ORIGINAL

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

MOTOR FUELS UNDERGROUND STORAGE TANK TRUST

FUND ADVISORY BOARD

The above-entitled meeting was held at the LDEQ, Galvez Building, Conference Center, 602 North 5th Street, Baton Rouge, Louisiana, beginning at 1:11 p.m., on June 20, 2019.

BEFORE:

Lori B. Overland
Certified Court Reporter
In and For the State of
Louisiana

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A P P E A R A N C E S

Nick St. Romain
Chairman

Jeff Baker
Gary Fulton
Cy Morin
Perry Theriot
Kerry Hill, via telephone
Roger Bright, via telephone
Theresa Delafosse
Michael Guillory
Nathan McBride
Joe McCartney
Steve Burnham
Durwood Franklin

Melissa Vizinat
Laura Maxwell, via telephone
John Wade, via telephone

Sam Broussard
Jason Efferson
Clinton Twilley
Kyle Blanchard
Roger Gingles
Natalie Isaacks
Jill Carter
Karyn Andrews
Steven Waguespack

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MR. ST. ROMAIN:
All right. I'd like to call the meeting to order. We'll start with a roll call. I guess we'll -- we'll go around. Start with Perry. Say your name and who you're with.
MR. THERIOT:
Perry Theriot, Attorney with the Louisiana Department of Environmental Quality.
MR. FRANKLIN:
Durwood Franklin, DEQ Trust Fund.
MR. BAKER:
Jeff Baker, DEQ Trust Fund.
MR. FULTON:
Gary Fulton, DEQ.
MR. McBRIDE:
Nathan McBride, Louisiana Mid-Continent Oil and Gas Association.
MR. BURNHAM:
Steve Burnham, Engineering Associates.
MR. McCARTNEY:
Joe McCartney, Louisiana Oil Marketers.

MR. ST. ROMAIN:

Nick St. Romain, Louisiana Oil Marketer Association.

MR. GUILLORY:

Michael Guillory, Louisiana Oil Marketer Association.

MS. DELAFOSSE:

Theresa Delafosse, Louisiana DEQ Financial Services.

MR. MORIN:

Cy Morin, LDEQ Audit.

MS. VIZINAT:

Melissa Vizinat, DEQ Trust Fund.

MS. ANDREWS:

Karyn Andrews, DEQ.

MS. CARTER:

Jill Carter, DEQ Legal.

MR. EFFERSON:

Jason Efferson, DEQ Trust Fund.

MR. BLANCHARD:

Kyle Blanchard, DEQ UST.

MS. ISAACKS:

Natalie Isaacks, Louisiana Oil Marketers.

MR. WAGUESPACK:

Steven Waguespack, Louisiana Oil Marketers.

MR. GINGLES:

Roger Gingles, DEQ.

MR. TWILLEY:

Clinton Twilley, DEQ.

MR. ST. ROMAIN:

And anyone on the phone.

MR. WADE:

This is John Wade.

MS. MAXWELL:

Laura Maxwell from Pinnacle Actuarial Resources.

MR. BRIGHT:

Roger Bright with Jones Environmental.

(An off-the-record discussion followed.)

MR. ST. ROMAIN:

Okay. All right. Now, we'll move on to consideration and adoption of the March 19, 2019 board meeting minutes, as written. Do we have any motions to accept the board minutes, as written?

MR. FULTON:

Motion to accept it.

MR. ST. ROMAIN:

Got a motion from Gary. Any seconds?

MR. GUILLORY:

Second.

MR. ST. ROMAIN:

All right. All in favor?

(All indicated "aye".)

MR. ST. ROMAIN:

Okay. We'll move on to item number three, the financial services report with Theresa Delafosse.

MS. DELAFOSSE:

Good afternoon everybody. If you'll turn to tab three in your packet, we have the financial information as of the third quarter of fiscal year 2019.

The first page, ya'll are use to seeing, we have the three different columns with the final financial statement for the end of fiscal year 2018. The center column is the third quarter financial statement, as of March 31st, 2018. And the third column is the fiscal year 2019 statement as of March -- March 31st, 2019, for the first three quarters of this fiscal year.

It's pretty much business as usual as

far as the money is concerned. You know, we collected, at this -- at this time last year, we had collected 16.5 million. At this -- at that -- at the same time this year, we collected 17.6 million.

As you can see in the third row, our interest earnings are still -- still up there, still growing. Which is great for the abandoned tank work that we're able to do it with those funds. Year-to-date, we have collected 2.1 million dollars.

Our claim for reimbursement are showing down a little bit at this point, as compared to last year. I think they may just be some timing of how -- how things are shaking out this year. We don't have our -- we don't have our final numbers yet, of course, for the whole year.

And then at the bottom, you see the cash balance without the interest. Again, because that interest revenue is reserved for the abandoned tank work. It is 109.3 million dollars. Our total cash balance is 119, which means we have about ten million dollars available for that abandoned tank work.

Our current site liability, which that's a new number here, is the number that was determined by Pinnacle, by John and Laura, that 153 million dollars. That represents the liability -- the estimated liability on the current sites that we have in our universe, which gives us a negative equity balance of 43 million dollars.

Ya'll are use to seeing there -- instead of the actuary number, you're use to seeing the obligation calculation that Jeff does, which looks just more at the CAP budgets and then uses -- uses the average cost to close for the remaining sites without CAP budgets to estimate the obligation on those sites. But again, that's a -- that number is a little, obviously, lower, but it does not include -- it's not as accurate, we believe.

So if you -- if you use that number, we would have a positive equity balance. But -- but that -- that's some information about that page.

The next page is our projection of

what we anticipate the transfer will be from the motor fuel trust fund to the environmental trust fund to make the department whole for the cost of operating the program. It's -- from -- from last year to this year, it should be fairly steady. There's a slight decrease projected at this time of right around $60,000. So again, our expenditures are -- are in line with -- with what they were last year.

We did have additional federal revenues available, which is great. We had an increase there.

So that's all I have this time. But we'll do the full, long presentation at the year-end meeting, which will be held in August, hopefully.

So any questions?

MR. BURNHAM:

Theresa, I hope I can make this question make sense --

MS. DELAFOSSE:

Okay.

MR. BURNHAM:

-- but on the -- on the getting in the

negative numbers, once you take in current site liability, what time frame is that based on? In other words, is there -- is there a way to say that would take ten year -- if -- if everything stayed the same with income and -- and spending every year, how long would it take us to get in to those negative numbers where we were out of money? Is that a five-year thing or ten-year thing or a -- how long is the --

MS. DELAFOSSE:

That may be a better question for the actuaries -- and -- but -- in that topic, which is next on the agenda. But I could look at the report. I mean, it -- no, it wouldn't be five years. I'd be longer out than that. Based on their projections in the report, which again, is the next agenda item, the fund will continue to grow. They did project that based on our current -- current fee level.

MR. BURNHAM:

Okay. Well --

MS. DELAFOSSE:

But it will begin to decrease in about

ten years.

MR. BURNHAM:

-- I -- I just -- all right. 2032 is what they --

MS. DELAFOSSE:

Yes.

MR. BURNHAM:

Yes.

MS. DELAFOSSE:

We'll head in the other direction in about ten years.

MR. BURNHAM:

Okay. That's what I wanted to know.

MS. DELAFOSSE:

Anything else?

(No response.)

MR. ST. ROMAIN:

All right. No further questions, we'll move on to -- I guess we need a -- do we need a motion to accept that, Perry?

MR. McCARTNEY:

I move to accept the financials.

MR. ST. ROMAIN:

Okay.

MR. GUILLORY:

Second that.

MR. ST. ROMAIN:

All right. We have motion and second to accept the financial services report.

We'll move on to item four, the actuary report.

MS. DELAFOSSE:

Okay. So this is a -- a recurring item, of course, for us. But since that time, we have provided the report to everyone electronically. It is in EDMS, our electronic document management system. And as well, we have available this two-page summary that I wrote and had reviewed by John and Laura, again, with Pinnacle.

I hope ya'll had a chance to review this. It does give a -- a lot more basic yet and short understanding of the report.

Again, their -- the calculation that the actuaries performed estimates that the remaining liability on our current sites is 153 million dollars. And the liabilities estimated on future sites is 378.7 million dollars.

Of course -- and they can -- ya'll --

ya'll pipe in at any time if I say anything that's not accurate. But I would say that the number -- their -- they have a lot more -- the -- the future site number is -- is not as certain, because there are so many more variables as far -- that can change going into the future, you know, time, value, money, guidance document changes, the uncertainty of what those sites will look like if we ever change the -- the CAP from one and a half million to something higher, depending on what sites come in our universe and -- and what we decide to do, et cetera, any changes in deductible. You know, there are so many things that could change the -- the further out we go. So there's a lot of unknowns, of course, with the future sites.

They also took into account the administrative costs and did a -- a -- there's sheets, of course, in the report that show the projected equity balance at both the current fee and the reduced fee, using that formula as outlined in the results section of my summary.

With the current fee, the cash balance

increases each year through 2037, at which point it would begin to decline. With the reduced fee, the project -- so if we were to cut the fee in half, the projected cash balance of the fund would reach zero dollars during fiscal year 2032.

So we did provide a lot of data to Pinnacle. You'll see that list there under the data heading.

The actuary used three methods to calculate the current and future liabilities. I've summarized those methods. They're at the top of page two. And those are outlined in the report, as well.

I don't know if ya'll have any specific questions about those. It would probably be best, again, for John and Laura.

But they -- and these are -- these are standard methods that are used for insurance or different -- different types of programs that actuaries evaluate. And then they evaluate those three methods compared to each other to determine and pick a high and low, depending on which method had the low, which method had the high and then calculating an average for those, to kinda smooth things out and make sure that we're not selecting the method that always has the highest or always has the lowest, to make sure we're -- we're being reasonable.

And then they -- they use two methods for the future incidents. And that's outlined under that section, but I -- I think more pertinent for our discussion, most likely is the current incidents. So I'll -- I'll leave that -- leave that as it is.

So we did not include a copy of the report because we sent the link beforehand. But I have a copy and Jeff may have a copy, if anybody needs to see anything specific, or didn't -- didn't have access to the that.

So that's -- that's a little high level look at the actuary report. And again, John and Laura are both on the phone and ready to answer any questions on it.

MR. McCARTNEY:

I have one. And -- and -- and these guys explained it to me a while ago, but I just want to be clear. These -- this 200 to

250 sites, future sites to clean up, are those specific sites or is that a number of sites you feel like will probably come up over the --

MR. FULTON:
They're specific.

MS. DELAFOSSE:
Identified sites.

MR. FULTON:
They're identified sites.

MR. McCARTNEY:
They're identified sites?

MR. FULTON:
Yes.

MR. ST. ROMAIN:
Are -- are they trust fund eligible?

MR. FULTON:
Some of them are, some of them aren't. It just really depends. And we're -- we're trying to work through that now.

MR. ST. ROMAIN:
Okay.

MR. BAKER:
Joe, what that list is, is we looked at all the active incidents in our data

system and we looked at all the ones that are in the trust fund data system and we looked at the difference. We broke out the ones that aren't -- that have been requested eligibility and -- and were denied, which were about 50 to 60. And the rest of them were in that 200 to 250 count that we told you before. And Gary's group is going through and vetting those right now.

MR. McCARTNEY:

What kind of -- did you put a -- an average cost on each one of those?

MR. FULTON:

We didn't. Now, I -- I don't know if they were --

MS. DELAFOSSE:

So those -- that's only part of their future incident calculation, the 250. That's, again, not part of the current incident, because those -- they're still unknown, what the cost will look like and they haven't come into the program yet.

MR. ST. ROMAIN:

Those are tanks that are in the actuarial's numbers, but not in the numbers that Jeff --

MS. DELAFOSSE:

They're not in their -- they're not in their 153 million. They're in their other number for future. They're taken into account for future, because they did project going forward, an increase of the number of sites that would come into the program each year. And part of that is the 250, as we work through those and, you know, get the ones -- beginning to get cleaned up that are eligible and bring them into the fund, they did project that the number of sites would increase.

MR. McCARTNEY:

But those 250 aren't included in the 153 million --

MS. DELAFOSSE:

They are not. That is correct. They are not included in the 153.

MR. McCARTNEY:

Okay.

Do you have any idea what that'd be? I mean, you got a rule of thumb what -- an average --

MR. BAKER:
Our average right now is running between 250 and 272, 273.
MR. McCARTNEY:
Right.
MR. BAKER:
That's what it's been running the last couple of years.
MR. McCARTNEY:
I -- I was just curious.
MR. ST. ROMAIN:
So I -- I have a question, I guess more around the -- the regulations or legislation that -- that governs -- governs how the trust fund works is -- and I don't have it with me and haven't read over them recently. But it seems I remember that -- that the calculation of the allocated portion was explicitly listed out in those regulations. And it basically is the calculation that Jeff runs and that's what the regulations say is how we determine allocated balance.
MS. DELAFOSSE:
That was in the 20 -- in 30:2195.3,

but that was amended out -- or repealed out in 20 -- in last year.

MR. ST. ROMAIN:

To allow an actuarial number to be the number?

MS. DELAFOSSE:

It's not spelled out at all now what -- what number should be --

MR. THERIOT:

When -- when the board was given the authority to recommend changes in the amount of withholding, that portion was removed because it was no longer deemed necessary. Just the maximum amount would be okay. That's why we commissioned the study, to begin with, was to find -- to assist the board in taking a look at what future liabilities of the fund actually are, the way that insurance companies usually do it. And so that's why we hired the actuary. And while I think we still look at those numbers --

MR. ST. ROMAIN:

Isn't that 40 million trigger point of the off/on, calculated off of those -- the numbers that Jeff --

MR. THERIOT:

I think that was taken out. The 40, it's -- it's not there anymore. And anyway, it says, obligated funds, but doesn't define what obligated funds are. You could say that the 153 that they're talking about are obligated because they are going to be used for current sites that are in the system. I'm not sure -- I was looking it up to make sure how -- how it's actually worded now. Let me see if I can find it.

MR. ST. ROMAIN:

I was just more curious, based on the regulations, could this actuary number even be admitted as the unallocated balance for determining the trigger point --

MS. DELAFOSSE:

Yes. So what you're referring to is this section ten --

MR. ST. ROMAIN:

Yes.

MS. DELAFOSSE:

-- that was repealed. It read, "For these purposes, the unobligated balance shall be determined by subtracting from the cash balance at the end of each month, the sum of total estimates made by the board of eligible payment request, pending review, and the outstanding balance of the estimated cost to be incurred with corrective action plans approved by the department." So as it's written exactly like that, we -- you know, we adjusted it throughout the years, I guess, and added it to sites that didn't have CAPs. But that's written to just say CAPs. If I'm reading --

MR. BAKER:

But it -- but that --

MS. DELAFOSSE:

But it's not in there anymore.

MR. BAKER:

That's the old -- you know, for clarity, that was the old language.

MS. DELAFOSSE:

Yes.

MR. BAKER:

That was removed.

MS. DELAFOSSE:

Yes.

MR. BAKER:
And then was replaced with the board's recommendation.
MR. ST. ROMAIN:
But the trigger point of the 40 million cut on it would just be 20 million?
MR. BAKER:
That's -- that's -- that's all been removed.
MR. ST. ROMAIN:
That's all been removed.
MR. BAKER:
Yes.
MR. McCARTNEY:
Perry, let me ask you one thing just --
MR. THERIOT:
I've got the statute out.
MR. McCARTNEY:
If this actuarial firm did this the same way they would for insurer (inaudible) figured their reserve, do they figure in interest, percentages on top of this cost?
MR. THERIOT:
I was looking through Theresa's

report, but you're -- you're free to ask them. They're on the phone, you know. They could tell you what they used. But I did notice in Theresa's report, the interest was excluded from the calculation because it's dedicated to the abandoned tank fund.

MS. DELAFOSSE:
Is that your question, the interest money?

MR. McCARTNEY:
Yes.

MS. DELAFOSSE:
Yes.

MR. McCARTNEY:
Is -- is this figured like an insurance company where they add some interest figured in there, future interest, and debt cost?

MS. DELAFOSSE:
Oh, like future interest earnings?

MR. McCARTNEY:
Yes.

MS. DELAFOSSE:
Well, the interest earnings -- since -- since the interest earnings are reserved

for the abandoned tank program, they're not included in this analysis.

MR. McCARTNEY:

Because that interest earned on money tide up and things like that -- I'm talking about, is -- is there any padding in this or is this cost, this actual --

MR. THERIOT:

I -- I think I might be understanding what you're asking. When the department takes in funds and it's deposited into this, handled by the treasure, I'm sure, for the state, that -- that fund and with all the money that's deposited, it does accrue interest. But in the case of the trust fund, any monies from that fund that's sitting there goes to the abandoned tank fund.

MR. McCARTNEY:

No. What I'm -- what I'm talking about, if I had one figured for me, I want a little cut in that fee in there when I'm figuring my cost. Is this -- are these figures at -- at today's cost or they --

MR. THERIOT:

No. As a matter of fact, you can ask the adjustors more specifically but I think they figure in inflation as one of the things that this is -- that is taking --

MS. DELAFOSSE:

Time, value, money and the increase of -- in cost. Like the guidance document that we were -- we are gonna continue to reevaluate every two to three years to determine if we need raise any of those rates.

MR. THERIOT:

Yes.

MS. DELAFOSSE:

That's taken into account, yes.

MR. McCARTNEY:

Okay. All I was asking is, if you're figuring for an insurance company, they've got a profit figure figured in there.

MS. DELAFOSSE:

Right. No, we don't have a -- nothing like that would be in --

MR. THERIOT:

Yes. Well, no, I think you're -- you're confusing two concepts. When an insurance company receives a claim, they are required by law to set aside that money. They can't -- they can't touch it. Okay. That's a requirement on an insurance company.

MR. McCARTNEY:

Yes.

MR. THERIOT:

I -- I don't know how accounting-wise. I'm not in the insurance business. Because that money, while it's not touchable, may still gain interest for somebody. I don't know.

MR. McCARTNEY:

It may not be taxable either.

MR. THERIOT:

But --

MR. McCARTNEY:

You know, it's -- it's -- I'm just asking, is this pure cost figure?

MR. THERIOT:

I -- I really don't know how they do that, but I do know that they're -- the money is -- they can no longer invest it as they want to. It has to be set aside so that it can be used for the claim.

MS. DELAFOSSE:

John may know --

MR. THERIOT:

Yes.

MS. DELAFOSSE:

-- anecdotally.

MR. THERIOT:

You guys know that on the phone? Any of ya'll know the answer to that?

MR. WADE:

Well, Laura, chime in, but -- this is John. The insurance companies have a little bit of latitude what they do with that money, but the accounting requirements are strict enough that they have to have certain funds set aside. Now, they can still invest those funds and earn interest on it, but that interest that they're earning is actually figured in. For example, when an insurance company, let's say an auto insurer, has liabilities that it has to pay, and they set those monies aside, the interest that they're going to earn on that is taken into account when they establish what rates they ought to be charging the consumer. So it's not just the liability, but -- but the interest side comes in as well. So -- so the money is available but they have ways that they set it aside, to keep it. They -- they have to have it available to pay their claims, if you will. But the interest that comes in helps reduce that liability. I mean, they need to use that to pay the claims. I -- I don't know if that makes sense.

MR. McCARTNEY:

Well, yes. That -- that answered my -- there's a factor in there that you're factoring in to pay those claims, so it -- it -- it's a little bit of cushion in there. That's all I was asking.

MR. WADE:

Yes. And -- and to Theresa's point, there is no cushion here because we -- we specifically did not include interest earnings.

MR. McCARTNEY:

Okay. I was just curious.

MS. DELAFOSSE:

They know a lot.

Any other questions?

MR. McCARTNEY:

Will this -- one more question and I'll be quiet. Will this study show up to protect this fund as a reserve like it would a reserve for an insurance company? The legislature can come after this. This -- this fund is -- is -- is in the red now. It can't (inaudible) it's obligations now, according to this study. And they say, "well, it's a big difference in the study you had last year." Will it stand up?

MR. THERIOT:

Nobody can speculate on the future.

MR. McCARTNEY:

Well --

MR. THERIOT:

And nobody knows that those guys over there do. But the -- the report is -- will be forwarded to the legislative committee that sees us.

MS. DELAFOSSE:

Yes. And, I mean -- and I've mentioned this before, but the legislature works, you know, they have a retirement committee in both the Senate and the House side and they work closely with the actuaries. There's -- the legislative auditors office has actuaries on contract and then there are actuaries that work for all the major retirement systems, and then actuaries that work for the smaller retirement systems as well, that do these same reports, an evaluation every single year. And the legislature absolutely relies on those numbers. I mean, they -- that's exactly how they calculated the unfunded accrued liability so many years ago and that's why we pay 40-something percent per employee right now in the retirement to get those systems caught up, because they're not quite pay as you go where they pay out exactly what they earn every year, but they certainly are behind.

MR. McCARTNEY:

This --

MS. DELAFOSSE:

And they -- they -- they take those reports into account. And they -- they make decisions based on them. And they're -- they're serious about the UAL over there, so I can't imagine they would be anything but serious about the actuary report for this program. And then, you know -- I guess, your -- was your question about the ability for money to be taken from the fund, as well?

MR. McCARTNEY:

Yes.

MS. DELAFOSSE:

Because I wanted to address that too and say, you know, the standard amount that can be taken, when there's a mid-year deficit, not any other time -- there has to be a mid-year deficit. So for example, this fiscal year there was not a deficit. There was a surplus. So they can't -- they can't do anything with any of our funds when there's a surplus, not the environmental trust fund, motor fuel trust fund, anything. When that is triggered and there is a major deficit, the most that they can take is five percent of the budget. So the budget for trust fund is around 16/17 million dollars, which leaves -- that's about 700/800 thousand is the only cash that can be moved by the Governor in those years --

MR. ST. ROMAIN:

Five percent of the budget.

MS. DELAFOSSE:

Five percent of budget. Not of balance. Right.

So if anything were to be done to take the balance, that would have to be a separate legislative instrument. So --

MR. McCARTNEY:

Well, then that's what --

MS. DELAFOSSE:

-- there's a funds bill that they do every year or anything -- you know, and they could do that before, now, after, whenever.

MR. McCARTNEY:

Well, I think all our interest is the same, to protect the fund.

MS. DELAFOSSE:

Absolutely.

MR. McCARTNEY:

And -- and they say Oklahoma is an example. The legislature pulled all the money out of their fund. And this is the best insurance we can get to prove that this money is obligated where it is, is that --

MR. FULTON:

And I would agree with --

MR. McCARTNEY:

That's kinda where --

MR. BAKER:

Well, you have a third party entity that came in and looked at our fund. That should give it credibility right there.

MS. DELAFOSSE:

Experts.

MR. ST. ROMAIN:

And how -- how often will they -- will Pinnacle touch up their -- renew their -- their math? Is it annually or is it bi-annually or --

MR. BAKER:

That's up to us. We can -- we can choose whatever we want.

MS. DELAFOSSE:

Yes. And I think -- you know, my opinion and I -- and I guess the opinion of the undersecretary and the financial folks, would be that since we haven't had this done before, it may be prudent to do it maybe for the first two or three years annually, but then once we have -- you know, the -- the -- the more analysis they can do and the more data they have, the more accurate it becomes. So I think we would maybe be able to push out the duration at that point. But that decision can be made any time. I mean, you know, we can do a contract every year. We can do a three year contract. We can do a one year contract. And then decide, let's do it every two years, or we can push it out to three or four. You know, if we see that the numbers are steady and we're confident -- we're confident with where they are. But yes, that -- that's really up to -- up to us and the department together.

MR. BAKER:

And remember that -- I know ya'll know the number for the actuary this time is in the $90,000 range. That wasn't just for this portion of it. There's a second phase to this that actually is a little more money than what this one was. So it -- the cost of that overall, of year to year, would be a lot less than the $90,000 in theory.

MR. ST. ROMAIN:

Any other questions?

(No response.)

MR. ST. ROMAIN:

If there's no further questions, can we get a motion to accept the actuary report?

MR. FULTON:

I have a motion we accept it.

MR. ST. ROMAIN:

Okay, Gary. Can I get a second?

MR. McCARTNEY:

I second.

MR. ST. ROMAIN:

Joe, second.

All right. We'll move on to item number five, the auditor status report. Cy?

MR. MORIN:

How are ya'll doing? Turn to page five, please.

Okay. The first page of this report shows that we currently have 17 open motor fuel delivery fee audit cases.

MR. HILL
Kerry Hill calling in. Sorry I'm late.
MR. ST. ROMAIN:
Hey Kerry.
MS. DELAFOSSE:
Hey Kerry. Oh, and before you get going, one second. I don't know if ya'll want -- do ya'll need John and Laura to stay on the phone, or can we have them drop off? I don't know if ya'll have any questions? I know ya'll didn't have anymore questions, but any -- any reason for them to stay?
(No response.)
MS. DELAFOSSE:
We can always email them questions. Okay. Ya'll are good, John and Laura.
MR. WADE:
We appreciate it.
MS. DELAFOSSE:
Thank ya'll.
MR. BAKER:
Thank you, John.
MR. MORIN:
So, as of May 7th, when this report

was created, one case has been assessed for unpaid late fees. We're awaiting payment of $132.09.

Seven cases are awaiting review. And pending review, we have two potential assessments, totaling $1,141.40. One potential credit of $44.68. And four potential clean audits with no assessment.

Eight cases are still in progress and one case is awaiting closure. We received a payment of $996.46.

Since the last meeting, one case has been added to the list. That was as of May 7th. We -- we've started five additional audits since that time. So the next report, you'll see five additional audits closing out fiscal year '19.

We also removed five cases from the list that were closed with no assessment.

Questions on that page?

(No response.)

MR. MORIN:

The second page is very similar, guys, as it has been for many meetings. Four cases -- four cases remaining. Three are at

ODR. As of May 6th, we have received no payments from ODR. The second case on the list continues to make $200 payments every month.

As of the time of this report, the last payment was on April 4th. Since then, we've received two more payments. So the balance, instead of $3,955, would now be $3,455.43.

As of today, the total balance of these cases is $103,105.20. $400 less than what you see here on the paper, plus the additional court cost.

I believe that concludes my report.

MR. ST. ROMAIN:

Okay. Any questions for Cy?

(No response.)

MR. ST. ROMAIN:

Can we get a motion to accept the auditor's report?

MR. BURNHAM:

Motion to accept.

MR. ST. ROMAIN:

All right. We've got Steve. Can I get a second?

MR. GUILLORY:

Second.

MR. ST. ROMAIN:

All right. We'll move on to item number six, the trust fund status report. Jeff?

MR. BAKER:

Good afternoon. If you'll refer to tab number six in your packets. These are the figures for the third quarter of fiscal year 2019.

During the third quarter of this year, the trust fund has received 210 applications, totaling approximately 3.7 million dollars. 220 applications were processed for payment during the fiscal year, totaling 3.4 million dollars, with 32 applications returned with deficiencies.

As of the end of March 2019, the trust fund had 78 pending applications to process, which had requested total amounts of approximately 1.3 million dollars.

You'll notice on this page too that we -- we started grouping things by the quarter. That was one of the board members requested that at the -- a few quarters back, and we -- we were able to get it done. And we hope that that makes it easier for ya'll to follow the quarter -- quarterly numbers.

If ya'll have any future questions or request on these forms, please let me know. We'll -- we'll try to adapt, if we can.

If you'll turn the page. You'll see the next page is title, report of cumulative activities for the motor fuel trust fund. This is kinda of a historical review of the fund. You'll see our -- how many applications we've received, processed, total number of claims since the inception of the fund. This is strictly here for ya'lls historical information and resources.

Also, note towards the bottom, you'll see that it's very small print, but you'll notice the budgeted amounts for the fund for each year is down there. So if you'll look -- like I said, it's very small print towards the bottom. It says, for fiscal year 2019, our budgeted amount was 15.6 million dollars. So --

If you'll turn the page. You'll see the handout entitled, monthly motor fuel obligation determination. This is the worksheet that list the various component determinations of the potential obligation against the fund to the end of March 2019. For sites in the corrective action phase, the outstanding liability of CAP budgets and the estimated cost to the end of March 2019 was 18.7 million dollars, with approximately 9.4 million dollars in RAC estimated additional cost to bring these sites to closure. These are noted in sections G and H on that form.

The fund obligation recognized for sites without ROG approved CAP budgets is 23.2 million dollars. This is determined by using a three-year average of site closure cost and applying this average to the active trust fund sites without current CAP budgets.

The next section is the -- the fund obligation recognized for three sites that have been determined to be trust fund eligible, however, have not submitted their reimbursement application request. This estimated obligation is approximately 7.6 million dollars. This is also calculated using that three-year average site closure cost.

The five-year projected fund obligation related to the trust fund to environmental fund transfer is 22.9 million dollars. This estimate uses a three-year average cost transferred from the trust fund -- motor fuel trust fund to the environmental fund and multiplies that times five years. Thus, the total estimated obligated amount was 81.9 million dollars, which represents a 3.3 million dollar increase compared to last quarter's estimates.

Please note the handouts provided on your -- on the table. This -- there's two forms here. One is the actual sites that were included and that have corrective action plans. And the other is sites that currently do not have corrective action plans. This is a breakdown of all the individual sites. It list their total cost so far. It list all the different categories that go into the obligation determination. But it gives you an idea of the -- of the individual sites that are -- that go into this.

If you'll note on the next page in the packet. You'll see in the packet -- the page entitled incidents determined that are eligible for the motor fuel trust fund. This report shows the number of potential trust fund sites that were reviewed and made eligible. During the current year, it was 36. And these represented 42 active incidents.

And if you'll turn to the next page, you'll see sites that were NFA'd during this fiscal year. And you'll see that the trust fund has received no further action statuses for 29 locations during this fiscal year.

Some points of interest. The trust fund and the RAC stakeholders have been developing revised guidance related to soil -- soil and contaminated waste water disposal. The previous guidance needed to be updated to add clarity and address some habitual situations. This guidance, along with some additional small clarifications were added to a draft -- draft version of the trust fund guidance document and were provided to the board members this morning in an email. If ya'll -- we -- we asked ya'll in the email to get back with us by next Friday. We hope to implement this revised version by July 1, 2019.

It's not a lot of major changes. It's pretty minor. The changes related to the soil and the waste disposal were necessary. We have a lot of habitual issues that we were trying to address. And we think this will -- will help a lot.

That's pretty much it for me. Does anybody have any questions?

(No response.)

MR. ST. ROMAIN:

All right. No questions. Can I get a motion to accept the trust fund status report?

MR. GUILLORY:

I make a motion.

MR. ST. ROMAIN:

All right. Michael made a motion.
Can we -- can we get a second?
MR. FULTON:
Second.
MR. ST. ROMAIN:
Okay. Gary seconded. Thank you.
We'll move on to item number seven, the third party claim status with Perry.
MR. THERIOT:
I'm happy to report that there's been no changes. No new suits and no new settlements. And we haven't received any third party claims in quite a while, so it's a good thing that we're not getting any.
MR. ST. ROMAIN:
Any questions for Perry?
(No response.)
MR. ST. ROMAIN:
All right. We'll move on to item eight, other business. And we have a bullet there for discussion for change in deductible.
MR. BAKER:
Each year, the board is required to look at the deductibles and make

recommendations to the secretary as to whether we need to make changes.

A couple of years ago, the board recommended we drop the in-compliance deductible from $5,000 down to zero. It's up to ya'll to look at that and make recommendations on an annual basis. So this is the -- the -- usually the quarter that we do that. So we want to give ya'll that opportunity.

Just to give you an idea. Right now, we've been looking at the numbers for the last couple of years and our average out-of-compliance versus in-compliance is about 40 -- about 40 to -- 40 percent out-of-compliance, 60 percent in-compliance. Which, if you compare that to seven or eight years ago, it was actually the reverse.

MR. ST. ROMAIN:

Right.

MR. BAKER:

We actually had about 60 percent out-of-compliance and 40 percent in-compliance. So we're making some headway there.

If you wanted to recommend changes to

the out-of-compliance deductible, please recognize that the statute says right now, you can't reduce it below the existing $10,000. So to reduce that or make any changes there, it would require statute changes.

MR. ST. ROMAIN:

Okay. So I guess if we have a -- any motions to change them, we'll take them, but if there's no motions to change it, then we just leave it alone and go forward?

MS. DELAFOSSE:

Yes.

MR. ST. ROMAIN:

Any discussion, guys?

(No response.)

MR. ST. ROMAIN:

I think everybody is good. Ya'll all good?

MR. FULTON:

We don't have any concerns for -- for the fees with where it's at right now.

MR. ST. ROMAIN:

Okay.

MR. BURNHAM:

Is there a mechanism by which we can proceed with remediation when a -- I know this is not the first time this has been brought up -- when an owner cannot pay the deductible?

MR. FULTON:

We do have some provisions where we can use the liens provision. And we are working with Perry to draft a letter. We are doing that now from time to time.

And it's only -- it can only be used on -- on stations that are -- that's not in service. They're -- they're not in service.

MR. THERIOT:

No longer in business.

MR. FULTON:

So that's a big issue with regard to, if they can't meet their deductible, they're still dispensing fuel and they can't pay, then why -- some of the sites, issues like that, we can use the red tag ability. But we're careful when we do that. It's not something we would prefer to do.

MR. BURNHAM:

Thank you.

MR. GUILLORY:
I'll make a motion to accept the deductible as it is.
MR. ST. ROMAIN:
Okay. I got a motion from Michael to keep the deductibles as is.
MR. McCARTNEY:
Second.
MR. ST. ROMAIN:
Second. All in favor?
(All indicated "aye".)
MR. ST. ROMAIN:
All right. Any other business?
MS. DELAFOSSE:
I would like to share that yesterday, the Governor signed Act 362, which is a bill that's done every year, the funds bill. Sometimes, we don't want to be in the funds bill, but this time we were in it and it's good news. The state treasurer was authorized and directed to transfer one and a half million dollars back into the fund from the state general fund.
So I know ya'll probably remember a couple of years back in the budget bill,

House Bill 1, about seven million dollars was transferred from the attorney general's escrow that was ours from the lawsuits into the state general fund. And so we've been working with the Governor's office to develop a plan to get the fund paid back for that amount. And so that's -- that's a good start, a million and a half dollars more for the treasurer's office to have that happen during next fiscal year, beginning in July.

So I just wanted to share that news with ya'll. And it was signed yesterday by the Governor.

MR. McCARTNEY:

How did they come up with that figure? Is that just --

MS. DELAFOSSE:

What?

MR. McCARTNEY:

That one and a half over seven?

MS. DELAFOSSE:

I have no clue. It's just an amount they came up with that they felt like they could give us.

MR. McCARTNEY:

That will happen next year --

MS. DELAFOSSE:

Oh, no. We're gonna keep working on it. We're gonna get the rest. That's just a start.

MR. McCARTNEY:

A million and a half a year, is that --

MS. DELAFOSSE:

I don't know. I don't think they know.

MR. ST. ROMAIN:

It's a one time number.

MS. DELAFOSSE:

Well, I mean, I think they had some surplus money this year and that was one of the -- one of the decisions they made with -- with how to spend that surplus. So it works out for us.

And that's all I have.

MR. ST. ROMAIN:

I guess one thing I have before we close the meeting is, I have a date of August 15th for the next meeting. Is that still accurate?

MR. BAKER:
Yes.
MR. ST. ROMAIN:
Is that here or is that in Alexandria?
MR. BAKER:
Thank you for bringing that up. We were actually going to comment on that.
We're going to actually have that meeting in Alexandria.
MR. ST. ROMAIN:
Okay.
MR. BAKER:
The same location we had. It's the LSU Ag Center there. It's kinda south of Alexandria. We thought it worked out real well. We were trying to -- you know, ya'll -- ya'll give us your feedback, please. We thought it would be a good idea to try to move it around at least once or twice a year to try to make it easier for the guys coming from North Louisiana to make it down. They don't have to travel quite so far.
MR. ST. ROMAIN:
I don't think you'll get a complaint. It's probably closer for all of us. Even

Kerry on the phone.

All right. If no other business, I guess we'll ask for a motion to close the meeting.

MR. BURNHAM:

Motion to close.

MR. McCARTNEY:

Second.

MR. ST. ROMAIN:

All right. Guys, this meeting is adjourned.

THE MEETING ADJOURNED AT 1:55 P.M.

* * * * *

REPORTER'S PAGE

I, Lori B. Overland, Certified Court Reporter, in and for the State of Louisiana, the officer, as defined in Rule 28 of the Federal Rules of Civil Procedure and/or Article 1434(b) of the Louisiana code of Civil Procedure, before whom this sworn testimony was taken, do hereby state on the Record

That due to the interaction in the spontaneous discourse of this proceeding, dashes (--) have been used to indicate pauses, changes in thought, and/or talk overs; that same is the proper method for a Court Reporters's transcription of proceeding, and that the dashes (--) do not indicated that words or phrases have been left out of this transcript;

That any words and/or names which could not be verified through reference material have been denoted with the phrase "(inaudible)."

Lori Overland

____

Lori Overland, C.C.R.

97083

CERTIFICATION

I, Lori B. Overland, Certified Court Reporter in and for the State of Louisiana, as the officer before whom this testimony was taken, do hereby certify that the above referenced individual to whom oath was administered, after having been duly sworn by me upon authority of R.S. 37:2554, did testify as hereinbefore set forth in the foregoing pages, that this testimony was reported by me in the stenomask reporting method, was prepared and transcribed by me or under my personal direction and supervision, and is a true and correct transcript to the best of my ability and understanding; that the transcript has been prepared in compliance with transcript format guidelines required by statute or by rules of the board, that I have acted in compliance with the prohibition on contractual relationships, as defined by Louisiana Code of Civil Procedure Article 1434 and in rules and advisory opinions of the board; that I am not related to counsel or to the parties herein, nor am I otherwise interested in the outcome of this matter.

Lori Overland

Lori Overland C.C.R.

97083

In The Matter Of:

STATE OF LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY

MOTOR FUELS UNDERGROUND STORAGE TANK TRUST FUND

MEETING

June 20, 2019

Associated Reporters, Inc.

2431 South Acadian Thruway

Suite 550

Baton Rouge, La. 70808

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STATE OF LOUISIANA
DEPARTMENT OF ENVIRONMENTAL QUALITY
MOTOR FUELS UNDERGROUND STORAGE TANK TRUST
FUND ADVISORY BOARD

The above-entitled meeting was held at the LDEQ, Galvez Building, Conference Center, 602 North 5th Street, Baton Rouge, Louisiana, beginning at 1:11 p.m., on June 20, 2019.

BEFORE:
Lori B. Overland
Certified Court Reporter
In and For the State of
Louisiana

A P P E A R A N C E S

Nick St. Romain
Chairman

Jeff Baker
Gary Fulton
Cy Morin
Perry Theriot
Kerry Hill, via telephone
Roger Bright, via telephone
Theresa Delafosse
Michael Guillory
Nathan McBride
Joe McCartney
Steve Burnham
Durwood Franklin

Melissa Vizinat
Laura Maxwell, via telephone
John Wade, via telephone

Sam Broussard
Jason Efferson
Clinton Twilley
Kyle Blanchard
Roger Gingles
Natalie Isaacks
Jill Carter
Karyn Andrews
Steven Waguespack

* * * * *

I N D E X

* * * * *

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MR. ST. ROMAIN:
All right. I'd like to call the meeting to order. We'll start with a roll call. I guess we'll -- we'll go around. Start with Perry. Say your name and who you're with.
MR. THERIOT:
Perry Theriot, Attorney with the Louisiana Department of Environmental Quality.
MR. FRANKLIN:
Durwood Franklin, DEQ Trust Fund.
MR. BAKER:
Jeff Baker, DEQ Trust Fund.
MR. FULTON:
Gary Fulton, DEQ.
MR. McBRIDE:
Nathan McBride, Louisiana Mid-Continent Oil and Gas Association.
MR. BURNHAM:
Steve Burnham, Engineering Associates.
MR. McCARTNEY:
Joe McCartney, Louisiana Oil Marketers.

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MR. ST. ROMAIN:
Nick St. Romain, Louisiana Oil Marketer Association.
MR. GUILLORY:
Michael Guillory, Louisiana Oil Marketer Association.
MS. DELAFOSSE:
Theresa Delafosse, Louisiana DEQ Financial Services.
MR. MORIN:
Cy Morin, LDEQ Audit.
MS. VIZINAT:
Melissa Vizinat, DEQ Trust Fund.
MS. ANDREWS:
Karyn Andrews, DEQ.
MS. CARTER:
Jill Carter, DEQ Legal.
MR. EFFERSON:
Jason Efferson, DEQ Trust Fund.
MR. BLANCHARD:
Kyle Blanchard, DEQ UST.
MS. ISAACKS:
Natalie Isaacks, Louisiana Oil Marketers.
MR. WAGUESPACK:

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Steven Waguespack, Louisiana Oil Marketers.
MR. GINGLES:
Roger Gingles, DEQ.
MR. TWILLEY:
Clinton Twilley, DEQ.
MR. ST. ROMAIN:
And anyone on the phone.
MR. WADE:
This is John Wade.
MS. MAXWELL:
Laura Maxwell from Pinnacle Actuarial Resources.
MR. BRIGHT:
Roger Bright with Jones Environmental.
(An off-the-record discussion followed.)
MR. ST. ROMAIN:
Okay. All right. Now, we'll move on to consideration and adoption of the March 19, 2019 board meeting minutes, as written. Do we have any motions to accept the board minutes, as written?
MR. FULTON:
Motion to accept it.
MR. ST. ROMAIN:

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Got a motion from Gary. Any seconds?
MR. GUILLORY:
Second.
MR. ST. ROMAIN:
All right. All in favor?
(All indicated "aye".)
MR. ST. ROMAIN:
Okay. We'll move on to item number three, the financial services report with Theresa Delafosse.
MS. DELAFOSSE:
Good afternoon everybody. If you'll turn to tab three in your packet, we have the financial information as of the third quarter of fiscal year 2019.
The first page, ya'll are use to seeing, we have the three different columns with the final financial statement for the end of fiscal year 2018. The center column is the third quarter financial statement, as of March 31st, 2018. And the third column is the fiscal year 2019 statement as of March -- March 31st, 2019, for the first three quarters of this fiscal year.
It's pretty much business as usual as

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far as the money is concerned. You know, we collected, at this -- at this time last year, we had collected 16.5 million. At this -- at that -- at the same time this year, we collected 17.6 million.
As you can see in the third row, our interest earnings are still -- still up there, still growing. Which is great for the abandoned tank work that we're able to do it with those funds. Year-to-date, we have collected 2.1 million dollars.
Our claim for reimbursement are showing down a little bit at this point, as compared to last year. I think they may just be some timing of how -- how things are shaking out this year. We don't have our -- we don't have our final numbers yet, of course, for the whole year.
And then at the bottom, you see the cash balance without the interest. Again, because that interest revenue is reserved for the abandoned tank work. It is 109.3 million dollars. Our total cash balance is 119, which means we have about ten million dollars available for that abandoned tank

work.

Our current site liability, which that's a new number here, is the number that was determined by Pinnacle, by John and Laura, that 153 million dollars. That represents the liability -- the estimated liability on the current sites that we have in our universe, which gives us a negative equity balance of 43 million dollars.

Ya'll are use to seeing there -- instead of the actuary number, you're use to seeing the obligation calculation that Jeff does, which looks just more at the CAP budgets and then uses -- uses the average cost to close for the remaining sites without CAP budgets to estimate the obligation on those sites. But again, that's a -- that number is a little, obviously, lower, but it does not include -- it's not as accurate, we believe.

So if you -- if you use that number, we would have a positive equity balance. But -- but that -- that's some information about that page.

The next page is our projection of

what we anticipate the transfer will be from the motor fuel trust fund to the environmental trust fund to make the department whole for the cost of operating the program. It's -- from -- from last year to this year, it should be fairly steady. There's a slight decrease projected at this time of right around $60,000. So again, our expenditures are -- are in line with -- with what they were last year.

We did have additional federal revenues available, which is great. We had an increase there.

So that's all I have this time. But we'll do the full, long presentation at the year-end meeting, which will be held in August, hopefully.

So any questions?

MR. BURNHAM:

Theresa, I hope I can make this question make sense --

MS. DELAFOSSE:

Okay.

MR. BURNHAM:

-- but on the -- on the getting in the

negative numbers, once you take in current site liability, what time frame is that based on? In other words, is there -- is there a way to say that would take ten year -- if -- if everything stayed the same with income and -- and spending every year, how long would it take us to get in to those negative numbers where we were out of money? Is that a five-year thing or ten-year thing or a -- how long is the --

MS. DELAFOSSE:

That may be a better question for the actuaries -- and -- but -- in that topic, which is next on the agenda. But I could look at the report. I mean, it -- no, it wouldn't be five years. I'd be longer out than that. Based on their projections in the report, which again, is the next agenda item, the fund will continue to grow. They did project that based on our current -- current fee level.

MR. BURNHAM:

Okay. Well --

MS. DELAFOSSE:

But it will begin to decrease in about

ten years.

MR. BURNHAM:

-- I -- I just -- all right. 2032 is what they --

MS. DELAFOSSE:

Yes.

MR. BURNHAM:

Yes.

MS. DELAFOSSE:

We'll head in the other direction in about ten years.

MR. BURNHAM:

Okay. That's what I wanted to know.

MS. DELAFOSSE:

Anything else?

(No response.)

MR. ST. ROMAIN:

All right. No further questions, we'll move on to -- I guess we need a -- do we need a motion to accept that, Perry?

MR. McCARTNEY:

I move to accept the financials.

MR. ST. ROMAIN:

Okay.

MR. GUILLORY:

Second that.

MR. ST. ROMAIN:

All right. We have motion and second to accept the financial services report.

We'll move on to item four, the actuary report.

MS. DELAFOSSE:

Okay. So this is a -- a recurring item, of course, for us. But since that time, we have provided the report to everyone electronically. It is in EDMS, our electronic document management system. And as well, we have available this two-page summary that I wrote and had reviewed by John and Laura, again, with Pinnacle.

I hope ya'll had a chance to review this. It does give a -- a lot more basic yet and short understanding of the report.

Again, their -- the calculation that the actuaries performed estimates that the remaining liability on our current sites is 153 million dollars. And the liabilities estimated on future sites is 378.7 million dollars.

Of course -- and they can -- ya'll --

ya'll pipe in at any time if I say anything that's not accurate. But I would say that the number -- their -- they have a lot more -- the -- the future site number is -- is not as certain, because there are so many more variables as far -- that can change going into the future, you know, time, value, money, guidance document changes, the uncertainty of what those sites will look like if we ever change the -- the CAP from one and a half million to something higher, depending on what sites come in our universe and -- and what we decide to do, et cetera, any changes in deductible. You know, there are so many things that could change the -- the further out we go. So there's a lot of unknowns, of course, with the future sites.

They also took into account the administrative costs and did a -- a -- there's sheets, of course, in the report that show the projected equity balance at both the current fee and the reduced fee, using that formula as outlined in the results section of my summary.

With the current fee, the cash balance

increases each year through 2037, at which point it would begin to decline. With the reduced fee, the project -- so if we were to cut the fee in half, the projected cash balance of the fund would reach zero dollars during fiscal year 2032.

So we did provide a lot of data to Pinnacle. You'll see that list there under the data heading.

The actuary used three methods to calculate the current and future liabilities. I've summarized those methods. They're at the top of page two. And those are outlined in the report, as well.

I don't know if ya'll have any specific questions about those. It would probably be best, again, for John and Laura.

But they -- and these are -- these are standard methods that are used for insurance or different -- different types of programs that actuaries evaluate. And then they evaluate those three methods compared to each other to determine and pick a high and low, depending on which method had the low, which method had the high and then

calculating an average for those, to kinda smooth things out and make sure that we're not selecting the method that always has the highest or always has the lowest, to make sure we're -- we're being reasonable.

And then they -- they use two methods for the future incidents. And that's outlined under that section, but I -- I think more pertinent for our discussion, most likely is the current incidents. So I'll -- I'll leave that -- leave that as it is.

So we did not include a copy of the report because we sent the link beforehand. But I have a copy and Jeff may have a copy, if anybody needs to see anything specific, or didn't -- didn't have access to the that.

So that's -- that's a little high level look at the actuary report. And again, John and Laura are both on the phone and ready to answer any questions on it.

MR. McCARTNEY:

I have one. And -- and -- and these guys explained it to me a while ago, but I just want to be clear. These -- this 200 to

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250 sites, future sites to clean up, are those specific sites or is that a number of sites you feel like will probably come up over the --
MR. FULTON:
They're specific.
MS. DELAFOSSE:
Identified sites.
MR. FULTON:
They're identified sites.
MR. McCARTNEY:
They're identified sites?
MR. FULTON:
Yes.
MR. ST. ROMAIN:
Are -- are they trust fund eligible?
MR. FULTON:
Some of them are, some of them aren't. It just really depends. And we're -- we're trying to work through that now.
MR. ST. ROMAIN:
Okay.
MR. BAKER:
Joe, what that list is, is we looked at all the active incidents in our data

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system and we looked at all the ones that are in the trust fund data system and we looked at the difference. We broke out the ones that aren't -- that have been requested eligibility and -- and were denied, which were about 50 to 60. And the rest of them were in that 200 to 250 count that we told you before. And Gary's group is going through and vetting those right now.
MR. McCARTNEY:
What kind of -- did you put a -- an average cost on each one of those?
MR. FULTON:
We didn't. Now, I -- I don't know if they were --
MS. DELAFOSSE:
So those -- that's only part of their future incident calculation, the 250. That's, again, not part of the current incident, because those -- they're still unknown, what the cost will look like and they haven't come into the program yet.
MR. ST. ROMAIN:
Those are tanks that are in the actuarial's numbers, but not in the numbers

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that Jeff --
MS. DELAFOSSE:
They're not in their -- they're not in their 153 million. They're in their other number for future. They're taken into account for future, because they did project going forward, an increase of the number of sites that would come into the program each year. And part of that is the 250, as we work through those and, you know, get the ones -- beginning to get cleaned up that are eligible and bring them into the fund, they did project that the number of sites would increase.
MR. McCARTNEY:
But those 250 aren't included in the 153 million --
MS. DELAFOSSE:
They are not. That is correct. They are not included in the 153.
MR. McCARTNEY:
Okay.
Do you have any idea what that'd be? I mean, you got a rule of thumb what -- an average --

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MR. BAKER:
Our average right now is running between 250 and 272, 273.
MR. McCARTNEY:
Right.
MR. BAKER:
That's what it's been running the last couple of years.
MR. McCARTNEY:
I -- I was just curious.
MR. ST. ROMAIN:
So I -- I have a question, I guess more around the -- the regulations or legislation that -- that governs -- governs how the trust fund works is -- and I don't have it with me and haven't read over them recently. But it seems I remember that -- that the calculation of the allocated portion was explicitly listed out in those regulations. And it basically is the calculation that Jeff runs and that's what the regulations say is how we determine allocated balance.
MS. DELAFOSSE:
That was in the 20 -- in 30:2195.3,

but that was amended out -- or repealed out in 20 -- in last year.
MR. ST. ROMAIN:
To allow an actuarial number to be the number?
MS. DELAFOSSE:
It's not spelled out at all now what - - what number should be --
MR. THERIOT:
When -- when the board was given the authority to recommend changes in the amount of withholding, that portion was removed because it was no longer deemed necessary. Just the maximum amount would be okay. That's why we commissioned the study, to begin with, was to find -- to assist the board in taking a look at what future liabilities of the fund actually are, the way that insurance companies usually do it. And so that's why we hired the actuary. And while I think we still look at those numbers --
MR. ST. ROMAIN:
Isn't that 40 million trigger point of the off/on, calculated off of those -- the

numbers that Jeff --
MR. THERIOT:
I think that was taken out. The 40, it's -- it's not there anymore. And anyway, it says, obligated funds, but doesn't define what obligated funds are. You could say that the 153 that they're talking about are obligated because they are going to be used for current sites that are in the system. I'm not sure -- I was looking it up to make sure how -- how it's actually worded now. Let me see if I can find it.
MR. ST. ROMAIN:
I was just more curious, based on the regulations, could this actuary number even be admitted as the unallocated balance for determining the trigger point --
MS. DELAFOSSE:
Yes. So what you're referring to is this section ten --
MR. ST. ROMAIN:
Yes.
MS. DELAFOSSE:
-- that was repealed. It read, "For these purposes, the unobligated balance

shall be determined by subtracting from the cash balance at the end of each month, the sum of total estimates made by the board of eligible payment request, pending review, and the outstanding balance of the estimated cost to be incurred with corrective action plans approved by the department." So as it's written exactly like that, we -- you know, we adjusted it throughout the years, I guess, and added it to sites that didn't have CAPs. But that's written to just say CAPs. If I'm reading --
MR. BAKER:
But it -- but that --
MS. DELAFOSSE:
But it's not in there anymore.
MR. BAKER:
That's the old -- you know, for clarity, that was the old language.
MS. DELAFOSSE:
Yes.
MR. BAKER:
That was removed.
MS. DELAFOSSE:
Yes.

MR. BAKER:
And then was replaced with the board's recommendation.
MR. ST. ROMAIN:
But the trigger point of the 40 million cut on it would just be 20 million?
MR. BAKER:
That's -- that's -- that's all been removed.
MR. ST. ROMAIN:
That's all been removed.
MR. BAKER:
Yes.
MR. McCARTNEY:
Perry, let me ask you one thing just - -
MR. THERIOT:
I've got the statute out.
MR. McCARTNEY:
If this actuarial firm did this the same way they would for insurer (inaudible) figured their reserve, do they figure in interest, percentages on top of this cost?
MR. THERIOT:
I was looking through Theresa's

report, but you're -- you're free to ask them. They're on the phone, you know. They could tell you what they used. But I did notice in Theresa's report, the interest was excluded from the calculation because it's dedicated to the abandoned tank fund.

MS. DELAFOSSE:
Is that your question, the interest money?

MR. McCARTNEY:
Yes.

MS. DELAFOSSE:
Yes.

MR. McCARTNEY:
Is -- is this figured like an insurance company where they add some interest figured in there, future interest, and debt cost?

MS. DELAFOSSE:
Oh, like future interest earnings?

MR. McCARTNEY:
Yes.

MS. DELAFOSSE:
Well, the interest earnings -- since -- since the interest earnings are reserved

for the abandoned tank program, they're not included in this analysis.

MR. McCARTNEY:
Because that interest earned on money tide up and things like that -- I'm talking about, is -- is there any padding in this or is this cost, this actual --

MR. THERIOT:
I -- I think I might be understanding what you're asking. When the department takes in funds and it's deposited into this, handled by the treasure, I'm sure, for the state, that -- that fund and with all the money that's deposited, it does accrue interest. But in the case of the trust fund, any monies from that fund that's sitting there goes to the abandoned tank fund.

MR. McCARTNEY:
No. What I'm -- what I'm talking about, if I had one figured for me, I want a little cut in that fee in there when I'm figuring my cost. Is this -- are these figures at -- at today's cost or they --

MR. THERIOT:

No. As a matter of fact, you can ask the adjustors more specifically but I think they figure in inflation as one of the things that this is -- that is taking --

MS. DELAFOSSE:
Time, value, money and the increase of -- in cost. Like the guidance document that we were -- we are gonna continue to reevaluate every two to three years to determine if we need raise any of those rates.

MR. THERIOT:
Yes.

MS. DELAFOSSE:
That's taken into account, yes.

MR. McCARTNEY:
Okay. All I was asking is, if you're figuring for an insurance company, they've got a profit figure figured in there.

MS. DELAFOSSE:
Right. No, we don't have a -- nothing like that would be in --

MR. THERIOT:
Yes. Well, no, I think you're -- you're confusing two concepts. When an

insurance company receives a claim, they are required by law to set aside that money. They can't -- they can't touch it. Okay. That's a requirement on an insurance company.

MR. McCARTNEY:
Yes.

MR. THERIOT:
I -- I don't know how accounting-wise. I'm not in the insurance business. Because that money, while it's not touchable, may still gain interest for somebody. I don't know.

MR. McCARTNEY:
It may not be taxable either.

MR. THERIOT:
But --

MR. McCARTNEY:
You know, it's -- it's -- I'm just asking, is this pure cost figure?

MR. THERIOT:
I -- I really don't know how they do that, but I do know that they're -- the money is -- they can no longer invest it as they want to. It has to be set aside so

that it can be used for the claim.
MS. DELAFOSSE:
John may know --
MR. THERIOT:
Yes.
MS. DELAFOSSE:
-- anecdotally.
MR. THERIOT:
You guys know that on the phone? Any of ya'll know the answer to that?
MR. WADE:
Well, Laura, chime in, but -- this is John. The insurance companies have a little bit of latitude what they do with that money, but the accounting requirements are strict enough that they have to have certain funds set aside. Now, they can still invest those funds and earn interest on it, but that interest that they're earning is actually figured in. For example, when an insurance company, let's say an auto insurer, has liabilities that it has to pay, and they set those monies aside, the interest that they're going to earn on that is taken into account when they establish

what rates they ought to be charging the consumer. So it's not just the liability, but -- but the interest side comes in as well. So -- so the money is available but they have ways that they set it aside, to keep it. They -- they have to have it available to pay their claims, if you will. But the interest that comes in helps reduce that liability. I mean, they need to use that to pay the claims. I -- I don't know if that makes sense.
MR. McCARTNEY:
Well, yes. That -- that answered my -- there's a factor in there that you're factoring in to pay those claims, so it -- it -- it's a little bit of cushion in there. That's all I was asking.
MR. WADE:
Yes. And -- and to Theresa's point, there is no cushion here because we -- we specifically did not include interest earnings.
MR. McCARTNEY:
Okay. I was just curious.
MS. DELAFOSSE:

They know a lot.
Any other questions?
MR. McCARTNEY:
Will this -- one more question and I'll be quiet. Will this study show up to protect this fund as a reserve like it would a reserve for an insurance company? The legislature can come after this. This -- this fund is -- is -- is in the red now. It can't (inaudible) it's obligations now, according to this study. And they say, "well, it's a big difference in the study you had last year." Will it stand up?
MR. THERIOT:
Nobody can speculate on the future.
MR. McCARTNEY:
Well --
MR. THERIOT:
And nobody knows that those guys over there do. But the -- the report is -- will be forwarded to the legislative committee that sees us.
MS. DELAFOSSE:
Yes. And, I mean -- and I've mentioned this before, but the legislature

works, you know, they have a retirement committee in both the Senate and the House side and they work closely with the actuaries. There's -- the legislative auditors office has actuaries on contract and then there are actuaries that work for all the major retirement systems, and then actuaries that work for the smaller retirement systems as well, that do these same reports, an evaluation every single year. And the legislature absolutely relies on those numbers. I mean, they -- that's exactly how they calculated the unfunded accrued liability so many years ago and that's why we pay 40-something percent per employee right now in the retirement to get those systems caught up, because they're not quite pay as you go where they pay out exactly what they earn every year, but they certainly are behind.
MR. McCARTNEY:
This --
MS. DELAFOSSE:
And they -- they -- they take those reports into account. And they -- they make

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decisions based on them. And they're -- they're serious about the UAL over there, so I can't imagine they would be anything but serious about the actuary report for this program. And then, you know -- I guess, your -- was your question about the ability for money to be taken from the fund, as well?

MR. McCARTNEY:
Yes.

MS. DELAFOSSE:
Because I wanted to address that too and say, you know, the standard amount that can be taken, when there's a mid-year deficit, not any other time -- there has to be a mid-year deficit. So for example, this fiscal year there was not a deficit. There was a surplus. So they can't -- they can't do anything with any of our funds when there's a surplus, not the environmental trust fund, motor fuel trust fund, anything. When that is triggered and there is a major deficit, the most that they can take is five percent of the budget. So the budget for trust fund is around 16/17 million dollars,

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which leaves -- that's about 700/800 thousand is the only cash that can be moved by the Governor in those years --

MR. ST. ROMAIN:
Five percent of the budget.

MS. DELAFOSSE:
Five percent of budget. Not of balance. Right.
So if anything were to be done to take the balance, that would have to be a separate legislative instrument. So --

MR. McCARTNEY:
Well, then that's what --

MS. DELAFOSSE:
-- there's a funds bill that they do every year or anything -- you know, and they could do that before, now, after, whenever.

MR. McCARTNEY:
Well, I think all our interest is the same, to protect the fund.

MS. DELAFOSSE:
Absolutely.

MR. McCARTNEY:
And -- and they say Oklahoma is an example. The legislature pulled all the

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money out of their fund. And this is the best insurance we can get to prove that this money is obligated where it is, is that --

MR. FULTON:
And I would agree with --

MR. McCARTNEY:
That's kinda where --

MR. BAKER:
Well, you have a third party entity that came in and looked at our fund. That should give it credibility right there.

MS. DELAFOSSE:
Experts.

MR. ST. ROMAIN:
And how -- how often will they -- will Pinnacle touch up their -- renew their -- their math? Is it annually or is it bi-annually or --

MR. BAKER:
That's up to us. We can -- we can choose whatever we want.

MS. DELAFOSSE:
Yes. And I think -- you know, my opinion and I -- and I guess the opinion of the undersecretary and the financial folks,

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would be that since we haven't had this done before, it may be prudent to do it maybe for the first two or three years annually, but then once we have -- you know, the -- the -- the more analysis they can do and the more data they have, the more accurate it becomes. So I think we would maybe be able to push out the duration at that point. But that decision can be made any time. I mean, you know, we can do a contract every year. We can do a three year contract. We can do a one year contract. And then decide, let's do it every two years, or we can push it out to three or four. You know, if we see that the numbers are steady and we're confident - - we're confident with where they are. But yes, that -- that's really up to -- up to us and the department together.

MR. BAKER:
And remember that -- I know ya'll know the number for the actuary this time is in the $90,000 range. That wasn't just for this portion of it. There's a second phase to this that actually is a little more money than what this one was. So it -- the cost

of that overall, of year to year, would be a lot less than the $90,000 in theory.

MR. ST. ROMAIN:
Any other questions?
(No response.)
MR. ST. ROMAIN:
If there's no further questions, can we get a motion to accept the actuary report?
MR. FULTON:
I have a motion we accept it.
MR. ST. ROMAIN:
Okay, Gary. Can I get a second?
MR. McCARTNEY:
I second.
MR. ST. ROMAIN:
Joe, second.
All right. We'll move on to item number five, the auditor status report. Cy?
MR. MORIN:
How are ya'll doing? Turn to page five, please.
Okay. The first page of this report shows that we currently have 17 open motor fuel delivery fee audit cases.

MR. HILL
Kerry Hill calling in. Sorry I'm late.
MR. ST. ROMAIN:
Hey Kerry.
MS. DELAFOSSE:
Hey Kerry. Oh, and before you get going, one second. I don't know if ya'll want -- do ya'll need John and Laura to stay on the phone, or can we have them drop off? I don't know if ya'll have any questions? I know ya'll didn't have anymore questions, but any -- any reason for them to stay?
(No response.)
MS. DELAFOSSE:
We can always email them questions. Okay. Ya'll are good, John and Laura.
MR. WADE:
We appreciate it.
MS. DELAFOSSE:
Thank ya'll.
MR. BAKER:
Thank you, John.
MR. MORIN:
So, as of May 7th, when this report

was created, one case has been assessed for unpaid late fees. We're awaiting payment of $132.09.
Seven cases are awaiting review. And pending review, we have two potential assessments, totaling $1,141.40. One potential credit of $44.68. And four potential clean audits with no assessment.
Eight cases are still in progress and one case is awaiting closure. We received a payment of $996.46.
Since the last meeting, one case has been added to the list. That was as of May 7th. We -- we've started five additional audits since that time. So the next report, you'll see five additional audits closing out fiscal year '19.
We also removed five cases from the list that were closed with no assessment.
Questions on that page?
(No response.)
MR. MORIN:
The second page is very similar, guys, as it has been for many meetings. Four cases -- four cases remaining. Three are at

ODR. As of May 6th, we have received no payments from ODR. The second case on the list continues to make $200 payments every month.
As of the time of this report, the last payment was on April 4th. Since then, we've received two more payments. So the balance, instead of $3,955, would now be $3,455.43.
As of today, the total balance of these cases is $103,105.20. $400 less than what you see here on the paper, plus the additional court cost.
I believe that concludes my report.
MR. ST. ROMAIN:
Okay. Any questions for Cy?
(No response.)
MR. ST. ROMAIN:
Can we get a motion to accept the auditor's report?
MR. BURNHAM:
Motion to accept.
MR. ST. ROMAIN:
All right. We've got Steve. Can I get a second?

MR. GUILLORY:
Second.
MR. ST. ROMAIN:
All right. We'll move on to item number six, the trust fund status report. Jeff?
MR. BAKER:
Good afternoon. If you'll refer to tab number six in your packets. These are the figures for the third quarter of fiscal year 2019.
During the third quarter of this year, the trust fund has received 210 applications, totaling approximately 3.7 million dollars. 220 applications were processed for payment during the fiscal year, totaling 3.4 million dollars, with 32 applications returned with deficiencies.
As of the end of March 2019, the trust fund had 78 pending applications to process, which had requested total amounts of approximately 1.3 million dollars.
You'll notice on this page too that we -- we started grouping things by the quarter. That was one of the board members

requested that at the -- a few quarters back, and we -- we were able to get it done. And we hope that that makes it easier for ya'll to follow the quarter -- quarterly numbers.
If ya'll have any future questions or request on these forms, please let me know. We'll -- we'll try to adapt, if we can.
If you'll turn the page. You'll see the next page is title, report of çumulative activities for the motor fuel trust fund. This is kinda of a historical review of the fund. You'll see our -- how many applications we've received, processed, total number of claims since the inception of the fund. This is strictly here for ya'lls historical information and resources.
Also, note towards the bottom, you'll see that it's very small print, but you'll notice the budgeted amounts for the fund for each year is down there. So if you'll look -- like I said, it's very small print towards the bottom. It says, for fiscal year 2019, our budgeted amount was 15.6 million dollars. So --

If you'll turn the page. You'll see the handout entitled, monthly motor fuel obligation determination. This is the worksheet that list the various component determinations of the potential obligation against the fund to the end of March 2019. For sites in the corrective action phase, the outstanding liability of CAP budgets and the estimated cost to the end of March 2019 was 18.7 million dollars, with approximately 9.4 million dollars in RAC estimated additional cost to bring these sites to closure. These are noted in sections G and H on that form.
The fund obligation recognized for sites without ROG approved CAP budgets is 23.2 million dollars. This is determined by using a three-year average of site closure cost and applying this average to the active trust fund sites without current CAP budgets.
The next section is the -- the fund obligation recognized for three sites that have been determined to be trust fund eligible, however, have not submitted their

reimbursement application request. This estimated obligation is approximately 7.6 million dollars. This is also calculated using that three-year average site closure cost.
The five-year projected fund obligation related to the trust fund to environmental fund transfer is 22.9 million dollars. This estimate uses a three-year average cost transferred from the trust fund -- motor fuel trust fund to the environmental fund and multiplies that times five years. Thus, the total estimated obligated amount was 81.9 million dollars, which represents a 3.3 million dollar increase compared to last quarter's estimates.
Please note the handouts provided on your -- on the table. This -- there's two forms here. One is the actual sites that were included and that have corrective action plans. And the other is sites that currently do not have corrective action plans. This is a breakdown of all the individual sites. It list their total cost

so far. It list all the different categories that go into the obligation determination. But it gives you an idea of the -- of the individual sites that are -- that go into this.

If you'll note on the next page in the packet. You'll see in the packet -- the page entitled incidents determined that are eligible for the motor fuel trust fund. This report shows the number of potential trust fund sites that were reviewed and made eligible. During the current year, it was 36. And these represented 42 active incidents.

And if you'll turn to the next page, you'll see sites that were NFA'd during this fiscal year. And you'll see that the trust fund has received no further action statuses for 29 locations during this fiscal year.

Some points of interest. The trust fund and the RAC stakeholders have been developing revised guidance related to soil -- soil and contaminated waste water disposal. The previous guidance needed to be updated to add clarity and address some

habitual situations. This guidance, along with some additional small clarifications were added to a draft -- draft version of the trust fund guidance document and were provided to the board members this morning in an email. If ya'll -- we -- we asked ya'll in the email to get back with us by next Friday. We hope to implement this revised version by July 1, 2019.

It's not a lot of major changes. It's pretty minor. The changes related to the soil and the waste disposal were necessary. We have a lot of habitual issues that we were trying to address. And we think this will -- will help a lot.

That's pretty much it for me. Does anybody have any questions?

(No response.)

MR. ST. ROMAIN:

All right. No questions. Can I get a motion to accept the trust fund status report?

MR. GUILLORY:

I make a motion.

MR. ST. ROMAIN:

All right. Michael made a motion. Can we -- can we get a second?

MR. FULTON:

Second.

MR. ST. ROMAIN:

Okay. Gary seconded. Thank you.

We'll move on to item number seven, the third party claim status with Perry.

MR. THERIOT:

I'm happy to report that there's been no changes. No new suits and no new settlements. And we haven't received any third party claims in quite a while, so it's a good thing that we're not getting any.

MR. ST. ROMAIN:

Any questions for Perry?

(No response.)

MR. ST. ROMAIN:

All right. We'll move on to item eight, other business. And we have a bullet there for discussion for change in deductible.

MR. BAKER:

Each year, the board is required to look at the deductibles and make

recommendations to the secretary as to whether we need to make changes.

A couple of years ago, the board recommended we drop the in-compliance deductible from $5,000 down to zero. It's up to ya'll to look at that and make recommendations on an annual basis. So this is the -- the -- usually the quarter that we do that. So we want to give ya'll that opportunity.

Just to give you an idea. Right now, we've been looking at the numbers for the last couple of years and our average out-of-compliance versus in-compliance is about 40 -- about 40 to -- 40 percent out-of-compliance, 60 percent in-compliance. Which, if you compare that to seven or eight years ago, it was actually the reverse.

MR. ST. ROMAIN:

Right.

MR. BAKER:

We actually had about 60 percent out-of-compliance and 40 percent in-compliance. So we're making some headway there.

If you wanted to recommend changes to

the out-of-compliance deductible, please recognize that the statute says right now, you can't reduce it below the existing $10,000. So to reduce that or make any changes there, it would require statute changes.

MR. ST. ROMAIN:
Okay. So I guess if we have a -- any motions to change them, we'll take them, but if there's no motions to change it, then we just leave it alone and go forward?

MS. DELAFOSSE:
Yes.

MR. ST. ROMAIN:
Any discussion, guys?

(No response.)

MR. ST. ROMAIN:
I think everybody is good. Ya'll all good?

MR. FULTON:
We don't have any concerns for -- for the fees with where it's at right now.

MR. ST. ROMAIN:
Okay.

MR. BURNHAM:

Is there a mechanism by which we can proceed with remediation when a -- I know this is not the first time this has been brought up -- when an owner cannot pay the deductible?

MR. FULTON:
We do have some provisions where we can use the liens provision. And we are working with Perry to draft a letter. We are doing that now from time to time.
And it's only -- it can only be used on -- on stations that are -- that's not in service. They're -- they're not in service.

MR. THERIOT:
No longer in business.

MR. FULTON:
So that's a big issue with regard to, if they can't meet their deductible, they're still dispensing fuel and they can't pay, then why -- some of the sites, issues like that, we can use the red tag ability. But we're careful when we do that. It's not something we would prefer to do.

MR. BURNHAM:
Thank you.

MR. GUILLORY:
I'll make a motion to accept the deductible as it is.

MR. ST. ROMAIN:
Okay. I got a motion from Michael to keep the deductibles as is.

MR. McCARTNEY:
Second.

MR. ST. ROMAIN:
Second. All in favor?

(All indicated "aye".)

MR. ST. ROMAIN:
All right. Any other business?

MS. DELAFOSSE:
I would like to share that yesterday, the Governor signed Act 362, which is a bill that's done every year, the funds bill. Sometimes, we don't want to be in the funds bill, but this time we were in it and it's good news. The state treasurer was authorized and directed to transfer one and a half million dollars back into the fund from the state general fund.
So I know ya'll probably remember a couple of years back in the budget bill,

House Bill 1, about seven million dollars was transferred from the attorney general's escrow that was ours from the lawsuits into the state general fund. And so we've been working with the Governor's office to develop a plan to get the fund paid back for that amount. And so that's -- that's a good start, a million and a half dollars more for the treasurer's office to have that happen during next fiscal year, beginning in July.
So I just wanted to share that news with ya'll. And it was signed yesterday by the Governor.

MR. McCARTNEY:
How did they come up with that figure? Is that just --

MS. DELAFOSSE:
What?

MR. McCARTNEY:
That one and a half over seven?

MS. DELAFOSSE:
I have no clue. It's just an amount they came up with that they felt like they could give us.

MR. McCARTNEY:

That will happen next year --
MS. DELAFOSSE:
Oh, no. We're gonna keep working on it. We're gonna get the rest. That's just a start.
MR. McCARTNEY:
A million and a half a year, is that --
MS. DELAFOSSE:
I don't know. I don't think they know.
MR. ST. ROMAIN:
It's a one time number.
MS. DELAFOSSE:
Well, I mean, I think they had some surplus money this year and that was one of the -- one of the decisions they made with -- with how to spend that surplus. So it works out for us.
And that's all I have.
MR. ST. ROMAIN:
I guess one thing I have before we close the meeting is, I have a date of August 15th for the next meeting. Is that still accurate?

MR. BAKER:
Yes.
MR. ST. ROMAIN:
Is that here or is that in Alexandria?
MR. BAKER:
Thank you for bringing that up. We were actually going to comment on that.
We're going to actually have that meeting in Alexandria.
MR. ST. ROMAIN:
Okay.
MR. BAKER:
The same location we had. It's the LSU Ag Center there. It's kinda south of Alexandria. We thought it worked out real well. We were trying to -- you know, ya'll -- ya'll give us your feedback, please. We thought it would be a good idea to try to move it around at least once or twice a year to try to make it easier for the guys coming from North Louisiana to make it down. They don't have to travel quite so far.
MR. ST. ROMAIN:
I don't think you'll get a complaint. It's probably closer for all of us. Even

Kerry on the phone.
All right. If no other business, I guess we'll ask for a motion to close the meeting.
MR. BURNHAM:
Motion to close.
MR. McCARTNEY:
Second.
MR. ST. ROMAIN:
All right. Guys, this meeting is adjourned.
THE MEETING ADJOURNED AT 1:55 P.M.
* * * * *

REPORTER'S PAGE

I, Lori B. Overland, Certified Court Reporter, in and for the State of Louisiana, the officer, as defined in Rule 28 of the Federal Rules of Civil Procedure and/or Article 1434(b) of the Louisiana code of Civil Procedure, before whom this sworn testimony was taken, do hereby state on the Record

That due to the interaction in the spontaneous discourse of this proceeding, dashes (--) have been used to indicate pauses, changes in thought, and/or talk overs; that same is the proper method for a Court Reporters's transcription of proceeding, and that the dashes (--) do not indicated that words or phrases have been left out of this transcript;

That any words and/or names which could not be verified through reference material have been denoted with the phrase "(inaudible)."

Lori Overland, C.C.R.
97083

CERTIFICATION

I, Lori B. Overland, Certified Court Reporter in and for the State of Louisiana, as the officer before whom this testimony was taken, do hereby certify that the above referenced individual to whom oath was administered, after having been duly sworn by me upon authority of R.S. 37:2554, did testify as hereinbefore set forth in the foregoing pages, that this testimony was reported by me in the stenomask reporting method, was prepared and transcribed by me or under my personal direction and supervision, and is a true and correct transcript to the best of my ability and understanding; that the transcript has been prepared in compliance with transcript format guidelines required by statute or by rules of the board, that I have acted in compliance with the prohibition on contractual relationships, as defined by Louisiana Code of Civil Procedure Article 1434 and in rules and advisory opinions of the board; that I am not related to counsel or to the parties herein, nor am I otherwise interested in the outcome of this matter.

Lori Overland C.C.R.
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