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**McDonald, Jeffrey**

**From:** Lucinda Swartz [lswartz@futgen.org]  
**Sent:** Thursday, March 13, 2014 4:13 PM  
**To:** McDonald, Jeffrey  
**Subject:** Re: Information on AIG

No worries – we really appreciate all the work and long hours you are dedicating to this.

I was interpreting Paragraph 4 as allowing the Alliance to ask to use trust funds for the purpose for which they are being put in trust – corrective actions, injection well plugging, etc. I see a different interpretation of that language now.

Lucy

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**From:** <McDonald>, Jeffrey <mcdonald.jeffrey@epa.gov>  
**Date:** Thursday, March 13, 2014 4:39 PM  
**To:** Lucinda Low Swartz <lswartz@futgen.org>  
**CC:** "Greenhagen, Andrew" <Greenhagen.Andrew@epa.gov>  
**Subject:** RE: Information on AIG

Lucy,  
Thanks for organizing that call. I'm sorry there was a misunderstanding about the nature of the trust. I'm also sorry for missing your note below about the bank agreeing to take paragraph 6(D) out of the agreement. Rushing through all these e-mails it didn't register.  
Again, thanks,  
Jeff

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**From:** Lucinda Swartz [<mailto:lswartz@futgen.org>]  
**Sent:** Tuesday, March 11, 2014 4:49 PM  
**To:** McDonald, Jeffrey  
**Cc:** Gilmore, Tyler J; Paul Champagne; Tiago, Joseph; Greenhagen, Andrew; Krueger, Thomas; McAuliffe, Mary; Smith, Robert H; Bayer, MaryRose; John Buchovecky  
**Subject:** Re: Information on AIG

ello, Jeff:

Easy one first – the bank has agreed that the indemnification section (Paragraph 6(D)) does not need to be included in the trust agreement, so there is no need to include that in our discussion. However, the bank's attorneys did have a question about including the beneficiary definition and one reference to a beneficiary since there is no beneficiary in the trust agreement. Do we need to discuss that further, or could it be deleted too?

As for the other questions relating to insurance, I do have some answers.

- With respect to Coverage F, our insurance broker has said that the insurer will pay on the first dollar and only later go to the Alliance for payment of the deductible should an emergency situation arise. We will ask that a revised specimen policy make that clear.
- With respect to a certificate of insurance, our broker is working with AIG to prepare a certificate that AIG would be able to sign. My understanding is that neither AIG nor any other insurer would be unwilling to sign the certificate included as part of the EPA template.
- And with respect to renewal and cancellation, AIG is also working on language to include in a sample policy to address EPA's concerns. I had hoped to have that language for you yesterday and will continue to press them for it.

I can try to set up a conference call with our insurance broker on Thursday afternoon at 2:30pm Central or later (I'll need to confirm the availability of our insurance broker) if that time works for you. If not, please suggest a different time and I will check the availabilities of the others. If you also want to have a discussion with the U.S. Bank attorneys regarding the beneficiary definition and provision in the trust agreement, we could have that call after the insurance call if the bank's and Alliance's attorneys will be available.

Thanks, Jeff,

Lucy

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**From:** <McDonald>, Jeffrey <[mcdonald.jeffrey@epa.gov](mailto:mcdonald.jeffrey@epa.gov)>  
**Date:** Tuesday, March 11, 2014 3:50 PM  
**To:** Lucinda Low Swartz <[lswartz@futgen.org](mailto:lswartz@futgen.org)>  
**Cc:** "Gilmore, Tyler J" <[Tyler.Gilmore@pnnl.gov](mailto:Tyler.Gilmore@pnnl.gov)>, Paul Champagne <[ptchampagne@verizon.net](mailto:ptchampagne@verizon.net)>, "Tiago, Joseph" <[Tiago.Joseph@epa.gov](mailto:Tiago.Joseph@epa.gov)>, "Greenhagen, Andrew" <[Greenhagen.Andrew@epa.gov](mailto:Greenhagen.Andrew@epa.gov)>, "Krueger, Thomas" <[krueger.thomas@epa.gov](mailto:krueger.thomas@epa.gov)>, "McAuliffe, Mary" <[mcauliffe.mary@epa.gov](mailto:mcauliffe.mary@epa.gov)>, "Smith, Robert H" <[smith.roberth@epa.gov](mailto:smith.roberth@epa.gov)>, "Bayer, MaryRose" <[Bayer.MaryRose@epa.gov](mailto:Bayer.MaryRose@epa.gov)>  
**Subject:** RE: Information on AIG

Lucy,

Thank you. I think a call would be helpful to resolve some, if not all of the issues associated with FR. I'll put some observations that people here have made as a first set of issues to discuss. Our FR expert at HQ (Joe Tiago) is going to looking at these documents too and he may bring up some issues at the call. Is there a time in the afternoons of either Thursday or Friday that would work for everyone?

Jeff

there is a \*lot\* more supporting documentation that relates directly to the wells and the potential Emergency response activities than just the March and May 2013 submissions. We don't want failure to reference relevant documents to provide a potential coverage loophole.

2) Coverage F seems to say that FG must incur the emergency response costs first and then seek reimbursement. I don't think that's the FR we're looking for.

3) I don't see anything that looks like the model Certificate of Insurance outlined in EPA's FR guidance or any indication of the amount of coverage

4) I don't see any effort to address the need for some sort of commitment that they will at the very least provide renewal terms no later than XX days before expiration of any policy term to address the regulatory requirement that the policy is renewable/not subject to cancellation.

5) On the trust agreement, I think it's worth flagging the indemnification issue now because it's an important one.

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**From:** Lucinda Swartz [<mailto:lswartz@futgen.org>]  
**Sent:** Monday, March 10, 2014 2:48 PM  
**To:** McDonald, Jeffrey; Bayer, MaryRose  
**Cc:** Gilmore, Tyler J; Paul Champagne  
**Subject:** Re: Information on AIG

Jeff, could you also let me know if you would like me to arrange a conference call to address the beneficiary language in the trust agreement?

Thank you,

Lucy

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**From:** <McDonald>, Jeffrey <[mcdonald.jeffrey@epa.gov](mailto:mcdonald.jeffrey@epa.gov)>  
**Date:** Monday, March 10, 2014 10:47 AM  
**To:** Lucinda Low Swartz <[lswartz@futgen.org](mailto:lswartz@futgen.org)>, "Bayer, MaryRose" <[Bayer.MaryRose@epa.gov](mailto:Bayer.MaryRose@epa.gov)>  
**Cc:** "Gilmore, Tyler J" <[Tyler.Gilmore@pnnl.gov](mailto:Tyler.Gilmore@pnnl.gov)>, Paul Champagne <[ptchampagne@verizon.net](mailto:ptchampagne@verizon.net)>  
**Subject:** RE: Information on AIG

Thanks. We'll take a look and get back to you.

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**From:** Lucinda Swartz <[lswartz@futgen.org](mailto:lswartz@futgen.org)>  
**Sent:** Friday, March 07, 2014 8:23 PM  
**To:** McDonald, Jeffrey; Bayer, MaryRose  
**Cc:** Gilmore, Tyler J; Paul Champagne  
**Subject:** Information on AIG

Hello again,

To follow up on my earlier email, here is information on AIG from the Alliance insurance broker:

The PLL policy will be written on **AIG Specialty Insurance Company** paper. AIG Specialty is an American International Group (AIG) company and has an AM Best's Financial Strength Rating of A (Excellent) with a Financial Size Category of XV (\$2 Billion or greater). I have attached some information on AIG as well as the AM Best Report for AIG Specialty.

Thanks,

Lucy

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