



AGENDA

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL BOARD OF DIRECTORS MEETING

September 15, 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 August 18, 2010
3. Program Status Report and Budget Update
Les Sterman, Chief Supervisor
4. Report on Levee Issues Alliance
5. Review of Legal Documents and Credit Issues for Upcoming Bond Issues
6. Report from the U.S. Army Corps of Engineers
7. Other Business
8. Adjournment

Next Meeting: October 20, 2010

MINUTES

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL BOARD OF DIRECTORS MEETING

August 18, 2010

The regular meeting of the Board of Directors was held at the Metro-East Park and Recreation District Office at 7:30 a.m. on Wednesday, August 18, 2010.

Members in Attendance

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

Members Absent

None

Others in Attendance

Alan Dunstan, Madison County Board Chair
Mark Kern, St. Clair County Board Chair
Delbert Wittenauer, Monroe County Board Chair
Les Sterman, SW Illinois FPD Council
Joe Parente, Madison County
Linda Lehr, Monroe County
Ron Auld, Volkert Assoc.
Erin Bartholomy, Chapman & Cutler
Greg Bertoglio, U.S. Army Corps of Engineers
Craig Brauer, TWM
Tom Cooling, URS
Darryl Elbe, Hoelscher Assoc.
Sean Flynn, Gilmore & Bell
Mario Glorioso, AMEC
Walter Greathouse, Metro-East Sanitary District
Mark Harms, SCI Engineering
Terry Hillig, St. Louis Post-Dispatch
Gary Hoelscher, Hoelscher Engineering
Dan Hurst, AMEC
Bob Johnson, Johnson Consulting
Dan Johnson, Chapman & Cutler
Joe Juneau, Juneau Associates, Inc. P.C.

Mike Lundy, SW Illinois Development Authority
John Maeras, Metro-East Sanitary District
Jay Martin, AMEC
Mary McPike, Stifel, Nicolaus, Inc.
Bruce Munholand, U.S. Army Corps of Engineers
Dick Murray, Morgan Keegan
Jack Norman
Jon Omvig, AMEC
David Sawitzki, AMEC
Bob Shipley, Metro-East Sanitary District
Kevin Thompson, Morgan Keegan
Roy Torkelson, ButcherMark Financial Advisors
Chuck Unger, The Bank of Edwardsville
Rich Wilburn, Oates Assoc., Inc
Dan Wilson, KdG
Richard Worthen

Call to order

President Dan Maher called the meeting to order.

Approval of minutes of July 21, 2010

Motion was made by Jim Pennekamp, seconded by Tom Long, to approve the minutes of the July 21, 2010 meeting. Motion approved, all voting aye.

Program Status Report and Budget Update

Mr. Maher asked Mr. Sterman to report. Mr. Sterman reported that negotiations with AMEC on the design contract are nearly complete. There will be more on this subject later in the agenda.

The Corps of Engineers is completing the Limited Reevaluation Report for the MESD project, which is a major milestone to enable the eligibility of the project for federal funding. Bob Shipley and I have executed a sponsorship letter on behalf of the Council and MESD. We have also received a draft Project Partnership Agreement from the Corps that we are currently reviewing.

There is one small portion of the levee system in the Wood River area, known as the East-West Fork around the Olin plant that received a provisional accreditation (PAL) back in 2008. We first became aware of this situation a couple of months ago. The PAL required the submission of certification information by August 18, 2010, and we are obviously not yet in a position to provide that information. We have requested an extension of this deadline from FEMA.

The inspection of the levee system is being delayed by continuing high water and is scheduled for completion by the end of October.

Preparation for the project financing continues, with extensive work by the entire team of legal counsels, underwriters, financial advisors, etc. We circulated an RFP for bond trustee and got a number of good proposals. A selection will be made later in the agenda.

As you requested last month, I sent a letter to Congressman Costello thanking him for his work in securing passage of HR 5114 to delay the imposition of mandatory flood insurance. I also sent a letter to Senator Durbin asking for his support in getting the bill passed in the Senate. Work continues with both offices in seeking legislative changes that will be very important to the project. One of those changes will allow us to count our expenditures in improving the levee system as in-kind contribution toward future federal projects. This will be a key to enabling us to improve the levee system to its full 500-year authorized level of protection. We have also asked for a change to allow for more flexibility by the Corps in moving funding between the four separate projects in our levee system.

Both bills that we have advocated in the Illinois General Assembly were signed into law by Governor Quinn, so that is good news.

Mr. Sterman described the Levee Issues Alliance, which is a loosely knit collaboration among areas around the country with similar interests in dealing with the Corps and with FEMA on levee problems. The Tri-City Port District has joined this group on behalf of the region. He announced that he would be attending a meeting in Dallas in a couple of weeks where representative of those areas would be coming together to discuss common interests.

There is also a local Levee Issues Alliance led by the Leadership Council which is preparing to formally launch with a website and advocacy effort, primarily to pass HR 5114 in the Senate.

There have been some changes in the process of FEMA adoption of the Flood Insurance Rate Maps. In response to numerous complaints about the process, both technical and procedural, FEMA has announced the formation of a scientific review panel to resolve differences of opinion on map appeals. This process will extend the likely adoption of new maps to December 2011.

Construction is ongoing on a number of construction projects by the Corps in the Wood River area, primarily using stimulus funds.

The budget report shows little change from previous months. Sales tax receipts are up from last year, although by a smaller amount than previous months.

Annual Budget October 1, 2010 – September 30, 2011

Mr. Maher asked Mr. Sterman to explain the proposed budget. Mr. Sterman described that we need to adopt a budget by the end of August so that we can submit it to the county boards for their approval in September and then go into effect on October 1. A draft was provided last month and a few changes have been made based on new information. Key assumptions are as follows:

1. The initial bond issue will not exceed \$90 million, of which proceeds to the project after the costs of issuance and reserve setaside will be about \$83 million. The bond issue will consist of some combination of tax exempt and Build America bonds yet to be determined and will be issued in FY2011.

2. A supplemental reserve fund may be required as a credit enhancement and will be about \$5.8 million, which will be funded from balances in the three county FPD sales tax funds or from other sources.
3. Construction will start in the second quarter of FY2011 and \$50 million has been budgeted for that purpose, although there are some pre-construction activities that will be done more quickly.
4. About half of the estimated costs for project design were budgeted for next year.
5. The level of Council staffing does not change in FY2011, except that we would pay for half of the salary and benefit costs of a full-time Corps of Engineers employee who would assist in project management, construction oversight and facilitate necessary Corps design and construction approvals. Additional costs are budgeted for office space to accommodate the staffing from the Corps.
6. We will pay the counties back either out of bond proceeds or from the existing balances in the respective FPD sales tax accounts for the funds advanced to the project. There may be some legal issues in paying the counties back from bond proceeds so we may recommend that reimbursements be made through the sales tax fund balances.

Our administrative costs remain low and the intention is to keep them that way. We budgeted bond issuance costs so they would be more transparent.

Mr. Long questioned the costs of bond issuance. He asked whether we had formal agreements with the firms providing services, particularly bond counsel, and expressed the opinion that the costs seemed excessive. Mr. Sterman responded that we had an initial agreement dating back to July 2009, but it was understood that a final engagement agreement would be done at a later time once the nature of the transaction was better known. Mr. Sterman said that he had just received a final engagement letter from Chapman & Cutler that did not include a fee, but after inquiring, he was told that the cost would be \$330,000. Mr. Long asked if we agreed to that fee upfront. Mr. Sterman responded that we did not. Mr. Long indicated that he believed that the fee was outrageous and he would not vote for a budget that included that fee. Mr. Maher asked Dan Johnson of Chapman & Cutler to explain the basis for the fee for this engagement. Mr. Johnson indicated that their fee is determined on a transaction basis. He described the various activities involved in providing legal opinions and preparation of documents in a complex transaction such as ours, beginning with services that were provided dating back to the passage of the authorizing legislation. He indicated that if their services were billed on an hourly rate, the costs would be even higher. Mr. Long indicated that he respected Mr. Johnson's opinion, but that he was not convinced.

Motion by Mr. Parks, second by Mr. Pennekamp to authorize the Chief Supervisor to submit the FY 2011 budget of the Southwestern Illinois Flood Prevention District Council to the county boards of Madison, St. Clair and Monroe counties. Motion approved, all voting aye, except for Mr. Long, who voted no.

Annual Report to the County Boards

Mr. Sterman indicated that the annual report is another requirement of the authorizing legislation and could be adopted next month along with the budget. A draft was provided to the Board last month. A few updates were made based on comments from the last meeting

Motion by Mr. Motil, second by Mr. Baxmeyer to authorize the Chief Supervisor to submit the Annual Report of the Southwestern Illinois Flood Prevention District Council to the county boards of Madison, St. Clair and Monroe counties. Motion approved, all voting aye.

Authorization to Enter Into Contract with AMEC Earth & Environmental for Levee System Design Services

Mr. Maher asked Mr. Sterman to provide a recommendation. Mr. Sterman reported that at the May 19, 2010 meeting, the Board selected a team of consultants led by AMEC Earth & Environmental to provide program administration, design, and construction management services to the Council for the levee improvement project. As part of the selection, the Board asked AMEC to broaden its team to include more meaningful participation by qualified local firms.

AMEC successfully concluded negotiations with three additional local consulting firms to provide services in the design process, so there is now a substantial contribution by both local firms and locally based personnel of non-local firms. The lineup of firms involved in the project is shown in the memo provided to the Board. The firms involved are:

- AMEC Earth & Environmental
- URS Corporation
- Sheppard, Morgan & Schwab
- Volkert and Associates
- Juneau Associates
- Hoelscher Engineering
- SCI Engineering
- ABNA Engineering
- Inquip Associates
- Arturo Ressi di Cervia

Over the last two months, AMEC has developed a detailed scope of work and budget for program management, preliminary design and early pre-construction activities. Because the scope and cost of significant elements of the design and construction management work cannot be determined until additional data are collected and early design tasks are completed, we are proposing the execution of a master services agreement with AMEC that sets forth the basic terms and conditions of our contractual relationship and then a series of sub-agreements or task orders that will be executed as scope and costs become clear.

What the Board has in front of it today are three task orders: program management, preliminary design, and early construction. A summary of costs for these items is shown in Table 1 in the memo provided to the Board. Detailed scopes of work and cost estimates for each of the three

task orders are also shown in the memo. All of this work is consistent with the proposal submitted by AMEC and accepted by the Council.

Jay Martin will be the overall project manager for AMEC. Managers will also be named for the program in each of the three levee subsystems (Wood River, MESD, Prairie DuPont/Fish Lake). AMEC will expand its existing Collinsville office to serve as the project office. All of the managers are in the audience today so that you can meet them.

Based on the scope presented today, preliminary design will be complete by the end of March 2011. This is a critically important milestone, because the Council will then be able to adopt a firm program and schedule for achieving accreditation of the levee system. Only then can the Council provide the certainty that citizens, businesses, local governments and community leaders will need to plan for the future.

Mr. Sterman asked Jay Martin from AMEC to say a few words about their approach to the project and to introduce AMEC's project managers. He provided an organization chart to the Board and he introduced Jon Omvig, Dave Hurst, Mario Glorioso and Dave Sawitzki, the managers on the project. Mr. Martin then discussed some of the next steps in the project.

Mr. Wittenauer asked about how the high water is affecting the schedule of the project. Mr. Martin discussed how they can rework their schedule to get as much done as possible even during high water. In some cases, high water will help get actual data to confirm some of their modeling results.

Motion by Mr. Pennekamp, second by Mr. Bergkoetter to support the staff recommendation as follows:

1. Authorize the Chief Supervisor to execute a Master Services Agreement with AMEC Earth & Environmental to provide program administration, design, and construction management services to the Council to complete the necessary levee improvements to achieve accreditation by FEMA. Also, authorize the Chief Supervisor to enter into the following task orders under the Master Services agreement:
 - a. Program Management for the levee improvement project for a cost not to exceed \$1,469,600 to be concluded at the end of the period of construction of the project (March 10, 2013).
 - b. Preliminary Design Services at a cost not to exceed \$3,220,494 to be complete on March 1, 2011.
 - c. Pre-Construction Activities (Subsurface Investigation/Relief Well Testing) at a cost not to exceed \$5,688,333 to be complete on March 1, 2011.
2. Request approval from the county boards for any construction contracts in excess of \$10,000 for drilling and relief well testing.

The motion was approved, all voting aye.

Resolution requesting approval from the county boards and county flood prevention district to issue sales tax revenue bond to finance the levee improvement project

Mr. Sterman described how the authorizing legislation for the Council requires that the county boards approve the issuance of bonds to pay for the project. Specifically, the matter before you is a resolution requesting the approval to issue 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.

Mr. Sterman indicated that this is a complex issue, since it involves three counties, three flood prevention districts, and the Council. All of these entities will need to agree to an identical set of documents. There has been a lot of discussion about how the deal should be structured and the funds should flow. Mr. Sterman introduced Roy Torkelson, who is the Council's financial advisor for the project. He displayed a chart showing the flow of funds for the project.

Mr. Torkelson then described in detail how funds would flow every month from the county flood prevention sales tax funds to pay off the bonds for the project. Once all of the obligations under the indenture are satisfied every month, excess funds will then be returned to the county flood prevention district sales tax funds.

Mr. Wittenauer asked if the debt service reserve fund is depleted, how would it be replenished. Mr. Torkelson responded that the money would have to come from the flow of flood prevention sales tax funds; the counties would not be responsible for any further costs. There is no reachback to the counties.

Mr. Torkelson described how additional bond issues could be made in the future under the legal structure that is being developed now, but they will likely have a lower rating.

Mr. Maher asked whether any Council approval or any other action will be needed prior to the return of any excess funds to the counties. Mr. Torkelson responded once the obligations of the Trustee are fulfilled the flow back to the counties is automatic. Mr. Maher asked if one county could be outvoted by the other counties and redirect the flow of funds. Mr. Sterman responded that the Intergovernmental Agreement prevents that from ever happening. In response to another question from Mr. Maher about how the pro rata share of excess funds would be calculated, there was considerable discussion about how that would be done. The preference was to do the calculation as already described in the existing intergovernmental agreement, with shares computed on the basis of sales tax contributions in the previous calendar year.

Mr. Maher asked a question about how the counties would be reimbursed for previously expended funds. Mr. Sterman described how the process of reimbursement would work, and how it would be done in accordance with Council policies to divide the costs of the regional project. This is a budgeted cost for the Council and all costs are paid proportionately to the contribution of sales tax, much like the costs for any other vendor.

Mr. Torkelson described the schedule of activities leading to the bond issue and presented a list of the documents that would need to be approved over the next two months.

Motion by Mr. Parks, second by Mr. Pennekamp to authorize the officers of the Board to execute the following resolution:

Resolution requesting the approval to issue 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, manage and oversee the Project; and

Whereas, the Act provides that the Districts may join together through 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, 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 at this time for the Project 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 the Board of Commissioners of each District for approval of the issuance of the Bonds:

Now, Therefore, Be It and it is here by 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. Incorporation of Preambles. The Board of Directors hereby finds that all of the recitals contained in the preambles to this Resolution are full, true and correct and does incorporate them into this Resolution by this reference.

Section 2. Request for Approval of Bond Issuance. The Council hereby requests each County and each District to approve the issuance of the Bonds.

Section 3. Repealer. All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this Resolution are to the extent of such conflict hereby repealed.

Section 4. Effective Date. This Resolution shall be in full force and effect forthwith upon its adoption, without publication or posting or any further act or requirement.

The motion was approved, all voting aye.

Selection of trustee for Council bond issue

Mr. Maher asked Mr. Sterman to present this item. Mr. Sterman noted that the Council has recently solicited competitive proposals from firms to serve as Trustee for Council bond issues. The Council's financial advisor and staff have now completed evaluations of these proposals.

Proposals were received on August 13 from four firms:

- Bank of New York Mellon Trust Company, N.A. (local office in St. Louis, MO)
- Regions Corporate Trust (Dallas, TX)
- U.S. Bank (Chicago, IL)
- UMB Bank (St. Louis, MO)

Scoring of the firms on the above criteria did not yield any significant differences among them, since they are all highly qualified in the work that we need and all come with excellent references. There were some small differences in costs, but the overall cost was no more than about \$1700 annually and \$1200 in upfront costs. Among the proposers, only two (BNY and UMB) would administer the work locally.

Based on the excellent references provided by our underwriters and the existence of a strong and stable local presence, I am recommending the selection of UMB Bank to serve as Trustee for the Council's initial bond issue.

Motion by Mr. Long, second by Mr. Motil to select UMB Bank to serve as Trustee for the Council's bond issue. Motion approved, all voting aye.

Report from the U.S. Army Corps of Engineers

Bruce Munholand provided a report concerning activities of the Corps of Engineers, focusing on some of the cooperative activities between the Corps and the Council. He emphasized the Corps' intention to have a seamless process, with the Council focused on 100-year improvements and the Corps working on 500-year improvements.

Other Business

There was no other business.

Adjournment

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

Respectfully submitted

James Pennekamp,
Secretary/Treasurer, Board of Directors



Memo to: Board of Directors
From: Les Sterman
Subject: Program Status Report
Date: September 10, 2010

Design

Negotiations with AMEC Earth & Environmental on a contract for preliminary design and program administration are complete and a contract is in the process of being executed. Requests have been made to the county boards for approval of the contracts for drilling and testing that are defined as “construction.”

The Corps of Engineers has completed the Limited Reevaluation Report for design deficiency corrections in the Metro-East Sanitary District. The previous sponsor letter that Bob Shipley and I provided the Corps last month required some modification and was resubmitted. The LRR is now going through the approval process at the Division and Headquarters of the Corps. The approval of the LRR will be an important milestone in establishing the future eligibility of the project to receive federal funding.

FEMA has now responded to our request for an extension on the submission of information for the East and West Fork of the Wood River Levee (in the Olin area) to satisfy the requirements of the provisionally accredited levee status granted two years ago. The agency indicated that it could not grant an extension as we requested, but that it would take about 18 months to go through the remapping process following the expiration of the PAL agreement. If we are able to submit the required certification information during that time period, FEMA will then consider accreditation at that time. We should be able to meet that deadline, barring any unforeseen problems in the condition of the levee.

Inspection

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

Financing

Our financial team has been moving quickly to develop all of the documents necessary to issue bonds. This is a complex issue involving eight parties (three counties, three county FPDs, the Council, and SWIDA). There are many details to be addressed, given the unusual

multijurisdictional nature of the revenue source used to pay off the bonds. Final drafts of intergovernmental agreements, the indenture, and preliminary official statement have been developed by our legal counsels.

Meetings were held in Chicago with two rating agencies, S&P and Moody's. We made a lengthy presentation on the project itself, the economy of the region and our proposed credit structure. We requested a AA rating, based on ratings of comparable issues as determined by our financial advisor and underwriter. Should we not receive the requested rating, we must then determine if we have any interest in making changes to the flow of funds or other terms that might affect the rating.

Legislation

HR 5114, the federal legislation that would delay the imposition of mandatory flood insurance, is still awaiting action in the Senate. With very little time left on the legislative calendar it seems unlikely that this bill will pass. Last Friday, Senator Durbin made public a letter that he sent to the Senate Banking Committee that urged them to include very similar language to delay mandatory flood insurance under certain conditions in their version of the national flood insurance reauthorization bill. While the Senator's action is certainly helpful, the timing of any Senate action on his request is unclear.

A new organization called the Levee Issues Alliance, led by the Leadership Council Southwestern Illinois, was launched last week to help advocate for legislative relief from the impacts of levee deaccreditation. Their initial focus will be on the passage of HR 5114 in the Senate. This group mirrors a loosely knit national coalition of the same name that is also advocating on behalf of its members for legislative changes that would facilitate levee improvements and lessen the burden on local areas during that process. The Tri-City Port District has joined the national LIA on behalf of the region. On August 31, I attended, along with Patrick McKeehan and Dennis Wilmsmeyer, a strategy session conducted by the LIA in Dallas. We were joined by representatives from Dallas/Fort Worth, Sacramento, Louisiana, Port Arthur, Mississippi and other areas that share similar interests. Most of the session was focused on information exchange. Several areas have similar concerns as we do, but the tactics from place to place differ quite a bit. We will continue the dialogue to determine if there is sufficient common ground to develop a national advocacy organization.

Legal

FEMA has not yet ruled on the DFIRM appeals, but we are expecting them to do so very soon. FEMA has now initiated a process involving a "scientific review panel" to help resolve disputes involving DFIRM appeals. This will be voluntary and this additional review will delay adoption of final maps for six months or so, even if we do not choose to pursue review by the panel. At this point, FEMA indicates that final maps will likely be adopted on or about December 2011. The tentative schedule is as follows:

September 2010 – FEMA provides three pieces of information: 1) the technical findings of their appeal on the maps, 2) a request for coordination for us to help provide outreach and education to the community, and 3) the opportunity for us to use the scientific review panel to appeal certain aspects of the maps.

September to December 2010 – appellants will have to decide whether or not to appeal to the scientific panel for review of the maps.

December 2010 - June 2011 – the scientific review panel will consider the information provided by FEMA and the appellant and release their findings.

June 2011 – FEMA takes the findings of the scientific panel and makes a final determination on the maps. If we decide NOT to use the scientific panel, FEMA will still hold off on the final determination until June. Once this determination is made, a six-month clock starts.

June 2011 – December 2011 – six month period after the final determination before the maps take effect.

December 2011 – final maps take effect.

We continue to work with legal counsel to determine the best course of action given these new developments.

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

Project Administration

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

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



Memo to: Board of Directors
From: Les Sterman
Subject: Budget Report through August 31, 2010
Date: September 13, 2010

Attached is the budget report for August 2010. Total expenditures since the inception of the Council's activities have been \$10,787,266. The majority of those expenditures, \$10,553,904, or more than 98%, have been for program costs.

In 2009, an estimated \$10.3 million was collected in FPD sales taxes in the three counties, a total slightly higher than projected earlier in the year. For the first five months of 2010, sales tax collections are about 9.5% higher than the same period in 2009. Total sales tax collections remitted to the counties thus far have been \$15.7 million. Total sales tax collections, including for the months of June and July 2010 for which totals have not yet been reported, should be about \$17.5 million. A total balance of \$6.7 million in FPD sales tax receipts, less any incidental expenses incurred by the county FPDs, remains in accounts maintained by the county treasurers.

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

	Budget Period October 2009 - September 2010			Cumulative Totals		
	Approved Budget	October 1, 2009 thru August 31, 2010	Balance Remaining	Approved Budget	Inception thru August 31, 2010	Balance Remaining
<u>Budget Summary</u>						
Resources						
Flood Prevention Tax	\$37,007,652	\$7,210,457	\$29,797,195	\$40,753,673	\$10,642,165	\$30,111,508
Proceeds from Borrowing	\$110,000,000	\$0	\$110,000,000	\$110,000,000	\$0	\$110,000,000
Interest Income	\$1,200,000	\$2,130	\$1,197,870	\$1,200,000	\$2,351	\$1,197,649
Other Contributions	\$80,000	\$75,800	\$4,200	\$215,000	\$142,750	\$72,250
Total Resources	\$148,287,652	\$7,288,387	\$140,999,265	\$152,168,673	\$10,787,266	\$141,381,407
Expenditures						
Program Costs	\$35,490,889	\$7,102,945	\$28,387,944	\$39,211,779	\$10,553,904	\$28,657,875
General and Administrative Costs	\$228,345	\$185,442	\$42,903	\$287,042	\$233,362	\$53,680
Contingency	\$1,368,417	\$0	\$1,368,417	\$1,469,852	\$0	\$1,469,852
Total Expenditures	\$37,087,652	\$7,288,387	\$29,799,265	\$40,968,673	\$10,787,266	\$30,181,407
Excess/Deficit	\$111,200,000	\$0	\$111,200,000	\$111,200,000	\$0	\$111,200,000

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

	Budget Period October 2009 - September 2010			Cumulative Totals		
	Approved Budget	October 1, 2009 thru August 31, 2010	Balance Remaining	Approved Budget	Inception thru August 31, 2010	Balance Remaining
RECEIPTS						
<i>Flood Prevention Occupation Tax Proceeds</i>						
St. Clair	\$18,503,826	\$3,605,227	\$14,898,599	\$20,376,836	\$5,321,080	\$15,055,756
Madison	17,023,520	3,316,810	13,706,710	18,746,690	4,895,396	13,851,294
Monroe	1,480,306	288,420	1,191,886	1,630,147	425,689	1,204,458
Subtotal Tax Proceeds	<u>\$37,007,652</u>	<u>\$7,210,457</u>	<u>\$29,797,195</u>	<u>\$40,753,673</u>	<u>\$10,642,165</u>	<u>\$30,111,508</u>
<i>Proceeds from Borrowing</i>	\$110,000,000	\$0	\$110,000,000	\$110,000,000	\$0	\$110,000,000
<i>Interest Income</i>	1,200,000	2,130	1,197,870	1,200,000	2,351	1,197,649
<i>Other Contributions (1)</i>						
St. Clair	25,000	37,899	-12,899	75,000	71,374	3,626
Madison	25,000	34,869	-9,869	75,000	65,666	9,334
Monroe	5,000	3,032	1,968	15,000	5,710	9,290
Other Cash	12,500	0	12,500	25,000	0	25,000
Other In-kind	12,500	0	12,500	25,000	0	25,000
Subtotal Other Contributions	<u>\$80,000</u>	<u>\$75,800</u>	<u>\$4,200</u>	<u>\$215,000</u>	<u>\$142,750</u>	<u>\$72,250</u>
Total Receipts	<u>\$148,287,652</u>	<u>\$7,288,387</u>	<u>\$140,999,265</u>	<u>\$152,168,673</u>	<u>\$10,787,266</u>	<u>\$141,381,407</u>
EXPENDITURES						
<i>Program Costs</i>						
Financial Advisor	\$60,000	\$40,035	\$19,965	\$80,000	\$40,035	\$39,965
Legal Consulting	20,000	202,594	-182,594	35,000	209,169	-174,169
Engineering Design	75,000	415,187	-340,187	125,000	470,187	-345,187
East-West Gateway (2)	50,000	13,616	36,384	75,000	24,718	50,282
Design/Construction	20,000,000	225,000	19,775,000	20,000,000	225,000	19,775,000
<i>Federal Cost-Share and Construction</i>						
Wood River	6,935,000	6,066,846	868,154	8,245,000	9,415,461	-1,170,461
MESD (3)	0	0		0	0	0
Prairie DuPont/Fish Lake (4)	0	139,667	-139,667	550,000	169,334	380,666
<i>Reimbursement of Advance Funding</i>						
St. Clair	620,898	0	620,898	1,241,797	0	1,241,797
Madison	999,638	0	999,638	1,999,276	0	1,999,276
Monroe	130,353	0	130,353	260,706	0	260,706
Subtotal Reimbursement	1,750,889	0	1,750,889	3,501,779	0	3,501,779
Borrowing Repayments	<u>6,600,000</u>	<u>0</u>	<u>6,600,000</u>	<u>6,600,000</u>	<u>0</u>	<u>6,600,000</u>
Subtotal Program Costs	<u>\$35,490,889</u>	<u>\$7,102,945</u>	<u>\$28,387,944</u>	<u>\$39,211,779</u>	<u>\$10,553,904</u>	<u>\$28,657,875</u>

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

	Budget Period October 2009 - September 2010			Cumulative Totals		
	Approved Budget	October 1, 2009 thru August 31, 2010	Balance Remaining	Approved Budget	Inception thru August 31, 2010	Balance Remaining
General and Administrative Costs						
Salaries, benefits	\$169,044	\$159,516	\$9,528	\$202,523	\$191,663	\$10,860
Advertising	630	0	630	840	0	840
Bank service charges	600	325	275	700	501	199
Conference registration	500	0	500	700	0	700
Equipment and software	1,000	1,077	-77	8,000	9,249	-1,249
Fiscal agency services (EWG)	11,367	7,567	3,800	15,638	10,480	5,158
Furniture	1,200	0	1,200	2,400	475	1,925
Meeting expenses	600	242	358	750	298	452
Miscellaneous startup expenses (5)	250	600	-350	2,210	600	1,610
Postage/delivery	180	252	-72	215	373	-159
Printing/photocopies	400	220	180	1,000	1,434	-434
Professional services	24,000	3,975	20,025	27,000	3,975	23,025
Publications/subscriptions	200	139	61	400	139	261
Supplies	250	1,024	-774	633	1,227	-594
Telecommunications/internet	2,660	3,033	-373	3,624	4,082	-458
Travel	12,464	7,072	5,392	15,210	8,466	6,744
Other business expenses	1,000	400	600	1,200	400	800
Insurance	2,000	0	2,000	4,000	0	4,000
Subtotal G&A	<u>\$228,345</u>	<u>\$185,442</u>	<u>\$42,903</u>	<u>\$287,042</u>	<u>\$233,362</u>	<u>\$53,680</u>
Contingency (@5% of G&A, Design, Cost-Share, Construction)	<u>1,368,417</u>	0	<u>1,368,417</u>	<u>1,469,852</u>	0	<u>1,469,852</u>
Total Expenditures	<u>\$37,087,652</u>	<u>\$7,288,387</u>	<u>\$29,799,265</u>	<u>\$40,968,673</u>	<u>\$10,787,266</u>	<u>\$30,181,407</u>

Notes

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

Southwestern Illinois Flood Prevention District Council

Beginning Checking Account Balance @ 08/01/2010 \$ 230,656.00

Cash Receipts-Checking Account

		Date Rec'd	Amount
The Bank of Edwardsville	Interest Earned	08/01/10	403.65
Madison County FPD	Inv 32	08/04/10	24,789.02
St. Clair County FPD	Inv 32	08/13/10	26,292.85
Madison County FPD	Inv 33	08/18/10	8,850.65
Monroe County FPD	Inv 32	08/25/10	2,435.02
Monroe County FPD	Inv 33	08/25/10	869.39
The Bank of Edwardsville	Interest Earned	08/31/10	74.51

Total Receipts \$ 63,715.09

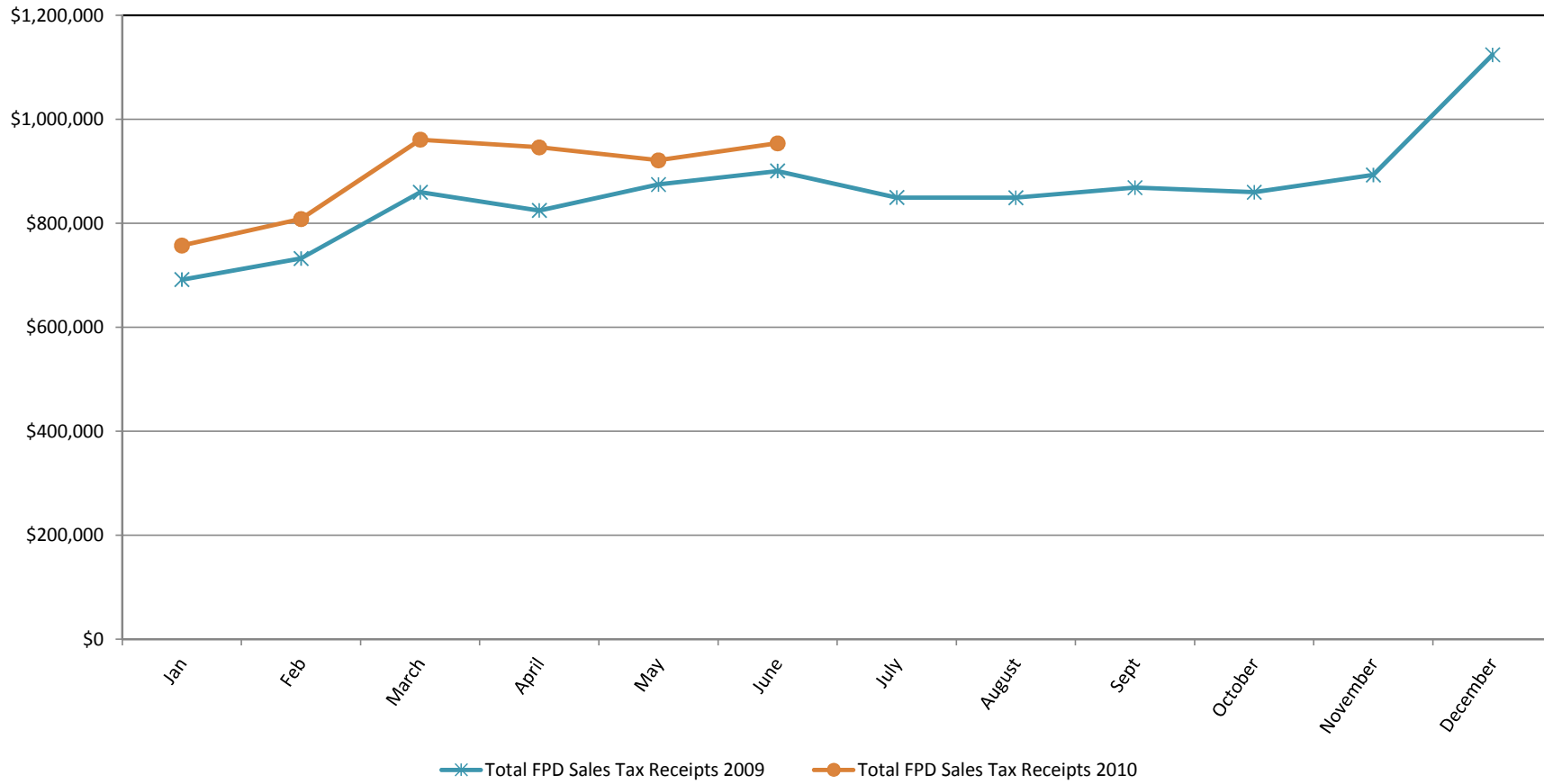
Disbursements-Checking Account

Paid To	Purpose	Date Paid	Amount	Ck/Wire #
American AA.com	Airfare	08/16/2010	257.40	Auto w/d
Hyatt Hotels DFW/TX	Lodging,	08/27/2010	196.22	Auto w/d
Sprague & Urban, Attorneys at Law	Prof. Fees-Legal, Inv 5365/	08/17/2010	1,800.00	1030
Dorgan, McPike & Associates, Ltd.	Contracted svcs-govt. relations-Inv. July 2010	08/17/2010	3,000.00	1031
East West Gateway Council of Govts.	Adm Inv 13, FIR Inv 6	08/17/2010	13,958.43	1032
	Legal fees-inv 1733363, 1733364;			
	Contracted Svcs/AMEC-Inv.1728569-partial,			
Husch Blackwell Sanders, LLP	N12368886AMEC	08/17/2010	190,520.17	1034
Secretary of State	Lobbyist Registration	08/27/2010	300.00	1035
The Bank of Edwardsville	Bank Service Fees	08/31/2010	16.36	Auto w/d
Office Max	office supplies	08/11/2010	77.48	Auto w/d

Total Disbursements \$ 210,126.06

Ending Checking Account Balance @ 08/31/2010 \$ 84,245.03

FPD Sales Tax Trends Actual Receipts 2009-2010





Memo to: Board of Directors
From: Les Sterman
Subject: Review of Legal Document and Credit Issues for Bond Issue
Date: September 13, 2010

At the October meeting the Board will be asked to consider approval of a number of documents that will support the upcoming bond issue. These documents will include the bond indenture and amendments to the Intergovernmental Agreement that created the Council last year. The timing of the bond issue and the serial nature of approvals by the county boards, the county FPDs and the Council leaves little or no margin for error, so it will be important for the Board to have an opportunity to discuss and understand the documents well in advance of approval.

At the August meeting there was an extensive explanation of the “flow of funds” from the three counties that is fundamental to the credit structure of the bond issue. This structure has now been incorporated into the bond indenture, intergovernmental agreements and other documents that were provided to the rating agencies last week.

At the September meeting, our financial advisor will continue the review of the documents that you will be considering next month, including the indenture and the amendments to the intergovernmental agreement.

Of particular interest to the Board will be the amendment to the intergovernmental agreement among the county FPDs that formed the Council last year. The amendment makes two major changes to the agreement. The first is to obligate the Council to the process and procedure of making payments on the bonds and into the various funds outlined in the bond indenture. The second significant change is to require the Council to remain in existence at least until the bonds are retired. The current agreement terminates in 2014 (and can be renewed every five years thereafter) and provides a procedure for withdrawal from the organization by any of the participating FPDs. This provision is inconsistent with the obligations incurred by the Council once bonds are issued. Copies of the Amendment and the original Intergovernmental Agreement are attached.

Attachment 1

AMENDMENT TO AN INTERGOVERNMENTAL AGREEMENT TO FINANCE, DESIGN, AND MANAGE THE REBUILDING OF THE LEVEE SYSTEMS IN SOUTHWESTERN ILLINOIS

Dated as of _____, 2010

by and among

MADISON COUNTY FLOOD PREVENTION DISTRICT, MADISON COUNTY, ILLINOIS

- and -

ST. CLAIR COUNTY FLOOD PREVENTION DISTRICT, ST. CLAIR COUNTY, ILLINOIS

- and -

MONROE COUNTY FLOOD PREVENTION DISTRICT, MONROE COUNTY, ILLINOIS

TABLE OF CONTENTS

SECTION	HEADING	PAGE
ARTICLE I	DEFINITIONS	3
Section 1.1.	Definitions.....	3
ARTICLE II	STATEMENT OF PURPOSE.....	5
ARTICLE III	AMENDMENT TO THE DISTRICT/COUNCIL INTERGOVERNMENTAL AGREEMENT	5
Section 3.1.	Amendment.....	5
Section 3.2.	Authority to Execute Amendment	11
Section 3.3.	Binding Effect.....	11
Section 3.4.	Severability	11
Section 3.5.	Execution in Counterparts.....	11
Section 3.6.	Further Assurances and Corrective Instruments	11
Section 3.7.	Section Headings	12
Section 3.8.	Governing Law	12

AMENDMENT TO INTERGOVERNMENTAL AGREEMENT

THIS AMENDMENT TO INTERGOVERNMENTAL AGREEMENT (hereinafter referred to as “*Amendment*”), dated as of _____, 2010, by and between the Madison County Flood Prevention District, Madison County, Illinois, a unit of local government of the State of Illinois (the “*Madison County FPD*”), the St. Clair County Flood Prevention District, St. Clair County, Illinois, a unit of local government of the State of Illinois (the “*St. Clair County FPD*”), and the Monroe County Flood Prevention District, Monroe County, Illinois, a unit of local government of the State of Illinois (the “*Monroe County FPD*” and, together with the Madison County FPD and the St. Clair County FPD, the “*Districts*”), pursuant to Article VII, Section 10 of the 1970 Constitution of the State of Illinois, and the Intergovernmental Cooperation Act of the State of Illinois, as amended (the “*Cooperation Act*”);

WITNESSETH:

WHEREAS, Section 10 of Article VII of the Illinois Constitution of 1970 authorizes units of local government to contract or otherwise associate among themselves in any manner not prohibited by law or by ordinance; and

WHEREAS, the Cooperation Act authorizes public agencies to exercise any power or powers, privileges or authority which may be exercised by such public agency individually to be exercised and enjoyed jointly with any other public agency in the State of Illinois; and

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

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

WHEREAS, the County Board of each County 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, subject to and in accordance with the provisions of the Act, the Districts are authorized to issue revenue bonds for the purpose of providing funds to pay the cost of the Project; and

WHEREAS, pursuant to the Act, said bonds shall be payable from revenues received from the Flood Prevention District Sales Taxes and from any other revenue sources available to the Districts; and

WHEREAS, the Act provides that the Districts may join together through intergovernmental cooperation agreements to provide any services described in the Act, to construct, reconstruct, repair or otherwise provide any facilities described in the Act either within or without 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 authority granted by Article VII, Section 10(a) of the Constitution of the State of Illinois and the Cooperation Act, the Districts have entered into an Intergovernmental Cooperation Agreement (the "*District/Council Intergovernmental Agreement*") to finance, design, manage and oversee the Project; and

WHEREAS, pursuant to the District/Council Intergovernmental Agreement there has been created the Southwestern Illinois Flood Prevention District Council (the “*Council*”) to finance, design, manage and oversee the Project; and

WHEREAS, subject to and in accordance with the provisions of the Act, the Council is authorized to issue revenue bonds (the “*Bonds*”) for the purpose of providing funds to pay the cost of the Project; and

WHEREAS, pursuant to the Act, the Bonds shall be payable from revenue received from the Flood Prevention District Sales Taxes and from any other revenue sources available to the District; and

WHEREAS, each County has established and is maintaining a County Flood Prevention Occupation Tax Fund (each, a “*Fund*” and together, the “*Funds*”); and

WHEREAS, the Flood Prevention District Sales Taxes are required by the Act to be held in each Fund and used to pay the Bonds; and

WHEREAS, it is necessary and in the best interests of the Districts and the Council to amend at this time the District/Council Intergovernmental Agreement to provide for the issuance at this time of Bonds by the Council.

NOW THEREFORE, THE PARTIES HEREBY AGREE TO THE FOLLOWING TERMS AND CONDITIONS:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. The following words and terms used in this Amendment shall have the following meanings unless the context or use clearly indicates another or different meaning is intended:

“*Act*” is defined in the preambles.

“Amendment” is defined in the preambles.

“Authorized Officer” means the Chairman of the Board of Commissioners or the Secretary of the Board of Commissioners or any other individual appointed by the Board of Commissioners to act as an authorized officer hereunder.

“Board of Commissioners” means the Board of Commissioners of each District.

“Bond Fund” means the Southwestern Illinois Flood Prevention District Council Sales Tax Revenue Bond Interest Fund created and established by the Indenture.

“Bond Resolution” means the resolution of the Council providing for the issuance of the Bonds.

“Bonds” means the Southwestern Illinois Flood Prevention District Council Sales Tax Revenue Bonds, Series 2010, of the Council, authorized by the Bond Resolution and the Indenture and any subsequent bonds issued by the Council as authorized or permitted by the Indenture.

“Comptroller” means the Comptroller of the State.

“Council” is defined in the preambles.

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

“County Board” is defined in the preambles.

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

“District” is defined in the preambles.

“Flood Prevention District Revenues” means (i) the Flood Prevention District Sales Taxes and any substitute therefor as provided by the State in the future, (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 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.

“*Fund*” and “*Funds*” are defined in the preambles.

“*Indenture*” means the Indenture of Trust by and between the Council and the Trustee, relating to the first series of Bonds issued by the Council.

“*Project*” is defined in the preambles.

“*State*” means the State of Illinois.

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

ARTICLE II

STATEMENT OF PURPOSE

The preambles are incorporated into this Amendment by this reference. The parties hereby agree that the purpose of this Amendment is to memorialize the Districts’ agreement that the Council issue Bonds at this time for the Project, and to permit and cause the Flood Prevention District Sales Taxes to be paid directly to the Trustee, to be held in the Council Sales Tax Fund for the purpose of providing revenues to pay the principal of, and interest on, premium if any, purchase price and other fees related to, the Bonds.

ARTICLE III

AMENDMENT TO THE DISTRICT/COUNCIL INTERGOVERNMENTAL AGREEMENT

Section 3.1. Amendment. The Districts hereby agree to amend the District/Council Intergovernmental Agreement by changing Sections 9, 10 and 13 and adding Section 20 to read as follows:

9. Term and Termination. This Agreement begins on the effective date first above written and ends on the later of October 1, 2014, or the date on which all bonds or other obligations issued by the Council have been paid or discharged in full.

10. Withdrawal. No FPD may withdraw from the Agreement unless all bonds or other obligations issued by the Council have been paid or discharged in full.

13. Amendments. Except for Sections 9, 10, 13 and 20, this Agreement may be amended from time to time with the unanimous consent of all the parties to the Agreement. Neither this Agreement nor any provision hereof may be revised, waived, discharged, terminated or otherwise abrogated or diminished other than by an instrument in writing duly authorized and executed by the parties.

20. Finance. The words and terms used in this Section shall have the meanings set forth in the Indenture of Trust by and between the Council and UMB Bank, N.A., St. Louis, Missouri, as trustee for the first series of Bonds issued by the Council.

Each and any of the Districts and, or, the Council may issue Bonds and use the Bond proceeds to construct the Project. Bonds may be issued in such form and with such terms, bear tax-exempt or taxable interest at variable or fixed rates, be subject to redemption or tender, mature on the dates, carry such conversion, registration and exchange features, have such rank or priority, be sold at the prices and in the denominations as shall be determined by the issuer thereof, be it the Council or any District, as provided in a supplement to the Indenture or in any subsequent resolution of the Council or any District providing for the issuance of Bonds payable from the Flood Prevention District Sales Taxes.

Each District has directed its County to use the money in its Fund to pay the Bonds by providing for the intercept of the Flood Prevention District Sales Taxes. Each County has pledged the Flood Prevention District Sales Taxes to the Trustee to be held in the Council Sales Tax Fund to provide revenues to pay the principal of, and interest on, premium if any, and purchase price and other fees related to, the Bonds, and has directed the Comptroller to, unless otherwise notified, for the period during which any of the Bonds are outstanding, withhold the payment of the Flood Prevention District Sales Taxes which may be available,

due or payable to the respective County and pay the Flood Prevention District Sales Taxes directly to the Trustee.

In accordance with the Indenture, and upon immediate receipt of any Flood Prevention District Revenues, the Trustee shall deposit such receipts into the Council Sales Tax Fund. Commencing with the first month following the date of issuance of the Bonds, the Trustee shall deposit the money in the Council Sales Tax Fund into the following accounts in the order and at the times as follows:

A. immediately upon receipt, (i) all Build America Payments into the Series 2010B Bond Fund Account, and (ii) all Recovery Zone Payments into the Series 2010C Bond Fund Account;

B. immediately upon receipt, Flood Prevention District Sales Taxes and other Flood Prevention District Revenues, (i) into the Series 2010A Bond Fund Account an amount equal to one-sixth of the interest becoming due on the next succeeding interest payment date on all Outstanding Series 2010A Bonds and one-twelfth of the principal becoming due on the next succeeding principal maturity or mandatory redemption date of all Outstanding Series 2010A Bonds, plus an amount necessary to make up for any existing deficiencies in the Series 2010A Bond Fund Account caused by prior deposits that did not fully meet the requirements of this provision; (ii) into the Series 2010B Bond Fund Account an amount equal to one-sixth of the interest becoming due on the next succeeding interest payment date on all Outstanding Series 2010B Bonds and one-twelfth of the principal becoming due on the next succeeding principal maturity or mandatory redemption date of all Outstanding Series 2010B Bonds, plus an amount necessary to make up for any existing deficiencies in the Series 2010B Bond Fund Account caused by prior deposits that did not fully meet the requirements of this provision; (iii) into the Series 2010C Bond Fund Account an amount equal to one-sixth of the interest becoming due on the next succeeding interest payment date on all Outstanding Series 2010C Bonds and one-twelfth of the principal becoming due on the next succeeding principal maturity or mandatory redemption date of all Outstanding Series 2010C Bonds, plus an amount necessary to make up for any existing deficiencies in the Series 2010C Bond Fund Account caused by prior deposits that did not fully meet the requirements of this provision. If there are insufficient funds to make such deposits in any month the Trustee shall make deposits to each Bond Fund Account so that each Bond Fund Account receives an equal percentage of the amount otherwise required to be deposited

thereto pursuant to this subsection. For purposes of this subsection (b), the phrase “next succeeding interest payment date” means the next interest payment date occurring more than 15 days after the date of such deposit, and the phrase “next succeeding principal maturity or mandatory redemption date” means the next principal maturity date or mandatory redemption date occurring more than 15 days after the date of such deposit. Any moneys deposited into the Council Sales Tax Fund during the month in which the Bonds are issued shall be treated as received on the first Business Day of the first month following the date of issuance of the Bonds. During the period from the date of issuance of the Bonds until the first interest payment date, the amount “one-sixth” shall mean a fraction the numerator of which is one (1) and the denominator of which is the number of whole months between the Closing Date and the first Interest Payment Date, and the amount “one-twelfth” shall mean a fraction the numerator of which is one (1) and the denominator of which is the number of whole months between the Closing Date and the first principal maturity or mandatory redemption date.

C. on the last Business Day of the month, money in the Council Sales Tax Fund, into the Reserve Fund an amount which, together with the moneys then on deposit in the Reserve Fund (taking into account the principal amount of any Reserve Fund Credit Instrument) equals the Reserve Requirement or an amount necessary to reimburse the provider of any Reserve Fund Credit Instrument;

D. on the last Business Day of the month, money in the Council Sales Tax Fund, into the Subordinate Lien Bond Fund as set forth in a Supplemental Indenture.

E. on the last Business Day of the month, money in the Council Sales Tax Fund, into any other accounts created pursuant to a supplemental indenture for the security of Subordinate Bonds, including a debt service reserve fund for Subordinate Bonds;

F. on the last Business Day of the month, money in the Council Sales Tax Fund, into the Rebate Fund such amount as is required to be deposited therein pursuant to the Tax Certificate or any tax certificate or agreement executed and delivered relating to Additional Bonds or Subordinate Bonds;

G. on the last Business Day of the month, money in the Council Sales Tax Fund, into the Council Administrative Fund the amount necessary to provide for all expenses of the Council as set

forth in the approved Council budget, as such budget may be amended, for such Fiscal Year; and

H. on the last Business Day of the month, money in the Council Sales Tax Fund, into the Surplus Fund.

Except during the month of April, payments to the Bond Fund Accounts may be suspended in any Bond Year at such time as there shall be a sufficient sum, held in cash and investments, in said Account to meet principal and interest requirements and all other requirements of the Indenture in said Account for the balance of such Bond Year, but such credits shall again be resumed on April 1 of each year or, if for any reason whatsoever, the amounts on deposit are at anytime insufficient to meet said principal and interest requirements.

The Board of Directors and each County Board shall approve the Council's annual budget prior to the beginning of each Fiscal Year and supply it to the Trustee. The budget may be amended during any Fiscal Year. Any amended budget must be approved by each County Board. Upon written request by a Designated Representative of the Council, amounts on deposit in the Council Administrative Expense Fund shall be paid by the Trustee to the Council for the payment of expenses of the Council set forth in the Council's approved budget, as amended. Deposits to the Council Administrative Expense Fund shall be suspended in any Fiscal Year at such time as there shall be a sufficient sum, held in cash and investments, in said Fund to meet the Council administrative expenses contained in the Council's approved budget, as such budget may be amended, for such Fiscal Year.

At such time as all the required deposits described above have been fully satisfied in any month, the Trustee shall deposit Flood Prevention District Sales Taxes and Flood Prevention Revenues to the Surplus Fund. Funds to the credit of the Surplus Fund shall be used first by the Trustee to make up any deficiencies in any of the prior Accounts and then shall be distributed to the Counties for deposit to their respective County Flood Prevention Occupation Tax Funds unless, upon approval of the Counties, a Designated Representative of the Council notifies the Trustee to suspend or reduce such distribution and retain moneys in the Surplus Fund. In such event, Funds to be credit of the Surplus Fund shall be used, at the discretion of the Council, upon the request of the Council and upon approval of the Counties, for one or more of the following purposes without any priority among them:

I. For the purpose of acquiring or constructing repairs, replacements, improvements or extensions to the Project; or

J. For the purpose of calling and redeeming Outstanding Bonds payable from the Flood Prevention District Sales Taxes and Flood Prevention District Revenues which are callable at the time; or

K. For the purpose of purchasing Outstanding Bonds payable from the Flood Prevention District Sales Taxes and Flood Prevention District Revenues; or

L. For the purpose of paying principal of and interest on any bonds or obligations issued by the Council, the Counties or the Districts, the Counties or the Districts for the purpose of acquiring or constructing repairs, replacements, improvements or extensions to the Project and payable from the Flood Prevention District Sales Taxes; or

M. For any purpose enumerated in any future bond resolution of the Council; or

N. For any other lawful Council, County or District purpose.

Transfers to the Counties from the Surplus Fund shall be made monthly, on the last business day of the month. The amount that the Trustee shall transfer from the Surplus Fund to each County shall be determined by the Council, and informed by the Council to the Trustee, by multiplying the total amount to be transferred to the Counties by the percentage of Flood Prevention District Sales Taxes collected by each County in relation to the entire Flood Prevention District Sales Taxes collected in all three Counties during the immediately preceding calendar year ending more than ten months prior to the date of transfer.

Each District shall transfer to the Trustee for deposit into the Council Sales Tax Fund any and all revenues received by the District that are legally available to be used to pay the debt service on the Bonds.

The proceeds of the Bonds shall be deposited with the Trustee for the purpose of paying the costs of the Project, the establishment of reserves, the payment of interest on the Bonds and the costs of issuing the Bonds. The issuer of the Bonds, be it the Council or any District, may make provision for a corporate trustee with

respect to such bonds, prescribe the rights, powers and duties thereof to be exercised for the benefit of the issuer and the protection of the Bondholders, provide for the holding in trust, investment and use of moneys, funds, accounts and reserves held under an indenture, provide for assignment of and direct payment of the moneys to pay the Bonds or to be deposited into such funds or accounts directly to such trustee, make covenants for the protection of the Bondholders, provide for the issuance of additional Bonds and enter into credit enhancement arrangements for the Bonds.

All of the provisions of this Section 20 shall be binding upon the Council and each of the Districts until all Bonds have been paid or discharged in full as set forth and described in the Indenture.

Section 3.2. Authority to Execute Amendment. The parties acknowledge and warrant that the respective governing bodies of each have authorized the undersigned signatories to execute on behalf of each party this Amendment. Appropriate documentation reflecting such authorization has been presented by each party to the other.

Section 3.3. Binding Effect. This Amendment shall inure to the benefit of and shall be binding upon the Districts and their respective successors.

Section 3.4. Severability. All of the provisions of this Amendment are severable. If any provision of this Amendment is deemed to be unenforceable for any reason, then the remainder of the Amendment shall remain in full force and effect to the extent permitted by law.

Section 3.5. Execution in Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 3.6. Further Assurances and Corrective Instruments. The Districts agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Amendment.

Section 3.7. Section Headings. The Section Headings in this Amendment are intended for convenience only and shall not be taken into consideration in any construction or interpretation of this Amendment or any of its provisions.

Section 3.8. Governing Law. The laws of the State of Illinois shall govern the interpretation and operation of this Amendment.

IN WITNESS WHEREOF, the Madison County FPD has caused this Agreement to be executed and attested in its name by its Authorized Officers; the St. Clair County FPD has caused this Agreement to be executed and attested in its name by its Authorized Officers; and the Monroe County FPD has caused this Agreement to be executed and attested in its name by its Authorized Officers, as of the date first above written, and such Amendment shall be effective from the date of execution shown below.

ATTEST:

MADISON COUNTY FLOOD PREVENTION DISTRICT,
MADISON COUNTY, ILLINOIS

Secretary, Board of Commissioners

Chairman, Board of Commissioners

ATTEST:

ST. CLAIR COUNTY FLOOD PREVENTION
DISTRICT, ST. CLAIR COUNTY, ILLINOIS

Secretary, Board of Commissioners

Chairman, Board of Commissioners

ATTEST:

MONROE COUNTY FLOOD PREVENTION DISTRICT,
MONROE COUNTY, ILLINOIS

Secretary, Board of Commissioners

Chairman, Board of Commissioners

Attachment 2

AN INTERGOVERNMENTAL AGREEMENT TO FINANCE, DESIGN, AND MANAGE THE REBUILDING OF THE LEVEE SYSTEMS IN SOUTHWESTERN ILLINOIS

This Intergovernmental Agreement is effective as of the 11th day of June, 2009, but is actually executed by each of the undersigned parties on the dates set forth beneath the respective signatures of the duly authorized officers, by and between the Madison County Flood Prevention District (“Madison FPD”), the St. Clair County Flood Prevention District (“St. Clair FPD”) and the Monroe County Flood Prevention District (“Monroe FPD”) (collectively referred to herein as “the FPDs”).

WITNESSETH:

WHEREAS, the parties are entering this agreement pursuant to the authority granted to them by Article VII, Section 10(a) of the Constitution of the State of Illinois and the Illinois Intergovernmental Cooperation Act, (5 ILCS 220/1 et seq.) which permit units of local government to obtain or share service and to exercise, combine or transfer any power or function not prohibited by law or ordinance; and

WHEREAS, the Illinois Flood Prevention District Act (70 ILCS 750/1 et seq.) (the “Act”) provides that the Flood Prevention Districts have the full legal authority to finance, manage and oversee the repair and restoration of the levee systems within or outside their corporate limits; and

WHEREAS, the Act further provides that the FPDs may join together through an intergovernmental 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 the FPD’s corporate limits, to issue bonds, notes or other evidences of indebtedness, to pledge the taxes authorized to be imposed pursuant to the Act to the obligations of any other district, and to exercise any other power authorized in the Act; and

WHEREAS, the Act requires that the FPDs jointly hire a Chief Supervisor of Construction and the Works to manage the repair and restoration of the levee systems; and

WHEREAS, the Act provides for the collection of sales tax revenue within each county to be paid into a County Flood Prevention Occupation Tax Fund to, at the direction of the FPDs, finance bonds, notes or other evidences of indebtedness to pay for the repair and restoration of the levee systems; and

WHEREAS, oversight of the repair and restoration will include decisions about financing and expenditures of funds, adoption of budgets and schedules, coordination and consultation with the U.S. Army Corps of Engineers, management of construction projects, and consultation with Madison, St. Clair and Monroe counties and the four affected levee and drainage districts; and

WHEREAS, a coordinated and cooperative management of the financing and management of the levee system repair and restoration will be more efficient and cost effective than proceeding separately; and

WHEREAS, the East-West Gateway Council of Governments (“EWG”) is the metropolitan planning organization and the regional planning council for the bi-state St. Louis metropolitan area, including the FPD areas, and can provide fiscal and administrative services to the FPDs.

NOW, THEREFORE, in consideration of the matters set forth above, the agreements, covenants and representations and undertakings made and contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree, covenant, represent and undertake as follows:

1. **Formation of the Council.** The FPDs hereby form the Southwestern Illinois Flood Prevention District Council (the “Council”) to coordinate the financing, management and oversight of the levee restoration project.

2. **Bylaws.** The Council hereby adopts Bylaws (as shown in Attachment A) that define the method of operation of the Council, including conduct of meetings, voting and such other rules necessary to the efficient conduct of business.

3. **Fiscal Agency Services.** The Council shall, by consent of the parties, enter into a fiscal agency agreement with EWG, in substantially the same format as the fiscal agency agreement shown in Attachment B, to provide fiscal, administrative and staff services to the Council.

4. **Chief Supervisor of Construction and the Works.** The Council shall select and contract for the services of a Chief Supervisor of Construction and the Works (the “Chief Supervisor”) to manage the activities of the Council. The Chief Supervisor will report to the Council and his or her duties will include, but not be limited to: provide technical supervision, program management, funds management, contract administration and external communications; coordinate with the U.S. Army Corps of Engineers on implementation of the Levee System repair projects; coordinate with the Council, the FPDs and the local drainage and levee districts and sanitary districts; develop project and administrative budgets, maintain project schedules and provide periodic progress reports to the Council on each of the Projects; provide staff support for Council meetings; and other duties as determined from time to time by the Council. The Chief Supervisor, pursuant to policies, budgets and direction provided by the Board of Directors may from time to time, select any other members of the staff. Salaries and other costs of additional staff will be included in the adopted Council budget. All staff personnel will be responsible to the Chief Supervisor of Construction and the Works for the performance of their duties.

5. **Contribution.** The FPDs agree to pay all costs associated with administration of the Council’s activities, including staff salary and benefits, meeting costs, advertising for competitive procurements, audit and legal expenses and other reasonable and necessary expenses as set forth in an annual budget adopted by the members. For the initial budget from the

effective date of this Agreement until October 1, 2009, based upon reported sales tax revenues for each county, Madison County FPD will contribute forty-six percent (46%), St. Clair County FPD will contribute fifty percent (50%) and Monroe County FPD will contribute four percent (4%) of the annual budgeted administrative costs of the Council. Contributions will be adjusted annually each October 1, based on the pro rata share of sales tax revenues attributable to each FPD during the preceding calendar year. The FPDs will each pay to EWG their pro rata share of administrative expenses reflected in monthly invoices provided by EWG to Council. The final payment of the pro rata share will be based upon reconciliation of projected to actual sales tax revenues.

6. **Budgets and Annual Report.** The Council will adopt its annual administrative budget on or before July 31 of each year for the upcoming fiscal year beginning October 1, to allow time for the budget to be reviewed and approved by each FPD before August 31, and by the county board of the county in which each FPD is situated, in accordance with the Act. For the first partial year from the effective date until October 1, 2009, the Council shall adopt a budget as soon as reasonably practical. The Council may amend its budget during the year if necessary due to changed circumstances. Any amendments will be adopted in accordance with the Act and procedural requirements for approvals from each FPD and each county board. The Council will also provide an annual report to the FPDs on or before July 31 each year to allow the report to be included in the FPDs annual report to the county by August 31, in accordance with the Act.

7. **Annual Program of Projects.** The Council will adopt an annual program of levee and flood protection system repair and restoration projects. The annual program will set priorities and establish project budgets and schedules for projects within the FPD districts.

8. **Competitive Procurements.** All procurements by the Council will be in accordance with a competitive procurement policy to maximize the opportunity for free and open competition, requiring, at a minimum: a) comparative pricing or competitive bids for all procurements of \$1,000 to \$20,000; b) at least three (3) competitive bids for all procurements exceeding \$20,000; and c) in all other respects, conformance with the Illinois Procurement Code (30 ILCS 500 et seq.) and the Illinois Local Government Professional Services Selection Act (50 ILCS 510 et seq.). When architectural, engineering or land surveying services is required, Council shall follow a qualifications-based selection process in conformance with 50 ILCS 510/5. When other professional services are sought, the Council will seek competitive proposals and may consider price in addition to qualifications in making a selection.

9. **Term and Termination.** This Agreement begins on the effective date first above written and ends on October 1, 2014; the Agreement shall be renewed for an additional five year term unless terminated by one of the parties at least ninety (90) days before the end of a term.

10. **Withdrawal.** An FPD may withdraw from the Agreement during the first or any subsequent term by providing eighteen months notice to the other parties. Withdrawal from the Agreement will not change an FPD's obligations of repayment under any bond, note or other evidence of indebtedness issued pursuant to the Act. An FPD that withdraws will continue to

pay its share of budgeted costs to the Council for the eighteen months following notice of withdrawal or the remaining term of this Agreement, whichever is less.

11. **Place of Business.** The Council's principal place of business shall be within an area protected by one of the levee systems or at such other location as agreed to by the three FPDs, and it will establish and maintain an office within its principal place of business.

12. **Governing Law.** This Agreement shall be deemed to be an intergovernmental agreement made under and shall be construed in accordance with and governed by the laws of the State of Illinois.

13. **Amendments.** This Agreement may be amended from time to time with the unanimous consent of all the parties to the Agreement. Neither this Agreement nor any provision hereof may be revised, waived, discharged, terminated or otherwise abrogated or diminished other than by an instrument in writing duly authorized and executed by the parties.

14. **Binding Effect.** The provisions of this Agreement shall be binding upon and inure to the benefit of all parties and their respective successors and assigns.

15. **Notices.** All notices required or permitted to be given under this Agreement shall be in writing and shall be given by certified mail, return receipt requested, to the parties at the following addresses or to such other addresses as either may designate in writing to the other party:

If to the Council:

The Southwestern Illinois Flood Prevention District Council
c/o East-West Gateway Council of Governments
One S. Memorial Dr.
Suite 1600
St. Louis, MO 63102
ATTN: Director of Administration

If to the Districts:

Joseph Parente
Director of Administration
Madison County
157 N. Main St., Suite 165
Edwardsville, IL 62025-1963

Linda Lehr
County Coordinator
Monroe County
100 South Main Street
Waterloo, IL 62298

Dan Maher
Director of Administration
St. Clair County
#10 Public Square
Belleville, IL 62220

16. **Counterparts.** This Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

17. **Entire Agreement.** Before the effective date of this Agreement, the parties have entered other intergovernmental agreements to cooperatively fund initial levee and flood protection system investigation and planning work. Those agreements are not superseded or abrogated by this Agreement; provided however, this Agreement constitutes the entire agreement between the parties concerning the matters set forth herein, and all planning design and repair from the effective date forward. There are no other agreements, conditions or representations, oral or written, express or implied, with regard thereto.

18. **Effect of Bylaws.** In the event that a conflict exists between this Agreement and either a fiscal agency agreement governing financial and administrative matters or Bylaws governing procedures for the operation of a cooperative Council among the parties, this Agreement shall control.

19. **Severability.** In the event that any of the terms or provisions of this Agreement are declared void or unenforceable for any reason, the remaining terms and provisions of the Agreement shall remain in full force and effect and shall not be affected thereby.

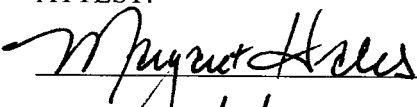
IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the date first above written, as evidenced by signature of their respective authorized officials below.

MADISON COUNTY FLOOD PREVENTION DISTRICT

By: 

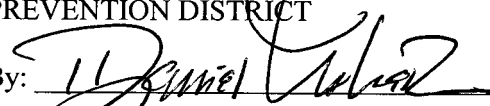
Date: 6/11/09

ATTEST:




Date: 6/11/09

ST. CLAIR COUNTY FLOOD PREVENTION DISTRICT

By: 

Date: 6/11/09

ATTEST:



Date: 6/11/09

MONROE COUNTY FLOOD PREVENTION DISTRICT

By: 

Date: 6/11/09

ATTEST:



Date: 6/11/09

ATTACHMENT A

BYLAWS

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICTS COUNCIL

PREAMBLE

The repair and reconstruction of levee and flood protection systems in Southwestern Illinois is essential to protect the health and well being of citizens and the economic vitality of the region. Madison, Monroe and St. Clair counties have established Flood Prevention Districts (the "Districts") pursuant to the Illinois Flood Prevention District Act (70 ILCS 750/1 et seq.) to manage the reconstruction and repair of the Wood River Drainage & Levee District, the Metro East Sanitary District, the Prairie Du Pont Levee & Sanitary District and the Fish Lake Drainage & Levee District levee and flood protection systems (the "Levee Systems"). Because the Levee Systems cross jurisdictional boundaries and are hydrologically linked, the financial and management decisions required to complete the repairs will need to be coordinated among all the Districts. Furthermore, the Flood Prevention District Act requires that the Districts jointly hire staff to manage the restoration. Therefore, the Districts have joined together through an intergovernmental agreement pursuant to the Flood Prevention District Act and the Illinois Intergovernmental Cooperation Act, (5 ILCS 220/1 et seq.) (the "Intergovernmental Agreement") to coordinate and jointly finance, design and manage the repair and reconstruction of the Levee Systems.

ARTICLE I - FUNCTIONS OF THE COUNCIL

The functions of the Southwestern Illinois Flood Prevention Districts Council (the "Council") shall include:

Section 1. Repair and Reconstruction of the Levee Systems: To establish budgets, plans and priorities for the expenditure of funding to repair the Levee Systems.

Section 2. Funding the Levee Protection System Repair: To issue bonds, notes or other evidences of indebtedness to finance the repair and reconstruction and to seek other funds from federal, state and local governmental or private agencies.

Section 3. Management and Administrative Functions: To employ a Chief Supervisor of Construction and the Works and other staff as may be needed, to finance, design and manage the repair and reconstruction.

Section 4. Other Functions: To undertake other matters required for the efficient repair and reconstruction of Levee Systems and permitted under the Illinois Flood Prevention District Act and the Illinois Intergovernmental Cooperation Act as determined from time to time by the members.

ARTICLE II – OFFICES

Section 1. Principal Office: The principal office of the Council shall be located within an area protected by one of the Levee Systems or at such other location as agreed to by the Board of Directors.

ARTICLE III – BOARD OF DIRECTORS

Section 1. Membership: There shall be no more than nine voting members of the Board of Directors. The three Commissioners duly appointed by the county Board Chair of the counties of each of the following Districts shall be members of the Council and shall serve on its Board of Directors:

Madison County Flood Prevention District
Monroe County Flood Prevention District
St. Clair County Flood Prevention District

Section 2. Duration of Membership: Each member shall serve on the Board of Directors for the duration of his or her term on the county Flood Prevention District.

Section 3. Officers: The Board of Directors shall elect a President, Vice-President, and Secretary-Treasurer, each from a different District, to serve for one-year terms at the annual meeting each year.

Section 4. Compensation: Directors shall not receive compensation for their services. A Director may be reimbursed for his or her actual expenses reasonably incurred in attending meetings.

Section 5. Vacancies: Any vacancy occurring among the Directors shall be filled by the chairman of the county board of the county from which the vacated Director came, in accordance with the Illinois Flood Prevention District Act.

ARTICLE IV - MEETINGS OF THE SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICTS COUNCIL

Section 1. Meetings: The Board of Directors will meet once a month at a time and place determined by a simple majority of the voting members.

Section 2. Annual Meeting: The annual meeting of the Board of Directors for the purpose of electing officers, adopting an annual budget, an annual program of projects, and such other business as may be necessary shall be held not later than July 31st of each year, at a time and place determined by act of a simple majority.

Section 3. Special Meetings: The President may call special meetings if in his or her judgment the need exists. Special meetings may also be called at the request of a simple majority of the Commissioners of any Flood Prevention District named in Article III, Section 1.

Section 4. Procedural Matters:

A. Quorum:

A quorum of the Board of Directors sufficient for the transaction of business shall be a simple majority of all voting members of the Board, and the act of a simple majority of the votes taken at a meeting at which a quorum is present shall be taken as the action of the Board of Directors.

B. Voting:

Each member of the Board of Directors shall have one vote on all decisions that come before the Council, unless at least three members present at a meeting request a roll call and weighted vote on any item.

C. Weighted Voting:

In the event that a roll call and weighted vote is requested pursuant to Section 4 B. above, votes shall be apportioned among the nine members based on the population in each District. Each District shall have one vote for each 100,000 population or fraction thereof represented in the respective Districts. Votes attributable to each District shall be apportioned equally to the three Directors representing that District. For the purposes of weighting votes, population will be based upon the latest official census of the United States Department of Commerce Bureau of the Census.

If any member of the Council is apportioned less than a single vote, the commissioners of the District represented by that member may select one Director to cast the vote of those members who are present at the meeting of the Council.

In cases of a weighted vote certain actions must be approved by a super-majority of votes of the Board of Directors. A super-majority of the Board of Directors is defined as five or more votes to approve the action. The actions requiring a super-majority are:

- (a) adoption of the annual budget of administrative costs;
- (b) adoption of an annual program of levee and flood protection system repair and restoration projects;
- (c) selection or termination of the Chief Supervisor of Construction and the Works; and
- (d) amendment of these Bylaws.

D. Proxies:

Proxies shall not be allowed nor considered in determining whether a quorum is present at a meeting, nor shall proxy voting be allowed at any meeting of the Board.

E. Meetings by Conference Telephone:

Members of the Board of Directors may participate in a meeting of the Board by means of conference telephone or similar communications equipment provided a majority of a quorum is physically present and the meeting otherwise complies with the Illinois Open Meetings Act (5 ILCS 120).

F. Rules of Procedure:

The Board of Directors may adopt rules of procedure as they determine necessary to govern the meetings and proceedings of the Board of Directors. The rules contained in the currently recognized edition of Robert's Rules of Order shall govern the Southwestern Illinois Flood Prevention Districts Council and its Board of Directors in all cases in which they are applicable, and in which they are not inconsistent with these Bylaws or any rules of procedure adopted by the Board of Directors.

G. Open Meetings:

The Council shall conduct its business in accordance with the Illinois Open Meetings Act (5 ILCS 120) and the Illinois the Freedom of Information Act (5 ILCS 140).

H. Legal Counsel:

The Council shall retain legal counsel to advise the Board of Directors on the implementation of its responsibilities under the Illinois Flood Prevention District Act and other applicable laws.

ARTICLE V - STAFF

Section 1. Chief Supervisor of Construction and the Works: The Board of Directors shall select a Chief Supervisor of Construction and the Works to manage the activities of the Council. The Chief Supervisor of Construction and the Works will report to the Council and his or her duties shall be those set forth in the Intergovernmental Agreement and other duties as determined from time to time by the Council.

Section 2. Other Staff Members: The Chief Supervisor of Construction and the Works, pursuant to policies, budgets and direction provided by the Board of Directors from time to time, may select any other members of the staff. All staff personnel will be responsible to the Chief Supervisor of Construction and the Works for the performance of their duties.

ARTICLE VI - FINANCES

Section 1. Financial Contribution: Each Flood Prevention District shall contribute funds at least quarterly to pay for the Council's annual budget of administrative costs. The amount of the budget contributed by each shall be equivalent to the percentage of sales tax revenue collected annually by that Flood Prevention District in relation to the entire tax revenue collected annually in the three Districts who are signatories to the Intergovernmental Agreement.

Section 2. Budgets: An annual budget of administrative costs for the operational activities of the Council shall be approved by the Council on a fiscal year basis beginning October 1, with approval being voted not later than July 31 of the preceding fiscal year. An annual program of Levee System repair projects, including budgets, shall also be approved by the Council on a fiscal year basis beginning October 1, with approval being voted not later than July 31 of the preceding fiscal year.

Section 3. Audit: The financial records of the Council shall be audited by a certified public accountant at least once per fiscal year.

Section 4. Fiscal Agent: The Council may enter into a fiscal agency agreement with another agency to provide fiscal, administrative and staff services to the Council.

Section 5. Illinois Financial Institution: All banking shall be conducted with a financial institution with a presence in Illinois.

ARTICLE VII - AMENDMENTS

Section 1. Submission of Amendments: Any member of the Board of Directors may propose amendments to these Bylaws. The proposed amendment shall be submitted to the Board of Directors at least 45 days prior to the meeting where amendments will be considered.

ATTACHMENT B

**FISCAL AGENCY AND ADMINISTRATIVE SERVICES AGREEMENT
BETWEEN THE
SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL
AND THE
EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS**

This Fiscal Agency Agreement is entered into as of the ___ day of _____ 2009, by and between the Southwestern Illinois Flood Prevention District Council (the "Council") and the East-West Gateway Council of Governments, One Memorial Drive, St. Louis, MO 63102 ("EWG").

WHEREAS, the Flood Prevention Districts of Madison, Monroe and St. Clair counties (the "FPDs") have formed the Southwestern Illinois Flood Prevention District Council through an intergovernmental agreement (the "Intergovernmental Agreement"), to jointly finance, design and manage the repair and restoration of the Wood River Drainage & Levee District, the Metro East Sanitary District, the Prairie Du Pont Levee & Sanitary District and the Fish Lake Drainage & Levee District levee systems (the "Levee Systems") in Madison, Monroe and St. Clair counties; and

WHEREAS, the Illinois Flood Prevention District Act (70 ILCS 750/1 et seq.) requires, among other things, that the FPDs employ staff, prepare budgets, maintain fiscal and administrative records and prepare reports regarding the repair and restoration of the Levee Systems; and

WHEREAS, EWG is the regional planning agency for the bi-state St. Louis metropolitan area, including the FPD areas, and can provide fiscal, administrative and staff services to the Council.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, this Agreement, entered into by and between EWG and the Council stipulates the following:

1. EWG will serve as the fiscal agent for the Council and shall employ a Chief Supervisor of Construction and the Works on behalf of the Council. With regard to the Council's funds entrusted to EWG, EWG shall receive and deposit funds in a separate bank account(s) in Council's behalf (in a bank with a presence in Illinois), pursuant to generally accepted principles of prudent financial management of public funds; provide the Council with any and all information required to prepare reports and comply with audits required by law; maintain records and documentation pertaining to fiscal and administrative activities; and such other assistance as the Council reasonably requests. In addition, EWG shall:
 - a) with regard to the annual budgeted administrative costs for the Council's activities: pay salary and benefits to the Chief Supervisor and any other staff; reimburse the Chief Supervisor for approved travel and related expenses; provide accounting services which will include the processing of payroll and related reports and tax information; provide monthly invoices to the Council for administrative services;

- b) with regard to funding for the program of Levee System repair projects: provide assistance in advertising for competitive procurements for third-party consultant services, including financial, legal and engineering services; and pay invoices, approved by the Council or the Chief Supervisor, for such consultant services provided to the Council and other costs incurred in furtherance of the operation of the Council; and
 - c) upon request by the Council, provide staff services to the Council as needed, to be invoiced at cost by EWG to the Council. If, in the estimation of Council, anticipated services for a special project will exceed \$5,000 in cost, Council and EWG shall enter a contract for such services.
2. The Chief Supervisor of Construction and the Works (the "Chief Supervisor") shall be selected by the Council and will manage and oversee the repair and restoration of the Levee Systems. The Council will supervise the Chief Supervisor and has the discretion to set hours, reporting requirements and other duties as required. The duties of the Chief Supervisor are described in the Intergovernmental Agreement and may be changed from time to time at the discretion of the Council.
 3. If requested, EWG will provide office space, supplies and administrative support for the Chief Supervisor and shall reimburse him or her directly for approved expenses incurred in connection with work performed at the direction of the Council.
 4. EWG, as the fiscal agent, is providing administrative and financial services to the Council under the supervision and direction of the Council, which has sole responsibility and authority for decisions regarding the use of its funds pursuant to the Illinois Flood Prevention District Act. EWG shall not engage in the design or management of the Levee System projects nor participate in decisions on the selection of professional services nor direct the use of the funds, except as directed by the Council.
 5. Upon execution of this Agreement, Council shall pay to EWG an amount equal to ten-thousand dollars (\$10,000) to cover initial administrative costs. Thereafter, Council shall pay for administrative costs under this Agreement in progress payments, based on invoices provided by EWG. EWG shall submit invoices to Council on a monthly basis for EWG's costs incurred during the preceding month. The monthly cost reflected in the invoices will include all costs to perform the services under this Agreement including salary, benefits, indirect costs, if applicable, accounting and administrative functions. Council shall pay to EWG the amount owed for the invoices within thirty (30) days of receipt.
 6. For other costs incurred by the Council on the Levee System projects including consultant services, office expenses, meeting expenses, supplies etc., the Council will provide invoices for all such costs to EWG and, after approval of the invoices by the Chief Supervisor, EWG will prepare payment from funds deposited in Council's bank account in the form of a check for signature by an authorized officer of Council, or electronically directly from the bank account, as directed by Council.

7. This Agreement shall begin on the effective date and shall continue until October 1, 2009. The Agreement shall automatically renew each October 1 thereafter for additional one-year terms unless terminated by either party at any time on ninety (90) days written notice. If this Agreement is terminated the Council shall pay EWG, according to the above noted monthly arrangement, for services rendered through the month of cancellation, or for actual costs expended by EWG, whichever is less, to the effective termination date.

8. This Agreement may be amended from time to time with the consent of the parties to the Agreement. Neither this Agreement nor any provision hereof may be revised, waived, discharged, terminated or otherwise abrogated or diminished other than by an instrument in writing duly authorized and executed by the parties.

IN WITNESS WHEREOF the parties hereto have entered into this Agreement as of the date first above written, as evidenced by signature of their respective authorized officials below:

MADISON COUNTY FLOOD
PREVENTION DISTRICT

ST. CLAIR COUNTY FLOOD
PREVENTION DISTRICT

By: _____

By: _____

Date: _____

Date: _____

ATTEST:

ATTEST:

Date: _____

Date: _____

MONROE COUNTY FLOOD
PREVENTION DISTRICT

EAST-WEST GATEWAY COUNCIL OF
GOVERNMENTS

By: _____

By: _____

Date: _____

Date: _____

ATTEST:

ATTEST:

Date: _____

Date: _____