



IOWA UNDERGROUND STORAGE TANK FUND

Douglas M. Beech, *Chairperson*

Scott M. Scheidel, *Administrator*

Board Members:

Michael L. Fitzgerald

Chuck Gipp

Joseph D. Barry

Dawn M. Carlson

Eric W. Johnson

Jeff W. Robinson

Karen E. Andeweg

NOTICE OF PUBLIC MEETING

A public meeting of the Iowa Comprehensive Petroleum Underground Storage Tank Fund Board has been scheduled for 9:30 A.M., Thursday, August 13, 2012. **The meeting will be held at the Iowa Arboretum, 1875 Peach Avenue, Madrid, IA 50156.**

The tentative agenda for the meeting is as follows:

9:30 a.m. Call to Order

1. Strategic Planning Session

Break for Lunch (about 12 Noon --12:30 p.m.)

2. Approval of Prior Board Minutes

3. Closed Session Discussion of Pending and Imminent Litigation (To adjourn by 1:00 pm)

4. Public Comment Period

5. Board Issues

A. Aon Contract Extension

B. 12 Month Meeting Schedule

C. FY2013 Budget

D. FY2013 Attorney General Agreement

E. Loss Portfolio Transfer Proposal

F. Iowa Department of Transportation, Sioux City Garage Settlement

G. DNR Update

6. Approval of Program Billings

7. Monthly Activity Report and Financials Reviewed

8. Attorney General's Report

9. Claim Payment Approval

10. Contracts Entered Into Since May 24, 2012 Board Meeting

11. Other Issues as Presented

12. Correspondence and Attachments



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◆◆◆ MEMO ◆◆◆

TO: Iowa UST Fund Board and Interested Public Parties

FROM: Iowa UST Fund Administrator's Office

DATE: August 15, 2012

RE: Annual Strategic Planning Session Board Meeting

The Annual Strategic Planning Session of the Iowa UST Fund Board will be held on Thursday, August 23, 2012, at the Iowa Arboretum near Luther, Iowa. The meeting will begin at 9:30 A.M. with the Strategic Planning Session being held in the morning. After a break for lunch the remainder of the meeting agenda will be concluded.

A smoked, sliced sandwich buffet will be provided by Hickory Park in the Education Center for Board members and for the public in attendance. Meeting attire is casual.

The Iowa Arboretum is located at 1875 Peach Avenue, Madrid, Iowa. Maps and directions are attached. Additional information is available at their website www.iowaarboretum.org.

From the South:

Option 1: Take I-35 north to Highway 210 (Slater/Maxwell Exit). Go west on Hwy 210 to Madrid. Turn right and head north to Luther. Turn left and head west on E-57. Watch for Iowa Arboretum/4-H camp sign and turn left at Peach Avenue. Option 2: Take 80/35 to Highway 141. Follow this north to Highway 17 and travel through Madrid to Luther. Turn left and head west on E-57. Watch for Iowa Arboretum/4-H camp sign and turn left at Peach Avenue.

From the North and East:

Take I-35 south to Highway 30 (Ames). Go west on Hwy 30 to Highway 17 Exit. Turn left to go south to Luther. Turn right and head west on E-57. Watch for Iowa Arboretum/4-H camp sign and turn left at Peach Avenue.

From the West:

Take Highway 30 through Boone. Turn right and go south on either Quill Road or Highway 17. Take a right on E-57 and head west. Watch for Iowa Arboretum/4-H camp sign and turn left at Peach Avenue.



Strategic Planning Session

I. Evaluation of Past Goals and Program Status

A. Current Program Status

THE IOWA COMPREHENSIVE PETROLEUM UST FUND PROGRAM PROGRAM OVERVIEW AND STATUS

I. BACKGROUND

The Iowa Comprehensive Petroleum Underground Storage Tank Fund was created in 1989 to assist owners and operators of USTs to comply with state and federal environmental regulations. The program, which was created in HF 447, was codified under Iowa Code 455G. Iowa's legislature established a Board to oversee three (3) separate programs under the state fund - a remedial program, loan guarantee program, and an insurance program. The Board promulgated rules under IAC 591 to administer and implement the programs.

The legislative intent identified in the preamble of HF 447 was to assist owner/operators, especially small businesses, to comply with minimum federal technical and financial responsibility standards. The legislature noted that implementation and interpretation of HF 447 shall recognize the following topics:

- adequate and reliable financial assurance for the costs of cleanup on pre-existing releases
- create financial responsibility assurance mechanism (insurance) to pay for future releases
- fund designed to be interim measure
- minimize societal costs and environmental damage
- maintain Iowa's rural petroleum distribution network

The Remedial Program

The remedial program was established to provide funding for the cleanup of past releases from USTs. To qualify for remedial benefits, releases had to be reported to DNR between January 1, 1985, and October 26, 1990 and to the Board by February 26, 1994. In addition, sites with active tanks must demonstrate financial responsibility to maintain eligibility. The remedial program reimburses up to \$20,000 for a Site Cleanup Report (SCR) or Risk Based Corrective Action (RBCA) report, 82% of corrective action costs up to \$80,000, and 100% of remaining corrective action costs up to \$1 million. As of June 30, 2012 there were 531 open eligible claims for reimbursement under the remedial program. To date, \$198,679,469.10 has been paid under the remedial program. In addition, \$16,473,908.21 has been paid on claims under the retroactive provisions; \$26,233,334.50 has been paid on claims under the innocent landowner program. These figures are for all open or closed claims over the entire life of the program to date.

Loan Guarantee Program

The loan guarantee program provided up to a 90% guarantee to lenders to assist operators to pay for remedial expenditures and to assist them in upgrading their UST systems. This guarantee mechanism allowed operators to obtain necessary financing, even though their property (collateral) may have been contaminated. The loan guarantee program was not a direct loan program; rather it was a guarantee to the lender, which allowed lending institutions to provide the financing. The loan program ceased accepting new applications for loans effective 12/31/99 and the existing portfolio is in runoff. The last loan guarantee was paid in full in fiscal year 2011.

Insurance Program

The insurance program was designed to provide a separate fund for all releases, which occurred after October 26, 1990, and to satisfy federally mandated financial responsibility requirements. It was an EPA approved financial responsibility mechanism. The program was established with a nominal tank premium fee established by the legislature. The fee increased each year until 1995 when actuarially sound premiums were established. The money initially transferred to start the insurance fund was repaid to the general UST fund with interest. The balance of the fund after 1995 was the result of premiums and interest on those premiums charged to tank owners.

On November 8, 2000 the balance of the Insurance Fund was transferred to Petroleum Marketers' Mutual Insurance Company (PMMIC), a not-for-profit mutual insurer domiciled in Iowa. The UST Fund Board entered into a Memorandum of Understanding (MOU) to transfer the funds upon satisfaction of the MOU by PMMIC. This transfer took the UST Board out of the insurance program. The MOU also placed certain restrictions on the new company to place assurances that PMMIC would continue to operate and provide an acceptable mechanism for providing financial responsibility for tank owners. Should these restrictions be violated, the money transferred will revert back to the UST Fund Board. This provision of the MOU sunset on July 1, 2004. At the time of transfer, 2,280 sites were insured and all were fully upgraded.

In the original Insurance Program administered by the State, for LUST sites to be eligible for the insurance, the site must have been eligible for remedial benefits, or the responsible party was required to sign an affidavit that they had the ability to and would cleanup the pre-existing contamination. The insurance program only covered releases, which occurred after the retroactive date of the policy and during the insured period. In addition to UST insurance, the program also offered UST installer/inspector insurance and UST property transfer insurance. The program ceased offering installer/inspector insurance due to widespread availability in the private marketplace.

II. PROGRAM FUNDING

The program currently receives moneys credited to it in accordance with Iowa Code 455G.3, 455G.8, and 455G.9, with the primary source being those revenues from the statutory allocation fund created in Iowa Code Section 321.145. The program, prior to fiscal year 2011, also previously received 77% of the annual tank management fees collected by the Iowa Department of Natural Resources. Additional monies into the fund include cost recovery monies, and interest or other income earned by the fund.

Initially, the legislature authorized approximately \$12 million per year to be allocated to the Program from the Environmental Protection Charge (EPC). In 1990, the EPC was replaced with 25% of the Motor Vehicle Use Tax up to a maximum of \$12 million annually. The legislature authorized the Board to issue tax-exempt bonds, which allowed funds to be immediately available for remediation. The bonds were secured by the program's allocation of funds from the Motor Vehicle Use Tax and tank management fees. Based upon bonding requirements, original revenues were estimated to provide bonding capacity of \$145 million over the life of the program.

In 1991, the cap on the Motor Vehicle Use Tax was increased to \$15.3 million annually. The projected bond capacity increased to approximately \$188 million. In 1996, funding from the EPC increased to \$17 million annually, and an additional \$105 million would be transferred from the Motor Vehicle Use Tax over the next seven (7) years. With this additional funding, total program funding available for corrective action expenses would exceed \$325 million. In 2003 the Legislature placed a sunset date on the collection of the EPC of June 30, 2014. This date coincided with the Board's final debt payment of July 1, 2014. During the 2004 Legislative session, the sunset date on the collection of the EPC was extended two years until June 30, 2016.

To date, almost \$180 million in tax-exempt bonds have been issued. This total includes \$42.6 million in refunding bonds issued in July of 1997 and \$19.7 million in refunding bonds issued in November 2004. The refundings saved the program \$1.5 million and \$1.2 million respectively in net present value interest expense. Changes in statute resulting from the 2008 Legislative Session had left the security of the Iowa UST Fund bonds in jeopardy; therefore the Iowa UST Fund paid off the 1997A Series bonds totaling \$18,687,894.06 and the 2004A Series bonds were defeased in June 2008. An escrow account to make regular 2004A Series bond payments has been set up with \$15,034,580 from Iowa UST Funds, and \$24,515.25 in fees were paid from the Unassigned Revenue Fund to facilitate the defeasance.

Beginning Fiscal Year 2012 the quarterly allocation to the UST Fund from the statutory allocations fund was reduced from \$4.25 million to \$3.5 million or \$14 million annually. The difference was diverted to the Renewable Fuel Infrastructure Board to fund a grant program.

UST Revenue Fund

The Program's share of the statutory allocations fund and associated interest income are deposited into the UST Revenue Fund. The Fund's required debt service payments were transferred to the UST Bond Fund for payment to the bondholders and excess funds were then transferred to the Unassigned Revenue Fund. This fund was pledged to secure the UST bonds, which now have been called or defeased as of June 30, 2008. On June 17, 2008, \$8,500,000.00 was paid from the Revenue Fund to pay off 1997A Series bonds. The balance of the Revenue Fund on June 30, 2012 was \$16,326,234.65.

Comprehensive UST Fund

The Environmental Protection Charges (EPC) collected in 1989 and 1990 were deposited to this fund. Proceeds in this fund could be used for any Board approved expenditure. In addition to the initial EPC collections, various licensing and copying fees were deposited in this fund. The balance of the Comprehensive Fund (\$20,486,995.00) was transferred to the Unassigned Revenue Fund in August of 1996.

UST Unassigned Revenue Fund

The UST Unassigned Revenue Fund was the recipient of funds in excess of the Program's annual debt service requirement on the outstanding bonds. The Program's administrative expenses, as well as underground storage tank closure contract payments, are paid from this account. Proceeds from this account can be used for any Board-approved expenditure. On June 17, 2008, \$5,825,187.84 was paid from the Unassigned Revenue Fund to pay off 1997A Series bonds. The balance of the Unassigned Revenue Fund as of June 30, 2012, was \$745,122.80.

UST Remedial Fund

The Remedial account was primarily funded from proceeds from UST revenue bonds. The Remedial Fund provides funding for outstanding remedial and retroactive claims. It had a balance of \$3,510,808.48 as of June 30, 2012. When necessary, the Board can access the Revenue Fund for additional revenue to reimburse remedial claims.

UST Marketability Fund

In 1995, the legislature established the Marketability Fund with allocations from the Motor Vehicle Use Tax. The Marketability Fund provided additional funding for remedial claim payments. Over the course of several months in fiscal year 2005, the entire balance of the Marketability Fund was transferred to the Aboveground Storage Tank (AST) Fund to provide funding to AST claims. The Marketability Fund still accrues interest, and its entire balance of \$3,327,726.83 was used to payoff the 1997A Series

bonds on June 17, 2008. The Marketability Fund had a balance of \$730,433.06 as of June 30, 2012.

UST Innocent Landowner Fund

The Innocent Landowner (ILO) Fund was initially to be funded by net cost recovery proceeds and an additional \$5 million per year of the Motor Vehicle Use Tax funds, as appropriated by the 1995 legislature. Since the receipt of the large global settlements from several major oil companies between 1996 and 2003, the entire \$17 million per year of Motor Vehicle Use Tax funds had been deposited into the Revenue Fund, the balance of which was transferred to the Unassigned Revenue Fund after bond payments were made. On June 17, 2008, \$8,797,080.00 was paid from the ILO Fund to defease 2004A Series bonds. Proceeds from cost recovery sources are still deposited into the ILO Fund. Cleanup costs for claimants not eligible for remedial program benefits can be paid from this account. The ILO Fund had a balance of \$2,963,372.43 as of June 30, 2012.

No Further Action Fund

In 1998, the legislature established the No Further Action (NFA) Fund with a one-time allocation of \$10 million from the comprehensive petroleum UST fund. The NFA Fund was used to reimburse the Department of Natural Resources for corrective action completed on a site for which they had issued a No Further Action Certificate (on or after January 31, 1997) and the high risk condition had not been caused by a release subsequent to the certificate issuance. The legislature eliminated this fund in the 2000 session with the balance being transferred to the pooled technology account for the State of Iowa. The liability for this fund transferred to the UST remedial account. The NFA Fund had a balance of \$11,088,099.52 at the time of transfer. There had been no claims to date reserved against this fund at the time of transfer.

UST Loan Guarantee Fund

The Loan Guarantee account was funded from the Comprehensive UST Fund. On June 17, 2008, \$1,034,979.39 was paid from the Loan Guarantee Fund to pay off 1997A Series bonds. The account provides a guarantee on one remaining loan totaling \$19,276.85. It had a balance of \$277,723.01 as of June 30, 2012.

UST Insurance Fund

The Insurance account was funded through yearly UST premiums, installer/inspector premiums and property transfer coverage premiums. The balance of the insurance fund as of November 8, 2000, was \$35,969,570.07. This amount plus unpaid interest was transferred to Petroleum Marketers Mutual Insurance Company.

Aboveground Storage Tank Fund

The Aboveground Storage Tank account was funded by a transfer of monies from the Marketability Fund and the Unassigned Revenue Fund. The AST Program ended with a total of \$11,217,932.11 paid, and all AST claims were closed during FY07.

UST Bond Fund (90A, 91A, 94A, 97A, 2004A)

The Bond Fund had received monies from the Revenue Fund for making the Program's debt service payments on the outstanding UST bonds.

UST Capital Reserve Fund (90A, 91A, 94A, 97A, 2004A)

The Capital Reserve Fund was established by the revenue bond indenture agreement and was pledged as security for the outstanding bonds. The entire balance of \$6,237,500.00 of the Capital Reserve Fund was paid to defease the 2004A Series bonds in June 2008. The Capital Reserve Fund balance was \$0.00 on May 31, 2010.

III. OPERATIONAL ISSUES

The Board has implemented policies and procedures, authorized by the legislature, to increase the cost effectiveness of the program. Its actions have included entering into 28E agreements with other state agencies, utilizing its cost containment authority to affect contracts, implementation of certification for contractors, implementation of the Community Remediation Program, assisting the Attorney General's Office with cost recovery, promotion of innovative technology, providing additional funding and oversight to communities with drinking water impacts, and supporting risk-based cleanup standards.

A. Prior Contract Approval

455G.12A has allowed the Board to invalidate contracts for services which otherwise would be reimbursable, if the contract did not receive pre-approval from the Administrator. To receive pre-approval, costs must be reasonable based upon the services required, and the services must be necessary for the owner/operator to comply with program or regulatory standards. This authority has resulted in large savings and forces contractors to get pre-approval and submit justification for all anticipated services.

B. 28E Agreements

To assist in streamlining the regulatory process, the Board has assisted the DNR with

the development of a geographical information system to facilitate the coordination of assessment and corrective action activities at commingled or potentially commingled sites. Assistance has been provided for the automation of DNR's ability-to-pay review and for integration of DNR databases, as well as, its groundwater professional certification program. It has also funded additional personnel to assist in reviewing reports, developing and implementing RBCA procedures, and cooperated with DNR to obtain additional federal funds for assessment and corrective action costs. The Board is currently funding activities at non-eligible UST/LUST sites at DNR's request. In addition, the Board has provided funding assistance to operate DNR's UST Section for fiscal years 2005-2012. 28E agreements have also been utilized to cooperate with the Attorney General's office on cost recovery activities and to work with the Department of Revenue for the collection of EPC.

C. Community Remediation Program

Community remediation projects (CRP's) were used in the mid-1990's to address contamination from a regional standpoint by combining a number of sites into one project. In these projects, costs were greatly reduced by eliminating the duplication of efforts through combined mobilization and reporting. In these projects, a single contractor assessed every eligible site in a city and completed a site cleanup report (SCR), as required by the DNR. In addition, one report covering the entire city was submitted. The community-wide CRP's ended in 1996. Through the process, 1,675 sites were assessed with an average cost per site of \$9,628.00.

In the late 1990's, the Board CRP process changed from a community-wide assessment program to an oversight program involving assessment and corrective action on commingled sites or sites with viable responsible party issues when requested to do so by DNR. As of June 30, 2012 the Board was overseeing thirteen (13) CRP's.

D. Cost Recovery

The original legislation creating this program included cost recovery provisions which allow the Board to recover expenses from responsible parties who caused the contamination, if they are not the eligible claimants on that site. The Attorney General's office has reported that over \$40,824,419 has been cost recovered from settlements with responsible parties through their office. The last of the cost recovery payments from major oil companies was received in May 2003. To date, 1,294 eligible claimants have been reimbursed \$9,395,930.31 through these global settlements as of June 30, 2012.

Current cost recovery efforts are directed toward individual sites where the Board has spent money without an eligible claimant. Generally efforts have been limited to perfecting the Board's lien on the affected property with monies collected upon property transfers. No liens were filed during fiscal year 2012.

E. Innovative Technology

The Board, through a 28E agreement with the DNR and a funding grant from the U.S. EPA, worked on an innovative technology project involving the U.S. EPA's Technology Innovation Office, Office of Underground Storage Tanks, Region VII Administrator's Office, and a public / private partnership with private companies representing large oil suppliers, distributors, and marketers. The private partners supplied the necessary expertise to design and implement innovative technology actions to demonstrate the cost effectiveness of the selected technologies at sites in Shenandoah and Council Bluffs. Four projects were initiated in 1997 involving 15 leaking underground storage tanks sites. To date, three of the four projects have been successfully closed. One project involving a single site remains open in Council Bluffs, Iowa. The U.S. EPA finalized closure of the grant project in May 2001 following a review of the financial records. However the EPA did not issue a final report evaluating the technologies that had been selected.

The Board continues to fund innovative technologies at single sites throughout the state. Recent technologies include the use of Trap & Treat, a technology that combines activated carbon with enhanced biodegradation and In-well Air Stripping, a technology that allows air sparging and vapor extraction to be completed within the subsurface.

F. Risk Based Corrective Action (RBCA)

In 1995, the legislature required that leaking underground storage tank sites be addressed through a process known as risk based corrective action (RBCA). This process requires that each LUST site be evaluated to determine the risk presented to human health as a result of the release at that site. Corrective action responses must be designed to address and reduce that risk to human health. Through 28E agreements, the Board assisted DNR with the development and implementation of the RBCA procedures. Iowa State University was selected to assist DNR with the development of guidance documents and the development of software that would assist in the implementation of the RBCA process. Iowa State University was requested to assist with the evaluation of the new procedures and to provide input into the implementation process.

In 2006, the DNR began evaluating several operational efficiencies. One of these was the RBCA framework and potential for applying the actual experience in the state over the past 10 years to the existing RBCA modeling software. Such a recalibration would enable the current model and framework to more accurately screen for and assess relative risk at the sites that remain open as well as creating a more accurate tool for the DNR on new releases. A review of the Tier 2 model was undertaken and was completed in May 2007.

Recommendations from the advisory group, composed of technical and non technical stakeholders, were to make adjustments to the model to reflect a significantly greater statistical relevance between the model and actual conditions encountered at sites. Following numerous discussions, DNR agreed to the proposed changes to the model

calibration. The model was modified and was put into use in March 2010.

Other areas in the RBCA framework have also been subject to review and calibration. These include cessation of monitoring at low risk sites after extended time, review of the plastic water line pathway, the entire vapor assessment including sampling and receptors and the surface water pathway based on current data gathered since the original implementation of the risk methodology. In 2009 discussions ended on revising the regulations pertaining to plastic water lines and in FY 2010, rules were implemented for the change.

In FY 2010, DNR in conjunction with stakeholders also determined no modifications to the DNR rules were necessary to implement changes in the surface water pathway evaluations. DNR protocol on reviews would however be modified so as to correlate with the recent modifications made in DNR Water Resources' regulations. Legislation changes were also enacted in 2010 which will affect those sites classified low risk. The modifications will require DNR to develop rules to allow site closure under certain circumstances, regardless if steady and declining conditions are met. Legislation also requires DNR to accept the recommendation of the groundwater professional for submitted RBCA reports, unless material deficiencies are noted.

In FY 2010 discussions were initialized on the issue of addressing risk associated with vapor concerns. Discussions resulted in a draft memo with the recommendation that a larger committee be convened for considerations; however no action was carried forward at the time. In FY 2012, DNR indicated discussions may be reconsidered after the USEPA released the draft document, Guidance For Addressing Petroleum Vapor Intrusion At Leaking Underground Storage Tank Sites in March 2012. Further evaluation of this concern is expected in the upcoming future.

G. Rural Distribution Network

The rural petroleum distribution network continues to be essential for the economic health of Iowa. Therefore, the financial impacts to sites located in rural communities were evaluated. There are 953 cities and communities in the State of Iowa. Of these, 352 communities, many with a population of less than 100, do not have an insured and upgraded petroleum provider.

There were only three (3) communities with a population of greater than 1,000 that do not have a petroleum provider utilizing the Program's insurance at the time of transfer of the insurance fund.

However, all communities had at least one (1) insured and upgraded petroleum provider within a 15-mile radius. By providing upgrade assistance and remediation benefits, the Program was able to assist many communities with only a single petroleum provider. As a result, there is a viable rural distribution network system existing in the State of Iowa today.

H. Small Business, Financial Hardship

The remedial program has provided additional benefits to those individuals who have small businesses faced with financial hardships which would not allow them to otherwise remain in business or to be able to address releases from their site. Those owners with a net worth of less than \$15,000 are eligible for 100% funding for their cleanup costs. All were eligible for up to \$10,000 in upgrade benefits.

I. Brownfield Redevelopment

Many sites with known petroleum contamination have been abandoned because of the fear associated with the costs to clean up the petroleum release. After releases are addressed, fear of residual contamination causes property values to decrease and reduces opportunities for redevelopment. Such properties are known as "brownfields." To address abandoned brownfields, the Program provides 100% funding to counties that acquire abandoned LUST sites through tax delinquent procedures or to cities or counties who acquire properties through eminent domain. Also, to assist with the transfer of those properties, a property transfer insurance program was established which provides benefits to any future owner if additional cleanup is ever required at the site. These processes, which are unique to the State of Iowa, are assisting many communities to redevelop abandoned LUST sites.

Beginning in 1997, the Board approved a process to allow prospective purchasers of property to obtain remedial funding for corrective action on sites not otherwise eligible for benefits. This concept allows contaminated property to be redeveloped without the county having to obtain it through tax delinquent procedures. It also reduces the state's expense by 18% to 35% while expediting the redevelopment of the property.

J. Innocent Landowners

The remedial program provided benefits to those sites that met all of the criteria for eligibility. However, numerous sites were not eligible for funding because their tanks were not regulated, or because applications were not timely filed within the cutoff dates established by the original legislation. In 1995, the legislature created an innocent landowner fund to provide benefits to owners who were not otherwise eligible for benefits, and gave the Board the authority to adopt rules to provide benefits to those sites which present a higher degree of risk to public health and to deny benefits to individuals who did not make a good faith attempt to comply with other provisions of 455G. The Board has made benefits available to those individuals who complied with all technical regulations, but missed the original application deadlines. In addition, sites with tanks that were closed prior to July 1, 1985, or taken out of use prior to January 1, 1974, are also now eligible. Currently there are 162 open claims with reserve balances totaling \$6,880,067.09.

K. Privatization of Insurance Program

The legislature directed the formation of a separate Insurance Board to provide direction and recommendations for the privatization of the Insurance Program. A sunset date of July 1, 2004 was established in the legislation. Following a study of the private marketplace and available transition mechanisms available, the Insurance Board recommended the formation of a mutual captive insurance company be completed by March 1, 2000. The final transfer of funds occurred on November 8, 2000. Since that date the new insurer has been operating as a private entity with no involvement in the day-to-day activities from the State.

L. Technical Training

The Board was initially with providing oversight over UST installers and inspectors to ensure that individuals comply with training requirements necessary to maintain their Iowa UST professional licenses. Effective July 1, 2007, the Board no longer has statutory responsibility to license tank installers and inspectors. The transfer of all materials including files was completed and DNR will provide for the licensing of installers, inspectors, liners and testers going forward. Additionally, with assistance from the Board and other stakeholders, DNR developed an additional licensed category—UST Compliance Inspector—to provide for the inspection of operating facilities to gather information regarding compliance with rules and regulations. The intent was to greatly enhance the level of information the DNR collects to both reduce and identify new releases across the State.

The Department requires groundwater professionals to take a continuing education course which cover all aspects of risk based corrective action, and if not previously registered, they also need to pass a test to become a certified groundwater professional. There are currently 132 certified groundwater professionals doing work in the State, this is a substantial decrease from June 2004 when there were 224 groundwater professionals and June 2009, when there were 168 groundwater professionals certified.

M. Owner/Operator Outreach

With Board approval, the Administrator held five (5) public meetings throughout the State in the late 1990's to explain the status and changes to the program and answer questions and address concerns from affected parties. Public meetings were held in Storm Lake, Decorah, Des Moines, Muscatine and Shenandoah. In addition, the Administrator addressed the Petroleum Marketers Convention concerning redevelopment of petroleum-impacted properties and continues to work with cities and counties to explain the program.

Additional meetings were held in West Des Moines, Cedar Falls, Ottumwa and Denison during 2002 to discuss prioritization concepts in the event that claim payments exceed fund balances.

In February 2012, the Administrator, along with representatives from the Department of

Natural Resources, Petroleum Marketers and Convenience Stores of Iowa, and Petroleum Marketers Management Insurance Company, held a forum to discuss topics relative to addressing leaking underground storage tank sites in Iowa. The intent of the forum was to provide information to owners and operators so that they could fully understand the parties that may be involved in addressing work at their site, and to understand the various processes and avenues available to get their sites to closure. More than 50 people, including property owners, consultants, and UST Fund Board members, attended the meeting.

N. Rule Review

In accordance with Executive Order #8, the UST Fund Board undertook a review of the entirety of their Administrative Rules in 2002. The process resulted in the streamlining of the rules. Over the 15 years the program has been in existence many facets of the program have been sunset. The Insurance Program, Loan Guarantee Program and Upgrade Claims have all been sunset during the life of the program. The rules associated with these programs were amended to reflect these changes. In addition there have been changes to the relevant statutes, both the UST Fund's and the Iowa Department of Natural Resources', which prompted rule revisions or deletions. Public meetings were held in Clive, Denison and Iowa City to solicit input from the public. Those comments were utilized in the review of the Administrative Code. The changes did not change the substantive operation of the program.

O. Aboveground Storage Tanks (ASTs)

The Board was given authority to reimburse for the removal of AST's or the upgrade to meet EPA requirements in 40 CFR 112 for work completed between January 1, 2004 and February 18, 2005. Rules were adopted allowing reimbursement to AST owners registered with the State Fire Marshal by January 1, 2004. The maximum benefit payable is \$25,000 per site and \$100,000 per owner. In 2005, rules were adopted to change the work completion deadline for AST removals and upgrades to December 31, 2005 to comply with a statutory change of the work completion deadline. All claims were paid and closed during FY 07. The total paid on AST claims was \$11,217,932.11 on a total of 414 claims filed.

P. Loss Portfolio Transfer

The Board agreed to and entered into an agreement to transfer open claims to a third party in March 2007. The Board and PMMIC agreed to a transfer of liability on a group of sites where both had open claims. The Board paid \$511,224.29 to PMMIC; in exchange for the payment of PMMIC assumed all liability associated with any past or future claim against the UST Board on 10 sites. Claimants for each site also released the Board against any future liability. The Board negotiated this agreement directly with PMMIC with no requirement for additional bids because of the unique circumstance of existing shared liability at this group of sites. Board rules allow for future transactions with third parties to reach the Board's goals, but generally require competitive bidding

for such transactions. As of June 30, 2012, consultants working on three of the sites have made recommendations to reclassify the sites to a no action required status.

Q. UST Operator Training

2010 Legislation required the Board administer a program to provide training to UST operators at an equal and reasonable cost in the State of Iowa, with no more than \$250,000 to be spent each fiscal year. To facilitate this, the Board entered into agreements with all vendors approved by the DNR to provide such training, allowing for reimbursement of the training at a set rate of \$100 for those who are trained as a combined Level A & B operator, or \$80 for those trained as a Level A or B operator. As of June 30, 2012, the names of 2,490 individuals have been submitted as Level A and/or Level B operators, and \$238,640 has been paid to date for the training.

In fiscal year 2012, the Board authorized a 28E agreement to retain the services of Iowa State University's Department of Environmental Safety & Health to develop a data management system that could be utilized by owners and operators in tracking the names of the their staff who have been trained as UST Operators and to obtain Class C Operator training for their staff at no cost to themselves. The cost of the management system and training module, over a two-year period, will be \$40,460.00.

Iowa UST Fund
Monthly Activities Report

Jun-12

Claims	Open Claims May Ending	Monthly Net Changes	Open Claims June Ending	Open & Closed Totals since Inception
RETROACTIVE				
number	39	0	39	444
reserve	\$1,606,729.14	(\$29,338.14)	\$1,577,391.00	\$1,606,729.14
paid	\$6,768,270.86	\$24,338.14	\$6,792,609.00	\$16,473,908.21
	\$8,375,000.00	(\$5,000.00)	\$8,370,000.00	\$18,080,637.35
REMEDIAL				
number	541	(9)	532	4,447
reserve	\$24,900,586.62	\$238,351.30	\$25,138,937.92	\$24,901,522.62
paid	\$79,216,301.70	(\$678,351.30)	\$78,537,950.40	\$198,679,469.10
total	\$104,116,888.32	(\$440,000.00)	\$103,676,888.32	\$223,580,991.72
INNOCENT LANDOWNER				
number	162	0	162	1,104
reserve	\$6,865,067.09	(\$17,843.59)	\$6,847,223.50	\$6,880,067.09
paid	\$11,509,142.91	\$46,493.59	\$11,555,636.50	\$26,233,334.50
total	\$18,374,210.00	\$28,650.00	\$18,402,860.00	\$33,113,401.59
GLOBAL OPT-IN				
number	143	(3)	140	1,294
reserve	\$824,981.16	(\$21,070.37)	\$803,910.79	\$824,981.16
paid	\$1,118,556.65	(\$20,929.63)	\$1,097,627.02	\$9,395,930.31
total	\$1,943,537.81	(\$42,000.00)	\$1,901,537.81	\$10,220,911.47
UNASSIGNED REVENUE FUND PROJECTS				
number	0	1	0	189
reserve	\$0.00	\$15,000.00	\$0.00	\$15,000.00
paid	\$0.00	\$0.00	\$0.00	\$2,455,839.75
total	\$0.00	\$0.00	\$0.00	\$2,470,839.75
NFA RE-EVALUATIONS				
number	18	0	18	33
reserve	\$414,808.75	(\$15,149.38)	\$399,659.37	\$414,808.75
paid	\$307,901.25	\$15,149.38	\$323,050.63	\$537,167.42
total	\$722,710.00	\$0.00	\$722,710.00	\$951,976.17
TANK PULLS				
number	33	0	33	156
reserve	\$386,116.00	(\$20,500.00)	\$365,616.00	\$386,116.00
paid	\$0.00	\$0.00	\$0.00	\$1,287,789.67
total	\$386,116.00	(\$20,500.00)	\$365,616.00	\$1,673,905.67

Corrective Action Meetings	
Scheduled:	18
Completed:	1,081
MOA's	474

Operator Training (Classes A / B)	
# trained	2,490
Paid (FY2011)	\$183,600.00
Paid (FY2012)	\$55,040.00

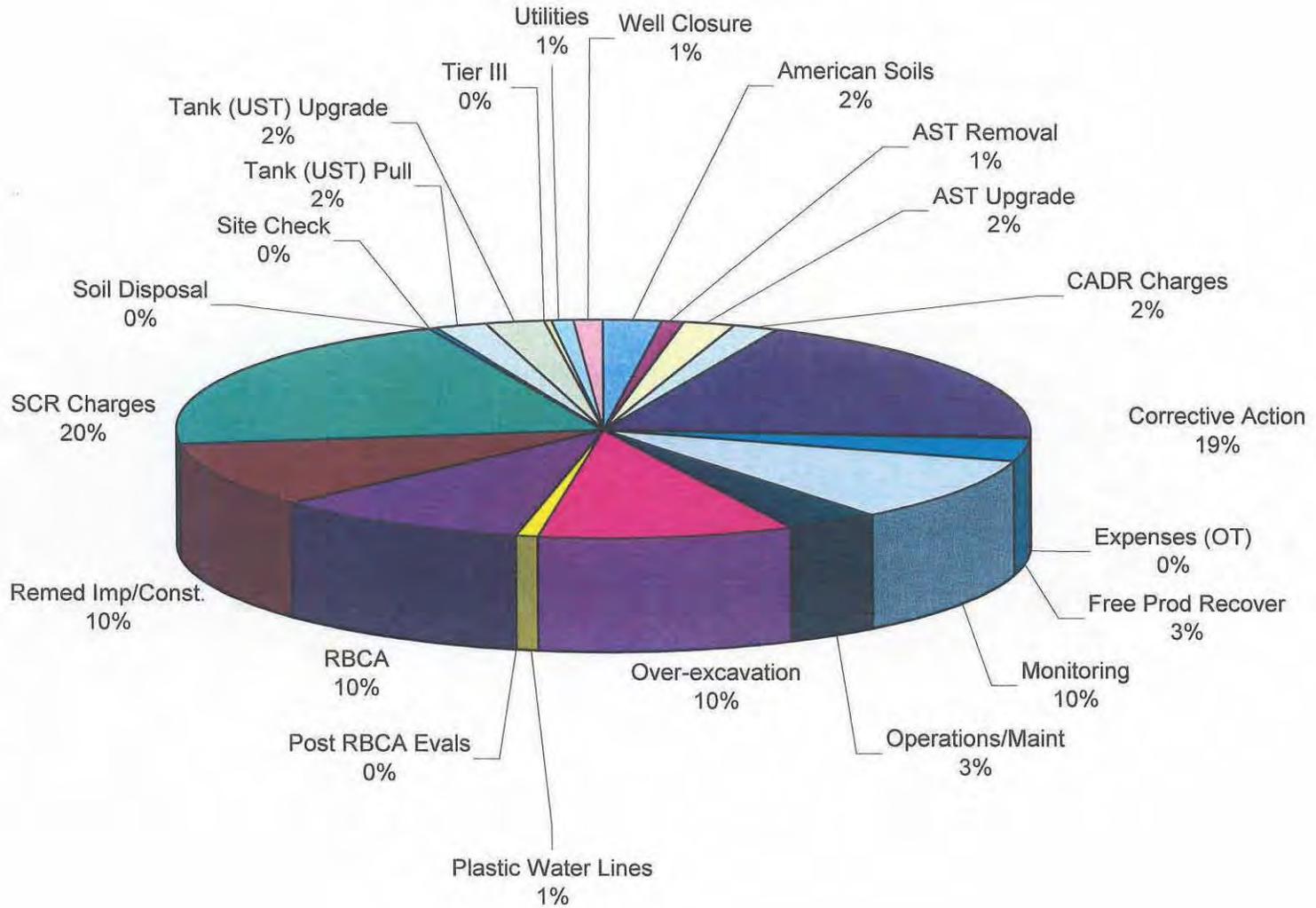
RT Claims	#
New	0
Reopened	0
Closed	0
RM Claims	#
New	1
Reopened	0
Closed	9
ILO Claims	#
New	0
Reopened	0
Closed	0
GS Claims	#
New	0
Reopened	0
Closed	3
Tank Pull	#
New	8
Reopened	0
Closed	8

Invoice Type Totals	JUNE	FYTD	Program to Date
2004 Tank Pull	0.00	0.00	\$ 1,761,013
2010 Tank Pull	94,836.77	1,136,428.27	\$ 1,388,346
American Soils	0.00	0.00	\$ 5,678,423
AST Removal	0.00	0.00	\$ 2,121,637
AST Upgrade	0.00	0.00	\$ 5,460,479
CADR Charges	24,473.08	64,874.42	\$ 4,257,443
Corrective Action	3,628.27	53,303.02	\$ 51,049,052
Expenses (OT)	0.00	72,120.00	\$ 240,020
Free Prod Recover	44,855.32	463,167.34	\$ 9,253,824
Monitoring	103,657.36	1,603,339.72	\$ 25,721,718
Operations/Maint	31,504.02	434,323.70	\$ 8,989,603
Over-excavation	46,136.58	1,168,108.72	\$ 26,399,678
Plastic Water Lines	0.00	206,207.90	\$ 1,897,037
Post RBCA Evals	2,950.00	13,923.57	\$ 183,608
RBCA	34,828.56	247,810.08	\$ 25,595,448
Remed Imp/Const.	19,524.02	654,586.96	\$ 25,482,426
SCR Charges	0.00	0.00	\$ 54,185,400
Site Check	0.00	3,517.76	\$ 137,470
Soil Disposal	0.00	0.00	\$ 670,827
Tank (UST) Pull	0.00	5,487.00	\$ 5,146,330
Tank (UST) Upgrade	0.00	0.00	\$ 5,891,655
Tier III	3,542.40	66,015.21	\$ 1,254,157
Utilities	11,864.16	180,182.87	\$ 1,647,818
Well Closure	25,056.16	210,913.10	\$ 3,162,057
Total Invoice Types	446,856.70	6,584,309.64	\$ 266,625,172

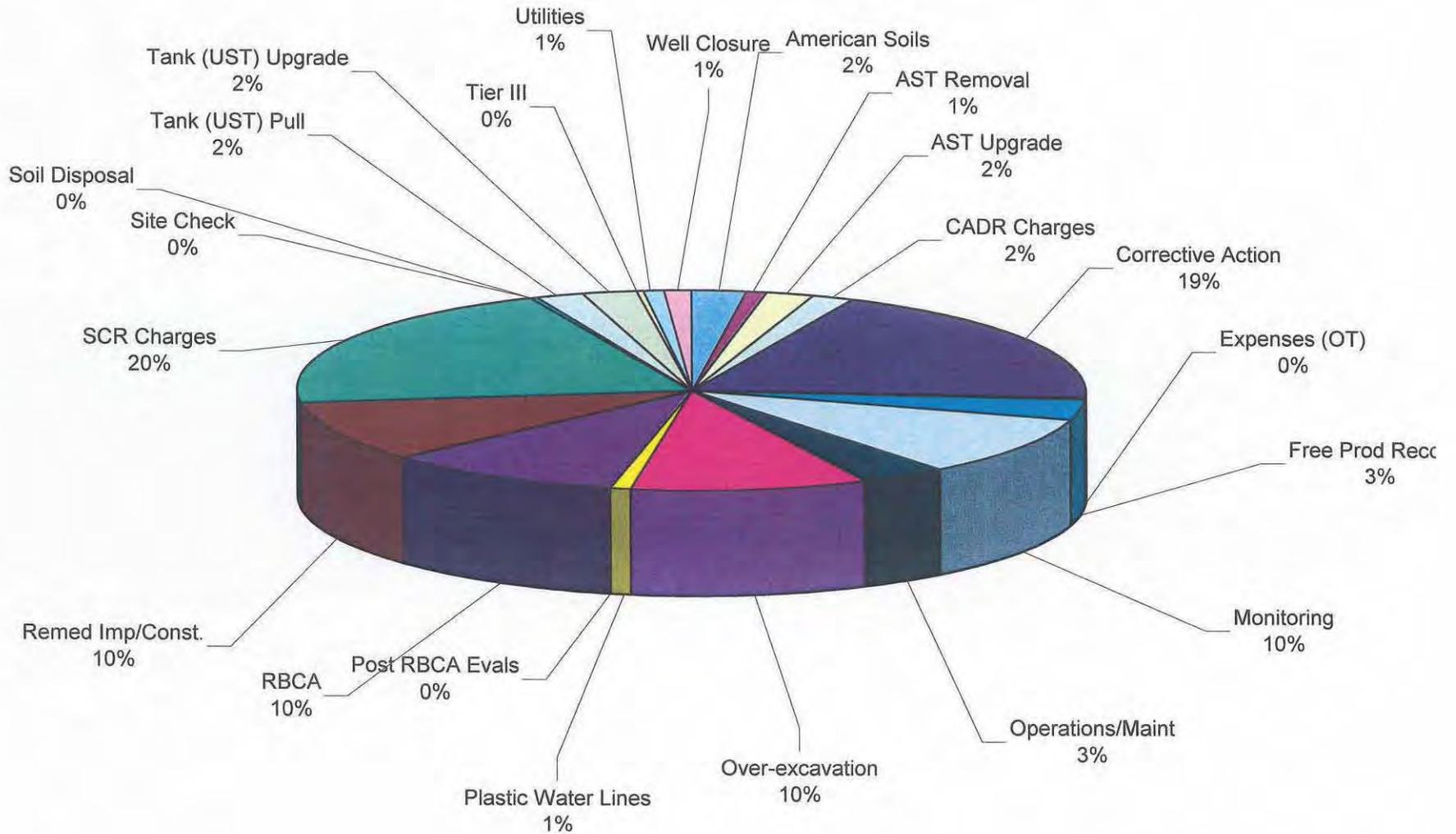
Remediation Budgets Approved to Date		
last month (June'12)	4	\$363,810
Trailing 12 mos	34	\$1,930,502
Prev Trail 12 mos	39	\$1,512,513
Total Since Jan 2003	1,034	\$39,879,141

Project Contracts	Open	Closed	Pending
CRP's	13	33	0
Tank Closure	2	5	0
Plastic Water Line	0	2	0

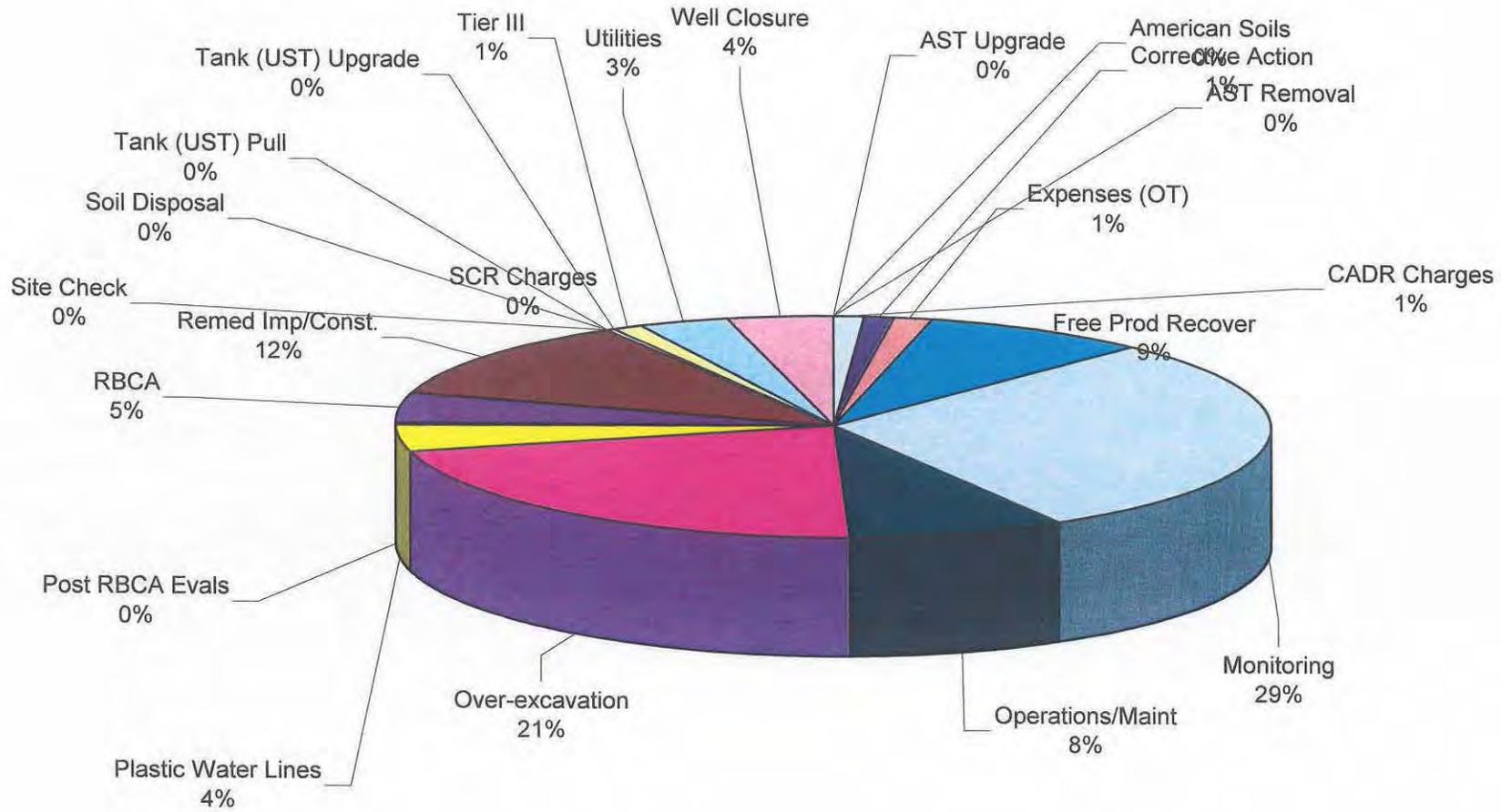
Program to Date Invoice Types



Program to Date Invoice Types



Fiscal 2011 Invoice Types





IOWA UNDERGROUND STORAGE TANK FUND

Douglas M. Beech, *Chairperson*

Scott M. Scheidel, *Administrator*

Board Members:

Michael L. Fitzgerald

Chuck Gipp

Joseph D. Barry

Dawn M. Carlson

Eric W. Johnson

Jeff W. Robinson

Karen Andeweg

FROM: JAMES GASTINEAU
SUBJECT: UPDATE ON INNOVATIVE TECHNOLOGY & REMEDIATION PROJECTS
DATE: August 14, 2012

The following is a summary outlining the current status of the innovative technology & community remediation projects.

INNOVATIVE TECHNOLOGY PROJECTS

REMIT9703-04: Council Bluffs. Contract date: 6/21/1997

This project involves one LUST site. Originally selected for the USEPA project to evaluate innovative technologies, activities included operation of a remedial system to remove free product and reduce contaminant levels. The system operated through 2005. Since then, monitoring and free product recovery has been ongoing. Site-specific target levels have been attained for the vapor receptors and a proposal is awaiting review at the DNR concerning the water line pathway. Further monitoring and periodic product recovery efforts continue.

REMEDATION PROJECTS

CRPCA 9709-04: Delaware. Contract date: April 1998 Project timeline indefinite.

Originally, this project involved 2 sites in a small community with both a public water system and multiple private water supply wells in use. The primary municipal water well is within 200 feet. Soil excavation was completed in 2001 at one site which successfully reduced groundwater contaminant levels in that area and allowed that site to attain closure. Due to proximity of the public and private water wells, semi-annual monitoring continues and is expected to continue indefinitely.

CRPCA 9709-05: Marengo. Contract date: February 1998 Project completion by 2014.

This project involves one site considered at risk due to proximity to several private water wells. An excavation successfully removed a majority of the soil contamination and has resulted in a significant decline in groundwater contaminant levels. Fluctuations in contaminant levels have been observed thus the DNR required 'steady and declining' conditions have not been met. Future monitoring is necessary.

CRPCA 9711-08: Lake Mills. Contract date: April 1998 Project completion by 2016.

This project involves 2 sites with a commingled plume. Both sites are considered high risk due to vapor receptors and a distant municipal well. Corrective action included operation of a vapor extraction system to address the sources areas for several years. Currently, monitoring is being conducted and discussions are being pursued to put an ordinance into place for the protected groundwater source pathway.

CRPCA 9804-13: Greeley. Contract date: August 1998 Project completion by 2016.

This project originally involved one site in a small community without a public water system thus site was deemed high risk due to the proximity of multiple water wells. In 2009, a public water system was installed; all residents are believed to be connected to the system however there are no regulations requiring landowners to close their wells. DNR previously approved an annual monitoring approach until the public water system is available and private wells are closed or until NAR conditions are attained. Due to lapse in FR mechanism, site no longer eligible for IUST benefits.

CRPCA 9805-18: Sioux City. Contract date: August 1998 Project timeline indefinite.

This project involved 2 sites considered high risk for contamination in proximity to the Cook Park municipal well fields. DNR ruled corrective action is not possible thus the selected approach for achieving a NAR classification is to eliminate the receptors. The City of Sioux City entered into an agreement with the Board for the City to install a replacement well and to close the existing Cook Park well field. The new well has been installed but is not yet operational. In the interim, monitoring of the select wells near the well field is ongoing.

CRPCA 9808-19: Bevington. Contract date: November 1998 Project timeline indefinite.

This project involves one site considered high risk for a surface water, private water wells, water lines, and vapor receptors. A remedial system was in operation from 2002 to 2009 however recent sampling indicates contaminant levels are still elevated and free product has re-appeared in the same wells as the past. Further evaluation is needed and may include laser-induced fluorescence technology to map the contaminant plumes. Further remediation is likely.

CRPCA 0005-22: Dubuque. Contract date: November 2000 Project timeline indefinite.

This project involves 4 sites, all low risk for the potential groundwater ingestion and potential vapor pathways. The sites have been razed and are now included within the US Highway 20 right-of-way. Monitoring began in 2002 and long term monitoring is anticipated. Due to the low target levels, it is unlikely a NAR classification will be attained through the monitoring process thus, legal restrictions through a public ordinance or deed restrictions must be considered. Monitoring for the vapor receptors is needed.

CRPCA 0008-24: Kingston. Contract date: November 2000 Project timeline indefinite.

This project involves 2 sites with commingled contamination. The sites are classified high-risk for the groundwater ingestion pathway. Rural water is available, but multiple landowners still use private wells. The risk to the private wells is being monitored as efforts are ongoing to demonstrate that the plumes are steady and not expanding.

CRPCA 0111-26: Council Bluffs. Contract date: March 2002 Project completion indefinite.

This project originally involved 4 sites; two are classified high risk and two are classified as NAR. Remediation is ongoing at one site while post-excavation monitoring is being considered at the 2nd site.

CRPCA 0309-33 (Amended): Bentley. Contract date: January 2010 Project timeline indefinite.

This project involves one site in an unincorporated community without a public water system. The site is high risk due to proximity to multiple private water wells. An innovative technology involving a patented technology for in-well air stripping is being used to remediate the contaminants at the site. It is anticipated the system will require operation for several years.

CRPCA 0612-39: Galva. Contract date: May 2007. Project completion by 2014.

This project involves two LUST sites, both considered high risk for presence of contamination in a protected groundwater source and proximity to multiple non-drinking water wells. An air-

sparge and vapor extraction system commenced operation in early 2011 and will likely be shut down in the upcoming months so that post-remediation monitoring can be completed. If monitoring results are positive, the sites may be reclassified to low risk or a no action required status in 2013.

CRPCA 1007-40: Akron Contract date: November 2010.

This project has 2 sites involving a commingled contaminant plume. The sites are classified high risk due to proximity to the Akron municipal water wells. Remediation successfully removed the lighter contaminants however heavier contaminants remained thus prompting the need for further remediation. A new system was installed and commenced operation in 2010, and is expected to be in operation for 1 – 2 more years, to be followed by post-remediation monitoring.

UST Fund State Lead Projects
July 2012

Project ID #	Location	Consultant	Contract Start	Contract End	Interim Contract Renewal	Original Contract Amount	Board Authorized Amount	Paid on Contract	Last Board Authorization
CRPCA9709-04	Delaware	MPS	4/24/1998		na	\$21,625.00	\$ 255,729.00	\$ 222,154.33	04/22/10
CRPCA9709-05	Marengo	MPS	2/4/1998		na	\$15,700.00	\$ 142,886.00	\$ 136,706.83	04/22/10
CRPCA9711-08	Lake Mills	Barker	4/7/1998		na	\$46,825.00	\$ 761,077.50	\$ 579,184.38	08/26/10
CRPCA9803-10	Indianola	Apex	7/2/1998		na	\$39,613.55	\$ 575,000.00	\$ 519,409.32	10/27/05
CRPCA9804-13	Greeley	Trileaf	8/6/1998		na	\$25,900.00	\$ 209,465.00	\$ 185,998.19	10/26/06
CRPCA9805-18	Sioux City	Northwest	7/6/1998		na	\$62,910.00	\$ 244,247.00	\$ 165,044.60	10/27/05
SPEC. 18A	Sioux City	City of Sioux City	1/5/2006		na	\$1,750,000.00	\$1,750,000.00	\$ -	10/27/05
CRPCA9808-19	Bevington	Apex	11/2/1998		na	\$52,277.75	\$ 725,000.00	\$ 646,306.45	01/23/09
CRPCA0005-22	Dubuque	Barker	11/27/2000		na	\$48,790.00	\$ 93,830.00	\$ 89,104.00	07/26/02
CRPCA0008-24	Kingston	Barker	11/30/2000		na	\$22,800.00	\$ 120,000.00	\$ 84,711.46	08/25/05
CRPCA0111-26	Council Bluffs	Barker	3/18/2002		na	\$46,998.00	\$ 1,180,000.00	\$ 1,013,433.66	12/10/09
CRPCA0206-28	Walnut	Geotek	11/7/2002	11/24/2010		\$41,014.00	\$ 500,000.00	\$ 519,121.06	03/31/06
CRPCA 0309-33 (A)	Bentley	Barker	12/21/2009		12/20/12	\$140,137.64	\$ 140,137.64	\$ 34,937.04	12/21/09
CRPCA0406-38	Rose Hill	Apex	9/1/2004	8/18/2010		\$16,978.42	\$ 30,898.14	\$ 12,945.00	12/19/06
CRPCA 0612-39	Galva	Geode	5/15/2007		05/30/12	\$7,195.00	\$ 393,500.00	\$ 245,162.29	08/26/10
CRPCA 1007-40	Akron	Geotek	11/15/2010		11/15/13	\$46,697.00	\$ 46,697.00	\$ 13,589.37	11/15/10
Innovative Technology Projects									
REMIT9703-04	Council Bluffs	Seneca	6/12/1997	NA	NA	\$181,652.29	\$ 800,000.00	\$ 647,480.00	02/25/05

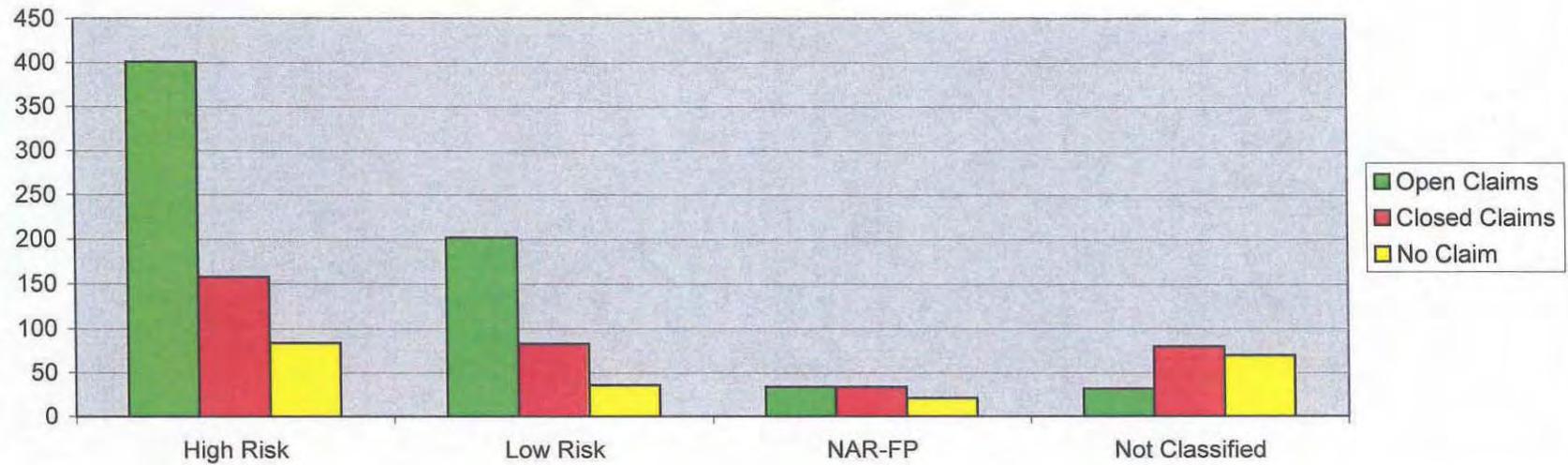
CLAIMS RISK

Open Claims	High Risk	Low Risk	NAR-FP	Not Classified	NFA	All LUST
Retro	24	9	2	0	3	38
Remedial	308	148	27	3	42	528
Innocent Landowner	69	45	5	29	14	162
Total	401	202	34	32	59	728

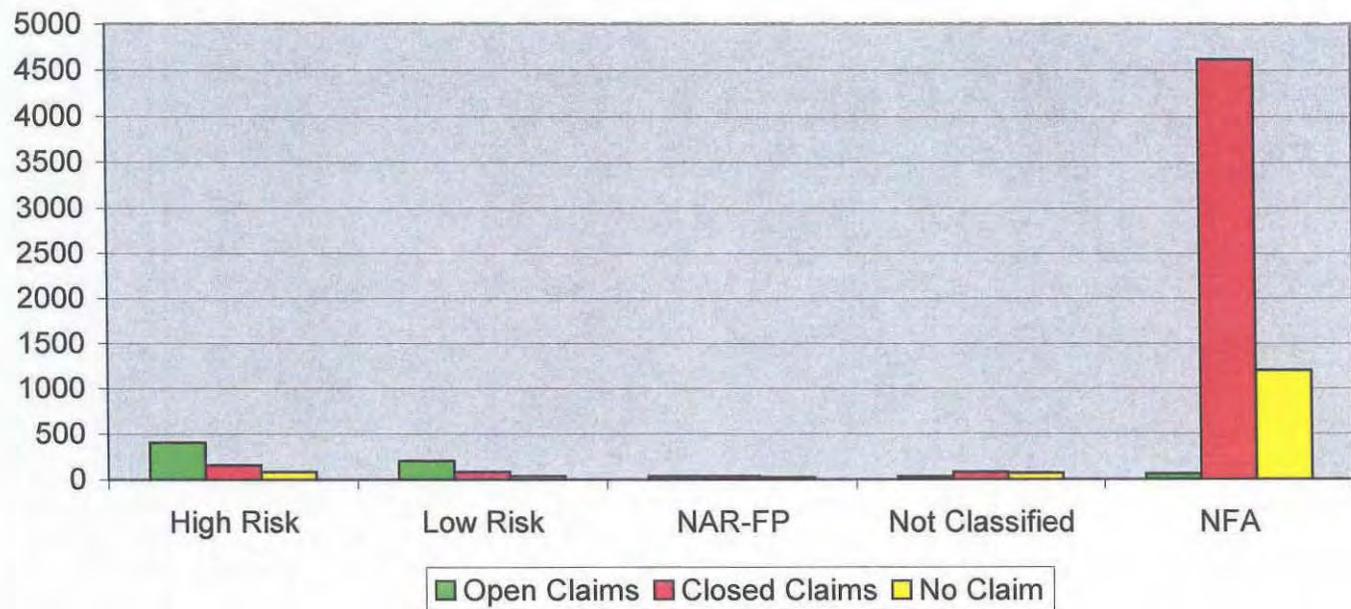
Closed Claims						
Retro	32	12	2	7	342	395
Remedial	91	56	26	53	3485	3711
Innocent Landowner	35	15	6	20	792	868
Total	158	83	34	80	4619	4974
No Claim	84	36	21	70	1200	1411

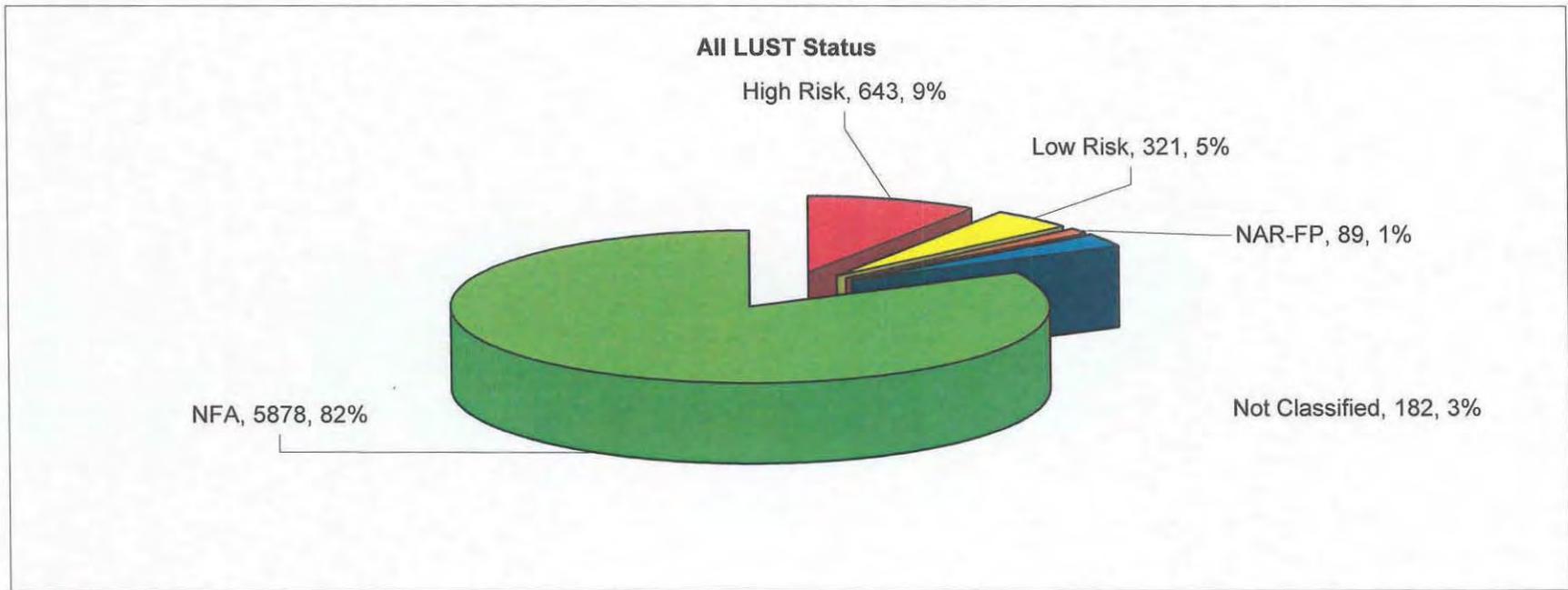
Total LUST Sites	643	321	89	182	5878	7113
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Open LUST with Claims

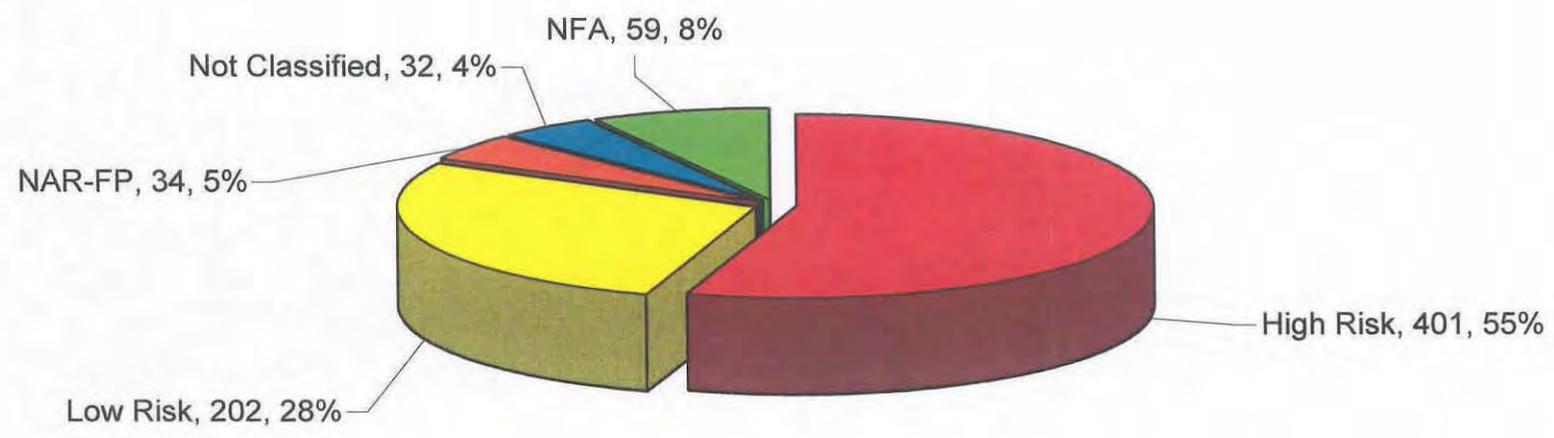


All LUST Classifications with Claims





Open Claims with LUST Status



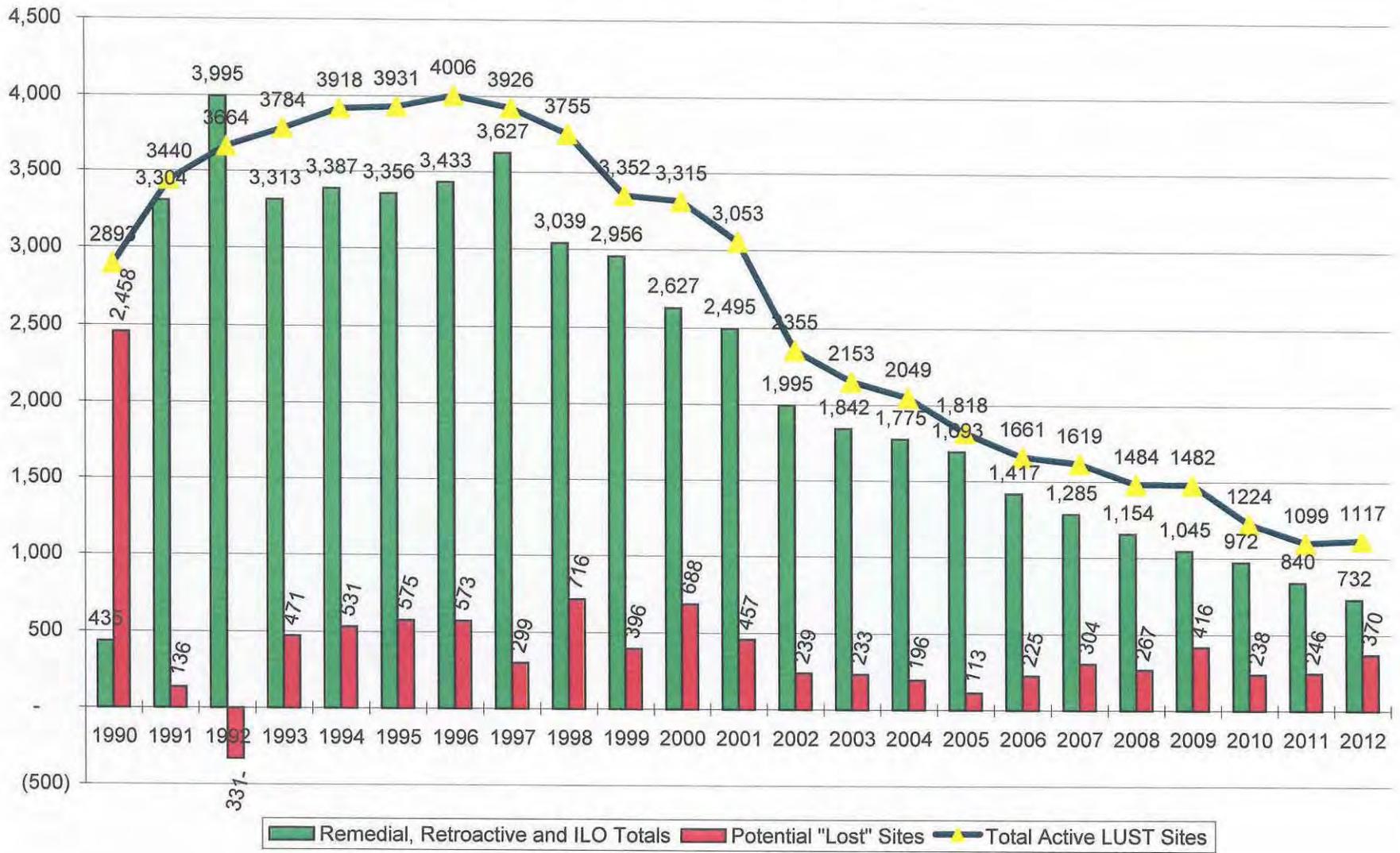
FISCAL YEAR END
OPEN CLAIM DATA
IOWA UST FUND
1990 Through 2012

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Retroactive												
Reserve	\$0	\$0	\$0	\$7,997,366	\$8,020,819	\$6,527,645	\$5,122,321	\$5,105,929	\$5,558,789	\$12,816,729	\$12,115,368	\$10,328,237
Paid	\$0	\$0	\$0	\$2,537,222	\$2,924,789	\$3,230,438	\$3,388,206	\$3,416,209	\$3,631,893	\$5,634,839	\$5,772,923	\$6,181,975
Total	\$0	\$0	\$0	\$10,534,588	\$10,945,608	\$9,758,083	\$8,510,527	\$8,522,138	\$9,190,682	\$18,451,568	\$17,888,289	\$16,510,211
Number Open	0	0	0	159	147	147	147	145	130	153	137	132
Remedial												
Reserve	\$14,176,804	\$237,122,878	\$277,093,959	\$279,389,771	\$263,111,215	\$170,290,956	\$121,115,479	\$121,745,953	\$112,741,979	\$138,502,942	\$127,324,680	\$112,721,689
Paid	\$0	\$7,206,855	\$28,332,995	\$42,333,538	\$60,492,002	\$72,414,070	\$77,238,020	\$80,157,138	\$73,242,358	\$75,338,637	\$75,284,102	\$77,607,268
Total	\$14,176,804	\$244,329,733	\$305,426,955	\$321,723,309	\$323,603,217	\$242,705,026	\$198,353,499	\$201,903,091	\$185,984,337	\$213,841,579	\$202,608,781	\$190,328,957
Number Open	435	3304	3995	3154	3240	3209	3176	3099	2447	2324	2072	1,972
ILO												
Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$3,771,347	\$11,438,556	\$15,187,101	\$20,211,445	\$20,013,579	\$16,946,462
Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$437,170	\$2,248,843	\$3,502,553	\$4,036,891	\$4,916,299	\$5,672,337
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$4,208,517	\$13,687,399	\$18,689,654	\$24,248,336	\$24,929,879	\$190,328,957
ILO Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$4,857,486	\$1,689,944	\$17,532,211	\$22,102,965	\$32,005,822	\$31,786,724
Number Open	0	0	0	0	0	0	110	383	462	479	418	391
Opt In												
Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$365,742	\$1,135,715	\$1,403,179	\$1,855,095	\$2,776,340
Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$279,978	\$712,240	\$945,399	\$1,269,297	\$1,812,883
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$645,720	\$1,847,955	\$2,348,578	\$3,124,392	\$4,589,223
Number Open	0	0	0	0	0	0	0	60	140	178	249	349
Insurance												
Reserve	\$0	\$0	\$0	\$1,740,900	\$1,804,212	\$1,594,922	\$1,953,350	\$1,978,684	\$2,521,700	\$3,010,699	\$2,900,611	\$0
Paid	\$0	\$0	\$0	\$541,108	\$75,049	\$43,358	\$93,150	\$130,834	\$323,300	\$374,801	\$417,147	\$0
Total	\$0	\$0	\$0	\$1,795,008	\$1,879,261	\$1,638,280	\$2,046,500	\$2,109,518	\$2,845,000	\$3,358,500	\$3,317,758	\$0
Number Open	0	0	0	44	106	86	64	60	56	54	56	0
AST												
Reserve												
Paid												
Total												
Number Open												
Remedial, Retroactive and ILO Totals												
	\$14,176,804	\$237,122,878	\$277,093,959	\$287,387,137	\$271,132,034	\$176,818,601	\$130,009,147	\$138,290,438	\$133,487,869	\$171,531,116	\$159,453,628	\$139,996,388
	435	3,304	3,995	3,313	3,387	3,356	3,433	3,627	3,039	2,956	2,627	2,495
Total Active LUST Sites												
"Lost Sites" Subtotal	2,458	136	-331	471	531	575	573	299	716	396	688	558
Closure / NFA Contract "Lost Sites"												101
												457
Total Fund Balance												
(Rmdl+Unasn Rev+ILO)	\$78,940	\$58,756,562	\$47,390,393	\$37,922,648	\$65,598,734	\$61,681,595	\$67,793,092	\$101,006,153	\$115,401,420	\$110,680,346	\$126,605,234	\$131,522,995
Compare Reserves												
Percent Change Res	(\$14,097,864)	(\$178,366,316)	(\$229,703,566)	(\$249,464,489)	(\$205,533,300)	(\$115,137,006)	(\$62,216,055)	(\$37,284,285)	(\$18,086,449)	(\$60,850,770)	(\$32,848,394)	(\$8,473,393)
Percent Change Count		1573%	17%	1%	-6%	-35%	-29%	1%	-7%	23%	-8%	-11%
Percent Change LUST #		660%	21%	-21%	3%	-1%	-1%	-2%	-21%	-5%	-11%	-5%
		19%	7%	3%	4%	0%	2%	-2%	-4%	-11%	-1%	-8%

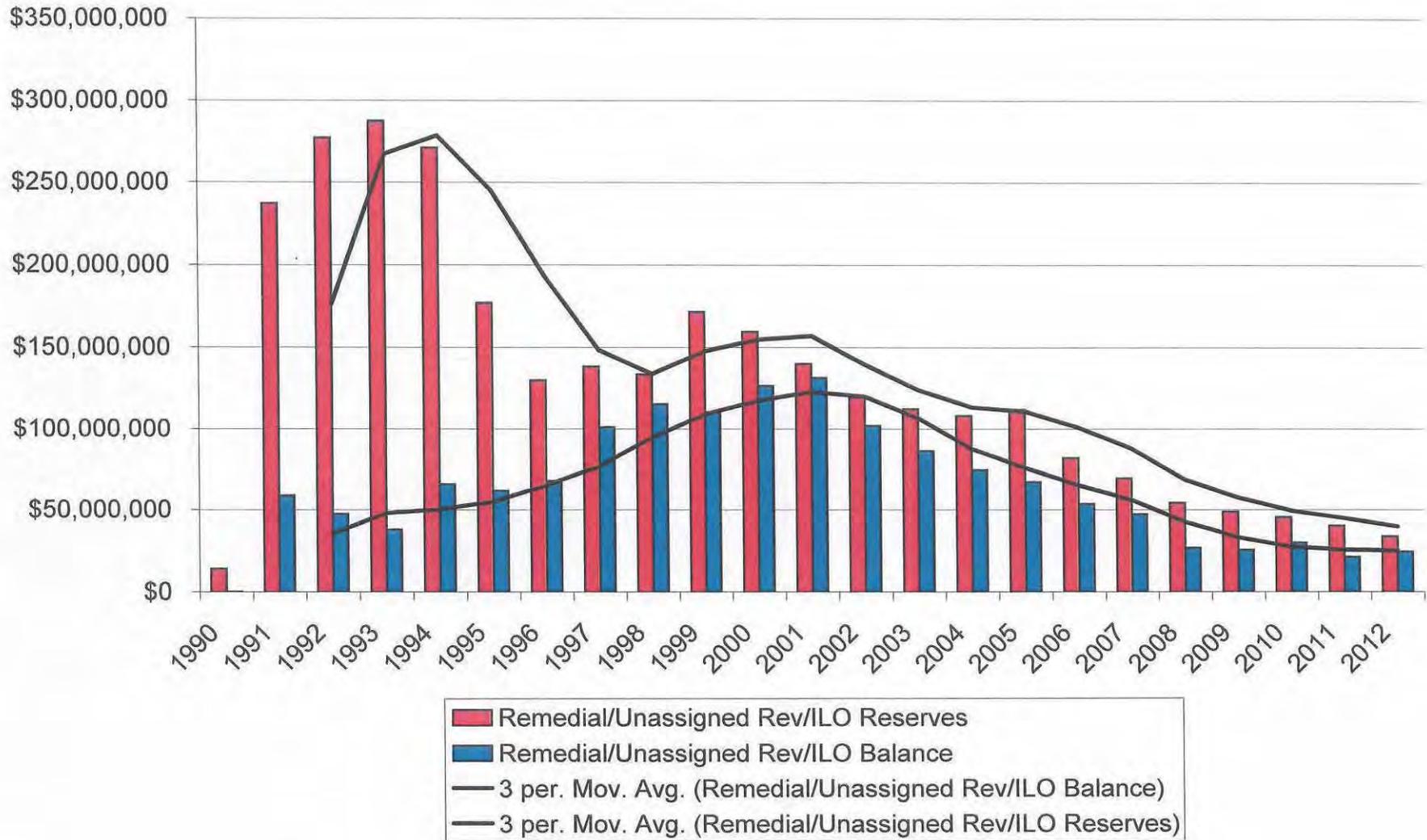
FISCAL YEAR END
OPEN CLAIM DATA
IOWA UST FUND
1990 Through 2012

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Retroactive											
Reserve	\$8,305,772	\$7,696,557	\$7,744,329	\$7,536,124	\$5,223,457	\$4,057,632	\$3,077,780	\$2,914,426	\$ 2,428,995	\$ 1,787,253	\$1,577,391
Paid	\$6,203,843	\$6,610,396	\$7,555,192	\$8,649,148	\$8,201,250	\$8,054,104	\$8,083,920	\$7,735,074	\$ 7,031,913	\$ 6,872,497	\$6,792,609
Total	\$14,509,615	\$14,306,953	\$15,299,522	\$16,185,271	\$13,424,707	\$12,111,737	\$11,161,699	\$10,649,500	\$ 9,460,908	\$ 8,659,750	\$8,370,000
Number Open	114	108	105	101	86	75	69	61	54	44	39
Remedial											
Reserve	\$94,934,564	\$88,951,954	\$84,590,582	\$88,558,248	\$64,252,542	\$55,589,062	\$42,288,489	\$38,093,300	\$ 34,854,549	\$ 30,911,166	\$25,138,937.92
Paid	\$72,414,757	\$73,149,470	\$82,746,786	\$93,168,351	\$91,166,813	\$93,132,528	\$91,835,146	\$87,786,173	\$ 87,310,521	\$ 82,366,302	\$78,537,950.40
Total	\$167,349,320	\$162,101,424	\$167,337,368	\$181,726,599	\$155,419,355	\$148,721,589	\$134,123,635	\$125,879,473	\$ 122,165,071	\$ 113,277,468	\$103,676,888.32
Number Open	1,569	1424	1353	1283	1,057	955	848	767	712	609	531
ILO											
Reserve	\$16,378,688	\$15,633,960	\$15,857,471	\$15,919,745	\$12,334,846	\$9,669,816	\$8,827,411	\$7,894,360	\$8,090,905	\$7,511,313	\$6,847,223.50
Paid	\$6,017,589	\$7,311,242	\$9,464,390	\$10,913,447	\$10,833,091	\$11,991,855	\$12,070,091	\$11,664,383	\$11,791,304	\$11,721,685	\$11,555,636.50
Total	\$22,396,277	\$22,945,202	\$25,321,861	\$26,833,193	\$23,167,937	\$21,661,671	\$20,897,502	\$19,558,743	\$19,882,209	\$19,232,998	\$18,402,860.00
ILO Balance	\$33,893,037	\$33,146,825	\$28,659,850	\$26,562,368	\$24,863,368	\$21,600,370	\$10,000,000	\$9,278,837	\$15,376,150	\$3,952,450	\$2,963,372
Number Open	312	310	317	309	274	255	237	217	206	187	162
Opt In											
Reserve	\$2,853,852	\$3,213,202	\$3,034,128	\$3,454,178	\$2,046,676	\$1,617,162	\$1,486,759	\$1,332,311	\$1,169,013	\$937,230	\$803,910.79
Paid	\$2,155,418	\$2,589,994	\$2,876,480	\$3,497,680	\$2,416,480	\$2,068,431	\$1,994,439	\$2,088,122	\$1,518,680	\$1,243,308	\$1,097,627.02
Total	\$5,009,270	\$5,803,196	\$5,910,608	\$6,951,857	\$4,463,156	\$3,685,593	\$3,481,198	\$3,420,433	\$2,687,693	\$2,180,538	\$1,901,537.81
Number Open	369	427	421	364	323	267	251	219	195	160	140
Insurance											
Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Number Open	0	0	0	0	0	0	0	0	0	0	0
AST											
Reserve				\$23,706,817	\$251,921	\$0	\$0	\$0	\$0	\$0	\$0
Paid				\$2,396,085	\$90,079	\$0	\$0	\$0	\$0	\$0	\$0
Total				\$26,102,903	\$342,000	\$0	\$0	\$0	\$0	\$0	\$0
Number Open				139	7	0	0	0	0	0	0
	\$119,619,023	\$112,282,470	\$108,192,382	\$112,014,116	\$81,810,845	\$69,316,510	\$54,193,679	\$48,902,086	\$45,374,449	\$40,209,732	\$33,563,552
	1,995	1,842	1,775	1,693	1,417	1,285	1,154	1,045	972	840	732
			23.27%	-22.80%	198.60%	103.32%	179.87%	80.16%	53.25%	89.12%	100.94%
			\$ 17,576,721	\$ 16,759,372	\$ 15,208,331	\$ 12,092,926	\$ 8,407,658	\$ 6,600,985	\$ 6,624,778	\$ 5,794,990	\$ 6,584,310
Total Active LUST Sites	2355	2153	2049	1,818	1661	1619	1484	1482	1224	1099	1117
"Lost Sites" Subtotal	360	311	274	125	244	334	330	437	252	259	385
Closure / NFA Contract	121	78	78	12	19	30	63	21	14	13	15
"Lost Sites"	239	233	196	113	225	304	267	416	238	246	370
Total Fund Balance (Rmdl+Unasn Rev+ILO)	\$102,028,639	\$86,234,558	\$74,354,067	\$66,982,327	\$53,532,383	\$47,296,272	\$26,693,215	\$25,478,322	\$29,947,243	\$21,252,698	\$24,275,971
Compare Reserves	(\$17,590,384)	(\$26,047,913)	(\$33,838,315)	(\$45,031,789)	(\$28,278,461)	(\$22,020,239)	(\$27,500,464)	(\$23,423,764)	(\$15,427,207)	(\$18,957,034)	(\$9,287,581)
Percent Change Res	-16%	-6%	-5%	5%	-27%	-13%	-24%	-10%	-9%	-11%	-19%
Percent Change Count	-20%	-9%	-5%	-5%	-18%	-10%	-11%	-10%	-7%	-14%	-13%
Percent Change LUST #	-23%	-9%	-5%	-11%	-9%	-3%	-8%	0%	-17%	-10%	2%

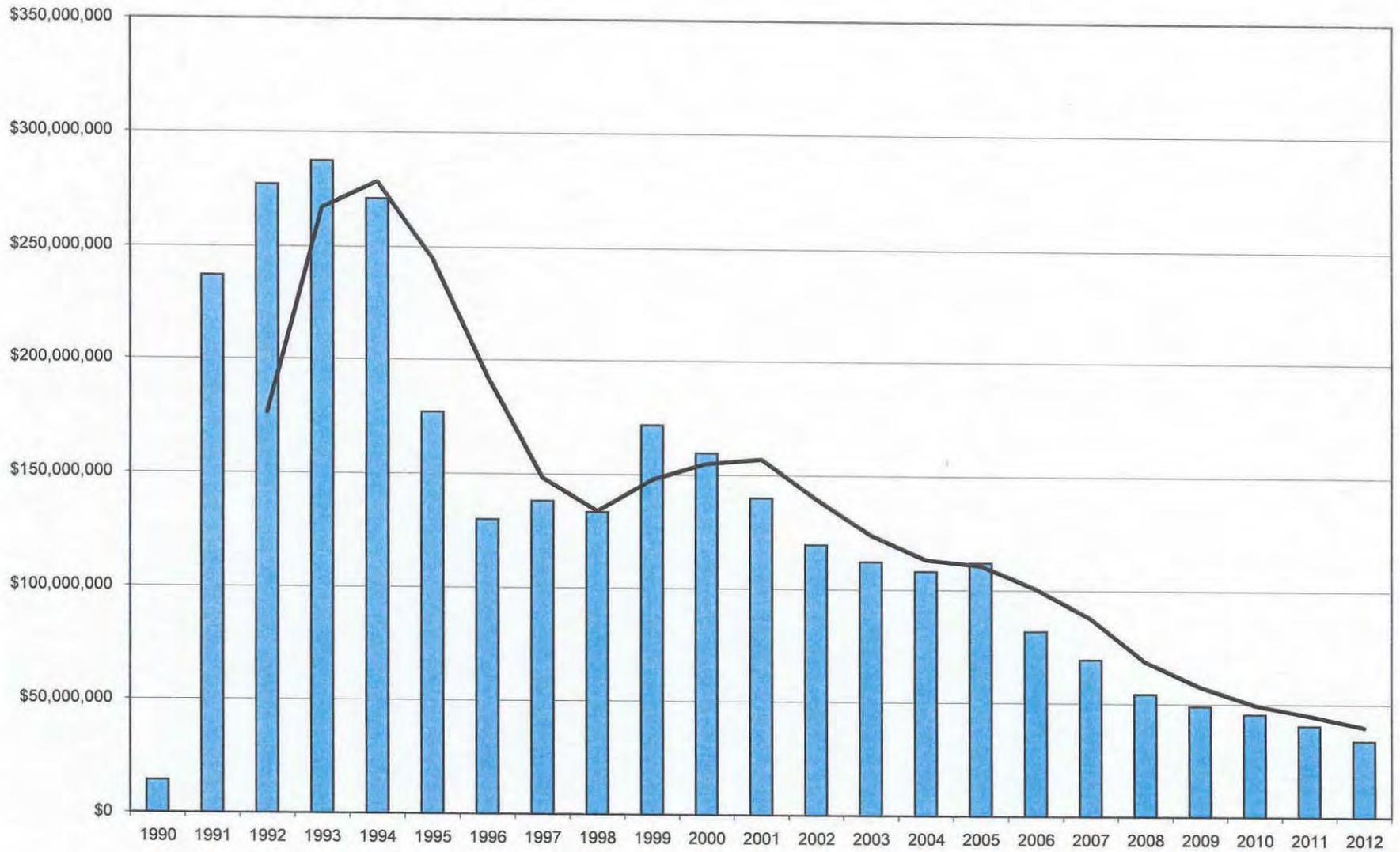
Open Claims and Total Active LUST Sites



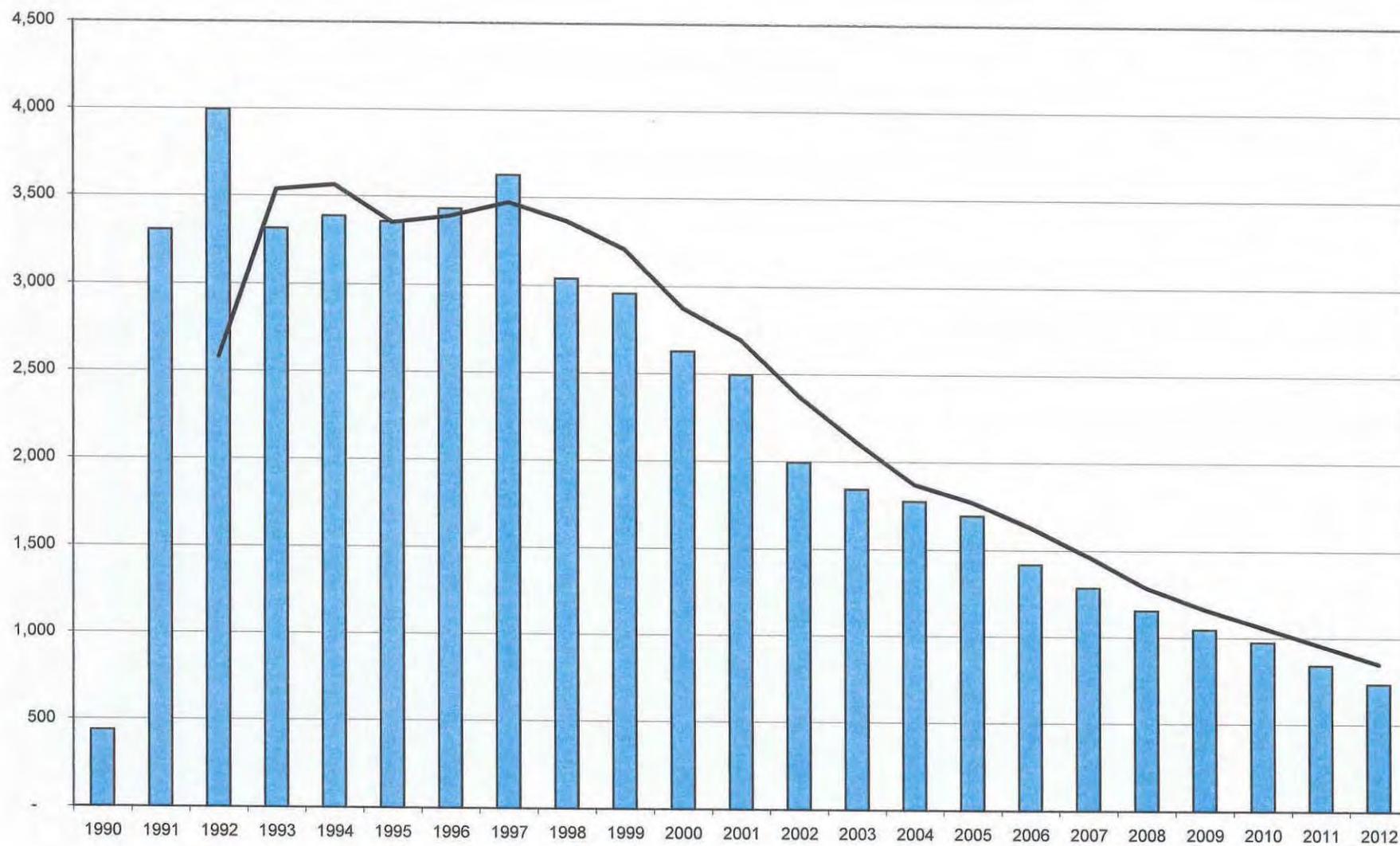
Remedial/Retro/ILO Reserves vs. Balances



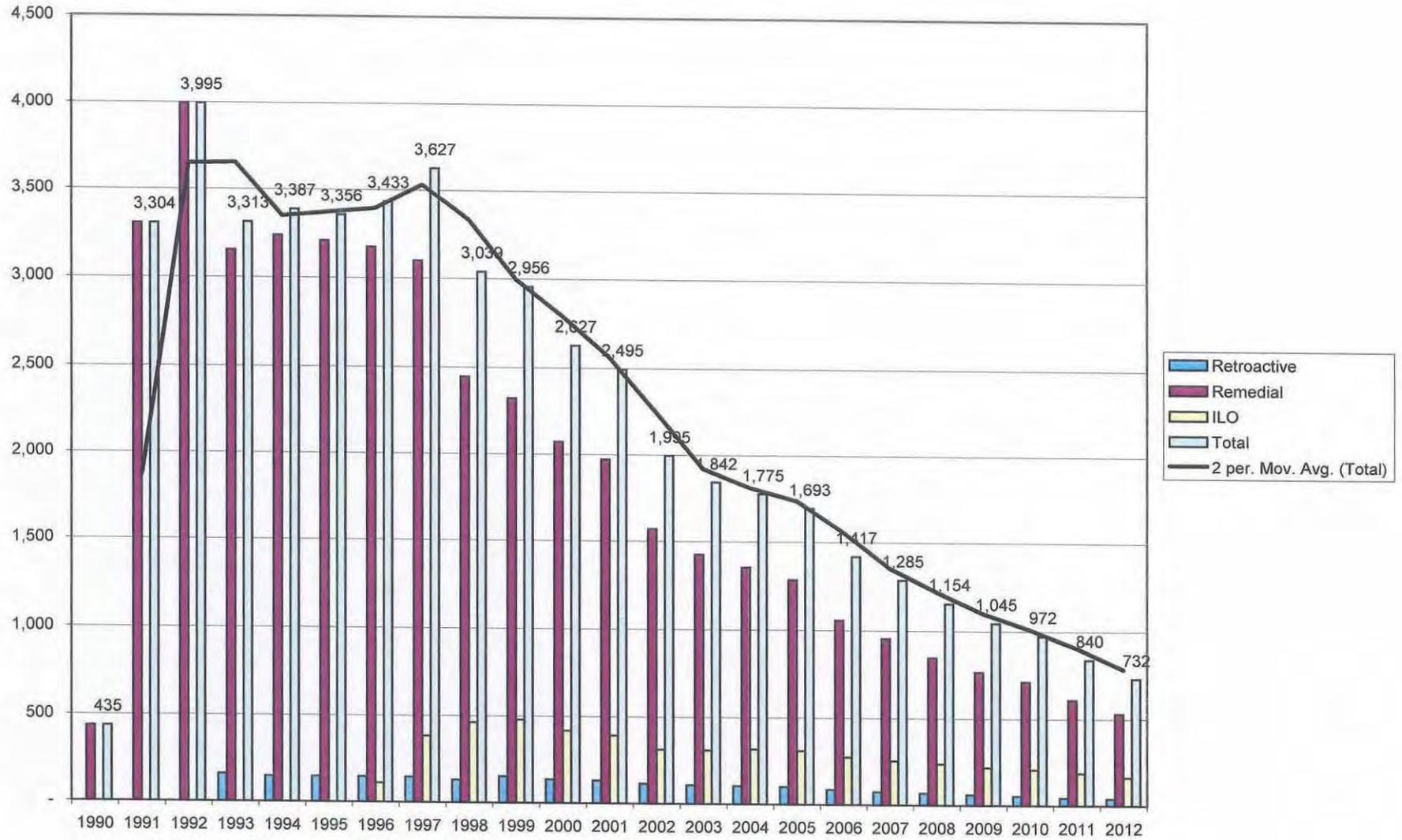
Retro/Remed/ILO Reserves



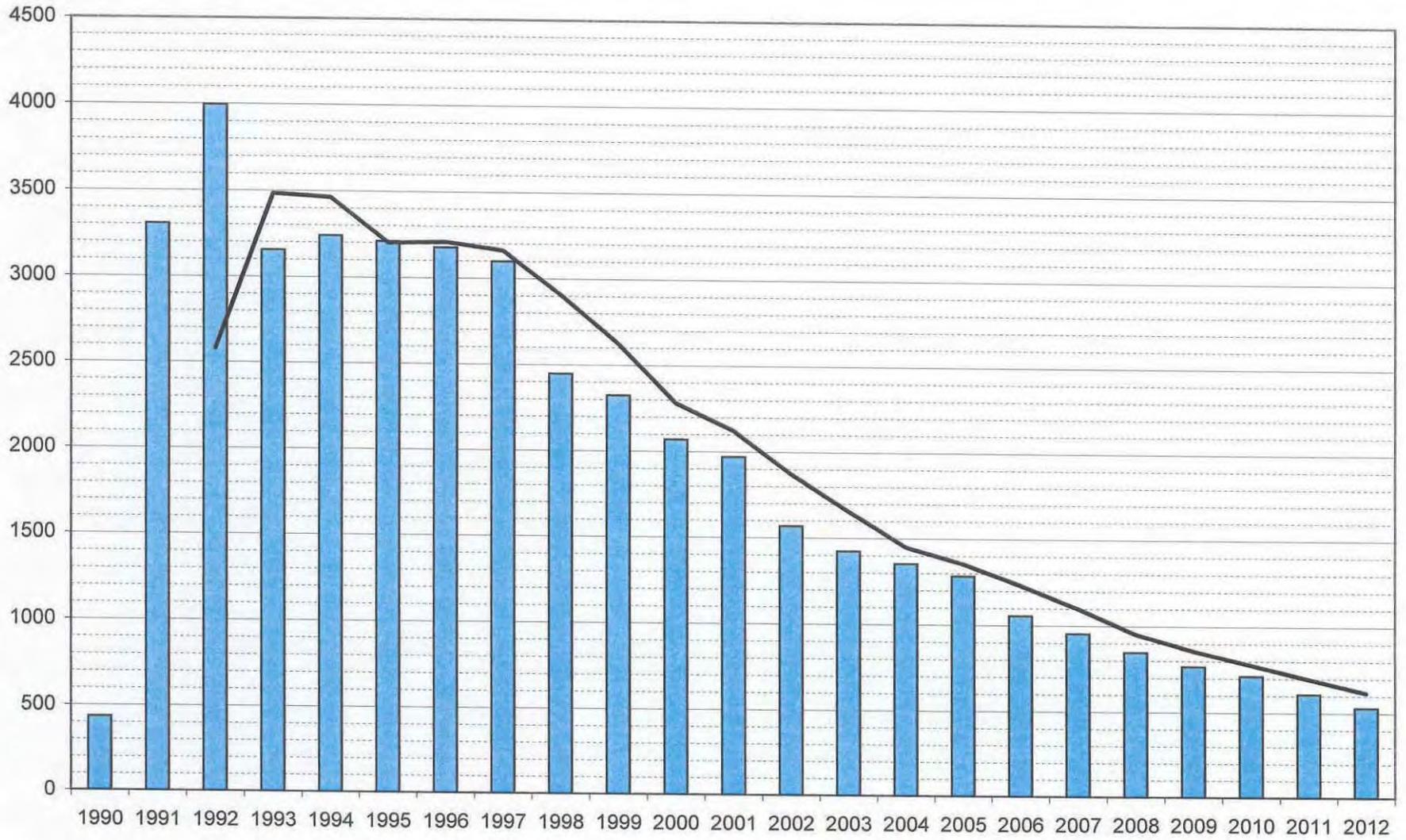
Open Retro/Remed/ILO Files



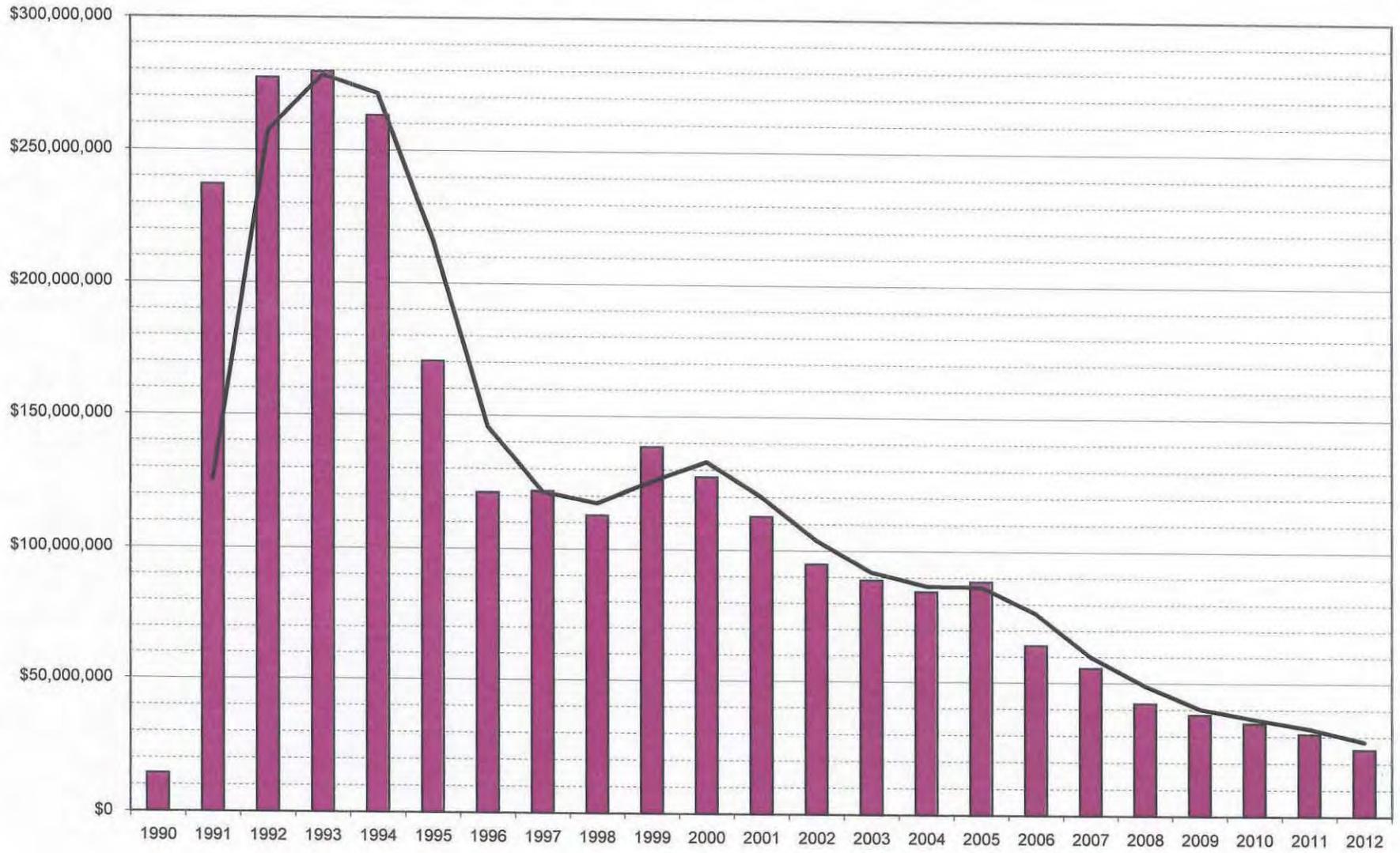
Open Files



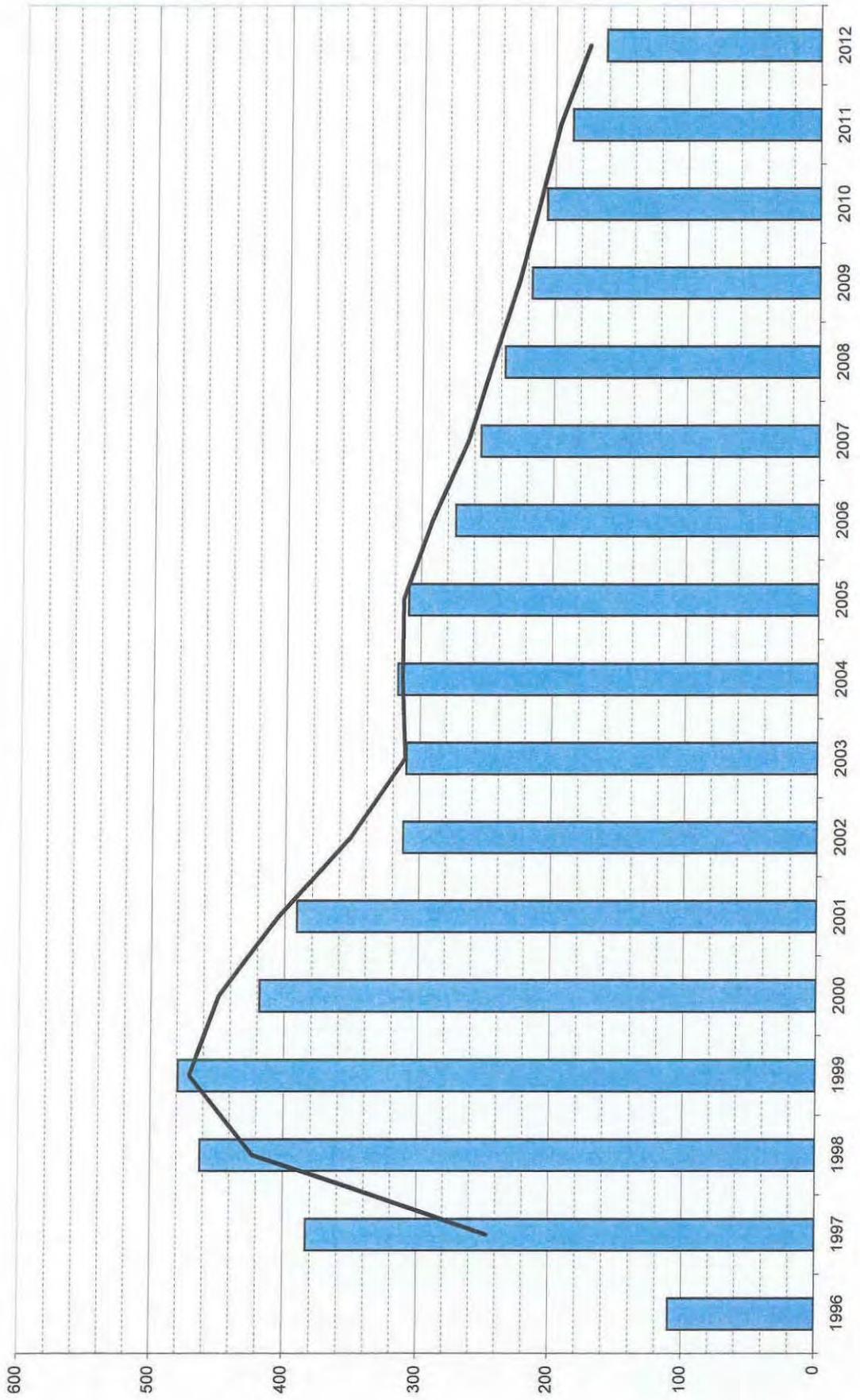
Open Remedial Files



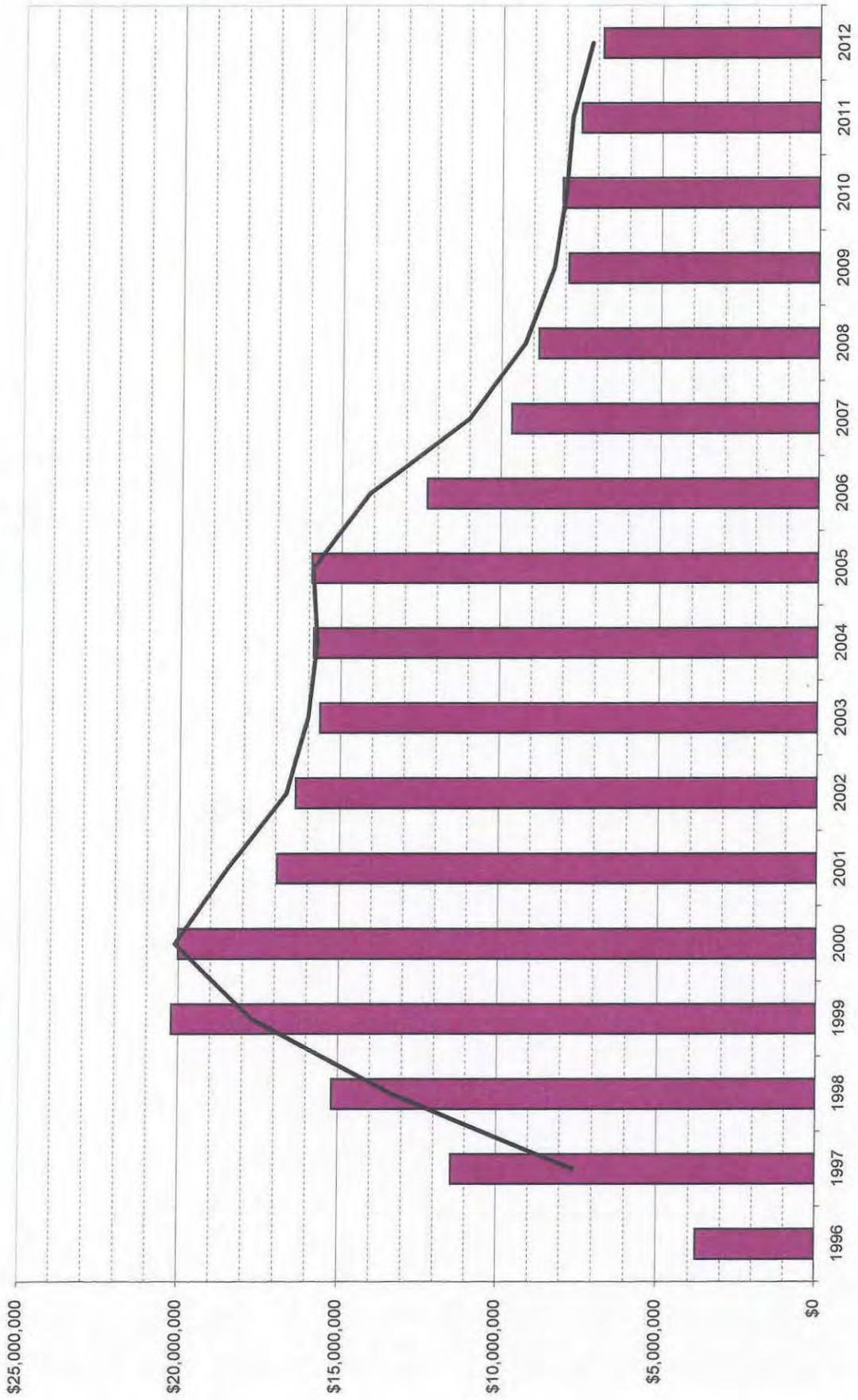
Outstanding Remedial Reserves



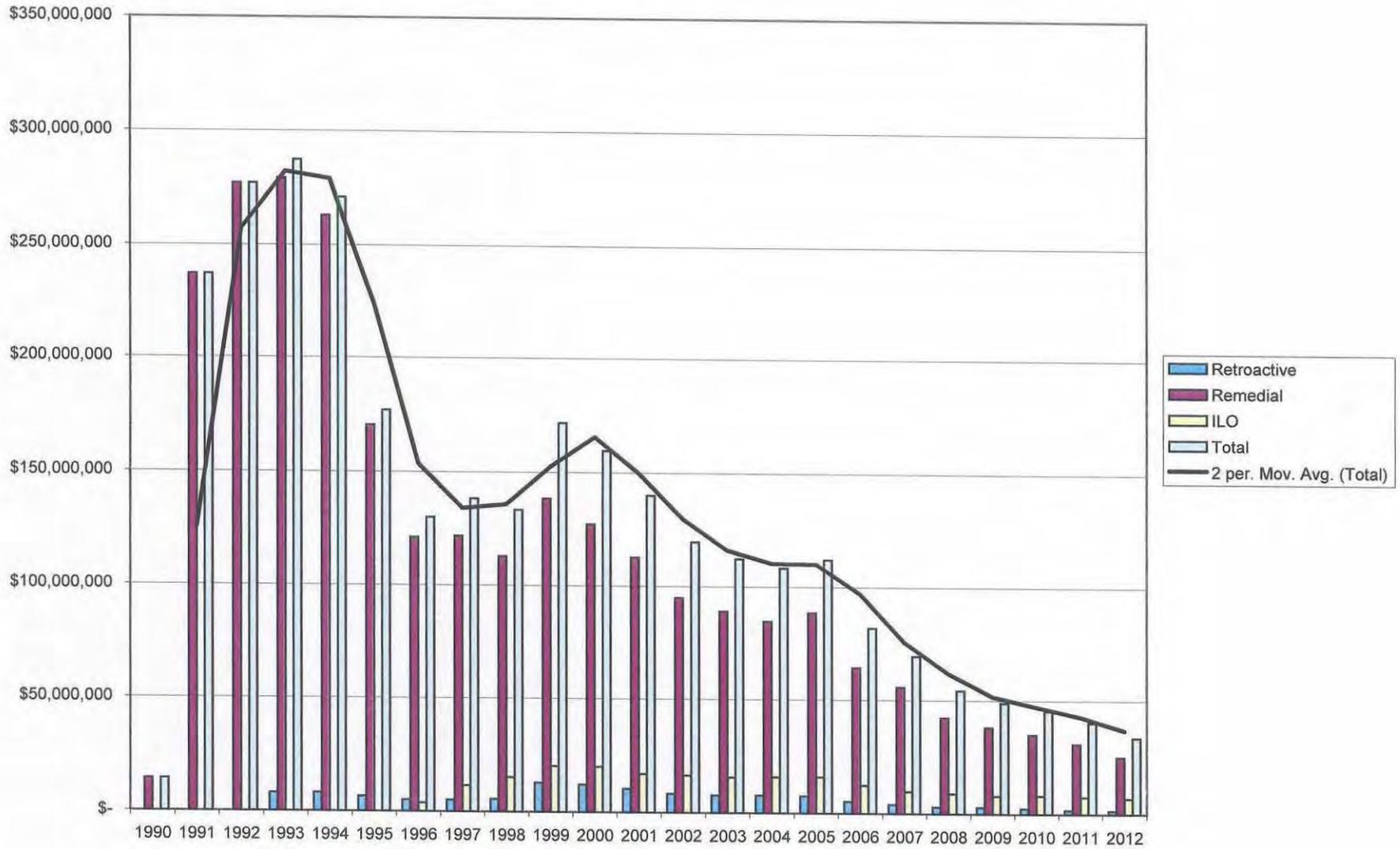
Open ILO Files



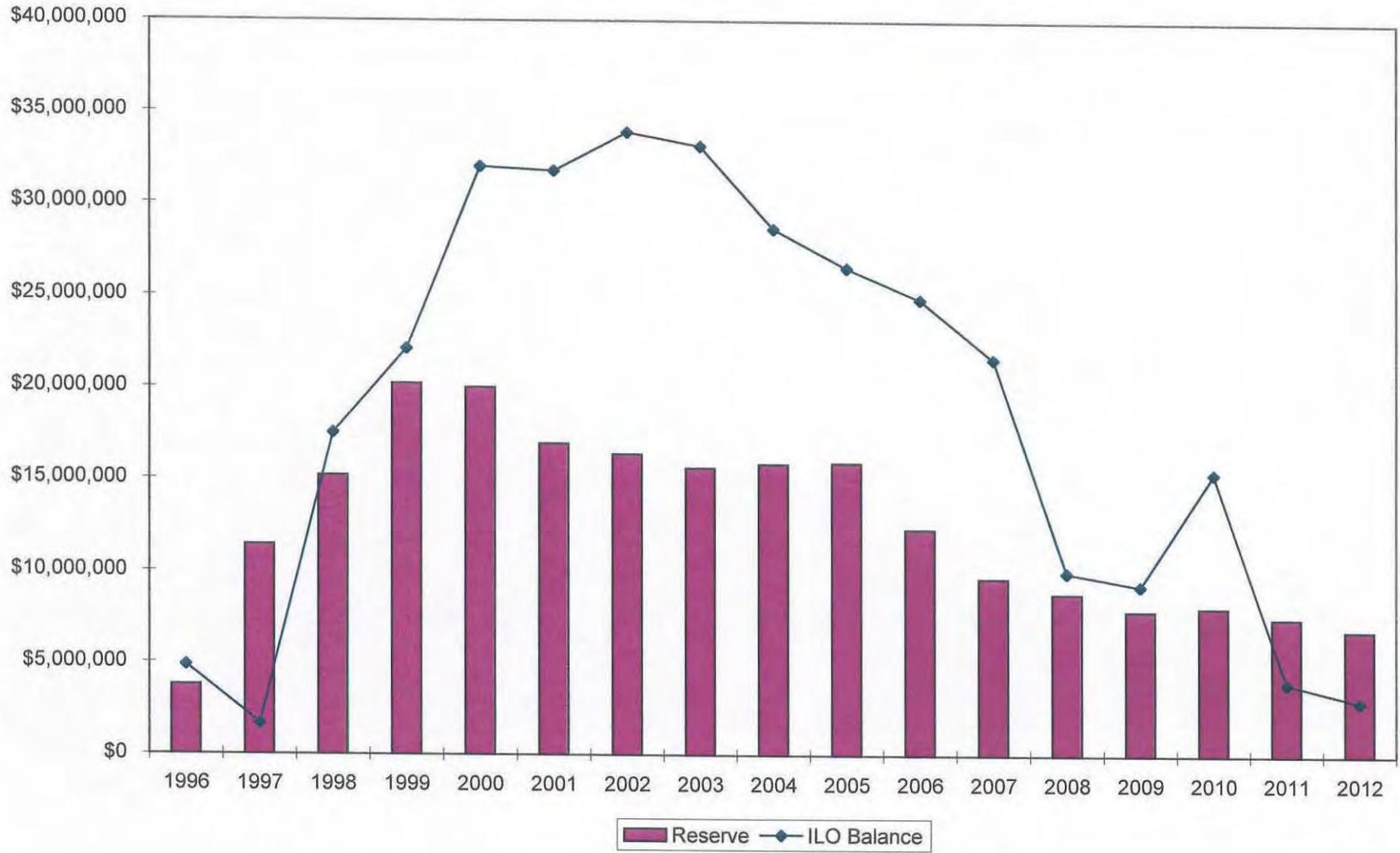
Outstanding ILO Reserves



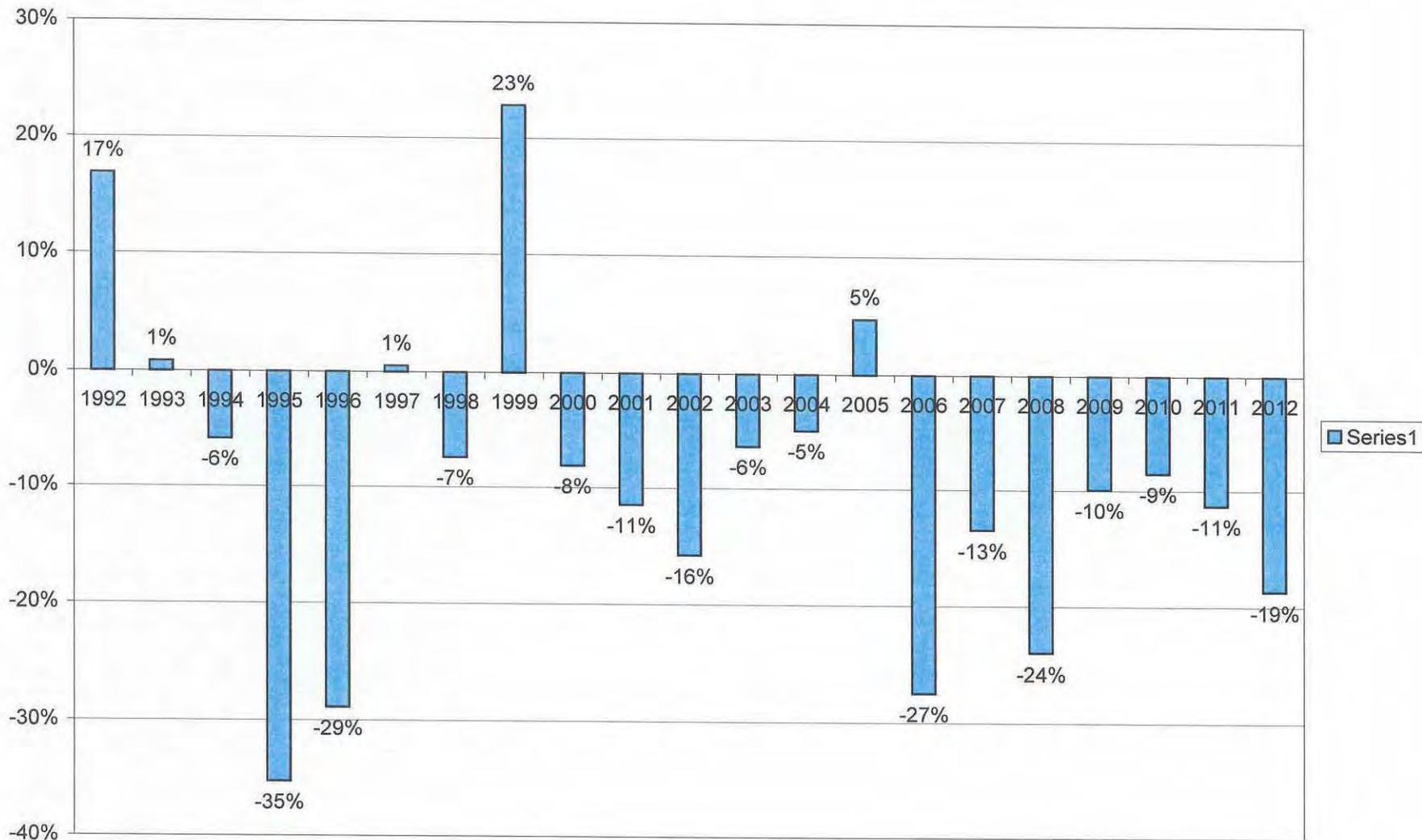
O/S Reserves By Year



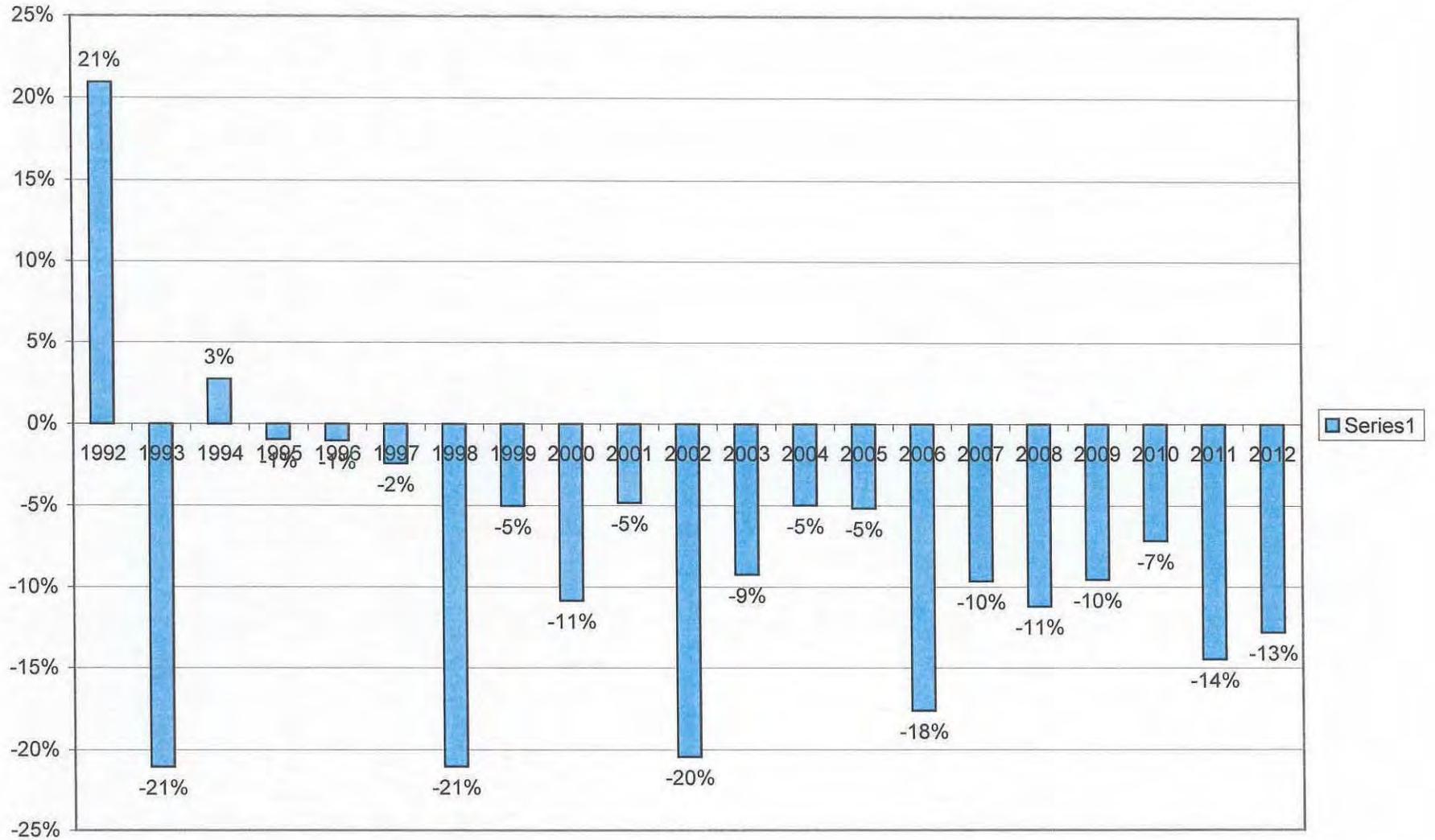
ILO Reserves and ILO Fund Balance



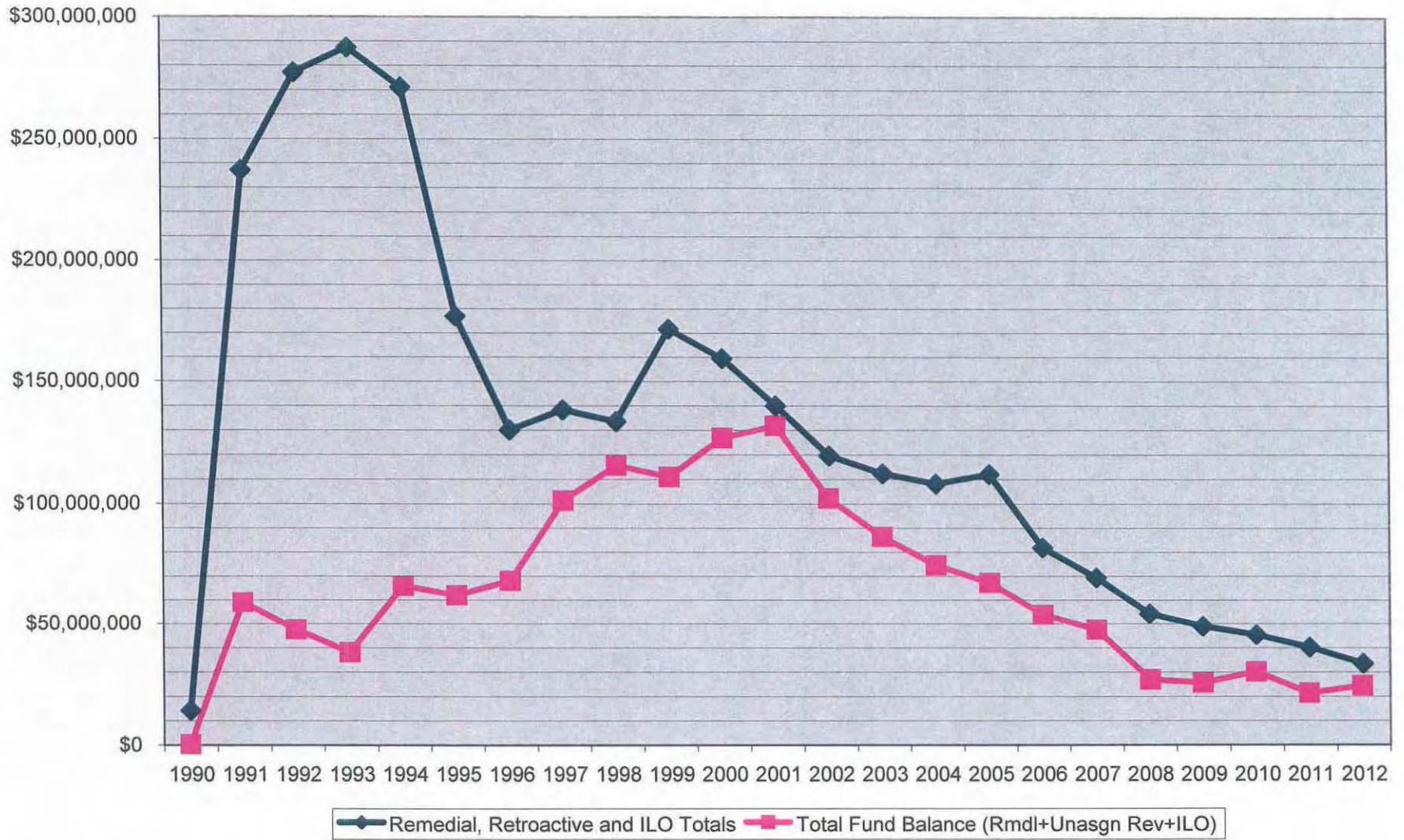
Percent Change in Reserves



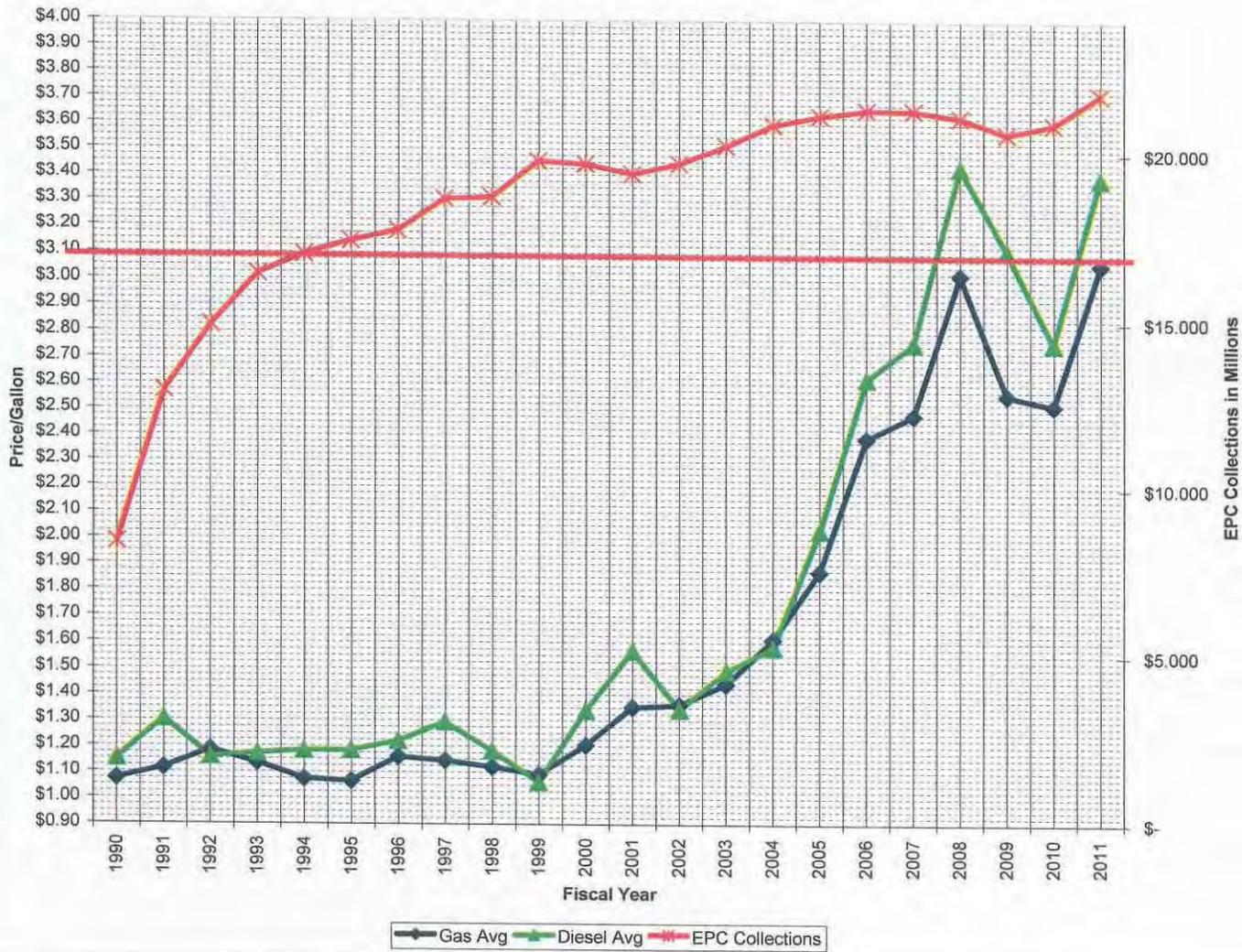
Percent Change in Claim Count



Reserves vs. Balances



EPC Collections and Gas Prices



Fiscal Year	Gas Avg	Diesel Avg	EPC Collections	Xcess EPC
1990	\$ 1.07	\$ 1.15	\$ 8,351	-\$ 3.65
1991	\$ 1.11	\$ 1.30	\$ 12,911	-\$ 2.39
1992	\$ 1.18	\$ 1.16	\$ 14,873	-\$ 0.43
1993	\$ 1.13	\$ 1.17	\$ 16,378	\$ 1.08
1994	\$ 1.07	\$ 1.18	\$ 16,949	\$ 1.65
1995	\$ 1.06	\$ 1.18	\$ 17,342	\$ 2.04
1996	\$ 1.16	\$ 1.22	\$ 17,652	\$ 0.65
1997	\$ 1.14	\$ 1.29	\$ 18,595	\$ 1.60
1998	\$ 1.12	\$ 1.18	\$ 18,652	\$ 1.65
1999	\$ 1.09	\$ 1.06	\$ 19,750	\$ 2.75
2000	\$ 1.20	\$ 1.34	\$ 19,664	\$ 2.66
2001	\$ 1.35	\$ 1.57	\$ 19,367	\$ 2.37
2002	\$ 1.36	\$ 1.34	\$ 19,684	\$ 2.68
2003	\$ 1.44	\$ 1.49	\$ 20,217	\$ 3.22
2004	\$ 1.61	\$ 1.58	\$ 20,857	\$ 3.86
2005	\$ 1.87	\$ 2.03	\$ 21,132	\$ 4.13
2006	\$ 2.39	\$ 2.62	\$ 21,307	\$ 4.31
2007	\$ 2.48	\$ 2.76	\$ 21,304	\$ 4.30
2008	\$ 3.02	\$ 3.43	\$ 21,090	\$ 4.09
2009	\$ 2.56	\$ 3.11	\$ 20,608	\$ 3.61
2010	\$ 2.52	\$ 2.76	\$ 20,901	\$ 3.90
2011	\$ 3.06	\$ 3.39	\$ 21,799	\$ 4.80
2012	\$ 3.49	\$ 3.86	\$ 20,000	\$ 3.00
Total			\$ 409,383	\$ 19,398
Overall Avg	\$ 1.64	\$ 1.79	\$ 18.61	\$ 2.26
5 Year Avg	\$ 2.73	\$ 3.09	\$ 21.14	\$ 3.88

Iowa UST Fund Projections
Month Ended 06/30/2012

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues						
EPC	\$ 14,000,000	\$ 14,000,000	\$ 14,000,000	\$ 14,000,000	\$ -	\$ -
Tank Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 164,549	\$ 555,765	\$ 1,206,560	\$ 1,367,623	\$ 1,535,128	\$ 1,461,666
Cost Recovery	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Total Revenues	\$ 14,184,549	\$ 14,575,765	\$ 15,226,560	\$ 15,387,623	\$ 1,555,128	\$ 1,481,666
Expenditures						
Administration	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 500,000	\$ -
Remedial Claims	\$ 8,500,000	\$ 8,500,000	\$ 7,500,000	\$ 7,500,000	\$ 7,500,000	\$ -
Low Risk	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ -
High Risk	\$ 6,000,000	\$ 6,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ -
ILO Claims	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ -
NFA Claims	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ -
DNR Transfers	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Govt. Transfers	\$ 4,000,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Operator Training	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
28E Projects/IDNR	\$ 500,000	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -
Total Expenditures	\$ 16,450,000	\$ 12,700,000	\$ 11,700,000	\$ 11,200,000	\$ 10,700,000	\$ -
Fund Balances						
Revenue	\$16,326,235					
Unassigned Revenue	\$745,123					
Remedial	\$3,510,808					
Remedial + Unassigned	\$4,255,931	\$18,316,715	\$22,192,480	\$27,719,040	\$33,406,663	\$25,761,791
Innocent Landowner	\$2,963,372	\$8,463,372	\$6,963,372	\$5,463,372	\$3,963,372	\$2,463,372
Loan Guarantee	\$277,723	\$277,723	\$277,723	\$277,723	\$277,723	\$277,723
Marketability	\$730,433	\$730,433	\$730,433	\$730,433	\$730,433	\$730,433
Total of Balances	\$ 24,553,694	\$ 27,788,244	\$ 30,164,008	\$ 34,190,569	\$ 38,378,192	\$ 29,233,319
Projected Claim Count	732	582	432	282	132	(18)
Projected Reserve Total	\$33,563,552	\$25,063,552	\$17,413,552	\$9,763,552	\$2,113,552	\$1,690,842
Excess Bal vs Reserve	(\$9,009,858)	\$2,724,691	\$12,750,456	\$24,427,016	\$36,264,639	\$27,542,477

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FISCAL YEAR TO DATE ENDING JUNE 30, 2012**

		FISCAL 2012 BUDGET
0471 - UST REVENUE FUND (Bonding)		
Balance of Fund, June 1, 2012	\$9,290,721.00	\$9,290,721.00
Receipts:		
Tank Management Fees - FY10	\$0.00	\$0.00
Motor Vehicle Use Tax (IDOT - vehicle registration)	\$14,000,000.00	\$14,000,000.00
Intra State Fund Transfers Received	\$0.00	
Interest Income	\$35,513.65	
Interest Income - Capital Reserve Fund	\$0.00	
	\$14,035,513.65	\$14,000,000.00
Disbursements:		
Bond Interest Payment	\$0.00	
Bond Principal Payment	\$0.00	
EPC Charges	\$0.00	
Transfer to General Fund	\$0.00	
Transfer to Unassigned Revenue Fund	\$0.00	\$9,000,000.00
Transfer to Innocent Landowner Fund	\$0.00	\$7,000,000.00
Transfer to Remedial Non-Bonding Fund	\$7,000,000.00	\$7,000,000.00
	\$7,000,000.00	\$23,000,000.00
Balance of Fund, June 30, 2012	\$16,326,234.65	\$290,721.00
0450 - UST UNASSIGNED REVENUE FUND (Non-Bonding)		
Balance of Fund, June 1, 2012	\$4,701,809.63	\$4,701,809.63
Receipts:		
Request for Proposal Fees	\$0.00	
Copying/Filing Fees	\$0.00	
Fines & Penalties	\$0.00	\$10,000.00
Refund/Overpayment	\$6,250.00	
Transfer From UST Revenue Fund	\$0.00	\$9,000,000.00
Transfer From UST ILO Fund	\$0.00	
Transfer From UST Remedial Fund	\$67,639.46	
Intra State Fund Transfers Received	\$0.00	\$276,905.54
Compensation for Pooled Money Investments	\$0.00	
Amort / Accretion	\$0.00	
Buys/ Sells	\$0.00	
Interest Income	\$46,434.81	\$25,000.00
	\$120,324.27	\$9,311,905.54
Disbursements:		
UST Administrator's Fees	\$1,250,120.76	\$1,100,000.00
Attorney General's Fees	\$87,384.76	\$65,000.00
Attorney's Fees: Cost-Recovery Administration	\$0.00	
Cost Recovery Expense (i.e. Lien Filing, Overpayment Refund)	\$0.00	\$150.00
Actuarial Fees	\$0.00	
Auditor of the State Fees	\$5,017.03	\$5,100.00
Bond Trustee's Fees - Bankers Trust	\$0.00	
Claim Settlement	\$0.00	
Custodial Fees - BONY	\$0.00	
Department of Revenue EPC Collection Fees	\$9,779.84	\$5,000.00
Environmental Protection Charge Refunds	\$0.00	
Innovative Technology	\$0.00	

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FISCAL YEAR TO DATE ENDING JUNE 30, 2012**

		FISCAL 2012 BUDGET
Inspection & Appeals Service Fees	\$0.00	
Iowa Finance Authority Expenses	\$0.00	
Legal and Professional Fees	\$0.00	
Licensing - Contractual Services	\$0.00	
Postage / Printing / Miscellaneous	\$67.60	\$100.00
Professional Admin Services (Investments)	\$3,750.00	
Professional Services - Owner/Operator Training	\$58,200.00	\$250,000.00
Rebate	\$0.00	
Special Project Claims and Operator Training Expenses	\$15,820.00	\$500,000.00
Travel Expenses-UST Board Members	\$223.47	\$700.00
Warrant Float Expense	\$0.00	
28E Agreement - DNR Plume Study	\$0.00	\$500,000.00
28E Agreement - NFA Claims	\$0.00	\$500,000.00
28E Agreement - DNR UST Section Funding - FY10	\$0.00	\$0.00
Statutory Transfer to DNR (recurring)	\$0.00	\$200,000.00
Statutory Transfer to DNR (database upgrades)	\$0.00	\$100,000.00
Statutory Transfers to Misc. Funds	\$0.00	\$250,000.00
Appropriation 2011	\$2,646,647.64	
Transfer of Funds to Innocent Land Owners	\$0.00	
	\$4,077,011.10	\$3,476,050.00
Balance of Fund, June 30, 2012	\$745,122.80	\$10,537,665.17
0208 - UST REMEDIAL NON-BONDING FUND		
Balance of Fund, June 1, 2012	\$2,476,236.34	\$2,476,236.34
Receipts:		
Remedial Refunds	\$2,969.50	\$0.00
Misc. Income (i.e. eligibility settlements)	\$0.00	
Interest Income	\$0.00	
Transfer Received from Revenue Fund	\$7,000,000.00	\$7,000,000.00
Transfer Received from ILO	\$0.00	
	\$7,002,969.50	\$7,000,000.00
Disbursements:		
Retroactive Claims	\$388,896.53	\$700,000.00
Remedial Claims	\$5,541,277.22	\$6,000,000.00
Transfer to Unassigned Revenue Fund	\$67,639.46	
Balance of Outdated Warrants	(\$29,415.85)	
	\$5,968,397.36	\$6,700,000.00
Balance of Fund, June 30, 2012	\$3,510,808.48	\$2,776,236.34
0478 - UST MARKETABILITY FUND		
Balance of Fund, June 1, 2012	\$717,263.77	\$717,263.77
Receipts:		
Interest	\$13,169.29	\$50,000.00
Use Tax	\$0.00	
	\$13,169.29	\$50,000.00
Disbursements:		
Intra State Fund Transfer	\$0.00	
Transfer to Innocent Landowners Fund	\$0.00	
	\$0.00	\$0.00
Balance of Fund, June 30, 2012	\$730,433.06	\$767,263.77

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FISCAL YEAR TO DATE ENDING JUNE 30, 2012**

		FISCAL 2012 BUDGET
0485 - UST INNOCENT LANDOWNERS FUND		
Balance of Fund, June 1, 2012	\$3,789,762.08	\$3,789,762.08
Receipts:		
Cost Recovery (i.e. lien settlements)	\$5,000.00	\$0.00
ILO Refunds	\$11,969.00	
Transfer Received from Revenue Fund	\$0.00	\$7,000,000.00
Transfer Received from Unassigned Rev Fund	\$0.00	
Transfer from Marketability Fund	\$0.00	
Miscellaneous Income	\$0.00	
	\$16,969.00	\$7,000,000.00
Disbursements:		
Cost Recovery Reimbursement	\$0.00	
Cost Recovery Global Settlement	\$0.00	
Transfer to Remedial Fund	\$0.00	
Intra State Fund Transfers Paid (to Unassigned Revenue)	\$0.00	\$0.00
Global Settlement Claims	\$70,473.28	\$75,000.00
Innocent Landowner Claims	\$787,601.67	\$1,500,000.00
Intra State Fund Transfers Paid	\$0.00	
Balance of Outdated Warrants	(\$14,716.30)	
	\$843,358.65	\$1,575,000.00
Balance of Fund, June 30, 2012	\$2,963,372.43	\$9,214,762.08
0238 - UST LOAN GUARANTEE FUND (Non-Bonding)		
Balance of Fund, June 1, 2012	\$276,905.54	\$276,905.54
Receipts:		
Loan Application Fees	\$0.00	
Interest Income	\$817.47	\$0.00
	\$817.47	\$0.00
Disbursements:		
Processing of Loan Applications	\$0.00	
Payments on Loan Losses	\$0.00	
Transfer to Unassigned Revenue Fund	\$0.00	\$276,905.54
	\$0.00	\$276,905.54
Balance of Fund, June 30, 2012	\$277,723.01	\$0.00
0614 - UST CAPITAL RESERVE FUNDS (Bonding)		
Combined UST Capital Reserve Fund Balances, June 30, 2012	\$0.00	\$0.00
TOTAL FUND BALANCES, June 30, 2012	\$24,553,694.43	\$23,586,648.36

FOOTNOTES:

Note 1: Funds labeled "Bonding" were created as a result of the issuance of UST Revenue Bonds. Disbursements from these funds are restricted by the Revenue Bond indenture. All bond funds are \$0.00 8/31/08
Funds labeled "Non-Bonding" are funds not restricted as to use by the Revenue Bond indenture.