



SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL
BOARD OF DIRECTORS MEETING
January 16, 2013 7:30 am

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

1. Call to Order
Jim Pennekamp, President
2. Approval of Minutes of December 19, 2012
3. Public Comment on Pending Agenda Items
4. Program Status Report
Les Sterman, Chief Supervisor
5. Budget Update and Approval of Disbursements
Les Sterman, Chief Supervisor
6. Design and Construction Update
Jay Martin, AMEC Environment & Infrastructure
7. Real Estate Acquisition Policies
8. Corps of Engineers Update
Tracey Kelsey, U.S. Army Corps of Engineers
9. Public Comment
10. Other Business

Executive Session (if necessary)
11. Adjournment

Next Meeting: February 20, 2013

AGENDA

MINUTES

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL BOARD OF DIRECTORS MEETING

December 19, 2012

The regular meeting of the Board of Directors was held at the Metro-East Park and Recreation District Office, 104 United Drive, Collinsville, Illinois at 7:30 a.m. on Wednesday December 19, 2012.

Members in Attendance

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

Members Absent

None

Others in Attendance

Mark Kern, St. Clair County Board Chair
Delbert Wittenauer, Monroe County Board Chair
Les Sterman, SW Illinois FPD Council
Kathy Andria, American Bottom Conservancy
Ron Auld, Volkert Assoc.
Richard Bird, URS Corp.
Randy Bolle, Prairie DuPont Levee and Sanitary District
Rich Connor, Leadership Council SW Illinois
Pandu Gururaj, ButcherMark Financial Advisors
Scott Harding, SCI Engineering
Pam Hobbs, Geotechnology
Gary Hoelscher, Hoelscher Engineering
Mike Huber, KdG Engineers
Kevin Hutchinson, City of Columbia
Charles Juneau, Juneau Assoc.
Joe Kellett, U.S. Army Corps of Engineers
Tracey Kelsey, U.S. Army Corps of Engineers
Ellen Krohne, Leadership Council SW Illinois
Chris Laycoff, Sen. Durbin's Office
Linda Lehr, Monroe County
Jule Levin, Prairie DuPont Levee and Sanitary District

Jay Martin, AMEC Environment & Infrastructure
Vic Modeer, Volkert Assoc.
Jack Norman
Ron O'Connor, O'Conner & Partners, Inc.
Jon Omvig, AMEC Environment & Infrastructure
Joe Parente, Madison County
Kate Pawasarat. American Bottom Conservancy
Randy Pollard, Sen. Kirk's Office
Cas Sheppard, Sheppard, Morgan & Schwab
Herb Simmons, Mayor, Village of East Carondelet
Mike Sullivan, Prairie DuPont Levee and Sanitary District
Roy Torkelson, ButcherMark Financial Advisors

Call to order

President Jim Pennekamp called the meeting to order.

Amendment to the Agenda

Mr. Sterman asked that the Board consider an amendment to the meeting agenda to include an additional item 9 – *Recommendation of Consultant Selection Committee of Firms to Provide Real Estate Appraisal and Acquisition Service*. Copies of the amended agenda have been provided to the members to others in attendance and have been posted.

A motion to add the agenda item as requested by Mr. Sterman was made by Ron Motil with a second by Dan Maher. Mr. Conrad called the roll and the following votes were made on the motion.

Mr. Polka - Aye
Mr. Brinkman – Aye
Mr. Bergkoetter - Aye
Mr. Conrad - Aye
Mr. Long – Aye
Mr. Maher – Aye
Mr. Motil – Aye
Mr. Parks – absent
Mr. Pennekamp – Aye

The motion was approved and the agenda was amended.

Approval of minutes of November 21, 2012

A motion was made by Ron Polka, seconded by Paul Bergkoetter, to approve the minutes of the November 21, 2012 meeting. Mr. Conrad called the roll and the following votes were made on the motion:

Mr. Polka - Aye
Mr. Brinkman – Aye
Mr. Bergkoetter - Aye

Mr. Conrad - Aye
Mr. Long – Aye
Mr. Maher – Aye
Mr. Motil – Aye
Mr. Parks – absent
Mr. Pennekamp – Aye

The motion was approved.

Public Comment on Pending Agenda Items

Mr. Pennekamp asked if there were any comments from the public on any agenda item on today's agenda.

Ms. Andria reminded the Board that at the last meeting it was discussed that the Corps would be issuing a provisional Sec. 404 permit and she cannot find out what that means. She also indicated that the January 3 date for the public hearing on the Sec. 401 permit was a very inconvenient time, coming during the holiday season. Mr. Sterman reminded her that the Illinois Environmental Protection Agency chose the date.

Program Status Report

Mr. Pennekamp asked Mr. Sterman to provide a status report for the project.

December 17 was a major milestone for the project as we submit over 6000 pages of plans, specifications, data, analysis and narrative to the Corps of Engineers documenting our proposal for shallow and deep cutoff walls. Because the Corps has dubbed cutoff walls an "other than minor" alteration to the levee system, this marks the beginning of an extensive six month Section 408 review process. AMEC worked very hard to meet this deadline

Since AMEC submitted a revision to the cost estimate and schedule corresponding to their proposed design, I have developed a revised project cost estimate and schedule that will be presented later on in the agenda. Adoption of an updated project cost estimate and schedule is a yearly event that reflects the maturing of the project design and financing plan as we move toward construction and allows us to be clear about our expectations for the project and to communicate those expectations to the public.

A draft of a revision to the Financial Plan has been developed for us by ButcherMark Financial Advisors. The Plan describes some new financing strategies, and reflects changes in the interest rate environment, project schedule, and cash flow expectations since we originally adopted our financing plan back in 2010. This too will be discussed later on today's agenda.

In sum, the message remains the same -- we can produce an affordable project that will meet FEMA standards while keeping our commitment to finish the project by 2015. That is not to diminish the significant challenges ahead, which have been discussed almost constantly over the last year but bear repeating. The Corps Sec. 408 review process continues to generate more costs, measured both in dollars and time. While the Corps has committed to a schedule of initial

reviews, the resolution of comments in those reviews continues in an ambiguous and onerous fashion that effectively has no schedule.

On a more positive note, there is more clarity with respect to the Sec. 401 water quality certification from the Illinois Environmental Protection Agency. The agency has now issued the public notice of its tentative finding that water quality impacts of the project are negligible and more than offset by substantial public benefits. The public comment period has now been initiated and a public hearing is scheduled for January 3 in our office. A public hearing is not required, but we chose to have one to address any questions that the public may have about the project. IEPA has worked diligently to expedite the review of the project in recent months in recognition of its importance to the community.

Later in the agenda we will discuss retaining firms to provide real estate services. The purpose of the services that we are seeking is to secure appraisals for the property interests (mainly easements for construction access) that we will require and to negotiate for acquisition of those interests. We received five proposals on December 7. A selection committee met on December 18 to review the proposals and develop a recommendation that you will hear about later in the meeting.

The minority business/workforce utilization plan developed by Marks and Associates has now been edited and reviewed by stakeholders to assess whether the goals and methods of the Plan are realistic. More on that subject later in the agenda.

We continue to work with the Corps of Engineers to identify design elements that are common to our project to achieve FEMA standards and to the Corps' ongoing project to meet the authorized level of flood protection. While we have reached no formal conclusion yet, discussions have been sufficiently positive that I will recommend that we provide some limited cost-share funds to pay for the Corps to advance some design for promising levee segments. The goal would be for the Corps to undertake parts of our project and partially pay for construction using Federal funds, thereby producing a cost saving to our project. The challenges for the Corps are to meet our schedule requirements and to secure sufficient Federal appropriations to provide certainty of funding. Again, more on this subject later in the agenda.

A motion was made by Mr. Bergkoetter, seconded by Mr. Brinkman, to accept the Program Status Report for December 2012. At Mr. Pennekamp's request, Mr. Conrad called the roll and the following votes were made on the motion:

Mr. Polka - Aye
Mr. Brinkman - Aye
Mr. Bergkoetter - Aye
Mr. Conrad - Aye
Mr. Long - Aye
Mr. Maher - Aye
Mr. Motil - Aye
Mr. Parks - absent
Mr. Pennekamp - Aye

The motion was approved unanimously by those present.

Budget Update and Approval of Disbursements

Mr. Sterman reported that the financial statement for November 2012 prepared by our fiscal agent, CliftonLarsonAllen was provided in your packet.

Accrued expenditures for the current fiscal year are \$3,594,054 while revenues amounted to \$1,892,397. Expenditures included a surplus held by the bond Trustee of \$633,532 through the end of November that was returned to the counties as required by the bond indenture. A total of \$11,358,397 is now held by the counties in their respective FPD sales tax funds and is available for the Council's use on the project.

Monthly sales tax receipts for September 2012 were down by about 2.13% year over year, the fourth straight month of decline, but are up about 0.85% for the first nine months of the year, trends that are below our financial plan projections.

The Board has been provided a list of bank transactions for November 2012. Total disbursements for the month were \$297,530.11. The largest payment was to AMEC and its subcontractors for design and construction management services. The closing balance on November 30 was \$133,539.23.

Mr. Sterman mentioned a conversation with Mr. Bergkoetter regarding the form of the financial reports, which include a lot of extraneous information. I will work with Mr. Bergkoetter and our accountants to try to come up with a more useful report in the future.

A motion was made by Mr. Long, seconded by Mr. Maher, to accept the budget report and approve the disbursements for November 2012. At Mr. Pennekamp's request, Mr. Conrad called the roll and the following votes were made on the motion:

- Mr. Polka - Aye
- Mr. Brinkman – Aye
- Mr. Bergkoetter - Aye
- Mr. Conrad - Aye
- Mr. Long – Aye
- Mr. Maher – Aye
- Mr. Motil – Aye
- Mr. Parks – absent
- Mr. Pennekamp – Aye

The motion was approved unanimously by those present.

Mr. Parks joined the meeting at this time.

Update to Project Financial Plan

Mr. Sterman noted that the original financial plan was developed in 2010 and was the basis for our Series 2010 bond issue. The project design and cost estimate has evolved since that time, and there have been significant changes in financial markets. Also, we are mindful of future financial needs going beyond the immediate FPD construction project. The Corps of Engineers will be making further investments in the levee system to increase the level of protection. For that to happen, we will need to provide local funding to match the federal dollars. Also, we need to make sure that the levee districts are able to carry forward with ongoing maintenance and reconstruction needs so that the Council's investments in levee improvements are adequately maintained over time.

Since we have a new project cost estimate and schedule, it is an appropriate time to revisit the financial plan. The Board packet included a draft of a revised plan prepared by ButcherMark. It explores a number of options that would allow us to leverage the existing sales tax to generate additional proceeds to meet our needs. No decisions are necessary at this time; the plan update lays out options for us to consider in the future once our financial needs become better defined.

Mr. Sterman introduced Mr. Roy Torkelson and Mr. Pandu Gururaj from ButcherMark who made a presentation on the proposed update to the financial plan. He supported his presentation with slides (copy attached).

Mr. Torkelson stated that their objective was to maximize the proceeds to the project from the FPD sales tax. He reviewed the flow of funds under the terms of the indenture for our initial bond issue. The purpose is to describe funds potentially available after satisfying our obligations under our current bond issue, particularly for use under a subordinated bond structure.

Mr. Torkelson said that they were proposing an approach involving short-term borrowing that is allowable under our authorizing statutes. Doing so allows the Council to take advantage of increasing sales tax receipts in the future and would also allow the Council to take advantage of several more years of sales tax receipts. The updated plan also suggests that the current balances of funds held by the counties in their FPD funds be used prior to any borrowing. The plan is flexible and can be adjusted to produce the amounts of fund required by the Council in the future. The specific proposal described in the plan produces about \$220 million.

Mr. Gururaj described the proposal in more detail, showing detailed tables that described annual expenditures for and proceeds from short- and long-term borrowing. He explained to the Board how it is possible to produce \$220 million in proceeds to the project. Mr. Gururaj also showed a sensitivity analysis to describe how changing assumptions on interest rates, sales tax revenues, timing for issuing debt, bond rating, and other factors would affect proceeds from borrowing.

Mr. Long noted that there are three unknowns – interest rates, the growth of sales tax receipts, and the possible loss of tax exempt status of municipal bonds in the future. His opinion was that the assumed interest rate might be low. Mr. Torkelson suggested that they believed that their assumptions were conservative, but it would be necessary to adjust assumptions in the future.

Mr. Maher asked if there are any hedging techniques that might be used to protect against big increases in interest rates. Mr. Torkelson said that there were such techniques but they didn't address them in this work.

Mr. Torkelson summed up by saying that the existing sales tax will be sufficient to meet the needs of the project, and the approaches outlined in the plan update will give the Board the ability to adjust the project financing based on the need to the project in the future.

Mr. Wittenauer asked whether the levee districts could legally use some of our bond issue funds for operations and maintenance. Mr. Sterman responded that it is allowable under our authorizing statute.

Revised Project Budget

Mr. Pennekamp asked Mr. Sterman to summarize this agenda item.

Mr. Sterman said that in December 2011, following the submission of the 60% design and cost estimate by AMEC, the Board adopted a revised project cost estimate. In November 2012 AMEC submitted an updated construction cost estimate and we now have a much better idea of professional fees for accommodating the Corps project review, as well as additional fees for legal services, real estate acquisition, permitting, etc.

The Project Implementation Plan, adopted by the Board in July 2011 is a roadmap for accomplishing that broad purpose. At each critical stage of the project it will be important to determine where we stand with respect to that roadmap. The cost estimate is part of the Plan.

Table 1 in the memo provided to the Board shows the effect of changes to the design on the project cost estimate. To summarize, the overall FPD project construction cost estimate has been reduced by \$11.4 million, or about 8.4%, as a result of continuing progress on the design and a concerted effort by AMEC to reduce costs. However, we had not previously budgeted for our obligation to provide local cost-share for Corps sponsored reconstruction projects and project development work. This expenditure amounts to some \$11.6 million.

Costs for professional services have increased somewhat, mainly due to external factors such as amore extensive and costly Corps review processes than originally anticipated, the unwillingness of the Corps to certify levees they own or where they are responsible for improvements, by changes in the project schedule and by accounting for services that were not previously included in the estimate. Taken together, therefore, the overall project cost estimate has increased by 2.5% since July 2011.

Given some of the uncertainties in the early design, and considering that the cost estimate now reflects almost \$11.6 million in unbudgeted costs from Corps projects and \$3.6 million in previously unbudgeted professional fees, this is positive news. The estimate continues to include a 20% contingency for all construction, except for the cutoff walls, for which the contingency is 30%. There may be opportunities to reduce construction costs by partnering with the Corps on shared project elements. If the Corps can meet our schedule requirements, we would be obligated to pay only about 35% of construction costs for projects undertaken by the Corps.

Notwithstanding the apparent success in containing costs thus far, risks remain that could affect the cost estimate and schedule. We have been unable to get any significant relief from the Corps of Engineers review process. That review process has resulted in a budgeted amount of nearly \$1.1 million, a sum that has now been incorporated in the project estimate. Perhaps even more significant is the schedule risk and uncertainty of the review process itself, which is largely new to the Corps for a project like ours. This could have a budget impact that we cannot as yet estimate.

Figure 1 in the memo shows the construction schedule that was presented to the Board at the November meeting. This schedule is consistent with the current design and continues to meet the desired 2015 completion date for the project.

Except for external schedule risks that we cannot control, e.g. Corps of Engineers review or weather, *the project remains on schedule and within budget*. Since our intention is to maintain the Project Implementation Plan as a current and timely document, I am recommending that the Board of Directors amend the Plan to include the attached budget and project schedule.

Mr. Long noted his appreciation for this review of financing and project costs and indicated that given the problems that we have addressed the increases in costs seem reasonable.

Mr. Parks made motion to amend the Project Implementation Plan to include the December 2012 revised project cost estimate and schedule. The motion was seconded by Mr. Bergkoetter. At Mr. Pennekamp's request, Mr. Conrad called the roll and the following votes were made on the motion:

Mr. Polka - Aye
Mr. Brinkman – Aye
Mr. Bergkoetter - Aye
Mr. Conrad - Aye
Mr. Long – Aye
Mr. Maher – Aye
Mr. Motil – Aye
Mr. Parks – Aye
Mr. Pennekamp – Aye

The motion was approved unanimously.

Design and Construction Update

Mr. Pennekamp called on Jay Martin, AMEC's project manager, to provide a report. Mr. Martin used a PowerPoint® presentation to illustrate his remarks.

Bid package #1 construction is complete and the package needs to be closed by AMEC and the contractor. Bid package #2a for pump stations in the Fish Lake levee district is still in the review process. Revisions will be made to respond to Corps comments and we hope to advertise for bids in January 2013.

Mr. Martin then showed a table illustrating the status of all bid packages. Two packages have now been submitted to the Corps for the Sec. 408 review. Bid package 6 for relief wells and berms in PdP will be submitted in January, with two more packages in February. It will be a busy time, but the hope is that we have now turned the corner and will soon be engaged in construction.

Uncertainties remain, particularly in the permitting processes, the Sec. 408 reviews, weather, and property acquisition schedules.

Mr. Wittenauer asked whether the Sec. 401 certification is for the entire project. Mr. Martin replied in the affirmative.

Mr. Pennekamp asked for a motion to accept Mr. Martin's progress report. A motion was made by Mr. Parks with a second by Mr. Maher to accept the AMEC progress report. Mr. Conrad called the roll and the following votes were made on the motion:

Mr. Polka - Aye
Mr. Brinkman – Aye
Mr. Bergkoetter - Aye
Mr. Conrad - Aye
Mr. Long – Aye
Mr. Maher – Aye
Mr. Motil – Aye
Mr. Parks – Aye
Mr. Pennekamp – Aye

The motion was approved.

Mr. Motil left the meeting at this time.

Recommendation of the Consultant Selection Committee of Firms to provide Real Estate Appraisal and Acquisition Services

Mr. Sterman provided a report on this item. He emphasized the importance of moving ahead with the acquisition of property interests, mainly easements, as quickly as possible prior to construction. A selection committee met on December 18, 2012 to consider the proposals submitted to provide real estate appraisal and acquisition services to the Council. Attendees at this meeting included the following:

Dan Maher
Ron Polka
Joe Parente
David Human

The Council issued a request for proposals on November 8 seeking individuals or firms to provide real estate valuation and acquisition agent services in connection with the levee

reconstruction project. Based on the current design of the project, about 200 parcels will be affected by the Project, involving a little over 100 owners (see attached list).

The proposed contract work includes professional property appraisal. These services are related to assigning values to levee easements, seepage easements, flowage easements, borrow easements, temporary construction easements, and other related real property interests needed for purposes of completion of the project.

Expected work under the proposed contract(s) consists of providing services necessary to approach affected property owners and negotiate and close real property related acquisitions for the project.

On December 7, the Council received five responses from firms to provide the requested services:

O.R. Colan Associates, St. Charles, MO (acquisition services only)
Bernardin Lochmueller & Associates, Maryville, IL
Phil Johnson, Realtor, Swansea, IL (acquisition services only)
Volkert, Inc., Collinsville, IL
Dinan Real Estate Advisors, Inc. (appraisal services only)

Our schedule is very aggressive, with construction expected to begin in the Spring of 2013 with real estate acquisition completed around the end of July. It is critical, therefore, that our appraisers and agents have both the resources and experience to move the acquisition process along quickly. For the appraisal work specifically, experience related to the unique aspects of levee projects would be a significant advantage. We are also sensitive to costs, both for the services required and for acquisition of the property interests that we require. In sum, we are looking for experienced professionals that have the resources to do the job quickly and efficiently and who share our values and interests.

The selection committee reviewed and discussed the proposals at length and shared their past experiences (if any) with each of the firms. They determined that the key evaluation factors were local knowledge and experience in dealing with area property owners, and the presence of qualified appraisers (an MAI designation from the Appraisal Institute was preferred) with experience in appraising a wide range of property interests. The committee also focused on the most cost-effective approach to the job, minimizing tasks that would not add real value.

Recognizing the foregoing factors, as well as the evaluation criteria described in the RFP, the committee believed that our needs would be best served by retaining Phil Johnson for property acquisition services and Bernardin Lochmueller & Associates for property appraisal services. Because the appraising of property interests for levee projects has some unique elements, we will ask our special counsel, Husch Blackwell, to provide guidance to the appraisal team (Husch has extensive experience in acquiring property interests for levee projects).

The committee, therefore, is making the following recommendation:

Authorize the Chief Supervisor to negotiate an agreement with Phil Johnson to provide acquisition services and with Bernardin Lochmueller & Associates to provide appraisal services, provided that these firms can commit adequate qualified staffing to meet the Council's project schedule. In the event that testimony may be needed in a legal proceeding, the Council reserves the right to choose another firm or individual to provide those services. Should the Chief Supervisor not be able to successfully negotiate an agreement with the selected firms, the Board will consider an alternative selection at the January meeting.

A motion was made by Mr. Long with a second by Mr. Parks to approve the recommendation of the consultant selection committee. Mr. Conrad called the roll and the following votes were made on the motion:

Mr. Polka - Aye
Mr. Brinkman – Aye
Mr. Bergkoetter - Aye
Mr. Conrad - Aye
Mr. Long – Aye
Mr. Maher – Aye
Mr. Motil – absent
Mr. Parks – Aye
Mr. Pennekamp – Aye

The motion was approved by those present.

Payment to U.S. Army Corps of Engineers for Design of Common Project Elements Wood River Levee and Drainage District

The next two items on the agenda relate to work by the Corps on project elements that are common to our project and the Corps' project to increase the level of protection to the federally authorized level. At the November Board meeting, I was authorized to execute a Design Agreement with the Corps of Engineers so that the Council can provide the required sponsor funds to match Federal funds appropriated to carry out the Corps' project to achieve the authorized level of flood protection. As we have maintained, however, our intention at this time is to only support those activities by the Corps that would contribute to achieving our immediate goal of meeting FEMA flood protection standards by 2015.

Accordingly, we are working with the Corps to identify elements of their project that will cost-effectively contribute to achieving our project to meet FEMA standards. We have not yet completed that analysis, although preliminary discussions seem promising. As we have previously noted, we are requiring that any part of the Federal project that we support financially will result in a net cost saving to the Council and that it can clearly be accomplished by 2015.

I am therefore seeking authority to provide up to \$100,000 to the Corps, which will match \$300,000 in Federal funds, for the purpose of designing levee system improvements that will meet our objectives and result in a cost savings to the Council as measured against the most recent project cost estimate (November 2012).

If approved by the Board, the Council will pay these costs from the construction fund of the series 2010 bonds.

Mr. Long asked if this could save us money. Mr. Sterman said that was the objective, since we are only liable for about 35% of the design and construction costs. This is not necessarily a straightforward decision, since the Corps will likely redesign features (like the cutoff walls) that we have already designed. And we need to know that the Corps indeed has the money to move forward on our schedule.

Mr. Long asked whether this expenditure is in our budget. Mr. Sterman said that it was not, but if we are successful in shifting some of the work to the Corps it will actually reduce our project budget – at least in theory. We won't send them a check unless we are satisfied that this will actually work.

Payment to U.S. Army Corps of Engineers for Design of Common Project Elements Metro East Sanitary District

Mr. Sterman said that this is the same issue as we discussed relating to the Wood River levee district.

A motion was made by Mr. Long to authorize the Chief Supervisor to pay the U.S. Army Corps of Engineers up to \$100,000 serve as cost-share for design activities in the Wood River Levee and Drainage District and the Metro-East Sanitary District. Mr. Parks seconded the motion. At Mr. Pennekamp's request, Mr. Conrad called the roll and the following votes were made on the motion:

- Mr. Polka - Aye
- Mr. Brinkman – Aye
- Mr. Bergkoetter - Aye
- Mr. Conrad - Aye
- Mr. Long – Aye
- Mr. Maher – Aye
- Mr. Motil – absent
- Mr. Parks – Aye
- Mr. Pennekamp – Aye

The motion was approved unanimously by those present.

Authorization to Pay Fee to the Illinois Environmental Protection Agency for Processing of Sec. 401 Water Quality Certification

The levee improvement project requires a Section 401 Water Quality Certification granted by the Illinois Environmental Protection Agency in order to begin construction. We have been working with the agency for over a year to provide the information necessary to secure that certification. After considerable review and analysis, IEPA has tentatively come to a positive conclusion that the project would meet water quality standards and other appropriate standards and criteria would be met by the project.

Under the terms of Illinois statute, applicants for water quality certifications are required to pay a fee of 1% of the gross value of the proposed project, not to exceed \$10,000, before a certification is issued. In our case, there are three distinct projects – one for each levee system. Therefore, the total fee would be \$30,000.

Mr. Long made a motion to authorize the Chief Supervisor to pay a total of \$30,000 to the Illinois Environmental Protection Agency for processing the Section 401 Water Quality Certification for levee system improvements in the Wood River, Metro-East Sanitary and Prairie DuPont/Fish Lake levee systems. Mr. Maher seconded the motion. At Mr. Pennekamp's request, Mr. Conrad called the roll and the following votes were made on the motion:

Mr. Polka - Aye
Mr. Brinkman – Aye
Mr. Bergkoetter - Aye
Mr. Conrad - Aye
Mr. Long – Aye
Mr. Maher – Aye
Mr. Motil – absent
Mr. Parks – Aye
Mr. Pennekamp – Aye

The motion was approved unanimously by those present.

Minority Business and Workforce Engagement Plan

Mr. Sterman reported that for the past several months we have been working with Marks & Associates to develop a Minority Business and Workforce Utilization Plan for the project. One of the hallmarks of the project since its inception has been our commitment to use the local tax dollars dedicated to the project to invest, to the maximum extent possible, in our local business and workforce. We endorsed the use of a Project Labor Agreement to codify our commitment to the use of local labor on the project, and we are taking all necessary steps to comply with the Illinois Prevailing Wage Act. Additionally, we have taken steps, through the development of a Minority Business and Workforce Utilization Plan, to invest in local minority businesses and workers.

At the October meeting, a preliminary draft of the Plan was provided to the Board for review. Since that time, the document has been substantially edited and reviewed internally, and input sought from labor groups and others. Of particular concern is assuring that the Plan is realistic, effective, and not unduly burdensome or costly for contractors working on the project.

The Plan does not call for the Council to adopt a fixed numerical goal as a commitment to the use of minority firms and workers. Rather, it calls for the following general policy to guide the Council's continuing and genuine efforts to engage such firms and workers on the project:

“The Southwestern Illinois Flood Prevention District Council is committed to the development and expansion of the minority and women business sector through the implementation of effective policies and procedures in the procurement and

delivery of construction services on the Illinois Levee Improvement Project. To that end, it shall be the goal of each prime and subcontractor doing business on the Project to make effective efforts to utilize certified, minority and women business enterprises and be held accountable for outcomes that will meet the FPD's objectives.

We are also committed to the development and expansion of minority and female workers and professionals in the construction industry through the implementation of effective policies and procedures in the recruitment, hiring, and retention of workforce on the Project. To this end, it shall be the goal of each prime and subcontractor doing business on the Illinois Levee Project to utilize minority and female trades people and professionals to the fullest extent possible.”

Mr. Parks made a motion to adopt the Minority Business and Workforce Utilization Plan and the policies and strategies described in the Plan and direct the Chief Supervisor to take the necessary steps to implement the Plan. Mr. Bergkoetter seconded the motion. At Mr. Pennekamp's request, Mr. Conrad called the roll and the following votes were made on the motion:

Mr. Polka - Aye
Mr. Brinkman – Aye
Mr. Bergkoetter - Aye
Mr. Conrad - Aye
Mr. Long – Aye
Mr. Maher – Aye
Mr. Motil – absent
Mr. Parks – Aye
Mr. Pennekamp – Aye

The motion was approved unanimously by those present.

Amendment to AMEC Work Order 6 – Sec. 408 Review

Recognizing that the extent of effort required to respond to the Corps' review process was not adequately anticipated in our design budget or in the existing design work orders with AMEC, we entered into a separate Work Order 6 to accommodate the Sec. 408 review. The purpose of this work order is to provide AMEC with the resources to engage the Corps in the review process and to allow us to separately account for the cost of the review.

As I indicated when Work Order 6 was originally approved by the Board in December 2011 and later amended in June 2012, the level of effort required was unpredictable, given the limited experience of the Corps and the Council with the Sec. 408 review process, making the amount of this work order subject to revision in the future. As the review process unfolded and the technical debate over various design features expanded and escalated in recent months, AMEC has been asked to expend significant resources on additional analysis and data collection. Given the high cost of meeting the Corps' expectations for the performance of graded filters/trench drains included in the 60% design, a significant effort was expended first to try to accommodate the Corps' requirements, and ultimately to design alternative underseepage control features that

would be more likely to meet with Corps approval at a reasonable cost. AMEC, therefore, incurred substantial costs for providing additional data and analysis and, in most cases, redesigning features included in the 60% design submission.

In addition, we anticipated that the cutoff walls that are part of the current design would be built using a design/build approach, thereby offloading much of the design process to the contractor selected for the work, who we believed would be in the best position to optimize construction methods and achieve the most cost-effective design. Unfortunately, this approach is simply not compatible with the Sec. 408 review process, wherein the Corps expects to sign off on a more complete and finished design. Doing so significantly reduces the options available for a contractor by making the process more proscriptive. Accommodating the Corp process voids most or all of the efficiencies that would result from design/build. The cutoff wall design and construction process now looks more like a traditional design/bid/build – in effect moving the bulk of the design work to our consulting team, rather than the construction contractor. Moreover, since the cutoff walls have now been dubbed a “major” (or “other than minor” in Corps-speak) improvement under Corps guidance, the approval process extends throughout the Corps hierarchy all the way to their headquarters. It will also require a separate independent external peer review. All of this process will require more analysis, more documentation, and more interaction – simply a lot more work on our part.

The original budget for Work Order 6, approved in December 2011, was \$181,000. In June, 2012 the Board approved an additional \$466,940, mainly for dealing with the graded filter issue and other aspects of the review of the 60% design. At the time of the last amendment, I indicated that it was likely that one more amendment would be required to cover the extended review expected for cutoff walls. It is my hope that this amendment will reflect the final budget for Work Order 6, encompassing all expected activities to be done as part of the Sec. 408 review. The amount requested in this second amendment of Work Order 6 is \$438,595, bringing the total amount authorized for this Order to \$1,086,535. A copy of the amended work order and a budget for the amendment is attached to the Board memo on the subject.

Mr. Sterman recommended that he be authorized to execute an amendment to Work Order #6 – USACE 408 Reviews with AMEC Environment & Infrastructure. The cost of the amendment to provide the services described in the work order will not exceed \$438,595 and cover a period through December 31, 2013. The total cost of Work Order 8 including the original amount and two amendments will be \$1,086,535.

Amendment to AMEC Work Order 8 – Construction Management

Mr. Sterman noted that our agreement with AMEC Environment & Infrastructure provides for the firm to serve as the Council’s construction manager for the project. With the expected award of the construction contract for Construction Package #2a pump stations in the Fish Lake levee system in several months and the pre-construction activities beginning for Construction Package #7a and #7b (shallow and deep cutoff walls in the MESD and Wood River systems), we need to execute a Work Order with AMEC to define the scope and budget of construction management services for this work. In May 2012, the Board adopted a Work Order that described the scope of construction management activities in detail and authorized funding for Construction Package

#1. We will be periodically amending this Work Order as construction work is better defined and ready to proceed.

A detailed scope of work and cost estimate for the construction management services for the three subject construction packages is shown as an attachment to this memo. The attachment also summarizes the current funding commitments to Work Order 8. The cost of associated with this amendment is \$271,000 and the total committed to Work Order 8 would be \$298,000.

Mr. Sterman recommended that he be authorized to execute Amendment 1 to Work Order 8 with AMEC Environment & Infrastructure as shown in Attachment 1 for \$271,000 to provide construction management services for Construction Packages 2a, 7a, and 7b.

A motion was made by Mr. Maher and seconded by Mr. Polka to approve Mr. Sterman's recommendations amending both Work Order 6 and Work Order 8 as part of the Council's contract with AMEC Environment and Infrastructure, Inc. At Mr. Pennekamp's request, Mr. Conrad called the roll and the following votes were made on the motion:

Mr. Polka - Aye
Mr. Brinkman – Aye
Mr. Bergkoetter - Aye
Mr. Conrad - Aye
Mr. Long – Aye
Mr. Maher – Aye
Mr. Motil – absent
Mr. Parks – Aye
Mr. Pennekamp – Aye

The motion was approved unanimously.

Public Comment

Mr. Pennekamp asked whether there were any comments from the public.

Ms. Andria again noted her confusion about the relationship between the Sec. 401 and Sec. 404 permits. Mr. Pennekamp suggested that she call the Corps to get the issue clarified.

Other Business

Mr. Wittenauer noted the increased workload on levee commissioners to deal with much more extensive inspections of the levee system by the Corps.

Mr. Sterman said that we are on top of that situation and we are working with the levee districts to address deficiencies as part of our project. None of our levee districts are in any danger of being thrown out of the federal PL 84-99 program.

Mr. Sterman reminded the members about the January 3 public hearing on the Sec. 401 water quality certification and encouraged those who are able to attend. IEPA has made it clear to us that they will be attentive to public comment as they make their final decision on certification.

Adjournment

Motion made by Mr. Parks, seconded by Mr. Bergkoetter to adjourn the meeting. The motion was approved unanimously by voice vote, all voting aye.

Respectfully submitted,

John Conrad,
Secretary/Treasurer, Board of Directors



SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL
BOARD OF DIRECTORS MEETING
December 19, 2012 7:30 am

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

1. Call to Order
Jim Pennekamp, President
2. Approval of Minutes of November 21, 2012
3. Public Comment on Pending Agenda Items
4. Program Status Report
Les Sterman, Chief Supervisor
5. Budget Update and Approval of Disbursements
Les Sterman, Chief Supervisor
6. Update to Project Financial Plan
Roy Torkelson, ButcherMark Financial Advisors
7. Revised Project Budget
Les Sterman, Chief Supervisor
8. Design and Construction Update
Jay Martin, AMEC Environment & Infrastructure
9. Recommendation of Consultant Selection Committee of Firms to provide Real Estate Appraisal and Acquisition Services
10. Payment to U.S. Army Corps of Engineers for Design of Common Project Elements Wood River Levee and Drainage District
11. Payment to U.S. Army Corps of Engineers for Design of Common Project Elements Metro East Sanitary District
12. Authorization to Pay Fee to the Illinois Environmental Protection Agency for Processing of Sec. 401 Water Quality Certification
13. Minority Business and Workforce Engagement Plan

AGENDA

14. Amendment to AMEC Work Order 6 – Sec. 408 Review
15. Amendment to AMEC Work Order 8 – Construction Management
16. Public Comment
17. Other Business
Executive Session (if necessary)
18. Adjournment

Next Meeting: January 16, 2013

BUTCHERMARK



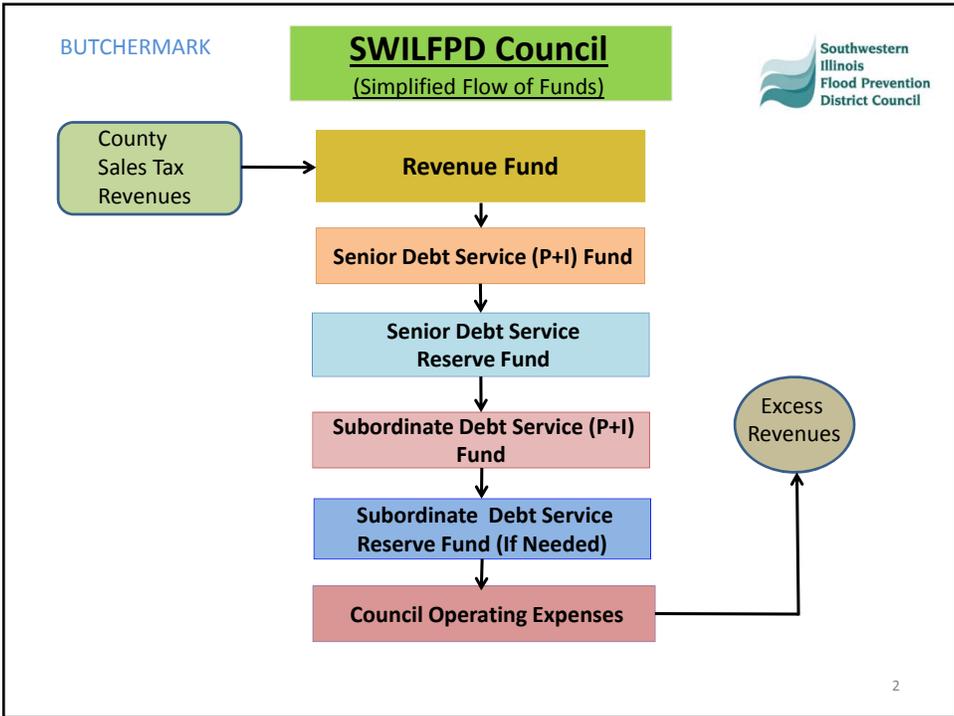
Southwest Illinois Flood Prevention District Council

2012 Financial Plan Update

December 19, 2012

ButcherMark Financial Advisors LLC

1



BUTCHERMARK



Proposed Financing Plan

- Utilize the remaining proceeds from the Series 2010 Senior Bonds to fund Project expenses.
- Fund additional expenses of the project on a “pay-as-you-go” basis from excess revenues (net of debt service on Series 2010 Bonds and Council’s operational expenses) that have been or are flowing out of the Indenture as “surplus” to the county FPD sales tax funds prior to the issuance of short term financing.
- Just prior to the time additional Project funding is needed, issue short term financings on a subordinated basis in the form of Revenue Anticipation Notes (“RANs”), and Bond Anticipation Notes (“BANs”) and apply all the proceeds of these short term issuances to pay Project costs in a timely fashion.

3

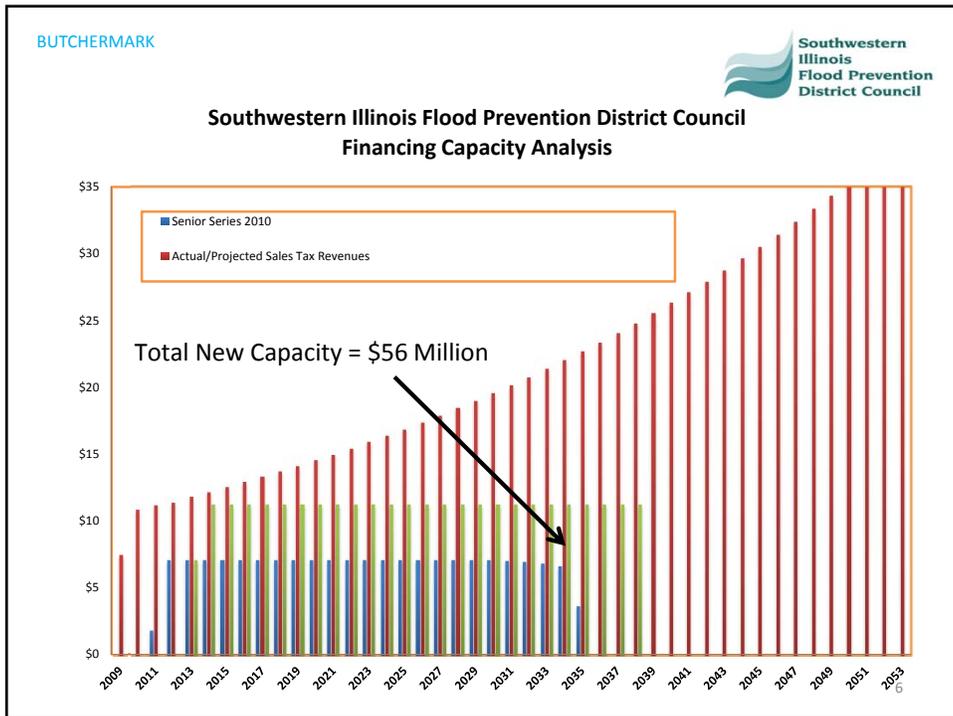
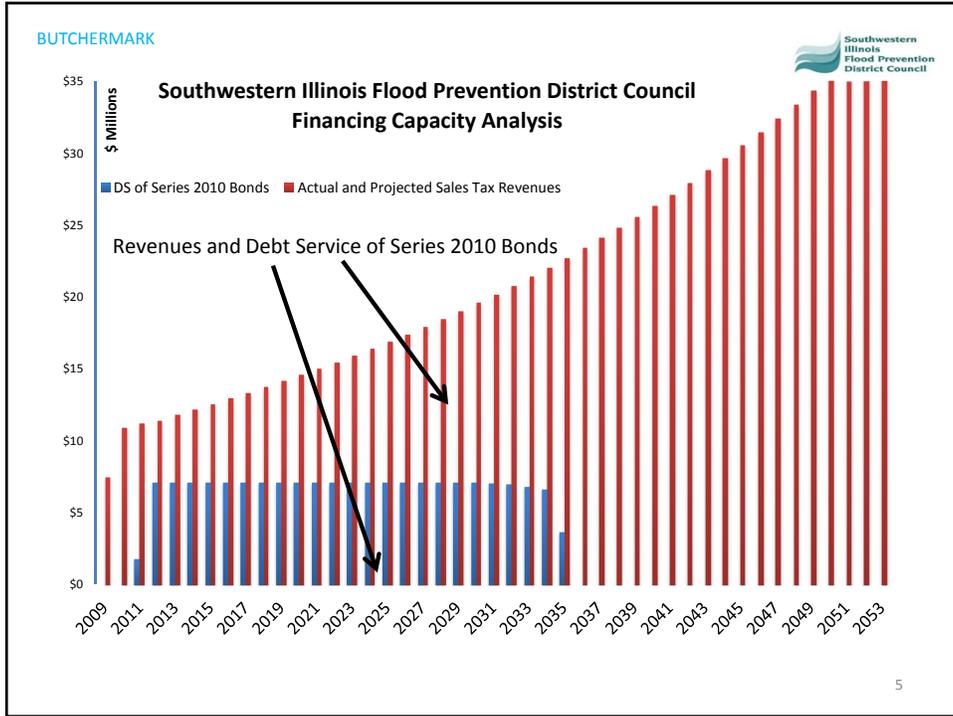
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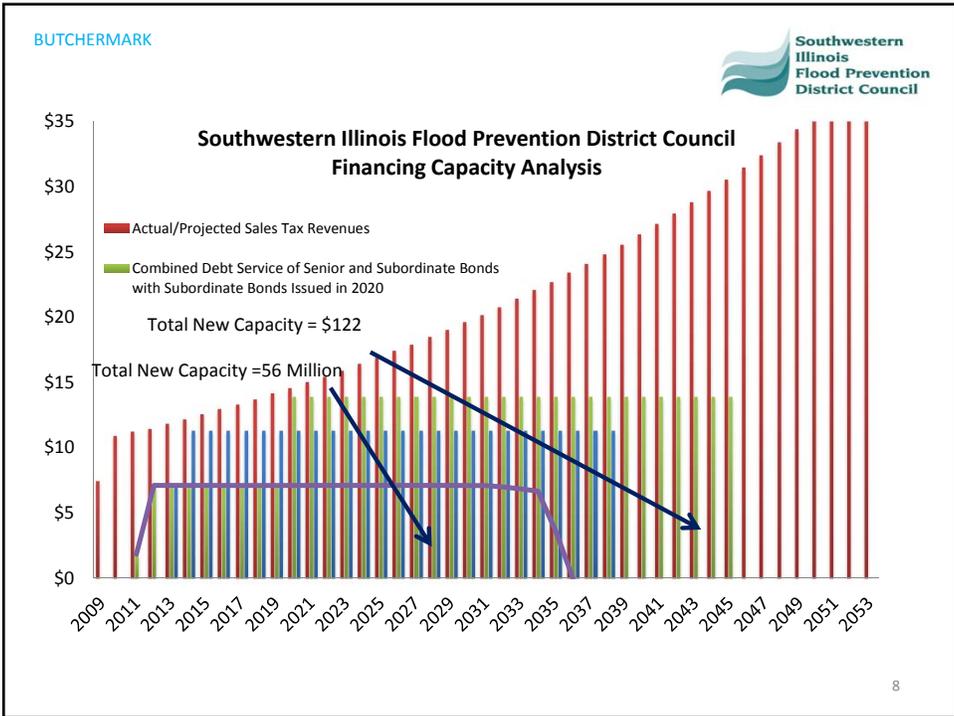
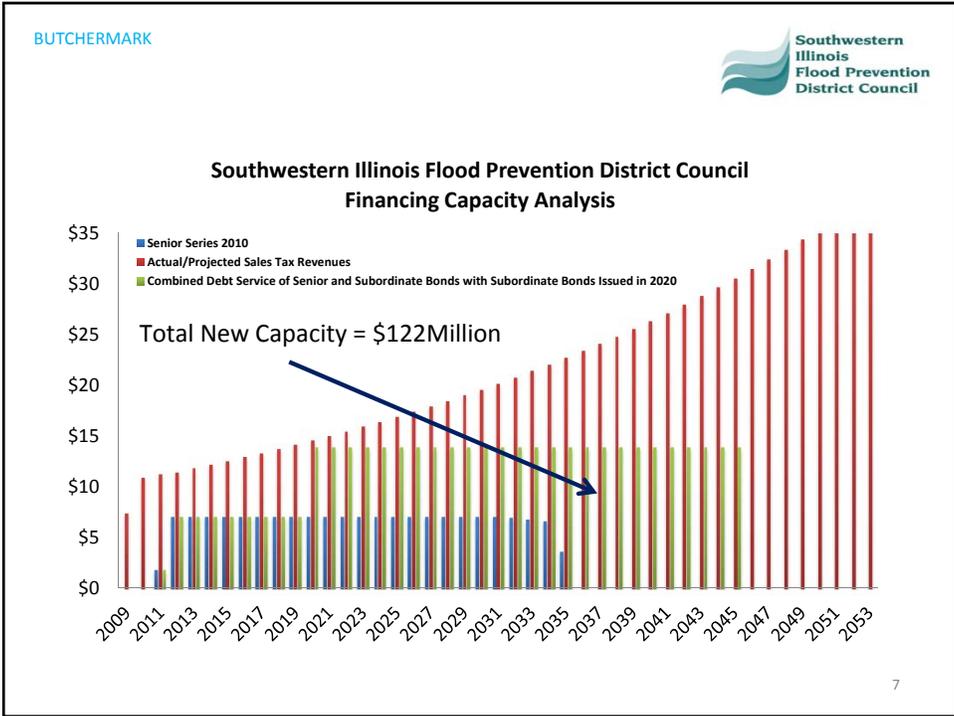


Proposed Financing Plan (Cont’d)

- Prior to the issuance of long term subordinated bonds apply all excess revenues, after paying net debt service on Series 2010 Bonds and Council expenses, to the payment of the short term RANs.
- Issue long term subordinated bonds and apply its proceeds to retire the short term BANs.
- After the issuance of the long term bonds release excess revenues (after paying debt service on the Series 2010 bonds, debt service on the new long term subordinated bonds and the Council’s expenses) for other appropriate project related purposes.

4





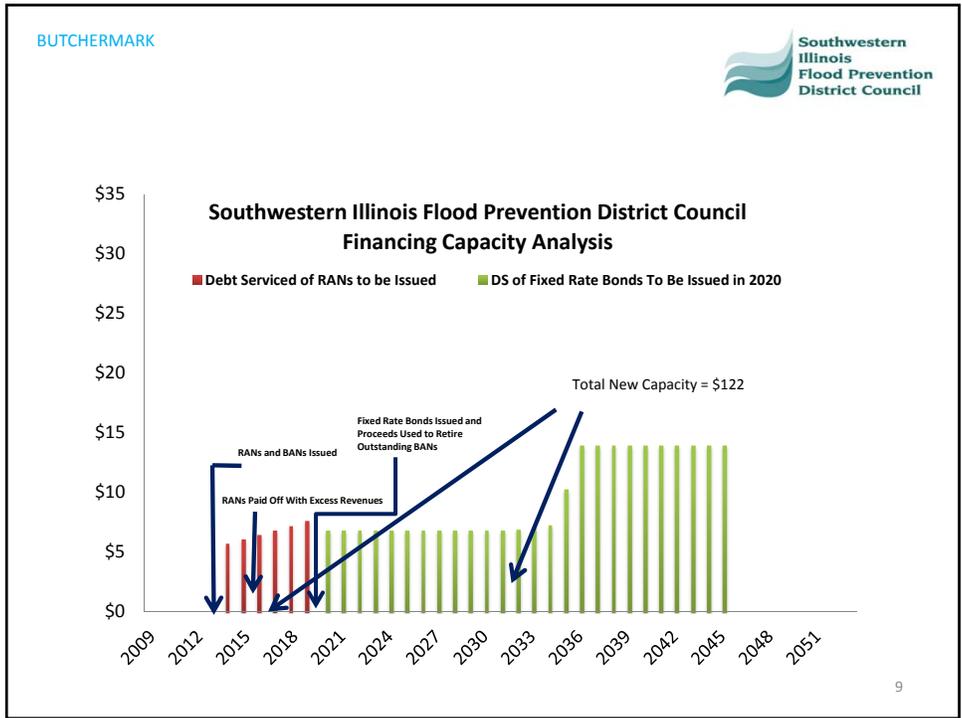


EXHIBIT V

**Southwestern Illinois Flood Prevention District Council
Financial Plan Update**

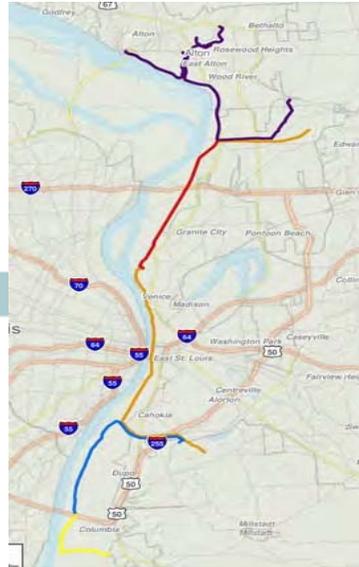
Sensitivity Studies for Base Case Financing Capacity Due to Changes in Assumptions

Input Changes		Financing Capacity and Change from Base Case (\$Millions)			
A	Issuance Year for Long Term Bonds	2015	2018	2020*	2025
	Financing Capacity	\$171	\$200	\$220	\$271
	Change from Base Case	-\$48	-\$20	\$0	\$51
B	Interest Rates (+Higher/-Lower)	1%	0%*	-1%	-2%
	Financing Capacity	\$206	\$220	\$236	\$256
	Change from Base Case	-\$14	\$0	\$17	\$37
C	Revenue Coverage for Long Term Bonds	100%	105%*	110%	115%
	Financing Capacity	\$226	\$220	\$213	\$208
	Change from Base Case	\$7	\$0	-\$6	-\$12
D	Provision of Debt Service Reserve Funds for Long Term Bonds	0%*	50%	100%	
	Financing Capacity	\$220	\$215	\$211	
	Change from Base Case	\$0	-\$4	-\$8	
E	Revenue Growth Rates	0%	2%	3%*	5%
	Financing Capacity	\$182	\$206	\$220	\$249
	Change from Base Case	-\$37	-\$13	\$0	\$29

* Base Case from Exhibit I



**Progress Report
December 19, 2012
SW IL Levee System
By Jay Martin**



Update



- Design Update
- Permitting
 - 401

Bid Package #1



- Complete – needs to be closed

3

Bid Package #2A



- Dr Checks comments posted (59 Total Comments)
- Final 408 comments expected December 19 from the Corps
- Revising plans and specs in response to 408 comments - first week of January
- Advertise for Bid, January 2013

4

Bid Package	Task	Start Date	Finish Date
2A	Final Design - Pump Stations (FL Only)	1/12/2012 	12/28/2012
	USACE 408 Permit Review	8/6/2012	8/31/2012
	408 Permit Approval		4/30/2013
2B	Final Design - Pump Stations (WR, MESD, PDP)	8/15/2012	5/20/2013
	USACE 408 Permit Review	 2/18/2013	3/21/2013
	408 Permit Approval		5/20/2013
3	Final Design - Relief Wells, Berm, Blanket Drain (WR)	8/20/2012	6/12/2013
	USACE 408 Permit Review	 4/12/2013	5/15/2013
	408 Permit Approval		6/12/2013
4	Final Design - Clay Blanket, Relief Well Sys. (MESD)	10/8/2012	4/17/2013
	USACE 408 Permit Review	 2/15/2013	3/20/2013
	408 Permit Approval		4/30/2013
5	Final Design - Clay Blanket, Relief Well Sys. (MESD)	10/9/2012	6/7/2013
	USACE 408 Permit Review	 4/5/2013	5/8/2013
	408 Permit Approval		6/7/2013
6	Final Design - Relief Wells & Berms (PDP/FL)	5/15/2012	4/22/2013
	USACE 408 Permit Review	1/21/2013	2/21/2013
	408 Permit Approval		4/30/2013
7	Final Design - Cutoff Walls (WR)	8/9/2012	12/17/2012
	USACE 408 Permit Review	12/17/2012 	4/17/2013
	408 Permit Approval		5/17/2013

Next Steps



- Submitted 408 package for BP#7 on December 17th to the Corps. Respond to comments.
- Complete designs and press forward with 408 submittals to the Corps for the remaining packages
- Scheduled to meet with Wood River and PDP/FL in January 2013 to share update solutions. Met with MESD Levee District on November 29th
- Work through certification of Mel Price and COR

Uncertainties



- Permits
 - 404
 - 401
- 408 Reviews
- Weather
- ROE for construction (railroads, highway, industry)

7

401 – IL Water Quality



- Anticipate 401 approval by April 30, 2013
- Public Meeting January 3, 2013

8

Thanks...any
questions?



Memo to: Board of Directors
From: Les Sterman
Subject: Program Status Report for January, 2013
Date: January 14, 2013

Our consultants are continuing to press forward with design activities. The Sec. 408 review of bid package #2a (for pump stations in the Fish Lake district) is nearly complete. The review of bid package #7 (for cutoff walls) is ongoing. The next submittal for berms and relief wells in Prairie DuPont will occur later in January and for similar work in MESD and Wood River in mid-February. We hope to put package #2a out for bids in late January.

Contracts with consultants to provide real estate appraisal and acquisition services are nearly complete. Meetings have already been held to discuss the approach that we will take to this work. Real estate acquisition policies for the Council will be presented to the Board for consideration this month. The purpose of these policies is to clarify the decision-making process in purchasing property.

The public hearing on the IEPA Sec. 401 water quality certification was held on the evening of January 3. The vast majority of testimony at the hearing was positive. However, there were a number of questions from the American Bottom Conservancy about the basis for the IEPA's conclusions. The comment period concludes on February 4; we will work with IEPA as necessary to respond to comments.

The next step in implementing the minority business/workforce utilization plan adopted by the Board in the December 2012 meeting is to contract with a Diversity Program Manager. Accordingly, I will develop a request-for-proposal for this work shortly.

We continue to work with the Corps of Engineers to identify design elements that are common to our project to achieve FEMA standards and to the Corps' ongoing project to meet the authorized level of flood protection. We have exchanged information and will be meeting shortly to try to reach some conclusion. The goal would be for the Corps to undertake parts of our project and partially pay for construction using Federal funds, thereby producing a cost saving to our project. The challenges for the Corps are to meet our schedule requirements and to secure sufficient Federal appropriations to provide certainty of funding. I am not yet convinced that the Corps can meet our requirements, but if they can provide adequate assurances it could indeed save money in our project budget and produce an added level of protection for the levee system.

AMEC representatives have now met with the levee districts to discuss their proposed design and we will increase the level of coordination with the districts as the project moves toward construction.

With the retirement of Congressman Costello from Congress, and the loss of some significant institutional knowledge, we need to reinforce our relationships with the members of our delegation. I am also looking into the possibility of having some ongoing and consistent representation to advocate for the project at the federal level, much like we already have at the state level. Despite the fact that our project is locally funded, there is a significant federal regulatory role through the Corps of Engineers that has proven to be problematic. The federal relationship will be important to our budget and schedule and I think it is prudent to take steps to advocate our interests at the federal level.



Memo to: Board of Directors
From: Les Sterman
Subject: Budget and Disbursement Report for November 2012
Date: January 14, 2013

Budget Highlights

Attached is the financial statement for December 2012 prepared by our fiscal agent, CliftonLarsonAllen. The report includes an accounting of revenues and expenditures for the current fiscal year, i.e. the three months ending December 31, 2012, as compared to our fiscal year budget for that time period.

Accrued expenditures for the current fiscal year are \$4,180,686 while revenues amounted to \$2,804,506. Expenditures included a surplus held by the bond Trustee of \$1,035,156 through the end of December that was returned to the counties as required by the bond indenture. A total of about \$11,760,000 is now held by the counties in their respective FPD sales tax funds and is available for the Council's use on the project.

Monthly sales tax receipts for October 2012 were effectively unchanged from the previous year, but are up about 0.76% for the first ten months of the year, trends that are below our financial plan projections.

Disbursements

Attached are lists of bank transactions for December 2012. Total disbursements for the month were \$348,653.77. The largest payment was to AMEC and its subcontractors for design and construction management services. The payment to East-West Gateway was for staff salaries and fringes for the five months from June through October 2012. The closing balance on November 30 was \$138,915.15

Recommendation:

Accept the budget report and disbursements for December 2012.



**SOUTHWESTERN ILLINOIS FLOOD PREVENTION
DISTRICT COUNCIL**

**GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL**

THREE MONTHS ENDING DECEMBER 2012 AND 2011



CliftonLarsonAllen

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

Board Members
Southwestern Illinois Flood Prevention District Council
Collinsville, Illinois

We have compiled the accompanying General Fund Statement of Revenues and Expenditures – Budget and Actual of Southwestern Illinois Flood Prevention District Council (the “Council”) for the three months ended December 2012 and 2011. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statement on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide assurance that there are no material modifications that should be made to the financial statements. During our compilation we did become aware of departures from accounting principles generally accepted in the United States of America that are described in the following paragraph.

Management has omitted the management discussion and analysis. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activity. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The change in fund balance for the Council's governmental activity is not reasonably determinable.

Management has not presented a balance sheet for the general fund. Accounting principles generally accepted in the United States of America require the presentation of a balance sheet for each fund contained in the financial statements. The amounts that would be reported in a balance sheet of the general fund for the Council are not reasonably determinable.

Management has not presented a change in fund balance on the Statement of Revenues and Expenditures – Budget and Actual. Accounting principles generally accepted in the United States of America require the Statement of Revenues, Expenditures and Changes in Fund Balance include a presentation of changes in fund balance. The amounts that would be reported in government-wide financial statements for the Council's governmental activity is not reasonably determinable.

Management has also elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included with the financial statements, they might influence the user's conclusions about the Council's results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The accompanying original and final budget amounts presented on the General Fund Statement of Revenues and Expenditures – Budget and Actual presented for the year ending September 30, 2013 and 2012, have not been compiled or examined by us, and, accordingly, we do not express an opinion or any other form of assurance on them.

We are not independent with respect to Southwestern Illinois Flood Prevention District Council.

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP".

CliftonLarsonAllen LLP

St. Louis, Missouri
January 10, 2013

**SOUTHWESTERN ILLINOIS FLOOD PROTECTION DISTRICT COUNCIL
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
THREE MONTHS ENDED DECEMBER 31, 2012 (Actual)
FISCAL YEAR ENDING SEPTEMBER 30, 2013 (Budget)**

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES				
Sales Tax Proceeds From Districts	\$ 11,639,000	\$ 11,639,000	\$ 2,730,315	\$ 8,908,685
Interest Income	960,000	960,000	74,191	885,809
Other Contributions	-	-	-	-
Total Revenues	12,599,000	12,599,000	2,804,506	9,794,494
EXPENDITURES				
Current				
Design and Construction				
Engineering Design & Construction Management	6,000,000	6,000,000	732,112	5,267,888
Construction	42,600,000	42,600,000	375,907	42,224,093
Construction and design by US ACE	1,400,000	1,400,000	-	1,400,000
Federal Cost-Share	-	-	-	-
Total Design and Construction	50,000,000	50,000,000	1,108,019	48,891,981
Professional Services				
Legal & Legislative Consulting	126,000	126,000	10,045	115,955
Construction Oversight	160,000	160,000	-	160,000
Impact Analysis/Research	10,000	10,000	-	10,000
Financial Advisor	20,000	20,000	-	20,000
Bond Underwriter/Conduit Issuer	93,529	93,529	940	92,589
Total Design and Construction	409,529	409,529	10,985	398,544
Refund of Surplus Funds to County FPD Accounts				
Madison County	2,955,782	2,955,782	489,339	2,466,443
Monroe County	280,157	280,157	47,969	232,188
St. Clair County	2,907,860	2,907,860	497,848	2,410,012
Total Refund of Surplus Funds to County	6,143,799	6,143,799	1,035,156	5,108,643
Debt Service				
Principal and Interest	7,107,440	7,107,440	2,298,720	4,808,721
Federal Interest Subsidy	(910,140)	(910,140)	(343,732)	(566,408)
Total Debt Service	6,197,300	6,197,300	1,954,988	4,242,313
Total Operating Expenses	62,750,628	62,750,628	4,109,148	58,641,481
General and Administrative Costs				
Salaries, Benefits	192,331	192,331	61,723	130,608
Advertising	-	-	-	-
Bank Service Charges	420	420	123	297
Conference Registration	500	500	61	439
Equipment and Software	3,000	3,000	-	3,000
Fiscal Agency Services (EWG)	23,000	23,000	5,200	17,800
Furniture	-	-	-	-
Meeting Expenses	1,000	1,000	-	1,000
Postage/Delivery	400	400	133	267
Printing/Photocopies	2,500	2,500	670	1,830
Professional Services	15,000	15,000	-	15,000
Publications/Subscriptions	250	250	-	250
Supplies	1,500	1,500	418	1,082
Telecommunications/Internet	2,000	2,000	433	1,567
Travel	15,000	15,000	1,800	13,200
Insurance	1,000	1,000	977	23
Total General & Administrative Costs	257,901	257,901	71,538	186,363
Total Expenditures	63,008,529	63,008,529	4,180,686	58,827,844
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(50,409,529)	(50,409,529)	(1,376,180)	49,033,350
OTHER FINANCING SOURCES				
Proceeds From Borrowing	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ (50,409,529)	\$ (50,409,529)	\$ (1,376,180)	\$ 49,033,350

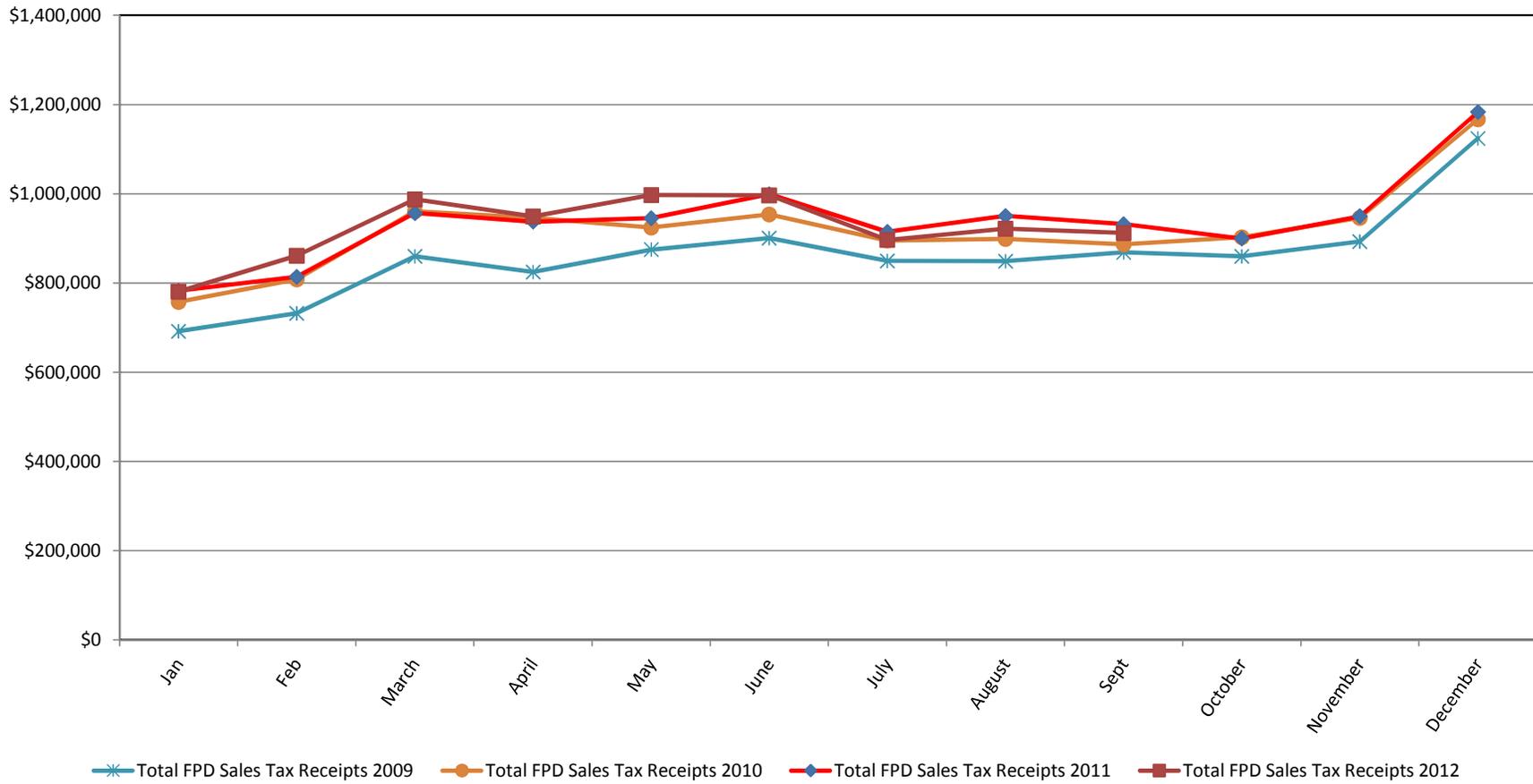
**SOUTHWESTERN ILLINOIS FLOOD PROTECTION DISTRICT COUNCIL
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
THREE MONTHS ENDED DECEMBER 31, 2011 (Actual)
FISCAL YEAR ENDING SEPTEMBER 30, 2012 (Budget)**

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES				
Sales Tax Proceeds From Districts	\$ 11,000,000	\$ 11,000,000	\$ 2,797,237	\$ 8,202,763
Interest Income	878,365	878,365	627	877,738
Other Contributions	-	-	-	-
Total Revenues	<u>11,878,365</u>	<u>11,878,365</u>	<u>2,797,864</u>	<u>9,080,501</u>
EXPENDITURES				
Current				
Design and Construction				
Engineering Design & Construction Management	6,000,000	6,000,000	1,394,503	4,605,497
Construction	20,000,000	20,000,000	64,664	19,935,336
Construction and design by US ACE	1,100,000	1,100,000	-	1,100,000
Federal Cost-Share	-	-	-	-
Total Design and Construction	<u>27,100,000</u>	<u>27,100,000</u>	<u>1,459,167</u>	<u>25,640,833</u>
Professional Services				
Legal & Legislative Consulting	126,000	126,000	21,845	104,155
Construction Oversight	160,000	160,000	23,554	136,446
Impact Analysis/Research	1,000	1,000	-	1,000
Financial Advisor	20,000	20,000	941	19,059
Bond Underwriter/Conduit Issuer	93,529	93,529	-	93,529
Total Design and Construction	<u>400,529</u>	<u>400,529</u>	<u>46,340</u>	<u>354,189</u>
Refund of Surplus Funds to County FPD Accounts				
Madison County	1,999,276	1,999,276	401,985	1,597,291
Monroe County	260,706	260,706	39,406	221,300
St. Clair County	1,241,796	1,241,796	408,975	832,821
Total Refund of Surplus Funds to County	<u>3,501,778</u>	<u>3,501,778</u>	<u>850,366</u>	<u>2,651,412</u>
Debt Service				
Principal and Interest	7,107,440	7,107,440	2,323,270	4,784,170
Federal Interest Subsidy	(910,140)	(910,140)	-	(910,140)
Total Debt Service	<u>6,197,300</u>	<u>6,197,300</u>	<u>2,323,270</u>	<u>3,874,030</u>
Total Operating Expenses	<u>37,199,607</u>	<u>37,199,607</u>	<u>4,679,143</u>	<u>32,520,464</u>
General and Administrative Costs				
Salaries, Benefits	189,365	189,365	46,081	143,284
Advertising	2,500	2,500	-	2,500
Bank Service Charges	420	420	210	210
Conference Registration	700	700	-	700
Equipment and Software	2,300	2,300	-	2,300
Fiscal Agency Services	20,000	20,000	16,005	3,995
Furniture	300	300	-	300
Meeting Expenses	1,000	1,000	83	917
Miscellaneous Startup Expenses	-	-	-	-
Office Rental	-	-	-	-
Postage/Delivery	600	600	135	465
Printing/Photocopies	2,500	2,500	351	2,149
Professional Services	18,000	18,000	225	17,775
Publications/Subscriptions	200	200	-	200
Supplies	1,350	1,350	224	1,126
Telecommunications/Internet	3,500	3,500	797	2,703
Travel	12,500	12,500	1,844	10,656
Other Business Expenses	-	-	-	-
Insurance	3,000	3,000	990	2,010
Total General & Administrative Costs	<u>258,235</u>	<u>258,235</u>	<u>66,945</u>	<u>191,290</u>
Total Expenditures	<u>37,457,842</u>	<u>37,457,842</u>	<u>4,746,088</u>	<u>32,711,754</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(25,579,477)	(25,579,477)	(1,948,224)	23,631,253
OTHER FINANCING SOURCES				
Proceeds From Borrowing	-	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ (25,579,477)</u>	<u>\$ (25,579,477)</u>	<u>\$ (1,948,224)</u>	<u>\$ 23,631,253</u>

Flood Prevention District Sales Tax Trends 2009-2012

2009														County Share
Jan	Feb	March	April	May	June	July	August	Sept	October	November	December	Total		
Madison	\$321,968	\$336,765	\$397,425	\$387,385	\$414,350	\$421,402	\$399,616	\$401,188	\$400,090	\$404,847	\$405,930	\$492,814	\$4,783,780	46.319%
St. Clair	\$337,979	\$362,696	\$424,556	\$398,395	\$419,126	\$438,230	\$411,968	\$410,484	\$429,852	\$412,637	\$446,806	\$581,721	\$5,074,450	49.134%
Monroe	\$31,641	\$32,903	\$37,830	\$38,757	\$41,326	\$40,847	\$37,817	\$37,497	\$38,652	\$42,270	\$40,332	\$49,755	\$469,627	4.547%
Total Month	\$691,588	\$732,364	\$859,811	\$824,537	\$874,802	\$900,479	\$849,401	\$849,169	\$868,594	\$859,754	\$893,068	\$1,124,290	\$10,327,857	
Cumulative Total	\$691,588	\$1,423,952	\$2,283,763	\$3,108,300	\$3,983,102	\$4,883,581	\$5,732,982	\$6,582,151	\$7,450,745	\$8,310,499	\$9,203,567	\$10,327,857		
2010														
Madison	\$353,146	\$374,416	\$456,795	\$462,697	\$440,815	\$452,308	\$427,329	\$433,047	\$419,455	430,210	\$442,904	\$529,069	\$5,222,191	47.272%
St. Clair	\$367,458	\$399,480	\$464,089	\$439,748	\$439,139	\$458,299	\$421,447	\$423,718	\$424,971	\$429,581	\$457,927	587067	\$5,312,924	48.094%
Monroe	\$36,770	\$34,324	\$39,884	\$43,769	\$44,358	\$43,102	\$46,499	\$41,816	\$42,207	\$42,746	\$45,411	\$51,004	\$511,890	4.634%
Total Month	\$757,374	\$808,220	\$960,768	\$946,214	\$924,312	\$953,709	\$895,275	\$898,581	\$886,633	\$902,537	\$946,242	\$1,167,140	\$11,047,005	
Cumulative Total	\$757,374	\$1,565,594	\$2,526,362	\$3,472,576	\$4,396,888	\$5,350,597	\$6,245,872	\$7,144,453	\$8,031,086	\$8,933,623	\$9,879,865	\$11,047,005		
% change/month	9.51%	10.36%	11.74%	14.8%	5.7%	5.9%	5.4%	5.8%	2.1%	5.0%	6.0%	3.8%		
% change/total	9.51%	9.95%	10.62%	11.72%	10.39%	9.56%	8.95%	8.54%	7.79%	7.50%	7.35%	6.96%	6.96%	
2011														
Madison	\$380,021	\$383,976	\$460,129	\$454,562	\$466,904	\$477,396	\$436,637	\$473,303	\$448,256	\$444,204	\$455,842	\$538,000	\$5,419,230	48.108%
St. Clair	\$363,984	\$395,231	\$455,562	\$437,820	\$436,490	\$475,972	\$433,460	\$433,777	\$441,030	\$412,793	\$451,390	\$594,129	\$5,331,638	47.330%
Monroe	\$38,315	\$34,759	\$41,192	\$44,975	\$41,786	\$45,836	\$44,887	\$43,323	\$42,564	\$42,690	\$42,252	\$51,266	\$513,845	4.562%
Total Month	\$782,320	\$813,966	\$956,883	\$937,357	\$945,180	\$999,204	\$914,984	\$950,403	\$931,850	\$899,687	\$949,484	\$1,183,395	\$11,264,713	
Cumulative Total	\$782,320	\$1,596,286	\$2,553,169	\$3,490,526	\$4,435,706	\$5,434,910	\$6,349,894	\$7,300,297	\$8,232,147	\$9,131,834	\$10,081,318	\$11,264,713		
% change/month	3.29%	0.71%	-0.40%	-0.94%	2.26%	4.77%	2.20%	5.77%	5.10%	-0.32%	0.34%	1.39%		
% change/total	3.29%	1.96%	1.06%	0.52%	0.88%	1.58%	1.67%	2.18%	2.50%	2.22%	2.04%	1.97%	1.97%	
2012														
Madison	\$381,470	\$406,476	\$473,049	\$471,191	\$481,989	\$477,254	\$427,562	\$434,603	\$428,193	\$428,521				
St. Clair	\$361,727	\$415,491	\$468,490	\$432,173	\$468,782	\$473,567	\$425,923	\$441,838	\$438,184	\$424,289				
Monroe	\$37,471	\$38,904	\$46,086	\$46,051	\$46,231	\$45,671	\$43,063	\$45,307	\$45,641	\$46,230				
Total Month	\$780,668	\$860,871	\$987,625	\$949,415	\$997,002	\$996,492	\$896,548	\$921,748	\$912,018	\$899,040				
Cumulative Total	\$780,668	\$1,641,539	\$2,629,164	\$3,578,579	\$4,575,581	\$5,572,073	\$6,468,621	\$7,390,369	\$8,302,387	\$9,201,427				
% change/month	-0.21%	5.76%	3.21%	1.29%	5.48%	-0.27%	-2.01%	-3.02%	-2.13%	-0.07%				
% change/total	-0.21%	2.83%	2.98%	2.52%	3.15%	2.52%	1.87%	1.23%	0.85%	0.76%				

FPD Sales Tax Trends Actual Receipts 2009-2011



**SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL
SUPPLEMENTARY SUPPORTING SCHEDULE
BANK TRANSACTIONS
December 31, 2012**

Beginning Bank Balance December 1				133,539.22
Receipts				
Funds Transfer	12/19/2012	Funds Transfer	83,994.08	
Funds Transfer	12/19/2012	Funds Transfer	269,968.74	
Bank of Edwardsville Interest	12/31/2012	Bank of Edwardsville Interest	66.88	
Total Receipts				354,029.70
Disbursements				
LogMeln, Inc	12/11/2012	Annual Subscription	61.82	
LogMeln, Inc	12/12/2012	2nd Annual Subscription	36.04	
AMEC Earth & Environmental, Inc.	12/17/2012	Services	261,881.94	
CliftonLarsonAllen LLP	12/17/2012	Fiscal Agent	1,850.00	
Dorgan, McPike & Assoc, LTD	12/17/2012	Services	3,000.00	
East-West Gateway Council of Governments	12/17/2012	Fiscal Agent/Supervisor Mgt Serv	81,626.41	
Cost Less Copy Center	12/18/2012	Copies for Board Meeting	155.40	
The Bank-Service Fees	12/19/2012	Wire Transfer Fee	10.00	
The Bank-Service Fees	12/19/2012	Wire Transfer Fee	10.00	
Walmart	12/19/2012	Meeting Supplies	6.04	
The Bank-Service Fees	12/31/2012	Bank Charges	16.12	
Total Disbursements				348,653.77
				138,915.15



Memo to: Board of Directors
From: Les Sterman
Subject: Property Acquisition Policies
Date: January 10, 2013

As the project advances toward construction later this year we will be acquiring property interests (mainly easements) for parcels affected by the project. Estimates are that about 200 separate parcels of property are affected involving a little more than 106 unique owners. Valuations will be determined for each parcel by qualified appraisers from Bernardin Lochmueller, and negotiations with property owners will be conducted by Phil Johnson as authorized by the Board in December, 2012.

The schedule for acquiring the necessary property interests is very aggressive, since we expect that early construction activities could start this summer. Accordingly, we need to balance the need for timely decision-making in concluding transactions, and accountability for the spending of public money. We anticipate that there will be a number of small transactions (less than \$10,000) that will be concluded quickly and possibly a few properties that end up in condemnation.

The type of valuation for each property will depend on the nature of the property interest being acquired and its potential value. These valuation types reflect an increasing level of detail and information that would be required to determine the value of the taking. If the taking is minor and the value is estimated at \$10,000 or less, a *waiver valuation* will be used using a process adopted by the Illinois Department of Transportation. For larger purchases a *restricted use appraisal* will be prepared, also according to procedures used by IDOT. When the taking may be large and additional information is needed to establish the valuation a “non-complex appraisal” will be done.

In order to be clear on the decision-making process, I am recommending that the Board adopt the attached policies that will apply to the acquisition of real property.

Recommendation: Adopt the attached statement of Policies for the Acquisition of Real Estate Interests.

Southwestern Illinois Flood Protection District Council
Policies for the Acquisition of Real Estate Interests

1. Property will only be acquired by the Council if it is necessary to build, operate or maintain levee improvements that are part of the scope of the project approved by the Board of Directors.
2. To the maximum extent possible, the Council will acquire property on behalf of existing levee, drainage and sanitary districts and will avoid long-term ownership of any real property.
3. All property acquisition activities will comply with applicable provisions of Illinois statutes, including the Illinois Flood Prevention District Act (70 ILCS 750/) and the Illinois Eminent Domain Act (735 ILCS 30/).
4. No property will be acquired by the Council without a valuation having been established by a qualified professional appraiser and reviewed by Council.
5. The Chief Supervisor of Construction shall have the authority to take the following actions:
 - a. Authorize an appraiser to prepare waiver valuations for parcels on which payment to the owner will be less than or equal to \$10,000.
 - b. Authorize an appraiser to prepare restricted use appraisals for parcels on which payment to the owner will be greater than \$10,000.
 - c. Authorize payment to property owners for acquisition of easements and other real property interests in an amount equal to:
 - i. the value provided in the waiver valuation or appraisal, in all cases;
 - ii. the value provided in the waiver valuation plus \$2,500 in cases where the initial offer to the owner is between \$100 and \$10,000;
 - iii. the value provided in the appraisal plus \$5,000 in cases where the initial offer to the owner is greater than \$10,000 but less than or equal to \$20,000;
 - iv. the value provided in the appraisal plus the greater of 10% of the appraised value or \$7,500, in cases where the initial offer to the owner is greater than \$20,000.
6. For any property acquisition where the proposed purchase price exceeds the valuation by an amount greater than the limits shown in (4) above, prior Board authorization will be required.
7. Board members will be notified by electronic mail prior to the conclusion of any transaction by the Chief Supervisor that does not otherwise require prior Board approval. By the request

of any member of the Board, any such transaction will be subject to approval by the Board at the next regular meeting.

8. Any property that would be acquired by eminent domain will require approval by the affected county Flood Prevention District and the County Board of that county, as required by the Illinois Flood Prevention District Act.