

UNDERGROUND STORAGE TANK

INDEMNIFICATION FUND

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IN RE: FIRST QUARTER 2023 BOARD MEETING

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BEFORE: J. STEPHEN HIEBER, Chair
Stephanie Catarino Wissman, Vice Chair
William Buckfelder, Member
Alex Baloga, Member
J. Andrew Greiner, Member
Kevin Forsythe, Member
Nila Manning, Member
Laura Slaymaker, Member
Greg Perry, Member
Michael Howells, Member
HEARING: Thursday, March 9, 2023
10:04 a.m.
LOCATION: Capital Associates Building
901 North 7th Street
Harrisburg, PA 17102

Reporter: Erica Correia

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A P P E A R A N C E S

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PRESTON M. BUCKMAN, ESQUIRE
Pennsylvania Insurance Department
901 North 7th Street
Suite 200
Harrisburg, PA 17102
Counsel for USTIF

ALSO PRESENT:

KRIS SHIFFER
RICHARD J. BURGAN
AMY FORBES-WITT
SANDY FRYE
ROBERT SABATINI
LISA FRY
DEBRA BOLLANA
LINDA CRABB
JAMES FERRO
TERESA ISABELLA
BRENDA WILSON

I N D E X

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22
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24
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DISCUSSION AMONG PARTIES	5 - 26
CERTIFICATE	27

E X H I B I T S

1
2
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		Page
<u>Number</u>	<u>Description</u>	<u>Offered</u>

NONE OFFERED

P R O C E E D I N G S

1
2
3
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CHAIR: At this time, I'm going to call the March 9th, 2023 Underground Storage Tank Indemnification Board meeting to order. And Rick, you're up first.

MR. BURGAN: Yeah, I just wanted to review some Board member updates and term renewals. And my first couple of questions is going to be addressed to Bill. You were up on March 2nd. Have you heard anything from the Governor's office?

MR. BUCKFELDER: No.

MR. BURGAN: All right.
What about you, Andy?

MR. GREINER: No, I didn't.

MR. BURGAN: Okay.

I had written to them twice already, and they're telling me that it's on their radar. I was trying to be proactive, and get you guys appointed before your terms expire. And they have told me that they do not start anything until the terms, until after the term expires. So that's - that's the reason for the inquiries here. I will reach out to them again to get you folks reappointed.

Next on the list would be Stephanie.

1 Your term expires April 30th, next month. To get you
2 reappointed in that position, I'll need something from
3 you indicating you're willing to continue to serve.
4 And I'll kick it over there. So we can start that.

5 MS. WISSMAN: Okay.

6 MR. BURGAN: Those were the three
7 renewals I had for 2023. There's two, there's a
8 couple next year, Greg Perry and Alex Baloga. We'll
9 go through with those when the time comes since they
10 don't seem to want to work ahead on the process.

11 The only other well, I'm going to call
12 a wrinkle is the appointments from the legislature.
13 Chris Hartman had been appointed previously by the
14 Speaker of the House. That position changed. Bryan
15 Cutler, I think, self-appointed himself in November,
16 issued a letter on behalf of Chris reappointing him to
17 the Board. But since then, we've had Mark Rozzi take
18 the position. And now as of February 28th, Joanna
19 McClinton which has switched over to the Democratic
20 side.

21 This always happens when we come in on
22 a new administration. I have form letters that are
23 ready to go, but we're kind of waiting until the dust
24 settles across the street, so to speak. I will
25 reissue those letters by - by close of the month

1 asking for their representative appointments. So
2 Chris may come back on, I'm not sure. That would
3 depend solely on Speaker McClinton's choosing.

4 I did receive an interesting phone
5 call last week from a representative from Senator Kim
6 Ward's office. And I understand she is now Senate
7 President Pro Tempore. Kudos to that gentleman for
8 being proactive. He wanted to know what - what the
9 status of their Board seat was. I told him it's been
10 vacant ever since they passed the Act back in 2017.
11 He said they are actively filling positions, and I
12 told him I would, you know. That office will be
13 receiving the letter shortly, you know, requesting
14 their appointment. So we will go through that process
15 here. But right now, Chris Hartman is technically off
16 the Board because the individual that appointed him is
17 no longer Speaker of the House, so.

18 I think that was all on my list there.
19 So, once again, I'll circle back to the office on Bill
20 and Andy Greiner, and see if we can kick that, kick
21 start that. And then after Stephanie's term expired,
22 we'll do the same thing.

23 Anybody have any any questions on that
24 at all? I know it gets kind of confusing.

25 MR. GREINER: Hey Rick.

1 MR. BURGAN: Yeah.

2 MR. GREINER: This is Andy - Andy
3 Greiner.

4 MR. BURGAN: Yeah.

5 MR. GREINER: Just to, maybe it's a
6 technical question. Since my term technically
7 expired, can I even vote on the items of action today?

8 MR. BURGAN: I believe you can. And
9 you know, Press and I have had this discussion before.
10 The way the original - the way our bylaws or the way
11 the appointments were written you can -.

12 ATTORNEY BUCKMAN: Andy, this is
13 Press. So the way the appointments work is you are
14 appointed until you are affirmatively, either
15 disengaged from the position or someone else is
16 appointed. So you basically just, you continue as is
17 even though your time's expired.

18 MR. GREINER: Okay, thank you.

19 MR. BURGAN: Yeah, it's basically
20 until you resign or until your successor's
21 appointment, right?

22 ATTORNEY BUCKMAN: Yeah.

23 MR. BURGAN: I think that's the way it
24 reads. So you guys are all good. We do have a
25 quorum, we can continue. We just need to get some

1 technicalities, and you know, getting the Commission
2 back on, so. All right, moving on. If I may, Steve,
3 move on to Board elections?

4 CHAIR: Absolutely.

5 MR. BURGAN: Okay.

6 I think everybody's been through this
7 process before, but in March, we do annual elections
8 for Board Chairperson and Board Vice Chairperson.
9 Currently, Steve Hieber is Board Chair, Stephanie
10 Catarino Wissman is the Vice Chair. And they were
11 elected, I think, two years ago and reelected last
12 year. And so we'll go through the process again this
13 year.

14 It is a nomination process done by a
15 vote and approval. All primary Board members are
16 eligible. There's a couple of exceptions being
17 myself, Press Buckman, and the two ex officio which
18 would be the DEP and the Insurance Department. So all
19 the primary members are eligible for election.

20 The chair nomination is first. And so
21 now, I'll open the floor for nominations for Board
22 Chair.

23 MS. SLAYMAKER: This is Laura
24 Slaymaker. I nominate Steve Hieber. I hope you're
25 willing to serve, Steve.

1 CHAIR: Yes, I am.

2 MR. BURGAN: Okay.

3 Do we have any other nominations for
4 Board chair? Seeing none, do we have a second on
5 Laura's nomination?

6 MR. BUCKFELDER: I second it.

7 MR. BURGAN: All right.

8 Thank you, Bill. All right, so we've
9 got the nomination on the floor from Mr. Steve Hieber.
10 All in favor, say aye.

11 (AYES RESPOND)

12 MR. BURGAN: Do we have any nay votes?
13 Okay, sorry about that. Do we have any nays at all?

14 (NO RESPONSE)

15 MR. BURGAN: Okay.

16 Seeing none, Mr. Hieber has been
17 elected by unanimous vote to serve as the Board chair
18 for the next year, which will be from March 2023 until
19 March 2024.

20 I'm moving on to the vice chair
21 position that is currently held by Ms. Stephanie
22 Wissman. Do we have nominations from the floor for a
23 vice chair?

24 CHAIR: I would nominate Stephanie.

25 MR. BURGAN: Okay.

1 So I heard two. I did recognize Steve
2 as nominating Stephanie for vice chair. Do we have a
3 second?

4 MR. BALOGA: Alex Baloga seconds.

5 MR. BURGAN: Thank you, Alex. Do we
6 have any other nominations for a vice chair? All
7 right, hearing none, we'll go to the open vote. All
8 in favor, say aye, please.

9 (AYES RESPOND)

10 MR. BURGAN: Aye. Do we have any nay
11 votes?

12 (NO RESPONSE)

13 MR. BURGAN: Okay. All right.

14 Please note that the vice chair
15 position for Ms. Stephanie Wissman was a unanimous
16 vote, and I personally thank you both for your service
17 to the Board. All right.

18 Moving, I'll move on to the annual
19 report. Steve, if I may?

20 CHAIR: Absolutely. Please do.

21 MR. BURGAN: All right. All right.

22 Each year we go through the annual
23 report process. This is a calendar year report, as
24 opposed to the fiscal year, which is financially run.
25 This was Amy's first run through the report. She

1 actually got her part finished early. So, this is a
2 joint project between ICF. I see one of the
3 architects, and the other to my right, Linda Wilson,
4 who basically does all of the templates, the charts
5 used to provide some of the data. I do the executive
6 summary, we tweak things here and there, and then ICF
7 turns it over to the graphics department, and I think
8 they did a wonderful job with this.

9 This is one of the better reports I've
10 seen around the Commonwealth. Not to toot our own
11 horn, but it's very good. It's very informative. We
12 do go through a vote for approval because this becomes
13 a public document after this meeting, and it gets
14 posted to our website for everybody to view. So I did
15 circulate this to the Board members last week, I
16 believe, and again yesterday.

17 Does anybody have any questions on the
18 report at all that I could field? Okay, seeing none,
19 I would like to bring it up, bring the report approval
20 to the floor for a vote. Do we have a nomination to
21 approve the 2022 USTIF annual report?

22 MS. SLAYMAKER: This is Laura
23 Slaymaker. I move approval of the '22 USTIF annual
24 report.

25 CHAIR: I'll second.

1 MR. BURGAN: Thank you, Steve. Okay.
2 All in favor of approving this year's
3 report, say aye.

4 (AYES RESPOND)

5 MR. BURGAN: Do we have any nay votes?

6 (NO RESPONSE)

7 MR. BURGAN: Excellent. Okay.

8 Please note that the Board has
9 approved the 2022 annual USTIF report.

10 Just as an aside to that, you know, in
11 addition to the digital versions that are out - that's
12 out there, we do get some hard copies of the report
13 printed. If anybody wishes to have an actual hard
14 copy, let me know and I will get you one in the mail.
15 Let's see, okay. I think I'm about done with my
16 business people for now.

17 CHAIR: Okay.

18 Thanks, Rick. Let's move on to the
19 program statistics. And Amy, I'll let you take over.

20 MS. FORBES-WITT: Thank you, Steve.

21 Good morning, everyone. I have the values for the
22 claim summary data and payment information for the
23 calendar year to date. As of February 28th, 2023,
24 we've had 28 new claims received and no reopenings so
25 far. Claims closed that were eligible for payments

1 equal 24, and none were closed without a payment.

2 There were four denied claims, so far,
3 and five claims that were withdrawn. We've had 33
4 claims closed in total this year, and the total
5 pending claim count has now decreased to 828.

6 The dollars paid thus far relating to
7 claims payments equals \$4,582,576.36. The cost per
8 close claim equates to \$249,426.38 on average.

9 Regarding the tip program, there were
10 no new Tip claims received, no claims were closed, and
11 we have three open tip claims. The reserves are set
12 at \$1,150,000. We have not made any tip payments so
13 far this year. That concludes the claims and payment
14 information. And, does anyone have any questions or
15 comments?

16 MR. GREINER: Hi. This is Andy
17 Greiner. One quick question. What's the average life
18 of a claim?

19 MS. FORBES-WITT: Off the top of my
20 head -.

21 MR. GREINER: It's reported today and
22 if some will get denied, but one that would be
23 honored, is that a five year life, or is there an
24 average number that you can speak to?

25 MR. BURGAN: Yeah, I'll handle that,

1 Andy.

2 MS. FORBES-WITT: Yeah, I can't think.

3 MR. BURGAN: Statistically, since
4 1994, the average life cycle is seven years from start
5 to finish.

6 MR. GREINER: Okay.

7 MR. BURGAN: Now, as Amy said, you
8 know, some of these may only last six months. Believe
9 it or not, we actually have a claim from '94 that's
10 still open a couple from '95. So when you push them
11 all together, it's about five to seven years.

12 MR. GREINER: Okay.

13 And that leads to my next question
14 then. The reserves that are shown, that are set, does
15 that contemplate the reserves for the life of the
16 claim or just for this policy year or this plan year?

17 MR. BURGAN: Those are reserved for
18 the life of the claim.

19 MR. GREINER: Okay, thank you.

20 MR. BURGAN: Yeah, and they do get
21 adjusted periodically based on, you know, additional
22 site information that comes in. So those do vary.
23 They are not set in stone. ICF, you know, has to look
24 at a file at least every six months, and during that
25 period, while they are looking at that file, they are

1 also doing a reserve analysis. And so if we need to
2 do an increase, they submit it. Amy's staff will
3 approve it. But yeah, it's kind of a fluid thing, but
4 we do reserve for actuarial purposes what we think is
5 the number that's going to get us done, so.

6 MR. GREINER: Okay.

7 And the reason I ask is, I know
8 looking at claims reserves for other lines of
9 business, the effects of inflation now are much more
10 drastic than they were two years ago. So I'm just
11 wondering if the numbers reflect, obviously we don't
12 know what the rates going to, the inflation rate's
13 going to be, but -

14 MR. BURGAN: Yeah.

15 MR. GREINER: - it's obviously much
16 higher now than it was two years ago. So hopefully
17 the reserves reflect that.

18 MR. BURGAN: Yeah, they actually do.
19 And so they are looked at, and you know, we reserve to
20 our best - best knowledge and judgment at times.
21 They're pretty accurate.

22 MR. GREINER: Okay, thank you.

23 MR. BURGAN: Sure.

24 CHAIR: Do we have any other
25 questions? Okay.

1 Hearing none, Amy, thank you very
2 much. And Rick, thank you. Let's move on now to the
3 financial statements. Rick.

4 MR. BURGAN: Okay.

5 If you turn to your packet there, I'm
6 going to start on page four, which would be the
7 revenue and expenditure sheet. Once again, I would
8 note that unlike the annual report, Commonwealth
9 report goes by Commonwealth fiscal year, so it's July
10 1st to June 30st. These financials were for the first
11 six months of the fiscal year ending December 31st,
12 2022.

13 For the first six months of the year,
14 we booked revenue of \$28,341,816. The subset of that
15 would be the fees that are collected by our revenue
16 units. If you lump the gallon tank capacity and tip
17 together, we put \$28,281,737 in fees during that six
18 month period. I looked at last year, we had
19 \$29,425,745. So we're down about \$1.14 million.

20 We just went through the annual
21 billing process here in December and January and
22 February, and those are big months. I understand in
23 speaking with Lisa Fry, my revenue manager, we are
24 actually ahead of last year by one or two percent.
25 So, now don't let the \$1.14 million deficits scare

1 you. We're right on track as were last year.

2 On the total revenue line, you see the
3 big swing from last year, we had \$37.1 down to \$28.3.
4 This is, once again, this is market driven. You'll
5 see the net increase fair value investment. You know,
6 last year we were \$3 million will to the good. This
7 year we're \$5 million to the bad. So there's your \$8
8 million difference right there.

9 Going down to expenditures. We had
10 administrative expenditures, which is my staff, me,
11 ICF and some outside services. It's \$2,742,049.
12 Claims expenses for the first six months were
13 \$13,882,285. And you will see there that we released
14 to DEP funds of \$4,541,700. Which brings expenditure
15 to \$21,169,943. If you look on the line below that,
16 the good news is that our revenues actually exceeded
17 expenditures by \$7,171,873. The fund balance as of
18 December 31st was \$378,320,807.

19 Lastly, in regards to the financials,
20 it would be page 11. And this would be our actual -
21 actuarial liability figures. And you will see that we
22 have funds in excess of our actuarial liabilities at
23 the moment, \$79,562,571. All in all, from my opinion,
24 looks pretty good to me. I'd say, we've eliminated
25 that unfunded deficit and which things are trending in

1 a positive direction.

2 Does anybody have any questions that I
3 can feel regarding the financials? Okay.

4 MR. PERRY: This is Greg Perry. I
5 have a question.

6 MR. BURGAN: Yes.

7 MR. PERRY: On page 11, you're looking
8 at the actuarial liability. It's gone down in 2022.
9 I'm curious about that, you know, because I agree with
10 Andy that I see inflation increasing costs. Why would
11 our liability be going down?

12 MR. BURGAN: That's a good question,
13 Greg. It's related to, our claims counts are
14 diminishing. You will see on Amy's, if you look at
15 Amy's claim summary, you will see that we've been
16 actually dropping the total number of claims each year
17 by about 30 or 40. So that has eliminated all those
18 reserves that were needed to close all those files.
19 So basically, once we close claim, the reserves comes
20 off the books. Andy's familiar with that. The
21 actuarial liability comes down. So that is a result
22 of the decreasing number of claims that we've been
23 handling per year. Does that make sense?

24 MR. PERRY: Yes, it does. I'm a
25 little surprised. I would expect this as, and all of

1 the claims will - but that's, I don't know. Are they
2 getting -?

3 MR. BURGAN: I'm having a real hard
4 time following you, Greg. You got a real choppy feed.

5 MR. PERRY: Okay.

6 Well I - but I guess I would expect
7 the claims would, as - the cost of addressing the
8 claims is coming down that's, I would assume that.
9 Thank you.

10 MR. BURGAN: All right, Greg.

11 Anybody else have any questions
12 though? All right. Back to you, Steve.

13 CHAIR: Okay.

14 Hearing none, I think we'll move on.
15 I have Kris, I assume you're standing in for Troy?

16 MR. SHIFFER: Yeah. Should I go,
17 proceed, Steve?

18 CHAIR: Steve yes, if you would,
19 please.

20 MR. SHIFFER: All right.

21 Well, good morning, everyone. As
22 Steve alluded to, my name is Kris Shiffer. I'm the
23 Program Manager for Pennsylvania's Storage Tank
24 Program, filling in for Troy this morning.

25 So for some statistics on the

1 Pollution Prevention Grant program, commonly known as
2 the pump and plug. For the current fiscal year that
3 began on July 1st, 2022, two grants have been approved
4 for \$9,750 and no additional applications are pending
5 at this time. Since the program's inception on
6 January 31th, 1998, 1,156 grants have been approved
7 totaling over \$5.9 million.

8 Any questions on the pump and plug
9 before I would proceed? Okay, hearing none the
10 environmental cleanup and program statistics for the
11 current fiscal year, again beginning on July 1st,
12 2022, DEP has expended \$941,577 of the \$3.4 million
13 the Board approved for the environmental cleanup
14 program. DEP is currently working on 16 sites. As
15 part of that expenditure, 57 heating oil
16 reimbursements have been approved, totaling \$234,666,
17 with two additional applications pending at this time.

18 Any questions with that?

19 MR. BURGAN: All right.

20 MR. SHIFFER: Thank you, Steve.

21 CHAIR: Thank you, Chris. Okay.

22 Moving on, Rick, we're coming back to
23 you for the performance review.

24 MR. BURGAN: Yeah, I just wanted to,
25 couple of tidbits here at the end. As you are aware,

1 you know, by statute, USTIF has to do the five year
2 performance review. We had that presented at the
3 December meeting by Aon. It was relatively good
4 overall. That by statute gets submitted to the
5 legislature. And I just want to report that that was
6 completed by our Legislative Director Abdoul Barry on
7 February 8th of '23.

8 As of today, I've had no questions
9 from any members of the House or Senate regarding
10 that. I remember I did get one five years ago about
11 the cost of it. I answered that, but this year we've
12 had no follow up. So if I do get any questions, I'll
13 certainly let you folks know. But I just want to let
14 you know that the last piece of the puzzle, which is
15 the distribution to the leadership over in Senate and
16 the House has been completed with no follow up back to
17 me.

18 Moving on, I know we've talked about
19 this before. Each year we are required to submit an
20 extensive document to EPA Region Three, as well as
21 national EPA. Basically, they take our temperature
22 every year. A lot of financial information, actuarial
23 information, any legislative, any pending legislation
24 on the books, what are your claim counts, how many
25 tanks do you have out there, what's a subset of tanks

1 here and there. So it's a comprehensive report.

2 Kudos to Amy. She was only a couple
3 of months in the door and she tackled that thing. And
4 I think we did have that submitted ahead of schedule.
5 EPA has finished their review of that. In fact, we
6 had a conference call with them in January and
7 reviewed it on a conference call with those folks.
8 They have signed off formally on the 2022. And they
9 sent me an email indicating that similar to previous
10 years, EPA found that Pennsylvania's fund to be sound
11 with no concerns, as the fund is well funded.

12 So that will close the books on the
13 2022 EPA Fund soundness survey. The other one will
14 come out September normally, is due by the end of
15 October. So we'll address that when it gets here.

16 Lastly, I've got - god, I'm going to
17 make it through this. We have a USTIF staff update
18 that I'd like to put before the board. I know she's
19 on the call today. Her name is Sandy Frye. Sandy
20 Frye is going to be leading the USTIF program
21 officially on April 14th. Sandy's - as of tomorrow,
22 Sandy will have been with the Commonwealth for 34
23 years. Extremely respectable, commendable, lots of
24 service hours. Sandy actually started with PennDOT.

25 She came to the insurance department

1 in May of 1992. Actually in one of my other funds,
2 the Workers Comp Security Fund. Found her way to
3 USTIF on July 30th, 1997. Now USTIF program itself is
4 29 years old. Sandy has been with the program for 26
5 years. Unbelievable. Sandy actually helped train me
6 when I came through the door 12 years ago.

7 Sandy just, she's an encyclopedia of
8 historical knowledge pertaining to USTIF. You know
9 personally, we are very sad to see her go as, you
10 know, you can tell from me breaking up here a little
11 bit. But she will sorely be missed, but she
12 definitely deserves it. I mean, 34 years with the
13 Commonwealth, 26 years with the USTIF program. Once
14 again kudos - kudos Sandy, commendable. Thank you. I
15 appreciate your service. I just wanted to get this on
16 the record for the Board and let them be aware that we
17 are losing a valuable member of the USTIF team. And,
18 but we will - we will move forward to - TO try and
19 replace Sandy. I know it's a tough, those are tough
20 shoes to fill, but Sandy, I just want to express my
21 personal thanks for all that you've done for the
22 program. And round of applause for Sandy.

23 MS. FRYE: Thank you for that. I
24 learned a lot in the last 30 some years from all the
25 programs, but I did enjoy working on it. I know this

1 program makes me know that I never want to own a gas
2 station. And if I did, I'd probably know exactly what
3 to do just to make sure everything was done right.
4 Thank you so much.

5 MR. BURGAN: Thank you, Sandy. With
6 that, we've basically run through the slate of
7 business today. I'll just remind the members, the
8 remaining meeting dates for the year will be on June
9 8th, September 24th - September 21st, excuse me, and
10 December 14th. And we will stick with those dates,
11 you know, unless I have a couple of members approach
12 me with conflicts. But I haven't seen any to date.
13 So that's all I've got today, Steve. Unless anybody
14 else has any questions for the general good? All
15 right, seeing none back to you, Mr. Hieber.

16 CHAIR: All right.

17 At this time, I would accept a motion
18 for adjournment.

19 MR. GREINER: This is Andy Greiner. I
20 make a motion we adjourn.

21 MS. WISSMAN: This is Stephanie
22 Wissman, and I second.

23 CHAIR: All those in favor?

24 (AYES RESPOND)

25 CHAIR: Any opposed?

1 (NO RESPONSE)

2 CHAIR: Okay.

3 At this time, we will end the meeting.

4 I thank all and we certainly thank you, Sandy, for
5 your service.

6 * * * * *

7 MEETING CONCLUDED AT 10:36 A.M.

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CERTIFICATE

I hereby certify that the foregoing proceedings, hearing held before Chair Hieber, was reported by me on March 9, 2023 and that I, Erica Correia, read this transcript, and that I attest that this transcript is a true and accurate record of the proceeding.

Date the 30 day of March, 2023



Erica Correia,
Court Reporter