

DISTRIBUTION

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STATE OF ILLINOIS )  
 ) SS  
 COUNTY OF LAKE )

COUNTY BOARD, LAKE COUNTY, ILLINOIS

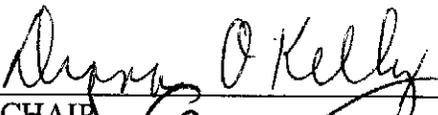
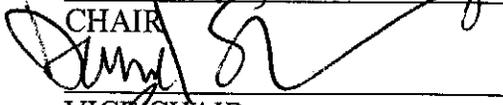
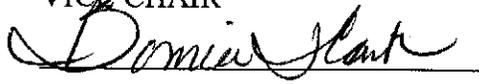
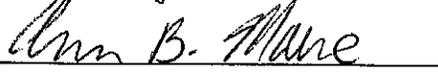
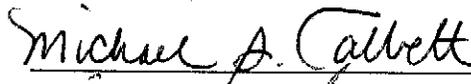
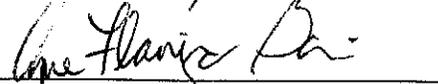
ADJOURNED REGULAR JUNE A.D., 2006 SESSION

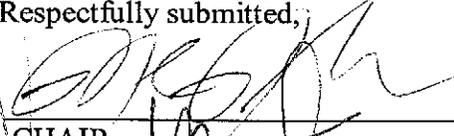
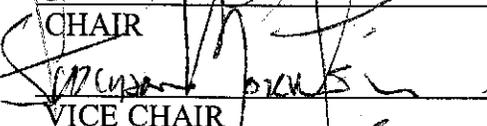
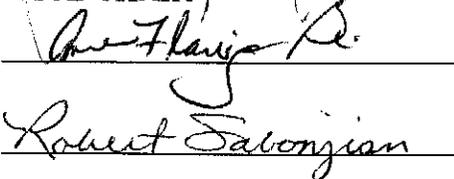
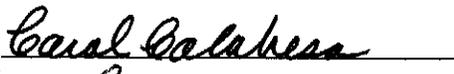
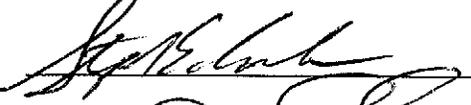
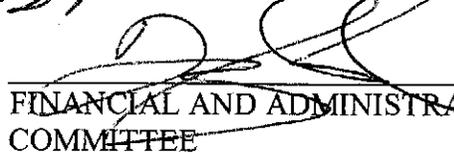
AUGUST 1, A.D., 2006

MADAM CHAIR AND MEMBERS OF THE COUNTY BOARD:

Your Public Works & Transportation Committee and Financial and Administrative Committee present herewith a Joint Resolution authorizing the execution of a Settlement Agreement between C & F Packing Company, Inc., The Village of Lake Villa, the Village of Fox Lake and Lake County, and request its adoption.

Respectfully submitted,

	Aye	Nay
CHAIR	<input checked="" type="checkbox"/>	<input type="checkbox"/>
		
VICE CHAIR	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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PUBLIC WORKS AND TRANSPORTATION COMMITTEE		

	Aye	Nay
CHAIR	<input checked="" type="checkbox"/>	<input type="checkbox"/>
		
VICE CHAIR	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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FINANCIAL AND ADMINISTRATIVE COMMITTEE		

## RESOLUTION

WHEREAS, the County of Lake ("County") owns and operates a regional interceptor sewer (Northwest Interceptor) that provides service to portions of northwest Lake County; and

WHEREAS, the Northwest Interceptor discharges to the Northwest Regional Water Reclamation Facility located in the Village of Fox Lake; and

WHEREAS, C & F Packing, located in Lake Villa, manufactures sausage and meat products and discharges into the Northwest Interceptor; and

WHEREAS, under a 1991 Agreement for Sewage Disposal between Lake County and Lake Villa, Lake Villa is responsible for collecting connection fees from developers and builders as part of the building permit process and forwarding a portion of the connection fee to Lake County; and

WHEREAS, under a 1977 Agreement for Sewage Disposal between Lake County and Fox Lake a portion of the connection fee received by Lake County is to be forwarded to Fox Lake; and

WHEREAS, there is a dispute among the parties regarding the proposed wastewater discharge flow and associated connection fee payment related to the initial construction and subsequent expansion of the C & F Packing facility; and

WHEREAS, a settlement agreement has been prepared that is acceptable to all the parties; and

WHEREAS, the terms of the settlement agreement require that C & F Packing pay the outstanding sewer connection fee in the amount of \$588,060 in 60 equal installment payments;

NOW, THEREFORE, BE IT RESOLVED, by this County Board of Lake County, Illinois, as follows:

1. A Settlement Agreement resolving all issues and claims regarding the C & F Packing connection fee dispute, which includes the following terms and/or provisions:
  - a. Payment of \$588,060.00 by C & F Packing to Lake County and Fox Lake in 60 equal installment payments in the amount of \$10,830.02, commencing on July 1, 2006. Payment shall be made to Fox Lake in the amount of \$9,025.10 per month and in the amount of \$1,805.00 per month to Lake County.
  - b. C & F Packing will post an irrevocable letter of credit guaranteeing payment of the connection fees in the amount of \$490,050 to Fox Lake and in the amount of \$98,010.00 to Lake County.
  - c. Execution of a Settlement Agreement and Release, by all parties or their authorized attorney(s), including the foregoing and such other terms and conditions as are necessary and desirable to effectuate a complete and final settlement of all matters involved, is hereby accepted and approved.
2. That the Director of the Public Works Department is hereby authorized and directed to execute the attached Settlement Agreement and Release, substantially in the form attached hereto, and any other required court pleadings or documents, on behalf of County of Lake, which comport with and/or effectuate this Board-approved Settlement.

DATED, at WAUKEGAN, LAKE COUNTY, ILLINOIS, on this 1st day of August, A.D., 2006.

## SETTLEMENT AGREEMENT

This SETTLEMENT AGREEMENT is made as of this \_\_\_th day of June, 2006 by and among C&F Packing Co., Inc., an Illinois corporation ("C&F Packing"), the County of Lake, an Illinois municipal corporation ("Lake County"), the Village of Lake Villa, an Illinois municipal corporation ("Lake Villa"), and the Village of Fox Lake, an Illinois municipal corporation ("Fox Lake").

WHEREAS, C&F Packing manufactures custom private label sausage products, pizza toppings and other cooked meat items for the food industry at its facility at 515 Park Avenue in Lake Villa, Illinois;

WHEREAS, C&F Packing causes wastewater discharges to flow through a sewer interceptor system which is owned and operated by Lake County's Public Works Department for the Northwest Lake Facilities Planning Area (the "Northwest Interceptor") and which connects to Fox Lake's Northwest Regional Water Reclamation Facility ("NWR WRF") for treatment; and

WHEREAS, under a 1991 Agreement for Sewage Disposal between Lake County and Lake Villa, as amended (the "County/Lake Villa Agreement"), Lake Villa is responsible for paying to Lake County a standard connection fee, which at the time of the events described herein was \$1,800 per residential equivalent ("R.E."), for all users of the Northwest Interceptor within the Lake Villa Village Service Area, including C & F Packing;

WHEREAS, under an Agreement for Sewage Disposal dated March 8, 1977, between Lake County and Fox Lake (the "Fox Lake/County Agreement"), Lake County forwards to Fox Lake, as the regional treatment authority for the Northwest Lake Facilities Planning Area, a portion of all connection fees it collects from new users of the Northwest Interceptor within the Northwest Service Area. At the time of the events described herein, the applicable connection fee was \$1,800, of which the County forwards \$1,500 to Fox Lake;

WITNESSETH:

### I. BACKGROUND - THE DISPUTE AND RESOLUTION

1. The parties agree that C&F Packing currently discharges an average daily flow of wastewater of 86,925 gallons per day ("gpd"), or an equivalent of 347.7 R.E.s, into the Northwest Interceptor and the NWR WRF.

2. The parties agree that the associated sewer connection fee owed the County under the County/Lake Villa Agreement for 347.7 R.E.s is \$625,860.

3. Of the \$1,800 per R.E. sewer connection fee received by Lake County for users within the Northwest Service Area, at the time of the events described herein, including users within the Lake Villa Village Service Area such as C & F Packing, Lake

County retains \$300 (one-sixth or 1/6) of such fee for its operation and maintenance of the Northwest Interceptor and to pay the principal and interest on the County sewer system revenue bonds and delivers \$1,500 (five-sixths or 5/6) of such fee to Fox Lake for the operation and maintenance of the NWR WRF and to pay the principal and interest on the related Fox Lake revenue bonds..

4. Lake County received a sewer connection fee of \$37,800 associated with C&F Packing's original permit (2002-EN-0089) to construct and make connection to the Northwest Interceptor and the NWR WRF. Lake County forwarded five-sixths (5/6) of this amount, or \$31,500, to Fox Lake.

5. Pursuant to the terms of this Agreement, C&F Packing shall pay the difference between \$625,860 and \$37,800, or \$588,060, in additional connection fees to Lake County and Fox Lake according to an installment payment plan.

6. On October 28, 2005, C&F Packing filed a Petition for Variance at the Illinois Pollution Control Board in a case styled C&F Packing v. Lake County and Illinois Environmental Protection Agency, PCB 06-053 ("Variance Action"), which concerned the Lake County Public Works Department's refusal to sign C&F Packing's Supplemental Permit Application to Modify Permit 2002-EN-0089-1 ("Supplemental Permit Application") which C&F Packing sought for submission to the Illinois EPA.

7. On October 18, 2005, the Illinois Attorney General filed a Complaint for Injunction and Civil Penalties at the Circuit Court of the Nineteenth Judicial Circuit, Lake County, Illinois in a case styled People of the State of Illinois v. C&F Packing, 05 CH 1725 ("AG Action").

8. C&F Packing's ability to obtain approval of the Supplemental Permit Application from the Illinois EPA is necessary for the resolution of the AG Action.

9. The parties, taking into account the risks, uncertainties, delay and expense involved in litigation, as well as other relevant considerations, have concluded that it is in the best interests of all parties concerned to settle and compromise their respective claims and demands, in the manner and upon the terms and conditions hereinafter set forth.

10. It is understood and agreed that no party shall be deemed to have admitted any claims or contentions by virtue of having participated in this settlement and this Settlement Agreement shall not be deemed to be evidence of the validity of any claims or demands asserted, or which could have been asserted, by any party hereto.

## II. PAYMENT OF SEWER CONNECTION FEES

1. C&F Packing will pay an additional sewer connection fee of \$588,060, plus interest at a rate of 4%, to be paid in 60 equal monthly installments of \$10,830.02, to Lake County and Fox Lake commencing on July 1, 2006. C&F Packing shall deliver a monthly installment payment of \$9,025.10 to Fox Lake's NWR WRF at 66 Thillen Drive, Fox Lake, IL, 60020, and a separate monthly installment payment of

\$1805.00\_\_directly to the Lake County Department of Public Works. Each monthly installment payment from C&F shall be due on the first day of each month. Interest on late payments required under this Agreement shall accrue at the lesser of: i) eight percent (8%) per annum, or ii) the maximum rate permitted by law.

2. C&F Packing will post an irrevocable letter of credit to Fox Lake in the amount of \$490,050 issued by a financial institution and in form reasonably acceptable to Fox Lake on or before July 1, 2006 and will post a separate irrevocable letter of credit to Lake County in the amount of \$98,010.00 issued by a financial institution and in a form reasonably acceptable to Lake County on or before July 1, 2006. Such letters of credit shall secure the installment payments to be made to Fox Lake and Lake County as set forth above and may be renewed annually by C&F Packing, and at the time of such renewal may be reduced by the amount of the principal paid in the preceding twelve (12) months.

3. Upon receipt and acceptance of the letter of credit issued to Fox Lake as contemplated above, Fox Lake shall have no further right to collect or seek collection from Lake County of any connection fees due from Lake County to Fox Lake under the Fox Lake/County Agreement with respect to C & F Packing's discharge into, and/or use of the NWR WRF of up to 86, 925 gpd in average daily flow. Upon receipt and acceptance of the letter of credit issued to Fox Lake as contemplated above, neither Fox Lake nor Lake County shall have any further right to collect or seek collection from Lake Villa of any connection fees due from Lake Villa to either Fox Lake and/or to Lake County with regard to C&F Packing's discharge into Lake County interceptors and/or with regard to C&F Packing's discharge into and/or use of the NWRWRF of up to 86,925 gpd in average daily flow.

### III. LAKE VILLA'S REAL ESTATE TAXES AND CONNECTION FEES

1. Lake Villa will rebate to C&F Packing Lake Villa's share of real estate taxes associated with the 515 Park Avenue property which are paid by C&F Packing between May 1, 2006 and May 30, 2011.

2. This Agreement shall not prevent Lake County, Lake Villa, and/or Fox Lake from increasing and/or otherwise modifying sewer and water connection fees in the future, nor does it prevent Lake County, Lake Villa, and/or Fox Lake from charging additional fees in connection with any future permit modification. (In fact, Fox Lake has already increased the connection fee from \$1,800.00 to \$2,000.00.)

### IV. FUTURE WASTEWATER TREATMENT PLANT

If C&F Packing elects to construct a wastewater treatment facility on its property, Fox Lake will cooperate fully, to assist C&F Packing's efforts to secure all required State and local permits, so long as C&F Packing pays to Fox Lake the reasonable costs of making its personnel and resources available to assist C&F Packing and provided further, that Fox Lake shall not be responsible for determining the adequacy of such facility, or the means and methods by which it is constructed.

## V. RELEASES

1. Except for the obligations created by this Settlement Agreement, and in consideration of the promises herein contained and for certain valuable consideration, the receipt and sufficiency of which consideration are hereby acknowledged, Lake County, for itself and its officials, directors, attorneys, agents, and employees, does herewith fully and forever release and discharge C&F Packing and Lake Villa, and their respective officers, directors, attorneys, agents, employees, parent corporations, subsidiaries, shareholders, partners, affiliates, predecessors, successors and assigns, of and from liability from only those claims (including damages, costs, losses, or attorneys' fees), directly relating to the obligation to pay sewer connection fees to the County, Fox Lake, or Lake Villa for connection to the Northwest Interceptor and only to the extent that C&F Packing's wastewater discharges into the Northwest Interceptor and to the NWRWRF do not exceed 86,925 gpd in average daily flow (347.7 R.E.s).

2. Except for the obligations created by this Settlement Agreement, and in consideration of the promises herein contained and for certain valuable consideration, the receipt and sufficiency of which consideration are hereby acknowledged, Lake Villa, for itself and its officials, directors, attorneys, agents, and employees, does herewith fully and forever release and discharge C&F Packing, and its officers, directors, attorneys, agents, employees, parent corporations, subsidiaries, shareholders, partners, affiliates, predecessors, successors and assigns, of and from liability from only those claims (including damages, costs, losses, or attorneys' fees) directly relating to the obligation to pay sewer connection fees to Lake Villa, the County or Fox Lake for connection to the Northwest Interceptor and only to the extent that C&F Packing's wastewater discharges into the Northwest Interceptor and to the NWRWRF do not exceed 86,925 gpd in average daily flow (347.7 R.E.s)..

3. Except for the obligations created by this Settlement Agreement, and in consideration of the promises herein contained and for certain valuable consideration, the receipt and sufficiency of which consideration are hereby acknowledged, Fox Lake, for itself and its officials, directors, attorneys, agents, and employees, does herewith fully and forever release and discharge C&F Packing and Lake Villa, and their respective officers, directors, attorneys, agents, employees, parent corporations, subsidiaries, shareholders, partners, affiliates, predecessors, successors and assigns, of and from liability from only those claims (including damages, costs, losses, or attorneys' fees), directly relating to the obligation to pay sewer connection fees to the County, Fox Lake, or Lake Villa, and only to the extent that C&F Packing's wastewater discharges into the Northwest Interceptor and to the NWRWRF do not exceed 86,925 gpd in average daily flow (347.7 R.E.s)..

4. Except for the obligations created by this Settlement Agreement, and in consideration of the promises herein contained and for certain valuable consideration, the receipt and sufficiency of which consideration are hereby acknowledged, C&F Packing, for itself and its officials, directors, attorneys, agents, and employees, does herewith fully and forever release and discharge Fox Lake, Lake County and Lake Villa, and their

respective officers, directors, attorneys, agents, employees, parent corporations, subsidiaries, shareholders, partners, affiliates, predecessors, successors and assigns, of and from liability from only those claims (including damages, costs, losses, or attorneys' fees), directly relating to efforts to secure payment of sewer connection fees to Lake County, Fox Lake, or Lake Villa for connection to the Northwest Interceptor and only to the extent that C&F Packing's wastewater discharges into the Northwest Interceptor and to the NWRWRF do not exceed 86,925 gpd in average daily flow (347.7 R.E.s).

5. Promptly upon execution of this Settlement Agreement, C&F Packing shall promptly cause the Variance Action to be dismissed and Fox Lake and Lake County shall promptly sign the Supplemental Permit Application.

6. Except as specifically provided herein, nothing in this Agreement is intended nor shall it be construed to relieve C & F Packing or Lake Villa from complying with all of the other terms and conditions of sewer service contained within the County/Lake Villa Agreement or with the ordinance entitled "An Ordinance Regulating the Use of Public and Private Sewer and Drains, Private Sewage Disposal, the Installation and Connection of Building Sewers, and the Discharge of Waters and Wastes into the Public Sewer Systems of the County of Lake in the State of Illinois," enacted by the County on and dated February 9, 1988, together with all such amendments thereto as have been or may be enacted from time-to-time, and any and all other ordinances adopted by Lake County or Fox Lake relating in any way to the Northwest Interceptor, the NWR WRF, of the collection, transport, pretreatment or treatment of sewage in Lake County.

## VI. ADDITIONAL PROVISIONS

### NO ASSIGNMENTS

The parties hereto hereby mutually warrant and represent that they have neither assigned nor otherwise transferred any rights, claims, controversies, actions, causes of action, demands, debts, liens, contracts, accounts, agreements, promises, representations, torts, damages, costs, losses or causes of action against any other party hereto, relating to the subject matter of this Settlement Agreement.

### NO ADMISSION OF LIABILITY

It is understood and agreed that this Settlement Agreement represents the compromise of doubtful and disputed claims, and that any payment made, releases given or other action taken pursuant to this Settlement Agreement shall not be deemed an admission of liability or wrongdoing by any party.

### AUTHORITY TO EXECUTE

Each of the undersigned warrants and represents that he or she is competent to execute this Settlement Agreement and that he or she is duly authorized, and has full right and authority, to execute this Settlement Agreement on behalf of the party or parties for whom he or she is signing.

## CONTINUING OBLIGATIONS

Each of the promises, agreements, representations and warranties provided in this Settlement Agreement are continuing and shall survive the execution and delivery of this Settlement Agreement, as well as the termination or expiration of this Settlement Agreement.

## ADVICE OF COUNSEL

The parties hereto warrant, represent and acknowledge to one another that prior to executing this Settlement Agreement, each has had the opportunity to seek, and to the extent each has desired, they have obtained any and all legal or other advice and counsel regarding the subject matter of this Settlement Agreement.

## VOLUNTARY ACT

The parties hereto represent and warrant that they have entered into this Settlement Agreement of their own free will and based on their independent judgment, after a thorough investigation of the relevant facts, and without reliance upon any representations or inducements from any other party, except as specifically set forth herein. Each of the parties further expressly represents and warrants, by their undersigned signatures, that they are executing this Settlement Agreement and performing their respective responsibilities hereunder of their own free will, without duress of any kind from any person or entity.

## NOTICE

Whenever in this agreement notice is required to be given, the same shall be given to the respective parties at the following addresses:

### For C&F Packing:

Dennis J. Olson  
C&F Packing Co., Inc.  
515 Park Avenue  
Lake Villa, IL 60046

Brett Heinrich, Esq.  
Meckler Bulger & Tilson LLP  
123 North Wacker Drive, Suite 1800  
Chicago, Illinois 60606

For Lake County:

Peter Kolb  
Lake County Department of Public Works  
650 West Winchester Road  
Libertyville, Illinois 60048

Daniel Jasica, Esq.  
State's Attorney of Lake County  
18 North County St., 3rd Fl.  
Waukegan, Illinois 60085

For Fox Lake:

Steve Vella  
Fox Lake's Northwest Regional Water Reclamation Facility  
200 Industrial Drive  
Fox Lake, Illinois 60020

Howard Teegen, Esq.  
Soffiatti Johnson Teegen Phillips Morozin & Argueta  
74 E. Grand Ave.  
Fox Lake, Illinois 60020

For Lake Villa:

Mayor Frank M. Loffredo  
Village of Lake Villa  
65 Cedar Avenue  
Lake Villa, Illinois 60046

James Bateman, Esq.  
The Law Office of James Bateman  
600 Hart Road, Suite 260  
Barrington, Illinois 60010

For Illinois EPA:

Charles Gunnarson, Esq.  
Illinois Environmental Protection Agency  
1021 North Grand Avenue East  
P.O. Box 19276  
Springfield, Illinois 62794-9276

unless a different address shall be designated in writing by any of the parties. The date of giving such notice shall be deemed to be the date of receipt thereof.

## EXECUTION OF DOCUMENTS

For the convenience and mutual benefit of the parties, this Settlement Agreement shall be executed in counterparts, each of which shall be regarded for all purposes as one original. Each party agrees that it will execute any and all instruments, documents, resolutions and/or ordinances necessary to give effect to the terms of this Settlement Agreement.

## CHOICE OF LAW

This Settlement Agreement shall be governed by and construed in accordance with the laws of the State of Illinois applicable to settlement agreements made and to be performed entirely within the State of Illinois, and without regard to choice of law principles of that state's laws. Each party irrevocably submits to the exclusive jurisdiction of the courts of the State of Illinois, in Lake County, with respect to any claim arising out of this Settlement Agreement. Each party further irrevocably waives any objection which it may have at any time to jurisdiction over such party or to the venue of any suit, action or proceeding arising out of or relating to this Settlement Agreement brought in any such court.

## REMEDIES

The parties to this Settlement Agreement shall have all of the remedies provided by the laws of the State of Illinois, whether statutory or at common law, which are or may be applicable to an agreement of this type. In addition, in the event litigation is initiated by Lake County or Fox Lake to enforce the payment obligations of C & F Packing under this Agreement and further provided that Lake County or Fox Lake substantially prevail in such action, then Lake County and/or Fox Lake, as the case may be, shall be entitled to recover their reasonable attorneys incurred in prosecuting such action.

## AMENDMENTS; WAIVER

This Settlement Agreement may not be modified or amended in any respect except by written agreement expressly referring to this agreement. Any such amendments or modifications shall be executed by all of the parties in accordance with the procedures provided for in the paragraph hereof entitled "Execution of Documents".. No waiver by any party of any term or condition of this Settlement Agreement shall be deemed or construed as a waiver of any other term or condition of this Settlement Agreement, nor shall waiver of any breach be deemed to constitute a waiver of any subsequent breach whether of the same or different provisions of this Settlement Agreement.

## ENTIRETY

This Settlement Agreement constitutes the entire agreement of the parties, and merges and supersedes all prior negotiations, representations, understandings or

agreements, written or oral, by and among the parties hereto relating to the subject matter hereof.

INTEGRATION

This Settlement Agreement represents an integrated document negotiated and agreed to by and between the parties. This Settlement Agreement shall be deemed to have been drafted jointly, the language used in this Settlement Agreement shall be deemed to be the language chosen by the parties to express their mutual intent, and any rule that a contract is to be constructed against the drafter shall not apply to this Settlement Agreement.

SEVERABILITY

If any section, clause, sentence, or provision of this Settlement Agreement shall be held invalid, the validity of any other part of the Settlement Agreement, which can be given effect without such invalid part(s), shall not be affected thereby.

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

\_\_\_\_\_  
C&F PACKING CO., INC.  
By: Dennis J. Olson  
Secretary/Treasurer

Attested by:

\_\_\_\_\_

\_\_\_\_\_  
County of Lake  
By:

Attested by:

\_\_\_\_\_

\_\_\_\_\_  
Village of Lake Villa  
By:

Attested by:

\_\_\_\_\_

\_\_\_\_\_  
Village of Fox Lake

By:

Attested by:

\_\_\_\_\_

\_\_\_\_\_  
Illinois Environmental Protection Agency

By:

Attested by:

\_\_\_\_\_