



CASEY'S GENERAL STORES, INC.

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MEMORANDUM

TO: Dale Cira, Michael Fitzgerald, Joseph Barry, Jeff Robinson, Karen Andeweg, Chuck Gipp, Timothy Gartin, Dawn Carlson, Patricia Beck, N. Kurt Mumm, Tim Hall, David Steward and James Gastineau

FROM: Douglas M. Beech

RE: Proposal to Close Out the Existing Iowa Comprehensive Petroleum UST Fund Program ("Fund")

DATE: July 14, 2016

Based on the action of the legislature definitively setting forth the end of the funding for the UST Fund, I think we all believe the Board needs to come to a consensus to close out the Fund as it now exists. During our last Board meeting, I mentioned that it was important to get the stakeholders together to set forth a strategy to accomplish this mission. Because we have allocated 2½ hours for our annual meeting for a strategic planning session, I thought that would be a good use of our time to try to discuss some proposals for winding down the Fund.

With the aforementioned in mind, I am setting forth a proposal to wind down the Fund that I believe meets many of the objectives of all the stakeholders. This is one Board member's proposal in trying to develop a plan that meets all of the stakeholders' objectives. With this caveat, I propose the following framework for winding down the Fund.

Step1: Establish, Bid and Finalize a Loss Portfolio Transfer ("LPT").

- a. AON, the DNR and a designee of the Fund Board should identify prior to September 1, 2016 those claims that would be subject to an LPT. There are numerous claims that are suitable for an LPT and other sites that are near completion or may never reach completion that should not be subject to an LPT.
- b. By November 1, AON should have developed documents necessary to bid the LPT to interested insurance companies with the objective to transfer claims to the winning bidder on or before March 31, 2017.

- Step 2: Transfer the Remaining Funds to IFA. I would propose that the remaining money in the Fund be transferred to IFA no later than March 1, 2017, so that it can be protected and not swept by future legislatures. This could be done prior to or after the LPT as set forth above. This should be accomplished shortly after the beginning of the year after we have received our last allocation of money from the legislature.
- Step 3: Extend the Contract of AON. The Board should negotiate an extension of the AON contract to June 30, 2017 to allow them time to complete the transfer of funds to IFA and complete the LPT.
- Step 4: Enter into a 28E Agreement. The UST Fund Board should enter into a 28E Agreement with IFA and the DNR to administer the transferred money from the Fund on the following terms and conditions:
- a. Eligibility. The money transferred to IFA would be for those sites that are currently eligible for funding under the current program or would be eligible under the existing criteria (example, innocent landowner claims). This will keep the money available to those entities that are in the program at the time of the transfer and will not allow money to be spent for non-eligible claimants.
 - b. NFA Fund. There would be a specific designated amount of money to be used specifically for No Further Action (“NFA”) reopeners.
 - c. Tank Pulls. There would be a fund established for tank pulls using the same criteria as in place today.
 - d. Training Fund. There would be a fund established for training UST professionals or certifications and training.
 - e. Administrative Costs. There should be some money granted to the DNR and IFA for administrative costs. Currently, DNR receives a \$200,000.00 general fund appropriation each year from the legislature out of the Fund. Some administrative funds should be allocated or established during the LPT process or the Fund transfer process for DNR administrative costs into the future. In addition, I would propose there be funding provided to IFA to allow them to hire an individual to coordinate the claim process between the DNR and the UST Fund Board.

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- f. Continuation of Current Fund Board and Programs. I would continue with the current makeup of the Board and the current claims and rules and regulations process as is in the current form. I would anticipate that the Board meet far less frequently on an as needed basis to review claims that are proposed by the DNR to be paid by IFA.

I also believe it is important to give you my thought process on this proposal. You will note that this proposal keeps the Board and the existing rules and regulations in place. Even though I know a number of us would like to end our term on the Board, I thought it was important for the Board to continue for a number of reasons. First, the Board would provide some oversight and expertise in the claim process for IFA, DNR and claimants into the future. In addition, it avoids a political fight of having to go to the legislature to determine a new composition of a new oversight board to oversee remaining claims transferred to IFA.

Also, and more importantly, the 28E process would keep all of the existing rules and regulations in place that have been developed and have been successful over the past 27 years. Accordingly, the transfer of the remaining funds should be seamless to the claimants, groundwater professionals and the DNR. Once again, this would be handled without having to have a protractive legislative fight on rules and regulations for the transferred fund.

Please review the proposal and develop your own thoughts or plan. I look forward to our meeting on Monday and hopefully setting a path forward to wind down the Fund.

DMB/slc

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