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December 13, 2018

Algonquin Township Road District
Attention: Andrew Gasser Highway Commissioner
3702 United States Highway 14
Crystal Lake, IL 60014

RE: ALGONQUIN TOWNSHIP ROAD DISTRICT
Our File Nos. 17-0024, 17-0026, 18-0015, 18-0018

Dear Mr. Gasser:

This letter is prepared to address your inquiry concerning the impact of the Algonquin Township Board actions upon the Road District last night. During the meeting the board elected not to pay several of your bills and did not certify your levy. Ms. Victor and Mr. Shea clearly have a degree of personal animus directed at us both for reasons that beguile logic. You reduce taxes, and have made available all of your bills to the public, you have sought to collect the assets of the Road District and assert the rights of the Road District. But no law exists to control who likes whom or for what reasons that Ms. Victor and Mr. Shea don't like either of us. Nevertheless, their animus is of no consequence either.

In reviewing the video, I see that Mr. Shea articulated words to the effect that the levy would revert to the prior year levy. That erroneous statement was made in the presence of Mr. Kelly. I was shocked to see Mr. Kelly sit silently on this point as he ought to have known the statement of Mr. Shea was simply erroneous. I understand that Mr. Kelly has been involved in Township law for a substantial majority of his career and even I understood the consequence of not passing the levy. Yet, Mr. Kelly watched them head down a path of error.

Although I have my observations on the liability and risks of the members of the township board in connection with their conduct last night, it is the job of Mr. Kelly to advise them of those risks, and he elected not to provide any advice. It does make you wonder why he gets paid to sit there if he isn't going to alert the board to the consequences of its conduct when they are in error. Because I was asked to assess the impact to the Road District, this letter is limited to an abbreviated legal assessment of the Road District's position.

The consequence to the Road District of the Board's conduct in approving of my hiring and then refusing to pay for work performed constitutes bad faith for which the Road District

will now incur the additional expense of my fees for all of my work not just the portion that the Board desires.

As you know, at the time that you signed the engagement letter to contract with my office, you also executed a collection rider which provides in pertinent part that in the event that any bill or payment due is not paid within ten (10) days that my office has the full right to receive from the Road District payment at my standard hourly rate for all work performed on any matter for the Road District plus attorney fees and costs associated with the collection of my fees including the work that may be billed at a discount to the contract rate. As you know, I have been gracious with respect to providing hourly rate discounts as a courtesy to the Road District and to demonstrate my willingness to minimize the expenses to the Road District. I have even litigated a case without receiving a penny for my work. As you know, I ended the practice of billing at a reduced rate after members of the Township Board expressed animus at me for doing the work that I was hired to do. Moving forward, I will be billing for all work completed.

Just as the Road District has not paid my bills, the other bills not paid place the Road District in a position of being sued for breach of contract. There is no defense to a breach of contract that says the board didn't like it, they don't have to like it and they don't have the power to contract for the Road District.

I am preparing legal paperwork to compel the Board to pay your bills as well. This will be more legal expense because of petty vindictiveness by Ms. Victor and a lack of knowledge on the law which Mr. Kelly should be advising her of her duties. I had reached out to Mr. Kelly to see if we could meet with the board members to get to the heart of the animus, yet there was no communication to me that the board would like to sit down and visit along the lines of settlement. So more legal expense is foreseeable.

As it relates to the failure of the board to certify the Road District's levy, and submit it to the county clerk by the last Tuesday in December, that will result in the taxes being assessed at \$0.00 for the Road District. See 605 ILCS 5/6-501. You have done what you can do, and it is the arrogance and petty vindictiveness of those present at the Board Meeting that has brought about this issue. Frankly, they ought to be ashamed, but I suspect that they are proud of themselves.

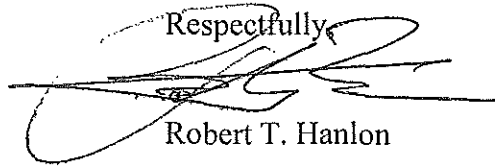
Moreover, you should be aware that all public bodies in McHenry County are subject to the Property Tax Extension Limitation Law ("PTELL"). That law limits the ability to levy taxes in the future to a percentage over the prior year levy. As such, moving forward you cannot issue a levy that is greater than \$0.00 and comply with PTELL.

I believe the statute for special meetings requires a 14 day advance notice. In the event the Board noticed up a special meeting today they could not conduct a meeting in time to correct the issue.

I would expect that Mr. Kelly will be faced with this reality soon enough and attempt to manufacture some emergency meeting of the Township Board. However, I do not believe the statutory scheme is adequate to conduct a special meeting in time to address the levy. As a

result, you must take steps to marshal enough cash to manage the affairs of the Road District during the remainder of your term without reliance upon any future levy. I will continue to research this issue and I will let you know if I find additional information related to this bizarre cluster. When I complete that research, I will alert you.

Respectfully,

A handwritten signature in black ink, appearing to read 'RTH', with a large, sweeping flourish underneath.

Robert T. Hanlon

RTH/caj