

State of Illinois)
County of Kane) ss.

AFFIDAVIT OF TIMOTHY J. KELLOGG

I, Timothy J. Kellogg, being first duly sworn, on oath states as follows:

1. I presently serve as General Manager and Clerk of the Grand Prairie Sanitary District of Kane County, Illinois. I have personal knowledge of the matters set forth in this Affidavit and, if called as a witness, could testify competently thereto.

2. On Wednesday, July 22, 2009, I attended the monthly meeting of the Board of Trustees (the "MCWRD Board") of the Mill Creek Water Reclamation District ("MCWRD"), which began at 7:00 p.m.

3. In connection with the MCWRD Board's discussion of Item 4(b) on its agenda, Financial Reports, the MCWRD Board reported that MCWRD had a shortfall of about \$20,000 for June 2009, and that MCWRD's deficit for 2008 was approximately \$380,000. An accountant for MCWRD stated that MCWRD is nearly "insolvent" at this time. The MCWRD Board noted that the wet summer has reduced the demand for irrigation water, so the MCWRD did not enjoy the irrigation water revenues that might have occurred in a normal to dry summer.

4. As the MCWRD Board discussed revenue-raising options, an Infrastructure Charge increase was suggested that would create additional revenue that is more predictable than user rate revenue. The MCWRD Board discussed an increase in the Infrastructure Charge from \$4.50 to approximately \$15 to have a meaningful impact on the MCWRD's financial situation.

5. In the course of this same discussion, the MCWRD Board noted that in 2007 the Infrastructure Charge was initially added and became part of its 2008 rate structure. The purpose the new fee was to create a reserve account to replace major equipment, since a capital depreciation fund had not been established when the District was formed.

6. As an alternative to the Infrastructure Charge increase, the MCWRD Board considered a user rate increase of between 20 & 30%, but the consensus of the MCWRD Board seemed to favor an increase from \$4.50 to \$15.00 in the Infrastructure Charge.

FURTHER AFFIANT SAYETH NOT.

TJ Kellogg
Timothy J. Kellogg

SUBSCRIBED AND SWORN TO
BEFORE ME ON THIS 30th DAY
OF JULY, 2009.

Gayle L Ashley
Notary Public

