

UST Cleanup Fund Task Force (USTCF) Minutes
September 2, 2009 Meeting
Minutes by Misty Kaltreider and Dwayne Ziegler

Members present:

Barbara Dunn
Zack Moran
Deborah Lichtenberger
David Arrieta
Julie Thompson
Dan Johnson
Steve Goldberg
Jim Arnold
Eric Swenson
Ron Chinn
Jerry Piritz
Markus Niebanck
Charles Ice
Rich Premzic

Members absent: Nick Bokides

Alternates present: Dwayne Ziegler, Mark Magargee, Misty Kaltreider

Alternates absent: David Zedrick, Hans Herb, Nicole Gleason

State Water Board staff present: Lori Casias, Selica Potter, Ron Duff, Toru Okamoto

Note: Julie Thompson and Markus Niebanck chaired this meeting.

Presentation by Miles Burnett, Assistant Deputy Director, Division of Administrative Services, SWRCB

Mr. Burnett presented an overview of the response to Request for Offer (RFO) from Sjoberg Evashenk Consulting (Program Evaluation Services of the Underground Storage Tank Cleanup Fund). The project tasks start on page 12 of the RFO. A majority of the discussion was referenced to pages 13 – 19 of the RFO. Sjoberg Evashenk Consulting has been retained to conduct the USTCF Audit.

The general goal of the Audit is the examination of program performance through an initial cursory review. The Audit may evaluate existing forecasting and conduct transactional data testing (through random sampling) of internal controls to prevent fraud. The final Audit report will be uploaded on the SWRCB web site by **March 1, 2010**.

The Audit will NOT include:

- Looking for internal fraud or conduct a fraud investigation,
- Providing business, revenue, or expenses forecast models;
- Audit BOE,
- Evaluating the amount of expenses used for administration vs. claims (process improvement),
- Evaluating the work based on recommendations from the Task Force,
- Re-engineering the program, and
- Having findings available before the Task Force recommendations are due

Tasks presented in the RFO did not include attending meetings with the Task Force. The Task Force asked that audit staff attend Task Force meetings, not participate, to listen. No findings will be delivered to the Task Force until the final Audit report is released.

The Task Force discussed that the SWRCB allow the Task Force to reconvene following the release of the Audit findings to come up with recommendations and suggestions to the SWRCB. The Task Force completed its letter to the SWRCB regarding audit focus, content, and recommendations. We will recommend this reconvening to the Board.

Underground Storage Tank Cleanup Fund (USTCF) Program Evaluation – Short Term Task Force Recommendations

The Task Force spent the remainder of the day discussing short-term action items. Some issues were saved in a “parking lot.”

Presentation by Mike Papanian of the Pollution Control Tax-Exempt Bond Financing Program (CPCFA) on capital infusion options

The task force was presented with the options available to access outside money to pay current obligations and fill the projected gap between revenues and obligations to B and C Priority claimants.

Two options were discussed:

1. Tax exempt bonds available to nonprofit entities who would finance against reimbursement requests
 - This model would need to be presented on a small scale to a bank/investors willing to participate. Once it is seasoned and is shown as a secure investment, it could be repeated on a larger scale.
 - This model could be funded in as little as two months, but attracting investors and seasoning the model could take a year or longer.
2. Issuance of revenue bonds

- The State could issue revenue bonds against the projected revenues of the Cleanup Fund. A portion of the future revenues would be dedicated to service the debt.
- This option would take, at minimum, one year to fund

Discussion of short term recommendations to be presented to the Board October 6, 2009

The task force clarified/refined the items to be included in the short term recommendations including:

- Discussion of bridge financing centered around support to make financing costs incurred by claimants/consultants eligible for reimbursement and support of efforts to make bonding possible
- Discussion to support drafting and adopting regulations for section 25296.25

Discussion of long term recommendations

The Task Force began discussion on long-term issues, one being regulator-USTCF collaboration/cooperation to reduce duplication of efforts.