



*Elaine Doustey*

# IOWA UNDERGROUND STORAGE TANK

## Financial Responsibility Program

Susan E. Voss, *Chairperson*

Scott M. Scheidel, *Administrator*

Board Members: Michael L. Fitzgerald      Jeff W. Robinson      Cathy A. Rottinghaus      James M. Holcomb  
Jeffrey R. Vonk      Delia A. Meier      Douglas M. Beech

### 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, December 7, 2006. **The meeting will be held at the Iowa Insurance Division located at 330 E Maple St, Des Moines, Iowa.**

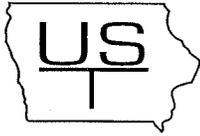
The tentative agenda for the meeting is as follows:

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 a.m.)
3. Public Comment Period
4. Board Issues
  - A. LPT Proposal from PMMIC *motion to approve (passed)*
  - B. RBCA Recalibration Update *- 30 sites*
  - C. NFA/Low Risk Site Risk Transfer Program
  - D. DNR Update
  - E. Discussion of Upcoming Legislative Session *- Starts Mon 1/14/07*
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 October 26, 2006 Board Meeting
10. Other Issues as Presented
11. Correspondence and Attachments

*Next meeting: 1/26/07*

## **Approval of Prior Board Minutes**



# IOWA UNDERGROUND STORAGE TANK FUND

Susan E. Voss, Chairperson

Scott M. Scheidel, Administrator

Board Members:

Michael L. Fitzgerald ❖ Jeff W. Robinson ❖ Cathy A. Rottinghaus ❖ James M. Holcomb  
Jeffrey R. Vonk ❖ Delia A. Meier ❖ Douglas M. Beech

## MINUTES IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND PROGRAM

October 26, 2006

### COMMISSIONER'S CONFERENCE ROOM IOWA INSURANCE DIVISION, 330 EAST MAPLE STREET DES MOINES, IOWA

Susan Voss, Chairperson, called the Iowa UST Board meeting to order at 10:04 A.M. A quorum was present. Roll call was taken with the following Board members present:

Cathy Rottinghaus (via telephone)  
Delia Meier  
Liz Christiansen (for Jeffrey Vonk)  
Stephen Larson (for Michael Fitzgerald)  
Doug Beech  
Jim Holcomb  
Jeff Robinson

Also present were:

David Steward, Attorney General's Office  
Scott Scheidel, Program Administrator  
Lacey Skalicky, Program Administrator's Office  
James Gastineau, Program Administrator's Office  
Tom Norris, Petroleum Marketers Management Insurance Company

### APPROVAL OF PRIOR BOARD MINUTES

The minutes from the September 28, 2006 meeting were reviewed. Mr. Holcomb moved to approve the minutes, Ms. Christiansen seconded the motion, and by a vote of 6-0, the minutes were approved.

### CLOSED SESSION

Ms. Voss noted there were no matters dealing with litigation for discussion in closed session pursuant to Iowa Code Chapter 21. Therefore no closed session convened.

## **PUBLIC COMMENT**

Ms. Voss requested any comments from the public present. There were no comments at this time.

## **BOARD ISSUES**

### **A. LPT Proposal from PMMIC**

Mr. Scheidel stated that the Board had been in discussions regarding the concept of entering into a loss portfolio transfer (LPT) with PMMIC for several select UST sites' claims that were shared between the two entities due to new and old releases. Mr. Scheidel reminded the Board that they had requested a formal proposal from PMMIC to review and consider. Tom Norris from the Petroleum Marketers Management Insurance Company (PMMIC) was in attendance to discuss with Board members the LPT proposal that had been distributed to each Board member earlier in the week via electronic mail. He pointed out that the limited number of claims proposed for transfer had been reviewed and analyzed by their respective groundwater professional firms to project the best estimate of costs required to bring each site to closure. In addition, Board and PMMIC-commissioned third party reviewers had completed their assessments of the claim files to determine the percentage of each site's contamination that would fall under a site's Fund benefit claim and its PMMIC insurance claim. These analyses, as well as other factors, were used to arrive at a proposed transfer amount.

Mr. Norris noted that the proposed transfer amount was calculated according to a spreadsheet that was also distributed to the Board members. He stated the calculations did not include any type of administrative loads that were commonplace in similar type transactions. In addition, he stated the values within the calculations were agreed upon between PMMIC and the Fund Administrator's Office during their negotiations. He addressed the proposed transfer amount, which was 1.9 percent above the cost of work, as currently assessed by the groundwater professionals, stating that it was understandable for the Board to question why should they pay more now for work that might cost less over time. He explained that the development factor on the sites from six years prior had reached approximately 45 percent, meaning that work to be completed at a site six years ago that was expected to cost \$100 would actually cost \$145 today. In addition, he explained that the onset of RBCA had already occurred prior to six years ago; therefore it did not affect the development factor. Also, he said that the transfer amount proposed represented approximately 4.4 percent of the Board's 2007 budgeted expenditures, while the number of claims to be closed for the Board represented 7.4 percent of the Board's goal for the year. Lastly, Mr. Norris noted that the proposed transfer amount was \$220,000 less than the current Board claim reserves for those sites.

Mr. Norris stressed the simplification of the administration of the claims involved. It would save both parties staff time by having one entity addressing the claims on its behalf. The Fund Administrator's staff would have more time to address 100% UST Fund claims. He stated also that PMMIC may have more leverage to move their claimants through the corrective action process with the Department of Natural Resources (DNR), as PMMIC manages the insurance conditions and compliance of their insured sites.

Mr. Norris addressed the claimant's perspective of such a transfer stating that claimants would likely appreciate the simplification of the funding by working with one entity rather than two. Additionally, he explained that claimants may be assured that PMMIC funds will be spent on contamination concerns at their insured sites, where history proved that they may not be assured that UST Funds will remain under the control of the UST Fund Board for the same purpose, given Legislative transfers.

Mr. Norris stated that the proposal was supported by the Petroleum Marketers and Convenience Stores of Iowa (PMCI). And he explained that the Board's previous concern that claimants should be aware that claims represented by this transfer would not be subject to the protections offered by the State of Iowa Guaranty Fund, and therefore he stated that could be added to the claimant waiver document for the purpose of full disclosure. Mr. Norris pointed out that PMMIC may make a profit on the proposed transfer, however the simplified administration and minimized incidence of third party claims on the sites was a better motivator from PMMIC's standpoint. Finally he suggested that the cost to close the claims involved may go down after the transfer based on a variety of unknown factors, however the cost to close the same claims may also go up based on the same variety of unknown factors. And with regard to the ongoing discussions among PMMIC, the Fund Administrator, DNR and other stakeholders to possibly recalibrate the RBCA software for the assessment of sites, Mr. Norris explained that the Fund Administrator's staff had reviewed the proposed transfer sites specifically to project any impact from such changes on those sites' conditions. Any potential impact was determined to be negligible.

Mr. Norris summarized to the Board that PMMIC staff was uniquely qualified to address the proposed transfer sites in a manner that represented the best interest for all parties involved based on their historical experience and relationships. Mr. Norris welcomed questions from Board members. Mr. Holcomb inquired whether PMMIC had been a mutual company. Mr. Norris explained that PMMIC was formerly a mutual company that demutualized approximately one year ago.

Ms. Voss appreciated Mr. Norris' remarks regarding the State Guaranty Fund, and requested that they definitely include such language within their documentation for clients. Mr. Steward stated that the Fund Administrator's Office had a claimant agreement for each claimant involved in the transfer, in addition to the PMMIC agreements with their clients. He clarified that the agreement between the Board and PMMIC, as specifically stated within, hinged upon the execution and attachment of each claimant agreement.

Mr. Beech inquired about the practicability of not bidding the transfer and whether or not that was addressed within the proposed agreement. Mr. Steward stated it was included and the Board's reasons for not bidding out the proposed transfer of the select sites were also included.

Mr. Scheidel asked Mr. Norris whether the tax contemplated reflected the net effect of the transaction over the life of the claims or just the gross receipt of the transfer amount in year one. Mr. Scheidel clarified the question by asking if the claim expenses incurred in future years and the effect on those subsequent years' taxes were contemplated. Mr. Norris indicated he was not certain, but thought it just reflected the gross receipt amount as income only.

Mr. Holcomb asked what would happen if PMMIC became insolvent before the resolution of the proposed transfer claims, if the State Guaranty Fund was not available to the claimants. Mr. Scheidel stated that the State Guaranty Fund was not currently available to UST Fund claimants; however they did have potential legislative redress if the UST Fund ran out of money. He stated the agreements to be signed by the claimants made it clear to them that they may not seek redress from the UST Fund after the transfer.

Mr. Holcomb inquired if the proposed transfer claims could be tracked over time to see how the projected costs settled. Mr. Scheidel explained that he had discussed that idea with Mr. Norris, and received an indication that PMMIC would share basic information with the Board to that end. Mr. Robinson suggested an annual disclosure of such numbers, and Mr. Norris indicated that could be arranged.

Mr. Steward noted that he would make additions to the current proposed agreement including a complete listing of the sites to be transferred and a provision for annual statements from PMMIC, as well as, including language with regard to the State Guaranty Fund within the claimant agreements.

Mr. Holcomb made a motion to authorize the Fund Administrator and Fund Counsel to modify and finalize the proposed agreement for the LPT to present to the Board for final approval at the next Board meeting. Ms. Christiansen seconded the motion.

Mr. Scheidel asked the Board if they had any questions about the proposed transfer amount. He explained to the Board how he came to agree with PMMIC regarding the amount. He stated he did consider the development factor, as well as, the negligible impact of the potential RBCA recalibration. He also considered the risk premium rate used on similar type transactions. He stated most transactions involved a much higher risk premium than the one proposed here. Also, he explained that most similar transactions included administrative loads, which were omitted in this proposal.

After some additional discussion, the Board approved the motion made by a vote of 6-0.

## **B. RBCA Recalibration Update**

Mr. Scheidel provided the Board with a memo discussing the status of the recalibration of RBCA timeline of discussions. He explained that LaDon Jones of Digital Control, Inc. had developed the original RBCA model, and he had recently compiled a list of 30 sites to study the accuracy of the RBCA models for each. The list of sites fell within particular parameters, and none had any corrective action completed since assessment. Using the list he was testing to see how to develop and to apply a recalibrated model on all sites. His initial analysis of the 30 select sites showed that almost all of the RBCA modeled plumes were sizably larger than the actual plumes. Mr. Scheidel stated that if the recalibration of the RBCA model required more development than minor adjustments to the current model, then the Board may have to seek bids for further development. He also stated that PMMIC had agreed to a 50/50 split of the cost of Mr. Jones' consulting fees.

**C. DNR Update**

Elaine Douskey from the Department of Natural Resources (DNR) discussed the current activities of DNR staff. She stated that members of DNR staff visited the Geological Survey in Iowa City, which proved a valuable resource with regard to understanding the geology involved in the construction of drinking water wells. Also, she stated the Iowa Groundwater Association's Fall Conference was scheduled for November 2<sup>nd</sup>, and the DNR would be presenting data regarding a site in Traer. The Environmental Professionals of Iowa were to hold their Fall Symposium on November 16<sup>th</sup>, where a number of DNR staff were to participate. The Environmental Protection Agency Region X, representing the northwest United States, would be conducting inspector training, and they had requested that Iowa DNR staff attend to discuss their experience with ethanol product compatibility of tanks. RBCA training was scheduled in November also.

Ms. Douskey updated the Board with regard to the DNR database development, which was in place; however they needed to add the inspection portion to it. Also, she stated the DNR staff mailed out their Fall Newsletter, and inspector training was scheduled for November 14<sup>th</sup> at the Botanical Center. She explained that she had met with DNR field office staff twice regarding expectations for year end inspections, as well as, how they will assist with the third party compliance inspections. She stated that the previous Board issue discussed had already provided status of the RBCA recalibration discussions, in which the LUST section of the DNR was involved. The pilot study was due November 13<sup>th</sup>, and the next scheduled RBCA discussion meeting would be November 17<sup>th</sup>.

Ms. Douskey noted that the instance of corrective action meetings was slowing. She reported that the DNR had closed 167 LUST sites during Federal fiscal year 2006, and already they had closed 11 more for fiscal year 2007.

**PROGRAM BILLINGS**

Mr. Scheidel presented the current monthly billings to the Board for approval.

1. Aon Risk Services .....\$ 112,830.33  
Consulting Services – November 2006 (\$62,750.00)  
Claims Processing Services – November 2006 (\$50,080.33)
2. Attorney General's Office.....\$7,883.97  
Services provided for Underground Storage Tank Program  
September 2006 billing
3. Cathy Rottinghaus .....\$87.72  
Travel to the Annual Strategic Planning Session of the Board  
held in Walcott, Iowa on August 24, 2006

- 4. Iowa Department of Revenue .....\$4,356.75  
Environmental Protection Charge Collection  
1<sup>st</sup> Q Billing for FY 2007
- 5. Iowa Department of Inspections & Appeals.....\$2,254.50  
Administrative Hearings on behalf of the Iowa UST Fund  
July – Sept 2006

No additional billings for outside cost recovery counsel were presented by the Attorney General’s office for this meeting. On a motion by Ms. Christiansen and a second by Mr. Larson, the billings were approved by a vote of 6-0.

**MONTHLY ACTIVITY REPORT**

Mr. Scheidel presented to the Board the September activity report, financials and opt-in report that were included in the Board packet for their review. Also a revision of the September monthly activity report was handed out to show updated open and closed claim data. He noted that the four remaining AST claims had been addressed through letters to the applicants requesting documentation, and noticing that the claims would finally be closed.

With regard to financials, Mr. Scheidel stated that he had attended a meeting with a representative from an interim study committee looking for sustainable funding sources for natural resource programs. The representative identified the Environmental Protection Charge collection as one of several potential sources, of which the UST Fund receives \$17 million per year. Because the UST Fund itself is often identified late in session as a one-time funding source for various legislative initiatives, Mr. Scheidel stated that he would attend meetings of this committee regularly to monitor the direction of their discussions and provide information as needed.

**ATTORNEY GENERAL’S REPORT**

Mr. Steward stated that he had nothing to report to the Board at this time.

**CLAIM AUTHORITY**

Mr. Gastineau presented the following claim authority requests:

**1. Site Registration 8603488 – Scott County, Davenport**

This was a second Board report for a site that remained classified as high risk for soil leaching to protected groundwater source, groundwater vapor, soil leaching to groundwater vapor, and soil vapor for several residential sewers and one non-residential sewer. A large excavation had been completed and had resulted in a significant decline in the groundwater concentration; however it was recommended that the other high risk pathways would require additional excavation. Previous authority to \$310,000 had been granted, of which \$300,250.65 was expended to date.

Additional authority to \$500,000 was requested for a site monitoring report (SMR) and implementation of an excavation. Mr. Gastineau stated that Davenport was one of many communities that refused to grant an ordinance to prevent the installation of drinking water wells within city limits.

A motion to approve the claim authority was submitted by Mr. Holcomb and seconded by Mr. Larson. Approved 6-0.

**2. Site Registration 7910088 – Trust Trucking Inc., Lovilia**

This site was classified high risk for all vapor pathways. An excavation of contaminated soil was the most efficient method of remediation agreed to at the correct action conference. The excavation should reclassify the site to low risk and possibly no further action (NFA). There was some soil beneath a state highway that could not be excavated, but with separation from receptors by clean soil, reclassification was still possible. Previous authority to \$75,000 had been granted, of which \$34,520.00 was expended to date. Additional authority to \$170,000 was requested for a site monitoring report (SMR) and implementation of an excavation.

Ms. Christiansen submitted a motion to approve the claim authority, and Mr. Holcomb seconded the motion. Approved 6-0.

**3. Site Registration 8604780 – Mulgrew Oil Co., Dubuque**

This site was classified high risk for groundwater vapor and low risk for protected groundwater source. The high risk condition was dependent upon actual distance between the site and a residential receptor, and that distance was to be double checked before implementation of corrective action at the site. The site was co-mingled with another IUST Fund eligible site. Chemical oxidation was the selected method to remediate both sites. Previous authority to \$75,000 had been granted, of which \$66,575.62 was expended to date. Additional authority to \$200,000 was requested for a SMR and implementation of the corrective action design report (CADR).

A motion to approve the claim authority was submitted by Mr. Larson and seconded by Mr. Holcomb. Approved 6-0.

**4. Site Registration 8606845 – Molo Oil Company, Waverly**

This site was low risk with on-going free product recovery. Previous authority to \$75,000 had been granted, of which \$84,549.85 was expended to date. Additional authority to \$115,000 was requested for a SMR and free product recovery (FPR).

A motion to approve the claim authority was submitted by Ms. Christiansen and seconded by Mr. Holcomb. Approved 5-0. Ms. Meier abstained from the discussion and the vote.

**5. Site Registration 8912210 – City of Bettendorf**

This site was classified high risk for groundwater ingestion for two drinking water wells and for groundwater to surface water. An in situ oxygen curtain (ISOC) system was recommended to lower the groundwater concentrations. Previous authority to \$75,000 had been granted, of which \$56,777.37 was expended to date. Additional authority to \$200,000 was requested for a SMR, FPR, CADR, and implementation of the CADR.

A motion to approve the claim authority was submitted by Mr. Larson and seconded by Ms. Christiansen. Approved 6-0.

**6. Site Registration 8606320 – J.D. Carpenter Co., Agency**

This was the second Board report for this site that was classified as high risk for groundwater to plastic water lines, soil leaching to a protected groundwater source, and soil vapor for the site's septic system. The site is complicated by intermittent discoveries of free product. In August, it was hoped a County ordinance would be obtained to reclassify this site to low risk after the plastic water line replacement. The County was not willing to adopt an ordinance then, and after a visit with the Wapello County Sanitarian, the County was still unwilling to adopt an ordinance. In previous corrective action meetings, the DNR had indicated that if source contaminant levels were significantly reduced and if the plastic water lines in the actual plume were removed, then they may consider Tier III monitoring and closure even if SSTL's were not met. For source remediation, a chemical oxidation had been proposed. Previous authority to \$225,000 had been granted, of which \$112,380.97 was expended to date. Additional authority to \$350,000 was requested for a CADR and implementation of the CADR and plastic water line replacement.

A motion to approve the claim authority was submitted by Ms. Christiansen and seconded by Mr. Holcomb. The motion was approved 4-2, with Mr. Beech and Ms. Meier dissenting.

**7. Site Registration 8602003 – OJ's Convenience Station, Oxford Junction**

This site was classified as high risk for soil vapor, soil leaching and groundwater to plastic water line pathways. At the corrective action conference, it was agreed to remediate with chemical oxidation in hopes of reclassifying all soil pathways. Plastic water line replacement may or may not be required afterward, depending on the contaminant levels achieved. The plastic water line pathway had the lowest SSTL. Previous authority to \$75,000 had been granted, of which \$68,539.10 was expended to date. Additional authority to \$185,000 was requested for a SMR, CADR, and implementation of the CADR.

A motion to approve the claim authority was submitted by Mr. Larson and seconded by Ms. Christiansen. Approved 6-0.

**8. Site Registration 8600364 – Jackson County, Maquoketa**

This site was classified as high risk for soil vapor to sewer lines and low risk for soil leaching. Due to migration and a very deep water table, soil gas cleared groundwater vapor to no further action (NFA). The groundwater professional had proposed to excavate approximately 4,500 with 4,000 yards to land farm. Previous authority to \$75,000 had been granted, of which \$53,541.80 was expended to date. Additional authority to \$325,000 was requested for a SMR and implementation of the excavation.

A motion to approve the authority was submitted by Ms. Christiansen and seconded by Mr. Holcomb. Approved 6-0.

**9. CRPCA 0309-33: Bentley (Neola)**

This state lead project was originally contracted in 2003 to complete additional testing and evaluate corrective action options at a site in Bentley, Iowa. Due to proximity of multiple private water wells and the lack of a public water supply system, corrective action was necessary. A pilot test for an innovative technology had been completed, and a full system implementation was agreed to by DNR. The system would be in operation for 2-3 years.

The original 2-year contract for this project contained the option for four 1-year extensions. The current term was to expire on December 20, 2006, and it was requested that the Board authorize the extension of the contract with the consultant for one year to allow continued activity on the project. No additional funding was requested for the extension.

A motion to approve the 1-year extension of the contract was submitted by Mr. Larson and seconded by Ms. Christiansen. Approved 6-0.

**10. CRPCA 0309-34: Conesville**

This state lead project was originally contracted in 2003 to complete additional testing and evaluate corrective action options at a site in Conesville, Iowa. Due to low contaminant levels the DNR approved the installation of a carbon filter on the on-site water well combined with continued monitoring in lieu of invasive corrective actions. This site was not Iowa UST Fund eligible, and a lien had been filed against the property for site assessment and other work completed to date. The carbon filter was installed in 2004 and required annual replacement. Long-term monitoring was likely necessary. The original 2-year contract contained the option for four 1-year extensions. The current term was set to expire on December 20, 2006, and it was requested that the Board authorize the extension of the contract with the consultant for one year to allow continued activity on the project. No additional funding was requested for the extension.

Mr. Gastineau explained that the owner of the LUST site and of the on-site well had been notified by DNR Water Supply Department that his well was considered a public water supply well. They requested he complete an application of registration. The Water Supply Department may require site monitoring for the site due to the on-site well's public water supply status. Ms. Douskey inquired if the Water Supply Department's monitoring requirements were comparable

to the LUST Department's monitoring requirements. Mr. Gastineau explained that BTEX would be included in the Water Supply Department's testing requirements.

A motion to approve the extension of the contract was submitted by Mr. Larson and seconded by Ms. Christiansen. Approved 6-0.

### **CONTRACTS ENTERED INTO SINCE THE SEPTEMBER 28, 2006 BOARD MEETING**

The Board had not entered into any contracts or agreements since the September 28, 2006 Board meeting.

### **OTHER ISSUES**

Ms. Christiansen inquired if the Renewable Fuels Infrastructure Board had met and whether or not they had requested the Iowa UST Fund Board's consultation to date. Mr. Scheidel stated they had met with the Department of Economic Development representative, and Mr. Scheidel had attended the meeting. He stated he had offered the Board's assistance when needed, however they had not expressed a need as yet.

Mr. Larson inquired if the Board would address the upcoming legislative session at the December meeting before the beginning of legislative session. Mr. Scheidel stated the Board had discussed one initiative at the annual strategic planning session regarding the transfer of the duties associated with the UST Installers and Inspectors Program from the Board to the DNR. Mr. Larson suggested other items be discussed such as diversion of UST funds, and Mr. Beech asked about the water well authority issue. Mr. Scheidel explained the water well authority issue had not gone far last session. Ms. Voss suggested the Board invite legislators to a Board meeting early next session – possibly the chair and ranking members of key committees. Other Board members agreed. Mr. Scheidel suggested inviting a representative from the Governor's Office as well. The next Board meeting was scheduled for Thursday, December 7, 2006 at 10 A.M.

### **CORRESPONDENCE AND ATTACHMENTS**

Ms. Voss asked if there was any further business, and there being none, Mr. Larson moved to adjourn, and Ms. Rottinghaus seconded the motion. By a vote of 6-0, the Board adjourned at 11:22 A.M.

Respectfully Submitted,



Scott M. Scheidel  
Administrator

**Closed Session**

**Discussion of Pending and Imminent Litigation**

## **Public Comment**

## **Board Issues**

## **A. LPT Proposal from PMMIC**

**PROPOSAL FOR LOSS PORTFOLIO TRANSFER TO IOWA  
COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE  
TANK FUND BOARD**

**FROM**

**PETROLEUM MARKETERS MANAGEMENT INSURANCE  
COMPANY**

**OCTOBER 26, 2006**

Pursuant to the authority granted to the board in IAC 591--9.1 (455G.6(17)), Petroleum Marketers Management Insurance Company (PMMIC) hereby proposes to enter into an agreement with the board to transfer the board's liabilities associated with 14 claims identified in Appendix 1, for a lump sum fee of \$705,085.14.

This proposal focuses on a small and unique number of claims which have been grouped together based upon the value to both the UST Fund and PMMIC to reduce overlapping oversight and administration.

PMMIC and the UST Fund have a unique relationship on each of the sites included in this proposal:

- PMMIC and the UST Fund both have open claims on each of the 14 sites.
- Each of the sites have experienced multiple petroleum releases from regulated UST systems with a commingled plume or area of impacted soil and groundwater for which a single corrective action plan has been developed to address the multiple releases.
- The sites included in this portfolio each have active UST facilities that are insured for future releases with PMMIC.
- On each site, the administrator and PMMIC have agreed to a cost share agreement in most cases based upon a third-party evaluation of the responsibility associated with the UST Fund claim and the PMMIC insurance claim.
- Detailed cost estimates have been developed for the corrective action required at each site.

These sites present a unique opportunity for the UST Fund and PMMIC to eliminate redundant administrative oversight and to streamline the corrective action process for the responsible party and the contractor conducting the corrective action. Because PMMIC maintains potential liability for third party damages resulting from the release covered by the PMMIC policy, it is logical that if only one funding source is going to manage the corrective action oversight, it should be PMMIC.

This unique overlap of corrective action responsibility, PMMIC's potential liability for third party damages related to the commingled plume, and PMMIC's ongoing insurance relationship for possible future releases, it would be inefficient for any party other than PMMIC to administer these claims, and therefore it is impractical to bid this transaction pursuant to IAC 591 – 9.5. As a result, the parties have jointly developed the corrective action plans, projected loss costs and preliminarily negotiated the value of the transfer to obtain a value that is fair to both parties.

As in any transfer of liabilities, there is uncertainty in future implementation. Although formulas are used to address corrective action costs, inflation rates and interest rates, there is no way to *prove* future costs today. The parties acknowledge that there may be excessive loss

development, changed market factors, increased service costs, regulatory changes, tax changes and other unknowns that could impact the ultimate payout. The transferring party (the UST Fund) is absolutely done for a fixed, unchanging price, but the accepting party is subject to risk. As a result of the unknown, after best efforts are applied to project future costs, a risk premium is added to address generally known, but unpredictable cost increases.

In this transaction, the parties have agreed to utilize:

- A five year payout based upon the maturation of the claims and the projected scope of work;
- An inflation factor of 1.75% annually, which was obtained from the US department of labor;
- An interest rate of 5%, to discount future cash flows which was obtained by the administrator from the Iowa Dept. of Revenue;
- A tax rate of 3.5%, based upon federal and state income tax tables;
- A risk premium of 10%. Over the past six years, the UST Fund open claims have experienced a 45% loss development rate. As part of this transaction, the parties have agreed to a 10% risk premium over the five year estimated payout. PMMIC and the administrator have conceptually agreed to this reduced rate based upon the maturity of the claims and our current oversight of the claims.
- No administrative costs have been included in the transaction.

As an added level of protection for the claimants involved, the parties agree that each claimant must become a party to the agreement and agree to have PMMIC become responsible for the UST Fund liability. If any of the claimants chose not to participate, the value of the non-participating site will be reduced from the agreement.

Ultimately, the decision to exercise board authority comes down to whether it is an appropriate settlement for the board based upon the criteria outlined in IAC 591– 9.3. We believe this proposal complies with those criteria:

1. The proposed cost is more than \$220,000 less than the reserves on these files previously projected by the board. In addition, the board will not be subject to the adverse loss development that has occurred over the last six years.
2. Based upon PMMIC's motivation to eliminate potential third party liability, and based upon PMMIC's ability to stimulate more claims activity, these sites should be closed in less time than if the claims continued to be administered jointly by the two funding sources.
3. PMMIC is qualified to manage the claims.
  - a. PMMIC has presented this transaction to the Iowa Division of Insurance who has stated no regulatory concerns with this transaction.
  - b. PMMIC has approximately 100 open claims today, PMMIC professionals previously administered the Iowa UST Fund from 1994–1999, and have experience with over 8000 environmental claims nationwide.
  - c. PMMIC had documented knowledge of Iowa's corrective action guidelines, is currently overseeing each of these claims, has staff that participated in the

Technical Advisory Committee that developed Iowa's corrective action guidelines and are currently participating in the evaluation of the corrective action models utilized by IDNR.

4. This transaction will not negatively affect other claims not included in the transaction and may free up UST fund staff to provide additional oversight to remaining UST Fund claims.
  - a. The proposed transaction amount is 4.4 % of projected expenses in the UST Fund FY 2007 budget for all claims, and would close 7.4% of the Funds target number of claims for the year.
  - b. Corrective action will be expedited on the subject sites based upon less administrative delays caused by joint oversight of the commingled plumes and should allow greater attention by UST Fund staff on the remaining open claims which should expedite additional corrective action.
  - c. These claims and the unique circumstances associated with them create the best scenario for a transfer and end to the boards' liabilities for 14 sites. This transaction will assist the board to reevaluate its remaining long-term liabilities and will allow the board to determine if this type of transaction can satisfy these criteria if applied to other sites. This transaction should not have an impact on the boards remaining liabilities.
5. Each claimant will have to agree to become a party to this transaction. Thus each claimant can determine if their rights are being protected. The oversight of the attorney general/board counsel will also assist to ensure that each claimant's statutory rights have been protected.

PMMIC appreciates the Board's consideration of this proposal.

**APPENDIX 1**  
**PROPOSED LPT CALCULATIONS**

Potential LPT  
 PMMIC November 2006  
 NPV Calculation

Equal Distribute with 1.75% Inflation

Year 1	\$ 152,195.23		
Year 2	\$ 154,858.64		
Year 3	\$ 157,568.67		
Year 4	\$ 160,326.12		
Year 5	\$ 163,131.83		
Sum of Payments	\$ 760,976.13		
Sum of Payments w/Infl	\$ 788,080.48		
<b>Net Present Value</b>	<b>\$681,241.68</b>		
One time tax \$	23,843.46		3.50%
Payment Including Tax	<b>\$705,085.14</b>		

Base Reserve Figure \$	691,796.48
Risk Premium \$	69,179.65
Total to be discounted \$	<u>760,976.13</u>

10.00%

Site	Agreed Amt	Fund Split	Fund Share	Fund Reserve	Fund Paid	Fund O/S	Comments
Olson 8600575			\$ 4,000.00	\$25,000.00	\$18,018.79	\$6,981.21	Well Closure
KG Waterloo 8608472	\$ 60,000		\$ 5,000.00	\$17,196.06	\$17,196.06	\$0.00	Well Closure
Honey Crk 8601754	\$ 96,316	20%	\$ 19,263.20	\$75,000.00	\$53,545.98	\$21,454.02	
KG Williams 8608193	\$ 255,725	60%	\$ 153,435.00	\$175,000.00	\$91,761.81	\$83,238.19	
Bro Afton 8604865	\$ 63,339	50%	\$ 31,669.50	\$230,000.00	\$164,013.71	\$65,986.29	
Bro W'set 8607024			\$ 17,293.91	\$60,000.00	\$42,706.09	\$17,293.91	Agree to transfer for our future monitor cost (reserve)
Stoskopf 8605816	\$ 43,500	50%	\$ 21,750.00	\$150,000.00	\$68,731.10	\$81,268.90	
Onawa 8608757	\$ 94,454	75%	\$ 70,840.67	\$175,000.00	\$56,636.32	\$118,363.68	
Buck's 9918057	\$ 102,469	50%	\$ 51,234.60	\$85,000.00	\$39,673.67	\$45,326.33	
Former IOCO 8710396	\$ 100,000	25%	\$ 25,000.00	\$45,000.00	\$34,869.81	\$19,130.19	
Nelco 8605337	\$ 174,000	45%	\$ 78,300.00	\$175,000.00	\$22,048.53	\$152,951.47	
Brooklyn 8605242	\$ 222,176	90%	\$ 199,958.40	\$300,000.00	\$41,745.31	\$258,254.69	
Dell 8608688			\$ 7,500.00	\$158,000.00	\$137,357.50	\$20,642.50	Well Closure
Reinbeck Pronto 8602082	\$ 32,756	20%	\$ 6,551	100,000	\$61,893.75	\$38,106.25	
<b>Totals</b>			\$691,796.48	\$ 1,770,196.06	\$ 850,198.43	\$ 928,997.63	

**APPENDIX 2**  
**OFFERORS RELEVANT EXPERIENCE**

**ENVIRONMENTAL CLAIMS MANAGEMENT**

**EXPERIENCE: OVER 8000 ENVIRONMENTAL CLAIMS**

*Petroleum Marketers Management Insurance Company (PMMIC)* staff has investigated, evaluated, and resolved environmental, (specifically UST,) claims in 46 states and Canada with over 15 years experience in handling UST claims in the State of Iowa. This experience includes addressing significant bodily injury, property damage, and corrective action claims. The staff has background in establishing and administering effective cost control measures in dealing with expenses relating to assessment and remediation of environmental damages.

Having provided the administration of state environmental programs, *PMMIC* staff has considerable experience in a large number of diverse cases. Including insurance industry experience, they have handled and or managed over 8000 cases involving environmental (UST) contamination.

*PMMIC* staff has developed and documented proven procedures specifically designed to establish and assure consistent and cost effective environmental solutions.

*PMMIC* staff has worked closely with IDNR and other regulatory representatives. They have participated with IDNR in the Kaizen and Business Improvement Process, USEPA trainers in training sessions in conjunction with state UST regulatory agencies, and worked with regulatory agencies to devise and implement new programs such as RBCA and Pay for Performance.

*PMMIC* staff has prepared cost guidelines and expense ranges for various environmental services to insure cost effectiveness is achieved in the cases they oversee and manage.

*PMMIC* staff is experienced in conducting environmental field investigations to gather relevant issues in environmental claims. This allows them to evaluate exposures and provide guidance in the implementation of assessment or remedial activities. The staff includes investigators who are 40 hour OSHA certified to perform hazardous site investigations.

*PMMIC* staff has worked with the environmental consulting industry extensively which has provided them with unique insight relating to cost control issues in environmental cases. Background in the issuance of Requests for Proposals (RFPs), environmental contracting procedures, the development and operation of a proprietary database utilized to manage and track claims, and the development and administration of a pre-budget approval processes all provide *PMMIC* with the necessary tools to maximize efficiency in managing environmental claims.

**APPENDIX 3**  
**DOCUMENTS TO BE UTILIZED FOR PROPOSED LPT**

**To**  
**Agreement and Assignment of Iowa Comprehensive Petroleum Underground Storage Tank Fund Board Claim To Petroleum Marketers Management Insurance Company for Claimant**

This Assignment Agreement (“Agreement”) is entered into by and between the “claimant,” as referred to by the UST Board, and Petroleum Marketers Management Insurance Company (PMMIC). The Iowa Comprehensive Petroleum Underground Storage Tank Fund Board (“Board”), an Iowa governmental agency created pursuant to Iowa Code chapter 455G, and the Petroleum Marketers Management Insurance Company (“PMMIC”), an Iowa corporation, have agreed to transfer the liabilities associated with the eligible claim described in this document with the claimant(s) listed below for an agreed upon amount. The purpose of this assignment is to provide the agreement and understanding that exists between the claimant and PMMIC.

1. **Purpose:** This Agreement is entered into because the underground storage tank site (Site) and the claimant identified in the site description of this Agreement is eligible to receive benefits from the Board, and the claimant has an eligible insurance claim with PMMIC. Because of the nature of the petroleum contamination at the Site, the Board, PMMIC, and the claimant and PMMIC have mutually agreed to have PMMIC adjust, manage, and handle the entire claim (both the amount eligible from the Board and PMMIC’s applicable policy would cover) until conclusion and the No Further Action is obtained from the Iowa Department of Natural Resources for the Site.
2. **Limitations:** This agreement covers only costs that are and would be eligible and reimbursable from the Board to the claimant and costs that are covered under the applicable insurance policy providing coverage by PMMIC to the claimant. This agreement does not extend or broaden any eligibility from the Board for the eligible claim at the Site or the claimant or in any way alter or broaden any coverage applicable for the covered claim under PMMIC’s applicable policy. It is understood and agreed by all parties that this Agreement documents the transfer of liabilities from the Board to PMMIC, (that is outlined under a separate agreement and attached to this document as an addendum,) to the extent the Board would be responsible and nothing in this Agreement shall be deemed or construed as an admission of liability by the claimant, the Board, or PMMIC. This Agreement shall not affect the rights and responsibilities of the claimant under Iowa Code chapter 455G and Board regulations contained in the Iowa Administrative Code to remain eligible for benefits, nor shall it affect the rights and responsibilities of the claimant under the applicable PMMIC insurance policy. This agreement covers only the Site and claims listed in the agreement.
3. **Term:** This Agreement shall remain in effect as long as corrective action are being required by law by the Iowa Department of Natural Resources, and eligible or covered

costs as would be paid by the Board at the Site, for Board eligible petroleum contamination existing at the time this Agreement was executed.

4. Funds/Liability Transfer: On the date of the execution of this agreement, the Board is transferring \$\_\_\_\_\_ to PMMIC based on a negotiated amount reached between the Board and PMMIC, this amount may include a present value factor and other adjusting calculations. The Board is hereby released of any future financial liabilities associated with their claim and those liabilities are now transferred to PMMIC. If PMMIC cannot bring the claim that was formerly the responsibility of the Board to NFA status for the above amount, it remains the financial responsibility of PMMIC to do so. Conversely, if PMMIC brings the claim to NFA status for an amount less than transferred to the PMMIC by the Board, any excess funds remain with and become the assets of PMMIC. No reimbursement of unused or unspent Board funds will be made to the Board, the claimant, or any other party by PMMIC. The claimant agrees with the terms of this agreement, the liability transfer, the transfer amount, in its entirety.

Site name description and address

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Site registration number and LUST number

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Board Claim Number(s) \_\_\_\_\_ PMMIC Claim Number(s) \_\_\_\_\_

PETROLEUM MARKETERS MANAGEMENT  
INSURANCE COMPANY

---

NAME: \_\_\_\_\_

DATE: \_\_\_\_\_

CLAIMANT(S)

NAME: \_\_\_\_\_

DATE: \_\_\_\_\_

If the "Board" claimant is different than "PMMIC" Claimant, signatures of both on this "Agreement" will serve as a full assignment of any existing eligible "Board" claim to the "PMMIC" claimant for the "Site."

## AGREEMENT

This Agreement is entered into by and between the Iowa Comprehensive Petroleum Underground Storage Tank Fund Board ("Board"), an Iowa governmental agency created pursuant to Iowa Code chapter 455G, and the Petroleum Marketers Management Insurance Company ("PMMIC"), a licensed, for-profit insurance company. This Agreement is effective as of the date it is fully executed by all parties.

WHEREAS, Iowa Code section 455G.6(17) authorizes the Board to adopt rules providing for the transfer of all or a portion of the liabilities of the Board, and the Board has adopted rules contained in 591 Iowa Admin. Code 9 providing for the transfer of the Board's liabilities to third parties ("loss portfolio transfer"); and

WHEREAS, PMMIC has requested the Board enter into a loss portfolio transfer concerning certain sites (the "Sites") for which the parties currently receiving Board benefits (the "Responsible Parties") also have eligible insurance claims with PMMIC; and

WHEREAS, the Responsible Parties have each executed separate agreements with the Board acknowledging their consent to this loss portfolio transfer, waiving any and all rights to future benefits from the Board, and releasing the Board from liability. Each of these agreements are attached hereto as Exhibits 1-11, and are for informational purposes only; and

WHEREAS, the Board evaluated PMMIC's request pursuant to the criteria contained in 591 Iowa Admin. Code 9.3, and deems the requested loss portfolio transfer to be in the best interest of the program, and

WHEREAS, the Board has considered the practicability of seeking competitive public bids pursuant to 591 Iowa Admin. Code 9.5, and determines public bidding is not practical because the Responsible Parties already have eligible insurance claims with PMMIC, PMMIC is already involved in funding a portion of the corrective actions at the Sites, a loss portfolio transfer to PMMIC will provide a single source of funding and management to the claims, and it is unlikely another party can provide as efficient and cost-effective services as PMMIC under the circumstances,

THEREFORE, in consideration of the commitments made herein, the Board and PMMIC agree as follows:

1. **Transfer of Liabilities.** PMMIC hereby assumes any and all known and unknown liabilities of the Board under Iowa Code chapter 455G to pay benefits for the Sites. PMMIC shall assume no less liability to reimburse Responsible Parties for corrective action costs at the Sites than the Board's liability as outlined in Iowa Code 455G.9 and 591 Iowa Administrative Code 11. By assuming the Board's liabilities in this paragraph, PMMIC hereby agrees to assume any and all related responsibilities and activities of the Board for the Sites, including but not limited to, project funding and management, claim adjustment, and consultation with responsible parties, contractors and the Iowa Department of Natural Resources. PMMIC's liabilities and responsibilities, however, are not subject to future amendments to Iowa Code chapter 455G or Board rules, and PMMIC is not restricted from offering benefits in excess

of the statutory and regulatory authority granted to the Board. The Board shall continue to allow PMMIC and the Responsible Parties access to, and copies of, information contained in Board documents and files related to the Sites. The Board, however, shall cease to maintain any other ongoing duty whatsoever to PMMIC or the Responsible Parties in relation to the Sites.

2. **Transfer of Funds.** Within 30 days of the effective date of this Agreement, and only upon PMMIC's satisfactory completion of the responsibilities described in paragraph 4 of this Agreement, the Fund will pay PMMIC a total of \$ [REDACTED] for the transfer of liabilities to PMMIC for the Sites. PMMIC agrees to accept the amounts set forth in this paragraph as the full and final payment it will receive from the Board for its assumption of the Board's liabilities. PMMIC hereby waives any and all rights it may have, or may ever have, to seek additional funds from the Board in relation to the Sites.

3. **The Sites.** This Agreement applies only to the following Sites:

- a. Nelco/Nelson Petroleum, Clear Lake, 8605337, 8LTA80
- b. KG, Williamsburg, 8608193, 7LTL53
- c. Former Bro/4Sons/Hy-vee, Afton, 8604865, 7LTI41
- d. Iowa Oil Company, West Dubuque, 8710396, 8LTC55
- e. Former Bro/4Sons/Hy-Vee, Winterset, 8607024, 7LTE11
- f. Former Stoskopf Oil/Daniel Bohr, Decorah, 8605816, 9LTA06
- g. Olson Explosives, Decorah, 8600575, 9LTA05
- h. KG, Former QT, Waterloo, 8608472, 8LTV62
- i. Buck's Express, Council Bluffs, 9918057, 9LTK10.
- j. Onawa Country Store, Onawa, 8608757, 9LTQ31
- k. Iowa Feed and Grain, Honey Creek, 8601754, 7LTJ93

4. **Full Disclosure.** To protect the interests of the Responsible Parties, they shall be made fully aware of the terms and conditions of this Agreement and its impact on their benefits from the Board. To this end, the Board has informed the Responsible Parties in Exhibits 1- [REDACTED] of the transfer of liabilities to PMMIC, and obtained their agreement to such transfer. Accordingly, PMMIC shall also perform the following within 30 days of the effective date of this Agreement:

- a. Provide a complete copy of this fully executed Agreement to the responsible parties;
- b. Enter into a separate agreement with each responsible party establishing his or her right to receive reimbursement for corrective action costs in accordance with the liabilities assumed by PMMIC in this Agreement. The terms of this agreement shall contain a clear disclosure regarding the applicability of Iowa Code chapter 515B in the event PMMIC becomes insolvent; and
- c. Provide the Board with a fully executed copy of the agreements discussed in subsection "b" of this paragraph.

5. **Annual Reporting.** PMMIC agrees to provide the Board with ongoing information and data for each site listed in paragraph 3 that will allow the Board to accurately determine the amounts paid by PMMIC for liabilities transferred to PMMIC under this Agreement. Such information and data shall be provided for each Site on at least an annual basis from the date of this Agreement until the Site achieves a No Further Action designation. Upon mutual agreement between PMMIC and the Board, such information and data may be shared on a more frequent or ongoing basis.

6. **General Release.** In consideration for receipt of the funds described in paragraph 2 of this Agreement, PMMIC hereby releases, acquits, and forever discharges the Board and its officers, employees, assigns, agents, and successors in interest from any and all claims, rights, demands, actions, obligations, liabilities, and causes of action of any and every kind, nature, and character whatsoever, known or unknown, whether based on federal, state, or local law, or for claims based on tort, contract (implied, oral, or written), or any other theory of recovery, and whether for compensatory or punitive damages, for any matter related to or concerning the Sites.

7. **Indemnification.** PMMIC agrees to indemnify and hold harmless the Board against any and all loss, liability, expenses and costs (including attorneys' fees, judgments, fines and amounts paid in settlement) actually and reasonably incurred by the Board in connection with any threatened, pending, completed or future action, suit, or proceeding to which the Board is, or is threatened to be, made a party arising from or related to the liabilities transferred in this Agreement.

8. **Dispute Resolution.** Notwithstanding any language in this Agreement to the contrary, PMMIC does not waive any claims or actions that specifically arise from or concern the terms of this Agreement. The parties agree that the proper venue for any lawsuit is only Polk County District Court.

9. **Addresses.** The parties' address and fax numbers for official communications and notices are:

Petroleum Marketers Management  
Insurance Company  
465 Alice's Road, Suite H  
Waukee, Iowa 50263  
(Tel.) 515-987-0061  
(Fax.) 515-987-0067

Iowa Underground Storage  
Tank Fund Board  
2700 Westown Parkway, Suite 320  
West Des Moines, IA 50266  
(Tel.) 515-225-9263  
(Fax) 515-225-9361

Either party may change their address or fax number by notifying the other party, in writing, of any change.

10. **Public Record.** The parties acknowledge this Agreement is a public record under Iowa Code chapter 22, and is available for public inspection and copying.

11. **Titles.** Paragraph titles are provided for the parties' convenience and do not limit the scope or meaning of any paragraph.

12. **Joint Drafting.** This Agreement was drafted jointly by the parties and shall not be construed in favor of, or against, either party because of which party was responsible for drafting a particular portion of the Agreement.

13. **Complete Agreement.** This Agreement reflects the parties' entire agreement on this matter and may not be altered or amended except by a subsequent written document signed by all parties to the Agreement.

14. **Authority to Sign.** The parties, and their representatives, by signing below, acknowledge that they have complied with all the legal requirements for approval of this Agreement and that their representatives are authorized to bind their respective agencies or bodies by their signatures to this contract.

15. **Applicable Law.** This Agreement shall be governed by, and construed in accordance with, Iowa law.

16. **Execution.** All parties are executing this Agreement solely in reliance upon their own knowledge, belief and judgment and not upon any representations made by any of the other parties hereto or others on their behalf.

IOWA UNDERGROUND STORAGE  
TANK FUND BOARD

PETROLEUM MARKETERS  
MANAGEMENT INSURANCE COMPANY

By: \_\_\_\_\_  
Scott Scheidel, Fund Administrator

By: \_\_\_\_\_  
Patrick J. Rounds, President

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## AGREEMENT, WAIVER AND GENERAL RELEASE

This Agreement, Waiver and General Release ("Agreement") is entered into by and between the Iowa Comprehensive Petroleum Underground Storage Tank Fund Board ("Board"), an Iowa governmental agency created pursuant to Iowa Code chapter 455G, and [NAME], of [City] ("Claimant"). This Agreement is effective as of the date it is fully executed by all parties.

WHEREAS, Claimant is currently receiving benefits from the Board to reimburse corrective action costs for a site at [ADDRESS], [REG AND LUST #S], ("Site");

WHEREAS, Iowa Code section 455G.6(17) authorizes the Board to adopt rules providing for the transfer of all or a portion of the liabilities of the Board, and the Board has adopted rules contained in 591 Iowa Admin. Code 9 providing for the transfer of the Board's liabilities to third parties ("loss portfolio transfer"). Claimant acknowledges a copy of Iowa Code 455G.5(17) and 591 Iowa Admin. Code 9 have been provided with this Agreement for reference and review; and

WHEREAS, Petroleum Management Mutual Insurance Company ("PMMIC") has requested the Board enter into a loss portfolio transfer concerning the Site;

THEREFORE, in consideration of the commitments made herein, the Board and Claimant agree as follows:

1. **Consent to Transfer of Liabilities.** Claimant hereby consents to PMMIC assuming any and all liabilities of the Board under Iowa Code chapter 455G to pay benefits for the Site. Claimant understands that upon completion of the loss portfolio transfer, PMMIC shall assume any and all related responsibilities and activities of the Board for the Site, including but not limited to, project funding and management, claim adjustment, and consultation with Claimant, contractors and the Iowa Department of Natural Resources. Claimant further understands the Board shall cease to maintain any ongoing duty whatsoever to Claimant in relation to the Site, and Claimant will become ineligible to again receive benefits from the Board in relation to the Site under any circumstances.

2. **Waiver of Benefits.** In consideration for the transfer of funds described in paragraph 4 of this Agreement, Claimant hereby voluntarily waives any and all right to receive benefits pursuant to Iowa Code chapter 455G and Iowa Admin. Code chapter 591 upon completion of the loss portfolio transfer. Claimant understands that by consenting to a loss portfolio transfer to PMMIC, PMMIC shall assume all duties and liabilities of the Board to provide benefits to the claimant pursuant to a separate agreement with the Claimant.

3. **Release of Claims.** In consideration for the transfer of funds described in paragraph 4 of this Agreement, Claimant hereby releases, acquits, and forever discharges the Board and its officers, employees, assigns, agents, and successors in interest from any and all claims, rights, demands, actions, obligations, liabilities, and causes of action of any and every kind, nature, and character whatsoever, known or unknown, whether based on federal, state, or local law, or for claims

based on tort, contract (implied, oral, or written), or any other theory of recovery, and whether for compensatory or punitive damages, for any matter related to or concerning the Site.

4. **Transfer of Funds.** In consideration for Claimant's waiver of benefits and release of claims in this Agreement, the Board hereby agrees to enter into an agreement with PMMIC providing for the loss portfolio transfer and payment of a sum of money to PMMIC to be used by PMMIC to reimburse corrective action costs incurred by Claimant at the Site. The specific amount of money to be transferred to PMMIC will be separately negotiated between the Board and PMMIC in a separate agreement.

5. **No Representation of Future Right to Benefits.** Claimant understands and agrees that upon completion of a loss portfolio transfer to PMMIC, Claimant's continued eligibility to receive benefits is a matter to be determined exclusively between the Claimant and PMMIC. Claimant understands and agrees the Board has not made any representation regarding Claimant's future eligibility for benefits.

6. **Public Record.** The parties acknowledge this Agreement is a public record under Iowa Code chapter 22, and is available for public inspection and copying.

7. **Titles.** Paragraph titles are provided for the parties' convenience and do not limit the scope or meaning of any paragraph.

8. **Complete Agreement.** This Agreement reflects the parties' entire agreement on this matter and may not be altered or amended except by a subsequent written document signed by all parties to the Agreement.

9. **Authority to Sign.** The parties, and their representatives, by signing below, acknowledge that they have complied with all the legal requirements for approval of this Agreement and that their representatives are authorized to bind their respective agencies or bodies by their signatures to this contract.

10. **Applicable Law.** This Agreement shall be governed by, and construed in accordance with, Iowa law.

11. **Execution.** Claimant is executing this Agreement solely in reliance upon Claimant's own knowledge, belief and judgment and not upon any representations made by the Board or others on the Board's behalf. Furthermore, Claimant acknowledges reading this entire Agreement, understanding the Agreement constitutes a contract, and enters into this Agreement voluntarily only after being advised by the Board of the right to consult an attorney to review the Agreement and having freely exercised this right.

**PLEASE READ CAREFULLY. THIS AGREEMENT INCLUDES A WAIVER OF BENEFITS AND A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.**

\_\_\_\_\_  
Claimant's Printed Name

\_\_\_\_\_  
Scott Scheidel, Administrator  
Iowa Comprehensive Petroleum Underground  
Storage Tank Fund Board

\_\_\_\_\_  
Claimant's Signature

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

I, \_\_\_\_\_, a notary public in and for the State of Iowa, do hereby certify that \_\_\_\_\_ personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Subscribed and Sworn to before me on this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_.

\_\_\_\_\_  
Notary Public in and for the State of Iowa

My commission expires:

## **B. RBCA Recalibration Update**

## **C. NFA/Low Risk Site Risk Transfer Program**



## **Recommendation**

We have reviewed the concept jointly and feel that pursuing a risk transfer method would be worth the significant effort required by DNR and the Fund Board staff. The time frame is driven primarily by the refining of desired contract language establishing the trade off between triggers for funding and premium associated. The exercise of developing the scope alone provides benefit to all involved as the true risk associated with "What if's...?" is measured in monetary terms. The added benefit of trying to offer third party coverage for the responsible party to purchase helps further protect the responsible party with funding for an exposure that the Board does not provide benefits to cover today. For these reasons we would recommend the Board support moving forward with the development of a program with DNR.

Attached with this memo are a conceptual discussed between DNR and the Administrator. It was prepared by Aon's Environmental practice and arose out of a similar program Wisconsin instituted.



Jeffrey Hanneman, Esq. ARM  
Consultant

Scott Scheidel  
Aon Omaha

VIA E-MAIL

RE: Environmental Insurance Conceptual Proposal  
State of Iowa

Scott:

We understand that the State of Iowa has an Underground Storage Tank (UST) fund that classifies sites as "high risk", "low risk" and "no action required". For those sites falling into the category of "low risk" and "no action required", the State would like to explore establishing a state environmental insurance program similar in nature to the one currently in place for the State of Wisconsin.

This program would allow participants to "buy-in" to the State's master environmental insurance program at pre-negotiated premiums as long as the participant meets the established underwriting criteria. The premium charged to site owners would be based on selected criteria such as the size, location and historical use of the site.

While further discussion is necessary to define the goals of the program, an Environmental Impairment Liability (EIL) policy generally provides coverage for:

- On-site and off-site clean-up costs
- On-site and off-site third-party bodily injury
- On-site and off-site third-party property damage
- Natural Resource Damages caused by pollution conditions
- Civil fines and penalties
- Defense costs

*The Wisconsin Model*

The State of Wisconsin's master program written through AIG was tailored to only cover sites where monitored natural attenuation for groundwater is the recommended remedial solution. The insurance policy affords coverage to the owner in the event that natural attenuation fails and active remediation is needed in the future. The policy does not cover any third-party liabilities associated with the contamination.



Before state enforcement standards for groundwater are met, the owner has the option of paying the insurance fee and receiving a Certificate of Completion (COC) or continue to monitor the contamination and apply for the certificate once enforcement standards are met. The COC waives liability associated with the contamination to the site owner and all future assignees. Thus, the insurance is very appealing to the owner as they can obtain the COC before enforcement standards are met at the site.

#### Potential Markets

We would recommend approaching AIG, Zurich, ACE, and XL to determine their interest in working with the State to write this program. Aon recommends approaching those carriers that have demonstrated a commitment to this line of coverage, have a strong balance sheet, and have the underwriting expertise to write complex programs such as this one.

We have included below the most recent AM Best and S&P ratings of each of the markets we have recommended for your review:

AIG:	A+15 (AM Best)	AA+ (S&P)
ACE:	A+15 (AM Best)	A+ (S&P)
XL:	A+15 (AM Best)	AA- (S&P)
Zurich:	A15 (AM Best)	A+ (S&P)

#### Next Steps

A key piece of establishing a program in Iowa and getting meaningful participation from site owners would be legislation affording a liability waiver for those who purchase the insurance. Without this relief, potential participants may elect not to purchase insurance and the insurance markets may be more hesitant to partner with the State given the initial costs to establish a program.

The program could be expanded beyond the scope of the State of Wisconsin by including an option for third-party liability. This additional coverage would address bodily injury and property damage claims that arise from the off-site migration of pollutants.

If the State wishes to proceed, Aon recommends scheduling a meeting with all relevant State representatives so that we can discuss the various options and establish a plan to move forward with one or more insurance markets.

Please feel free to call me with any questions

Regards,

Jeffrey Hanneman  
Aon Environmental

## **D. DNR Update**

## **E. Discussion of Upcoming Legislative Session**

## **Approval of Program Billings**



# IOWA UNDERGROUND STORAGE TANK FUND

Susan E. Voss, Chairperson

Scott M. Scheidel, Administrator

Board Members:

Michael L. Fitzgerald ❖ Jeff W. Robinson ❖ Cathy A. Rottinghaus ❖ James M. Holcomb  
Jeffrey R. Vonk ❖ Delia A. Meier ❖ Douglas M. Beech

## MEMORANDUM

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TO: UST Board Members  
FROM: Scott Scheidel  
DATE: November 30, 2006  
SUBJECT: Summary of Bills for Payment

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### \*NOTICE\*

The following is a summary of UST bills requiring Board approval for payment:

1. Aon Risk Services .....\$112,830.33  
Consulting Services December 2006 -- \$62,750.00  
Claims Processing Services December 2006 -- \$50,080.33
  
2. Attorney General's Office.....\$8,694.81  
Services provided for Underground Storage Tank Program  
October 2006 Billing
  
3. Attorney General's Office .....\$8,694.98  
Services provided for Underground Storage Tank Program  
November 2006 Billing

**Iowa Comprehensive Petroleum**

Invoice No. 9500000051360

Iowa Comprehensive Petroleum  
Underground Storage Tank Fund  
2700 Westown Pkwy, #320  
West Des Moines IA 50266



Aon Risk Services, Inc. of Nebraska  
Insurance Services CA License No OE16975  
2700 Westown Parkway  
Suite 320  
West Des Moines IA 50266  
(515) 267-9101 FAX (515) 267-9045

Client Account No.	Invoice Date	Currency	Relationship Manager
10756349	Nov-01-2006	US DOLLAR	Scott Scheidel

Named Insured	Service Term	Trans. Eff. Date	Description	Amount
Iowa Comprehensive Petroleum	Jan-01-2006 - Jan-01-2007	Dec-01-2006	Renewal - Service Fee	
<b>Comments</b>				
Installment 12 of 12 GAB Robins Monthly Claims Service Payment due within 20 days of Transaction Effective Date.			Service Fee	0.00
			Consulting Expense	50,080.33
<b>TOTAL INVOICE AMOUNT DUE</b>				<b>50,080.33</b>

**TO AVOID POTENTIAL DISRUPTION IN COVERAGE, PLEASE PAY IMMEDIATELY.**  
For Wire Instructions, contact your Relationship Manager.

*Please see reverse side for statement regarding Aon compensation.*

▼ Please detach here. Top portion is for your records, bottom portion to be returned with your payment. ▼

Client Account No.	Invoice No.	Invoice Date	Currency	Amount Due
10756349	9500000051360	Nov-01-2006	US DOLLAR	50,080.33

Iowa Comprehensive Petroleum  
Underground Storage Tank Fund  
2700 Westown Pkwy, #320  
West Des Moines IA 50266

**Send remittance to:**  
Aon Risk Services, Inc. of Nebraska  
Aon Risk Services Companies, Inc.  
75 Remittance Drive - Suite 1943  
Chicago IL 60675-1943

**Iowa Comprehensive Petroleum**

Invoice No. 9500000051361

Iowa Comprehensive Petroleum  
Underground Storage Tank Fund  
2700 Westown Pkwy, #320  
West Des Moines IA 50266

Aon Risk Services, Inc. of Nebraska  
Insurance Services CA License No OE16975  
2700 Westown Parkway  
Suite 320  
West Des Moines IA 50266  
(515) 267-9101 FAX (515) 267-9045

Client Account No.	Invoice Date	Currency	Relationship Manager
10756349	Nov-01-2006	US DOLLAR	Scott Scheidel

Named Insured	Service Term	Trans. Eff. Date	Description	Amount
Iowa Comprehensive Petroleum	Jan-01-2006 - Jan-01-2007	Dec-01-2006	Renewal - Service Fee	
<b>Comments</b>			Service Fee	57,750.00
Installment 12 of 12 Monthly Fee Payment due within 20 days of Transaction Effective Date.			Consulting Expense	5,000.00
<b>TOTAL INVOICE AMOUNT DUE</b>				<b>62,750.00</b>

**TO AVOID POTENTIAL DISRUPTION IN COVERAGE, PLEASE PAY IMMEDIATELY.**  
For Wire instructions, contact your Relationship Manager.

*Please see reverse side for statement regarding Aon compensation.*

Page 1 of 1

▼ Please detach here. Top portion is for your records, bottom portion to be returned with your payment. ▼

Client Account No.	Invoice No.	Invoice Date	Currency	Amount Due
10756349	9500000051361	Nov-01-2006	US DOLLAR	62,750.00

Iowa Comprehensive Petroleum  
Underground Storage Tank Fund  
2700 Westown Pkwy, #320  
West Des Moines IA 50266

**Send remittance to:**  
Aon Risk Services, Inc. of Nebraska  
Aon Risk Services Companies, Inc.  
75 Remittance Drive - Suite 1943  
Chicago IL 60675-1943

IOWA ATTORNEY GENERAL'S OFFICE  
Hoover State Office Bldg - 2nd Floor  
Des Moines, Iowa 50319-0141

Invoice Date: 10/30/06

Buyer: **Aon Risk Services**  
**2700 Westown Pkwy, Ste 320**  
**West Des Moines, IA 50266**  
**Attn: Scott Scheidel**



Seller: **Iowa Attorney General's Office**  
**Hoover State Office Bldg - 2nd Floor**  
**Des Moines, IA 50319-0141**

Services For: Assistant Attorneys General  
Period of Service: October

---

Please use the following accounting information for (II) transfer/payment:

Document Number	Account Coding					Description	Amount
	Fund	Agency	Org	Sub Org	Rev Source		
112AG300027	0001	112	2301		0285		\$ 8,694.81

---

Please direct billing questions to Karen Redmond at (515)281-6362.

**Iowa Attorney General's Office**

**Invoiced Services**

Billing Period:	<b>October</b>
Billing Total:	<b>\$8,694.81</b>
DSS @ 33%	\$1,670.17
TDB @ 25%	\$1,157.88
RCH @25%	\$853.60
CLJ @50%	\$1,155.14
Payroll 09/07/06	\$4,836.79
DSS @ 33%	\$1,334.96
TDB @ 25%	\$1,005.52
RCH @25%	\$599.67
CLJ @50%	\$917.87
Payroll 09/21/06	\$3,858.02
Westlaw (.03% of total)	\$0.00
Health Insurance	\$0.00
Worker's Comp FY07 (Annual Prem.)	\$0.00
Phone charges	\$0.00
	<u>\$8,694.81</u>

**DSS = David Steward**

**33%**

Dave is our Asst Attorney General who provides the Board with legal counsel, drafts agreements and settlements with other State agencies and claimants.

**TDB = Timothy Benton**

**25%**

Tim is our other Asst Attorney General who provides the Board with the coordination of administrative hearings on UST Fund claim denial appeals, as well as the negotiation of any settlements.

**RCH = Richard Heathcote**

**25%**

Rich is a PhD hydrogeologist who consults for the Board by reviewing claim files and DNR records to assist in the determination of technologies used at sites. Rich reviews site files for the usage of RBCA Tier 3 reports; he also reviews proposals for CRP's or special projects.

**CLJ = Cindy Jacobs**

**50%**

Cindy is a legal secretary for the Environmental/UST Division of the Attorney General's Office located in the Lucas Building. Cindy completes status reports and maintains appeal files for UST claimants with regard to their UST Fund benefits' eligibility.

IOWA ATTORNEY GENERAL'S OFFICE  
Hoover State Office Bldg - 2nd Floor  
Des Moines, Iowa 50319-0141

Invoice Date: 11/28/06

**Buyer:** Aon Risk Services  
2700 Westown Pkwy, Ste 320  
West Des Moines, IA 50266  
Attn: Scott Scheidel



**Seller:** Iowa Attorney General's Office  
Hoover State Office Bldg - 2nd Floor  
Des Moines, IA 50319-0141

Services For: Assistant Attorneys General  
Period of Service: November

---

Please use the following accounting information for (II) transfer/payment:

Document Number	Account Coding				Rev Source	Description	Amount
	Fund	Agency	Org	Sub Org			
112AG331027	0001	112	2301		0285		\$ 8,694.98

---

Please direct billing questions to Karen Redmond at (515)281-6362.

**Iowa Attorney General's Office  
Invoiced Services**

Billing Period:	<b>November</b>
Billing Total:	<b>\$8,694.98</b>
DSS @ 33%	\$1,670.17
TDB @ 25%	\$1,158.05
RCH @25%	\$853.60
CLJ @50%	\$1,155.14
Payroll 09/07/06	\$4,836.96
DSS @ 33%	\$1,334.96
TDB @ 25%	\$1,005.52
RCH @25%	\$599.67
CLJ @50%	\$917.87
Payroll 09/21/06	\$3,858.02
Westlaw (.03% of total)	\$0.00
Health Insurance	\$0.00
Worker's Comp FY07 (Annual Prem.)	\$0.00
Phone charges	\$0.00
	<b>\$8,694.98</b>

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## **Monthly Activity Report and Financials Reviewed**

## **A. October Activity Report**

Iowa UST Fund  
Monthly Activities Report

October 2006

	Open Claims	Open & Closed	Open Claims	Open & Closed
Claims	September Ending	Monthly Net Changes	October Ending	Totals since Inception

RETROACTIVE				
number	80	(1)	79	443
reserve	\$5,334,618.67	(\$402,074.56)	\$4,932,544.11	\$4,932,544.11
paid	\$7,845,381.33	(\$26,425.44)	\$7,818,955.89	\$13,606,336.10
total	\$13,180,000.00	(\$428,500.00)	\$12,751,500.00	\$18,538,880.21

REMEDIAL				
number	1,015	(13)	1,002	4,429
reserve	\$62,243,049.69	(\$218,210.83)	\$62,024,838.86	\$62,024,838.86
paid	\$91,498,508.90	(\$1,009,145.80)	\$90,489,363.10	\$168,641,626.21
total	\$153,741,558.59	(\$1,227,356.63)	\$152,514,201.96	\$230,666,465.07

INNOCENT LANDOWNER				
number	256	(4)	252	1,019
reserve	\$11,384,885.41	(\$231,355.21)	\$11,153,530.20	\$11,153,530.20
paid	\$11,147,283.71	\$29,604.21	\$11,176,887.92	\$19,041,054.30
total	\$22,532,169.12	(\$201,751.00)	\$22,330,418.12	\$30,194,584.50

GLOBAL OPT-IN				
number	314	(6)	308	1,226
reserve	\$1,975,032.64	(\$62,285.71)	\$1,912,746.93	\$1,912,746.93
paid	\$2,375,560.16	(\$21,714.29)	\$2,353,845.87	\$8,284,754.67
total	\$4,350,592.80	(\$84,000.00)	\$4,266,592.80	\$10,197,501.60

AST CLAIMS				
number	5	(1)	4	414
reserve	\$160,420.96	(\$4,920.96)	\$155,500.00	\$155,500.00
paid	\$140,079.04	(\$90,079.04)	\$50,000.00	\$11,160,889.50
total	\$300,500.00	(\$95,000.00)	\$205,500.00	\$11,316,389.50

<b>UST Licenses in force:</b>	222
-------------------------------	-----

Corrective Action Meetings	
Scheduled:	86
Completed:	657
MOA's	332

RT Claims	#
New	0
Reopened	0
Closed	1

RM Claims	#
New	0
Reopened	2
Closed	14

ILO Claims	#
New	0
Reopened	1
Closed	5

GS Claims	#
New	1
Reopened	0
Closed	7

AST Claims	#
New	0
Reopened	0
Closed	1

Invoice Type Totals	October	FYTD	Program to Date
American Soils	\$0	\$0	\$5,678,423
AST Removal	\$0	\$44,474	\$2,101,364
AST Upgrade	\$0	\$75,000	\$5,423,561
CADR Charges	\$10,626	\$18,180	\$4,347,317
Corrective Action	\$92,945	\$220,520	\$47,260,353
Free Prod Recover	\$55,671	\$236,419	\$6,106,622
Monitoring	\$299,356	\$852,879	\$15,464,581
New UST Pull 2004	\$0	\$15,822	\$582,405
Operations/Maint	\$45,120	\$280,769	\$5,454,152
Over-excavation	\$206,660	\$1,184,523	\$17,837,511
Plastic Water Lines	\$69,302	\$194,952	\$932,644
Post RBCA Evals	\$8,920	\$23,234	\$82,653
RBCA	\$20,067	\$86,253	\$24,074,367
Remed Imp/Const.	\$337,537	\$729,931	\$20,564,042
SCR Charges	\$0	\$0	\$54,112,863
Site Check	\$0	\$0	\$121,816
Soil Disposal	\$0	\$0	\$607,332
Tank (UST) Pull	\$800	\$45,319	\$4,827,645
Tank (UST) Upgrade	\$0	\$0	\$5,883,408
Tier III	\$693	\$14,359	\$1,018,863
Utilities	\$23,739	\$97,966	\$338,460
Well Closure	\$30,230	\$79,557	\$2,138,475
<b>Total Invoice Types</b>	<b>\$1,201,665</b>	<b>\$4,200,156</b>	<b>\$224,958,859</b>

Budgets Approved to Date		
October	10	\$952,734
Trailing 12 mos	118	\$6,988,232
Prev Trail 12 mos	178	\$8,409,293
<b>Total Since Jan 2003</b>	<b>825</b>	<b>\$30,292,943</b>

Project Claims	Open	Closed	Pending
CRP's	32	60	0
Tank Closure	2	3	0
Plastic Water Line	2	0	0

\*81138 CL eff 9/28/06

Ida Grove #17 CL

## **B. October Financial Report**

**C. Year-to-Date Financial Report  
as of October 30, 2006**

## **D. October Opt-In Report**

**OPT-IN PROGRAM SUMMARY REPORT**  
**December 7, 2006**  
**For the Period October 1 to October 31, 2006**

**GENERAL PROGRAM SUMMARY:**

Notices to potential claimants:	2
Eligible claims referred to GAB this period:	3
Number of 90-Day Notices sent this period:	3
Settlement Agreements outstanding at major oil company for execution:	1
Settlement Agreements forwarded to GAB for processing warrants or co-payment credit:	2
Number of claimants receiving warrants or co-payment credit this period:	51
Number of 1st Party Affidavits received in lieu of supporting docs (# this month/# Total to date):	0/87

**WARRANTS MAILED THIS PERIOD SUMMARY:**

	Number	Total
First Warrant	1	\$ 14,000.00
Additional Warrants	50	\$ 37,270.09
Co-Payment Credit	0	\$ -
<b>TOTALS:</b>	<b>51</b>	<b>\$ 51,270.09</b>

**PROGRAM PAYMENT DISBURSEMENT TO DATE:**

Oil Company	Total Claims to	New Claims this	Payments Made this	
	Date	Period	Payments Made to Date	Period
ARCO	55	0	\$ 404,094.31	\$ 5,656.14
PHILLIPS	252	1	\$ 1,586,807.25	\$ 16,930.49
AMOCO	304	0	\$ 2,145,793.86	\$ 12,348.47
CONOCO	106	0	\$ 646,686.09	\$ 8,976.24
SOUTHLAND	18	0	\$ 89,166.15	\$ -
FINA	12	0	\$ 95,767.57	\$ 223.03
SUN/SUNOCO	176	0	\$ 1,166,300.02	\$ 2,709.69
TEXACO	154	0	\$ 1,029,808.68	\$ 2,628.83
CHAMPLIN	23	0	\$ 123,402.41	\$ -
KERR-McGEE	78	0	\$ 517,574.22	\$ 1,203.74
CHEVRON	24	0	\$ 164,693.74	\$ -
OXY	0	0	\$ -	\$ -
T.P.I. INC.	14	0	\$ 116,507.10	\$ 593.46
<b>TOTAL:</b>	<b>1216</b>	<b>1</b>	<b>\$ 8,086,601.40</b>	<b>\$ 51,270.09</b>

**ADDITIONAL WARRANT SUMMARY:**

Arco	\$ 5,656.14	Sunoco	\$ 2,709.69
Phillips	\$ 2,930.49	Texaco	\$ 2,628.83
Amoco	\$ 12,348.47	Champlin	\$ -
Conoco	\$ 8,976.24	Chevron	\$ -
Southland	\$ -	Kerr-McGee	\$ 1,203.74
Fina	\$ 223.03	TPI, Inc.	\$ 593.46

## **Attorney General's Report**

## **Claim Payment Approval**

### Claim Payment Authority Reports

	Site #	Site Name	1st Bd Rpt	2nd Bd Rpt	3rd Bd Rpt	4th Bd Rpt	Paid to Date	Recommended Authority	Approved Authority	Comments
1	8608614	Iowa Coaches Inc.	08/24/06				\$85,920	\$160,000	\$160,000	dww receptors
2	8601196	Dudley's Corner Inc	08/24/06				\$46,455	\$175,000	\$175,000	2 dww
3	8601473	Voss Petroleum	08/24/06				\$93,365	\$120,000	\$120,000	PGS (restrictive covenant expected)
4	8603843	John D Malone	08/24/06				\$28,207	\$175,000	\$175,000	dww+
5	8604319	Miller Bros Furniture Co	05/14/02	08/24/06			\$411,963	\$550,000	\$550,000	
6	8605967	Holiday Oil Dist Inc	08/24/06				\$57,503	\$310,000	\$310,000	
7	8606089	New Horizon FS Inc	04/13/05	08/24/06			\$235,873	\$350,000	\$350,000	dww
8	8606320	J.D. Carpenter Co	06/29/04	08/24/06			\$112,381	\$350,000		PGS (Cty refused ordinance) <b>Deferred.</b>
9	8607099	Fauser Oil Co	07/08/04	08/24/06			\$110,171	\$310,000	\$310,000	
10	8607360	Diamond Oil Co	08/24/06				\$65,759	\$150,000	\$150,000	
11	8608015	Madison County	08/24/06				\$35,113	\$250,000	\$250,000	
12	8600637	Weldon Oil Co.	08/24/06				\$81,712	\$200,000	\$250,000	1 ndww
13	8607445	Kwik Shop-Ames	08/01/03	09/28/06			\$109,302	\$230,000	\$230,000	
14	8601962	Reinbeck Motor Co Inc	09/28/06				\$85,900	\$130,000	\$130,000	
15	7910555	LJS Restaurant Inc	09/28/06				\$10,295	\$150,000	\$150,000	
16	7910551	Pottawattamie Dev Corp	09/28/06				\$35,143	\$650,000	\$650,000	
17	8603250	Al's Corner Oil Co	09/28/06				\$83,654	\$160,000	\$160,000	1 public supply well & PGS
18	8914262	David Goodman	09/28/06				\$53,954	\$500,000	\$500,000	
19	8603869	Casey's Marketing Co Inc.	09/28/06				\$68,539	\$185,000	\$185,000	
20	8601176	Robertson DX	09/28/06				\$53,276	\$90,000	\$90,000	4 private ww (1 ndww)
21	7910088	Trust Trucking Inc	10/26/06				\$34,520	\$170,000	\$170,000	
22	8604780	Mulgrew Oil Co.	10/26/06				\$66,576	\$200,000	\$200,000	LR for PGS
23	8606845	Molo Oil Co.	10/26/06				\$84,550	\$115,000	\$115,000	
24	8912210	City of Bettendorf	10/26/06				\$56,777	\$200,000	\$200,000	2 dww
25	8606320	J.D. Carpenter Co	06/29/04	08/24/06			\$112,381	\$350,000	\$350,000	PGS (Cty refused ordinance agn.)
26	8602003	OJ's Convenience Station	10/26/06				\$82,158	\$300,000	\$300,000	1 dww
27	8600364	Jackson County	10/26/06				\$53,542	\$325,000	\$325,000	
28	8603488	Scott County	05/16/02	10/26/06			\$300,251	\$500,000	\$500,000	PGS
29	8607907	Sapp Bros Petroleum	08/17/05	12/07/06			\$377,684	\$525,000		
30	8602119	Kum & Go LC	12/7/2006				\$64,314	\$135,000		
31	8607932	Quint Cities Petroleum LLC	12/7/2006				\$86,856	\$150,000		
32	7910549	Litho Craft Printing	12/7/2006				\$16,675	\$130,000		
33										

**IOWA UNDERGROUND STORAGE TANK PROGRAM  
 FIRST BOARD REPORT  
 OCTOBER 30, 2006  
 KUM & GO L.C.  
 744 WASHINGTON  
 PELLA**

**SITE REGISTRATION NUMBER: 8602119  
 LUST NUMBER: 7LTA33**

**RISK CLASSIFICATION:**

**HIGH**

**LOW**

**UNDETERMINED**

**PRESENT CLAIM RESERVE:**                      \$ 135,000.00

**ELIGIBILITY:** This is an eligible retro claim with contamination reported to the IDNR on March 25, 1988, and claim filed on January 3, 1990.

**COST INCURRED TO DATE:**

1. Site assessment and clean-up reports	\$ 26,490.26
2. Free product recovery	365.40
3. Tank upgrade	12,195.12
4. RBCA Tier II report	12,918.25
3. Site monitoring reports	<u>12,344.55</u>
<b>TOTAL COSTS INCURRED TO DATE:</b>	<b>\$ 64,313.58</b>

**PROJECTED COSTS:**

<input type="checkbox"/> Risked Based Corrective Action Tier I & II Report	<input type="checkbox"/> Tank Pull/Up-Grade.
<input checked="" type="checkbox"/> Site Monitoring Report (SMR)	<input type="checkbox"/> ? Free Product Recovery (FPR)
<input type="checkbox"/> Corrective Action Design Report (CADR)	<input checked="" type="checkbox"/> Implementation of over-excavation

**TOTAL PROJECTED COSTS:**    \$ 40,000 to 90,000.00

*approved*

**TOTAL AUTHORITY RECOMMENDED:**

**\$ 135,000.00**

**COMMENTS:** The site is high risk for soil vapor. Free product has recently reappeared. Soil gas has been down with the last sample taken below Tier I. However, the soil source is now beneath the water table preventing a confirmation sample. A post-RBCA conference was held October 19, 2006. IDNR required the proposed excavation by the groundwater professional move forward unless the groundwater levels go down and the site is cleared with soil gas by March 2007.



**IOWA UNDERGROUND STORAGE TANK PROGRAM  
 FIRST BOARD REPORT  
 NOVEMBER 9, 2006  
 QUINT CITIES PETROLEUM LLC  
 3718 STATE ST.  
 BETTENDORF  
 SITE REGISTRATION NUMBER: 8607932  
 LUST NUMBER: 7LTB48**

**RISK CLASSIFICATION:**

HIGH                       LOW                       UNDETERMINED

**PRESENT CLAIM RESERVE:**                      \$ 125,000.00

**ELIGIBILITY:** The contamination was reported to the IDNR October 18, 1988, with a discovery date of October 16, 1988. The claim was filed prior to January 31, 1990. This is an eligible retro claim.

**COST INCURRED TO DATE:**

1. Site assessment and clean-up reports	\$ 21,875.61
2. Free product recovery	29,912.10
3. Tank pull and soil disposal	6,713.33
4. RBCA Tier II report	12,759.63
3. Site monitoring reports	<u>15,595.00</u>
<b>TOTAL COSTS INCURRED TO DATE:</b>	<b>\$ 86,855.67</b>

**PROJECTED COSTS:**

<input type="checkbox"/> Risked Based Corrective Action Tier I & II Report	<input type="checkbox"/> Tank Pull/Up-Grade.
<input checked="" type="checkbox"/> Site Monitoring Report (SMR)	<input checked="" type="checkbox"/> Free Product Recovery (FPR)
<input type="checkbox"/> Corrective Action Design Report (CADR)	<input type="checkbox"/> Implementation of OE

**TOTAL PROJECTED COSTS:**                      \$ 30,000 to 70,000.00 +

*could they clean for cheaper than long-term merit?*

*approved*

**TOTAL AUTHORITY RECOMMENDED:**

**\$ 150,000.00**

**COMMENTS:** The site is a non-granular bedrock site with diesel free product. Under the RBCA rules twelve wells need to be sampled annually and with free product in multiple wells, this will be a long term site.

**IOWA UNDERGROUND STORAGE TANK PROGRAM  
 FIRST BOARD REPORT  
 NOVEMBER 13, 2006  
 LITHO CRAFT PRINTING  
 2803 SW 9TH STREET  
 DES MOINES  
 SITE REGISTRATION NUMBER: 7910549  
 LUST NUMBER: 9LTM11**

**RISK CLASSIFICATION:**

HIGH                       LOW                       UNDETERMINED

**PRESENT CLAIM RESERVE:**                      \$ 110,000.00

**ELIGIBILITY:** This is an eligible pre-regulation ILO claim. Contamination was discovered in an environmental phase II on May 31, 2005 and reported to IDNR on June 8, 2005.

**COST INCURRED TO DATE:**

1. RBCA Tier II report	\$ 12,050.00
2. Site monitoring report	975.00
3. Post RBCA evaluation	1,000.00
4. Soil plume definition	<u>2,650.00</u>
TOTAL COSTS INCURRED TO DATE:	\$ 16,675.00

**PROJECTED COSTS:**

<input type="checkbox"/> Risked Based Corrective Action Tier I & II Report	<input type="checkbox"/> Tank Pull/Up-Grade.
<input checked="" type="checkbox"/> Site Monitoring Report (SMR)	<input type="checkbox"/> Free Product Recovery (FPR)
<input type="checkbox"/> Corrective Action Design Report (CADR)	<input checked="" type="checkbox"/> Implementation of chemical oxidation

**TOTAL PROJECTED COSTS:**                      \$ 60,000 to 115,000.00 +

*approved*

**TOTAL AUTHORITY RECOMMENDED:**

**\$ 130,000.00**

**COMMENTS:** The site is high risk for soil vapor, soil leaching to groundwater vapor and groundwater vapor. Actual groundwater levels are below SSTL for last two sample events but have not achieved steady and declining. The soil is immediately adjacent to, if not under, the on-site building so excavation cannot be done. The parties at the post-RBCA conference agreed to chemical oxidation.

**Contracts Entered Into  
Since October 26, 2006 Board Meeting**

CI

**IOWA UNDERGROUND STORAGE TANK PROGRAM  
FIRST BOARD REPORT  
DECEMBER 4, 2006  
MIDWEST FARMERS COOP  
209 - 2ND AVENUE NORTH  
HOSPERS  
SITE REGISTRATION NUMBER: 8607227  
LUST NUMBER: 7LTO07**

**RISK CLASSIFICATION:**

HIGH       LOW       UNDETERMINED

**PRESENT CLAIM RESERVE:**      \$ 150,000.00

**ELIGIBILITY:** The contamination was discovered in June 1990 and reported to the IDNR at that time. A claim was filed October 21, 1990. This is an eligible remedial claim.

**COST INCURRED TO DATE:**

- |                                      |                     |
|--------------------------------------|---------------------|
| 1. Site clean-up report              | \$ 30,018.08        |
| 2. RBCA Tier II report               | 18,740.00           |
| 3. Site monitoring reports           | 10,216.61           |
| 4. Free product recovery             | <u>12,900.85</u>    |
| <b>TOTAL COSTS INCURRED TO DATE:</b> | <b>\$ 71,875.54</b> |

**PROJECTED COSTS:**

- |  |   |
|--|---|
| <input type="checkbox"/> Risked Based Corrective Action Tier I & II Report | <input type="checkbox"/> Tank Pull/Up-Grade.                    |
| <input checked="" type="checkbox"/> Site Monitoring Report (SMR)           | <input checked="" type="checkbox"/> Free Product Recovery (FPR) |
| <input type="checkbox"/> Corrective Action Design Report (CADR)            | <input type="checkbox"/> Implementation of CADR                 |

**TOTAL PROJECTED COSTS:**      \$ 50,000 to 125,000.00

**TOTAL AUTHORITY RECOMMENDED:**

*approved.*

**\$ 160,000.00**

**COMMENTS:** This site is low risk but has significant quantities of free product. The IDNR is requiring more aggressive free product removal. An SVE trailer unit is recommended by the consultant.



# IOWA UNDERGROUND STORAGE TANK

## *Financial Responsibility Program*

Susan E. Voss, *Chairperson*

Scott M. Scheidel, *Administrator*

*Board Members:* Michael L. Fitzgerald

Jeff W. Robinson

Cathy A. Rottinghaus

James M. Holcomb

Jeffrey R. Vonk

Delia A. Meier

Douglas M. Beech

### Φ Φ Φ *MEMO* Φ Φ Φ

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**TO:** UST Board

**FROM:** Scott Scheidel

**DATE:** November 30, 2006

**RE:** Contracts Entered Into Since October 26, 2006

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Since the October 26, 2006 Board meeting, the Board has entered into one contract addendum with Barker Lemar for CRPCA 0309-33 to extend the project in Bentley (Neola), Iowa.

## **Other Issues as Presented**

## **Correspondence and Attachments**

2A-1209-51

### Groundwater clean up system installed at service center

2A-1209-51

By J.O. PARKER  
Editor

There were a few less parking spaces on the east side of Jackson Street last week due to a construction project.

Workers with Marek Industries of Grimes were in Brooklyn last week installing a soil and groundwater clean up system at the Brooklyn Service Center.

Steve Kobberdahl, an employee with Marek Industries, said the Iowa Department of Natural Resources required that the groundwater clean up system be installed.

"It's due to the historic leakage of fuel storage tanks," Kobberdahl said.

Kobberdahl said that the current fuel storage tanks are not leaking and that the groundwater contamination is from prior years, noting that there has been

a station in existence there for a long time.

The project is being paid for through the Iowa Underground Storage Tank

Fund. Monies in the fund come from gasoline tax and insurance premiums paid by active gas stations.

Workers began the project on Monday, Oct. 16. According to Kobberdahl, two wells were dug and pipe was placed along 345 foot of trench from the service center to the Farm Bureau building. That work was completed on Friday, Oct. 20. Manatts repaired the road surface on

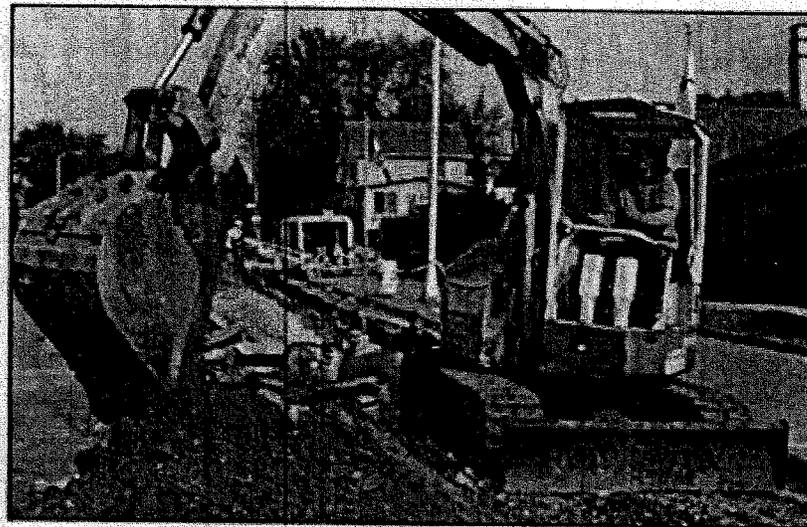
Monday, Oct. 23.

In the next couple months, Kobberdahl said a pump house will be brought to the station where it will be connected to the laid pipe. The pump will draw groundwater from the two new wells and two existing wells where it will be cleaned to meet the DNR action (sanitary) levels.

"It has to be cleaned to a level of the sanitary sewer, then it goes into the sewer," Kobberdahl said.

According to Kobberdahl, work of this type is on going throughout the state.

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**Chronicle Photo by J.O. Parker**  
**Awkward moment** — Workers with Marek Industries of Grimes dig a trench along Jackson Street on Friday morning during installation of a groundwater clean up system.