



SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
BOARD OF DIRECTORS MEETING  
**March 19, 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 February 19, 2014
3. Public Comment on Pending Agenda Items
4. Program Status Report  
*Chuck Etwert, Chief Supervisor*
5. Budget Update and Approval of Disbursements  
*Chuck Etwert, Chief Supervisor*
6. 2013 Audit Report  
*Michael Brokering, Scheffel Boyle*
7. Design and Construction Update  
*Jay Martin, AMEC Environment & Infrastructure*
8. Council Construction Change Order Policy  
*Chuck Etwert, Chief Supervisor*
9. Agreements with Ameren Illinois  
BP #2B and BP #4 Pump Stations  
*Chuck Etwert, Chief Supervisor*
10. Renewal of Government Relations Contract  
with Dorgan-McPike Ltd.  
*Chuck Etwert, Chief Supervisor*
11. Renewal of Federal Government Relations and  
Advocacy Services with Smith Dawson & Andrews  
*Chuck Etwert, Chief Supervisor*

AGENDA

12. Commitment to continue to provide Cost-Share to the Corps of Engineers for the Levee Reconstruction Project in the Wood River Drainage and Levee District  
*Chuck Etwert, Chief Supervisor*
13. Authorization of Government Liaison Contract  
*Chuck Etwert, Chief Supervisor*
14. Update from Corps of Engineers  
*COL Hall. U.S. Army Corps of Engineers*
15. Public Comment  
  
Executive Session (if necessary)
16. Real Estate Transactions  
*Chuck Etwert, Chief Supervisor*
17. Other Business
18. Adjournment

**Next Meeting: April 16, 2014**

## MINUTES

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

February 19, 2014

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 February 19, 2014.

#### 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  
Bruce Brinkman, Monroe County Flood Prevention District  
Ronald Polka, Monroe County Flood Prevention District

#### Members Absent

Ron Motil, Madison County Flood Prevention District

#### Others in Attendance

Chuck Etwert, SW Illinois FPD Council  
Ray Bailey, ABNA Engineering  
Rich Conner, Levee Issues Alliance  
Rick Fancher, Metro-East Sanitary district  
Mike Feldmann, U.S. Army Corps of Engineers  
Gary Hoelscher, Millennia Professional Services  
Mike Huber, KdG  
David Human, Husch Blackwell LLP  
Phil Johnson, Phil Johnson Realtor  
Joe Juneau, Juneau Associates  
Ronald S. Kaempfe, IUOE Local 520  
Steve Kochan, Wood River Levee & Drainage District  
Rick Mauch, SCI Engineering  
Matt McAnarney, Senator Durbin's Office  
Kendra Mitchom, AMEC Environment & Infrastructure  
Jack Norman, Southern Illinois Groundwater Advisory Council  
Jon Omvig, AMEC Environment & Infrastructure  
Joseph Parente, Madison County  
Cas Sheppard, SMS Engineers  
Brennen Soval, Husch Blackwell LLP  
Dale Stewart, Southwestern Illinois Building Trades Council  
Denny Weber, Wood River Levee & Drainage District

Kurt Wengert, AMEC Environment & Infrastructure  
Jeff White, Columbia Capital Management

### **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 January 15, 2014**

A motion was made by Paul Bergkoetter, seconded by John Conrad, to approve the minutes of the Board meeting held on January 15, 2014. 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 – absent  
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.

### **Program Status Report**

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

Mr. Etwert indicated that the learning process continues as numerous administrative processes and procedures arise each week. Mr. Sterman has been very gracious with his time and has assisted often during the last month.

The process of property acquisition continues to move along. As stated last month, several owners involving relatively small transactions have engaged attorneys and communication has gotten more difficult. We are still needing easements or property acquisition in Bid Packages 3, 5 and 6. With all three of these packages already having been awarded, it is imperative that we reach agreements with these property owners as soon as possible before our contractors start requesting change orders due to delay of site access. There will be an executive session at the end of the meeting to discuss one or two situations.

Regarding the Council's request for additional information supporting the Corps decision concerning the use of a project labor agreement (PLA), we did receive an additional data disk that included the remaining responses the Corps received during their market survey involving

the PLA consideration. However, still lacking is evidence that would support their decision regarding this issue. This issue will be at the forefront as the Council considers all funding options for additional flood protection projects after completing all of our projects bringing the area's levee system to accreditation by the Federal Emergency Management Agency. We will continue to work with the Levee Issues Alliance group to encourage the Corps to reconsider the use of PLAs in the future.

One of the Council's principal legislative priorities has been to provide the Corps with greater flexibility to spend federal funds on the highest priority projects in the Metro-East levee system. Federal appropriations are generally associated with a specific "project" as identified by the Corps and authorized by Congress. As projects are developed over a very long period of time, appropriations may end up out of sequence with actual priorities as measured by current conditions. For example, the Mel Price uncontrolled underseepage deficiency was identified in 2009 by the Corps as a very severe problem. Yet significant funding for other lower priority projects (including some that the Council is already doing with local funds) is coming before funding for the badly needed Mel Price project. We believe that the Corps should be able to shift federal funds among the set of projects that comprise the Metro-East levee system. This would allow funds to be applied optimally to address the greatest needs, better coordinate with the work of the Council, and provide for greater efficiency in the use of funds.

At our request, the congressional delegation has been working on two legislative strategies to provide the Corps with the flexibility described above. The first approach is to provide appropriate language in the omnibus appropriation bill recently passed by Congress and signed by the President. The delegation was successful in getting this done, although the language is somewhat arcane and designed to avoid any appearance that this approach would effectively result in an earmark. The second strategy is to provide more explicit language in the Water Resources Development Act, a version of which has now been passed by both houses, with the differences now being worked out by a conference committee. We do not yet have any firm indication of the outcome.

Our delegation assures us that the language included in the omnibus appropriations bill provides the Corps with the legal basis to move funds among projects in our area. We now need to encourage the Corps to take advantage of this flexibility.

The Corps handed over the completed design work for the Wood River cutoff walls to AMEC on February 6. AMEC will start immediately converting the plans to their specifications with a goal of completing the task within a two month time frame, thus getting the plans back to the Corps for the 408 review as soon as possible. There is a work order on today's agenda for AMEC to do this design.

Per the Board's approval last month we have negotiated a contract with Columbia Capital to serve as the Council's Financial Adviser for the next two years.

With impending Notice to Proceeds being issued on Bid Packages #3, #4 and #5, work orders need to be executed with ABNA Engineering, Inc. and Juneau Associates, Inc. for Quality

Control and Materials Testing. Master Service Agreements with these two firms were approved in August of last year.

As discussed the last two months, 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. Dave Busse at the Corps and AMEC, both are in agreement with this analysis. Such risks would be marginally greater in the MESD area, because the design is more robust and complex. Therefore, at this point, it is recommended to request that the Corps undertake the levee system evaluation for the Upper Wood River levee system at one hundred percent federal cost. 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. With the East St. Louis (MESD) levee system with the risks being much greater and the potential of the certification process being jeopardized, it is felt that it is best that we do not have the Corps perform a levee system evaluation.

Mr. Etwert indicated that he had provided everyone with AMEC's first Monthly Project Progress Report which provides the status of all Bid Packages that have been awarded.

A motion was made by Mr. Polka, seconded by Mr. Brinkman, to accept the Program Status Report for February, 2014. 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 - absent  
Mr. Parks - absent  
Mr. Pennekamp - Aye

The motion was approved unanimously.

### **Budget Update and Approval of Disbursements**

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

Mr. Etwert indicated that the construction costs provided at the December Board did not include the actual bid received for Bid Package #3. Adding this bid to the projected construction costs results in an additional savings of approximately three millions dollars.

Including this difference in funds and based on overall project estimates of expenses and revenues projected last November, it currently appears that the Council will have an approximate surplus of funds of \$15,000,000 at the end of 2015. The total estimate has been reduced by more than \$20 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.

The Council remains well-positioned to complete the project, leaving the Council with additional financial capacity for future maintenance and capital improvements.

Mr. Etwert noted that financial statement for January 2014 prepared by our fiscal agent, CliftonLarsonAllen was included in the materials sent for the meeting. The report includes an accounting of revenues and expenditures for the month ending January 31, 2014, as compared to our fiscal year budget.

Accrued expenditures for the current fiscal year beginning on October 1, 2013 are \$8,900,399 while revenues amounted to \$4,008,886 resulting in a deficit of \$4,891,513. 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 increase in November 2013 (the latest month reported by the Illinois Department of Revenue). Receipts decreased by about 0.19% from November last year and remain down by about 2.16% year over year. In general, receipts are running slightly ahead of 2010 levels.

The report includes bank transactions for January 2014. Total disbursements for the month were \$2,627,933.28. The largest payments were to AMEC and its subcontractors for design and construction management services, Roxana Landfill, Inc. for wetland mitigation, and to Town & Country Title Co. to purchase property for the project.

Mr. Etwert recommended that the Board accept the budget report and disbursements for January 2014.

A motion was made by Mr. Long, seconded by Mr. Bergkoetter, to accept the budget report and approve the disbursements for January 2014. 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 – absent  
Mr. Parks – absent  
Mr. Pennekamp – Aye

The motion was approved unanimously.

Mr. Parks arrived at this time.

### **Design and Construction Update**

Mr. Maher called on John Omvig, AMEC’s project manager, to provide a report. Mr. Omvig used a PowerPoint® presentation to illustrate his remarks. He indicated that bad weather continued to impact progress this past month, but all of the contractors were ready to roll and weather permitting, there should be a significant activity over the next few weeks. His presentation including a few site photos focused on the status of each bid package as follows:

### **Construction Status**

#### **BP #2A – Fish Lake Pump Station**

Contractor has poured floor slab of new pump station

#### **BP #6 – PDP/FL Seepage Improvement**

Borrow pit – soil blending is on-going, preparation in berm areas  
RW – pilot hole drilling has been slow

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

Start expected last week in February, submittals underway

### **Bid Package Update**

#### **BP # 03 – WR Seepage Improvements**

Notice of Award issued; Notice to Proceed pending land acquisition  
IDOT permitting is underway  
Village of East Alton easement acquisition is potentially a 30-60 day  
minimum delay due to existing landfill in the area

#### **BP # 04 – MESD Seepage Improvements (Conoco Phillips)**

Notice to proceed issued February 3, 2014; Pre-construction meeting  
held February 12, 2014



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

Partial Notice to proceed issued February 13, 2014; Pre-construction meeting held February 13, 2014; working on tree issue with Illinois Department of Conservation

**Construction Photos**

**Bid Package 2A** - Intake Structure

**Bid Package 6** – Pilot Hole Drilling/Seepage Berm Material Placement

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

Project Transfer from USACE

All of Corps cutoff wall design files were received on Feb. 6, 2014

AMEC will document all changes to cutoff wall design, drawings, and

Specifications via Dr. Checks as they occur to facilitate faster review

Of 408 applications

**Other Activities...**

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

Mel Price and Chain of Rocks

Certification- path forward

Levee walk for Chain of Rocks held last week in January; date under review

Upcoming Work Orders from AMEC

Chain of Rocks evaluation

Mr. Maher asked for a motion to accept Mr. Omvig's progress report. A motion was made by Mr. Parks with a second by Mr. Bergkoetter 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 – absent  
Mr. Parks – Aye  
Mr. Pennekamp – Aye

The motion was approved unanimously.

**Approval of Contract for Financial Advisor**

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

On January 15, the Board authorized negotiations with Columbia Capital Management, LLC to provide financial consulting and debt issuance services to the Council. This was a qualifications-based procurement and Columbia Capital Management, LLC was selected as best qualified, pending the successful negotiation of a scope of work and price.

The proposed contract consists of financial advisory services including investment advisory services and post-issuance compliance services with a cost not to exceed \$146,500. Costs were estimated based on a blended and fully loaded hourly rate of \$275/hr., and will be reimbursed based on monthly invoices for time and direct costs spent on the work. Further consulting as may be requested after the completion of contracted work products will be done at a rate of \$275/hr. in an amount not to exceed \$15,000. Direct costs will be reimbursed in accordance with Council policy in a total amount not to exceed \$6,000. The contract is for approximately a two year period and will conclude on December 31, 2015.

This contract is consistent with the Council's approach to compensate our financial advisor on 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.

Mr. Etwert recommended that the Chief Supervisor be authorized to enter into contract with Columbia Capital Management, LLC to provide financial consulting and debt issuance services for the next two years for a total amount not to exceed \$167,500. Consulting services provided beyond the scope of work, if needed, will be reimbursed at a rate of \$275/hr. in a total amount not to exceed \$15,000. The contract will be for a time period to conclude on December 31, 2015. Any additional costs or work beyond the amounts described herein will require Board authorization.

Mr. Etwert indicated that Mr. Jeff White of Columbia Capital Management was in attendance, if the Council had any questions.

A motion was made by Mr. Park with a second by Mr. Polka to authorize the Chief Supervisor to enter into contract with Columbia Capital Management to perform advisory services for the Council. 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 - absent  
Mr. Parks - Aye  
Mr. Pennekamp - Aye

The motion was approved unanimously.

**ABNA Engineering, Inc. Work Order No. 2, Quality Control and Materials Testing Services BP #3**

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

At the July meeting the Board selected ABNA Engineering, Inc. to perform quality control and materials testing for Bid Packages #3 and #6.

The Master Services Agreement approved in August describes the contractual terms and conditions, and a series of Work Orders that will be executed to accompany each bid package. Work Order No. 1 for Bid Package #6 was executed in August. With the impending Notice to Proceed of Bid Package #3, we need to execute Work Order No. 2 with ABNA for Bid Package #3. ABNA will be providing quality control and material testing, complementing the Construction Inspection and Quality Assurance Services being performed by AMEC as part of their construction management contract with the Council.

The cost associated with this Work Order No. 2 is an hourly, Not to Exceed dollar amount of \$182,200 which includes \$29,440 for laboratory testing and \$20,000 for survey staking.

The \$182,200 cost is approximately 1.81% as related to the contractor bid of \$10,082,345.00 for Bid Package #3.

Mr. Etwert recommended that the Chief Supervisor be authorized to execute Work Order No. 2 with ABNA Engineering for Construction Quality Control Services for Bid Package #3 at a cost not to exceed \$182,200 (inclusive of direct expenses).

A motion was made by Mr. Long with a second by Mr. Brinkman to authorize the Chief Supervisor to execute Work Order No. 2 with ABNA Engineering for Construction Quality Control Services for Bid Package #3 at a cost not to exceed \$182,200. 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 – absent
- Mr. Parks – Aye
- Mr. Pennekamp – Aye

The motion was approved unanimously.

**Juneau Associates, Inc. Work Orders No. 2, 3, & 4 Quality Control and Materials Testing Services BP #2B, BP #4, &BP #5**

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

At the July meeting the Board selected Juneau Associates, Inc. to perform quality control and materials testing for Bid Packages #2A, #2B, #4 and #5.

The Master Services Agreement approved in August describes the contractual terms and conditions, and a series of Work Orders that will be executed to accompany each bid package. Work Order No. 1 for Bid Package #2A was executed in August. With the issuance of Notice to Proceed on Bid Package #2B and the impending Notices to Proceed on Bid Packages #4 & #5, we need to execute Work Orders No. 2, 3, & 4 with Juneau Associates, Inc. for Bid Packages #2B, #4, and #5. Juneau Associates, Inc. will be providing quality control and material testing, complementing the Construction Inspection and Quality Assurance Services being performed by AMEC as part of their construction management contract with the Council.

The cost associated with Work Orders No. 2, 3, & 4 is an hourly, Not to Exceed dollar amount of \$138,000 for Work Order No. 2 for Bid Package #2B, \$142,000 for Work Order No. 3 for Bid Package #4, and \$301,000 for Work Order No. 4 for Bid Package #5.

The \$138,000 cost is approximately 3.57% as related to the contractor bid of \$3,865,405 for Bid Package #2B. The \$142,000 cost is approximately 4.45% as related to the contractor bid of \$3,190,232.45 for Bid Package #4. The \$301,000 cost is approximately 3.64% as related to the contractor bid of \$8,256,481.84 for Bid Package #5. These percentages were higher than on Bid Package #3 due to the type of work being performed.

Mr. Etwert recommended that the Chief Supervisor be authorized to execute Work Orders No. 2, 3, & 4 with Juneau Associates, Inc. for Construction Quality Control Services for Bid Package #2B at a cost not to exceed \$138,000 (inclusive of direct expenses), for Bid Package #4 at a cost not to exceed \$142,000 (inclusive of direct expenses), and for Bid Package #5 at a cost not to exceed \$301,000 (inclusive of direct expenses).

A motion was made by Mr. Conrad with a second by Mr. Parks to authorize the Chief Supervisor to execute Work Orders No. 2, 3, & 4 with Juneau Associates, Inc. for Construction Quality Control Services for Bid Package #2B at a cost not to exceed \$138,000 (inclusive of direct expenses), for Bid Package #4 at a cost not to exceed \$142,000 (inclusive of direct expenses), and for Bid Package #5 at a cost not to exceed \$301,000 (inclusive of direct expenses). 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 – absent  
Mr. Parks – Aye  
Mr. Pennekamp – Aye

The motion was approved unanimously.

### **AMEC Work Order No. 9**

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

At the November 2013 meeting the Council voted that the Corps of Engineers be notified of the Council's intent to take responsibility for the construction of the shallow and deep cutoff walls in the Wood River district, and our unwillingness to execute a Project Partnership Agreement for this project under the current terms and conditions.

It was determined that this was the best course of action for the Council to take in order to assume control of construction of the Wood River cutoff wall projects. This was based on the numerous reasons that have been discussed at length during previous meetings.

Downside risks to this approach were mainly to the project schedule and future funding, but those risks were felt to be manageable, and to some degree, speculative.

In addition, the Council authorized the Chief Supervisor to negotiate a Work Order with AMEC for the additional design tasks to produce final plans and specifications for the project and for the construction management activities required to complete the project.

Our continuing agreement with AMEC is structured with a Master Service Agreement that defines contractual terms and conditions, and a series of work orders that define the scope of work for each assignment.

Mr. Etwert indicated that he had worked with AMEC to develop a scope of work and associated fee to complete the design work on the project. This work is described in the attached Work Order No. 9. Total cost for this work order will be \$675,000.00. It will take about two months for AMEC to assimilate the design and make any changes necessary to satisfy their internal requirements for affixing their seal to the construction drawings. The Corps will need to do a Sec. 408 review, which we have been told will be "streamlined" but is still expected to take four months, assuming that no substantial changes are made to the Corps design. Completion of the project by the end of 2015 remains doable, but there would be little or no room for schedule slippage.

As indicated in the Program Status Report, the Corps of Engineers gave AMEC their plans at a design turnover meeting on February 6, 2014.

AMEC continues to perform at a high level, meeting all of our expectations for timeliness and quality of work products and effective control of design costs.

Mr. Etwert recommended that the Chief Supervisor be authorized to execute Work Order No. 9 for Final Design Services with AMEC Earth and Infrastructure for the Wood River Cut Off Walls. Services include 100% complete construction documents and associated design services in support of the design of the cutoff walls. The cost of Work Order No. 9 will not

exceed \$675,000.00 and will be effective beginning on February 1, 2014 and ending on March 31, 2015.

A motion was made by Mr. Parks with a second by Mr. Bergkoetter to authorize the Chief Supervisor to execute Work Order No. 9 for Final Design Services with AMEC Earth and Infrastructure for the Wood River Cut Off Walls for a cost not to exceed \$675,000. 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 – absent  
Mr. Parks – Aye  
Mr. Pennekamp – Aye

The motion was approved unanimously.

**National Flood Insurance Program (NFIP) Levee System Evaluation Report (LSER) for Wood River Upper Levee System – Corps of Engineers**

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

At the December and January meetings, Mr. Sterman discussed that the St. Louis District of the Corps had 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. We can get no such assurance if the Corps assumes the certification role. 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.

Mr. Etwert indicated that he had discussed with the Corps the risks 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 at one hundred percent federal cost. 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. With the risks being much greater and the potential of the certification process being jeopardized the current thought is that we do not have the Corps perform a levee system evaluation of the East St. Louis (MESD) levee system.

Mr. Etwert recommended that the Chief Supervisor be authorized to request the U.S. Army Corps of Engineers conduct a National Flood Insurance Program (NFIP) Levee System Evaluation Report (LSER) for Wood River Upper Levee System at one hundred percent federal cost.

A motion was made by Mr. Parks with a second by Mr. Conrad to authorize the Chief Supervisor to request the U.S. Army Corps of Engineers conduct a National Flood Insurance Program (NFIP) Levee System Evaluation Report (LSER) for Wood River Upper Levee System at one hundred percent federal cost. 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 – absent  
Mr. Parks – Aye  
Mr. Pennekamp – Aye

The motion was approved unanimously.

### **Corps of Engineers Update**

Mr. Maher asked Mike Feldman to provide a report from the Corps.

Mr. Feldman indicated that most of his remarks have mostly been addressed earlier by Mr. Etwert and AMEC, but he wanted to highlight a couple of items:

Wood River – Design of Shallow & Deep Cutoff walls which are part of the federal authorized project have been initiated as a result of federal funds and FPC cost share

MESD – Design of the Deep Cutoff Wall which is part of the federal authorized project has been initiated as a result of federal funds and FPC cost share

Wood River Levee – Mel Price section being reviewed due to costs, as a result of identified subsurface conditions, looking at alternatives

AMEC Design –Working closely with AMEC so 408 permit can be issued on schedule

Mr. Maher asked for a motion to receive the Corps report. A motion was made by Mr. Bergkoetter with a second by Mr. Long 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 – absent  
Mr. Parks – Aye  
Mr. Pennekamp – Aye

**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 matters.

Mr. Long made a motion at 8:10 a.m. 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. Parks. Mr. Etwert indicated that all Board members should be present, along with Phil Johnson, 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 – absent  
Mr. Parks – Aye  
Mr. Pennekamp – Aye

The motion was approved unanimously and the Board went into executive session.

Executive session to address real estate matters convened at 8:14 a.m. with roll call taken.

Mr. Pennekamp called the roll and the following member were present:

Mr. Polka - Here  
Mr. Brinkman - Here  
Mr. Bergkoetter - Here  
Mr. Conrad - Here  
Mr. Long - Here



Mr. Maher - Here  
Mr. Parks - Here  
Mr. Pennekamp - Here

The following individuals were also present: David Human, Husch Blackwell; Brennen Soval, Husch Blackwell; Phil Johnson, Phil Johnson Realtor; Kurt Wengert, AMEC, Kendra Mitchom, AMEC; Jon Omgig, AMEC; and Joe Parente, Madison County.

Mr. Long made a motion to adjourn the executive session at 8:21 a.m. and to go back into public session. Mr. Parks 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 – absent  
Mr. Parks – Aye  
Mr. Pennekamp – Aye

Mr. Maher called the meeting to order.

### **Real Estate Transactions**

A motion was made by Mr. Long, and seconded by Mr. Parks to authorize the Chief Supervisor and legal counsel to negotiate the acquisition of the following property:

1. Acquire temporary and permanent easements from the Terminal Railroad Association, Inc. (TRRA) for \$2,800.00 and design a toe drain along the TRRA tracks immediately parallel and adjacent to the MESD levee near Front Street in East St. Louis, including permit processing. The District will share cost of the design with MESD with each paying \$16,255.00 and will pay the total cost of \$21,690 for permit processing.

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 – absent  
Mr. Parks – Aye  
Mr. Pennekamp – Aye

The motion was approved unanimously.

**Other Business**

There was no other business.

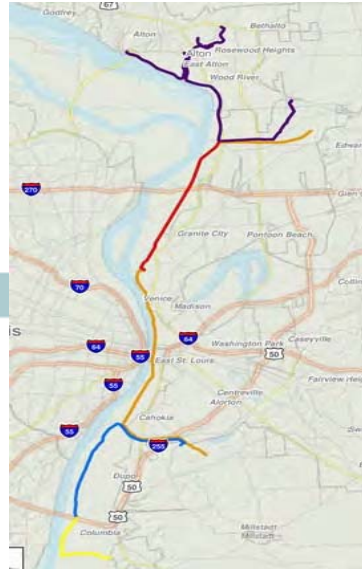
**Adjournment**

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  
February 19, 2014  
SW IL Levee System  
By Jon Omgig**



**Construction Status**

- Holidays and bad weather impacted progress this past month
- BP #2A – *Fish Lake Pump Station*
  - Contractor has poured floor slab of new pump station
- BP#6 – *PDP/FL Seepage Improvements*
  - Borrow pit – soil blending is on-going, preparation in berm areas
  - RW – pilot hole drilling has been slow
- BP #2B - *WR/MESD/PDP Pump Stations*
  - Start expected last week in February; submittals underway

## Bid Package Update



- BP # 03 – *WR Seepage Improvements*
  - Notice of Award issued; Notice to Proceed pending land acquisition
  - IDOT permitting is underway
  - Village of East Alton easement acquisition is potentially a 30-60 day minimum delay due to existing landfill in the area
  
- BP # 04 – *MESD Seepage Improvements (Conoco Phillips)*
  - Notice to Proceed issued February 3, 2014; Pre-construction meeting held February 12, 2014
  
- BP # 05 – *MESD Seepage Improvements (MESD excluding Conoco Phillips)*
  - Partial Notice to Proceed issued February 13, 2014; Pre-construction meeting held February 13, 2014

3

## Bid Package 2A



- Site 01 Intake Structure Bottom Reinforcing



4

- Site 01 Intake Structure Bottom Slab Pour in Progress



- Site 01 Intake Structure Bottom Slab



Bid Package 6



■ Pilot Hole Drilling



7

Bid Package 6



■ Seepage Berm Material Placement



8

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



- Project Transfer from USACE
  - All of Corps cutoff wall design files were received on Feb 6, 2014.
  - AMEC will document all changes to cutoff wall design, drawings, and specifications via Dr. Checks as they occur to facilitate faster review of 408 application.
- Work order submitted to complete design and manage 408 review

## Other Activities...



- Land acquisition – Weekly calls with the team. Process moving forward. Timing is critical to schedule. Several key properties needed.
- Mel Price and Chain of Rocks
  - Certification- path forward
  - Levee walk for Chain of Rock held last week in January; data is under review
- Upcoming Work Orders from AMEC
  - Chain of Rocks evaluation

Questions?





Memo to: Board of Directors  
From: Chuck Etwert  
Subject: Program Status Report for March, 2014  
Date: March 14, 2014

The process of property acquisition continues to move along. As stated the last few months, several owners involving relatively small transactions have engaged attorneys and communication has gotten more difficult. We are still needing easement or property acquisition in BP #3 (9 owners for 15 parcels), BP #5 (1 owner for 1 parcel) and BP #6 (3 owners for 5 parcels). With all three of these packages already having been awarded, it is imperative that we reach agreements with these property owners as soon as possible before our contractors start requesting change orders due to delay of site access. There may be an executive session at the end of the meeting to discuss one or two situations.

On Friday, March 7<sup>th</sup>, I signed the Project Partnership Agreement, with the U.S. Army Corps of Engineers for the East St. Louis Design Deficiency Correction Project, as authorized by the Board at the December 18<sup>th</sup> meeting. Also, at that meeting Colonel Hall indicated that the Corps was going to continue its' evaluation of the use of Project Labor Agreements and hoped to set up meetings in the near future.

We have received the Corps' FY14 Workplan and FY15 Budget numbers. They are as follows:

Melvin Price Locks and Dam:

FY14 Workplan = \$3,400,000  
FY15 Budget = \$3,800,000

With these funds and \$1,200,000 carried over from FY13 (\$8,400,000 in total) it is the Corps intent to have the design complete in FY15 with construction in FY16. Project is 100% federally funded.

Wood River Levee:

FY14 Workplan = \$5,389,000 (**\$3,689,000** for deficiency corrections; **\$1,700,000** for reconstruction)

FY15 Budget = \$8,650,000

East St. Louis:

FY14 Workplan = **\$4,109,000**

FY15 Budget = \$9,810,000

Now that the Corps has its FY14 funding finalized they are requesting cost share funds, (to match the dollar figures bolded above) which will be discussed later in the meeting.

The Prairie Du Pont Levee and Sanitary District and the Fish Lake Drainage and Levee District both received letters from the Corps of Engineers indicating that uncontrolled underseepage issues were seriously impairing the functioning of their flood reduction systems and therefore, an overall system rating of “unacceptable” was warranted.

Chris Safford of AMEC and I met with representatives of the Prairie Du Pont to obtain the Corps’ report and determine if our projects would enable an improved rating of “minimally acceptable”, and if not, what would be required to meet this type of system rating upgrade. AMEC is still reviewing the Corps report. We haven’t been able to make contact with the Fish Lake Drainage and Levee District to discuss the same approach, but Prairie Du Pont also gave us a copy of Corps’ report for Fish Lake, which AMEC is also reviewing.

We will also be having Husch Blackwell meet with both entities to discuss revenue alternatives for increased funding, maintenance funding for improvements being installed, and the possible combining of the Districts.

AMEC continues converting the Wood River cutoff walls plans to AMEC specifications with a goal of completing the task early to mid-April, thus getting the plans back to the Corps for the 408 review as soon as possible.

A contract has been executed with Columbia Capital to serve as the Council’s Financial Adviser for the next two years. They will be reviewing and assembling financial information during the next few months. A financial plan update will not be issued until bids on our last two Bid Packages are received.

Lastly, with the weather finally taking a turn for the better, there has been a lot of activities by all of our contractors. With this increased activity comes the potential for change orders, which I will be discussing later in the meeting.

A copy of AMEC’s monthly progress report for march has been provided to each of you.



Memo to: Board of Directors  
From: Chuck Ewert  
Subject: Budget and Disbursement Report for February 2014  
Date: March 14, 2014

Current Budget Highlights

Attached is the financial statement for February 2014 prepared by our fiscal agent, CliftonLarsonAllen. The report includes an accounting of revenues and expenditures for the month ending February 28, 2014, as compared to our fiscal year budget.

Accrued expenditures for the current fiscal year beginning on October 1, 2013 are \$10,644,686 while revenues amounted to \$4,936,769 resulting in a deficit of \$5,707,917. A total of approximately \$16,481,902 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 December 2013 were down by about 4.23% year over year, and 2013 was down about 2.37% from 2012. In general, receipts were slightly below 2010 levels.

Monthly Disbursements

Attached are lists of bank transactions for February 2014. Total disbursements for the month were \$2,458,067.74. The largest payments were to Lane Construction for BP # 6, the Corps of Engineers for Cost Share on Metro-East Sanitary and Wood River designs, and AMEC and its subcontractors for design and construction management services.

Recommendation:

Accept the budget report and disbursements for February 2014.



**SOUTHWESTERN ILLINOIS FLOOD PREVENTION  
DISTRICT COUNCIL**

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

**FIVE MONTHS ENDING FEBRUARY 2014 AND 2013**



**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 five months ended February 2014 and 2013. 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 "Clifton Larson Allen LLP".

CliftonLarsonAllen LLP

St. Louis, Missouri  
March 11, 2014

**SOUTHWESTERN ILLINOIS FLOOD PROTECTION DISTRICT COUNCIL  
GENERAL FUND  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
FIVE MONTHS ENDED FEBRUARY 28, 2014 (Actual)  
FISCAL YEAR ENDING SEPTEMBER 30, 2014 (Budget)**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Sales Tax Proceeds From Districts	\$ 11,237,000	\$ 11,237,000	\$ 4,548,625	\$ 6,688,375
Interest Income	650,000	650,000	388,144	261,856
Other Contributions	-	-	-	-
Total Revenues	<u>11,887,000</u>	<u>11,887,000</u>	<u>4,936,769</u>	<u>6,950,231</u>
<b>EXPENDITURES</b>				
Current				
Design and Construction				
Engineering Design & Construction	4,000,000	4,000,000	3,112,600	887,400
Management				
Construction	60,000,000	60,000,000	1,975,554	58,024,446
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>6,650,404</u>	<u>58,349,596</u>
Professional Services				
Legal & Legislative Consulting	210,000	210,000	122,443	87,557
Diversity Program Manager	210,000	210,000	90,090	119,910
Construction Oversight	-	-	-	-
Other	-	-	1,515	(1,515)
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>215,368</u>	<u>344,632</u>
Refund of Surplus Funds to County FPD Accounts				
Madison County	2,270,400	2,270,400	647,752	1,622,648
Monroe County	220,800	220,800	63,933	156,867
St. Clair County	2,308,800	2,308,800	647,664	1,661,136
Total Refund of Surplus Funds to County	<u>4,800,000</u>	<u>4,800,000</u>	<u>1,359,349</u>	<u>3,440,651</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>10,498,791</u>	<u>66,058,509</u>
General and Administrative Costs				
Salaries, Benefits	192,331	192,331	84,069	108,262
Advertising	-	-	-	-
Bank Service Charges	600	600	570	30
Conference Registration	500	500	372	128
Equipment and Software	4,000	4,000	1,768	2,232
Fiscal Agency Services	23,000	23,000	11,650	11,350
Furniture	-	-	-	-
Meeting Expenses	1,000	1,000	28	972
Postage/Delivery	400	400	168	232
Printing/Photocopies	2,500	2,500	1,029	1,471
Professional Services	20,000	20,000	38,511	(18,511)
Publications/Subscriptions	250	250	2,124	(1,874)
Supplies	1,500	1,500	793	707
Telecommunications/Internet	2,000	2,000	1,732	268
Travel	15,000	15,000	2,100	12,900
Insurance	1,000	1,000	981	19
Total General & Administrative Costs	<u>264,081</u>	<u>264,081</u>	<u>145,895</u>	<u>118,186</u>
Total Expenditures	<u>76,821,381</u>	<u>76,821,381</u>	<u>10,644,686</u>	<u>66,176,695</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(64,934,381)	(64,934,381)	(5,707,917)	59,226,464
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>\$ (5,707,917)</u>	<u>\$ 69,226,464</u>

**SOUTHWESTERN ILLINOIS FLOOD PROTECTION DISTRICT COUNCIL  
GENERAL FUND  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
FIVE MONTHS ENDED FEBRUARY 28, 2013 (Actual)  
FISCAL YEAR ENDING SEPTEMBER 30, 2013 (Budget)**

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Sales Tax Proceeds From Districts	\$ 11,639,000	\$ 11,639,000	\$ 4,558,829	\$ 7,080,171
Interest Income	960,000	960,000	406,891	553,109
Other Contributions	-	-	-	-
Total Revenues	12,599,000	12,599,000	4,965,720	7,633,280
<b>EXPENDITURES</b>				
Current				
Design and Construction				
Engineering Design & Construction Management	6,000,000	6,000,000	1,452,619	4,547,381
Construction	42,600,000	42,600,000	718,428	41,881,572
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	2,171,047	47,828,953
Professional Services				
Legal & Legislative Consulting	126,000	126,000	67,174	58,826
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	68,114	341,415
Refund of Surplus Funds to County FPD Accounts				
Madison County	2,955,782	2,955,782	1,065,779	1,890,003
Monroe County	280,157	280,157	101,066	179,091
St. Clair County	2,907,860	2,907,860	1,048,543	1,859,317
Total Refund of Surplus Funds to County	6,143,799	6,143,799	2,215,388	3,928,411
Debt Service				
Principal and Interest	7,107,440	7,107,440	2,298,720	4,808,720
Federal Interest Subsidy	(910,140)	(910,140)	(798,802)	(111,338)
Total Debt Service	6,197,300	6,197,300	1,499,918	4,697,382
Total Operating Expenses	62,750,628	62,750,628	5,954,467	56,796,161
General and Administrative Costs				
Salaries, Benefits	192,331	192,331	102,872	89,459
Advertising	-	-	-	-
Bank Service Charges	420	420	215	205
Conference Registration	500	500	372	128
Equipment and Software	3,000	3,000	1,769	1,231
Fiscal Agency Services	23,000	23,000	9,200	13,800
Furniture	-	-	-	-
Meeting Expenses	1,000	1,000	29	971
Postage/Delivery	400	400	133	267
Printing/Photocopies	2,500	2,500	864	1,636
Professional Services	15,000	15,000	548	14,452
Publications/Subscriptions	250	250	105	145
Supplies	1,500	1,500	1,302	198
Telecommunications/Internet	2,000	2,000	1,047	953
Travel	15,000	15,000	3,830	11,170
Insurance	1,000	1,000	977	23
Total General & Administrative Costs	257,901	257,901	123,263	134,638
Total Expenditures	63,008,529	63,008,529	6,077,730	56,930,799
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(50,409,529)	(50,409,529)	(1,112,010)	49,297,519
OTHER FINANCING SOURCES				
Proceeds From Borrowing	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ (50,409,529)	\$ (50,409,529)	\$ (1,112,010)	\$ 49,297,519



## Flood Prevention District Sales Tax Trends 2009-2013

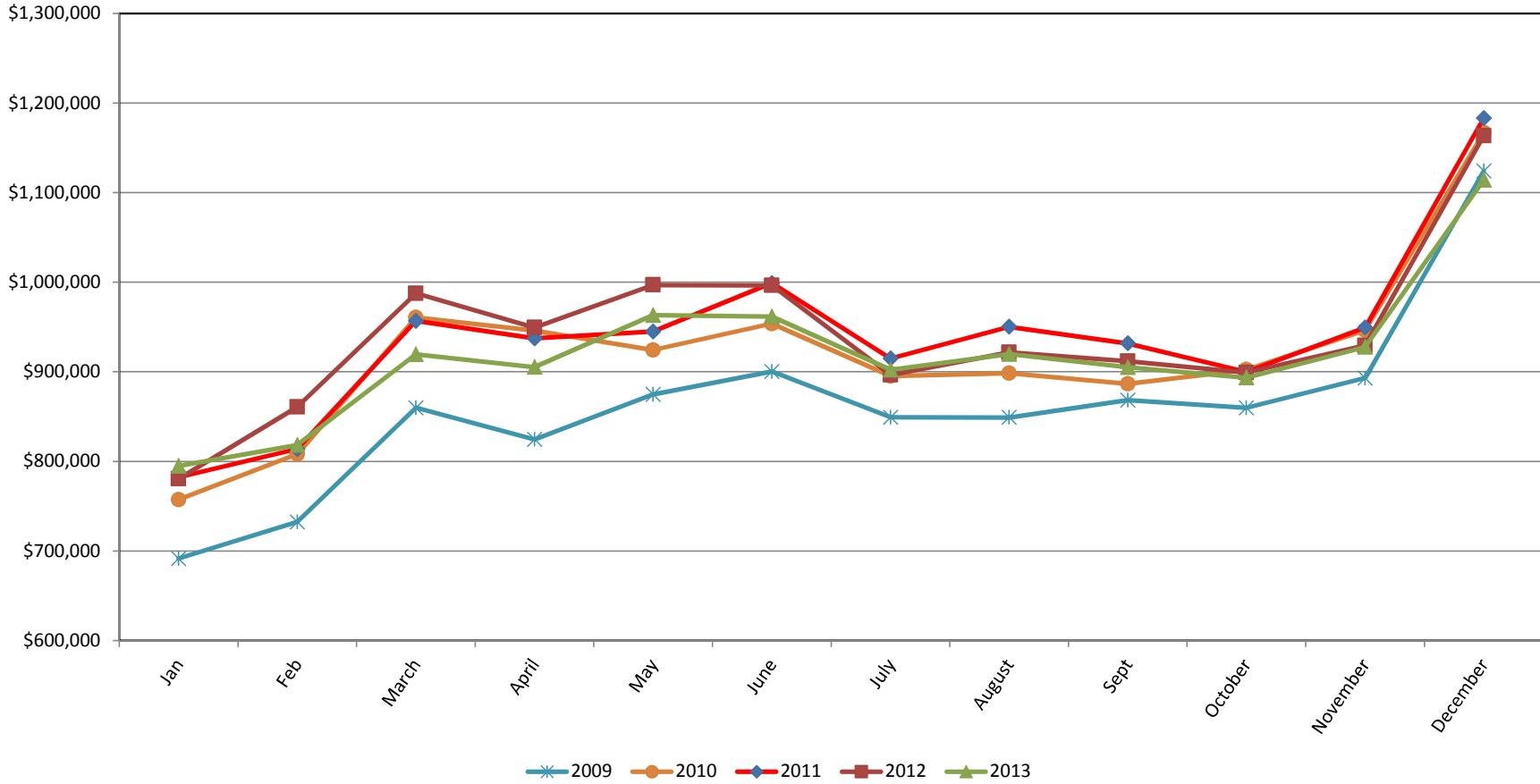
<b>2009</b>														County Share
Jan	Feb	March	April	May	June	July	August	Sept	October	November	December	Total		
Madison	\$321,968	\$336,765	\$397,425	\$387,385	\$414,350	\$421,402	\$399,616	\$401,188	\$400,090	\$404,847	\$405,930	\$492,814	\$4,783,780	46.319%
St. Clair	\$337,979	\$362,696	\$424,556	\$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		
<b>2010</b>														
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%	
<b>2011</b>														
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%	
<b>2012</b>														
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***

	<b>2013</b>													
	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	\$432,541	\$500,233	\$5,189,199	47.062%
St. Clair	\$381,645	\$395,527	\$449,397	\$434,001	\$457,942	\$462,603	\$422,892	\$432,195	\$430,014	\$419,350	\$448,076	\$560,165	\$5,293,807	48.011%
Monroe	\$37,888	\$39,679	\$45,689	\$45,913	\$48,212	\$47,694	\$42,672	\$45,143	\$44,733	\$44,723	\$47,111	\$53,853	\$543,310	4.927%
Total Month	\$794,931	\$818,376	\$919,593	\$905,383	\$963,366	\$961,791	\$902,250	\$919,787	\$905,288	\$893,572	\$927,728	\$1,114,251	\$11,026,316	
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	\$9,912,065	\$11,026,316		
% change/month	1.83%	-4.94%	-6.89%	-4.64%	-3.37%	-3.48%	0.64%	-0.21%	-0.74%	-0.61%	-0.19%	-4.23%		
% change/total	1.83%	-1.72%	-3.66%	-3.92%	-3.80%	-3.74%	-3.14%	-2.77%	-2.55%	-2.36%	-2.16%	-2.37%		-2.37%

# Flood Prevention District Sales Tax Trends 2009-2013

## Actual Receipts 2009-2013



**SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
SUPPLEMENTARY SUPPORTING SCHEDULE  
BANK TRANSACTIONS  
FEBRUARY 28, 2014**

Beginning Bank Balance February 1			<b>\$ 1,678,512.22</b>
Receipts			
	The Bank of Edwardsville	02/04/2014 Refund Wire Fee	25.00
	UMB	02/12/2014 Admin Transfer	2,855.32
	UMB	02/12/2014 Construction Transfer	161,748.68
	UMB	02/19/2014 Construcion Transfer	1,232,130.20
	The Bank of Edwardsville	02/28/2014 Interest	116.55
	UMB	02/28/2014 Funds Transfer-Construction	140,367.94
			<b>1,537,243.69</b>
Disbursements			
	Microsoft Skydrive	02/03/2014 Annual Subscription Fee	25.00
	Microsoft Office	02/03/2014 Annual Subscription Fee	106.24
	U. S. Army Corp of Engineers	02/04/2014 Construction	440,125.00
	U. S. Army Corp of Engineers	02/04/2014 Construction	509,375.00
	The Bank-Service Fees	02/04/2014 Wire Fee	25.00
	The Bank-Service Fees	02/04/2014 Wire Fee	25.00
	The Bank-Service Fees	02/04/2014 Wire Fee	25.00
	ABNA	02/10/2014 Construction	18,855.20
	CliftonLarsonAllen LLP	02/10/2014 Fiscal Agent	2,950.00
	Dynegy Midwest Generation LLC	02/10/2014 Construction	6,000.00
	Madison County Title	02/10/2014 Title Searches	658.00
	Marks & Associates	02/10/2014 Construction	15,840.00
	Smith Dawson & Andrews	02/10/2014 Professional Services	5,000.00
	FEDEX	02/10/2014 Delivery	20.00
	The Bank-Service Fees	02/12/2014 Wire Fee	10.00
	The Bank-Service Fees	02/12/2014 Wire Fee	10.00
	Korte & Luitjohan Contractors Inc	02/18/2014 Construction	46,575.00
	Korte & Luitjohan Contractors Inc	02/18/2014 Construction	58,500.00
	The Bank-Service Fees	02/18/2014 Wire Fee	25.00
	The Bank-Service Fees	02/18/2014 Wire Fee	25.00
	The Bank-Service Fees	02/19/2014 Wire Fee	10.00
	The Lane Construction Corporation	02/20/2014 Construction	195,411.60
	The Bank-Service Fees	02/20/2014 Wire Fee	25.00
	The Lane Construction Corporation	02/21/2014 Construction	702,089.10
	The Bank-Service Fees	02/21/2014 Wire Fee	25.00
	Office Depot	02/21/2014 Supplies	34.07
	AMEC Earth & Environmental, Inc.	02/22/2014 Construction	213,554.50
	Cahokia Acres LLC	02/22/2014 Construction	11,000.00
	Cost Less Copy Center	02/22/2014 Board Meeting Materials	174.00
	Phillip L. Johnson	02/22/2014 Professional Services	35,100.00
	Smith Dawson & Andrews	02/22/2014 Professional Services	5,000.00
	Spare Tire, LLC	02/22/2014 Construction	5,000.00
	Betty L Gummersheimer	02/27/2014 Construction	11,825.00
	Dianne M & Rector L Selhime	02/27/2014 Construction	29,500.00
	Dorgan, McPike & Assoc, LTD	02/27/2014 Professional Services	3,000.00
	Earl J Gummersheimer	02/27/2014 Construction	11,825.00
	Earl J Gummersheimer Trust	02/27/2014 Construction	7,342.50
	East-West Gateway Council of Govern	02/27/2014 Supervisor Mgt Services	45,993.49
	Husch Blackwell Sanders	02/27/2014 Professional Services	27,960.94
	Trust of Betty L Gummersheimer	02/27/2014 Construction	9,075.00
	Trust of Earl J Gummersheimer	02/27/2014 Construction	9,075.00
	Virgil R Gummersheimer	02/27/2014 Construction	2,447.50
	Willaredt Acres Inc	02/27/2014 Construction	28,317.00
	AT&T	02/27/2014 Telephone	91.20
	The Bank-Service Fees	02/28/2014 Bank Fees	17.40
			<b>2,458,067.74</b>
			<b>\$ 757,688.17</b>



Memo to: Board of Directors  
From: Chuck Etwert  
Subject: Fiscal Year 2013 Audit Report and Financial Statements  
Date: March 14, 2014

Attached is the fiscal year 2013 audit report and financial statements prepared by our auditor, Scheffel Boyle. Mr. Michael Brokering of the firm will be at our March Board meeting to present the report and answer questions.

The report will be submitted to the county boards as required by our authorizing legislation and submitted to the bond rating agencies to meet their requirements.

Recommendation: Accept the Fiscal Year 2013 Audit Report and Financial Statements and forward copies to the counties and to the bond rating agencies.

SOUTHWESTERN ILLINOIS FLOOD  
PREVENTION DISTRICT COUNCIL

REPORT AND FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
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ALTON EDWARDSVILLE BELLEVILLE HIGHLAND  
JERSEYVILLE COLUMBIA CARROLLTON BARTELSON

## INDEPENDENT AUDITOR'S REPORT

March 4, 2014

To the Southwestern Illinois Flood  
Prevention District Council

We have audited the accompanying financial statements of the governmental activities and major fund of the Southwestern Illinois Flood Prevention District Council (the Council) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

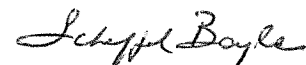
### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Southwestern Illinois Flood Prevention District Council, as of September 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 23 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Edwardsville, Illinois

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013

This section of the Southwestern Illinois Flood Prevention District Council's (the Council) annual financial report offers a narrative overview and analysis of the financial activities during the fiscal year ended September 30, 2013. It should be read in conjunction with the Council's financial statements, which follow this section.

**Southwestern Illinois Flood Prevention District Council's Overview**

The formation of the Council was authorized by the Illinois Flood Prevention District Act (70 ILCS 750). The Council was formed in June of 2009 by an intergovernmental agreement between county flood prevention districts in Madison, St. Clair and Monroe counties and is governed by a nine member Board of Directors, three from each county. The Council's fiscal year end is September 30. The purpose of the Council is to finance, design and manage the reconstruction of the flood protection systems along the Mississippi River in the Illinois counties of Madison, St. Clair and Monroe. The Council's activities are funded by a ¼ cent sales tax collected in the three counties.

**Required Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The government-wide financial statements report information of the Council and its component activities using accounting methods similar to those used by private sector companies and offer short and long-term financial information about the fiscal year 2013.

The statement of net position presents information on all of the assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

The current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid. All of the operations and programs are included here.

The fund-based financial statements consist of a series of statements that provide information about the Council's only governmental fund, the general fund.

Governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The statements consist of a balance sheet and statement of revenues, expenditures, and changes in fund balances.

The fund financial statements include reconciliations between the government-wide and fund financial statements because of the differences in basis of accounting. The differences are primarily in how capital assets and bonds are treated and the timing for recording some revenues and expenses.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

## Financial Highlights

Net position as of September 30, 2013, was an overall deficit of (\$8,838,185), a decrease of \$1,761,000 compared to an overall deficit of (\$7,077,185) as of September 30, 2012, decreasing the Council's capital position.

Total assets and liabilities reflect the issuance of term and serial bonds in November 2010 to finance the levee improvements in the Illinois counties of Madison, St. Clair, and Monroe.

### Condensed Statement of Net Assets (Compared to 2012)

	<u>2013</u>	<u>2012</u>	<u>Difference</u>
Current Assets	\$ 77,178,498	\$ 81,363,192	\$ (4,184,694)
Noncurrent Assets	7,068,627	7,165,606	(96,979)
Total Assets	<u>\$ 84,247,125</u>	<u>\$ 88,528,798</u>	<u>\$ (4,281,673)</u>
Current Liabilities	\$ 6,375,129	\$ 6,201,734	\$ 173,395
Long-Term Liabilities	86,710,181	89,404,249	(2,694,068)
Total Liabilities	<u>\$ 93,085,310</u>	<u>\$ 95,605,983</u>	<u>\$ (2,520,673)</u>
Net Investment in Capital Assets	\$ 3,288	\$ 4,079	\$ (791)
Restricted	76,572,224	81,483,151	(4,910,927)
Unrestricted (Deficit)	(85,413,697)	(88,564,415)	3,150,718
Total Net Position (Deficit)	<u>\$ (8,838,185)</u>	<u>\$ (7,077,185)</u>	<u>\$ (1,761,000)</u>
Total Liabilities and Net Position	<u>\$ 84,247,125</u>	<u>\$ 88,528,798</u>	<u>\$ (4,281,673)</u>

### Statement of Activities (Compared to 2012)

	<u>2013</u>	<u>2012</u>	<u>Difference</u>
Revenues			
District Sales Tax	\$ 11,082,764	\$ 11,334,952	\$ (252,188)
Less: Return of Excess Sales Tax to Districts	(4,109,580)	(5,260,222)	1,150,642
Interest Income	782,144	830,276	(48,132)
Total Revenues	<u>\$ 7,755,328</u>	<u>\$ 6,905,006</u>	<u>\$ 850,322</u>
Expenses			
General and Administration	\$ 271,516	\$ 235,670	\$ 35,846
Design and Construction	5,239,838	4,345,573	894,265
Professional Services	343,337	167,141	176,196
Interest and Fiscal Charges (Net of Subsidy)	3,661,637	3,676,319	(14,682)
Total Expenses	<u>\$ 9,516,328</u>	<u>\$ 8,424,703</u>	<u>\$ 1,091,625</u>
Change in Net Position	\$ (1,761,000)	\$ (1,519,697)	\$ (241,303)
Net Position (Deficit) - Beginning of Year	(7,077,185)	(5,557,488)	(1,519,697)
Net Position (Deficit) - End of Year	<u>\$ (8,838,185)</u>	<u>\$ (7,077,185)</u>	<u>\$ (1,761,000)</u>

## **Analysis of Financial Activities**

Current assets decreased by \$4,184,694 due to expenditure of bond issue proceeds on design and construction activities and debt service payments on bonds.

Noncurrent assets decreased by \$96,979 due to amortization of bond issuance costs.

Current liabilities reflect interest and principal payments due on the bonds payable and unpaid design and construction activities incurred through September 30, 2013.

Long-term liabilities decreased by \$2,694,068 reflecting the reduction in bonds payable and unamortized premium on the bonds.

District sales tax decreased by \$252,188. These receipts represent the ¼ cent sales tax collected in Madison, St. Clair and Monroe County Flood Prevention Districts.

Under the terms of the series 2010 bond indenture, all flood prevention district sales tax is remitted to the bond trustee by the State of Illinois. After payment of principal, interest and other costs, any excess sales tax is sent by the trustee to the county flood prevention districts in an amount proportional to the sales tax collections in each county. This reimbursement totaled \$4,109,580 in FY2013.

Interest income decreased by \$48,132. This was the result of a reduction in investments from the debt service payments on the bonds.

Overall expenditures increased by \$1,091,625. Design and construction costs for the levee improvements increased by approximately \$894,000 from prior year due to increased design and construction management efforts and cost share funding with the Corps of Engineers on various levee projects. The remaining increase was mainly due to legal and consulting services relating to property acquisitions.

## **General Fund Budgetary Highlights**

Actual General Fund revenues are \$1,252,769 above the final budget amount and actual expenditures are \$44,788,942 below the final budget. This amounts to \$46,041,711 excess of revenues over expenditures, actual compared to budget. The significant variance in budgeted revenues is mainly due to \$1,980,131 decrease in return of excess sales tax to districts as a result of increased construction expenditures. In addition, budgeted sales tax revenues decreased \$549,506 as a result of continued difficult economic conditions. The significant variance in budgeted expenditures is mainly due to delays in the start of construction of the projects and the continuing process of obtaining project permits, approvals, and permissions from regulatory agencies. The project is still on track for completion by 2015, but disruptions in the anticipated schedule because of external factors such as regulatory, weather events, or high river elevations are a continuing risk.

## **Long-Term Debt**

The Council issued \$94,195,000 of revenue bonds in fiscal year 2011. The maturity of the bonds varies from 2012 through 2035. See the accompanying financial statement notes for additional information related to outstanding debt.

## **Economic Conditions**

The Council continues to rely on the ¼ cent sales tax collected in the three Illinois counties of Madison, Monroe, and St. Clair. Retail sales have been affected by the difficult economic conditions. Tax receipts fell by approximately \$252,000 or 2.3% in fiscal year 2013. Completion of design of levee system improvements along the Mississippi river in the three counties is virtually complete. In the first quarter of fiscal year 2014, six of the remaining eight projects will be under construction. To control costs and continue its commitment to the local workforce, the Council has assumed responsibility for the construction of the last two projects. The design of these last two projects is being finalized for the Corps of Engineers 408 review. Completion of the project by the end of 2015 remains doable, but with little or no room for schedule slippage. We remain confident that the Council's financial position is strong to complete the overall project and provide the Council with additional financial capacity for future maintenance and capital improvements.

## **Contacting the Council's Financial Management**

This financial report is designed to provide a general overview of the Council's finances for all those with an interest in the Council. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Supervisor of Construction and the Works, Southwestern Illinois Flood Prevention District Council, 104 United Drive, Collinsville, IL 62234.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2013

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Investments	\$ 75,058,406
Accounts Receivable, Net	1,659,365
Interest Receivable	360,796
Prepaid Expenses	3,743
Deferred Charges - Bond Issuance Costs	96,188
Total Current Assets	<u>\$ 77,178,498</u>
Noncurrent Assets:	
Investments - Bond Reserve	\$ 6,194,424
Deferred Charges - Bond Issuance Costs (Net of Current Portion)	870,915
Capital Assets, Net of Accumulated Depreciation	3,288
Total Noncurrent Assets	<u>\$ 7,068,627</u>
Total Assets	<u>\$ 84,247,125</u>
<u>LIABILITIES AND NET POSITION:</u>	
Current Liabilities:	
Accounts Payable and Accrued Interest	\$ 3,681,060
Bonds Payable	2,555,000
Unamortized Premium on Bond Issuance	139,069
Total Current Liabilities	<u>\$ 6,375,129</u>
Noncurrent Liabilities:	
Bonds Payable (Net of Current Portion)	\$ 86,680,000
Unamortized Premium on Bond Issuance (Net of Current Portion)	30,181
Total Noncurrent Liabilities	<u>\$ 86,710,181</u>
Total Liabilities	<u>\$ 93,085,310</u>
Net Position:	
Net Investment in Capital Assets	\$ 3,288
Restricted for:	
Capital Projects	69,502,628
Debt Service	875,172
Bond Reserve	6,194,424
Unrestricted (Deficit)	<u>(85,413,697)</u>
Total Net Position (Deficit)	<u>\$ (8,838,185)</u>
Total Liabilities and Net Position	<u>\$ 84,247,125</u>

See accompanying notes to the basic financial statements.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

<u>Function/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	<u>Total Governmental Activities</u>	<u>Net (Expense) Revenue and Changes in Net Assets Primary Government</u>
Primary Government						
Governmental Activities:						
General and Administrative	\$ 271,516	\$ -	\$ -	\$ -	\$ (271,516)	
Design and Construction	5,239,838	-	-	-	(5,239,838)	
Professional Services	343,337	-	-	-	(343,337)	
Interest (Net of Subsidy)	3,661,637	-	-	-	(3,661,637)	
Total Governmental Activities	<u>\$ 9,516,328</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,516,328)</u>	
General Revenues:						
District Sales Tax				\$ 11,082,764		
Less: Return of Excess Sales Tax to Districts				(4,109,580)		
Interest Income				782,144		
Total General Revenues				<u>\$ 7,755,328</u>		
Changes in Net Position					\$ (1,761,000)	
Net Position (Deficit) - Beginning					(7,077,185)	
Net Position (Deficit) - Ending					<u>\$ (8,838,185)</u>	

See accompanying notes to the basic financial statements.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
BALANCE SHEET - GOVERNMENTAL FUND  
SEPTEMBER 30, 2013

## ASSETS

Cash and Investments	\$ 75,058,406
Accounts Receivable, Net	1,659,365
Interest Receivable	360,796
Prepaid Expenses	3,743
Investments - Bond Reserve	6,194,424
Total Assets	<u>\$ 83,276,734</u>

## LIABILITIES AND FUND BALANCES

## Liabilities:

Accounts Payable	\$ 1,596,863
Deferred Sales Tax Revenue	549,301
Total Liabilities	<u>\$ 2,146,164</u>

## Fund Balances:

Nonspendable	\$ 3,743
Restricted	78,656,422
Unassigned	2,470,405
Total Fund Balances	<u>\$ 81,130,570</u>

Total Liabilities and Fund Balances	<u>\$ 83,276,734</u>
-------------------------------------	----------------------

See accompanying notes to the basic financial statements.



SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
SEPTEMBER 30, 2013

Total governmental fund balances	\$ 81,130,570
Amounts reported for governmental activities in the statement of net position are different because:	
Sales tax proceeds from districts (net of return of excess sales tax to districts) received more than sixty days after the end of the fiscal year are not financial resources and therefore are reported in the governmental funds as deferred revenue.	549,301
Capital assets used in the governmental activities are not financial resources and, therefore are not reported in the funds.	3,288
Bond issuance costs are expensed in the governmental funds but are required to be amortized over the life of the bond issuance.	967,103
Bond premiums are recognized as other financing sources in the governmental funds but are required to be amortized over the life of the bond issuance.	(169,250)
Interest on long-term debt is not accrued in governmental funds but rather is recognized as an expenditure when due.	(2,084,197)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(89,235,000)</u>
Net position (deficit) of governmental activities	<u>\$ (8,838,185)</u>

See accompanying notes to the basic financial statements.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

REVENUES:	
District Sales Tax	\$ 11,089,494
Less: Return of Excess Sales Tax to Districts	(4,163,668)
Interest Income	782,144
Total Revenues	<u>\$ 7,707,970</u>
EXPENDITURES:	
Current:	
General and Administrative	\$ 269,453
Design and Construction	5,239,836
Professional Services	343,337
Debt Service:	
Principal	2,505,000
Interest	4,597,439
Less: Federal Interest Subsidy	(870,549)
Capital Outlay	1,272
Total Expenditures	<u>\$ 12,085,788</u>
NET CHANGE IN FUND BALANCE	\$ (4,377,818)
FUND BALANCES:	
Beginning of Year	<u>85,508,388</u>
End of Year	<u>\$ 81,130,570</u>

See accompanying notes to the basic financial statements.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Net change in fund balance - total governmental funds	\$ (4,377,818)
Amounts reported for governmental activities in the statement of activities are different because:	
Sales tax proceeds from districts (net of return of excess sales tax to districts) received more than sixty days after the end of the fiscal year are reported as deferred revenue in the governmental funds. However, in the government-wide financial statements this is treated as revenues.	47,358
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and loss on disposal of assets exceeded capital outlay in the current period.	(791)
Bond issuance costs are expensed in the governmental funds but are required to be amortized over the life of the bond issuance.	(109,008)
Bond premiums are recognized as other financing sources in the governmental funds but are required to be amortized over the life of the bond issuance.	149,192
Interest on long-term debt is not accrued in governmental funds but rather is recognized as an expenditure when due.	25,067
The repayment of long-term debt is reported as an expenditure when due in the governmental funds but as a reduction of principal outstanding in the statement of activities.	<u>2,505,000</u>
Change in net position of governmental activities	<u>\$ (1,761,000)</u>

See accompanying notes to the basic financial statements.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Southwestern Illinois Flood Prevention District Council (the Council) was formed in June 2009 as authorized by the Illinois Flood Prevention Council Act (70 ILCS 750). The Council is responsible for the reconstruction of flood protection systems along the Mississippi River in parts of three Illinois counties - Madison, St. Clair, and Monroe; and four levee districts – Fish Lake, Prairie DuPont, Metro East Sanitary District, and Wood River. The initial design and cost estimates for the project total approximately \$160 million.

The accounting policies of the Council conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies:

A. Reporting Entity

The Council defines its reporting entity in accordance with provisions established by the Governmental Accounting Standards Board (GASB). GASB requirements for inclusion of component units are based upon whether the Council's governing body has a significant amount of financial accountability for another entity.

The following criteria have been developed to determine whether related organizations should be included within the financial reporting entity. The criteria include, but are not limited to, whether the Council exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public services, and special financing relationships.

The Council has determined that no other outside agency meets any of the above criteria (except scope of public service) and therefore, no other agency has been included as a component unit in the Council's financial statements. The Council is not a component unit of any other government.

B. Government-Wide and Fund Financial Statements

*Government-Wide Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Currently, the Council does not have any business-type activities.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

*Fund Financial Statements*

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Fund Accounting

The accounts of the Council are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

Funds are classified into three categories: governmental, proprietary, and fiduciary. The Council does not have any proprietary and fiduciary funds.

*Governmental Funds*

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds) and the servicing of debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

The Council reports the following major governmental funds:

**General Fund** - The General Fund is the operating fund of the Council. It accounts for all financial resources that are not required to be accounted for in another fund. It is currently the only fund of the Council.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers revenues to be available if collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However interest on long-term debt is recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

E. Budgets and Budgetary Accounting

The Council follows these procedures in establishing the budgetary data reflected in the financial statements:

The Council adopts its annual budget prior to the commencement of the fiscal year to allow time for the budget to be reviewed and approved by each flood prevention district prior to August 31. The budget is prepared on the modified accrual basis of accounting.

The budget for the Council was approved August 15, 2012.

The Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual presents a comparison of budgetary data to actual results. The fund utilizes the same basis of accounting for both budgetary purposes and actual results.

F. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Cash and Investments

The Council has defined cash to include cash on hand and demand deposits.

Investments are stated at fair value. All investments are repurchase agreements and money market mutual funds.

H. Receivables

All receivables are reported net of estimated return of excess sales tax to Districts and allowance for doubtful accounts. As of September 30, 2013, the Council's estimated return of excess sales tax to Districts and allowance for doubtful accounts was \$1,067,961 and \$-0-, respectively.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

I. Capital Assets

Capital assets, which include equipment and software, are reported in the government-wide financial statements. All capital assets are defined by the Council as assets with an initial, individual cost of more than \$200. Fixed assets are valued at cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Assets capitalized are depreciated using the straight-line method. Estimated useful lives are as follows: software (3 years), equipment (3-5 years), and furniture (10 years).

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported gross of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as another financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance cost, whether or not withheld from the actual debt proceeds received are reported as debt service expenditures.

K. Net Position

Net position is the difference between assets and liabilities. Net investment in capital assets is capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by Council legislation or external restrictions by other governments, creditors or grantors. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Council applies the expense to restricted resources first.

L. Fund Balance

According to Government Accounting Standards, fund balances are to be classified into five major classifications; nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance. Below are definitions of the differences and how these balances are reported:

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**Nonspendable Fund Balance** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories or prepaid amounts.

**Restricted Fund Balance** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

**Committed Fund Balance** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. The Board of Directors through a formal action (ordinance or resolution) commits fund balance amounts for the Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Council that originally created the commitment. The Council does not have committed funds at September 30, 2013.

**Assigned Fund Balance** - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Intent may be expressed by the Board of Directors itself to assign amounts to be used for specific purposes. The Council does not have assigned funds at September 30, 2013.

**Unassigned Fund Balance** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any other governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

The Council had not adopted a fund balance spending policy at September 30, 2013. GASB Statement No. 54 set the default spending policy for fund balance as follows: expenditures are spent from restricted fund balances first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, unless there are legal requirements that prohibit doing this. When restricted fund balances are not available, the default policy considers expenditures to be spent from committed fund balance first, then assigned and then unassigned. Expenditures for a specifically identified purpose will act to reduce the specific classification of the fund balance that is identified.



SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

NOTE 2. CASH AND INVESTMENTS

Illinois Compiled Statutes authorize the Council to invest in interest-bearing savings accounts, certificates of deposit, other time deposits, obligations of savings and loan associations incorporated under the laws of Illinois or any other state or under the laws of the United States, obligations of the U.S. Treasury and U.S. government agencies, short-term obligations of the Federal National Mortgage Associations, and in short-term obligations of corporations organized in the United States with assets exceeding \$500 million if (i) such obligations are rated at the time of purchase at one of the three highest classifications established by at least two standard rating services and mature not later than 180 days from the date of purchase, (ii) such purchases do not exceed 10% of the corporation's outstanding obligations, and (iii) no more than 1/3 of the public agency's funds may be invested in short-term obligations of corporations.

As of September 30, 2013, the carrying value of the Council's cash was \$1,013,444 and the total bank balances were \$1,759,255.

Amount insured by the FDIC	\$	250,000
Amount collateralized with securities held by a Pledging institution's trust department or agent in the Council's name		1,509,255
Uncollateralized		-
Total	\$	1,759,255

As of September 30, 2013, the Council had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Date</u>
Repurchase Agreements		
Branch Banking & Trust	\$ 69,884,381	03/31/14
Deutsche Bank Securities, Inc.	6,194,424	12/16/20
Money Market Mutual Funds	4,160,581	N/A
Total	\$ 80,239,386	

A. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Council manages its exposure to interest rate risk is by purchasing shorter term investments as necessary to provide the cash flow and liquidity needed for operations.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

NOTE 2. CASH AND INVESTMENTS (CONT'D)

B. Credit Risk

Credit risk is the risk that the security issuer or backer will not fulfill its obligations. The Council minimizes credit risk by prequalifying the financial institutions and advisors with which the District will do business. The Council diversifies the portfolio so that potential losses on individual securities will be minimized, but primarily invests in repurchase agreements of which the underlying securities are mainly comprised of U.S. Treasuries or agencies of the United States Government that are implicitly guaranteed by the United States Government. As of September 30, 2013, the Council's investments in the money market mutual funds were rated AAA-mf by Moody's and AAAM by Standard and Poor's.

C. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a financial institution, a government will not be able to recover its investments or will not be able to recover collateral securities that are in the possession of an outside party.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of September 30, 2013, the \$76,078,805 in securities underlying the repurchase agreements were uninsured and held by the custodian's trust department, not in the name of the District.

NOTE 3. CAPITAL ASSETS

A summary of capital assets follows:

	<u>Beginning</u> <u>Balance</u>		<u>Increases</u>		<u>Decreases</u>		<u>Ending</u> <u>Balance</u>
Capital Assets:							
Equipment	\$ 8,713	\$	-	\$	-	\$	\$ 8,713
Furniture	748		1,166		-		1,914
Software	1,504		106		133		1,477
Subtotal	<u>\$ 10,965</u>	\$	<u>1,272</u>	\$	<u>133</u>	\$	<u>12,104</u>
Accumulated Depreciation:							
Equipment	\$ 5,567	\$	-	\$	-	\$	\$ 5,567
Furniture	175		1,719		-		1,894
Software	1,144		307		96		1,355
Subtotal	<u>\$ 6,886</u>	\$	<u>2,026</u>	\$	<u>96</u>	\$	<u>8,816</u>
Net Capital Assets	<u>\$ 4,079</u>	\$	<u>(754)</u>	\$	<u>37</u>	\$	<u>3,288</u>

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

NOTE 3. CAPITAL ASSETS (CONT'D)

Depreciation expense of \$2,026 was charged to the General and Administrative function of the primary government.

NOTE 4. LONG-TERM DEBT

Southwestern Illinois Development Authority on behalf of the Council issued \$94.195 million in revenue bonds providing funds for the costs of design and construction of improvements to levees and related facilities that protect large areas in Madison, St. Clair, and Monroe counties from flooding of the Mississippi River and certain tributaries. These bonds are payable from sales tax revenues from Madison, St. Clair, and Monroe County Flood Prevention Districts. \$59.145 million were issued as term bonds and \$35.050 million were issued as serial bonds.

Of the bonds issued, \$9.05 million are Build America Bonds and \$21.13 million are Recovery Zone Economic Development Bonds. The Council is to receive a direct federal subsidy payment from the U.S. Government for a portion of their borrowing costs equal to a percentage of the total coupon interest paid to investors. The Build America Bonds receive a 35% interest subsidy and the Recovery Zone Economic Development bonds receive a 45% interest subsidy.

On March 1, 2013, the President signed an Executive Order reducing the budgetary authority in accounts subject to sequestration. As a result, the Council's interest subsidy on the Build America and Recovery Zone Economic Development Bonds was reduced by 8.7%.

Revenue bonds payable consist of the following:

	<u>Beginning</u> <u>Balance</u>		<u>Additions</u>		<u>Deductions</u>		<u>Ending</u> <u>Balance</u>		<u>Amount</u> <u>Due in</u> <u>One Year</u>
Series A Bonds									
Dated November 23, 2010									
2.00% to 5.00%, payable in									
varying amounts through									
2030	\$ 61,560,000	\$	-	\$	2,505,000	\$	\$ 59,055,000	\$	2,555,000
Series B Bonds									
Dated November 23, 2010									
7.03%, payable									
April 15, 2032	9,050,000		-		-		9,050,000		-
Series C Bonds									
Dated November 23, 2010									
7.23%, payable									
October 15, 2035	<u>21,130,000</u>		<u>-</u>		<u>-</u>		<u>21,130,000</u>		<u>-</u>
Total	<u>\$ 91,740,000</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>2,505,000</u>	<u>\$</u>	<u>89,235,000</u>	<u>\$</u>	<u>2,555,000</u>

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

NOTE 4. LONG-TERM DEBT (CONT'D)

The following is a summary of the Council's future annual debt service requirements net of federal interest subsidy on long-term obligations:

<u>Year Ending</u> <u>September 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Subsidy</u>	<u>Total</u>
2014	\$ 2,555,000	\$ 4,547,339	\$ (830,958)	\$ 6,271,381
2015	2,605,000	4,496,239	(830,958)	6,270,281
2016	2,685,000	4,418,089	(830,958)	6,272,131
2017	2,820,000	4,283,839	(830,958)	6,272,881
2018	2,950,000	4,150,339	(830,958)	6,269,381
2019-2023	16,380,000	19,129,895	(4,154,788)	31,355,107
2024-2028	19,825,000	15,686,833	(4,154,788)	31,357,045
2029-2033	9,235,000	10,402,685	(3,809,695)	15,827,990
2034-2036	<u>30,180,000</u>	<u>1,837,685</u>	<u>(299,943)</u>	<u>31,717,742</u>
Total	\$ <u>89,235,000</u>	\$ <u>68,952,943</u>	\$ <u>(16,574,004)</u>	\$ <u>141,613,939</u>

NOTE 5. FUND BALANCES

Governmental fund balances reported on the fund financial statements at September 30, 2013 include the following:

Nonspendable	
Prepaid Expenses	\$ 3,743
Restricted	
Capital Projects	69,502,628
Debt Service	2,959,370
Bond Reserve	6,194,424
Unassigned	<u>2,470,405</u>
Total	\$ <u>81,130,570</u>

NOTE 6. LEASING ARRANGEMENT

The Council has an office and meeting space and services lease with the Metro East Park and Recreation District. The lease expires on December 31, 2014, unless extended by the written consent of both parties. No rent will be charged by the Metro East Park and Recreation District for the office and meeting space. The Council agrees to pay any fees and expenses related to its use of the premises, including, but not limited to, the costs of cleaning and janitorial services, equipment use or rental, repairs or damages to the premises, insurance, utilities, postage, facsimile or copy costs and/or secretarial services.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

NOTE 7. CONSTRUCTION COMMITMENTS

Outstanding construction commitments were approximately \$4,403,000 at September 30, 2013.

NOTE 8. SUBSEQUENT EVENTS

The effect of subsequent events on the financial statements has been evaluated through the report date, which is the date the financial statements were available to be issued.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - GOVERNMENTAL FUND -  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>ACTUAL</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>OVER (UNDER)</u>
<b>REVENUES:</b>				
Sales Tax Proceeds From Districts	\$ 11,639,000	\$ 11,639,000	\$ 11,089,494	\$ (549,506)
Less: Return of Excess Sales Tax to Districts	(6,143,799)	(6,143,799)	(4,163,668)	1,980,131
Interest Income	960,000	960,000	782,144	(177,856)
Total Revenues	<u>\$ 6,455,201</u>	<u>\$ 6,455,201</u>	<u>\$ 7,707,970</u>	<u>\$ 1,252,769</u>
<b>EXPENDITURES:</b>				
Current:				
General and Administrative	\$ 254,901	\$ 254,901	\$ 269,453	\$ 14,552
Design and Construction	50,000,000	50,000,000	5,239,836	(44,760,164)
Professional Services	326,000	326,000	343,337	17,337
Debt Service:				
Principal	2,505,000	2,505,000	2,505,000	-
Interest	4,695,969	4,695,969	4,597,439	(98,530)
Less: Federal Interest Subsidy	(910,140)	(910,140)	(870,549)	39,591
Capital Outlay	3,000	3,000	1,272	(1,728)
Total Expenditures	<u>\$ 56,874,730</u>	<u>\$ 56,874,730</u>	<u>\$ 12,085,788</u>	<u>\$ (44,788,942)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ (50,419,529)</u></u>	<u><u>\$ (50,419,529)</u></u>	<u><u>\$ (4,377,818)</u></u>	<u><u>\$ 46,041,711</u></u>
FUND BALANCE, BEGINNING OF YEAR			<u>85,508,388</u>	
FUND BALANCE, END OF YEAR			<u><u>\$ 81,130,570</u></u>	

See accompanying notes to the basic financial statements.



Memo to: Board of Directors  
From: Chuck Etwert  
Subject: Council Construction Change Order Policy  
Date: March 14, 2014

At the Board meeting in January, Jay Martin discussed change orders and the change order request process which includes approval by AMEC, the Corps (depending on the change), and the Chief Supervisor of Construction and the Works. We all know that during construction change orders will occur. Mr. Sterman has included a seven percent contingency for change orders for all of the construction projects in our project cost estimates.

My past experience has been in the very beginning of a construction authorization to include a ten percent contingency in any construction appropriation to accommodate any change order that may occur during the construction of a project. This normally would be sufficient to cover all unforeseen expenses, seldom would it be totally spent.

With permission of the Board I would request the authority to approve all change orders on a project up to a total accumulated ten percent of the project's cost. At each Board meeting a list of all change orders with cost for each change order would be provided to the Board. If a change order would make the total of all change orders for a project exceed the ten percent limit, then that change order and any subsequent orders would have to be authorized by the Board prior to approval.

I believe this policy will allow the projects to proceed without interruption and, inform the Board properly, so there are no surprises at the end of a project. AMEC already has a section in their monthly Project Progress Report for Change Orders which I believe can be expanded to provide a running total of costs.

Recommendation: Adopt a construction change order policy for the Council.

## **Southwestern Illinois Flood Prevention District Council Construction Change Order Policy**

The Chief Supervisor of Construction and the Works (the Chief Supervisor) shall be authorized to approve change orders on a construction project up to an accumulated ten percent of the project's initial cost. Any change order causing accumulated change order costs to exceed ten percent of a project's initial cost would require authorization by the Board, as would any subsequent change orders for that project.

The Chief Supervisor approves change order requests only after reviewing supporting documentation provided by the Council's Construction Management Consultant.

Each month the Chief Supervisor will provide to the Board a summary of all change orders on all projects currently under construction.





Memo to: Board of Directors

From: Chuck Etwert

Subject: Approval of Agreements with Ameren Illinois for BP #2B and BP #4 Pump Stations

Date: March 14, 2014

The Detail of Construction Expenses previously provided to the Board, contains a line item identified as Utilities for \$925,000. This amount was included in construction costs to cover the cost of bringing the required electrical service to the seven pump stations that were being built.

We have received the cost for the first two pump stations, BP #2B Site 16 – Water Street and BP #2B Site 05 – Gummersheimer.

At BP #2 Site 16 Ameren Illinois will be installing approximately one half mile of 3-phase primary along Water Street and setting 500 kva pad mount transformer. The cost for this system extension and modification is estimated to be \$170, 271.13, with \$132,771.13 being required in advance of the construction of the extension. The remaining \$37,500.0 is required to be paid over a thirty six month time period for a monthly payment of \$1,041.67. This monthly payment can be reduced by the actual monthly usage charge during the thirty six month period. The usage charge would be paid by MESD with FPD paying the difference. These costs are based on estimates from Ameren Illinois and final costs to the Council will be based on total documented actual costs of the extensions and modifications. A refund or an invoice would then be issued based on the substantiated final costs.

At BP #2 Site 05 Ameren Illinois will be rebuilding and upgrading 2.1 miles of 2-phase line to 3-phase, including crossing the Union Pacific Railroad, rebuilding and upgrading 1.67 miles of 1-phase line to 3-phase, and extending .015 miles of 3-phase with the installation of a pole mounted transformer bank with aerial service. The cost for this system extension and modification is \$649,979.38, with the total amount being requested in advance of the construction of the extension. This is a final cost from Ameren Illinois on this particular pump station.

Ameren will be also providing service improvements to three other pump stations as part of BP #2B; Site 10 – Cahokia #2, Site 12 – GCED #1X, and Site 15 Hartford, one pump station in BP

#4, Site 09- Phillips Reach #2. Service improvements to these four pump is currently estimated by AMEC to be about \$20,000.00 each or a total of \$80,000.00.

Since Ameren Illinois doesn't begin procuring any materials or equipment or begin any work until payment of the required funds are received, to save time, I am requesting authorization on all six pump stations involving Ameren Illinois, at this time. If the four stations which we have not received requests yet come in over the \$80,000.00 AMEC estimate for the four stations, I will come back to the Board for approval of additional funds.

We haven't received a request from the Monroe County Electric Co-op for seventh pump station BP #2A, Site 01 – Stumpf, also estimated to be \$20,000.00. This will require an additional agreement and authorization at a later date.

Recommendation: Authorize the Chief Supervisor to enter into an agreements with Ameren Illinois for the extension and modification of their system to serve the BP #2 Site 16 - Water Street Pump Station at a cost not to exceed \$170, 271.13, to serve the BP #2B Site 05 – Gammersheimer Pump Station at a cost not to exceed \$649,979.38, and to serve pump stations BP #2B Site 10 – Cahokia#2, Site 12 – GCED#1X, Site 15 – Hartford, and BP #4 Site 09 – Phillips Reach #2 at a total cost not to exceed \$80,000.00



February 17, 2014

METRO EAST SANITARY DISTRICT  
1800 EDISON AVE  
PO BOX 1366  
GRANITE CITY, IL 62040-4609

**PLEASE SIGN AND RETURN AGREEMENT WITH PAYMENT**

Dear Customer,

In response to your recent request for a system extension or modification, enclosed are three copies of our Electric System Extension or Modification Guarantee Agreement and a Billing Summary for 1201 WATER ST, PUMP STATION, CAHOKIA IL 62206.

Please return your payment with the stub portion of the Billing Summary and two signed copies of the Agreement in the envelope provided. You may keep the other copy for your records. We will also sign and return a copy of the Agreement to you for your records.

If you have any questions concerning the costs stated in the Agreement, please contact your engineering representative.

For questions about the mailing of your Agreement or posting of your payment, please call the Illinois Construction and Engineering Services Team at **1.888.659.4540**.

Thank you for your assistance. We look forward to serving you.

Sincerely,

Ameren Illinois

Enclosures

Ameren Illinois  
300 Liberty St.  
Peoria, IL 61602



Please Return This Portion With Your Payment.

AMOUNT DUE	DUE DATE
\$132,771.13	Mar 4, 2014
ACCOUNT NUMBER	
63780-24006	

METRO EAST SANITARY DISTRICT  
 1800 EDISON AVE  
 PO BOX 1366  
 GRANITE CITY, IL 62040

Ameren Illinois  
 P.O. Box 66893  
 St. Louis, MO 63166-6893

10600000 0063780240006 00000000 000132771130 000132771130

Keep This Portion For Your Records

ACCOUNT NUMBER	63780-24006
DOJM NUMBER	31ES051607
CUSTOMER PO #	

	BILL DATE	Feb 17, 2014
TOTAL AMOUNT DUE BY	Mar 4, 2014	\$132,771.13

LOCATION	1201 WATER ST, PUMP STATION CAHOKIA, IL
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**CONSTRUCTION BILLING**  
 CHARGE DATE: 02/14/2014

QUANTITY	DESCRIPTION	COST/UNIT	AMOUNT
	Elec Line Extension Non-Refundable		\$132771.13
	NON-REFUNDABLE CHARGE TO INSTALL PERMANENT ELECTRIC EXTENSION - \$132,771.13. WR# 31ES051607		

Current Amount Due	\$132,771.13
Prior Amount Due	\$0.00
Total Amount Due	\$132,771.13

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ELECTRIC SYSTEM EXTENSION or MODIFICATION GUARANTEE AGREEMENT

This Agreement, dated 02/17/2014, is between Ameren Illinois Company ("Company") and METRO EAST SANITARY DISTRICT ("Customer"). Company and Customer agree to the following:

- 1. Company agrees in accordance with the applicable tariffs, rules, regulations of the Company and the Illinois Commerce Commission, now in effect and as amended from time to time, to make available to Customer single phase or multi-phase service by extending its electrical distribution system to the Customer's premise located at:

Service Location Address: 1201 WATER ST, PUMP STATION, CAHOKIA IL 62206

Premise No.: 015911920

DOJM W/R Contract No.: 31ES051607

- 2. Company and Customer agree that Customer's cost for the extension of electric distribution service shall be based on the following:

Table with 2 columns: Description and Amount. Rows include Estimated Cost for Extension or Modification (170,271.13), Amount Subject to Guarantee (37,500.00), Required Non-refundable Advance Contribution [Amount A - Amount B] (132,771.13), Monthly Guarantee Charge [Amount B divided by 36] (1,041.67), Present Average Monthly Charge for Delivery Service [Sum of the actual or computed Monthly Delivery Service Charges from Customer's Last 12 Delivery Service Bills divided by 12] (0.00), Required Monthly Amount [Sum of Amounts D and E] (1,041.67), and Total Amount [Amount F times 36] (37,500.00).

"Delivery Service" as used in the above calculations includes the Distribution Delivery Charge from the appropriate delivery service tariff only.

- 3. Payment of the Non-refundable Advance Contribution (Amount C) is required in advance of the Company beginning work or procuring any materials or equipment for the Company built facilities. Initial payment is based on estimated project cost. If the estimated cost for extension or modification (Amount A) exceeds \$250,000, the actual cost for the Company built facilities shall be determined upon completion of the installation of such facilities and such costs shall determine the final Non-refundable Advance Contribution and Amount Subject to Guarantee. If Customer's Non-refundable Advance Contribution to the Company exceeds the total actual costs of the Company built facilities less the Amount Subject to Guarantee, the Company shall refund to the Customer the excess contribution. In the event the Customer's Non-refundable Advance Contribution plus the Amount Subject to Guarantee is less than the total actual costs of the Company built facilities, the Company shall invoice for the amount due and Customer shall pay said invoice. The invoice furnished shall be accompanied by backup documentation substantiating the reimbursable cost. Such payment from the Customer is due and payable within thirty (30) days from the date of the invoice. All amounts paid by the Customer after actual costs known are Non-refundable.
- 4. During the three years of this Agreement, Customer shall pay Company, whether or not service is used, the following monthly amounts:
  - a. If the total monthly charge for electric Delivery Service used at the Customer's premise is less than Amount E, then Customer shall pay their current electric service bill plus a Deficiency Payment equal to Amount D.
  - b. When the electric Delivery Service used at Customer's premise is less than Amount F, but equals or exceeds Amount E, then Customer shall pay their current electric Delivery service bill plus a Deficiency Payment to total but not exceed Amount F.
  - c. If the total monthly charge for electric Delivery Service used at the Customer's premise equals or exceeds Amount F above, then Customer shall pay their actual bill. The amount of the monthly Delivery Service charge that exceeds Amount F shall be termed an Excess Payment.
  - d. If at any time a payment or charge due hereunder is delinquent, the Company may declare the outstanding balance of Customer's obligations and liabilities hereunder due and payable and the same shall thereupon become due and payable without any further action on the part of the Company.
- 5. The term of this Agreement shall be for 3 years commencing with the fourth billing period after the Extension or Modification for permanent service becomes available for Customer's use at Customer's premise. If Customer has not paid the sum of Amount B and the actual monthly billed Delivery Service charges by the end of this Agreement, Customer will be billed any outstanding amounts due in the 36th month.



6. At any time, should Customer's total monthly payments for Delivery Service applied to Amount D equal or exceed the total for Amount B, the Customer will have satisfied the requirements of this Agreement and no additional Deficiency Payments will be collected. Previously collected Deficiency Payments will be credited back for the remaining term of the contract on each monthly bill for any additional Excess Payments that would otherwise be collected. If all Deficiency Payments are refunded prior to the end of the 3 year term, the agreement will terminate and the account will bill normally. Ameren will keep any Deficiency Payments that have not been refunded at the end of the 3 year term.
7. Customer agrees that should Customer cease operation of its business at Customer's premise in the normal and usual course of business prior to termination of this Agreement, Customer shall promptly pay Company the actual cost for the Company to remove the facilities, and the sum of \$1,041.67 (Amount D) for each month less than the 3 year term guarantee period that service was taken by Customer from Company at Customer's premise.
8. All amounts referred to above are exclusive of taxes and other similar charges, except that any advance contribution may be grossed up for tax purposes as applicable. Payments in furtherance of tax obligations shall not be considered in calculating any revenue deficiency. Interest shall not be applied to any excess payments nor shall interest be refunded.
9. Company shall not be obligated to extend its distribution system to supply service to said premise until arrangements for extension of service to other customers to be served from the extension are completed and until Company has secured all necessary easements, licenses and permits and right-of-way has been cleared of all trees or other obstructions.
10. Company agrees to commence work on said extension after receipt and posting of all deposits or other requirements (other requirements include, but are not limited to, permits, Customer readiness, completion of grade and easements) and to use every reasonable effort to complete same.
11. Customer further agrees to provide, upon request by Company, a "Letter of Credit" or "Payment Bond" for the entire term of this Agreement to assure payment of the Customer's obligations as set forth herein. The "Letter of Credit" or "Payment Bond" may be reduced annually by the actual or calculated Delivery Service Revenue and Deficiency Payments received by Company the previous year.
12. This Agreement shall not be assigned without the consent of the Company, which consent will not be unreasonably withheld. If assigned, the Agreement shall be binding on the Customer's successors and assigns.

**Customer:**

**Ameren Illinois Company**

**Signed By:**

**Signed By:**

**Printed Name:**

**Printed Name:**

**Title:**



Please Return This Portion With Your Payment.

AMOUNT DUE	DUE DATE
\$649,979.38	Mar 26, 2014
ACCOUNT NUMBER	
38030-00013	

SOUTHWESTERN ILLINOIS FLOOD  
 PREVENTION DISTRICT COUNCIL  
 104 UNITED DR  
 ATTN CHARLES ETWERT  
 COLLINSVILLE, IL 62234

Ameren Illinois  
 P.O. Box 66893  
 St. Louis, MO 63166-6893

40700000 0038030000103 00000000 000649979380 000649979380

Keep This Portion For Your Records

ACCOUNT NUMBER	38030-00013
DOJM NUMBER	IPMS106021
CUSTOMER PO #	

	BILL DATE	Mar 12, 2014
TOTAL AMOUNT DUE BY	Mar 26, 2014	\$649,979.38

LOCATION	11900 LEVEE RD COLUMBIA, IL
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**CONSTRUCTION BILLING**  
 CHARGE DATE: 03/11/2014

QUANTITY	DESCRIPTION	COST/ UNIT	AMOUNT
	Electric Service		\$649979.38
	COST TO EXTEND OVERHEAD PRIMARY TO PROVIDE NEW SERVICE AT 11900 LEVEE RD, COLUMBIA, IL. WORK REQUEST # IPMS106021.		

Current Amount Due	\$649,979.38
Prior Amount Due	\$0.00
Total Amount Due	\$649,979.38

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Memo to: Board of Directors  
From: Chuck Etwert  
Subject: Renewal of Government Relations Contract with Dorgan-McPike Ltd.  
Date: March 14, 2014

For the last six years, the firm of Dorgan-McPike has been providing advocacy services first to the county Flood Prevention Districts, and then to the Flood Prevention District Council for matters before the Illinois General Assembly. The current two-year contract between the Council and Dorgan-McPike concludes on April 20, 2014.

Dorgan-McPike has effectively and successfully represented the Council for the last five years. The firm was instrumental in assembling support for the passage of the original enabling legislation that authorized the FPD sales tax and related actions to implement the area's efforts to restore the levee systems. Dorgan McPike also successfully helped secure the passage of legislation allowing the Metro-East Sanitary District to annex areas that are currently protected by the levee system maintained by the District. The firm also helped win support for successful passage of legislation, which addressed the problems caused by the Governor's Executive Order on Floodplain Management.

We anticipate that services over the next two years will continue to involve support for regulatory approvals for the project with Illinois state agencies, as well as amendments to authorizing legislation for area levee districts to modernize and expand their revenue base to provide for additional funds to support adequate maintenance of existing and new facilities. Dorgan-McPike is currently working on legislation to reduce the state's administration fee for collecting the Flood Prevention District's sales tax.

The cost of the contract remains the same, \$36,000 a year, payable in monthly installments. This is the same rate as the previous four years.

Recommendation: Authorize the Chief Supervisor to execute a contract with Dorgan-McPike Assoc., Ltd to represent the Council before the Illinois General Assembly and executive branch on matters affecting financing and reconstruction of the levee systems for two years concluding on April 20, 2016 at an annual cost of \$36,000.





Memo to: Board of Directors

From: Chuck Etwert

Subject: Proposal to Contract for Government Relations and Advocacy Services with Smith Dawson & Andrews

Date: March 14, 2014

In May of last year the Board authorized the engagement of Smith Dawson and Andrews to provide federal government relations and advocacy services to the Council. This engagement was for a six month period with a re-evaluation to follow.

The Council continues to have significant federal legislative, regulatory, and financial interests. We have ongoing regulatory matters dealing with the Corps of Engineers and the Federal Emergency Management Agency, as well as a number of legislative proposals that we would like to pursue.

Smith Dawson & Andrews has performed well keeping us informed and advocating our position to members of our congressional delegation. As previously explained their background and experience is well suited to our needs. They also work with former Congressman Costello who assisted us previously on matters such as flood insurance and Sec 408 review processes.

I have attached a summary of past efforts and future efforts that they will be concentrating on.

Relationships like this are hard to evaluate and the measures of success are not always clear. However, the relationships developed with the staff of relevant committees can have long-term results, such as saving us money if we are able to get some relief on issues like cost-sharing crediting on future federal grants for our expenditures on our projects or obtaining more flexibility when it comes to funding critical projects.

In the short time that I have been here, I have had numerous contacts with Mr. Andrews regarding the Corps funding and legislative language. Mr. Sterman has indicated that Smith Dawson and Andrews has been quite helpful and that he would recommend continuing our relationship with them.

SD&A proposes to continue to provide these services for \$5,000 per month plus expenses. The agreement can be terminated with thirty days' notice. This rate is under the market rate for this type of representation.

In consideration of the foregoing, I have concluded that it would be advantageous to continue our agreement with Smith Dawson & Andrews to provide government relations and advocacy services to the Council at a cost of \$5,000/month thru April 2015.

**Recommendation:**

Authorize the Chief Supervisor to engage Smith Dawson & Andrews at a cost of \$5,000 a month to provide federal government relations and advocacy services to the Council thru April 2015.

In May of 2013, Smith Dawson & Andrews (SDA) entered into an agreement with the Southwestern Illinois Flood Prevention District Council (Council) to provide public affairs consultation to the Council. Our efforts were focused on assisting the Council's effort to work with the Illinois Congressional delegation and Congressional Committees with jurisdiction over the US Army Corps of Engineers (USACE) to address concerns and facilitate interaction with the USACE in order to expedite the project review process of the flood prevention projects within the 74 miles Metro East Levee system. SDA, at the direction of the Council's Chief Supervisor, worked closely with the Congressional delegation to ensure the Council's Legislative Agenda was addressed in the Water Resources Development Act (WRDA) reauthorization bill, which is currently before the Congressional Conference Committee established to resolve issues between the House and Senate proposals. In addition to the work related to WRDA, SDA also was engaged in the annual appropriations process working with the Illinois delegation. The Congress concluded action on the Consolidated Appropriations Act of 2014 (Public Law 113-76) on January 16, 2014 and sent it to the President for his signature.

These efforts related to the WRDA bill remain on-going and the Budget and Appropriations process for FY 2015 is in the beginning stages. The President's budget and spending recommendations have been submitted to the Congress and the relevant Committees have begun to hold hearings on their jurisdictional issue.

In our work on behalf of your behalf, SDA provided the following scope of services to the Council of the past 10 months:

### **Scope of Services**

SDA collaborated with the Council to create a strategy (Legislative Agenda) focused on facilitating its interactions with the ACE and achieving its legislative objectives. SDA will continue to work with Council to execute the Legislative Agenda and build and maintain relationships for the Council.

- Review the Council's 2013/2014 Legislative Agenda and continue to assess interactions with the ACE to finalize a 2014 strategy and then aggressively pursue this Legislative Agenda with the Executive Branch, federal agencies and the Congress;
- Assist the Council in consultations with the Congress and Executive branch regarding the Council's priorities, including the Illinois Congressional delegation, relevant Congressional Committees, the White House and federal agencies such as the U.S. Department of Defense (Army Corps), Homeland Security (FEMA) and others, as necessary;
- Identify and recruit sponsors, potential supporters and allies for the Council's proposed amendments to the WRDA reauthorization;
- Keep the Council up-to-date on negotiations during the WRDA reauthorization process in both the House and the Senate;

- Independent of the legislative effort, work with the Council to continue to bring pressure on the ACE to expedite the current review and approval process;
- Draft congressional testimony, amendments, report language, grant support letters, and correspondence for the Members of Congress, their staffs and congressional committees on behalf of the Council, as necessary;
- Provide logistical support for Council officials' visits to Washington, including arranging appointments and meetings with members of Congress and Federal agencies, as needed, and preparing of materials for such meetings;
- Plan and coordinate on-site tours and briefings by the Council as needed with Members of Congress, staff and relevant agencies or organizations;
- Transmit documents, reports, and other information to Council officials on federal issues that might affect the levee improvements;
- Engage with the Illinois Congressional delegation and Appropriations Committee staff on the Districts funding priorities for FY 15, and
- Provide regular updates on advocacy efforts on behalf of the Council.

Over the last ten months, SDA worked closely with Mr. Sterman and Mr. Ewert on issues related to Project Labor Agreements (PLAs) on the Council's projects: providing information to the Illinois Congressional delegation on the Council's efforts; researching the 2009 Executive Order encouraging the use of PLA's to provide "structure and stability to large scale construction projects"; reviewing Office of Management & Budget (OMB) program guidance on the use of PLA's and, outreach to OMB on the ACE's resistance to utilizing a PLA.

SDA coordinated a Washington DC trip for Mr. Sterman to meet with the legislative staff handling flood control issues and address the issues related to the Council's 2013 Legislative Agenda, including providing draft legislation as guidance to address obstacles to expediting the design and review process when the ACE requires local sponsors to go through the same federal processes and procedures as if the project was a 100 percent ACE project.

SDA worked closely with the delegation's legislative staff with concentrated efforts on the Council's priorities for the re-authorization of the WRDA bills and the FY '14 and will continue this effort with the FY '15 appropriations bills. Our efforts were concentrated on the Districts top two legislative goals while working with the delegation:

1) treat the entire 74 mile levee system as one project, allowing the ACE to treat the five projects within the levee system as one and,

2) provide the ACE with the flexibility to focus on the most critical projects within the system and make the appropriated funding (multiple years) available to be spent on the highest priority projects within the Metro -East levee system, the number 1 priority--under-seepage problem associated with a design flaw of the Mel Price Lock and Dam.

The Congressional delegation (Senators Durbin & Kirk and Representatives Davis & Enyart) and their staffs were successful in adding language to the WRDA bills (now in Conference) to treat the individual projects as one system and are now working closely with us to ensure that the language does provide the ACE the necessary flexibility. Because of the House and Senate rules prohibiting “earmarks”, the language included in the WRDA authorization bill is somewhat cryptic and can be subject to multiple interpretations by the ACE legal staff. We currently are reviewing legislative language with the Congressional delegation as they coordinate with the Conference Committee staff responsible for negotiating the final bill.

The delegation’s efforts to provide the funding flexibility resulted in language being included in the Consolidated Appropriations Act of 2014 HR 3457) to allow the shifting of funds between projects within the system and addresses the issue of the cost sharing of a navigation project (MPL&D) impacting a flood control project—the MPL&D project was a 100 percent federally funded project, thus the costs to address the WR under-seepage problem will be 100 percent funded by the ACE.

SDA assisted consultations with the Illinois Congressional delegation to address the Council’s priorities including the PLA issue and engaged other congressional allies during the WRDA deliberations on issues such as crediting, and proposed reform of the 408 design review process. SDA transmitted proposed legislation to specifically address concerns of the Council, provided logistical and scheduling support for the Chief Supervisor’s trip to Washington to meet with the delegation and staff. Also, SDA worked with the National Coalition of Flood Projects, to address crediting language for pre-1986 projects.

Going forward, SDA’s efforts are focused on 1) ensuring that the WRDA language included in both the House and Senate bills is adopted in the final bill that is sent to the President, and 2) working with the delegation staff on the FY ’15 appropriations bills that fund the Army Corps of Engineers. In addition, SDA will continue to monitor the WRDA process once the bill has been signed into law, this will include following program guidance as it is issued and looking for additional opportunities to address on-going issues with the Corps. The Congressional Leadership of the House Transportation and Infrastructure Committee and the Senate Environment and Public Works Committee have indicated on numerous occasions that it is their intentions to take action on WRDA every two years. The lengthy time between bills being written has created a great deal of uncertainty on critical projects.







Memo to: Board of Directors

From: Chuck Etwert

Subject: Commitment to continue to provide Cost-Share to the Corps of Engineers for the Levee Reconstruction Project in the Wood River Drainage and Levee District

Date: March 17, 2014

In accordance with existing Project Partnership Agreement between the USACE and the Wood River Drainage and Levee District, the Board has previously approved Cost Share commitments regarding the Levee Reconstruction Project in the Wood River Drainage and Levee District. This last portion of the project consists of completing pump station repairs, gravity drain repair/installation, O&M manuals, as-builts, and project close out. As I mentioned in the progress report the Corps has received their FY Workplan funding and is now requesting the corresponding non federal sponsor share match for these projects. This project must be complete, including close out, by September 2015.

In the past the Council has provided funds towards the Levee Reconstruction Project with the most recent funding of \$315,000.00 being last summer for the relief wells. The Corps has requested \$915,384.00 cost share funds to match the \$1,700,000 in funding that they have received. This will complete this project with the Wood River Levee District and the FPD contributing over \$12,000,000 towards the project during the last five years. We have already received a request from the Wood River Levee District requesting our assistance on this project which I have attached to this memo along with the Corps request for funds

The Corps' proposed expenditures on this project contribute to achieving the 100-year level of protection needed for FEMA accreditation.

Recommendation: Authorize the Chief Supervisor to provide up to \$915,384.00.00 as cost-share funding to the Corps of Engineers for the Levee Reconstruction Project in the Wood River Drainage and Levee District in accordance with the existing Project Partnership Agreement.



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

REPLY TO  
ATTENTION OF:

Planning, Programs and Project Management Division  
Project Management Branch

Mr. Steve Kochan  
Wood River Drainage and Levee District  
543 West Madison Avenue  
Wood River, Illinois 62095

Dear Mr. Kochan:

In support of the Wood River Reconstruction project the Saint Louis District of the U.S. ARMY Corps of Engineers has requested and received Federal Funding in the amount of \$1, 700,000. Based on this amount, the corresponding non Federal sponsor share match is \$915,384.00. These funds will be used to complete this project effort.

Per the Project Partnership Agreement, I am writing to request \$915,384.00. If payment is made by check, the check should be made payable to "FAO-USAED St. Louis" and should be mailed to the U.S. Army Corps of Engineers, St. Louis District, Attention : CEMVS-PM-N (Kerr), 1222 Spruce Street, St. Louis, Missouri 63103-2833. If another method of payment will be used, please contact me in order that the transaction information can be set up. The requested funds are due in the St. Louis District by 04 April 2014. If paying by check, allow an additional two weeks processing time.

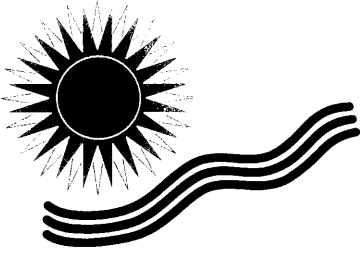
If you have any questions, please contact me at (314) 331-8780 or e-mail [Timothy.J.Kerr@usace.army.mil](mailto:Timothy.J.Kerr@usace.army.mil).

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy J. Kerr", written over a horizontal line.

Timothy J. Kerr  
Project Manager  
Wood River Levee System Reconstruction Project

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



**Wood River Drainage and Levee District**

543 W. Madison Avenue • Wood River, IL 62095

March 12, 2014

Mr. Chuck Etwert  
Southwestern IL Flood Protection District

Dear Mr. Chuck Etwert,

Recently the United States Army Corp of Engineers, St. Louis District has received Federal Funding in the amount of \$1,700,000.00 for the continuance of the Wood River Levee Reconstruction Project. The Wood River Drainage and Levee District's sponsor cost share amount is \$915,384.00 to complete the efforts of this project.

The Wood River Drainage and Levee District Board of Commissioners support this project and are requesting financial help from the Southwestern Illinois Flood Prevention District. We are hoping to have our share to the United States Army Corp of Engineers by April 4, 2014.

If you have any questions, please feel free to contact my office at 618-254-7481 or e-mail [wrlevee@sbcglobal.net](mailto:wrlevee@sbcglobal.net).

Sincerely,

Steve Kochan, President  
Wood River Drainage and Levee District

SK;jb





Memo to: Board of Directors  
From: Chuck Etwert  
Subject: Authorization of Government Liaison Contract.  
Date: March 17, 2014

The first two months have been very interesting dealing with the Corps of Engineers regarding funding, scheduling, and procedural issues. The Corps has indicated that it desires to start up discussions regarding the Project Labor Agreement issue in the near future. This issue needs to be resolved prior to funding the construction of future Corps projects. I think it would be beneficial to have Les Sterman's experience and knowledge working with us on this important issue, and possibly on FEMA or other funding issues as they may arise. I know the PLA issue is very important to him having spent so much time on it the last few years.

I talked to Les last week and he indicated that he would be willing to assist us as needed. I would suggest that he be compensated at the hourly rate he was receiving at retirement. Les has been very gracious with his time during the transition period, and I don't think it would be fair to take advantage of his time and knowledge without compensation. I am the one who brought the subject up to him, knowing that he would probably have continued providing assistance without compensation due to his dedication to the Council.

Recommendation: Authorize the Chief Supervisor to execute a contract with Mr. Les Sterman to serve in a Government Liaison position assisting the Council as needed in the area of Project Labor Agreements or other areas that may be deemed necessary. Mr. Sterman would be compensated on an hourly basis based on his hourly rate at retirement.

