

**Minutes of PSTIF Advisory Committee Meeting
March 21, 2017**

Chairman Ayers called the meeting to order at 10:32 a.m. and invited everyone present to introduce themselves.

Members Present:

Steve Ayers, Ayers Oil Co., CHAIRMAN
Mark Jordan, Wallis Oil Co., VICE CHAIRMAN
Mark Abel, Abel Oil Co.
Daryl Bowles, DK Environmental, LLC
Todd Burkhardt, Neumayer Equipment Co.
Paul Cox, Cox Oil Co.
Dan Creek (for Tracy Barth), MFA Petroleum Co.
Phil Farrell, Double Check Co.
Ken Koon, MO DNR/HWP/Tanks Section
Ron Leone, MO Petroleum Marketers and Convenience Store Assn.
David Mangelsdorf, Home Service Oil Co.
Ron Morton, Town & Country Supermarket
Heather Peters, MO DNR/HWP/Compliance & Enforcement Section
Cathy Raterman (for Wayne Baker), Warrenton Oil Co.
Jason Smith, Environmental Works, Inc.
Curtis Wall, MDA/Weights, Measures, and Consumer Protection Division

Members Absent:

Ron Bachman, St. Joe Petroleum
Bruce Barnes, Santie Oil Co.
Gary Bemboom, Bemboom Enterprises d/b/a BeeLine Snack Shops
Zarar "Bobby" Lodhi, Lion Petroleum
Stewart McIntyre, Big River Oil
Ryan Rowden, Missouri Petroleum Council
Jack Sachs, Hocker Oil Co.
Adam Troutwine, Polsinelli
Sonny Underwood, Mid-South Steel Products, Inc.

Staff Present:

Carol R. Eighmey, Executive Director, PSTIF
Dan Henry, Williams & Company Consulting
Diane James, Executive Assistant, PSTIF
Dorcee Lauen, Williams & Company Consulting
Patrick J. Vuchetich, Williams & Company Consulting

Others Present:

John Albert, MDA Weights, Measures, and Consumer Protection Division
Angela Dunn, Antea Group
Jim Fels, Terracon
Ron Fink, United Petroleum Service
Donnie Greenwalt, Wallis Oil Co.
David Kirby, Superior Equipment Co.
Rob Lauter, Superior Equipment Co.
Brian Wiegert, Rounds & Associates

Review/Approval of Minutes – June 14, 2016 Meeting

David Mangelsdorf moved that the minutes be approved. Curtis Wall seconded. Motion carried.

Review/Discussion of Facts, Finances, and Cash Flow Projections

Chairman Ayers asked Ms. Eighmey to review the information provided in members' packets. She did so, highlighting how the trust fund's liabilities are changing over time and noting the liquidity gap reported by the board's actuary.

A brief discussion ensued. Mr. Jordan asked how many sites received a NFA letter in the past but still have old tanks in the ground; Ms. Eighmey responded she does not have that information but could probably find out. Mr. Leone noted information on liabilities will be important as discussions occur about the "sunset date." Mr. Smith noted that, if the fund sunsets, insured locations where no environmental data exist and no claim has ever been made would likely do site assessments and make claims before the sunset date, thereby increasing the fund's liabilities and exacerbating the liquidity gap. It was suggested the Trustees may, at some point, want to require an assessment at insured sites with very old tanks so these liabilities become known.

Risk Management Information

Pre-1981 Fiberglass Tanks Storing Ethanol-Blended Gasoline – Ms. Eighmey reviewed actions taken since the Committee discussed this compatibility issue, reporting all these tank owners have been contacted and are considering what action to take.

Repair/Relining Fiberglass Tanks – Ms. Eighmey noted some of these fiberglass tank owners are considering lining their tanks to resolve the compatibility concern; Ms. Lauen reviewed information in the packets provided by the tank manufacturers and the DNR. Chairman Ayers asked the committee whether the board should treat these as new tanks or lined tanks, since the latter require internal inspections.

Considerable discussion followed. It was noted only one of the two tank manufacturers – Containment Solutions – offers the option of retrofitting the tank with a new interior that can be classified as a new or repaired fiberglass tank. For Xerxes tanks, the only option for addressing a compatibility issue is the “Phoenix system” and only one vendor offers that system in Missouri, so owners of Xerxes tanks must either purchase the Phoenix system from that vendor or remove/replace their tanks.

Members asked several questions of Ms. Lauen and DNR’s Heather Peters. Ms. Peters confirmed the DNR will treat Containment Solutions’ retrofit as a new tank and will not require internal inspections.

Mark Jordan moved to endorse Ms. Lauen’s recommendation to treat Containment Solutions’ tanks that are retrofitted with a Biofuel Tank Upgrade as repaired fiberglass tanks, thereby avoiding the requirement for periodic internal inspections. Ron Leone seconded. Motion carried.

Age of Insured USTs – Chairman Ayers then asked members to review the data on age of insured USTs. It was noted the PSTIF is insuring 39 USTs that are reportedly more than 60 years old and 320 insured USTs are more than 45 years old.

Ms. Eighmey reported on interviews she and her staff had recently conducted with private insurance companies, and said none of them would likely insure tanks this old.

David Mangelsdorf asked whether age of the UST is a reliable indicator of risk, noting most leaks are from piping and that owners typically replace piping more frequently than the tanks. Ms. Eighmey concurred and agreed age of the tank itself is not a perfect predictor of risk and cannot be used to predict the risk for an individual site. She reported three 56-year old steel USTs had recently been removed from a PSTIF-insured site and very little cleanup was required; the claim was promptly closed after one \$7,000 payment was made. However, she said all commercial insurers appear to use tank age as a risk indicator and she believes it is a valid factor for projecting liabilities for a group of sites.

USTs Out of Use 5+ Years – Chairman Ayers pointed out the information in the packet, noting the Trustees had decided PSTIF coverage will not be available to these tanks.

UST Operator Training – There were no questions or comments about the operator training information.

Possible Changes to PSTIF Underwriting Procedures

Chairman Ayers then asked members to focus on the information in this section of their packets. He reported DNR’s new UST rules had been temporarily delayed

while Governor Greitens and his administration reviewed them; he said a decision had recently been made to proceed with publication so the rules will go into effect as previously planned. He noted the double-wall requirement will go into effect on July 1 and the other requirements presumably will go into effect by 2020.

He remarked recent news indicates EPA may be changing their approach in the future, and noted most of DNR's new UST rules were written to accommodate the EPA's positions under the previous administration.

Chairman Ayers said Ms. Eighmey and her staff have been thinking about how to implement DNR's new rules, which prompted some of the ideas on the list of concepts the Committee will be discussing. Others arose simply from their ongoing analysis of ways to improve fund operations.

Ms. Eighmey then briefly reviewed the summary of how the PSTIF has operated, noting the first USTs were insured 25 years ago in April 1992. She reminded members the PSTIF's "underwriting" process is not like traditional underwriting done by a commercial insurer; rather, it is strictly a "compliance review" to determine whether the tank systems are being maintained in compliance with DNR's and MDA's rules. She asked Committee members to help staff evaluate possible changes to those procedures and how best to focus the PSTIF's review on things most critical to preventing leaks.

A lengthy discussion of the concepts in members' packets commenced. Members expressed support for continued diligence in reviewing leak detection records, line tightness tests, certain operability checks, and similar documents more crucial to mitigating leaks. Several persons commented many people do only the things they're required to do and the PSTIF's 25-year-old approach has resulted in far better tank maintenance than would have otherwise occurred. There was discussion about how field inspections relate to the document reviews; some noted if the PSTIF "lightens" its annual document demands in some years, the field inspections would still catch problems.

Some thought an "audit" approach for owners with multiple sites was a good idea, but suggested it would be difficult to implement and could cause complaints by people who think they are being targeted or treated differently than other tank owners. One large owner said he didn't think it would save him much time, since he has to perform the required maintenance and retain those records anyway.

A question was asked about how much it costs to do the annual document review for insurance renewal; Ms. Eighmey said she didn't have an exact figure but estimated about \$200.

There was some discussion about revising the approach for newer tank systems and maintaining more stringent criteria for older tank systems. Some support also was expressed for charging higher participation fees for higher-risk tank systems.

There was general agreement that if recent months' leak status reports from an automatic tank gauge pass, there is little or no value to requiring the same reports from six months ago.

There was considerable discussion about using ATGs for inventory recordkeeping and whether the PSTIF should verify the owner/operator is using their ATG for that purpose. Ms. Eighmey briefly described recent claims where the owner had a new ATG but because of where the leak occurred, the ATG could not detect it and because the owner was not using his ATG to monitor inventory, he did not know he had a leak. Ms. Peters said some states require owners with ATGs to also do monthly inventory reconciliation, but MDNR has not done so; she suggested it might be good to require this on some systems, particularly older ones, but it might not add any value at sites with newer equipment. It was noted different brands and models of ATGs differ in how they operate.

There was general agreement any new tank installed during the term of PSTIF coverage should not be covered unless the owner/operator asks the PSTIF to add it to his/her participation agreement and pays a pro-rated participation fee.

There also was general support for a requirement that all in-use tanks at a site be insured with the PSTIF or none can be.

Members also thought the board should exercise its option to dis-incentivize owners from operating without PSTIF coverage for years, then applying to participate in the PSTIF "right before" making a claim. Several opined the \$500 maximum participation fee currently allowed by law would not serve as a sufficient disincentive; there was broad support for requiring a site assessment before being allowed to participate in the PSTIF.

There was support for a streamlined application form for owners who buy PSTIF-insured sites.

There was no objection to eliminating the option of paying fees in semi-annual installments.

Both pros and cons were identified during discussion about insuring non-retail ASTs, with no clear consensus.

PSTIF Rules Review

After Ms. Eighmey briefly described the "rules review" required by state law and by Governor Greitens, Chairman Ayers invited comments from those present. No comments were made so the chairman also encouraged those present to contact Ms. Eighmey in the coming weeks if they have ideas or concerns with the PSTIF's rules.

