

OFFICE OF THE RECLAMATION GUARANTY FUND

DANIELLE CROSMAN, EXECUTIVE DIRECTOR

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Kentucky Reclamation Guaranty Fund History

- The emergency provisions of the bill immediately established the Office of the Reclamation Guaranty Fund (ORGF) and the Kentucky Reclamation Guaranty Fund (KRGF).
- On March 22, 2013, KRS 350.500-521 went into law.
- KRGF is a reclamation account, requiring **mandatory** participation, designed to cover the excess costs of reclamation for coal mining sites when the permit specific bond is inadequate.
- The previous **voluntary** Bond Pool and Bond Pool Commission were abolished by the legislation.
- The Fund cannot be used for the long term treatment of substandard water discharges or to repair subsidence damage.
- The KRGF Commission is comprised of seven members representing the Cabinet, coal, financial, and insurance industries.



KRGF Commissioners

- Chairman Rebecca Goodman – EEC Secretary
- Vice-Chairman Paul Horn – Booth Energies
- Kenneth Allen – First United Bank of Madisonville
- Michael Ivey – Locust Grove, Inc.
- Bill Adams – Cumberland Surety Inc.
- Kelly Short – Blackhawk Mining, LLC
- Lyman Hager – RFH, PLLC



KRGF REVENUE SOURCES

- Membership Fees
- Tonnage Fees
- Non-Production & Dormant Fees
- Penalties
- Interest Earned
- Forfeitures



2020 KRGF Annual Classifications

- 945 permits were classified in calendar year 2020:

• SURFACE	57
• COMBINATION	9
• UNDERGROUND	51
• NON-PRODUCTION	259
• DORMANT	569



Current State of the KRGF

- Current Fund Balance: \$52,773,117.60
- Current Bond Forfeiture Obligation: \$14,495,630.90
- Current Bond Liability of Former Bond Pool Members: \$28,002,014.50
- SFY20 Permits Forfeited: 11
- SFY20 Permits Receiving Payouts: 8
- SFY20 Permits Requiring Excess Funds: 5



BOND FORFEITURE PAYOUTS FROM KRGF

- \$14,042,283.70 in forfeited bond money has been deposited into the KRGF since the inception of the Fund.
- The KRGF has paid out \$1,335,588.88 in excess funds since the inception of the Fund to assist with the reclamation of permits.
- 14 permits have used excess funds from the KRGF since the inception of the Fund.
- The Cabinet continues to encourage permittees to pursue bond releases.



Recent Efforts

- Updated online portal system to allow for online KRGF fee payments.
- Worked with IT staff to develop a new SMIS database for KRGF that will allow for more efficient and streamlined work production.
- Mandated online reporting for members to reduce the number of members not reporting.
- Seeking litigation in outstanding fee matters to complete reclamation projects to better the environment.
- Diligently working to collect all past due fees from members.



Current Issues/Upcoming Changes

- Online KRGF portal upgrade that will show not only the KRGF fees but also the penalties associated with permits. In addition to viewing the penalties, the upgrade will allow members to pay the penalties online through the portal.
- Continue to work with members to get fees paid on time to avoid permit suspensions. In Quarter 1 of this year, the ORGF recommended 97 permits for suspension due to late payment or failure to pay.
- Working closely with Cabinet legal staff and monitoring the status of all bankruptcies.



Actuarial Services & Audits

- The final Actuarial Liability & Funding Analysis as of June 30, 2019 was completed by Pinnacle Actuarial Services, Inc. and submitted to the KRGF on May 15, 2020.
- In the August 11, 2020 KRGF Commission meeting, the KRGF Commissioners approved the contract for the next actuarial study for 2020.
- The KRGF is currently in the middle of an audit of SFY20. The last audit performed for the KRGF was completed in 2018.



Office of the Reclamation Guaranty Fund

Contact Information:

Danielle Crosman

Executive Director

Danielle.Crosman@ky.gov

(502) 782-6590

THANK YOU!

