

MINUTES
Petroleum Storage Tank Insurance Fund
Board of Trustees Meeting
November 29, 2017

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

Chairman Greer called the meeting to order. He reminded Trustees that Kristin Paulsmeyer had taken a job as General Counsel for the Department of Insurance, Finance, and Professional Registration and would no longer be serving as OA's representative on the Board. He introduced Tracy McGinnis as OA's new Deputy General Counsel and designated PSTIF Trustee.

Trustees Present:

James Greer, Chairman
Jim Ford, Vice Chairman
John Albert
Tom Kolb
Ski Mariea
Tracy McGinnis
Don McNutt
Katie Jo Wheeler

Absent:

Danny Opie
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
Stephanie Pearson, Williams & Company Consulting
Patrick J. Vuchetich, Williams & Company Consulting
David Walters, Williams & Company Consulting

Others Present:

Carol Comer, Director, Department of Natural Resources
Scott Hayes, U.S. EPA, Region 7
John Jurgensmeyer, Hazardous Waste Program, DNR
Ken Koon, Chief, Tanks Section, Hazardous Waste Program, DNR
Ron Leone, Executive Director, MPCA
Heather Peters, Compliance/Enforcement Section, Hazardous Waste Program, DNR
Jason Smith, Environmental Works, Inc.

Review and Approval of Minutes – September 20, 2017 Open Meeting

Ski Mariea moved that the minutes from the Trustees' September 20, 2017 meeting be approved. John Albert seconded. Motion carried.

[Katie Jo Wheeler arrived at the meeting.]

Monthly Reports

The financial statements, activity reports and large-loss claims information were reviewed without comment or question.

FY17 UST and AST Losses

Chairman Greer invited Ms. Eighmey and Mr. Walters to present a summary of UST and AST losses. Ms. Eighmey reviewed the list of losses for FY17, noting the 2,500+ insured locations had very few leaks. Mr. Walters then presented details concerning some of the losses.

[Carol Comer arrived at the meeting.]

ULSD Corrosion

Chairman Greer reminded the Board of prior conversations about corrosion problems in ultra-low sulfur diesel storage systems and invited Tom Kolb to describe his recent experiences. Mr. Kolb showed a sample of the sludge cleaned from his bulk plant's diesel tanks and discussed the microbially-induced corrosion problem he and other tank owners are having since the sulfur content in diesel fuel was reduced to 15 ppm to improve air quality. He described his maintenance procedures and the cost of adding biocide, showed fuel samples, and discussed how the corrosion sludge clogs filters.

John Albert discussed efforts undertaken by his office and others to amend the ASTM specification for diesel fuel, but noted it has been difficult to gain support for a change. He noted other countries do not have this problem because their diesel fuel specs are different.

Mr. Kolb observed diesel fuel can sit idly in a hospital's generator tank for months or years, during which time microbially-induced corrosion could occur; he expressed concern that in an emergency, when the hospital needs to use its generator, the corrosion sludge could result in shutdown of the generator at a critical moment.

Katie Jo Wheeler asked what can be done to address the problem. Mr. Albert and Ms. Eighmey encouraged her to engage EPA in discussion about taking an active role in the discussions about the ASTM specifications, noting EPA does not participate at all in discussions hosted by the National Conference on Weights and Measures, where fuel quality specifications are established.

Chairman Greer thanked Mr. Kolb for bringing samples to the meeting and describing his experiences.

Recommendations from Advisory Committee

Actuary Special Project – After a brief explanation by Ms. Eighmey, Chairman Greer invited a motion to engage Taylor & Mulder to do the recommended special project. Tom Kolb moved to approve costs not to exceed \$15,225 for the special project. Jim Ford seconded. After a brief discussion, motion carried.

Possible Transport Load Fee Increase – There was then a discussion about the Advisory Committee's recommendation to increase the transport load fee. The Trustees decided to wait until the actuary provides the additional analysis of long-term liabilities before taking any action on this recommendation. Chairman Greer agreed to put the Committee's recommendation on the agenda for the January Board Meeting.

Proposed PSTIF Rule Amendments

Chairman Greer asked Ms. Eighmey to review the proposed changes to the Board's rules. She did so, briefly describing the proposed changes and noting the amendments had been reviewed by the Advisory Committee. She noted Governor Greitens' staff is still reviewing the proposed rule amendments and suggested if the Board votes to publish the proposed rules, it do so contingent upon approval from the Governor's office.

Katie Jo Wheeler said her department is still reviewing the proposed rule amendments and has some potential concerns about whether the Board's definitions will "mesh" with those in DNR's rules. Don asked whether the Department will have finalized its opinion by the Trustees' January meeting; Ms. Wheeler said yes. Ms. Eighmey asked her to communicate the department's views sooner, if possible, so there would be time for inter-agency discussions before the next board meeting.

After discussion, Chairman Greer suggested the Board wait until January to vote on publishing the proposed rules, as that would provide more time for the Governor's office and the Department of Natural Resources to complete their reviews.

Katie Jo Wheeler then introduced DNR Director Carol Comer, who made a few remarks to the Board.

MoDNR FY19 Budget Request

Next, Chairman Greer introduced John Jurgensmeyer, DNR Hazardous Waste Program Director, who briefly explained the Department's FY19 budget request.

Chairman Greer then noted Ms. Eighmey and Mr. Jurgensmeyer had recently met to discuss budget issues and invited Ms. Eighmey to share her views. She said she is comfortable with the current level of funding being provided by the Board to the DNR and had discussed the need for better performance metrics with Mr. Jurgensmeyer. She

noted the workload continues to shrink and said, given the trust fund's projected funding shortfall, she could not support the Department's request for increased funding from the PSTIF.

Discussion followed about the resources needed to oversee cleanups, options for reducing paperwork and increasing productivity, and the amount of PSTIF money currently being spent for department geologists to review plans and reports submitted by environmental consultants. Ken Koon offered additional information during the discussion, clarifying the department currently has 12-14 employees in the Tanks Section and 3.2 employees in the Geological Survey Program to carry out its oversight of cleanups and to investigate the source of newly-reported petroleum impact. In years when there is little source investigation work, the geologists spend more time reviewing cleanup plans and reports.

There was also discussion about the prevention work done by the department, including inspecting new UST installations, following up on potential leaks identified by inspectors, and providing technical assistance to owners and equipment vendors regarding the new UST rules. Mr. Albert spoke in favor of increasing resources in this area. Heather Peters supplemented Mr. Jurgensmeyer's information on these aspects of the department's work and budget.

Ski Mariea moved that the Board approve the same funding for salaries and expenses in FY19 as for FY18, plus COLA and fringe benefits. Tom Kolb seconded.

Additional discussion followed. Ms. Wheeler opined the department needs additional resources to accelerate the pace of cleanups; Mr. Kolb suggested there are numerous other ways to increase efficiency without spending more PSTIF money for regulatory oversight. After discussion, the motion failed on a 4-4 vote; Trustees Mariea, Kolb, McGinnis and Greer voted in favor and Trustees Wheeler, Ford, McNutt and Albert voted against.

Katie Jo Wheeler then moved to approve the funding requested by the department. The motion failed for lack of a second.

Don McNutt then moved that the Board approve the same amount for FY19 as was approved for FY18, plus a salary for one geologist, with the condition that the department assess and report to the Board on whether the additional resources accelerates the pace of cleanups. Tom Kolb seconded.

Discussion followed, during which it was noted this would not address the department's request for additional resources in the prevention area of its program. After discussion, the motion carried 6-2, with Trustees Ford, Greer, Kolb, Mariea, McGinnis, and McNutt voting yes and Trustees Albert and Wheeler voting no.

