Southwestern Illinois Flood Prevention District Council

AGENDA

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL
BOARD OF DIRECTORS MEETING

November 17, 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 October 21, 2010

3. Program Status Report and Budget Update
   Les Sterman, Chief Supervisor

4. Progress Report on Design/Construction

5. Recap of Bond Pricing Process and Results

6. Policy on Investment of Bond Proceeds

7. Policy on Reimbursement of Counties for Funds Spent on the Project

8. Selection of Auditor for 2009 and 2010 Financial Statements

9. Memorandum of Agreement with U.S. Army Corps of Engineers to Provide Staff Assistance to Project

10. Approval of Cost-Share for Federal FY2011 Appropriations for the Wood River Levee Project

11. Report from the U.S. Army Corps of Engineers

12. Other Business

13. Adjournment

Next Meeting: December 15, 2010

MINUTES

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL
BOARD OF DIRECTORS MEETING
October 21, 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, October 21, 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
Ron Motil, 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
Paul Bergkoetter, St. Clair County Flood Prevention District

Members Absent
None

Others in Attendance
Mark Kern, St. Clair County Board Chair
Delbert Wittenauer, Monroe County Board Chair
Herb Simmons, Mayor East Carondelet
Terry Liefer, Monroe County Commissioner
Les Sterman, SW Illinois FPD Council
Kathy Andria, American Bottom Conservancy
Ron Auld, Volkert Assoc.
Erin Bartholomy, Chapman & Cutler
Greg Bertoglio, U.S. Army Corps of Engineers
Joe Durako, Waste Management, Inc
Darryl Elbe, Hoelscher Engineering
Mike Feldmann, U.S. Army Corps of Engineers
Walter Greathouse, Metro-East Sanitary District
Pam Hobbs, Geotechnology
Kevin Hoecker, Scott-Balice Strategies
Gary Hoelscher, Hoelscher Engineering
Mike Huber, KdG
Charles Juneau, Juneau Associates, Inc. P.C.
Mary Kane, Stifel, Nicolaus, Inc.
Joe Kellett, U.S. Army Corp of Engineers
Teresa King. U.S. Army Corps of Engineers
Kevin Koenigstein, Treasurer, Monroe County
Linda Lehr, Monroe County

Mike Lundy, SW Illinois Development Authority
Jay Martin, AMEC
Patrick McKeehan, Leadership Council Southwestern Illinois
Dick Murray, Morgan Keegan
Jack Norman
Todd Oetting, Afton Chemical
Jon Omvig, AMEC
Bob Shipley, Metro-East Sanitary District
Bill Stallman, Tri-City Port District
Dale Stewart, SW Illinois Building Trades Council
Kevin Thompson, Morgan Keegan
Roy Torkelson, ButcherMark Financial Advisors
Dan Turner, Volkert
Chuck Unger, The Bank of Edwardsville
Rich Wilburn, Oates Assoc., Inc
Dan Wilson, KdG

Call to order
President Dan Maher called the meeting to order.

Approval of minutes of September 15, 2010
Motion was made by James Pennekamp, seconded by Tom Long, to approve the minutes of the September 15, 2010 meeting. Motion approved, all voting aye.

Program Status Report and Budget Update
Mr. Maher asked Mr. Sterman to report.

Mr. Sterman indicated that the project continues to make good progress. There is a major milestone today with the consideration of the bond resolution that is on the agenda that will allow us to begin financing the project. There is a report later on in the agenda from AMEC, who will report on the start of work on the design of the project. I anticipate that they will be at every Board meeting from now forward, since they effectively comprise the staff of the project

The "Master Services Agreement" with AMEC Earth & Environmental for preliminary design, construction management and program administration was signed 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). Work on soil borings began on October 11.

We are talking with the Corps of Engineers about how to most effectively link our projects. 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.

I have also met with other professionals to get a better idea of the capability for oversight that we will need on the project.

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.

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 legal counsel.

We received ratings of AA3 and AA (stable) from Moody's and Standard & Poor's respectively following our presentation in September. A copy of the rating reports from the two agencies are part of the handouts for the meeting. 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 have been accomplished so that the Board of Directors can consider the Bond Resolution, Intergovernmental Agreements and all ancillary documents at today's meeting. 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 today. The schedule now calls for the bonds to be priced in early November and the closing of the sale in mid-November.

No action was taken by the Senate on HR 5114, the federal legislation that would delay the imposition of mandatory flood insurance. 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. Mike Feldmann from the Corps will discuss this in more detail in his report later on the agenda.

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). All of the appeals and protests were rejected.

FEMA has offered to extend the adoption of the final DFIRMs by providing the opportunity to dispute the agency's finding through a new "scientific resolution panel." Mr. Sterman indicated that he did not believe at this time that this process would be very useful for us, but he will continue to review the issue. 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.

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.

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

Mr. Pennekamp asked whether we had any more detail at this point about the scientific resolution panel process. Mr. Sterman responded that the only thing we have is the one-pager that was provided to Congress a couple of months ago. We still have a lot of critical questions about how the process will work before we decide whether to take advantage of this offer.

Mr. Long asked what the consequences will be from the lack of passage in the Senate of HR 5114. Mr. Sterman said that FEMA had implemented some relief administratively by extended preferred risk rates for two years after a remapping, but essentially nothing had changed. Mr. Long said that a number of people seem to think that HR 5114 had become law because of all the media coverage, but in fact this did not happen.

Addressing the budget report, Mr. Sterman indicated that 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. For the first five months of 2010, sales tax collections are about 9.0% higher than the same period in 2009.

Following November sales tax receipts remitted to the counties, future receipts will the 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.

Progress Report from Design Consultants

Mr. Sterman introduced Jay Martin, the project manager for AMEC Earth & Environmental to give a report. Mr. Martin provided a report and slide presentation to the Board. He indicated that it was early in the process, but "so far so good." There have been no major surprises so far.

The team is out in the field and as many as four drill rigs are operating as we speak. A project management plan has been developed and subcontracts are now in place with a variety of subconsultants and contractors. Work on the hydraulics and hydrology analysis has started. In short, the team is trying to fill some of the gaps in previous data and analysis, particularly related to slope stability and through seepage.

Project specific labor agreements have been negotiated with labor unions relating to the drilling services. Unit costs were running a little higher than previously anticipated but that has been offset by higher production rates.

In the next month, meetings will be held with each of the levee districts to let them know how the project will be proceeding.

Mr. Wittenauer asked about the standard spacing for borings. Mr. Martin responded that there is a standard spacing, but there are places where more detailed information is necessary. Mr.

Wittenauer asked about the material for berms. Mr. Martin replied that most of the material would be dredge material, which could be somewhat variable, but we will have a specification that will need to be met. The real issue will be the dimensions and thickness of the berms.

Mr. Sterman asked if we are still on track to meet the next major milestone of completion of 30% design in late March. Mr. Martin responded affirmatively.

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

Mr. Sterman noted that this process had unfolded over the last several months and you have been fully briefed as that process at each critical step. What we have in front of us today is the legal representation of all the policy decisions that the Board has made over the last several months. Mr. Sterman noted that the entire financial team was present for the meeting today and he introduced Roy Torkelson, one of our financial advisors, who provided the Board with a briefing on the status of the documents.

Mr. Torkelson generally described the set of documents that the Board will consider today and he discussed the process that will take place over the next six weeks before we can close on the sale of the bonds. Mr. Torkelson introduced Kevin Thompson representing Morgan Keegan, the senior managing underwriter. Mr. Thompson briefly discussed that state of the market for our bonds. 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.

Mr. Wittenauer asked about the use of any earnings on the reserve and project funds. Mr. Torkelson responded that all of these funds will be used for the project. Mr. Baxmeyer asked how long the bonds typically will take to sell and what will happen if the bonds don't sell. Mr. Thompson then described the sequence of activities involved in a bond sale. The underwriter will make adjustments to maturities and interest rates in order to try to facilitate the sale and may choose to underwrite or purchase bonds for inventory if the bonds are not sold in the initial order periods.

Dan Maher thanked the team for putting together a very complex transaction.

Motion by Mr. Parks, second by Mr. Pennekamp to approve a 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.

WHEREAS, The Counties of Madison, St. Clair and Monroe, Illinois (each a "*County*" and together the "*Counties*"), are duly organized and existing units of local government created under the provisions of the laws of the State of Illinois, and are now operating under the provisions of the Counties Code of the State of Illinois, and all laws amendatory thereof and supplementary thereto; and

WHEREAS, the County Board of each County (each, a "*County Board*"), pursuant to the Flood Prevention District Act of the State of Illinois, as amended (the "*Act*"), has heretofore declared an emergency and created, respectively, the Madison County Flood Prevention District, Madison County, Illinois, the St. Clair County Flood Prevention District, St. Clair County, Illinois and the Monroe County Flood Prevention District, Monroe County, Illinois (each, a "*District*" and collectively the "*Districts*") for the purpose of providing emergency levee repair and flood prevention in order to prevent the loss of life or property; and

WHEREAS, the Districts are duly organized and existing units of local government created under the provisions of the laws of the State of Illinois, and are now operating under the provisions of the Act, and all laws amendatory thereof and supplementary thereto; and

WHEREAS, the Board of Commissioners of each District (each, a *"Board of Commissioners"*) has been duly appointed by the Chairman of each County Board; and

WHEREAS, each Board of Commissioners has determined that an emergency situation exists regarding levee repair or flood prevention within each District and each County; and

WHEREAS, each County Board has confirmed the determination of the respective Board of Commissioners that an emergency situation exists; and

WHEREAS, each County Board has imposed a flood prevention retailers' occupation tax and a flood prevention service occupation tax pursuant to the Act (the *"Flood Prevention District Sales Taxes"*); and

WHEREAS, each Board of Commissioners has determined that it is advisable, necessary and in the best interests of each County and each District to provide emergency levee repair and flood protection, within or outside of each District's corporate limits (the *"Project"*) as permitted by the Act; and

WHEREAS, the estimated cost of the Project, including engineering, legal, financial, bond discount, printing and publication costs, capitalized interest, bond reserve and other expenses, is not less than $150,000,000, and there are insufficient funds on hand and lawfully available to pay such costs; and

WHEREAS, subject to and in accordance with the provisions of the Act, each District is authorized to issue revenue bonds (the *"Bonds"*) for the purpose of providing funds to pay the cost of the Project, the Bonds being payable from revenues received from the Flood Prevention District Sales Taxes and from any other revenue sources available to each District; and

WHEREAS, pursuant to the authority granted by Article VII, Section 10(a) of the Constitution of the State of Illinois and the Illinois Intergovernmental Cooperation Act, the Districts have entered into an Intergovernmental Cooperation Agreement (the *"District/Council Intergovernmental Agreement"*) to finance, design, construct, manage and oversee the Project; and

WHEREAS, the Act provides that the Districts may join together through an intergovernmental cooperation agreement to provide any services described in the Act, to construct, reconstruct, repair or otherwise provide any facilities described in the Act either within or outside of each District's corporate limits, to issue bonds, notes or other evidences of indebtedness, to pledge the sales taxes imposed pursuant to the Act to the obligations of any other District, and to exercise any other power authorized by the Act; and

WHEREAS, pursuant to the District/Council Intergovernmental Agreement there has been created the Southwestern Illinois Flood Prevention District Council Madison, St. Clair and Monroe Counties, Illinois (the *"Council"*) to coordinate the financing, design, construction, management and oversight of the Project; and

WHEREAS, it is necessary and for the best interests of the Counties and the Districts that the Project be completed and in order to raise the funds required for such purpose it will be necessary for the Council to borrow at this time an amount not to exceed $100,000,000; and

WHEREAS, it is in the best interest of the Districts that the Council issue the Bonds on behalf of the Districts for the Project at this time in an aggregate principal amount of not to exceed $100,000,000; and

WHEREAS, before the Council may issue the Bonds it is required by the Act to submit a request to the County Board of each County and to the Board of Commissioners of each District for approval of the issuance of the Bonds; and

Whereas, the County Board of each County and the Board of Commissioners of each District have approved of the issuance of the Bonds by the Council; and

WHEREAS, in order to provide credit enhancement for the Bonds, it is in the best interest of the Council to enter into an intergovernmental agreement with each County providing for the direct deposit of the Flood Prevention District Sales Taxes with a trustee for the payment of the Bonds (the "*County/Council Intergovernmental Agreement*"); and

WHEREAS, in order to assist state and local governments in financing capital projects at lower borrowing costs and to stimulate the economy and create jobs, on the 17th day of February, 2009, the Congress of the United States enacted the American Recovery and Reinvestment Act of 2009 (the "*Stimulus Act*"), which act authorizes, *inter alia*, the issuance of "build America bonds" for the payment of capital expenditures; and

WHEREAS, if such bonds meet certain conditions as set forth in the Stimulus Act, "build America bonds" are eligible for a direct payment by the United States Treasury to the issuer of such bonds of thirty-five percent (35%) of the interest coming due thereon, thereby affording potential economic benefits to the issuer of such bonds; and

WHEREAS, a bond that qualifies as a "build America bond" under the Stimulus Act may further qualify to be designated as a "recovery zone economic development bond;" and

WHEREAS, bonds which are designated prior to their issuance by the issuer as "recovery zone economic development bonds" are eligible for a direct payment by the United States Treasury to the issuer of forty-five percent (45%) of the interest coming due thereon instead of the thirty-five percent (35%) otherwise payable; and

WHEREAS, pursuant to the Stimulus Act the proceeds of recovery zone economic development bonds must be used to pay for one or more "qualified economic development purposes" in a "recovery zone" designated by the issuer, each as defined in the Stimulus Act; and

WHEREAS, "qualified economic development purposes," as defined in the Stimulus Act, include expenditures for public infrastructure and construction of public facilities; and

WHEREAS, "recovery zone" is defined in the Stimulus Act as an area (i) designated by the issuer as having significant poverty, unemployment, rate of home foreclosures or general distress, (ii) which has been designated by the issuer as economically distressed by reason of military base closure or realignment pursuant to the Defense Base Closure and Realignment Act of 1990, or (iii) which designation as an empowerment zone or a renewal community is in effect on the date the Stimulus Act was enacted; and

WHEREAS, the Stimulus Act further requires that recovery zone economic development bonds and recovery zone facility bonds can be issued by a State or unit of local government pursuant to an allocation by the Secretary of the Treasury of the United States of America (the "*Secretary*") of a portion of a nationwide volume limitation; and

WHEREAS, the Board of Directors of the Council (the "*Board of Directors*") does hereby determine that a portion of the proceeds of the Bonds will be used to pay the costs of public infrastructure and construction of public facilities, and therefore said projects qualify as "qualified economic development purposes" under the Stimulus Act; and

WHEREAS, the Board of Directors is generally familiar with the conditions now extant in each of the Districts; and

WHEREAS, the Board of Directors does hereby determine that the Districts have experienced and are now experiencing significant poverty, unemployment, rate of home foreclosures and general distress (being, generally, the "*Recovery Zone Conditions*"), with a resulting decline of the Districts, which impairs the value of private investments and threatens the sound growth of the Districts and threatens the health, safety, morals and welfare of the public; and

WHEREAS, on the 12th day of June, 2009, the Secretary released Notice 2009-50, which sets forth the maximum amounts of recovery zone economic development bonds that may be issued by each State, county and large municipality under the Stimulus Act; and

WHEREAS, the Secretary has awarded The County of Madison, Illinois ("*Madison County*"), an allocation of $11,937,000 for recovery zone economic development bonds (being the "*Madison County Recovery Zone Economic Development Bond Allocation*"); and

WHEREAS, Madison County has heretofore allocated $8,977,000 of its Madison County Recovery Zone Economic Development Bond Allocation to the Council; and

WHEREAS, the Secretary has awarded The County of St. Clair, Illinois (*"St. Clair County"*), an allocation of $10,560,000 for recovery zone economic development bonds (being the *"St. Clair County Recovery Zone Economic Development Bond Allocation"*); and

WHEREAS, St. Clair County has heretofore allocated $10,560,000 of its St. Clair County Recovery Zone Economic Development Bond Allocation to the Council; and

WHEREAS, the Secretary has awarded The County of Monroe, Illinois (*"Monroe County"*), an allocation of $1,593,000 for recovery zone economic development bonds (being the *"Monroe County Recovery Zone Economic Development Bond Allocation"*); and

WHEREAS, Monroe County has heretofore allocated $1,593,000 of its Monroe County Recovery Zone Economic Development Bond Allocation to the Council; and

WHEREAS, the Council, being comprised of the three Districts, is wholly located in the three Counties, and as such, each County is an ultimate beneficiary of any Recovery Zone Economic Development Bond Allocation allocated to the Council; and

WHEREAS, the Board of Directors does hereby determine that in order to promote and protect the value of private investments in and the sound growth of the Council, the Districts and the Counties and the health, safety, morals and welfare of the public that such Recovery Zone Conditions must be ameliorated; and

WHEREAS, the Board of Directors does hereby determine that the use of one or more of the incentives available to the Council under the Stimulus Act may be advisable and necessary to ameliorate the Recovery Zone Conditions; and

WHEREAS, in order to avail itself of the benefits of the Stimulus Act, including, specifically, the right to receive the forty-five percent (45%) direct interest payment subsidy from the United States Treasury for recovery zone economic development bonds, the Board of Directors hereby expressly determines that it is desirable and for the best interests of the citizens of the Districts and the Counties that (i) the Council be designated as a recovery zone and (ii) to the extent and as determined possible under the Stimulus Act, the Recovery Zone Economic Development Bond Allocation be applied to a portion of the Bonds, all in accordance with and as provided in the Stimulus Act:

NOW, THEREFORE, Be It and It Is Hereby Resolved by the Board of Directors of the Southwestern Illinois Flood Prevention District Council, Madison, St. Clair and Monroe Counties, Illinois, as follows:

Section 1. Definitions. The following words and terms used in this Resolution shall have the following meanings unless the context or use clearly indicates another or different meaning is intended:

"Act" means the Flood Prevention District Act of the State of Illinois, as amended.

"Additional Bonds" means additional bonds authorized to be issued by the Council pursuant to Section 5.14 of the Indenture.

"Authorized Denomination" means $5,000 or any integral multiple thereof.

"Board of Commissioners" means the Board of Commissioners of each District.

"Board of Directors" means the Board of Directors of the Council.

"Bond" or *"Bonds"* means one or more, as applicable, of the Flood Prevention District Council Sales Tax Revenue Bonds, Series 2010.

"Bond Counsel" means, with respect to the original issuance of the Bonds, Chapman and Cutler LLP, Chicago, Illinois, and thereafter, Chapman and Cutler LLP, or any firm of attorneys whose opinions are generally acceptable to purchasers of tax-exempt obligations of political subdivisions of state and local government, selected by the Council, and acceptable to the Trustee.

"Bond Fund" means the Southwestern Illinois Flood Prevention District Council Sales Tax Revenue Bond and Interest Fund created and established by Section 5.03 of the Indenture.

"Bond Insurance Policy" means the municipal bond insurance policy issued by the Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Bonds.

"Bond Insurer" means the entity defined in the Indenture as the Bond Insurer.

"Bond Register" means the books of the Council kept by the Trustee to evidence the registration and transfer of the Bonds.

“*Bond Resolution*” means this resolution, duly adopted by the Board of Directors of the Council on October 21, 2010, authorizing the issuance, sale, and delivery of the Bonds.

“*Bond Year*” means a twelve month period commencing with April 16 of the calendar year (or the dated date of the Bonds, as applicable) and ending on the next succeeding April 15. The first Bond Year will end on April 15, 2011.

“*Build America Payments*” means payments received by the Council directly from the Secretary as more fully set forth and described in Section 7 of this Resolution.

“*Build America Bonds*” means taxable bonds as defined in Section 54AA of the Code.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Council*” means the Southwestern Illinois Flood Prevention District Council, Madison, St. Clair and Monroe Counties, Illinois.

“*Council Sales Tax Fund*” means the Southwestern Illinois Flood Prevention District Council Sales Tax Fund created and established by Section 5.02 of the Indenture.

“*Counties*” means The Counties of Madison, St. Clair and Monroe, Illinois.

“*Counties Code*” means the Counties Code of the State of Illinois, as amended.

“*County Board*” means the County Board of each County.

“*County/Council Intergovernmental Agreement*” means each Intergovernmental Cooperation Agreement among each County, each District and the Council in substantially the form attached hereto as *Exhibit A*, providing for the direct deposit of the Flood Prevention District Sales Taxes with the Trustee.

“*County Flood Prevention Occupation Tax Fund*” means the special fund known as the (name of County) County Flood Prevention Occupation Tax Fund, established by each County pursuant to Section 25(j) of the Act.

“*Debt Reform Act*” means the Local Government Debt Reform Act of the State of Illinois, as amended.

“*Designated Representative*” means the President of the Board of Directors or the Chief Supervisor of Construction.

“*District/Council Intergovernmental Agreement*” means the Intergovernmental Cooperation Agreement the Districts have entered into to finance, design, construct, manage and oversee the Project and to create the Council.

“*Districts*” means the Madison County Flood Prevention District, Madison County, Illinois, the St. Clair County Flood Prevention District, St. Clair County, Illinois and the Monroe County Flood Prevention District, Monroe County, Illinois.

“*Flood Prevention District Revenues*” means (i) the Flood Prevention District Sales Taxes, (ii) Build America Payments and Recovery Zone Payments, and (iii) any other revenues of the Districts and the Council which are permitted to be used to pay debt service on the Bonds.

“*Flood Prevention District Sales Taxes*” means the Flood Prevention District Retailers’ Occupation Tax and the Flood Prevention District Service Occupation Tax imposed by each County pursuant to Section 25 of the Act and any substitute therefor as provided by the State in the future.

“*Indenture*” means the Indenture of Trust by and between the Council and the Trustee in substantially the form attached hereto as *Exhibit B*, relating to the issuance of the Bonds.

“*Moody’s*” shall mean Moody’s Investors Service, Inc., its successors and assigns, and, if dissolved or liquidated or no longer performing the functions of a securities rating agency, shall refer to any other nationally recognized securities rating organization designated by the Council, by notice to the Trustee.

“*Official Statement*” means the Official Statement relating to the offering and sale of the Bonds to be dated the date of the Purchase Contract.

“*Outstanding Bonds*” means Bonds and Additional Bonds which are outstanding and unpaid; *provided, however,* such term shall not include Bonds or Additional Bonds (i) which have matured and for which moneys are on deposit with proper paying agents, or are otherwise properly available, sufficient to pay all principal thereof and interest thereon, or (ii) the provision for payment of which has been made by the Council by the deposit in an irrevocable trust or escrow of funds or direct, full faith and credit obligations of the United States of America, the principal of and interest on which will be sufficient to pay at maturity or as called for redemption all the principal of and interest on such Bonds or Additional Bonds, as provided in the Indenture.

"*Preliminary Official Statement*" means the Preliminary Official Statement relating to the offering and sale of the Bonds, in substantially the form attached hereto as *Exhibit C*.

"*Project*" is defined in the preambles hereto.

"*Project Fund*" means the Southwestern Illinois Flood Prevention District Council Project Fund created and established by Section 5.01 of the Indenture.

"*Purchase Contract*" means the Purchase Contract among the Underwriter, the Purchaser and the Council, relating to the sale of the Bonds, in substantially the form attached hereto as *Exhibit D*.

"*Purchaser*" means the Southwestern Illinois Development Authority.

"*Rating Agencies*" means S&P, Moody's, or any national rating agency, according to which of such rating agencies then rates the Bonds; and, *provided*, that, if at any time only one Rating Agency then rates the Bonds, "*Rating Agencies*" shall at that time mean only such Rating Agency as is then rating the Bonds.

"*Recovery Zone Payments*" means payments received by the Council directly from the Secretary of the U.S. Treasury as more fully described and set forth in Section 7 of this Resolution.

"*Recovery Zone Bonds*" means taxable bonds as defined in Section 1400U-2 of the Code.

"*Recovery Zone Conditions*" are defined in the preambles hereto.

"*Reserve Fund*" means the Southwestern Illinois Flood Prevention District Council Sales Tax Revenue Bond Debt Service Reserve Sub-Fund created and established by Section 5.05 of the Indenture.

"*Reserve Fund Credit Instrument*" shall mean a non-cancellable insurance policy, a non-cancellable surety bond or an irrevocable letter of credit which may be delivered to the Trustee in lieu of or in partial substitution for cash or securities required to be on deposit in the Reserve Fund. In the case of an insurance policy or surety bond, the company providing the policy or bond shall be an insurer which, at the time of the issuance of the policy or bond, has been assigned a credit rating which is within one of the two highest ratings accorded insurers by at least two of the Rating Agencies. In the case of a letter of credit, it shall be issued by a banking institution which has, or the parent of which has, or the holding corporation of which it is the principal bank has, at the time of the issuance of the letter of credit, a credit rating on its long-term unsecured debt within one of the two highest rating categories from at least two of the Rating Agencies. The insurance policy, surety bond or letter of credit shall grant to the Trustee the right to receive payment for the purposes for which the Reserve Fund may be used and shall be irrevocable during its term.

"*Reserve Requirement*" shall mean as of any date of calculation, the least of (i) 10% of the original principal amount of the Bonds (less any OID); (ii) the maximum annual debt service (net of Build America Payments and Recovery Zone Payments) and (iii) 125% of the average annual debt service on the Bonds (net of Build America Payments and Recovery Zone Payments).

"*S&P*" shall mean Standard & Poor's, a division of The McGraw-Hill Companies, Inc., its successors and assigns, and, if dissolved or liquidated or no longer performing the functions of a securities rating agency, shall refer to any other nationally recognized securities rating organization designated by the District, by notice to the Trustee.

"*Secretary*" means the Secretary of the Treasury of the United States of America.

"*Series 2010A Bond Fund Account*" means the account of that name established in Section 5.03 of the Indenture.

"*Series 2010B Bond Fund Account*" means the account of that name established in Section 5.03 of the Indenture.

"*Series 2010C Bond Fund Account*" means the account of that name established in Section 5.03 of the Indenture.

"*State*" means the State of Illinois.

"*Stated Maturity*" means the stated date of final maturity with respect to the Bonds.

"*Stimulus Act*" means the American Recovery and Reinvestment Act of 2009.

"Subordinate Bonds" means Bonds issued by the Council payable from Flood Prevention District Revenues on a subordinate basis with respect to the Bonds and Additional Bonds.

"Subordinate Lien Bond Fund" means the sub-fund of that name established in Section 5.06 of the Indenture.

"Supplemental Indenture" means a supplemental indenture executed and delivered in accordance with Article IX of the Indenture.

"Surplus Fund" means the sub-fund of that name established in Section 5.09 of the Indenture.

"Tax Certificate" means, collectively, the Tax Exemption Certificate and Agreement and the Tax Compliance Certificate and Agreement to be executed and delivered by the Council and the Trustee in connection with the issuance of the Bonds.

"Tax-exempt" when used with respect to the Bonds means the status of interest paid and received thereon as exempt from federal income taxation as provided in Section 103 of the Code.

"Tax-Exempt Bonds" means any of the Bonds issued pursuant to this Resolution the interest on which is tax-exempt.

"Trustee" means UMB Bank, N.A., St. Louis, Missouri, as bond registrar, paying agent and trustee, and successors and assigns.

"Underwriter" means Morgan Keegan & Company, Inc., Memphis, Tennessee, on behalf of itself and as representative of Stifel, Nicolaus & Company, Incorporated, St. Louis, Missouri, Hutchinson, Shockey, Erley & Co., Chicago, Illinois, and Loop Capital Markets, LLC, Chicago, Illinois.

Section 2. Incorporation of Preambles. It is hereby found and determined that all of the recitals contained in the preambles to this Resolution are full, true and correct and the same are hereby incorporated into this Resolution by this reference.

Section 3. Recovery Zone Designated. The Board of Directors hereby designate the Council as a recovery zone for all purposes of and as provided in the Stimulus Act.

Section 4. Authorization; Authorization of the County/Council Intergovernmental Agreements. It is hereby found and determined that the Council has been authorized by the Act to borrow an amount not to exceed $100,000,000, and as evidence of such indebtedness to issue revenue bonds, the proceeds of said bonds to be used for the purpose of paying the cost of the Project, and it is necessary and for the best interests of the Council that there be issued at this time the bonds so authorized in an amount not to exceed $100,000,000.

Each of the County/Council Intergovernmental Agreements is hereby authorized and approved and the President of the Board of Directors is hereby authorized and directed to execute and deliver the same.

Section 5. Bond Details; Authorization of the Indenture. There shall be borrowed for and on behalf of the Council an amount not to exceed $100,000,000 for the purpose aforesaid; and flood prevention district sales tax revenue bonds of the Council (the *"Bonds"*) shall be issued in said amount not to exceed $100,000,000 and shall be designated "Flood Prevention District Council Sales Tax Revenue Bonds, Series 2010." The Bonds shall be issued in one or more series and may be issued as tax-exempt bonds, taxable Build America Bonds, taxable Recovery Zone Bonds, or all or some. The Bonds may bear such additional designations as may be advisable or necessary to individually identify each separate series of Bonds. The Bonds shall be dated the date set forth in the Indenture (not earlier than November 1, 2010, and not later than December 31, 2010), and shall also bear the date of authentication thereof. The Bonds shall be in fully registered form, shall be in denominations of $5,000 each and authorized integral multiples thereof (but no single Bond shall represent principal maturing on more than one date), and shall be numbered 1 and upwards. The Bonds shall mature or be subject to mandatory redemption prior to maturity (subject to prior optional redemption as hereinafter set forth) on April 15 or October 15 of the years (not later than 25 years from the dated date of the Bonds), in the amounts (not exceeding $8,000,000 per year) and bearing interest at the rates per annum (not to exceed nine percent (9.0%) per annum for the tax-exempt bonds and thirteen and one-half percent (13.5%) per annum for the taxable bonds), as set forth in the Indenture. Principal and interest payable on the Bonds in any Bond Year shall not exceed $8,500,000. The terms and provisions of the Bonds, including provisions for execution, authentication, payment of principal and interest, transfer and exchange, redemption, defeasance, events of default and remedies, are as contained in the Indenture.

The Indenture is hereby authorized and approved and the President and Secretary of the Board of Directors are hereby authorized and directed to execute and deliver the same.

Section 6. Sale of the Bonds. The Designated Representative is hereby authorized to proceed, without any further authorization or direction from the Board of Directors, to sell and deliver the Bonds upon the terms as prescribed in this Section. The Bonds hereby authorized shall be executed as in the Indenture, and, after authentication thereof by the Trustee, shall be delivered to the Purchaser, upon receipt of the purchase price therefore set forth in the Purchase Contract, the same being not less than ninety percent (90%) of the principal amount of the Bonds, plus accrued interest to date of delivery.

Upon the sale of the Bonds, as evidenced by the execution and delivery of the Purchase Contract by the Designated Representative, the President and Secretary of the Board of Directors, and any other officers of the Council, as shall be appropriate, shall be and are hereby authorized and directed to approve or execute, or both, such documents as may be necessary, including, without limitation, the Preliminary Official Statement, the final Official Statement, the Purchase Contract, the Indenture and closing documents necessary for the issuance and sale of the Bonds. Prior to the execution and delivery of the Purchase Contract, the Designated Representative shall find and determine that no person holding any office of the Council, either by election or appointment, is in any manner financially interested directly in his or her own name or indirectly in the name of any other person, association, trust or corporation, in the Purchase Contract for the purchase of the Bonds.

Upon the sale of the Bonds, the Designated Representative shall find and determine that the Bonds have been sold at such price and bear interest at such rate that neither the true interest cost (yield) nor the net interest rate received upon the sale of the Bonds exceeds the maximum rate otherwise authorized by applicable law.

The use by the Underwriter of the Preliminary Official Statement relating to the Bonds is hereby ratified, approved and confirmed. The Board of Directors hereby authorizes the preparation and circulation of a final Official Statement in substantially the same form as the Preliminary Official Statement incorporating such changes therein as may be necessary to reflect the pricing of the Bonds. The President of the Board of Directors is hereby authorized and directed, to execute and deliver said final Official Statement.

Section 7. Security for the Bonds; Council Sales Tax Fund; Build America Payments and Recovery Zone Payments; Debt Service Reserve Fund. The Bonds are payable solely from the Flood Prevention District Revenues, and for the purpose of providing funds required to pay the principal and interest on the Bonds promptly when and as the same falls due, the Council covenants and agrees with the purchasers and the owners of the Bonds that the Bonds shall have a first and prior claim on and a security interest in all Flood Prevention District Revenues, the Council Sales Tax Fund and all amounts in such Fund. The Flood Prevention District Revenues are hereby directed to be used pursuant to this Resolution for the purpose of paying the principal of and interest on the Bonds when and as the same come due, and shall be used and disbursed as set forth in Article V of the Indenture. The pledge and grant of lien and security interest is also subject to the right of the Council to apply any amounts not required to be deposited in the Council Sales Tax Fund for its other lawful purposes.

Each County has heretofore established a County Flood Prevention Occupation Tax Fund. Pursuant to the County/Council Intergovernmental Agreement each County shall direct the Comptroller of the State of Illinois to, for the period during which any of the Bonds are Outstanding, pay the Flood Prevention District Sales Taxes directly to the Trustee rather than to the respective County, for deposit to the Council Sales Tax Fund. The funds held by the Trustee in the Council Sales Tax Fund shall be held, invested and distributed as set forth in the Indenture.

The Council covenants and agrees with the purchasers and the owners of the Bonds that so long as the Bonds remain outstanding, the Council will take no action or fail to take any action which in any way would adversely affect the ability of the Counties to collect and apply the Flood Prevention District Sales Taxes or the ability of the Council to collect the Flood Prevention District Revenues to the payment of the Bonds. The Council and its officers will comply with all present and future applicable laws in order to assure that the Flood Prevention District Revenues will be available as provided herein and deposited in the Bond Fund.

As additional security for the payment of the Build America Bonds, the Council pledges pursuant to Section 13 of the Debt Reform Act, Build America Payments to the Build America Bonds. As additional Security for the payment of the Recovery Zone Bonds, the Council pledges pursuant to Section 13 of the Debt Reform Act and the Recovery Zone Payments to the Recovery Zone Bonds. All Build America Payments and Recovery Zone Payments received by the Council shall promptly be transferred to the Trustee and deposited into the Council Sales Tax Fund and be used to pay principal of and interest on the Build America Bonds and Recovery Zone Bonds on the next interest payment date for the Bonds. All Build America Payments and Recovery Zone Payments received by the Council shall be fully spent to pay the principal and interest on the Build America Bonds and the Recovery Zone Bonds prior to use of any other Flood Prevention District Revenues.

The Council and its officers will comply with all present and future applicable laws in order to assure that the Build America Payments and the Recovery Zone Payments will be collected as provided herein and deposited into the Council Sales Tax Fund.

All or any part of the Reserve Requirement may be met by deposit with the Trustee of a Reserve Fund Credit Instrument, as provided in the Indenture. The Council by this Resolution assigns to the Trustee its rights to enforce each Reserve Fund Credit Instrument. The Trustee shall have the right to enforce each such Reserve Fund Credit Instrument at law or in equity with or without the further consent or participation of the Council. This assignment to the Trustee of the right to enforce each such Reserve Fund Credit Instrument shall not prevent the Council from enforcing any such Reserve Fund Credit Instrument on its own behalf to the extent that such enforcement by the Council will not adversely affect the rights of the holders of the Bonds and is not inconsistent with any action for enforcement brought by the Trustee.

The Trustee is authorized and directed to file a claim, give notice, or take such other appropriate actions as shall be required in order to effect payment under or make a draw upon any Reserve Fund Credit Instrument as those amounts are needed for use for paying principal of and interest on the Bonds, or for making a deposit in the Reserve Fund. The Trustee shall deposit all such amounts received by it in the Reserve Fund.

Section 8. Additional Debt. Additional Bonds and debt may be incurred payable from the Flood Protection District Revenues as set forth in the Indenture.

Section 9. Amendment. Without notice to or the consent of any owners of Outstanding Bonds, the Council shall have the right to adopt a resolution or resolutions modifying or amending any of the terms or provisions contained in this Resolution for any one or more of the following purposes:

(i) to cure any ambiguity or formal defect or omission in this Resolution in a manner not inconsistent with terms of this Resolution;

(ii) to grant to or confer upon the Bondholders any additional security, rights, remedies, powers or authority that may lawfully granted to or conferred upon the Bondholders; and

(iii) to evidence the succession of a new Trustee under the Indenture.

Except as provided in the preceding sentence, the rights and obligations of the Council and of the owners of Outstanding Bonds may not be modified or amended except by a supplemental resolution adopted by the Board of Directors with the written consent of owners of not less than a majority of the principal amount of all Outstanding Bonds (excluding any of said bonds owned by or under the control of the Council); *provided, however,* that no such modification or amendment shall extend or change the maturity of or date of redemption prior to maturity, or reduce the interest rate on, or permit the creation of a preference or priority of any Outstanding Bond or Outstanding Bonds over any other Outstanding Bond or Outstanding Bonds, or otherwise alter or impair the obligation of the Council to pay the principal of and interest on any of the Outstanding Bonds at the time, place, rate, and in the currency provided therein, or alter or impair the obligations of the Council with respect to registration, transfer, exchange or notice of redemption of Outstanding Bonds, without the express consent of the owners of all the Outstanding Bonds affected; nor shall any such modification or amendment reduce the percentage of the owners of

Outstanding Bonds required for the written consent of such modification or amendment without the consent of the owners of all of the Outstanding Bonds.

Section 10. Use of Bond Proceeds. Accrued interest received on the delivery of the Bonds and capitalized interest in the amount set forth in the Indenture (not to exceed $4,250,000) is hereby appropriated for the purpose of paying first interest due on the Bonds and is hereby ordered deposited into the Bond Fund Accounts. Principal proceeds in the amount set forth in the Indenture (not to exceed $10,000,000) shall be deposited in the Reserve Fund. Principal proceeds in the amount set forth in the Indenture (not to exceed $2,000,000) shall be deposited in the Costs of Issuance Accounts. The balance of the principal proceeds and any premium received on the delivery of the Bonds, in the amounts set forth in the Indenture, are hereby appropriated for the purpose of paying the cost of the Project and are hereby ordered deposited into the Construction Accounts of the Project Fund.

Any moneys received by the Trustee from any source for the Project shall be deposited in the Project Fund. The moneys in the Project Fund shall be held in trust by the Trustee, shall be applied to the payment of the costs of the Project except to the extent required to be transferred to a rebate fund in accordance with the Tax Certificate and, pending such application, shall be held as trust funds under this Resolution and the Indenture until paid out or transferred as provided in the Indenture. The Bonds are secured by a pledge of all of the moneys on deposit in the Project Fund, and such pledge is irrevocable until the obligations of the Council are discharged under this Resolution and the Indenture. The Trustee may, in its discretion, establish such other accounts within the Project Fund, and subaccounts within any of such accounts, as the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from the Project Fund and its accounts, or, if directed by the Council, for the purpose of complying with the requirements of the Code relating to arbitrage, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of this Resolution and the Indenture with respect to the deposit or use of money or result in commingling of funds not permitted hereunder or under the Indenture. In establishing such accounts or subaccounts, the Trustee may at any time request, receive and rely with full acquittance upon an opinion of Bond Counsel, addressed to the Trustee, that the establishment of such accounts or subaccounts will not adversely affect any exemption from federal income taxation to which interest on the Bonds would otherwise be entitled. Moneys deposited into the Project Fund shall be held in the Project Fund and disbursed as provided in the Indenture.

Section 11. Provisions a Contract. The provisions of this Resolution shall constitute a contract between the Council and the holders of the Outstanding Bonds and no changes, additions, or alterations of any kind shall be made hereto, except as herein provided, so long as there are any Outstanding Bonds.

Section 12. Tax-Exemption Covenants Re: Tax-Exempt Bonds. The Council agrees to comply with all provisions of the Code which, if not complied with by the Council, would cause the interest on the Tax-Exempt Bonds not to be Tax Exempt. In furtherance of the foregoing provisions, but without limiting their generality, the Council agrees: (a) through its officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to comply with all representations, covenants and assurances contained in certificates or agreements as may be prepared by Bond Counsel; (c) to consult with Bond Counsel and to comply with such advice as may be given; (d) to file such forms, statements and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys and other persons to assist the Council in such compliance.

The Council also certifies and further covenants with the Underwriter and registered owners of the Tax-Exempt Bonds from time to time outstanding that moneys on deposit in any fund or account in connection with the Tax-Exempt Bonds, whether or not such moneys were derived from the proceeds of the sale of the Tax-Exempt Bonds or from any other source, will not be used in a manner which will cause the Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of Code Section 148 and any lawful regulations promulgated thereunder, as the same presently exist or may from time to time hereafter be amended, supplemented or revised.

The Council further covenants that it will not take any action, or omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Tax-Exempt Bonds) if taking, permitting or omitting to take such action would cause any Tax-Exempt Bond to be a private activity bond within the meaning of the Code or would otherwise cause interest on the Tax-Exempt Bonds to be included in the gross income of the recipients thereof for federal income tax purposes. The Council acknowledges that, in the event of an examination by the Internal Revenue Service of the exemption from federal income taxation of interest on the Tax-Exempt Bonds, under present rules, the Council may be treated as a "taxpayer" in the examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination.

S*ection 13.* *Registered Form*. The Council agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

Section 14. *Elections Concerning the Build America Bonds and the Recovery Zone Bonds.* The Council hereby authorizes the Designated Representative to make an irrevocable election to apply Section 54 AA of the Code and Subsection 54 AA(g) of the Code to all or a portion of the Bonds to be set forth in the Indenture and to designate each such Bond as a "build America bond" within the meaning of Section 54 AA(d) of the Code and as a "qualified bond" within the meaning of Section 54 AA(g) of the Code. The Council recognizes that interest on the Build America Bonds shall be includable in gross income of the owners thereof for federal income tax purposes and the owners of the Build America Bonds will not be entitled to any tax credits with respect to the Build America Bonds under Section 54 AA of the Code. The Council also recognizes that it must take certain future actions and omit other future actions in order for such portion of the Build America Bonds so designated to remain "build America bonds."

The Council hereby further authorizes the Designated Representative to make an irrevocable election to apply Section 54 AA of the Code and Section 1400U-2 of the Code to a portion of the Bonds to be set forth in the Indenture and to designate each such Bond as a "recovery zone economic development bond" within the meaning of Section 1400U-2 of the Code. The Council recognizes that as a result of these elections, interest on the Recovery Zone Bonds shall be includable in gross income of the owners thereof for federal income tax purposes and the owners of the Recovery Zone Bonds will not be entitled to any tax credits with respect to the Recovery Zone Bonds under Section 54 AA or Section 1400U-2 of the Code. The Council also recognizes that it must take certain future actions and omit other future actions in order for the Recovery Zone Bonds so designated to remain "recovery zone economic development bonds."

The Council covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Bonds or the facilities financed therewith) if taking, permitting or omitting to take such action would cause any of the designated Bonds to be an arbitrage bond or a private activity bond within the meaning of the Code, would otherwise cause the designated Bonds to not be "build America bonds," or would otherwise cause such portion of the Bonds so designated to not be "recovery zone economic development bonds." The Council acknowledges that, in the event of an examination by the Internal Revenue Service of the status of the Bonds, under present rules, the Council may be treated as a "taxpayer" in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination. The Board hereby authorizes the officials of the Council responsible for issuing the Bonds, to make such further covenants and certifications regarding the specific use of the proceeds of the Bonds as approved by the Council and as may be necessary to assure that the use thereof will not cause the designated Bonds to be arbitrage bonds, that the designated Bonds will be "build America bonds" and that such portion of the designated Bonds so designated will be "recovery zone economic development bonds." In connection therewith, the Council further agrees: (a) through their officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to consult with counsel approving the Bonds and to comply with such advice as may be given; (c) to pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Bonds; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by their officers, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the Council in such compliance.

The Board of Directors hereby designate the Recovery Zone Bonds as recovery zone economic development bonds up to the amount of the recovery zone economic development bond allocation heretofore allocated by the Counties to the Council, pursuant to and in accordance with the provisions of the Stimulus Act.

Section 15. Continuing Disclosure Undertaking. The President of the Board of Directors is hereby authorized, empowered and directed to execute and deliver a Continuing Disclosure Agreement, in substantially the form attached hereto as *Exhibit E* (the *"Continuing Disclosure Undertaking"*) in connection with the issuance of the Bonds, with such provisions therein as he shall approve, his execution thereof to constitute conclusive evidence of his approval of such provisions. When the Continuing Disclosure Undertaking is executed and delivered on behalf of the Council as herein provided, the Continuing Disclosure Undertaking will be binding on the Council and the officers, employees and agents of the Council, and the officers, employees and agents of the Council are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Undertaking as executed. Notwithstanding any other provision of this Resolution, the sole remedies for failure to comply with the Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any Bond to seek mandamus or specific performance by court order, to cause the Council to comply with its obligations under the Continuing Disclosure Undertaking.

Section 16. Municipal Bond Insurance. In the event the payment of principal and interest on the Bonds is insured pursuant to a Bond Insurance Policy issued by a Bond Insurer, and as long as such Bond Insurance Policy shall be in full force and effect, the Council and the Trustee agree to comply with such usual and reasonable provisions regarding presentment and payment of the Bonds, subrogation of the rights of the Bondholders to the Bond Insurer upon payment of the Bonds by the Bond Insurer, amendment hereof, or other terms, as approved by the President of the Board of Directors on advice of counsel, his approval to constitute full and complete acceptance by the Council of such terms and provisions under authority of this Section.

Section 17. Severability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

Section 18. Repeal. All resolutions, ordinances or parts thereof in conflict herewith be and the same are hereby repealed and this Resolution shall be in full force and effect forthwith upon its adoption.

Mr. Parks requested a roll call vote on the question.

Mr. Pennekamp called the roll and the members voted as follows:

Mr. Bergkoetter – aye
Mr. Motil – aye
Mr. Parks – aye
Mr. Long – aye
Mr. Conrad – aye
Mr. Pennekamp – aye
Mr. Baxmeyer – aye
Mr. Brinkmann – aye
Mr. Maher – aye

Mr. Maher announced that the bond resolution was approved unanimously, nine ayes with none opposed.

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
Mr. Sterman discussed the nature of our complaint against FEMA. The resolution before you is the official action allowing us to join the lawsuit as a plaintiff. There will be no cost to the Council. Our purpose is not to avoid making improvements to the levee systems. Our object is to delay the issuance of the new flood insurance maps – maps that we believe are not accurate.

Mr. Sterman introduced David Human from Husch Blackwell who is present to answer questions.

Mr. Maher mentioned that we have sent similar resolutions to cities and villages and he urged them to join the suit as well.

Motion by Mr. Pennekamp, second by Mr. Motil to approve the following a 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.

Mr. Maher requested a roll call vote.

Mr. Pennekamp called the roll and the members voted as follows:

Mr. Bergkoetter – aye
Mr. Motil – aye
Mr. Parks – aye
Mr. Long – aye
Mr. Conrad – aye
Mr. Pennekamp – aye
Mr. Baxmeyer – aye
Mr. Brinkmann – aye
Mr. Maher – aye

Mr. Maher announced that the motion was approved unanimously.

Report from the U.S. Army Corps of Engineers
Mr. Sterman indicated that there was discussion at last month's Board meeting about factors of safety in levee design and Mr. Feldmann wanted to follow up on that issue and several other matters of interest. He presented several slides as part of his presentation.

Mr. Feldmann noted the presence of Teresa King on the project now and the work that she will be doing to facilitate progress on the project. She will be working to coordinate the schedules of the Council's project and the Corps' project.

Mr. Feldmann described the discussion about factors of safety at the toe of seepage berms. The District used a factor of safety of 1.6, but Corps headquarters has directed the District to use a factor of safety of 1.0 in keeping with adopted Corps engineering standards and procedures. This issue will likely be considered going forward as a result of the Corps' evolving levee safety program.

Mr. Maher asked about the budgetary consequences of this decision. Mr. Feldmann said that there could be some cost impacts, but it was hard to tell right now what the impact might be.

Mr. Kellett noted the difference between the work that AMEC was doing to meet the FEMA accreditation requirements and the Corps' responsibilities under the PL 84-99 (emergency repair) program.

Other Business
Mr. Sterman asked that the Board consider one additional item because of the urgency of the required action to authorize cost-share payments to the USACE for projects in the Prairie DuPont and Fish Lake levee districts.

Mr. Sterman reported that he had received a request yesterday from the USACE for local cost-share to match the remaining FY 2010 and FY 2011 federal appropriations to complete the Limited Reevaluation Report (to address "design deficiencies") and a Feasibility Study (to address rehabilitation and reconstruction) in the Prairie DuPont and Fish Lake levee districts. The cost-share would be provided in accordance with the existing Design Agreement between the USACE and St. Clair and Monroe counties. The total request is $546,333, which will match $1,059,000 in Federal funds.

This funding is required in order for the USACE to maintain its work schedule to produce the necessary studies to qualify the projects in Prairie DuPont and Fish Lake levee districts for federal funding. The USACE project development work in these districts lags behind the work in the Metro-East and Wood River districts, so it is appropriate to respond quickly to this funding request. However, Mr. Sterman indicated that given the short time that we have had to consider this request he would like to withhold payment until he can determine that there isn't duplication of effort with the work that the Council's consultant is doing in pre-design data collection and analysis.

Funds for this purpose are included in the Council's current FY 2011 budget.

If approved by the Board, the Council will request funding from the FPD sales tax fund in each county in the following amounts (subject to the FY2011 adjustment resulting from final 2009 sales tax receipts):

St. Clair County (50%): $273,166.50
Madison County (46%): $251,313.18
Monroe County (4%): $21,853.32

Motion by Mr. Parks, second by Mr. Conrad to authorize the Chief Supervisor to invoice the counties in an amount not to exceed $546,333, that amount to be divided among the counties in accordance with Council policy, to serve as cost-share for Federal projects in the Prairie DuPont and Fish Lake levee districts and to make payment to the USACE. The final amount provided to the USACE may be reduced should the Chief Supervisor determine that the USACE work duplicates that being done by AMEC Earth & Environmental under contract to the Council.

The motion was approved, all voting aye.

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

Progress Report
October 21, 2010
SW IL Levee System
By Jay Martin

Major Areas

- Program Management
- Field Activities
- Preliminary Design
- Schedule
- Budget
- Look ahead

Program Management

- Health and Safety
  - Project Health and Safety Plan prepared, meetings held with field personnel, no reportable incidents project to date.
- Project Management Plan completed
- Document and Data Control procedures established
- Preliminary Schedules prepared

Program Management

- Subcontracts prepared/executed
  - Volkert, Land Acquisition/Access Agreements - prepared/executed
  - URS, Drill monitoring, lab analysis, geotechnical investigation - prepared/executed
  - SCI, Drill monitoring - prepared/executed
  - Hoelscher Engineering, H&H analysis - prepared/executed
  - Geotechnology, SPT/CPT drilling - prepared/executed
  - Terradrill, SPT/CPT drilling - prepared/executed
  - Argus, Geophysical investigation - prepared/executed
  - Juneau Engineering, surveying - prepared/under review
  - Shepard, Morgan and Schwaab, surveying - prepared/under review
  - ABNA Engineering, surveying - prepared/under review

Field activities
(developing data for both evaluation and design)

- Four rigs mobilized – three in MESD and one in Wood River
- Another SPT rig next week in PdP
- CPT work to begin next week. Additional rigs in two weeks
- Cross-sections for H&H in WR
- Geophysical survey in MESD
- Utility clearance for exploration locations
- Initial focus has been on investigation of the levee to evaluate through seepage and stability – information not previously gathered by others

Preliminary Design and Evaluation Activities

- Environmental – Conducted records research
- Cultural Resources – Completed desk top study to develop constraints maps
- Natural Resources – Completed review of previous wetlands delineation and initiated investigation of permits requirements
- Internal Drainage H&H Analysis – Field mapping underway. Working on hydrology WR and PdP.
- Geotechnical – review of data collected, continue evaluation of under-seepage and through seepage.
- Topographic mapping – reviewed USACE data with topographic models and obtained LiDAR from Madison County
- Civil – established center line and initiated base mapping and sheet layout.
- Majority of the data request from Corps has been received.

Schedule

- On track
- Some delay in subcontracting, working with the Corps on data.
- Tight spots – access for geotechnical investigation on select properties and weather.

Budget

- On track
- Drillers have negotiated Project Specific Labor Agreements
- Unit/Hourly costs for drilling are above what was estimated
- Production rates for SPT better than anticipated

Look Ahead…

- Complete additional subconsultant contract negotiations
- Property access – ROE /RR Permits
- Additional survey for H&H in PdP/WR
- Laboratory testing
- Presentation to levee districts
- Existing well testing
- Surveying location of completed borings

METRO EAST LEVEES **PROGRAM**

PROGRAM STATUS UPDATE

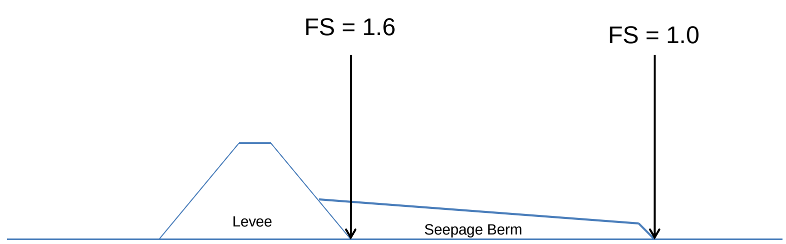
21 October 2010

Michael Feldmann, P.E.
Teresa King

1

METRO EAST LEVEES **PROGRAM**

Factor of Safety – Seepage Berms



Factor of Safety

- St. Louis District requested clarification for Seepage Berm Design Criteria as guidance documents have inconsistencies in criteria.
- Recent direction from MVD was to use a Factor of Safety of 1.0 at the Seepage Berm Toe.
- Impacts:

  Berm designs are being reevaluated using the FS=1.0 at the berm toe

2

METRO EAST LEVEES **PROGRAM**

Wood River
- LRR completion – Spring 2012
- Continue progress on Reconstruction projects

Prairie du Pont/Fish Lake
- LRR completion - Sep 2011
  - Soil samples in PdP Creek have started
  - Preliminary alternatives review - Nov 2010
  - Value Engineering study - Dec 2010
- Reconstruction Feasibility Study initiated. FCSA and amended DA in progress. Complete - 2012

MESD
- LRR was approved 31 Aug 2010
  - Resolution of review comments and Factor of Safety decision in progress
    - Soil samples in PdP Creek have started
    - HTW Phase II Assessment awarded and field work is underway
    - CPT and soil borings underway
  - Draft LRR Supplement – Mar 2011
- PPA draft is progressing and expect to execute - FY 12
  - Work in Kind challenges

3

Southwestern Illinois Flood Prevention District Council

Memo to: Board of Directors

From: Les Sterman

Subject: Program Status Report

Date: November 13, 2010

Design/Construction

The design team led by AMEC Earth & Environmental is rapidly mobilizing to complete the preliminary design for the project. Mobilization includes activities like preparing a Project Health and Safety Plan, a Project Management Plan, Document and Data Control Procedures, and Project Schedules. Subcontracts were executed with a number of firms performing data collection, surveys, drilling and design. Subsurface data is being collected through two principal methods in areas identified by AMEC to supplement information already collected over the last two years by the Corps. Additional data is being collected in areas that have been identified as potentially problematic and to optimize the design to specific soil conditions. No significant problems have been encountered at this time.

At the November Board meeting, I will ask for approval to execute a memorandum of agreement with the Corps of Engineers to provide dedicated part-time staffing to serve as a liaison with the Corps. The primary purpose of this arrangement is to expedite permits and provision of design data, and also to coordinate project schedules and activities to assure a seamless relationship between design and construction activities of the two organizations. The Metro-East Park and Recreation District has agreed to provide space for the Corps staff person. The Council will provide office furniture and a computer for this space.

I have also issued a request for proposal for professional services to provide project management oversight. As I've discussed with the Board in recent months, I will need to augment our limited capacity for project management to assure adequate oversight for design and construction activities. This will not be a large expenditure, but it will provide a capability for independent reporting on project progress and cost and scheduling issues. Consultants working on the design are excluded from providing oversight services to assure independence. Proposals are due on December 3 and I expect to have a recommendation to the Board at the December meeting.

The Limited Reevaluation Report for MESD is complete, an important milestone in establishing eligibility for future federal funding. In the near future, we will need to execute 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 is complete and a report has been submitted to our special legal counsel.

Financing

Bond pricing was completed on November 9. Despite a financial environment made more difficult by the announcement of actions by the Federal Reserve and a flood of new issues coming on the market, we successfully priced our bonds and entered into agreement with Morgan Keegan to purchase the bonds. Because of conditions brought about by the more competitive environment for selling bonds, proceeds were slightly less (about $700,000) than anticipated, but overall the sale was a success.

The par amount of bonds issued will be $94,195,000. After accounting for the deposit in the debt service reserve fund, underwriter's discount and costs of issuance, the amount available in the project fund will be $87,331,845 (see attached summary). We remain on track to produce about $167 million through future bond issues and other sources by 2014.

Legislation

Changes in the composition of the Congress could make it somewhat more challenging to achieve our primary goal to 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. We are continuing to work with the Corps and our congressional delegation to provide information necessary to make that happen.

Legal

On November 15, on behalf of a group of plaintiffs including the Council, the counties, a number of municipalities and private parties, a lawsuit was filed in federal court to prevent FEMA from issuing new flood insurance rate maps. The primary complaints against FEMA are the absence of information to justify the de-accreditation of area levee systems and FEMA's failure to follow the processes required by law to involve local communities in the consultation and decision-making process. FEMA will have 90 days to respond to the suit.

We still have outstanding FOIA requests to FEMA and the Corps, primarily related to the incomplete responses to earlier requests and to fulfill their legal obligation to provide information that was used 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

Proposals for audit services have been received from four prospective locally-based auditing firms. A selection recommendation is on the agenda for the November meeting.

Southwestern
Illinois
Flood Prevention
District Council

Memo to: Board of Directors

From: Les Sterman

Subject: Budget Report through October 31, 2010

Date: November 15, 2010

Attached is the budget report for October 2010. It includes a comparison between the new year and the year ended on September 30. Expenditures in the last month were $566,913, the majority of which was for financial services on the bond issue and the levee system inspection. Total expenditures last fiscal year were $7,884,356.

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 eight months of 2010, sales tax collections are about 8.5% higher than the same period in 2009. Total sales tax collections remitted to the counties thus far have been $17.5 million. A total balance in excess of $6 million in FPD sales tax receipts, less any incidental expenses incurred by the county FPDs, remains in accounts maintained by the county treasurers. All future sales tax receipts will the 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)
October 31, 2010

	Budget Period October 2010 - September 2011			Prior Year		
	Approved Budget	October 1, 2010 thru October 31, 2010	Balance Remaining	Approved Budget	October 1, 2009 thru September 30, 2010	Balance Remaining
Budget Summary						
Resources						
Flood Prevention Tax Proceeds	$10,510,886	$566,762	$9,944,124	$37,007,652	$7,806,394	$29,201,258
Bond Proceeds	84,268,762	-	84,268,762	110,000,000	-	$110,000,000
Interest Income	335,060	151	334,909	1,200,000	2,162	$1,197,838
Other Contributions	-	-	-	80,000	75,800	$4,200
Total Resources	$95,114,708	$566,913	$94,547,795	$148,287,652	$7,884,356	$140,403,296
Expenditures						
Design and Construction	$58,248,265	$546,333	$57,701,932	$27,010,000	$7,166,171	$19,843,829
Professional Services	286,833	3,000	283,833	130,000	513,943	(383,943)
Bond Issuance Costs	1,152,000	-	1,152,000	-	-	-
Reimbursement of Advance Funding	3,501,778	-	3,501,778	1,750,889	-	1,750,889
Debt Service	10,718,389	-	10,718,389	6,600,000	-	6,600,000
General and Administrative Costs	248,355	17,580	230,775	228,345	204,242	24,103
Contingency				1,368,418	-	1,368,418
Total Expenditures	$74,155,620	$566,913	$73,588,707	$37,087,652	$7,884,356	$29,203,296

Southwestern Illinois Flood Protection District Council
Comparison of Budget to Actual (accrual basis)
October 31, 2010

	Budget Period October 2010 - September 2011			Prior Year		
	Approved Budget	October 1, 2010 thru October 31, 2010	Balance Remaining	Approved Budget	October 1, 2009 thru September 30, 2010	Balance Remaining
Resources						
Flood Prevention Occupation Tax Proceeds						
St. Clair	$5,130,239	$278,450	$4,851,789	$18,503,826	$3,903,196	$5,008,947
Madison	4,900,790	$262,524	$4,638,266	$17,023,520	3,590,941	$4,782,850
Monroe	479,857	$25,788	$454,069	$1,480,306	312,257	$466,641
Subotal Tax Proceeds	10,510,886	$566,762	$9,944,124	$37,007,652	$7,806,394	$10,258,437
Bond Proceeds [1]	84,268,762	-	84,268,762	110,000,000	-	84,268,762
Interest Income	335,060	151	334,909	1,200,000	2,162	334,688
Other Contributions						
St. Clair		-	-	25,000	37,899	16,525
Madison		-	-	25,000	34,869	19,203
Monroe		-	-	5,000	3,032	7,322
Other				25,000		
Subtotal Other Contributions	-	-	-	80,000	75,800	43,050
Total Resources	$95,114,708	$566,913	$94,547,795	$148,287,652	$7,884,356	$94,904,937
EXPENDITURES						
Design and Construction						
Flood Prevention District Council Design and Construction Costs						
Engineering Design & Construction Management	$ 6,598,265	$ -	$ 6,598,265	$ 75,000	$ 535,684	$ (460,684)
Construction	50,000,000	-	50,000,000	20,000,000	423,974	19,576,026
Construction and design by US ACE - Federal Cost-Share						
Wood River	600,000	-	600,000	6,935,000	6,066,846	868,154
MESD [2]	450,000		450,000		-	-
Prairie DuPont/Fish Lake [3]	600,000	546,333	53,667	-	139,667	(139,667)
	58,248,265	546,333	57,701,932	27,010,000	7,166,171	19,843,829

Southwestern Illinois Flood Protection District Council
Comparison of Budget to Actual (accrual basis)
October 31, 2010

	Budget Period October 2010 - September 2011			Prior Year		
	Approved Budget	October 1, 2010 thru October 31, 2010	Balance Remaining	Approved Budget	October 1, 2009 thru September 30, 2010	Balance Remaining
Professional Services						
Legal & Legislative Consulting	126,000	3,000	123,000	20,000	202,831	(182,831)
Construction Oversight	140,833	-	140,833	-	-	-
Impact Analysis/Research (4)	20,000	-	20,000	50,000	13,616	36,384
Financial Advisor		-	-	60,000	297,496	(237,496)
	286,833	3,000	283,833	130,000	513,943	(383,943)
Bond Issuance Costs						
Underwriter's fees	536,000	-	536,000			
Underwriter's Counsel	80,000	-	80,000			
Issuer's Counsel	10,000	-	10,000			
Bond Counsel	330,000	-	330,000			
Financial Advisor	105,000	-	105,000			
Rating Agencies fees	81,000	-	81,000			
Trustee fee	5,000	-	5,000			
Printing	5,000	-	5,000			
	1,152,000	-	1,152,000			
Reimbursement of Advance Funding						
St. Clair	1,241,796	-	1,241,796	620,898	-	620,898
Madison	1,999,276	-	1,999,276	999,638	-	999,638
Monroe	260,706	-	260,706	130,353	-	130,353
	3,501,778	-	3,501,778	1,750,889	-	1,750,889
Debt Service						
Supplemental Bond Reserve Fund (5)	5,731,238	-	5,731,238			-
Principal and Interest	6,267,037	-	6,267,037	6,600,000		6,600,000
Federal Interest Subsidy	(1,279,886)	-	(1,279,886)			-
	10,718,389	-	10,718,389	6,600,000	-	6,600,000
Subtotal	$73,907,265	549,333	73,357,932	35,490,889	7,680,114	27,810,775

Southwestern Illinois Flood Protection District Council
Comparison of Budget to Actual (accrual basis)
October 31, 2010

	Budget Period October 2010 - September 2011			Prior Year		
	Approved Budget	October 1, 2010 thru October 31, 2010	Balance Remaining	Approved Budget	October 1, 2009 thru September 30, 2010	Balance Remaining
General and Administrative Costs						
Salaries, benefits	183,885	15,975	167,910	169,044	175,491	(6,447)
Advertising	2,500	-	2,500	630	-	630
Bank service charges	420	17	403	600	341	259
Conference registration	700	-	700	500	-	500
Equipment and software	3,800	-	3,800	1,000	1,077	(77)
Fiscal agency services (EWG)	16,500	477	16,023	11,367	8,160	3,207
Furniture	1,000	-	1,000	1,200	-	1,200
Meeting expenses	400	-	400	600	242	358
Miscellaneous startup expenses	-	-	-	250	600	(350)
Office rental	7,200	-	7,200			-
Postage/delivery	500	4	496	180	307	(127)
Printing/photocopies	1,350		1,350	400	220	180
Professional services	12,500		12,500	24,000	4,725	19,275
Publications/subscriptions	200	-	200	200	139	61
Supplies	1,260	265	995	250	1,024	(774)
Telecommunications/internet	3,190	181	3,009	2,660	3,404	(744)
Travel	8,200	600	7,600	12,464	8,112	4,352
Other business expenses	1,750	61	1,689	1,000	400	600
Insurance	3,000	-	3,000	2,000	-	2,000
Subtotal	$248,355	$17,580	$230,775	$228,345	$204,242	$24,103
Contingency				1,368,418.0		1,368,418
Total Expenditures	$74,155,620	$566,913	$73,588,707	$37,087,652	$7,884,356	$27,834,878

Notes
(1) Net proceeds from 2010 bond issuance
(2) Share to be paid from MESD resources until exhausted
(3) FY2011 amount to be determined
(4) Various analysis and research efforts
(5) Contractually required reserve trust funds held for the benefit of the bond issuer and bondholders

Southwestern Illinois Flood Prevention District Council
Bank Transactions
October 2010

Beginning Bank Balance: $ 114,714.46

Receipts:

Customer:	Date		Amount	
St. Clair Co FPD	10/01/2010	Inv 34	156539.45	
St. Clair Co FPD	10/01/2010	Inv 36	106237.50	
Madison Co FPD	10/06/2010	Inv 36	97,738.50	
Madison Co FPD	10/20/2010	Inv 37	54,543.14	
The Bank of Edwardsville	10/31/2010	Interest Earned	151.05	
				415,209.64

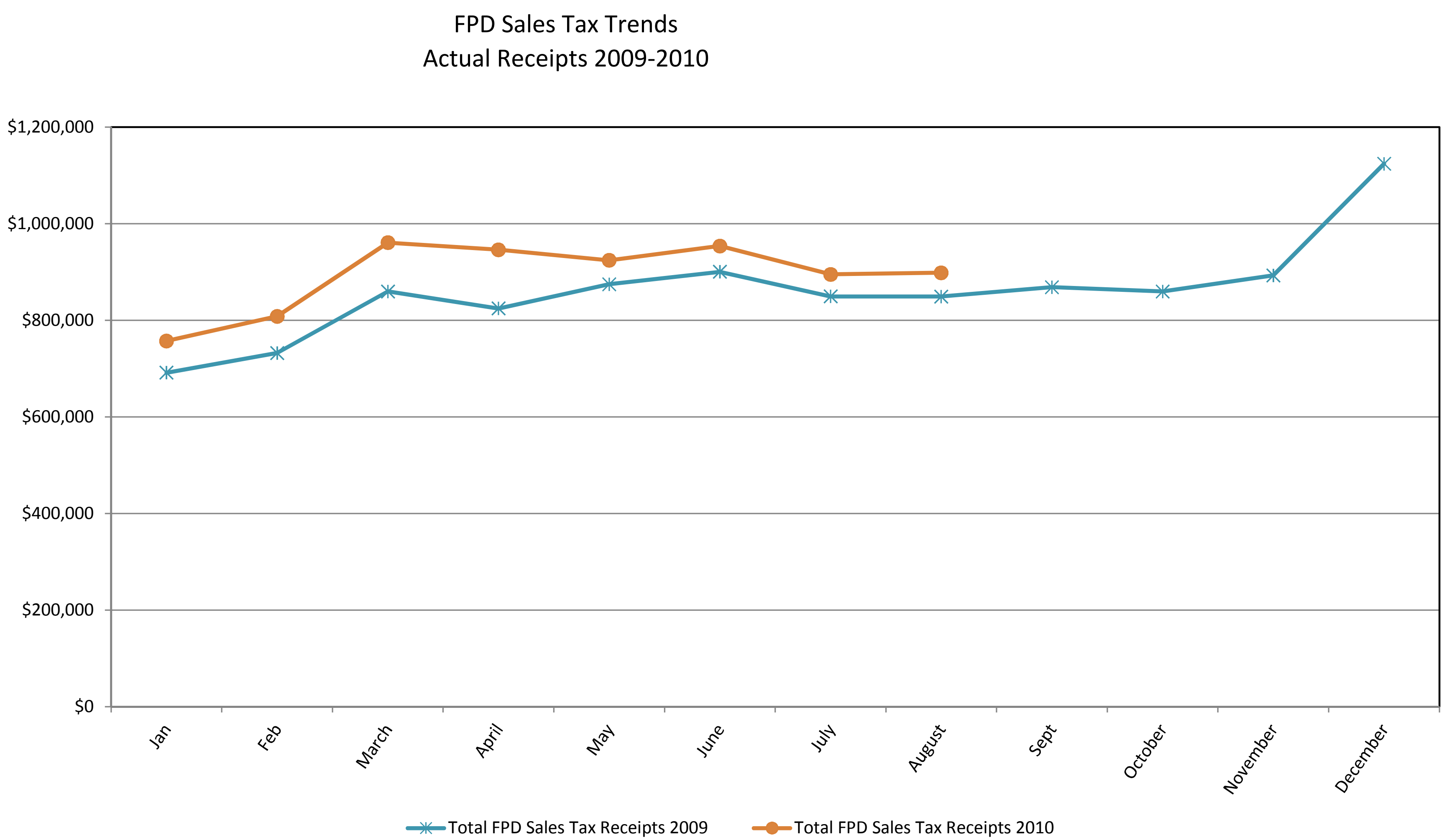
Disbursements:

Payee:	Date		Amount	
IL Secretary of State	10/04/2010	Lobbist Registration	61.00	
Sprague & Urban	10/15/2010	Inv 5441, 5475	375.00	
Dorgan, McPike & Assoc., Ltd.	10/15/2010	Sep-10	3,000.00	
Scott-Balice Strategies	10/15/2010	Inv 1840	212,475.00	
East West Gateway Council of Govts.	10/15/2010	Inv 15	18,427.42	
Husch Blackwell Sanders LLP	10/15/2010	Inv 1753118, 1753119, 1753121, N12368968AMEC	74,257.90	
Husch Blackwell Sanders LLP	10/15/2010	N12369033AMEC	138,538.93	
Walmart	10/18/2010	Office Supplies	20.67	
DYMO	10/19/2010	Office Supplies	219.15	
Walmart	10/25/2010	Office Supplies	25.21	
The Bank of Edwardsville	10/29/2010	Bank Service Fees	16.48	
				447,416.76

Ending Bank Balance $ 82,507.34

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	$433,047					$3,400,553	0.476
St. Clair	$367,458	$399,480	$464,089	$439,748	$439,139	$458,299	$421,447	$423,718					$3,413,378	0.478
Monroe	$36,770	$34,324	$39,884	$43,769	$44,358	$43,102	$46,499	$41,816					$330,522	0.046
Total Month	$757,374	$808,220	$960,768	$946,214	$924,312	$953,709	$895,275	$898,581					$7,144,453	
Cumulative Total	$757,374	$1,565,594	$2,526,362	$3,472,576	$4,396,888	$5,350,597	$6,245,872	$7,144,453						
% change/month	9.51%	10.36%	11.74%	14.8%	5.7%	5.9%	5.4%	5.8%						
% change/total	9.51%	9.95%	10.62%	11.72%	10.39%	9.56%	8.95%	8.54%						


FPD Sales Tax Trends
Actual Receipts 2009-2010
$1,200,000
$1,000,000
$800,000
$600,000
$400,000
$200,000
$0
Jan
Feb
March
April
May
June
July
August
Sept
October
November
December
Total FPD Sales Tax Receipts 2009
Total FPD Sales Tax Receipts 2010

Morgan Keegan

Southwestern Illinois Development Authority
Series 2010-A, 2010-B and 2010-C

Southwestern Illinois Flood Prevention District Council

November 2010

Kevin Thompson, CFA, Managing Director
50 N. Front Street
Memphis, TN 38103
Office: 901.579.4393
kevin.thompson@morgankeegan.com

$94,195,000 SWILFPDC Issuance Summary

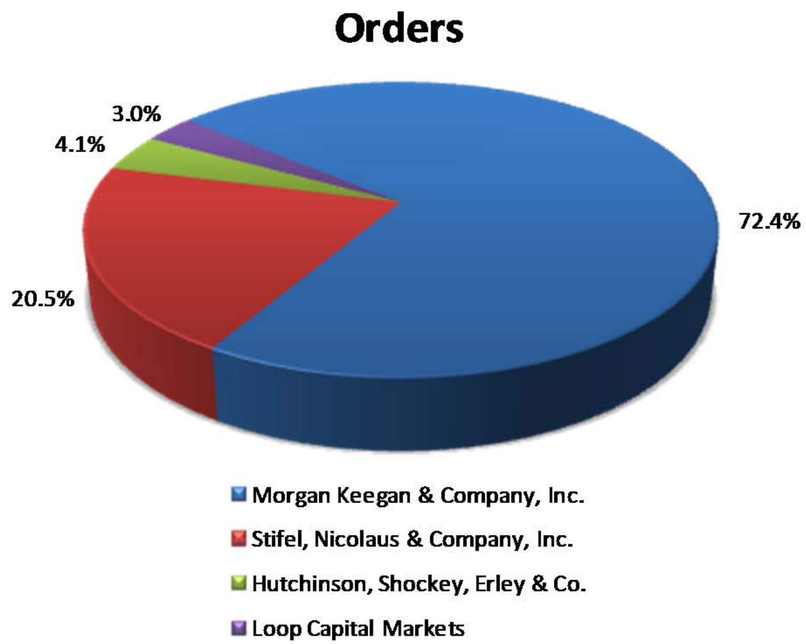
	Series 2010-A Bond Details	Series 2010-B Bond Details	Series 2010-C Bond Details
Par Amount:	$64,015,000	$9,050,000	$21,130,000
Mode:	Fixed Rate	Fixed Rate	Fixed Rate
Tax Status:	Tax-Exempt	Taxable (BABs)	Taxable (RZEDBs)
Underlying Bond Rating:	AA (S&P) Aa3 (Moody's)	AA (S&P) Aa3 (Moody's)	AA (S&P) Aa3 (Moody's)
Redemption Provisions:	4/15/2020 – Par Call Option	4/15/2020 – Par Call Option	4/15/2020 – Par Call Option
Pricing Date:	November 9, 2010	November 9, 2010	November 9, 2010
Closing Date:	November 23, 2010	November 23, 2010	November 23, 2010
Final Maturity:	April 15, 2030	April 15, 2032	October 15, 2035

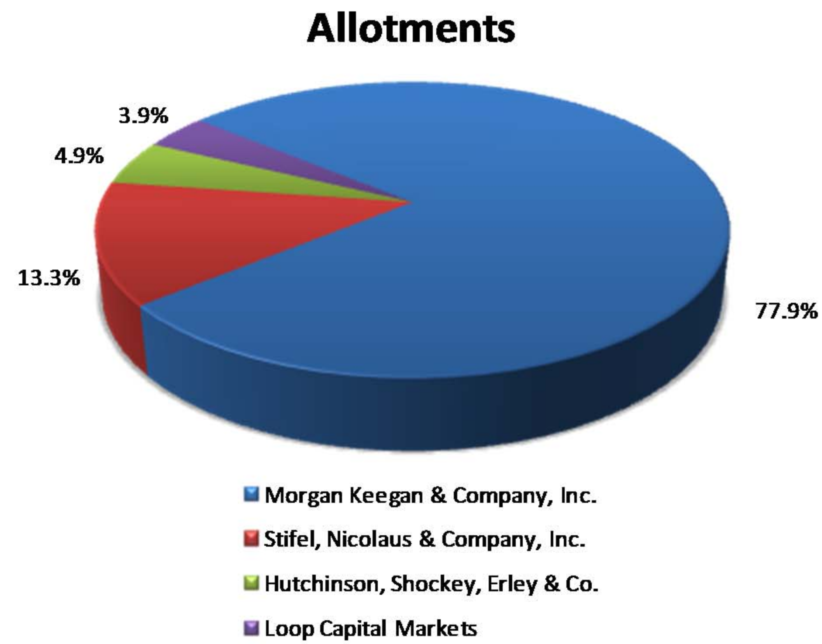
	Tax-Exempt	BABS	RZEDB	Issue Summary
Sources of Funds				
Par Amount of Bonds	$ 64,015,000.00	$ 9,050,000.00	$ 21,130,000.00	$ 94,195,000.00
Reoffering Premium/(Discount)	633,235.90	-	-	633,235.90
Total Sources	$ 64,648,235.90	$ 9,050,000.00	$ 21,130,000.00	$ 94,828,235.90
Uses of Funds				
Total Underwriter's Discount	428,900.50	60,635.00	141,571.00	631,106.50
Costs of Issuance	457,456.67	63,992.64	149,410.44	670,859.75
Deposit to Debt Service Reserve Fund (DSRF)	4,209,735.83	595,143.47	1,389,544.92	6,194,424.22
Project Fund	59,552,142.90	8,330,228.89	19,449,473.64	87,331,845.43
Total Uses	$ 64,648,235.90	$ 9,050,000.00	$ 21,130,000.00	$ 94,828,235.90
All-in TIC				4.21%

Underwriting Orders and Allotments: Tax-Exempt*

Underwriters	# of Orders	Orders	Orders %	Allotments	Allotments %
Morgan Keegan & Company, Inc.	57	35,725	72.37%	29,915	77.85%
Stifel, Nicolaus & Company, Inc.	28	10,140	20.54%	5,110	13.30%
Hutchinson, Shockey, Erley & Co.	14	2,000	4.05%	1,900	4.94%
Loop Capital Markets	1	1,500	3.04%	1,500	3.90%
Total	**100**	**49,365**	**100.00%**	**38,425**	**100.00%**

*Prior to allocation of bonds inventoried

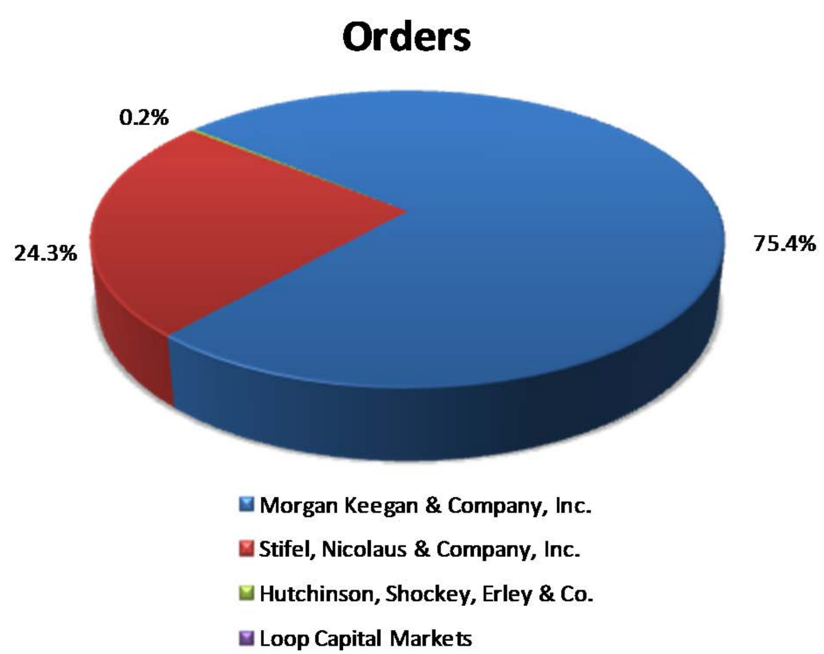


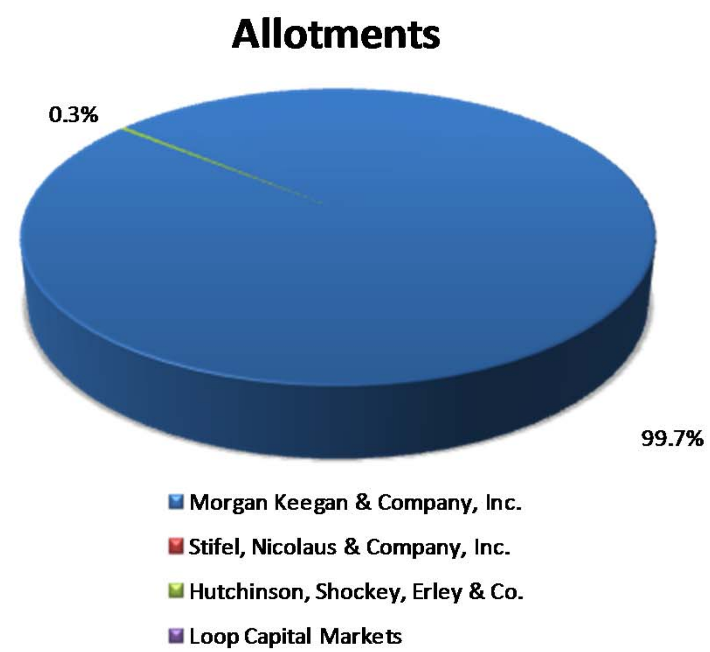


Underwriting Orders and Allotments: Taxable*

Underwriters	# of Orders	Orders	Orders %	Allotments	Allotments %
Morgan Keegan & Company, Inc.	12	31,000	75.43%	30,080	99.67%
Stifel, Nicolaus & Company, Inc.	2	10,000	24.33%	0	0.00%
Hutchinson, Shockey, Erley & Co.	1	100	0.24%	100	0.33%
Loop Capital Markets	0	0	0.00%	0	0.00%
Total	**15**	**41,100**	**100.00%**	**30,180**	**100.00%**

*Prior to allocation of bonds inventoried

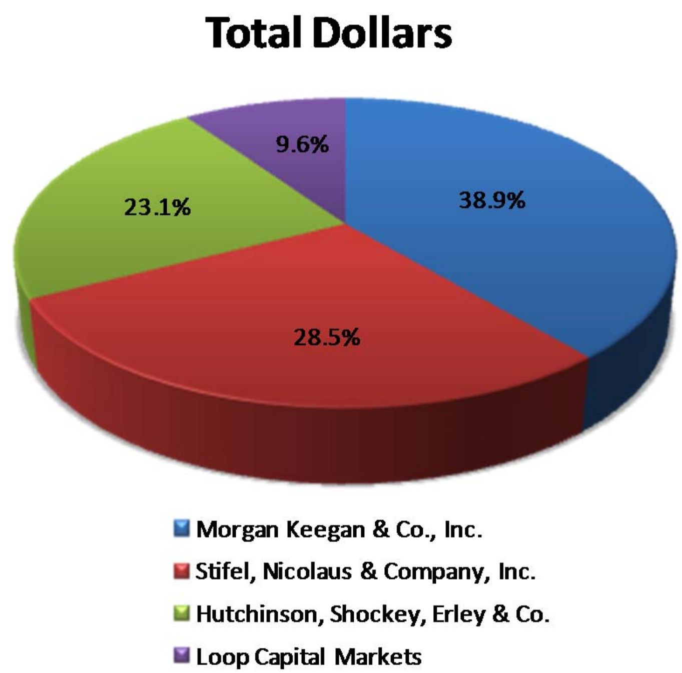




Distribution of Takedown Revenue*

Underwriter	Liability (000's)	Liability (%)	Group Business	Member Business	Total Dollars	Total %
Morgan Keegan & Co., Inc.	32,968	35.00%	$106,618.75	$47,956.25	$154,575.00	38.91%
Stifel, Nicolaus & Company, Inc.	25,904	27.50%	$83,771.88	$29,268.75	$113,040.63	28.45%
Hutchinson, Shockey, Erley & Co.	25,904	27.50%	$83,771.88	$7,937.50	$91,709.38	23.08%
Loop Capital Markets	9,420	10.00%	$30,462.50	$7,500.00	$37,962.50	9.56%
Grand Totals	**94,195**	**100.00%**	**$304,625.00**	**$92,662.50**	**$397,287.50**	**100.00%**

*Prior to allocation of bonds inventoried



Southwestern Illinois Flood Prevention District Council

Memo to: Board of Directors

From: Les Sterman

Subject: Policy on Investment of Bond Proceeds

Date: November 13, 2010

Following the closing on our bonds that will take place on November 23, the Council will have substantial balances of funds to invest. These funds will be expended over time and must be available as needed for project expenditures. I have asked our financial advisors to make a recommendation for investment of bond proceeds.

Kevin Hoecker from Scott-Balice Strategies will make a presentation to the Board on investment options. A copy of his presentation is attached.

Recommendation: Enter into investment agreements that are collateralized with treasuries and agencies for both the debt service reserve fund and the project fund. A bidding process would be used to secure the best return on the Council's investment. Two and three year duration investments will be considered for the debt service reserve fund, and 18 month duration investments with full flexibility for withdrawal for the project fund deposits.

Scott•Balice Strategies BUTCHERMARK

Investing Bond Proceeds

SWILFPD Investments

- SWIL has 2 accounts where investments can be made:
  - Project Fund of $87,331,845
  - Debt Service Reserve Fund of $6,194,424
- The project fund will be used over a 3-year time horizon which limits the return
- The reserve fund need to be in shorter term liquid investments in case of emergency use
- The investments cannot earn over the arbitrage yield of the bonds:
  - 3.9423580% for Tax-Exempt
  - 4.5698171% for Build America Bonds
  - 3.9767117% for Recovery Zone Bonds

Interest Rate Environment

- Interest rates are extremely low and the yield curve has steepness which means our investments, in the short term, will not yield anywhere near the arbitrage yield
- There are several options for investments, but due to security and flexibility we should only look at either treasuries or investment agreements with treasuries and agencies

Rates				
Years	U.S. Treasury	Invest. Agmnt.	SIFMA Swap	LIBOR Swap
1	0.22%	0.90%	0.41%	0.45%
1.5	0.32%	0.98%	0.49%	0.53%
2	0.42%	1.07%	0.56%	0.62%
3	0.63%	1.06%	0.75%	0.86%
4	0.89%	1.16%	0.98%	1.16%
5	1.21%	1.50%	1.27%	1.50%
7	1.85%	2.14%	1.79%	2.14%
10	2.62%	2.79%	2.33%	2.79%
15	3.34%	3.38%	2.88%	3.38%
20	3.82%	3.44%	3.15%	3.64%
30	4.21%	3.56%	3.42%	3.86%

Investment agreements allow funds to be drawn at any time, without cost or penalty, for program purposes. For collateralized reduce rate 25 bps. DSRF amount of at least $1m and "A" rated issuer. CF IA rates correspond to the anticipated average life, $20m. SIFMA swap rates are dealer mid market rates. Guaranteed Agency rates are indicative and subject to availability.'

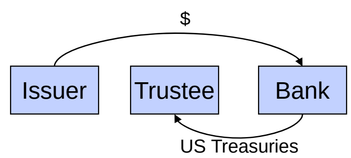
Investment Agreement - Repurchase Agreements (“Repos”)

- **Description**
  - Repos involve the sale and repurchase of securities to simulate a collateralized investment
  - Draws are fully flexible, tailored to issuer’s needs
  - Collateralized with Treasuries and/or Agencies
- **Application**
  - Issuer deposits funds with counterparty in exchange for guaranteed yields
  - Provider delivers collateral and maintains collateral value

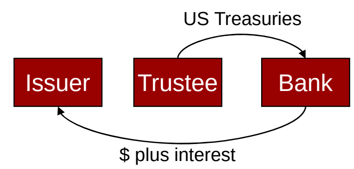
Repurchase Agreements ("Repos") Mechanics

- **Today:** Issuer invests money with the Bank. The Bank gives Issuer (or Trustee) US Treasuries.
- **At closing date**: Issuer (or Trustee) returns securities to the Bank. Issuer receives the initial investment plus guaranteed interest (interest may be paid on an interim basis as well – i.e. semi-annual, monthly, etc.)

Initial Transaction



Closing Transaction



Repurchase Agreements ("Repos")

- **Advantages**
  - High degree of customization and flexibility
  - Investment "secured" by Treasuries and/or Agencies
  - Collateral held by trustee or third party custodian
  - Can be structured with optional call features to enhance yield or increase flexibility
- **Disadvantages**
  - Yields lower than uncollateralized investments (GICs)
  - High Degree of operational housekeeping
  - Not bankruptcy proof.

Reinvesting FAQs

- How does a bidding process work?
  - A bid typically includes three or more non-interested parties (a provider senior managing the bond deal is considered an interested party). Generally so long as this standard is met, interested parties may be added.
- Who runs the bidding process and what is the fee?
  - An Issuer may organize and execute its own bid process. In most circumstances, however, Issuers retain an Investment Advisor to manage this process. The advisor/broker is paid a fee for this service. Under IRS regulations, the Issuer may be able to recover all or a portion of the fee through an increase in their permissible investment yield, subject to limitations in amount
    - ✓ Safe harbor rules allow for a fee of 20 basis points of the invested amount or $35,000
    - ✓ All fees are disclosed in confirmation and are paid by the investment provider

Recommendation

- Enter into investment agreements that are collateralized with treasuries and agencies for both the debt service reserve fund and the project fund
- Use competitive bids to select investments
- Explore 2 and 3 year duration investments for the debt service reserve funds
- Explore 18 month duration investments with full flexibility for withdrawal for the project fund deposits

Southwestern Illinois Flood Prevention District Council

Memo to: Board of Directors

From: Les Sterman

Subject: Policy on Reimbursement of Counties for Funds Spent on the Project

Date: November 13, 2010

Prior to the existence of the Council, and before sufficient balances were available in the county flood prevention district sales tax funds, each of the counties provided advance funding out of general revenue to its respective county flood prevention district. These funds were primarily used to collect subsurface data to support the preparation of project development documents by the Corps of Engineers. The funds were expended in 2008 and early 2009 as shown in Table 1 below.

Table 1
Advance Funding to the Project

County	Amount	Share
St. Clair	$1,241,796	35.5%
Madison	$1,999,276	57.1%
Monroe	$260,706	7.4%
Total	$3,501,778	

The understanding in each of the counties was that these advanced funds would be repaid out of the flood prevention district sales tax funds at such time as there were sufficient balances to do so. However, in June 2009 an intergovernmental agreement was signed the called for sharing the costs of the regional project proportionally to the amount of sales tax collected in each county -- without regard to the location of the expenditure. This cost sharing arrangement has been implemented successfully and will continue until all bonds for the Project are retired.

While each county FPD expended funds on activities permitted under the law, those activities were somewhat different in each county. In one county, legal and accounting costs were incurred. In another county, costs were incurred for some exploratory engineering studies that, while useful and appropriate to the county at the time, are not germane to the current Project.

Now that we can better understand the financing of the Project and bonds have been issued, the counties should be reimbursed for funding advanced in 2008 and 2009. While the counties can certainly reimburse themselves out of the balances in their respective county FPD sales fund at any time, they have exercised forbearance in doing so pending the development of a plan and financing strategy for the entire regional project. Since we now have more certainty about the future of the Project, the counties should be reimbursed for the monies that they generously advanced. I have outlined below three approaches to effecting that reimbursement.

1. <u>Each county reimburses itself from current FPD sales tax balance.</u> As of this date, there should be a cumulative balance in sales tax funds in the three counties in excess of $6 million. Future surpluses in sales tax receipts after meeting the requirements of the bond Trustee will be returned to the counties on a monthly basis as well. While it is not clear that each of the counties will have a sufficient balance to pay itself back at the outset, the accumulation of surpluses in the near future will make that possible. The advantages of this approach are that it is simple and probably immediate, and it avoids any concern about the lack of uniformity in how the funds were originally spent. The disadvantage is that it disrupts the proportional cost sharing on the project and it could lead to problems later on in funding the project if county sales tax fund balances are not proportional.

2. <u>The accumulated costs are paid by the Council through the proportional cost sharing arrangement.</u> In this approach, each county would invoice the Council for the costs incurred, and the Council would in turn invoice each county for its proportional share of the total. Once those funds were received from each of the county FPD accounts, the Council would send a check to each of the counties to reimburse its respective costs. The advantage of this approach is that it maintains the principle of proportional cost-sharing on the project and makes continued cost-sharing in the future more certain. The disadvantages are that the process is a little more cumbersome and reimbursement will likely take several months, and that reimbursement will be proportionally shared even though costs were not incurred proportionately or uniformly.

3. <u>The Council reimburses the counties from bond proceeds.</u> If our bond counsel concludes that the costs incurred contribute to the Project, we will be able to request funds from the Trustee to reimburse each county. The advantages are that this process is simple and quick, and it preserves the proportional cost-sharing principle. The disadvantage is that it depletes the project fund from the bond issue while leaving unspent balances in the county sales tax funds that will not be put to effective use on the Project.

Each of the approaches outlined above has its merits, but I believe that the principle of proportional cost-sharing is fundamental to the financing of the project. If we don't maintain that principle, one or more counties could have a shortfall when it comes time to do future borrowing or pay future project costs. Both alternatives (2) and (3) above maintain the cost-share principle. Alternative (2) has the additional advantage of putting the accumulated balance of sales tax funds to work and leaving all bond proceeds available to pay future project costs.

<u>Recommendation:</u> The Council should reimburse each county for actual funds expended on the Project prior to June 11, 2009 (option 3 above). The total costs reimbursed will be $3,501,778, a sum to be divided among the counties in accordance with the Council cost-share policy.

Southwestern
Illinois
Flood Prevention
District Council

Memo to: Board of Directors

From: Les Sterman

Subject: Selection of Auditor

Date: November 15, 2010

The Council has recently solicited competitive proposals from firms to perform annual financial audits. The immediate need is to perform the audits for fiscal years 2008 and 2009.

Proposals were circulated to qualified firms on October 19, 2010. As is our custom, we focused on firms that have a strong local presence. Proposals were due on November 12. In response to our request we received four proposals as listed below.

LarsonAllen LLP –
J.W. Boyle & Co.
Allison Knapp & Siekmann, Ltd.
Scheffel & Company, PC

The services to be provided by the auditor will include the following:

1. Preparation of special reports, exhibits, and schedules:
 - Accounts report.
 - Statement of Net Assets
 - Statement of Revenues, Expenses, and Changes in Net Assets
 - Schedule of Cash Flows.
 - Notes of financial statement.
2. Conferences:
 - Exit conference with East-West Gateway staff.
 - Exit conference with the council's Chief Supervisor of Construction and the Works.
3. Records to be audited:
 - General ledger, fixed assets ledger, accounts receivable, general journal, accounts payable.

The East-West Gateway Council of Governments, as the FPD Council's fiscal agent, will be responsible for preparing and making available financial and other records required to complete the audit.

We required that the following information to be provided in the proposal:

1. Eligibility - authorization by the State Board of Accountants to conduct audits.
2. Experience of the firm in relation to the required scope of audit for the Council.
3. A list of similar local governments or accounts served by your firm and by the proposed personnel.
4. Staff assignments and availability to complete the audit on a timely basis.
5. Participation of senior audit personnel assigned to the engagement.
6. Frequency of contact with fiscal personnel.
7. Availability of staff to respond to questions within the scope of the engagement and the hourly charge, if any, for services outside the scope of the audit.
8. Assurances regarding the continuous assignment of permanent personnel to the engagement.
6. A description of capability to audit during the development of a completely computerized bookkeeping system.
7. Procedures used to transmit audit adjustments and the reasons for them along with management recommendations to the responsible personnel within the District structure.
8. Description of the audit scope and general procedures.
9. A fee proposal to conduct the basic audit function for 2009 and 2010, along with your fee schedule for additional services that may be required beyond the scope of the audit engagement. The proposal should also state the circumstances that would require an increase in the audit fee.
10. Estimated number of hours to complete the audit by classification of your employees, i.e. partners, senior, junior.
11. Detail of expenses expected to be incurred as additional costs, i.e. report printing, etc.

The proposals were reviewed by me as well as the Chief Financial Officer at East-West Gateway, Royce Bauer. The evaluation factors shown in the RFP were primarily related to quality of the proposal and qualifications, i.e. responsiveness of the proposal – clear understanding of the work to be performed; ability to conduct the audit and issue reports within the required time; technical experience and qualifications of the audit staff; qualifications of the firm, including experience in conducting audits of this nature, references, and other financial services offered by the firm.

Scheffel and Company has ample experience auditing various sizes of local government entities in the area. Their proposal was comprehensive and addressed the needs of the FPD Council. This firm clearly has the capacity to provide the audit services for the FPDC now and can also provide financial consultation as needed as the FPDC matures and its needs increase. Proposed fee: $4,800-$6,500 total for 2009 and 2010; $9,800-$13,000 annually thereafter. Representative local clients: Madison County Flood Prevention District, St. Clair County Transit District, Madison County, City of Alton.

JW Boyle and Co provided a good proposal at and a reasonable fee but did not address all of the requested information so that we could thoroughly evaluate the proposal. They did not provide an estimate of the 2011 audit cost or the requested references. Proposed fee: $2,500 for 2009 and $2,500 for 2010; no estimate for subsequent years. Representative local clients: Monroe County Flood Prevention District, St. Clair County Flood Prevention District.

LarsonAllen submitted a very strong proposal and provided all of the necessary information but, in our opinion, over-estimated the time necessary to conduct the audit and produce the report. In addition, the projected fee for 2011 was the highest proposed cost. Proposed fee: $7,500 total for 2009 and 2010; $15,000-$20,000 annually thereafter. Representative local clients: Great Rivers Greenway District, Metro East Park & Recreation District, Southwestern Illinois College.

The ***Allison Knapp & Siekmann, Ltd.*** proposal was very reasonable in cost but did not reference any of the specialized needs of the Council and declined in providing an estimate of 2011 costs. Proposed fee: $2,600 total for 2009 and 2010; no estimate for subsequent years. Representative local clients: Metro East Sanitary District, Village of Dupo, Metro East Park & Recreation District.

While all of the firms are qualified and capable to perform the Council's audit work, it was our conclusion that Scheffel & Company provides the best combination of qualifications and cost. I am therefore recommending the selection of Scheffel & Company to provide audit services to the Council.

Recommendation: Authorize the Chief Supervisor to engage Scheffel & Company to perform the Council's financial audit for fiscal years 2009, 2010 and 2011 at a cost to be negotiated but not to exceed $6,500 for 2009 and 2010 and $13,000 for 2011.

Southwestern Illinois Flood Prevention District Council

Memo to: Board of Directors

From: Les Sterman

Subject: Memorandum of Understanding with U.S. Army Corps of Engineers to Provide Staff Assistance to the Project

Date: November 13, 2010

While the Council is executing short-term levee system improvements with the objective of achieving accreditation from the Federal Emergency Management Agency (protection from the 100-year flood), we fully anticipate that there will be a longer-term federal project administered by the Corps of Engineers to improve the levee systems to the levels authorized by Congress (500-year). As we execute our project, we would like to use our investment as cost-share on future federal expenditures, which means that the work done on our project must contribute to the accomplishment of the Corps project. We would also like to assure that there will be no duplication of effort so that both projects will be done as cost-effectively as possible. This will require a high level of time-sensitive coordination and cooperation.

We also know that one of the highest risks that we will encounter on our project will be from schedule delays resulting from permitting and other regulatory approvals from the Corps and other state and federal agencies.

For the reasons described above, the Corps has proposed that we enter into agreement for a shared staffing arrangement so that there will be a Corps staff member dedicated to our project, responsible for expediting permits and coordinating the design and construction plans and schedules from the two agencies. The Corps has proposed that the person assigned to the project would be Teresa King, the recently hired program manager for the Metro-East Levee System.

Ms. King would work part-time in the Council's offices and serve as a liaison between the Corps, the Council, and the Council's consultants. Specifically, she would undertake the following tasks:

1. Facilitate permitting efforts, particularly coordination with federal agencies.

2. Coordinate design and construction efforts to provide a unified solution for the 100-year and authorized projects.

3. Reduce duplication of effort during design and construction by coordinating plans and activities of the Corps Project Delivery Teams and the Council.

4. Coordinate legislative and budget efforts to maximize progress of 100-year work by the Council.

5. Integrate schedules of Corps' ongoing activities (LRR, Feasibility Study and reconstruction) and AMEC's design work.

6. Coordinate the Corps' technical resources (as needed/required) for design or construction support.

The cost to the Council for this arrangement would be $50,000 a year. The cost is included in the Council's FY2011 budget as part of the design/construction oversight line item. Office space has been made available by the Metro-East Park and Recreation District. The Council will need to provide furniture and a computer, items that have also been budgeted for this year.

The Corps has indicated that a similar arrangement with the City of St. Louis as part of their flood protection project was quite successful.

<u>Recommendation:</u> Execute a Memorandum of Understanding with the U.S. Army Corps of Engineers to provide part-time staff for a project liaison at a cost of $50,000 for one year, renewable annually by agreement of both parties.

Southwestern Illinois Flood Prevention District Council

Memo to: Board of Directors

From: Les Sterman

Subject: Authorize Cost-Share Payments to USACE for Projects in the Wood River Drainage and Levee District for Pump Station and Closure Structure Reconstruction

Date: November 15, 2010

The USACE has requested local cost-share to match federal funding from Federal FY2011 for relief well construction and reconstruction of closure structures in the Wood River Drainage and Levee District. The cost-share would be provided in accordance with the existing Project Partnership Agreement between the USACE and the WRDLD. The total request is $591,231, which will match $1,098,000 in Federal funds. A copy of the USACE request is attached.

Table 1
Funding Commitments to the Wood River Levee Project

		Federal		
Date	Local	ARRA	Approp	Total
Aug-09	$1,886,692	$1,311,692	$575,000	$3,773,384
Sep-09	$1,461,923	$831,923	$630,000	$2,923,846
Jan-10	$2,200,000	$4,085,714		$6,285,714
Apr-10	$1,615,385	$3,000,000		$4,615,385
May-10	$2,251,461	$4,183,141		$6,434,602
Nov-10	$591,231		$1,098,000	$1,689,231
Total	$10,006,692	$13,412,470	$1,205,000	$25,722,162

We and our consultants are currently determining if the Corps' proposed expenditures contribute to achieving the 100-year level of protection needed for FEMA accreditation. Our goal is to conserve our resources by spending only on those projects that are needed for certification and accreditation. Any contribution of cost-share will be conditioned accordingly.

If approved by the Board, the Council will request funding from the FPD sales tax fund in each county in the following amounts:

St. Clair County (49.13%): $290,471.79
Madison County (46.32%): $273,858.20
Monroe County (4.55%): $26,901.02

Recommendation: Authorize the Chief Supervisor to invoice the counties for a total of $591,231 -- that amount to be divided among the counties in accordance with Council policy, to serve as cost-share for Federal projects in the Wood River Drainage and Levee District and to make payment to the USACE. Remittance of these funds to the U.S. Army Corps of Engineers will be conditioned on those funds being used for projects that contribute to achieving certification of the levee system in accordance with 44 CFR 65.10.

DEPARTMENT OF THE ARMY
ST. LOUIS DISTRICT, CORPS OF ENGINEERS
1222 SPRUCE STREET
ST. LOUIS, MISSOURI 63103-2833

REPLY TO
ATTENTION OF:

AUG 18 2010

Planning, Programs, and Project Management Division
Planning and Project Development Branch

Mr. James Page
Wood River Drainage and Levee District
543 West Madison Avenue
Wood River, Illinois 62095

Dear Mr. Page:

The FY11 Federal appropriations have not been finalized; however the President's Budget amount for the Wood River Levee System Reconstruction Project is $1,098,000. Based on this amount, the corresponding FY11 non-Federal sponsor cost share match is $591,230.77. These funds will be used for deficiency correction and reconstruction work.

Note that once the FY10 Federal appropriations for the project have been finalized, the required non-Federal cost share match may be adjusted.

Per the Project Partnership Agreement, I am writing to request $591,230.77. If payment is made by check, the check should be made payable to "FAO-USAED St. Louis" and should be mailed to the U.S. Army Corps of Engineers, St. Louis District, Attention: CEMVS-PM-F (Atchley), 1222 Spruce Street, St. Louis, Missouri 63103-2833. If another method of payment will be used, please contact me in order that the transaction information can be set up. The requested funds are due in the St. Louis District by 01 October 20109. If paying by check, allow an additional two weeks processing time.

If you have any questions, please contact me at (314) 331-8044 or e-mail Tamara.L.Atchley@usace.army.mil.

Sincerely,

Tamara L. Atchley

Tamara L. Atchley, P.E., PMP
Project Manager
Wood River Levee System Reconstruction Project

Enclosure

CF: Mr. Les Sterman, Chief Supervisor of Construction and the Works
Mr. Joe Parente, Madison County Government (electronic copy)