1. **What happens to the outside waterline insurance policies of the water co. if it is purchased by Peoria?**

   Outside waterline insurance policies are provided by an affiliate of Illinois American Water Company (IAWC). These policies would remain in effect if the City purchases the water company.

2. **How much profit does IAWC take out of Peoria?**

   Profit is defined by the Illinois Commerce Commission as a return on equity of IAWC. Returns by district or zone are not disclosed by IAWC. Through the purchase process, the City would be able to obtain financial information about the Peoria district. Under previous buyout discussions, this information was considered confidential and subject to a confidentiality agreement.

3. **Will IAWC agree to cooperate with the city's due diligence effort or will the company fight the city's effort with a legal challenge, thereby costing taxpayers money?**

   The issues surrounding the legality of the purchase option were litigated in the early 2000s when the Appellate Court upheld the validity of the purchase option. IAWC and the City have previously outlined rules to progress through the purchase process (the Rules of Order of the Commission). It is unclear if issues would arise that might lead to litigation between the parties.

4. **How much are IAWC sister companies paid annually for various administrative duties?**

   Similar to the question about profit, the administrative charges that IAWC sister companies are paid is not disclosed by IAWC. Under previous buyout discussions, this information was considered confidential and subject to a confidentiality agreement.
5. Could IAWC sell water to Nestle or another company that bottled water and sells it across the country?

IAWC could sell water to Nestle or another company that bottles water.

6. Does IAWC sell water wholesale to Dunlap and Hanna City? Any other communities? Does Peoria get any revenue from these sales? Can Peoria prohibit such sales?

IAWC can sell water to communities such as Dunlap and Hanna City. Peoria does not receive any revenue from these sales and cannot prohibit such sales.

7. Will the costs to repair and upgrade the Farmington water system be shared by Peoria water customers?

Repair and upgrade costs would be shared with all water customers within IAWC’s tariff zone. This would include Peoria water customers.

8. Are IAWC contributions to the community, like for the South Side park or Peoria Promise, included in the IAWC rate base?

Peoria Promise contributions are part of the IAWC rate base. Several contributions by IAWC to the Peoria Community have been from grant funds established by American Water or other foundations.

9. Are there costs associated with the San Koty aquifer due to additional treatments on this water source (minerals, etc.)?

There are costs associated with preparing groundwater and water from the Illinois River for human consumption. These costs are normal and customary for water treatment plants.

10. What is the background of the 85% publicly owned systems - how many private companies have been purchased, has there been a trend of selling public system (such as Portage, Indiana)?

Advocacy groups on both sides disagree on the trends in public versus private ownership. According to the National Association of Water
Companies (www.nawc.org), private water companies own about 16% of the nation’s water systems. Citing USEPA statistics and member data, NAWC states that “Nearly 73 million Americans receive water service from a privately owned water utility or a municipal utility operating under a public-private partnership.” According to Food and Water Watch (www.foodandwaterwatch.org), from 2007 to 2014 the portion of the population with public water increased from 83% to 87%. “Over this period the total number of people served by public systems increased by 10%, as public systems added 24 million people to their customer base. Meanwhile, the number of people served by privately owned systems fell by 18%.”

11. Can you discuss the revenue bond considerations for the potential long term debt - potential elevators in the bonds, etc.?

If the City were to purchase the water company, the purchase would have to be based upon revenue bonds. Revenue bonds are municipal bonds that are secured by specific income of the issuer, in this case water revenues. The method of security is what distinguishes revenue bonds from general obligation bonds. General obligation bonds are secured by the full faith and credit of the City, where revenue bonds are secured by the revenue stream. The City is limited on the amount of general obligation debt it can issue. There is a slight credit premium for revenue bonds, which would translate into a higher interest rate than general obligation bonds.

12. What happens with a purchase to the labor agreements of those currently employed by Illinois American if they are transitioned over?

The City would have to negotiate new labor agreements or fold the employees into the existing labor agreements that the City has negotiated.

13. What happens with the existing contracts or agreements with outside communities in case of purchase?

The City of Peoria would have to negotiate new agreements with outside communities for the purchase of water.

14. More than a few comments I have received have said they support this
move since it would lead to more immediate lower water rates. In the study by the CEO Council, it was mentioned that no such decrease is being proposed. Can you elaborate?

Should the City buy the Water Company, any determination on the rates would be made after the purchase and would need to take into consideration the operating, capital and debt service needs of the system.

15. Who/what is the Citizens for Water? Who is on the board if there is one and who is on or where is the membership drawn from? Are there any overlapping individuals or entities from either the CEO Roundtable or the PAAG Group? Where are the sources of the funding for this entity?

Pursuant to the Illinois Secretary of State, Citizens for Water LLC has a registered agent of CT Corporation System 280 S LaSalle Suite 814 Chicago, IL 60604. The LLC Manager is Rita Kress 227 W Illinois St. Brimfield IL 61517. Ms. Kress is not a member of the CEO Council.

16. How would the pro-bono consultants be vetted for transparency for the public so that there are no unknown ties to either the city or other interested parties?

The CEO Council envisions a committee formed to review and select consultants. The City would have to vet the pro-bono legal consultants for transparency and conflicts.

17. What is the current liability of the PAAG lawsuit? What is the current status of it and when do you think that those funds will need to be paid? Upon payment of those funds, how are they to be distributed?

The Court has not taken up the issue of determining the interest rate, if any, the City owes PAAG. With principal, it is likely to be over $2.0 million. In lieu of another hearing, the City could negotiate with PAAG a settlement of the repayment. It is unclear how PAAG would distribute the funds to their members.

18. Who are the individuals or entities were that were part of PAAG? Are there any overlapping individuals or entities with the CEO Roundtable?

Pursuant to the Illinois Secretary of State, the PAAG Members 2009

Pursuant to the Illinois Secretary of State, the current PAAG Members - Rita Kress is the agent with Michael Cullinan, Cullinan Companies LLC, Underwood Furniture Galleries, Ltd., Gerald D. and Helen M. Stephen Foundation and Jonathan Burklund.

19. What were the estimates of the last time that due diligence was done and what did the final cost come in at?

The difficulty with the amount of money spent from 1999-2006 is that there were legal expenses upholding the purchase option included with the PAAG loan. Following the 2003-2006 valuation process, when the City declined to pursue the purchase, the City paid $300,000 for the appraisers and $250,000 to IAWC for their costs during the appraisal process. So it is likely that with City legal expenses pertaining to the valuation process, the City spent between $1M and $1.5 M.