

MINUTES
Petroleum Storage Tank Insurance Fund
Board of Trustees Meeting
November 30, 2016

The University Club, University of Missouri Campus, Columbia, MO
Start Time: 9:33 a.m.

Chairman McNutt called the meeting to order and stated the Trustees needed to have a short closed session first. He asked for a motion to discuss legal and personnel issues related to items on the open meeting agenda.

Jim Ford moved that the Board go into closed session to discuss the matters identified by the Chairman, as authorized by Section 610.021, RSMo. Tom Pfeiffer seconded. A roll call vote was taken; motion carried without dissent.

After the closed session adjourned, meeting participants returned to the meeting room and the open session was resumed at 10:07 a.m.

Trustees Present:

Don McNutt, Chairman
Jim Ford, Vice Chairman
John Albert
James Greer
Marty Miller
Kristen Paulsmeyer
Tom Pfeiffer

Absent:

Tom Kolb
Ski Mariea
Danny Opie

Staff Present:

Jeff Blaylock, Ford, Parshall & Baker
Patricia Churchill, Governmental Affairs Division, Attorney General's Office
Carol R. Eighmey, Executive Director
Thais Folta, Assistant Attorney General
Diane James, Executive Assistant

Others Present:

Doug Drouare, U.S. Environmental Protection Agency
Tim Duggan, Agriculture and Environment Division, Attorney General's Office
Ron Hayes, Weights, Measures & Consumer Protection Division, Department of Agriculture
Scott Hayes, U.S. Environmental Protection Agency
Dan Henry, Williams & Company Consulting
Jennifer Hernandez, Assistant Attorney General
Ken Koon, Tanks Section, Hazardous Waste Program, DNR
Ron Leone, Executive Director, MPCA

Angie McMichael, Department of Natural Resources
Heather Peters, Compliance/Enforcement Section, Hazardous Waste Program, DNR
Aaron Schmidt, Department of Environmental Quality, DNR
John Smith, U.S. Environmental Protection Agency
Steve Sturgess, Hazardous Waste Program, DNR
Leanne Tippett-Mosby, Department of Environmental Quality, DNR
Dave Walters, Williams & Company Consulting

Approval of Minutes – September 29, 2016 – Open Session Meeting

Jim Ford moved to approve the minutes from the September 29, 2016 open meeting. John Albert seconded. Motion carried.

Monthly Reports

Trustees reviewed the financial statements, monthly activity reports, and large-loss claims; there were no questions.

Report on UST/AST Losses During FY16

Chairman McNutt invited David Walters to review insured UST/AST losses for FY16. Mr. Walters summarized the lists provided in the Trustees' materials, then used a Power Point™ presentation to provide more details about the cause, investigation, and subrogation potential of some of the occurrences. *[A copy of his presentation is filed with the Board meeting records.]*

Recommendation – Plume Stability Project

Chairman McNutt then noted the staff recommendation to engage outside expertise to assist with problems being encountered on “plume stability” issues; he tabled the recommendation and asked Mr. Walters to bring the recommendation back at a future meeting after determining what the additional costs for tasks 3, 4, and 5 would be. He also asked staff to discuss the project with DNR to see if the Department will collaborate on it.

Marty Miller said he thinks the Department will be issuing a guidance document on “plume stability” in the coming weeks or months. The chairman said he'd like to see if the Board can fund something that is mutually beneficial to both the Department and the PSTIF.

Quarterly DNR Report

The Trustees reviewed the information provided in their notebooks.

Action on FY18 Budget Requests

PSTIF Board of Trustees – Chairman McNutt invited Ms. Eighmey to discuss the Board's appropriations. Ms. Eighmey reminded the Trustees that at their September meeting, she had recommended they submit the same appropriations request for FY18 as had been in the budget

for several years, but after additional thought, she wanted to recommend a revision. She suggested that, to assist in planning for the Board's future operations, the Board ask the Governor and Legislature for some flexibility in their appropriations that would allow hiring one or two additional staff members. She suggested \$125,000 would be sufficient and noted that amount could be moved from the Trustees' appropriation for Expense and Equipment to the Personal Services appropriation.

Jim Ford made a motion to modify the Board's appropriations requests, as recommended. Tom Pfeiffer seconded. Motion carried.

Attorney General's Office – Chairman McNutt asked the Board to take action on the previously-tabled request from the AGO for funding of 1.5 FTEs.

Jim Ford moved to approve funding for 0.5 FTE, as historically provided by the PSTIF, with the understanding that if the Attorney General determines additional funding is needed, the Board will revisit the issue. Tom Pfeiffer seconded. Motion carried.

Department of Natural Resources – Chairman McNutt said the next request was from DNR and asked for a motion.

Marty Miller moved to approve the amount requested by the Department. The motion died for lack of a second.

James Greer then moved to approve the same amount as provided in FY17, plus any COLA and increase needed for the Department of Labor rule, with the caveat that the Trustees engage in discussions with the Department's management during the first quarter of 2017 to see if a contract for services can be developed so future funding would be based on providing specific services or achieving specific results. Jim Ford seconded.

Discussion followed, during which Mssrs. Greer and Ford amended their motion to include the additional money requested by the Department for leasing and IT costs. Mr. Miller said he appreciated the Board's willingness to continue funding the Department's tanks program at a similar level as previously. Mr. Greer noted it is not clear whether the Trustees have authority to fund the Department without a contract for services, but he doesn't want to cut off funding for the Department to do the work that is needed; he said it makes sense to him for the Trustees to fund some of the tasks being carried out by the Department, but he would be more comfortable with a more business-like approach.

Chairman McNutt mentioned he had received a draft copy of EPA's report on Missouri's UST site cleanup program and it appears EPA also has concerns about the current funding arrangement.

After discussion, the motion carried.

Risk Management Issues

FY17 Inspections – Chairman McNutt asked if there were any questions about the summary of FY17 inspections completed to date; there were none.

ULSD – While the Trustees reviewed the information in their notebooks, Ron Hayes commented that he's serving on a committee of fuel experts who is discussing how to deal with this problem and evaluating options for preventing it, but no consensus has yet emerged.

Low Sulfur Gasoline ("Tier 3" Gas) – Ron Hayes distributed a summary of the history of changes to gasoline specifications; a copy is filed with the Board meeting materials. He briefly discussed it, noting many experts anticipate the reduction in sulfur in gasoline will not have the same consequences as it did for diesel, given that most of the nation's gasoline supply contains ethanol. He noted Missouri does have some tanks storing ethanol-free gasoline and those have a higher risk of experiencing the same type of accelerated corrosion as is occurring in diesel tanks; he noted his agency's fuel quality inspectors regularly check those tanks for water and encourage the owners to do likewise. John Albert reminded the Board the majority of problems arise in the head space of the tanks and in tank-top sumps; he noted microbial-induced corrosion and related problems are also prominent in the dispensing equipment.

Reuse of Tanks Empty for 5+ Years – Chairman McNutt asked Ms. Eighmey to update the Board on recent developments; she said after the Trustees' decision in September, she was alerted by Heather Peters and Ron Leone that a few tank owners had already spent money to try and bring tanks back into service after they'd been empty for 5+ years. She said she has asked the Board's Underwriting and Compliance Manager to look into these cases and she anticipates bringing these cases to the Trustees for decision at their next meeting.

Administrative Issues

Board Meeting Dates for 2017 – Chairman McNutt asked if any Trustees had an objection to the proposed dates and locations; there were none.

Billings – Chairman McNutt invited questions on recent billings; there were none.

Chairman McNutt reminded those present that the next Board meeting would be at this same location on January 25, 2017. He then asked the Trustees to go into closed session to:

- Approve the minutes from the most recent closed session and email vote;
- Discuss ongoing and threatened litigation; and
- Discuss matters relating to contracts and personnel.

Jim Ford moved that the Board go into closed session to discuss the matters identified by the Chairman, as authorized by Section 610.021, RSMo. Tom Pfeiffer seconded. A roll call vote was taken; motion carried without dissent.

Chairman McNutt adjourned the meeting at 11:12 a.m.

Respectfully submitted:

Approved by:

S/

Carol R. Eighmey

S/

Don McNutt, Chairman

1/25/17

Date