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 1:09 p.m., on May 10, 2018.

BEFORE:

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

#### APPEARANCES

Steve Burnham Chairman

Kerry Hill, via telephone
Durwood Franklin, via telephone
Jeff Baker
Gary Fulton
Cy Morin
Roger Bright, via telephone
Theresa Delafosse
Perry Theriot
John Milazzo
Joe McCartney, via telephone

Melissa Vizinat
Natalie Issacks, via telephone
Jason Efferson
Trey Kemp
Byron Blanchard
Roger Gingles
Lacey Vitteri
Christy Gardner
Shawn Ivy
Jill Carter

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EXAMINATION: PAGE(S):

None

EXHIBITS:

None

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| 1  | * * * *                                    |
|----|--|
| 2  | MR. BURNHAM:                               |
| 3  | Okay. Well, I'm going to call the          |
| 4  | meeting to order. The first thing we'll do |
| 5  | is the roll call and adoption of the       |
| 6  | February 22, 2018 board minutes.           |
| 7  | Let's start with roll call. I'm Steve      |
| 8  | Burnham with Engineering Associates.       |
| 9  | MR. MILAZZO:                               |
| 10 | Johnny Milazzo, representing Louisiana     |
| 11 | Oil Marketers Association.                 |
| 12 | MR. THERIOT:                               |
| 13 | Perry Theriot, LDEQ Legal.                 |
| 14 | MR. BAKER:                                 |
| 15 | Jeff Baker, LDEQ Motor Fuel Trust          |
| 16 | Fund.                                      |
| 17 | MR. FULTON:                                |
| 18 | Gary Fulton, UST Division                  |
| 19 | Administrator.                             |
| 20 | MR. MORIN:                                 |
| 21 | Cy Morin, LDEQ Audit.                      |
| 22 | MS. DELAFOSSE:                             |
| 23 | Theresa Delafosse, LDEQ Financial          |
| 24 | Services.                                  |
| 25 | MS. VIZINAT:                               |

```
1
                Melissa Vizinat, LDEQ Trust Fund.
 2
          MR. BAKER:
 3
                On the phone, we have Durwood Franklin
          from the Motor Fuel Trust Fund. Can the
 4
         rest of ya'll try to get on there without --
 5
 6
          MR. HILL:
 7
                Kerry Hill with Louisiana Oil
          Marketers.
 8
          MR. FULTON:
 9
10
                Who else is on the phone?
          MR. MCCARTNEY:
11
12
                Joe McCartney, Louisiana Oil
13
          Marketers.
          MR. BRIGHT:
14
                Roger Bright, Jones Environmental.
15
          MS. ISSACKS:
16
17
                And Natalie Issacks.
          MR. BURNHAM:
18
                Anybody else on the phone that hasn't
19
          been recognized?
20
21
          (No response.)
22
          MR. BURNHAM:
23
                Okay.
24
          MR. EFFERSON:
                Jason Efferson, DEQ Trust Fund.
25
```

```
MS. VITTERI:
 1
                Lacy Vitteri, DEQ Financial Services.
 2
          MR. BLANCHARD:
 3
                 Byron Blanchard, LDEQ Audit.
          MR. KEMP:
                Trey Kemp, DEQ Trust Fund.
 6
          MS. GARDNER:
 7
                Christy Gardner, PPM Consultants.
 8
          MR. IVY:
 9
                Shawn Ivy, PPM Consultants.
10
11
          MR. BURNHAM:
                Announce yourself Roger, please,
12
13.
          seriously for the roll call.
          MR. BRIGHT:
14
                Roger Bright, Jones Environmental.
15
          MR. BURNHAM:
16
                All right. And, Roger, would you
17
          announce yourself for the roll call, please.
18
          MR. GINGLES:
19
                Roger Gingles. I'm here.
20
          MS. DELAFOSSE:
21
                We have another Roger.
22
23
          MR. BRIGHT:
                Sorry.
24
          MS. DELAFOSSE:
25
```

```
You're good.
 1
 2
          MR. BURNHAM:
 3
                We've got Roger Bright on the phone?
          MR. BRIGHT:
 4
          Yes.
 5
 6
          MR. BURNHAM:
 7
                Okay. I think that's it. Could I
          hear a motion to adopt the February 22, 2018
 8
          board minutes?
9
          MR. MILAZZO:
10
               So moved.
11
          MR. FULTON:
12
13
                Second.
          MR. BURNHAM:
14
                Second. All in favor say "aye".
15
          (All indicated "aye".)
16
17
          MR. BURNHAM:
18
               Any opposed?
          (No response.)
19
20
          MR. BURNHAM:
                No oppose. Thank you.
21
                We'll move on to our financial
22
23
          services report by Theresa, please.
24
         MS. DELAFOSSE:
                Good afternoon everybody. If you'll
25
```

flip to tab number three in your packet, you
have the financial statement for the third
quarter of fiscal year 2018.

So I have on here three columns. I'll let everybody flip to that page.

So we have three columns here. The left-hand column is the fiscal year 2017 fourth quarter, so the full year financial statement. The center column is the third quarter of last year, so the third quarter of fiscal year 2017. And the right-hand column is the third year -- or, the third quarter of fiscal year 2018, so the quarter that just ended on March 31st.

We -- with -- with the February 22nd board meeting, we did slightly change the presentation of the financial statements, but this is the presentation that you'll see going forward. It contains basically the same information but we did take into account here that the interest money is to be allocated for the abandoned sites. Which Gary will have an update for us on the abandoned site stuff later during the meeting.

| 1  | But as you can see, when you compare         |
|----|--|
| 2  | last year's third quarter to this year's     |
| 3  | third quarter, we're a little ahead of where |
| 4  | we were last year on the bulk distribution   |
| 5  | fee collection. And then we also had about   |
| 6  | three million dollars or, a little over      |
| 7  | two million dollars more of claims for       |
| 8  | reimbursement so that's good too             |
| 9  | throughout the first nine months of last     |
| 10 | year.  |
| 11 | And then at the in the very bottom           |

And then at the -- in the very bottom block, you'll see the total cash balance of the fund, which is just -- as of March 31st was just under 112 million, that 111,964 figure. With the liability on the current sites, at that same date, of 84 million. Leaving us with an unobligated balance of 20.8 million dollars.

And ya'll stop me at any time for questions.

If you flip to the second sheet, this is also an exercise that we do quarterly.

And this is a projection of what we believe the transfer will be from the motor fuel trust fund to the environmental trust fund

```
to cover the -- the administrative costs
 1
 2
          that are not accounted for with the program
 3
          revenues. So we have the revenues, again,
          of environmental trust fund and federal,
 4
5
          which total right at 2.2 million. And we
          forecast that our expenditures will be right
 6
          at 7.2 million. And so that leaves a
 7
          balance of about 5 million that we project
 8
          will be transferred, again, from the
 9
          trust fund to the environmental -- from
10
          motor fuel trust fund to the environmental
11
          trust fund to cover those administrative
12
          expenses. So that is a slight decrease from
13
          last year, which was about 5.6 million.
14
                So if there are no questions on that
15
          information, I will go to the podium and do
16
          the financial -- for the financial slide
17
          show.
18
          (No response.)
19
20
          MR. BAKER:
                Guys, if ya'll can't hear on the
21
22
          phone, let us know.
23
          MR. HILL:
24
                Okay.
25
          MS. DELAFOSSE:
```

```
1
                I -- I can talk pretty loud so I
 2
          should be -- ya'll -- can ya'll hear me at
 3
          this volume?
 4
          (An off-the-record discussion followed.)
 5
          MS. DELAFOSSE:
 6
                How about now?
          MR. BAKER:
 7
 8
                Can ya'll hear her?
 9
          MR. HILL:
10
                Yes, I can hear.
11
          MS. DELAFOSSE:
12
                So as I mentioned with our bulk
13
          distribution fees, we do have an increase as
14
          of this time last year over this year. As
15
          of last year -- last year at third quarter,
16
          we had collected 15.2 million of the bulk
17
          distribution fees. This year, we're at
18
          16.5. So that was an increase of nine
19
          percent. You'll see in that -- or 8.9
20
          percent, you see in that -- in the bottom
          row. And then we've also seen great
21
22
          increases in our interest income, which is
23
          wonderful, because that gives us some --
24
          some good resources to clean up those
25
          abandoned sites. The increase is both due
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to the interest rates with our treasury
being higher and due to the principal being
larger. So we earn more interest because
our -- our fund has more cash in it,
essentially. So we've already earned
\$925,000 just in interest in this year
alone.

These are the projected expenditures by function for the entire year, fiscal year 2018, which ends on June 30th. As you see, the majority of the expenditures are the UST core activities. We also have some enforcement cost and the motor fuel trust fund section, Jeff's group, who reviews the applications. And then 26 percent represents the support and indirect charges.

This slide shows us the salaries and related benefits. So as you see for the salaries, our actual, we're right at 3 million for fiscal '17 and we do project an increase in that for fiscal year '18. But as we've discussed previously, in January, there were two pay adjustments that were done statewide. One was a two percent adjustment that every employee received and

the other was an adjustment, bringing
employees who were outside of the new pay
ranges, into those ranges, up the new
minimum. So we did have some employees
affected by that change. And that -- that's
why you will see an increase in the salaries
for 2017 and '18.

Same thing with related benefits.

Those costs are driven by how much the salaries cost. As a -- you know, for example, retirement costs are right under 38 percent per employee. So if employees make more, that 38 percent piece is a little bit more. So we're anticipating a slight increase in the related benefit category, again, of about \$15,000, between last year and this year.

We're projecting a decrease in our travel expenditures from last year to this year. But, you know, they're very -- very low travel cost for the program.

And then our operating services, there'll be a slight increase. I didn't look into this -- I didn't get a chance to look into this to let ya'll know what that

increase was attributable to, but it -- it could be maintenance on our vehicles or perhaps some additional supplies that we needed this year that we didn't end up needing last year.

So again, that's just a projection at this point. As you can see, through the first nine months of the year, we spent 58,000, so it's -- it's possible that we could still come in under that 88,000 projection on the right-hand side and be closer to where we were last year.

Our professional services cost remain fairly low here. We project about \$4,000. We just have some lab analysis contracts that we've used for site work, so those are -- those are likely in the amount.

Now, on our other charges slide, these also represent some professional services type work. It just doesn't fall under professional -- the professional services category. As you can see, there's some lab contracts and then the compliance inspection, tank operator training. I have in red here, the attorney general fees. We

included the budget in this slide, which is

1.1 million dollars, but as I'll show you in
the next slide, I -- I don't believe that we
will come close to that this year, just
based on the work that the attorneys have
done on an ongoing basis.

So that's why at the top, you'll see that our year-end projection is only 563,000 where our budget was 1.8 million. So we --we definitely underspent in this category. And it'll be a reduction from last year's expenditures as well.

charges. Again, those are related to the ongoing litigation. We did transfer those settlement proceeds to the motor fuel trust fund in April 2017. And I will say that, also, Karyn Andrews, our Undersecretary had some conversations with the budget office and I believe that there has been an amendment put into a supplemental appropriation or an ancillary appropriation where we will be paid back for part of the seven million that remained in the attorney general's trust fund -- or, attorney general

| 1  | escrow account, sorry. So again, we had      |
|----|--|
| 2  | asked the we worked with the                 |
| 3  | administration on that and let them know     |
| 4  | that, you know, we needed we just needed     |
| 5  | a plan in place to get that money placed     |
| 6  | back into the trust fund. So they have put   |
| 7  | the wheels in motion on that. And we         |
| 8  | anticipate that we'll we'll begin            |
| 9  | receiving those funds back, again, that were |
| 10 | transferred out of the attorney general's    |
| 11 | escrow, but really were ours from the        |
| 12 | settlement.                                  |
| 13 | So then you see down here in the chart       |
| 14 | that the fiscal year 2018, the expenditures  |
| 15 | for the first nine months of the year were   |
| 16 | just about 115,000. We did get another bill  |
| 17 | from them recently, but it was just about    |
| 18 | 12,000. So again, those those won't          |
| 19 | they're certainly not hitting the 1.1        |
| 20 | million dollar budget that we agreed to with |
| 21 | the attorney general's office for the year.  |
| 22 | It'll probably be 200 or less if I had to    |
| 23 | forecast. So                                 |

MR. BURNHAM:

Theresa, the 19.1 is for the same

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period that those expenditures are, for 2014
to 2018?
MS. DELAFOSSE:
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4 Correct.

5 MR. BURNHAM:

6 Okay.

7 MS. DELAFOSSE:

8 Yes.

9

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Then we have our interagency transfer category. This one is going to be around the same from last year to this year and that includes those expenses listed below, the rent in the Shreveport -- in our Shreveport office and then in the Galvez Building. Which again, the Galvez Building rent will decrease. We are consolidating within this building and getting off of a floor and a half. So either at some point during fiscal year '19 or at the latest, fiscal year '20, we will see our rent cost decrease in the state-owned building, which is -- which is a charge that is part of the interagency transfer category, so we'll see some savings there going forward. MR. MILAZZO:

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Theresa, real quick. Before we move
 1
 2
          too far along. On the -- the work of the
 3
          attorney general, that 19.1, is there
          anybody left out there -- do we have open
 4
 5
          suits that we know of today?
 6
          MR. THERIOT:
                I -- I will -- I -- yes, we do.
 7
          MR. MILAZZO:
 8
                Okay. So we should still expect to
 9
          see some litigation charges coming back from
10
11
          the attorney general?
12
          MR. THERIOT:
13
                Yes.
14
          MS. DELAFOSSE:
                I'll -- I'll let Perry speak on that.
15
          MR. THERIOT:
16
                Yes.
17
          MR. MILAZZO:
18
19
                Okay.
20
          MR. THERIOT:
                We should expect some charges from the
21
          attorney general and some charges from our
22
23
          outside attorneys, yes.
          MS. DELAFOSSE:
24
                Okay. And we've discussed in detail
25
```

| 1  | our indirect costs. And the the              |
|----|--|
| 2  | beginning of fiscal '13, we included half of |
| 3  | our agency approved the the EPA each         |
| 4  | year approves our overhead rate. And since   |
| 5  | fiscal year '13, we've included half of that |
| 6  | rate in the motor fuel cost and the overall  |
| 7  | cost for the administration of the program.  |
| 8  | And again, that includes the work that legal |
| 9  | does, the work that financial services does, |
| 10 | myself and Lacey, and the other members of   |
| 11 | financial services, and then all the budget  |
| 12 | work that's handled. And then, for example,  |
| 13 | the account's receivable group who deposits  |
| 14 | all the money, you know, and legal is not    |
| 15 | just Perry and Jill. They're more visible    |
| 16 | to ya'll, but we also have our legal staff   |
| 17 | that works on collections. So any any        |
| 18 | work that they do to collect any fees that   |
| 19 | were unpaid is also part of the overhead     |
| 20 | expenditures.                                |
| 21 | MR. BURNHAM:                                 |
| 22 | So the employee's pay rate is                |
| 23 | multiplied by 1.30                           |
| 24 | MS. DELAFOSSE:                               |
| 25 | Yes. So so we just multiply the              |

salaries and related benefits by -- yes --1 2 MR. BURNHAM: 3 Right. 4 MS. DELAFOSSE: -- 30 percent, essentially. 5 So as you see, in fiscal year 2018, 6 our rate was about 78 percent. That was a 7 high year. So 39.12 was half of that rate, 8 which we used in the admin. Our new rate 9 for fiscal year 2019 is, as you saw, a 10 pretty significant decrease and it'll be 60 11 percent. So the rate that we'll use in our 12 motor fuel calculation is 30. So 30.11. So 13 that explains part of the changes in the 14 transfer as well. 15 We were discussing in our grant 16 revenue that there have been some changes 17 over time. We were, you know, closer to 2 18 million or over 2 million and now we're 19 closer to a million and a half. But again, 20 we did see an increase between '17 and '18. 21 We won't know what our fiscal year '19 award 22 is until I believe September. So that'll be 23 information we have to share at a later 24 25 board meeting.

Then we have our environmental trust fund revenues. So that -- that's the tank registration fees. Previously, the \$54, now the \$60. We sent those bills out towards the end of March. So you see that we project, based on the bills that we sent out and what our collection rate in the year that those bills are sent have been in the past, we project we will collect about 680,000 this year. So that was, again, pretty -- pretty much close to a ten percent increase over what our collections have been in the past. So that corresponds with the increase in the fee.

This is a new slide. I included this information just for -- for some additional -- additional knowledge for ya'll, just to show that -- but I -- I went three years on this chart. I have fiscal year '15, fiscal year '16 and fiscal year '17. I didn't put '18 because it's -- we send those bills so late in our fiscal year, it's, you know, a little closer to June or July where I'll have better numbers. Just because of the time it takes for people to get those bills

1 in.

2

3

4

5

6

7

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9

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13

14

15

16

17

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19

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21

22

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24

25

But you see on the fourth line down, the registration fees for the current year make up right about 85 or 84 percent of our total collections for the year. And that has stayed fairly consistent, as you'll see.

We also collect fees from the prior year, so you see some people just -- just pay a little late. They want to pay the next year and not pay the year their -- that they're billed originally. So for example, in fiscal year '17, you know, we collected almost 60,000 of bills that were sent in fiscal year '16. So there's just -- there can be a slight lag in that. And then there's some other little miscellaneous revenues that are coded in this same category and you'll see a little bit of late fee revenue down there which -- which represents a small percentage of the total. So that's just an interesting breakdown that shows that it's not just the tank registration fees, but it is predominately the tank registration fees. MR. MILAZZO:

```
1
                 At what point in time would you --
 2
          does that ever lead to a red tag, if they
 3
          don't pay the registration?
 4
          MR. THERIOT:
 5
           Yes, it does. Under the current
 6
          system that is in place, if the fees are not
 7
          paid -- with the new regulations that are
 8
          coming in, they're not effective yet --
 9
          MR. MILAZZO:
10
                Okay.
11
          MR. THERIOT:
12
                -- but there will be a -- your -- a
13
          ban on delivering fuel to any tank without a
14
          current registration.
15
          MR. MILAZZO:
16
                Okay.
17
          MS. DELAFOSSE:
18
                Thank you, Perry.
19
                And then we've discussed some again,
20
          the transfer. This includes our projection
21
          from fiscal year '18 what we anticipate it
22
          will be. The difference between these
23
          numbers and what's presented in the
24
          financial statements is that I did deduct
25
          the attorney general expenses in the
```

| previous years because those were reimbursed |
|--|
| from the settlement proceeds, you know, so   |
| where we paid the attorney general a million |
|  |
| dollars, but we got that million dollars     |
| back. So I had deducted those in the years   |
| with the asterisks just to show that that    |
| adjustment because it kinda it it            |
| kinda artificially inflates the              |
| expenditures. But I haven't done that for    |
| the fiscal year '18 projection, but again,   |
| it's just a it but it still stayed           |
| similar to the same, but we did have some    |
| increases in in some costs, salaries, et     |
| cetera.                                      |
| And that's all I have. Any other             |
| questions?                                   |
| MR. BURNHAM:                                 |
| You may have said it and I missed it.        |
| But the last thing on the slide said, cost   |
| have increased and revenue had decreased.    |
| Can you elaborate on that a little bit?      |
| MS. DELAFOSSE:                               |
| Sure. That's just what we've                 |
| discussed previously, that the the cost      |
| of the program in general have increased,    |
|  |

```
predominately the salary cost, and then, you
 1
          know, some of the -- the indirect rate has
 2
          changed. It fluctuates, I guess, from year
 3
          to year, but it has been as high as about 38
 4
          percent. So that -- that drives the cost of
 5
          the administration of the program up. But
 6
          the revenues have decreased. So
 7
          predominately, the revenues that are
 8
          decreased have been the federal revenues.
 9
          As you saw on that other slide, where we,
10
          you know, we bid over 2 million dollars and
11
          then we've had some years where we've been
12
          down at one and a half. So that's -- you
13
          know, that's a significant decrease, half a
14
          million dollars, that's not available for
15
16
          program expenditures.
          MR. BURNHAM:
17
                Thank you.
18
19
          MS. DELAFOSSE:
                Sure.
20
          MR. BURNHAM:
21
                Are there any other questions? Are
22
23
          you through, Theresa?
          MS. DELAFOSSE:
24
                I'm finished.
25
```

| 1   |      | MR. BURNHAM:                                   |
|-----|------|--|
| 2   | ELM. | Are there any other questions for              |
| 3   |      | Theresa? Johnny, do you want to                |
| 4   |      | MR. MILAZZO:                                   |
| 5   |      | Theresa, I meant to ask this the last          |
| 6   |      | time, but this is a little bit different       |
| 7   |      | view of this. When you have the three          |
| - 8 |      | columns, looking at the fiscal year of '17     |
| 9   |      | versus what would be the quarter ending $3/31$ |
| 10  |      | versus 3/31/18, when I look down at the        |
| 11  |      | bottom and I look at total cash balance, and   |
| 12  |      | then you consider the liability on current     |
| 13  |      | sites, that math doesn't add up. Am I          |
| 14  |      | missing something there?                       |
| 15  |      | MS. DELAFOSSE:                                 |
| 16  |      | We didn't we don't use the total               |
| 17  |      | cash balance in that calculation anymore       |
| 18  |      | because the total cash includes the interest   |
| 19  |      | revenue, which the interest revenue since      |
| 20  |      | 2001 is set aside for the abandon site work.   |
| 21  |      | MR. MILAZZO:                                   |
| 22  |      | Okay. So                                       |
| 23  |      | MS. DELAFOSSE:                                 |
| 24  |      | So that that's what changed                    |
| 25  |      | predominately about the presentation. So       |

```
you can see the interest total -- on the
 1
          right-hand column, the interest total is --
 2
          for example in this -- if we're looking at
 3
          the center column, the interest is the
 5
        5,644,332 number.
 6
          MR. MILAZZO:
 7
                Right. So that --
          MS. DELAFOSSE:
 8
                That's not included --
 9
          MR. MILAZZO:
10
                In the total?
11
12
          MS. DELAFOSSE:
13
              Exactly.
          MR. MILAZZO:
14
                All right. Okay.
15
16
          MS. DELAFOSSE:
17.
                So --
          MR. MILAZZO:
18
                Well, it's -- it's not -- it's -- it's
19
          not part of the unobligated balance --
20
          MS. DELAFOSSE:
21
                Exactly.
22
23
          MR. MILAZZO:
24
                -- is what you're saying?
25
          MS. DELAFOSSE:
```

```
Exactly.
1
2
         MR. MILAZZO:
                Okay. All right.
 3
         MS. DELAFOSSE:
 4
                It needs --
 5
         MR. MILAZZO:
 6
                That -- that's all I've got. Thanks.
7
          It makes -- it makes sense based on what you
 8
          said earlier.
 9
          MS. DELAFOSSE:
10
                Sure. And when we start having more
11
          expenditures against the interest, you'll
12
          see some more information presented in the
13
          right-hand column. And then you'll see even
14
          in the most right-hand column, we have other
15
          charges, professional services of $4,000.
16
          So that's some work that we had done on some
17
          abandoned sites and it's a deduction from
18
          the interest that's available. It -- so,
19
          you know, once we have more work being done,
20
          you'll see some more expenditures come out
21
          of there. And we'll keep -- we have to keep
22
          track of that separately, because it's
23
          essentially a separate program --
24
          MR. MILAZZO:
```

| 1  | Yes, so                                     |
|----|---|
| 2  | MS. DELAFOSSE:                              |
| 3  | with separate revenues and separate         |
| 4  | expenditures.                               |
| 5  | MR. MILAZZO:                                |
| 6  | Right. So the I guess maybe kinda           |
| 7  | of adding to this presentation a little bit |
| 8  | or an illustration of it, you know, what is |
| 9  | kinda unencumbered, so to speak.            |
| 10 | MS. DELAFOSSE:                              |
| 11 | Okay.                                       |
| 12 | MR. MILAZZO:                                |
| 13 | If there's if you take the interest         |
| 14 | and any expenses that really are working    |
| 15 | against the interest so that we're not as   |
| 16 | we do the math on this not that we I'm      |
| 17 | I'm stuck on this, because when I look at   |
| 18 | this, I'm going, where does that fit and    |
| 19 | where does this fit?                        |
| 20 | MS. DELAFOSSE:                              |
| 21 | Sure.                                       |
| 22 | MR. MILAZZO:                                |
| 23 | So we if we look at it, okay, what          |
| 24 | is the interest and what is the interest    |
| 25 | doing in cost and then all of it.           |

| 1  | MS. DELAFOSSE:                               |
|----|--|
| 2  | Okay. We'll take that into account           |
| 3  | and see what we need to adjust in the        |
| 4  | presentation and so forth.                   |
| 5  | MR. BURNHAM:                                 |
| 6  | Theresa, one last thing. On on one           |
| 7  | of the slides, I noticed that the retirement |
| 8  | expenditures was like 37 percent of the      |
| 9  | total.                                       |
| 10 | MS. DELAFOSSE:                               |
| 11 | Yes.   |
| 12 | MR. BURNHAM:                                 |
| 13 | Is that I'm going to show my                 |
| 14 | ignorance on this. Is that money that's      |
| 15 | being funded to employees as they're         |
| 16 | employed by the DEQ or money that comes out  |
| 17 | after they retired from the DEQ?             |
| 18 | MS. DELAFOSSE:                               |
| 19 | So you're fortunate that I'm familiar        |
| 20 | with these retirement issues, because in my  |
| 21 | previous job, I actually wrote some reports  |
| 22 | with the state actuary on this very issue,   |
| 23 | so I can give a little bit of additional     |
| 24 | information. But essentially, the state has  |
| 25 | a large unfunded accrued liability with it's |

| 1  | retirement systems that they recognized as   |
|----|--|
| 2  | an obligation at some point in the past I    |
| 3  | think it may be about 15 years ago. So when  |
| 4  | they recognized that, they had to            |
| 5  | essentially develop a plan to pay it off.    |
| 6  | Part of that I guess the easiest cost        |
| 7  | driver or the easiest way to charge that     |
| 8  | amount that is owed by the agencies to the   |
| 9  | agencies is on their current employees. So   |
| 10 | the normal cost or the amount that's         |
| 11 | attributable to my retirement is closer to   |
| 12 | like I want to say eight percent or I don't  |
| 13 | I don't recall off the top of my head.       |
| 14 | But only a small percentage of that is the - |
| 15 | - for that person's retirement. They're      |
| 16 | basically paying for the people in the past. |
| 17 | So the retirement system, you know, doesn't  |
| 18 | have   |
| 19 | MR. BURNHAM:                                 |
| 20 | And does that number grow as                 |
| 21 | employees within the motor fuel trust fund   |
| 22 | retire, would it grow in in this regard?     |
| 23 | MS. DELAFOSSE:                               |
| 24 | It's based it's a calculation                |
| 25 | that's based on the entire state workforce.  |

| 1  | MR. BURNHAM:                                 |
|----|--|
| 2  | Okay.  |
| 3  | MS. DELAFOSSE:                               |
| 4  | So it's it changes every year. It            |
| 5  | typically stays kinda around that percent    |
| 6  | but I think the lowest in recent years was   |
| 7  | maybe 35.2. But they do a calculation every  |
| 8  | year, based on how many retirees there are,  |
| 9  | how many active members there are. They      |
| 10 | project how many active members will retire  |
| 11 | and leave. So, I mean, it's complicated,     |
| 12 | but  |
| 13 | MR. MILAZZO:                                 |
| 14 | What was the number, like 38-                |
| 15 | something?                                   |
| 16 | MR. BURNHAM:                                 |
| 17 | 37   |
| 18 | MS. DELAFOSSE:                               |
| 19 | It's 37.9 percent. So that's just how        |
| 20 | much we have to pay, but that's not going to |
| 21 | the employees.                               |
| 22 | MR. BURNHAM:                                 |
| 23 | I guess what I'm trying to figure out        |
| 24 | is, let's say, one person retires and you    |
| 25 | replace that person, now, is that 37 percent |

```
across two people rather than just one? I
 1
          mean, did it add to that 37 point something
 2
          percent, the fact that somebody retired and
 3
          a new guy got hired?
 4
         MS. DELAFOSSE:
 5
                I don't -- it wouldn't on that
 6
          scenario, no.
 7
          MR. MILAZZO:
 8
                So is it fair to say, the number of
 9
          employees dedicated to this program, that
10
          you guys are showing a budget, you're just
11
          using the factor, let's say 38 percent --
12
          MS. DELAFOSSE:
13
                Yes.
14
15
          MR. MILAZZO:
                -- as -- because that's what the
16
          states require you to do to --
17
          MS. DELAFOSSE:
18
                Yes. We just pay --
19
          MR. MILAZZO:
20
                -- to fund --
21
          MS. DELAFOSSE:
22
                We just pay what they tell us to pay.
23
          MR. MILAZZO:
24
                -- to fund what has happened in --
25
```

```
MR. BURNHAM:
 1
 2
                Got you.
 3
          MS. DELAFOSSE:
 4
                Yes.
          MR. MILAZZO:
. 5
 6
                -- in the previous --
 7
          MS. DELAFOSSE:
                We have to pay what they tell us to
 8
 9
          pay.
          MR. THERIOT:
10
                And -- and that is -- that is
11
12
          projected to go to zero by 2025.
13
          MR. BURNHAM:
                Is that right? I was just trying to
14
          figure out if that thing was going to be 78
15
          percent ten years from now or --
16
17
          MS. DELAFOSSE:
18
                No, no.
19
          MR. BURNHAM:
                 -- five years from now, or --
20
          MS. DELAFOSSE:
21
                 I wouldn't -- I -- I mean, I'm not a -
22
          - I don't have a crystal ball and I'm not an
23
          actuary, but it's not going to be -- I think
24
          it does -- there is some point in time where
25 .
```

```
1
          it may go up a little bit more, but they --
 2
          they make changes to it every year too.
          MR. BURNHAM:
 3
              Right.
 4
. 5
          MS. DELAFOSSE:
                They make changes to people's
 6
          retirement eligibility and they make changes
 7
 8
          to the -- for example, they -- I think they
          have a new plan that they're going to
 9
          introduce for people and current employees
10
11
          with a certain number of years of service
          can go to the new plan. That might change,
12
          or -- I -- it's -- there's a lot of moving
13
14
          pieces.
15
          MR. BURNHAM:
16
                Okay. Thank you.
17
          MS. DELAFOSSE:
18
                So -- but it won't double or anything.
          MR. BURNHAM:
19
20
                Thank you. Thank you.
21
          MR. THERIOT:
                It's easy to figure it if you're a
22
          state employee. You look at how much
23
24
          they're taking out of your check each month
25
```

```
1
         MR. BURNHAM:
2
               Yes.
 3
         MR. THERIOT:
               -- for your retirement and the state
        has a match.
         MR. BURNHAM:
 6
7
              I got you.
8
         MS. DELAFOSSE:
               But it's just -- yes, they have to pay
9
          extra match to pay for the --
10
         MR. THERIOT:
11
12
               Extra match.
         MS. DELAFOSSE:
13
14
                -- for the past.
          MR. BURNHAM:
15
                I'm with you.
16
17
          MS. DELAFOSSE:
                So it's a -- it's quite a pickle.
18
          MR. BURNHAM:
19
               Any other questions for Theresa?
20
21
         (No response.)
22
          MR. BURNHAM:
23
                Thank you, Theresa.
24
          MS. DELAFOSSE:
25
                Sure.
```

| 1   | MR. BURNHAM:                                |
|-----|---|
| 2   | We'll move to Cy and auditor's status       |
| , 3 | report.                                     |
| 4   | MR. MORIN:                                  |
| 5   | Yes. Cy Morin, DEQ Audit. If you'll         |
| 6   | turn to tab four. This this report          |
| 7   | details 22 open motor fuel audit cases, as  |
| 8   | of May 2, 2018.                             |
| 9   | One case resulted in a credit of            |
| 10  | \$579.61. We are still waiting on           |
| 11  | confirmation that this credit deduction     |
| 12  | being used toward current payment available |
| 13  | before we close this file.                  |
| 14  | As of May 2nd, 14 cases were awaiting       |
| 15  | review. Pending the final review, these     |
| 16  | represent one potential credit of           |
| 17  | approximately \$4,400, one potential        |
| 18  | assessment of approximately \$3,000. And    |
| 19  | there were 12 potential audits with no      |
| 20  | assessment.                                 |
| 21  | Since creating this report, two of          |
| 22  | these 12 cases, case 316015 and 317005 were |
| 23  | closed yesterday. Both were clean audits    |
| 24  | with no assessment.                         |
| 25  | Six cases are still in progress with        |

| 1  | results to be determined. And one case       |
|----|--|
| 2  | one fiscal year 2018case has been scheduled  |
| 3  | to start later and that's the last one on    |
| 4. | the list.                                    |
| 5  | If you don't have any questions on           |
| 6  | that page, we'll turn to page two.           |
| 7  | Same four cases remain outstanding,          |
| 8  | being pursued legally.                       |
| 9  | Mr. Milazzo, you asked last time about       |
| 10 | the status of the businesses. According to   |
| 11 | the Secretary of State's site, these         |
| 12 | businesses are inactive and all four         |
| 13 | businesses no longer have an active          |
| 14 | certificate. They're all inactive. I just    |
| 15 | wanted to confirm that for you.              |
| 16 | MR. MILAZZO:                                 |
| 17 | Thank you.                                   |
| 18 | MR. MORIN:                                   |
| 19 | Yes, sir.                                    |
| 20 | The first and fourth cases have now          |
| 21 | been referred to the Office of Debt          |
| 22 | Recovery. That was done on May 2nd. The      |
| 23 | second case is still being collected. As of  |
| 24 | the date of this report, the last payment    |
| OF | was 4/5/18 however, another payment of \$250 |

```
was received today, increasing the amount
 1
 2
          collected for that case to $9,610 and
          leaving a balance of $5,555.43 plus court
 3
          cost. Again, this case, if -- will be
          referred to ODR if payments cease. And the
 5.
          third case status remains the same. No
 6
 7
          payments from ODR as of May 2nd, 2018.
                As of today, these four legal cases
 8
          represent a total of $105,105.20 in
 9
          delinquent motor fuel fees, plus attorney
10
          fees, court cost and judicial interest.
11
12
                Any questions?
          MR. BURNHAM:
13
14
                Thank you.
15
          MR. MORIN:
                You're welcome.
16
17
          MR. BURNHAM:
                Questions for Cy?
18
19
          (No response.)
20
          MR. BURNHAM:
                If not, we'll move on to the trust
21
22
          fund status report, Mr. Baker.
          MR. BAKER:
23
                Good afternoon. If you'll turn to tab
24
          five in your packets. These are the figures
25
```

for the third quarter of fiscal year 2018.

puring the third quarter of fiscal year 2018, the trust fund received 269 applications, totaling approximately 4.1 million dollars. As of the end of March 2018, the trust fund had 148 pending applications to process, which have requested amounts totaling approximately 2.3 million dollars. 241 applications were processed for payment during the fiscal quarter, totaling approximately 3.4 million dollars. And 27 applications were returned with deficiencies.

If you'll turn to the next page,
you'll see the page that's titled, report of
cumulative activities for the motor fuel
trust fund. Under this tab, you'll see the
historical numbers, along with this fiscal
year up to this point. It kinda gives you
an idea of where we are and we're kinda
close -- you know, we've got one more
quarter left. You can look at the totals
and see we're kinda on task for where we
have been in the previous years. We may be
a little bit higher than we were last year,

but I don't think we're going to be any
higher than we were the year or two before
that.

If you'll turn to the next handout, it's entitled, monthly motor fuel trust fund obligation determination. All right. This worksheet list the various component determinations for the potential obligation against the trust fund, as of the end of March of 2018. For sites in the corrective action phase, the outstanding liability for corrective action plan budget and estimated cost to reach closure at the end of March 2018 was approximately 27.4 million dollars. This total includes the CAP budget remaining amounts and the RAC estimated cost to close amounts.

The fund obligation recognized for sites without ROG approval, the CAP budgets is approximately 27 million dollars. This is determined using a three-year average closure cost and applying these costs to the active trust fund sites without current CAP budgets.

The fund obligation recognizes 29

sites that have been determined to be trust fund eligible; however, have not submitted a reimbursement application. And we estimate this amount to be approximately 8.7 million dollars. This is also determined using a three-year average site closure cost and applying these costs to sites that have requested eligibility but have yet submitted a request for reimbursement from the fund. 

The five year projected fund obligation related to the motor fuel trust fund environmental trust fund transfers is approximately 21 million dollars. This estimate uses the three-year average dollars transferred from the motor fuel trust fund to the environmental trust fund and multiplies that average by five years. So we'll probably be looking at a change in the next quarter with that as we get the final quarter's numbers.

MR. BURNHAM:

Very good.

MR. BAKER:

The total estimated obligation amount is 84 -- approximately 84 million dollars,

```
1
          which represents a 4.7 million dollar
 2
          increase over last quarter's estimate. That
 3
          increase is attributed to some higher CAP --
          we approved some CAP budgets. We also had
 4
 5
          an adjustment to the average cost closure
          cost. It moved up about 25,000. That's
 6
 7
          going to change quarter to quarter as we get
 8
          -- sites come into that average and drop
 9
          off.
10
          MR. BURNHAM:
11
                You recalculate that every --
12
          MR. BAKER:
13
                Every quarter.
          MR. BURNHAM:
14
15
                Ouarter.
16
          MR. BAKER:
                Yes. Because it can fluctuate so
17
18
          much, we didn't think it was prudent to do
19
          it on a monthly basis.
20
          MR. BURNHAM:
21
                Okay.
22
          MR. BAKER:
23
                So we do, do it on a quarterly basis.
24
          MR. MILAZZO:
25
                So, Jeff, if I look at the 84 million
```

```
dollars and I go back to column three, it's
1
          fair to say that the abandoned tanks, the
2
          cost associated, they're not in this
 3
         worksheet?
 4
 5.
          MR. BAKER:
 6
                No, sir.
 7
          MR. MILAZZO:
                Okav. Good.
 8
 9
          MR. BAKER:
                This is strictly active, eligible --
10
          MR. MILAZZO:
11
                Got it. Okay.
12
          MR. BAKER:
13
                -- trust fund sites.
14
          MR. MILAZZO:
15
                That -- that -- now, it ties together.
16
          MR. BAKER:
17
                Okay. If you'll go to the next page
18
          in your packet, labeled incidents determined
19
          to be eligible for the motor fuel trust
20
          fund, you'll -- this report shows the number
21
          of potential trust fund sites that have been
22
          reviewed and made eligible during this
23
          current fiscal year. You'll see there were
24
          32 sites representing 40 active incidents
25
```

```
that -- because as you recognize, some of
 1
          these sites can have more than one incident;
 2
          i.e., diesel and gas or whatever.
 3
                If you'll turn to the next page,
          labeled trust fund sites that had a release
 5
          granted no further action status. You'll
 6
          see the trust fund sites that have received
 7
          the trust -- no further action status during
 8
          this fiscal year and we're looking at
 9
          approximately 32 locations. So basically,
10
          when you look at these two reports, we
11
          gained 32 and we've lost 32 during this
12
          fiscal year so far.
13
          MR. BURNHAM:
14
15
                Okay.
16
          MR. BAKER:
                It's just coincidental. It's not --
17
          MR. THERIOT:
18
                It's a pretty big coincidence.
19
          MR. BAKER:
20
                Yes, it is. It's actually strange.
21
          That actually happens within a couple sites
22
23
          pretty regular.
                Some points of interest. If you'll
24
          look -- you -- you had some additional
25
```

| 1  | handouts that were not included in the       |
|----|--|
| 2  | packet. One was labeled the corrective       |
| 3  | action plan summary report for motor fuel    |
| 4  | trust fund active sites and the other one is |
| 5  | labeled the summary report for motor fuel    |
| 6  | active sites without corrective action       |
| 7  | plans. These are the same same reports       |
| 8  | that we normally put in your packets that    |
| 9  | kinda give you the background of some of the |
| 10 | obligation numbers. The last time and        |
| 11 | during the last meeting, one of the board    |
| 12 | members asked us to include some milestone   |
| 13 | dates in that report. So what we did is, we  |
| 14 | included the date for the first application  |
| 15 | received by the trust fund and we also       |
| 16 | included the last application received date. |
| 17 | So on both of those reports, the only thing  |
| 18 | that's changed from the previous months is   |
| 19 | we added those two columns. And like I       |
| 20 | said, one is the first application received  |
| 21 | date and the next one is the last            |
| 22 | application received date.                   |
| 23 | Does anybody have any questions about        |
| 24 | that?  |
| 25 | MR. MILAZZO:                                 |

1 Thanks for adding this.

2 MR. BAKER:

3

4

5

6

7

8

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25

No problem. If there's anything else ya'll wanted added in these reports, please let me know.

Another point of interest is, due to some recent RAC complaints, we're working with the RAC board members and the PPM staff to re-evaluate our current estimation unit rates. The complainant stated that the current unit rates were not adequate to address all the cost associated with their projects. Since this remediation tool is often -- is often the best choose, cost effectively and time efficiently, clean up a site, we wanted this unit rate to be appropriate to reflect this true cost. So in other words, we asked the members that have been -- that participated in the original development of these unit rates to come back together and help us look at this and see if we need to make some adjustments. We're hoping to make some changes as of July 1st of this year. We're not -- I mean, like I said, we're just kinda in the review

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stages right now. We don't think it's gonna be a huge jump, but we don't want to take this tool out of the toolbox. Excavations can cleanup a site quicker and -- and many times more efficiently than other options.

And we don't want RACs not choosing it because they're losing money on it. So --

Just another point of interest. Last year, we implemented the new version of the guidance document. It had been five years since we had done that. We made some pretty major changes. So this -- this year, as we have looked at the current -- the new -- the new document, we've had a lot of questions, asking about the new CAP categories and whatnot. So what we've done is, we've had to make some kinda interim determinations and -- and decisions. So what we're going to do is, we're going to try to implement these in a new version as of July 1st, 2018. It won't be a major change, but we will get some language in there to kinda cleanup some of the confusion from the previous version.

That's all I have. If anybody has any questions?

25 questions?

(No response.) 1 MR. BURNHAM: 2 Okay. If there's no questions for 3 Jeff -- thank you, Jeff -- we'll move to 4 third party claims with Mr. Theriot. And, 5 Perry, if you don't mind, would you just 6 move straight to other business and the 7 legislative activities? 8 9 MR. THERIOT: That'll be fine. I have good news in 10 third party claims. We've had no new ones 11 filed since our last meeting. We are in the 12 process of settling one of the cases that's 13 been outstanding and I think in a 14 preferential way, without going into 15 details. It -- it's a standard case 16 involving a release that got into a manhole 17 cover that is owned by, of course, our 18 telecommunications people, who filed a third 19 party claim. They own the -- the manhole. 20 And -- and so there's been a settlement of 21 that one. It doesn't -- I consider it to be 22 in our favor. Without going into executive

session, that's about all I'll -- I'll feel

comfortable saying. But it -- it's a good

23

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settlement. So that one will be off the books soon.

I think that leaves us with only one outstanding third party claim left. We've been doing a good job of keeping those from getting too out of hand.

As for legislation, we had only one bill involving the USTs and as of this week, it has been sent to the Governor for signature. So we have good news on that. It will impose a new obligation on the board, which will be, once a year to take information that we're going to gather and -- and present to the board and make a recommendation on the amount of the fee that is being collected for the bulk delivery of gasoline. We still maintain under the new legislation. The maximum is still there. So the -- at least the first time, the only thing you can do is lower it. After that, they will -- you -- once a year, the board will meet like it does for the deductible amounts for the owner's responsibility, and we'll make a recommendation and then the secretary will take that recommendation and

```
either implement it or not implement it and
 1
          give reasons. But that has been passed and
 2
          we're hoping to -- I think -- well, Theresa
 3
          is going to talk to you about it in a couple
 4
         of minutes, about a way to provide the
 5
          information the board will need, which
 6
          involves the actuarial study. Okay.
 7
                As for third party -- I've already did
 8
          that. No third party claims.
 9
                So we do have some outstanding issues
10
          later that are going to come up, but they're
11
          not on the agenda yet and that we'll --
12
          we'll be talking about involving some
13
          current matters that involve legal,
14
          involving what can be done and not done at
15
          certain sites. So we can get that on the
16
          next agenda for when we're going to talk
17
          about it, because that -- that's going to
18
          take a while to fix.
19
          MR. BURNHAM:
20
21
                Thank you, Perry.
                Any other questions for Perry?
22
23
          (No response.)
24
          MR. BURNHAM:
                Can we go to Theresa now for actuary
```

- discussion and update, please.
- MS. DELAFOSSE:
- I just wanted to comment on the
- 4 legislation too. It was -- it was a great
- 5 bill. A victory for everybody, I think.
- 6 Kinda of a win, win situation. It went very
- 7 smooth through the process. And I don't
- 8 know, it's -- it -- I feel like, it's -- you
- know, I've watched the legislature a lot and
- I don't know how common it is for things to
- go through that smoothly that are also
- 12 meaningful and will have a great impact on
- the program. So it's a -- it's a big
- 14 accomplishment for the department and the
- 15 board. So I just wanted to add that.
- MR. BURNHAM:
- 17 Great. Thank you.
- 18 MS. DELAFOSSE:
- 19 So with regard to that, you know,
- 20 internally, we could come up with a process
- 21 to discuss the different fee levels and what
- we believe should be set for the next fiscal
- 23 year, but part of that discussion also is --
- you know, part of that calculation, I guess,
- is what the obligation is on the sites, as

| 1  | well, which Jeff discussed. We've tweaked   |
|----|---|
| 2  | that methodology throughout the years, but  |
| 3  | Jeff is an engineer, not an actuary. I'm a  |
| 4  | CPA, not an actuary. They have a whole      |
| 5  | special toolbox of ways to project these    |
| 6  | types of things. So we've done some         |
| 7  | research and identified two firms that have |
| 8  | done actuarial work on motor fuel programs  |
| 9  | in other states. Some came you know,        |
| 10 | recommended from other states, one, I       |
| 11 | believe, Jeff and Perry had heard speak at  |
| 12 | conference previously. So we held some      |
| 13 | conference calls with those folks over the  |
| 14 | past couple of weeks and are kinda          |
| 15 | working through their proposals and gettin  |
| 16 | additional information from them on what    |
| 17 | pricing would be to review both the         |
| 18 | obligation calculation and then also review |
| 19 | or and help us develop a process to         |
| 20 | annually recommend and discuss with the     |
| 21 | board a fee amount for the next year.       |
| 22 | So we just wanted to mention that to        |
| 23 | the board. I think we'll have a little bit  |
| 24 | more information on those proposals at the  |
| 25 | next board meeting. But I also wanted to    |

| 1  | open it up to if the board has any           |
|----|--|
| 2  | questions they would like us to pose to the  |
| 3  | firms, we can certainly do that. We have     |
| 4  | some followup questions, based on the        |
| 5  | preliminary information that they've         |
| 6  | provided that we hope to get out to them     |
| 7  | either this week or next so we can, again,   |
| 8  | continue to work through that process. You   |
| 9  | know, that on the contracting side of        |
| 10 | things, it's easy to contract with           |
| 11 | actuaries, because they are considered a     |
| 12 | professional services contract so there are  |
| 13 | less restrictions in place as far as going   |
| 14 | out on bid, et cetera. So whoever we feel    |
| 15 | more comfortable with and who we think will  |
| 16 | do the best job and the most thorough job    |
| 17 | for our program, that's who we can employ.   |
| 18 | So I think that's going to really add a lot  |
| 19 | of value to our calculations and make sure   |
| 20 | that we have good numbers going forward and  |
| 21 | really take into account everything that we  |
| 22 | need to, to have a full picture of the       |
| 23 | fund's costs and make sure that we're        |
| 24 | collecting the correct amount to continue to |
| 25 | have a healthy program moving forward.       |

```
1
          MR. MILAZZO:
 2
                So my question would be, this is to
          determine a collection fee. This isn't cost
 3
          fee on behalf of having it. This is simply
 5
          year after year, what -- is it eight tenths,
          if it's five tenths, if it's --
 6
 7
          MS. DELAFOSSE:
 8
                Exactly.
          MR. MILAZZO:
 9
                -- indexed somehow --
10
11
          MS. DELAFOSSE:
12
                Right.
          MR. MILAZZO:
13
                -- to --
14
          MR. THERIOT:
15
16
                They do that -- actuaries use both,
17
          just --
18
          MR. MILAZZO:
19
                Well, yes, I would think so.
          MR. THERIOT:
20
21
                They have to take the program as it
               They do a study of how -- they go
22
          through the history of our expenditures.
23
          They have some -- and then they'll get the
24
25
          history of our receipts. Then they'll take
```

| 1   | a look at the program as a whole and they    |
|-----|--|
| 2   | basically do what I like to call an          |
| 3   | algorithm like the internet does all the     |
| 4   | time, it actually does calculations and can  |
| . 5 | project expenses into the future versus      |
| 6   | receipts into the future. And we, of         |
| 7   | course, would want them to try to match them |
| 8   | as close as possible so that we're never in  |
| 9   | any trouble but we're also not over          |
| LO  | collecting.                                  |
| 11  | MR. MILAZZO:                                 |
| 12  | So the statute, as we know it today,         |
| L3  | does that allow for that kind of fluctuation |
| 14  | up or down?                                  |
| 15  | MR. THERIOT:                                 |
| 16  | Well, no. The statute, as we know it         |
| 17  | today, unless until the Governor signs       |
| 18  | it, it's set at what it is.                  |
| 19  | MR. MILAZZO:                                 |
| 20  | Okay.  |
| 21  | MR. THERIOT:                                 |
| 22  | And we can't change that. And it             |
| 23  | tells us we have to quit collecting it, if   |
| 24  | we reach a certain point. And then we can't  |
| 25  | start recollecting it again until it drops   |

```
down to a -- a way low amount. And -- and
 1
          then you start collecting it again. That's
 2
          not a real efficient way. That's kinda
 3
          like, you know, taking a sledgehammer to
 4
          kill an ant. But this way will enable us to
 5
          do it in a yearly fashion. Many things
 6
          change. For instance, I looked at the
 7
          chart. I saw that the amount of the
 8
          receipts has been growing and that coincides
 9
          with what the car companies have been saying
10
          in that very large automobiles are now
11
          selling. Ford is getting out of the
12
          business of small cars and that's why
13
          gasoline consumption has increased. So if
14
          you have a gasoline increase, you're in the
15
          business, that's going to be more fees that
16
          are coming into -- into the fund. If you
17
          have less gasoline being purchased, that's,
18
          of course, less. And I think that's one of
19
          the factors that -- that the guys --
20
21
          MR. MILAZZO:
22
                So --
23
          MR. THERIOT:
                -- take into effect to look at that.
24
          MR. MILAZZO:
25
```

| 1  |        | So the bill as as you described it           |
|----|--------|--|
| 2  | r g ly | a few moments ago will lead to that          |
| 3  |        | flexibility, right?                          |
| 4  | 1 - 1  | MS. DELAFOSSE:                               |
| 5  |        | Yes. Sure.                                   |
| 6  | 1 2 2  | MR. MILAZZO:                                 |
| 7  |        | So I quiet frankly, I commend you            |
| 8  |        | guys. I think it's a good idea, concept,     |
| 9  |        | because, you know, we could find ourselves a |
| 10 |        | decade where demand is changing, electric    |
| 11 |        | vehicles are having some impact and cost may |
| 12 |        | not be changing. So                          |
| 13 |        | MS. DELAFOSSE:                               |
| 14 |        | And we may it may be that they               |
| 15 |        | review our obligation and they say, well,    |
| 16 |        | this looks too low. It really should be 100  |
| 17 |        | million dollars. And without taking into     |
| 18 |        | without having an expert such as that,       |
| 19 |        | weigh-in, I guess on what our revenues and   |
| 20 |        | expenditures picture is going to look like   |
| 21 |        | and make sure that our forecasting is        |
| 22 | * 1    | accurate, we may cut the fee in half for way |
| 23 |        | too many years and then find ourselves in    |
| 24 |        | trouble. So                                  |
| 25 |        | MR. MILAZZO:                                 |

```
I -- I just --
 1
 2
          MS. DELAFOSSE:
                -- we hate to be hasty, I guess.
 3
          MR. MILAZZO:
 4
          Right. So -- but when this -- if --
. 5
          if you do engage this, this advisory board
 6
          would have some influence as to the decision
 7
          going forward, right?
 8
          MS. DELAFOSSE:
 9
                Oh, for sure.
10
          MR. MILAZZO:
11
                Okay.
12
          MR. THERIOT:
13
                It's your -- it's your recommendation.
14
15
          MR. MILAZZO:
                All right. Good.
16
          MR. BAKER:
17
                The way the bill is written, there
18
          will be probably in the -- maybe the March -
19
          - the February meeting, we would present the
20
          information to ya'll from the actuary or
21
          whatever happens at that point, on an annual
22
          basis, and then ya'll would review that
23
          information and make a recommendation to the
24
          secretary. And it'll be the secretary's
25
```

1 decision. MS. DELAFOSSE: 2 Yes. And -- and my -- my thought is 3 that we would propose several different 4 scenarios as well. So if we decide to set 5 it for example at .05, this is what we think 6 7 it will look like five -- you know, two years from now or next year or by the end of 8 . 9 the year, et cetera. Just -- and, you know, if we do .06, this is what we think it will 10 look like, et cetera. Just different --11 12 what different funding scenarios would result in for the program. 13 14 MR. MILAZZO: And probably leave some comfort for 15 you guys when we begin to forecast into the 16 17 future --18 MS. DELAFOSSE: Yes. 19 20 MR. MILAZZO: 21 -- that there's -- that there's some 22 other -- some algorism that's -- so I think it's a good idea, as long as it comes back 23 24 to this group. 25 MS. DELAFOSSE:

```
1
                Absolutely.
 2
          MR. BAKER:
                And both of the actuaries that we've
 3
          talked to have done other reports on other
 4
 5
          trust funds in other states. So they're not
 6
          new to the process. They're not new to the
 7
          -- the funds like this, where you have the -
          - the relearning curve, where you have to
 8
 9
          teach them about what a trust fund is and
10
          about USTs and all that. These people have
          done it before, so --
11
12
          MR. MILAZZO:
                Okay. So, Natalie, you and Kerry
13
          Hill, the -- the folks on the -- kinda the
14
15
          collection side, you're hearing this, right?
16
          MR. HILL:
17
                Yes.
18
          MS. ISSACKS:
19
                Yes.
20
          MR. MILAZZO:
21
                Okay. I don't have any other
22
          questions.
23
          MS. DELAFOSSE:
24
                Okay.
25
          MR. BURNHAM:
```

```
1
                Okay. Any other questions for
 2
          Theresa?
 3
          (No response.)
          MR. BURNHAM:
 4
                Are there any other questions before
 5
 6
          we adjourn our meeting?
 7
          MR. FULTON:
                Well, I -- I would like to add some
 8
 9
          stuff, if I may.
          MR. BURNHAM:
10
11
                Please. Please do.
          MR. FULTON:
12
                I know -- I know I'm not on the
13
          agenda; however, I just kinda want to give
14
          an -- maybe a divisional update from the
15
          UST.
16
          MR. BURNHAM:
17
                That'd be awesome. Thank you.
18
          MR. FULTON:
19
                We have a few things going right now
20
          other than our normal work. But our --
21
          we're very close to implementing and
22
23
          instituting our app tablets for inspections.
          So I just want to kinda give ya'll a heads
24
          up for that. We're very close. I'm
25
```

```
1
          guessing we're probably about three months
 2
          out before we really start testing.
 3
          suspect and I truly believe that this is
 4
          going to increase our efficiency with the
 5 .
          inspection process. It's going to help out
 6
          the regulated community. And we'll have
 7
          less transcription errors with handwritten
 8
          paper. So that's -- that's one thing.
 9
          MR. BURNHAM:
10
                That's great.
11
          MR. FULTON:
12
                Contracting with the abandoned tanks,
13
          we have our 24 month assessment contract is
          -- is finalized. We have our tank pull
14
15
          which is about to go -- I'm pretty sure the
16
          last update I heard was it was close to
17
          getting done and sent over to OSB, I think
18
          so. And then our other one is our
19
          corrective action contract, which we are
20
          currently still working on, but we are going
21
          to what is called an RSIQ, which is request
22
          for interest and statement of
```

qualifications. And we'll be selecting a --

one or -- one or more RACs to do corrective

action process with contracts.

23

24

25

| 1   | MS. DELAFOSSE:                               |
|-----|--|
| 2   | And we're we're still planning to            |
| 3   | select those regionally or                   |
| 4   | MR. FULTON:                                  |
| . 5 | We haven't those that decision               |
| 6   | hasn't been made yet.                        |
| 7   | MS. DELAFOSSE:                               |
| 8   | Okay.  |
| 9   | MR. FULTON:                                  |
| 10  | We still have some more discussions to       |
| 11  | go about that.                               |
| 12  | MS. DELAFOSSE:                               |
| 13  | Okay. Got you.                               |
| 14  | MR. FULTON:                                  |
| 15  | But we will be selecting one or more         |
| 16  | contractors. It will be regionally or        |
| 17  | we're looking how we can divide the state up |
| 18  | and save money to the fund. So we're very    |
| 19  | close to that.                               |
| 20  | And then on the grants issue, we are         |
| 21  | working on our 19 four year 19 grants.       |
| 22  | And I can't guarantee anything, but from     |
| 23  | what I've been told from EPA is it will be   |
| 24  | equal to or slightly higher. But that is     |
| 25  | not a quarantee.                             |

```
1
           MR. BURNHAM:
 2
                 What is that?
 3
           MR. FULTON:
 4
                 Oh, whatever 19 or --
 5
          MS. DELAFOSSE:
 6
                 1.6.
 7
          MR. FULTON:
 8
                 Yes, 1.6. It might be a little --
 9
          slightly higher than that.
10
          MR. BURNHAM:
11
                Good.
12
          MR. FULTON:
13
                There's no guarantees for that though.
14
          MR. BURNHAM:
15
                Okay.
16
          MR. FULTON:
17
                Then the other thing is, is we are
18
          requesting information and a grant for
19
          hurricane money for Harvey. Evidently, EPA
20
          has a little bit of money to help the
21
          abandoned tank sites in the Harvey hurricane
22
          effected areas. And we are -- have a
23
          handful of sites that qualify that and we
24
          are applying for those funds now. So that -
25
          - I'm always looking for other money to help
```

- 1 abandoned tanks when it's EPA money. MR. BURNHAM: 2 3 Absolutely. MR. FULTON: 4 So that's a quick update of what we --5 what the division is up to. 6 MR. BURNHAM: 7 8 Thank you. Any questions for Gary on those items? 9 10 (No response.) MR. BURNHAM: 11 Thank you, Gary, for sharing that. 12 MS. DELAFOSSE: 13 And I wanted to mention too, if I can. 14 We've discussed previously the potential to 15 hold the meetings elsewhere instead of Baton 16 Rouge, just to give some of the folks that 17 have to come from out of town a break. I 18 mean, that's one reason Durwood's not here. 19 I know he loves to come to Baton Rouge to 20 see me. But he didn't make it today. So I 21
- 24 middle of the state. So that would even be

believe Jeff and Durwood are -- have plans

to go look at a facility kinda closer to the

a possibility for our August meeting. But I

22

23

| 1  | know we'll need to communicate about that to |
|----|--|
| 2  | the board sooner rather than later, just so  |
| 3  | plans can be made. But I just wanted to      |
| 4  | mention that again, because I know I had     |
| 5  | mentioned it previously. But if anyone has   |
| 6  | any feedback or questions on that, think     |
| 7  | August is a bad idea or good idea, we are    |
| 8  | all ears. Just wanted to mention that.       |
| 9  | MR. BAKER:                                   |
| 10 | Durwood and I plan to go inspect a           |
| 11 | facility. Durwood has found one in           |
| 12 | Alexandria. I think it's at the Ag Center    |
| 13 | there, Durwood?                              |
| 14 | MR. FRANKLIN:                                |
| 15 | Yes. It's at the LSU Ag Center, just         |
| 16 | south of Alexandria.                         |
| 17 | MR. BAKER:                                   |
| 18 | And they supposedly have a really nice       |
| 19 | facility for something like this. So we're   |
| 20 | going to go check it out in the next couple  |
| 21 | of weeks. And we'll we'll let ya'll know     |
| 22 | well in advance.                             |
| 23 | MR. BURNHAM:                                 |
| 24 | Okay. Great.                                 |
| 25 | Okay. Any other issues to address            |

| 1   | before we move to adjourn?         |
|-----|------------------------------------|
| 2   | (No response.)                     |
| 3   | MR. BURNHAM:                       |
| 4   | Okay. Could I have a motion to     |
| 5 - | adjourn, please?                   |
| 6   | MR. MILAZZO:                       |
| 7   | So moved.                          |
| 8   | MR. BURNHAM:                       |
| 9   | Second?                            |
| 10  | MR. FULTON:                        |
| 11  | Second.                            |
| 12  | MR. BURNHAM:                       |
| 13  | Any opposed?                       |
| 14  | (No response.)                     |
| 15  | MR. BURNHAM:                       |
| 16  | We are adjourned.                  |
| 17  | THE MEETING ADJOURNED AT 2:02 P.M. |
| 10  | * * * * *                          |

| _   | REPORTER'S PAGE                                  |
|-----|--|
| 2   | I, Lori B. Overland, Certified Court             |
| 3   | Reporter, in and for the State of Louisiana, the |
| 4   | officer, as defined in Rule 28 of the Federal    |
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25

## CERTIFICATION

| 2  | I, Lori B. Overland, Certified Court Reporter in     |
|----|--|
| 3  | and for the State of Louisiana, as the officer       |
| 4  | before whom this testimony was taken, do hereby      |
| 5  | certify that the above referenced individual to whom |
| 6  | oath was administered, after having been duly sworn  |
| 7  | by me upon authority of R.S. 37:2554, did testify as |
| 8  | hereinbefore set forth in the foregoing pages, that  |
| 9  | this testimony was reported by me in the stenomask   |
| 10 | reporting method, was prepared and transcribed by me |
| 11 | or under my personal direction and supervision, and  |
| 12 | is a true and correct transcript to the best of my   |
| 13 | ability and understanding; that the transcript has   |
| 14 | been prepared in compliance with transcript format   |
| 15 | guidelines required by statute or by rules of the    |
| 16 | board, that I have acted in compliance with the      |
| 17 | prohibition on contractual relationships, as defined |
| 18 | by Louisiana Code of Civil Procedure Article 1434    |
| 19 | and in rules and advisory opinions of the board;     |
| 20 | that I am not related to counsel or to the parties   |
| 21 | herein, nor am I otherwise interested in the outcome |
| 22 | of this matter.                                      |
| 23 | Ceil Carlond   |
| 24 | Lori Overland C.C.R.                                 |

# 97083

## In The Matter Of:

DEPARTMENT OF ENVIRONMENTAL QUALITY
MOTOR FUELS UNDERGROUND STORAGE TANK TRUST FUND

ADVISORY BOARD MEETING May 10, 2018

Associated Reporters, Inc.

2431 South Acadian Thruway

Suite 550

Baton Rouge, La. 70808

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| 35:11;40:24;42:17;     | 12:21;13:7;20:21;   | 28 (1)                 | 563,000 (1)         | The state of the s |
| 48:10;53:2;58:23;60:8  | 21:21;23:21;24:10   | 69:4                   | 15:8                |  |
| year's (3)             |                     | 29 (1)                 | 58,000 (1)          |  |
| 9:2,2;15:11            | 19 (5)              | 41:25                  | 14:9                |  |
| yesterday (1)          | 17:19;20:22;64:21,  | 2nd (3)                |                     |  |
| 37:23                  | 21;65:4             | 37:14;38:22;39:7       | 6                   |  |
| 31.43                  | 19.1 (2)            | 37.14,30.22,37.1       | U                   | - Carrier Barrier  |
| Z                      | 16:25;18:3          | 2                      | 60 (1)              | THE PROPERTY OF  |
| L                      | 1st (2)             | 3                      | 60 (1)              | ALL THE MENT OF  |
| (4)                    | 47:24;48:20         | 2 (1)                  | 20:11               |  |
| zero (1)               |                     | 3 (1)                  | 60,000 (1)          |  |
| 34:12                  | 2                   | 12:19                  | 22:13               | The second second  |
|                        |                     | 3.4 (1)                | 680,000 (1)         |  |
| 0                      | 2 (4)               | 40:11                  | 21:10               | A STATE OF THE STA |
|                        | 20:18,19;25:11;37:8 | 3/31 (1)               |                     |  |
| 05 (1)                 |                     | 26:9                   | 7                   |  |
| 60:6                   | 2.2 (1)             | 3/31/18 (1)            |                     |  |
| 06 (1)                 | 10:5                | 26:10                  | 7.2 (1)             | The state of the s |
| 60:10                  | 2.3 (1)             | 30 (2)                 | 10:7                | 1 1 10 10 10   |
| 00.10                  | 40:8                |                        |                     |  |
|                        | 2:02 (1)            | 20:5,13                | 78 (2)              |  |
|                        | 68:17               | 30.11 (1)              | 20:7;34:15          |  |

### In The Matter Of:

DEPARTMENT OF ENVIRONMENTAL QUALITY
MOTOR FUELS UNDERGROUND STORAGE TANK TRUST FUND

## ADVISORY BOARD MEETING May 10, 2018

Associated Reporters, Inc.

2431 South Acadian Thruway

Suite 550

Baton Rouge, La. 70808

Original File TRUST.txt
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| MOI                                  | OR FUELS UNDERGROUND STORAGE TANK TR   | .051                       | FUND   | 10, 20   |
|--------------------------------------|--|----------------------------|--|----------|
|                                      | Page 1   |                            |  | Page     |
| 1 2 3                                |  | 1                          | INDEX  |          |
| 3                                    | STATE OF LOUISIANA   | 2                          | EXAMINATION:   | PAGE (S) |
| 4                                    | DEPARTMENT OF ENVIRONMENTAL QUALITY  | 3                          | None   | PAGE (S) |
| 5 1                                  | MOTOR FUELS UNDERGROUND STORAGE TANK TRUST   | 4                          |  |          |
| 6                                    | FUND ADVISORY BOARD  | 5                          | EXHIBITS:  |          |
| 7                                    |  | 6                          | None   |          |
| 8                                    |  | 7                          | REPORTER'S PAGE  | 6        |
| 9                                    |  | 8                          | REPORTER'S CERTIFICATE   | 7        |
| .0                                   |  | 9                          |  |          |
| .1                                   |  | 10                         | *****  |          |
| .2                                   |  | 11                         |  |          |
| L3                                   | The above-entitled meeting was held at the LDEQ, Galvez Building, Conference Center, 602   | 12                         |  |          |
| .4                                   | North 5th Street, Baton Rouge, Louisiana, beginning at 1:09 p.m., on May 10, 2018.   | 13                         |  |          |
| .5                                   |  | 14                         |  |          |
| .6                                   |  | 15                         |  |          |
| 7                                    |  | 16                         |  |          |
| 8                                    |  | 17                         |  |          |
| 9                                    | BEFORE:  | 18                         |  |          |
| 0                                    | Lori B. Overland<br>Certified Court Reporter   | 19                         |  |          |
| 1                                    | In and For the State of Louisiana  | 20                         |  |          |
| 2                                    | Louisiana  | 21                         |  |          |
|                                      |  | 22                         |  |          |
| 3                                    | <b>搬车等。在外方在外方下,</b>  | 23                         |  |          |
| 4                                    |  | 24                         |  |          |
| 5                                    |  | 25                         |  |          |
|                                      | Page 2   |                            |  | Page 4   |
| 1                                    | APPEARANCES  |                            |  | . ugo    |
| 2                                    |  | 1                          | ****   |          |
| 3                                    | Steve Burnham<br>Chairman  | 2                          | MR. BURNHAM:   |          |
| 4                                    | Kerry Hill, via telephone  | 3                          | Okay. Well, I'm going to call the  |          |
| 5                                    | Durwood Franklin, via telephone<br>Jeff Baker  | 4                          | meeting to order. The first thing we'll do   |          |
| 6                                    | Gary Fulton<br>Cy Morin  | 5                          | is the roll call and adoption of the   |          |
| 7                                    | Roger Bright, via telephone  | 6                          | February 22, 2018 board minutes.   |          |
| 8                                    | Theresa Delafosse<br>Perry Theriot<br>John Milazzo   | 7                          | Let's start with roll call. I'm Steve  |          |
|                                      | John Milazzo Joe McCartney, via telephone  | 8                          | Burnham with Engineering Associates.   |          |
| 9                                    | Melissa Vizinat  | 9                          | MR. MILAZZO:   |          |
| 1                                    | Natalie Issacks, via telephone<br>Jason Efferson   | 10                         | Johnny Milazzo, representing Louisiana   |          |
|                                      | Trey Kemp<br>Byron Blanchard   | 11                         | Oil Marketers Association.   |          |
| 2                                    | Roger Gingles<br>Lacey Vitteri   | 12                         | MR. THERIOT:   |          |
| 3                                    | Christy Gardner<br>Shawn Ivy   | 13                         | Perry Theriot, LDEQ Legal.   |          |
| 1                                    | Jill Carter  | 14                         | MR. BAKER:   |          |
| 5                                    | The state of the s | 15                         | Jeff Baker, LDEQ Motor Fuel Trust  |          |
|                                      |  | 16                         | Fund.  |          |
|                                      |  | 122 Carrier                | MR. FULTON:  |          |
| 7                                    | B (1985년 1985년 1980년 1985년 1985년<br>B (1985년 1985년   | 17                         | O DI Trompi i i  |          |
| 7<br>B                               |  | 18                         | Gary Fulton, UST Division  |          |
| 7                                    |  | 18<br>19                   | Administrator.   |          |
| 7<br>8<br>9                          |  | 18                         | Administrator. MR. MORIN:  |          |
| 7 3 9 0                              |  | 18<br>19                   | Administrator. MR. MORIN: Cy Morin, LDEQ Audit.  |          |
| 7<br>3<br>9<br>0<br>L                |  | 18<br>19<br>20             | Administrator. MR. MORIN: Cy Morin, LDEQ Audit. MS. DELAFOSSE:                                   |          |
| 7<br>8<br>9<br>0<br>1<br>2           |  | 18<br>19<br>20<br>21       | Administrator. MR. MORIN: Cy Morin, LDEQ Audit. MS. DELAFOSSE: Theresa Delafosse, LDEQ Financial |          |
| 6<br>7<br>8<br>9<br>0<br>1<br>2<br>3 |  | 18<br>19<br>20<br>21<br>22 | Administrator. MR. MORIN: Cy Morin, LDEQ Audit. MS. DELAFOSSE:                                   |          |

|  | * * * * * * * * * * * * * * * * * * *   | Page 5 |  |   | Page 7            |
|--|---|--------|--|---|-------------------|
| 1  | Melissa Vizinat, LDEQ Trust Fund.   |        | 1  | You're good.  | * 1               |
| 2  | MR. BAKER:  | 4.     | 2  | MR. BURNHAM:  |                   |
| 3  | On the phone, we have Durwood Frankl  | in     | 3  | We've got Roger Bright on the phone?  |                   |
| 1  | from the Motor Fuel Trust Fund. Can the   |        | 4  | MR. BRIGHT:   |                   |
| 5  | rest of ya'll try to get on there without   |        | 5  | Yes.  |                   |
| 5  | MR. HILL:   |        | 6  | MR. BURNHAM:  |                   |
| 7  | Kerry Hill with Louisiana Oil   |        | 7  | Okay. I think that's it. Could I  |                   |
| 3  | Marketers.  |        | 8  | hear a motion to adopt the February 22, 2018  |                   |
| 9  | MR. FULTON:   | -      | 9  | board minutes?  |                   |
| )  | Who else is on the phone?   |        | 10   | MR. MILAZZO:  |                   |
| L  | MR. MCCARTNEY:  | ,      | 11   | So moved.   |                   |
| 2  | Joe McCartney, Louisiana Oil  |        | 12   | MR. FULTON:   |                   |
| 3  | Marketers.  |        | 13   | Second.   |                   |
| 4  | MR. BRIGHT:   |        | 14   | MR. BURNHAM:  |                   |
| 5  | Roger Bright, Jones Environmental.  |        | 15   | Second. All in favor say "aye".   |                   |
| 5  | MS. ISSACKS:  |        | 16   | (All indicated "aye".)  |                   |
| 7  | And Natalie Issacks.  |        | 17   | MR. BURNHAM:  |                   |
| 8  | MR. BURNHAM:  |        | 18   | Any opposed?  |                   |
| 9  | Anybody else on the phone that hasn't   |        | 19   | (No response.)  |                   |
| 0  | been recognized?  |        | 20   | MR. BURNHAM:  |                   |
| 1  | (No response.)  |        | 21   | No oppose. Thank you.   |                   |
| 2  | MR. BURNHAM:  |        | 22   | We'll move on to our financial  |                   |
| 3  | Okay.   |        | 23   | services report by Theresa, please.   |                   |
| 4  | MR. EFFERSON:   |        | 24   | MS. DELAFOSSE:  |                   |
| 5  | Jason Efferson, DEQ Trust Fund.   |        | 25   | Good afternoon everybody. If you'll   |                   |
| ,  |   | Page 6 |  |   | Page 8            |
| _  | MO MITTERI  |        |  | C' I I  | - 10 <del>-</del> |
| 1  | MS. VITTERI:  |        | 1  | flip to tab number three in your packet, you  |                   |
| 2  | Lacy Vitteri, DEQ Financial Services.   |        | 2  | have the financial statement for the third  |                   |
| 3  | MR. BLANCHARD:  |        | 3  | quarter of fiscal year 2018.  |                   |
| 4  | Byron Blanchard, LDEQ Audit.  |        | 4  | So I have on here three columns. I'll   |                   |
| 5  | MR. KEMP:   |        | 5  | let everybody flip to that page.  |                   |
| 6  | Trey Kemp, DEQ Trust Fund.  |        | 6  | So we have three columns here. The  |                   |
| 7  | MS. GARDNER:  |        | 7  | left-hand column is the fiscal year 2017  |                   |
| 8  | Christy Gardner, PPM Consultants.   |        | 8  | fourth quarter, so the full year financial  |                   |
| 9  | MR. IVY:  |        | 9  | statement. The center column is the third   |                   |
|  | Shawn Ivy, PPM Consultants.   |        | 10   | quarter of last year, so the third quarter  |                   |
|  | A DE DEMONSTRATE  |        | 11   | of fiscal year 2017. And the right-hand   |                   |
| 1  | MR. BURNHAM:  |        |  |   |                   |
| 1  | Announce yourself Roger, please,  |        | 12   | column is the third year or, the third  |                   |
| .2   | Announce yourself Roger, please, seriously for the roll call.   |        | 12<br>13   | quarter of fiscal year 2018, so the quarter   |                   |
| 1 2 3  | Announce yourself Roger, please, seriously for the roll call. MR. BRIGHT:   |        | 12<br>13<br>14   | quarter of fiscal year 2018, so the quarter that just ended on March 31st.  |                   |
| 1 2 3 4 5  | Announce yourself Roger, please, seriously for the roll call.  MR. BRIGHT:  Roger Bright, Jones Environmental.  |        | 12<br>13<br>14<br>15   | quarter of fiscal year 2018, so the quarter<br>that just ended on March 31st.<br>We with with the February 22nd   |                   |
| 1<br>2<br>3<br>4<br>5  | Announce yourself Roger, please, seriously for the roll call.  MR. BRIGHT:  Roger Bright, Jones Environmental.  MR. BURNHAM:  |        | 12<br>13<br>14<br>15<br>16                                     | quarter of fiscal year 2018, so the quarter that just ended on March 31st.  We with with the February 22nd board meeting, we did slightly change the  |                   |
| 1<br>2<br>3<br>4<br>5  | Announce yourself Roger, please, seriously for the roll call. MR. BRIGHT: Roger Bright, Jones Environmental. MR. BURNHAM: All right. And, Roger, would you  |        | 12<br>13<br>14<br>15   | quarter of fiscal year 2018, so the quarter that just ended on March 31st.  We with with the February 22nd board meeting, we did slightly change the presentation of the financial statements,  |                   |
| 1<br>2<br>3<br>4<br>5<br>6<br>7  | Announce yourself Roger, please, seriously for the roll call.  MR. BRIGHT: Roger Bright, Jones Environmental.  MR. BURNHAM: All right. And, Roger, would you announce yourself for the roll call, please.   |        | 12<br>13<br>14<br>15<br>16                                     | quarter of fiscal year 2018, so the quarter that just ended on March 31st.  We with with the February 22nd board meeting, we did slightly change the presentation of the financial statements, but this is the presentation that you'll see   |                   |
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| .1<br>.2<br>.3<br>.4<br>.5<br>.6<br>.7<br>.8   | Announce yourself Roger, please, seriously for the roll call.  MR. BRIGHT: Roger Bright, Jones Environmental.  MR. BURNHAM: All right. And, Roger, would you announce yourself for the roll call, please.  MR. GINGLES: Roger Gingles. I'm here.  |        | 12<br>13<br>14<br>15<br>16<br>17<br>18                         | quarter of fiscal year 2018, so the quarter that just ended on March 31st.  We with with the February 22nd board meeting, we did slightly change the presentation of the financial statements, but this is the presentation that you'll see going forward. It contains basically the same information but we did take into  |                   |
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| .1<br>.2<br>.3<br>.4<br>.5<br>.6<br>.7<br>.8<br>.9<br>.20                              | Announce yourself Roger, please, seriously for the roll call.  MR. BRIGHT: Roger Bright, Jones Environmental.  MR. BURNHAM: All right. And, Roger, would you announce yourself for the roll call, please.  MR. GINGLES: Roger Gingles. I'm here.  |        | 12<br>13<br>14<br>15<br>16<br>17<br>18<br>19<br>20             | quarter of fiscal year 2018, so the quarter that just ended on March 31st.  We with with the February 22nd board meeting, we did slightly change the presentation of the financial statements, but this is the presentation that you'll see going forward. It contains basically the same information but we did take into account here that the interest money is to be allocated for the abandoned sites. Which |                   |
| 1<br>2<br>3<br>4<br>.5<br>.6<br>.7<br>.8<br>.9<br>.9<br>.9<br>.9                       | Announce yourself Roger, please, seriously for the roll call.  MR. BRIGHT: Roger Bright, Jones Environmental.  MR. BURNHAM: All right. And, Roger, would you announce yourself for the roll call, please.  MR. GINGLES: Roger Gingles. I'm here.  MS. DELAFOSSE:                        |        | 12<br>13<br>14<br>15<br>16<br>17<br>18<br>19<br>20<br>21       | quarter of fiscal year 2018, so the quarter that just ended on March 31st.  We with with the February 22nd board meeting, we did slightly change the presentation of the financial statements, but this is the presentation that you'll see going forward. It contains basically the same information but we did take into account here that the interest money is to   |                   |
| 10<br>11<br>12<br>13<br>14<br>15<br>16<br>17<br>18<br>19<br>20<br>21<br>22<br>23<br>24 | Announce yourself Roger, please, seriously for the roll call.  MR. BRIGHT: Roger Bright, Jones Environmental.  MR. BURNHAM: All right. And, Roger, would you announce yourself for the roll call, please.  MR. GINGLES: Roger Gingles. I'm here.  MS. DELAFOSSE: We have another Roger. |        | 12<br>13<br>14<br>15<br>16<br>17<br>18<br>19<br>20<br>21<br>22 | quarter of fiscal year 2018, so the quarter that just ended on March 31st.  We with with the February 22nd board meeting, we did slightly change the presentation of the financial statements, but this is the presentation that you'll see going forward. It contains basically the same information but we did take into account here that the interest money is to be allocated for the abandoned sites. Which |                   |

Page 9 Page 11 But as you can see, when you compare I -- I can talk pretty loud so I 1 1 last year's third quarter to this year's should be -- ya'll -- can ya'll hear me at 2 2 third quarter, we're a little ahead of where 3 3 this volume? we were last year on the bulk distribution (An off-the-record discussion followed.) 4 4 fee collection. And then we also had about MS. DELAFOSSE: three million dollars -- or, a little over How about now? 6 6 7 two million dollars more of claims for MR. BAKER: 7 8 reimbursement -- so that's good too --Can ya'll hear her? 8 throughout the first nine months of last MR. HILL: 9 q 10 10 Yes, I can hear. And then at the -- in the very bottom MS. DELAFOSSE: 11 11 block, you'll see the total cash balance of So as I mentioned with our bulk 12 12 the fund, which is just -- as of March 31st distribution fees, we do have an increase as 13 13 was just under 112 million, that 111,964 of this time last year over this year. As 14 14 figure. With the liability on the current of last year -- last year at third quarter, 15 15 we had collected 15.2 million of the bulk sites, at that same date, of 84 million. 16 16 Leaving us with an unobligated balance of distribution fees. This year, we're at 17 17 20.8 million dollars. 16.5. So that was an increase of nine 18 18 And ya'll stop me at any time for percent. You'll see in that -- or 8.9 19 19 percent, you see in that -- in the bottom 20 questions. 20 21 If you flip to the second sheet, this 21 row. And then we've also seen great is also an exercise that we do quarterly. increases in our interest income, which is 22 22 And this is a projection of what we believe wonderful, because that gives us some --23 23 the transfer will be from the motor fuel some good resources to clean up those 24 24 trust fund to the environmental trust fund abandoned sites. The increase is both due 25 25 Page 10 Page 12 to cover the -- the administrative costs to the interest rates with our treasury 1 2 that are not accounted for with the program 2 being higher and due to the principal being larger. So we earn more interest because revenues. So we have the revenues, again, 3 of environmental trust fund and federal. our -- our fund has more cash in it, 4 which total right at 2.2 million. And we essentially. So we've already earned 5 5 forecast that our expenditures will be right \$925,000 just in interest in this year 6 6 at 7.2 million. And so that leaves a alone. 7 7 balance of about 5 million that we project These are the projected expenditures 8 8 will be transferred, again, from the by function for the entire year, fiscal year 9 9 trust fund to the environmental -- from 2018, which ends on June 30th. As you see, 10 10 motor fuel trust fund to the environmental the majority of the expenditures are the UST 11 11 core activities. We also have some trust fund to cover those administrative 12 12 expenses. So that is a slight decrease from enforcement cost and the motor fuel trust 13 13 last year, which was about 5.6 million. fund section, Jeff's group, who reviews the 14 14 So if there are no questions on that applications. And then 26 percent 15 15 represents the support and indirect charges. information, I will go to the podium and do 16 16 the financial -- for the financial slide This slide shows us the salaries and 17 17 show. related benefits. So as you see for the 18 18 (No response.) salaries, our actual, we're right at 3 19 19 MR. BAKER: million for fiscal '17 and we do project an 20 20 increase in that for fiscal year '18. But 21 Guys, if ya'll can't hear on the 21 phone, let us know. as we've discussed previously, in January, 22 22 MR. HILL: there were two pay adjustments that were 23 23 done statewide. One was a two percent 24 Okay. 24 MS. DELAFOSSE: adjustment that every employee received and 25

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the other was an adjustment, bringing employees who were outside of the new pay 2 ranges, into those ranges, up the new 3

4 minimum. So we did have some employees 5

affected by that change. And that -- that's 6 why you will see an increase in the salaries for 2017 and '18. 7

Same thing with related benefits. Those costs are driven by how much the salaries cost. As a -- you know, for example, retirement costs are right under 38 percent per employee. So if employees make more, that 38 percent piece is a little bit more. So we're anticipating a slight increase in the related benefit category, again, of about \$15,000, between last year and this year.

We're projecting a decrease in our travel expenditures from last year to this year. But, you know, they're very -- very low travel cost for the program.

And then our operating services, 22 there'll be a slight increase. I didn't 23 look into this -- I didn't get a chance to 24 look into this to let ya'll know what that included the budget in this slide, which is

1.1 million dollars, but as I'll show you in

the next slide, I -- I don't believe that we 3

will come close to that this year, just 4

based on the work that the attorneys have 5

done on an ongoing basis. 6

So that's why at the top, you'll see 7 that our year-end projection is only 563,000 8

where our budget was 1.8 million. So we --9 we definitely underspent in this category.

10 And it'll be a reduction from last year's 11

expenditures as well. 12

So here's the attorney general 13 charges. Again, those are related to the 14

ongoing litigation. We did transfer those 15 settlement proceeds to the motor fuel trust 16

fund in April 2017. And I will say that, 17

also, Karyn Andrews, our Undersecretary had 18

some conversations with the budget office 19

and I believe that there has been an 20

amendment put into a supplemental 21

appropriation or an ancillary appropriation 22

where we will be paid back for part of the 23

seven million that remained in the attorney 24

general's trust fund -- or, attorney general

Page 14

Page 13

Page 16

Page 15

increase was attributable to, but it -- it 1 could be maintenance on our vehicles or 2

perhaps some additional supplies that we 3

needed this year that we didn't end up 4 5

needing last year.

So again, that's just a projection at this point. As you can see, through the first nine months of the year, we spent

58,000, so it's -- it's possible that we 9

could still come in under that 88,000 10 11

projection on the right-hand side and be closer to where we were last year.

Our professional services cost remain fairly low here. We project about \$4,000. We just have some lab analysis contracts that we've used for site work, so those are

17 18 also represent some professional services 19 type work. It just doesn't fall under 20 professional -- the professional services 21

category. As you can see, there's some lab 22

in red here, the attorney general fees. We

contracts and then the compliance 23 inspection, tank operator training. I have 24

-- those are likely in the amount. Now, on our other charges slide, these escrow account, sorry. So again, we had

asked the -- we worked with the

administration on that and let them know 3

that, you know, we needed -- we just needed 4

a plan in place to get that money placed 5

back into the trust fund. So they have put 6

the wheels in motion on that. And we 7 anticipate that we'll -- we'll begin 8

receiving those funds back, again, that were 9

transferred out of the attorney general's 10

escrow, but really were ours from the 11

So then you see down here in the chart that the fiscal year 2018, the expenditures

14 for the first nine months of the year were 15

just about 115,000. We did get another bill 16

from them recently, but it was just about 17

12,000. So again, those -- those won't --18

they're certainly not hitting the 1.1 19 million dollar budget that we agreed to with 20

the attorney general's office for the year. 21

It'll probably be 200 or less if I had to 22

forecast. So --23

settlement.

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13

MR. BURNHAM: 24 Theresa, the 19.1 is for the same 25

Page 17 Page 19 period that those expenditures are, for 2014 our indirect costs. And the -- the 2 to 2018? beginning of fiscal '13, we included half of 2 MS. DELAFOSSE: 3 our agency approved -- the -- the EPA each 3 4 Correct. year approves our overhead rate. And since 4 MR. BURNHAM: fiscal year '13, we've included half of that 5 6 Okay. rate in the motor fuel cost and the overall MS. DELAFOSSE: 7 cost for the administration of the program. 7 Yes. 8 And again, that includes the work that legal Then we have our interagency transfer does, the work that financial services does, 9 9 category. This one is going to be around 10 myself and Lacey, and the other members of 10 the same from last year to this year and 11 financial services, and then all the budget 11 that includes those expenses listed below, 12 work that's handled. And then, for example, 12 the rent in the Shreveport -- in our the account's receivable group who deposits 13 13 Shreveport office and then in the Galvez 14 all the money, you know, and legal is not 14 Building. Which again, the Galvez Building 15 just Perry and Jill. They're more visible 15 rent will decrease. We are consolidating to ya'll, but we also have our legal staff 16 16 within this building and getting off of a 17 17 that works on collections. So any -- any floor and a half. So either at some point work that they do to collect any fees that 18 18 during fiscal year '19 or at the latest, were unpaid is also part of the overhead 19 19 20 fiscal year '20, we will see our rent cost expenditures. 20 decrease in the state-owned building, which MR. BURNHAM: 21 21 is -- which is a charge that is part of the 22 22 So the employee's pay rate is interagency transfer category, so we'll see 23 23 multiplied by 1.30 -some savings there going forward. 24 MS. DELAFOSSE: 24 MR. MILAZZO: Yes. So -- so we just multiply the 25

Page 18 Theresa, real quick. Before we move 1 too far along. On the -- the work of the 2 attorney general, that 19.1, is there 3 anybody left out there -- do we have open 4 suits that we know of today? 5 MR. THERIOT: 6 I -- I will -- I -- yes, we do. 7 8 MR. MILAZZO: Okay. So we should still expect to 9 see some litigation charges coming back from 10 the attorney general? 11 MR. THERIOT: 12 Yes. 13 MS. DELAFOSSE: 14 I'll -- I'll let Perry speak on that. 15 MR. THERIOT: 16 Yes. 17 MR. MILAZZO: 18 19 Okay. 20 MR. THERIOT:

We should expect some charges from the

attorney general and some charges from our

Okay. And we've discussed in detail

salaries and related benefits by -- yes --2 MR. BURNHAM: Right. 3 MS. DELAFOSSE: 4 5 -- 30 percent, essentially. So as you see, in fiscal year 2018, 6 our rate was about 78 percent. That was a 7 high year. So 39.12 was half of that rate, 8 which we used in the admin. Our new rate 9 for fiscal year 2019 is, as you saw, a 10 pretty significant decrease and it'll be 60 11 percent. So the rate that we'll use in our 12 motor fuel calculation is 30. So 30.11. So 13 that explains part of the changes in the 14 transfer as well. 15 We were discussing in our grant 16 revenue that there have been some changes 17 over time. We were, you know, closer to 2 18 million or over 2 million and now we're 19 20 closer to a million and a half. But again, we did see an increase between '17 and '18. 21 22 We won't know what our fiscal year '19 award is until I believe September. So that'll be 23 information we have to share at a later 24

outside attorneys, yes.

MS. DELAFOSSE:

21

22

23

24

25

25

board meeting.

Page 20

| way | 10, 2018 MOTOR                               | FOEI | S UNDERGROUND STORAGE TANK TRUST             |        |
|-----|--|------|--|--------|
|     | Page 21                                      |      | P  | age 23 |
| 1   | Then we have our environmental trust         | 1    | At what point in time would you              |        |
| 2   | fund revenues. So that that's the tank       | 2    | does that ever lead to a red tag, if they    |        |
| 3   | registration fees. Previously, the \$54, now | 3    | don't pay the registration?                  |        |
| 4   | the \$60. We sent those bills out towards    | 4    | MR. THERIOT:                                 |        |
| 5   | the end of March. So you see that we         | 5    | Yes, it does. Under the current              |        |
| 6   | project, based on the bills that we sent out | 6    | system that is in place, if the fees are not |        |
| 7   | and what our collection rate in the year     | 7    | paid with the new regulations that are       |        |
| 8   | that those bills are sent have been in the   | 8    | coming in, they're not effective yet         |        |
| 9   | past, we project we will collect about       | 9    | MR. MILAZZO:                                 |        |
| 10  | 680,000 this year. So that was, again,       | 10   | Okay.  | •      |
| 11  | pretty pretty much close to a ten percent    | 11   | MR. THERIOT:                                 |        |
| 12  | increase over what our collections have been | 12   | but there will be a your a                   |        |
| 13  | in the past. So that corresponds with the    | 13   | ban on delivering fuel to any tank without a |        |
| 14  | increase in the fee.                         | 14   | current registration.                        |        |
| 15  | This is a new slide. I included this         | 15   | MR. MILAZZO:                                 |        |
| 16  | information just for for some additional     | 16   | Okay.  |        |
| 17  | additional knowledge for ya'll, just to      | 17   | MS. DELAFOSSE:                               |        |
| 18  | show that but I I went three years on        | 18   | Thank you, Perry.                            |        |
| 19  | this chart. I have fiscal year '15, fiscal   | 19   | And then we've discussed some again,         |        |
| 20  | year '16 and fiscal year '17. I didn't put   | 20   | the transfer. This includes our projection   |        |
| 21  | '18 because it's we send those bills so      | 21   | from fiscal year '18 what we anticipate it   |        |
| 22  | late in our fiscal year, it's, you know, a   | 22   | will be. The difference between these        |        |
| 23  | little closer to June or July where I'll     | 23   | numbers and what's presented in the          |        |
| 24  | have better numbers. Just because of the     | 24   | financial statements is that I did deduct    |        |
| 25  | time it takes for people to get those bills  | 25   | the attorney general expenses in the         |        |
|     |  |      |  |        |

Page 24 Page 22 in. previous years because those were reimbursed 1 But you see on the fourth line down,

2 the registration fees for the current year 3 make up right about 85 or 84 percent of our 4 total collections for the year. And that 5

has stayed fairly consistent, as you'll see. 6

7 We also collect fees from the prior year, so you see some people just -- just 8

pay a little late. They want to pay the next year and not pay the year their -- that 10

11 they're billed originally. So for example,

in fiscal year '17, you know, we collected 12 13

almost 60,000 of bills that were sent in 14 fiscal year '16. So there's just -- there

15 can be a slight lag in that. And then

there's some other little miscellaneous 16

17 revenues that are coded in this same

category and you'll see a little bit of late 18

19 fee revenue down there which -- which

represents a small percentage of the total. 20

21 So that's just an interesting breakdown that

shows that it's not just the tank 22

registration fees, but it is predominately

the tank registration fees.

MR. MILAZZO:

from the settlement proceeds, you know, so

where we paid the attorney general a million

dollars, but we got that million dollars

back. So I had deducted those in the years

with the asterisks just to show that -- that

7 adjustment because it kinda -- it -- it

kinda artificially inflates the

expenditures. But I haven't done that for

the fiscal year '18 projection, but again, 10

it's just a -- it -- but it still stayed 11

similar to the same, but we did have some 12

13 increases in -- in some costs, salaries, et 14 cetera.

15 And that's all I have. Any other

16 questions?

17 MR. BURNHAM:

You may have said it and I missed it. 18

19 But the last thing on the slide said, cost

have increased and revenue had decreased. 20 21 Can you elaborate on that a little bit?

MS. DELAFOSSE: 22

Sure. That's just what we've 23

discussed previously, that the -- the cost 24

of the program in general have increased, 25

| 111 | OTOR FUELS UNDERGROUND STORAGE TANK TR  | -  | Control of the Contro |
|-----|---|----|--|
|     | Page 25   |    | Page   |
| 1   | predominately the salary cost, and then, you  | 1  | you can see the interest total on the  |
| 2   | know, some of the the indirect rate has   | 2  | right-hand column, the interest total is   |
| 3   | changed. It fluctuates, I guess, from year  | 3  | for example in this if we're looking at  |
| 4   | to year, but it has been as high as about 38  | 4  | the center column, the interest is the   |
| 5   | percent. So that that drives the cost of  | 5  | 5,644,332 number.  |
| 6   | the administration of the program up. But   | 6  | MR. MILAZZO:   |
| 7   | the revenues have decreased. So   | 7  | Right. So that   |
| 8   | predominately, the revenues that are  | 8  | MS. DELAFOSSE:   |
| 9   | decreased have been the federal revenues.   | 9  | That's not included  |
| 10  | As you saw on that other slide, where we,   | 10 | MR. MILAZZO:   |
| 11  | you know, we bid over 2 million dollars and   | 11 | In the total?  |
| 12  | then we've had some years where we've been  | 12 | MS. DELAFOSSE:   |
| 13  | down at one and a half. So that's you   | 13 | Exactly.   |
| 14  | know, that's a significant decrease, half a   | 14 | MR. MILAZZO:   |
| 15  | million dollars, that's not available for   | 15 | All right. Okay.   |
| 6   | program expenditures.   | 16 | MS. DELAFOSSE:   |
| 17  | MR. BURNHAM:  | 17 | So   |
| 18  | Thank you.  | 18 | MR. MILAZZO:   |
| 9   | MS. DELAFOSSE:  | 19 | Well, it's it's not it's it's  |
| 20  | Sure.   | 20 | not part of the unobligated balance  |
| 21  | MR. BURNHAM:  |    | MS. DELAFOSSE:   |
| 22  |   | 21 |  |
|     | Are there any other questions? Are  | 22 | Exactly. MR. MILAZZO:  |
| 23  | you through, Theresa? MS. DELAFOSSE:  | 23 |  |
| 24  | I'm finished.   | 24 | is what you're saying? MS. DELAFOSSE:  |
| -5  | I'm imblied.  | 25 | MS. DELAI-OSSE.  |
|     | Page 26   |    | Page 2   |
| 1   | MR. BURNHAM:  | 1  | Exactly.   |
| 2   | Are there any other questions for   | 2  | MR. MILAZZO:   |
| 3   | Theresa? Johnny, do you want to   | 3  | Okay. All right.   |
| 4   | MR. MILAZZO:  | 4  | MS. DELAFOSSE:   |
| 5   | Theresa, I meant to ask this the last   | 5  | It needs   |
| 6   | time, but this is a little bit different  | 6  | MR. MILAZZO:   |
| 7   | view of this. When you have the three   | 7  | That that's all I've got. Thanks.  |
| 8   | columns, looking at the fiscal year of '17  | 8  | It makes it makes sense based on what you  |
| 9   | versus what would be the quarter ending 3/31  | 9  | said earlier.  |
| .0  | versus 3/31/18, when I look down at the   | 10 | MS. DELAFOSSE:   |
| 1   | bottom and I look at total cash balance, and  | 11 | Sure. And when we start having more  |
| 2   | then you consider the liability on current  | 12 | expenditures against the interest, you'll  |
| .3  | sites, that math doesn't add up. Am I   | 13 | see some more information presented in the   |
| .4  | missing something there?  | 14 | right-hand column. And then you'll see even  |
| .5  | MS. DELAFOSSE:  |    | in the most right-hand column, we have other   |
| 6   | We didn't we don't use the total  | 15 |  |
|     |   | 16 | charges, professional services of \$4,000.   |
| 7   | cash balance in that calculation anymore because the total cash includes the interest | 17 | So that's some work that we had done on some   |
| 8.  |   | 18 | abandoned sites and it's a deduction from  |
| 9   | revenue, which the interest revenue since   | 19 | the interest that's available. It so,  |
| 0   | 2001 is set aside for the abandon site work.  | 20 | you know, once we have more work being done,   |
| 1   | MR. MILAZZO:  | 21 | you'll see some more expenditures come out   |
| 2   | Okay. So  | 22 | of there. And we'll keep we have to keep   |
| 3   | MS. DELAFOSSE:  | 23 | track of that separately, because it's   |
| 4   | So that that's what changed   | 24 | essentially a separate program   |
| 25  | predominately about the presentation. So  | 25 | MR. MILAZZO:   |

Page 31 Page 29 Yes, so -retirement systems that they recognized as 1 an obligation at some point in the past -- I MS. DELAFOSSE: 2 2 think it may be about 15 years ago. So when -- with separate revenues and separate 3 3 they recognized that, they had to expenditures. 4 essentially develop a plan to pay it off. MR. MILAZZO: 5 Part of that -- I guess the easiest cost Right. So the -- I guess maybe kinda 6 6 driver or the easiest way to charge that 7 of adding to this presentation a little bit 7 amount that is owed by the agencies to the or an illustration of it, you know, what is 8 8 agencies is on their current employees. So kinda unencumbered, so to speak. 9 9 the normal cost or the amount that's MS. DELAFOSSE: 10 10 attributable to my retirement is closer to 11 Okay. 11 like I want to say eight percent or I don't MR. MILAZZO: 12 12 -- I don't recall off the top of my head. If there's -- if you take the interest 13 13 But only a small percentage of that is the and any expenses that really are working 14 14 against the interest so that we're not -- as - for that person's retirement. They're 15 15 basically paying for the people in the past. we do the math on this -- not that we -- I'm So the retirement system, you know, doesn't -- I'm stuck on this, because when I look at 17 17 this, I'm going, where does that fit and have --18 18 where does this fit? MR. BURNHAM: 19 19 And does that number grow -- as MS. DELAFOSSE: 20 20 employees within the motor fuel trust fund Sure. 21 retire, would it grow in -- in this regard? MR. MILAZZO: 22 22 MS. DELAFOSSE: So we -- if we look at it, okay, what 23 23 is the interest and what is the interest It's based -- it's a calculation 24 24 doing in cost and then all of it. that's based on the entire state workforce. 25 Page 32 Page 30 MS. DELAFOSSE: MR. BURNHAM: 1 1 Okay. We'll take that into account Okay. 2 2 and see what we need to adjust in the MS. DELAFOSSE: 3 3 So it's -- it changes every year. It presentation and so forth. 4 4 typically stays kinda around that percent MR. BURNHAM: 5 5 Theresa, one last thing. On -- on one but I think the lowest in recent years was 6 6 maybe 35.2. But they do a calculation every of the slides, I noticed that the retirement 7 7 expenditures was like 37 percent of the year, based on how many retirees there are, 8 how many active members there are. They total. 9 9 MS. DELAFOSSE: project how many active members will retire 10 10 and leave. So, I mean, it's complicated, Yes. 11 11 MR. BURNHAM: but --12 12 MR. MILAZZO: 13 Is that -- I'm going to show my 13 ignorance on this. Is that money that's What was the number, like 38-14 14 being funded to employees as they're 15 something? 15 employed by the DEQ or money that comes out MR. BURNHAM: 16 16 after they retired from the DEQ? 17 37 ---17 MS. DELAFOSSE: MS. DELAFOSSE: 18 18 So you're fortunate that I'm familiar It's 37.9 percent. So that's just how 19 19 much we have to pay, but that's not going to with these retirement issues, because in my 20 20 previous job, I actually wrote some reports the employees. 21 with the state actuary on this very issue, MR. BURNHAM: 22 22 so I can give a little bit of additional I guess what I'm trying to figure out 23 23 information. But essentially, the state has is, let's say, one person retires and you 24 24 replace that person, now, is that 37 percent a large unfunded accrued liability with it's 25 25

|  |   | Page 33 |  |   | Page 3  |
|--|---|---------|--|---|---------|
| 1  | across two people rather than just one? I   |         | 1  | it may go up a little bit more, but they  |         |
| 2  | mean, did it add to that 37 point something   |         | 2  | they make changes to it every year too.   |         |
| 3  | percent, the fact that somebody retired and   |         | 3  | MR. BURNHAM:  |         |
| 4  | a new guy got hired?  |         | 4  | Right.  |         |
| 5  | MS. DELAFOSSE:  |         | 5  | MS. DELAFOSSE:  |         |
| 6  | I don't it wouldn't on that   |         | 6  | They make changes to people's   |         |
| 7  | scenario, no.   |         | 7  | retirement eligibility and they make changes  | 3       |
| 8  | MR. MILAZZO:  |         | 8  | to the for example, they I think they   |         |
| 9  | So is it fair to say, the number of   |         | 9  | have a new plan that they're going to   |         |
| .0   | employees dedicated to this program, that   |         | 10   | introduce for people and current employees  |         |
| .1   | you guys are showing a budget, you're just  | 2.5     | 11   | with a certain number of years of service   |         |
| .2   | using the factor, let's say 38 percent  |         | 12   | can go to the new plan. That might change,  |         |
| .3   | MS. DELAFOSSE:  |         | 13   | or I it's there's a lot of moving   |         |
| .4   | Yes.  |         | 14   | pieces.   |         |
| 5  | MR. MILAZZO:  |         | 15   | MR. BURNHAM:  |         |
| 6  | as because that's what the  |         | 16   | Okay. Thank you.  |         |
|  | states require you to do to   |         | 17   | MS. DELAFOSSE:  |         |
| .7   | MS. DELAFOSSE:  |         |  | So but it won't double or anything.   |         |
| .8   | Yes. We just pay  |         | 18   | MR. BURNHAM:  |         |
| 0  | MR. MILAZZO:  |         | 20   | Thank you. Thank you.   |         |
| 1  | to fund   |         | 21   | MR. THERIOT:  |         |
|  | MS. DELAFOSSE:  |         |  | It's easy to figure it if you're a  |         |
| 2  |   |         | 22   | state employee. You look at how much  |         |
| 3  | We just pay what they tell us to pay. MR. MILAZZO:  |         | 23   | they're taking out of your check each month   |         |
| 5  | to fund what has happened in  |         | 24   | they le taking out of your check each month   |         |
| .5   | to fund what has happened in  |         | 25   |   |         |
| 10   |   | Page 34 |  | ENGLISH OF THE PARTY OF   | Page 36 |
| 1  | MR. BURNHAM:  |         | 1  | MR. BURNHAM:  |         |
| 2  | Got you.  |         | 2  | Yes.  |         |
| 3  | MS. DELAFOSSE:  |         | 3  | MR. THERIOT:  |         |
| 4  | Yes.  |         | 4  | for your retirement and the state   |         |
| 5  | MR. MILAZZO:  | JE H    | 5  | has a match.  |         |
| 6  | in the previous   |         | 6  | MR. BURNHAM:  |         |
|  | MS. DELAFOSSE:  |         |  | I got you.  |         |
| 7  |   |         | 7  | MS. DELAFOSSE:  |         |
| 8  | We have to pay what they tell us to   |         | 8  |   |         |
| 9  | pay.  |         | 9  | But it's just yes, they have to pay   |         |
| 0  | MR. THERIOT:  |         | 10   | extra match to pay for the  |         |
|  | And and that is that is   |         | 11   | MR. THERIOT: Extra match.   |         |
|  | 1 1 0005  |         |  | Extra match   |         |
| 2  | projected to go to zero by 2025.  |         | 12   |   |         |
| 2  | MR. BURNHAM:  |         | 13   | MS. DELAFOSSE:  |         |
| 2 3 4  | MR. BURNHAM: Is that right? I was just trying to  |         | 13<br>14   | MS. DELAFOSSE: for the past.  |         |
| 2<br>3<br>4<br>5   | MR. BURNHAM: Is that right? I was just trying to figure out if that thing was going to be 78  |         | 13<br>14<br>15   | MS. DELAFOSSE: for the past. MR. BURNHAM:   |         |
| 2<br>3<br>4<br>5<br>6  | MR. BURNHAM:  Is that right? I was just trying to figure out if that thing was going to be 78 percent ten years from now or   |         | 13<br>14<br>15<br>16                                     | MS. DELAFOSSE: for the past. MR. BURNHAM: I'm with you.   |         |
| 2 3 4 5 6 7  | MR. BURNHAM:  Is that right? I was just trying to figure out if that thing was going to be 78 percent ten years from now or MS. DELAFOSSE:  |         | 13<br>14<br>15<br>16<br>17                               | MS. DELAFOSSE: for the past. MR. BURNHAM: I'm with you. MS. DELAFOSSE:  |         |
| 2<br>3<br>4<br>5<br>6<br>7<br>8                                    | MR. BURNHAM:  Is that right? I was just trying to figure out if that thing was going to be 78 percent ten years from now or  MS. DELAFOSSE:  No, no.  |         | 13<br>14<br>15<br>16<br>17                               | MS. DELAFOSSE: for the past. MR. BURNHAM: I'm with you. MS. DELAFOSSE: So it's a it's quite a pickle.   |         |
| 2<br>3<br>4<br>5<br>6<br>7<br>8                                    | MR. BURNHAM:  Is that right? I was just trying to figure out if that thing was going to be 78 percent ten years from now or MS. DELAFOSSE: No, no. MR. BURNHAM:   |         | 13<br>14<br>15<br>16<br>17                               | MS. DELAFOSSE: for the past. MR. BURNHAM: I'm with you. MS. DELAFOSSE: So it's a it's quite a pickle. MR. BURNHAM:  |         |
| 2<br>3<br>4<br>5<br>6<br>7<br>8<br>9                               | MR. BURNHAM:  Is that right? I was just trying to figure out if that thing was going to be 78 percent ten years from now or  MS. DELAFOSSE:  No, no.  MR. BURNHAM:  five years from now, or   |         | 13<br>14<br>15<br>16<br>17                               | MS. DELAFOSSE: for the past. MR. BURNHAM: I'm with you. MS. DELAFOSSE: So it's a it's quite a pickle. MR. BURNHAM: Any other questions for Theresa?   |         |
| 2<br>3<br>4<br>5<br>6<br>7<br>8<br>9                               | MR. BURNHAM:  Is that right? I was just trying to figure out if that thing was going to be 78 percent ten years from now or  MS. DELAFOSSE:  No, no.  MR. BURNHAM:  five years from now, or  MS. DELAFOSSE:                                 |         | 13<br>14<br>15<br>16<br>17<br>18                         | MS. DELAFOSSE: for the past.  MR. BURNHAM: I'm with you.  MS. DELAFOSSE: So it's a it's quite a pickle.  MR. BURNHAM: Any other questions for Theresa? (No response.)                                   |         |
| 2<br>3<br>4<br>5<br>6<br>7<br>8<br>9<br>0                          | MR. BURNHAM:  Is that right? I was just trying to figure out if that thing was going to be 78 percent ten years from now or  MS. DELAFOSSE:  No, no.  MR. BURNHAM:  five years from now, or   |         | 13<br>14<br>15<br>16<br>17<br>18<br>19<br>20             | MS. DELAFOSSE: for the past. MR. BURNHAM: I'm with you. MS. DELAFOSSE: So it's a it's quite a pickle. MR. BURNHAM: Any other questions for Theresa?   |         |
| 2<br>3<br>4<br>5<br>6<br>7<br>8<br>9<br>0<br>1<br>2                | MR. BURNHAM:  Is that right? I was just trying to figure out if that thing was going to be 78 percent ten years from now or  MS. DELAFOSSE:  No, no.  MR. BURNHAM:  five years from now, or  MS. DELAFOSSE:                                 |         | 13<br>14<br>15<br>16<br>17<br>18<br>19<br>20<br>21       | MS. DELAFOSSE: for the past.  MR. BURNHAM: I'm with you.  MS. DELAFOSSE: So it's a it's quite a pickle.  MR. BURNHAM: Any other questions for Theresa? (No response.)  MR. BURNHAM: Thank you, Theresa. |         |
| 1<br>2<br>3<br>4<br>5<br>6<br>7<br>8<br>9<br>0<br>1<br>2<br>3<br>4 | MR. BURNHAM:  Is that right? I was just trying to figure out if that thing was going to be 78 percent ten years from now or  MS. DELAFOSSE:  No, no.  MR. BURNHAM:  five years from now, or  MS. DELAFOSSE:  I wouldn't I I mean, I'm not a |         | 13<br>14<br>15<br>16<br>17<br>18<br>19<br>20<br>21<br>22 | MS. DELAFOSSE: for the past. MR. BURNHAM: I'm with you. MS. DELAFOSSE: So it's a it's quite a pickle. MR. BURNHAM: Any other questions for Theresa? (No response.) MR. BURNHAM:                         |         |

|    | Page 37                                     |    | Page 39                                     |
|----|---|----|---|
| 1  | MR. BURNHAM:                                | 1  | was received today, increasing the amount   |
| 2  | We'll move to Cy and auditor's status       | 2  | collected for that case to \$9,610 and      |
| 3  | report.                                     | 3  | leaving a balance of \$5,555.43 plus court  |
| 4  | MR. MORIN:                                  | 4  | cost. Again, this case, if will be          |
| 5  | Yes. Cy Morin, DEQ Audit. If you'll         | 5  | referred to ODR if payments cease. And the  |
| 6  | turn to tab four. This this report          | 6  | third case status remains the same. No      |
| 7  | details 22 open motor fuel audit cases, as  | 7  | payments from ODR as of May 2nd, 2018.      |
| 8  | of May 2, 2018.                             | 8  | As of today, these four legal cases         |
| 9  | One case resulted in a credit of            | 9  | represent a total of \$105,105.20 in        |
| 10 | \$579.61. We are still waiting on           | 10 | delinquent motor fuel fees, plus attorney   |
| 11 | confirmation that this credit deduction     | 11 | fees, court cost and judicial interest.     |
| 12 | being used toward current payment available | 12 | Any questions?                              |
| 13 | before we close this file.                  | 13 | MR. BURNHAM:                                |
| 14 | As of May 2nd, 14 cases were awaiting       | 14 | Thank you.                                  |
| 15 | review. Pending the final review, these     | 15 | MR. MORIN:                                  |
| 16 | represent one potential credit of           | 16 | You're welcome.                             |
| 17 | approximately \$4,400, one potential        | 17 | MR. BURNHAM:                                |
| 18 | assessment of approximately \$3,000. And    | 18 | Questions for Cy?                           |
| 19 | there were 12 potential audits with no      | 19 | (No response.)                              |
| 20 | assessment.                                 | 20 | MR. BURNHAM:                                |
| 21 | Since creating this report, two of          | 21 | If not, we'll move on to the trust          |
| 22 | these 12 cases, case 316015 and 317005 were | 22 | fund status report, Mr. Baker.              |
| 23 | closed yesterday. Both were clean audits    | 23 | MR. BAKER:                                  |
| 24 | with no assessment.                         | 24 | Good afternoon. If you'll turn to tab       |
| 25 | Six cases are still in progress with        | 25 | five in your packets. These are the figures |
|    |   |    |   |

|    | Page 38                                       | В  | Pag  | ge 40 |
|----|---|----|--|-------|
| 1  | results to be determined. And one case        | 1  | for the third quarter of fiscal year 2018.   |       |
| 2  | one fiscal year 2018case has been scheduled   | 2  | During the third quarter of fiscal           |       |
| 3  | to start later and that's the last one on     | 3  | year 2018, the trust fund received 269       |       |
| 4  | the list.                                     | 4  | applications, totaling approximately 4.1     |       |
| 5  | If you don't have any questions on            | 5  | million dollars. As of the end of March      |       |
| 6  | that page, we'll turn to page two.            | 6  | 2018, the trust fund had 148 pending         |       |
| 7  | Same four cases remain outstanding,           | 7  | applications to process, which have          |       |
| 8  | being pursued legally.                        | 8  | requested amounts totaling approximately 2.3 | *     |
| 9  | Mr. Milazzo, you asked last time about        | 9  | million dollars. 241 applications were       |       |
| 10 | the status of the businesses. According to    | 10 | processed for payment during the fiscal      |       |
| 11 | the Secretary of State's site, these          | 11 | quarter, totaling approximately 3.4 million  |       |
| 12 | businesses are inactive and all four          | 12 | dollars. And 27 applications were returned   |       |
| 13 | businesses no longer have an active           | 13 | with deficiencies.                           |       |
| 14 | certificate. They're all inactive. I just     | 14 | If you'll turn to the next page,             |       |
| 15 | wanted to confirm that for you.               | 15 | you'll see the page that's titled, report of |       |
| 16 | MR. MILAZZO:                                  | 16 | cumulative activities for the motor fuel     |       |
| 17 | Thank you.                                    | 17 | trust fund. Under this tab, you'll see the   |       |
| 18 | MR. MORIN:                                    | 18 | historical numbers, along with this fiscal   |       |
| 19 | Yes, sir.                                     | 19 | year up to this point. It kinda gives you    |       |
| 20 | The first and fourth cases have now           | 20 | an idea of where we are and we're kinda      |       |
| 21 | been referred to the Office of Debt           | 21 | close you know, we've got one more           |       |
| 22 | Recovery. That was done on May 2nd. The       | 22 | quarter left. You can look at the totals     |       |
| 23 | second case is still being collected. As of   | 23 | and see we're kinda on task for where we     |       |
| 24 | the date of this report, the last payment     | 24 | have been in the previous years. We may be   |       |
| 25 | was 4/5/18; however, another payment of \$250 | 25 | a little bit higher than we were last year,  |       |
|    |   |    |  |       |

| Page 41                                      |  | FUND May 10, 201 Page 43   |  |  |
|--|--|--|--|--|
| but I don't think we're going to be any      | 1  | which represents a 4.7 million dollar  |  |  |
|  |  | increase over last quarter's estimate. That  |  |  |
|  |  | increase is attributed to some higher CAP  |  |  |
|  |  | we approved some CAP budgets. We also had  |  |  |
|  |  | an adjustment to the average cost closure  |  |  |
|  |  | cost. It moved up about 25,000. That's   |  |  |
| _  |  | going to change quarter to quarter as we get   |  |  |
|  |  | sites come into that average and drop  |  |  |
|  |  | off.   |  |  |
|  |  | MR. BURNHAM:   |  |  |
|  |  |  |  |  |
|  |  | You recalculate that every MR. BAKER:  |  |  |
|  |  |  |  |  |
|  |  | Every quarter.   |  |  |
|  |  | MR. BURNHAM:   |  |  |
|  |  | Quarter.   |  |  |
|  |  | MR. BAKER:   |  |  |
|  |  | Yes. Because it can fluctuate so   |  |  |
|  |  | much, we didn't think it was prudent to do   |  |  |
|  |  | it on a monthly basis.   |  |  |
|  |  | MR. BURNHAM:   |  |  |
|  |  | Okay.  |  |  |
|  |  | MR. BAKER:   |  |  |
|  |  | So we do, do it on a quarterly basis.  |  |  |
|  | 24   | MR. MILAZZO:   |  |  |
| The fund obligation recognizes 29            | 25   | So, Jeff, if I look at the 84 million  |  |  |
| Page 42                                      | 1  | Page 44  |  |  |
| sites that have been determined to be trust  | 1  | dollars and I go back to column three, it's  |  |  |
| fund eligible; however, have not submitted a | 2  | fair to say that the abandoned tanks, the  |  |  |
| reimbursement application. And we estimate   | 3  | cost associated, they're not in this   |  |  |
| this amount to be approximately 8.7 million  | 4  | worksheet?   |  |  |
| dollars. This is also determined using a     | 5  | MR. BAKER:   |  |  |
| three-year average site closure cost and     | 6  | No, sir.   |  |  |
| applying these costs to sites that have      | 7  | MR. MILAZZO:   |  |  |
|  | 8  | Okay. Good.  |  |  |
|  |  | MR. BAKER:   |  |  |
|  | 10   | This is strictly active, eligible  |  |  |
|  |  | MR. MILAZZO:   |  |  |
|  |  | Got it. Okay.  |  |  |
|  |  | MR. BAKER:   |  |  |
|  |  | trust fund sites.  |  |  |
|  | 10000  | MR. MILAZZO:   |  |  |
|  |  | That that now, it ties together.   |  |  |
|  | A CONTRACT   | MR. BAKER:   |  |  |
|  |  |  |  |  |
|  |  | Okay. If you'll go to the next page  |  |  |
|  |  | in your packet, labeled incidents determined   |  |  |
| A DYMANIA                                    |  | to be eligible for the motor fuel trust  |  |  |
| ***  |  | fund, you'll this report shows the number  |  |  |
| A D LYKED                                    |  | of potential trust fund sites that have been   |  |  |
|  |  | reviewed and made eligible during this   |  |  |
| LIP TOTAL ACTIMATED AND LIGHTON AMOUNT       | 24   | current fiscal year. You'll see there were   |  |  |
| . 04   | 25   | 32 sites representing 40 active incidents  |  |  |
|  | higher than we were the year or two before that.  If you'll turn to the next handout, it's entitled, monthly motor fuel trust fund obligation determination. All right. This worksheet list the various component determinations for the potential obligation against the trust fund, as of the end of March of 2018. For sites in the corrective action phase, the outstanding liability for corrective action plan budget and estimated cost to reach closure at the end of March 2018 was approximately 27.4 million dollars. This total includes the CAP budget remaining amounts and the RAC estimated cost to close amounts.  The fund obligation recognized for sites without ROG approval, the CAP budgets is approximately 27 million dollars. This is determined using a three-year average closure cost and applying these costs to the active trust fund sites without current CAP budgets.  The fund obligation recognizes 29  Page 42  sites that have been determined to be trust fund eligible; however, have not submitted a reimbursement application. And we estimate this amount to be approximately 8.7 million dollars. This is also determined using a three-year average site closure cost and applying these costs to sites that have requested eligibility but have yet submitted a request for reimbursement from the fund.  The five year projected fund obligation related to the motor fuel trust fund environmental trust fund transfers is approximately 21 million dollars. This estimate uses the three-year average dollars transferred from the motor fuel trust fund to the environmental trust fund and multiplies that average by five years. So we'll probably be looking at a change in the next quarter with that as we get the final quarter's numbers.  MR. BURNHAM:  Very good.  MR. BAKER: | but I don't think we're going to be any higher than we were the year or two before that.  If you'll turn to the next handout, it's entitled, monthly motor fuel trust fund obligation determination. All right. This worksheet list the various component determinations for the potential obligation against the trust fund, as of the end of March of 2018. For sites in the corrective action phase, the outstanding liability for corrective action phase, the outstanding liability for corrective action plan budget and estimated cost to reach closure at the end of March 2018 was approximately 27.4 million dollars.  This total includes the CAP budget remaining amounts and the RAC estimated cost to close amounts.  The fund obligation recognized for sites without ROG approval, the CAP budgets is approximately 27 million dollars. This is determined using a three-year average closure cost and applying these costs to the active trust fund sites without current CAP budgets.  The fund obligation recognizes 29  Page 42  sites that have been determined to be trust fund eligible; however, have not submitted a reimbursement application. And we estimate this amount to be approximately 8.7 million dollars. This is also determined using a three-year average site closure cost and applying these costs to sites that have requested eligibility but have yet submitted a request for reimbursement from the fund.  The five year projected fund boligation related to the motor fuel trust fund environmental trust fund transfers is approximately 21 million dollars. This estimate uses the three-year average dollars transferred from the motor fuel trust fund to the environmental trust fund and multiplies that average by five years. So we'll probably be looking at a change in the next quarter with that as we get the final quarter's numbers.  MR. BURNHAM: Very good.  MR. BURNHAM: Very good. |  |  |

| AD\<br>May | /ISORY BOARD MEETING<br>v 10, 2018 MC        | TOR FU  | JEL | DEPARTMENT OF ENVIRONMENTAL QUALITY<br>S UNDERGROUND STORAGE TANK TRUST FUNI |
|------------|--|---------|-----|--|
|            |  | age 45  |     | Page 47  |
| 1          | that because as you recognize, some of       |         | 1   | Thanks for adding this.  |
| 2          | these sites can have more than one incident; |         | 2   | MR. BAKER:   |
| 3          | i.e., diesel and gas or whatever.            |         | 3   | No problem. If there's anything else   |
| 4          | If you'll turn to the next page,             |         | 4   | ya'll wanted added in these reports, please                                  |
| 5          | labeled trust fund sites that had a release  | 5       | 5   | let me know.   |
| 6          | granted no further action status. You'll     |         | 6   | Another point of interest is, due to   |
| 7          | see the trust fund sites that have received  |         | 7   | some recent RAC complaints, we're working                                    |
| 8          | the trust no further action status during    | 4       | 8   | with the RAC board members and the PPM staff                                 |
| 9          | this fiscal year and we're looking at        | 1       | 9   | to re-evaluate our current estimation unit                                   |
| 10         | approximately 32 locations. So basically,    | 1       | LO  | rates. The complainant stated that the                                       |
| 11         | when you look at these two reports, we       |         | 11  | current unit rates were not adequate to                                      |
| 12         | gained 32 and we've lost 32 during this      |         | 12  | address all the cost associated with their                                   |
| 13         | fiscal year so far.                          |         | 13  | projects. Since this remediation tool is                                     |
| 14         | MR. BURNHAM:                                 |         | 14  | often is often the best choose, cost   |
| 15         | Okay.  | 20.0    | 15  | effectively and time efficiently, clean up a                                 |
| 16         | MR. BAKER:                                   |         | 16  | site, we wanted this unit rate to be   |
| 17         | It's just coincidental. It's not             |         | 17  | appropriate to reflect this true cost. So                                    |
| 18         | MR. THERIOT:                                 |         | 18  | in other words, we asked the members that                                    |
| 19         | It's a pretty big coincidence.               |         | 19  | have been that participated in the   |
| 20         | MR. BAKER:                                   |         | 20  | original development of these unit rates to                                  |
| 21         | Yes, it is. It's actually strange.           |         | 21  | come back together and help us look at this                                  |
| 22         | That actually happens within a couple sites  |         | 22  | and see if we need to make some adjustments.                                 |
| 23         | pretty regular.                              | 1       | 23  | We're hoping to make some changes as of July                                 |
| 24         | Some points of interest. If you'll           | 1       | 24  | 1st of this year. We're not I mean, like                                     |
| 25         | look you you had some additional             |         | 25  | I said, we're just kinda in the review                                       |
|            |  | Page 46 |     | Page 48  |
| 1          | handouts that were not included in the       |         | 1   | stages right now. We don't think it's gonna                                  |
| 2          | packet. One was labeled the corrective       |         | 2   | be a huge jump, but we don't want to take                                    |
| 3          | action plan summary report for motor fuel    |         | 3   | this tool out of the toolbox. Excavations                                    |
| 4          | trust fund active sites and the other one is |         | 4   | can cleanup a site quicker and and many                                      |
| 5          | labeled the summary report for motor fuel    |         | 5   | times more efficiently than other options.                                   |
| 6          | active sites without corrective action       |         | 6   | And we don't want RACs not choosing it                                       |
| 7          | plans. These are the same same reports       |         | 7   | because they're losing money on it. So                                       |
| 8          | that we normally put in your packets that    | 93      | 8   | Just another point of interest. Last   |
| 9          | kinda give you the background of some of the |         | 9   | year, we implemented the new version of the                                  |

kinda give you the background of some of the 9 obligation numbers. The last time -- and 10 during the last meeting, one of the board 11 members asked us to include some milestone 12 dates in that report. So what we did is, we 13 included the date for the first application 14 received by the trust fund and we also 15 included the last application received date. 16 So on both of those reports, the only thing 17 that's changed from the previous months is 18 we added those two columns. And like I 19 said, one is the first application received 20 date and the next one is the last 21 application received date. 22 Does anybody have any questions about 23 24

year, we implemented the new version of the guidance document. It had been five years 10 since we had done that. We made some pretty 11 major changes. So this -- this year, as we 12 13 have looked at the current -- the new -- the new document, we've had a lot of questions, 14 asking about the new CAP categories and 15 whatnot. So what we've done is, we've had 16 to make some kinda interim determinations 17 and -- and decisions. So what we're going 18 to do is, we're going to try to implement 19 these in a new version as of July 1st, 2018. 20 It won't be a major change, but we will get 21 some language in there to kinda cleanup some 22 of the confusion from the previous version. 23 That's all I have. If anybody has any 24

25

MR. MILAZZO:

25

questions?

MOTOR FUELS UNDERGROUND STORAGE TANK TRUST FUND Page 51 Page 49 (No response.) either implement it or not implement it and 1 give reasons. But that has been passed and MR. BURNHAM: 2 2 we're hoping to -- I think -- well, Theresa Okay. If there's no questions for 3 is going to talk to you about it in a couple Jeff -- thank you, Jeff -- we'll move to 4 of minutes, about a way to provide the third party claims with Mr. Theriot. And, 5 5 information the board will need, which Perry, if you don't mind, would you just involves the actuarial study. Okay. 7 move straight to other business and the 7 legislative activities? As for third party -- I've already did 8 8 that. No third party claims. 9 MR. THERIOT: 9 So we do have some outstanding issues That'll be fine. I have good news in 10 10 later that are going to come up, but they're third party claims. We've had no new ones 11 11 filed since our last meeting. We are in the not on the agenda yet and that we'll --12 12 we'll be talking about involving some process of settling one of the cases that's 13 13 been outstanding and I think in a 14 current matters that involve legal, 14 involving what can be done and not done at preferential way, without going into 15 15 details. It -- it's a standard case certain sites. So we can get that on the 16 next agenda for when we're going to talk involving a release that got into a manhole 17 17 about it, because that -- that's going to cover that is owned by, of course, our 18 18 telecommunications people, who filed a third take a while to fix. 19 19 20 party claim. They own the -- the manhole. 20 MR. BURNHAM: And -- and so there's been a settlement of Thank you, Perry. 21 21 that one. It doesn't -- I consider it to be Any other questions for Perry? 22 22 in our favor. Without going into executive (No response.) 23 23 session, that's about all I'll -- I'll feel MR. BURNHAM: 24 24 comfortable saying. But it -- it's a good 25 Can we go to Theresa now for actuary 25 Page 50 settlement. So that one will be off the 1

Page 52

- books soon. 2
- I think that leaves us with only one 3 outstanding third party claim left. We've 4

been doing a good job of keeping those from 5

getting too out of hand. 6 7

8

As for legislation, we had only one bill involving the USTs and as of this week,

it has been sent to the Governor for 9

signature. So we have good news on that. 10

It will impose a new obligation on the 11

board, which will be, once a year to take 12

information that we're going to gather and -13

- and present to the board and make a 14

recommendation on the amount of the fee that 15

is being collected for the bulk delivery of 16

gasoline. We still maintain under the new 17

legislation. The maximum is still there. 18 So the -- at least the first time, the only 19

thing you can do is lower it. After that, 20

they will -- you -- once a year, the board 21

will meet like it does for the deductible 22

amounts for the owner's responsibility, and 23 we'll make a recommendation and then the 24

secretary will take that recommendation and

- discussion and update, please. 1
- MS. DELAFOSSE: 2

I just wanted to comment on the 3

legislation too. It was -- it was a great 4

bill. A victory for everybody, I think. 5

Kinda of a win, win situation. It went very 6

smooth through the process. And I don't 7

know, it's -- it -- I feel like, it's -- you 8

know, I've watched the legislature a lot and 9

I don't know how common it is for things to 10

go through that smoothly that are also 11

meaningful and will have a great impact on 12

the program. So it's a -- it's a big 13

accomplishment for the department and the 14

board. So I just wanted to add that. 15

MR. BURNHAM: 16

Great. Thank you. 17

MS. DELAFOSSE: 18

So with regard to that, you know, 19 internally, we could come up with a process 20 to discuss the different fee levels and what 21 we believe should be set for the next fiscal

22 year, but part of that discussion also is --23

you know, part of that calculation, I guess, 24

is what the obligation is on the sites, as 25

|    | VISORY BOARD MEETING<br>10, 2018 M           | OTOR F     | UEI | DEPARTMENT OF ENVIRONMENTAL Q<br>S UNDERGROUND STORAGE TANK TRU | UALITY<br>ST FUNI |
|----|--|------------|-----|---|-------------------|
|    |  | Page 53    |     | * 25 27 12 24 27 12 27  | Page 55           |
| 1  | well, which Jeff discussed. We've tweaked    | <i>u</i> 1 | 1   | MR. MILAZZO:  |                   |
| 2  | that methodology throughout the years, but   |            | 2   | So my question would be, this is to                             |                   |
| 3  | Jeff is an engineer, not an actuary. I'm a   |            | 3   | determine a collection fee. This isn't cost                     |                   |
| 4  | CPA, not an actuary. They have a whole       |            | 4   | fee on behalf of having it. This is simply                      |                   |
| 5  | special toolbox of ways to project these     |            | 5   | year after year, what is it eight tenths,                       |                   |
| 6  | types of things. So we've done some          |            | 6   | if it's five tenths, if it's                                    |                   |
| 7  | research and identified two firms that have  |            | 7   | MS. DELAFOSSE:  |                   |
| 8  | done actuarial work on motor fuel programs   |            | 8   | Exactly.  |                   |
| 9  | in other states. Some came you know,         | - 1        | 9   | MR. MILAZZO:  |                   |
| 10 | recommended from other states, one, I        |            | 10  | indexed somehow   |                   |
| 11 | believe, Jeff and Perry had heard speak at a |            | 11  | MS. DELAFOSSE:  |                   |
| 12 | conference previously. So we held some       |            | 12  | Right.  |                   |
| 13 | conference calls with those folks over the   |            | 13  | MR. MILAZZO:  |                   |
| 14 | past couple of weeks and are kinda           |            | 14  | to  |                   |
| 15 | working through their proposals and getting  |            | 15  | MR. THERIOT:  |                   |
| 16 | additional information from them on what     |            | 16  | They do that actuaries use both,                                |                   |
| 17 | pricing would be to review both the          |            | 17  | just  |                   |
| 18 | obligation calculation and then also review  |            | 18  | MR. MILAZZO:  |                   |
| 19 | or and help us develop a process to          |            | 19  | Well, yes, I would think so.                                    |                   |
| 20 | annually recommend and discuss with the      |            | 20  | MR. THERIOT:  |                   |
| 21 | board a fee amount for the next year.        |            | 21  | They have to take the program as it                             |                   |
| 22 | So we just wanted to mention that to         |            | 22  | is. They do a study of how they go                              |                   |
| 23 | the board. I think we'll have a little bit   |            | 23  | through the history of our expenditures.                        |                   |
| 24 | more information on those proposals at the   |            | 24  | They have some and then they'll get the                         |                   |
| 25 | next board meeting. But I also wanted to     |            | 25  | history of our receipts. Then they'll take                      |                   |
|    |  | Page 54    |     |   | Page 56           |
| 1  | open it up to if the board has any           |            | 1   | a look at the program as a whole and they                       |                   |
| 2  | questions they would like us to pose to the  |            | 2   | basically do what I like to call an                             |                   |
| 3  | firms, we can certainly do that. We have     |            | 3   | algorithm like the internet does all the                        |                   |
| 4  | some followup questions, based on the        |            | 4   | time, it actually does calculations and can                     |                   |
| 5  | preliminary information that they've         |            | 5   | project expenses into the future versus                         |                   |
| 6  | provided that we hope to get out to them     |            | 6   | receipts into the future. And we, of                            |                   |
| 7  | either this week or next so we can, again,   |            | 7   | course, would want them to try to match th                      | em                |
| 8  | continue to work through that process. You   | 1          | 8   | as close as possible so that we're never in                     |                   |
| 9  | know, that on the contracting side of        |            | 9   | any trouble but we're also not over                             |                   |

know, that -- on the contracting side of things, it's easy to contract with 10 actuaries, because they are considered a 11 12 professional services contract so there are 13 less restrictions in place as far as going out on bid, et cetera. So whoever we feel 14 more comfortable with and who we think will do the best job and the most thorough job 17 for our program, that's who we can employ. So I think that's going to really add a lot 18 of value to our calculations and make sure 19 that we have good numbers going forward and 20 really take into account everything that we 21 need to, to have a full picture of the 22

fund's costs and make sure that we're

collecting the correct amount to continue to

have a healthy program moving forward.

collecting. 10 11 MR. MILAZZO: So the statute, as we know it today, 12 does that allow for that kind of fluctuation up or down? 15 MR. THERIOT: Well, no. The statute, as we know it today, unless -- until the Governor signs it, it's set at what it is. MR. MILAZZO: Okay. 20 21 MR. THERIOT: And we can't change that. And it 22 tells us we have to quit collecting it, if 23

we reach a certain point. And then we can't

start recollecting it again until it drops

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| MC       | TOR FUELS UNDERGROUND STORAGE TANK T   | RUST | F FUND May 10, 2018                          |
|----------|--|------|--|
|          | Page 5   | 7    | Page 59                                      |
| 1        | down to a a way low amount. And and  | 1    | I I just                                     |
| 2        | then you start collecting it again. That's   | 2    |  |
| 3        | not a real efficient way. That's kinda   | 3    |  |
| 4        | like, you know, taking a sledgehammer to   | 4    | MR. MILAZZO:                                 |
| 5        | kill an ant. But this way will enable us to  | 5    |  |
| 6        | do it in a yearly fashion. Many things   | 6    | if you do engage this, this advisory board   |
| 7        | change. For instance, I looked at the  | 7    | would have some influence as to the decision |
| 8        | chart. I saw that the amount of the  | 8    | going forward, right?                        |
| 9        | receipts has been growing and that coincides   | 9    | MS. DELAFOSSE:                               |
| 10       | with what the car companies have been saying   | 10   | Oh, for sure.                                |
| 11       | in that very large automobiles are now   | 11   | MR. MILAZZO:                                 |
| 12       | selling. Ford is getting out of the  | 12   | Okay.  |
| 13       | business of small cars and that's why  | 13   | MR. THERIOT:                                 |
| 14       | gasoline consumption has increased. So if  | 14   | It's your it's your recommendation.          |
| 15       | you have a gasoline increase, you're in the  | 15   | MR. MILAZZO:                                 |
| 16       | business, that's going to be more fees that  | 16   | All right. Good.                             |
| 17       | are coming into into the fund. If you  | 17   | MR. BAKER:                                   |
| 18       | have less gasoline being purchased, that's,  | 18   | The way the bill is written, there           |
| 19       | of course, less. And I think that's one of   | 19   | will be probably in the maybe the March -    |
| 20       | the factors that that the guys   | 20   | - the February meeting, we would present the |
| 21       | MR. MILAZZO:   | 21   | information to ya'll from the actuary or     |
| 22       | So   | 22   | whatever happens at that point, on an annual |
| 23       | MR. THERIOT:   | 23   | basis, and then ya'll would review that      |
| 24       | take into effect to look at that.  | 24   | information and make a recommendation to the |
| 25       | MR. MILAZZO:   | 25   | secretary. And it'll be the secretary's      |
|          |  |      |  |
|          | Page 5   | 3    | Page 60                                      |
| 1        | So the bill as as you described it   | 1    | decision.                                    |
| 2        | a few moments ago will lead to that  | 2    | MS. DELAFOSSE:                               |
| 3        | flexibility, right?  | 3    | Yes. And and my my thought is                |
| 4        | MS. DELAFOSSE:   | 4    | that we would propose several different      |
| 5        | Yes. Sure.   | 5    | scenarios as well. So if we decide to set    |
| 6        | MR. MILAZZO:   | 6    | it for example at .05, this is what we think |
| 7        | So I quiet frankly, I commend you  | 7    | it will look like five you know, two         |
| 8        | guys. I think it's a good idea, concept,   | 8    | years from now or next year or by the end of |
| 9        | because, you know, we could find ourselves a   | 9    | the year, et cetera. Just and, you know,     |
| 10       | decade where demand is changing, electric  | 10   | if we do .06, this is what we think it will  |
| 11       | vehicles are having some impact and cost may   | 11   | look like, et cetera. Just different         |
| 12       | not be changing. So  | 12   | what different funding scenarios would       |
| 13       | MS. DELAFOSSE:   | 13   | result in for the program.                   |
| 14       | And we may it may be that they   | 14   | MR. MILAZZO:                                 |
| 15       | review our obligation and they say, well,  | 15   | And probably leave some comfort for          |
| 16       | this looks too low. It really should be 100  | 16   | you guys when we begin to forecast into the  |
| 17       | million dollars. And without taking into   | 17   | future                                       |
|          | without having an expert such as that,   |      | MS. DELAFOSSE:                               |
| 18<br>19 | weigh-in, I guess on what our revenues and   | 18   | Yes.   |
| 1        | expenditures picture is going to look like   |      | MR. MILAZZO:                                 |
| 20       |  | 20   | that there's that there's some               |
| 21       | and make sure that our forecasting is  | 21   |  |
| 22       | accurate, we may cut the fee in half for way too many years and then find ourselves in | 22   | other some algorism that's so I think        |
| 23       | trouble. So  | 23   | it's a good idea, as long as it comes back   |
| 24       | MR. MILAZZO:   | 24   | to this group. MS. DELAFOSSE:                |
| 25       | THE PROPERTY.  | 25   | MO. DELATOUSE.                               |
|          |  |      |  |

|   | 10, 2018   | MOTOKI  | OEL  | S UNDERGROUND STORAGE TANK TRUST   |         |
|---|--|---------|--|--|---------|
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| 1   | Absolutely.  |         | 1  | guessing we're probably about three months   |         |
| 2   | MR. BAKER:   |         | 2  | out before we really start testing. I  |         |
| 3   | And both of the actuaries that we've   |         | 3  | suspect and I truly believe that this is   |         |
| 4   | talked to have done other reports on other   |         | 4  | going to increase our efficiency with the  |         |
| 5   | trust funds in other states. So they're not  |         | 5  | inspection process. It's going to help out   |         |
| 6   | new to the process. They're not new to the   |         | 6  | the regulated community. And we'll have  |         |
| 7   | the funds like this, where you have the -  |         | 7  | less transcription errors with handwritten   |         |
| 8   | - the relearning curve, where you have to  |         | 8  | paper. So that's that's one thing.   |         |
| 9   | teach them about what a trust fund is and  |         | 9  | MR. BURNHAM:   |         |
| 10  | about USTs and all that. These people have   | e       | 10   | That's great.  |         |
| 11  | done it before, so   | 1 8     | 11   | MR. FULTON:  |         |
| 12  | MR. MILAZZO:   |         | 12   | Contracting with the abandoned tanks,  |         |
| 13  | Okay. So, Natalie, you and Kerry   |         | 13   | we have our 24 month assessment contract is  |         |
| 14  | Hill, the the folks on the kinda the   |         | 14   | is finalized. We have our tank pull  |         |
| 15  | collection side, you're hearing this, right?   |         | 15   | which is about to go I'm pretty sure the   |         |
| 16  | MR. HILL:  |         | 16   | last update I heard was it was close to  |         |
| 17  | Yes.   |         | 17   | getting done and sent over to OSB, I think   |         |
| 18  | MS. ISSACKS:   |         | 18   | so. And then our other one is our  |         |
| 19  | Yes.   |         | 19   | corrective action contract, which we are   |         |
| 20  | MR. MILAZZO:   |         | 20   | currently still working on, but we are going   |         |
| 21  | Okay. I don't have any other   |         | 21   | to what is called an RSIQ, which is request  |         |
| 22  | questions.   |         | 22   | for interest and statement of  |         |
| 23  | MS. DELAFOSSE:   |         | 23   | qualifications. And we'll be selecting a   |         |
| 24  | Okay.  |         | 24   | one or one or more RACs to do corrective   |         |
| 25  | MR. BURNHAM:   |         | 25   | action process with contracts.   |         |
|   |  | Page 62 |  | F  | Page 64 |
| 1   | Okay. Any other questions for  |         | 1 -  | MS. DELAFOSSE:   |         |
|   |  |         | 1  | MS. DELATOSSE.   |         |
| 2   | Theresa?   |         | 2  |  |         |
| 2   |  |         |  | And we're we're still planning to  |         |
|   | Theresa? (No response.) MR. BURNHAM:   |         | 2  |  |         |
| 3   | (No response.)<br>MR. BURNHAM:   |         | 2 3  | And we're we're still planning to select those regionally or   |         |
| 3   | (No response.)   |         | 2<br>3<br>4  | And we're we're still planning to select those regionally or MR. FULTON:   |         |
| 3 4 5   | (No response.) MR. BURNHAM: Are there any other questions before   |         | 2 3 4 5  | And we're we're still planning to select those regionally or MR. FULTON:  We haven't those that decision   |         |
| 3<br>4<br>5<br>6  | (No response.) MR. BURNHAM: Are there any other questions before we adjourn our meeting? MR. FULTON:   |         | 2<br>3<br>4<br>5<br>6  | And we're we're still planning to select those regionally or MR. FULTON:  We haven't those that decision hasn't been made yet.  MS. DELAFOSSE:   |         |
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| IVIC | TOR FUELS UNDERGROUND STORAGE TANK TR        | UST | FUND Ma                                     | y 10, 2018 |
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|      | Page 65                                      |     |   | Page 67    |
| 1    | MR. BURNHAM:                                 | 1   | know we'll need to communicate about that   | t to       |
| 2    | What is that?                                | 2   | the board sooner rather than later, just so |            |
| 3    | MR. FULTON:                                  | 3   | plans can be made. But I just wanted to     |            |
| 4    | Oh, whatever 19 or                           | 4   | mention that again, because I know I had    |            |
| 5    | MS. DELAFOSSE:                               | 5   | mentioned it previously. But if anyone has  |            |
| 6    | 1.6.   | 6   | any feedback or questions on that, think    |            |
| 7    | MR. FULTON:                                  | 7   | August is a bad idea or good idea, we are   |            |
| 8    | Yes, 1.6. It might be a little               | 8   | all ears. Just wanted to mention that.      |            |
| 9    | slightly higher than that.                   | 9   | MR. BAKER:                                  |            |
| 10   | MR. BURNHAM:                                 | 10  |   |            |
| 11   | Good.  | 11  | facility. Durwood has found one in          |            |
| 12   | MR. FULTON:                                  | 12  | Alexandria. I think it's at the Ag Center   |            |
| 13   | There's no guarantees for that though.       | 13  | there, Durwood?                             |            |
| 14   | MR. BURNHAM:                                 | 14  | MR. FRANKLIN:                               |            |
| 15   | Okay.  | 15  | Yes. It's at the LSU Ag Center, just        |            |
| 16   | MR. FULTON:                                  | 16  | south of Alexandria.                        |            |
| 17   | Then the other thing is, is we are           | 17  | MR. BAKER:                                  |            |
| 18   | requesting information and a grant for       | 18  | And they supposedly have a really nice      | ;          |
| 19   | hurricane money for Harvey. Evidently, EPA   | 19  | facility for something like this. So we're  |            |
| 20   | has a little bit of money to help the        | 20  | going to go check it out in the next couple |            |
| 21   | abandoned tank sites in the Harvey hurricane | 21  | of weeks. And we'll we'll let ya'll know    |            |
| 22   | effected areas. And we are have a            | 22  | well in advance.                            |            |
| 23   | handful of sites that qualify that and we    | 23  | MR. BURNHAM:                                |            |
| 24   | are applying for those funds now. So that -  | 24  | Okay. Great.                                |            |
| 25   | - I'm always looking for other money to help | 25  | Okay. Any other issues to address           |            |
|      |  |     |   |            |
|      | Page 66                                      | B   |   | Page 68    |
| 1    | abandoned tanks when it's EPA money.         | 1   | before we move to adjourn?                  |            |
| 2    | MR. BURNHAM:                                 | 2   | (No response.)                              | W          |
| 3    | Absolutely.                                  | 3   | MR. BURNHAM:                                | 7, 7       |
| 4    | MR. FULTON:                                  | 4   | Okay. Could I have a motion to              |            |
| 5    | So that's a quick update of what we          | 5   | adjourn, please?                            |            |
| 6    | what the division is up to.                  | 6   | MR. MILAZZO:                                |            |
| 7    | MR. BURNHAM:                                 | 7   | So moved.                                   |            |
| 8    | Thank you.                                   | 8   | MR. BURNHAM:                                | -          |
| 9    | Any questions for Gary on those items?       | 9   | Second?                                     | -          |
| 10   | (No response.)                               | 10  | MR. FULTON:                                 |            |
| 11   | MR. BURNHAM:                                 | 11  | Second.                                     |            |
| 12   | Thank you, Gary, for sharing that.           | 12  | MR. BURNHAM:                                | F - 1      |
| 13   | MS. DELAFOSSE:                               | 13  | Any opposed?                                |            |
| 14   | And I wanted to mention too, if I can.       | 14  | (No response.)                              |            |
| 15   | We've discussed previously the potential to  | 15  | MR. BURNHAM:                                |            |
| 16   | hold the meetings elsewhere instead of Baton | 16  | We are adjourned.                           |            |
| 17   | Rouge, just to give some of the folks that   | 17  | THE MEETING ADJOURNED AT 2:02 P.            | M.         |
| 18   | have to come from out of town a break. I     | 18  | * * * *                                     | E //       |
| 19   | mean, that's one reason Durwood's not here.  | 19  |   |            |
| 20   | I know he loves to come to Baton Rouge to    | 20  |   |            |
| 21   | see me. But he didn't make it today. So I    | 21  |   | - 2 F      |
| 22   | believe Jeff and Durwood are have plans      | 22  |   |            |
| 23   | to go look at a facility kinda closer to the | 23  |   | - 30       |
| 24   | middle of the state. So that would even be   | 24  |   |            |
| 25   | a possibility for our August meeting. But I  | 25  |   |            |
|      |  |     |   |            |

REPORTER'S PAGE I, Lori B. Overland, Certified Court 3 Reporter, in and for the State of Louisiana, the 4 officer, as defined in Rule 28 of the Federal 5 Rules of Civil Procedure and/or Article 1434(b) 6 of the Louisiana code of Civil Procedure, before whom this sworn testimony was taken, do hereby 8 state on the Record That due to the interaction in the 10 spontaneous discourse of this proceeding, dashes 11 (--) have been used to indicate pauses, changes 12 in thought, and/or talk overs; that same is the 13 proper method for a Court Reporters's 14 transcription of proceeding, and that the dashes 15 (--) do not indicated that words or phrases have 16 been left out of this transcript; That any words and/or names which could not 18 be verified through reference material have been denoted with the phrase "(inaudible)." 20 Lori Overland, C.C.R. 21 # 97083 22 23 24 25 Page 70 1 CERTIFICATION 2 I, Lori B. Overland, Certified Court Reporter in 3 and for the State of Louisiana, as the officer before whom this testimony was taken, do hereby 5 certify that the above referenced individual to whom 6 oath was administered, after having been duly sworn 7 by me upon authority of R.S. 37:2554, did testify as hereinbefore set forth in the foregoing pages, that 9 this testimony was reported by me in the stenomask 10 reporting method, was prepared and transcribed by me 11 or under my personal direction and supervision, and 12 is a true and correct transcript to the best of my 13 ability and understanding; that the transcript has 14 been prepared in compliance with transcript format 15 guidelines required by statute or by rules of the 16 board, that I have acted in compliance with the 17 prohibition on contractual relationships, as defined 18 by Louisiana Code of Civil Procedure Article 1434 19 and in rules and advisory opinions of the board; 20 that I am not related to counsel or to the parties herein, nor am I otherwise interested in the outcome 22 of this matter. 23 24 Lori Overland C.C.R. 25 # 97083

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