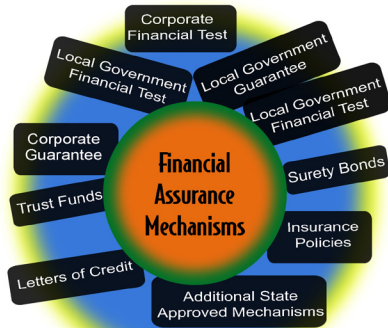


Financial Assurance



Client Centered

TLI Solutions, Inc. (a TechLaw Company) has supported the U.S. Environmental Protection Agency (EPA) and other federal and state agency programs since 1985. The analysis of financial assurance mechanisms is just one of our services offered.

TLI Solutions, Inc. (TLI), in support of U.S. Environmental Protection Agency (EPA) and other federal and state agencies in various program phases has included ability-to-pay analysis, cost analysis, closure plan assistance, and corrective action oversight. TLI's experience includes the following:

- Technical review or preparation of closure plans for Resource Conservation and Recovery Act (RCRA)-regulated facilities including landfills, surface impoundments, tanks, treatment units, and Boilers and Industrial Furnaces (BIF) and Subpart X units
- Support to EPA Headquarters and Region 4 for revision of Closure Cost and Financial Assurance Training
- 15 years of closure/post-closure plan cost estimate and financial assurance training and support to federal, state, and tribal regulatory personnel
- Preparation of Potentially Responsible Parties (PRP) ability-to-pay modeling based on review and analysis of corporate financial statements and income tax records
- Analysis of incurred and estimated third-party response, closure costs, and allocation of costs among responsible parties for RCRA corrective actions;
- Auditing of incurred costs and trust fund income for settlement groups at Superfund sites

Trust Funds

TLI environmental attorneys and financial analysts review trust fund documents for adherence to Agency and state requirements.

Closure & Post-Closure Plans

TLI environmental professionals and financial analysts are experienced in reviewing closure and post-closure plans for compliance with both technical and financial regulatory standards. We can determine the reasonableness of nominal cost estimates and develop present-worth cost estimates using accepted accounting and financial analysis methods.

Letters of Credit

Our experienced financial analysts and attorneys review and analyze public filings and corporate financial statements. We reviewed letters of credit for consistency with Agency and state requirements that preserve the right to receive financial assurance funds when needed.

Corporate Financial Tests & Corporate Guarantees

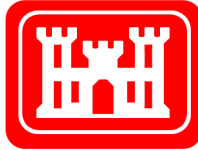
TLI has conducted corporate solvency testing through ratio analysis and review of bond rating agency reports. We have analyzed corporate financial statements, state and federal income tax filings, and responses to 104(e) letters to determine the ability of an entity to self-fund corrective action, closure, or post-closure costs.

Insurance Policies and Surety Bonds

Our insurance professionals (former underwriters, investigators, and attorneys), have conducted analysis of various commercial insurance vehicles including occurrence and claims-made liability insurance, umbrella insurance, reinsurance, and surety bonds.

TLI Project Examples

U.S. Department of Justice and U.S. Army Corps of Engineers



As part of the penalty phase in a civil enforcement action in U.S. District Court, District of Delaware, TLI prepared an expert opinion on the economic benefit enjoyed by a defendant's avoidance of compliance with Section 404 of the Clean Water Act. Our personnel reviewed the U.S. Army Corps of Engineers remediation cost estimate for reasonableness, and using the U.S. EPA BEN model, prepared a discounted cash flow analysis of the economic benefit.

U.S. EPA, Region 6

Evaluation of PRP's Demonstration of Financial Assurance



EPA asked TLI to evaluate a potentially responsible parties (PRP's) financial assurances regarding its ability to complete work required by a consent decree. We reviewed the Consent Decree, the PRP's cost estimates for closure and post-closure care, audited year-end financial statements, and the PRP's financial test assurances. The financial test and PRP representations were bench marked against the requirements designated by EPA in 40 C.F.R. Part 264, Subpart H. We prepared a report for EPA that identified deficiencies in the financial assurance documentation.

U.S. EPA, Region 1

Financial Analysis for a Houlton, Maine Site

TLI analyzed an individual's ability to contribute to the cleanup costs associated with response by EPA Region 1 to a fire that destroyed a laundromat. The individual operated the laundromat and a rental property business. We conducted a review of

the individual's personal financial statement and five years of federal and state tax returns. Our analyses indicated that although the individual had little reportable tax income he had significant assets in his real estate portfolio that could be liquidated to contribute to the cleanup costs.

PRP Ability-to-Pay Analysis

EPA Region 1 asked TLI to conduct a financial analysis of the company to determine what funding, if any, the company could contribute to cleanup costs associated with the Site (estimated at \$300K). We reviewed the financing statement, articles of incorporation, corporate income tax returns (1998–2002), trial balances, a business loan application, and an annual report. We found that the company was in a “run-off” mode with the primary source of income coming from rental real estate and the liquidation of real estate holdings. There did not appear to be an ongoing source of income for the company and the prospect of using future earnings to contribute toward site response costs seemed remote.

New England Superfund Sites

TLI provides insurance analysis support to EPA Region 1 for Superfund sites located throughout New England. Project activities include the extraction of information from policies, analysis of coverage, insurance archaeology, and analysis of legal issues including state law, defenses, standing, and orchestration of claims.