

Some begin picking up pieces after flooding

By JIM SALTER
Associated Press

ST. LOUIS — The worst of the dangerous, deadly winter flood is over in the St. Louis area, leaving residents of several water-logged communities to spend the first day of 2016 assessing damage, cleaning up and figuring out how to bounce back — or in some cases, where to live.

Farther south, things were getting worse: Record and near-record crest predictions of the Mississippi River and levee breaks threatened homes in rural southern Missouri and Illinois. Two more levees succumbed Friday, bringing to at least 11 the number of levee failures.

The flood, fueled by more than 10 inches of rain over a three-day period that began last weekend, is blamed for 22 deaths. Searchers were still looking for five missing people — two teenagers in Illinois, two men in Missouri and a country music singer in Oklahoma.

On Friday, water from the Mississippi, Meramec and Missouri rivers was largely receding in the St. Louis area. Two major highways — Interstate 44 and Interstate 55 — reopened south of St. Louis,



In this aerial photo, homes are surrounded by floodwater, Wednesday in Pacific, Mo.

meaning commuters who return to work next week won't have hours-long detours. Some evacuees were allowed to return home.

But in the far southwestern tip of Illinois, the 500 or so people living behind the Len Small levee, which protects the hamlets of Olive Branch, Hodges Park, Unity and rural homes, were urged to move to higher ground after the Mississippi began pouring over the levee.

Alexander County Board Chairman Chalen Tatum said sandbagging efforts were cut off because it was simply too dangerous for the volunteers. Far more water is to come before the Sunday crest.

"It's going to get ugly," he said. In St. Mary, Missouri, a town of about 360 residents 50 miles south of St. Louis, neighbors and volunteers placed sandbags around homes after a small agricultural levee broke. The

Mississippi River was expected to crest there Saturday at about 3½ feet below the 1993 record.

The main culprit in the St. Louis region was the Meramec River, a relatively small Mississippi tributary. It had bombarded communities in the far southwestern reaches of the St. Louis suburbs during the week. By Friday, it was relenting, but not before some points topped the 1993 record by 4 feet.

Two wastewater treatment plants were so damaged by the floodwaters that raw sewage spewed into the river. A water plant closed at High Ridge.

Hundreds of people were evacuated in Pacific, Eureka, Valley Park and Arnold, and many of their homes took in water.

Among those were displaced were Damon Thorne, 44, and his 60-year-old mother, Linda, who live together in an Arnold mobile home park that washed away after a small private levee proved no match for the surging Meramec. For now, the Thornes are staying in a Red Cross shelter at a Baptist church.

"We're just basically homeless," Damon Thorne said. "We have nowhere to go."

In West Alton, Missouri, a

Mississippi River town that sits near the convergence with the also-elevated Missouri River just north of St. Louis, evacuees couldn't yet return because floodwaters continued to pour over the overwhelmed levee, Mayor Willie Richter said. He estimated that about three-quarters of the homes were damaged.

Nearly 1,000 residents left West Alton after the 1993 flood, never to return. Richter said some of the remaining 500 or so may leave this time, too. Richter, 46, said he's staying put in the same house where he grew up. He plans to raise the home off the ground a bit.

"It's our family home, so it's hard to think about leaving," Richter said.

Many hard-hit St. Louis-area towns kept residents updated using social media. Valley Park used its Facebook page to advise residents Friday that the evacuation order was lifted, and the city of Arnold's Facebook page urged residents to watch out for snakes in flooded homes.

In southeast Missouri, the fast-rising Mississippi damaged about two-dozen homes in Cape Girardeau and threatened a power substation, though the community of nearly 40,000 residents is mostly protected by a flood wall.

HEALTH: 'There wasn't a single day I wasn't under the influence of something'

Continued from 1A

Rita Glover

Rita Glover could easily have been written off as a casualty of her traumatic childhood.

Glover's parents drank too much and used drugs. Her family lived in poverty, sometimes camping out in the woods. As a little girl, Glover experienced sexual abuse by a family member. By age 14, she was taking care of her younger brother by herself in a low-income apartment.

"I started using meth at 14 and smoking cigarettes," Glover said. "I became sexually active."

She dropped out of school

and had two children by 22. Her life became one drug-induced roller coaster ride interspersed with periods of semi-clarity and attempts to clean up. During one low period, she remembers living in a leaky, cockroach-ridden trailer in Hermiston that provided a place to crash after nights of drinking and drugging.

"There wasn't a single day, I wasn't under the influence of something," she said. "At least once a week, I cried myself to sleep. I didn't want to live, but I was too chicken to die."

She sees her past clearly now and describes it succinctly.

"I was running around making terrible memories."

Glover, who now lives in

Heppner, reels off details of her past life in a detached way as if she is describing another person.

In a way, she is. Indeed, it's hard to picture this confident, articulate woman as an addict. These days, she attends college and works at Community Counseling Solutions as a peer support specialist. She will receive her associate's degree in human services in the spring from Kaplan University's online program.

Looking back, Glover realizes she went down the same rabbit hole as many who experienced repeated trauma as children, attempting to medicate post-traumatic stress, anxiety and depression with narcotics and alcohol. Mental illness and drug addiction,

she said, are often interwoven and difficult to tease apart.

Really difficult.

Glover's first desperate attempt ended in failure. And the next. She was embarrassed and not ready to be honest about how far she had fallen. During one visit with a CCS counselor, she downplayed the details.

"I lied my way through it — I talked about my social drinking," she said. "He could see right through me. He was nothing but kind."

Finally, she found herself ready to do the work required to break free. She went to treatment. She joined a support group. She meets regularly with mental health and drug counselors. She stopped

smoking.

Her new life includes faith and church.

"I was baptized a month before treatment," she said.

The mother of three now shares her life with a fiancé. She says she isn't ashamed about her past, but is incredibly grateful to have emerged from the darkness into a life filled with hope and laughter.

She remains vigilant, though. Her unhealthy coping behavior of the past lurks just out of sight.

"It's always there," she said. "It's something to be aware of."

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PERS: State faces an \$18B unfunded pension liability over 2 decades

Continued from 1A

alternative investments will help the state avoid a repeat of what happened in the 2008 financial crash, when the public employees' pension fund lost a third of its value in six months.

The fund has largely recovered from the effects of the crash, but for a variety of other reasons the state now faces an \$18 billion unfunded pension liability over the next two decades. The shortfall could grow if the state's investment returns continue to fall short of the 7.5 percent assumed rate of return or if there is an economic downturn.

Oregon pension officials are most interested in hedge funds' promise of uncorrelated returns, meaning that the funds will lose less — or perhaps even produce returns — in a down economy. Although research has shown hedge fund performance is correlated to the stock market, Oregon has invested in funds with "truly uncorrelated returns," according to Oregon State Treasury Communications Director James Sinks.

"Currently, about 70 cents of every \$1 in (pension) benefits comes from investment gains, so sustainable and strong performance is key," Sinks wrote in an email.

In late November, researchers at the Roosevelt Institute released a report that examined hedge fund investments by 11 other states. The researchers, who also received support from the American Federation of Teachers and the Haas Institute for a Fair and Inclusive Society at the University of California, Berkeley, found "significant correlation" between hedge fund returns and overall pension fund investment performance. The researchers also cited market data that showed hedge fund performance was "highly correlated" with the stock market.

As it turns out other state pension funds have not followed Calpers' decision to divest. The California pension system cited costs and complexity as reasons for its 2014 decision to exit from hedge funds.

The Oregon State Treasurer's Office declined to release the fee schedules

for the three hedge funds in which the pension system invested, citing an exemption in Oregon public records law. It allows the agency to keep hidden any documents submitted by hedge funds and other private funds not subject to federal disclosures and other regulations.

As a result, it's impossible to know how much the pension fund will pay over the life of the investments. The Treasurer's Office did release aggregate hedge fund fees for 2014, which suggest the state paid 0.27 percent in fees that year on two hedge funds — AQR Delta Fund II and AQR Style Premia Fund — and 1.07 percent on the third fund, Reservoir Strategic Partners Fund.

That is probably a tiny portion of what the state will eventually pay, given the typical hedge fund fee structure.

Keith Larson, a member of the Oregon Investment Council, said hedge funds typically charge a 2 percent management fee, plus a 20 percent cut of profits, which is partly why the funds have a negative image.

One of the AQR funds had a return of 5.6 percent as of June, while it was too early to calculate a return on the second fund, according to a state document. Reservoir Strategic Partners Fund had a return of 3.9 percent which, although it was below the state's assumed overall pension fund return of 7.5 percent, was not bad compared with the state's actual pension fund return of just under 3 percent during the first 11 months of the year.

Hedge funds enjoy strong support from the Oregon Investment Council, which has unanimously supported them every time there was a vote to invest in a new fund. The council's experience during the 2008 financial collapse helps explain why.

The crash revealed that even fixed-income investments, such as bonds and other securities, were riskier than investment officials realized.

"Part of the reason for that was in order to try and achieve a high return for the state, the state had invested in a lot of corporate debt," Larson said. The pension

fund had also invested in mortgage-backed securities, many of which contained high-risk loans that went into default during the housing crisis.

Katherine Durant, chair of the Oregon Investment Council, said the 2008 crash was a pivotal moment. "We've never seen that kind of a global crash of the financial markets like we saw in the last downturn," Durant said. "Usually it was just equities or bonds, it wasn't everything. But everything went down."

Larson agreed. "That was

a bit of an ah-ha moment," Larson said. "I think the people that were doing the day-to-day investing knew well and good pretty much what we were investing in. We were investing in these turbo-charged assets, that had higher returns but higher risk ... But I think it was a difficult thing to see across the entire portfolio, what the effects would be."

Wheeler, who became treasurer in March 2010, said it was important to diversify the state's pension fund investments so that various investments move in different

directions, under different conditions. "In some cases, they can serve as countering forces to economic forces like inflation," Wheeler said. "In 2008, there was no safe harbor. Everything went down."

Larson said the situation taught him two things: The Oregon Investment Council needed to better understand the risks across investments, and it needed to build a better portfolio of alternative investments to prepare for economic downturns. The state purchased a system to better track assets and risk,

and has been working to build the alternatives portfolio, which in addition to hedge funds includes investments in funds that own natural resources such as timber and infrastructure such as ports, airports and a power plant.

Uncorrelated returns are important to the pension fund because when its value dips, schools and other public employers can end up paying more into the fund.

"It's as much about the uncorrelated returns as it is about the high returns," Larson said of the alternatives portfolio.

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