



AGENDA

**SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL
BOARD OF DIRECTORS MEETING
January 19, 2011 7:30 a.m.**

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

1. Call to Order
Dan Maher, President
2. Approval of Minutes of December 15, 2010
3. Program Status Report and Budget Update
Les Sterman, Chief Supervisor
4. Approval of Disbursements
5. Presentation of Draft FY 2009 and FY 2010 Audits
Scheffel & Company
6. Progress Report on Design/Construction
Jay Martin, Project Manager, AMEC
7. Selection of Project Management Oversight Consultants
8. Development of Website for FPD Council
9. Payment for Emergency Levee Repairs in Prairie DuPont/Fish Lake Levee Districts
10. Renewal of Lease with Metro East Park and Recreation District
11. Other Business

Executive Session (if necessary)
12. Adjournment

Next Meeting: February 16, 2011

A regional partnership to rebuild Mississippi River flood protection

MINUTES

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL BOARD OF DIRECTORS MEETING December 15, 2010

The regular meeting of the Board of Directors was held at the Metro-East Park and Recreation District Office, 104 United Drive, Collinsville, Illinois at 7:30 a.m. on Wednesday, December 15, 2010.

Members in Attendance

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

Members Absent

David Baxmeyer, Monroe County Flood Prevention District
Alvin Parks, Jr., St. Clair County Flood Prevention District

Others in Attendance

Mark Kern, St. Clair County Board Chair
Delbert Wittenauer, Monroe County Board Chair
Kevin Hutchinson, Mayor Columbia, IL
Herb Simmons, Mayor East Carondelet, IL
Terry Liefer, Monroe County Commissioner
Les Sterman, SW Illinois FPD Council
Randy Bolle, Prairie DuPont Levee District
Doug Campion, Campion Group
Constance Dunlap, TWM
Darryl Elbe, Hoelscher Engineering
Mike Feldmann, U.S. Army Corps of Engineers
Maggie Hales, East-West Gateway Council of Governments
Mark Harms, SCI Engineering
Pam Hobbs, Geotechnology
Gary Hoelscher, Hoelscher Engineering
Mike Huber, KdG
Charles Juneau, Juneau Associates, Inc. P.C.
Teresa King, U.S. Army Corps of Engineers
David Leake, KdG
Linda Lehr, Monroe County
Jay Martin, AMEC
Patrick McKeehan, Leadership Council Southwestern Illinois
Jon Omvig, AMEC

Lisa Peck, Madison County Community Development
David Sawitzki, AMEC
Bob Shipley, Metro-East Sanitary District
Dale Smith, Geotechnology Inc.
Bill Stallman, Tri-City Port District
Mike Sullivan, Prairie DuPont Drainage and Sanitary District
Kevin Thompson, Morgan Keegan
Dennis Wilmsmeyer, Tri-City Port District
Daniel Wilson, KdG

Call to order

President Dan Maher called the meeting to order.

Approval of minutes of November 17, 2010

A motion was made by Ron Motil, seconded by Paul Bergkoetter, to approve the minutes of the November 17, 2010 meeting. Motion approved, all voting aye.

Program Status Report and Budget Update

Mr. Maher asked Mr. Sterman to provide the program status report.

Mr. Sterman reported that subsurface data is still being collected through three principal methods -- sonic drilling, standard penetration drilling, and cone penetrometer testing. During the last month, I had the opportunity to visit sites where each type of drilling was taking place. The weather has been favorable, although conditions in the last couple of weeks have become more difficult.

During the last month, we received a draft memorandum of agreement with the Corps of Engineers to provide dedicated part-time staffing to serve as a liaison with the Corps. I have suggested some changes to the MOU and the Corps has responded favorably. The agreement should be executed soon. Office space has now been made available and a new computer purchased to accommodate the Corps staff person, Teresa King. The primary purpose of this arrangement is to expedite permits and provision of design data, and also to coordinate project schedules and activities to assure a seamless relationship between design and construction activities of the two organizations.

We received three proposals on December 3 in response to our RFP to provide project management oversight. This will not be a large contract in terms of expenditure, but it will provide a capability for independent reporting on project progress and cost and scheduling issues. I have asked for volunteers to serve on a selection committee. Thus far, Dan Maher, Tom Long, Dave Baxmeyer, Joe Parente and David Cornell have agreed to serve.

I recently met with representatives of the Prairie DuPont Drainage and Sanitary District and learned about several critical items in the Corps of Engineers Periodic Inspection completed in June 2010. Three of those items needed to be addressed immediately to avoid having the district put on inactive status in the Corps' PL 84-99 program, which enables the Corps to perform emergency operations and levee repairs in the event of a flood. This cannot be allowed to

happen and later on in the agenda I will recommend that the Council provide PdP with sufficient funds to address this problem.

I expect that there will be similar findings in MESD and Wood River, since these Corps inspections are now more rigorous. I will work with our design consultants to prioritize any measures that are needed to correct problems that result in unsatisfactory ratings by the Corps.

We successfully closed on our bond issue on November 23. Those funds are now invested at a very low rate of interest with our Trustee, UMB Bank. I have been working with our financial advisors and our bidding agent, Winters & Co., to conduct a competitive process to find a suitable investment in accordance with the direction provided by the Board at the November meeting. The process has taken longer than expected and become somewhat more complex, but we have now selected financial institutions for investment of the reserve fund and the project fund. Both institutions required legal opinions and we needed a legal review of the investment repurchase agreements. A resolution approving the repurchase agreements will be considered by you later on today's agenda.

In the last month, Senators Durbin and Schumer introduced legislation to delay the imposition of mandatory flood insurance very similar to that sponsored by Congressman Costello and passed in the House several months ago. While such legislation is obviously very helpful, likelihood of passage this year is very slim, given the brief time that the Congress will remain in session and the other pressing issues on the legislative calendar.

Recently, Senator Durbin, along with a number of bipartisan Senate colleagues have attempted to address the problem through language attached to a 2011 appropriations bill. This language addressed the illogical assumption by FEMA that, for the purpose of the new flood insurance rate maps, our levee system would be effectively nonexistent. While this language is indeed helpful, since it will require FEMA to do additional analysis to determine the level of actual protection provided by the levee system as part of the remapping process, it will not preclude them from deaccrediting those levees. So while we may get some relief from mandatory insurance requirements, considerable economic damage will still be done.

As a demonstration of the significant economic damage that is being done to our area, I have recently been in discussions with developers concerning a major new warehouse user in the Gateway Commerce Park where FM Global, the largest commercial provider of flood insurance has raised serious questions about flood protection. Because of the questions raised by FM Global the firm may locate elsewhere, probably in Missouri. I believe that the pronouncements by the Corps and by FEMA may have exaggerated the understanding of the risk, and those statement do not account for the current efforts to improve flood protection. I am working to schedule a meeting with FM Global to explain the situation.

Our attorneys have filed motions for a preliminary injunction to stop the FEMA remapping and a motion to shorten the time and expedite the proceedings of our lawsuit. The federal judge denied the latter request, but in his order he indicated a good understanding of our concerns and clearly indicated that he would act to move the proceedings forward expeditiously.

We still have outstanding FOIA requests to FEMA and the Corps, primarily related to the incomplete responses to earlier requests and to fulfill their legal obligation to provide the administrative record of the information that led to the denial of the map appeals. Our attorneys have renewed our requests and asked for immediate response from the federal agencies.

In the absence of a successful legal challenge, we expect that final flood insurance rate maps will be issued in December 2011.

I have executed a letter of engagement with the auditing firm, Scheffel and Co., that was selected at the November Board meeting to conduct the 2009/2010 audits. They have agreed to do the audits at the low end of their price proposal -- \$4,800 total. We are currently gathering all of the information that they need to commence the audit.

The Park and Recreation District has reorganized their space to provide an additional workstation to accommodate the Corps staff person who will be working with us. I have also purchased a computer and software for this workstation.

Mr. Maher asked Mr. Sterman to provide a budget update.

Actual disbursements in the last month were \$139,710, the majority of which was for legal costs. Accrued expenditures for the fiscal year are \$1,696,990 with the largest amounts being for cost-share on Corps projects in Wood River and Prairie DuPont, and for bond issuance costs.

In 2009, an estimated \$10.3 million was collected in FPD sales taxes in the three counties, a total slightly higher than projected earlier in the year. For the first nine months of 2010, sales tax collections are about 7.8% higher than the same period in 2009.

All future sales tax receipts will be intercepted and forwarded to the bond Trustee, who will use those funds to make principal and interest payments on bonds, to pay design and construction costs and to pay for the Council's budgeted administrative costs. Residual funds will then be returned to the counties' FPD sales tax funds.

Mr. Motil suggested a concern about the legal costs. Mr. Sterman responded that almost all of those costs were actually for the levee certification inspection, which is being done under contract to Husch Blackwell, our special counsel. The firm simply passes through the costs incurred by AMEC, the engineering company that is doing the inspection under the terms of their agreement as an expert witness on our behalf.

Mr. Maher asked the Board to vote on the disbursements for the month as a separate agenda item. Mr. Conrad made motion to approve the disbursements for December; Mr. Motil seconded the motion. Upon a request by Mr. Long, Mr. Maher asked the Secretary to call the roll for members to vote on the motion.

Mr. Pennekamp – Aye
Mr. Maher – Aye
Mr. Conrad – Aye
Mr. Long – Aye

Mr. Motil – No
Mr. Brinkman – Aye
Mr. Bergkoetter – Aye

The motion was approved six aye votes to one no vote.

Progress Report on Design/Construction

Mr. Sterman indicated that Jay Martin, the project manager for AMEC Earth & Environmental will give a report.

Mr. Martin used a PowerPoint® presentation to support his presentation. He said most of the activities over the last month are continuations of the activities from the previous month.

There are no safety issues to report even though there are many man-hours committed on the project. We are continuing to coordinate with the Corps, including a weekly conference call, and effort is being made to coordinate schedules. Coordination of permitting activities with the Corps will be critical.

All members of the consulting team, including all subconsultants, are now under contract, with the exception of the relief well testing firms. Most of the borings are now complete. We are a bit behind, but that should not affect our finish date. There are still two properties in MESD where we still do not have right of entry to do our work.

Mr. Martin showed a schedule with symbols indicating completion of tasks. The certification inspection is now complete and has been provided to Husch Blackwell. The individual levee lead staff are combing through that report now to assure that all critical findings will be addressed.

The project is on schedule, with the exception of borings in the two properties in the MESD area where we do not yet have right of entry.

The budget is tracking according to plan.

Mr. Martin then reported on issues and concerns. The weather cooperated until recently, but winter is now here so progress will be a little more difficult. There are some concerns about the permitting process to treat any relief well discharge that results from the relief well testing process. This is important because we want to re-use as many of those wells as possible so we need to know how well they will perform. Near Wanda Road there is a railroad embankment that serves as a levee. Analysis will determine whether water will stack up against that embankment in a 100-year event. We hope that this won't come into play. There are some concerns about cultural resources and the time that will be needed for permitting since some of the areas where we are working are culturally rich. Where there is a "high value" site, the mitigation needed may be substantial. Mr. Sterman noted the discussion of "secondary impact" that has been raised by the state historic preservation officer, i.e. the likelihood of further development of the area once the levees are improved and the impact that such development will have on cultural resources.

Mr. Martin then discussed the activities planned for the month ahead.

Mr. Wittenauer asked about the typical life expectancy of a relief well. Mr. Martin explained that we are looking to rehab existing wells, since our objective is achieve the 100-year design and to maximize the capacity of existing relief wells. That's why we are testing those wells. Their life expectancy would likely be measure in years or tens of years, as opposed to a new relief well that might be significantly longer. Mr. Wittenauer expressed a preference for berms in comparison to relief wells because of costs of future maintenance.

Mr. Maher asked for a motion to put the report on file. Such a motion was made by Mr. Pennekamp with a second by Mr. Bergkoetter. The motion was approved unanimously by voice vote.

Resolution Authorizing and Approving Repurchase Agreements for the Investment of Proceeds of the Flood Prevention District Council Sales Tax Revenue Bonds, Series 2010, of the Southwestern Illinois Flood Prevention District Council, Madison, St. Clair and Monroe Counties

At its meeting last month the Board authorized a procedure for investing the proceeds of our bond issue. As we executed that process it has gotten a little more complicated than we originally planned.

On the advice of our financial advisor we hired Winter & Co. as a bidding agent and they developed and circulated the bid documents that we used to seek appropriate investments. Those bids were received on December 2, and I accepted the bids from BB&T Bank for investment of the project fund at 0.87%, and Deutsche Bank for investment of the debt service reserve fund at 2.32%. These are far more favorable rates than the alternatives available to us, which would have been to purchase a ladder of Treasury bonds.

In discussions with both financial institutions, it became clear that they would need a legal opinion from our counsel that we were lawfully entering into these investments. In addition, we needed legal counsel to review the repurchase agreements. I asked Gilmore & Bell, who previously served as the underwriter's counsel for our bonds, to take on those tasks. A portion of their fees for this work, estimated at \$7,500, will be paid by the financial institutions.

Gilmore & Bell has suggested that the Board approve a resolution authorizing the repurchase agreements and the custodial agreement with the Trustee for the bonds. The resolution and agreements are provided today for your approval.

Mr. Long asked what was meant by the statement that these investments were not bankruptcy proof. Mr. Sterman responded that all of the investments are secured by collateral. In the event of bankruptcy we could then take possession of the collateral, but we will lose the return on the investments.

Motion made by Long, second by Mr. Motil to approve a resolution authorizing and approving repurchase agreements for the investment of proceeds of the Flood Prevention District Council Sales Tax Revenue Bonds, Series 2010, of the Southwestern Illinois Flood Prevention District

Council, Madison, St. Clair and Monroe Counties. Also authorize the designated representative of the Council to execute the attached repurchase and custodial agreements.

RESOLUTION AUTHORIZING AND APPROVING REPURCHASE AGREEMENTS FOR THE INVESTMENT OF PROCEEDS OF THE FLOOD PREVENTION DISTRICT COUNCIL SALES TAX REVENUE BONDS, SERIES 2010, OF THE SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL, MADISON, ST. CLAIR AND MONROE COUNTIES, ILLINOIS.

WHEREAS, pursuant to the Flood Prevention District Act of the State of Illinois, as amended (the “Act”) and an Indenture of Trust dated as of November 23, 2010 (the “Indenture”), between Southwestern Illinois Flood Prevention District Council Madison, St. Clair and Monroe Counties, Illinois (the “Council”) and UMB Bank, N.A., as trustee (the “Trustee”), the Council issued its (a) Flood Prevention District Council Sales Tax Revenue Bonds, Series 2010A (the “Series 2010A Bonds”) in the original principal amount of \$64,015,000, (b) Taxable Flood Prevention District Council Sales Tax Revenue Bonds (Build America Bonds – Direct Pay), Series 2010B (the “Series 2010B Bonds”) in the original principal amount of \$9,050,000, and (c) Taxable Flood Prevention District Council Sales Tax Revenue Bonds (Recovery Zone Economic Development Bonds), Series 2010C (the “Series 2010C Bonds” and, together with the Series 2010A Bonds and the Series 2010B Bonds, the “Bonds”) in the original principal amount of \$21,130,000; and

WHEREAS, on December 2, 2010, the Council requested bids for repurchase agreements for the investment of proceeds of the Bonds on deposit in the Project Fund and the Reserve Fund held by the Trustee under the Indenture; and

WHEREAS, the Council received several bids for such investments and has selected (a) Deutsche Bank Securities Inc. as the highest and best bidder for the investment of proceeds of the Bonds on deposit in the Reserve Fund, and (b) Branch Banking & Trust Company as the highest and best bidder for the investment of proceeds of the Bonds on deposit in the Project Fund; and

WHEREAS, pursuant to the Act, the Indenture and the Public Funds Investment Act of the State of Illinois, as amended, the Council desires to approve and authorize the execution of repurchase agreements and other related documents for the purposes described herein.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL, MADISON, ST. CLAIR AND MONROE COUNTIES, ILLINOIS, AS FOLLOWS:

Section 1. Authorization and Approval of Documents. The following documents are hereby approved in substantially the forms presented to and reviewed by the Council at this meeting and the President, the Vice President or the Chief Supervisor of Construction are hereby authorized to execute and the Secretary or any Assistant Secretary are hereby authorized to attest and seal, and each of the foregoing officers is hereby authorized to deliver, each of such documents with such changes therein as shall be approved by the officers of the Council executing such documents, such officers' signatures thereon being conclusive evidence of their approval and the Council's approval thereof:

(a) Master Repurchase Agreement relating to the Reserve Fund, including the related Annex I (together, the "Reserve Fund Agreement"), among the Council, the Trustee and Deutsche Bank Securities Inc., which sets forth the terms of the investment of proceeds of the Bonds on deposit in the Reserve Fund;

(b) Custodial Undertaking related to the Reserve Fund Agreement, among the Trustee, the Council, Deutsche Bank Securities Inc. and The Bank of New York Mellon, as custodian;

(c) Master Repurchase Agreement relating to the Project Fund, including the related Annex I (together, the "Project Fund Agreement"), among the Council, the Trustee and Branch Banking & Trust Company, which sets forth the terms of the investment of proceeds of the Bonds on deposit in the Project Fund; and

(d) Trust and Custodial Undertaking related to the Project Fund Agreement, among the Trustee, the Council and Branch Banking & Trust Company.

Section 2. Further Authority The officers of the Council, including the President, the Vice President and the Chief Supervisor of Construction, are hereby authorized and directed to take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Resolution and to make ministerial alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 3. Severability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

Section 4. Repeal. All resolutions, ordinances or parts thereof in conflict herewith be and the same are hereby repealed and this Resolution shall be in full force and effect forthwith upon its adoption.

Section 5. Effective Date. This resolution shall take effect and be in full force immediately after its adoption by the Council.

Adopted December 15, 2010

President, Board of Directors

Attest:

Secretary, Board of Directors

Mr. Maher asked the Secretary to call the roll for members to vote on the motion.

Mr. Pennekamp – Aye
Mr. Maher – Aye
Mr. Conrad – Aye
Mr. Long – Aye
Mr. Motil – Aye
Mr. Brinkman – Aye
Mr. Bergkoetter – Aye

The motion was approved unanimously.

Mr. Sterman addressed the payment of fees to the bidding agent, Winters & Company. At the November 2010 meeting, the Board authorized the use of a competitive process to secure the best investment return. Based on the recommendation of our financial advisor we hired a bidding agent, Winter & Co, to develop the bid documents, secure bids from competing financial institutions, and facilitate the development of repurchase agreements. Customarily, the fee for the bidding agent is paid by the financial institution that is selected for the investment. Deutsche Bank agreed to pay the fee, but BB&T does not provide for the payment of fees.

Based on the far more favorable return offered by BB&T for the project fund (0.87%) over the next highest bidder Deutsche Bank (0.50%), I concluded that payment of the fee was easily worth the greater return offered by BB&T.

Mr. Sterman recommended that we pay the bidding agent fee of \$30,000 to Winters & Co. after the investment with BB&T is closed.

A motion was made by Mr. Motil and seconded by Mr. Conrad to pay an amount not to exceed \$30,000 to Winters & Co. for developing bid documents, conducting the bidding process, evaluating bids and review of repurchase agreements.

Mr. Maher asked the Secretary to call the roll for members to vote on the motion.

Mr. Pennekamp – Aye
Mr. Maher – Aye
Mr. Conrad – Aye
Mr. Long – Aye
Mr. Motil – Aye
Mr. Brinkman – Aye
Mr. Bergkoetter – Aye

The motion was approved unanimously.

Funding for Emergency Levee Repairs in Prairie DuPont/Fish Lake Levee Districts

Mr. Sterman explained that under the terms of Public Law 84-99 the U.S. Army Corps of Engineers is authorized to undertake emergency operations and rehabilitation of flood control works threatened or destroyed by flood. To maintain eligibility to participate in this important program, the Corps requires that levee systems be maintained in accordance with their adopted standards. To assure compliance with those standards, the Corps does routine annual inspections to verify proper operation and maintenance and more thorough periodic (5-year) inspections to further evaluate operational adequacy and structural stability. The inspections have become considerably more thorough following the passage of the Levee Safety Act of 2007. These inspections review the condition of all levee system features, ranking them as acceptable, minimally acceptable and unacceptable.

Mr. Sterman indicated that he recently became aware that the Prairie DuPont/Fish Lake districts received their periodic inspection report in June 2010. This report indicated for the first time that there were some levee system features that were labeled as unacceptable. A rating of even one levee feature as unacceptable renders the entire levee system as unacceptable. While a sponsor normally has some time to address these problems, the Corps has indicated that certain issues must be addressed immediately or the District will be put on “inactive” status in the PL 84-99 program. In my view, we cannot allow that to happen.

I recently met with representatives of the District to determine the exact nature of the immediate problems and to work with them to find the best course of action to accomplish an immediate fix. The unacceptable features that the Corps had noted are an abandoned building foundation and a cistern in close proximity to the levee, and two gravity drains that are badly deteriorated.

The foundation and cistern are on private property, but the property owners have agreed to permit district staff to demolish these structures. This can be done immediately by PdP staff and volunteers at little or no cost.

The gravity drains are located in the Fish Lake district. The PdP representatives arranged for a video inspection of the gravity drains last week. The conclusion of that inspection is that the drains need to be relined with plastic pipe. That can be done reasonably quickly. I asked the PdP representatives to get a bid for this work so we can determine the cost. They are getting a bid from a contractor who had done work for the district previously and whose work was highly regarded. That bid is expected on December 14 and will be provided at the Board meeting. District representatives expect that the cost will be in the range of \$20,000.

I am requesting authorization to proceed with this emergency work to reline the gravity drains that received the unacceptable rating from the Corps at a cost to be determined based on bidding for the work. These repairs are consistent with the improvements being planned by AMEC, so they will have lasting value and contribute to the accomplishment of our overall project to achieve certification and accreditation.

Mr. Bergkoetter asked about any funds that the levee districts themselves have for these kinds of repairs. Mr. Sterman responded that Prairie DuPont and Wood River don't really have sufficient revenue to support any significant repairs. MESD has a bigger tax base and is in a better position to pay for repairs, although at some point they too will run out of money. We expect that some major items will be coming up in MESD as a result of an inspection that will be completed soon.

Mr. Long asked about where this money will be coming from. Mr. Sterman said that these projects are actually needed for our overall program as well, so this expenditure does not represent a net added cost for us.

Mr. Wittenauer asked why this is such a big emergency. Mr. Sterman replied that this was an emergency because the Corps had already indicated that the District would be removed from the PL 84-99 program within days if the repairs were not done. With respect to the cistern and foundation, which have been there for many years, we do not know why this has suddenly emerged as an important issue.

A motion was made by Mr. Pennekamp, seconded by Mr. Bergkoetter that the Council reimburse the Prairie DuPont levee district in an amount not to exceed \$25,000 or the bid amount, whichever is less, for their costs to repair two gravity drains.

Mr. Maher asked the Secretary to call the roll for members to vote on the motion.

Mr. Maher – Aye
Mr. Conrad – Aye
Mr. Long – Aye
Mr. Motil – Aye
Mr. Brinkman – Aye
Mr. Bergkoetter – Aye
Mr. Pennekamp – Aye

The motion was approved unanimously.

Report from the U.S. Army Corps of Engineers

Mr. Sterman called on Teresa King, program manager for the Corps of Engineers to provide a report. Ms. King reported that because of the experience following Hurricane Katrina, the Corps' requirements for correcting items noted in an inspection have been strengthened considerably. Mr. Wittenauer asked about the Corps policy on vegetation near the levees and about the short notice given on the repairs to the gravity drains. Ms. King indicated that she was not aware of the history of these particular issues and would consult the levee inspection staff at the Corps for further information.

Ms. King reported on efforts to coordinate schedules and to try to get approvals of necessary permits prior to construction. She also reported on working with the Council to develop legislation to qualify expenditures by the Council as “work-in-kind” that will match future federal appropriations for levee improvements.

Other Business

Mr. Conrad indicated that he would like to have representative of Husch Blackwell here every month to update us on the progress of the lawsuit. Mr. Motil further noted that as a public body, we need an attorney sitting at the table every month. As issues come up periodically, we may need to consult with attorneys for guidance. Mr. Sterman voiced a concern about the significant cost that would be incurred for attorneys to be present at every meeting.

Adjournment

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

Respectfully submitted,

James Pennekamp,
Secretary/Treasurer, Board of Directors

DRAFT

Progress Report
December 15, 2010
SW IL Levee System

By Jay Martin



Major Areas

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



Program Management



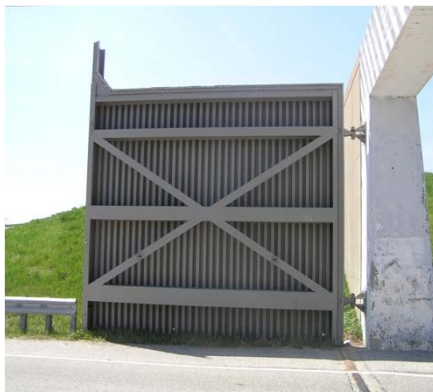
- Health and Safety
 - No reportable incidents project to date.
- Weekly calls with the USACE (and periodic meetings) to coordinate and share information
 - Levee teams talking
 - Disciplines
 - Permitting
 - Schedules – developing a merged document
 - Overlap – comparing our 100 yr solutions to the USACE 500 yr
 - Design submittal process

3

Program Management



- 99% of Subcontractor Master Service Agreements are executed (relief well testing contracts remain)
- Initial Task Orders executed with all subcontractors



4

Field activities
(developing data for both evaluation and design)



	Wood River	MESD	PdP/FL
SPT (LF)	1890	3856	2925
CPT (LF)	7550	6955	6300
SONIC (LF)	910	190*	N/A
% Complete (# of borings)	85% (134) (cut off walls)	80% (202) (berms, deep cut off walls)	100% (155)
Geophysical	Complete	Complete	Complete
ROE	√	Two properties	√

Preliminary Design and Evaluation Activities



	WR	MESD	PdP/FL
H&H (freeboard)	√	√	√
Geotechnical (including field)	■	■	■
Under seepage	√	√	√
Through seepage	●	●	●
Stability	●	●	●
Civil	●	●	●
Cultural Resources	●	●	●
Wetlands	●	●	●
Environmental – Haz Waste	●	●	●
Relief Wells	●	●	●
Evaluation Report	■	■	■

- Started (0 - 20%)
- In process (20 - 80%)
- √ Nearly complete (80%+)

Preliminary Design and Evaluation Activities – All Levees



- Water Resources - H&H (AMEC) analysis is complete. Flank levee freeboard, develop break-point between where MS River backwater controls WSE (final freeboard in December for areas controlled by headwater flooding).
- Geotechnical Engineering - Under-seepage analysis continues. Through seepage and stability analysis began. Continued to review boring logs, assign/evaluate laboratory data and review geophysical results.
- Civil Engineering - Continue developing base maps. Field visits for review.
- Wetlands - developed constraint maps for environmental, cultural and wetlands areas.
- Environmental Engineering – WR, MESD, PdP/FL
- Cultural Resources - We are developing a strategy for a path forward.
- Relief well inventory complete.
- Addressing issues identified in the levee evaluation report.

7

Schedule



- Wood River – Continue to revise schedule that will reflect the changed scope considering what construction the COE has underway. Critical path elements are cut off walls and flank levee evaluation. We expect to meet the March, 2011 goal for 30% design.
- MESD – Currently the critical path elements are complete Phase I drilling within the berm areas and development of berm footprints:
 - December 22 – complete berm design for the southwest corner of the MESD levee, along both the front levee and the flank levee
 - January 5 - complete berm design for the riverfront levee located several thousand feet north of the first levee
 - Complete berm design for the remaining areas located within MESD
- PdP/FL – A milestone schedule to meet the March, 2011 deadline has been developed.

8

Budget



- Third invoice prepared for Les
- Budget status
 - Program Management \$142,000 spent, 9.6% of budget
 - Preliminary Design \$603,000 spent, 21.0% of budget
 - Preliminary Construction \$917,000 spent, 18.6% of budget
- Wood River – No issues have been identified that would cause an overrun.
- MESD – Currently expected to be complete within or under budget. However, the cost for treating potentially contaminated water or disposal of environmentally contaminated soils is unknown.
- PdP/FL – Currently expected to be complete within or under budget.

9

Issues & Concerns



- Weather – grace period is over!
- Relief well testing – management of discharge, ongoing. Pricing from contractors, permitting identified
- Review concepts for Wanda Road near railroad, and the need to widen railroad berm and develop an operating agreement for O&M (driven by H&H).
- Potential schedule impacts in MESD
- Cultural resources – strategy, meet with SHPO
- Coordination with the Corps – maximize efforts
- Chair of Rocks and Mel Price

10

Look Ahead – Wood River



- Continue to coordinate with COE on deficiencies already being addressed.
- Complete Phase I borings.
- Continue cut-off wall analysis for elbow area.
- Identify additional exploration that is needed and begin Phase II work.
- Finalize plan for relief well testing.
- Continue to refine seepage berm locations.
- Review H&H analysis impact on freeboard.

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Look Ahead – MESD



- Complete Phase I borings, seepage berms and cut off walls.
- Identify Phase II borings.
- Address environmental issues with contaminated water and soil (investigation derived waste) and identify disposal plan including receiving location for materials.
- Finalize plan for testing/pumping of relief wells prior to capacity testing.
- Refine seepage berm locations.
- Begin analysis of cut off walls.
- Civil: Continue survey work and create base maps and survey strip maps; begin field survey to acquire missing data.

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- Collaborate with USACE to stay abreast of potential overlapping/conflicting solutions footprints.
- Water Resources: Evaluate H&H analysis results along flank levee.
- Civil Engineering: Complete base maps, begin incorporating multi-discipline information onto maps.
- Environmental Engineering: No action planned.
- Cultural Resources: Provide SCI report to SHPO for approval. Develop work plan for surveying the remaining 5% of corridor.
- Geotechnical Engineering: Evaluate subsurface data and develop embankment models to evaluate through-seepage. Begin fine-tuning seepage berm footprint.
- Begin Phase II exploration.

QUESTIONS?





Memo to: Board of Directors
From: Les Sterman
Subject: Program Status Report
Date: January 14, 2010

Design/Construction

Borings to produce the necessary subsurface data to support the design are nearly complete. Difficulty in negotiating site access agreements with Conoco Phillips in the Cahokia area is delaying some key borings. Approvals are now being sought through the hierarchy of the company, a process that may take some time to conclude.

During the last month, I executed an agreement with the Corps of Engineers to provide dedicated part-time staffing to serve as a liaison with the Corps. The primary purpose of this arrangement is to expedite permits and provision of design data, and also to coordinate project schedules and activities to assure a seamless relationship between design and construction activities of the two organizations. Teresa King from the Corps is working with us to anticipate and address potential schedule challenges.

We received three proposals on December 3 in response to our RFP to provide project management oversight. A selection committee met on January 12 and has made a recommendation to the Board for approval at the January meeting. As soon as the Board approves the selection I will negotiate a scope and cost and execute a contract.

In the next two weeks, we expect to receive the results of the Corps of Engineers inspection of the MESD levees and we are told to expect that there will be some items that are determined to be unacceptable. If these items are not addressed in 60 days, the Corps can declare the District as inactive in the PL 84-99 emergency levee repair program. Much like the issue we addressed in Prairie DuPont/Fish Lake, any such findings must be dealt with immediately. We will assist the MESD staff in any way that we can to resolve any negative inspection findings.

Financing

We successfully invested the proceeds on our bonds with BB&T Bank and Deutsch Bank. We are now paying our bills with the proceeds of the bond issue.

Legislation

I have been working with the Corps and with members of our Congressional delegation on some legislative proposals that will help us advance our project as well as provide resources for future federal projects. We will also want to renew our call for legislation to postpone the imposition of new flood insurance rate maps and mandatory flood insurance. In the absence of such legislation or successful legal action, the new maps will become official at the end of this year.

As a demonstration of the significant economic damage that is being done to our area, I have recently been in discussions with developers concerning a major new warehouse user in the Gateway Commerce Park that has been denied flood insurance by FM Global, the largest commercial provider of such insurance. Because of this situation, the firm will now locate in Missouri. In my opinion FM Global has an exaggerated understanding of the risk because of pronouncements by the Corps and by FEMA, and doesn't fully understand the extent of our efforts to improve flood protection. I am working to schedule a meeting with FM Global to explain the situation.

Legal

Our attorneys have been working with the court and with opposing legal counsel from the Justice Department to expedite the proceedings in our suit against FEMA. We expect FEMA to make a motion to dismiss our case in the near future and our attorneys are preparing the material to oppose such a motion. We have renewed our request for the administrative record that supports the deaccreditation decision and we are told that it will be forthcoming "soon." There are still several outstanding FOIA requests of both FEMA and the Corps.

Project Administration

Draft audits for 2009 and 2010 have been completed by Scheffel and Co. and will be presented to the Board at the January meeting.

The Park and Recreation District has proposed a renewal of our no-cost lease for our office space. It appears that this space will meeting our needs for the foreseeable future, so I will ask the Board to approve the lease renewal at the January meeting. We have also worked out a cost-sharing arrangement for a large format printer in the office so I will be able to print engineering drawings to maintain in the office.

I have concluded that it is time for the Council to have its own website to be able to communicate with the public about the project and to have a place to advertise requests for bids and proposals. A proposal to develop the site will be considered at the January Board meeting.

Other

In December I met with the developers and owners of property in Gateway Commerce Center about the effects of levee deaccreditation on the insurability of buildings and contents in this large transportation/distribution center. FM Global, the largest commercial provider of flood insurance to tenants on the site has recently raised doubts about flood protection, a concern that may already have driven away one large prospective tenant. In my opinion may have an inappropriate understanding of the risk because of pronouncements by the Corps and by FEMA,

and doesn't fully understand the extent of our efforts to improve flood protection. Along with representatives of our design team, I recently met with the engineers from FM Global to review the status of the project and to discuss the condition of the flood protection system. It was a productive meeting and we agreed to share information with them as the project moves ahead. It is my hope that having up-to-date and accurate information will help support reasonable judgments about risk of flooding and will allow critical development to move forward during the time that levee improvements are being made.



Memo to: Board of Directors
From: Les Sterman
Subject: Budget Report through December 31, 2010
Date: January 17, 2010

Attached is the budget report for December 2010. It includes a comparison between the new year and the year ended on September 30. Accrued expenditures for the fiscal year are \$6,511,155. About half of that total is reimbursement of advance funding from St. Clair and Madison County. Bond issuance costs were about \$1.3 million with most of the remainder for design and construction. The largest components of the latter were cost-share on Corps projects in Wood River and Prairie DuPont, and bond issuance costs.

Significant variances from the budgeted amounts are in the revenue category, where bond proceeds are about \$11.6 million higher than budgeted because favorable market conditions led to a decision to sell more bonds than originally estimated. That additional amount is partially offset by lower sales tax proceeds, as those funds are not coming to the Council, but are intercepted by the Trustee to pay principal and interest on bonds, Council administrative costs and some bond issuance costs. There is a significant variance on the expenditure side in bond issuance costs, which were underbudgeted because the costs from the conduit issuer (SWIDA) were inadvertently not budgeted, and underwriting fees were higher due to the additional amount of bonds that were sold.

In 2009, an estimated \$10.3 million was collected in FPD sales taxes in the three counties, a total slightly higher than projected earlier in the year. For the first ten months of 2010, sales tax collections are about 7.5% higher than the same period in 2009. October's receipts were about 5% higher than in 2009, so the trend remains positive. We are on track to collect close to \$11 million in 2010 receipts, depending on how holiday season retail sales fared. Interestingly, the county share of tax receipts between Madison and St. Clair counties is almost identical at about 48%.

All sales tax receipts are now being intercepted and forwarded to the Trustee, who will use those funds to make principal and interest payments on bonds, to pay design and construction costs and to pay for the Council's budgeted administrative costs. Residual funds will then be returned to the counties' FPD sales tax funds.

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

	Budget Period October 2010 - September 2011			Prior Year		
	Approved Budget	October 1, 2010 thru December 31, 2010	Balance Remaining	Approved Budget	October 1, 2009 thru September 30, 2010	Balance Remaining
<u>Budget Summary</u>						
Resources						
Flood Prevention Tax Proceeds	\$10,510,886	\$4,497,950	\$6,012,936	\$37,007,652	\$7,809,955	\$29,197,697
Bond Proceeds	84,268,762	95,863,994	(11,595,232)	110,000,000	95,863,994	\$14,136,006
Interest Income	335,060	993	334,067	1,200,000	2,162	\$1,197,838
Other Contributions	-	-	-	80,000	75,921	\$4,079
Total Resources	<u>\$95,114,708</u>	<u>\$100,362,937</u>	<u>-\$5,248,229</u>	<u>\$148,287,652</u>	<u>\$103,752,032</u>	<u>\$44,535,620</u>
Expenditures						
Design and Construction	\$58,248,265	\$1,881,560	\$56,366,705	\$27,010,000	\$7,166,332	\$19,843,668
Professional Services	286,833	41,754	245,079	130,000	517,466	(387,466)
Bond Issuance Costs	1,152,000	1,289,739	(137,739)	-	-	-
Reimbursement of Advance Funding	3,501,778	3,241,072	260,706	1,750,890	-	1,750,890
Debt Service	10,718,389	-	10,718,389	6,600,000	-	6,600,000
General and Administrative Costs	248,355	57,030	191,325	228,345	204,240	24,105
Contingency	-	-	-	1,368,417	-	1,368,417
Total Expenditures	<u>\$74,155,620</u>	<u>\$6,511,155</u>	<u>\$67,644,465</u>	<u>\$37,087,652</u>	<u>\$7,888,038</u>	<u>\$29,199,614</u>

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

	Budget Period October 2010 - September 2011			Prior Year		
	Approved Budget	October 1, 2010 thru December 31, 2010	Balance Remaining	Approved Budget	October 1, 2009 thru September 30, 2010	Balance Remaining
<u>Resources</u>						
<i>Flood Prevention Occupation</i>						
<i>Tax Proceeds</i>						
St. Clair	\$5,130,239	\$2,210,033	\$2,920,206	\$18,503,826	\$3,904,978	\$3,077,364
Madison	4,900,790	\$2,083,380	\$2,817,410	\$17,023,520	3,592,579	\$2,961,994
Monroe	479,857	\$204,537	\$275,320	\$1,480,306	312,398	\$287,892
Subtotal Tax Proceeds	10,510,886	\$4,497,950	\$6,012,936	\$37,007,652	\$7,809,955	\$6,327,249
<i>Bond Proceeds ⁽¹⁾</i>	84,268,762	95,863,994	(11,595,232)	110,000,000	95,863,994	(11,595,232)
<i>Interest Income</i>	335,060	993	334,067	1,200,000	2,162	333,846
<i>Other Contributions</i>						
St. Clair		-	-	25,000	37,959	16,525
Madison		-	-	25,000	34,924	19,203
Monroe		-	-	5,000	3,038	7,322
Other				25,000		
Subtotal Other Contributions	-	-	-	80,000	75,921	43,050
Total Resources	\$95,114,708	\$100,362,937	-\$5,248,229	\$148,287,652	\$103,752,032	-\$4,891,087
<u>EXPENDITURES</u>						
Design and Construction						
<i>Flood Prevention District Council Design and Construction Costs</i>						
<i>Engineering Design & Construction</i>						
Management	\$ 6,598,265	\$ 533,454	\$ 6,064,811	\$ 75,000	\$ 535,845	\$ (460,845)
Construction	50,000,000	210,542	49,789,458	20,000,000	423,974	19,576,026
<i>Construction and design by US ACE - Federal Cost-Share</i>						
Wood River	600,000	591,231	8,769	6,935,000	6,066,846	868,154
MESD ⁽²⁾	450,000		450,000		-	-
Prairie DuPont/Fish Lake ⁽³⁾	600,000	546,333	53,667	-	139,667	(139,667)
	58,248,265	1,881,560	56,366,705	27,010,000	7,166,332	19,843,668

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

	Budget Period October 2010 - September 2011			Prior Year		
	Approved Budget	October 1, 2010 thru December 31, 2010	Balance Remaining	Approved Budget	October 1, 2009 thru September 30, 2010	Balance Remaining
Professional Services						
Legal & Legislative Consulting	126,000	41,754	84,246	20,000	206,353	(186,353)
Construction Oversight	140,833	-	140,833	-	-	-
Impact Analysis/Research ⁽⁴⁾	20,000	-	20,000	50,000	13,616	36,384
Financial Advisor		-	-	60,000	297,497	(237,497)
	286,833	41,754	245,079	130,000	517,466	(387,466)
Bond Issuance Costs						
Underwriter's fees	536,000	642,362	(106,362)			
Underwriter's Counsel	80,000	99,775	(19,775)			
Issuer's Counsel	10,000	7,500	2,500			
Bond Counsel	330,000	330,000	-			
Financial Advisor	105,000	30,000	75,000			
Rating Agencies fees	81,000	85,300	(4,300)			
Trustee fee	5,000	-	5,000			
Printing	5,000	1,273	3,727			
Conduit Issuer's fees	-	93,529	(93,529)			
	1,152,000	1,289,739	(137,739)			
Reimbursement of Advance Funding						
St. Clair	1,241,796	1,241,796	-	620,898	-	620,898
Madison	1,999,276	1,999,276	-	999,638	-	999,638
Monroe	260,706	-	260,706	130,354	-	130,354
	3,501,778	3,241,072	260,706	1,750,890	-	1,750,890
Debt Service						
Supplemental Bond Reserve Fund ⁽⁵⁾	5,731,238	-	5,731,238			-
Principal and Interest	6,267,037	-	6,267,037	6,600,000		6,600,000
Federal Interest Subsidy	(1,279,886)	-	(1,279,886)			-
	10,718,389	-	10,718,389	6,600,000	-	6,600,000
Subtotal	\$73,907,265	6,454,125	67,453,140	35,490,890	7,683,798	27,807,092

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

	Budget Period October 2010 - September 2011			Prior Year		
	Approved Budget	October 1, 2010 thru December 31, 2010	Balance Remaining	Approved Budget	October 1, 2009 thru September 30, 2010	Balance Remaining
General and Administrative Costs						
Salaries, benefits	183,885	42,799	141,086	169,044	175,491	(6,447)
Advertising	2,500	-	2,500	630	-	630
Bank service charges	420	122	298	600	357	243
Conference registration	700	-	700	500	-	500
Equipment and software	3,800	2,285	1,515	1,000	1,077	(77)
Fiscal agency services (EWG)	16,500	6,765	9,735	11,367	8,160	3,207
Furniture	1,000	641	359	1,200	-	1,200
Meeting expenses	400	-	400	600	242	358
Miscellaneous startup expenses	-	-	-	250	600	(350)
Office rental	7,200	-	7,200	-	-	-
Postage/delivery	500	84	416	180	307	(127)
Printing/photocopies	1,350	-	1,350	400	220	180
Professional services	12,500	-	12,500	24,000	4,725	19,275
Publications/subscriptions	200	-	200	200	139	61
Supplies	1,260	783	477	250	1,023	(773)
Telecommunications/internet	3,190	691	2,499	2,660	3,386	(726)
Travel	8,200	1,821	6,379	12,464	8,113	4,351
Other business expenses	1,750	61	1,689	1,000	400	600
Insurance	3,000	978	2,022	2,000	-	2,000
Subtotal	<u>\$248,355</u>	<u>\$57,030</u>	<u>\$191,325</u>	<u>\$228,345</u>	<u>\$204,240</u>	<u>\$24,105</u>
Contingency				1,368,417.0		1,368,417
Total Expenditures	<u>\$74,155,620</u>	<u>\$6,511,155</u>	<u>\$67,644,465</u>	<u>\$37,087,652</u>	<u>\$7,888,038</u>	<u>\$27,831,197</u>

Notes

- (1) Par value of bonds issued plus premium
- (2) Share to be paid from MESD resources until exhausted
- (3) FY2011 amount to be determined
- (4) Various analysis and research efforts
- (5) Contractually required reserve trust funds held for the benefit of the bond issuer and bondholders

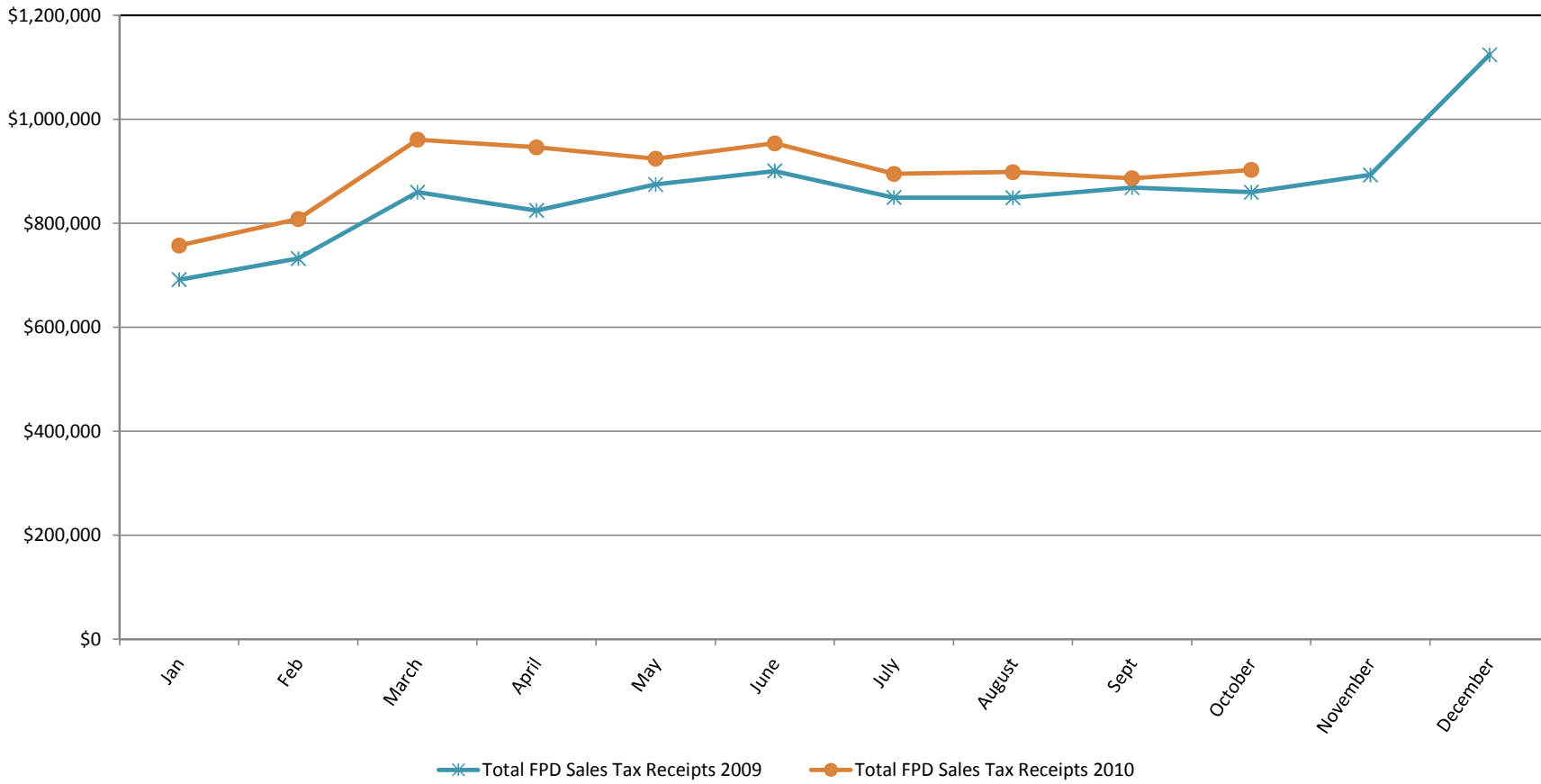
Southwestern Illinois Flood Protection District Council
 Comparison of Budget to Actual (accrual basis)
 December 31, 2010

Budget Period October 2010 - September 2011			Prior Year		
Approved Budget	October 1, 2010 thru December 31, 2010	Balance Remaining	Approved Budget	October 1, 2009 thru September 30, 2010	Balance Remaining

Flood Prevention District Sales Tax Trends

	Jan	Feb	March	April	May	June	July	August	Sept	October	November	December	Total	County Share
Madison	\$321,968	\$336,765	\$397,425	\$387,385	\$414,350	\$421,402	\$399,616	\$401,188	\$400,090	\$404,847	\$405,930	\$492,814	\$4,783,780	0.463
St. Clair	\$337,979	\$362,696	\$424,556	\$398,395	\$419,126	\$438,230	\$411,968	\$410,484	\$429,852	\$412,637	\$446,806	\$581,721	\$5,074,450	0.491
Monroe	\$31,641	\$32,903	\$37,830	\$38,757	\$41,326	\$40,847	\$37,817	\$37,497	\$38,652	\$42,270	\$40,332	\$49,755	\$469,627	0.045
Total Month	\$691,588	\$732,364	\$859,811	\$824,537	\$874,802	\$900,479	\$849,401	\$849,169	\$868,594	\$859,754	\$893,068	\$1,124,290	\$10,327,857	
Cumulative Total	\$691,588	\$1,423,952	\$2,283,763	\$3,108,300	\$3,983,102	\$4,883,581	\$5,732,982	\$6,582,151	\$7,450,745	\$8,310,499	\$9,203,567	\$10,327,857		
Madison	\$353,146	\$374,416	\$456,795	\$462,697	\$440,815	\$452,308	\$427,329	\$433,047	\$419,455	430,210			\$4,250,218	0.476
St. Clair	\$367,458	\$399,480	\$464,089	\$439,748	\$439,139	\$458,299	\$421,447	\$423,718	\$424,971	\$429,581			\$4,267,930	0.478
Monroe	\$36,770	\$34,324	\$39,884	\$43,769	\$44,358	\$43,102	\$46,499	\$41,816	\$42,207	\$42,746			\$415,475	0.047
Total Month	\$757,374	\$808,220	\$960,768	\$946,214	\$924,312	\$953,709	\$895,275	\$898,581	\$886,633	\$902,537			\$8,933,623	
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				
% change/month	9.51%	10.36%	11.74%	14.8%	5.7%	5.9%	5.4%	5.8%	2.1%	5.0%				
% change/total	9.51%	9.95%	10.62%	11.72%	10.39%	9.56%	8.95%	8.54%	7.79%	7.50%				

FPD Sales Tax Trends Actual Receipts 2009-2010





Memo to: Board of Directors
From: Les Sterman
Subject: December 2010 Disbursements
Date: January 17, 2010

Total disbursements for December 2010 were \$1.39 million. The largest payments were to the Corps of Engineers for cost share in the Prairie DuPont/Fish Lake levee districts for completion of the Limited Reevaluation Report, to Chapman and Cutler for bond counsel fees, and to Gilmore and Bell for underwriter's counsel fees. There were several other fees paid in December related to bond issuance.

Large payments were received from Madison and St. Clair counties that will be used to pay back the advance funding from those counties under the policy adopted by the Board in November.

Recommendation: Accept disbursement report.

Southwestern Illinois Flood Prevention District Council
Bank Transactions
December 2010

Beginning Bank Balance: \$ 400,379.96

Receipts:

Customer:	Date		Amount
St. Clair County FPD	12/06/2010	Inv 38-A, 39	400,057.57
Micro Center	12/07/2010	refund-return computer components	16.41
Monroe County FPD	12/08/2010	Inv 38-A, 39	34,635.40
Madison County FPD	12/08/2010	Inv 40	241,417.96
Madison County FPD	12/17/2010	Inv 40-A, 41, 42	1,843,413.91
St. Clair County FPD	12/21/2010	Inv 40, 40A, 41	1,265,464.96
The Bank of Edwardsville	12/31/2010	Interest Earned	763.34
Total			3,785,769.55

Disbursements:

Payee:	Date		Amount
FedEx	12/02/2010	delivery bond docs	20.78
Office Depot	12/03/2010	office furniture-chair	172.78
Micro Center	12/06/2010	computer components	404.86
Micro Center	12/07/2010	computer components	49.21
Micro Center	12/07/2010	computer components	103.94
Micro Center	12/07/2010	computer components	289.96
Micro Center	12/07/2010	computer components	388.42
Logmein.com	12/10/2010	software	36.04
Micro Center	12/13/2010	computer components	54.70
Ztech Software	12/15/2010	computer software	129.99
The Bank of Edwardsville	12/15/2010	debit card service fee	30.00
USACE	12/17/2010	remaining pmt/Prairie DuPont levee prog.	536,333.00
The Bank of Edwardsville	12/17/2010	wire transfer fee	20.00
Dorgan McPike	12/21/2010	Nov, Dec Invs	6,000.00
AMEC Earth & Environmental, Inc.	12/21/2010	Inv N12369168, N12369169, N12369191	198,974.02
Financial Printing Resource	12/21/2010	,Inv 38758	1,272.80
Gilmore & Bell,	12/21/2010	Inv 11883	99,775.00
Chapman and Cutler	12/21/2010	Inv 30-7344, 30-7735	370,000.00
SWIDA	12/21/2010	, Inv 902	53,529.16
Metroeast Park & Recreation District	12/21/2010	Inv. 74	467.95
Sprague & Urban	12/21/2010	11/23/10 bond issue	7,500.00
Husch Blackwell	12/21/2010	N12369170AMEC, 1774339	80,323.91
East West Gateway Council of Govts.	12/21/2010	Inv 7-FIR,9-CE/M, 16-ADM, 17-ADM	34,715.78
The Bank of Edwardsville	12/31/2010	bank service fee	17.36

Total 1,390,609.66

Ending Bank Balance \$ 2,795,539.85



Memo to: Board of Directors
From: Les Sterman
Subject: Fiscal Years 2009 and 2010 Audits
Date: January 14, 2011

Scheffel and Company is nearing completion of our financial audits for 2009 and 2010. As the first audit for a new (and somewhat unique) organization, our auditor and fiscal agent have worked hard to assemble all of the information in a relatively brief period of time. A draft of the audit will be presented at the Board meeting for your review. We need to finalize the audit by the end of January to provide to the bond rating agencies.



Memo to: Board of Directors
From: Project Management Oversight Consultant Selection Committee
Subject: Recommended Consultant Selection
Date: January 13, 2011

A group of Board members met on January 12, 2011 to consider the proposals submitted to provide project management oversight services to the Council. This group was supplemented by David Cornell, a retired engineering professional who has assisted the Council in the past in the selection of consultants. Attendees at this meeting included the following:

Dan Maher
Jim Pennekamp
Tom Long
David Cornell
David Baxmeyer

Joe Parente also volunteered to take part in the selection but could not be present at the meeting.

This memo summarizes the consensus of the group.

Background

The business model for the levee improvement project is to have a very small staff that will facilitate work by a team of private consultants and contractors. The purpose of this approach is to apply the maximum resources to the project, while reducing any long-term commitments to internal staffing and organization. Through a competitive process the Council retained a consulting team led by AMEC Earth & Environmental to provide design, construction management, and program administration for the project. This team is essentially an extension of our staff for the project and will be responsible for the primary project implementation activities. The AMEC team has been working on the project for several months and has established a strong management framework for the project.

Because the internal staff of the Council is limited and so much responsibility has been entrusted to our design consultants, it is prudent to have some independent capability to provide oversight, particularly in dealing with critical schedule and cost issues. The goal is not to second-guess the AMEC team on design issues, but to provide better understanding and critical oversight of decisions that will affect the schedule and cost of the project, functions that might normally be

the role of in-house staff. The PMO consultant will advise both the Chief Supervisor and the Board.

While the PMO consultant will need to have a working familiarity with the design issues, the focus will be on project management skills, particularly on organization, scheduling, and cost-estimation. The Council should be able to independently determine whether schedule and cost goals are being met, to assess major risks in meeting those goals, and to determine whether our design consultants are complying with contract terms. The PMO consultant is, in effect, a second set of “eyes” on the project. About \$100,000 has been included in our 2010-2011 budget for this purpose, which is a very small portion of our overall expenditures. This would be a one-year contract, renewable annually, so we can assess the benefit of this work after the first year to determine if there is sufficient added value before renewing the contract.

Description of the Solicitation Process

On November 4, 2010 the Council issued a request-for-proposal for Levee System Project Management Oversight. Two consultants (Campion and Oates) asked to meet with the Chief Supervisor to answer questions and to better understand the goals for the PMO consultant, and he did meet with them.

On December 3, the Council received three responses from area consulting firms to provide the requested services:

Kuhlmann Design Group
Oates Associates
Campion Group/ Shively Geotechnical/ Thovenot, Wade, & Moerchen

Electronic copies of the proposal were sent out to the members of the FPD Board and key staff members, and volunteers were sought to serve on a selection panel. An evaluation form was subsequently provided to the members of the panel.

The selection panel met on January 12 to discuss the proposals and determine if interviews should be held with one or more of the respondents. Based on the consensus at the meeting a recommendation is being presented to the Board for consideration.

Summary of the Proposals

Each of the respondents has the basic qualifications for the assignment, but their approaches to the work are quite different.

The Kuhlmann (KdG) proposal puts significantly more focus on the Council’s relationship with the Corps of Engineers and the sequencing of work leading to the 500-year level of flood protection. KdG’s project manager and principal advisor are former staff members of the Corps, so that focus is understandable. They view managing the relationship between the Council and the Corps as fundamental to a successful project. However, many of the tasks they propose were not requested in the RFP and would be duplicative of existing work.

KdG's project manager is David Leake, who spent most of his career with the Corps, most recently as head of the project management branch at the St. Louis District. The proposal envisions co-locating Mr. Leake in the Council's offices. Other assigned staff would include Dan Wilson, who had various leadership positions at the Corps, including a stint as Commander of the St. Louis District. They would be supported by staff members specializing in civil and geotechnical engineering.

Principal tasks proposed by KdG are:

1. Prepare an integrated master schedule to align the 100 and 500-year projects.
2. Facilitate cost sharing eligibility to support the use of expenditures on the 100-year solution as match for the 500-year project.
3. Assure consistent technical criteria to align the design process between the Council and the Corps.
4. Monitor key schedule and cost milestones for the project.
5. Develop and use metrics and measures to assess progress toward cost and schedule goals.
6. Identify and implement communication strategies between and among the various parties.
7. Identify risks associated with meeting cost and schedule goals.
8. Monitor contract compliance.
9. Prepare a monthly progress report.
10. Offer advice regarding the best approach to construction of the 100-year levee improvements.
11. Assist in negotiating Project Partnership Agreements with the Corps.

The Champion/Shively/TWM (CST) proposal is focused principally on effective project management techniques and identification of risk, supported by external peer reviews of the project design. The proposal describes a number of project management, cost control and scheduling techniques that the team would use to help identify risks and provide the Council with better information to make decisions about managing the project.

The project manager for the CST team is Doug Campion, who is a recognized expert in project management, although much of his experience is on large transportation projects. His background is supplemented by John Shively, who is well-known for his expertise in geotechnical engineering. TWM brings a varied background in all phases of civil works and project management.

The scope of work responds to the Council's requested tasks as follows:

1. Refine and augment the project management plan developed by AMEC to include a detailed Work Breakdown Structure to provide a traceable record of work tasks and performance metrics.
2. Develop reporting and record-keeping procedures to effectively measure performance and support early identification of problem areas.
3. Develop and implement a process to identify scope, schedule and cost risks.

4. Document the baseline project definition to assure that the project design is fully vetted through value engineering and a thorough constructability review.
5. Provide administrative support by monitoring the quality of the deliverables, the status of budgets and progress of the project.
6. Prepare independent monthly progress reports.

The Oates Associates (OA) proposal provides a very limited scope of work that responds to the Council's outline request. David Oates, who is a well-respected local engineer and former owner of the firm (recently retired from that role) is the project manager. He is supported by other members of the firm who are experienced in stormwater engineering and civil works.

The OA proposal puts more emphasis on the general qualifications of the firm and the assigned staff than the scope of work. A very limited scope of work is provided, but it simply follows the Council's outline provided in the RFP.

Each of the proposals indicates a willingness to perform the work for the budgeted cost (\$100,000 annually), although the KdG and CST proposals imply that their proposed scope might not be achievable for that amount.

Analysis of the Proposals

The KdG and CST proposals are clearly more extensive and detailed than that provided by OA. The experience of KdG and CST staff on large and complex projects is also deeper than that described in the OA proposal.

The primary intent of this contract is to support the internal project management function of the Council and to supplement, rather than supplant, AMEC's management and design activities. In that respect the CST proposal was far more on-point than that submitted by KdG. The KdG proposed scope included a number of tasks that responded to, as they described it, our "inferred needs," rather than what we requested. This is understandable, because that approach tilts toward the unique experiences of the project manager and assigned staff, but it really isn't consistent with the approach to the project that we have developed over the last year.

In the view of the group, the KdG proposal puts far too much emphasis on aligning our work with the Corps of Engineers' ongoing efforts. The Council fully recognizes that need, as does the Corps, and we have taken steps already to address it. Our shared staffing arrangement and joint legislative initiatives specifically respond to this aspect of the project. The Corps is working with the Council to develop a joint master schedule for example, and we have jointly developed a legislative proposal to facilitate the recognition of work-in-kind.

The CST proposal puts emphasis on organization, documentation and reporting as a means to better understand the progress of the project and to identify potential problems and risks. It also relies on accepted and cost effective peer review techniques to assess the design. There is some question, however, whether the tasks described in the CST scope of work can be fully executed for the budget that we have assigned to this project.

Each of the attendees at the meeting, along with Joe Parente, completed an evaluation form that was based on the evaluation criteria included in the request for proposal (see Figure 1). Points were assigned based on relative degree to which each proposal met the prescribed criteria. The results of the five completed evaluations are shown below.

Consultant	Mean Score
Campion/Shively/TWM	92.0
Kuhlmann	85.6
Oates	82.4

While the consultants that responded to the Council’s RFP are all qualified for this work, on balance the understanding of the Council’s needs and the approach to the project are better represented in the CST proposal. This conclusion was reflected both in the discussion of the proposals by the selection panel and in the quantitative scoring of the proposals.

Recommendation

The panel recommends that the Chief Supervisor be authorized to negotiate and execute a contract with the Campion Group, LLC and subcontractors Shively Geotechnical and Thouvenot, Wade & Moerchen, Inc. to provide project management oversight at a cost not to exceed \$100,000 for a period to conclude September 30, 2011. At the conclusion of that period the Council will consider annual renewals of the contract for amounts to be negotiated.



Memo to: Board of Directors
From: Les Sterman
Subject: Development of FPD Council Website
Date: January 14, 2011

As the Council ramps up design and construction activities in the near future, it will be important to have a means to communicate with community leaders, the public, affected property owners, the development community, and other interested groups. Information about the progress of the project, flood insurance issues and other related matters would be available on the website. My goal is to use this technology as one means to maintain a commitment to transparency for the project. We will also need a mechanism to post requests for bids and proposals for contractors.

Up until now we have made limited use of a site set up by East-West Gateway, www.swillinoislevees.org, to post reports and other information, but that site was set up in 2008 primarily to create a public awareness of the flood protection issue and to provide information about flood insurance. Most of the information on the site is out of date or not germane to the current project. With the formation of the St. Louis Metro East Levee Issues Alliance a new website was developed, www.stlmetroeastlevees.org, that supports the legislative and legal advocacy functions for which the Alliance was created. That site is maintained by the Leadership Council Southwestern Illinois.

The goal is to develop a simple website for the Council that will be used primarily to provide information on the organization's current activities, to post public announcements, and to advertise requests for bids and proposals. The site will be set up such that I can post updates, so that other than hosting, any costs after the initial development will be minimal.

Because the Hauser Group has been engaged in the flood protection issue on behalf of the Leadership Council and has already developed the Levee Issues Alliance website, I concluded that they would likely be the most cost-effective alternative to develop the new site. I asked Julie Hauser to provide a proposal for us to consider. That proposal is attached.

Estimated cost of developing the site as described in the proposal is between \$7,000 and \$8,500 plus production expenses (which should be minimal). Based on our experience with the Levee Issues Alliance website, the quality of work from the Hauser Group is excellent and because of their previous experience with the subject matter they can work very cost-effectively and quickly on this assignment.

Recommendation: Authorize the Chief Supervisor to enter into contract with the Hauser Group to develop a website for the FPD Council at a cost not to exceed \$8,500 plus production expenses.



November 30, 2010

To: Les Sterman
Flood Prevention District Council

Fr: Julie Hauser
The Hauser Group

Re: New Website for Flood Prevention District Council

Les, thanks again for your interest in working with The Hauser Group to develop a new website for the Flood Prevention District (FPD) Council. It is our understanding that the goal of the website is to keep key constituent groups informed regarding the progress being made by the FPD Council as it continues its work to have the Metro East levees recertified.

As a follow up to our prior discussion, I've prepared the following scope of work and estimate for the proposed services. I've also attached a rough draft outline for the website, upon which the design portion of the estimate is based. We understand that the outline is preliminary and requires further input from you, but we needed to start somewhere in order to develop our estimate.

While The Hauser Group will take the lead and be responsible for project management and content development, Justen Hong of Visual Allure, a Collinsville-based design firm, will provide all of the design and coding services. We've worked with Justen on various website projects over the years, including the recently launched site for the Levee Issues Alliance (www.sltmetroeastlevees.org) and the website for the St. Louis Regional Clean Air Partnership (www.cleanairstlouis.com), and are confident that he will deliver an excellent site that effectively meets your needs. As requested, the site will be developed using software that will make it easy for you to maintain it and make changes once it's live. To achieve that, Justen is recommending we create it in Word Press, the same software we used for the LIA site.

Please give me a call if you have any questions or concerns regarding the scope or the cost proposal. We look forward to the opportunity to work with you on this project.

Scope of Work

- Meet with client to review content on the original site created by East West Gateway to determine which elements need to be carried over to the new site and finalize site map/outline. Secure passwords necessary for our designer to be able to access the original site to copy off approved content for the new site.
- Based on approved outline, begin gathering up existing content and drafting elements that need to be created.
- Work with client to develop easy to remember name for the site and assist with domain name registration as required.
- Reach out to members of the engineering team to gather photos of work in progress or arrange a time to get some shots that can be used on the site.

- Collaborate with our designer on development of the design for the home page and sample interior page, secure feedback /input from client on design and finalize overall design approach before proceeding with site development.
- Upon approval of content for the site, collaborate with designer on formatting of all content and review for style, accuracy, etc. before sharing with client.
- Upon review/approval of overall content placement and flow by client, develop final punch list of remaining elements to be tweaked and handle final proofing before site is launched.
- Review site again immediately after launch to ensure that everything has posted properly and work with designer to handle any last minute issues.
- Conduct searches using various search engines to ensure that the site is optimized and showing up in targeted searches. (Note: It usually takes a few business days before new sites begin to appear.)
- Meet with client to demonstrate how to make various updates/edits to the website so that it can be maintained on the client side following the successful launch of the site. Provide all login and password information.

Timeline

We understand that the Flood Prevention District Council would like to have the new site up and running in the near future. We estimate that we would need 3-4 weeks from notification to proceed to complete all of the steps outlined in the proposed scope of work. However, depending on when we get the notice to proceed, the fact that we're in the midst of the holiday season may lead to a few extra days being required to compensate for any time that the client or project team members may be out of the office.

Professional Fees

Because we still need to finalize the outline, we can't yet fully determine how much original content may need to be developed and how much the existing content we'll be drawing on may need to be edited. With that in mind, I've provided a cost range for the services to be provided by the Hauser Group. Our designer has indicated that the bulk of their work is on the front end, developing the design and setting the content up in Word Press so it can easily be edited by the client down the line. The amount of content on each page doesn't impact the cost as much, so his bid is for a flat fee based on his experience of how much time it will take to develop the site. Should the project take less time than estimated, client will only be billed for time actually spent.

Project management, content gathering/development, coordination with designer, meeting time, etc.:	\$2,500 - \$4,000
Design & Coding:	\$4,500
Total:	\$7,000 - \$8,500

Out of pocket costs for domain name registration, any professional photography required, courier charges, color output (if needed during proofing), etc. will be billed to client at cost for reimbursement.



Memo to: Board of Directors
From: Les Sterman
Subject: Emergency Levee Repair in the Prairie DuPont and Fish Lake Districts
Date: January 13, 2010

At the December 2010 meeting, the Board approved a \$25,000 expenditure to inspect and line two gravity drains in the Fish Lake levee district. These deficient items were disclosed in a recent inspection by the Corps of Engineers that resulted in an “unacceptable” rating of the levee system. The expenditure was authorized because the failure to address these items immediately would result in the levee districts being removed from the Corps’ program to provide emergency operations and rehabilitation of flood control works, an action that would have significant consequences for the districts and for the Council.

Because of a misunderstanding with the levee districts, the earlier action did not include sufficient funding to address both gravity drains. The proper request should have been \$25,000 for *each* drain. The levee districts have now obtained actual bids for lining the two gravity drains and an invoice for the video inspection that revealed the extent of the problem.

I am therefore requesting authorization to reimburse the Prairie DuPont Drainage and Sanitary District \$47,750 to reline the two gravity drains that received the unacceptable rating from the Corps and an additional \$837.50 to pay for the video inspection. These repairs are consistent with the improvements being planned by AMEC, the costs are reasonable, and the improvements will have lasting value and contribute to the accomplishment of our overall project to achieve certification and accreditation. These repairs, therefore, will not result in a net increase in cost for the project.

Staff recommendation: Reimburse the Prairie DuPont levee district in an amount not to exceed \$48587.50 for their costs to repair two gravity drains.



Memo to: Board of Directors
From: Les Sterman
Subject: Renewal of Lease with Metro East Park and Recreation District
Date: January 14, 2011

When the Council began operations in July 2009 we explored a number of potential office locations and ultimately chose the offices of the Metro East Park and Recreation District because of its central location, the availability of good meeting facilities, and the District's willingness to provide space at no cost. This arrangement has worked out very well and the District has made available some additional space that can be used by our consultants or shared Corps of Engineers staff. Mike Buehlhorn and the other MEPRD staff have been extremely generous and hospitable and have worked to meet all of our organizational needs.

The District has offered to renew our lease for another year at the same terms.

Recommendation: Renew the Council's existing office lease with the Metro East Park and Recreation District. There are no changes to the terms and conditions of the current lease.

