

MINUTES
Petroleum Storage Tank Insurance Fund
Board of Trustees Meeting
August 2, 2017

The University Club, University of Missouri Campus, Columbia, MO
Start Time: 9:31 a.m.

Chairman Greer called the meeting to order and invited Ms. Wheeler to introduce the Missouri Department of Natural Resources' (MoDNR's) new Hazardous Waste Program Director, John Jurgensmeyer, which she did. The chairman then invited Assistant Attorney General and Board counsel Craig Jacobs to introduce himself; he did so.

Trustees Present:

James Greer, Chairman
Jim Ford, Vice Chairman
John Albert
Tom Kolb
Don McNutt
Danny Opie
Katie Jo Wheeler

Absent:

Ski Mariea
Kristen Paulsmeyer
Tom Pfeiffer

Staff Present:

Jeff Blaylock, Ford, Parshall & Baker
Carol R. Eighmey, Executive Director
Dan Henry, Williams & Company Consulting
Craig Jacobs, Assistant Attorney General
Diane James, Executive Assistant
James Layton, Tueth Keeney Cooper Mohan & Jackstadt
Patrick J. Vuchetich, Williams & Company Consulting
David Walters, Williams & Company Consulting

Others Present:

John Jurgensmeyer, Hazardous Waste Program, MoDNR
Ken Koon, Tanks Section, Hazardous Waste Program, MoDNR
Heather Peters, Compliance/Enforcement Section, Hazardous Waste Program, MoDNR
Aaron Schmidt, Division of Environmental Quality, MoDNR
Jason Smith, Environmental Works, Inc.

Public Hearing on PSTIF Board's Rules

Chairman Greer briefly explained Governor Greitens' executive order on reducing red tape and noted a second public hearing will be held, likely in October in conjunction with an Advisory Committee meeting. He also pointed out the schedule provided in the Trustees' materials for amending their rules. He then opened the public hearing and invited comments from those present; no one responded. The chairman reiterated that written comments are also invited, then closed the hearing.

Approval of Minutes – May 17, 2017

Jim Ford moved to approve the minutes from the May 17, 2017 open meeting. Tom Kolb seconded. Motion carried.

Monthly Reports

Chairman Greer noted on the financial statements the Fund's cash balance has dipped below \$50 million, down from a high of \$89 million several years ago.

There were no other comments or questions on the financial statements, activity reports, or large-loss claims data.

Changes to Underwriting/Compliance Procedures

Chairman Greer asked Ms. Eighmey to review the information and recommendations, which she did.

Tom Kolb moved to implement the recommended approach for new tanks installed at insured sites, with the understanding the Trustees would review a rule amendment on this issue at a future meeting. John Albert seconded. After discussion, the motion carried.

Ms. Eighmey then requested approval to remove the option of paying participation fees in semi-annual installments from the billing notice, noting only one company has done this in recent years and it has agreed to pay annually.

[Don McNutt left the room to attend to another matter.]

Tom Kolb moved to implement this change; Jim Ford seconded. After a brief discussion, the motion carried.

Chairman Greer noted other changes are still being discussed and additional recommendations will likely be brought in future meetings or during the rule amendment process planned for later this year.

[Don McNutt returned to the meeting.]

Approve Budget for FY18 Income Statements

Chairman Greer asked if Trustees had questions about any of the FY18 appropriations from the PSTIF that were enacted by the legislature and signed by the governor; there were none.

He then invited action on the recommended FY18 budget for use on the monthly income statements. Jim Ford moved to approve the recommended budget; Tom Kolb seconded. Motion carried.

Legislative Report

Chairman Greer asked Ms. Eighmey to summarize the legislative report. She did so, noting the “fund sweep bill,” HCB 3, was vetoed by Governor Greitens and unless the legislature overrides his veto this fall, the Board won’t have to deal with it this fiscal year.

Claims and Cleanups

Ms. Eighmey then presented this report, emphasizing efforts to close claims seem to be finally producing results. She pointed out the Board now has 800 open claims, the smallest number since “remedial claims” became a liability of the trust fund in 1995. She noted fewer than half of open claims are ones for which the PSTIF is the owner’s “financial responsibility mechanism.” She noted “legacy pollution” claims are notably more expensive and generally take longer to close than recent leaks from insured sites. Finally, she observed 20% of the cleanups being overseen by the DNR are ones for which the PSTIF Board is not paying and that this gap is widening over time, indicating PSTIF-funded cleanups generally progress better than non-PSTIF-funded ones.

Jim Ford asked DNR staff whether they find it easier to work with private insurers or the PSTIF; Ken Koon answered he doesn’t see much difference and stalled cleanups tend to be ones where there is no source of funding other than the property owner or tank owner/operator. He said he did not know how many cleanups are being financed by commercial insurance but agreed it’s less than 20.

Ms. Eighmey then reviewed “the List of 27” old remedial claims that pose very low or no risk, reminding the Trustees they had challenged Mssrs. Koon and Walters to try and close all of them by year’s end. As indicated in the Trustees’ notebooks, 15 of those files remain open; Ms. Eighmey pointed out several are 25+ years old and several are large-loss claims. She said there is little or no actual cleanup occurring at these sites; rather, MoDNR is requiring more sampling and data analysis.

[Jeff Blaylock arrived at the meeting.]

Finally, Ms. Eighmey summarized staff work related to the 12/31/17 “liability shift” project; she reminded Trustees results will be reported to MoDNR by year’s end and it will be up to the Department to decide whether to compel property owners to take action after January 1, 2018.

Administrative Issues

Final Report – UST Operator Training – Chairman Greer observed PSTIF-insured tank owners have done a good job complying with this requirement. He asked Ms. Wheeler if MoDNR would provide the Trustees with a compliance report for non-PSTIF-insured UST owners/operators and inform them what the Department’s plans are if there are still some folks who haven’t complied; Ms. Wheeler agreed to do so.

FY17 and FY18 Inspections – Chairman Greer distributed a report from Rounds & Associates on their FY17 inspections. A brief discussion followed. John Albert noted an uninformed reader of Rounds’ data could be misled and noted the results are not unusual for operating tank facilities; he said they are similar to what MDA’s inspectors see and confirmed the inspectors’ and facility owners/operators’ diligence in addressing maintenance issues prevents a lot of leaks and cleanups.

Underwriting Forms and Software Changes – Ms. Eighmey reported the new forms and software changes approved at the last meeting have been implemented. She explained why she dropped the idea of a web-based application to assist tank owners in filling out various government agencies’ forms, noting staff analysis indicated it would not be cost-effective. Instead, she suggested agencies should consider how to share information internally and among themselves better so owners are not obligated to repeatedly provide the same information to multiple agencies on multiple forms. Heather Peters commented the discussion had prompted her to review the Department’s forms and she is working on streamlining the UST registration form so it does not ask the owner for information already provided on the UST installation form.

Boards and Commissions Task Force – Chairman Greer briefly mentioned this Task Force’s assignment and said Ms. Eighmey plans to attend its meeting tomorrow.

Billings – Chairman Greer asked if there were any questions on recent billings; there were none.

[James Layton arrived at the meeting.]

Chairman Greer reminded those present that the next Board meeting would be at the Marriott Hotel in Columbia on September 20, 2017. He asked Trustees to let Diane James know if they cannot attend. He then asked the Trustees to go into closed session to:

- Approve the minutes from the May 17 closed session; and,
- Discuss ongoing and threatened litigation.

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 Kolb seconded. A roll call vote was taken; motion carried without dissent.

Chairman Greer adjourned the meeting at 10:23 a.m.

Respectfully submitted:

Approved by:

S/ _____
Carol R. Eighmey

S/ _____
James Greer, Chairman

____ 9/20/2017 _____
Date