

IN THE CIRCUIT COURT OF THE EIGHTH JUDICIAL
CIRCUIT OF ILLINOIS, PIKE COUNTY, ILLINOIS

RE: SNY ISLAND LEVEE DRAINAGE)
DISTRICT) Cause No. 08-MC-1
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**FIRST AMENDED VERIFIED PETITION FOR AUTHORITY TO LEVY AN
ADDITIONAL ASSESSMENT**

Come now Petitioners Russell E. Koeller, Dan Lundberg, and Brady Lee Borrowman, being all of the duly elected, qualified, and acting commissioners of the Sny Island Levee Drainage District (hereinafter "District"), a levee and drainage district operating under the provisions of the Illinois Drainage Code, 70 ILCS 605/1-1 *et seq.*, (the "Drainage Code"), and pursuant to 70 ILCS 605/4-19, submit their verified petition for authority to levy an additional assessment. In support thereof, Petitioners state to the Court as follows:

The District.

1. The District was organized in the County Court of Pike County, Illinois, in the year 1880, in accordance with the provisions of an Act of the General Assembly of the State of Illinois, entitled "An Act to provide for the construction, reparation and protection of the drains, ditches and levees across the lands of others for agricultural, sanitary and mining purposes, and to provide for the organization of drainage districts," approved and in force May 29, 1879, subsequently repealed and replaced with the Drainage Code.

2. Under the Drainage Code, all drainage districts organized under the prior version of the Drainage Code are declared to be legally organized and continue in existence and operate under the provisions of the Drainage Code. 70 ILCS 650/1-5.

3. Russell E. Koeller, Dan Lundberg, and Brady Lee Borrowman are the duly appointed commissioners of the District and they possess all the powers set forth in the Drainage Code.

4. This Court has jurisdiction over all matters pertaining to the organization and operation of the District. 70 ILCS 605/1-4.

5. Under the Drainage Code, a drainage district is formed for the purpose of constructing, maintaining or repairing drains or levees, 70 ILCS 650/3-1, and the commissioners of said districts are granted broad powers to exercise the corporate functions conferred by the law and to perform all acts, express or implied, that may be reasonably required in order to accomplish the purposes of the Drainage Code. 70 ILCS 605/4-14.

6. The District includes land located in Adams, Pike and Calhoun Counties in the State of Illinois. It consists of approximately 113,396 acres, of which approximately 10,168 acres are in property and rights-of-way owned by the District and 4,038 acres of public highways, streets and alleys, leaving the approximate total of 99,190 assessed acres in the District. The District is about 60 miles long and from 3 to 7 miles in width. The general boundaries of the district are Harkness Creek on the north, Wildcat Hollow to the south, one hundred feet riverward of the main stem Mississippi River levee (left descending bank) to the west, and the highwater mark of the 1851 flood to the east.

7. After the organization of the District, a levee was constructed along the east bank of the Mississippi River, being the western boundary of the District, for a distance of approximately 54 miles, for the purpose of preventing the overflow waters of the Mississippi River from spreading out over the lands of the District. Running through the entire length of the District was and is a natural canal known as the Sny Channel, which prior to the construction of the Mississippi River Levee, was a side channel of the Mississippi River and was declared by law to be a navigable stream, and the Mississippi River Levee served to cut off the North end of said Sny Channel from the Mississippi River and it thereby became the main drainage canal to drain the lands within the District.

8. In 1957, the County Court of Pike County, Illinois, entered an order authorizing the District to cooperate with the federal government on two projects, one commonly known as the Federal Government Interior Project, and the other commonly known as the Main Stem River Levee Project, wherein the District was converted to a combination gravity flow and pumping district in order to afford better drainage to all lands assessed in the District.

9. The Federal Government Interior Project consisted of sedimentation basins for Pigeon, Horton and Dutch Creeks, diversion channels for Hadley, McCraney, Kiser, Six-Mile and Bay Creeks, the construction of three pumping stations and a closing levee at the lower end of the District to its intersection with Ill. Highway No. 96 in the South part of the District.

10. The Main Stem River Levee Project consisted of raising and strengthening the Mississippi River Levee along the entire western boundary of the District.

11. In order to effect a complete drainage system in said District, the District itself constructed what was commonly referred to as the "District Interior Project" consisting of sedimentation basins for Austin Creek, Fall Creek, Walnut Creek, Grub Branch, Shewhart (Gard) Branch, Brewster Creek, Brown Branch, Atlas Creek, Two-Mile Creek and Howell Branch, certain relocations of railroads and utilities, construction of the District office, construction of three dwelling houses for pumping station operators, cleaning out that part of the Sny Channel lying North of said U.S. Highway No. 36 in the North part of the District, cleanout and extension of Easley Ditch, and relocation and construction of certain roads and highway.

12. Since the completion of the "District Interior Project" the District has also purchased and/or developed additional sedimentation basins known as the Hack, Pothast, Johnson and Ambrosia basins to facilitate the effectiveness and efficiency of the operation of the District. In all, the District has assumed the responsibility for the maintenance of hundreds of miles of drainage ditches to further enhance the drainage throughout the system.

13. The District levees are currently accredited by the Federal Emergency Management Agency ("FEMA") as providing protection against a 100-year flood event.

14. The Petitioners, as the duly elected commissioners of the District, have a continuing duty to keep the drains, levees, pumping plants and other works of the District in operation and repair. 70 ILCS 605/4-15.

The District's Financial Situation in 2010 & 2011.

15. In accordance with the Drainage Code and prior order of this Court, the District levies an annual maintenance assessment for the performance of the annual maintenance of the District. 70 ILCS 605/4-18; 70 ILCS 605/5-1.

16. Due to extraordinary expenses over the past several years, including several unusually wet seasons requiring extreme emergency flood-fighting measures and sharp increases in diesel fuel costs, the District's annual revenues have been insufficient to meet its operating costs.

17. The District has no reserve funds available to cover emergency operating costs. The District was forced to deplete its reserve funds to cover 2008 flood-fighting costs. The District currently has no available emergency reserve funds and, in light of the District's extraordinary expenses during the last several years, it has not had any available maintenance funds to replenish its reserve funds.

18. In addition, as a result of litigation resulting with certain railroad property owners regarding their annual assessments, the District has been unable to access (at least temporarily) some \$539,361.00 in annual assessment revenue from 2009, 2010 and 2011.

19. The District's audited financial report for the 2010 fiscal year and the unaudited profit and loss statements for the partial fiscal year commencing on November 1, 2010 to the present are attached hereto as Exhibit A1 and incorporated herein by this reference. The District's prior audited financial statements are on file with this Court.

20. As a result of the insufficiency of its annual maintenance funds, during the 2010 and 2011 fiscal years, the District has incurred significant debt primarily to address emergency flood situations and cover extraordinary operating expenses, now

represented by debt certificates (the “Debt Certificates”) issued in accordance with the Local Government Debt Reform Act, 30 ILCS 350/1 *et seq.*, (the “Debt Reform Act”), which Debt Certificates are a lawful direct general obligation of the District payable from the general funds of the District and such other sources of payment as are otherwise lawfully available (including the current annual maintenance assessment). The District has agreed to appropriate funds of the District annually and in a timely manner so as to provide for the payment of principal and interest on the Debt Certificates.

21. The current outstanding balance of the Debt Certificates is \$2,524,000.00, as shown on Exhibit A1.

The Repair Projects.

22. Under the Drainage Code, “the commissioners may, without prior authorization of the court, use corporate funds of the district for the repair, maintenance, operation or improvement of drains, levees, pumping plants and other works of the district when such repair, maintenance, operation or improvement does not involve any substantial or material alteration, enlargement, or extension of the drainage system of the district and for the purchase, acquisition or lease of machinery and equipment.” 70 ILCS 605/4-15.

23. The Petitioners and District’s engineers have determined that certain maintenance and repair work to the levees and the pump stations, above and beyond the routine annual maintenance work of the District, was and is necessary and advisable in order to maintain the integrity of the levee system, ensure proper drainage and flood protection to the property within the District, and comply with federal standards and mandates.

24. The levee repairs were prompted by changes in the standards for levee safety. Following Hurricane Katrina, the federal government implemented a national levee database, requiring a complete remapping of all the levees in the Country. New standards for levees were authorized as part of the Water Resource Development Act (WRDA) of 2007 in the National Levee Safety Act. This Act set up more intense standards for levees and started a five (5) year periodic detailed levee inspection program. In addition, FEMA adopted the new flood profiles based on the Upper Mississippi River System Flow Frequency Study, USACE, 2004 as part of the FEMA Map Modernization Program. As a result of this process, in 2008, the District was required to sign a commitment to FEMA that allowed the District to retain its 100-year accreditation for a two-year period provided that the District agreed to document that its levees are in compliance with the levee standards required by FEMA for that certification.

25. Under the federal mandate, the above-referenced work must be completed and the data submitted to FEMA no later than March of 2012. Because construction is generally not feasible after the first of the year, the work must, as a practical matter, be completed by the end of 2011.

26. The District has submitted its schedule for the levee work to FEMA and the U.S. Army Corps of Engineers (“Corps of Engineers”), and the District commenced the necessary work in January of 2010 in order to meet the impending FEMA deadline. The District did not need a permit from FEMA or the Corps of Engineers to commence this work because the District is simply maintaining the same level of flood protection (100 year certified levee) that the levee had prior to this work.

27. Much of the work necessary to comply with the federal regulations involves replacement of sand and materials lost on the side slopes of certain areas of the levees during the last few years, and in particular, during the 2008 flood.

28. If the District does not complete the levee maintenance in a timely manner, it will lose its 100-year flood protection accreditation and will be reclassified to a FEMA non-certified levee.

29. If no repairs are implemented by adding sand to the levee cross-sections, there is a potential for the Corps of Engineers to require the levee elevation to be re-graded and lowered by as much as two feet to meet the standard PL84-99 cross-sections for a 50-year classification. The Corps of Engineers is currently requiring such a reduction for three other levee and drainage districts in the Corp's Rock Island District: Green Bay Levee and Drainage District #2, Henderson County Drainage District No. 1, and Henderson County Drainage District No. 2. In Green Bay's case, the district was placed in PL84-99 "in-active" status and had to re-grade and lower their levee to get back into the program. Both Henderson #1 & #2 lost their FEMA certification and were lowered and re-graded to meet PL84-99 standards for 50-year design.

30. On information and belief, failure to maintain 100-year accreditation will adversely impact the property owners within the District by imposing mandatory flood insurance purchase requirements and more than tripling flood insurance premiums for property owners having loans backed or regulated by the federal government, increasing regulations on construction projects within the floodplain, and severely hindering opportunities for economic development.

31. On information and belief, failure to maintain 100-year accreditation could adversely impact the agricultural property owners or tenants within the District by creating the possibility that premiums for crop insurance on agricultural land in the District could substantially increase.

32. On information and belief, failure to maintain 100-year accreditation will limit the District's and landowners' ability to place fill due to flood plain classification requirements. This would impact the District's ability to maintain its berms to reduce seepage and it would result in additional federal oversight of levee operations, causing increased pumping and operation costs for the District.

33. On information and belief, if the accreditation is not maintained, the threat from flooding on the river would significantly increase because the authorized levee elevations for a 50-year level of protection are much lower than the authorized elevation for a 100-year level of protection.

34. On information and belief, the District will suffer financially if the work described herein is not successfully completed and the accreditation is lost because the cost and frequency of future flood-fighting activities will be higher on a 50-year levee than a 100-year levee.

35. On information and belief, the District will suffer financially if the certification is lost because the District would then have to bear the additional engineering costs required by a FEMA re-accreditation process to the 100-year flood protection standard, if allowed, and purchase or otherwise obtain flood easements from all parties negatively impacted by a raise in the elevation of the river levee from a 50 year

level of protection back to a 100-year level as well as the cost of the proposed levee maintenance work proposed herein.

36. In the opinion of the Petitioners, the impending FEMA accreditation deadline created an emergency situation that required the District's immediate response and action in order to maintain the District's 100-year certification.

37. To meet the federal standards, the District has commenced and is continuing to undertake the following work to the levee system, referred to herein as the "Levee Repairs," which work includes:

- A. Repairs to the main stem river levee in Reach 1 of the District, which generally includes all work and costs associated with the purchase, loading, transporting, off-loading and re-grading of sand on the landside slope of the main stem river levee to meet federal standards for protection against a 100-year flood event and provide sufficient material at the base of the levee where needed to establish an access road for future flood-fighting activities; and
- B. Repairs to the main stem river levee in Reach 3 of the District, which generally includes all work and costs associated with the purchase, loading, transporting, off-loading and re-grading of sand on the land side slope of the main stem river levee to meet federal standards for protection against a 100-year flood event.
- C. The plans and specifications depicting a cross-section of the proposed levee maintenance work and setting forth the minimum amount of materials needed at the various stations and the required elevations for the

slope work are attached hereto and incorporated herein as Exhibit A to this Amended Petition.¹

38. In addition, the Petitioners and the District's engineers have determined that certain of the District's pump stations were not operating at maximum efficiency, and that repairs were necessary in order to ensure the District's ability to provide the necessary drainage and flood protection. Following the completion of the federal projects described in paragraph 8 above, the District assumed responsibility from the federal government for the maintenance and upkeep of the facilities subject to review through on-site inspections every five years as well as pump efficiency testing.

39. Based upon pump equipment failures and the latest federally-mandated pump efficiency tests completed by the District engineers, the District has been required to undertake certain repairs to the pump stations. The pump efficiency tests were required by the Emergency Management Division of the Corps of Engineers District offices.

40. These repairs have been necessitated by the extraordinary wear and tear on the pump stations during the last three years as a result of vastly increased pumping activities compared to normal years. Prior to 2008, the District averaged approximately 6,000 pumping hours per year. In the past three years, due to the necessity for extraordinary flood-fighting measures, the District has averaged approximately 20,000 pumping hours per year. It is essential that the pumps be restored to full efficiency so that the District can continue to provide the necessary protection to the property in the District.

¹ These oversized documents were filed in these proceedings and are being held by the clerk of the Circuit Court of the Eighth Judicial Circuit of Illinois as Exhibit A to the original petition.

41. The District's failure to comply with federal mandates for the pump repairs could have significant negative consequences for the District. For example, on June 13, 2011, the Rock Island District of the Corps of Engineers put the Beardstown Flood Control System, consisting of the Sanitary District of Beardstown, Lost Creek, South Beardstown, & Valley Drainage and Levee Districts, also in Rock Island Corps District along the Illinois River, in "in-active" status and these districts are no longer eligible for repair assistance under PL 84-99. These districts were inspected under the new Levee Safety Standards and found "unacceptable" for not testing relief wells, not maintaining vegetation control near the toe of the levees, not addressing eroded banks and levee rutting, not providing adequate documentation on their pump stations, and numerous other maintenance issues. These districts are currently seeking new assessments from the landowners to pay for the needed improvements.

42. In the opinion of the Petitioners, the federal mandates for the pump station repairs in conjunction with the severe rainfall and extraordinary flooding experienced in 2010 and 2011 have created an emergency situation requiring immediate response from the District in order to protect the property in the District.

43. To meet the federal standards, the District has commenced and is continuing to undertake the following repairs to the pump station 1 and pump station 3A, referred to herein as the "Pump Station Repairs," which work includes:

- A. Repairs to pumps #1 & #2 and gearbox #2 at pump station 1;
- B. The purchase of one extra set of right angle gears to replace the set used from inventory for the current repairs to gearbox #2 at pump station 1; repairs to gearbox #1 at pump station 3A; and,

- C. Repairs to two pumps at pump station 3A.
- D. The original plans and specifications for the pump stations – showing the condition to which the pumps will be restored following the proposed repairs – are attached as Exhibit B and incorporated into the Verified Petition.²

44. The Levee Repairs and Pump Station Repairs are referred to herein as the “Repair Projects.”

45. In order to undertake the Repair Projects, it has been necessary for the District to rent and operate two Caterpillar D400E haul trucks and it has been necessary and will continue to be necessary for the District to rent and operate three Volvo A40E haul trucks and one Caterpillar 324DL excavator and to operate one Caterpillar D5M bulldozer, one Caterpillar D6T bulldozer, one Caterpillar D6R bulldozer, one Caterpillar 350L excavator, one Mack road tractor, one Trail King lowboy, and one Freightliner dump truck. It may also be necessary for the District or its contractors to rent and/or operate such other equipment as required from time to time to complete the projects set forth herein.

46. The Petitioners determined that it was and is necessary and advisable to undertake the Repair Projects for the reasons stated above and in order to ensure the Petitioners’ ability to carry out their obligations under the Drainage Code and to provide the necessary drainage and flood protection to the residents in the District. It is in the best interest of the District, its landowners and residents, for the District to undertake this work.

² These oversized documents were filed in these proceedings and are being held by the clerk of the Circuit Court of the Eighth Judicial Circuit of Illinois as Exhibit B to the original petition.

47. The Repair Projects do not involve any substantial or material alteration, enlargement, or extension of the drainage system of the District.

48. The total estimated cost of Repair Projects, including costs incurred to date and estimated costs through completion, is \$2,456,930.00, as shown on Exhibit C and incorporated herein by this reference.

49. The District has not had and does not have sufficient funds on hand or otherwise available to pay for the Repair Projects.

50. The Repair Projects were not part of the District's anticipated and budgeted annual maintenance work for 2010 or 2011. As set forth above, the District's annual maintenance funds have not been sufficient to cover its other annual operating costs, much less to cover the extraordinary costs associated with the Repair Projects.

51. To date, the District has been forced to divert funds from its annual operating revenues to pay for the bulk of the work on the Repair Projects and it has incurred debt for the remaining balance of that work to date, which debt constitutes part of the balance on the Debt Certificates. The District must reimburse those amounts to its operating funds and it must repay the debt it has incurred, and will continue to incur, to complete the Repair Projects. The District does not have sufficient funds on hand or otherwise available for those purposes.

Extraordinary Operating Expenses.

52. As a result of the insufficiency of its annual maintenance revenues, during the 2010 and 2011 fiscal years, the District has incurred significant debt primarily to address emergency flood situations and cover extraordinary operating expenses. The vast bulk of those expenditures were incurred to cover the emergency diesel fuel and labor

necessary to operate the District's pumping stations during its 2010 and 2011 flood-fighting efforts.

53. Prior to 2008, the District averaged approximately 6,000 pumping hours per year. In the past three years, due to the necessity for extraordinary flood-fighting measures, the District has averaged approximately 20,000 pumping hours per year. The expenditures associated with these flood-fighting efforts were not anticipated or budgeted as part of the District's annual maintenance work.

54. During this time, cost of the diesel fuel needed to operate the District's pumping plants rose to extraordinary levels. In 2009, the average price per gallon for the District's three pump stations was \$1.7796 per gallon. In 2010, the average price per gallon for the District's three pump stations was \$2.2552. In 2011, to date, the average price per gallon for the District's three pump stations was \$3.2226 per gallon.

55. Even without the diversion of operating funds for Repair Costs, the District's annual maintenance revenues were insufficient to cover the costs of its diesel fuel and labor and other expenses necessary to operate the District's pumping stations during its 2010 and 2011 flood-fighting efforts. As a result of these extraordinary emergency expenses, the District incurred debt in the amount of \$1,744,500.00 to cover these extraordinary flood-fighting efforts in 2010 and 2011 to date (the "Emergency Debt Obligation"). The Emergency Debt Obligation constitutes a part of the outstanding balance on the Debt Certificates.

56. The District has incurred and is anticipating continued extraordinary flood-fighting measures during the summer of 2011 due to exceptional amounts of rain and snowfall during the year. The National Weather Service St. Louis Office has

published flood forecasts for the 2011 predicting: a better than 40% chance that flooding on the Mississippi River will exceed 23' on the Hannibal gauge along Reaches 1 & 2 of the District (with an elevation of 24' classified as major flooding); a 40% chance that the Mississippi River will reach 23' on the Louisiana, Missouri gauge (with an elevation of 20' stage classified as moderate flooding and a 25' stage classified as major flooding). Confirmed flood levels at the Hannibal gauge exceeded the 23' prediction and at Louisiana gauge exceeded the moderate 20' prediction. Due to these conditions, the District was forced to commence its 2011 pumping operations and river levee preparations in early Spring of 2011 and anticipates continued extraordinary emergency flood-fighting operations through 2011.

57. In addition, the cost of the diesel fuel needed to operate the District's pumping plants is continuing to rise to extraordinary levels. Diesel fuel prices are predicted to remain at very high levels through 2011.

58. The District's annual maintenance assessment is insufficient to cover these extraordinary operating expenses, including the emergency flood-fighting measures that will be necessary to protect the District during 2011.

59. For the reasons set forth above, the District will need to incur additional debt to cover the District's extraordinary operating expenses, including the expenses incurred in the performance of work necessary for the District to protect, operate or repair its levees, pumping plants or drainage system during times of flood or other emergency (the "Anticipated Extraordinary Operating Debt Obligation"). It is estimated that by the end of 2013, the Anticipated Extraordinary Operating Debt Obligation will equal approximately \$1,121,500.00.

60. The District will have to incur professional fees to complete the Repair Projects and undertake the court proceedings for the additional assessment proposed herein and assessment roll for same (“Professional Fees”). The total estimated Professional Fees are \$450,000.00, comprised of \$300,000 in estimated attorneys’ fees and \$150,000 in estimated engineering fees. The District does not have sufficient funds on hand or otherwise available for payment of these expenses.

61. The District intends to continue to draw down funds under said Debt Certificates to allow for timely completion of the Repair Projects, the Anticipated Operating Debt Obligation, and the Professional Fees. The District has not had, and does not currently have, any other funds on hand or otherwise available to cover any of the aforesaid costs.

Financing Costs.

62. Following this Court’s approval of the additional assessment requested herein (and on the strength of that committed income stream), the District plans to issue a new note obligation payable over a 5-year period from said additional assessment in order to reimburse the Repair Costs financed through the District’s operating funds, refinance the then-existing balance of the District’s debt and provide funds for anticipated extraordinary operating costs (“Replacement Financing Obligation”).

63. The estimated Replacement Financing Obligation includes the amount of the Repair Projects, the Emergency Debt Obligation, the Anticipated Extraordinary Operating Debt Obligation, and the Professional Fees.

64. The Replacement Financing will require the payment of financing costs and interest charges (“Financing Costs”) over the duration of the outstanding obligation,

as estimated on Exhibit D attached hereto and incorporated herein by this reference. The District has not had, and does not currently have, any other funds on hand or otherwise available to cover any of these Financing Costs over the duration of the debt.

Additional Assessment.

65. When authorized by this Court, the commissioners may, “in order to perform and carry out the duties imposed and powers granted by [the Drainage Code] levy assessments upon the lands and other property benefited to pay the cost thereof and the expenses incident thereto.” 70 ILCS 605/4-18. “Assessments may be levied when sufficient funds are not on hand or otherwise available, (a) for the construction of original, additional or repair work; (b) for the completion of original, additional or repair work; (c) for the performance of annual maintenance work, including the maintenance and operation of pumping plants; (d) to acquire necessary rights-of-way or other property, both real and personal; (e) to pay obligations incurred for incidental expenses, current expenses, obligations incurred in protecting the works of the district in emergencies and in the performance of emergency repair work; or (f) for other lawful purposes as set forth in [the Drainage Code].” 70 ILCS 605/4-18.

66. Under the Drainage Code, the designation “additional assessments” applies to all assessments other than those designated as original assessments (the first assessment levied for the construction of the original work of the district) and annual maintenance assessments (annual assessments levied for the performance of the annual maintenance work of the District) and the term “additional assessments,” “shall include assessments for the completion of original, additional or repair work, the construction,

enlargement or repair of pumping plants, the payment of lawful obligations incurred by the district and for all other lawful purposes as set forth in this Act.” 70 ILCS 605/5-1.

67. The District is requesting the levy of an additional assessment (“Additional Assessment”) in an amount sufficient to cover the Repair Costs, the Emergency Debt Obligation, the Anticipated Extraordinary Operating Debt Obligation, the Professional Fees, and the Financing Costs. Said amounts are detailed on Exhibit D attached hereto and incorporated herein by this reference. (In order to avoid any duplication of the amounts sought herein, the Emergency Debt Obligation does not include any debt incurred to cover any portion of the Repair Costs to date and is limited to debt incurred for past extraordinary pumping and flood-fighting activities as described herein. Similarly, the Anticipated Extraordinary Operating Debt Obligation does not include any debt that may be incurred to complete the Repair Costs and is limited to the anticipated expenses for continued extraordinary pumping and flood-fighting activities as described herein).

68. The Petitioners have determined that for the reasons stated above and in order to perform and carry out the duties imposed and powers granted by the Drainage Code and to provide the necessary drainage and flood protection to the residents in the District, it is necessary and advisable to levy the Additional Assessment for the purposes described above. The District’s annual maintenance assessment will not be sufficient to cover the payment of principal and interest on the Replacement Financing and the District does not have any other revenues on hand or otherwise available for this purpose.

69. Based upon the foregoing, the Petitioners have determined that a total Additional Assessment in the maximum amount of \$6,536,566.00 is necessary in order to

meet these objectives and to allow the Commissioners to perform and carry out the duties and powers granted under the Drainage Code.

70. The benefits to the lands and other property in the District from the levy of the Additional Assessment exceed the costs to such lands and other property in the District.

71. Pursuant to 70 ILCS/605/4-18 & 4-19, Petitioners are requesting authority to levy the Additional Assessment in the maximum amount of \$6,536,566.00 for the purposes set forth above.

72. The District is requesting and intends to submit for the Court's approval an assessment roll for this Additional Assessment that allows for the payment of the Additional Assessment in five installments over a five-year period coterminous with the term of the Replacement Financing. Nevertheless, the District is also requesting and intends to submit to the Court for approval an assessment roll that allows all landowners the one-time option of prepaying their portion of the total Additional Assessment, less any Financing Costs associated with that portion of the total Additional Assessment. Any prepayment of the Additional Assessment received by the District will be used towards the costs to be funded by the Replacement Financing, less any Financing Costs, and shall reduce the amount of Replacement Financing obtained by the District.

73. Attached hereto as Exhibit E, and incorporated herein by this reference, is an Affidavit executed by the Superintendent of the District, Michael H. Reed giving the names and addresses of all the owners of land situated within the District, if known, and where unknown, the names and addresses of the persons who last paid the general taxes on the land for which the names or addresses of the owners are unknown, as shown on

the Collector's Books in the County in which such land is situated; said Affidavit also states the names and addresses of all corporate authorities having jurisdiction over the public highways, public streets and alleys located within the District, which are subject to assessment in this proceeding.

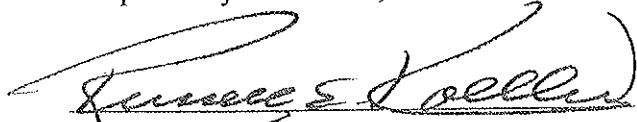
WHEREFORE, Petitioners hereby request this Court to:

- A. Set this First Amended Petition for hearing and upon the hearing of such Petition, grant the relief requested herein, including authority for the District to levy an Additional Assessment in the total maximum amount of \$6,536,566.00 for the purposes set forth herein and to take all necessary and lawful acts for the implementation of this assessment;
- B. Direct the Petitioners to prepare and file with the Court an assessment roll for the approved Additional Assessment and to provide notice of said filing and of the hearing on said assessment roll as required in the Drainage Code;
- C. Direct the Petitioners to structure the assessment for the payment of the assessment in five installments over a five-year period coterminous with the term of the Replacement Financing;
- D. Direct the Petitioners to include in said assessment roll the one-time option for all landowners to prepay their portion of the total Additional Assessment, less any Financing Costs associated with that portion of the total Additional Assessment.
- E. Direct the Petitioners to use any prepayment of the Additional Assessment received by the District towards the costs to be funded by the Replacement

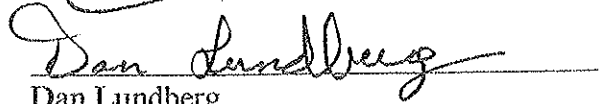
Financing, less any Financing Costs, and to reduce the amount of Replacement Financing obtained by the District; and

F. Grant such other and further relief as the Court deems appropriate.

Respectfully Submitted,



Russell E. Koeller



Dan Lundberg



Brady Lee Borrowman

Commissioners of the Sny Island Levee
Drainage District

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Exhibit A

Plans and Specifications for Levee Maintenance

(Oversized Exhibit on file with Clerk of Circuit Court.)

Exhibit B

Plans and Specifications for Pump Station Repairs

(Oversized Exhibit on file with Clerk of Circuit Court.)

Exhibit C

**SNY ISLAND LEVEE DRAINAGE DISTRICT
REPAIR PROJECTS**

PUMP STATION REPAIRS \$529,800.00

PUMP STATION 1

Repairs To Pump #1	(Estimated)	\$75,000.00
Repairs To Pump #2	(Estimated)	\$75,000.00
Repairs To Gearbox #2	(Estimated)	\$45,000.00
Right Angle Gear Set	(Estimated)	\$31,200.00

PUMP STATION 3A

Repairs To Pump #1	(Estimated)	\$50,000.00
Repairs To Gearbox #1	(Estimated)	\$12,500.00
Repairs To Gearbox #2	(Estimated)	\$16,100.00
Repairs To Pump #3	(Estimated)	\$50,000.00

MODIFY ENGINES AT 1 & 3A TO MEET EPA STANDARDS (2013) \$175,000.00

LEVEE MAINTENANCE – REACH 1 \$889,080.00

LEVEE SLOPE IMPROVEMENTS

Purchase and placement of sand	\$129,380.00
Volvo Truck Rental, 10 Months @ \$23,000.00/Month	\$230,000.00
Fuel, 1,000 Gal./Wk. x 40 Weeks x \$2.70/Gal.	\$108,000.00
Volvo/Cat Truck Rental, 2 Months @ \$31,000.00/Month	\$ 62,000.00
Volvo Truck Rental, 2 Months @ \$34,500.00/Month	\$ 69,000.00
Fuel, 1,500 Gal./Wk. x 16 Weeks x \$3.00/Gal.	\$ 4,500.00

LEVEE ACCESS IMPROVEMENT

Volvo Truck Rental, 6 Months @ 34,500.00/Month	\$207,000.00
Fuel, 1,500.00 Gal./Wk. x 16 Weeks x \$3.30/Gal.	\$ 79,200.00

LEVEE MAINTENANCE – REACH 3 \$1,038,050.00

LEVEE MAINTENANCE

\$6.90/Ton (52,000 Cy = 77,000 Tons) Unloaded-Landside	\$531,300.00
Fuel Surcharge, Based On Cost Of \$3.00/Gal. Off Highway	\$ 50,000.00
Volvo Truck Rental, 4 Months @ \$34,500.00/Month	\$138,000.00
Trucking-Fuel (300 Gal./Day x 80 Days = 24,000 Gal. @ \$3.30/Gal.)	\$ 79,200.00
30% Contingency	\$239,550.00

**ESTIMATED TOTAL COSTS OF PUMP STATION REPAIRS AND
LEVEE MAINTENANCE \$2,456,930.00**

Exhibit D

PROPOSED ADDITIONAL ASSESSMENT

REPAIR PROJECTS	\$2,456,930.00	
EMERGENCY DEBT OBLIGATION	\$1,744,500.00	
ANTICIPATED EXTRAORDINARY OPERATING DEBT OBLIGATION	\$1,121,500.00	
PROFESSIONAL FEES	\$450,000.00	
TOTAL REPLACEMENT FINANCING OBLIGATION		\$5,772,930.00
REPLACEMENT FINANCING COSTS (Assuming Five-Year Loan with \$5,772,930.00 Initial Balance)		
Estimated Interest (Assuming interest rate at 4.50% (2-Year Swap Rate + 3.85%)).	\$750,193.00	
Professional Fees (.25% principal amount)	\$13,443.00	
TOTAL FINANCING COSTS		\$763,636.00
TOTAL PROPOSED ASSESSMENT		\$6,536,566.00