

Mr. Kelley noted that if reductions in reimbursement for failure to comply with tank regulations were going to be imposed based on long-term non-compliance, the standard language in the MPCA's Commissioner's Site Report citing non-compliance "[a]t the time of the release" should be corrected. Mr. Kanner indicated that the MPCA would review the language.

Ms. Ludwigson moved, Ms. Hankerson seconded, to impose a one-time, \$1,500.00 reduction for failure to comply with leak detection and corrosion protection requirements. Mr. Blasing noted that the MPCA recommended the 15% reduction based on significant violations of the tank regulations that increased the risk of a release occurring, not for paper violations, as indicated by Mr. Schmitz. Ms. Hankerson responded that it was unclear how the applicant's failure to comply with the tank regulations was related to the sudden release from the tank. The motion carried 4-1, with Mr. Kanner voting against.

2. Ms. Joanne Davidson Leak #19258 Analyst: Katherine Roelke

Ms. Joanne Davidson appeared before the Board to appeal the 25% reduction (totaling \$2,621.65) for failure to cooperate with the MPCA.

Ms. Hankerson and Mr. Kelley noted that it appeared Ms. Davidson received bad advice from her realtor on how to respond to the MPCA's demands to perform corrective action. Ms. Davidson confirmed that she did not immediately respond to the MPCA's repeated correspondence based on advice from her realtor, though her realtor would not admit fault in the matter.

Ms. Hankerson moved, Ms. Ludwigson seconded, to impose the 25% reduction for failure to cooperate with the MPCA. The motion carried 5-0.

C. Consideration of Environmental Lien Filings

1. Mr. Cho Lo Leak #18995 Analyst: Colleen Schiltz

Nobody was present on behalf of the RP. This case was revisited by the Board after being tabled at its March 9, 2016 meeting to allow Petrofund and MPCA staff to gather additional information.

Ms. Hankerson moved, Mr. Hefner seconded, to approve the Department of Commerce to file an environmental lien in the amount of \$5,037.63 against the leaksite property, which amounts to 10% (\$1,718.14) of the eligible costs incurred by the MPCA, plus a 15% (\$2,319.49) penalty for failure to comply with tank system leak detection and corrosion protection requirements, plus a \$1,000.00 penalty for failure to report immediately the release to the MPCA. The motion carried 5-0.

2. Mr. Kenneth Ristinen Leak #19332 Analyst: Colleen Schiltz

Mr. Ristinen appeared before the Board to request that an environmental lien in the amount of \$3,434.46 not be placed on his property. This case was revisited by the Board after being tabled at its March 9, 2016 meeting to allow Petrofund and MPCA staff to gather additional information.

Mr. Ristinen questioned the need for the corrective action work performed by the MPCA's contractors based on what he believed to be minimal contamination at the site. Mark Smith (MPCA) explained that based on high contamination levels related to the fuel oil spill, contaminated soil was excavated and a monitoring well was installed to determine to what extent contamination had reached the water table.

Ms. Hankerson moved, Ms. Ludwigson seconded, to approve the Department of Commerce to file an environmental lien in the amount of \$3,434.46 against the leaksite property, which amounts to 10% of the eligible costs incurred by the MPCA. The motion carried 5-0.

3. Mr. Robert Totleben

Leak #18412

Analyst: Colleen Schiltz

Mr. Totleben appeared before the Board to request that an environmental lien in the amount of \$2,991.98 not be placed on his property. This case was revisited by the Board after being tabled at its March 9, 2016 meeting to allow Petrofund and MPCA staff to gather additional information.

Mr. Totleben confirmed that the tanks at the leaksite were removed in 2011, rather than in 2008, as he indicated at the March 9, 2016 Board meeting. Mr. Totleben also confirmed that the MPCA had communicated with him multiple times before taking over the project and completing corrective action work with its own contractors.

Ms. Hankerson moved, Ms. Ludwigson seconded, to approve the Department of Commerce to file an environmental lien in the amount of \$2,991.98 against the leaksite property, which amounts to 10% of the eligible costs incurred by the MPCA. The motion carried 5-0.

Mr. Kelley called for a ten-minute break at 11:20 a.m.

Mr. Kelley called the meeting back to order at 11:30 a.m.

D. MPCA Staff Report and Fund-Financed Summary Report

Sarah Larsen (MPCA) responded to Mr. Kelley's questions from the Board's March 9, 2016 meeting regarding the Java Detour/Former Gas Station and LF Knutson & Sons, Inc. projects included on the Petroleum Remediation Program (PRP) fund-financed project list. Ms. Larsen explained that no viable responsible persons (RPs) exist for the Java Detour/Former Gas Station project, and that the LF Knutson & Sons, Inc. project became fund-financed because the company dissolved in 2005, leaving no viable RPs.

Ms. Larsen reported that the MPCA was reviewing reports within the 120-day statutory requirement. Ms. Larsen noted the challenges of obtaining project information while the MPCA is transitioning from its old database to a new one.

Ms. Larsen reported that approximately \$370,000 of the funds approved by the Board for fund-financed projects performed during fiscal year 2016 (FY 2016) remained unencumbered, though MPCA staff anticipated encumbering approximately \$200,000 of that amount.

Ms. Hankerson moved, Ms. Ludwigson seconded, to approve the MPCA Staff Report and Fund-Financed Summary Report. The motion carried 5-0.

Ms. Larsen submitted the MPCA's request for fund-financed project funding for FY 2017, totaling \$6.2 million: \$5,350,000 for existing PRP projects; \$350,000 for new PRP projects opened in FY 2017; and \$500,000 for new Emergency Response Program projects opened in FY 2017.

Ms. Hankerson asked when the MPCA anticipated the Former Red and White Service Station project included on the PRP fund-financed project list would be closed. Ms. Larsen responded that site closure should occur soon after the MPCA concluded its impending purchase of the leaksite property and the necessary corrective action was completed.

Mr. Kelley asked for an update on the status of the Former Ray's Truck Stop project included on the PRP fund-financed project list. Kathryn Serier (MPCA) responded that MPCA's contractor was in the process of sealing the monitoring wells at the leaksite and completing the final project report.

Ms. Ludwigson asked for an update on the status of the Former Stony River Sports Shop, Isabella project included on the PRP fund-financed project list. Mr. Smith responded that MPCA staff was working with the RP to obtain access to the property in order to complete the necessary corrective actions.

Ms. Ludwigson asked whether or not MPCA staff anticipated using Board-approved funds to conduct any new studies or projects. Mr. Kanner responded that no studies or projects, other than the ongoing Vapor Intrusion Investigation Project and Ethanol Pilot Project, were anticipated at the time of the Board meeting.

Mr. Kelley asked why two leak numbers had been assigned to the Engel Distributing project included on the PRP fund-financed project list. Gary Zarling (MPCA) responded that the two leak numbers were assigned to separate bulk plant sites located in a former rail yard.

Ms. Hankerson moved, Mr. Hefner seconded, to approve the MPCA funding request of \$6.2 million request for fund-financed projects for FY 2017. The motion carried 5-0.

E. Petrofund Staff Report and Fund Report

Mr. Fischer notified the Board that Petrofund staff was meeting its statutory requirement to review initial applications within 60 days and supplemental applications within 120 days. Mr. Fischer noted that applications were being reviewed within 14 days of their receipt. Mr. Fischer reported that 33 applications were received in March and 29 in April. Mr. Fischer reported that \$131,128.97 and \$182,749.46 in reimbursement claims had been approved for payment on May 3 and May 10, respectively, bringing the total claims approved for payment in FY2016, to date, to \$4,423,189.39.

Mr. Fischer requested that the Board approve the Petrofund forms for FY 2017, indicating that all of the forms were substantially similar to those approved by the Board for FY 2016. Ms. Ludwigson moved, Ms. Hankerson seconded, to approve the forms for FY 2017. The motion carried 5-0.

Mr. Fischer asked the Board to authorize Mr. Kelley to sign on behalf of the Board the Interagency Agreement with the Attorney General's Office for legal services in FY 2017. Mr. Fischer explained that the agreement would be for up to 40 hours of legal services, at a rate of \$129.00 per hour for attorney work and \$71.00 per hour for paralegal work. Mr. Fischer noted that the Petrofund only pays for actual work performed and that if additional time was necessary, the agreement could be amended. Ms. Hankerson moved, Mr. Kanner seconded, to authorize Mr. Kelley to sign the agreement on behalf of the Board. The motion carried 5-0.

Mr. Fischer reported that the Department of Employment and Economic Development (DEED) had awarded \$6,216,142 in Contamination Cleanup and Investigation Grants as part of their November 2015 grant cycle, of which \$5,222,835 was Petrofund money.

Mr. Fischer informed the Board that both the Senate and House of Representatives supplemental budget bills included legislation that could impact the Petrofund. Mr. Fischer explained that the Senate bill contained language that would extend the Petrofund 'sunset date' from June 30, 2017 to June 30, 2022, and would shift the effective date of the seven-year reimbursement deadline provision passed in 2014 from applications received on or after July 1, 2015 to on or after January 1, 2016. Mr. Fischer explained that language in the House bill would allow for reimbursement of tank removal costs when approved by the MPCA as necessary for corrective action, and would increase the maximum reimbursement per release from \$1 million to \$2 million and remove the \$2 million per tank facility cap. Ms. Hankerson expressed skepticism about the provisions related to extending the reimbursement deadline and changing the reimbursement maximums. Mr. Kanner expressed similar skepticism about extending the reimbursement deadline and stated the MPCA's position against changing the reimbursement maximums. Ms. Ludwigson noted that the Department of Commerce had taken a neutral position on both provisions.

Mr. Fischer presented the Fund Report, informing the Board that the Fund Balance of the Petrofund was \$4,427,328 and the Cash Balance was \$28,494,360.

Mr. Kelley moved, Ms. Hankerson seconded, to approve the Petrofund Staff Report and Fund Report. The motion carried 5-0.

F. Department of Employment and Economic Development (DEED) Presentation

Meredith Udoibok (DEED) highlighted Petrofund-funded projects enrolled in the Contamination Cleanup and Investigation Program as part of a presentation titled *MN DEED Contamination Cleanup and Investigation Grant Program Case Studies Funded with Petro Funds*. Ms. Hankerson asked for clarification of the 1,300 jobs retained as part of the Northern Stacks Industrial Park project. Ms. Udoibok responded that she would look into that figure and report her findings back to the Board.

Ms. Ludwigson moved, Mr. Hefner seconded, to adjourn the meeting. The motion carried 5-0.

Adjournment: Mr. Kelley adjourned the meeting at 12:15 p.m.