



SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL
BOARD OF DIRECTORS MEETING
January 15, 2014 7:30 am

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 December 18, 2013
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. Selection of Financial Advisor
Les Sterman, Chief Supervisor
8. Update from Corps of Engineers
9. Public Comment

Executive Session
10. Real Estate Transactions
Les Sterman, Chief Supervisor
11. Other Business
12. Adjournment

AGENDA

Next Meeting: February 19, 2014

MINUTES

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL BOARD OF DIRECTORS MEETING December 18, 2013

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 18, 2013.

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)
Paul Bergkoetter, St. Clair County Flood Prevention District
Alvin Parks, Jr., St. Clair County Flood Prevention District
Tom Long, Madison County Flood Prevention District
Ron Motil, Madison County Flood Prevention District
Bruce Brinkman, Monroe County Flood Prevention District
Ronald Polka, Monroe County Flood Prevention District

Members Absent

none

Others in Attendance

Delbert Wittenauer, Monroe County Board Chair
Mike Kovarik, Monroe County Commissioner
Terry Liefer, Monroe County Commissioner
Les Sterman, SW Illinois FPD Council
Chuck Etwert, SW Illinois FPD Council
Randy Bolle, Prairie DuPont Levee District
Brad Bickhaus, Keller Construction
Mike Brown, Marks & Assoc
Lou Dell'Orco, U.S. Army Corps of Engineers
Mike Feldmann, U.S. Army Corps of Engineers
Walter Greathouse, Metro-East Sanitary District
Pam Hobbs, Geotechnology
Mike Huber, KdG
Kevin Hutchinson, Mayor, Columbia, Illinois
Marvin Johnson, Marks & Assoc.
Phil Johnson, Phil Johnson Realtor
Charles Juneau, Juneau Associates
Ron Kaempfe, Operators Local 520
Tracey Kelsey, U.S. Army Corps of Engineers
Steve Kochan, Wood River Levee & Drainage District
Ellen Krohne, Leadership Council Southwestern Illinois

Tom Loville, Keller Construction
Mary Markos, U.S. Army Corps of Engineers
Jay Martin, AMEC Environment & Infrastructure
Rick Mauch, SCI
Jack Norman, Southern Illinois Groundwater Advisory Council
Ron O'Connor, O'Connor & Partners
Jon Omvig, AMEC Environment & Infrastructure
Joseph Parente, Madison County
Randy Pollard, Senator Mark Kirk
Cas Sheppard, SMS Engineers
Brennan Soval, Husch Blackwell
Dale Stewart, Southwestern Illinois Building Trades Council
Mike Sullivan, Prairie DuPont Levee District
Dale Vehlewald, AMEC Environment & Infrastructure
Dan Wilson, KdG
Julie Ziino, U.S. Army Corps of Engineers

Call to order

President Dan Maher noted the presence of a quorum and called the meeting to order at 7:30 am.

Approval of minutes of November 20, 2013

A motion was made by Jim Pennekamp, seconded by John Conrad, to approve the minutes of the Board meeting held on November 20, 2013. Mr. Pennekamp called the roll and the following votes were made on the motion:

Mr. Polka - Aye
Mr. Brinkman – Aye
Mr. Bergkoetter - absent
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. Maher asked if there were any comments from the public on any agenda item on today's agenda. There were none.

Mr. Bergkoetter arrived at this time.

Program Status Report

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

Bids on three remaining bid packages were submitted on December 3, and the selection of contractors for these jobs is on the December Board agenda. The good news is that all of these bids came in under the project completion budget presented at the November meeting. With the exception of bid packages #7a/7b (Wood River cutoff walls) the entire project has now been bid and will be under contract by early next year. Construction is underway on three bid packages (a fourth was completed last year).

Based on the most recent bids, I think it is reasonable to conclude that our budget is now quite reliable, if not conservative.

The process of property acquisition is moving slowly but surely, and the process remains on the critical path for the project. Key properties have been acquired and other acquisitions are in progress. There are only a couple of problem properties where negotiations have not yet produced results. We will report on those at the Board meeting.

The Corps believes that they completed the design work for the Wood River cutoff walls on December 13. However, AMEC has raised a number of questions as part of their participation on the agency technical review (ATR) team, and those questions have not yet been fully addressed by the Corps, so we do not agree that the design is complete. This is a critical concern, because AMEC must assume responsibility for the Corps design. In the Corps' haste to meet the deadline we don't want to compromise the quality of the product, to the point where AMEC will need to make changes to the design and complicate the ensuing Sec. 408 review process.

The wetland mitigation work is nearly complete and the first two payments made to Republic Services/Roxana Landfill.

Following the decision made at the November Board meeting and our evident future financial capacity, the Corps has suggested that we take steps designed to demonstrate our capacity to expend future federal funds. Those steps would include signing the Project Partnership Agreements for Wood River and East St. Louis (MESD) and providing cost-share under existing Design Agreements to move forward with designs for levee system improvements related to the authorized (500-year) level of protection. I believe that these are prudent steps to take. None of these actions will commit the Council to paying cost-share for construction, and I expect that we will need to continue discussions with the Corps regarding various policy matters with the hope of resolving our issues prior to committing to construction in the future.

We received four proposals from firms to serve as the Council's financial advisor. While the initial intention was to select an advisor at the December meeting, I thought it best to postpone the decision until the January meeting to give the incoming Chief Supervisor an opportunity to participate in the decision-making process.

Based on actions taken at the November Board meeting, the Council President has negotiated an agreement with an individual to assume the post of Chief Supervisor on January 16, 2014. That

agreement will be presented to the Board for their approval later in the meeting. I am very confident that the person selected for this position will be able to carry on the work of the Council without interruption after my departure in January.

The St. Louis District of the Corps has received a waiver from Headquarters that would allow them to use federal funds to perform a levee system evaluation of the Upper Wood River and East St. Louis (MESD) levee systems. This evaluation would substitute for the certification required by FEMA and would address two levee reaches of concern to us: the Mel Price uncontrolled underseepage area, and the Chain of Rocks levee. In the former case, AMEC has indicated it would not be able to certify the levee under the current circumstances. In the latter, AMEC will likely be able to certify, but significant data gaps will have to be filled at substantial expense to the Council. While the waiver did not respond to our specific request, which was to have the Corps certify only the problematic segments of the levee (we never raised an issue about the cost of certification), it could prove helpful, especially in the Mel Price case. The potential problem with accepting the offer from the Corps will be the bifurcation of the design and certification process. The Council purposely combined the two processes under a contract with a single party to assure that, once designed and constructed, the improvements would be certified. We can get no such assurance if the Corps assumes the certification role. So it is possible, especially given the experience of the Sec. 408 review, that the Corps may not fully agree with the current design. That would create an untenable situation that would jeopardize the progress of the entire project. While the Corps asserts that risk is very small, we are working with them to evaluate that risk before asking the Corps to proceed with the evaluation.

Delbert Wittenauer asked Mr. Sterman about the time factor and the Council 2015 deadline. Mr. Sterman responded that this is a separate issue, involving the Corps doing a levee evaluation, certifying what improvements are there. It's not a deadline issue, and could help us with the Mel Price situation. We will be working with the Corps evaluating our risks before proceeding,

Because the project schedule has stretched out from that originally contemplated, we will need to amend the AMEC work order for program administration to align with the current project completion date. The amendment is on the December Board agenda.

Mr. Pennekamp asked how long it would be before the decision was made to go ahead with the Corps, Mr. Sterman indicated hopefully soon. He has met with Dave Busse of the Corps and it appears that the risks in Wood River situation are small but MESD is a different story since there are a lot more improvements involved and more engineering judgment. We hope to know within a couple of months.

Mr. Wittenauer asked about the cutoff wall and the level of protection our project is providing. Mr. Sterman indicated that we will be providing 500 year level protection but not the full length that would get the whole system to the 500 year level. The Corps design would be for the extension of the wall to get the system to the 500 year level. Construction of the Corps design would have to be determined at a later date.

Mr. Wittenauer asked if constructing the project all at one time would be cost more cost effective and could there be any reimbursement of funds. Mr. Sterman also indicted that any funds expended would not be eligible for reimbursement but might be eligible as a credit against future expenditures and that we are past the deadline for doing the project all at once.

A motion was made by Mr. Polka, seconded by Mr. Long, to accept the Program Status Report for November, 2013. Mr. Pennekamp 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.

Budget Update and Approval of Disbursements

Mr. Maher asked Mr. Sterman to provide a report.

Mr. Sterman provided the Council an update of project construction costs as a result of the bids receive on construction packages (#3, 4, and 5). The lowest responsive bid for each of these three packages was less than their respective budgeted amount.

As bids have submitted and awarded, the project cost estimate continues to come down. The estimate has been reduced by more than \$17 million over the last six months. This has the effect of increasing the contingency amounts available, while potentially leaving more funding available for future needs such as federal cost-share, additional locally-funded improvements, or supplemental maintenance.

In sum, the Council remains well-positioned to complete the project (including the Wood River cutoff walls for which a federal appropriation could be available) without additional borrowing, leaving the Council with additional financial capacity for future maintenance and capital improvements.

Mr. Sterman said the financial statement for November 2013 prepared by our fiscal agent, CliftonLarsonAllen was provided in your packet. The report includes an accounting of revenues and expenditures for the month ending November 30, 2013, as compared to our fiscal year budget.

Accrued expenditures for the current fiscal year beginning on October 1, 2013 are \$4,644,082 while revenues amounted to \$2,209,480, resulting in a deficit of \$2,434,602. A total of approximately \$15,866,757 is now held by the counties in their respective FPD sales tax funds and is available for the Council's use on the project.

Sales tax receipts showed a small decline in September 2013 (the latest month reported by the Illinois Department of Revenue). Receipts decreased by about 0.74% from last year but remain down by about 2.55% year over year. In general, receipts are running slightly ahead of 2010 levels.

Monthly Disbursements

Attached are lists of bank transactions for October 2013. Total disbursements for the month were \$551,679.25. The largest payments were to Roxana Landfill, Inc. for wetland mitigation and to the St. Clair County Delinquent Tax Agent to purchase property for the project.

A motion was made by Mr. Conrad, seconded by Mr. Brinkman, to accept the budget report and approve the disbursements for November 2013. Mr. Pennekamp 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.

Mr. Parks arrived at this time.

Design and Construction Update

Mr. Maher called on Jay Martin, AMEC's project manager, to provide a report. Mr. Martin used a PowerPoint® presentation to illustrate his remarks. He focused his presentation on the status of each bid package as follows:

BP #2A – Fish Lake Pump Station

Construction expected in January
Pump tubes and pumps order and fabrication

BP #6 – PDP/FL Seepage Improvements

Borrow pit – soil blending is on-going, no berm fill placed yet
RW - pilot hole drilling is pending land acquisition

Haul roads

BP #2B - WR/MESD/PDP Pump Stations

Preconstruction meeting held December 17, 2013

Bid Package Update

BP # 03 – WR Seepage Improvements

BP # 04 – MESD Seepage Improvements (Conoco Phillips)

BP # 05 – MESD Seepage Improvements (MESD excluding Conoco Phillips)

- Bids received December 3, 2013
- Recommendation to the Board on December 18, 2013

BP#7A and #7B – Deep and Shallow Cutoff Walls

- Major comments
 - FLAC3D – trench stability for 40 foot panels - stability for 20 to 40 foot panels, comments provided Dec 16 to USACE
 - 3D groundwater model for window and end effects - review ongoing
 - Boundary conditions
 - Permeability
 - Evidence for conclusions on acceptable gradients

Pre-Construction Activities

- Relief well design in progress
 - Designs submitted by AMEC: 138
 - Designs approved: 125
 - Designs pending final review/approval: 7

Other Activities...

- Land acquisition – Weekly calls with the team. Process moving forward. Timing is critical to schedule. Several key properties needed.
- Upcoming Work Orders from AMEC
 - Cut off wall design
- Mel Price and Chain of Rocks
 - Certification- path forward

Mr. Long commented on the outstanding job that AMEC has done to date.

Mr. Maher asked for a motion to accept Mr. Martin’s progress report. A motion was made by Mr. Bergkoetter with a second by Mr. Pennekamp to accept the AMEC progress report. Mr. Pennekamp 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.

Selection of Contractor for Construction Package #3 – Construction of Relief Wells, Berms, Conveyance System, Blanket Drains, Earthen Ditch, Box Culvert, Sluice Gates, Spillway Structures and Piezometers in the Wood River District

Mr. Maher asked Mr. Sterman to explain this item.

Bid Package #3 is generally for construction of various underseepage controls and related infrastructure in the Wood River district. The Council issued an invitation to bid on the subject contract on October 13, 2013.

We advertised for bids was published in the following newspapers the week of October 13, 2013: St. Louis Post Dispatch, Edwardsville Intelligencer, Belleville News Democrat, East St. Louis Monitor and the Republic Times.

A pre-bid meeting was held on Thursday, October 24, 2013 at the Council offices. The meeting was attended by 37 individuals, including staff. On December 3, 2013 at 2:01 pm, bids were received from four firms and read aloud. The bids from those four firms are for the following amounts:

Keller Construction:	\$10,082,345.00
Plocher Construction:	\$10,890,021.00
Korte & Luitjohan:	\$11,447,470.30
ESI Construction:	\$18,849,859.21

The Council’s budget for this work is \$12,920,000, with an additional 7% contingency amount.

The apparent low bid was Keller Construction from Glen Carbon, Illinois.

A copy of the invitation to bid and a summary of the bids by line item was included in your board package.

Mr. Sterman introduced Dale Vehlewald from AMEC who managed the bidding process.

AMEC reviewed the following:

- Confirmed the prequalification status as stated on the bid form
- Confirmed the addendums were acknowledged
- Verified the math on the schedule of values (noted one minor error but did not affect the bid, also one line item was bid at \$0.01 per Lump Sum for dewatering)
- Confirmed the bid form was signed and attested
- Reviewed the bid bond
- . Reviewed the schedules provided (Keller's schedule is 1 month beyond the due date, they have verbally agreed to condense the schedule to fit the proposal)
- Contacted and reviewed references (called three, one returned positive, two verbal positives)
- Reviewed and discussed utilization of M/D/WBE subcontractors

AMEC further reviewed the specifications, bonding requirements, QA/QC material testing procedures and payment procedures to verify the District is protected during construction and quality construction is provided.

Mr. Vehlewald said that we reviewed the bids for primary difference between the four bidders. The prices for the bid items varied across all the bidders. The detailed bids are attached.

Keller made a \$12,000 error on line 3.45 of the bid with 2 each, Sluice Gate w/ removable hand wheel for \$12,000 each totaling \$12,000 instead of \$24,000, however the overall bid total was correct (most likely a result of copying the bid over from a separate spreadsheet that did not contain the error).

We received three favorable references for Keller.

Keller's schedule shows a completion date of Sep 29 and the specification reference completion by Sep 1. Keller has verbally agreed to revise the schedule, stating the longer duration was in error. This will be corrected before the contract is executed.

The next closest bidder was \$807,676 higher and while individual line items vary between all the bidders, a comparison between the apparent low bidder and the next lowest bidder indicates that of the first seven line items, the apparent low bidder was approximately \$841,000 lower than the next bidder. These items were lines, 3.01 to 3.07 including: Mobilization, Bond, Insurance; Construction Staking; Erosion & Sediment Control; Temporary Access Road and Road Maintenance; Dewatering; Seeding, Mulching and Site Restoration; and Traffic Control. These items make up the majority of the difference in the bids and in our opinion does not indicate any bidding irregularities.

It should be noted Keller bid \$0.01 Lump Sum for dewatering. This firm believes that dewatering will be minor. Any dewatering will be done for the \$0.01 cost.

Minority participation in Keller's bid is \$111,000. We will work to increase that amount prior to executing a contract by seeking the participation of addition qualified minority subcontractors on the project.

Based on their review, AMEC concluded that Keller Construction is qualified to perform the work and has recommended that the Council select this company to perform Construction Package #03.

Mr. Long questioned Keller's bid of \$0.01 for dewatering, and he didn't want to see a change order later on for this task. Mr. Vehlewald assured the Council that the specifications were well written and very clear that the lump sum task order for dewatering was as necessary to build it, so if they need to dewater they will do it for \$0.01. Mr. Wittenauer inquired if the river level would affect dewatering. Mr. Vehlewald indicated it does and that there was some time in the schedule to allow the river level to recede, if necessary, to eliminate or reduce dewatering.

A motion was made by Mr. Motil with a second from Mr. Parks to authorize the Chief Supervisor to request approval of the county boards of St. Clair, Madison, and Monroe counties and, subject to their approval, enter into contract with Keller Construction to perform Construction Package #03 at a total cost not to exceed \$10,082,345.00.

Mr. Motil also requested that the minutes reflect that Keller Construction is a local contractor and they were the lowest out of the four bids received.

Mr. Pennekamp 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.

Selection of Contractor for Construction Package #4 – Construction of Relief Wells, Conveyance System, Clay Cap, Piezometers and One Pump Station in the Metro-East Sanitary District

Mr. Maher asked Mr. Sterman to explain this item.

Bid Package #4 is generally for construction of various underseepage controls and related infrastructure in the Metro-East Sanitary District. The Council issued an invitation to bid on the subject contract on October 20, 2013.

An advertisement for bid was published in the following newspapers the week of October 20, 2013: St. Louis Post Dispatch, Edwardsville Intelligencer, Belleville News Democrat, East St. Louis Monitor and the Republic Times.

A pre-bid meeting was held on Thursday, October 31, 2013 at the Council offices. The meeting was attended by 25 individuals, including staff. On December 3, 2013 at 2:01 pm, bids were received from five firms and read aloud. The bids from those five firms are for the following amounts:

Haier Plumbing:	\$3,190,232.45
Keller Construction:	\$3,632,498.50
Korte & Luitjohan:	\$4,128,737.22
Hanks Excavating:	\$4,202,212.00
Baxmeyer Construction:	\$4,555,375.48

The Council's budget for this work is \$4,720,000, with an additional 7% contingency amount.

The apparent low bid was Haier Plumbing from Okawville, Illinois.

A copy of the invitation to bid and a summary of the bids by line item was included in your board package.

Mr. Sterman asked Dale Vehlewald from AMEC for additional comments.

AMEC reviewed the following:

- Confirmed the prequalification status as stated on the bid form
- Confirmed the addendums were acknowledged
- Verified the math on the schedule of values
- Confirmed the bid form was signed and attested
- Reviewed the schedules provided
- Reviewed the bid bond
- Contacted and reviewed references (three contact, three returned, positive)
- Reviewed and discussed utilization of M/D/WBE subcontractors

AMEC further reviewed the specifications, bonding requirements, QA/QC material testing procedures and payment procedures to verify the District is protected during construction and quality construction is provided.

We reviewed the bids for primary difference between the five bidders. The prices for the bid items varied across all the bidders. The detailed bids are attached.

Next closest bidder was \$442,266.05 higher and while individual line items vary between all the bidders, a comparison between the apparent low bidder and the next lowest bidder indicates that of the first seven line items, the apparent low bidder was approximately \$179,000 lower than the next bidder. These items were lines, 3.01 to 3.07 including: Mobilization, Bond, Insurance; Construction Staking; Erosion & Sediment Control; Temporary Access Road and Road Maintenance; Dewatering; Seeding, Mulching and Site Restoration; and Traffic Control. And the items related to Pipe, Manholes, and Relief Wells were approximately \$260,000 lower. These items make up the majority of the difference in the bids and in our opinion does not indicate any bidding irregularities.

Mr. Vehlewald said that based on our review, AMEC concludes that Haier Plumbing is qualified to perform the work and has recommended that the Council select this company to perform Construction Package 04.

Mr. Parks questioned if Mr. Vehlewald knew of Haier's work, he said he didn't but that they had received three good references.

A motion was made by Mr. Long with a second by Mr. Bergkoetter to authorize the Chief Supervisor to request approval of the County Boards of St. Clair, Madison and Monroe counties and subject to their approval, enter into contract with Haier Plumbing to perform Construction Package #04 at a total cost not to exceed \$3,190,232.45.

Mr. Pennekamp 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.

Mr. Motil also requested that the minutes reflect that Haier Plumbing is a local contractor and they were the lowest out of the five bids received.

Selection of Contractor for Construction Package #5 – Construction of Relief Wells, Berms, Conveyance System, Riverside Clay Cap, Sluice Gates and Piezometers in the Metro-East Sanitary District

Mr. Maher asked Mr. Sterman to explain this item.

Bid Package #5 is generally for construction of various underseepage controls and related infrastructure in the Metro-East Sanitary District. The Council issued an invitation to bid on the subject contract on October 13, 2013.

An advertisement for bid was published in the following newspapers the week of October 20, 2013: St. Louis Post Dispatch, Edwardsville Intelligencer, Belleville News Democrat, East St. Louis Monitor and the Republic Times.

A pre-bid meeting was held on Thursday, October 24, 2013 at the Council offices. The meeting was attended by 37 individuals, including staff. On December 3, 2013 at 2:01 pm, bids were received from two firms and read aloud. The bids from those two firms are for the following amounts:

Keller Construction:	\$8,256,481.84
Haier Plumbing:	\$9,722,761.60

The Council's budget for this work is \$14,487,000, with an additional 7% contingency amount.

The apparent low bidder was Keller Construction from Glen Carbon, Illinois.

A copy of the invitation to bid and a summary of the bids by line item was included in your board package.

Mr. Sterman asked Dale Vehlewald from AMEC for additional comments.

AMEC reviewed the following:

- Confirmed the prequalification status as stated on the bid form
- Confirmed the addendums were acknowledged
- Verified the math on the schedule of values
- Confirmed the bid form was signed and attested
- Reviewed the schedules provided
- Reviewed the bid bond
- Contacted and reviewed references (called three, one returned positive, two verbal positives)
- Reviewed and discussed utilization of minority subcontractors

AMEC further reviewed the specifications, bonding requirements, QA/QC material testing procedures and payment procedures to verify the District is protected during construction and quality construction is provided.

AMEC reviewed the bids for primary difference between the two bidders. The prices for the bid items varied across all the bidders. The detailed bids are attached.

Based on their review, AMEC concluded that Keller Construction is qualified to perform the work and has recommended that the Council select this company to perform Construction Package 05.

We received three references for Keller and all were positive.

The next closest bidder was \$1,154,879.76 higher and while individual line items vary between all the bidders, a comparison between the apparent low bidder and the next lowest bidder indicates that of the amount bid for 148,912 cubic yards of clay cap was approximately \$1,632,000 lower than the next bidder. This item make up the majority of the difference in the bids and in our opinion does not indicate any bidding irregularities.

The minority participation in Keller's bid is \$1,086,342, which is a reasonable effort by the firm to comply with the Council's policy.

Keller representatives were in attendance and indicated that difference in the bids was in the cost of dirt.

A motion was made by Mr. Parks with a second by Mr. Conrad to authorize the Chief Supervisor to request approval of the County Boards of St. Clair, Madison and Monroe counties and subject to their approval, enter into contract with Keller Construction to perform Construction Package #05 at a total cost not to exceed \$8,256,481.84

Mr. Pennekamp 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.

Mr. Motil also requested that the minutes reflect that Keller Construction is a local contractor and they were the lowest out of the two bids received.

Commitment to Provide Cost-Share to the Corps of Engineers for Design of Levee System Improvements to Maintain the Authorized Level of Flood Protection in the Metro-East Sanitary and Wood River Districts

Mr. Maher asked Mr. Sterman to explain this item.

Mr. Sterman said that at the November, 2012 Board meeting, I was authorized to execute Design Agreements with the Corps of Engineers so that the Council can provide the required sponsor funds to match federal funds appropriated to carry out design activities for the Corps' project to achieve the authorized level of flood protection in the Wood River and Metro-East districts. Since that time, we have provided installments of cost-share funds to support the design of the Wood River cutoff wall – work that is nearly complete.

The Council's highest priority has been to meet the FEMA standard for flood protection, both to address immediate public safety concerns and to avoid the disastrous economic consequences of the American Bottom appearing on flood insurance rate maps as a special flood hazard area. The FEMA standard is generally consistent with a 100-year level of protection (1% chance of exceedance in any one year). The Corps of Engineers is committed to achieving a higher level of flood protection, generally described as the authorized level of protection, i.e. protecting against a flood elevation designated in the federal statutes that authorized the construction of the applicable levee systems. In our case, the authorized level of protection is 54 feet of river elevation on the St. Louis gauge, which is generally described as 500-year protection (.2% chance of exceedance in any one year), although it is probably significantly greater than that.

For the following reasons the USACE and Council are now in a good position to consider the implications of moving ahead to achieve the “authorized” level of flood protection:

1. The cost to complete the improvements to achieve the FEMA standard for flood protection is likely substantially less than originally anticipated. With the exception of the Wood River cutoff wall, all construction has now been bid, so the cost uncertainty of achieving the FEMA standard has now been significantly reduced.
2. The Council has additional fiscal capacity (probably in excess of \$40 million) through existing cash flow and borrowing, to support additional levee system improvements, better maintenance, and certain operating costs.
3. The USACE is receiving federal appropriations at a faster pace than expected, primarily due to changes in the priority-setting process for federal expenditures.

While we did not choose to use expected available federal funds on the Wood River cutoff wall, both we and the Corps would like to demonstrate the capability to use future federal funds as they become available. We will continue to advocate that the first priority for use of federal funds will be for the design deficiency correction at the Mel Price Lock and Dam. However, we also have the ability to advance the design of all other required levee system improvements in the Wood River and MESD districts, dramatically improving our ability to take immediate advantage of federal appropriations for construction as they become available.

The Corps has requested cost-share to support design activities for federal FY2014 in the Wood River and MESD districts. Their requests are attached. The sponsor cost-share for design is 25%. The request for MESD is \$1,018,750, and for Upper and Lower Wood River \$543,500 for a total of \$1,562,250.

We have not yet come to complete agreement on the specific levee system features that would be designed in the next year and prior to providing funds we would request several items from the Corps:

1. A description of the scope of the project(s) to be undertaken by the Corps (including data collection, design, and related activities).
2. Cost-estimate, with a schedule of cash needs from the Council.
3. Schedule.
4. Commitment to appropriate progress reports.

Note that a commitment on our part to sponsoring the design of additional levee system improvements does not commit the Council to paying for construction. To be sure, some of the same policy and financial issues that were relevant to the Wood River cutoff wall decision will need to be addressed. Further, the Corps has not indicated that any federal funds will be forthcoming in the Prairie DuPont/Fish Lake districts, so further improvements in those areas would need to be locally funded.

Notwithstanding some of the concerns described above, I believe that it is in our best interest to demonstrate our continuing commitment and financial capability to maintain the area's levee systems at the full authorized level. We have money in our budget to support additional design work, and we will have capacity to support construction of more improvements in the future.

Mr. Sterman recommended that the Chief Supervisor be authorized to provide up to \$1,562,250 as cost-share for Corps of Engineers design activities through September 30, 2014 in accordance with the existing Design Agreements in the Wood River and MESD districts.

Mr. Long questioned what the Council will be actually getting for this amount of money. Mr., Sterman explained that our share was twenty-five percent and that the Corps would be spending much more and that this design would be used in the future to bring the protection level up to the 500-year level.

Mr. Maher asked for a motion to accept Mr. Sterman's recommendation. A motion was made by Mr. Polka with a second by Mr. Parks to approve Mr. Sterman's recommendation.

Mr. Pennekamp 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.

Project Partnership Agreement with the U.S. Army Corps of Engineers for the East St. Louis Design Deficiency Correction Project

Mr. Maher asked Mr. Sterman to explain this item.

A Project Partnership Agreement (PPA) is an agreement between the Government and a non-Federal sponsor (state, municipal government, flood control district, port authority, etc.) for construction of a water resources project. It describes the project and the responsibilities of the Government and the non-Federal sponsor in the cost sharing and execution of work. These agreements (or their predecessor Project Cooperation Agreements) have been executed between the sponsor levee districts in our area and the Corps of Engineers for a number of previous construction and reconstruction projects.

While we have not as yet made any commitment to participating in the proposed Corps construction project in the MESD (East St. Louis) district, Mr. Sterman said that he believes it is useful to have all the required agreements in place should we choose to move forward. It typically takes a while for the Corps to execute a PPA, so having the agreement in-hand with the authority to execute it could avoid future delays. While we continue to have differences with the Corps on policy, design, and cost issues that will need to be resolved, it is prudent to put in place the capacity to receive and spend federal money should it be appropriated. We have previously agreed to execute a similar agreement in the Wood River district, notwithstanding our recent decision not to provide funds for the cutoff wall in the district.

The Corps has a model agreement that applies in this situation. Typical for the Corps, the model agreement is difficult or impossible to modify. However, as a practical matter, it is an ongoing agreement where both parties need to meet their funding and other responsibilities or the contract is terminated. Like our Design Agreement with the Corps for this project, we can choose to implement the contract through a Board decision to provide cost-share funding. In the absence of that funding, work will not proceed and our further responsibility under the terms of the agreement is limited.

Our attorneys at Husch Blackwell previously reviewed the PPA for Wood River to advise us of substantive conditions of which we should particularly be aware. The firm has substantial experience with these agreements. Their analysis highlighted several areas:

- 1. Termination Provisions*

Article XIII.A. requires the Assistant Secretary of the Army to terminate the PPA or suspend future performance if, at any time, the non-Federal Sponsors (defined to include Wood River and SWILFPD) fail to fulfill their obligations under the PPA unless the Assistant Secretary determines the continuation of

work on the project is interest of the U.S. or is necessary to satisfy agreements with other non-Federal interests.

Article XIV.C. permits the Corps or the Non-Federal sponsor to suspend or terminate the PPA in the event hazardous substances are found to exist on project property.

In the event the PPA is terminated, the Corps may reserve a percentage of total federal funds made available for the project and a percentage of funds contributed by SWILFPD to pay costs of termination, including costs to resolve contract disputes. Additionally, any termination of the PPA will not relieve any party of liability for any obligation previously incurred.

2. Rights-of-Way

Article III.A. provides that the Non-Federal Sponsors (Wood River and SWILFPD) are responsible for acquiring all rights-of-way the Corps, in consultation with the Non-Federal Sponsors, determines to be required for construction, operation and maintenance of the project. Additionally, Article IV.A. requires the Corps to include in total project costs and afford credit towards the Non-Federal Sponsors costs to acquire any right-of-way.

3. Credit Mechanism

Article IV.A. provides that the Corps shall include in total project costs and afford credit towards the non-Federal Sponsors' share of total project costs for the value of LERRDs. Article IV.B. specifies that, to receive credit its LERRD costs, the Non-Federal sponsors shall provide to the Corps "in a timely manner" documents sufficient to enable the Corps to determine the value of any contribution provided. Upon receipt of such documents, the Corps shall "in a timely manner" determine the fair market value of such contributions for the purpose of determining the amount of credit to be afforded or reimbursed.

Husch Blackwell notes that these provisions are identical to those included in PPAs or PCAs for other area levee projects.

Mr. Sterman recommended that the Board President and/or Chief Supervisor to execute the Project Partnership Agreement with the U.S. Army Corps of Engineers for the East St. Louis Design Deficiency Correction Project.

Mr. Maher asked for a motion to accept Mr. Sterman's recommendation. A motion was made by Mr. Motil with a second by Mr. Parks to approve Mr. Sterman's recommendation.

Mr. Pennekamp 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.

Amendments 1 and 2 to AMEC Work Order 1 – Program Management

Mr. Maher asked Mr. Sterman to explain this item.

AMEC Work Order 1 for Program Management has been in place since the inception of the contract with AMEC and provides for tasks essential to managing the project for the Council. Those tasks include planning and scheduling, cost estimating, reporting, document management, program controls, management of subcontracts, interagency coordination, etc. The initial work order covered the period from August 18, 2010 through March 10, 2013 and the authorized funding was for \$1,469,600. Through an oversight on my part, the contract was not extended when it expired in March, although expenditures through November (\$1,276,048) remain well under the maximum contract amount. Amendment 1 is a no-cost extension of Work Order 1 through January 1, 2014.

Because the project schedule has extended beyond that anticipated when the initial work order was signed in 2010, additional costs will be incurred. Amendment 2 extends Work Order 1 through December 31, 2015 at an additional cost of \$700,000. This additional cost has already been incorporated in the project budget, so there are no additional budget impacts of this amendment.

A detailed scope of work and cost estimate for program management services is shown as an attachment to this memo. The total cost of Work Order 1 will increase from \$1,469,600 to \$2,169,000 and extend through December, 2015 if the two amendments are adopted.

Mr. Sterman recommended that the Chief Supervisor be authorized to execute Amendments 1 and 2 to Work Order 1 with AMEC Environment & Infrastructure as shown in Attachment 1 in the amount of \$2,169,600 to provide program management services for project.

Mr. Maher asked for a motion to accept Mr. Sterman's recommendation. A motion was made by Mr. Bergkoetter with a second by Mr. Parks to approve Mr. Sterman's recommendation.

Mr. Pennekamp 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.

Mr. Long requested that AMEC provide the Council a report on their disaster recovery program regarding Council records. Mr. Martin indicated that he would provide it.

Corps of Engineers Update

Mr. Maher asked Tracy Kelsey to provide a report from the Corps. Ms. Kelsey used a PowerPoint® presentation to illustrate her remarks. She gave a status report on the following subjects:

- Wood River
- MESD
- HQ Waiver for NFIP Levee System Evaluation Report

Ms. Kelsey indicated that her remarks have mostly been addressed earlier by Mr. Sterman and AMEC.

Mr. Maher asked for a motion to receive the Corps report. A motion was made by Mr. Parks with a second by Mr. Brinkman to receive the Corps report. Mr. Pennekamp 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.

Appointment of Chief Supervisor of Construction and the Works

Mr. Motil asked that the minutes reflect Mr. Etwert's compensation package.

Mr. Sterman indicated that Mr. Etwert would have an annual salary of \$140,000, with 3% increases the next two years, with benefits in accordance with East-West Gateway benefits except for vacation which will be three weeks annually, \$35 per month for cell phone allowance, and mileage allowance at the federal rate. He will work hourly during the transition period with a start date of January 16, 2014.

Mr. Maher asked Mr. Etwert if he had any comments, to which he replied he is looking forward to working with the Council and getting the projects completed on time and under budget.

Mr. Maher asked for a motion to appoint the incoming Chief Supervisor of Construction and the Works. A motion was made by Mr. Pennekamp with a second by Mr. Parks to appoint the incoming Chief Supervisor of Construction and the Works. Mr. Pennekamp 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.

Public Comment

Mr. Maher asked if there is any public comment. There was none.

Mr. Maher asked to convene an executive session to address real estate and personnel matters.

Mr. Long made a motion at 8:27 am to convene a closed session under 5ILCS 120.2 for the purpose of discussing the purchase or lease of real property by a public agency. The motion was seconded by Mr. Motil. Mr. Sterman indicated that all Board members should be present, along with Phil Johnson, the county board chairs, Chuck Etwert, AMEC, Joe Parente and our attorneys. Mr. Pennekamp 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 and the Board went into executive session.

Mr. Park made a motion to adjourn the executive session at 8:50 am and to go back into public session. Mr. Motil seconded the motion. Mr. Pennekamp 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

Mr. Maher called the meeting to order.

Real Estate Transactions

A motion was made by Mr. Pennekamp, and seconded by Mr. Parks to authorize the Chief Supervisor to negotiate the acquisition of properties as follows:

1. Acquire fee simple title to Ivan Tite's entire parcel (per policy guidelines), rather than easement interests.
2. Acquire easements from Willaredt for \$28,316.40.
3. Acquire easements from Selhime for \$29,500.
4. Acquire easements from Mitten for \$45,000 (this is approximately 50% more than our appraised amount of \$31,000).

Mr. Pennekamp 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.

Other Business

There was no other business.

Adjournment

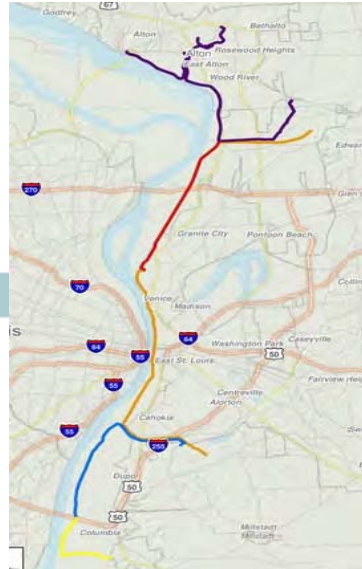
A motion was made by Mr. Parks, seconded by Mr. Bergkoetter to adjourn the meeting. The motion was approved unanimously by voice vote, all voting aye.

Respectfully submitted,

James R. Pennekamp,
Secretary/Treasurer, Board of Directors



**Progress Report
December 18, 2013
SW IL Levee System
By Jay Martin**



Construction Related Activities
Update Status of Bid Packages
Other Activities

Construction Status



- BP #2A – *Fish Lake Pump Station*
 - Construction expected in January
 - Pump tubes and pumps order and fabrication

- BP#6 – *PDP/FL Seepage Improvements*
 - Borrow pit – soil blending is on-going, no berm fill placed yet
 - RW - pilot hole drilling is pending land acquisition
 - Haul roads

- BP #2B - *WR/MESD/PDP Pump Stations*
 - Preconstruction meeting held December 17, 2013

3

Bid Package Update



- BP # 03 – *WR Seepage Improvements*
BP# 04 – *MESD Seepage Improvements (Conoco Phillips)*
BP # 05 – *MESD Seepage Improvements (MESD excluding Conoco Phillips)*
- Bids received December 3, 2013
 - Recommendation to the Board on December 18, 2013

4

BP#7A and #7B – *Deep and Shallow Cutoff Walls*



- Major comments
 - FLAC3D – trench stability for 40 foot panels - stability for 20 to 40 foot panels, comments provided Dec 16 to USACE

 - 3D groundwater model for window and end effects - review ongoing
 - Boundary conditions
 - Permeability
 - Evidence for conclusions on acceptable gradients

5

Pre-Construction Activities



- Relief well design in progress
 - Designs submitted by AMEC: 138
 - Designs approved: 125
 - Designs pending final review/approval: 7

6

Other Activities...



- Land acquisition – Weekly calls with the team. Process moving forward. Timing is critical to schedule. Several key properties needed.

- Upcoming Work Orders from AMEC
 - Cut off wall design

- Mel Price and Chain of Rocks
 - Certification- path forward

7



Questions?

8



Memo to: Board of Directors
From: Les Sterman
Subject: Program Status Report for January, 2014
Date: January 13, 2014

The transition process to the incoming Chief Supervisor, Chuck Etwert, has been taking place over the last month. In addition to building understanding of the project, there are numerous administrative processes and procedures that need to be maintained. One of the disadvantages of a one person operation is that there is no institutional support that will remain after my departure, so the transition process is more difficult. I am confident that Chuck will be able to carry on the work of the Council without interruption after my departure. However, I will make myself available following my official last day of work on January 15 to respond to questions or assist in any way that Mr. Etwert or the Board thinks is necessary or appropriate.

The process of property acquisition continues to move along. Several important transactions have been closed, including acquisition from Pulcher and Vogt, but a significant transaction with Cates has been delayed and will likely be concluded later this month. Several other owners in Madison County, involving relatively small transactions, have engaged attorneys and communications have gotten more difficult. A more detailed report will be made at the Board meeting.

The Corps believes that they completed the design work for the Wood River cutoff walls on December 13. However, AMEC has raised a number of questions as part of their participation on the agency technical review (ATR) team, and those questions have not yet been fully addressed by the Corps, so we do not agree that the design is complete. AMEC has been communicating productively with the Corps and the hope is that the design can be completed and handed off to AMEC in the next couple of weeks.

We received four proposals from firms to serve as the Council's financial advisor. Based on the written proposals, two firms were selected for an interview, which was held on January 10. Based on the written proposals and interview, the recommendation will be to retain Columbia Capital as the Council's financial advisor.

The St. Louis District of the Corps has received a waiver from Headquarters that would allow them to use federal funds to perform a levee system evaluation of the Upper Wood River and East St. Louis (MESD) levee systems. This evaluation would substitute for the certification required by FEMA and would address two levee reaches of concern to us: the Mel Price

uncontrolled underseepage area, and the Chain of Rocks levee. In the former case, AMEC has indicated it would not be able to certify the levee under the current circumstances. In the latter, AMEC will likely be able to certify, but significant data gaps will have to be filled at substantial expense to the Council. The potential problem with accepting the offer from the Corps will be the bifurcation of the design and certification process. The Council purposely combined the two processes under a contract with a single party to assure that, once designed and constructed, the improvements would be certified. It is possible, especially given our experience on the Sec. 408 review, that the Corps may not fully agree with the current design. That would create an untenable situation that would jeopardize the progress of the entire project. We have been working with the Corps to assess the risk of allowing the Corps to undertake the certification process. The initial analysis suggest that the risk of any technical disagreements for Upper Wood River (which contains the Mel Price segment), is very low. Such risks would be marginally greater in the MESD area, because the design is more robust and complex. At this point, it would be my recommendation to request that the Corps undertake the levee system evaluation for the Upper Wood River levee system. In that case, the small risk is justified by eliminating the near certainty that AMEC would not be able to certify that system as meeting the FEMA criteria.

Since this is my last progress report on the project I would like to thank the Board, the county board chairs and the many supporters of the project who have made my job so much more enjoyable. Together, I think we have advanced the project urgently and cost-effectively. The cost estimate to build the improvements to meet the FEMA standards has been significantly reduced, so we will clearly have the financial capacity to keep moving the levee system toward the 500-year level of protection for which it was designed. While I was initially hopeful that the project would move more quickly, and I would continue to serve in my position until the project was completed, events have conspired to make that goal unrealistic.

The regional cooperation that is the hallmark of our work has been remarkable, and it should be a reminder that much more can be accomplished for Southwestern Illinois by working together to solve other difficult problems.



Memo to: Board of Directors
From: Les Sterman
Subject: Backup and Disaster Recovery for Council Data and Records
Date: January 13, 2014

At the last Board of Directors meeting, Tom Long asked that AMEC provide information on backup and disaster recovery systems for critical Council data. Since most all information is now stored in electronic form, such systems are vital to assuring that massive amounts of data, analysis, and other records can be recovered if they are physically compromised or lost due to computer failure, user error, or tampering. The Council itself maintains a huge number of data files and documents, so the same inquiry applies to the information held by the Council.

The following describes the disaster recovery plans for Council records:

AMEC St. Louis Office Disaster Recovery Plan

The AMEC computer resource disaster recovery plan uses a three level approach to data protection. The first level protects against user error in the form of accidental overwrites and deletions, the second level protects against server hardware failure and the third level protects against catastrophic building loss. Each level is described in detail below

- Level 1 – Protection From Accidental Overwrites and Deletions
 - A “snapshot” of the server is taken once a day in the AM. If a file is accidentally overwritten or deleted, it can be recovered from the one of the snapshots.
 - Recovery time – Any time during regular business hours after a request is submitted to the Help Desk.
 - Frequency – 1 time daily
 - Retention – Snapshots are stored until the disk space allotted for the snapshots is consumed, then the program starts overwriting the oldest snapshots first.

- Level 2 – Protection Against Hardware Failure
 - A replica of the file server is made each night and stored on an external hard drive in the office. If the server crashes, the replica will be copied back to the replacement hardware.
 - Recovery time – Up to 24 hours plus shipping time for new hardware.
 - Frequency – Nightly (7 Days)
 - Retention – 1 replica (previous day’s data)

- Level 3 – Protection Against Building Disaster
 - Server data is copied to a backup server in the Chicago data center. In the case of a building catastrophe, the data is safely offsite and can be restored to the new server at the new office after it is brought online.
 - Recovery time – Up to 24 hours to restore data to a share in the data center. Users can access the data from this share until new site arrangements are made. Data will then either be shipped overnight or copied across the WAN, whichever is most efficient.
 - Frequency – Monday – Friday, with an additional backup on the first Friday of each month.
 - Retention – 60 days’ worth of nightly backups, 2 years for the Friday backups.

AMEC Document Management System

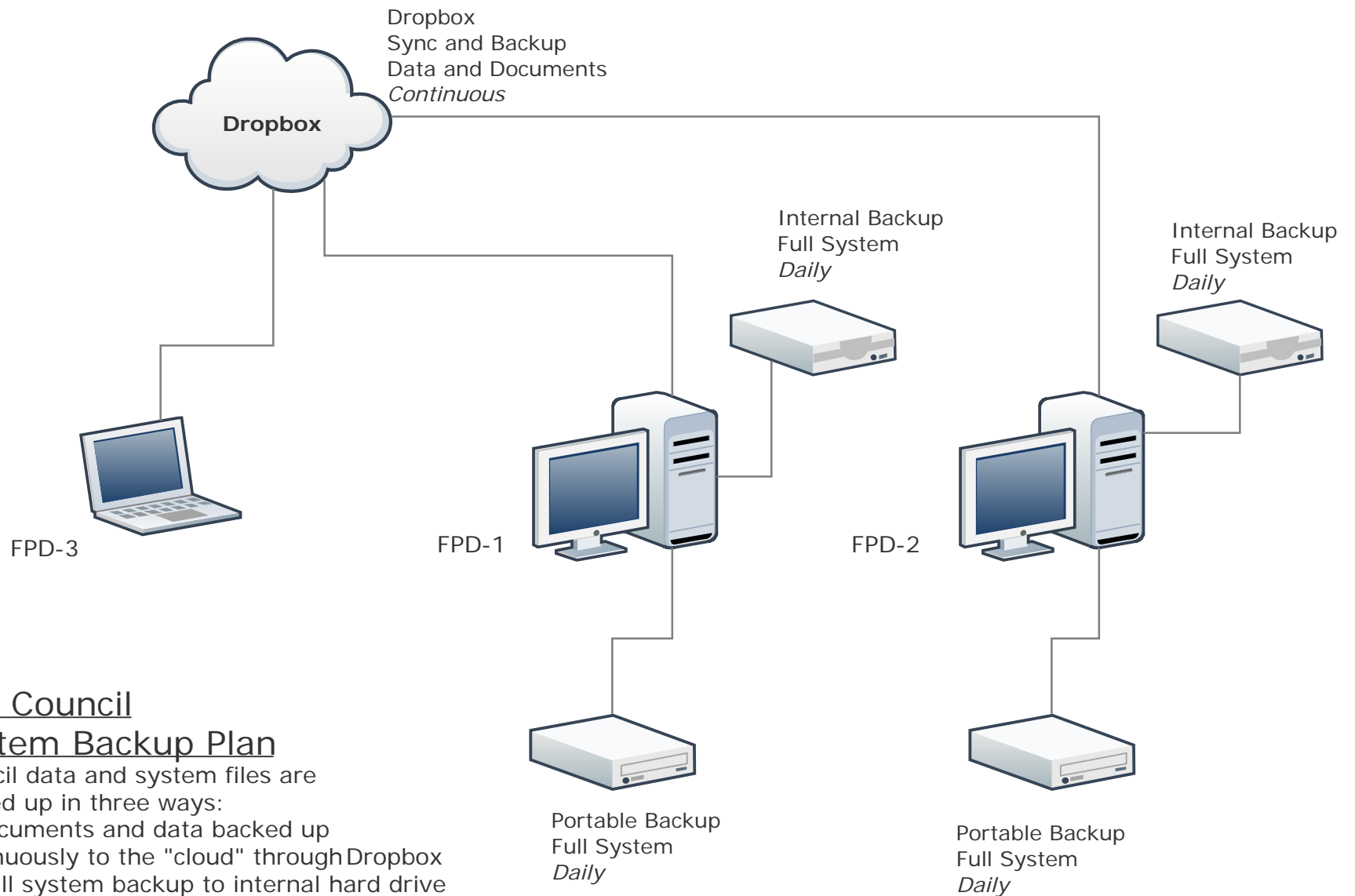
The Southwestern Illinois Flood Protection District Levee Certification Project utilizes a formal Document Management System. Project electronic and hardcopy documents are filed using the structure described in the *Project and Directory File System PJM-FOR-000177* section of our Project Management Plan. All incoming data is logged. All project related e-mails are copied or forwarded to a central email mailbox.

A project SharePoint site is used to centralize correspondence between the construction team. The SharePoint site is used to for uploading daily reports, material testing reports, submittals, RFI’s and other pertinent construction correspondence. When files are uploaded to SharePoint, alerts are sent up to send email notifications that a file has been uploaded. The SharePoint site helps to log and track documents, maintains document revision history, and can generate reports.

FPD Council Backup and Recovery Systems

The Council maintains three backup systems for all data stored on the agency computers. These systems are illustrated on Figure 1.

1. Off-site backup is done through the Dropbox services. Every time a file of any kind is saved on any one of the Councils’ three computers, it is automatically uploaded to the “cloud” through Dropbox. Dropbox saves all versions of files, so in the case of accidental change or deletions, they can be recovered from the Dropbox website. Backup of information is continuous, so current versions of any file can be downloaded in the event of a system failure or physical damage to agency computers.
2. An image of each hard drive on Council computers is made once a day to an *internal* backup drive on each computer. In the event of a failure of the computer or the system drive, any file or the entire system can be recovered from the second hard drive in each computer (except for the laptop, which only has a single hard drive). The hard drive images are kept as long as available space will allow – typically a month or more.
3. An image of each hard drive on Council computers is made once a day to an *external* backup drive on each computer, which can be physically removed from the system and taken off-site. In the event of a system failure or physical damage to agency computers, a full recovery can be made from the external hard drive. The system images are kept as long as there is sufficient available space – usually a couple of weeks.



FPD Council System Backup Plan

Council data and system files are backed up in three ways:

1. Documents and data backed up continuously to the "cloud" through Dropbox
2. Full system backup to internal hard drive daily.
3. Full system backup to portable drive daily to be taken off-site.



Memo to: Board of Directors
From: Les Sterman
Subject: Budget and Disbursement Report for December 2013
Date: January 13, 2013

Current Budget Highlights

Attached is the financial statement for December 2013 prepared by our fiscal agent, CliftonLarsonAllen. The report includes an accounting of revenues and expenditures for the month ending December 31, 2013, as compared to our fiscal year budget.

Accrued expenditures for the current fiscal year beginning on October 1, 2013 are \$8,440,013 while revenues amounted to \$3,114,998 resulting in a deficit of \$5,325,015. A total of approximately \$16,180,190 is now held by the counties in their respective FPD sales tax funds and is available for the Council's use on the project.

Sales tax receipts showed a small decline in October 2013 (the latest month reported by the Illinois Department of Revenue). Receipts decreased by about 0.61% from last year but remain down by about 2.36% year over year. In general, receipts are running slightly ahead of 2010 levels.

Monthly Disbursements

Attached are lists of bank transactions for December 2013. Total disbursements for the month were \$1,121,797.87. The largest payments were to AMEC and its subcontractors for design and construction management services, and to the Town & Country Title Co. to purchase property for the project.

Recommendation:

Accept the budget report and disbursements for December 2013.



**SOUTHWESTERN ILLINOIS FLOOD PREVENTION
DISTRICT COUNCIL**

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

THREE MONTHS ENDING DECEMBER 2013 AND 2012



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 2013 and 2012. 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, 2014 and 2013, 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 "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

St. Louis, Missouri
January 10, 2014

**SOUTHWESTERN ILLINOIS FLOOD PROTECTION DISTRICT COUNCIL
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
THREE MONTHS ENDED DECEMBER 31, 2013 (Actual)
FISCAL YEAR ENDING SEPTEMBER 30, 2014 (Budget)**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Sales Tax Proceeds From Districts	\$ 11,237,000	\$ 11,237,000	\$ 2,727,326	\$ 8,509,674
Interest Income	650,000	650,000	387,672	262,328
Other Contributions	-	-	-	-
Total Revenues	<u>11,887,000</u>	<u>11,887,000</u>	<u>3,114,998</u>	<u>8,772,002</u>
EXPENDITURES				
Current				
Design and Construction				
Engineering Design & Construction	4,000,000	4,000,000	2,474,845	1,525,155
Management				
Construction	60,000,000	60,000,000	820,411	59,179,589
Construction and design by US ACE	1,000,000	1,000,000	1,562,250	(562,250)
Federal Cost-Share	-	-	-	-
Total Design and Construction	<u>65,000,000</u>	<u>65,000,000</u>	<u>4,857,506</u>	<u>60,142,494</u>
Professional Services				
Legal & Legislative Consulting	210,000	210,000	114,494	95,506
Diversity Program Manager	210,000	210,000	43,409	166,591
Construction Oversight	-	-	-	-
Other	-	-	-	-
Financial Advisor	40,000	40,000	1,320	38,680
Bond Underwriter/Conduit Issuer	100,000	100,000	-	100,000
Total Professional Services	<u>560,000</u>	<u>560,000</u>	<u>159,223</u>	<u>400,777</u>
Refund of Surplus Funds to County FPD Accounts				
Madison County	2,270,400	2,270,400	504,496	1,765,904
Monroe County	220,800	220,800	49,584	171,216
St. Clair County	2,308,800	2,308,800	503,557	1,805,243
Total Refund of Surplus Funds to County	<u>4,800,000</u>	<u>4,800,000</u>	<u>1,057,637</u>	<u>3,742,363</u>
Debt Service				
Principal and Interest	7,107,440	7,107,440	2,273,670	4,833,770
Federal Interest Subsidy	(910,140)	(910,140)	-	(910,140)
Total Debt Service	<u>6,197,300</u>	<u>6,197,300</u>	<u>2,273,670</u>	<u>3,923,630</u>
Total Operating Expenses	<u>76,557,300</u>	<u>76,557,300</u>	<u>8,348,036</u>	<u>68,209,264</u>
General and Administrative Costs				
Salaries, Benefits	192,331	192,331	59,560	132,771
Advertising	-	-	-	-
Bank Service Charges	600	600	174	426
Conference Registration	500	500	61	439
Equipment and Software	4,000	4,000	1,726	2,274
Fiscal Agency Services	23,000	23,000	5,750	17,250
Furniture	-	-	-	-
Meeting Expenses	1,000	1,000	28	972
Postage/Delivery	400	400	38	362
Printing/Photocopies	2,500	2,500	426	2,074
Professional Services	20,000	20,000	18,121	1,879
Publications/Subscriptions	250	250	1,713	(1,463)
Supplies	1,500	1,500	369	1,131
Telecommunications/Internet	2,000	2,000	1,230	770
Travel	15,000	15,000	1,800	13,200
Insurance	1,000	1,000	981	19
Total General & Administrative Costs	<u>264,081</u>	<u>264,081</u>	<u>91,977</u>	<u>172,104</u>
Total Expenditures	<u>76,821,381</u>	<u>76,821,381</u>	<u>8,440,013</u>	<u>68,381,368</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(64,934,381)	(64,934,381)	(5,325,015)	59,609,366
OTHER FINANCING SOURCES				
Proceeds From Borrowing	10,000,000	10,000,000		10,000,000
NET CHANGE IN FUND BALANCE	<u>\$ (54,934,381)</u>	<u>\$ (54,934,381)</u>	<u>\$ (5,325,015)</u>	<u>\$ 69,609,366</u>

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 Professional Services	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	4,808,720
Federal Interest Subsidy	(910,140)	(910,140)	(343,732)	(566,408)
Total Debt Service	6,197,300	6,197,300	1,954,988	4,242,312
Total Operating Expenses	62,750,628	62,750,628	4,109,148	58,641,480
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	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	58,827,843
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(50,409,529)	(50,409,529)	(1,376,180)	49,033,349
OTHER FINANCING SOURCES				
Proceeds From Borrowing	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ (50,409,529)	\$ (50,409,529)	\$ (1,376,180)	\$ 49,033,349

Flood Prevention District Sales Tax Trends 2009-2013

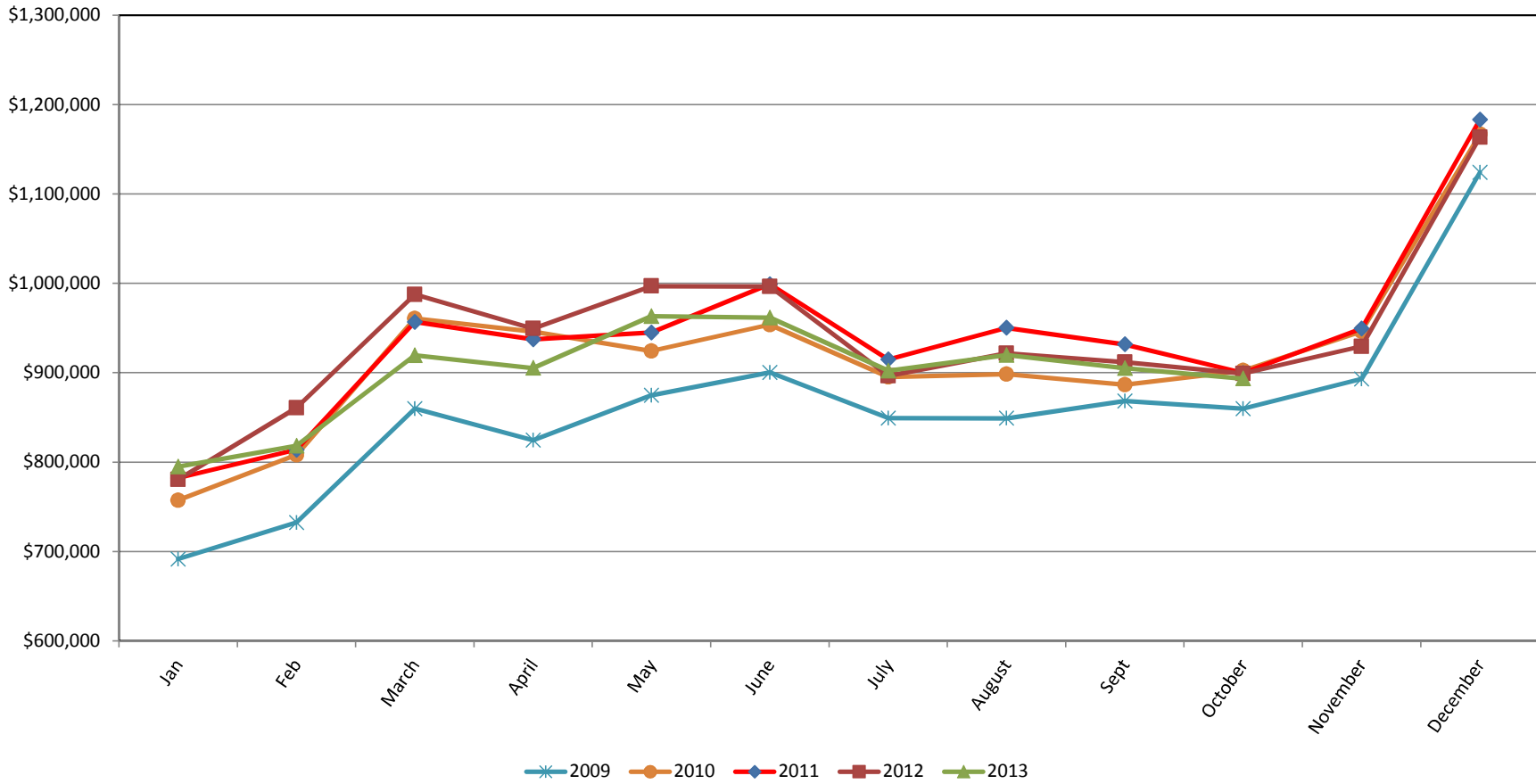
2009														County Share
Jan	Feb	March	April	May	June	July	August	Sept	October	November	December	Total		
Madison	\$321,968	\$336,765	\$397,425	\$387,385	\$414,350	\$421,402	\$399,616	\$401,188	\$400,090	\$404,847	\$405,930	\$492,814	\$4,783,780	46.319%
St. Clair	\$337,979	\$362,696	\$424,556	\$398,395	\$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	\$429,127	\$523,240	\$5,362,675	47.481%
St. Clair	\$361,727	\$415,491	\$468,490	\$432,173	\$468,782	\$473,567	\$425,923	\$441,838	\$438,184	\$424,289	\$454,916	\$589,183	\$5,394,563	47.763%
Monroe	\$37,471	\$38,904	\$46,086	\$46,051	\$46,231	\$45,671	\$43,063	\$45,307	\$45,641	\$46,230	\$45,429	\$51,062	\$537,146	4.756%
Total Month	\$780,668	\$860,871	\$987,625	\$949,415	\$997,002	\$996,492	\$896,548	\$921,748	\$912,018	\$899,040	\$929,472	\$1,163,485	\$11,294,384	
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	\$10,130,899	\$11,294,384		
% change/month	-0.21%	5.76%	3.21%	1.29%	5.48%	-0.27%	-2.01%	-3.02%	-2.13%	-0.07%	-2.11%	-1.68%		
% change/total	-0.21%	2.83%	2.98%	2.52%	3.15%	2.52%	1.87%	1.23%	0.85%	0.76%	0.49%	0.26%	0.26%	

Flood Prevention District Sales Tax Trends 2009-2013

	2013												
	Jan	Feb	March	April	May	June	July	August	Sept	October	November	December	Total
Madison	\$375,398	\$383,170	\$424,507	\$425,469	\$457,212	\$451,494	\$436,686	\$442,449	\$430,541	\$429,499			\$4,256,425
St. Clair	\$381,645	\$395,527	\$449,397	\$434,001	\$457,942	\$462,603	\$422,892	\$432,195	\$430,014	\$419,350			\$4,285,566
Monroe	\$37,888	\$39,679	\$45,689	\$45,913	\$48,212	\$47,694	\$42,672	\$45,143	\$44,733	\$44,723			\$442,346
Total Month	\$794,931	\$818,376	\$919,593	\$905,383	\$963,366	\$961,791	\$902,250	\$919,787	\$905,288	\$893,572			\$8,984,337
Cumulative Total	\$794,931	\$1,613,307	\$2,532,900	\$3,438,283	\$4,401,649	\$5,363,440	\$6,265,690	\$7,185,477	\$8,090,765	\$8,984,337			
% change/month	1.83%	-4.94%	-6.89%	-4.64%	-3.37%	-3.48%	0.64%	-0.21%	-0.74%	-0.61%			
% change/total	1.83%	-1.72%	-3.66%	-3.92%	-3.80%	-3.74%	-3.14%	-2.77%	-2.55%	-2.36%			

Flood Prevention District Sales Tax Trends 2009-2013

Actual Receipts 2009-2013



**SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL
SUPPLEMENTARY SUPPORTING SCHEDULE
BANK TRANSACTIONS
DECEMBER 31, 2013**

Beginning Bank Balance December 1			\$ 939,575.25
Receipts			
UMB	12/13/2013	Funds Transfer Admin	12,385.27
UMB	12/13/2013	Funds Transfer Construction	545,840.61
UMB	12/31/2013	Funds Transfer Admin	3,435.25
UMB	12/31/2013	Funds Transfer Construction	1,185,591.28
The Bank of Edwardsville	12/31/2013	Interest	203.08
			1,747,455.49
Disbursements			
AMEC Earth & Environmental, Inc.	12/05/2013	Construction	391,409.56
Burdette Decota	12/05/2013	Easements	1,650.00
Cost Less Copy Center	12/05/2013	Board Meeting	110.00
Dorgan, McPike & Assoc, LTD	12/05/2013	Professional Services	3,000.00
Elizabeth A Stevens	12/05/2013	Easements	700.00
Husch Blackwell Sanders	12/05/2013	Professional Services	37,366.35
Kimette L Decato	12/05/2013	Easements	1,650.00
Michelle Wilson	12/05/2013	Easements	1,650.00
Monique Rice	12/05/2013	Easements	1,650.00
Phillip L. Johnson	12/05/2013	Services	23,400.00
Quentin Decato	12/05/2013	Easements	1,650.00
Shaunna L Mouser	12/05/2013	Easements	8,250.00
Smith Dawson & Andrews	12/05/2013	Professional Services	5,000.00
UMB Bank, NA	12/05/2013	Bond Trustees	1,319.70
The Bank-Service Fees	12/05/2013	Wire	10.00
The Bank-Service Fees	12/05/2013	Wire	10.00
Wood River Drainage and Levee Distri	12/09/2013	Corp Design Work	12,500.00
Webroot Software	12/09/2013	Software	155.66
Marks & Associates	12/10/2013	Diversity Program	13,220.00
LogMeln, Inc	12/10/2013	Software	66.98
LogMeln, Inc	12/11/2013	Software	63.70
LogMeln, Inc	12/11/2013	Software	84.90
Amazon Digital	12/11/2013	Equipment	279.99
CliftonLarsonAllen LLP	12/18/2013	Fiscal Agent	1,950.00
Les Sterman	12/18/2013	Reimb for Computer Purchase	1,053.65
Sprague & Urban, Attorneys at Law	12/18/2013	Legal	825.00
Schnucks	12/18/2013	Meeting Expense	2.94
The Lane Construction Corporation	12/19/2013	Meeting Expense	76,950.00
Town & County Title Co	12/19/2013	Purchase of Real Property	535,196.28
The Bank-Service Fees	12/19/2013	Wire Fee	25.00
Walmart	12/19/2013	Office Expense	3.22
T-Mobile	12/23/2013	Telephone Expense	35.00
Radio Shack	12/30/2013	Office Expense	5.99
Micro Electronic	12/30/2013	Office Expense	259.76
The Bank-Service Fees	12/31/2013	Wire Fee	25.00
The Bank-Service Fees	12/31/2013	Bank Fees	18.36
The Bank-Service Fees	12/31/2013	Wire Fees	10.00
The Bank-Service Fees	12/31/2013	Wire Fees	10.00
Digital River Software	12/31/2013	Software	29.97
Fedex	12/31/2013	Reverse of duplicated entry in Nove	-26.08
Storagecraft Technology	12/31/2013		226.94
			1,121,797.87
			\$ 1,565,232.87



Memo to: Board of Directors
From: Les Sterman
Subject: Recommendation to Select Financial Advisor to the Council
Date: January 10, 2014

In late October, the Council circulated a request for qualifications (RFQ) for individuals or firms to serve as the Council's financial advisor.

Services to be provided by the advisor include, but are not limited to the following:

1. Assist and advise in maintaining a financial plan for the Council.
2. Work with the Council staff to recommend structure, specific terms and conditions of debt issues. Develop information on available borrowing alternatives. Present information regarding methods of sale, including publicly offered and privately negotiated options.
3. Assist in the sale of bonds by developing documents for and assisting in the competitive solicitation and selection of underwriters and other ancillary services.
4. Identify policy issues and direction(s) related to effective administration of the capital program.
5. Advise the Council on areas of industry specific knowledge that affects the financing and marketing of the project's debt.
6. Assist and advise in the development of debt limits, debt service coverage ratios, debt capacity, call feature structure, reserve funds or other debt policies as requested.
7. Work with the Council staff, attorneys and bond counsel to maintain an effective and legally compliant debt program.
8. Provide technical advice as requested by the Council, orally or in written form, concerning miscellaneous issues and questions that may arise relative to debt structure, the financial markets in general, or any other topic of financial interest.

The Council received submittals from four firms:
Columbia Capital Management, LLC (St. Louis, MO)
PMA Securities, Inc. (Naperville, IL)
Public Financial Management, Inc. (Chicago, IL)
Robert W. Baird & Co. (Naperville, IL)

All four firms are qualified financial advisors with the depth and experience to meet the financing needs of our project and all have experience in the state of Illinois.

After reviewing the proposals based on the qualifications listed in the RFQ, Chuck Etwert and I recommended that the Council interview a "short list" of two finalists to be considered for selection.

The two finalist firms were Columbia Capital Management and Public Financial Management, Inc.

Two Board members, Dan Maher and Alvin Parks, participated in interviews of the finalists on January 10 in the Council offices. Chuck Etwert and I also participated in the interviews. The interviews were thorough and candid. The committee assessed whether the respondent firms and the individuals to be assigned to the work had the depth of experience and background in a range of financial matters relevant to financing our future projects, and how well they understood the specific local conditions that will affect the financing of this project.

At the conclusion of the interviews, the committee agreed that the firms were very closely ranked but unanimously agreed to recommend the selection of Columbia Capital.

Both Columbia Capital Management and Public Financial Management have a very wide range of experience. Both firms also have an impressive depth of capability to provide a wider range of financial consulting, should the Council need that service.

The procedure to conclude this procurement is to negotiate a scope and cost with the highest ranked firm. If we are unable to successfully conclude the agreement we would then attempt to reach agreement with the second-ranked firm.

The committee believes that it is prudent to compensate the selected firms through an hourly or fixed fee arrangement depending on the assignment, rather than on a transactional basis (fees determined as a percentage of the amount of debt issued), so there will be no perception of bias that would affect recommendations on the timing and amount of debt issuance.

Copies of all of the proposals are available for your review.

Recommendation: Authorize the Chief Supervisor to enter into negotiations with Columbia Capital Management to perform financial advisory services for the Council. If unable to reach agreement on a scope of work, cost and other terms, an agreement would be sought with Public Financial Management, Inc. Subsequent Board approval will be required before executing a contract.