering of street name signage shall also comply with Sections 93.360 and 93.365, and all other applicable provisions, of the City Code.

**R. Consultation Meetings.** The Parties agree that they shall meet no less than during the first month of each quarter of the first calendar year under this Agreement (January, April, July, and October), and then no less than during January and July of each subsequent year under this Agreement, for the purpose of reviewing matters related to the provision of PPV Municipal Services under this Agreement.

### **SECTION 3. SPECIAL PROVISIONS REGARDING POLICE SERVICES.**

**A. Scope.** Any violations, or alleged violations, of state of Illinois, Highland Park, or other local laws, rules, or regulations, within the PPV Property, including, without limitation, those offenses described as felonies, misdemeanors, traffic violations, drug offenses, child sexual abuse or neglect, spousal abuse or domestic violence, or juvenile related, shall be enforced, investigated, prosecuted, and adjudicated by the appropriate

Highland Park and State of Illinois law enforcement and judicial authority and personnel to the same extent as in HP Proper.

**B. Process for Enforcement.** The process for enforcement of any matter under the jurisdiction of the Highland Park Police Department under this Agreement shall be the same process as for matters within HP Proper, including utilization and procedures related to the Highland Park jail and lock-up facilities, the Highland Park prosecutor, state agency involvement, and the Highland Park hearing officer rules and regulations or Lake County Circuit Court.

**C. General Cooperation.** MFH shall reasonably cooperate with Highland Park in the investigation and prosecution of any matters related to Police Services undertaken pursuant to this Agreement.

**D. Warrants.** Highland Park shall have the authority and the right to seek and serve warrants and other similar judicial and investigative orders within the PPV to the same extent as in HP Proper.

**E. Handguns.** In addition to the other ordinances, rules, and regulations that shall apply within the PPV Property under this Agreement, Chapter 134 of the City Code, regulating handguns, shall apply within the PPV Property to the same extent as in HP Proper.

**F. Referrals and Notices.** Promptly upon becoming aware of any incident, violation, or alleged violation that Highland Park has authority to enforce, investigate, and prosecute under this Agreement ("**Incident**"), MFH, except as specifically prohibited by law, shall promptly notify Highland Park of the Incident and all information that MFH has regarding the Incident.

**G. Confidentiality.** To the extent permitted by law, the Parties shall cooperate to ensure the confidentiality of the documents, information, and other notices they provide to each other with regard to enforcement, investigation, and prosecution activities undertaken as provided in this Agreement.

**H. Uniform Code of Military Justice.** The Parties acknowledge that the Uniform Code of Military Justice will continue to apply to Navy personnel on the PPV Property; provided, however, that to the extent of any conflict between the Uniform Code of Military Justice and this Agreement, this Agreement shall control.

**SECTION 4. SPECIAL PROVISIONS REGARDING FIRE/EMS SERVICES.**

**A. Non-Applicability of Building Code.** The Parties acknowledge that the New Navy Improvements, particularly the new Navy housing units and related buildings and structures, will not be subject to Title XVII (Building Regulations) of the City Code. Highland Park will not inspect properties for City Code compliance and will not issue citations for noncompliance with the City Code.

**B. Public Hazard.** Notwithstanding the provisions of Subsection A of this Section, Highland Park shall be authorized to take appropriate action to prevent or eliminate any immediate hazard or threat to the public health and safety relating to the

construction or maintenance or condition of any of the New Navy Improvements or any other condition within the PPV Property.

**C. Commencement of Service; Initial Walk-Through.** MFH shall provide Highland Park with the opportunity to conduct a walk-through and inspection of each type of housing stock in the PPV Property. The purpose of the walk-through inspections will be to allow Highland Park personnel to familiarize themselves with the housing design, building materials, and general construction and layouts of the New Navy Improvements.

**D. Outside Providers; Charges.** As provided in Subsection 2.K of this Agreement, the Parties acknowledge that Highland Park may utilize Outside Providers to provide portions of Fire/EMS Services under this Agreement. Any customary, generally applicable charge levied by the Outside Provider for providing Fire/EMS Services shall be paid directly by MFH.

**E. Ambulance Charges.** Ambulance charges applicable in HP Proper shall apply also to Ambulance calls to PPV Property. Residents of the PPV Property shall be considered residents of HP Proper for purposes of calculating these charges and shall be afforded the resident discount rates applicable to residents within HP Proper.

**F. Fire Hydrants.** Fire hydrants within the PPV Property shall be numbered and painted by MFH as designated by the Highland Park Fire Chief. Blue in-road reflectors shall be installed in all roadways adjacent to all hydrants in the PPV Property to demarcate hydrant locations.

**SECTION 5. SPECIAL PROVISIONS REGARDING PUBLIC WORKS SERVICES.**

**A. Ownership, Construction, and Maintenance of Improvements.**

**1. General.**

**a. Construction and Ownership.** MFH shall construct and own all infrastructure and improvements on the PPV Property, including, without limitation, sanitary sewer, storm sewer, and potable water facilities ("**MFH Improvements**"), except for (i) the PPV Patten ROW Improvements as provided in Paragraph 2 of this Subsection and (ii) the PPV Watermain as provided in Paragraph 3 of this Subsection.

**b. Maintenance.** MFH shall maintain all of the MFH Improvements, except that, following construction and installation as required under this Agreement, Highland Park shall maintain (i) the PPV Patten ROW Improvements as provided in Paragraph 2 of this Subsection, (ii) the PPV Watermain as provided in Paragraph 3 of this Subsection, (iii) the City Responsibility Improvements as provided in Subsection C of this Section, (iv) the Required Signs as provided in Subsection E of this Section, and (v) the other specific improvements as provided in Subsection B of this Section.

**2. PPV Patten ROW.** The existing Patten Road pavement and adjoining roadway areas extend within the PPV Property from Walker Avenue on the south to where Patten Road intersects Van Horne Ravine on the north ("**PPV Patten ROW**").

MFH shall repair or reconstruct the PPV Patten ROW pavement, road bed, and adjoining roadway areas as necessary to comply with the standards set forth in the Highland Park Subdivision Code (including, without limitation, the standards set forth in Section 151.008 of the City Code), and MFH shall then dedicate and transfer, or cause to be dedicated and transferred, ownership of all of PPV Patten ROW to Highland Park, as accepted and approved by the Highland Park City Council, including any agreed upon deviations from the otherwise applicable standards of the Highland Park Subdivision Code ("**MFH PPV Patten ROW Obligations**"). MFH shall complete its MFH PPV Patten ROW Obligations on or before June 1, 2009. Following construction, dedication, and Highland Park's acceptance, Highland Park shall, at its own cost, operate and maintain all of PPV Patten ROW to the same extent, and pursuant to the applicable provisions of the City Code, as it maintains its other roads and rights-of-way within HP Proper. The Parties acknowledge that Highland Park will not be obligated to provide any PPV Municipal Services within the PPV Patten ROW until the PPV Patten ROW has been dedicated as required under this Paragraph.

**3. PPV Water Main.** At the City's request, MFH shall construct a new water transmission main under the eastern portion of PPV Patten ROW to serve the potable water requirements of the PPV Property and the New PPV Improvements ("**PPV Water Main**"). MFH shall construct the PPV Water Main as necessary to comply with the standards set forth in the Highland Park Subdivision Code (including, without limitation, the standards set forth in Section 151.008 of the City Code), and MFH shall then dedicate and transfer, or cause to be dedicated and transferred, ownership of the PPV Water Main to Highland Park, as accepted and approved by the Highland Park City Council, including any agreed upon deviations from the otherwise applicable standards of the Highland Park Subdivision Code. Following construction, dedication, and Highland Park's acceptance, Highland Park shall, at its own cost, own, operate, and maintain the PPV Water Main to the same extent, and pursuant to its standards, as it maintains its other public improvements within HP Proper. Further, following construction, dedication and Highland Park's acceptance, and upon presentation of such documentation as Highland Park may require, Highland will reimburse MFH for that portion of the costs incurred by MFH in the construction of the PPV Water Main that are in excess of \$100,000.

**B. Specific Limitations on Public Works Services.** The following specific limitations shall apply to the Public Works Services provided under this Agreement.

1. Street Lights. MFH, and not Highland Park, shall have all obligations with regard to service, repair, maintenance, replacement, and electricity charges for street lights on private roads within the PPV Property. Highland Park, and not MFH, shall own, service, repair, maintain, and pay electricity charges for street lights within PPV Patten ROW.

2. Forestry. MFH, and not Highland Park, shall have all obligations to provide all forestry services related to grass, trees, and other landscaping on and along all roads and streets within the PPV Property except for Patten Road ("**MFH Streets**"). Highland Park, and not MFH, shall provide forestry services related to the trees and landscaping along Patten Road; provided, however, the MFH shall be responsible for planting and maintenance of the grass within the Patten Road ROW.

3. Sidewalks. MFH, and not Highland Park, shall have all obligations to maintain, service, repair, and replace sidewalks within the PPV Property, except that Highland Park, and not MFH, shall have all obligations to maintain, service, repair, and replace the sidewalks within the PPV Patten ROW. Highland Park's obligation under this Paragraph regarding the PPV Patten ROW sidewalks does not include any obligation to provide snow removal for those sidewalks.

4. Alleys. Highland Park shall plow alleys within the PPV Property pursuant to a plow route priority plan established by Highland Park.

5. Streets.

a. Minimum Standard. MFH shall conduct such capital improvements to all roads and streets within the PPV Property except for the road in the PPV Patten ROW (collectively, "**MFH Roads**") as are necessary to ensure that the MFH Roads have a Pavement Condition Index (PCI) of no less than 55. For any MFH Road with a PCI of less than 55, Highland Park shall have the right (i) to withhold Public Works Services for any such MFH Road, or (ii) to increase the rate charged to MFH for Public Works Services for any such MFH Road.

b. Cleaning. Highland Park's street cleaning services shall be provided on a monthly basis in June, July, August, and September. Highland Park's street cleaning services shall be provided upon request of MFH during March, April, October, and November, but no more than two times per month during March, April, October, and November.

**C. Highland Park Responsibility Improvements.** Highland Park shall maintain all of the sanitary sewer collection mains, storm sewer mains, and potable water MFH Improvements (collectively, "**City Responsibility Improvements**"). Highland Park's maintenance obligations for the City Responsibility Improvements shall commence with respect to each Improvement upon Highland Park's inspection and approval of the Improvement for purpose of this Agreement. For water mains, this inspection will include appropriate pressure testing of the Improvement. Highland Park shall not be responsible for maintaining a City Responsibility Improvement unless and until MFH or MFH's contractor provides Highland Park written certification that the Improvement complies with the PPV Building Standards. If Highland Park determines that an Improvement does not meet the PPV Building Standards for that Improvement, then Highland Park shall provide MFH with notice and a reasonable opportunity to cure the deficiency and bring the Improvement, or a replacement of the Improvement, into compliance with the PPV Building Standards. If MFH fails to take these necessary actions, then Highland Park shall no longer be responsible for maintaining the Improvement. Highland Park shall maintain the City Responsibility Improvements to the same standards and procedures as are applicable to similar improvements in HP Proper, consistent with the PPV Service Delivery Standards. This Subsection shall not apply to the PPV Patten ROW or the PPV Water Main, the construction, ownership, maintenance, and acceptance of which shall be governed, respectively, by Paragraphs A.2 and A.3 of this Section.

**D. Speed Limits.** Speed limits within the PPV Property shall generally be the same as similar streets within HP Proper and, as of the Effective Date of this Agreement,

speed limits for all residential streets in the PPV Property shall be no more than 25 miles per hour, for alleys no more than 15 miles per hour, and for Patten Road as determined by Highland Park following dedication and acceptance.

**E. Street Signage.** MFH shall install all regulatory street signage, including, without limitation, stop signs, speed limit signs, yield signs, parking limitation signs, and all other traffic related signs within the PPV Property pursuant to applicable provisions of the City Code ("**Required Signs**"). Following installation, the City shall maintain and replace Required Signs; provided, however, that the City's obligation to maintain and replace any Required Sign shall not commence unless and until MFH provides the City with written certification that the Required Sign or Signs complies with the applicable provisions of the City Code and with this Agreement.

**F. Utility Locations.** Highland Park will provide location assistance under its contract with the Joint Utility Locating Information for Excavators (JULIE) for all underground sewer and water utilities. Other utility location requests within the PPV Property will be provided by other entities and charged to MFH.

**G. Sanitary Lift Station.** Any sanitary lift station that serves the PPV Property only shall be designed, constructed, owned, maintained, and serviced by MFH or a contractor or contractors or other agents or assignees retained by MFH to provide such services and ownership.

**H. PPV Patten ROW Utility Placement.** Utilities and other improvements to be placed within PPV Patten ROW, including, without limitation, gas, telephone, fiber optic cable, or cable television, shall comply with Highland Park standards and requirements for utility and right-of-way installation and maintenance.

**I. Repair Damage; Access.** The Parties acknowledge that some of the City Maintenance Improvements are located on or under areas of the PPV Property between residences, in backyards, and in other similar locations. The Parties agree that Highland Park shall not be responsible for any damage to any property that results from Highland Park undertaking its maintenance and service obligations with respect to the City Maintenance Improvements under this Agreement, provided that Highland Park exercises due care in undertaking its maintenance and service obligations to avoid unreasonable damage, and provided further that the damages are directly related to Highland Park's maintenance and service activities. MFH will provide Highland Park with the access and license rights that are necessary to allow Highland Park to maintain and service the City Maintenance Improvements as provided in this Agreement.

**J. As-Built Drawings.** Upon completion of the New PPV Improvements, including residential units, MFH shall provide Highland Park with final building plans and drawings for all buildings and residential units. MFH shall also provide Highland Park with as-built drawings for all completed MFH Improvements. The as-built drawings shall be in digital images in autocad formats (.dwg or .dxf). The documents required under this Subsection shall be provided to Highland Park no later than June 1, 2009.

**SECTION 6. PAYMENT OF PPV SERVICES COST.**

**A. General Understanding of MFH Payment Obligation.** Highland Park shall agree to provide the PPV Municipal Services only if it will be fully reimbursed as provided in this Agreement for all of the costs that it incurs in providing the PPV Municipal Services to the PPV Property, plus a five percent administrative fee ("**PPV Services Cost**"). This Section constitutes the Parties' agreement on the accounting of the PPV Services Cost and the requirement that MFH make payments to Highland Park for the amount of the PPV Services Cost that is not collected by Highland Park under the tax levied on the New PPV Improvements pursuant to Illinois Public Act 094-0974 ("**Leasehold Tax**"). As consideration for the PPV Municipal Services provided by Highland Park pursuant to this Agreement, MFH shall pay to Highland Park the PPV Services Cost pursuant to this Section.

**B. Initial Payment.** Upon the Effective Date of this Agreement, MFH shall make an initial payment to Highland Park in the amount of \$98,000 ("**Initial Payment**"). The Parties acknowledge that the Initial Payment shall be for the adjustments to existing utilities and services and other Highland Park actions necessary to allow Highland Park to commence the PPV Municipal Services as required under this Agreement.

**C. Fiscal Year.** For the purpose of this Section, "Fiscal Year" shall mean the Highland Park Fiscal Year for the period from January 1 through December 31, or such other period as is established by Highland Park corporate authorities from time to time, as the standard fiscal reporting period of Highland Park.

**D. Payment for PPV Municipal Services.** The different components of the PPV Services Cost shall be calculated as set forth in this Subsection. For the period from October 1, 2007 to December 31, 2008, the total PPV Services Cost shall be calculated under this Section as illustrated on **Exhibit D** of this Agreement. As shown on Exhibit D, the full monthly charge in Fiscal Year 2008 ("**2008 Monthly Charge**") shall be one twelfth of the total charge for Fiscal Year 2008. The monthly charge for October, November, and December 2007 shall be 25 percent of the 2008 Monthly Charge. The monthly charge for January, February, and March 2008 shall be 50 percent of the 2008 Monthly Charge. The monthly charge for April, May, and June 2008 shall be 75 percent of the 2008 Monthly Charge. The monthly charge for the balance of Fiscal Year 2008 shall be 100 percent of the 2008 Monthly Charge. In all subsequent Fiscal Years under this Agreement, the monthly charge shall be 100 percent of one twelfth of the total charge for the applicable fiscal year.

1. **Police and Fire/EMS Services.** MFH shall pay for Police and Fire/EMS Services under this Agreement on a per capita service cost basis. Highland Park shall determine the per capita charge utilizing the population of HP Proper according to the most current United State Census data or other up-dated and reliable information ("**City Population**").

a. **Police Services.** The per capita charge for Police Services ("**Police Per Capita Charge**") shall be determined by dividing the "**Police Budget**" by the City Population. The Police Budget shall consist of the following elements – (i) general Police Department budget; (ii) workers compensation obligations; (iii) pension requirements; (iv) property and casualty insurance; and (v) depreciation on facilities. The

PPV Services Cost for Police Services ("**Police Service Cost**") shall equal the Police Per Capita Charge multiplied by 696 (209 units multiplied by an estimated 3.33 residents per unit). For the period from October 1, 2007 to December 31, 2008, the total Police Service Cost shall be calculated under this Subsection as illustrated on **Exhibit E** of this Agreement.

b. Fire/EMS Services. The per capita charge for Fire/EMS Services ("**Fire/EMS Per Capita Charge**") shall be determined by dividing the "**Fire/EMS Budget**" by the City Population. The Fire/EMS Budget shall consist of the following elements – (i) general Fire Department budget; (ii) workers compensation obligations; (iii) pension requirements; (iv) property and casualty insurance; and (v) depreciation on facilities. The PPV Services Cost for Fire/EMS Services ("**Fire/EMS Service Cost**") shall equal the Fire/EMS Per Capita Charge multiplied by 696 (209 units multiplied by an estimated 3.33 residents per unit). For the period from October 1, 2007 to December 31, 2008, the total Fire/EMS Service Cost shall be calculated under this Subsection as illustrated on **Exhibit F** of this Agreement.

2. Public Works Services. The two components of the PPV Services Cost associated with the Public Works Services ("**PW Service Cost**") shall be (i) the "**General PW Cost**" and (ii) the "**Insurance/Facility Cost.**" For the period from October 1, 2007 to December 31, 2008, the total PW Service Cost shall be calculated under this Subsection as illustrated on **Exhibit G** of this Agreement.

a. General PW Cost. The General PW Cost shall be calculated by determining the cost per lineal foot of each of the four budget components of the PPV Service Cost ("**Unit Cost Charge**"). The four components ("**PW Service Components**") are (i) street repair and maintenance, (ii) sanitary sewer and maintenance and repair, (iii) storm sewer maintenance and repair, and (iv) water distribution maintenance and repair. The Unit Cost Charge for each Component will then be multiplied by the total number of lineal feet within the PPV Property associated with the respective Component. The sum of the totals of the charges for each of the PW Service Components shall be the General PW Cost.

b. Insurance/Facility Cost. For purposes of determining the Insurance/Facility Cost, the "**PPV Percentage**" shall equal the total City budget for the PW Service Components divided by the General PW Cost. The PPV Percentage shall then be multiplied by the total of the four budget components associated with insurance and facility costs of the Public Works Services. These four components are property and casualty insurance, worker's compensation insurance, depreciation on facilities, and facility operation and maintenance.

E. Payments Schedule. Highland Park shall notify MFH in writing of the total amount due under this Agreement for each month on a monthly basis. The monthly bill shall be for 1/12<sup>th</sup> of the total annual PPV Services Cost. The amount owed by MFH for PPV Services Cost for each month shall be due and payable, and must be received at the Highland Park City Hall, within 40 days after the date of the monthly bill ("**Payment Due Date**"). If MFH fails to make any payment required under this Agreement on or before the Payment Due Date, Highland Park shall have the right to exercise any or all of the remedies set forth in Paragraphs 1 and 2 of this Subsection.

1. Late Payment Fee. Highland Park, at its option and in its discretion, may charge to and collect from MFH, and MFH shall pay to Highland Park, a late payment fee in the amount of 5 percent of the overdue payment. The late payment fee under this Paragraph shall be compounded monthly so that the 5 percent shall be applied each month to the outstanding overdue payment plus all previous late payment fees. MFH shall have a continuing obligation to pay the late payment fee until the fee is paid in its entirety. The late payment fee under this Paragraph does not depend on whether Highland Park, in its discretion, chooses to invoke the remedies set forth in Paragraph 2 of this Subsection.

2. Reduction or Discontinuance of Services. If MFH does not make payment by the Payment Due Date, then Highland Park will provide MFH with written notice that MFH has 60 days from the Payment Due Date to cure the nonpayment ("**Payment Cure Period**"). If the nonpayment has not been entirely cured within the Payment Cure Period, then Highland Park, at its option and in its discretion, may reduce or discontinue delivery of any or all of the PPV Municipal Services until the amount due Highland Park is paid in full, including any late payment fee under Paragraph 1 of this Subsection. Highland Park shall give written notice to MFH not less than 25 days prior to the event of its intention to reduce or discontinue delivery of any or all of the PPV Municipal Services in accordance with this Paragraph. The remedies under this Paragraph do not depend on whether Highland Park, in its discretion, chooses to invoke the remedies set forth in Paragraph 1 of this Subsection.

**F. Annual Adjustments; Five-Year Review.**

1. Annual Adjustments. Commencing in 2008, in October of each year under this Agreement, Highland Park shall provide MFH with Highland Park's proposed budget calculations for Police, Fire/EMS, and Public Works Services for the following Fiscal Year. MFH may offer comments and proposed changes or adjustments in writing to Highland Park regarding the proposed budget figures. Highland Park shall reasonably consider MFH comments in determining the final budget calculations. After considering any MFH comments, Highland Park shall provide written notice to MFH no later than December 15 of the budget calculations for the PPV Services Cost to take effect on the subsequent January 1. The Costs set forth in Exhibits D, E, F, and G shall only apply to the period from October 1, 2007 to December 31, 2008. For subsequent Fiscal Years under this Agreement, Exhibits D, E, F, and G shall be used solely to demonstrate the methodology of determining PPV Service Costs under this Section.

2. Five-Year Review. Commencing in 2012, in October at the end of each five-year term under this Agreement, Highland Park and MFH shall meet and review the immediately preceding five-year figures for PPV Services Cost charged and paid by MFH under this Agreement. This review shall be designed to analyze the extent to which the PPV Services Cost approximates the actual costs incurred by Highland Park in providing the PPV Services under this Agreement. Based on this review, the parties may agree on amendments to this Agreement to more accurately provide that the PPV Services Cost charged under this Agreement approximate the service costs incurred by Highland Park.

**G. Property Tax Revenue; Annual Report.** Leasehold Tax funds actually received by Highland Park for the PPV Property shall be credited against subsequent monthly invoices for PPV Services until the particular credit is expended. At the end of

each Fiscal Year under this Agreement, Highland Park will provide MFH with an accounting of the Leasehold Tax receipts, payments, and current status of MFH's Per Capita Charges under this Agreement.

**SECTION 7. GENERAL PROVISIONS.**

**A. Term; Termination.** This Agreement shall commence on the Effective Date and shall remain in full force and effect until December 31, 2012. This Agreement shall be renewed automatically for four successive five-year terms thereafter, without additional actions of Highland Park or MFH, except that either party, based upon reasonable justification, may terminate this Agreement if notice of cancellation is provided by Highland Park or by MFH to the other Party at least 180 days prior to the date of expiration of the then-existing term. "*Effective Date*" shall mean the date in the first sentence of this Agreement.

**B. Liability and Indemnity of Highland Park.**

**1. Highland Park Review.** MFH acknowledges and agrees that Highland Park is not, and shall not be, in any way liable for any damages or injuries that may be sustained as the result of Highland Park's review and approval of any plans for the PPV Property, the Existing Navy Improvements, or the New PPV Improvements, or the issuance of any approvals, permits, certificates, or acceptances, for the development or use of the PPV Property, the Existing Navy Improvements, or the New PPV Improvements, and that Highland Park's review and approval of any the plans for the Existing Navy and New PPV Improvements and issuance of any of the approvals, permits, certificates, and acceptances does not, and shall not, in any way, be deemed to insure MFH or the Navy, or any of their heirs, successors, assigns, tenants and licenses, or any third party, against damage or injury of any kind at any time, including, without limitation, any damage or injury related in any way to the construction of the New PPV Improvements pursuant to standards required under this Agreement or the failure of the New PPV Improvements to comply with the standards required under this Agreement or any of the applicable standards and provisions set forth in the City Code.

**2. Indemnity.** MFH shall indemnify Highland Park and all Highland Park elected and appointed officials, officers, employees, agents, representatives, engineers, and attorneys ("*Highland Park Indemnified Parties*"), from any and all claims that may be asserted at any time against any of these parties in connection with (i) Highland Park's review and approval of any plans for the PPV Property, the Existing Navy Improvements, or the New PPV Improvements; (ii) the issuance of any approval, permit, certificate, or acceptance for the PPV Property, the Existing Navy Improvements, or the New PPV Improvements; (iii) the development, construction, maintenance, or demolition of any portion of the PPV Property or the Existing Navy or New PPV Improvements; (iv) the development, construction, maintenance, or demolition of any of the Existing Navy Improvements or any of the New PPV Improvements pursuant to this Agreement; (v) the failure of the Existing Navy Improvements or the New PPV Improvements to comply with the standards and provisions set forth in this Agreement; (vi) the approval and execution by Highland Park of this Agreement; and (vii) the approval and execution by Highland Park of the MOU, except that this indemnification shall not apply to any claims that may be asserted in connection with (a) the maintenance of the PPV Patten ROW subsequent to its

dedication and acceptance by Highland Park pursuant to Paragraph 5.A.2 of this Agreement, (b) the maintenance of the PPV Water Main subsequent to its dedication and acceptance by Highland Park pursuant to Paragraph 5.A.3 of this Agreement, or (c) Highland Park's review and approval of any plans for the PPV Patten ROW or the PPV Water Main subsequent to their respective dedication and acceptance by Highland Park under this Agreement. Indemnification under this Paragraph shall not apply to claims caused solely by the willful and wanton acts, or omissions to act, by any one or more of the Highland Park Indemnified Parties.

**3. Defense Expenses.** MFH shall pay all expenses, including legal fees and administrative expenses, incurred by the Highland Park Indemnified Parties in defense of any and all of the claims referenced in Paragraph 7.B.1 and 7.B.2 of this Agreement.

**C. Amendments.** No amendment or modification to this Agreement shall be effective until it is reduced to writing and approved and executed by the Parties.

**D. Counterparts.** This Agreement may be executed in several counterparts, each of which, when executed, shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

**E. Required Policies.** By execution of this Agreement, each Party certifies that it has a written policy against sexual harassment in place in full compliance with 775 ILCS 5/2-105(A)(4), and is in compliance with the Illinois Drug Free Workplace Act (30 ILCS 580/2).

**F. No Third Party Beneficiaries.** No claim as a third party beneficiary under this Agreement by any person, firm, or corporation shall be made, or be valid, against Highland Park or MFH.

**G. Successors; Assignment.** This Agreement shall be binding on, and shall inure to the benefit of, the heirs, successors, and permitted assigns of Highland Park and MFH. MFH shall not assign this Agreement in whole or in part, or any of MFH's rights or obligations under this Agreement, without the prior express written consent of Highland Park, which consent may not be unreasonably withheld so long as the PPV Property remains owned by the United States and provided the PPV Property continues to be used for military housing.

**H. Notices.** All notices required to be given under this Agreement shall be in writing and shall be properly served on the date delivered via courier or on the date deposited, postage prepaid, with the U. S. Postal Service for delivery *via* certified mail, return receipt requested, or other service that provides proof of delivery, addressed:

If to Highland Park:

City of Highland Park  
City Manager  
City Hall  
1707 St. Johns Avenue  
Highland Park, Illinois 60035

With a copy to:

Holland & Knight LLP  
Peter Friedman  
Highland Park Corporation Counsel  
131 South Dearborn, 30<sup>th</sup> Floor  
Chicago, Illinois 60603

If to MFH:

John Ehle  
Senior Vice President  
Forest City Military Communities LLC  
3159 Texas Court, Suite A  
Great Lakes, IL 60088

And to:

Michael S. Defferding  
Executive Vice President  
Forest City Military Communities LLC  
1615 L. Street, N.W.  
Washington, D.C.

With a copy to:

David L. Reifman, Esq.  
DLA Piper US LLP  
203 N. LaSalle Street  
Suite 1900  
Chicago, Illinois 60601

Either Party may change the address and/or person listed above and/or add persons to the above list for the giving of notices by notice given ten days prior to the effective date of the change.

***[SIGNATURE PAGE IS THE NEXT PAGE]***

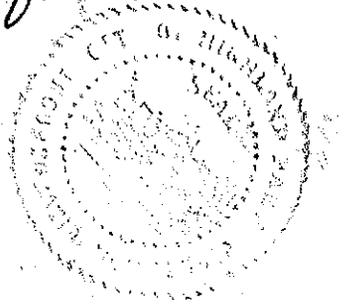
IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

ATTEST:

CITY OF HIGHLAND PARK

*Dolana Gagner, Deputy City Clerk*  
for City Clerk

*Michael D. Seberry*  
Mayor



MIDWEST FAMILY HOUSING, LLC,  
an Illinois limited liability company

By: Midwest Military Communities, LLC,  
An Illinois limited liability company  
Its: Managing Member

By: Forest City Residential Group, Inc.,  
An Ohio corporation  
Its: Managing Member

By: *Thomas W. Henneberry*  
Thomas Henneberry,  
Its: Executive Vice President

ATTEST:

By: *[Signature]*

Its: *Senior Vice President*

8/28/07 Execution Copy

**EXHIBIT A**  
**PPV PROPERTY MAP**

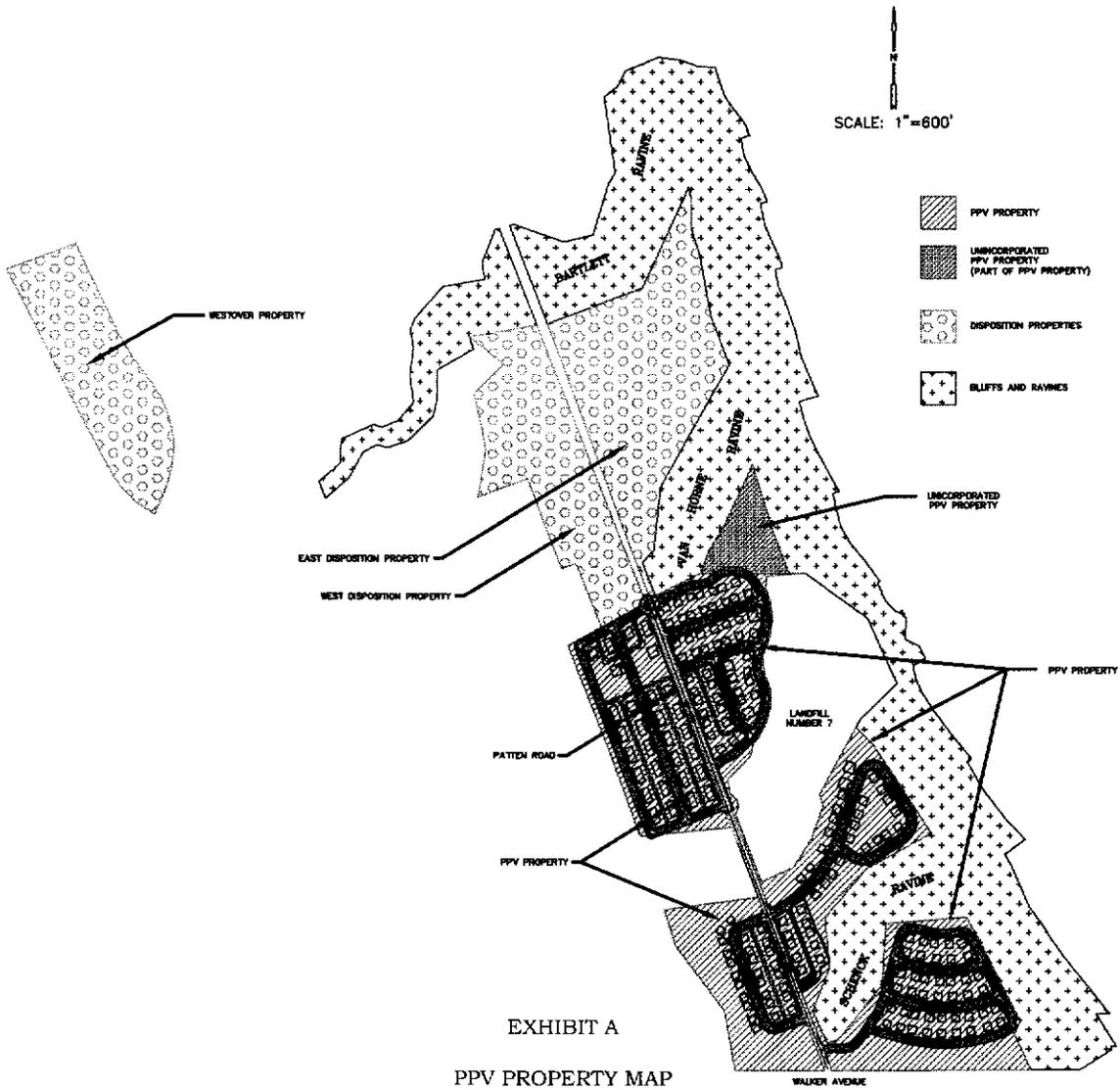


EXHIBIT A  
 PPV PROPERTY MAP  
 AUGUST 24, 2007

8/28/07 Execution Copy

**EXHIBIT B**  
**NAVY LETTER**



DEPARTMENT OF THE NAVY  
NAVAL STATION  
2601 E PAUL JONES ST  
GREAT LAKES, ILLINOIS 60088-2845

11011  
Ser 00/00432  
27 April 2007

Honorable Michael J. Belsky  
Mayor  
City of Highland Park  
1707 St. Johns Avenue  
Highland Park, Illinois 60035

Mr. John Ehle  
Senior Vice President  
Midwest Family Housing, LLC  
Forest City Enterprises, Incorporated  
3159 A Texas Court  
Great Lakes, Illinois 60088

Gentlemen:

We are aware of the terms of the Memorandum of Understanding (MOU) to be entered into between the City of Highland Park (Highland Park), and Midwest Family Housing, LLC (MFH), regarding the portion of the Navy real estate property at Fort Sheridan (PPV Property) on which MFH is constructing a PPV development of 209 new residential units, including numerous support improvements, utilities, and infrastructure.

At your request, this letter confirms the following on behalf of the United States of America, acting by and through the Department of the Navy (Navy):

a. The Navy has no intention or plan to take any action to disconnect from the current boundaries of the City of Highland Park and supports its LLC partner MFH's efforts to obtain municipal services from the City of Highland Park within those current boundaries.

b. The Navy acknowledges that pursuant to the Fort Sheridan Retrocession Law of 1992, 5 ILCS 541/20-1 *et seq.*, the United States no longer has exclusive legislative jurisdiction with regard to the PPV Property and that the State of Illinois shares concurrent legislative jurisdiction, both civil and criminal, with the United States over the PPV Property.

Furthermore, the Navy understands the Fort Sheridan Retrocession Law of 1992 to provide the State of Illinois with concurrent legislative jurisdiction over the PPV Property,

11011  
Ser 00/

including those powers and authorities necessary to allow the State of Illinois and its political subdivision, Highland Park, to serve the PPV Property to the same extent as Highland Park serves Highland Park Proper and in accordance with standard operating procedures for those services, including operation of applicable mutual aid agreements with other service providers.

The police service specifically includes, without limitation, the authority of Highland Park or other appropriate state of Illinois law enforcement authorities, to patrol all areas of the PPV Property, including buildings, and to enforce, prosecute, and to operate pursuant to provisions of the Highland Park Municipal Code as well as applicable offenses set forth in Illinois state statutes, to the same extent as in Highland Park Proper.

In addition to any other powers and authorities available to the United States under concurrent legislative jurisdiction, the Navy acknowledges that the Uniform Code of Military Justice will continue to apply to military personnel on the PPV Property.

The existing Patten Road pavement and right-of-way extend within the PPV Property from Walker Avenue on the south to where the Patten Road right-of-way and pavement pass near Van Horne Ravine on the north (PPV Patten ROW). The Navy, on behalf of the United States as owner of record of the PPV Property, will take the necessary steps for the dedication of all of PPV Patten ROW to Highland Park pursuant to the applicable procedures set forth in the Highland Park Subdivision Code and the applicable service agreements between MFH and Highland Park.

Sincerely,



R. J. POSTERA  
Captain, U.S. Navy  
Commanding Officer

8/28/07 Execution Copy

**EXHIBIT C**  
**PPV BUILDING STANDARDS**

Forest City Military Community PPV

General Design Criteria

	Glenview	Fort Sheridan	Forrestal	Forest City	Comments
	Village of Glenview	Highland Park	City of North Chicago	Conceptual Plan	
<b>Storm Sewer</b>					
Regulating Authority Contact	MWRDGC Joe Rakoszy	LCSMC Mike Warner, Exec. Dir.	LCSMC Mike Warner, Exec. Dir.	Navy Blayne Kirsch	
Hydraulic Method	Rational Method	Rational Method for less than 100 acres, and approved hydrograph-producing run-off calculation method greater than or equal to 100 acres.	Rational Method for less than 100 acres, and approved hydrograph-producing run-off calculation method greater than or equal to 100 acres.	Rational Method / Bulletin 70 Rainfall / 30s flow	
Release Rates	3 yr undeveloped C=0.15 10 Yr. Conveyance/ 100 yr Emerg. Overland and Detention	Match existing 10 Yr. Conveyance/ 100 yr Emerg. Overland	Match existing 10 Yr. Conveyance/ 100 yr Emerg. Overland	10 year conveyance/ 100 year Emergency Overflow 10 Yr	
Design Event Max. Velocity					
Pipe Material		Cast Iron (Hub and Spigot), Reinforced Concrete Pipe (RCCP), Schedule 40 PVC (ASTM 2665), PVC SDR-26 (ASTM 3034)	Reinforced concrete pipe (RCCP)		
Min. Pipe Diameter		12-inch	12-inch	RCP	
Min. Depth Cover		2'-6"		3'	
Trench Backfill		CA6, CA8 or F-40 30"	FA-2	DOT FA-2 or Recycled Aggregate to CA-11 18" - 24" (800 max) 27" - 36" (400 max) 42" - 64" (600 max) 60" (1000 max)	
Manhole size		12"-24" (4 diameter), >24" (5 diameter)			
Inlet Spacing		12'-24" (4 diameter), >24" (5 diameter)			
Detention Facility Capacity		Match existing			
					Compare existing impervious area with proposed impervious area to validate no need for detention.
<b>Water Main</b>					
Regulating Authority Contact	Village of Glenview Doug Flick (847)657-3030	City of Highland Park 4127 Oak St. (847) 431-4351	NAVEAC John Peterson (847) 578-7700	Revert to RA Supplier	
Pipe Material	Class 52 DIP w/ Polywrap	Cement lined DIP conforming to ANSI - A21.51	DIP conforming to ANSI - A21.51 (AWWA C161)	Class 52 DIP Cement Lined w/polywrap	
Min. Pipe Diameter	12-inch	8-inch	8-inch	8"	
Min. Depth Cover	6'-0" (top of pipe)	5'-5" (top of pipe)	5'-6" (top of pipe)	5'-5"	
Trench Backfill		CA6, CA8 or F-40			
Valve Spacing	1000 feet		FA-2	Bedding in FA-2, TB of FA-6 or Recycled Material to CA-16	
Fire Hydrants		Mueller Centurion or Clew Mediation w/ 6" auxiliary valve approx 400'	at each branch main connection	At each branch main connection Max. 1000'	
Fire Hydrant Spacing	300 feet			Mueller Centurion w/ 8" auxiliary valve	
Min. Water Service Size	1-inch		300 feet max.	Max. 200 feet	
Water Service Material		Type "K" copper	Type "K" copper	Type "K" copper	
Sanitary Sewer					
Regulating Authority	MWRDGC	NSSD	NSSD	NSSD	



Forest City Military Community PPV

General Design Criteria	Glenview		Fort Sheridan		Forrestal	Forest City	Comments
	Village of Glenview	Highland Park	Highwood	City of North Chicago			
Average Illumination Level	Unknown	Collector - 0.6 Fc Minor - 0.2 Fc		Par RP-B-77 Year is unknown	Conceptual Plan Collector - Unknown		
Pole Height	18 Ft. with arm for pendant	Max Avg/Min Ratio 6.0 Collector - 25 Ft. min. Minor - 15 Ft. min.		On ComEd Pole	Collector - Existing Minor - 15 Ft.		
Pole Type	Aluminum with fluted, barrier arms, and GFCI weatherproof receptacle	Prestressed Concrete, water polished		ComEd Pole	Collector - Woodan		
Pole Mounting Method	Anchor bolts on cast-in-place concrete foundation	Collector - Direct Embedment		On ComEd Pole	Minor - Concrete Collector - Direct Embedment		
Pole Spacing	Unknown	Minor - Direct Embedment Collector - 4 x MH max.		On ComEd Pole	Minor - Direct Embedment Collector - Intersections		
Pole Setback	Unknown	Minor - 7 x MH max. 2-5' BOC		On ComEd Pole	Minor - 150 Ft. Staggered Collector - Existing		
Lighting Control	Controller w/ Photocell	Individual Photocell or Controller w/ Photocell		Controller w/ Photocell	Minor - 2.2 Ft. BOC Collector - Ind. Photocell		
Cable	2-#4 AWG, 2-#6 AWG, 1-#8 AWG GRD in 2" LPE Duct	600 V Type USE Copper		Unknown	Minor - Controller w/ Photocell Collector - 600 V Copper		
Cable Installation	36" below grade	Direct buried 24" below grade in 6" sand bedding		Aerial	Minor - 500 V Copper Collector - Aerial		NUCC - Nonmetallic Underground Conduit with Conductors (Uniduct)
Current Electrical Code	2002 NEC	1999 NEC w/ Modifications	1990 NEC w/ Modifications	1986 NEC	2005 NEC		
Regulating Authority Contact	NICOR	Peoples Energy Jay Hammer	Peoples Energy	Peoples Energy Jay Hammer	See comments		To be placed adjacent to storm sewer
Regulating Authority Contact	ComEd	ComEd	ComEd	NAVFAC Andrew Gross			
Streets			Non-Responsive				
3.1 Collector:							
Min. R.O.W. Width		65'		NA	54'		
Min. 2-way Travel Lane Width		25'			24'		
Min. Parking Lane Width		25'			7'		
Min. Intersection Radius (B.O.C.)		25'			25'		
Roadway Cross Slope		2%			2%		
Min. Centerline Radius		200'			200'		
Max. Profile Grade		5%			6%		
Min. Flow Line Grade					0.5%		
Pavement Cross Sectional Thickness	1.5" Bit Surf, 10.5" Bit Binder, 4" Agg. BC	8" Concrete Pavement			1-1/2" Surf, 1-1/2" Bind., 7" B.C., 4" Agg. Base Crs. Or Equal Using Recycled Material		When using recycled material, there is some count here. See notes on P-3010.7. City Engineer's Office.
Curb & Gutter Type		5-foot			5'		
Sidewalk Width		5-foot			5'		
Sidewalk Cross Slope		1/8" per foot			2%		
3.2 Neighborhood Street:				NA			
Min. R.O.W. Width		65'			50'		
Min. 2-way Travel Lane Width		25'			18'		
Min. Parking Lane Width		25'			6'		
Min. Intersection Radius (B.O.C.)		25'			25'		

Forest City Military Community PPV

General Design Criteria

General Design Criteria	Glenview		Fort Sheridan		Forrestal	Comments
	Village of Glenview	Highland Park	Highwood	City of North Chicago		
Roadway Cross Slope						
Min. Centerline Radius						
Max. Profile Grade						
Min. Flow Line Grade						
Pavement Cross Sectional Thickness	1.5" Bit Surf, 7.5" Bit Binder, 4" Agg. BC	7" Concrete Pavement				
Curb & Gutter Type	5-foot					
Sidewalk Width	1/8 inch per foot	5'				
3.3 2-Way Residential:						
Min. R.O.W. Width	66'			NA		
Min. 2-way Travel Lane Width	25'					
Min. Parking Lane Width	8'					
Min. Intersection Radius (B.O.C.)						
Roadway Cross Slope						
Min. Centerline Radius	2 to 1					
Max. Profile Grade						
Min. Flow Line Grade						
Pavement Cross Sectional Thickness	1.5" Bit Surf, 7.5" Bit Binder, 4" Agg. BC	7" Concrete Pavement				
Curb & Gutter Type		5'-3"				
Sidewalk Width		3'				
Sidewalk Cross Slope		1/8" per ft				
Driveway Width	30' at BOC	28' @ 1/8" max 8 to 1				
Driveway Slope						
3.4 Alley						
Min. R.O.W. Width		20'		NA		
Min. 2-way Travel Lane Width		20'				
Min. Intersection Radius (B.O.C.)						
Alley Cross Slope						
Max. Profile Grade						
Min. Flow Line Grade						
Pavement Cross Sectional Thickness		8" Concrete Pavement				
Driveway Width		30' at BOC				
Driveway Slope						
Driveway Material		3" Surf on 8"				

## EXHIBIT D

## SUMMARY CHART OF PPV SERVICES COST (10/1/07 - 12/31/08)

## City of Highland Park

## Fort Sheridan Contractual Service Agreement Costs

	October 1, 2007 - December 31, 2008	
Municipal Service	Fiscal Year 2008	Monthly Charge
Police Services	\$233,306	\$19,442
Fire Suppression/Emergency Medical Services	\$169,749	\$14,146
Public Works Services	\$102,812	\$8,568
Subtotal Contractual Services	\$505,867	\$42,156
General Fund Revenue Equalizer	75.0%	
Equalized Subtotal Services	\$379,400	\$31,617
Administrative Fee 5%	<u>\$25,293</u>	<u>\$2,108</u>
Total Contractual Services	\$404,693	\$33,724
For the period October 1 - December 31, 2007		\$8,431 per month
For the period January 1 - March 31, 2008		\$16,862 per month
For the period April 1 - June 30, 2008		\$25,293 per month
For the period July 1 - December 31, 2008		\$33,724 per month

## EXHIBIT D

## SUMMARY CHART OF PPV SERVICES COST (10/1/07 - 12/31/08)

## City of Highland Park

## Fort Sheridan Contractual Service Agreement Costs

	October 1, 2007 - December 31, 2008	
Municipal Service	Fiscal Year 2008	Monthly Charge
Police Services	\$233,306	\$19,442
Fire Suppression/Emergency Medical Services	\$169,749	\$14,146
Public Works Services	\$102,812	\$8,568
Subtotal Contractual Services	\$505,867	\$42,156
General Fund Revenue Equalizer	75.0%	
Equalized Subtotal Services	\$379,400	\$31,617
Administrative Fee 5%	<u>\$25,293</u>	<u>\$2,108</u>
Total Contractual Services	\$404,693	\$33,724
For the period October 1 - December 31, 2007	\$8,431	per month
For the period January 1 - March 31, 2008	\$16,862	per month
For the period April 1 - June 30, 2008	\$25,293	per month
For the period July 1 - December 31, 2008	\$33,724	per month

## EXHIBIT E

## SUMMARY CHART OF PPV POLICE SERVICE COST (10/1/07 – 12/31/08)

## Highland Park Police Department

## Calendar Year 2008 Budget Figures

Police Department Budget	\$9,075,069	from CY08 budget
Extra Duty Budget (deduct)	(\$243,640)	
Worker's Compensation	\$225,062	2.48% of salary
Pension	\$1,230,097	actual CY07
Property and Casualty Insurance	\$274,975	3.03% of salary (IRMA)
Facility Operation/Maintenance	\$185,673	from CY08 budget
Depreciation on Facilities	\$331,634	
<b>Subtotal</b>	<b>\$11,078,869</b>	
Highland Park population	31,365	based upon census data
Service cost per/capita	\$353	
Fort Sheridan PPV population (209 units X 3.33 resid/unit)	696	
Subtotal for Police Services	\$245,844	
Residential Occupancy Percentage	94.9%	
<b>Total for Police Services</b>	<b>\$233,306</b>	

**EXHIBIT F****SUMMARY CHART OF PPV FIRE/EMS SERVICE COST (10/1/07 – 12/31/08)****Highland Park Fire Department****Calendar year 2008 Budget Figures**

Fire Department Budget	\$6,663,045	from CY08 budget
Worker's Compensation	\$122,032	2.48% of salary
Pension	\$1,054,369	actual CY07
Property and Casualty Insurance	\$149,095	3.03% of salary (IRMA)
Facility Operation/Maintenance		from CY08
Depreciation on Facilities	\$72,227	budget
<b>Subtotal</b>	<b>\$8,060,768</b>	
Highland Park population	31,365	based upon census data
Service cost per/capita	\$257	
Fort Sheridan PPV population (209 units X 3.33 resid/unit)	696	
<b>Subtotal Fire Services</b>	<b>\$178,871</b>	
Residential Occupany Percentage	94.9%	
Total Fire/EMS Services	\$169,749	

## EXHIBIT G

## SUMMARY CHART OF PPV PW SERVICE COST (10/1/07 - 12/31/08)

## Highland Park Public Works Department

## Calendar year 2008 Budget Figures

Service	12-month City Budget (2008)	City Units (lineal feet)	City cost/unit	PPV area units (lineal feet)	PPV area cost
Street Repair and Maintenance	\$2,953,216	2,117,280	\$1.39	32366	\$45,145
Sanitary Sewer Maintenance/Repair	\$1,419,506	697,341	\$2.04	11304	\$23,010
Storm Sewer Maintenance/Repair	\$659,559	926,950	\$0.71	12443	\$8,854
Water Distribution Services	\$1,315,355	883,416	\$1.49	14963	\$22,279
<b>Subtotal</b>	<b>\$6,347,636</b>				<b>\$99,288</b>
Total Public Works Budget	<b>\$13,613,420</b>				
Contractual Svc. Percentage of Public Works Budget	0.73%				
Property and Casualty Insurance	\$72,893		3.03% of salary (IRMA)		
Worker's Compensation Insurance	\$59,661		2.48% of salary		
Depreciation on Facilities	\$72,503				
Facility Operation/Maintenance	\$278,178				
<b>Sub Total</b>	<b>\$483,235</b>				
Contractual Service Portion of Insurance and Depreciation (cont. percentage*sub total insurance)	\$3,524				
<b>Public Works Services</b>	<b>\$102,812</b>				

**EXHIBIT E****SUMMARY CHART OF PPV POLICE SERVICE COST (10/1/07 – 12/31/08)****Highland Park Police Department****Calendar Year 2008 Budget Figures**

Police Department Budget	\$9,075,069	from CY08 budget
Extra Duty Budget (deduct)	(\$243,640)	
Worker's Compensation	\$225,062	2.48% of salary
Pension	\$1,230,097	actual CY07
Property and Casualty Insurance	\$274,975	3.03% of salary (IRMA)
Facility Operation/Maintenance	\$185,673	from CY08 budget
Depreciation on Facilities	\$331,634	
<b>Subtotal</b>	<b>\$11,078,869</b>	
Highland Park population	31,365	based upon census data
Service cost per/capita	\$353	
Fort Sheridan PPV population (209 units X 3.33 resid/unit)	696	
Subtotal for Police Services	\$245,844	
Residential Occupancy Percentage	94.9%	
<b>Total for Police Services</b>	<b>\$233,306</b>	

## EXHIBIT F

## SUMMARY CHART OF PPV FIRE/EMS SERVICE COST (10/1/07 – 12/31/08)

## Highland Park Fire Department

## Calendar year 2008 Budget Figures

Fire Department Budget	\$6,663,045	from CY08 budget
Worker's Compensation	\$122,032	2.48% of salary
Pension	\$1,054,369	actual CY07
Property and Casualty Insurance	\$149,095	3.03% of salary (IRMA)
Facility Operation/Maintenance		from CY08
Depreciation on Facilities	\$72,227	budget
<b>Subtotal</b>	<b>\$8,060,768</b>	
Highland Park population	31,365	based upon census data
Service cost per/capita	\$257	
Fort Sheridan PPV population (209 units X 3.33 resid/unit)	696	
<b>Subtotal Fire Services</b>	<b>\$178,871</b>	
Residential Occupany Percentage	94.9%	
Total Fire/EMS Services	\$169,749	

## EXHIBIT G

## SUMMARY CHART OF PPV PW SERVICE COST (10/1/07 – 12/31/08)

## Highland Park Public Works Department

## Calendar year 2008 Budget Figures

Service	12-month City Budget (2008)	City Units (lineal feet)	City cost/unit	PPV area units (lineal feet)	PPV area cost
Street Repair and Maintenance	\$2,953,216	2,117,280	\$1.39	32366	\$45,145
Sanitary Sewer Maintenance/Repair	\$1,419,506	697,341	\$2.04	11304	\$23,010
Storm Sewer Maintenance/Repair	\$659,559	926,950	\$0.71	12443	\$8,854
Water Distribution Services	\$1,315,355	883,416	\$1.49	14963	\$22,279
<b>Subtotal</b>	<b>\$6,347,636</b>				<b>\$99,288</b>
<b>Total Public Works Budget</b>	<b>\$13,613,420</b>				
<b>Contractual Svc. Percentage of Public Works Budget</b>	<b>0.73%</b>				
<b>Property and Casualty Insurance</b>	<b>\$72,893</b>		3.03% of salary (IRMA)		
<b>Worker's Compensation Insurance</b>	<b>\$59,661</b>		2.48% of salary		
<b>Depreciation on Facilities</b>	<b>\$72,503</b>				
<b>Facility Operation/Maintenance</b>	<b>\$278,178</b>				
<b>Sub Total</b>	<b>\$483,235</b>				
<b>Contractual Service Portion of Insurance and Depreciation (cont. percentage*sub total insurance)</b>	<b>\$3,524</b>				
<b>Public Works Services</b>	<b>\$102,812</b>				