



## AGENDA

### SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL BOARD OF DIRECTORS MEETING

**October 21, 2010 7:30 a.m.**

Metro-East Park and Recreation District Office  
104 United Drive, Collinsville, Illinois 62234

1. Call to Order  
*Dan Maher, President*
2. Approval of Minutes of September 15, 2010
3. Program Status Report and Budget Update  
*Les Sterman, Chief Supervisor*
4. Progress Report from Design Consultants
5. Resolution Providing for the Issue of Flood Prevention District Council Sales Tax Revenue Bonds, Series 2010 in an Amount Not To Exceed \$100,000,000 and Authorizing the Execution of Documents in Connection Therewith
6. Resolution Authorizing the Southwestern Illinois Flood Prevention District Council to Join a Lawsuit as a Plaintiff Against the Federal Emergency Management Agency, the United States Department of Homeland Security, and W. Craig Fugate in his Official Capacity as Administrator of the Federal Emergency Management Agency
7. Report from the U.S. Army Corps of Engineers
8. Other Business
9. Adjournment

**Next Meeting: November 17, 2010**

## MINUTES

### SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL BOARD OF DIRECTORS MEETING September 15, 2010

The regular meeting of the Board of Directors was held at the Metro-East Park and Recreation District Office, 104 United Drive, Collinsville, Illinois at 7:30 a.m. on Wednesday, September 15, 2010.

#### Members in Attendance

James Pennekamp, President (Chair, Madison County Flood Prevention District)  
Dan Maher, Vice President (Chair, St. Clair County Flood Prevention District)  
John Conrad, Secretary/Treasurer (Chair, Monroe County Flood Prevention District)  
Tom Long, Madison County Flood Prevention District  
Bruce Brinkmann, Monroe County Flood Prevention District  
Dave Baxmeyer, Monroe County Flood Prevention District  
Alvin Parks, Jr., St. Clair County Flood Prevention District

#### Members Absent

Ron Motil, Madison County Flood Prevention District  
Paul Bergkoetter, St. Clair County Flood Prevention District

#### Others in Attendance

Alan Dunstan, Madison County Board Chair  
Mark Kern, St. Clair County Board Chair  
Les Serman, SW Illinois FPD Council  
Kevin Koenigstein, Treasurer, Monroe County  
Linda Lehr, Monroe County  
Maggie Hales, East-West Gateway Council of Governments  
Ron Auld, Volkert Assoc.  
Greg Bertoglio, U.S. Army Corps of Engineers  
Randy Bolle, Prairie DuPont Levee and Sanitary District  
Craig Brauer, TWM  
Brooks Brestal, Horner & Schifrin Engineers  
Darryl Elbe, Hoelscher Engineering  
Mike Feldmann, U.S. Army Corps of Engineers  
Mark Harms, SCI Engineering  
Terry Hillig, St. Louis Post-Dispatch  
Pam Hobbs, Geotechnology  
Gary Hoelscher, Hoelscher Engineering  
Mike Huber, KdG  
Charles Juneau, Juneau Associates, Inc. P.C.  
Mary Kane, Stifel, Nicolaus, Inc.  
Mike Lundy, SW Illinois Development Authority  
Patrick McKeehan, Leadership Council Southwestern Illinois  
Marsia G. Murphey, Kaskaskia Engineering Group  
Dick Murray, Morgan Keegan

Todd Oetting, Afton Chemical  
Dave Richardson, Solutia  
Bob Shipley, Metro-East Sanitary District  
Bill Stallman, Tri-City Port District  
Roy Torkelson, ButcherMark Financial Advisors  
Dan Turner, Volkert  
Chuck Unger, The Bank of Edwardsville  
Rich Wilburn, Oates Assoc., Inc  
Dennis Wilmsmeyer, Tri-City Port District  
Dan Wilson, KdG

### **Call to order**

President Dan Maher called the meeting to order.

### **Approval of minutes of August 18, 2010**

Motion was made by Jim Pennekamp, seconded by Tom Long, to approve the minutes of the August 18, 2010 meeting. Motion approved, all voting aye.

### **Program Status Report and Budget Update**

Mr. Maher asked Mr. Sterman to report.

Mr. Sterman reported that he has concluded negotiations with AMEC Earth & Environmental on a contract for preliminary design and program administration and a contract is in the process of being executed. Requests have been made to the county boards for approval of the contracts for drilling and testing that are defined as “construction” since our legislation requires county board approval of any construction contract in excess of \$10,000.

The Corps of Engineers has appointed a new person to replace Bruce Munholand to supervise project management and he will be introduced later in the agenda. The Corps has recently completed the Limited Reevaluation Report for design deficiency corrections in the Metro-East Sanitary District. We met yesterday with the Corps and they threw us a “curveball,” indicating that the factor of safety for berm design is not settled as had been previously represented. The previously suggested factor of safety of 1.6 is outside of current adopted procedures and it may be reduced to 1.0, which significantly reduces the extent of required improvements.

Mr. Long asked how much this would affect the design. Mr. Sterman noted that Col. O’Hara stood before us and was very emphatic about the use of a 1.6 safety factor. It turns out that this is not official Corps policy. This question needs to be resolved by the Corps, but clearly a lower safety factor will significantly reduce required improvements.

Mr. Pennekamp asked if there is somebody from the Corps present at the meeting. Mr. Sterman introduced Mike Feldmann from the Corps. Mr. Feldmann offered an explanation of the factor of safety as it relates to the design of berms. He noted that the Division office noted that the design proposed in the LRR is outside of the practice supported by existing Corps procedures. Mr. Pennekamp asked when this issue would be resolved. Mr. Feldmann suggested that it might take several months for a decision.

Mr. Long asked whether it would be fair to say that we may be overdesigning our levee system. Mr. Feldmann responded that we can't answer that question until a decision is made on the appropriate factor of safety. Mr. Pennekamp emphasized how important it would be to resolve this issue quickly.

Mr. Dunstan asked how we should proceed with our design, given this new information. Mr. Sterman responded that because we are using a private engineering firm to certify the levee system, it really becomes a question of what they determine is appropriate professional practice in levee design. Also, it becomes a matter of the standard that FEMA will accept for accreditation purposes. The problem for us is that the 30% level of design will be done in six months, so we don't have a lot of time to resolve the question.

The approval of the LRR for MESD will be an important milestone in establishing the future eligibility of the project to receive federal funding.

Mr. Sterman noted that FEMA had granted provisionally accredited levee status to a portion of the Wood River Levee, something that we only became aware of in the last few months. We requested an extension of time to submit the required information on behalf of the levee district. FEMA has now responded to our request. The agency indicated that it could not grant an extension as we requested, but that it would take about 18 months to go through the remapping process following the expiration of the PAL agreement. If we are able to submit the required certification information during that time period, FEMA will then consider accreditation at that time. We should be able to meet that deadline, barring any unforeseen problems in the condition of the levee.

The levee certification inspection being conducted by a team led by AMEC Earth & Environmental is proceeding now that water levels in the Mississippi are consistently below 25 feet on the St. Louis gage. Work should be done late in October.

Our financial team has been moving quickly to develop all of the documents necessary to issue bonds. This is a complex issue involving eight units of government (three counties, three county FPDs, the Council, and SWIDA). There are many details to be addressed, given the unusual multijurisdictional nature of the revenue source used to pay off the bonds. There will be more on the financing issues later on in the agenda.

Meetings were held in Chicago with two rating agencies, S&P and Moody's. Roy Torkelson and Kevin Thompson attended those meeting with me. We made a lengthy presentation on the project itself, the economy of the region and our proposed credit structure. We requested a AA rating, based on ratings of comparable issues as determined by our financial advisor and underwriter. Our team identified a number of comparable revenue bonds similar to ours around the country to support our case. Should we not receive the requested rating, we must then determine if we have any interest in making changes to the flow of funds or other terms that might affect the rating.

HR 5114, the federal legislation that would delay the imposition of mandatory flood insurance, is still awaiting action in the Senate. Last Friday, Senator Durbin made public a letter that he sent to the Senate Banking Committee that urged them to include very similar language to delay

mandatory flood insurance under certain conditions in their version of the national flood insurance reauthorization bill.

A new organization called the Levee Issues Alliance, led by the Leadership Council Southwestern Illinois, was launched last week to help advocate for legislative relief from the impacts of levee deaccreditation. This group mirrors a loosely knit national coalition of the same name that is also advocating on behalf of its members for legislative changes that would facilitate levee improvements and lessen the burden on local areas during that process. The Tri-City Port District has joined the national LIA on behalf of the region.

On August 31, I attended, along with Patrick McKeehan and Dennis Wilmsmeyer, a strategy session conducted by the LIA in Dallas. We were joined by representatives from Dallas/Fort Worth, Sacramento, Louisiana, Port Arthur, Mississippi and other areas that share similar interests. Most of the session was focused on information exchange. Several areas have similar concerns as we do, but the tactics from place to place differ quite a bit. We are not as alike in our interests as I originally understood, but there are some significant issues where we agree. We will continue the dialogue to determine if there is sufficient common ground to develop a national advocacy organization.

FEMA has not yet ruled on the DFIRM appeals, but we are expecting them to do so very soon. FEMA has now initiated a process involving a “scientific review panel” to help resolve disputes involving DFIRM appeals. If we are unhappy with their ruling on the appeals we now have the option to go to the review panel. This will be voluntary and this additional review will delay adoption of final maps for six months or so, even if we do not choose to pursue review by the panel. At this point, FEMA indicates that final maps will likely be adopted on or about December 2011.

Following up on the response of the Corps and FEMA to our FOIA requests, we have requested additional information from both agencies. Documents included in the FOIA response were in some cases incomplete or referred to additional material that should have been provided. We continue to believe that the record supporting FEMA’s August 2007 decision to deaccredit the levee system was both incomplete and inadequate.

As our fiscal year draws to a close, we need to perform an audit of the Council’s finances as required by our legislation. In the next couple of weeks I will be sending out an RFP to solicit auditing services.

I am continuing to review possible strategies to manage the project once design and construction begin. I am also beginning the process of reviewing insurance and risk management issues for the project and for the Council.

The budget report shows little change from previous months. Sales tax remains up from last year, although by a smaller amount than previous months. Expenditures remain low, so the counties are accumulating a balance in the FPD sales tax fund.

Mr. Kern asked whether our request for the flood insurance market study was included in our latest FOIA request. Mr. Sterman indicated that he believed that it was included.

### **Report on Levee Issues Alliance**

Mr. Sterman introduced Patrick McKeehan, Executive Director of the Leadership Council Southwestern Illinois, the group spearheading the local Levee Issues Alliance. The group was launched the previous week in a gathering in this room.

Mr. McKeehan distributed a summary paper that is being used by the LIA to describe the problem. He described the purpose of the LIA and recognized the contribution of Ronda Sauget, who had organized an effort to develop petitions that are being sent to officials in Washington, D.C. Mr. McKeehan noted the focus of their efforts, which are to improve the levee system, to delay the new flood maps, and to reduce the economic impact of the uncertainty during this time when levee deaccreditation is being threatened by FEMA. He appealed for people to join the LIA and offered his continuing support for the work of the FPD Council.

### **Review of Legal Documents and Credit Issues for Upcoming Bond Issues**

Mr. Sterman noted the great effort that was being made to put together the complex documentation needed to issue bonds before the end of the year. Meeting this deadline is important for taking advantage of the benefits of the federal economic stimulus legislation. We will need approval of these documents at the October meeting, so it is important that the Board be briefed on the contents of those documents this month, while the documents are still in draft form.

Mr. Sterman introduced Roy Torkelson, our financial advisor, who provided the Board with a briefing on the status of the documents. He described the actions that will be required from the county boards and flood prevention districts. Approval of several documents is necessary in order to intercept the sales tax revenues from the state, so that these funds can be used by the Trustee to pay off the bonds. The Intergovernmental Agreement will also need to be amended in order to extend the Council's life until at least all bonds are fully paid off. Mr. Torkelson described the legal opinions that will be required by the respective legal counsels of each governmental body.

Mr. Torkelson briefly described the flow of funds from the state to the Trustee to pay off the bonds, with residual funds returned to the counties for deposit into their respective FPD sales tax funds. He noted that there will be three series of bonds, taxable Build America Bonds, taxable Economic Recovery Zone Bonds, and non-taxable bonds. Proceeds available for construction from this bond issue should be about \$88 million. Current modeling shows that we can produce another \$31.5 million in 2012 and \$27.4 million in 2014. An additional \$22 million will flow back to the counties. In total, \$170.4 million could be available for the project. The size of each series and each issue will depend on market conditions at the time of issue.

Dan Maher asked what would happen in a worst case scenario should we not get an AA bond rating. Mr. Torkelson responded that it will reduce the proceeds from the issue by \$4.7 million, and generate an additional \$600,000 in interest costs annually.

Mr. Torkelson presented the schedule for the series of actions necessary to issue the bonds. He noted that the Council will need to consider moving the next Board meeting by one day, to October 21, rather than our regular schedule on October 20. We expect that the bonds will be priced on or about November 9. The sale could close on November 23.

Mr. Maher asked about the need for county FPD meetings. Mr. Torkelson responded that our bond counsel, Erin Bartholomy, would be in touch with each county to determine the best timing for meetings.

Mr. Sterman noted that copies of the existing intergovernmental agreement and the proposed amendments to the agreement were included in your mailing. The principal issue is extending the life of the Council, since the agreement now has an expiration date and allows any county to withdraw upon providing adequate notice. Once bonds are issued, the Council must stay in place and counties cannot withdraw until bonds are retired. Mr. Maher asked whether we should extend the life of the Council incrementally as new bonds are issued or whether we can do it now. Mr. Torkelson replied that our bond counsel felt that the agreement should be specific to this bond issue and then we can deal with conditions as they occur in the future. He indicated that he would ask our bond counsel about the issue.

#### **Report from the U.S. Army Corps of Engineers**

Mr. Sterman indicated that Mike Feldmann will be working with us and he brings a lot of experience from the construction side of the operation, so he should be a big asset for us. Mr. Feldmann noted that the completion of the LRR for MESD was a major milestone.

#### **Other Business**

There was no other business.

#### **Adjournment**

There being no other business, a motion by was made by Mr. Pennekamp, seconded by Mr. Parks to adjourn the meeting. Motion approved, all voting aye.

Respectfully submitted,

James Pennekamp,  
Secretary/Treasurer, Board of Directors



# Major Financing Documents

- Council Resolution Requesting approval by each County and each FPD of Bond issue
- Each County Board Ordinance:
  - (a) approving Council Bond issue
  - (b) authorizing sales tax intercept for Council Bonds
  - (c) authorizing Intergovernmental Agreement among County, FPD and Council
- Each County FPD Resolutions:
  - (a) approving Council Bond issue
  - (b) authorizing amendment to Intergovernmental Agreement creating Council to provide for financing
- Each County County/Council Intergovernmental Agreements providing for sales tax intercept
- Opinions of Counsel for each County relating to imposition of sales tax
- Opinion of Counsel for each FPD relating to creation of District and execution of IGA creating the Council
- Amended FPD Intergovernmental Agreement providing for Council Bonds, adding provisions for finance, extending termination of Council

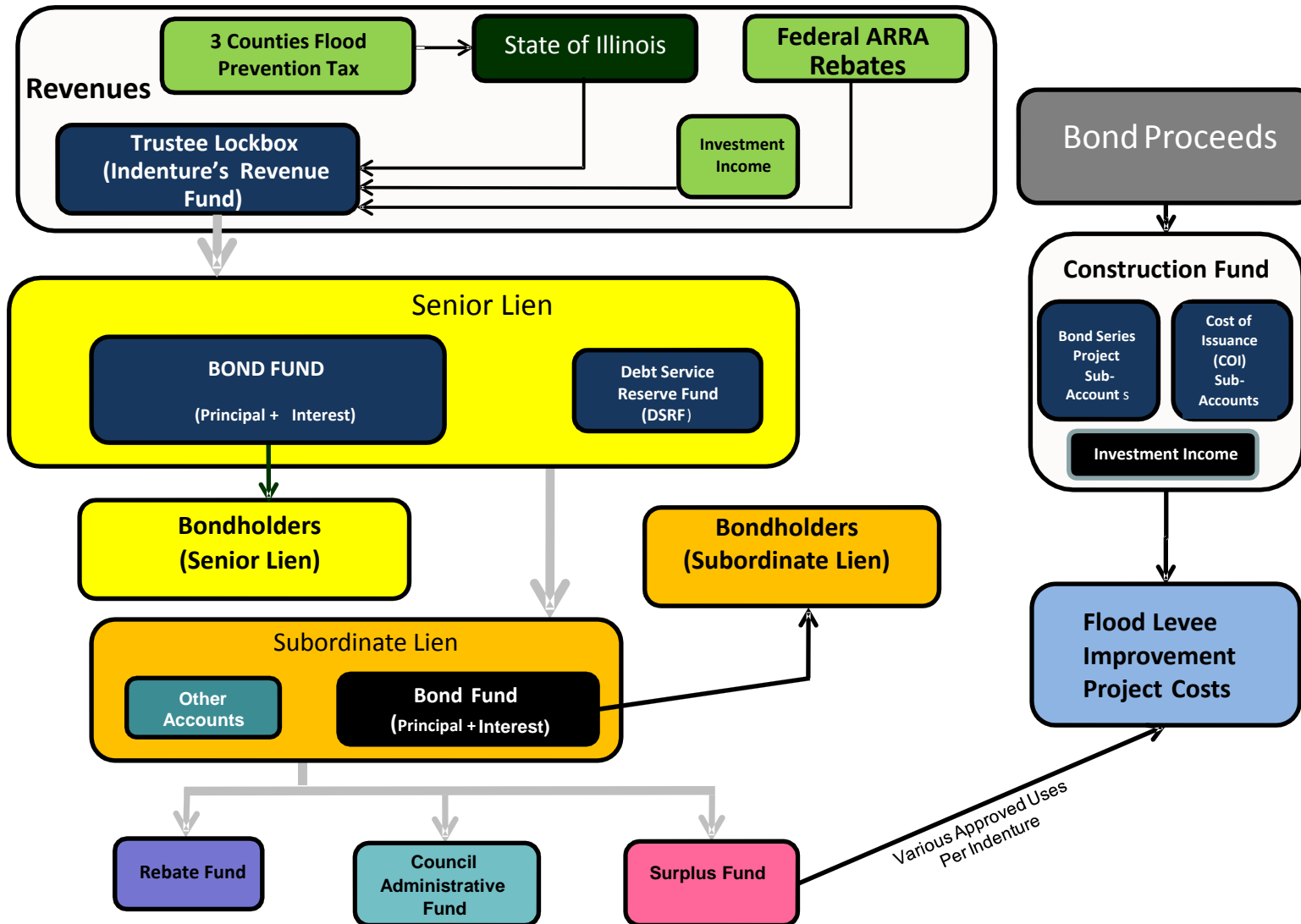




## Major Financing Documents

- Council Board Resolution authorizing and providing for issuance of Bonds
- Indenture of Trust between Council and Trustee describing details of the Bonds
- Bond Purchase Agreement among the Council, SWIDA and the Purchaser agreeing to the sale of the Bonds (signed by Designated Representative)
- Official Statement used by Council and Underwriters to sell the Bonds
- Miscellaneous closing documents and certificates to be executed by the Council's Designated Representative

# The Indenture establishes an open flow of funds with senior and subordinate liens.



# Series 2010 – Issue Summary

	Tax Year	Tax-Exempt Bonds		Build America Bonds			Recovery Zone Bonds			Total							
		Revenues	Principal	Interest	Principal	Interest	Subsidy	Principal	Interest	Subsidy	Principal	Interest	Subsidy	DSRF	Debt Service	Total Net Coverage	Gross Coverage
	2011	10,742	-	1,153	-	283	(99)	-	571	(257)	-	2,008	(356)	(58)	1,593	5.35	6.74
	2012	10,742	2,235	2,824	-	694	(243)	-	1,399	(629)	2,235	4,917	(872)	(143)	6,137	1.50	1.75
<b>Sources and Uses of Funds</b>	2013	10,742	2,300	2,757	-	694	(243)	-	1,399	(629)	2,300	4,850	(872)	(143)	6,135	1.50	1.75
	2014	10,742	2,370	2,688	-	694	(243)	-	1,399	(629)	2,370	4,781	(872)	(143)	6,136	1.50	1.75
<b>Sources</b>	2015	10,742	2,465	2,594	-	694	(243)	-	1,399	(629)	2,465	4,686	(872)	(143)	6,136	1.50	1.75
	2016	10,742	2,565	2,495	-	694	(243)	-	1,399	(629)	2,565	4,587	(872)	(143)	6,137	1.50	1.75
Recovery Zone ED Bonds	2017	10,742	2,665	2,392	-	694	(243)	-	1,399	(629)	2,665	4,485	(872)	(143)	6,135	1.50	1.75
Build America Bonds	2018	10,742	2,770	2,286	-	694	(243)	-	1,399	(629)	2,770	4,378	(872)	(143)	6,133	1.50	1.75
Tax-Exempt Bonds	2019	10,742	2,885	2,175	-	694	(243)	-	1,399	(629)	2,885	4,267	(872)	(143)	6,137	1.50	1.75
Premium	2020	10,742	3,030	2,031	-	694	(243)	-	1,399	(629)	3,030	4,123	(872)	(143)	6,138	1.50	1.75
<b>Total Sources</b>	2021	10,742	3,180	1,879	-	694	(243)	-	1,399	(629)	3,180	3,972	(872)	(143)	6,136	1.50	1.75
	2022	10,742	3,340	1,720	-	694	(243)	-	1,399	(629)	3,340	3,813	(872)	(143)	6,137	1.50	1.75
<b>Uses</b>	2023	10,742	3,505	1,553	-	694	(243)	-	1,399	(629)	3,505	3,646	(872)	(143)	6,135	1.50	1.75
	2024	10,742	3,680	1,378	-	694	(243)	-	1,399	(629)	3,680	3,470	(872)	(143)	6,135	1.50	1.75
Project Fund	2025	10,742	3,865	1,194	-	694	(243)	-	1,399	(629)	3,865	3,286	(872)	(143)	6,136	1.50	1.75
Debt Service Reserve Fund	2026	10,742	4,055	1,001	-	694	(243)	-	1,399	(629)	4,055	3,093	(872)	(143)	6,133	1.50	1.75
Financing Costs	2027	10,742	4,260	798	-	694	(243)	-	1,399	(629)	4,260	2,890	(872)	(143)	6,135	1.50	1.75
<b>Total Uses</b>	2028	10,742	4,475	585	-	694	(243)	-	1,399	(629)	4,475	2,677	(872)	(143)	6,137	1.50	1.75
	2029	10,742	4,695	361	-	694	(243)	-	1,399	(629)	4,695	2,454	(872)	(143)	6,133	1.50	1.75
<b>Bond Summary Statistics</b>	2030	10,742	2,530	127	2,400	694	(243)	-	1,399	(629)	4,930	2,219	(872)	(143)	6,134	1.50	1.75
	2031	10,742	-	-	5,165	530	(186)	-	1,399	(629)	5,165	1,929	(815)	(143)	6,136	1.51	1.75
Average Annual Debt Service	2032	10,742	-	-	2,550	175	(61)	2,850	1,399	(629)	5,400	1,574	(691)	(143)	6,140	1.54	1.75
All-In True Interest Cost	2033	10,742	-	-	-	-	-	5,620	1,203	(541)	5,620	1,203	(541)	(143)	6,139	1.57	1.75
	2034	10,742	-	-	-	-	-	5,835	817	(368)	5,835	817	(368)	(143)	6,141	1.61	1.75
	2035	10,742	-	-	-	-	-	6,055	416	(187)	6,055	416	(187)	(7,296)	(1,012)	1.66	-10.61
		268,541	60,870	33,992	10,115	14,169	(4,959)	20,360	32,380	(14,571)	91,345	80,541	(19,530)	(10,645)	141,711		

\* Debt service does not include the impact of DSRF earnings.

Preliminary: Subject to Finalization



**Revenues are expected to generate \$170 million in project funds.**

<b>Series</b>	<b>Project Monies</b>
2010	\$88,858,000
2012	\$31,565,000
2014	\$27,424,000
Excess Cashflows	\$22,568,000
<b>Total</b>	<b>\$170,415,000</b>

## Sales Tax Revenue Bonds, Series 2010 Financing Schedule

August 2010							September 2010							October 2010							November 2010						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
1	2	3	4	5	6	7				1	2	3	4						1	2		1	2	3	4	5	6
8	9	10	11	12	13	14	5	6	7	8	9	10	11	3	4	5	6	7	8	9	7	8	9	10	11	12	13
15	16	17	18	19	20	21	12	13	14	15	16	17	18	10	11	12	13	14	15	16	14	15	16	17	18	19	20
22	23	24	25	26	27	28	19	20	21	22	23	24	25	17	18	19	20	21	22	23	21	22	23	24	25	26	27
29	30	31					26	27	28	29	30			24	25	26	27	28	29	30	28	29	30				
														31													

Date	Event	Responsible Party
Week of September 13 <sup>th</sup>		
Week of September 13 <sup>th</sup>	Follow up with Rating Agencies and Finalize Indicative Rating	Les, FA and MK
September 13 <sup>th</sup>	Materials dues by COB for SWILFPDC Sept. 15 Board Meeting	
September 15 <sup>th</sup>	SWILFPDC Board Meeting	
September 15 <sup>th</sup>	Madison County Board Meeting - 5pm	
September 16 <sup>th</sup>	Working Group Conference Call - 10am CT/11 am ET	WG
September 16 <sup>th</sup>	SWIDA Meeting	
Week of September 20 <sup>th</sup>		
September 20 <sup>th</sup>	Monroe County Board Meeting - 8:00am	
September 20 <sup>th</sup>	* St. Clair County Finance Committee Meeting	
Week of September 27 <sup>th</sup>		
September 27 <sup>th</sup>	* St. Clair County Finance Committee Meeting	
September 27 <sup>th</sup>	* St. Clair County Board Meeting	
September 30 <sup>th</sup>	Working Group Conference Call - 10am CT/11 am ET	WG
Week of October 4 <sup>th</sup>		
October 4 <sup>th</sup>	* Monroe County Board Meeting - 8:00am	
October 7 <sup>th</sup>	Working Group Conference Call - 10am CT/11 am ET	WG
Week of October 11 <sup>th</sup>		
October 11 <sup>th</sup>	Columbus Day	
October 14 <sup>th</sup>	Working Group Conference Call - 10am CT/11 am ET	WG
October 14 <sup>th</sup>	* Madison County Finance Committee Meeting	
October 15 <sup>th</sup>	Filing Deadline for Oct. 21 SWIDA Meeting	
Week of October 18 <sup>th</sup>		
October 18 <sup>th</sup>	Monroe County Board Meeting - 8:00am	
October 18 <sup>th</sup>	St. Clair County Finance Committee Meeting	
October 20 <sup>th</sup>	Receive Firm Final Ratings	S&P and/or Moody's
October 20 <sup>th</sup>	* Madison County Board Meeting - 5pm	
October 21 <sup>st</sup>	SWILFPDC Board Meeting - Tentative	
October 21 <sup>st</sup>	SWIDA Meeting 6 pm	
October 21 <sup>st</sup>	Working Group conference call (Final Document/POS Sign-off)	WG
October 21 <sup>st</sup>	POS to Printer	UC
October 21 <sup>st</sup>	Electronic Distribution	UC. Printer

## Sales Tax Revenue Bonds, Series 2010 Financing Schedule

August 2010							September 2010							October 2010							November 2010						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
1	2	3	4	5	6	7				1	2	3	4						1	2		1	2	3	4	5	6
8	9	10	11	12	13	14	5	6	7	8	9	10	11	3	4	5	6	7	8	9	7	8	9	10	11	12	13
15	16	17	18	19	20	21	12	13	14	15	16	17	18	10	11	12	13	14	15	16	14	15	16	17	18	19	20
22	23	24	25	26	27	28	19	20	21	22	23	24	25	17	18	19	20	21	22	23	21	22	23	24	25	26	27
29	30	31					26	27	28	29	30			24	25	26	27	28	29	30	28	29	30				
														31													

Date	Event	Responsible Party
Week of October 25 <sup>th</sup>		
October 28 <sup>th</sup>	Working Group Conference Call - 10am CT/11 am ET	
Week of November 1 <sup>st</sup>		
November 4 <sup>th</sup>	Underwriter Marketing call with Syndicate	MK, Les, FA
November 4 <sup>th</sup>	Working Group Conference Call - 10am CT/11 am ET	WG
November 5 <sup>th</sup>	Co-manager scale thoughts to senior manager	MK, Les, FA
Week of November 8 <sup>th</sup>		
November 8 <sup>th</sup>	Pre-pricing scale distributed	MK
November 8 <sup>th</sup>	Retail/Institutional Pre-Pricing Call (tentative)	MK, Les, FA
November 9 <sup>th</sup>	Pricing - Institutional	MK
November 9 <sup>th</sup>	Sign BPA	Board, Les, FA, BC, MK
November 11 <sup>th</sup>	Veteran's Day	
November 11 <sup>th</sup>	Working Group Conference Call - 10am CT/11 am ET	WG
November 12 <sup>th</sup>	Circulate Final OS and Closing Certificates	BC, UC
Week of November 15 <sup>th</sup>		
November 16 <sup>th</sup>	Sign-off on Closing Documents	Board Chair, Les
Week of November 22 <sup>nd</sup>		
November 22 <sup>nd</sup>	Pre-Closing	WG
November 23 <sup>rd</sup>	Closing	WG



Memo to: Board of Directors  
From: Les Sterman  
Subject: Program Status Report  
Date: October 18, 2010, 2010

#### Design

The “Master Services Agreement” with AMEC Earth & Environmental for preliminary design, construction management and program administration was executed in September. Following required approvals by the county boards, three work orders were executed (program administration, subsurface investigation and relief well testing, and preliminary design services). Discussions with affected labor unions led to agreements with soil boring contractors that will maximize the participation of local labor in this initial work. Work on soil borings began on October 11.

The Corps of Engineers has hired a new program manager for the Metro-East levee system, Teresa King. Ms. King was previously working in New Orleans on the rebuilding of the levee system. We are continuing to discuss a joint staffing arrangement to assist the Council in program management oversight for the project. I have also met with other professionals to get a better idea of the capability for oversight that we will need on the project. I expect to have a recommendation at the November Board meeting.

Now that the Limited Reevaluation Report for MESD is complete, we need to work on a Project Partnership Agreement with the Corps that will enable the project to receive federal funds to correct the design deficiency.

#### Inspection

The levee certification inspection being conducted by a team led by AMEC Earth & Environmental will be complete in late October with the submittal of a draft inspection report to our special counsel. Because of continuing high water, it has not been feasible to perform video inspection of gravity drains as required by the scope of work. That portion of the inspection will be done as part of the preliminary design.

#### Financing

We received ratings of AA3 and AA (stable) from Moody’s and Standard & Poor’s respectively following our presentation in September. This is a very strong rating that will allow us to maximize the proceeds from the bond issue. The rating agencies commented favorably on the

region's economy, the importance of the project, and the strong credit structure that we proposed.

Our financial team has developed all of the documents necessary to support the issue of the Council's sales tax revenue bonds. All of the necessary approvals from the county FPDs and the county boards will be accomplished prior to the Council's upcoming Board meeting. The Council's Board of Directors will consider the Bond Resolution, Intergovernmental Agreements and all ancillary documents at the meeting on October 21. Because we are using the Southwestern Illinois Development Authority as a conduit issuer (to secure an exemption from Illinois state income taxes), the SWIDA Board will approve the documents at their meeting later on October 21. The schedule now calls for the bonds to be priced in early November and the closing of the sale in mid-November.

### Legislation

No action was taken by the Senate on HR 5114, the federal legislation that would delay the imposition of mandatory flood insurance, is still awaiting action in the Senate. The Senate simply extended that national flood insurance program temporarily without making any changes.

I am still focusing on a legislative or regulatory provision that will enable the use of our local investment in the levee system to be used as local match for federal funds that will come in future years.

### Legal

About three weeks ago FEMA issued appeal resolution letters or other responses to the municipalities and levee districts that had submitted appeals and protests of the Preliminary Digital Flood Insurance Rate Maps (DFIRMs).

Notwithstanding FEMA's offer to extend the adoption of the final DFIRMs by providing the opportunity to dispute the agency's finding through a new "scientific resolution panel," our legal counsel indicates that the 60-day window to file suit to block the issuance of the final maps began with the receipt of the appeal resolution letters.

Our legal counsel is actively proceeding, with the support of the counties and other potential plaintiffs, with plans to file suit against FEMA in accordance with the statutory deadline.

The appeal resolution letters also raise additional procedural questions, including FEMA's compliance with the federal statute sponsored by our local congressional delegation that requires the mapping process in Missouri and Illinois portions of the metropolitan region to take place on identical schedules. Because the maps in St. Charles and St. Louis counties were significantly flawed because of their dependence on obsolete data, FEMA issued a new set of preliminary DFIRMs in those counties and started the comment and appeal process from the beginning. We believe that this was a transparent attempt to circumvent the law and hasten the issuance of the Illinois DFIRMs. I sent a letter (copy attached) to FEMA that challenges their approach to the mapping process.



Our legal counsel also sent additional FOIA requests to FEMA and the Corps, since a review of their previous responses made it clear that they did not fully comply with our initial request. We also asked for immediate production of information, as required by law, that was used as a basis to deny the map appeals.

In the absence of a successful legal challenge, we expect that final flood insurance rate maps will be issued in December 2011.

Project Administration

An RFP for audit services has been sent out to prospective auditing firms. I expect to have a selection recommendation at the November meeting.



**Southwestern  
Illinois  
Flood Prevention  
District Council**

104 United Drive  
Collinsville, IL 62234

618-343-9120  
Fax 618-343-9132

September 23, 2010

**VIA Email and Facsimile**

The Hon. W. Craig Fugate  
Administrator  
Federal Emergency Management Agency  
500 C Street SW  
Washington, DC 20472  
FAX 202-646-3930

**Board of Directors**

Dan Maher  
President

John Conrad  
Vice President

Jim Pennekamp  
Secretary-Treasurer

Dave Baxmeyer  
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Bruce Brinkmann

Thomas Long  
Ron Motil

Alvin L. Parks Jr.

Norbert F. Schwartz  
Mitigation Division Director  
U.S. Department of Homeland Security  
FEMA Region V  
536 South Clark Street, 6<sup>th</sup> Floor  
Chicago, IL 60605  
FAX 312-408-5551

Dear Messrs. Fugate and Schwartz:

Les Sterman  
Chief Supervisor of  
Construction and the Works

I recently received Mr. Schwartz's letter stating that by September 30, 2010, FEMA will issue revised preliminary Flood Insurance Rate Maps (FIRMs) for St. Louis and St. Charles Counties in Missouri. Mr. Schwartz indicates further that FEMA will, at the same time, issue appeal resolution letters regarding earlier preliminary FIRMs to communities in Madison, St. Clair and Monroe Counties in Illinois.

We believe these actions violate Section 10503 of the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act of 2009, 122 Stat. 3574, Public Law 110-329 (the Act). This legislation explicitly requires FEMA to align the flood mapping processes for the contiguous Missouri and Illinois counties of the St. Louis metropolitan region. FEMA's issuance of revised preliminary maps for the Missouri counties will reopen the statutory appeals process for those Missouri communities. As we have seen, the appeals process has already taken more than a year, and with the advent of the Scientific Resolution Panel, an additional six months will be needed to fully resolve map appeals. Simultaneously ruling on the existing appeals from the Illinois counties will close the appeals process for the Illinois communities, with the exception of the SRP process. Thus, once again, FEMA will put the Illinois communities at a distinct disadvantage by having final FIRMs imposed at a much

earlier time than neighboring Missouri communities. This is exactly what the Section 10503 of the Act was intended to, and does, prohibit.

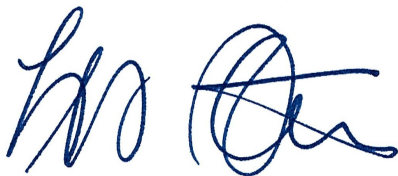
Your letter acknowledges the intent of the Act, stating that "FEMA recognizes the importance of keeping the maps aligned for Metro St. Louis communities." Yet, the proposed actions will lead to exactly the opposite result, and again FEMA proposes to treat the Illinois communities differently from adjacent Missouri communities. Mr. Schwartz's letter suggests that letters of final determination for Missouri and Illinois counties will be issued in June 2011. Meeting that schedule is highly unlikely if not impossible for the Missouri counties. If the initiation of a new appeals process in the Missouri counties occurs in November 2010, that process that could take 18 months, if past experience is any guide. LFDs for all of the counties covered by the Act should indeed be issued at the same time, but that could not occur in June 2011.

Further, we believe there is credible information supporting the contention that FEMA hastened the release of flawed maps, known to be based on obsolete data, for St. Louis and St. Charles Counties in order to more quickly release preliminary maps for Southwestern Illinois, ostensibly complying with the law. The acknowledgement now by FEMA that new preliminary maps will be issued for St. Louis and St. Charles Counties may indeed confirm our belief.

Communities in all of the counties covered by the Act submitted data disputing the preliminary maps. If new preliminary maps are needed in St. Louis and St. Charles counties, then new preliminary maps are needed for Madison, St. Clair and Monroe counties as well. There is no apparent reason for issuing new preliminary maps in St. Louis and St. Charles counties and not in Madison, St. Clair and Monroe counties, unless the maps for St. Louis and St. Charles counties were known to be deficient before FEMA released them.

The issuance of a new set of preliminary maps in St. Louis and St. Charles counties may certainly be necessary to correct serious deficiencies in those maps. However, doing so at this time without beginning a new appeal period for Madison, St. Clair and Monroe counties, is contrary to the intent and requirements of the Act.

Sincerely,



Les Serman  
Chief Supervisor of Construction and the Works

cc: Hon. Richard Durbin, United States Senate  
Hon. Jerry Costello, United States House of Representatives  
Hon. John Shimkus, United States House of Representatives

Messrs. Fugate and Schwartz

September 23, 2010

Page 3

Hon. Alan Dunstan, Madison County Board Chairman  
Hon. Mark Kern, St. Clair County Board Chairman  
Hon. Delbert Wittenauer, Monroe County Board Chairman  
Joseph D. Parente, Madison County Director of Administration  
Linda Lehr, Monroe County Coordinator  
Mr. Bob Shipley, Metro East Sanitary District  
Robert Haida, St. Clair County State's Attorney  
Kris F. Reitz, Monroe County State's Attorney  
William A. Mudge, Madison County State's Attorney  
Members, Flood Prevention District Council Board  
Robert J. Sprague, Esq., Sprague & Urban  
Harry Wilson, Husch Blackwell  
Kim Diamond, Husch Blackwell  
David Human, Husch Blackwell



Memo to: Board of Directors  
From: Les Sterman  
Subject: Budget Report through September 30, 2010  
Date: October 19, 2010

Attached is the budget report for September 2010. Total expenditures since the inception of the Council's activities have been \$11,143,099. The majority of those expenditures, \$10,997,966, or more than 98%, have been for program costs.

In 2009, an estimated \$10.3 million was collected in FPD sales taxes in the three counties, a total slightly higher than projected earlier in the year. For the first five months of 2010, sales tax collections are about 9.0% higher than the same period in 2009. Total sales tax collections remitted to the counties thus far have been \$16.8 million. A total balance of \$5.7 million in FPD sales tax receipts, less any incidental expenses incurred by the county FPDs, remains in accounts maintained by the county treasurers. Following November sales tax receipts remitted to the counties, future receipts will be intercepted and forwarded to the Trustee, who will use those funds to make principal and interest payments on bonds, to pay design and construction costs and to pay for the Council's budgeted administrative costs. Residual funds will then be returned to the counties FPD sales tax funds.

Southwestern Illinois Flood Protection District Council  
 Comparison of Budget to Actual (accrual basis)  
 September 30, 2010

	Budget Period October 2009 - September 2010			Cumulative Totals		
	Approved Budget	October 1, 2009 thru September 30, 2010	Balance Remaining	Approved Budget	Inception thru September 30, 2010	Balance Remaining
<b><u>Budget Summary</u></b>						
Resources						
Flood Prevention Tax	\$37,007,652	\$7,566,258	\$29,441,394	\$40,753,673	\$10,997,966	\$29,755,707
Proceeds from Borrowing	\$110,000,000	\$0	\$110,000,000	\$110,000,000	\$0	\$110,000,000
Interest Income	\$1,200,000	\$2,162	\$1,197,838	\$1,200,000	\$2,383	\$1,197,617
Other Contributions	\$80,000	\$75,800	\$4,200	\$215,000	\$142,750	\$72,250
<b>Total Resources</b>	<b>\$148,287,652</b>	<b>\$7,644,220</b>	<b>\$140,643,432</b>	<b>\$152,168,673</b>	<b>\$11,143,099</b>	<b>\$141,025,574</b>
Expenditures						
Program Costs	\$35,490,889	\$7,439,978	\$28,050,911	\$39,211,779	\$10,890,937	\$28,320,842
General and Administrative Costs	\$228,345	\$204,242	\$24,103	\$287,042	\$252,162	\$34,880
Contingency	\$1,368,417	\$0	\$1,368,417	\$1,469,852	\$0	\$1,469,852
<b>Total Expenditures</b>	<b>\$37,087,652</b>	<b>\$7,644,220</b>	<b>\$29,443,432</b>	<b>\$40,968,673</b>	<b>\$11,143,099</b>	<b>\$29,825,574</b>
<b>Excess/Deficit</b>	<b>\$111,200,000</b>	<b>\$0</b>	<b>\$111,200,000</b>	<b>\$111,200,000</b>	<b>\$0</b>	<b>\$111,200,000</b>

Southwestern Illinois Flood Protection District Council  
Comparison of Budget to Actual (accrual basis)  
September 30, 2010

	Budget Period October 2009 - September 2010			Cumulative Totals		
	Approved Budget	October 1, 2009 thru September 30, 2010	Balance Remaining	Approved Budget	Inception thru September 30, 2010	Balance Remaining
<b>RECEIPTS</b>						
<i>Flood Prevention Occupation Tax Proceeds</i>						
St. Clair	\$18,503,826	\$3,783,128	\$14,720,698	\$20,376,836	\$5,498,981	\$14,877,855
Madison	17,023,520	3,480,478	13,543,042	18,746,690	5,059,064	13,687,626
Monroe	1,480,306	302,652	1,177,654	1,630,147	439,921	1,190,226
Subtotal Tax Proceeds	<u>\$37,007,652</u>	<u>\$7,566,258</u>	<u>\$29,441,394</u>	<u>\$40,753,673</u>	<u>\$10,997,966</u>	<u>\$29,755,707</u>
<i>Proceeds from Borrowing</i>	\$110,000,000	\$0	\$110,000,000	\$110,000,000	\$0	\$110,000,000
<i>Interest Income</i>	1,200,000	2,162	1,197,838	1,200,000	2,383	1,197,617
<i>Other Contributions (1)</i>						
St. Clair	25,000	37,899	-12,899	75,000	71,374	3,626
Madison	25,000	34,869	-9,869	75,000	65,666	9,334
Monroe	5,000	3,032	1,968	15,000	5,710	9,290
Other Cash	12,500	0	12,500	25,000	0	25,000
Other In-kind	12,500	0	12,500	25,000	0	25,000
Subtotal Other Contributions	<u>\$80,000</u>	<u>\$75,800</u>	<u>\$4,200</u>	<u>\$215,000</u>	<u>\$142,750</u>	<u>\$72,250</u>
<b>Total Receipts</b>	<u><b>\$148,287,652</b></u>	<u><b>\$7,644,220</b></u>	<u><b>\$140,643,432</b></u>	<u><b>\$152,168,673</b></u>	<u><b>\$11,143,099</b></u>	<u><b>\$141,025,574</b></u>
<b>EXPENDITURES</b>						
<i>Program Costs</i>						
Financial Advisor	\$60,000	\$297,496	-\$237,496	\$80,000	\$297,496	-\$217,496
Legal Consulting	20,000	202,831	-182,831	35,000	209,406	-174,406
Engineering Design	75,000	494,522	-419,522	125,000	549,522	-424,522
East-West Gateway (2)	50,000	13,616	36,384	75,000	24,718	50,282
Design/Construction	20,000,000	225,000	19,775,000	20,000,000	225,000	19,775,000
<i>Federal Cost-Share and Construction</i>						
Wood River	6,935,000	6,066,846	868,154	8,245,000	9,415,461	-1,170,461
MESD (3)	0	0		0	0	0
Prairie DuPont/Fish Lake (4)	0	139,667	-139,667	550,000	169,334	380,666
<i>Reimbursement of Advance Funding</i>						
St. Clair	620,898	0	620,898	1,241,797	0	1,241,797
Madison	999,638	0	999,638	1,999,276	0	1,999,276
Monroe	130,353	0	130,353	260,706	0	260,706
Subtotal Reimbursement	1,750,889	0	1,750,889	3,501,779	0	3,501,779
Borrowing Repayments	<u>6,600,000</u>	<u>0</u>	<u>6,600,000</u>	<u>6,600,000</u>	<u>0</u>	<u>6,600,000</u>
Subtotal Program Costs	<u><b>\$35,490,889</b></u>	<u><b>\$7,439,978</b></u>	<u><b>\$28,050,911</b></u>	<u><b>\$39,211,779</b></u>	<u><b>\$10,890,937</b></u>	<u><b>\$28,320,842</b></u>

Southwestern Illinois Flood Protection District Council  
Comparison of Budget to Actual (accrual basis)  
September 30, 2010

	Budget Period October 2009 - September 2010			Cumulative Totals		
	Approved Budget	October 1, 2009 thru September 30, 2010	Balance Remaining	Approved Budget	Inception thru September 30, 2010	Balance Remaining
<b>General and Administrative Costs</b>						
Salaries, benefits	\$169,044	\$175,491	-\$6,447	\$202,523	\$207,638	-\$5,115
Advertising	630	0	630	840	0	840
Bank service charges	600	341	259	700	517	183
Conference registration	500	0	500	700	0	700
Equipment and software	1,000	1,077	-77	8,000	9,249	-1,249
Fiscal agency services ( EWG)	11,367	8,160	3,207	15,638	11,073	4,565
Furniture	1,200	0	1,200	2,400	475	1,925
Meeting expenses	600	242	358	750	298	452
Miscellaneous startup expenses (5)	250	600	-350	2,210	600	1,610
Postage/delivery	180	307	-127	215	428	-214
Printing/photocopies	400	220	180	1,000	1,434	-434
Professional services	24,000	4,725	19,275	27,000	4,725	22,275
Publications/subscriptions	200	139	61	400	139	261
Supplies	250	1,024	-774	633	1,227	-594
Telecommunications/internet	2,660	3,404	-744	3,624	4,453	-829
Travel	12,464	8,112	4,352	15,210	9,506	5,704
Other business expenses	1,000	400	600	1,200	400	800
Insurance	2,000	0	2,000	4,000	0	4,000
Subtotal G&A	<u>\$228,345</u>	<u>\$204,242</u>	<u>\$24,103</u>	<u>\$287,042</u>	<u>\$252,162</u>	<u>\$34,880</u>
Contingency (@5% of G&A, Design, Cost-Share, Construction)	<u>1,368,417</u>	<u>0</u>	<u>1,368,417</u>	<u>1,469,852</u>	<u>0</u>	<u>1,469,852</u>
Total Expenditures	<u>\$37,087,652</u>	<u>\$7,644,220</u>	<u>\$29,443,432</u>	<u>\$40,968,673</u>	<u>\$11,143,099</u>	<u>\$29,825,574</u>

Notes

- (1) To be used for DFIRM assessment/correction and community engagement process
- (2) For DFIRM assessment/correction and community engagement
- (3) Cost-share to be paid from MESD resources until exhausted;  
additional amounts to be determined
- (4) FY2010 amount to be determined
- (5) Primarily accounting system setup



Southwestern Illinois Flood Prevention District Council  
 Bank Transactions-Checking Account  
 September 2010

Beginning Bank Balance: \$ 84,245.03

Receipts:

Customer:	Date		Amount
St. Clair Co FPD	09/03/2010	Inv 33	9387.56
Madison Co. FPD	09/24/2010	Inv. 34	94006.7
The Bank of Edwardsville	09/30/2010	Interest Earned	31.82

Total Receipts 103,426.08

Disbursements:

Payee:	Date		Amount
Southwest Airline	09/10/2010	Airline Ticket	325.40
Dorgan McPike & Associates, Ltd.	09/15/2010	August 2010	3000.00
Husch Blackwell Sanders LLP	09/15/2010	Inv 1741498, 1741499	50516.89
East West Gateway Council of Govts.	09/15/2010	Inv 14	18,885.19
St. Clair Co Board of Commissioners	09/15/2010	Refund, ref SILFPD Inv 35	80.19
Monroe Co. Board of Commissioners	09/15/2020	Refund, ref SILFPD Inv 35	7.30
Madision Co Board of Commissioners	09/15/2010	Refund, ref SILFPD Inv 35	75.36
Endicia	09/27/2010	Postage	50.00
The Bank of Edwardsville	09/30/2010	Bank Service Fees	16.32

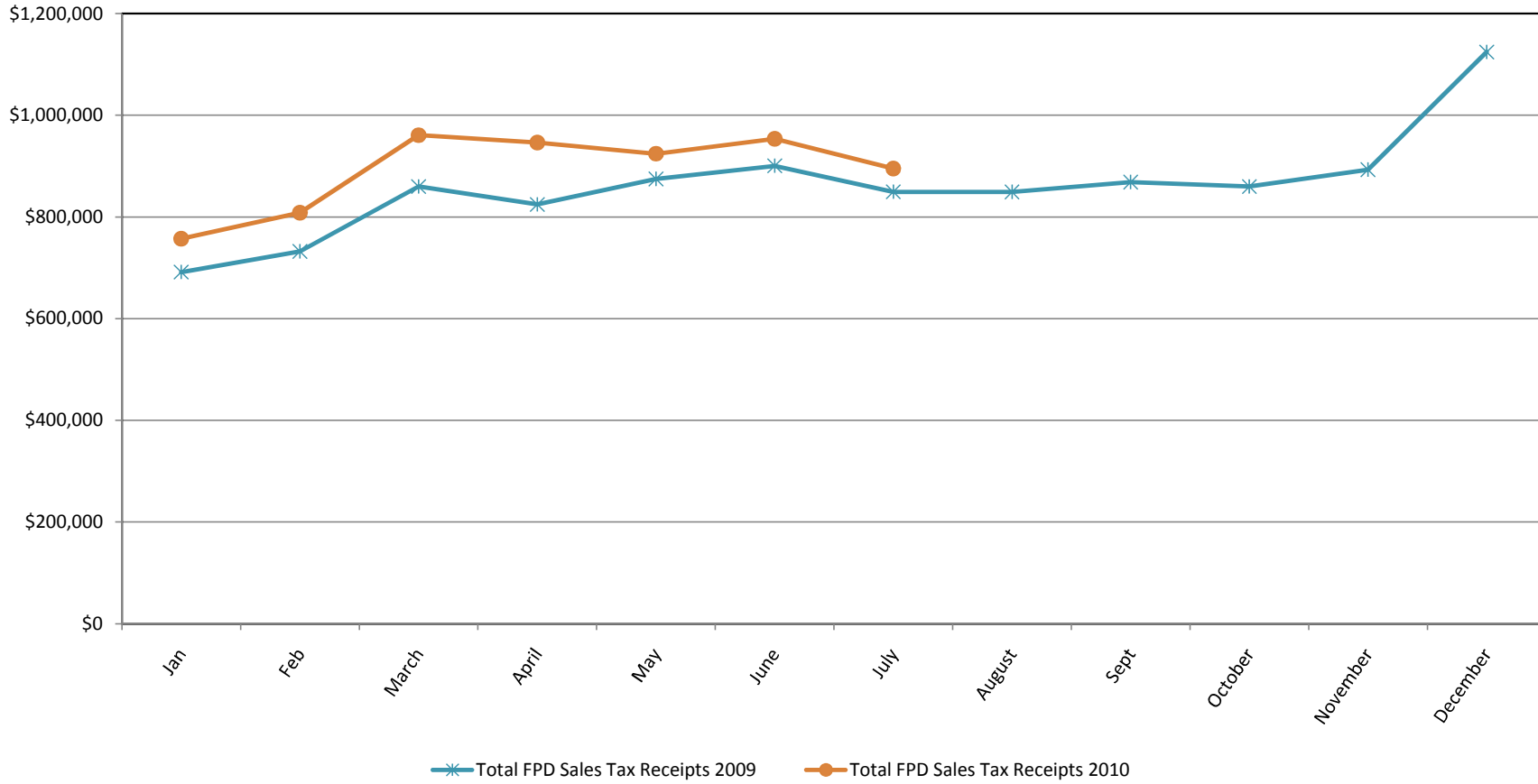
Total Disbursements 72,956.65

Ending Bank Account Balance \$ 114,714.46

## Flood Prevention District Sales Tax Trends

	Jan	Feb	March	April	May	June	July	August	Sept	October	November	December	Total	County Share
Madison	\$321,968	\$336,765	\$397,425	\$387,385	\$414,350	\$421,402	\$399,616	\$401,188	\$400,090	\$404,847	\$405,930	\$492,814	\$4,783,780	0.463
St. Clair	\$337,979	\$362,696	\$424,556	\$398,395	\$419,126	\$438,230	\$411,968	\$410,484	\$429,852	\$412,637	\$446,806	\$581,721	\$5,074,450	0.491
Monroe	\$31,641	\$32,903	\$37,830	\$38,757	\$41,326	\$40,847	\$37,817	\$37,497	\$38,652	\$42,270	\$40,332	\$49,755	\$469,627	0.045
Total Month	\$691,588	\$732,364	\$859,811	\$824,537	\$874,802	\$900,479	\$849,401	\$849,169	\$868,594	\$859,754	\$893,068	\$1,124,290	\$10,327,857	
Cumulative Total	\$691,588	\$1,423,952	\$2,283,763	\$3,108,300	\$3,983,102	\$4,883,581	\$5,732,982	\$6,582,151	\$7,450,745	\$8,310,499	\$9,203,567	\$10,327,857		
Madison	\$353,146	\$374,416	\$456,795	\$462,697	\$440,815	\$452,308	\$427,329						\$2,967,506	0.475
St. Clair	\$367,458	\$399,480	\$464,089	\$439,748	\$439,139	\$458,299	\$421,447						\$2,989,660	0.479
Monroe	\$36,770	\$34,324	\$39,884	\$43,769	\$44,358	\$43,102	\$46,499						\$288,706	0.046
Total Month	\$757,374	\$808,220	\$960,768	\$946,214	\$924,312	\$953,709	\$895,275						\$6,245,872	
Cumulative Total	\$757,374	\$1,565,594	\$2,526,362	\$3,472,576	\$4,396,888	\$5,350,597	\$6,245,872							
% change/month	9.51%	10.36%	11.74%	14.8%	5.7%	5.9%	5.4%							
% change/total	9.51%	9.95%	10.62%	11.72%	10.39%	9.56%	8.95%							

### FPD Sales Tax Trends Actual Receipts 2009-2010





Memo to: Board of Directors

From: Les Serman

Subject: Resolution to Issue up to \$100,000,000 in Flood Prevention District Sales Tax Revenue Bonds

Date: October 19, 2010

Over the past year, the Council has been making preparations to issue sales tax revenue bonds to finance improvements to the Mississippi River levee system in Madison, St. Clair and Monroe counties. We retained financial advisors in late 2009 to help structure the financing program to maximize proceeds to the project. In August, we retained underwriters to market our bonds and legal counsel to develop the underlying documents to support the financing program. This team has succeeded in optimizing our borrowing approach and putting all of the necessary elements in place for us to issue bonds in November.

Over the last several months, the Board and the counties have been briefed on our financing approach and the risks and obligations that we would incur as part of the bond issue. A variety of problematic policy and legal issues have been addressed as we worked through the complex process of developing a unified and cooperative approach involving eight units of government (three counties, three county flood prevention district, the Southwestern Illinois Development Authority, and the Council). The results of this effort have been the development of a credit structure that was a major factor in garnering favorable AA (Standard and Poor's) and Aa3 (Moody's) bond ratings, and a set of legal documents that will be approved by the three county boards and county FPDs.

The final approvals necessary before the bonds can be priced and sold are from the Council's Board and from SWIDA. The attached document, which consists of a bond resolution and a series of exhibits, is the legal representation of the decisions that have been made over the last year. The bond resolution and exhibits include the terms and conditions under which the counties are allowing sales tax receipts to be intercepted and flow to the Trustee to pay for the project; the representations and commitments made to purchasers of the Council's bonds; the agreements between the Council, SWIDA and the underwriters to purchase and market the bonds; and the obligations by the Council for continuing disclosure of audit information and reporting of material events potentially affecting repayment of bonds.

The following summarizes the contents of the Bond Resolution and Exhibits:

Bond Resolution – authorizes the issuance of bonds by the Council.

Exhibit A - Intergovernmental Agreements and Amendments. The IGAs provide for the intercept of sales tax funds, the manner in which the funds will be used by the Trustee and the flow of excess funds back to the county FPD sales tax fund. A separate IGA executed among the counties also requires that the Council continue to exist for the term of any outstanding debt.

Exhibit B - Bond Indenture. The Indenture is the contract between the Council and bondholders that specifies the terms of the bond. It describes the flow of funds, the timing when interest and principal will be paid, the flow of excess funds back to the Counties FPD sales tax fund, and other terms and conditions of the bond issue.

Exhibit C - Preliminary Official Statement. The POS is the preliminary offering prospectus on the Council's bonds, used to provide essential information about the amount of the bonds offered to prospective investors, information about the security for the bonds and information about the use of the proceeds. The POS is not an offer but a public disclosure of a forthcoming sale of bonds.

Exhibit D - Bond Purchase Agreements. The BPAs are the contracts between the Council, SWIDA and the underwriters to purchase the Council's bonds that sets the terms of the sale.

Exhibit E - Continuing Disclosure Agreement. The CDA describes the Council's obligation to provide annual audit information and to disclose material events that may affect the repayment of the bonds.

The bond resolution itself is complete and final, as are the three intergovernmental agreements. The terms and conditions included in the other documents are also final. However, financial information that is dependent on pricing and market conditions and is not yet known will be inserted prior to closing. The Resolution provides for final execution of these agreements by designated representatives of the Council, namely the President and Chief Supervisor of Construction and the Works.

Recommendation: Approve the attached resolution providing for the issue of not to exceed \$100,000,000 Flood Prevention District Council Sales Tax Revenue Bonds, Series 2010, of the Southwestern Illinois Flood Prevention District Council, Madison, St. Clair and Monroe Counties, Illinois.



Memo to: Board of Directors  
From: Les Sterman  
Subject: Resolution Authorizing the Council to Join a Lawsuit Against FEMA et. al.  
Date: October 19, 2010

The Board has previously agreed to participate in potential litigation against FEMA to prevent the deaccreditation of the levee system and the issuance of new flood insurance rate maps that depict the absence of the levee system. The attached resolution formalizes our participation in the lawsuit. The Council is not paying the legal expenses associated with the suit, although some staff time will be committed to assisting the legal counsel for the counties.

Recommendation: Approve the attached resolution to join the lawsuit against FEMA.

## RESOLUTION

*Resolution Authorizing the Southwestern Illinois Flood Prevention District Council (the Council) to Join a Lawsuit as a Plaintiff Against the Federal Emergency Management Agency, the United States Department of Homeland Security, and W. Craig Fugate in his Official Capacity as Administrator of the Federal Emergency Management Agency*

**WHEREAS**, a lawsuit is being filed against The Federal Emergency Management Agency, The United States Department of Homeland Security and W. Craig Fugate in his Official Capacity as Administrator The Federal Emergency Management Agency challenging the issuance and finalization of digital insurance rate maps in St. Clair, Madison and Monroe Counties; and,

**WHEREAS**, the issuance of final digital flood insurance rate maps adversely affects the Council, and

**WHEREAS**, the issuance of final maps will cause great economic hardship in Southwestern Illinois as documented by Council studies, and

**WHEREAS**, the Council has determined that FEMA, by its action, is not reducing risk or improving flood protection, and

**WHEREAS**, the Council has reviewed the maps and has determined that they are inaccurate and deficient, and

**WHEREAS**, the Council should join the lawsuit as a Plaintiff; and

**WHEREAS**, the Council will not be responsible for attorney fees in said litigation.

Now, therefore, be it resolved that the Southwestern Illinois Flood Prevention District Council shall enter the lawsuit described and that the Chief Supervisor of Construction and the Works is hereby authorized to take all actions necessary to have the Council made a Plaintiff in the lawsuit described above.

**APPROVED** by the Board of Directors of the Southwestern Illinois Flood Prevention District Council on the 21st day of October, 2010.

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Dan Maher  
President, Board of Directors

ATTEST:

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Jim Pennekamp  
Secretary, Board of Directors