

3745-503-01 Financial assurance - applicability.

The rules in this multi-program chapter shall apply when referenced in either of the following:

- (A) A rule in a program chapter.
- (B) A rule in another multi-program chapter that was made applicable by a rule in a program chapter.

Program chapters are Chapters 3745-520 to 3745-599 of the Administrative Code.

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3745-503-02 Financial assurance - definitions.

If a term used in this chapter is defined in rule 3745-500-02 of the Administrative Code, the definition in rule 3745-500-02 of the Administrative Code is applicable to this chapter unless the term is defined in this rule. As used in this chapter:

(A) [Reserved.]

(B) [Reserved.]

(C)

(1) "Current assets" means cash or other assets or resources commonly identified as those which are reasonably expected to be realized in cash or sold or consumed during the normal operating cycle of a business.

(2) "Current liabilities" means obligations the liquidation of which is reasonably expected to require either the use of existing resources properly classifiable as current assets or the creation of other current liabilities.

(D) [Reserved.]

(E) [Reserved.]

(F) "Face amount" means the total amount the insurer is obligated to pay under the policy.

(G) [Reserved.]

(H) [Reserved.]

(I) [Reserved.]

(J) [Reserved.]

(K) [Reserved.]

(L) "Local government" means a subdivision of the state of Ohio including, but not limited to, a municipal corporation, a county, a township, a single or joint county solid waste management district, or a solid waste management authority.

(M) [Reserved.]

(N)

(1) "Net working capital" means current assets minus current liabilities.

(2) "Net worth" means total assets minus total liabilities and is equivalent to a person's equity.

(O) [Reserved.]

(P) "Parent corporation" means a corporation or the ultimate corporation that directly owns at least fifty per cent of the voting stock of the corporation that holds a permit or license issued in accordance with applicable program chapters of the Administrative Code.

(Q) [Reserved.]

(R) [Reserved.]

(S) [Reserved.]

(T) "Tangible net worth" means the tangible assets that remain after deducting liabilities. For the purpose of this definition "tangible assets" do not include such intangibles as goodwill and rights to patents or royalties.

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3745-503-05 Financial assurance for closure.

(A) [Reserved.]

(B)

(1) The owner or operator shall execute and fund a financial assurance instrument in an amount not less than the current closure cost estimate and meeting the requirements of paragraph (E) of this rule.

(2) Financial assurance for closure shall be maintained and may be released only in accordance with paragraph (O) of this rule.

(C) [Reserved.]

(D) [Reserved.]

(E) The owner or operator shall select a closure financial assurance mechanism from the list of mechanisms specified in paragraphs (F), (G), (H), (I), (J), (K), and (L) of this rule, except as otherwise specified by this rule, provided the owner or operator satisfies the criteria for use of that mechanism.

(F) Closure trust fund.

(1) The owner or operator may satisfy the requirements of this rule by establishing a closure trust fund which conforms to the requirements of this paragraph, by sending an originally signed duplicate of the trust agreement to the director prior to license issuance, and by submitting a copy of the trust agreement into the operating record, if applicable. The trustee shall be an entity that has the authority to act as a trustee and which trust operations are regulated and examined by a federal or state agency.

(2) The wording of the trust agreement shall be identical to the wording specified in paragraph (A)(1) of rule 3745-503-20 of the Administrative Code on forms prescribed by the director, and the trust agreement shall be accompanied by a formal certification of acknowledgment. "Schedule A" of the trust agreement shall be updated not later than sixty days after a change in the amount of the current closure cost estimate provided for in the agreement.

(3) A closure trust fund shall be established to secure an amount at least equal to the current closure cost estimate, except as provided in paragraph (M) of this rule. Except for payments made in accordance with paragraphs (F)(3)(d) and (F)(4) of this rule, payments to the trust fund shall be made annually by the owner or operator during the pay-in period. The pay-in period shall be the anticipated life of the sanitary landfill facility as calculated using the authorized maximum daily waste receipt and the approved volume of the sanitary landfill facility as shown in the approved permit. The first payment into the closure trust fund shall be made in accordance with paragraph (B) of this rule. Subsequent payments to the closure trust fund shall be made as follows:

(a) A receipt from the trustee for each payment shall be submitted by the owner or operator to the director. The first payment shall be at least equal to the current closure cost estimate divided by the number of years in the pay-in period, except as provided in paragraph (M) of this rule. Subsequent payments shall be made not later than thirty days after each anniversary date of the first payment. The amount of each subsequent payment shall be determined by performing the following calculation:

$$\text{Next payment} = (\text{CE} - \text{CV}) / Y$$

Where CE is the current closure cost estimate, CV is the current value of the trust fund, and Y is the

number of years remaining in the pay-in period.

- (b) If the owner or operator establishes a trust fund, as specified in this rule, and the value of the trust fund is less than any revised current closure cost estimate made during the pay-in period, the amount of the current closure cost estimate still to be paid into the trust fund shall be paid in over the pay-in period, as defined in paragraph (F)(3) of this rule. Payments shall continue to be made not later than thirty days after each anniversary date of the first payment pursuant to paragraph (F)(3)(a) of this rule. The amount of each payment shall be determined by performing the following calculation:

$$\text{Next payment} = (\text{CE} - \text{CV}) / \text{Y}$$

Where CE is the current closure cost estimate, CV is the current value of the trust fund, and Y is the number of years remaining in the pay-in period.

- (c) The owner or operator may make the first installment required under paragraph (F)(3)(a) or (F)(3)(b) of this rule by providing alternate financial insurance using one of the mechanisms specified in paragraph (G), (I), or (J) of this rule in an amount at least equal to the first installment. On the anniversary date of the first installment, the owner or operator shall pay into the trust an amount at least equal to the first and second installments required under paragraph (F)(3)(a) or (F)(3)(b) of this rule or select an alternate financial assurance mechanism.

- (d) For other facilities as described below, the trust fund shall be fully funded as follows:

- (i) For a class I or a class II composting facility, the trust fund shall be funded in five annual payments of not less than twenty per cent of the total closure cost estimate. The first trust fund payment shall be made prior to the initial license issuance. Each subsequent trust fund payment shall be made on or before the anniversary of the initial trust fund payment.

- (4) The owner or operator may accelerate payments into the trust fund, or the owner or operator may deposit the full amount of the current closure cost estimate at the time the fund is established. However, the owner or operator shall maintain the value of the fund at no less than the value the fund would have if annual payments were made as specified in paragraph (F)(3) of this rule.
- (5) If the owner or operator establishes a closure trust fund after having begun funding closure under any mechanism specified in this rule, the closure trust fund shall be established by depositing the total value of all prior mechanisms into the newly established trust fund. The subsequent annual payments shall be made as specified in paragraph (F)(3) of this rule.
- (6) After the pay-in period of a trust fund has ended and the current closure cost estimate changes, the owner or operator shall compare the revised estimate to the trustee's most recent annual valuation of the trust fund. If the value of the trust fund is less than the amount of the revised estimate, the owner or operator shall, not later than sixty days after the change in the cost estimate, either deposit a sufficient amount into the trust fund so that its value after payment at least equals the amount of the current closure cost estimate, or obtain alternate financial assurance as specified in this rule to compensate for the difference.
- (7) The director shall instruct the trustee to release to the owner or operator such funds as the director specifies in writing, after receiving one of the following requests from the owner or operator for a release of funds:
- (a) The owner or operator may submit a written request to the director for the release of the amount in excess of the current closure cost estimate, if the value of the trust fund is greater than the total amount of the current closure cost estimate.

- (b) The owner or operator may submit a written request to the director for release of the amount in the trust fund that exceeds the amount required as a result of such substitution, if the owner or operator substitutes any of the alternate financial assurance mechanisms specified in this rule for all or part of the trust fund.

(8) Reimbursement for closure at solid waste facilities.

After beginning closure, the owner or operator, or any other person authorized by the owner, operator, or director to perform closure, may request reimbursement for closure expenditures by submitting itemized bills to the director. After receiving itemized bills for closure activities, the director shall determine whether the closure expenditures are in accordance with the closure or post-closure plan, permit or registration requirements, or applicable rules, or are otherwise justified, and if so, will instruct the trustee to make reimbursement in such amounts as the director specifies in writing. If the director determines that the cost of closure will be greater than the value of the trust fund, the director may withhold reimbursement of such amounts as deemed prudent until the director determines, in accordance with paragraph (O) of this rule, that the owner or operator is no longer required to maintain financial assurance for closure of the facility.

(9) The director will agree to termination of the trust fund when one of the following occurs:

- (a) The owner or operator substitutes alternate financial assurance for closure as specified in paragraph (F)(6) of this rule.
- (b) The director notifies the owner or operator, in accordance with paragraph (O) of this rule that the owner or operator is no longer required by this rule to maintain financial assurance for closure of the facility.

(G) Surety bond guaranteeing payment into a closure trust fund.

- (1) The owner or operator may satisfy the requirements of this rule by obtaining a surety bond that conforms to the requirements of this paragraph and by delivering the originally signed bond to the director by certified mail or any other form of mail accompanied by a receipt prior to license issuance and by submitting a copy of the bond into the operating record, if applicable. The surety company issuing the bond shall, at a minimum, be among those listed as acceptable sureties on federal bonds in "Circular 570" of the U.S. department of the treasury.

[Comment: "Circular 570" is published in the "Federal Register" annually on the first day of July; interim changes in the circular are also published in the "Federal Register."]

- (2) The wording of the surety bond shall be identical to the wording specified in paragraph (B) of rule 3745-503-20 of the Administrative Code on forms prescribed by the director.
- (3) The owner or operator who uses a surety bond to satisfy the requirements of this rule shall also establish a standby trust fund not later than when the bond is obtained. Under the terms of the surety bond, all payments made thereunder will be deposited by the surety directly into the standby trust fund in accordance with instructions from the director. This standby trust fund shall meet the requirements specified in paragraph (F) of this rule, except that:
 - (a) An originally signed duplicate of the standby trust agreement shall be delivered to the director with the surety bond, and a copy of the standby trust agreement shall be placed in the operating record, if applicable.

- (b) Until the standby trust fund is funded, pursuant to the requirements of this rule, the following are not required:
 - (i) Payments into the trust fund as specified in paragraph (F) of this rule.
 - (ii) Revisions of "Schedule A" of the trust agreement to show current closure cost estimate or scrap tire transporter closure cost estimate.
 - (iii) Annual valuations as required by the trust agreement.
 - (iv) Notices of nonpayment as required by the trust agreement.
- (4) The bond shall guarantee that the surety will become liable on the bond obligation unless the owner or operator does one of the following, as applicable:
 - (a) Funds the standby trust fund in an amount equal to the penal sum of the bond before the beginning of closure of the facility.
 - (b) For a solid waste facility, funds the standby trust fund in an amount equal to the penal sum not later than fifteen days after a mandatory closure in accordance with the closure/post-closure care plan, permit or registration requirements, and applicable rules.
 - (c) Provides alternate financial assurance as specified in this rule, and obtains the director's written approval of the alternate financial assurance provided, not later than ninety days after both the owner or operator and the director receive notice of cancellation of the bond from the surety.
- (5) Under the terms of the bond, the surety shall become liable on the bond obligation when the owner or operator fails to perform as guaranteed by the bond.
- (6) The penal sum of the bond shall be in an amount at least equal to the current closure cost estimate except as provided in paragraph (M) of this rule.
- (7) Whenever the current closure cost estimate increases to an amount greater than the penal sum of the bond, the owner or operator shall, not later than sixty days after the increase in the estimate, either cause the penal sum of the bond to be increased to an amount at least equal to the current closure cost estimate and submit evidence of such increase to the director, and into the operating record, if applicable, or obtain alternate financial assurance, as specified in this rule, to compensate for the increase. Whenever the current closure cost estimate decreases, the penal sum may be reduced to the amount of the current closure cost estimate following written approval by the director. Notice of an increase or a proposed decrease in the penal sum shall be sent to the director not later than sixty days after the change.
- (8) Under the terms of the bond, the bond shall remain in force unless the surety sends written notice of cancellation by certified mail or any other form of mail accompanied by a receipt to the owner or operator and to the director. Cancellation cannot occur, however, during the one hundred twenty day period beginning on the first day that both the owner or operator and the director have received the notice of cancellation, as evidenced by the return receipts.
- (9) The owner or operator may cancel the bond if the director has given prior written consent. The director will provide such written consent to the surety bond company when one of the following occurs:
 - (a) The owner or operator substitutes alternative financial assurance for closure of a facility as specified in this rule.

- (b) The director notifies the owner or operator, in accordance with paragraph (O) of this rule that the owner or operator is no longer required to maintain financial assurance for closure of a facility.

(H) Surety bond guaranteeing performance of closure.

- (1) The owner or operator may satisfy the requirements of this rule by obtaining a surety bond which conforms to the requirements of this paragraph and by delivering the originally signed bond to the director prior to license issuance and by submitting a copy of the surety bond into the operating record of the facility, if applicable. The surety company issuing the bond shall, at a minimum, be among those listed as acceptable sureties on federal bonds in "Circular 570" of the U.S. department of the treasury.

[Comment: "Circular 570" is published in the "Federal Register" annually on the first day of July; interim changes in the circular are also published in the "Federal Register."]

- (2) The wording of the surety bond shall be identical to the wording specified in paragraph (C) of rule 3745-503-20 of the Administrative Code on forms prescribed by the director.
- (3) The owner or operator who uses a surety bond to satisfy the requirements of this rule shall also establish a standby trust fund. Under the terms of the surety bond, all payments made thereunder will be deposited by the surety directly into the standby trust fund in accordance with instructions from the director. This standby trust fund shall meet the requirements specified in paragraph (F) of this rule except that:
 - (a) An originally signed duplicate of the standby trust agreement shall be delivered to the director with the surety bond, and a copy of the standby trust agreement shall be placed in the operating record, if applicable.
 - (b) Unless the standby trust fund is funded pursuant to the requirements of this rule, the following are not required:
 - (i) Payments into the trust fund as specified in paragraph (F) of this rule.
 - (ii) Revisions of "Schedule A" of the trust agreement to show current closure cost estimate.
 - (iii) Annual valuations as required by the trust agreement.
 - (iv) Notices of nonpayment as required by the trust agreement.
- (4) The bond shall guarantee that the surety will become liable on the bond obligation unless the owner or operator does one of the following, as applicable:
 - (a) For solid waste facilities, performs closure in accordance with the closure or post-closure plan, permit or registration requirements, and applicable rules.
 - (b) Provides alternate financial assurance as specified in this rule, and obtains the director's written approval of the alternate financial assurance provided, not later than ninety days after both the owner or operator and the director receive notice of cancellation of the bond from the surety.

(5) Performing activities.

- (a) Under the terms of the bond, the surety will become liable on the bond obligation when the owner or operator fails to perform as guaranteed by the bond. Following a determination by the director that the owner or operator of the solid waste facility has failed to perform closure activities in accordance with the closure/post-closure care plan, permit or registration requirements, and applicable rules, the surety shall perform closure in accordance with the closure/post-closure care

plan, permit or registration requirements, and applicable rules, or will deposit the amount of the penal sum into the standby trust fund.

- (6) The penal sum of the bond shall be in an amount at least equal to the current closure cost estimate.
- (7) Whenever the current closure cost estimate increases to an amount greater than the penal sum of the bond, the owner or operator shall, not later than sixty days after the increase in the estimate or prior to waste acceptance in accordance with paragraph (B)(2) of this rule, either cause the penal sum of the bond to be increased to an amount at least equal to the current closure cost estimate and submit evidence of such increase to the director, and into the operating record, if applicable, or obtain alternate financial assurance, as specified in this rule, to compensate for the increase. Whenever the current closure cost estimate decreases, the penal sum may be reduced to the amount of the current closure cost estimate following written approval by the director. Notice of an increase or a proposed decrease in the penal sum shall be sent to the director by certified mail or any other form of mail accompanied by a receipt not later than sixty days after the change.
- (8) Under the terms of the bond, the bond shall remain in force unless the surety sends written notice of cancellation by certified mail or any other form of mail accompanied by a receipt to the owner or operator and to the director. Cancellation cannot occur, however, during the one hundred twenty day period beginning on the first day that both the owner or operator and the director have received the notice of cancellation as evidenced by the return receipts.
- (9) The owner or operator may cancel the bond if the director has given prior written consent. The director will provide such written consent to the surety bond company when one of the following occurs:
 - (a) The owner or operator substitutes alternate financial assurance for closure of a facility as specified in this rule.
 - (b) The director notifies the owner or operator, in accordance with paragraph (O) of this rule that the owner or operator is no longer required by this rule to maintain financial assurance for closure of a facility.
- (10) The surety shall not be liable for deficiencies in the completion of closure of a facility by the owner or operator after the owner or operator has been notified by the director, in accordance with this rule, that the owner or operator is no longer required to maintain financial assurance for closure of a facility.

(I) Closure letter of credit.

- (1) The owner or operator may satisfy the requirements of this rule by obtaining an irrevocable standby letter of credit ("letter of credit") which conforms to the requirements of this paragraph and by having the originally signed letter of credit delivered to the director by certified mail or any other form of mail accompanied by a receipt prior to license issuance and by submitting a copy of the letter of credit into the operating record of the facility, if applicable. The issuing institution shall be an entity which has the authority to issue letters of credit and whose letter of credit operations are regulated and examined by a federal or state agency.
- (2) The wording of the letter of credit shall be identical to the wording specified in paragraph (D) of rule 3745-503-20 of the Administrative Code on forms prescribed by the director.
- (3) An owner or operator who uses a letter of credit to satisfy the requirements of this rule shall also establish a standby trust fund. Under the terms of the letter of credit, all amounts paid pursuant to a draft by the director shall be deposited promptly and directly by the issuing institution into the standby trust fund in

accordance with instructions from the director. The standby trust fund shall meet the requirements of the trust fund specified in paragraph (F) of this rule, except that:

- (a) An originally signed duplicate of the standby trust agreement shall be delivered to the director with the letter of credit, and a copy of the standby trust agreement shall be placed in the operating record, if applicable.
- (b) Unless the standby trust fund is funded pursuant to the requirements of this rule, the following are not required:
 - (i) Payments into the trust fund as specified in paragraph (F) of this rule.
 - (ii) Updating of "Schedule A" of the trust agreement to show current closure cost estimate.
 - (iii) Annual valuations as required by the trust agreement.
 - (iv) Notices of nonpayment as required by the trust agreement.
- (4) The letter of credit shall be accompanied by a letter from the owner or operator referring to the letter of credit by number, issuing institution, and date, and providing the following information: the names and addresses of the solid waste facility and the owner and the operator and the amount of funds assured for closure of the facility by the letter of credit.
- (5) The letter of credit shall be irrevocable and issued for a period of at least one year. The letter of credit shall provide that the expiration date will be automatically extended for a period of at least one year unless, not later than one hundred twenty days prior to the current expiration date, the issuing institution notifies both the owner and operator and the director by certified mail or any other form of mail accompanied by a receipt of a decision not to extend the expiration date. Under the terms of the letter of credit, the one hundred twenty day period shall begin on the day when both the owner or operator and the director have received the notice, as evidenced by the return receipts.
- (6) The letter of credit shall be issued in an amount at least equal to the current closure cost estimate except as provided in paragraph (M) of this rule.
- (7) Whenever the current closure cost estimate increases to an amount greater than the amount of the credit, the owner or operator shall, not later than sixty days after the increase, either cause the amount of the credit to be increased to an amount at least equal to the current closure cost estimate and submit evidence of such increase to the director, and into the operating record, if applicable, or obtain alternate financial assurance, as specified in this rule, to compensate for the increase. Whenever the current closure cost estimate decreases, the letter of credit may be reduced to the amount of the current closure cost estimate following written approval by the director. Notice of an increase or a proposed decrease in the amount of the letter of credit shall be sent to the director by certified mail or any other form of mail accompanied by a receipt not later than sixty days after the change.
- (8) Under the terms of the letter of credit, the director may draw on the letter of credit following a determination that the owner or operator has failed to do the following:
 - (a) For solid waste facilities, perform closure in accordance with the closure/ post-closure care plan, permit or registration requirements, and applicable rules.
 - (b) Provide alternate financial assurance as specified in this rule and obtain written approval of such alternate financial assurance from the director not later than ninety days after the owner and operator and the director have received notice from the issuing institution that it will not extend the letter of

credit beyond the current expiration date, the director shall draw on the letter of credit. The director may delay the drawing if the issuing institution grants an extension of the term of the credit. During the thirty days of any such extension the director shall draw on the letter of credit if the owner or operator has failed to provide alternate financial assurance as specified in this rule and has failed to obtain written approval of such alternate financial assurance from the director.

- (9) The director shall return the original letter of credit to the issuing institution for termination when either of the following occur:
- (a) The owner or operator substitutes alternate financial assurance for closure of a facility as specified in this rule.
 - (b) The director notifies the owner or operator, in accordance with paragraph (O) of this rule that the owner or operator is no longer required to maintain financial assurance for closure of a facility.

(J) Closure insurance.

- (1) The owner or operator may satisfy the requirements of this rule by obtaining closure insurance which conforms to the requirements of this paragraph and by submitting an originally signed certificate of such insurance to the director by certified mail or any other form of mail accompanied by a receipt prior to license issuance, and by submitting a copy of the certificate of insurance into the operating record, if applicable. At a minimum, the insurer shall be licensed to transact the business of insurance, or eligible to provide insurance as an excess or surplus lines insurer, in one or more states.
- (2) The owner or operator using insurance as a financial assurance mechanism shall submit documentation stating whether the insurer is a subsidiary or has a corporate, legal, or financial affiliation with the owner or operator. If the closure insurance is issued by a subsidiary or affiliate, the owner or operator shall include a detailed written description of the relationship between the insurer and the owner and the operator.
- (3) An insurer issuing an insurance policy in satisfaction of this rule shall be licensed to transact the business of insurance, or eligible to provide insurance as an excess or surplus lines insurer, in one or more states. The owner or operator shall submit to the director the following information regarding the insurer's qualifications:
 - (a) The most recent A.M. Best rating of the insurer.
 - (b) Documentation demonstrating that the insurer is domiciled in the United States.
 - (c) The most recent report on examination from the insurance department from the insurer's state of domicile.
 - (d) Documentation demonstrating that the insurer has capital and surplus of at least one hundred million dollars.
 - (e) Documentation demonstrating that the insurer received an unqualified opinion of the insurer's annual financial statements from an independent certified public accountant.
- (4) The director may disallow use of the insurer by the owner or operator on the basis of one or more of the following:
 - (a) The A.M. Best rating is less than A-.

- (b) The report on examination does not demonstrate that the status of the insurer is satisfactory.
 - (c) The opinion expressed by the independent certified public accountant in the report on examination of the insurer's financial statements.
- (5) The wording of the certificate of insurance shall be identical to the wording specified in paragraph (E) of rule 3745-503-20 of the Administrative Code on forms prescribed by the director.
- (6) The closure insurance policy shall be issued for a face amount at least equal to the current closure cost estimate cost estimate, except as provided in paragraph (M) of this rule. Actual payments by the insurer will not change the face amount, although the insurer's future liability will be lowered by the amount of the payments.
- (7) Guaranteeing of funds. The closure insurance policy shall guarantee that funds will be available to close the facility whenever closure is mandated. The policy shall also guarantee that once closure begins, the insurer will be responsible for paying out funds, up to an amount equal to the face amount of the policy, upon the direction of the director, to such party or parties as the director specifies
- (8) Reimbursement for closure.
- The owner or operator, or any other person authorized by the owner, operator, or director to perform closure, may request reimbursement for closure expenditures by submitting itemized bills to the director. After receiving itemized bills for closure activities, the director shall determine whether the closure expenditures are in accordance with the closure/post-closure care plan, permit or registration requirements, and applicable rules, or are otherwise justified, and if so, shall instruct the insurer to make reimbursement in such amounts as the director specifies in writing. If the director has reason to believe that the cost of closure will be greater than the face amount of the policy, the director may withhold reimbursement of such amounts as deemed prudent until the director determines, in accordance with paragraph (O) of this rule that the owner or operator is no longer required to maintain financial assurance for closure of the facility.
- (9) The owner or operator shall maintain the policy in full force and effect until the director consents to termination of the policy by the owner or operator as specified in paragraph (J)(13) of this rule. Failure to pay the premium, without substitution of alternate financial assurance as specified in this rule, will constitute a violation of these rules, warranting such remedy as the director deems necessary. Such violation shall be deemed to begin upon receipt by the director of a notice of future cancellation, termination, or failure to renew due to nonpayment of the premium, rather than upon the date of expiration.
- (10) Each policy shall contain a provision allowing assignment of the policy to a successor owner or operator. Such assignment may be conditional upon consent of the insurer, provided such consent is not unreasonably refused.
- (11) The policy shall provide that the insurer may not cancel, terminate, or fail to renew the policy except for failure to pay the premium. The automatic renewal of the policy shall, at a minimum, provide the insured with the option of renewal at the face amount of the expiring policy. If there is a failure to pay the premium, the insurer may elect to cancel, terminate, or fail to renew the policy by sending notice by certified mail or any other form of mail accompanied by a receipt to the owner or operator and to the director not later than one hundred twenty days prior to the date of cancellation. The one hundred and twenty days shall begin with the date of receipt of the cancellation notice by both the director and the owner or operator, as evidenced by the return receipts.

- (12) Whenever the current closure cost estimate increases to an amount greater than the face amount of the policy, the owner or operator shall, not later than sixty days after the increase, either cause the face amount to be increased to an amount at least equal to the current closure cost estimate and submit evidence of such increase to the director, and into the operating record, if applicable, or obtain alternate financial assurance as specified in this rule to compensate for the increase. Whenever the current closure cost estimate decreases, the face amount may be reduced to the amount of the current closure cost estimate following written approval by the director.
- (13) The director may give written consent to the owner or operator to terminate the insurance policy when either of the following occurs:
- (a) The owner or operator substitutes alternate financial assurance for closure of a facility as specified in this rule.
 - (b) The director notifies the owner or operator, in accordance with paragraph (O) of this rule that the owner or operator is no longer required to maintain financial assurance for closure of a facility.
- (K) Financial test and corporate guarantee for closure of a solid waste facility.
- (1) The owner or operator may satisfy the requirements of this rule by demonstrating that the owner or operator passes a financial test as specified in this paragraph. The owner or operator who uses this test shall be operating for a minimum of five years. To pass this test the owner or operator shall demonstrate that less than fifty per cent of the parent corporation's gross revenues are derived from solid waste disposal facility operations, or if there is no parent corporation, the owner or operator shall demonstrate that less than fifty per cent of its gross revenues are derived from solid waste disposal facility operations and shall satisfy the requirements of paragraph (K)(1)(a) or (K)(1)(b) of this rule.
- (a) The owner or operator shall have the following:
- (i) Satisfaction of at least two of the following ratios: a ratio of total liabilities to net worth less than 2.0; a ratio of the sum of net income plus depreciation, depletion, and amortization minus ten million dollars to total liabilities greater than 0.1; a ratio of current assets to current liabilities greater than 1.5.
 - (ii) Net working capital and tangible net worth each at least six times the sum of the current closure and current post-closure care cost estimates, any corrective actions cost estimates, and any other obligations assured by a financial test.
 - (iii) Tangible net worth of at least ten million dollars.
 - (iv) Assets in the United States amounting to at least ninety per cent of total assets or at least six times the sum of the current closure and current post-closure care cost estimates, any current corrective actions cost estimates, and any other assured by a financial test.
- (b) The owner or operator shall have:
- (i) Issued a corporate bond for which the owner or operator, as the issuing entity, has not received a current rating of less than BBB as issued by "Standard and Poor's" or Baa as issued by "Moody's." Owners or operators using bonds that are secured by collateral or a guarantee shall meet the minimum rating without that security.
 - (ii) Tangible net worth at least six times the sum of the current closure and current post-closure care cost estimates, any corrective actions cost estimates, and any other obligations assured by a

financial test.

- (iii) Tangible net worth of at least ten million dollars.
 - (iv) Assets in the United States amounting to at least ninety per cent of total assets or at least six times the sum of the current closure and current post-closure care cost estimates, any current corrective actions cost estimates, and any other obligations assured by a financial test.
- (2) Current closure and current post-closure care cost estimates, any current corrective actions cost estimates, and any other obligations assured by a financial test as used in paragraph (K)(1) of this rule refers to the cost estimates required to be shown in the letter from the owner's or operator's chief financial officer.
- (3) To demonstrate that requirements of this test are met, the owner or operator shall submit the following items to the director, and into the operating record, if applicable:
- (a) A letter signed by the owner's or operator's chief financial officer and worded as specified in paragraph (F) of rule 3745-503-20 of the Administrative Code on forms prescribed by the director.
 - (b) A copy of a report by an independent certified public accountant examining the owner's or the operator's financial statements for the most recently completed fiscal year.
 - (c) A special report from the owner's or the operator's independent certified public accountant, in the form of an agreed-upon procedures report, to the owner or operator stating the following:
 - (i) The public accountant has compared the data which the letter from the chief financial officer specifies as having been derived from the independently audited year-end financial statements for the most recent fiscal year with the amounts in such financial statements.
 - (ii) In connection with the agreed-upon procedures report, the public accountant states that the public accountant agrees the specified data is accurate.
- (4) After the initial submission of the items specified in paragraph (K)(3) of this rule, the owner or operator shall send updated information to the director, and submit updated information into the operating record, if applicable, not later than ninety days after the close of each succeeding fiscal year. This information shall include all three items specified in paragraph (K)(3) of this rule.
- (5) If the owner or operator no longer meets the requirements of paragraph (K)(1) of this rule, notice shall be sent to the director of the intent to establish alternate financial assurance as specified in this rule. The notice shall be sent by certified mail or any other form of mail accompanied by a receipt not later than ninety days after the end of the fiscal year for which the year-end financial data show that the owner or operator no longer meets the requirements. A copy of the notice shall also be placed in the operating record, if applicable. The owner or operator shall provide alternate financial assurance not later than one hundred twenty days after the end of such fiscal year.
- (6) The director may, based on a reasonable belief that the owner or operator no longer meets the requirements of paragraph (K)(1) of this rule, require reports of financial condition at any time from the owner or operator in addition to those specified in paragraph (K)(3) of this rule. If the director finds, on the basis of such reports or other information, that the owner or operator no longer meets the requirements of paragraph (K)(1) of this rule, the owner or operator shall provide alternate financial assurance as specified in this rule not later than thirty days after notification of such a finding.
- (7) The director may disallow use of this test on the basis of qualifications in the opinion expressed by the independent certified public accountant in the report on examination of the owner's or operator's

financial statements. An adverse opinion or disclaimer of opinion will be cause for disallowance. The director shall evaluate other qualifications on an individual basis. The owner or operator shall provide alternate financial assurance as specified in this rule not later than thirty days after notification of the disallowance.

- (8) The owner or operator is no longer required to submit the items specified in paragraph (K)(3) of this rule when either of the following occur:
- (a) The owner or operator substitutes alternate financial assurance for closure of a facility as specified in this rule.
 - (b) The director notifies the owner or operator, in accordance with paragraph (O) of this rule that the owner or operator is no longer required to maintain financial assurance for closure of a facility.
- (9) The owner or operator may meet the requirements of this rule by obtaining a written guarantee, hereafter referred to as a corporate guarantee. The guarantor shall be the parent corporation of the owner or operator. The guarantor shall meet the requirements for an owner or operator in paragraphs (K)(1) to (K)(7) of this rule and shall comply with the terms of the corporate guarantee. The wording of the corporate guarantee shall be identical to the wording specified in paragraph (G) of rule 3745-503-20 of the Administrative Code on forms prescribed by the director. The corporate guarantee shall accompany the items sent to the director as specified in paragraph (K)(3) of this rule. The terms of the corporate guarantee shall provide that:
- (a) The owner or operator shall perform closure of a facility provided for by the corporate guarantee in accordance with the closure/post-closure care plan, permit or registration requirements, and applicable rules.
 - (b) The guarantor shall perform the activities in paragraph (K)(9)(a) of this rule or shall establish a trust fund in the name of the owner or operator as specified in paragraph (F) of this rule if the owner or operator fails to perform those activities.
 - (c) The corporate guarantee shall remain in force unless the guarantor sends notice of cancellation by certified mail or any other form of mail accompanied by a receipt to the owner or operator and to the director. Cancellation may not occur, however, during the one hundred twenty day period beginning on the first day that both the owner or operator and the director have received notice of cancellation, as evidenced by the return receipts.
 - (d) If the owner or operator fails to provide alternate financial assurance as specified in this rule, and fails to obtain the written approval of such alternate financial assurance from the director not later than ninety days after both the owner or operator and the director have received notice of cancellation of the corporate guarantee from the guarantor, the guarantor shall provide such alternate financial assurance in the name of the owner or operator.
- (L) Local government financial test for closure.
- (1) In order to satisfy the requirements of this rule, a local government shall, by resolution, establish a restricted "Local Government Financial Test" (LGFT) fund specifically for funding the estimated cost of closure of the solid waste facility. The LGFT fund shall be established to accumulate an amount at least equal to the current estimate of the cost of closure. The LGFT fund shall be maintained throughout the operating life of the solid waste facility. For a new facility, the first payment into the LGFT fund shall be calculated using the average daily waste receipt and the approved volume of the solid waste facility provided in the permit to install, registration, or license, as applicable. For existing facilities, annual

payments to the LGFT fund shall be calculated based on the amount of waste that was accepted for disposal at the facility as listed on the annual report for the previous operating year, unless an alternative calculation or amount is authorized by Ohio EPA. Payments shall be made annually not later than thirty days after the anniversary date of the initial deposit as follows:

(CE-CV)/R

Where CE is the current closure cost estimate, CV is the current value of the fund, and R is the number of years remaining in the operating life of the solid waste facility based on the amount of waste that was accepted for disposal at the facility as listed on the annual report for the previous operating year. To maintain compliance with this rule, a local government shall annually submit to Ohio EPA an affidavit affirming the continued existence of the LGFT fund and the balance in the LGFT fund as of the end of the fiscal year. A copy of the current estimate of the cost of closure and the calculated amount of the annual payment shall also be provided to Ohio EPA.

- (2) A local government may satisfy the requirements of this rule by demonstrating that the local government passes a financial test as specified in this paragraph. This test consists of a financial component, a public notice component, and a record-keeping and reporting component. In order to satisfy the financial component of the test, a local government shall meet the following criteria:
 - (a) A local government's financial statements shall be prepared in accordance with "Generally Accepted Accounting Principles" for local governments.
 - (b) A local government shall not have operated at a deficit equal to five per cent or more of total annual revenue in either of the past two fiscal years.
 - (c) A local government shall not currently be in default on any outstanding general obligation bonds.
 - (d) A local government shall not have any outstanding general obligation bonds rated lower than BBB as issued by "Standard and Poor's" or Baa as issued by "Moody's." Local governments using bonds that are secured by collateral or a guarantee shall meet the minimum rating without that security.
- (3) In addition, to satisfy the local government financial test for closure, a local government shall satisfy the requirements of paragraph (L)(3)(a) or (L)(3)(b) of this rule.
 - (a) A local government shall demonstrate the following:
 - (i) A ratio of cash plus marketable securities to total expenditures greater than or equal to 0.05.
 - (ii) A ratio of annual debt service to total expenditures less than or equal to 0.20.
 - (iii) A ratio of long term debt issued and outstanding to capital expenditures less than or equal to 2.00.
 - (iv) A ratio of the current cost estimates for closure, post-closure care, corrective actions, and any other obligations assured by a financial test, to total revenue less than or equal to 0.43.
 - (b) A local government shall demonstrate the following:
 - (i) Outstanding general obligation bonds for which the local government, as the issuing entity, has not received a current rating of less than BBB as issued by "Standard and Poor's" or Baa as issued by "Moody's." Local governments using bonds that are secured by collateral or a guarantee shall meet the minimum rating without that security.

- (ii) A ratio of the current cost estimates for closure, post-closure care, corrective actions, and any other obligations assured by a financial test, to total revenue less than or equal to 0.43.
- (4) In order to satisfy the public notice component of the test, a local government shall in each year that the test is used, identify the current cost estimates in either its budget or its comprehensive annual financial report. The facility covered, the categories of expenditures, including closure, post-closure care, corrective actions, the corresponding cost estimate for each expenditure, and the anticipated year of the required activity shall be recorded. If the financial assurance obligation is to be included in the budget, it should either be listed as an approved budgeted line item, if the obligation will arise during the budget period, or in an appropriate supplementary data section, if the obligation will not arise during the budget period. If the information is to be included in the comprehensive annual financial report, it is to be included in the financial section as a footnote to the annual financial statements.
- (5) To demonstrate that the local government meets the requirements of this test, the following three items shall be provided to the director, and submitted into the operating record, if applicable:
 - (a) A letter signed by the local government's chief financial officer and worded as specified in paragraph (H) of rule 3745-503-20 of the Administrative Code on forms prescribed by the director that:
 - (i) Lists all current cost estimates covered by a financial test.
 - (ii) Certifies that the local government meets the conditions of paragraph (L)(2) of this rule.
 - (iii) Provides evidence and certifies that the local government meets the conditions of either paragraph (L)(3)(a) or (L)(3)(b) of this rule.
 - (b) A copy of the local government's independently audited year-end financial statements for the latest fiscal year, including the unqualified opinion of the auditor. The auditor shall be an independent, certified public accountant or auditor of state. This may be provided in written form or in electronic format.
 - (c) A special report, provided in written form or in electronic format, from the independent certified public accountant or auditor of state, in the form of an agreed-upon procedures report, to the local government stating that:
 - (i) The certified public accountant or auditor of state has compared the data which the letter from the chief financial officer specifies as having been derived from the independently audited year-end financial statements for the most recent fiscal year with the amounts in such financial statements.
 - (ii) In connection with the agreed-upon procedures report, the public accountant states that the public accountant agrees the specified data is accurate.
- (6) After the initial submission of the items specified in this rule, a local government shall send updated information to the director on forms prescribed by the director, and submit updated information into the operating record, if applicable, not later than one hundred eighty days after the close of each succeeding fiscal year. This information shall include all items specified in this rule.
- (7) If a local government no longer meets the requirements of this rule, notice shall be sent to the director of the intent to establish alternate financial assurance as specified in this rule. The notice shall be sent by certified mail or any other form of mail accompanied by a receipt not later than one hundred fifty days after the end of the fiscal year for which the year-end financial data show that the local government no

longer meets the requirements. A copy of the notice shall also be placed in the operating record, if applicable. The local government shall provide alternate financial assurance not later than one hundred eighty days after the end of such fiscal year.

- (8) The director may, based on a reasonable belief that the local government no longer meets the requirements of this rule, require reports of financial condition at any time from the local government in addition to those specified in this rule. If the director finds, on the basis of such reports or other information, that the local government no longer meets the requirements of this rule, the local government shall provide alternate financial assurance as specified in this rule not later than thirty days after notification of such a finding.
- (9) The director may disallow use of this test on the basis of qualifications in the opinion expressed by the independent certified public accountant or auditor of state in the report on examination of the local government's financial statements. An adverse opinion or disclaimer of opinion will be cause for disallowance. The director shall evaluate other qualifications on an individual basis. The local government shall provide alternate financial assurance as specified in this rule not later than thirty days after notification of the disallowance.
- (10) A local government is no longer required to submit the items specified in this rule when one of the following occur:
 - (a) The local government substitutes alternate financial assurance for closure as specified in this rule.
 - (b) The director notifies the local government, in accordance with paragraph (O) of this rule, that the local government is no longer required to maintain financial assurance for closure of a facility.

(M) Use of multiple financial assurance mechanisms.

The owner or operator may satisfy the requirements of this rule by establishing more than one financial assurance mechanism for each facility. These mechanisms are limited to a trust fund, surety bond guaranteeing payment into a closure trust fund, letter of credit, insurance, and the local government financial test. The mechanisms shall be as specified in paragraphs (F), (G), (I), (J), and (L) respectively of this rule, except that it is the combination of mechanisms, rather than each single mechanism, which shall provide financial assurance for an amount at least equal to the current closure cost estimate. If an owner or operator uses a trust fund in combination with a surety bond or a letter of credit, the owner or operator may use the trust fund as the standby trust fund for the other mechanisms. A single standby trust fund may be established for two or more mechanisms. The director may invoke use of any or all of the mechanisms, in accordance with paragraphs (F), (G), (I), (J), and (L) of this rule, to provide for closure of the facility.

(N) Use of a financial assurance mechanism for multiple facilities.

The owner or operator may use a financial assurance mechanism specified in this rule to meet the requirements of this rule for more than one facility. Evidence of financial assurance submitted to the director shall include a list showing, for each facility, the name, address, and the amount of funds for closure assured by the financial assurance mechanism. The amount of funds available through the financial assurance mechanism shall be no less than the sum of the funds that would be available if a separate financial assurance mechanism had been established and maintained for each facility.

(O) Release of the owner or operator of a solid waste facility from the requirements of this rule.

The director shall notify the owner or operator in writing that the owner or operator is no longer required, by this rule, to maintain financial assurance for closure of the particular facility, unless the director has reason

to believe that closure has not been completed in accordance with the requirements, as applicable, or the closure/post-closure care plan after receiving certifications from the owner or operator and an independent professional skilled in the appropriate discipline that closure has been completed in accordance with the closure/post-closure care plan, permit or registration requirements, and applicable rules.

[Comment: The notice releases the owner or operator only from the requirements for financial assurance for closure of the facility; it does not release the owner or operator from legal responsibility for meeting the post-closure care standards or corrective actions, if applicable.]

Effective: 04/02/2012

R.C. 119.032 review dates: 04/02/2017

CERTIFIED ELECTRONICALLY

Certification

02/16/2012

Date

Promulgated Under: 119.03
Statutory Authority: 3734.02, 3734.12
Rule Amplifies: 3734.02, 3734.12

3745-503-20 Wording of financial assurance instruments.

(A)

- (1) A trust agreement for a trust fund as specified in paragraph (F) of rule 3745-503-05 of the Administrative Code, must be worded as follows on forms prescribed by the director, except that instructions in brackets are to be replaced with the relevant information and the brackets deleted:

"Trust agreement"

Trust agreement. The "agreement," entered into as of [date] by and between [name of the owner or operator], a [state] [corporation, partnership, association, proprietorship], the "grantor," and [name of corporate trustee], ["incorporated in the state of _____" or "a national bank"], the "trustee."

Whereas, the Ohio Environmental Protection Agency, ("Ohio EPA"), has established certain rules applicable to the grantor, requiring that the owner or operator of a facility or a scrap tire transporter provide assurance that funds will be available when needed for closure, post-closure care, or corrective actions at the facility, or for scrap tire transporter closure.

Whereas, the grantor has elected to establish a trust to provide all or part of such financial assurance for the facilities identified herein.

Whereas, the grantor, acting through its duly authorized officers, has selected the trustee to be the trustee under this agreement, and the trustee is willing to act as trustee,

Now, therefore, the grantor and the trustee agree as follows:

Section 1. Definitions. As used in this agreement:

- (a) The term "grantor" means the owner or operator who enters into this agreement and any successors or assigns of the grantor.
- (b) The term "trustee" means the trustee who enters into this agreement and any successor trustee.
- (c) The term "director" means the director of environmental protection or a representative delegated by the director to act on the director's behalf.

Section 2. Identification of facilities and cost estimates. This agreement pertains to a solid waste facility or a scrap tire transporter and cost estimates identified on attached schedule A [on schedule A, for each facility and scrap tire transporter list the name, address, and the current closure, post-closure care, scrap tire transporter closure, or corrective actions cost estimates, or portions thereof, for which financial assurance is demonstrated by this agreement].

Section 3. Establishment of fund. The grantor and the trustee hereby establish a trust fund, the "fund," for the benefit of the Ohio EPA. The grantor and the trustee intend that no third party have access to the fund except as herein provided. The fund is established initially as consisting of the property, which is acceptable to the trustee, described in schedule B attached hereto. Such property and any other property subsequently transferred to the trustee is referred to as the fund, together with all earnings and profits thereon, less any payments or distributions made by the trustee pursuant to this agreement. The fund will be held by the trustee, in trust, as hereinafter provided. The trustee shall not be responsible nor shall it undertake any responsibility for the amount or adequacy of, nor any duty to collect from the grantor, any payments necessary to discharge any liabilities of the grantor established by the Ohio EPA.

Section 4. Payment for closure and post-closure care, scrap tire transporter closure, and corrective actions. The trustee will make such payments from the fund as the director will direct, in writing, to provide for the payment of the costs of closure, post-closure care, or corrective actions at the facility or scrap tire transporter closure covered by this agreement. The trustee will reimburse the grantor or other persons as specified by the director from the fund for closure, post-closure care, scrap tire transporter closure, or corrective actions expenditures in such amounts as the director will direct, in writing. In addition, the trustee will refund to the grantor such amounts as the director specifies in writing. Upon refund, such funds will no longer constitute part of the fund as defined herein.

Section 5. Payments comprising the fund. Payments made to the trustee for the fund will consist of cash or securities acceptable to the trustee.

Section 6. Trustee management. The trustee will invest and reinvest the principal and income of the fund and keep the fund invested as a single fund, without distinction between principal and income, in accordance with general investment policies and guidelines which the grantor may communicate in writing to the trustee periodically, subject, however, to the provisions of this section. In investing, reinvesting, exchanging, selling, and managing the fund, the trustee will discharge the duties with respect to the trust fund solely in the interest of the beneficiary and with the care, skill, prudence, and diligence under the circumstances then prevailing which persons of prudence, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims; except that:

- (a) Securities or other obligations of the grantor, or any other owner or operator of the facilities or scrap tire transporter, or any of their affiliates as defined in the Investment Company Act of 1940, as amended, 15 U.S.C. section 80a-2(a), will not be acquired or held, unless they are securities or other obligations of the federal or a state government;
- (b) The trustee is authorized to invest the fund in time or demand deposits of the trustee, to the extent insured by an agency of the federal or state government;
- (c) The trustee is authorized to hold cash awaiting investment or distribution uninvested for a reasonable time and without liability for the payment of interest thereon.

Section 7. Commingling and investment. The trustee is expressly authorized in its discretion:

- (a) To transfer periodically any or all of the assets of the fund to any common, commingled, or collective trust fund created by the trustee in which the fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other trusts participating therein;
- (b) To purchase shares in any investment company registered under the Investment Company Act of 1940, 15 U.S.C. sections 80a-1 et seq., including one which may be created, managed, underwritten, or to which investment advice is rendered or the shares of which are sold by the trustee. The trustee may vote such shares in its discretion.

Section 8. Express powers of trustee. Without in any way limiting the powers and discretion conferred upon the trustee by the other provisions of this agreement or by law, the trustee is expressly authorized and empowered:

- (a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale. No person dealing with the trustee will be bound to see to the application of the purchase money or to inquire into the validity or expediency of any such sale or other disposition;

- (b) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
- (c) To register any securities held in the fund in its own name or in the name of a nominee and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the trustee in other fiduciary capacities, or to deposit or arrange for the deposit of such securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee of such depository with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the United States government, or any agency or instrumentality thereof, with a Federal Reserve Bank, but the books and records of the trustee will at all times show that all such securities are part of the fund;
- (d) To deposit any cash in the fund in interest-bearing accounts maintained or savings certificates issued by the trustee, in its separate corporate capacity, or in any other banking institution affiliated with the trustee, to the extent insured by an agency of the federal or state government;
- (e) To compromise or otherwise adjust all claims in favor of or against the fund.

Section 9. Taxes and expenses. All taxes of any kind that may be assessed or levied against or in respect of the fund and all brokerage commissions incurred by the fund will be paid from the fund. All other expenses, proper charges, and disbursements, incurred by the trustee in connection with the administration of this trust, including fees for legal services rendered to the trustee, the compensation of the trustee to the extent not paid directly by the grantor, and all other proper charges and disbursements of the trustee will be paid from the fund. Expenses, proper charges, and disbursements include fees for legal services, rendered to the trustee and the compensation of the trustee to the extent the grantor fails to compensate the trustee pursuant to section 12.

Section 10. Annual valuation. The trustee will annually, not later than thirty days prior to the anniversary date of the establishment of the fund, furnish to the grantor and to the director a statement confirming the value of the trust. Any securities in the fund will be valued at market value as of no more than sixty days prior to the anniversary date of establishment of the fund. The failure of the grantor to object in writing to the trustee not later than ninety days after the statement has been furnished to the grantor and the director will constitute a conclusively binding assent by the grantor, barring the grantor from asserting any claim or liability against the trustee with respect to matters disclosed in the statement.

Section 11. Advice of counsel. The trustee may periodically consult with counsel, who may be counsel to the grantor, with respect to any question arising as to the construction of this agreement or any action to be taken hereunder. The trustee will be fully protected, to the extent permitted by law, in acting upon the advice of counsel.

Section 12. Trustee compensation. The trustee will be entitled to reasonable compensation from the grantor for the trustee's services as agreed upon in writing periodically with the grantor.

Section 13. Successor trustee. The trustee may resign or the grantor may replace the trustee, but such resignation or replacement shall not be effective until the grantor has appointed a successor trustee and this successor accepts the appointment. The successor trustee will have the same powers and duties as those conferred upon the trustee hereunder. Upon the successor trustee's acceptance of the appointment, and upon the director's written approval, the trustee will assign, transfer, and pay over to the successor trustee the funds and properties then constituting the fund. If for any reason the grantor cannot or does

not act in the event of the resignation of the trustee, the trustee may apply to a court of competent jurisdiction for the appointment of a successor trustee or for instructions. The successor trustee shall specify the date on which it assumes administration of the trust in a writing sent to the grantor, the director, and the present trustee by certified mail or any other form of mail accompanied by a receipt not later than ten days before such change becomes effective. The director's written approval must be given prior to the ten days notice provided by the successor trustee. Any expenses incurred by the trustee as a result of any of the acts contemplated by this section will be paid as provided in section 9.

Section 14. Instructions to the trustee. All orders, requests, and instructions by the grantor to the trustee will be in writing, signed by such persons as are designated in the attached Exhibit A or such other designees as the grantor may designate by amendment to Exhibit A. The trustee will be fully protected in acting without inquiry in accordance with the grantor's orders, requests, and instructions. All orders, requests, and instructions by the director to the trustee will be in writing, signed by the director, and the trustee will act and will be fully protected in acting in accordance with such orders, requests, and instructions. The trustee will have the right to assume, in the absence of written notice to the contrary, that no event constituting a change or a termination of the authority of any person to act on behalf of the grantor or the director hereunder has occurred. The trustee will have no duty to act in the absence of such orders, requests, and instructions from the grantor or the director except as provided for herein.

Section 15. Notice of nonpayment. The trustee will notify the grantor and the director by certified mail or any other form of mail accompanied by a receipt not later than ten days after the expiration of the thirty-day period following the anniversary of the establishment of the trust, if no payment is received from the grantor during the period. After the pay-in period is completed, the trustee is not required to send a notice of nonpayment.

Section 16. Amendment of agreement. This agreement may be amended by an instrument in writing executed by the grantor, the trustee, and the director, or by the trustee and the director if the grantor ceases to exist.

Section 17. Irrevocability and termination. Subject to the right of the parties to amend this agreement as provided in section 16, this trust will be irrevocable and will continue until termination at the written agreement of the grantor, the trustee, and the director, or by the trustee and the director if the grantor ceases to exist. Upon termination of the trust, all remaining trust property, less final trust administration expenses, will be delivered to the grantor, unless the trust is a standby trust fund created in accordance with a surety bond guaranteeing payment into a trust fund, a surety bond guaranteeing performance, or a letter of credit, in which case all remaining trust property, less final trust administration expenses, will be delivered to the provider of the financial assurance.

Section 18. Immunity and indemnification. The trustee will not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this trust, or in carrying out any directions by the grantor or the director issued in accordance with this agreement. The trustee will be indemnified and saved harmless by the grantor or from the trust fund, or both, from and against any personal liability to which the trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the grantor fails to provide such defense.

Section 19. Choice of law. This agreement will be administered, construed, and enforced according to the laws of the state of Ohio.

Section 20. Interpretation. As used in this agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each section of this agreement will not

affect the interpretation or the legal efficacy of this agreement.

In witness whereof the parties have caused this agreement to be executed by their respective officers duly authorized and their corporate seals to be hereunto affixed and attested as of the date first above written: the parties below certify that the wording of this agreement is identical to the wording specified in rules adopted under Chapter 3734. of the Revised Code concerning financial assurance for solid waste facilities or a scrap tire transporter as such rules were constituted on the date first above written.

[Signature of grantor]

[Title]

Attest:

[Title]

[Seal]

[Signature of trustee]

Attest:

[Title]

[Seal]"

- (2) The following is an example of the certification of acknowledgment, which must accompany the trust agreement for a trust fund as specified in paragraph (F) of rule 3745-503-05 of the Administrative Code:

"State of _____

County of _____

On this [date], before me personally came [owner or operator] to me known, who, being by me duly sworn, did depose and say that she/he resides at [address], that she/he is [title] of [corporation], and the corporation described in and which executed the above instrument; that she/he knows the seal of said corporation; that the seal affixed to such instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that she/he signed her/his name thereto by like order.

[Signature of notary public]"

[Comment: As required in paragraph (F)(2) of rule 3745-503-05 of the Administrative Code, the trust agreement must be accompanied by a formal certification of acknowledgment. The previous paragraph is only an example.]

- (B) A surety bond guaranteeing payment into a trust fund, as specified in paragraph (G) of rule 3745-503-05 of the Administrative Code, must be worded as follows on forms prescribed by the director, except that instructions in brackets are to be replaced with the relevant information and the brackets deleted:

"Financial guarantee bond

Date bond executed: _____

Effective date: _____

Principal: [legal name and business address of owner or operator]

Type of organization: [insert "individual," "joint venture," "partnership," or "corporation"]

State of incorporation: _____

Surety(ies): [name(s) and business address(es)]

Name, address, and closure, post-closure care, scrap tire transporter closure, or corrective actions amount(s) for each facility or scrap tire transporter guaranteed by this bond [indicate closure, post-closure care, scrap tire transporter closure, or corrective actions amounts separately]:

\$ _____

Total penal sum of bond: \$ _____

Surety's bond number: _____

Know all persons by these presents, that we, the principal and surety(ies) hereto are firmly bound to the Ohio Environmental Protection Agency ("Ohio EPA"), in the above penal sum for the payment of which we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally; provided that, where the surety(ies) are corporations acting as co-sureties, we, the sureties, bind ourselves in such sum "jointly and severally" only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each surety binds itself, jointly and severally with the principal, for the payment of such sum only as is set forth opposite the name of such surety, but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum.

Whereas, said principal is required to have an Ohio EPA permit(s) or registration, in order to operate each facility identified above, or a scrap tire transporter registration;

Whereas, said principal is required to provide financial assurance for closure, or closure and post-closure care, or post-closure care, or corrective actions of the facility or scrap tire transporter closure as a condition of Chapter 3734. of the Revised Code;

Whereas said principal shall establish a standby trust fund in accordance with rules adopted under Chapter 3734. of the Revised Code concerning financial assurance for solid waste facilities or a scrap tire transporter.

Now, therefore, for a facility, the conditions of the obligation are such that if the principal shall faithfully, before the beginning of closure, post-closure care or corrective actions, of each facility identified above, fund the standby trust fund in the amount identified above for the facility,

Now, therefore, for a scrap tire transporter, the conditions of the obligation are such that if the principal shall faithfully, before the registration expires, fund the standby trust fund in the amount identified above for the scrap tire transporter,

Or, if the principal shall fund the standby trust fund in such an amount not later than fifteen days after an order to begin closure is issued by the director, or an Ohio court, or a U.S. district court, or other court of competent jurisdiction, or not later than fifteen days after a notice of revocation of the facility license or the denial, suspension, or revocation of the registration,

Or, if the principal shall provide alternate financial assurance in accordance with rules adopted under Chapter 3734. of the Revised Code concerning financial assurance for solid waste facilities or a scrap tire transporter, and obtain the director's written approval of such alternate financial assurance, not later than

ninety days after the first day that notice of cancellation has been received by both the principal and the director from the surety(ies), then this obligation will be null and void; otherwise it is to remain in full force and effect.

The surety(ies) shall become liable on this bond obligation only when the principal has failed to fulfill the conditions described above. Upon notification by the director that the principal has failed to perform as guaranteed by this bond, the surety(ies) shall place funds in the amount guaranteed for the facility or scrap tire transporter into the standby trust fund as directed by the director.

The liability of the surety(ies) shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the surety(ies) hereunder exceed the amount of said penal sum.

The surety(ies) may cancel the bond by sending notice of cancellation by certified mail or any other form of mail accompanied by a receipt to the principal and to the director, provided, however, that cancellation shall not occur during the one hundred twenty day period beginning on the first day of receipt of the notice of cancellation by both the principal and the director as evidenced by the return receipt(s).

The principal may terminate this bond by sending written notice to the surety(ies) and to the director, provided, however, that no such notice shall become effective until the surety(ies) receive(s) written authorization for termination of the bond by the director.

[The following paragraph is an optional rider that may be included but is not required.]

Principal and surety(ies) hereby agree to adjust the penal sum of the bond annually so that it guarantees a new closure, post-closure care, scrap tire transporter closure, or corrective actions amount, provided that the penal sum does not increase by more than twenty per cent in any one year, and no decrease in the penal sum takes place without the written permission of the director.

In witness whereof, the principal and surety(ies) have executed this financial guarantee bond and have affixed their seals on the date set forth above.

The persons whose signatures appear below hereby certify that they are authorized to execute this surety bond on behalf of the principal and surety(ies) and that the wording of this surety bond is identical to the wording specified in rules adopted under Chapter 3734. of the Revised Code concerning financial assurance for solid waste facilities or a scrap tire transporter as such rules were constituted on the date this bond was executed.

Principal

Signature(s): _____

Name(s) and title(s) [typed]: _____

Corporate seal:

Corporate surety(ies)

Name and address: _____

State of incorporation: _____

Liability limit: \$ _____

Signature(s): _____

Name(s) and title(s) [typed]: _____

Corporate seal:

[For every co-surety, provide signature(s), corporate seal, and other information in the same manner as for surety above.]

Bond premium: \$ _____ "

- (C) A surety bond guaranteeing performance of closure, post-closure care, scrap tire transporter closure, or corrective actions, as specified in paragraph (H) of rule 3745-503-05 of the Administrative Code, must be worded as follows on forms prescribed by the director, except that instructions in brackets are to be replaced by the relevant information and the brackets deleted:

"Performance bond

Date bond executed: _____

Effective date: _____

Principal: [legal name and business address of owner or operator]

Type of organization: [insert "individual," "joint venture," "partnership," or "corporation"]

State of incorporation: _____

Surety(ies): [name(s) and business address(es)]

Name, address, and closure, post-closure care, scrap tire transporter closure, or corrective actions amount for each facility or scrap tire transporter guaranteed by this bond [indicate closure, post-closure care, scrap tire transporter closure, and corrective actions amounts separately]: \$ _____

Total penal sum of bond: \$ _____

Surety's bond number: _____

Know all persons by these presents, that we, the principal and surety(ies) hereto are firmly bound to the Ohio Environmental Protection Agency ("Ohio EPA"), in the above penal sum for the payment of which we bind ourselves, our heirs, executors, administrators, successors, and assigns jointly and severally; provided that, where the surety(ies) are corporations acting as co-sureties, we, the sureties, bind ourselves in such sum "jointly and severally" only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each surety binds itself, jointly and severally with the principal, for the payment of such sum only as is set forth opposite the name of such surety, but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum.

Whereas, said principal is required to have an Ohio EPA permit(s) or registration in order to operate each facility or scrap tire transporter identified above, and

Whereas said principal is required to provide financial assurance for closure, or closure and post-closure care, or post-closure care, or corrective actions as a condition of the permit(s) or registration(s), and

Whereas said principal shall establish a standby trust fund as is required when a surety bond is used to

provide such financial assurance;

Now, therefore, for a facility, the conditions of this obligation are such that if the principal shall faithfully perform closure whenever required to do so, of each facility for which this bond guarantees closure, in accordance with the closure or post-closure care plan, and other requirements of the permit as such plan and permit may be amended, pursuant to all applicable laws, statutes, rules, and regulations, as such laws, statutes, rules, and regulations may be amended.

And, for a facility, if the principal shall faithfully perform post-closure care of each facility for which this bond guarantees post-closure care, in accordance with the closure/post-closure care plan and other requirements of the permit, as such plan and permit may be amended, pursuant to all applicable laws, statutes, rules, and regulations, as such laws, statutes, rules, and regulations may be amended.

And, for a facility, if the principal shall faithfully perform corrective actions at each facility for which this bond guarantees corrective actions in accordance with the corrective actions plan and other requirements of the permit, as such plan and permit may be amended, pursuant to all applicable laws, statutes, rules, and regulations, as such laws, statutes, rules, and regulations may be amended.

Now, for a scrap tire transporter, if the principal shall faithfully perform the activities specified in rules adopted under Chapter 3734. of the Revised Code for which this bond guarantees, pursuant to all applicable laws, statutes, rules, and regulations, as such laws, statutes, rules, and regulations may be amended.

Or, if the principal shall provide alternate financial assurance as specified in rules adopted under Chapter 3734. of the Revised Code and obtain the director's written approval of such alternate financial assurance not later than ninety days after the date notice of cancellation is received by both the principal and the director from surety(ies), then this obligation will be null and void, otherwise it is to remain in full force and effect.

The surety(ies) shall become liable on this bond obligation only when the principal has failed to fulfill the conditions described above.

[The following paragraph is only required for those facilities required to conduct closure activities and should not be included in surety bonds for scrap tire transporters.]

Upon notification by the director that the principal has been found in violation of the closure requirements of rules adopted under Chapter 3734. of the Revised Code for a facility for which this bond guarantees performance of closure, the surety(ies) shall either perform closure in accordance with the closure/post-closure care plan and other permit or registration requirements or place the closure amount guaranteed for the facility into the standby trust fund as directed by the director.

[The following paragraph is only required for sanitary landfill facilities because only they are required to conduct post-closure care activities.]

Upon notification by the director that the principal has been found in violation of the post-closure care requirements of rules adopted under Chapter 3734. of the Revised Code for a facility for which this bond guarantees performance of post-closure care, the surety(ies) shall either perform post-closure care in accordance with the closure/post-closure care plan and other permit requirements or place the post-closure care amount guaranteed for the facility into the standby trust fund as directed by the director.

[The following paragraph is only required for municipal solid waste landfill facilities, because only they are required to conduct corrective actions activities.]

Upon notification by the director that the principal has been found in violation of the corrective actions

requirements of rules adopted under Chapter 3734. of the Revised Code for a facility for which this bond guarantees performance of corrective actions, the surety(ies) shall either perform the corrective actions in accordance with the corrective actions plan and other permit requirements or place the corrective actions amount guaranteed for the facility into the standby trust fund as directed by the director.

[The following paragraph is only required for scrap tire transporters.]

Upon notification by the director that the principal has failed to remove accumulations of scrap tires, delivered by the scrap tire transporter to a location not authorized to receive scrap tires by rules adopted under Chapter 3734. of the Revised Code, or failed to remove and properly dispose of any scrap tires which have been open dumped by the scrap tire transporter, or has been found to be in violation of rules adopted under Chapter 3734. of the Revised Code, the surety(ies) shall either perform the required activities in accordance with applicable rules or place the amount guaranteed for the scrap tire transporter into the standby trust fund as directed by the director.

Upon notification by the director that the principal has failed to provide alternate financial assurance as specified in rules adopted under Chapter 3734. of the Revised Code concerning financial assurance for solid waste facilities or a scrap tire transporter and obtain written approval of such alternate financial assurance from the director not later than ninety days after receipt by both the principal and the director of a notice of cancellation of the bond, the surety(ies) shall place funds in the amount guaranteed for the facility or scrap tire transporter into the standby trust fund as directed by the director.

The surety(ies) hereby waive(s) notification of amendments to the closure/post-closure care plans, permits, applicable laws, statutes, rules, and regulations and agrees that no such amendment shall in any way alleviate its (their) obligation on this bond.

The liability of the surety(ies) shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the surety(ies) hereunder exceed the amount of said penal sum.

The surety(ies) may cancel the bond by sending notice of cancellation by certified mail or any other form of mail accompanied by a receipt to the owner or operator and to the director, provided, however, that cancellation cannot occur during the one hundred twenty day period beginning on the first day of receipt of the notice of cancellation by both the principal and the director as evidenced by the return receipts.

The principal may terminate this bond by sending written notice to the surety(ies) and to the director, provided, however, that no such notice shall become effective until the surety(ies) receive(s) written approval for termination of the bond by the director.

[The following paragraph is an optional rider that may be included but is not required.]

Principal and surety(ies) hereby agree to adjust the penal sum of the bond annually so that it guarantees a new closure, post-closure care, scrap tire transporter closure, or corrective actions amount, provided that the penal sum does not increase by more than twenty per cent in any one year, and no decrease in the penal sum occurs without the written approval of the director.

In witness whereof, the principal and surety(ies) have executed this performance bond and have affixed their seals on the date set forth above.

The persons whose signatures appear below hereby certify that they are authorized to execute this surety bond on behalf of the principal and surety(ies) and that the wording of this surety bond is identical to the wording specified in rules adopted under Chapter 3734. of the Revised Code concerning financial assurance

for solid waste facilities or a scrap tire transporter as such rules were constituted on the date this bond was executed.

Principal

Signature(s): _____

Name(s) and title(s) [typed]: _____

Corporate seal: _____

Corporate surety(ies)

Name and address: _____

State of incorporation: _____

Liability limit: \$ _____

Signature(s): _____

Name(s) and title(s) [typed]: _____

Corporate seal:

[For every co-surety, provide signature(s), corporate seal, and other information in the same manner as for surety above.]

Bond premium: \$ _____ "

- (D) A letter of credit as specified in paragraph (I) of rule 3745-503-05 of the Administrative Code must be worded as follows on forms prescribed by the director, except that instructions in brackets are to be replaced with the relevant information and the brackets deleted [note: A letter of credit may also contain provisions used by the issuing institution in its regular course of business, provided that such provisions do not alter the terms and conditions in this paragraph]:

"Irrevocable standby letter of credit

[Director]

Ohio Environmental Protection Agency

Dear sir or madam: We hereby establish our irrevocable standby letter of credit no. _____ in your favor, at the request and for the account of [owner's or operator's name and address] up to the aggregate amount of [in words] U.S. dollars (\$ _____), available upon presentation of

(1) Your sight draft, bearing reference to this letter of credit no. _____, and

(2) Your signed statement reading as follows: "I certify that the amount of the draft is payable pursuant to regulations issued under the authority of Chapter 3734. of the Revised Code as amended."

This letter of credit is effective as of [date] and will expire on [date of at least one year later], but such expiration date will be automatically extended for a period of [at least one year] on [date] and on each successive expiration date, unless, at least one hundred twenty days prior to the current expiration date, we notify both you and [owner's or operator's name] by certified mail or any other form of mail accompanied by

a receipt that we have decided not to extend this letter of credit beyond the current expiration date. In the event that you are so notified, any unused portion of the credit will be available upon presentation of your sight draft for one hundred twenty days after the first day of receipt by both you and [owner's or operator's name] as evidenced by the return receipts.

Whenever this letter of credit is drawn under and in compliance with the terms of this credit, we will duly honor such draft upon presentation to us, and we will deposit the amount of the draft directly into the standby trust fund by [owner's or operator's name] in accordance with your instructions.

We certify that the wording of this letter of credit is identical to the wording specified in rules adopted under Chapter 3734. of the Revised Code concerning financial assurance for solid waste facilities or a scrap tire transporter as such rules were constituted on the date shown immediately below.

[Signature(s) and title(s) of official(s) of issuing institution] [date]

This credit is subject to [insert "the most recent edition of the "Uniform Customs and Practice for Documentary Credits," published by the International Chamber of Commerce" or "The Uniform Commercial Code"]."

[Comment: In the event that the owner or operator ceases to exist, any unused portion of the credit will be available for the one hundred twenty day period after the date of receipt by the director, as evidenced by the return receipt.]

- (E) A certificate of insurance, as specified in rule 3745-503-05 of the Administrative Code, must be worded as follows on forms prescribed by the director, except that instructions in brackets are to be replaced with the relevant information and the brackets deleted:

"Certificate of insurance for closure, post-closure care, corrective actions, or scrap tire transporter closure

Name and address of insurer

(Herein called the "insurer"): _____

Name and address of insured

(Herein called the "insured"): _____

Facilities or scrap tire transporters covered: [list for each facility or scrap tire transporter: name, address, county in which the facility or scrap tire transporter is located, and the amount of insurance for closure, post-closure care, scrap tire transporter closure or corrective actions provided under the insurance policy (the aggregate amount for all facilities or scrap tire transporters covered must total the face amount shown below).]

Face amount: \$ _____

Policy number: _____

Effective date: _____

The insurer hereby certifies that it has issued to the insured the policy of insurance identified above to provide financial assurance for [insert "closure," "closure and post-closure care," "post-closure care," "corrective actions," or "scrap tire transporter closure"] for the facilities or scrap tire transporters identified above. The insurer further warrants that such insurance policy conforms in all respects with the requirements of rules adopted under Chapter 3734. of the Revised Code as such rules were constituted on the date shown

immediately below. It is agreed that any provision of the insurance policy inconsistent with such regulations is hereby amended to eliminate such inconsistency.

Whenever requested by the director of the Ohio Environmental Protection Agency, the insurer agrees to furnish to the director a duplicate original of the insurance policy listed above, including all endorsements thereon.

I hereby certify that the wording of this certificate is identical to the wording specified in rules adopted under Chapter 3734. of the Revised Code concerning financial assurance for solid waste facilities or a scrap tire transporter as such rules were constituted on the date shown immediately below.

[Authorized signature for insurer]

[Name of person signing]

[Title of person signing]

Signature of witness or notary: _____

[Date]"

- (F) A letter from the chief financial officer, as specified in paragraph (K) of rule 3745-503-05 of the Administrative Code must be worded as follows on forms prescribed by the director, except that instructions in brackets are to be replaced with the relevant information and the brackets deleted:

"Letter from chief financial officer

[Address to director, Ohio Environmental Protection Agency.]

I am the chief financial officer of [name and address of firm]. This letter is in support of this firm's use of the financial test to demonstrate financial assurance, as specified in rules adopted under Chapter 3734. of the Revised Code.

[Fill out the following three paragraphs regarding facilities or scrap tire transporters and associated cost estimates. If your firm has no facilities or scrap tire transporters that belong in a particular paragraph, write "none" in the space indicated. For each facility or scrap tire transporter, include its name, address, county, and current closure, post-closure care, scrap tire transporter closure, or corrective actions cost estimates and any other environmental obligations, if any. Identify each cost estimate as to whether it is for closure, post-closure care, scrap tire transporter closure, or corrective actions.]

- (1) This firm is the owner or operator of the following facilities or scrap tire transporters for which financial assurance for closure, post-closure care, corrective actions, or scrap tire transporter closure is demonstrated through the financial test specified in rules adopted under Chapter 3734. of the Revised Code concerning financial assurance for solid waste facilities or a scrap tire transporter or this firm is the owner or operator of the following facilities for which financial assurance for any other environmental obligations are assured by a financial test. The current closure, post-closure care, scrap tire transporter closure, or corrective actions cost estimates, and any other environmental obligations, provided for by a financial test are shown for each facility or scrap tire transporter: \$_____.
- (2) This firm guarantees, through the corporate guarantee specified in rules adopted under Chapter 3734. of the Revised Code concerning financial assurance for solid waste facilities or a scrap tire transporter, the closure, post-closure care, or corrective actions of the following facilities permitted by subsidiaries of this firm or closure for scrap tire transporters or this firm guarantees, through the corporate guarantee,

any other environmental obligations of the following facilities permitted by subsidiaries of this firm. The current cost estimates for the closure, post-closure care, scrap tire transporter closure, or corrective actions, and any other environmental obligations, so guaranteed are shown for each facility or scrap tire transporter closure: \$_____.

- (3) This firm is the owner or operator of the following facilities or scrap tire transporters for which financial assurance requirements for closure, scrap tire transporter closure, post-closure care, or corrective actions or any other environmental obligations are satisfied through a financial test other than that required by rules adopted under Chapter 3734. of the Revised Code concerning financial assurance for solid waste facilities or a scrap tire transporter. The current closure, post-closure care, scrap tire transporter closure, or corrective actions cost estimates, or any other environmental obligations covered by such financial assurance are shown for each facility or scrap tire transporter:

\$_____.

This firm [insert "is required" or "is not required"] to file a form 10k with the Securities and Exchange Commission (SEC) for the most recent fiscal year.

The fiscal year of this firm ends on [month, day]. The figures for the following items marked with an asterisk are derived from this firm's independently audited, year-end financial statements for the most recently completed fiscal year, ended [date].

[Fill in Alternative I if the criteria of paragraph (K)(1)(a) of rule 3745-503-05 of the Administrative Code is used. Fill in Alternative II if the criteria of paragraph (K)(1)(b) of rule 3745-503-05 of the Administrative Code is used.]

Alternative I	
1.	Sum of current closure, post-closure care, scrap tire transporter closure, or corrective actions cost estimates, and any other environmental obligations assured by a financial test (total of all cost estimates shown in the three paragraphs above): \$_____.
*2.	Total liabilities [if any portion of the closure, post-closure care, scrap tire transporter closure, or corrective actions cost estimate is included in total liabilities, you may deduct the amount of that portion from this line and add that amount to lines 3 and 4]: \$_____.
*3.	Tangible net worth: \$_____.
*4.	Net worth: \$_____.
*5.	Current assets: \$_____.
*6.	Current liabilities: \$_____.
*7.	Net working capital [line 5 minus line 6]: \$_____.
*8.	The sum of net income plus depreciation, depletion, and amortization minus \$10 million: \$_____.
*9.	Total assets in U.S. (required only if less than 90% of firm's assets are located in

	the U.S.): \$_____.
--	---------------------

		Yes	No
10.	Is line 3 at least \$10 million? . . .		
11.	Is line 3 at least 6 times line 1? . . .		
12.	Is line 7 at least 6 times line 1? . . .		
*13.	Are at least 90% of firm's assets located in the U.S.? . . . If not, complete line 14.		
14.	Is line 9 at least 6 times line 1? . . .		
15.	Is line 2 divided by line 4 less than 2.0? . . .		
16.	Is line 8 divided by line 2 greater than 0.1? . . .		
17.	Is line 5 divided by line 6 greater than 1.5? . . .		

Alternative II	
1.	Sum of current closure, post-closure care, scrap tire transporter closure, or corrective actions cost estimates, and any other environmental obligations assured by a financial test (total of all cost estimates shown in the three paragraphs above): \$_____.
2.	Current bond rating of most recent issuance of this firm and name of rating service:_____.
3.	Date of issuance of bond:_____.
4.	Date of maturity of bond:_____.
*5.	Tangible net worth [if any portion of the closure, post-closure care, scrap tire transporter closure, and corrective actions cost estimates is included in total liabilities on your firm's financial statements, you may add the amount of that portion to this line]: \$_____.
*6.	Total assets in U.S. (required only if less than 90% of firm's assets are located in the U.S.): \$_____.

		Yes	No
7.	Is line 5 at least \$10 million? . . .		
8.	Is line 5 at least 6 times line 1? . . .		
*9.	Are at least 90% of firm's assets located in the U.S.? . . . If not, complete line 10.		
10.	Is line 6 at least 6 times line 1? . . .		

I hereby certify that the wording of this letter is identical to the wording specified in rules adopted under

Chapter 3734. of the Revised Code concerning financial assurance for solid waste facilities or a scrap tire transporter as such rules were constituted on the date shown immediately below.

[Signature]

[Name]

[Title]

[Date]"

(G) A corporate guarantee, as specified in paragraph (K) of rule 3745-503-05 of the Administrative Code, must be worded as follows, except that instructions in brackets are to be replaced with the relevant information and the brackets deleted:

"Corporate guarantee for closure, post-closure care, corrective actions, or scrap tire transporter closure.

Guarantee made this [date] by [name of guaranteeing entity], a business corporation organized under the laws of the state of [insert name of state], herein referred to as guarantor, to the Ohio Environmental Protection Agency ("Ohio EPA"), obligee on behalf of our subsidiary [owner or operator] of [business address].

Recitals

1. Guarantor meets or exceeds the financial test criteria and agrees to comply with the reporting requirements for guarantors as specified in rules adopted under Chapter 3734. of the Revised Code concerning financial assurance for solid waste facilities or a scrap tire transporter.
2. [Owner or operator] responsible for the following facility(ies) or scrap tire transporter(s) covered by this guarantee: [List for each facility or scrap tire transporter: name and address. Indicate for each whether guarantee is for closure, post-closure care, both, corrective actions, or for scrap tire transporter closure].
3. Closure/post-closure care plans, or corrective actions plans as used below refer to the plans maintained as required by rules adopted under Chapter 3734. of the Revised Code for the closure, post-closure care, and corrective actions of a facility, as identified above.
4. For value received from [owner or operator], guarantor guarantees to the Ohio EPA that in the event that [owner or operator] fails to perform [insert "closure," "post-closure care," "closure and post-closure care," or "corrective actions"] of the above facility in accordance with the closure/post-closure care plans or corrective actions plans and other permit requirements, as applicable, or, for a scrap tire transporter, in the event the owner or operator fails to remove and properly dispose of any accumulation of scrap tires delivered to a location not authorized to receive scrap tires by rules adopted under Chapter 3734. of the Revised Code, or fails to remove and properly dispose of any scrap tires which have been open dumped by the scrap tire transporter, or has been found to be in violation of rules adopted under Chapter 3734. of the Revised Code, the guarantor shall remove and properly dispose of the scrap tires or establish a trust fund as specified in rules adopted under Chapter 3734. of the Revised Code concerning financial assurance for solid waste facilities or a scrap tire transporter, in the name of [owner or operator] in the amount of the current closure, post-closure care, scrap tire transporter closure, or corrective actions cost estimates as specified in rules adopted under Chapter 3734. of the Revised Code concerning financial assurance for solid waste facilities or a scrap tire transporter.
5. Guarantor agrees that if, at the end of any fiscal year before termination of this guarantee, the guarantor fails to meet the financial test criteria, guarantor shall send notice to the director, Ohio EPA, and to [owner

or operator], not later than ninety days after the end of such fiscal year, by certified mail or any other form of mail accompanied by a receipt, that the guarantor intends to provide alternate financial assurance as specified in rules adopted under Chapter 3734. of the Revised Code concerning financial assurance for solid waste facilities or a scrap tire transporter, in the name of [owner or operator]. Not later than one hundred twenty days after the end of such fiscal year, the guarantor shall establish such alternate financial assurance unless [owner or operator] has done so.

6. The guarantor agrees to notify the director by certified mail or any other form of mail accompanied by a receipt, of a voluntary or involuntary proceeding under "Title 11 (bankruptcy)," U.S. Code, naming guarantor as debtor, not later than ten days after commencement of the proceeding.

7. Guarantor agrees that not later than thirty days after being notified by the director of a determination that guarantor no longer meets the financial test criteria or that the guarantor is disallowed from continuing as a guarantor of closure, post-closure care, corrective actions, or scrap tire transporter closure, the guarantor shall establish alternate financial assurance as specified in rules adopted under Chapter 3734. of the Revised Code concerning financial assurance for solid waste facilities or a scrap tire transporter, in the name of [owner or operator] unless [owner or operator] has done so.

8. Guarantor agrees to remain bound under this guarantee notwithstanding any or all of the following: amendment or modification of the closure/post-closure care plan or corrective actions plan, amendment or modification of the permit or registration, extension or reduction of the time of performance of closure, post-closure care, or corrective actions, or any other modification or alteration of an obligation of the owner or operator pursuant to rules adopted under Chapter 3734. of the Revised Code.

9. Guarantor agrees to remain bound under this guarantee for so long as [owner or operator] shall comply with the applicable financial assurance requirements of rules adopted under Chapter 3734. of the Revised Code concerning financial assurance for solid waste facilities or a scrap tire transporter for the above listed facilities or scrap tire transporter, except that guarantor may cancel this guarantee by sending notice by certified mail or any other form of mail accompanied by a receipt to the director and [owner or operator], such cancellation to become effective not earlier than one hundred twenty days after receipt of such notice by both Ohio EPA and [owner or operator], as evidenced by the return receipts.

10. Guarantor agrees that if [owner or operator] fails to provide alternate financial assurance as specified in rules adopted under Chapter 3734. of the Revised Code concerning financial assurance for solid waste facilities or a scrap tire transporter, and obtain written approval of such alternate financial assurance from the director not later than ninety days after a notice of cancellation by the guarantor is received by the director from guarantor, guarantor shall provide such alternate financial assurance in the name of [owner or operator].

11. Guarantor expressly waives notice of acceptance of this guarantee by the Ohio EPA or by [owner or operator]. Guarantor also expressly waives notice of amendments or modifications of the facility permit(s) or registration(s) or the scrap tire transporter registration.

I hereby certify that the wording of this guarantee is identical to the wording specified in rules adopted under Chapter 3734. of the Revised Code concerning financial assurance for solid waste facilities or a scrap tire transporter as such rules were constituted on the date first above written.

Effective date: _____

[Name of guarantor]

[Authorized signature for guarantor]

[Name of person signing]

[Title of person signing]

Signature of witness or notary: _____ "

- (H) A letter from the chief financial officer of a local government, as specified in paragraph (L) of rule 3745-503-05 of the Administrative Code must be worded as follows on forms prescribed by the director, except that instructions in brackets are to be replaced with the relevant information and the brackets deleted:

[Comment: For the purposes of this rule, local government is defined as a subdivision of the state of Ohio including, but not limited to, a municipal corporation, a county, a township, a single or joint county solid waste management district, or a solid waste management authority.]

"Letter from chief financial officer of a local government

[Address to director, Ohio Environmental Protection Agency.]

I am the chief financial officer of [name and address of local government]. This letter is in support of this local government's use of the financial test to demonstrate financial assurance, as specified in rules adopted under Chapter 3734. of the Revised Code concerning financial assurance for solid waste facilities or a scrap tire transporter.

[Fill out the following paragraphs regarding facilities and scrap tire transporters and the associated cost estimates. If there are no facilities or scrap tire transporters that belong in a particular paragraph, write "none" in the space indicated. For each facility or scrap tire transporter, include its name, address, county, and current closure, post-closure care, scrap tire transporter closure, or corrective actions cost estimates, and any other environmental obligations. Identify each cost estimate as to whether it is for closure, post-closure care, scrap tire transporter closure, or corrective actions, and all other environmental obligations.]

- (1) This local government is the owner or operator of the following facilities or scrap tire transporters for which financial assurance for closure, post-closure care, scrap tire transporter closure, or corrective actions is demonstrated through the financial test specified in rules adopted under Chapter 3734. of the Revised Code concerning financial assurance for solid waste facilities or a scrap tire transporter or this local government is the owner or operator of the following facilities for which financial assurance for any other environmental obligations are assured by a financial test. The current closure, post-closure care, scrap tire transporter closure, or corrective actions cost estimates, and any other environmental obligations provided for by a test are shown: \$ _____.
- (2) This local government is the owner or operator of the following facilities or scrap tire transporter for which financial assurance requirements for closure, post-closure care, scrap tire transporter closure, corrective actions, or any other environmental obligations are satisfied through a financial test other than that required by rules adopted under Chapter 3734. of the Revised Code concerning financial assurance for solid waste facilities or a scrap tire transporter. The current closure, post-closure care, scrap tire transporter closure, or corrective actions cost estimates, or any other environmental obligations covered by such financial assurance are shown for each facility or scrap tire transporter: \$ _____.

The fiscal year of this local government ends on [month, day]. The figures for the following items marked with an asterisk are derived from this local government's independently audited, year-end financial statements for the most recently completed fiscal year, ended [date]. [Comment: The figures for the following items must be contained in the audited financial statements from the most recently completed fiscal year.]

[Fill in Alternative I if the criteria of paragraph (L)(3)(a) of rule 3745-503-05 of the Administrative Code is used. Fill in Alternative II if the criteria of paragraph (L)(3)(b) of rule 3745-503-05 of the Administrative Code is used.]

Alternative I	
1.	Sum of current closure, post-closure care, scrap tire transporter closure, or corrective actions cost estimates, and any other environmental obligations assured by a financial test (total of all cost estimates shown in the paragraphs above): \$_____.
*2.	Sum of cash and marketable securities: \$_____.
*3.	Total expenditures: \$_____.
*4.	Annual debt service: \$_____.
*5.	Long-term debt: \$_____.
*6.	Capital expenditures: \$_____.
*7.	Total assured environmental costs: \$_____.
*8.	Total annual revenue: \$_____.

		Yes	No
9.	Is line 2 divided by line 3 greater than or equal to 0.05? . . .		
10.	Is line 4 divided by line 3 less than or equal to 0.20? . . .		
11.	Is line 5 divided by line 6 less than or equal to 2.00? . . .		
12.	Is line 7 divided by line 8 less than or equal to 0.43? . . . If not, complete lines 13 and 14.		
13.	Multiply line 8 by 0.43 = \$_____. This is the maximum amount allowed to assure environmental costs.		
14.	Line 13 subtracted from line 7 = \$_____. This amount must be assured by another financial assurance mechanism listed in rules adopted under Chapter 3734. of the Revised Code concerning financial assurance for solid waste facilities or a scrap tire transporter.		

Alternative II	
1.	Sum of current closure, post-closure care, scrap tire transporter closure, corrective actions cost estimates, and any other environmental obligations assured by a financial test (total of all cost estimates shown in the paragraphs above): \$_____.

2.	Current bond rating of most recent issuance and name of rating service:_____.
3.	Date of issuance of bond:_____.
4.	Date of maturity of bond:_____.
5.	Total assured environmental costs: \$_____.
*6.	Total annual revenue: \$_____.

		Yes	No
7.	Is line 5 divided by line 6 less than or equal to 0.43? If not, complete lines 8 and 9.		
8.	Multiply line 6 by 0.43 = \$_____. This is the maximum amount allowed to assure environmental costs.		
9.	Line 8 subtracted from line 5 = \$_____. This amount must be assured by another financial assurance mechanism listed in rules adopted under Chapter 3734. of the Revised Code concerning financial assurance for solid waste facilities or a scrap tire transporter.		

I hereby certify that the wording of this letter is identical to the wording specified in rules adopted under Chapter 3734. of the Revised Code concerning financial assurance for solid waste facilities or a scrap tire transporter as such rules were constituted shown immediately below. I further certify the following: (1) that the local government's financial statements are prepared in conformity with generally accepted accounting principles for governments; (2) that the local government has not operated at a deficit equal to five per cent or more of total annual revenue in either of the past two fiscal years; (3) that the local government is not in default on any outstanding general obligation bonds; and, (4) that the local government does not have outstanding general obligations rated less than BBB as issued by "Standard and Poor's" or Baa as issued by "Moody's."

[Signature]

[Name]

[Title]

[Date]"

Effective: 04/02/2012

R.C. 119.032 review dates: 04/02/2017

CERTIFIED ELECTRONICALLY

Certification

02/16/2012

Date

Promulgated Under: 119.03
Statutory Authority: 3734.02, 3734.12
Rule Amplifies: 3734.02, 3734.012, 3734.71, 3734.72, 3734.73,
3734.74