

EXHIBIT 1

Definitions

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

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

“Affiliate” means any Person who is an elected official of, or is employed by, Grafton.

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

“Audited Financial Statements” means the audited balance sheets of Grafton as of December 31, 2012, 2013, and 2014 and the related audited statements of income and cash flows for the twelve (12) month period ended December 31, 2012, 2013, and 2014, respectively.

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

“Business” means the wastewater collection and treatment business of Grafton as the same is conducted by Grafton as of the date hereof and as the same shall be conducted by Grafton as of immediately prior to the Closing.

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

“Cleanup” means investigation, cleanup, removal, containment or other remediation or response actions.

“Closing” means the closing of the Contemplated Transactions.

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

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

“Confidential Information” means (i) information not available to the general public concerning the System and financial affairs with respect to a Party hereto or its Affiliates, and (ii) analyses, compilations, forecasts, studies and other documents prepared on the basis of such information by the Parties or their agents, representatives, any Related Person, employees or consultants.

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

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

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

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

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

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

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

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

“Environmental Law” means any Law relating to pollution or protection of human health, safety, the environment, natural resources or Law relating to releases or threatened releases of Hazardous Materials into the indoor or outdoor environment (including, without limitation, ambient air, surface

water, groundwater, land, surface and subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, release, transport or handling of Hazardous Materials.

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

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

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

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

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

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

“ICC” means the Illinois Commerce Commission.

“Improvements” means all buildings, structures, fixtures, building systems and equipment, and all components thereof, including the roof, foundation, load-bearing walls, and other structural elements thereof, heating, ventilation, air conditioning, mechanical, electrical, plumbing, and other building systems, environmental control, remediation, and abatement systems, sewer, storm, and waste water systems, irrigation and other water distribution systems, parking facilities, fire protections, security, and surveillance systems, and telecommunications, computer, wiring, and cable installations, included in the Real Property.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Tangible Personal Property” means all machinery, equipment, tools, furniture, office equipment, computer hardware, supplies (including chemicals and spare parts), materials, vehicles and other items of tangible personal property of every kind owned or leased by Grafton (wherever located and whether or not carried on Grafton’s books), together with any express or implied warranty by the manufacturers or lessors of any item or component part thereof, and all maintenance records and other documents relating thereto.

“Tax” or “Taxes” means all taxes, charges, withholdings, fees, duties, levies, or other like assessments including, without limitation, income, gross receipts, ad valorem, value added, excise, property, sales, employment, withholding, social security, Pension Benefit Guaranty Corporation premium, environmental (under Section 59A of the Code) occupation, use, service, service use, license, payroll, franchise, transfer and recording taxes, fees and charges, windfall profits, severance, customs, import, export, employment or similar taxes, charges, fees, levies or other assessments, imposed by any Governmental Authority, whether computed on a separate, consolidated, unitary, combined or any other

basis, and shall include any interest, fines, penalties, assessments, or additions to tax resulting from, attributable to, or incurred in connection with any such Tax or any contest or dispute thereof, and including any Liability for the Taxes of another Person under Treasury Regulation section 1.1502-6 (or any similar provisions of state, local, or foreign Law), as transferee or successor, by Contract or otherwise.

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

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

“Third Person Claim” means a claim alleged by a Third Person.

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

“Unaudited Financial Statements” means the unaudited balance sheet of Grafton as of September 30, 2014 and the related compiled consolidated statements of income and cash flows for the nine (9) month period then ended.

Rules of Construction

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

Exhibit 2

Assumed Contract

Agreement between City of Grafton and New Piasa Chautauqua Homeowners Association, accepted by the City Council and approved by the Mayor of the City of Grafton, Illinois the 20th day of September, 2005, as Supplemented

Exhibit 3

Form of Bill of Sale

BILL OF SALE

1. **Sale and Transfer of Assets.** For good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, and as contemplated by that certain Asset Purchase Agreement dated as of December 11, 2012 (the "**Purchase Agreement**") by and between Illinois-American Water Company, an Illinois corporation ("**Assignee**"), and the City of Grafton, Illinois, an Illinois municipal corporation ("**Assignor**"), Assignor hereby sells, conveys, transfers, assigns and delivers to Assignee, effective as of the Effective Time, all of Assignor's right, title and interest in and to all of the Acquired Assets, including without limitation those assets listed on **Exhibit A** attached hereto.

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, Assignor has executed this Bill of Sale as of _____,
201__.

CITY OF GRAFTON, ILLINOIS

By: _____

Name:

Title:

Exhibit A

Acquired Assets

All right, title, and interest in and to all of the assets which are owned or held by Assignor as of the Effective Time that constitute the System or that are used in the operation thereof, including all of its (a) Real Property now used and required in the ongoing operation of the System, (b) Tangible Personal Property including but not limited to all wastewater mains, wastewater pipes, wastewater lines, service lines, valves, vaults, pumps, lift stations, and boosters, (c) leases, subleases, easements, rights of way, and rights thereunder, (d) all rights of Assignor in and to the Assumed Contracts and any other indentures, mortgages, instruments, Encumbrances, or guaranties secured for the operation of the System, (e) all rights of Assignor in and to any indentures, mortgages, instruments, Encumbrances, or guaranties secured for the operation of the System, (f) accounts, notes, and other receivables arising after the Effective Time, (g) claims, deposits, prepayments, refunds, causes of action, rights of recovery, rights of set-off, and rights of recoupment (including any such item relating to the payment of Taxes), (h) franchises, approvals, Permits, pending applications for Permits and Permit renewals, exemptions from any Permits, licenses, Orders, registrations, certificates, variances, and similar rights obtained from Governmental Authorities in each case to the extent assignable or transferrable to Assignee, (i) books, data, Records, ledgers, files, documents, correspondence, lists, plats, architectural plans, drawings, specifications, creative materials, studies, reports, and other printed or written materials related to Assignor's construction, maintenance, and operation of the System, and (j) all of the intangible rights and property, if any, of Assignor utilized in the operation of the System. Acquired Assets shall not include any Excluded Assets.

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

Exhibit 4

Form of Intangible Assignment

INTANGIBLE ASSIGNMENT

THIS INTANGIBLE ASSIGNMENT (the "Assignment") is made as of this ___ day of _____, 201__ by and between Illinois-American Water Company, an Illinois corporation ("Assignee"), and the City of Grafton, Illinois, an Illinois municipal corporation ("Assignor").

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

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

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

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

EXHIBIT A

INTANGIBLES

[List to be provided by Assignor.]

Exhibit 5

Franchise Agreement

Schedule A

Excluded Assets

None

Schedule B

Knowledge Parties

Thomas Thompson

Schedule 2.2

Purchase Price Payees

City of Grafton, Illinois or its designee(s)

Schedule 2.5(a)(iii)

Consents and Approvals as to Acquired Assets

Illinois Commerce Commission: Certificate of Convenience and Necessity and Acquisition

Illinois Environmental Protection Agency for Grafton Loan L17-1005

Transfer of permits listed in Schedule 3.9

Schedule 2.5(a)(iv)

Payoff Letters from Lenders

Illinois Environmental Protection Agency for Grafton Loan L17-1005

Schedule 2.5(a)(v)

Satisfaction Letters from Grantors

All Grantors of funding to Grafton for construction, improvement or maintenance of the System

Schedule 3.2(d)

Approvals

Illinois Commerce Commission: Certificate of Convenience and Necessity and Acquisition

Schedule 3.4(a)

Real Property

All Real Property used in operation of the System, including but not limited to the following:

Wastewater Treatment Plant: PIN 08-080-041-00, GIS PIN 14-10-476-001, Tract in SE 1/4, Quarry Township, as recorded in Book 549, Page 48 in Jersey County, IL, excepting a portion on westernmost part of the parcel to be surveyed before Closing at the cost of Grafton and split from the parcel sold (according to the approximate boundaries shown on Attachment 3.4(a) appended hereto), the dimensions of which survey to be approved by Illinois-American; the Parties shall grant each other mutual ingress and egress easements across the apron and driveway serving the two resulting parcels

Cherry Street Pump Station: PIN 08-209-009-00, GIS PIN 14-15-203-007, commonly known as 310 Water Street, Original Town Lots 9 & 10 BLK 9, Quarry Township, as recorded in Book 517, Page 10 in Jersey County, IL; and PIN 08-209-011-00, GIS PIN 14-15-203-008, commonly known as 318 Water Street, Original Town Lot 11 BLK 9, Quarry Township, as recorded in Book 546, Page 276 in Jersey County, IL

Dagett Hollow Pump Station: PIN 08-079-013-02, GIS PIN 14-09-351-004, S9 T6 R12 UNPLATTED PARCELS TRACT IN SW 1/4 S OF REDBUD LN & HWY, Quarry Township, as recorded in Book 571, Page 126 in Jersey County, IL

Grafton WWTP



May 15, 2015

Attachment 3.4(a)

Schedule 3.4(b)(i)

Easements

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

Instrument 200600103648 recorded in Book 1371 Page 77 in Jersey County, IL

Instrument 200600103649 recorded in Book 1371 Page 82 in Jersey County, IL

Instrument 200900116907 recorded in Book 1568 Page 265 in Jersey County, IL

Instrument 200900116908 recorded in Book 1568 Page 270 in Jersey County, IL

Instrument 200900116909 recorded in Book 1568 Page 273 in Jersey County, IL

Chautauqua #1 Pump Station

Chautauqua #2 Pump Station

Chautauqua #3 Pump Station

Visitor Center Pump Station

Grafton Hills Pump Station

Blue Heron Pump Station

Whippoorwill Pump Station

Marina Pump Station

Schedule 3.4(b)(ii)

Rights of Way

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

Chautauqua #1 Pump Station

Chautauqua #2 Pump Station

Chautauqua #3 Pump Station

Visitor Center Pump Station

Grafton Hills Pump Station

Blue Heron Pump Station

Whippoorwill Pump Station

Marina Pump Station

Schedule 3.4(e)

Conditions Affecting Real Property

None

Schedule 3.5(a)

Personal Property

All sewer mains (approximately 14.7 miles), pumps, parts and all other personal property used in operation of the System, including but not limited to:

Gravity Sewer Main

6" Unknown	87 feet
8" Unknown	31,544 feet
8" PVC	14,302 feet
10" Cast Iron	338 feet
12" Unknown	1,617 feet
Unknown Size & Material	554 feet

Force Sewer Main

4" Unknown	1,082 feet
6" Unknown	1,010 feet
8" Unknown	2,211 feet
4" PVC	10,414 feet
6" PVC	8,490 feet
8" PVC	5,740 feet

229 Manholes

Generator -- Portable

Video Camera

Augur

Pipe and cable locator

Omni Site Dialers

Lift Station -- Daggett Hollow

Lift Station -- Harbor

Generator

Cherry Street Lift Station #995509

Generator WWTP #886449

Ground Stor Tank #1 -- Cherry St

Ground Strge Tank #2 -- Cherry St

Lift Station -- Blue Heron Drive

Lift Station -- Grafton Hills Drive

Lift Station -- North Grafton

Lift Station -- Piasa #1

Lift Station -- Piasa #2

Lift Station -- Piasa #3

Lift Station -- Visitor Center

Lift Station -- Water & Cherry Street

Lift Station -- Whippoorwill Drive

Wastewater Treatment Plant

Schedule 3.5(b)

Conditions Affecting Personal Property

None

Schedule 3.6

Liabilities

Illinois Environmental Protection Agency Loan, Infrastructure Financial Assistance Section, for Grafton
Loan L17-1005

Schedule 3.7

Contracts Related to System

Operation and Management Agreement between Illinois-American Water Company and the City of Grafton dated March 24, 2015

Agreement between City of Grafton and New Piasa Chautauqua Homeowners Association, accepted by the City Council and approved by the Mayor of the City of Grafton, Illinois the 20th day of September, 2005, as Supplemented

Revised Annual Preventative Maintenance Contract between Vandeventer Engineering and the City of Grafton, Illinois dated August 28, 2012

Schedule 3.8(d)

Hazardous Materials

None

Schedule 3.8(e)

Knowledge of Certain Environmental Conditions

Illinois Environmental Protection Agency Violation Notice to the City of Grafton IL00229025, Violation Notice No.: W-2015-50044, dated March 10, 2015

Illinois Environmental Protection Agency Proposed Compliance Commitment Agreement, Violation Notice No.: W-2015-50044, City of Grafton, dated June 29, 2015

Schedule 3.8(f)

Financial Assurance Required by Environmental Laws

None

Schedule 3.9

Permits

Illinois Environmental Protection Agency Operating Permits

NPDES Permits, including but not limited to NPDES Permit No. IL0029025

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

Schedule 3.10

Insurance

Policy No. _____

Schedule 3.13

Compliance with Laws

None

Schedule 3.14

Financial Statements

City of Grafton, Illinois, Annual Financial Report, Fiscal Year Ending April 30, 2014 (50 pages)

City of Grafton, Illinois, Annual Financial Report, Fiscal Year Ending April 30, 2013 (39 pages)

City of Grafton, Illinois, Annual Financial Report, Fiscal Year Ending April 30, 2012 (39 pages)

Schedule 7.2

Indemnification Matters

None