

August 25, 2016

Board of Directors

**Iowa Comprehensive Petroleum
UST Fund Board**



IOWA UNDERGROUND STORAGE TANK FUND

Douglas M. Beech, *Chairperson*

Dale T. Cira, *Administrator*

Board Members:

Michael L. Fitzgerald

Joseph D. Barry

Jeff. W. Robinson

Karen E. Andeweg

Chuck Gipp

Timothy L. Gartin

Dawn M. Carlson

Patricia J. Beck

N. Kurt Mumm

NOTICE OF PUBLIC MEETING

A public meeting of the Iowa Comprehensive Petroleum Underground Storage Tank Fund Board has been scheduled for 10:00 A.M., Thursday, August 25, 2016. The meeting will be held at the **State Capitol Building, 1005 East Grand Avenue, Room G15, Des Moines, IA 50319.**

The tentative agenda for the meeting is as follows:

10:00 a.m. Call to Order

1. Approval of Prior Board Minutes
2. Closed Session Discussion of Pending and Imminent Litigation (To adjourn by 10:30 am)
3. Public Comment Period
4. Board Issues
 - A. Strategic Planning Session Overview
 - B. Limited LPT Update
 - C. Aon Contract Update
 - D. Lien # 0801030 - Griswold
 - E. Lien # 0601017 - Lockridge
 - F. Lien # 0300033 - Gravity
 - G. DNR Update
5. Approval of Program Billings
6. Monthly Activity Report and Financials Reviewed
7. Attorney General's Report
8. Claim Payment Approval
9. Contracts Entered Into Since July 18, 2016 Board Meeting
10. Other Issues as Presented
11. Correspondence and Attachments

Approval of Prior Board Minutes

Mr. Cira opened discussion by stating the goal of today's meeting is to reflect on accomplishments this year and lay the groundwork for 2017. Highlights of accomplishments for the fiscal year 2016 were provided in the Board packet.

Mr. Cira provided the summary noting since the program was inception, 6,103 claims have been established under the Iowa UST Fund Program; 5,696 claims have been closed, resulting in 407 remaining claims. The UST Fund Program reimbursed claimants \$8.2M during fiscal year 2016 for corrective action costs. Total liabilities decreased as the number of remaining claims also decreased. The remaining number of open claims is 407, which is a 21% decrease from the end of fiscal year 2015. The total reserve for all claim types now stands at \$23,828,435.

Mr. Cira noted that next section of the Board packet contains an overview of the overall Program to date but would not be examined in detail. He noted the points in this section will be covered as the trends and numbers for this year and projections for next year are covered.

Mr. Cira referenced the tables following the summary document including the 2016 Fiscal Year Summary which depicts the change in the number of open claims and overall claims for each type. He noted that in the fiscal year 2016, 109 claims were closed while the number of new claims remained relatively small.

The spreadsheet showing data for fiscal year 2014-2016 provides a comparison of the last three years. This table shows claim and expenditures information for the end of the three fiscal years and depicts a continued downward trend in the number of claims over that time period. Overall, the Program is still expending about \$8M in corrective action costs and noted that includes about \$800,000 for tank closure activities annually.

Mr. Gastineau provided an update of the State Lead Remediation Projects noting there are currently 4 open projects, as one was closed in May 2016. A brief update on each project was provided. With program closure coming, Mr. Gastineau added that the sites involved in the State Lead Projects should be left under the care of the Department for further actions.

Mr. Cira provided an overview of the additional graphs on historical data. One such graph provided a depiction of the Fund reserves and balances. He noted that the balance in the Fund is approximately \$38M and reserves are currently at \$23M. In addition, the Fund continues to receive funding from the State and it is projected that, by the end of the calendar year, balances will be about \$43M. No additional monies will be received after the end of calendar year 2016 so balances will begin to decrease in 2017.

Another graph of note provided information on the number of open claims versus total active LUST sites. For 2016, the Department has 690 LUST sites. There are 407 remaining open claims; the DNR has about 200 sites that are not funded through IUST but some may be funded by other mechanisms.

B. Status of 28E Agreements

The Board has entered into a total of 29 28E agreements since the inception of the program. Expenditures on the agreements for FY 2016 were provided.

C. Attorney General's Report

Mr. Steward had nothing to report.

D. Prior Year's Goals

A FY 2016 goals summary was provided in the Board packet for members' review.

II. Fiscal Year 2017 Goals

Mr. Ciria noted a memo was included in the Board packet as suggested goals for FY 2017 and includes ideas for getting the Program to closure and maintaining short and long-term solvency.

In lieu of a discussion on the memo presented, Mr. Beech initiated the discussion by noting that he had provided a memo to the Board members outlining his thoughts on getting the Program to closure. He suggested this memo (included in Correspondence and Attachments) as a starting point for discussion purposes.

In consideration of the proposal for a Loss Portfolio Transfer (LPT), questions were asked on the planning completed in the prior year. Mr. Ciria noted conversations were initiated with some regional and smaller insurance carriers that may be interested in an LPT although nothing was formalized because of the uncertainties surrounding Program closure.

Mr. Ciria stated that he believes Mr. Beech's suggested program outline to expedite the program closure to a one-year effort may produce positive results whether done in one or two years. He also noted that he believes it reflects our intentions and what has been discussed in conceptual planning completed in earlier years.

In consideration of the information presented on the program status and in response to a question from Mr. Phillips on the number of claims that will be closed each year going forward, Mr. Gastineau responded that he believe a slowdown will occur in claims closed. He projects about 80 claims will be closed during the next 2 years each. Mr. Phillips added that, with funding available through the end of the year, it seems that seeing the Program continue to trickle down with the Board having oversight might be an option with the discussion to close the program delayed rather than doing so now.

Mr. Ciria responded that there is logic to that thought in that there is no legislative end to the Program although there is a financial ending. He also noted that if an LPT is a significant component of closing down, then it has to be attractive to possible bidders. It was noted that

as the number of claims are reduced, the LPT may be less attractive as there will be less claim “winners” in the mix.

Mr. Beech commented that the proposed timetable avoids another legislative session. Once the Legislature meets again, it is unknown what will happen to Fund balances. Mr. Hall added that the Board has talked in the past about money being taken out for other purposes and that the Legislature may not have a full understanding of the obligations that will remain. It was agreed that the sooner the money can be protected, the better. He also concurred that the Board needs to determine how to package the remaining claim sites to make them attractive for a possible bidder in an LPT.

Following questions on the claims that remain, Mr. Gastineau reported that, of the 407 claims remaining today, approximately 128 may be set aside from an LPT. These include claims associated with the current and former community remediation projects, claims already classified no action required, prospective claims for the LPT with PMMIC, and claims that are NFA re-openers where there is no claimant. He also noted that there are a number of more complex sites that could be excluded including sites with a combination of underground and above ground storage tank releases, sites that are likely to reach the statutory funding limit cap without attaining closure, and sites likely to achieve closure within the next year. He estimated liability on the potentially excluded sites to be near \$4.9M. The remainder of the claims, approximately 280, would be candidates for transfer.

Mr. Gartin asked Mr. Steward if the Board has all the authority it needs to make this transfer to Iowa Finance Authority (IFA). Mr. Steward answered that the Board does have the authority it needs and can partner with IFA through a 28E agreement. He noted that IFA is specifically identified in the statute and has been a partner with the Board in the past. Mr. Robinson commented that he believes the money could still be accessible if in IFA’s command.

Mr. Phillips asked if the DNR would still continue monitoring the sites excluded from an LPT. A discussion followed regarding the DNR responsibility on the known claim sites, the complicated and difficult nature of many of those sites, and how following Mr. Beech’s suggested plan would not change the DNR’s role for those sites. It was noted that there is a lot of administration and staff time that accompanies these sites, and that the DNR role would not change in how sites are viewed, regulated, and managed but it was also noted that the DNR may not want all the administrative tasks that would accompany the funding.

Mr. Cira added the Administrator’s office would be tasked with Items 1(a) and 1(b) of Mr. Beech’s proposal. He noted that staff already has a good listing of the claim sites and that some work has already been completed on development of a RFP for the proposed LPT. He commented that the suggested time frame is doable but is aggressive.

Mr. Gartin asked if there were lessons that could be learned from prior LPTs. Mr. Gastineau responded that, in the 2013 LPT, four claimants elected not to transfer. Reasons for that were varied: one claimant was in the middle of a property transfer and one of the four did not have a relationship with PMMIC and misunderstood the agreement. For the other sites, we were

still in the midst of figuring out what was going to happen at the site. Mr. Gastineau noted that those four claims were reserved at approximately \$240,000 at that time, but now they would be near \$470,000. He explained that the reserve increase is due to knowing more about these sites than in the past. He also noted that the sites would still be cleaned up if they had been transferred as that is part of the agreement with the successful bidder.

Regarding funding, Mr. Robinson stated that there is legislation that says no one else can use the funds but noted that the Legislature can change that at any time. Mr. Hall added IFA agrees there is no guarantee to make the funding scoop-proof but through a 28E agreement it can make it more difficult to do so. The funding would never be completely protected but IFA seemed to be confident they could craft some language in a 28E agreement to make this more protected.

Discussion continued regarding the merits of proceeding with an LPT. Ms. Beck suggested the Board issue an RFP, obtain the bids and see what is offered; the Board does not have to accept any of the bids. Mr. Cira responded the Board needs to agree on a process to formally bid the project and that once done the LPT can be worked on more aggressively. There is another component that has to be considered and that is that there is no legislative end to the Board and there's a questions if a claimant can choose not to participate in an LPT. Mr. Cira noted that prior to consideration of a LPT we will need more certainty with the number of claim sites that would be included.

Mr. Steward indicated that in the prior LPTs, claimants had to opt-in to the transfer of their claim. It was noted that claimants have a statutory right to these benefits and if they give the benefits up, they need to do it with their eyes open. If we had a date when the Program is no longer here, then we could say they cannot opt out. Mr. Beech added that perhaps a provision could be put in that, if a claimant opts out, they give up all rights.

In consideration of a LPT, Mr. Cira responded to a question about finding interested parties to an LPT. He noted conversations had been initiated in the past year but that plans were put on hold because we did not know when the Program was going to end. He indicated that from those conversations it appears that they are a combination of entities that may be interested.

Ms. Andeweg asked what kind of premium would need to be paid to the successful bidder. It was noted that while this will depend on the bidder, the actuarial study had suggested reserves may change by as much as 30%. Mr. Gastineau noted that for the current limited LPT, PMMIC is asking for a 15% risk premium and a 5% administrative fee.

Mr. Beech added that, for the Administrator's Office to get to analysis of what sites will be included in the LPT, some decisions need to be made on items further down the suggested list. A decision also needs to be made on whether or not claimants should be able to opt out of the LPT.

A lengthy discussion regarding allowing claimants to opt in or out was held. A third option of settling directly was also mentioned and it was noted that claimants have that option too. One of the concerns on settling with individual claimant however is that funding may not be

used appropriately. Mr. Steward noted while the Board could structure a settlement such that the State of Iowa could try to reclaim the money, it would be very difficult to recapture the money if already spent.

Ms. Carlson indicated it is important to make claimants understand where the Program is right now and what happens next so they can decide if they want to settle with the Fund or be a part of the LPT. The Board has some time to educate them. Ms. Beck added she does not believe a lot of claimants will opt out of the LPT and they are comfortable someone else is handling it and that they will have the same consultant.

Mr. Steward said this is a unique situation and he would look for expertise within his office from individuals who do this more regularly. While smaller LPTs have been done and give us some guidance, this will be creating something unique and new that has not been created before. Mr. Cira added the bid responses will be unique as well. If a bidder comes in that is teamed with a consultant they may change the direction of who will be working on a claim from an engineering perspective. We will need to make sure the bid document is flexible to allow such options.

Mr. Cira added the bid document can be prepared concurrently with identifying sites for the LPT. This probably can be completed, but the November 1 date may be too aggressive.

Mr. Beech commented that, if it is decided not to do an LPT, then the Board would need to move on to Step 3. If there is no LPT, then the Program would continue as is and the Board would need to figure out someone to run it or transfer the entire Program to the DNR and IFA.

Mr. Gartin made a motion to direct staff to begin the process to put together an LPT prior to October 1, 2016 and that this plan should not involve an opt out procedure so that all sites designated should be part of that proposal. Mr. Gartin clarified this motion is to establish the universe of LPT sites with no option to opt out, and identify those sites that would be excluded using the parameters already discussed. Ms. Andeweg seconded the motion. With a vote of 4 nay and 5 yes, the motion passed.

Mr. Hall then moved for Aon to develop documents necessary to bid the LPT to interested parties by November 1, 2016, with objective to transfer claims to the winning bidder on or before March 31, 2017. Mr. Gartin seconded the motion. The motion passed with Mr. Phillips voting nay.

In regard to the item # 3 on the proposal Mr. Gartin informed the Board members that the subcommittee had met with Aon and that Aon would be providing a proposal regarding compensation prior to the August Board meeting.

Regarding Program funds, Mr. Hall added that a more definitive determination is needed on whether moneys would be protected against scooping if IFA was responsible for them. He offered to reach out, along with Mr. Steward, to work with IFA to discern if that protection is real or perceived. Mr. Phillips noted he would also be interested in participating in that

conversation. It was also noted that depending on the answers, the Board may want to do a small bond, although the cost for that could be prohibitive.

Further discussion was held on offering an opt-in or opt-out option on the currently planned limited LPT. Ms. Carlson moved to amend the wording of the motion to add the requirement that claimants must opt in to the transfer of their claims for the smaller LPT. Mr. Beech seconded the motion. With a vote of 3 nay and 6 yes, the motion was carried.

Mr. Gastineau indicated he will send claimants a letter telling them claims are being transferred. He hopes to get the letters out this week and will give claimants 30 days to respond.

The Strategic Planning Session adjourned at 11:42 a.m. and was immediately followed by lunch.

The Board reconvened at 12:18 p.m. for the regular monthly meeting with Mr. Beech presiding as the Chair.

APPROVAL OF PRIOR BOARD MINUTES

Mr. Beech inquired if the members had reviewed the minutes of the May 27, 2016 meeting and there were any items for discussion. Ms. Andeweg pointed out that on Page 5, under Attorney General's Report, it refers to Mr. Steward as 'she' in a couple of spots. Mr. Gartin moved to approve the meeting minutes and Ms. Beck seconded the motion. The minutes were approved unanimously with the aforementioned changes.

CLOSED SESSION

Mr. Beech noted there were no matters dealing with litigation for discussion in closed session pursuant to Iowa Code Chapter 21.

PUBLIC COMMENT

No public comments were presented.

BOARD ISSUES

A. FY 2017 – 12 Month Meeting Schedule

Mr. Cirra indicated a schedule of Board meetings for the next year is included in the Board packet. The next Board meeting is Thursday, August 25, 2016. The location for the meeting will be determined at a later date.

B. FY 2017 – Proposed Budget

Mr. Gastineau provided Board members with a corrected copy of the proposed budget. The budget shows projected financial activity for the fiscal year 2017. Mr. Gastineau recommended transferring \$9M from the Revenue Fund to the Remedial Fund, as that was included in the last budget. He also recommended moving an additional \$2M from the Revenue Fund to the Remedial Fund and \$2M from the Revenue Fund to the ILO Fund to boost the balances of those two funds to match the reserves of those programs.

Ms. Carlson moved to authorize the fiscal year budget and transfers as stated above and Ms. Beck seconded the motion. The motion passed unanimously.

C. FY 2017 – Attorney General Agreement

Mr. Gastineau reported this is the 28E Agreement with the Department of Justice for legal counsel and service. The terms of the agreement, along with cost, have been unchanged for the past several years. He noted that as presented, the agreement would provide for continued services at a cost of \$50,000 for the July 1, 2016 through June 30, 2017 time period.

Mr. Gartin moved to approve the agreement and Mr. Barry seconded the motion. The motion passed unanimously.

D. Lien #1506031 – Albia Stop & Shop

Mr. Gastineau presented information regarding a lien in the amount of \$16,397 filed in July 2015 following a tank closure and an assessment for which the landowner was responsible. He noted that a copy of a Notice of Expiration of Right of Redemption is provided in the Board packet and that the Board is one of several entities with a lien on the property. He noted that in the past, the Board has taken no action on such notices and after a property is taken by the tax sale certificate holder, all liens are extinguished.

Mr. Gastineau noted that the property is classified as a low risk site with free product and that work continues with use of the Closure Contract project. The site is not eligible for funding. No actions were taken, thus the lien will be extinguished following the acquisition of the site by the tax deed holder.

E. Lien #0801030 – Griswold Custom Classics

Mr. Gastineau presented information regarding a lien on the noted site. It was noted the lien was a result of unpaid tank removal costs, as completed in 2007. Mr. Gastineau noted that at the time of the tank removal, the landowner / tank owner was not eligible for funding thus the lien had been filed. The original lien was in the amount of \$9,840.50 however the amount remaining has been reduced by periodic payments to \$5,420.50.

Mr. Gastineau reported that the property owner notified the Board in 2013 that he had entered into an agreement to sell the property on contract and negotiated a settlement with the lender.

In a letter dated May 24, 2016, the property owner seeks a release of the lien for the amount paid to date so the property may be sold.

Mr. Gartin moved that staff be instructed to negotiate on the Board's behalf to settle the lien and come back to the Board with the resulting proposal and with information on the property's assessed value. Discussion ensued with Mr. Beech seconding the motion. The motion passed unanimously.

F. DNR Update

Ms. Douskey reported that a meeting with stakeholders will be held on August 3, 2016 to discuss incorporation of the Federal rules into state rules.

Ms. Douskey also report that changes to update the RBCA model are progressing and indicated a version of the RBCA software may be released within a few months.

APPROVAL OF PROGRAM BILLINGS

The current monthly billings were presented to the Board for approval:

- 1) Aon Risk Services \$101,262.00
Consulting Services August 2016 (FY 2017) -- \$62,262.00
Claims Processing Services August 2016 -- \$39,000.00

Previously submitted to Treasurer's Office

- 2) Attorney General's Office (FY 2016 expense) \$3,739.31
Legal Services for the UST Fund – May 2016
- 3) Attorney General's Office (FY 2016 expense) \$4,277.60
Legal Services for the UST Fund – June 2016
- 4) Patricia Beck \$504.66
Reimbursement for mileage from Carroll, IA to UST Fund Board
Meetings during FY 2016
- 5) Iowa Department of Revenue..... \$1,654.58
Services provided for Underground Storage Tank Program
3rd Quarter (FY 2016) Billing

Ms. Andeweg moved to approve the billings and Mr. Gartin seconded the motion. The motion was passed unanimously.

MONTHLY ACTIVITY REPORT AND FINANCIALS REVIEWED

Mr. Gastineau commented the total expenditures on claims for 2016 were approximately \$8.2M. He added there is nothing of significance in the financials to note.

Mr. Gastineau referenced that there is an update on the status of the liens showing the current liens in existence. He also noted three liens will come up for renewal before the end of the year.

ATTORNEY GENERAL'S REPORT

Mr. Steward reported that at the last meeting he discussed Aon's service contract with the Board is to conclude on December 31, 2016. He noted that the Department of Administrative Services has granted a two-year extension to Aon's contract so it can be extended up to two years to December 31, 2018 under the current circumstances.

Mr. Steward also noted there was a subcommittee meeting about Aon's compensation. He noted that he did not attend as he cannot unless Aon has legal counsel in attendance as well. Minutes of the meeting have been provided.

Mr. Gartin responded that it would be helpful for the Board to take a look at the contract. He commented that the contract is, in general, very thorough about the operations. There are some items however that need follow-up, including:

- Fidelity Bond – This is ongoing and protects the taxpayers from Aon committing a criminal act to abscond with money. Aon has a bond that will go on long beyond the Board's work with them.
- Final Audit – In talking with the State Auditor, Mr. Gartin learned there is a protocol to work through on final audits. Someone needs to reach out to them at some point.
- Liens – There are currently 13 in favor of the Board. Liens still in favor of the Board at the time the Board comes to an end would need to be assigned to the DNR.
- Confidential Material – Aon will deliver confidential material to the DNR or other entity as designated by the Board at the end of the Program.
- Professional Coverage – There is an issue of professional coverage and the value of having a term policy covering malpractice after the Board is retired. This is the same concept as liability exposure. Aon has ongoing insurance protecting the taxpayers of Iowa after this comes to an end and will provide a certificate of insurance.
- Aon Compensation – Aon will provide a "not to exceed" amount for their compensation to the committee prior to the August Board meeting. There are reductions in what they are doing and those will be reflected in the proposal.

Mr. Cira added that, if the Board looks at the RFP between the State and Aon, Aon's response provided a categorical fee structure. Aon will re-look at that and provide a compensation "not to exceed" number for the subcommittee to consider.

CLAIM PAYMENT AUTHORITY

The following claim authority requests were presented:

1. Site Registration 7910465 – City of Lake Mills, Lake Mills (1st Board Report)

Mr. Gastineau reported contamination was discovered on this city owned property in 2003. The site had been a gas station up until 1956. The city acquired the property in 1970. This is an eligible innocent landowner claim. The site reclassification to no action required (NAR) with free product was accepted on June 27, 2016. While some contamination remains on-site, the City of Lake Mills has an ordinance preventing the installation of water wells in the affected area. Moderate amounts of free product are present in one monitoring well located on an adjacent property. Hand bailing is being completed monthly to remove the free product. A more aggressive recovery method has not been recommended.

Mr. Gastineau noted the total projected costs are \$25,000 to \$50,000+. Total authority recommended is \$125,000.

Ms. Beck moved to approve the request and Ms. Andeweg seconded the motion. Motion carried unanimously.

2. Site Registration 8913682 – David Lancaster, Alden (1st Board Report)

Mr. Gastineau stated contamination was discovered on this property when two abandoned USTs were removed in 1989. The contamination was reported to the DNR and a claim was filed by Rockow Construction in October 1990. This is an eligible remedial claim. The site is high risk for the city public supply wells, non-drinking water wells, and water lines. The site is classified as a non-granular bedrock site and the contamination is beneath Main Street, greatly limiting the corrective action options. The current site owner has taken over the benefits and hired a new consultant. The new consultant has not yet completed monitoring activities nor provided recommendations for bringing the site to closure.

Mr. Gastineau noted the current claim reserve is \$150,000. Total projected costs for additional work are \$50,000 to \$150,000+. Total authority requested of \$200,000.

Ms. Andeweg moved to approve the request and Mr. Barry seconded the motion. The motion was passed unanimously.

3. Site Registration 8603704 – Archer Coop Grain Co., Archer (3rd Board Report)

Mr. Gastineau provided details on this claim. A Tier 3 evaluation approved has reclassified all pathways to NAR status, except the groundwater ingestion pathway for an actual receptor in proximity to the site. The well owner was contacted to discuss possibility of closing the private well. The well owner desires to have his well remain intact and in use as private water supply well. In lieu of further corrective action, monitoring of the site will continue until target levels are attained.

The present claim reserve is \$400,000. Previous Board approval was granted on May 26, 2016 for \$325,000. Additional projected costs are \$10,000 to \$50,000. Additional authority of \$15,000 requested for a total authority of \$340,000.

After a discussion regarding the property owner's desire to not connect to public water and that the Fund cannot force him to do so, Mr. Gartin moved to approve this request and Mr. Barry seconded the motion. The motion passed unanimously.

4. Site Registration 8604445 – Cass County Shop, Atlantic (2nd Board Report)

This site is classified as No Action Required with free product. The current location of the free product plume is off-site in the down-gradient direction. The off-site property is also owned by Cass County. The consultant is proposing an excavation to speed up the process of recovering free product to the maximum extent practicable.

The present claim reserve is \$400,000. Total costs incurred to date are \$247,847.84. Total projected costs are \$150,000 to \$200,000+. Additional authority recommended of \$190,000 for a total authority of \$450,000.

Ms. Andeweg moved to approve the request and Mr. Hall seconded the motion. The motion passed unanimously.

5. Site Registration 8609765 – Hardin County, Eldora (2nd Board Report)

This site is high risk for a city drinking water well, residential basements and residential sewers. The site is now an open lot. An excavation in 2002 removed most of the on-site contamination. The remaining contamination is in the right-of-way and beneath Washington Street. An excavation is planned in coordination with a street replacement project by the city.

The present claim reserve is \$270,000. Total costs incurred to date are \$175,989.13. Total projected costs are \$75,000 to \$150,000+. Additional authority requested for a total authority of \$350,000.

Ms. Carlson moved to approve the request and Mr. Mumm seconded the motion. The motion carried unanimously.

CONTRACTS ENTERED INTO SINCE MAY 26, 2016 BOARD MEETING

Mr. Gastineau reported that the Board entered into an agreement to extend the 28E agreement between the Board and the Iowa DNR for the RBCA Software Modeling, allowing work to continue through December 31, 2016.

OTHER ISSUES AS PRESENTED

No other issues were presented.

CORRESPONDENCE AND ATTACHMENTS

Mr. Beech indicated that the correspondence and attachments could be read after the meeting adjourns.

A motion to adjourn the meeting was made by Ms. Andeweg and seconded by Mr. Barry. The meeting adjourned at 12:56 P.M.

Respectfully submitted,



James Gastineau
Deputy Administrator

Closed Session

Discussion of Pending and Imminent Litigation

Public Comment

Board Issues

A. Strategic Planning Session Overview

statutory funding cap, and those sites that are thought to be highly complex or that may never reach completion.

- (2) By November 1, 2016, the Administrator, in conjunction with counsel, will develop documents necessary to bid the LPT to interested parties with the objective to transfer claims to the winning bidder.

B. Transfer the Remaining Funds to the Iowa Finance Authority (IFA).

- (1) As soon as practicable, Board staff will evaluate this concept to determine if monies set aside with IFA will be protected from future legislative actions. The evaluation will be completed by Department staff, in coordination with the Treasurer's office and IFA.
- (2) Develop a 28E agreement with IFA and the Department to administer the transferred monies and set forth the protocol on how the monies can be used. Uses may include continued funding of the sites excluded from the LPT, new eligible claims, tank closure claims, claims on NFA re-opened sites, operator training and limited administrative costs for the Department and IFA.

Getting to Program Closure:

Simultaneous to consideration of a LPT, work will continue on eligible claims to ensure corrective actions remain the focus as claimants push their sites toward closure. Efforts will also continue to identify claims where work appears to have stalled, claims with shared-liabilities for possible transfer to PMMIC, and where requested claims that may be finalized by a settlement with the claimant.

We will also continue to accept and process new remedial, innocent landowner, global settlement, and tank closure claims. Efforts will also continue to address the work needed on NFA re-opened sites. For those sites to be excluded from the LPT we will continue to process claims and will utilize the State Lead Community Remediation and Closure Contracts to continue work as necessary until the Program end or the IFA/DNR program is initiated.

B. Limited LPT Update



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Board Members: Michael L. Fitzgerald Joseph D. Barry Jeff. W. Robinson Karen E. Andeweg Chuck Gipp
 Timothy L. Gartin Dawn M. Carlson Patricia J. Beck N. Kurt Mumm

MEMORANDUM

TO: UST Board Members
FROM: Dale T. Cira
DATE: August 19, 2016
SUBJECT: Limited LPT Update

Background

The Board previously entered into an agreement to transfer liabilities to PMMIC at sites where the Board had an active open liability and PMMIC also had a separate open active liability (claim). Since that time additional sites have manifested themselves either through a new release or the reevaluation of the legacy contamination relative to risk. The Board discussed entering another transaction or transactions with PMMIC for the group of sites that currently have coincidental open liability and future such occurrences. The Board approved the concept for the group of 11 sites with open Board and PMMIC liabilities pending the receipt of release to be executed by the Board's claimants who agree to participate in the transfer.

Under the master agreement signed in 2013 by the Board and PMMIC that allows for the transfer of liabilities at sites where both the Board and PMMIC have an open active liability, the Board would retain the future potential payment for tank removal as well as any investigation at the sites pursuant to the No Further Action agreement in place with the Department of Natural Resources. The Claimant release likewise serves to release the Board from liability with those two exceptions.

Update

Following the July 18th Board meeting, letters were issued to 9 claimants with shared liabilities; to date, we have received completed waiver and release forms from 5 of the 9 claimants. It is anticipated that additional waivers will be received within the next week.

For reference, the list of sites currently contemplated for transfer is attached with the relevant reserve and allocation information along with a proposed calculation of current transfer amount accounting for future development and administration costs. The final value for the transfer will also need to consider tax implications.

Limited LPT - Shared Liability Claims

Updated August 19 , 2016

Site #	Name	IUST Claimant	City	DNR Class	Claim Type	Allocation to IUSTF	Allocation to PMMIC	Res Balance (7/15/16)	GWP TOTAL ESTIMATE	Fund Share (less copay)	Opt-In Agreement Submitted	Corrective Action Status	
8606840	Gene Moeller Oil	Gene Moeller Oil Co.	Ft Dodge	L	RM	LR monit.	FP costs	\$18,478.19	\$16,000.00	\$12,000.00	\$12,000.00	Low risk monitoring	
8605883	Hawkeye Johnson	Hawkeye Oil Co.	Cedar Rapids	H	RM	75%	25%	\$7,382.01	\$16,228.00	\$12,171.00		Low risk monitoring	
8604952	Hancock Co Coop	Cooperative Oil	Klemme	H	RT	75%	25%	\$78,453.22	\$209,000.00	\$156,750.00	\$156,750.00	Post-remed. monitoring	
8608757	T&W Boatworks	T&W Boatworks, LLC.	Onawa	L	RM	75%	25%	\$30,472.28	\$25,000.00	\$18,750.00		Low risk monitoring	
8913711	Kahlua LLC	Wood Standard / Richard Wood	Donnellson	H	RM	75%	25%	\$99,113.04	\$128,100.00	\$96,075.00		Possible T3 or more CA	
8607024	Kum&Go	Bro Oil Company, Inc.	Winterset	H	RM	20%	80%	\$71,620.58	\$63,490.00	\$12,298.00		Remediation in progress	
8605613	Pump & Pizza	JET Gas	Bonaparte	N-FP	RM				\$2,700.00	\$2,700.00	\$2,700.00	IUST well closure only	
8607932	Johnson Oil	Quint Cities Petroleum Properties Co.	Bettendorf	L	RT	45%	55%	\$70,373.33	\$97,500.00	\$43,875.00	\$43,875.00	Monitoring only; see TJN calculation 3/22/16	
8607082	Bumper-to-Bumper	Fauser Oil Co., Inc.	Oelwein	H	RM	67%	33%	\$299,358.54	\$589,375.00	\$394,881.25	\$394,881.25	Vapor pathways	
8600474	Farmer's Oil Co.	NFA Re-Op	Wayland	H	NFA	10%	90%	\$7,991.55	\$23,242.00	\$2,324.20	\$2,324.20	Monitoring only	
9117224	Jo-Ro's Service	NFA Re-Op	St. Mary's	H	NFA	20%	80%	\$14,855.00	\$29,403.00	\$5,880.60	\$5,880.60	Post OE monitoring needed	
									\$ 698,097.74	\$1,147,393.00	\$757,705.05	\$618,411.05	
									Risk Premium 15%	\$113,655.76	\$92,761.66		
									Admin 5%	\$37,885.25	\$30,920.55		
									TOTAL	\$909,246.06	\$742,093.26		

C. Aon Contract Update



IOWA UNDERGROUND STORAGE TANK FUND

Douglas M. Beech, *Chairperson*

Dale T. Cira, *Administrator*

Board Members: Michael L. Fitzgerald Joseph D. Barry Jeff. W. Robinson Karen E. Andeweg Chuck Gipp
 Timothy L. Gartin Dawn M. Carlson Patricia J. Beck N. Kurt Mumm

MEMORANDUM

TO: UST Board
FROM: Dale T. Cira
DATE: August 18, 2016
RE: Summary of Proposal for Aon Fee Structure Revision

Partly in response to the proposed termination of the Program, the contract to administer the Iowa Comprehensive Petroleum Underground Storage Tank Fund Program was considered by the Board at the July 18, 2016 annual strategic planning meeting for up to two years to December 31, 2018. Coincidentally, a threshold in the Aon contract had been met providing an opportunity for the Board to seek a fee adjustment from Aon. Under Section 6.1.2 of the Aon contract, if the number of open claims in any of the programs is reduced by fifty percent (50%) or more, from the January 1, 2011 levels, the fee for administering such claims may be re-negotiated. That threshold has since been met for all claim types including Remedial Fund Claims, Innocent Landowner Claims, Global Opt-In Claims, and the CRP/Closure Contract claims.

The current contract, executed on December 10, 2010 has been extended through four, one-year extensions to December 31, 2016. In consideration of contract extension for a period not to exceed two-years, Aon met with a subcommittee of the Board on July 14, 2016 to discuss a revised rate structure. Aon has since prepared a proposal for consideration of the costs for the administration of the program going forward. A proposal was presented to the Board Subcommittee on August 19th that: 1) provided clarification and answers to specific questions regarding the contract terms raised by the subcommittee during the meeting and 2) provide a recommended fee structure to the extended contract term.

In 2015, Aon agreed to a voluntary adjustment of its fee by 10% and waived the automatic annual increase of 3.5% for the year. This resulted in an overall monthly reduction from \$104,560 to \$97,338. This voluntary reduction was taken by Aon to acknowledge decreasing claim activity and reduction in administrative needs.

Despite the decreasing claim activity, the remaining claims continue to provide increased level of work to monitor and close. Many of these claims have become recalcitrant and technically challenging. So, while the claim count has been continuously going down, the work necessary to properly manage these claims has remained fairly steady. Aon staff and its contractor, Cunningham Lindsey, spend considerable time reviewing claim files to identify the reasons for

stalled activity and to prompt action by claimants to bring their claims to closure. These efforts present a major change in the operational focus of the administration in that the Board is no longer waiting for claimants to act but instead is prompting them to initiate action to attain claim closure.

Aon has reviewed the specific tasks associated with General Administration, Management and Support Services and processing the specific claims within the Claims Programs. The proposed fee structure for the extended contract is summarized below and compared with the fee structure since the program was awarded in 2011 and current. The not to exceed fee has been reduced across each of the contracting tasks for a proposed combined reduction of 15%. In addition, Aon has removed the provision for automatic rate increase. These fees include not-to exceed fees for Aon and its subcontractor, Cunningham Lindsey going forward, commencing September 1, 2016. This proposal has been submitted to the Subcommittee for consideration.

Aon Fee Structure				
	2011	2016	Proposed Adjustment % of	2017
Financial and Accounting	30,000	34,925	90%	\$31,432
Database, Computer and Data Processing Support	\$60,000	\$69,849	90%	\$62,864
Technical Environmental Support	\$80,000	\$93,132	90%	\$83,819
Cost Control	\$15,000	\$17,462	85%	\$14,843
Rule Making	\$20,000	\$23,283	85%	\$19,791
Lobbying	inc	inc	inc	
Clerical Support	\$60,000	\$69,849	90%	\$62,864
General Support Services	\$85,000	\$99,785	90%	\$89,806
	\$350,000	\$408,285	90%	\$365,420
Claims Programs (includes CL fee)				
Remedial Claims	\$452,080	\$464,557	83%	\$385,582
Innocent Landowner Fund Claims	\$196,200	\$201,645	85%	\$171,398
Opt-in Claims	\$33,720	\$35,330	80%	\$28,264
Loan Guarantee Program	\$5,000	\$0		\$0
CRPs / Closure Contract Projects	\$95,000	\$105,328	80%	\$84,262
-Total Claims Programs	\$782,000	\$806,860	83%	\$669,507
TOTAL NOT-TO-EXCEED	\$ 1,132,000	\$ 1,215,144	85%	\$1,034,926
Monthly Fee	\$94,333	\$101,262	85%	\$86,244



IOWA UNDERGROUND STORAGE TANK FUND

Douglas M. Beech, *Chairperson*

Dale T. Cira, *Administrator*

Board Members:

Michael L. Fitzgerald

Joseph D. Barry

Jeff. W. Robinson

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Timothy L. Gartin

Dawn M. Carlson

Patricia J. Beck

N. Kurt Mumm

MINUTES

IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND PROGRAM

JULY 14, 2016

SUBCOMMITTEE TELEPHONE CONFERENCE

Mr. Tim Gartin called the Iowa UST Fund Board subcommittee meeting to order at 8:02 A.M. A quorum was present, with the following Board members present:

Karen Andeweg
Patricia Beck

Also present were:

Dale Cira, Administrator
James Gastineau, Deputy Administrator
Dave McCue, Resident Managing Director, Aon

PURPOSE OF MEETING

Mr. Gartin provided to attendees an agenda for the meeting laying out topics to be considered and noted that others may have topics for discussion as well. He indicated the agenda items would be addressed point by point and the group will try to reach a consensus; if there are points that need more technical assistance that will be noted. Mr. Gartin also noted the purpose of this meeting is to come up with an anticipated plan for Aon's work.

Mr. Cira responded it was his understanding the purpose was to consider the contract, Aon's compensation and any material changes that can be identified in regard to the run-off of the program on that contract. Mr. Gartin agreed indicated he was saying that in a different fashion and that the compensation cannot be addressed until the work that is entailed is defined.

1) FIDELITY BOND

Mr. Gartin noted that in Section 11 of the Aon contract there is a requirement for a fidelity bond to be posted. The contract does not provide for the mechanism on how that fidelity bond is to be

resolved. Mr. Cira indicated this topic would be referred back to Aon's internal accounting group and then he will report back on the findings and the current status. Mr. Gartin responded he assumes there is a protocol and the State of Iowa has a procedure for handling that when a certain level of completion is reached.

Mr. Gartin added there will be some follow-up tasks that will need to be handled. He asked Mr. Cira to follow up with staff about what has been done in other states Aon has worked with and Mr. Gartin will follow up with Mr. David Steward to review this from the State's perspective.

2) FINANCIAL AUDIT

The second item on the agenda addresses whether a final financial audit is required. Mr. Gartin inquired if an audit should be done where they close out results. Mr. Gastineau responded that he will reach out to the State Auditor's office to find out how they terminate programs but it was noted that the program is routinely audited.

3) CLAIMS ARISING AFTER TRANSFER OF LIABILITY

Mr. Gartin asked what if questions arise after the transfer if a claim comes in. Mr. Gastineau responded that, once the claim is transferred, all liabilities and duties of the Board end. If a claimant calls in with questions, we refer back to that agreement.

In response to Mr. Gartin's question on how many transfers have been completed, Mr. Gastineau indicated two transfers with Petroleum Marketers Management Insurance Co (PMMIC) were completed and in each case, the Board's liabilities to those claims have ended.

4) LIENS

Mr. Gartin indicated he wanted to make sure a list of liens will be provided by the Administrator at the end of the program. In response, Mr. Cira indicated that a list of liens is maintained and an updated list is provided in the current Board packets for reference. It will be up to the Board to determine if the liens are transferred or extinguished.

Mr. Gartin indicated he would follow up with Mr. Steward regarding liens as an assignment of the liens to the DNR or another entity would need to be done.

5) CONFIDENTIAL MATERIALS

Mr. Gartin noted Section 8.2 of the contract deals with Aon's custody of confidential material and discusses the importance of Aon in not disseminating confidential data. Mr. Gartin indicated he assumes there would be a transfer of that data to the DNR in some capacity when the program winds down.

Mr. Gastineau responded that claim files may contain confidential information including a claimant's name, address, and at times, Social Security numbers. The Board will have to determine along with the DNR as to what becomes of these records. The DNR is aware of this

issue. Mr. Gartin commented this is a topic to take back for the Board's consideration. He assumes there is an entity within the State that would take custody of the records.

Mr. Cira added that records will be destroyed for the closed claims that are beyond the threshold retention period. Files within the retention period will be maintained and must be cared for either in storage or under another entity's control.

6) TAIL INSURANCE POLICY FOR FUTURE CLAIMS

Mr. Gartin reported there is a provision in the contract for maintaining insurance and inquired if some kind of tail policy has been considered. He noted this is a situation where the contract could have been improved by providing some expectations on for a tail policy. Mr. Gartin wondered if a similar kind of policy needs to be in place.

Mr. Cira responded he was not sure what specific insurance requirements were negotiated early on in the program but the Board can be assured that Aon maintains all the appropriate standard insurance requirements while the contract is in place. As far as tail coverage goes, there is nothing specific in the contract obligating Aon to provide that and absent the specific requirement, Mr. Cira is not sure Aon has engaged any specific insurance program for this work other than our normal day-to-day business insurance requirements.

Mr. Gartin thinks this is quite likely how this will be involved. He believes it would be helpful to make sure we have some kind of understanding that, if a claim arises once Aon is done, there would be coverage for that claim. Mr. Gartin asked Mr. Cira if it is possible to make an inquiry with the insurance carrier to verify there would be ongoing coverage for the work Aon did while the contract was in place.

Mr. Cira indicated we should get some specific questions on the table and take them back to our various carriers to see how they would respond. Mr. Cira indicated he is confident that the appropriate mechanisms are in place to make sure the State is protected but we will explore this issue to make sure the State is protected in a case such as this.

7) FINAL REPORT FOR FUTURE REFERENCE

Mr. Gartin suggested it might be helpful for Aon to write a summary document that we would provide to the State that lays out the journey of the IUST fund for future reference.

Mr. Cira remarked there are numerous documents in place already documenting the program and doesn't believe any additional work is needed in this regard. Ms. Andeweg added there is a document in the annual Board packet that describes everything that has occurred from the beginning; she finds the document to be a very good layout of what the Board does and that would be a great starting point if anyone ever has a question. Ms. Beck concurred with Ms. Andeweg that this document is very complete.

Mr. Gartin indicated that he would ask the Board to see if they have an interest to do anything else and said maybe nothing else is needed in this regard.

Mr. Cira noted that as compensation is discussed, there would be talk that some of the scopes of work may not be needed as we go forward. Ms. Andeweg inquired, in connection with Section 10, does the Board require Aon to show insurance coverage each year. Mr. Cira indicated Aon could provide a certificate of insurance and will do that for this particular circumstance.

Mr. Gartin inquired if there were any other topics for discussion before moving on to Aon's compensation. Hearing none, discussion proceeded on to compensation.

8) AON COMPENSATION

Mr. Gartin noted that Mr. Gastineau provided a table with Aon's fee structure going back to 2011 and commented that this is a helpful document.

Mr. Gartin inquired if the Mr. Cira wanted to discuss what Aon is proposing compensation-wise. Mr. Cira indicated Aon went back to the request for proposal put forth in 2010, looking at what the State's expectations were, what they were looking for in a contractor and a program and then went back to the responses. He noted that the RFP provided the outline for the fee structure table as provided to the members. He also noted that the fees shown on the table include that paid to Aon and their subcontractor Cunningham-Lindsey.

Referring to the table, Mr. Cira noted that following the first two years, the contract provides for an increase of 3.5% with each renewal. He noted in 2015, Aon agreed to adjust its fee and centered the reduction on Aon's work in addressing the open claims. He noted Aon waived its 3.5% increase and provided a 10% decrease in the claims fee.

In response to a question as to whether or not Aon has a particular proposal to make on compensation, Mr. Cira indicated Aon has some ideas that he'd like the subcommittee to consider. Some items that could be modified include lobbying and rule making. Mr. Cira noted lobbying is not expected to be a meaningful role going forward. He did note that Aon has been involved in Board and stakeholder discussions and does not expect that to change. For rule-making, that may change with the program winding down.

He also noted that under the general support services category that those kinds of services are probably winding down and that there is some room to reduce fees generally but not in every category. He also noted that under the claims program, Aon can probably make some fee specific recommendations. He noted that as the claims numbers are down, the remaining claims take more effort per claim and that staff are pursuing claimants to seek their involvement.

Mr. Cira stated Aon does not have a proposal to put forward but have discussion items to share. He noted that we are probably talking about a 10-15% reduction on the general services and something more aggressive on the claims programs. Mr. Cira did not know what that total will come out to but might be 20% as a total reduction when tallied up. Mr. Cira indicated he was throwing that out for feedback. Mr. Gartin indicated there will be a base level of administrative work that will be required no matter the level of claims.

Ms. Andeweg asked if there is an incentive in 2016 as in 2015. Mr. Gastineau answered that there was not a plan for this calendar year. Mr. Gastineau also commented on the claims programs. He noted that for the data table, the reference to the remedial claims program includes handling of the different claims paid from the remedial fund, including remedial and retroactive claims, the No Further Action project claims, and the tank closure claims. He noted only a few new remedial claims are seen each year, except for the tank closure program which sees about 80 claims each year. He also noted that there are less than a dozen new ILO claims a year and that the opt-in claims program is also decreasing as many of the innocent landowner claims don't incur a co-payment. He noted that the fees for the loan guarantee program were abolished when that program ended. As far as the CRP's and the closure contract projects, he noted that those programs are where work is still ongoing. Mr. Gastineau noted he did reach out to Ms. Elaine Douskey of the DNR and she would like us to keep those going so we can do as much work as possible on stalled sites to get them to closure before the program ends.

Mr. Gartin indicated it would be helpful to have a starting point for making a proposal to the Board for compensation. Mr. Cira responded he would like feedback from Mr. Gartin in the ballpark of what reduction he thinks is fair. Mr. Cira said he thinks the findings can be captured, refer back to the contract and determine what will be eliminated and changed and then put it as a package that not only are these contract items going to be addressed going forward but the compensation would be "x". In looking at the contract, the compensation would be a final "not to exceed" number and Aon would provide documentation to support that change.

Mr. Gartin responded he feels this is a bit difficult to respond to these issues without DNR technical input to respond to some of these issues. Ms. Beck indicated DNR input would be helpful to her when considering a final number. Mr. Gastineau asked what kind of input is expected from the Department. Aon works hand-in-hand with the Department but doesn't provide input direct to them. Mr. Gartin indicated he was thinking input from both Ms. Douskey and Mr. Hall would be helpful going forward.

Mr. Gartin suggested this has been a good discussion of perspective and wondered if the compensation part is taken as far as it can be and should be taken back to the Board; he is not comfortable about making a firm recommendation without having full Board and DNR input.

Mr. Gartin added that we could continue this process by providing a recommendation on the contract changes and then invite someone from the DNR, Mr. Hall or Ms. Douskey, for their input so they are involved in that discussion. With regard to the Aon fee, Mr. Cira is not sure how much their input is going to be meaningful in a contractual sense; the contract is with the Board and the subcommittee represents the Board's interests and inviting DNR as part of that subcommittee would be fine but having them take a look at Aon's compensation a form of feedback should not be a final determinant.

Mr. Gartin responded we are looking for a "not to exceed" number and not just picking a number less than \$1.2 million. Mr. Cira suggested that, based on discussions, that it will be a supported number based on changes in the numbers reported on the fee structure table and will be the basis for making a recommendation.

Mr. Gartin asked the other committee members if they are satisfied with Mr. Gastineau's and Mr. Cira's recommendations or if there are any other factors for consideration. Ms. Andeweg sees the scope is changing in less work and can see that the DNR might have a concern in the scope of work but not in the fee structure. Ms. Beck indicated she thought a 15% decrease in fee would be reasonable and it would be up to Aon on how they would want to disburse to their categories.

Mr. Gartin asked how long it will take Aon to come up with a proposal. Mr. Cira responded it won't take long but this is a contract issue between Aon and the State. Aon would need executive level buy-in and would need to consult with Cunningham-Lindsey as this is not just an Aon change but also is a fee change for them. We will need to have all those parties in agreement before we can go forward.

Mr. Cira continued that he does not believe Aon can have a proposal ready prior to the annual meeting on Monday, July 18, but could have it ready by the August Board meeting and in time for the Board packets to go out.

In response to a question from Ms. Beck, Mr. Gastineau responded that the \$200,000 that is provided to the DNR for administration comes through an allocation in the legislation. That is a side item, is not given to them directly and does not impact Aon's contract.

Mr. Gartin said it seems like a reasonable call to put together the material for the August Board meeting.

He inquired if there were any other topics and there were none.

Mr. Cira stated he believes the key issues have been addressed. Aon will prepare a recommendation and present something between now and the next board meeting so it can be presented at the next board meeting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'James Gastineau', written in a cursive style.

James Gastineau
Deputy Administrator

D. Lien # 0801030 – Griswold



IOWA UNDERGROUND STORAGE TANK FUND

Douglas M. Beech, *Chairperson*

Dale Cira, *Administrator*

Board Members: Michael L. Fitzgerald Joseph D. Barry Jeff. W. Robinson Karen E. Andeweg Chuck Gipp
 Timothy L. Gartin Dawn M. Carlson Patricia J. Beck N. Kurt Mumm

MEMORANDUM

TO: UST Board Members
FROM: Dale Cira
DATE: August 16, 2016
SUBJECT: Lien # 0801030 – Griswold Custom Classics (UST # 8608073)

The Board, in conjunction with the Department of Natural Resources (DNR), retained an environmental contractor to perform activities on the referenced site including removal of one underground storage tank. The property owner at the time was not eligible for UST closure benefits due to the date the tank had been installed. Following the 2007 tank removal, the owner was notified \$9,840.50 was due for the closure costs. The owner was unable to pay thus a lien was filed in February 2008.

In 2013, the property owner notified the Board that he had entered into an agreement to sell the property on contract and had negotiated a settlement with the lender. Per the agreement, the owner began providing periodic payments to settle the lien. To date, the owner has paid \$4,420 toward the lien leaving the current balance at \$5,420.50.

In a letter dated May 24, 2016, the property owner requested a release of the lien for the amount paid to date, so that the property may be sold albeit at a reported loss to the owner.

Current Status

Per a recent conversation with the landowner, the proposed sale of the property has been lost. The landowner also reports that the contract buyer / tenant has abandoned the property and vacated the property. The landowner noted difficulty in marketing the property due to the lien which remains on the site and asks for leniency and a release of the lien for the amount paid to date.

The LUST site associated with this site was classified No Action Required. A No Further Action certificate was issued in April 2012.

Lien Release / Extension / Modification Worksheet

Purpose	Request for release of lien
Lien #	0801030
County	Cass County
Site Name	Griswold Custom Classics
- Location	802 Main, Griswold, IA
Site Registration #	198608073
Site LUST #	8LTB69
Site Claim #	15006
- IUST eligible	tank closure costs were not eligible
Property owner when filed	Griswold Custom Classics LC
Property owner address	Clifford Speck, 802 Main St., Griswold, IA 51535
Lien filed date	2/1/2008
Book & Page #	2008 - 223
Lien Amount	\$9,480.50
Total Subject to Recovery	\$9,480.50
Proposed Amount for Release	\$4,420 (paid to date)
Parcel #	360008283001000
Current Assessed Value / Date	\$37,880 (2016)
Current Property Owner	Griswold Custom Classics LC
- owned property when USTs operated	Yes
- owned property when work completed	Yes
- owned property when lien was filed	Yes
- If no, how was property acquired	n/a
- is landowner a responsible party	Yes - landowner responsible for tank removal costs
DNR Status	
- USTs present / active	None
- USTs present / temp closed	None
- USTs permanently closed (date)	Yes, last UST removed 2008
- LUST Status	Closed, classified NAR
- NFA cert elig / issued	Yes, NFA cert issued
Summary	
Did landowner hinder work	No
Will property owner benefit	Yes - if lien released
Will State benefit	Possibly - if property returned to use as commercial business
Other (transaction)	Aug. 2016: Owner reports sale of property planned fell through; buyer reportedly could not secure financing. Property owner reports tenant has abandoned lease and vacated property. Landowner asks for leniency and release of lien for amount paid to date (44% of original lien amount)

BOARD ACTION

E. Lien # 061017 – Lockridge



IOWA UNDERGROUND STORAGE TANK FUND

Douglas M. Beech, *Chairperson*

Dale Cira, *Administrator*

Board Members: Michael L. Fitzgerald Joseph D. Barry Jeff. W. Robinson Karen E. Andeweg Chuck Gipp
 Timothy L. Gartin Dawn M. Carlson Patricia J. Beck N. Kurt Mumm

MEMORANDUM

TO: UST Board Members
FROM: Dale Cira
DATE: August 16, 2016
SUBJECT: Lien # 061017 – Lockridge (UST # 198601629)

The Board, in conjunction with the Department of Natural Resources (DNR), retained an environmental contractor to perform activities on the referenced site including removal of two underground storage tanks. The property owner at the time was not eligible for IUST funding due to the date contamination was discovered. Following tank removal activities and assessment, the owner was notified of the costs incurred. The owner was unable to pay thus a lien was filed in October 2006 for the amount of \$35,202.

Status

In 1999, the Iowa DNR had determined that Connie Boughner (Richardson), the last owner /operator of the tank was unable to pay for the required tank closure and assessment activities, thus such activities were performed using the Board's closure contract. Following the closure contract, Iowa DNR has since utilized Federal monies, when available, to complete work to address the high risk conditions. Iowa DNR reports costs incurred to date as \$459,956; further work is needed before the site can be reclassified.

The Board lien filed October 2006 is governed by the terms set in Iowa Code 455G.13 and Iowa Code 424.11 which provides that a lien shall be placed on the site where the tanks of concern were located and shall continue for 10 years unless released or otherwise discharged. A lien may be extended for subsequent 10 year periods by filing a notice to the appropriate county official. The referenced lien is scheduled to expire October 2016 and thus is presented for consideration on renewal or release.

It should be noted the Iowa DNR has indicated cost recovery would not be pursued due to the fact that the Richardson's are living on the former gas station property and DNR rules prohibit placement of liens on residential property.

Lien Release / Extension / Modification Worksheet

Purpose	Lien Reconsideration - 10 yr term
Lien #	061017
County	Jefferson County
Site Name	Former B&C Service
- Location	206 West Main Street, Lockridge
Site Registration #	198601629
Site LUST #	9LTJ06
Site Claim #	11023 / 14009
- IUST eligible	No; lien filed for tank closure, assessment and monitoring costs
Property owner when filed	Richard & Connie Richardson
Property owner address	206 West Main, Lockridge
Lien filed date	10/25/2006
Book & Page #	2006-2472
Lien Amount	\$35,202.00
Total Subject to Recovery	\$35,202.00
Proposed Amount for Release	na
Parcel #	
Current Assessed Value / Date	\$62,700 (2016)
Current Property Owner	Richard & Connie Richardson
- owned property when USTs operated	Yes
- owned property when work completed	Yes
- owned property when lien was filed	Yes
- If no, how was property acquired	na
- is landowner a responsible party	Yes
DNR Status	
- USTs present / active	None
- USTs present / temp closed	None
- USTs permanently closed (date)	Yes, last UST removed 2000
- LUST Status	Open, High Risk
- NFA cert elig / issued	na
Summary	
Did landowner hinder work	No
Will property owner benefit	Yes - if lien released
Will State benefit	Unknown - site is used as residential property
Comment:	Connie Boughner (Richardson), the last owner/operator of the tank was determined unable to pay for tank closure and assessment. The Richardson's are using the former gas station site as their home residential property.

BOARD ACTION

F. Lien # 030033 - Gravity



IOWA UNDERGROUND STORAGE TANK FUND

Douglas M. Beech, *Chairperson*

Dale Cira, *Administrator*

Board Members: Michael L. Fitzgerald Joseph D. Barry Jeff. W. Robinson Karen E. Andeweg Chuck Gipp
 Timothy L. Gartin Dawn M. Carlson Patricia J. Beck N. Kurt Mumm

MEMORANDUM

TO: UST Board Members
FROM: Dale Cira
DATE: August 16, 2016
SUBJECT: Lien # 0300033 – Gravity (UST # 200300033)

The Board, in conjunction with the Department of Natural Resources (DNR), retained an environmental contractor to perform activities on the referenced site including removal of two underground storage tanks. The property owner at the time was not eligible for IUST funding due to the date contamination was discovered. Following tank removal activities and assessment, the owner was notified of the costs incurred. The owner was unable to pay thus a lien was filed in November 2006 for the amount of \$52,090.

During the assessment and cost recovery process, the site was sold for to the current landowner. The current landowner did not previously own or operate the tanks however as a landowner and consistent with policy, he could be liable for assessment work.

Status

Following the State Lead closure contract work, the Iowa DNR has used Federal monies to complete work at the site. This work included multiple excavations and resulted in the site classification of No Action Required. Costs incurred total \$358,855. The Iowa DNR did not pursue cost recovery for the expenditures as the current landowner is not the responsible party.

The Board lien filed November 2006 is governed by the terms set in Iowa Code 455G.13 and Iowa Code 424.11 which provides that a lien shall continue for 10 years unless released or otherwise discharged. A lien may be extended for subsequent 10 year periods by filing a notice to the appropriate county official. The referenced lien is scheduled to expire November 2016 and thus is presented for consideration on renewal or release.

Lien Release / Extension / Modification Worksheet

Purpose	Lien Reconsideration - 10 yr term
Lien #	0300033
County	Taylor County
Site Name	Former Walt's Service
- Location	NE Corner of 3rd & Adams Street, Gravity
Site Registration #	200300033
Site LUST #	9LTL22
Site Claim #	13003 / 15006
- IUST eligible	No; lien filed for tank closure and assessment costs
Property owner when filed	Terry Smith
Property owner address	PO Box 133, Gravity
Lien filed date	11/9/2006
Book & Page #	Book 6, page 265
Lien Amount	\$52,090.00
Total Subject to Recovery	\$52,090.00
Proposed Amount for Release	na
Parcel #	
Current Assessed Value / Date	\$1,160 (2016)
Current Property Owner	Terry Smith
- owned property when USTs operated	No
- owned property when work completed	Yes (acquired during assessment)
- owned property when lien was filed	Yes
- If no, how was property acquired	na
- is landowner a responsible party	Possibly for assessment
DNR Status	
- USTs present / active	None
- USTs present / temp closed	None
- USTs permanently closed (date)	Yes, last UST removed 2003
- LUST Status	Closed, classified NAR
- NFA cert elig / issued	Yes, NFA cert issued
Summary	
Did landowner hinder work	No
Will property owner benefit	Yes - if lien released
Will State benefit	Possibly - if property returned to use as commercial business
Comment:	Landowner acquired site during cost recovery action. Landowner is not a responsible party. Following IUST funded work, Iowa DNR utilized Federal monies to complete work at the site and has since assigned the site a No Action Required classification. Total DNR expenditures reported as \$358,855.

BOARD ACTION

G. DNR Update

Approval of Program Billings

Monthly Activity Report and Financials Reviewed

A. July 2016 Activities Report

Jul-16

Claims	Open Claims		Open Claims	Open & Closed
	June 2016 Ending	Monthly Net Changes	July Ending	Totals since Inception
RETROACTIVE				
number	22	(1)	21	447
reserve	\$ 1,173,279.44	\$7,759.76	\$1,181,039.20	\$1,181,039.20
paid	\$5,835,787.76	(\$126,826.96)	\$5,708,960.80	\$18,165,079.74
	\$7,009,067.20	(\$119,067.20)	\$6,890,000.00	\$19,346,118.94
REMEDIAL				
number	297	(7)	290	4,462
reserve	\$16,637,672.97	(\$91,292.14)	\$16,546,380.83	\$16,546,380.83
paid	\$66,628,539.44	(\$1,688,324.48)	\$64,940,214.96	\$218,671,346.58
total	\$83,266,212.41	(\$1,779,616.62)	\$81,486,595.79	\$235,217,727.41
INNOCENT LANDOWNER				
number	77	(1)	76	1,136
reserve	\$3,677,470.13	\$30,850.15	\$3,708,320.28	\$3,708,320.28
paid	\$10,629,129.87	(\$120,850.15)	\$10,508,279.72	\$33,491,245.44
total	\$14,306,600.00	(\$90,000.00)	\$14,216,600.00	\$37,199,565.72
GLOBAL OPT-IN				
number	61	(2)	59	1,309
reserve	\$296,305.75	(\$4,525.27)	\$291,780.48	\$291,780.48
paid	\$529,605.30	(\$23,474.73)	\$506,130.57	\$9,876,478.85
total	\$825,911.05	(\$28,000.00)	\$797,911.05	\$10,168,259.33
UNASSIGNED REVENUE FUND PROJECTS				
number	60	(1)	59	307
reserve	\$1,263,735.11	(\$28,153.75)	\$1,235,581.36	\$1,235,581.36
paid	\$679,265.39	\$68,153.75	\$747,419.14	\$3,293,412.78
total	\$1,943,000.50	\$40,000.00	\$1,983,000.50	\$4,528,994.14
NFA RE-EVALUATIONS				
number	11	2	13	61
reserve	\$274,356.96	\$33,050.00	\$307,406.96	\$307,406.96
paid	\$520,643.04	\$1,950.00	\$522,593.04	\$1,330,379.18
total	\$795,000.00	\$35,000.00	\$830,000.00	\$1,637,786.14
TANK PULLS				
number	39	(4)	35	479
reserve	\$505,615.00	\$5,000.00	\$510,615.00	\$ 510,615.00
paid	\$61,136.25	(\$51,751.25)	\$9,385.00	\$ 5,309,185.77
total	\$566,751.25	(\$46,751.25)	\$520,000.00	\$5,819,800.77

Corrective Action Meetings (7/15)	
Scheduled:	3
Completed:	1,297
MOA's	488

UST Operator Training	
A/B (all)	3,203
A/B (FY2011-16)	\$309,920

Total Claims	(RT, RM, ILO, NFA)	401
Reserves	(inc. Global Opt-in)	\$22,034,927

RT Claims	#
New	0
Reopened	0
Closed	0

RM Claims	#
New	0
Reopened	1
Closed	6

ILO Claims	#
New	0
Reopened	1
Closed	3

GS Claims	#
New	0
Reopened	0
Closed	2

USTCA	#
New	1
Reopened	0
Closed	3

NFA Re-Eval	#
New	1
Reopened	0
Closed	1

Tank Pull	#
New	3
Reopened	0
Closed	5

DNR @ 7-2015	
Total LUST	6605
High Risk	446
Low Risk	172
NAR-FP	68
Not Class.	99
NAR, RNV	5725

Invoice Type Totals	JULY	FYTD	Program to Date
Aon - Admin	\$ -	\$ -	
Aon - Claims	\$ -	\$ -	
Government	\$ 69,396.31	\$ 69,396.31	
2004 Tank Pull	\$ -	\$ -	\$ 1,761,823.44
2010 Tank Pull	\$ 134,702.71	\$ 134,702.71	\$ 5,409,942.64
American Soils	\$ -	\$ -	\$ 5,678,422.58
AST Removal	\$ -	\$ -	\$ 3,306,435.24
AST Upgrade	\$ -	\$ -	\$ 7,911,496.87
CADR Charges	\$ 5,361.38	\$ 5,361.38	\$ 4,689,087.91
Corrective Action	\$ -	\$ -	\$ 52,439,553.67
Expenses / OT	\$ 2,700.00	\$ 2,700.00	\$ 310,320.00
Free Prod Recover	\$ 66,271.25	\$ 66,271.25	\$ 11,889,586.82
Monitoring	\$ 159,019.91	\$ 159,019.91	\$ 32,656,909.85
Operations/Maint	\$ 24,375.56	\$ 24,375.56	\$ 10,494,843.66
Over-excavation	\$ 2,840.44	\$ 2,840.44	\$ 34,686,940.02
Water Lines	\$ -	\$ -	\$ 2,909,225.43
Post RBCA Evals	\$ 1,200.00	\$ 1,200.00	\$ 246,888.41
RBCA	\$ 45,144.00	\$ 45,144.00	\$ 26,846,137.91
Remed Imp/Const.	\$ 381,283.03	\$ 381,283.03	\$ 30,800,984.91
SCR Charges	\$ -	\$ -	\$ 54,217,410.26
Site Check	\$ -	\$ -	\$ 142,486.32
Soil Disposal	\$ -	\$ -	\$ 738,386.66
Tank (UST) Pull	\$ -	\$ -	\$ 3,979,734.25
Tank (UST) Upgrade	\$ -	\$ -	\$ 3,440,849.83
Tier III	\$ 800.00	\$ 800.00	\$ 1,383,447.15
Utilities	\$ 11,533.83	\$ 11,533.83	\$ 2,201,078.12
Well Closure	\$ 35,232.50	\$ 35,232.50	\$ 4,085,617.78
Total Invoice Types	\$ 870,464.61	\$ 870,464.61	\$ 301,277,314

Remediation Budgets Approved to Date		
last month (July '16)	3	\$141,211
Trailing 12 mos	39	\$3,538,900
Prev Trail 12 mos	47	\$2,678,368
Total Since Jan 2003	1,220	\$53,049,943

Project Contracts	Open	Closed	Pending
CRP's	4	41	0
Tank Closure	2	5	0
Plastic Water Line	0	2	0

B. July 2016 Financial Report

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FOR THE MONTH ENDING JULY 31, 2016**

0471 - UST REVENUE FUND (Bonding)

<hr/>		\$14,562,012.56
Balance of Fund, July 1, 2016		
Receipts:		
Motor Vehicle Use Tax (IDOT - vehicle registration)	\$0.00	
Intra State Fund Transfers Received	\$0.00	
Interest Income	\$6,906.44	
	<hr/>	\$6,906.44
Disbursements:		
Bond Interest Payment	\$0.00	
Bond Principal Payment	\$0.00	
EPC Charges	\$0.00	
Adjustments	\$0.00	
Transfer to General Fund	\$0.00	
Transfer to Unassigned Revenue Fund (0450)	\$0.00	
Transfer to Innocent Landowner Fund (0485)	\$0.00	
Transfer to Remedial Non-Bonding Fund (0208)	\$9,000,000.00	
	<hr/>	\$9,000,000.00
Balance of Fund, July 31, 2016		<hr/> \$5,568,919.00 <hr/>

0450 - UST UNASSIGNED REVENUE FUND (Non-Bonding)

<hr/>		\$7,405,371.95
Balance of Fund, July 1, 2016		
Receipts:		
Copying/Filing Fees	\$0.00	
Fines & Penalties	\$0.00	
Refund/Overpayment	\$0.00	
Transfer From UST Revenue Fund (0471)	\$0.00	
Interest Income	\$13,265.42	
	<hr/>	\$13,265.42
Disbursements:		
UST Administrator's Fees	\$0.00	
Adjustment	\$0.00	
Attorney General's Fees	\$8,016.91	
Attorney's Fees: Cost-Recovery Administration	\$0.00	
Cost Recovery Expense (i.e. Lien Filing, Overpayment Refund)	\$0.00	
Actuarial Fees	\$0.00	
Auditor of the State Fees	\$0.00	
Claim Settlement	\$0.00	
Department of Revenue EPC Collection Fees	\$0.00	
Department of Inspection & Appeals Service Fees	\$0.00	
Environmental Protection Charge Refunds	\$0.00	
Iowa Finance Authority Expenses	\$0.00	
Legal and Professional Fees	\$0.00	
Postage / Printing / Miscellaneous	\$0.00	
Professional Services - Owner/Operator Training	\$2,700.00	
Rebate	\$0.00	
Special Project Claims - Closure Contract Project	\$108,597.95	
Travel Expenses-UST Board Members	\$504.66	

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FOR THE MONTH ENDING JULY 31, 2016**

Warrant Float Expense	\$0.00	
28E Agreement - DNR RBCA Model Revision	\$0.00	
Statutory Transfer to DNR (Admin match)	\$0.00	
Statutory Transfer to DNR (tech review - recurring & carry over)	\$0.00	
Statutory Transfer to IDAL (fuel inspections - recurring & carry over)	\$0.00	
Appropriation 2016	\$61,379.40	
Appropriation 2017	\$75.00	
Offset of Funds to/from Innocent Land Owners (0485)	\$0.00	
Offset of Funds to/from Remedial Fund (0208)	\$0.00	
		\$181,273.92
Balance of Fund, July 31, 2016		\$7,237,363.45
 0208 - UST REMEDIAL NON-BONDING FUND		
Balance of Fund, July 1, 2016		\$11,158,377.12
Receipts:		
Remedial Refunds	\$0.00	
Misc. Income (i.e. eligibility settlements)	\$0.00	
Interest Income	\$0.00	
Transfer From UST Revenue Fund (0471)	\$9,000,000.00	
		\$9,000,000.00
Disbursements:		
Retroactive Claims	\$28,738.00	
Remedial Claims	\$570,890.12	
28E Agreement - NFA Claims	\$18,958.00	
Adjustment	\$0.00	
Offset of Funds to/from ILO/GS Fund	\$0.00	
Offset of Funds to/from Unassigned Revenue Fund (0450)	\$0.00	
Balance of Outdated Warrants & Cancelled Warrants	\$0.00	
		\$618,586.12
Balance of Fund, July 31, 2016		\$19,539,791.00
 0478 - UST MARKETABILITY FUND		
Balance of Fund, July 1, 2016		\$828,242.12
Receipts:		
Interest	\$4,021.99	
Use Tax	\$0.00	
		\$4,021.99
Disbursements:		
Intra State Fund Transfer	\$0.00	
Transfer to Innocent Landowners Fund	\$0.00	
		\$0.00
Balance of Fund, July 31, 2016		\$832,264.11
 0485 - UST INNOCENT LANDOWNERS FUND		
Balance of Fund, July 1, 2016		\$4,831,638.08
Receipts:		
Cost Recovery (i.e. lien settlements)	\$0.00	
ILO Refunds	\$0.00	
Transfer From UST Revenue Fund (0471)	\$0.00	
Transfer From Loan Gaurantee Fund (0238)	\$0.00	

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FOR THE MONTH ENDING JULY 31, 2016**

Outdated Warrants	\$0.00	
Miscellaneous Income	\$0.00	
		\$0.00
Disbursements:		
Cost Recovery Reimbursement	\$0.00	
Cost Recovery Global Settlement	\$0.00	
Adjustment	\$0.00	
Intra State Fund Transfers Paid (to Unassigned Revenue)	\$0.00	
Other Contractual Services	\$0.00	
Global Settlement Claims	\$12,273.48	
Innocent Landowner Claims	\$128,307.06	
Transfer to Remedial Fund (0208)	\$0.00	
Transfer to/from Unassigned Revenue Fund (0450)	\$0.00	
Balance of Outdated Warrants	(\$230.00)	
		\$140,350.54
Balance of Fund, July 31, 2016		\$4,691,287.54
 0238 - UST LOAN GUARANTEE FUND (Non-Bonding)		
Balance of Fund, July 31, 2016		\$0.00
 0614 - UST CAPITAL RESERVE FUNDS (Bonding)		
Balance of Fund, July 31, 2016		\$0.00
Combined UST Capital Reserve Fund Balances, July 31, 2016		\$0.00
TOTAL FUND BALANCES, July 31, 2016		\$37,869,625.10

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.
Funds labeled "Non-Bonding" are funds not restricted as to use by the Revenue Bond indenture.

C. Year-to-Date Financials as of July 31, 2016

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FISCAL YEAR TO DATE ENDING JULY 31, 2016**

		FISCAL 2017 BUDGET
0471 - UST REVENUE FUND (Bonding)		
Balance of Fund, July 1, 2016	\$14,562,012.56	\$14,562,012.56
Receipts:		
Motor Vehicle Use Tax (IDOT - vehicle registration)	\$0.00	\$7,000,000.00
Intra State Fund Transfers Received	\$0.00	
Interest Income	\$6,906.44	\$25,000.00
	\$6,906.44	\$7,025,000.00
Disbursements:		
Bond Interest Payment	\$0.00	\$0.00
Bond Principal Payment	\$0.00	\$0.00
EPC Charges	\$0.00	\$0.00
Adjustments	\$0.00	\$0.00
Transfer to General Fund	\$0.00	\$0.00
Transfer to Unassigned Revenue Fund (0450)	\$0.00	\$0.00
Transfer to Innocent Landowner Fund (0485)	\$0.00	\$2,000,000.00
Transfer to Remedial Non-Bonding Fund (0208)	\$9,000,000.00	\$11,000,000.00
	\$9,000,000.00	\$13,000,000.00
Balance of Fund, July 31, 2016	\$5,568,919.00	\$8,587,012.56
0450 - UST UNASSIGNED REVENUE FUND (Non-Bonding)		
Balance of Fund, July 1, 2016	\$7,405,371.95	\$7,405,371.95
Receipts:		
Copying/Filing Fees	\$0.00	\$0.00
Fines & Penalties	\$0.00	\$0.00
Refund/Overpayment	\$0.00	\$0.00
Transfer From UST Revenue Fund (0471)	\$0.00	\$0.00
Interest Income	\$13,265.42	\$125,000.00
	\$13,265.42	\$125,000.00
Disbursements:		
UST Administrator's Fees	\$0.00	\$1,000,000.00
Adjustment	\$0.00	\$0.00
Attorney General's Fees	\$8,016.91	\$50,000.00
Attorney's Fees: Cost-Recovery Administration	\$0.00	\$0.00
Cost Recovery Expense (i.e. Lien Filing, Overpayment Refund)	\$0.00	\$100.00
Actuarial Fees	\$0.00	\$0.00
Auditor of the State Fees	\$0.00	\$10,000.00
Claim Settlement	\$0.00	\$0.00
Department of Revenue EPC Collection Fees	\$0.00	\$10,000.00
Department of Inspection & Appeals Service Fees	\$0.00	\$0.00
Environmental Protection Charge Refunds	\$0.00	\$0.00
Iowa Finance Authority Expenses	\$0.00	\$0.00
Legal and Professional Fees	\$0.00	\$0.00
Postage / Printing / Miscellaneous	\$0.00	\$0.00
Professional Services - Owner/Operator Training	\$2,700.00	\$25,000.00
Rebate	\$0.00	\$0.00
Special Project Claims - Closure Contract Project	\$108,597.95	\$500,000.00
Travel Expenses-UST Board Members	\$504.66	\$500.00

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FISCAL YEAR TO DATE ENDING JULY 31, 2016**

		FISCAL 2017 BUDGET
Warrant Float Expense	\$0.00	\$0.00
28E Agreement - DNR RBCA Model Revision	\$0.00	\$60,000.00
Statutory Transfer to DNR (Admin match)	\$0.00	\$200,000.00
Statutory Transfer to DNR (technical review - recurring & carry over)	\$0.00	\$200,000.00
Statutory Transfer to IDAL (fuel inspections - recurring & carry over)	\$0.00	\$250,000.00
Appropriations Prior Fiscal Year	\$61,379.40	\$75,000.00
Appropriations Current Fiscal Year	\$75.00	\$0.00
Offset of Funds to/from Innocent Land Owners (0485)	\$0.00	(\$50,000.00)
Offset of Funds to/from Remedial Fund (0208)	\$0.00	(\$50,000.00)
	<u>\$181,273.92</u>	<u>\$2,280,600.00</u>
Balance of Fund, July 31, 2016	\$7,237,363.45	\$5,249,771.95
0208 - UST REMEDIAL NON-BONDING FUND		
Balance of Fund, July 1, 2016	\$11,158,377.12	\$11,158,377.12
Receipts:		
Remedial Refunds	\$0.00	\$0.00
Misc. Income (i.e. eligibility settlements)	\$0.00	\$0.00
Interest Income	\$0.00	\$0.00
Transfer From UST Revenue Fund (0471)	\$9,000,000.00	\$11,000,000.00
	<u>\$9,000,000.00</u>	<u>\$11,000,000.00</u>
Disbursements:		
Retroactive Claims	\$28,738.00	\$500,000.00
Remedial Claims	\$570,890.12	\$4,850,000.00
28E Agreement - NFA Claims	\$18,958.00	\$500,000.00
Adjustment	\$0.00	\$0.00
Offset of Funds to/from ILO/GS Fund	\$0.00	\$0.00
Offset of Funds to/from Unassigned Revenue Fund (0450)	\$0.00	\$50,000.00
Balance of Outdated Warrants	\$0.00	
	<u>\$618,586.12</u>	<u>\$5,900,000.00</u>
Balance of Fund, July 31, 2016	\$19,539,791.00	\$16,258,377.12
0478 - UST MARKETABILITY FUND		
Balance of Fund, July 1, 2016	\$828,242.12	\$828,242.12
Receipts:		
Interest	\$4,021.99	\$50,000.00
Use Tax	\$0.00	\$0.00
	<u>\$4,021.99</u>	<u>\$50,000.00</u>
Disbursements:		
Intra State Fund Transfer	\$0.00	\$0.00
Transfer to Innocent Landowners Fund	\$0.00	\$0.00
	<u>\$0.00</u>	<u>\$0.00</u>
Balance of Fund, July 31, 2016	\$832,264.11	\$878,242.12
0485 - UST INNOCENT LANDOWNERS FUND		
Balance of Fund, July 1, 2016	\$4,831,638.08	\$4,831,628.08
Receipts:		
Cost Recovery (i.e. lien settlements)	\$0.00	\$10,000.00
ILO Refunds	\$0.00	\$0.00
Transfer From UST Revenue Fund (0471)	\$0.00	\$2,000,000.00
Transfer From Loan Gaurantee Fund (0238)	\$0.00	\$0.00

**IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
STATEMENT OF FUND BALANCES
FISCAL YEAR TO DATE ENDING JULY 31, 2016**

		FISCAL 2017 BUDGET
Outdated Warrants	\$0.00	\$0.00
Miscellaneous Income	\$0.00	\$0.00
	\$0.00	\$2,010,000.00
Disbursements:		
Cost Recovery Reimbursement	\$0.00	\$0.00
Cost Recovery Global Settlement	\$0.00	\$0.00
Adjustment	\$0.00	\$0.00
Intra State Fund Transfers Paid (to Unassigned Revenue)	\$0.00	\$0.00
Other Contractual Services	\$0.00	\$0.00
Global Settlement Claims	\$12,273.48	\$125,000.00
Innocent Landowner Claims	\$128,307.06	\$2,000,000.00
Transfer to/from Remedial Fund (0208)	\$0.00	\$0.00
Transfer to/from Unassigned Revenue Fund (0471)	\$0.00	\$50,000.00
Balance of Outdated Warrants	(\$230.00)	\$0.00
	\$140,350.54	\$2,175,000.00
Balance of Fund, July 31, 2016	\$4,691,287.54	\$4,666,628.08
0238 - UST LOAN GUARANTEE FUND (Non-Bonding)		
Balance of Fund, July 31, 2016	\$0.00	\$0.00
0614 - UST CAPITAL RESERVE FUNDS (Bonding)		
Combined UST Capital Reserve Fund Balances, July 31, 2016	\$0.00	\$0.00
TOTAL FUND BALANCES, July 31, 2016	\$37,869,625.10	\$35,640,031.83

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. Funds labeled "Non-Bonding" are funds not restricted as to use by the Revenue Bond indenture. **All bond funds are \$0.00 8/31/08**

D. Lien Status Update

Iowa Underground Storage Tank Fund Liens Filed

(Updated 08-18-2016)

Lien #	County	Site #	Claim #	Site Address	Property Owner	Owner Address	Cost Recovery Letter	Cost Rec. Ltr - ticker date	Lien Fee Requested	Mld Notice & Fee	Lien Amount	Lien Filed Date	Book & Page	Request Release Fee	Lien Settlement
0310004	Palo Alto	8916647	13007	510 Inman Ave, Mallard	Theodore J and Norma J Larson	510 Inman Ave, Mallard 50562	10/1/2003		10/2/2003	10/24/2003	\$59,055.50	10/30/2003 ; renewed 10/30/2013	2013-2389		
0404009	Butler	8608131	12039	12682 Highway 3, Dumont	Dave Dohlman	11794 195th St, Dumont 50625-7504	1/20/2004		3/24/2004	4/12/2004	\$13,650.00	4/14/2004; renewed 3/17/2014	2014-1057		
0404010	Ida	8710293	73001 & 73013	Hwy 59 & 175, Ida Grove	Robin Hill Trust, %Vernus Wunschel	Box 113, Ida Grove 51445			4/19/2004	4/29/2004	\$330,131.40	4/30/2004; renewed 6/24/14	6-349		
0605012	Keokuk	8609694	73040 / 11003	407 South Barnes St, What Cheer	Melvin & Karen Foubert	601 N. Barnes St, What Cheer 50268	2/2/2006	3/31/2006	4/24/2006	5/15/2006	\$82,373.75	5/16/2006; renewed 5/16/2016	2006-0962		
0610017	Jefferson	8601629	11023 / 14009	206 West Main St, Lockridge	Richard & Connie Richardson	206 West Main St, Lockridge 52635	7/13/2006	8/30/2006	10/13/2006	10/24/2006	\$35,202.00	10/25/2006	2006-2472		
0611018	Taylor	300033	13053 /15001	NE Corner Adams & 3rd St, Gravity	Terry J Smith	PO Box 133, Gravity IA 50848	7/6/2006	8/15/2006	10/18/2006	11/7/2006	\$52,090.00	11/9/2006	6-265,266		
0611019	Clay	8915566	15012	502 North Main St, Everly	Roger Ginger	Box 347, Everly, IA 51338	5/26/2006		10/18/2006	11/7/2006	\$14,932.00	11/13/2006	2006-3529		Lien discharged - IA Code 654.18; 6/2008
0701022	Van Buren	8600890	11032 / 14002	SW Corner Hwy. 1 & 180th St., Keosauqua	Henry Robbins	102 Greenvale Drive, Mansfield, TX 76063-5556	10/20/2006	11/30/2006	12/22/2006	1/16/2007	\$32,980.90	1/19/2007	136-856		
0702023	Montgomery	8607574	15013	Tenville IA	Marvin G. Shipley	2048 Tenville Avenue, Villisca	10/30/2006	11/30/2006	1/23/2007	2/13/2007	\$2,795.00	2/16/2007	663,664		
0704025	Tama	9017159	14005	100 Jacobs St., Chelsea	Tony J. & Christie Jacobi	2772 370th Street, Chelsea, IA 52215	12/7/2006	1/30/2007	4/25/2007	5/15/2007	\$17,839.00	5/17/2007	43-474		
0706029	Woodbury	9217516	73002	29 Deer Run Trail, Climbing Hill	Pat Benjamin	7 Merville Blacktop, Climbing Hill 51501	3/27/2007	4/30/2007	6/1/2007	8/1/2007	\$14,400.00	8/7/2007	692 - 10744		
0801030	Cass	8608073	82102	802 Main St., Griswold, IA	Griswold Custom Classics LC	Clifford Speck, 802 Main St., Griswold, IA 51535	10/12/2007	11/30/2007	1/11/2008	1/31/2008	Balance: \$5420.50	2/1/2008	2008 - 223		Payment plan started 9/2013
1506031	Monroe	8607257	17022	300 Highway 34 West, Albia	Stop&Shop/Edd yville Oil Co.	210 15th Ave W., Albia, IA	3/5/2015	4/20/2015	6/17/2015	7/16/2015	\$16,397.00	7/20/2015	2015 - 1053		
150732	Webster	8605779	16041	1406 A St., Ft Dodge	David & Elaine Killian	1005 River Forest Ct., Ft. Dodge, IA	6/20/2016	8/10/2016			\$5,893.50; Balance: \$2500				Payment plan; lien pending
160620	Hancock	8608878		595 State St., Garner	Charles Schmidt	2440 Union Avenue, Garner, IA	6/20/2016	8/10/2016			\$3,495.00				Lien Pending
160712	Marshall	8608247		103 S. Main, Laurel	Laurel Convenience Stores, Inc.	7842 HWY 14 East, Kellogg, IA	7/12/2016	8/30/2016			\$3,405.00				Lien Pending

Attorney General's Report

Claim Payment Approval

Site Timeline

- 2007 – The City of Jefferson acquired property by eminent domain, thus eligible for remedial benefits.
- 2007 – A RBCA Tier 2 is submitted recommending a high risk classification.
- 2011 – The Tier 2 is accepted by default, and a corrective action teleconference is scheduled.
- 2011 – The first corrective action teleconference was held on October 27, 2011. Agreed to Biox injections.
- 2012 – A corrective action design report (CADR) is submitted and approved by DNR.
- 2012 – Free product is discovered during monitoring activities. Monthly recovery by hand bailing begins.
- 2012 – Biox injections are completed in late September.
- 2015 – The post-Biox injection monitoring results indicate that site reclassification will not occur without additional corrective action. A corrective action teleconference is scheduled for early 2016.
- 2016 – The second corrective action teleconference was held on February 16, 2016. All agreed on the need to better define the post-injection contaminant plume, especially near the basement of the adjacent residential property.
- 2016 - The additional plume delineation reveals that while the on-site soil contamination has been reduced by the Biox injection, there is a significant off-site contaminant plume in the front yard of the adjacent residential property. Further chemical injection in proximity to a residential property is not a preferred option, and all agree that the property owner will be approached about the possibility of an excavation.

Site Timeline

- 1990 - Contamination discovered during an insurance site investigation. A claim is submitted by The Country Store/Charles Schraeder.
- 1992 – Free product is discovered during site assessment activities. Monthly recovery by hand-bailing begins.
- 1993 – The tanks are removed and the site ceases to operate as a gas station.
- 1995 – The SCR is submitted and accepted as high risk. CADR due in 120 days.
- 2001 – The RBCA Tier 2 is submitted and accepted as high risk. CADR due in 120 days.
- 2002 – An over-excavation of accessible soil contamination is completed.
- 2003 – A CADR is submitted and approved for the installation of an MPE (multi-phase extraction) system.
- 2003 – The drinking water well of an adjacent property becomes impacted. The fund reimbursed costs to install a new drinking water well further from the contaminant plume.
- 2005 – The MPE system becomes operational in May of 2005.
- 2015 – The first corrective action teleconference is held on February 5, 2015 to assess the remediation at the site. One hot spot remains. Options for addressing this hot spot were discussed and will be evaluated after collecting current soil samples in this area.
- 2015 – Second corrective action teleconference is held on August 20, 2015. Agreed to look at costs to complete an activated carbon injection pilot test in the hot spot.
- 2016 – The IUST Fund benefits are transferred to the current property owner.

**Contracts Entered Into
Since July 18, 2016 Board Meeting**



IOWA UNDERGROUND STORAGE TANK FUND

Douglas M. Beech, *Chairperson*

Dale T. Cira, *Administrator*

Board Members: Michael L. Fitzgerald Joseph D. Barry Jeff. W. Robinson Karen E. Andeweg Chuck Gipp
 Timothy L. Gartin Dawn M. Carlson Patricia J. Beck N. Kurt Mumm

MEMORANDUM

TO: UST Board Members
FROM: Dale T. Cira
DATE: August 17, 2016
SUBJECT: Contracts Entered Into Since July 18, 2016 Board Meeting

The Board signed a 28E agreement with the Attorney General's office following the July 18, 2016 Board meeting for fiscal year 2017 services.

Other Issues as Presented

Correspondence and Attachments



CASEY'S GENERAL STORES, INC.

P.O. Box 3001 • One SE Convenience Blvd • Ankeny, Iowa • 50021 • 515-965-6100

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.

- 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

Notes of First Corrective Action Conference
Iowa Department of Natural Resources (DNR)

Held: Thursday, July 7, 2016 at 9:30 in 5W of the Wallace Building
Site: Fast Break/Bluff View Amoco near Pacific Junction
LUST No. 7LTO50
Status: First conference; no further meetings scheduled at this time.
Synopsis: The recent Tier 2 determined the site is high risk for groundwater to water lines and groundwater vapor to sanitary sewers; for soil leaching to protected groundwater source and water lines; and soil vapor to sanitary sewers. Free product has been found in 8 monitoring wells, but the contamination does not appear to extend off the property. The site's USTs (underground storage tanks) were removed in 1994 and ASTs (above-ground storage tanks) were installed. An outside consultant gave the opinion that 10% of the contamination came from the USTs prior to 1990 and 90% from the ASTs, so after the Closure Contract is terminated the Fund will, based on current opinion, only cover 10% of the required post-Tier 2 work. Ms. Ring is considered the responsible party for the contamination from the ASTs and the Fund Benefits Manager/Innocent Landowner for the contamination from the USTs, since she was not an owner/operator for the USTs. She is appealing the 10% UST / 90% AST opinion for the apportionment of the contamination and the resulting funding. Project managers from both the Contaminated Sites and UST sections of the DNR will manage the site, although Jeff White of the UST Section will be point. Monthly free product recovery and reporting and annual monitoring and reporting are required. Over time, the high risk pathways and receptors will be addressed and the site will move toward reclassification.

Participating in Person

RP: Shirley Ring, former owner
Terri Hardy, former employee
Contract Purchaser: Mark Lincoln of Lincoln Farm & Home Service
Funding: James Gastineau of Aon Risk Services
CGP: Leslie Nagel of Seneca Environmental
DNR: Jeff White, UST Section Project Manager & Conference Facilitator;
Shelly Nellesen, Contaminated Sites (CS) Section Project Manager; and
Tammy Vander Bloemen, Environmental Specialist Senior with UST Section

Funding Report by James Gastineau of Aon Risk Services

- \$104,797 spent to date. The UST Fund Board has granted spending authority to \$240,000, with a spending cap of \$1,000,000.
- The site has the Global Settlement; Ms. Ring will get a refund from earlier copayments.

Background and History by Jeff White, UST Project Manager.

1977: 3 gasoline USTs installed and station opened.
1989: Owned and operated by Glen McGee (deceased).
1990: Contamination found and reported to DNR; claim established with UST Fund.

- 1994: Three USTs removed and 4 ASTs installed. Same dispenser islands used.
- 1996: Wes and Shirley Ring purchase property.
- 1998: Free product discovered.
- 1999: Received first Tier 2 Report; DNR rejected it.
- 2001: DNR received and accepted Tier 2 Report as high risk.
- 2002: Dispenser islands and fuel lines for USTs & ASTs removed & replaced; over-excavation of 240 tons of contaminated soil; line closure report submitted.
- 2002: Clay Lincoln purchased site from Wesley & Shirley Ring. Clay owned & operated site.
- 2004: According to Clay, he walked away from the site.
- 2007: Glen McGee died.
- 2004-2012: Site owned & operated by Mr. & Mrs. Ring.
- 2011: Wesley Ring died.
- 2012: Mark & Nancy Lincoln purchased site from Shirley Ring.
- 2016: DNR received and accepted Tier 2 Report with site as high risk. AST/UST opinion reported. First corrective action conference. The store and fuel system are open for business.

Discussion

UST: Generally the goal of a corrective action conference is to agree how to move the site toward reclassification to no action required, but this site is complicated. Luckily the contamination does not appear to have moved off the site. I think the goal of this conference is to see how to keep this site moving and protect human health and the environment.

CGP: There is significant soil and groundwater contamination with free product in 8 monitoring wells. The site is high risk for groundwater to water lines and groundwater vapor to sanitary sewers; for soil leaching to protected groundwater source and water lines; and soil vapor to a sanitary sewer. We can likely clear most of the receptors and pathways with additional soil, groundwater, and soil gas sampling.

If the groundwater plume doesn't move off the property, an environmental covenant prohibiting basements and water wells on the property and sewer and water lines near the contamination could help clear high and low risk receptors.

CS: Ms. Ring is considered the responsible party for the petroleum contamination from the ASTs. ASTs are regulated under the Iowa Administrative Code (IAC) in Chapter 133, which deals mostly with groundwater contamination. Chapter 133 does not have a No Further Action Certificate, but a letter is provided when monitoring is completed at a site. Since the site is already following a risk based approach, Chapter 135 standards will be used to move forward. Overlying authority for the AST contamination is Chapter 133.

Free product recovery is required immediately. Corrective action may be required if there is risk to human health or the environment.

UST: In 1995, the Iowa Supreme Court reached the Blue Chip Decision. Essentially, the owner of a contaminated property can be held responsible for an assessment of the contamination. However, only the entity responsible for the contamination would be held responsible for clean-up of the site. Therefore we cannot compel Ms. Ring to remediate the contamination from the UST release. Mr. McGee would be considered the Responsible Party (RP), but he is deceased.

For the ASTs at 90%, Ms. Ring is considered the responsible party (RP). As an owner of the property, Mark Lincoln could have some responsibility for assessment and *possibly* monitoring.

Lincoln: My company, Lincoln Farm & Home Service, started supplying fuel to the station in 1979. We are in the process of purchasing the property. We will install a new station and store on a part of the property that appears to be outside the contamination. I had hoped to bring a representative of Iowa Business Growth to participate in the conference, but he couldn't make it.

UST: Ms. Ring is Fund Benefits Manager; copay has been met. She is not liable for cleaning up the contamination from the USTs because she purchased the property after the USTs were removed. However, she and her husband operated the site and she can be held as responsible party for the contamination from the ASTs.

Aon: Wesley Ring paid approximately \$9,000 of copay toward the total \$14,400 copay; Mr. McGee paid approximately \$5,000 of the copay. Because the site is eligible for the Global Settlement and free product recovery has been conducted, Ms. Ring is eligible to get \$9,000 through the Settlement.

In 2010, all LUST-related work stopped and no more reports were submitted until 2015, when environmental work resumed under the Closure Contract. ASTs have no requirements for insurance, monitoring, or testing

The Fund retained an independent environmental consultant to review the available information and formulate an opinion as to the sources of the contamination. In June 2016, the consultant gave an opinion that the allocation for the UST Fund's responsibility for gasoline present at the site is 10%; the other 90% is not Fund eligible. The Fund will continue to conduct free product recovery and reporting through the Closure Contract through the life of the contract. Currently this is February 2017.

Ms. Ring: I signed a transfer of benefits form so that Mark Lincoln can get the funding benefits.

Aon: I don't have a copy of that.

Ms. Ring: I wish to appeal the 90%/10% opinion and funding. I've heard several people say that this number doesn't seem right.

Aon: The appeal process must go on the docket for an administrative law judge. This is a formal process in which evidence must be presented.

UST: Bottom line, the DNR wants the site monitored at least annually; free product recovery conducted monthly; attention paid to the new station configuration so that it doesn't interfere with the old site; and work to continue on moving the site toward reclassification.

The groundwater monitoring will include sampling six or eight monitoring wells for OA1/OA2 and providing an annual site monitoring report. Free product recovery will include monthly measuring and bailing, with monthly or eventually quarterly free product reporting until free product goes to less than 0.01 feet for a couple of years. An environmental covenant prohibiting basements and water wells on the property and sewer and water lines near the contamination plumes could help clear high and low risk receptor receptors. Keep the sewer and water lines far from the contamination.

Selected Actions Prior to Another Conference and Schedule

- DNR sent out preliminary conference notes on 7/8/16 so they could be included in the UST Fund Board meeting packet for the meeting on 7/15/16.
- Monthly free product recovery and reporting is required. Reporting could eventually go to a quarterly basis. (Note: DNR sent out an email on 7/19/16 allowing quarterly reporting.)
- Groundwater monitoring and site monitoring reports will be required on at least an annual basis.
- We will discuss what steps can and must be taken to address the high risk conditions and move the site toward reclassification.
- UST and Contaminated Sites Sections will jointly manage the high risk site.
- Another corrective action conference will likely be scheduled as necessary or when the results of the 90%/10% appeal are known.

Everyone agreed to this approach and schedule.

Shelly Nellesen, Project Manager for Contaminated Sites Section

Jeff White, Project Manager for UST Section

Note: These notes are generalizations of ideas and comments made by participants in the meeting. They were not recorded verbatim or transcribed. If you have any questions or suggestions, please contact Jeff White or Shelly Nellesen at the DNR.

Notes of Third Corrective Action Conference Iowa Department of Natural Resources (DNR)

Held: Thursday, July 28, 2016 at 1:30 in room 5E of the Wallace building
Site: Pocahontas Fire Station (Former Mobil), Pocahontas, Iowa
LUST No. 9LTB67
Status: Third conference; no further meetings are scheduled
Synopsis: The site is high risk for soil to water line and soil vapor to sanitary sewers, with extensive soil contamination. It was decided to pursue a Tier 3 approach that will require details and options about each segment of the receptors. Over-excavation will be conducted where possible and effective. A detailed Tier 3 Work Plan is due at DNR by 9/30/16.

Participating:

Site Owner: Eric List, City Administrator of Pocahontas (City) (by phone)
Funding: Steve Reinders of Cunningham Lindsey (CL) (by phone)
CGP: Jennifer Baker and Leslie Nagel of Seneca Environmental (in person)
DNR: Jeff White, Project Manager, & Tammy Vander Bloemen, Environmental Specialist Senior (in person)

Funding Report by Steve Reinders of Cunningham Lindsey (CL)

- \$111,544 spent to date.
- Copay has been met; approved costs should be reimbursed to \$1,000,000.
- The UST Fund Board has authorized spending to \$250,000. For additional funding, the next Board meetings are on 8/25/16 and 9/15/16.

Background and Recommendations by Jennifer Baker, CGP

- The site is high risk for soil vapor to residential sanitary sewers and soil to several water lines. Groundwater pathways were cleared with soil gas sampling at the groundwater source, MW-8.
- At the last conference in 2014, it was decided to conduct a Tier 3 in two phases. The first phase was to gather data on water elevations and soil contamination to determine soil plume submergence. Soil data was mostly obtained in 2013; groundwater elevation data since the last conference.
- The deepest groundwater table is 10 feet. Plume submergence doesn't work out well; much of the soil contamination is above the water table. The soil maximum is off-site at 22 ppm benzene.
- The corrective action for each water line will depend upon its construction materials and gaskets. The City does not know the materials and gaskets. We will have to dig up a section of water main and check its composition. We could replace water lines and/or gaskets made of non-resistant materials.
- The Firefighter's Association bought the property on the east side of the station that has so much soil contamination and demolished the house.
- The report I emailed gives some data on groundwater depths, soil contamination, sewer lines, water lines, over-excavation (OE), and environmental covenants.

Discussion

DNR: Is the restaurant across the street open?

City: The Udder Cow is open seasonally—late spring to early fall.

DNR: Could OE be conducted in the streets?

City: The city streets could likely be excavated, but you have to deal with DOT for Highway 4.

DNR: You have a good start, but to address all of these sewer and water line receptors we will need a lot more detail about each receptor within the relevant soil or soil vapor plume.

CGP: We will have to scope some of the sanitary sewers to determine the exact locations and depths. We will likely have to dig up sections of some iron water lines and take them apart to find out what the gaskets are made of.

DNR: Make a good work plan with lots of detail. Locations, composition, depths, target levels, and options. You may need to list several options for each, such as: 1) excavate soil contamination 2) reroute sewer or water line around the contamination 3) maybe pour concrete around the line 4) have a fiberglass liner run in a sewer. Be innovative. I can't guarantee we will approve the options (especially the concrete) but we can always discuss it.

We encourage lots of over-excavation (OE) of contaminated soil, wherever possible, to remove the worst of the contamination so biodegradation can work more quickly.

CL: Over-excavating all the contamination would cost more than \$500,000 and we likely couldn't get all of the contamination. The Fund Board would be concerned.

CGP: We will recommend some spot OE. But the highway, water lines, building, and gas lines can make this difficult.

DNR: You could evaluate the sewer and water lines in the highway by defining the soil contamination better in 3rd Street.

And please use a good-sized map, 11" by 17" or so, and a large scale. I can't read the existing map because the text is piled up.

We really want the corrective action to be completed or well under way this year.

Selected Actions and Schedule

- DNR sends out conference notes by 8/4/16.
- CGP conducts limited soil sampling on DOT right-of-way to delineate the soil plume; conducts sewer line surveys (scope) to determine sewer locations; investigates and describes high risk water and sewer lines and low risk receptors and pathways; and submits a ball-park budget for completing corrective action for the UST Fund Board by 9/9/16.
- CGP provides a detailed Tier 3 Work Plan for addressing all high risk receptors and low risk pathways by 9/30/16. This will include description and corrective action options for each pathway and receptor as well as over-excavation for source removal.
- DNR evaluates the Tier 3 Work Plan by 10/7/16.

Everyone agreed to this approach and schedule.

Jeff White, DNR Project Manager
Environmental Specialist Senior

Note: These notes are generalizations of ideas and comments made by participants in the meeting. They were not recorded verbatim or transcribed. If you have any questions or suggestions, please contact Jeff White at the UST Section of the DNR.