

SANITARY SEWER LINE REPLACEMENT AGREEMENT

This Sanitary Sewer Line Replacement Agreement (the "Agreement") is entered this 27th day of June, 2006, between Hanover Township, an Illinois township (the "Township" or "Owner"), and Stark and Son Trenching, Inc., a Delaware corporation ("Contractor") (collectively, the "Parties").

IN CONSIDERATION of the covenants and conditions herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties hereby agree as follows:

1. Contractor shall perform the trenching, sanitary sewer line replacement (approximately 230 lineal feet of 8 inch pipe), backfill, removal of spoils to an approved site and ancillary work as more fully set forth in Contractor's Proposal dated June 21, 2006, a copy of which is attached hereto as Exhibit A and is incorporated herein (the "Proposal"), at the Township's facilities located at 250 South Route 59, Bartlett, Illinois, Illinois, 60103 (the "Project Site") in strict compliance with the terms and conditions herein and in the Proposal (the "Project Work"). The Project Work excludes Asphalt Restoration as defined herein.
2. **Completion Date.** Contractor shall complete the Project Work on or before July 31, 2006, weather permitting. Time is of the essence of this Contract.
3. **Payment.** The Township will tender payment to Contractor in the amount of \$19,620.00 (the "Contract Sum") for the Project Work, and Warranty herein provided, after the Township determines that the Project Work has been completed in strict compliance with the requirements set forth herein and is free from any defects and following receipt of the Payment Request Documentation required herein.
4. **Material Inspection and Responsibility.** Materials, the style, make or quality of which is specifically designated, shall be as specified. Should any substitution of material or item of equipment or apparatus be made, the Township's written approval must be obtained prior to installation.
5. **Non-Discrimination.** Contractor shall not discriminate against any worker, employee or applicant or any member of the public because of religion, race, sex, color, national origin, marital status, ancestry, age, physical or mental disability unrelated to ability, or an unfavorable discharge from the military service, nor otherwise commit an unfair employment practice with respect to the Project Work.
6. **Compliance With Law.** All goods, equipment, and all labor furnished by Contractor and subcontractors of every tier shall comply with all applicable Federal, State and local laws relative thereto including, but not limited to, all safety related regulations as required by the Federal Occupational Safety and Health Act (OSHA) and all applicable Village of Bartlett Ordinances and Codes including, but not limited to, the Village of Bartlett Building Code. To the fullest extent permitted by law, the Contractor shall indemnify, defend, and hold harmless the Township, its officials, officers, employees and volunteers

from loss or damage, including, but not limited to, attorney's fees, and other costs of defense by reason of actual or alleged violations of federal, state or local law, in the performance of the Project Work, including but not limited to any product liability claims, except to the extent attributable to the negligence of a party indemnified hereunder. This obligation shall survive the expiration and/or termination of this Agreement.

7. Indemnity. To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the Township, its officials, officers, employees, and volunteers, against all injuries, deaths, damage to property, loss, damages, claims, patent claims, suits, liens, lien rights, liabilities, judgments, costs and expenses, which may in any way arise directly or indirectly from (i) the Project Work, Repair Work, and/or Warranty Work provided hereunder; (ii) any acts and/or omissions of or on behalf of the Contractor, its employees, contractors, sub-contractors of any tier, suppliers, and/or agents; and/or (iii) any breach or default under this Agreement by Contractor; except to the extent attributable to the negligence of a party indemnified hereunder; in which case Contractor shall at its own expense, appear, defend and pay all charges of attorneys and costs and other expenses arising therefrom or incurred in connection therewith, and if any judgment shall be rendered against the Township in any such action, Contractor agrees that any bond or insurance protection required herein, or otherwise provided by Contractor, shall in no way limit the responsibility to indemnify, keep and save harmless and defend the Township as herein provided. This obligation shall survive the expiration and/or termination of this Agreement.

8. Binding Obligation and Non-Assignability. Contractor shall not assign the whole or any part of this Agreement without the written consent of the Township. All subcontractors shall be approved by the Township.

9. Taxes. The Township is a Tax Exempt Organization and is not subject to sales, consumer, use, and other similar taxes required by law. This exemption does not, however, apply to tools, machinery, equipment or other property leased by the Contractor, or Subcontractors, or to suppliers and materials which, even though they are consumed are not incorporated into the completed Project. The Contractor and Subcontractors shall be responsible for and pay any and all applicable taxes, including sales and use taxes, on such leased tools, machinery, equipment or other property and upon such unincorporated supplies and materials. Any such taxes are included in the Contract Sum.

10. Investigations by Contractor. Contractor has made such investigations as it deems necessary to perform the Project Work, including, but not limited to, Project Site inspection. No plea of ignorance of conditions that exist or of conditions or difficulties that may be encountered in the execution of the Project Work under this Agreement as a result of failure to make the necessary investigations will be accepted as an excuse for any failure or omission on the part of Contractor to fulfill in every detail all of the requirements of this Agreement or will be accepted as a basis for any claims whatsoever, for extra compensation. This paragraph shall not apply to concealed conditions or conditions that could not be discovered during an examination of the Project Site.

11. Insurance Requirements. Throughout the duration of the Project Work, including during the performance of the Repair Work and any Warranty Work required herein, Contractor, at its sole cost, shall maintain insurance with the following minimum types and amounts of coverages:

- Commercial General Liability: \$1,000,000 each occurrence, if such CGL coverage contains an aggregate limit it shall apply separately to this project/location or shall be in an amount of not less than \$2,000,000.
- Worker Compensation: State of Illinois Statutory Coverage
- Commercial Umbrella and/or Employer's Liability: \$1,000,000 each accident for bodily injury by accident and \$1,000,000 each employee for bodily injury by disease.
- Business Auto Liability: \$1,000,000, each accident, covering liability arising out of "Any Auto" including owned, hired and non-owned autos.

Contractor will cause Hanover Township and its respective officials, officers, and employees, to be named as Additional Insured under the CGL coverage, and under the any commercial umbrella coverage (collectively, the "Additional Insured").

Any endorsement(s) or provision(s) which limits contractual liability shall be deleted in their entirety. Said insurance coverage shall be primary as respects the Township, its officers, officials, and employees and shall state that it shall apply separately to each insured against whom claim is made or suit is brought. Any insurance or self-insurance maintained by the Township, its officers, officials, and/or employees shall be in excess of the Contractor's insurance and shall not contribute with it.

CGL insurance shall be written on Insurance Services Office (ISO) occurrence from CG 00 01 10 93, or a substitute form providing equivalent coverage, and shall cover liability arising from premises, operations, administration of the work, independent contractors, subcontractors, sub-subcontractors, vendors and suppliers, products-completed operations, personal injury and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).

Contractor shall maintain the above required CGL coverage in amounts not less than as required above for at least three (3) years following substantial completion of the Project Work.

A. Evidence of Insurance.

Prior to beginning work, Contractor shall furnish the Township with a certificate(s) of insurance and applicable policy endorsement(s), executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth above.

All certificates shall provide for 30 days' written notice to the Township prior to the cancellation or material change of any insurance referred to therein. Written notice to the Township shall be by certified mail, return receipt requested.

Failure of the Township to demand such certificate, endorsement or other evidence of full compliance with these insurance requirements or failure of the Township to identify a deficiency from evidence that is provided shall not be construed as a waiver of Contractor's obligation to maintain such insurance.

The Township shall have the right, but not the obligation, of prohibiting Contractor from beginning work until such certificates or other evidence that insurance has been placed in complete compliance with these requirements is received and approved by the Township.

Failure to maintain the required insurance may result in termination of this Agreement.

Contractor shall provide certified copies of all insurance policies required above within 10 days of Township's written request for said copies.

B. Acceptability of Insurers.

For insurance companies which obtain a rate from A.M. Best, that rating should be no less than A VII using the most recent edition of the A.M. Best's Key Rating Guide. If the Best's rating is less than A VII or a Best's rating is not obtained, the Township has the right to reject insurance written by an insurer it deems unacceptable.

C. Cross-Liability Coverage.

If Contractor's liability policies do not contain the standard ISO separation of insured's provision, or a substantially similar clause, they shall be endorsed to provide cross-liability coverage.

D. Deductibles and Self-Insured Retentions.

Any deductibles or self-insured retentions must be declared to the Township. At the option of the Township, the Contractor may be asked to eliminate such deductibles or self-insured retentions as respects the Township, its officers, officials, employees, and volunteers, or required to procure a bond (in addition to the Bond hereinafter described) guaranteeing payment of losses and other related costs, including, but not limited to investigations, claim administration and defense expenses.

E. Subcontractors.

Contractor shall cause each subcontractor employed by Contractor to purchase and maintain insurance of the type specified above. When requested by the Township,

Contractor shall furnish copies of certificates of insurance evidence coverages for each subcontractor.

12. Performance Bond, Labor and Material Payment Bond or Letter of Credit. Prior to commencement of the Project, Contractor shall furnish the Township with a performance bond, labor and material payment bond or letter of credit in the amount of 110% of the Contract Sum set forth in paragraph 3 above in the form acceptable to the Township whose approval shall not be unreasonably withheld or delayed, co-signed by a surety authorized by the Illinois Department of Insurance to sell and issue sureties in the State of Illinois, to guaranty the performance of the Contractor's obligations herein and the payment of all labor and materials furnished for the Project, or an irrevocable letter of credit in the amount of 110% of the Contract Sum issued by a federally insured financial institution with assets of at least \$50,000,000 in form acceptable to the Township, whose approval shall not be unreasonably withheld or delayed. The cost of said Bond or Letter of Credit, as the case may be, is included in the Contract Sum set forth in paragraph 3.

13. Prevailing Wages. All work on the Project will be subject to the provisions of the Illinois Prevailing Wage Act (820 ILCS 130/01, *et seq.*) providing for the payment of prevailing rate of wages. Accordingly, Contractor and all subcontractors of every tier shall pay not less than prevailing wages to all laborers, workers and mechanic's performing work on or in connection with the Project Work, Repair Work and/or Warranty Work in accordance with the requirements of the Act and shall otherwise comply with said Act. A copy of the July, 2006 prevailing wages for Cook County is attached hereto as Exhibit B and is incorporated herein.

14. Warranty. Contractor shall assign all warranties to the Township. Notwithstanding such assignments, Contractor expressly warrants to the Township that the Project Work and all labor, equipment, materials, and/or supplies furnished on or for the Project Work will be free from defects, and Contractor shall repair and/or replace such defects, at no cost to the Township for a period of one (1) year commencing upon the completion of the Project Work and acceptance of same by the Township (the "Warranty Work").

15. Default. In the event of default hereunder, the non-defaulting party shall be entitled to all remedies available at law and/or equity, including reasonable attorney's fees.

16. Notice. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be deemed served (a) when delivered by Federal Express or similar overnight courier service to that party's address set forth below during the hours of 9:00 a.m. and 5:00 p.m. local time Monday through Friday, excluding federal holidays; (b) when mailed to any other person designated by that party in writing herein to receive such notice, via certified mail, return receipt requested, postage prepaid; (c) or via fax. Fax notice shall be effective as of date and time of facsimile transmission, provided that the notice transmitted shall be sent on business days during business hours (9:00 A.M. to 5:00 P.M. Chicago time). In the event fax notice is transmitted during non-business hours, the effective date and time of notice is the first hour of the first business day after transmission. Notice shall be given to the following:

If to Contractor:

Stark and Son Trenching, Inc.
45W826 Rohrsen Road
Hampshire, Illinois, 60140
Attention: Michael Stark
Fax: (847) 683-2234

If to the Township:

Hanover Township
250 South Route 59,
Bartlett, Illinois, 60103
Attention: Michael Kelly
Fax: (630) 837-7449

With a copy to:

Bryan E. Mraz & Associates
111 East Irving Park Road
Roselle, Illinois, 60172
Attention: Laurence J. Mraz
Fax: (630) 529-2019

Either party hereto may change the place of notice to it by sending written notice to the other party.

17. Repair Work. Contractor shall backfill the trenched areas in accordance with the Village of Bartlett Building Code. The parties agree however, that Contractor is not obligated to replace or patch any asphalt and/or concrete removed by Contractor to perform the Project Work ("Asphalt Replacement Work"). Notwithstanding the foregoing, upon completion the Project Work and/or any Warranty Work, Contractor shall repair any damage to the Project Site and/or any other Township property attributable to acts and/or omissions of Contractor, its employees, subcontractors of any tier, agents, or otherwise attributable to the Project Work and/or Warranty Work, except to the extent such damage is attributable to the negligence of the Township and expressly excluding the Asphalt Replacement Work (the "Repair Work"). The Repair Work shall be completed within fourteen (14) days of the respective completion of the Project Work and/or Warranty Work, weather permitting (the "Repair Completion Date").

18. A. Upon completion of the Project Work and any Repair Work required hereunder, Contractor shall submit the following documentation to the Township:

B. General Contractor's Sworn Statement in form customarily used by Chicago Title & Trust Company, and final lien waivers from: (i) Contractor; (ii) all subcontractors of every tier that furnished labor and/or materials in connection with the Project Work; and (iii) all suppliers that furnished materials in connection with the Project Work (collectively, "Payment Request Documentation").

C. Notwithstanding the foregoing, in no event shall Township's acceptance of the Project Work and Contractor's Payment Request Documentation and/or the Township's payment to Contractor be deemed a waiver, expressed or implied, of any warranties and/or guaranties required herein.

19. The Township shall obtain and pay for a building permit from the Village of Bartlett.

20. Miscellaneous.

a. This Agreement supercedes all prior agreements and understandings, both written and oral, of the parties to the subject matter hereof. This Agreement applies to and binds the heirs, successors, executors, administrators and assigns of the parties to this Agreement. Any amendments to this Agreement must be in writing and executed by both parties.

b. This Agreement may be executed in any number of counterparts, and by the Township and Contractor on different counterparts, each of which when executed shall be deemed an original and all of which together shall constitute one and the same Agreement.

c. Changes in the number, gender and grammar of terms and phrases herein when necessary to conform this Agreement to the circumstances of the parties hereto shall in all cases, be assumed as though in each case fully expressed therein.

d. This Agreement shall be construed, governed and enforced according to the laws of the State of Illinois, and the exclusive venue for the enforcement of this Agreement and/or litigation between the parties shall be the Circuit Court of Cook County, Illinois.

e. In construing this Agreement, section headings shall be disregarded.

f. Time is of the essence of this Agreement and every provision contained herein.

g. If any clause, phrase, provision or portion of this Agreement or the application thereof, to any person or circumstance, shall be invalid or unenforceable under applicable law, such event shall not affect, impair or render invalid or unenforceable the remainder of this Agreement, nor shall it affect the application of any other clause, phrase, provision or portion hereof to other persons or circumstances.

h. Facsimile signatures shall be sufficient for purposes of executing, negotiating, and finalizing this Agreement.

Hanover Township

By: _____

Supervisor

Attest:

Township Clerk

Stark and Son Trenching, Inc.

By: _____

V. President

Attest:

Title: office manager

STARK & SON TRENCHING INC.

We Dig America
45W826 Rohrsen Road
HAMPSHIRE, ILLINOIS 60140

(847) 683-2217
FAX (847) 683-2234

05-25-76-13-132

PROPOSAL

13482

TO HANOVER TOWNSHIP 250 SOUTH RT. 59 BARTLETT, IL 60103-1648	PHONE 630/837-0301	DATE 6/21/06
	JOB NAME / LOCATION HANOVER TOWNSHIP OFFICE * REVISED QUOTE - REPLACES PROPOSAL #13324 *	
	JOB NUMBER 630/837-9064 FX	JOB PHONE

We hereby submit specifications and estimates for:

TO REPLACE EXISTING 230 L.F. 8" V.C.P. SANITARY SEWER BETWEEN EXISTING MANHOLES INCLUDING:
 TRAFFIC CONTROL,
 SAW-CUT EXISTING ASPHALT,
 INSTALL 230 L.F. 8" SDR 26 PVC,
 GRANULAR BACKFILL UNDER PROPOSED PAVEMENT,
 REMOVE EXCESS SPOILS FROM SITE TO AN APPROVED DROP SITE,
 AIR AND MANDREL TESTING OF NEW INSTALLATION,
 FOR THE SUM OF: NINETEEN THOUSAND SIX HUNDRED TWENTY DOLLARS

\$19,620.00

- * ABOVE PRICE DOES NOT INCLUDE METROPOLITAN SANITARY DISTRICT (M.S.D.) PERMITS OR VILLAGE PERMITS.
- * ABOVE PRICE DOES NOT INCLUDE VACUUM TESTING OF EXISTING MANHOLES.
- * ABOVE PRICE DOES NOT INCLUDE ASPHALT OR LANDSCAPE RESTORATION.
- * ABOVE PRICE DOES NOT INCLUDE ANY UNDERCUTTING DUE TO UNFORESEEN SOIL CONDITIONS.
- * ALL SITE STAKING TO BE THE RESPONSIBILITY OF THE OWNER'S PROJECT ENGINEER.

NOTE: PENDING DETERMINATION OF CONDITION AND PITCH OF EXISTING PIPE, THIS WORK COULD BE DONE ON A TIME AND MATERIAL BASIS.

We Propose hereby to furnish material and labor — complete in accordance with the above specifications, for the sum of: _____ dollars (\$ _____).

Payment to be made as follows:

CASH OR BANK PAYOUT DUE UPON COMPLETION OF INSTALLATION.

All material is guaranteed to be as specified. All work to be completed in a professional manner according to standard practices. Any alteration or deviation from above specifications involving extra costs will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado, and other necessary insurance. Our workers are fully covered by Worker's Compensation Insurance.

Authorized Signature

Note: This proposal may be withdrawn by us if not accepted within

30 days.

Acceptance of Proposal — The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

X
Signature

X
Signature

Date of Acceptance:

June 27, 2006