

# OFFICE OF THE RECLAMATION GUARANTY FUND

JEFF O'DELL, EXECUTIVE DIRECTOR

Annual Professional Engineers in Mining Seminar

August 19, 2022



# Kentucky Reclamation Guaranty Fund History

**2011**

The Federal Office of Surface Mining, Reclamation and Enforcement (OSMRE) completed a study of Kentucky's bonding requirements.

**2012**

OSMRE identified what they felt were program deficiencies and issued Kentucky a 733 Letter.

**2013**

Emergency provisions of House Bill 66 immediately established the Kentucky Reclamation Guaranty Fund (KRGF), the Commission and the Office of the Reclamation Guaranty Fund

# What Is The Reclamation Guaranty Fund?

A reclamation account, requiring mandatory participation, designed to cover the excess costs of reclamation for forfeited coal mining sites when the permit specific bond is inadequate. Companies must belong to the Fund or opt out.

The Fund assumed all assets and liabilities of the old voluntary bond pool and Bond Pool Commission, which were abolished by the legislation establishing the KRGF.

The Fund cannot be used for the long term treatment of substandard water discharges or to repair subsidence damage.

The Fund is guided and administered by a Commission.

# Makeup Of The KRGF Commission

The KRGF Commission meets quarterly and is comprised of seven members representing the EEC Cabinet, coal, financial and insurance industries.

Chaired by the  
Secretary  
of the  
Energy  
and  
Environment  
Cabinet

**3**

Coal Mining  
Permitee  
Representatives

**2**

Banking  
and  
Insurance  
Representatives

**1**

CPA

# KRGF Commissioners

**Rebecca Goodman**

Chairman - Energy & Environment Cabinet Secretary

**Charles 'Rusty' Justice**

Vice Chairman - Jigsaw Enterprises / Wayland Land

**Kelly Short**

Blackhawk Mining LLC

**Lyman Hager, Jr.**

RFH, PLLC

**Coal Representative**

Vacant

**Insurance/Banking**

Vacant

**Insurance/Banking**

Vacant

# Responsibilities of the KRGF Commission

**Monitor and maintain the KRGF Fund.**

**Establish a structure for the administration of processing claims and making payments.**

**Review the viability of the fund and determine when a recommendation shall be made to the Secretary of the Cabinet to close the fund for failure to maintain actuarial soundness.**

**Set the schedule of penalties.**

**Review annual mine type classifications and fee assessments that have been completed.**

# Statutory Mandates of the Commission/ORGF

M  
a  
n  
d  
a  
t  
e  
s

**Annually Classify Permits and Invoice Members.**

**Have an Actuarial Study conducted every other year.**

**Have an Audit Performed every other year.**

**Submit an Annual Financial Report to the Governor and Interim Joint Committee on Natural Resources and Energy.**

# Office of the Reclamation Guaranty Fund Duties

**Provide administrative support to the KRGF Commission and draft regulations**

**Administer the obligations and liabilities of the old Voluntary Bond Pool Fund**

**Classify permits and invoice members each calendar year**

**Collect and deposit all tonnage and assessed acreage fees and penalties**

**Receive bonds of incoming forfeitures from the Division of Mine Reclamation and Enforcement**

**Transfer Funds to Abandoned Mine Lands for forfeited permits that have been reclaimed**

**Assist Actuary Study & Audit**

**Report on Fund Activity**

**Prepare Budgets & Grants**



# Office of the Reclamation Guaranty Fund (ORGF)

**Jeff O'Dell**

Executive Director

**Wendy Bohn**

Executive Staff Advisor

**Joe Adcock**

Staff Assistant

**Anna Bowman**

Environmental Scientist IV

85 Years of State Service

# KRGF Revenue Sources

- **Membership Fees**
- **Tonnage Fees** (Surface, Underground, Combination)
- **Non-Production & Dormant Fees**
- **Penalties**
- **Interest Earned**
- **Forfeitures**

# Revenues Last 5 Fiscal Years

<u>Fiscal Year</u>	<u>Revenues</u>	<u>YOY</u>
FY 2022	\$ 2,527,028.55	65.98%
FY 2021	\$ 1,522,526.13	-4.21%
FY 2020	\$ 1,589,521.46	-25.68%
FY 2019	\$ 2,138,858.00	1.33%
FY 2018	\$ 2,110,762.19	

# 2022 KRGF Annual Classifications

- 913 permits were classified in calendar year 2022:
  - SURFACE 36
  - UNDERGROUND 34
  - COMBINATION 3
  - NON-PRODUCTION 257
  - DORMANT 583

# Current State of the KRGF

- Fund Balance: **\$55.7 Million**
- Bond Forfeiture Obligation: **\$13.4 Million** (45 Sites)
- Bond Liability of Bond Pool Members: **\$23.4 Million**
- Bond Liability of Financial Institutions: **\$715.6 Million**
- Total Bond Liability: **\$739 Million**

# Bond Forfeitures Since KRGF Inception

- **104 permits** forfeited.
- **\$19.1 Million** in forfeited bonds have been deposited into the KRGF.
- **59 forfeited permits** have been reclaimed.
- **\$5.1 Million** in original bond monies have been paid out by the KRGF.
- **24 forfeited permits** have needed excess funds from the KRGF.
- **\$2.1 Million** in excess funds have been paid out by the KRGF.

# Current Issues/Upcoming Changes

**Enhance the online KRGF reporting and payment portal.**

**Continue to work with KRGF members to get fees paid on time to avoid permit suspensions.**

**Continue to monitor bankruptcies and assist as needed.**

**Work with Old Voluntary Bond Pool Companies and the Division of Mine Reclamation and Enforcement to encourage bond releases where possible and reduce the bond pool liability.**

# Office of the Reclamation Guaranty Fund

Contact Information:

Jeff O'Dell

Executive Director

[Jeffery.Odell@ky.gov](mailto:Jeffery.Odell@ky.gov)

(502) 782-6724

THANK YOU!