

MINUTES
Petroleum Storage Tank Insurance Fund
Board of Trustees Meeting
September 27, 2022

MoDNR, Lewis & Clark State Office Building, LaCharrette Conference Room
Start Time: 9:33 a.m.

Chairman Greer called the meeting to order and commented that Trustee McNutt was traveling and connected via conference call. He noted there were a couple of people sitting in as departmental designees for this meeting and introduced Hannah Humphrey, representing MoDNR in Trustee Westen's place, and Jimmy Williams, representing MDA in Trustee Naught's place. He thanked them for participating in this meeting. Roll was then called to confirm Trustees' participation. Chairman Greer then asked all members of the audience to identify themselves for the record. He noted that all votes would be taken by roll call.

Trustees Present:

James Greer, Chairman
Jim Ford, Vice Chairman
Hannah Humphrey (for Jacob Westen)
Tom Kolb
Nikki Loethen
Don McNutt (*Via Conference Call*)
Jimmy Williams (for Kristi Naught)

Trustees Absent:

Ski Mariea
Danny Opie

Staff Present:

Kaly Erwin, Williams & Company Consulting
Dan Henry, Williams & Company Consulting
Craig Jacobs, Attorney General's Office
Diane James, Executive Assistant
Kelley Ogletree, Executive Director
John Taylor, General Counsel
Pat Vuchetich, Williams & Company Consulting

Others Present:

Justin Buckler, Deputy Director's Office, MoDNR
TJ Graven, Legislative Liaison, MoDNR
Ron Leone, Missouri Petroleum & Convenience Association
Daniel Lupton, Taylor & Mulder
Mike Martin, Tanks Compliance and Enforcement, MoDNR/ERP
Anthony Senevey, Taylor & Mulder
Mike Sutherland, Director's Office, MoDNR
Brian Wiegert, R & A Risk Professionals

Approval of Minutes – September 27, 2022 – Open Session

Jim Ford moved to approve the minutes as presented. Tom Kolb seconded. There were no amendments or discussion. A roll call vote was taken. Motion carried unanimously.

Monthly Reports

Chairman Greer asked if there were any questions or comments on any of the draft financial statements, monthly activity reports, or the large-loss claim summary, noting the financial statements are still only in draft form until the audit is complete. There were no questions or comments.

FY22 Actuarial Analysis - Taylor & Mulder

Chairman Greer introduced Daniel Lupton from Taylor & Mulder to present their FY22 actuarial analysis. Mr. Lupton commented he was joined at this meeting by his colleague, Anthony Senevey, and said the scope of work is identical to what's been done the last decade they've been doing these.

Mr. Lupton provided a presentation of the actuarial analysis, highlighting several areas and noting that the report is consistent with prior years' analyses.

Chairman Greer asked if there were any questions or comments before voting to approve this analysis as presented; there were none.

Jim Ford moved to approve the FY22 Actuarial Analysis as presented. Tom Kolb seconded. There were no other questions or comments. A roll call vote was taken. Motion carried unanimously.

Availability of Private Insurance Study - Taylor & Mulder

Chairman Greer then noted a portion of this report had been handed out to each of you this morning and the full report and backup data were emailed last week by staff. He asked Mr. Lupton to take them through their findings.

Mr. Lupton explained the process and scope of the analysis performed, including evaluation of publicly available data, as well as interviews with private insurance carriers and regulators. He then went through the report in detail and noted that, in summary, all or nearly all, tanks in Missouri are insurable through private carriers, but at a significantly higher cost than PSTIF participation.

Trustees discussed the differences in how private insurance premiums are determined versus how the PSTIF is funded. Specifically, the unique way the Transport Load Fee spreads the funding for coverage across all tank owners.

Ms. Ogletree noted that tank owners in many states have faced challenges with private insurance policies that deny claims and/or limit what they recognize in covered expenses.

It is particularly troubling when a tank owner switches from a state fund to private insurance and the retroactive date for the private policy is the date that policy began. When this happens, claims are frequently denied as having occurred prior to the retroactive date.

Trustee Kolb and other trustees expressed concern that private insurance would simply not be affordable for many tank owners in Missouri.

Chairman Greer asked if there were any further questions for Mr. Lupton; there were none.

Jim Ford moved to recommend the PSTIF Advisory Committee distribute this report on commercial/private insurance to the Legislature as required by 319.131.2, RSMo. Jimmy Williams seconded. There were no questions or comments. A roll call vote was taken. Motion carried unanimously.

Review/Approve FY24 Departmental Budget Requests and PSTIF Appropriations

Chairman Greer said next we have requests from two departments to consider, a report from MoDNR to look over, and a memo from staff regarding the Board's appropriations request.

Attorney General's Office – Chairman Greer commented first is the AGO's funding request for ½ of an FTE which is slightly higher than last year and likely due to the pay increase passed by the Legislature last year. Tom Kolb moved to approve the Attorney General's Office FY24 budget request for \$31,304, plus payroll taxes, fringe benefits, and any COLA added by the Legislature. Jim Ford seconded. There were no comments or discussion. A roll call vote was taken. Motion carried unanimously.

Department of Natural Resources – Chairman Greer said if you recall, last year the Board approved multi-year funding through our prior sunset date, which was halfway through FY26. Chairman Greer drew trustees' attention to documents provided by MoDNR and PSTIF staff that outline where PSTIF funds have been spent and performance measures. Trustee Humphrey noted that performance is down, in large part because of challenges surrounding the COVID-19 pandemic and staff turnover. She anticipates the activity in Tanks will increase as newer staff come up to speed.

Department of Revenue – Chairman Greer moved on to the DOR's request, which is the department that processes the transport load fee and noted the request is slightly higher, again due to the state's pay increase. Nikki Loethen moved to approve the Department of Revenue's FY24 budget request for \$35,451, plus payroll taxes, fringe benefits, and any COLA added by the Legislature. Jim Ford seconded. After a clarification on an equipment expense shown, a roll call vote was taken. Motion carried unanimously.

Petroleum Storage Tank Insurance Fund – And lastly, Chairman Greer drew Trustees attention to the Board's appropriations request and asked Ms. Ogletree to go through her recommendation.

Ms. Ogletree informed trustees that she recommends making no significant changes to the appropriations request in FY24 but noted that in FY25 the Board will likely have to increase the request in the category that includes professional contracts. This category includes underwriting costs, which go up slightly every year. Ms. Ogletree also reviewed the goals that will be presented to the legislature.

Chairman Greer asked if there were any questions. There were none.

Jim Ford moved to approve the FY24 PSTIF Board of Trustees appropriations budget as presented which includes: \$281,685 for salaries, plus associated fringe benefits and any COLA enacted, \$2,095,354 for staff and operating expenses, and \$20,070,000 for claims and refunds of participation fees, for an estimated total of \$22,447,039. Tom Kolb seconded. There were no other comments or discussion. A roll call vote was taken. Motion carried unanimously.

Trustee Kolb commented that while MoDNR's request is significant, he believes that they have a very large challenge to keep employees, train new ones, and complete the job they need to do. He stated that MoDNR is meeting this challenge as best as possible and commended them for that.

Transport Load Fee Increase

Chairman Greer directed Trustees to the next tab on whether to raise the transport load fee. He commented this was first discussed at their May meeting and determined then that \$4 per transport load would be an appropriate increase. He further noted an open meeting for public comment was held at their July 18 meeting, the comment period ended on September 16, and per staff's memo, no comments were received.

Tom Kolb moved to increase the transport load fee to \$32 per transport load and directed staff to take all steps necessary to implement this change with the target effective date of January 1, 2023. Jim Ford seconded. There was no discussion, comments, or questions. A roll call vote was taken. Motion carried with six Trustees voting in favor of the increase and Trustee McNutt voting against.

Other Information and Administrative Issues

Schedule 2023 Board Meeting Dates – Chairman Greer said first thing is a list of tentative meeting dates for 2023 and we will continue using this meeting location unless Trustees have an objection; there was no objection. Ms. Ogletree then commented by statute the Board needs to meet at least four times per year but have been meeting bi-monthly. She asked if there would be any desire from Trustees to only schedule quarterly meetings for 2023, but schedule more if the need arises. After a brief discussion about moving dates around to accommodate this new schedule, there were no objections to implementing a new schedule. Chairman Greer asked staff to narrow down dates and send to Trustees before the next meeting so they could check their calendars and vote on meeting dates at their next meeting.

Billings – Chairman Greer asked if there were any questions or comments on any of the billings provided to them; there were none.

Chairman Greer thanked everyone for attending and announced the next meeting is scheduled for Wednesday, November 30, 2022 at this same location.

Chairman Greer then asked for a motion to go into closed session to:

- Approve the minutes from our previous closed session; and
- Discuss ongoing and threatened litigation and other matters requiring consultation with our attorneys.

Jim Ford moved to go into closed session to discuss matters authorized by Subsection (1) of Section 610.021, RSMo. Tom Kolb seconded. A roll call vote was taken. Motion carried by a vote of 7-0 in favor.

The open meeting was adjourned at 10:55 a.m.

Respectfully submitted:

Approved by:

 /S/
Kelley J. Ogletree

 /S/
James Greer, Chairman

 11/30/2022
Date