

**FMRI, Inc.**  
10 Tantalum Place  
Muskogee, Oklahoma 74403 U.S.A.  
(P) 918-687-6303 • (F) 918-687-6112

**Via FedEx**

March 23, 2012

United States Nuclear Regulatory Commission  
One White Flint North  
11555 Rockville Pike  
Rockville, Maryland 20852 U.S.A.

Attn: Bruce A. Watson, Chief  
Reactor Decommissioning Branch  
Decommissioning and Uranium Recovery Licensing Directorate  
Division of Waste Management and Environmental Protection  
Office of Federal and State Materials and Environmental Management Programs  
United States Nuclear Regulatory Commission

James Shepherd, Project Engineer  
Reactor Decommissioning Branch  
Decommissioning and Uranium Recovery Licensing Directorate  
Division of Waste Management and Environmental Protection  
Office of Federal and State Materials and Environmental Management Programs  
United States Nuclear Regulatory Commission

Re: Request for Additional Information dated February 14, 2012  
Application for Consent to Indirect Change of Control of FMRI, Inc.  
NRC License No. SMB-911  
Docket No. 40-7580

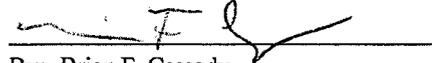
Mr. Watson,

Please accept this letter as the joint Fansteel, Inc. FMRI, Inc. and Green Lantern Acquisition 1, LLC response to the United States Nuclear Regulatory Commission "Request for Additional Information" dated February 14, 2012.

Should there be any questions regarding this matter or the pending Application for Consent to Indirect Change of Control, please let us know.

Very truly yours,

**Fansteel Inc.**



By: Brian F. Cassady

Its: President and Chief Executive Officer

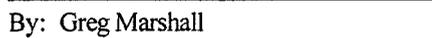
**FMRI, Inc.**



By: Robert R. Compennolle

Its: President

**Green Lantern Acquisition 1, LLC**



By: Greg Marshall

Its: President

cc: Shellie Chard-McClary, Director  
Division of Water Quality  
Oklahoma Department of Environmental Quality  
707 North Robinson Avenue  
Oklahoma City, Oklahoma 73102 U.S.A.

Carol Paden (PE), Manager of Industrial Permits Section  
Division of Water Quality  
Oklahoma Department of Environmental Quality  
707 North Robinson Avenue  
Oklahoma City, Oklahoma 73102 U.S.A.

Paul Johnson, Permit Writer Water Quality  
Division of Water Quality  
Oklahoma Department of Environmental Quality  
707 North Robinson Avenue  
Oklahoma City, Oklahoma 73102 U.S.A.

Very truly yours,

**Fansteel Inc.**

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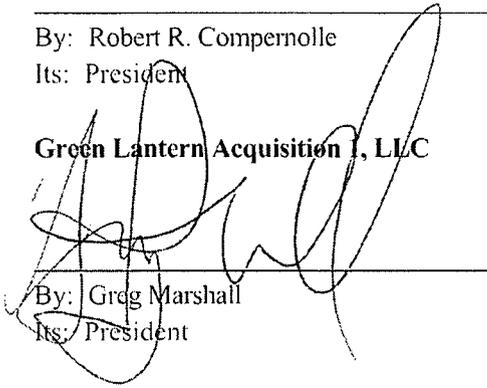
By: Brian F. Cassady  
Its: President and Chief Executive Officer

**FMRI, Inc.**

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By: Robert R. Compennolle  
Its: President

**Green Lantern Acquisition I, LLC**



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By: Greg Marshall  
Its: President

cc: Shellie Chard-McClary, Director  
Division of Water Quality  
Oklahoma Department of Environmental Quality  
707 North Robinson Avenue  
Oklahoma City, Oklahoma 73102 U.S.A.

Carol Paden (PE), Manager of Industrial Permits Section  
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Paul Johnson, Permit Writer Water Quality  
Division of Water Quality  
Oklahoma Department of Environmental Quality  
707 North Robinson Avenue  
Oklahoma City, Oklahoma 73102 U.S.A.

Curtis J. Zamec, II, Board of Directors  
Fansteel Inc.  
1746 Commerce Road  
Creston, Iowa 50801 U.S.A

Greg Marshall, President  
Green Lantern Acquisition 1, LLC  
190 Highland Drive  
Medina, Ohio 44256 U.S.A.

## Response to Request for Additional Information

### **1. QUESTIONS AND COMMENTS RELATED TO EXISTING PROMISSORY NOTES**

1.1.1. (Q) Fansteel states it is unlikely to have the funds to pay the balloon payment as scheduled in the Primary Promissory Note. Please provide supporting financial information to substantiate this circumstance.

**(A) The Applicants propose to submit this information under separate cover as this information is business proprietary and confidential, and, as a result, should be treated in accordance with 10 CFR 2.390.**

1.1.2. (Q) Cash flow has historically controlled FMRI's rate of remediation of the Muskogee site. What effect will the proposed modification of the conditions of the note have on FMRI's ability to promptly complete decommissioning of the site?

**(A) It is expected, to the extent the Fansteel Inc. continues to fund, timely, the promissory notes, that FMRI will have adequate funding under the proposed structure. A review of the "Projected Financial Expenditures and Cost to Close" submission dated March 31, 2011 indicates that the annual expenditures never exceed funding provided under the Primary Note. Additionally, by adjusting the skill set of FMRI employees and only employing contractors for oversight and guidance, FMRI has recently demonstrated and will continue to demonstrate and utilize existing equipment to efficiently accelerate decommissioning by performing steps "in-house" vs. relying on contracted labor and the associated (and customary) profit, cost of capital and contingency mark-ups thereby stretching its dollars further and allowing more of the available funding to be used in furtherance of the decommissioning.**

1.2. (Q) Please verify that none of the provisions of the Secondary Note, provided as part of site financial assurance, will change, and that the applicants will continue to meet their obligations under that note.

**(A) The Secondary Note will not change and the Applicants shall continue to meet their obligations thereunder.**

1.3. (Q) In the "Application for Consent" there is no mention of the Contingent Note (ML033350053) or the associated Escrow Agreement (ML040070535). The Contingent Note, which had no face value when it was executed, is designed to provide funds to remediate radiological contamination identified in the additional site characterization to be performed during Phase 3 of the Amended Decommissioning Plan (DP). Based on experience in decommissioning nearly 100 sites, staff believes it is very likely there will be additional contamination on the site, e.g. under the buildings, that will require remediation to meet unrestricted release conditions. There may also be some radiological contamination beneath the south ponds, especially Pond 5, which will require remediation. If that is the case, how do FMRI, Fansteel, and GLA-1, individually or collectively, propose to address any such additional costs in the context of the Contingent Note and associated Escrow Agreement? A resolution is to revise the FMRI license. Does FMRI agree to the NRC proposed revision to Condition 31 of SMB-911?

**(A) GLA-1 purchased a pollution legal liability policy of insurance from ACE Ltd. following ACE's extensive underwriting review of the proposed transaction and site conditions. ACE Ltd. is an A+ rated carrier that has underwritten and issued hundreds of millions in coverage for similarly situation sites and transactions. This policy, among other things, provides coverage for these potential exposures. The applicable limit, for discovery of new or unknown conditions, is \$10,000,000. New or unknown are defined, within the policy, to be any condition that**

was either not disclosed or identified in the 1998 assessment. Therefore, the Applicants respectfully submit, setting aside basic differences of opinion with the respect to the Contingent Note, that the facts and the record relative to the Application for Consent to Indirect Change of Control, and the very availability of this insurance post NRC approval of the same, indicate the proposed financial structure is far better than what currently exists and that the proposed modification to License Condition No. 31 is unnecessary and the proposed modification is respectfully declined.

1.4. (Q) In its request, the applicants identified performance bonds and other financial instruments that are available to enhance decommissioning financial assurance. Please indicate if these bonds and financial instruments will provide any funds directly to FMRI for decommissioning activities at the site, and if so, the anticipated timeframe for the provision of such funds.

(A) The Applicants have proposed, and bound, in good faith, two financial instruments to enhance decommissioning financial assurance. Both instruments are insurance policies and neither will be issued in absence of approval of the pending Application for Consent to Indirect Change of Control.

One of the insurance policies would provide funds, in accordance with the policy, directly to FMRI for decommissioning activities associated with conditions that were not identified within the Decommissioning Plan. These funds would become available to FMRI at the time when FMRI, the NRC and/or the State of Oklahoma discover a previously undiscovered condition that requires decommissioning activity. The Applicants strongly believe that existing financial assurance is enhanced in that this insurance policy assures funding shall be available to perform decommissioning activities if and when new contamination or changed conditions are discovered at the site.

The second insurance policy would not provide funding directly to FMRI. This particular insurance policy would provide funds to Fansteel, in accordance with the policy, in the event of certain FMRI defaults under the terms conditions of the policy. Funding would become available to Fansteel at the time of an FMRI default in respect to its decommissioning obligations and responsibilities. The Applicants' strongly believe that existing financial assurance is enhanced in that the risk of Fansteel not having the financial ability to fund future decommissioning activities is greatly reduced.

Please note, these two insurance policies are not in lieu of the Primary Note or the Secondary Note, but are addition to.

1.5. (Q) Under the proposed transfer, Fansteel would no longer be within the FMRI corporate chain. In order to retain transparent financial accounting for decommission funding, Fansteel should make all payments specified in the settlement agreement and promissory notes directly to the Decommissioning Trust Fund, effective with approval of the license transfer. To institute this, NRC proposes modifying a provision of the Primary Note shown below. Does FMRI agree with the proposed change?

(A) The proposed modification is acceptable provided that certain modifications to the Trust Agreement are effected contemporaneously. Please review Attachments 1 and 1(a) with respect to these proposed modifications. By way of background, the proposed modifications are intended to ensure that the Trust will become the primary disbursement mechanism and therefore be used for both decommissioning, and, in addition, site expenses related to the care, upkeep and maintenance of health and safety at the site. In addition, given that the remediation is occurring in Oklahoma, we suggest that a local, and qualified, banking institution be mutually selected and that the trustee be changed to David Bell, Esquire (Ohio License No. 0010400.).

## **2. QUESTIONS AND COMMENTS RELATED TO GENERAL FINANCIAL ASSURANCE**

2.1. (Q) In Section 3.5.2 of the “Application for Consent,” FMRI identifies several financial instruments - performance bonds and insurance policies - that it states will enhance decommissioning financial assurance. Please explain how these instruments support compliance with the requirements of 10 CFR 40.36(e), and how they will provide additional assurance to NRC.

(A) The Applicants have, in good faith, bound, two financial instruments that would enhance decommissioning financial assurance provided the pending Application for Consent to Indirect Change of Control is approved and the proposed transaction closes. Both instruments are insurance policies. Neither insurance policy is a prepayment under 10 CFR 40.36 (e)(1). In that neither insurance policy automatically renews after expiration of the stated policy term, neither policy meets the requirements of 10 CFR 40.36 (e)(2) because they do not meet the requirements of 10 CFR 40.36 (e)(2)(i). Notwithstanding, both policies of insurance provide additional financial assurance, in respect to the NRC and the State of Oklahoma, as follows:

(i) One of the insurance policies would provide funds, in accordance with the policy, directly to FMRI for decommissioning activities associated with any contamination condition not identified within the existing Decommissioning Plan. These funds would become available to FMRI at the time when FMRI or Staff discovers a previously undiscovered condition that requires decommissioning activity. The Applicants’ strongly believe that existing financial assurance is enhanced in that this insurance policy assures funding shall be available to perform decommissioning activities if and when new contamination or changed conditions are discovered at the site. Additionally, following approval of the pending Application for Consent to Indirect Change of Control, the policy shall be amended such that, in accordance with 10 CFR 50.75(e)(1)(iii), any payment under the policy shall be made directly into the existing Trust.

(ii) The second insurance policy, issued by Navigators’, an “A” rated carrier, would not provide funding directly to FMRI. This particular insurance policy would provide funds to Fansteel, in accordance with the policy, in the event of certain FMRI defaults under the terms conditions of the policy. Funding would become available to Fansteel at the time of an FMRI default in respect to its decommissioning obligations and responsibilities. The Applicants’ strongly believe that existing financial assurance is enhanced in that the risk of Fansteel not having the financial ability to fund future decommissioning activities is greatly reduced.

**Please note, these two insurance policies are not in lieu of the Primary Note or the Secondary Note.**

2.2. (Q) Please explain how, under this proposed transfer of control, FMRI would meet the financial assurance requirements of 10 CFR 40.36(c).

(A) Respectfully, FMRI never met the requirement of 10 CFR 40.36(c). Current collateral, specifically the Notes and the property, were ultimately accepted, *pari passu* with 10 CFR 40.34(c) when the Materials License transfer was approved and FMRI became the Licensee. Notwithstanding, the proposed Application for Consent to Indirect Change of Control not only maintains all existing collateral that was approved by the NRC, if the transaction is approved, existing collateral is strongly enhanced as follows:

(i) Property. Over the last year, while GLA-1 has been on-site, as a consultant to FMRI, a dramatic increase in revenue from rent and surplus equipment

disposition has occurred. Please consider that, just in the past year, rent, for non-impacted buildings and land, and the pending installation of two highway billboards and a telecommunications tower cell (mobile phone) will continue that increase cash flow into the foreseeable future.

(ii) **Equipment.** Through more effective marketing, approximately \$250,000 has been received by FMRI through the disposition of surplus equipment and assets not needed in respect of the decommissioning. This trend is expected to continue.

(iii) **Additional financial assurance.** Two pollution legal liability insurance policies, currently bound and paid for in good faith, but not in effect, will take effect once the pending Application for Consent to Indirect Change of Control is approved. This additional collateral is valued at \$25 million. Further, a \$15 million performance bond has been secured from EQ Environmental. This, in addition to the two insurance policies, equals \$40 million of additional security for the relevant stakeholders.

The Applicants, therefore, in respect to the matters raised within 2.1 and 2.2, believe existing collateral, having been approved and issued in connection with the Materials License transfer from Fansteel to FMRI, is therefore *pari passu* to 10 CFR 40.34(c), and, notwithstanding, the Applicants' proposed enhancements via additional collateral, that shall become effective upon NRC approval of the pending Application for Consent to Indirect Change of Control and consummation of the proposed transaction, further enhances financial assurance as it relates to the Muskogee site.

2.3.1. (Q) Does FMRI intend to continue providing this information about Fansteel's finances after its sale to GLA-1? Please describe how FMRI intends to fulfill this requirement?

(A) **The Applicants agree and shall continue to provide this reasonable and customary information. Further, we apologize for missing this and not making our intent clear within the pending Application for Consent to Indirect Change of Control.**

2.3.2. (Q) What comparable financial information from GLA-1 does FMRI propose to submit to meet the intent of these license conditions?

(A) **Green Lantern Acquisition 1, LLC is a special purpose entity formed for the sole and express purpose of effectuating the proposed transaction. The Applicants Respectfully submit that given each FMRI and Fansteel shall continue to submit all currently submitted information, nothing further can or should be added.**

2.4. (Q) The NRC staff reviews requests for license transfers using, in part, the guidance provided in Regulatory Issue Summary (RIS) -2008-19, "Lessons-Learned From Recent 10 CFR Part 70 License-Transfer Application Reviews." [A link to the RIS is <http://pbadupws.nrc.gov/docs/ML0817/ML081760011.pdf>.] In order for the NRC to determine whether the future licensee, under the proposed transaction, would continue to meet the regulatory requirements necessary to establish adequate financial assurance for decommissioning as required by 10 CFR Part 40, please provide the following financial statements for FMRI and GLA 1, as appropriate:

- a five-(5)-year pro-forma balance sheet and
- a five-(5)-year pro-forma cash flow statement that includes a baseline of the last 2 years of operations (these statements are to show a seven-(7)-year

period - - the last two (2) years of operations, and projections for each of the next five (5) years.

**(A) Please see the submission, from FMRI, dated on or about March 31, 2011.**

2.5. (Q) Please provide a certification of financial assurance, the form of which is in Section A.2.4 of NUREG-1757, Vol. 3, "Consolidated NMSS Decommissioning Guidance - Financial Assurance, Recordkeeping, and Timeliness."

**(A) Please review Attachment 2.**

### **3. QUESTIONS AND COMMENTS RELATED TO SCHEDULE AND ACTIVITIES**

3.1. (Q) Condition 26 of SMB-911 states "[r]emediation and decommissioning activities at the Muskogee facility shall be performed in accordance with the decommissioning plan and supplemental correspondence submitted by letter dated January 14, 2003 ..." Please explain how the activities proposed in Exhibit A of the "Application for Consent" are consistent with the activities described in the approved DP.

**(A) All activities shall be performed in full accordance of, and compliant with, the Decommissioning Plan.**

3.2. (Q) Lines 11 - 13 of Exhibit A indicate intent to submit an exemption request to NRC and to dispose of material through the (former) Michigan Department of Natural Resources and Environment (MDNRE). Please provide additional background information on this concept.

3.2.1. (Q) What material does FMRI plan to dispose in this manner?

**(A) GLA-1 proposes to cause FMRI to submit a request to dispose of material that is above free release criteria but is otherwise not characterized as source material. GLA-1 proposed this alternative and it remains something that it continues to consider viable, if, through the process of decommissioning, this type of material is encountered.**

3.2.2. (Q) When will FMRI submit such a request to NRC?

**(A) The request would be submitted once all source material has been removed from the site a need has been established.**

3.2.3. (Q) What is the basis to believe MDNRE will approve such a request?

**(A) Precedent.**

3.2.4. (Q) Does FMRI have alternate plans if MDNRE does not approve the request?

**(A) GLA-1 continues to actively pursue alternatives for cost effective disposal of non-source material and the potential for beneficial reuse of existing stocks of CaF<sub>2</sub>. As the decommissioning progress and alternatives narrowed, FMRI shall submit an alternative disposal request prior to finalizing any arraignments for offsite shipment. It is very likely that FMRI will find a commercially viable beneficial reuse for CaF<sub>2</sub>, and we**

**look forward to working with the NRC to insure their satisfaction that this will meet all requirements for protection of the public and environment.**

3.3. (Q) Exhibit A of the submittal shows an approximate 10 year reduction in the time to remediate the ground water compared to the original approved DP and subsequent updates to Figure 8-3. What is the basis for this change?

**(A) GLA-1 intends to complete source removal that is impacting the groundwater this year, 2012. Specifically, Pond 2 and residual material from Pond 3. The former drying bed has already been removed. Once these significant sources of ongoing groundwater impact are removed, FMRI can then complete the groundwater and soil assessment to identify any residual hot spots (for removal) and finish its design for a caustic injection system to neutralize the pH that is creating the problem. Once the pH is neutralized, we anticipate stabilization of the groundwater condition and the ability to turn off the interceptor trench in due course (when the data indicates) and after review and concurrence with the NRC and the State of Oklahoma.**

3.4. (Q) Historically, FMRI's decommissioning activities have been cash flow limited. Proposed changes to the Primary Promissory Note appear to maintain the cash flow limitation on these activities. What financial resources will be available to meet the proposed accelerated schedule of decommissioning activities at FMRI?

**(A) Please see the response for Item No. 2.2.**

3.5. Line 31 of Exhibit A introduces a new task, Oklahoma Voluntary Action Submission, which is not present in the approved DP.

3.5.1. (Q) When does FMRI plan to submit a revision to the approved DP to add this task?

**(A) At this time, FMRI does not intend to submit such a request. Its inclusion, within the pending Application for Indirect Change of Control, was an acknowledgement, by GLA-1, that it is aware that the potential for non-isotopic contamination exists and that it shall be remediated. As soon as the radiological decommissioning is complete, FMRI shall submit an application to the State of Oklahoma, the Oklahoma Department of Environmental Quality, for any non-isotopic remediation that remains. Where possible, GLA-1 intends to address these issues concurrent with the on-going decommissioning in lieu of consecutively.**

3.5.2. (Q) Please provide the documentation supporting the intent of the State of Oklahoma to accept regulatory responsibility for this activity.

**(A) Not applicable.**

3.6. (Q) Please explain how the radiological surveys proposed in Exhibit A are consistent with the requirements of Condition 53 of SMB-911.

**(A) All surveys, proposed and otherwise, shall confirm to and follow the Decommissioning Plan.**

3.7. (Q) The applicants requested some minor changes to conditions of SMB-911 in its "Request for License Modification." However, there are several additional changes NRC has identified, which are primarily administrative in nature, that are necessary to implement the application effectively.

Attachment 1 to this letter shows these proposed changes. Does FMRI agree with these proposed changes? If not, please provide alternate license conditions to meet the intent of the proposed changes.

**(A) With the exception of the proposed change to License Condition No. 31, the Applicants' hereby accept the proposed changes. For the Applicant's position regarding the proposed change to License Condition No. 31, please see the response for Item No. 1.3**

#### **4. QUESTIONS AND COMMENTS RELATED TO ORGANIZATION**

4.1. (Q) Page 2 of the "Application for Consent" states the Environmental Quality Company is licensed. What licenses and permits does the Environmental Quality Company hold? Please identify the issuer, the license/permit number, and any associated docket number(s).

**(A) Attachment 3 identifies the various licenses and permits The Environmental Quality Company possess related to their various disposal businesses and locations. As it relates to Muskogee site, The Environmental Quality Company has retained IEM. IEM's various licenses and permits are included within Attachment 4.**

4.2. (Q) Attachment 1 to the "Application for Consent" provides a brief outline of the current and proposed organizations. Please provide the complete organization of the corporate structure of GLA-1 and associated companies before and after the proposed acquisition of FMRI.

**(A) The organization is as displayed within Attachment 1 to the pending Application for Consent to Indirect Change of Control (page no. 13).**

**Amendment to Decommissioning Plan**

**License SMB-911  
FMRI, Inc.  
Muskogee, Oklahoma**

The Decommissioning Plan (the "DP") for the FMRI, Inc. ("FMRI") Muskogee, Oklahoma site was amended pursuant to a July 24, 2003 letter request from Fansteel, the prior licensee. Since that time, FMRI has requested Commission approval of an Indirect Change in Control (the "Application") of FMRI. As part of approving the Application, FMRI proposes to amend the Decommissioning Plan ("DP") to reflect the new financial circumstances of a third-party acquisition of FMRI.

1. The last paragraph of Section 1.3 in the DP would be modified as shown in red:

The purpose of this DP is to decommission the facility safely and meet the NRC requirements for unrestricted use. Decontamination and excavation activities will be performed under controlled and monitored conditions with access restricted. FMRI will, as part of its DP, ensure that all operations on the site are managed and undertaken appropriately, including provision of: utilities; prudent insurance coverage; construction, removal and maintenance of equipment, buildings and roadways; security; oversight and such professional or technical consultation as may be useful to assist FMRI in maintaining compliance with the DP and the License. Portions of the site will require management by FMRI for uses not specific to NRC decommissioning requirements (including leasing certain areas for use by third-parties); because those uses are designed to generate revenue which may in part assist in funding the DP, providing that site management with its associated normal business expenses, is part of this DP. Health Physics Technologies (HPT) support will be used to monitor the soil and contaminated material removal, the surfaces and soil left in place; as well as workers, equipment, and loaded containers leaving the site. Haul roads, drainage channels, culverts, berms, erosion and sedimentation (E&S) controls, and access controls will be constructed.

**Amendment to Decommissioning Trust Agreement**

**License SMB-911  
FMRI, Inc.  
Muskogee, Oklahoma**

**WHEREAS**, FMRI Inc., a Delaware corporation (“Grantor”) and the Bank of Waukegan, as trustee under Trust No. 2740 and not individually, of Waukegan, Illinois (“Trustee”) entered into a certain Decommissioning Trust Agreement dated as of November, 2003 (the “Decommissioning Trust Agreement”);

**WHEREAS**, the Grantor has, pursuant to License SMB-911 and the Decommissioning Plan, each as approved by the NRC, elected to use proceeds of the Decommissioning Trust Agreement to provide a portion of the amount of financial assurance for the facilities identified therein; and

**WHEREAS**, Grantor and Trustee desire to amend certain terms of the Decommissioning Trust Agreement and to appoint a successor trustee.

**NOW THEREFORE**, the parties agree as follows:

1. Section 5(a)(2) of the Decommissioning Trust Agreement is hereby amended as follows:

(2) that the funds withdrawn will be expended for activities undertaken pursuant to the Decommissioning Plan, including FMRI’s management of the site and normal operations of FMRI related to the Site.

2. Pursuant to Section 13 of the Decommissioning Trust Agreement, David L. Bell, Esquire (Ohio License No. 0010400) of Cleveland Heights, Ohio, is hereby named the Successor Trustee, effective at 8:00 am EST on the date thirty (30) days from the date hereof, or if that date is a weekend or holiday, the first business day thereafter. The Successor Trustee shall have all the powers and duties of the Trustee as set forth in the Decommissioning Trust Agreement, and entitled to compensation. It is expressly agreed that the Successor Trustee shall have authority to invest the Fund through one or more accounts in the name of the Trust at the American Bank of Oklahoma, Muskogee branch; provided that the funds remain in either an FDIC insured account(s) or a stable value money market fund.

3. Upon effectiveness of the Successor Trustee, Trust Agreement Schedule B to the Decommissioning Trust Agreement is replaced with the revised Schedule B, attached hereto.

4. Section 6 of the Decommissioning Trust Agreement is hereby amended as follows:

The Trustee shall 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 from time to time, subject, however, to the provisions of this section.

**Attachment 1(a)**

For the avoidance of doubt, interest, dividends and any other income earned by Trust Account investments (herein "Trust Income") shall be added to the Fund and treated, held and distributed the same as if such interest, dividends or any other income were principal, regardless of when such Trust Income was or may be earned. Any Trust Income which may previously have been segregated from principal shall immediately and hereafter be treated, held and distributed in accordance with this provision. In investing, reinvesting, exchanging, selling, and managing the Fund, the Trustee shall discharge its duties with respect to the 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:

[The Remainder of this Page is Left Intentionally Blank]

PROPOSED

**IN WITNESS WHEREOF**, the parties have caused this Agreement to be executed by the respective officers duly authorized and the incorporate seals to be hereunto affixed and attested as of the date written below.

AGREED this \_\_\_ day of \_\_\_\_\_, 2012.

FMRI, Inc.

\_\_\_\_\_  
President  
10 Tantalum Place  
Muskogee, Oklahoma 74403

ATTEST:  
[Title]  
[Seal]

Bank of Waukegan  
Trust and Investment Services  
1601 North Lewis Avenue  
Waukegan, Illinois 60085

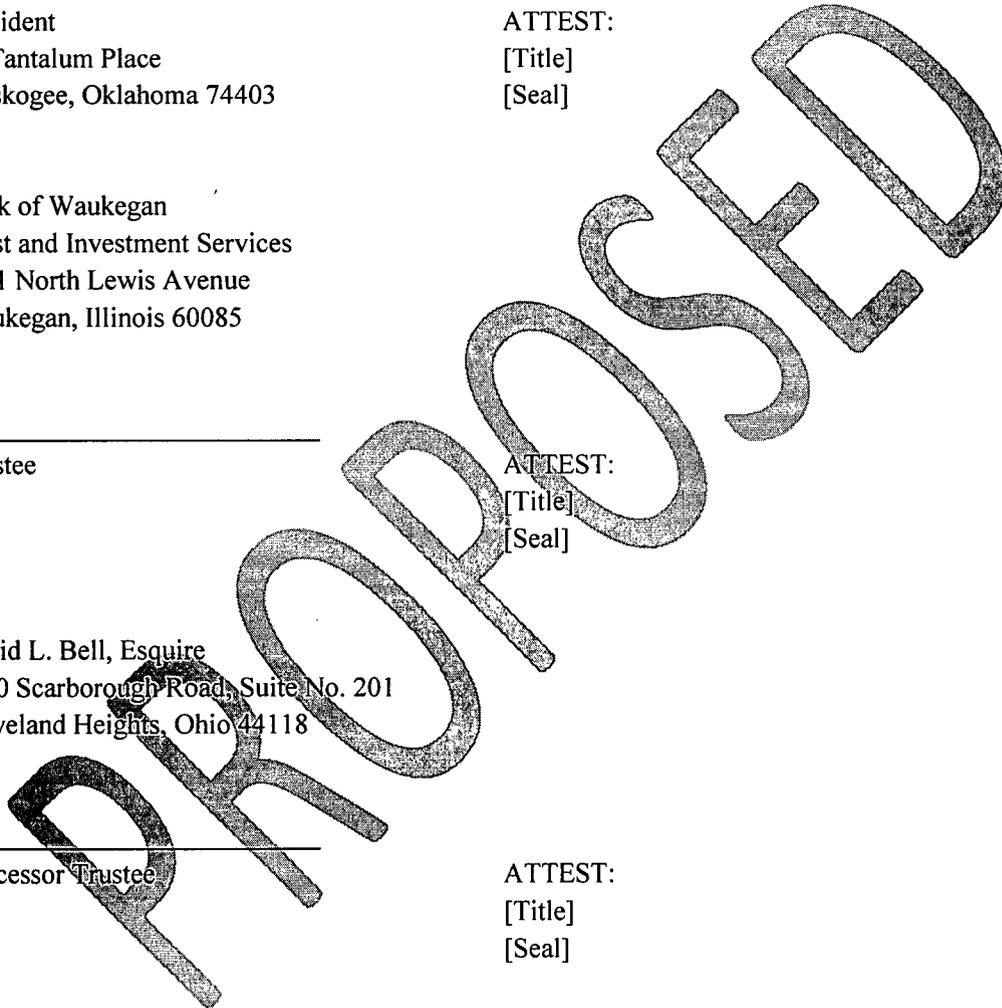
\_\_\_\_\_  
Trustee

ATTEST:  
[Title]  
[Seal]

David L. Bell, Esquire  
3040 Scarborough Road, Suite No. 201  
Cleveland Heights, Ohio 44118

\_\_\_\_\_  
Successor Trustee

ATTEST:  
[Title]  
[Seal]



**Trust Agreement Schedule B (Revised)**

Schedule B: Trustee's Fee

David L. Bell, Trustee  
3040 Scarborough Road, Suite No. 201  
Cleveland Heights, Ohio 44118  
216-513-1041

In addition to the fees and expenses of Trustee provided for in the Trust Agreement, the Trustee's annual maintenance fee for the first year ending on the first anniversary of the date of the Successor Trustee's appointment shall be payable in advance upon initiation of Successor Trustee's service. Thereafter, said fee shall be charged in accordance with the then current schedule of Trustee's fees on the anniversary date of each succeeding year until the Trust is terminated. All such fees are payable in advance of the year for which the fee is incurred. The full year's fee shall be deemed earned when paid.

Successor Trustee's annual maintenance fee shall be \$ \_\_\_\_\_ for the first year.

PROPOSED

**Certification of Financial Assurance**

**License SMB-911  
FMRI, Inc.  
Muskogee, Oklahoma**

\_\_\_\_\_, 2012

FMRI, Inc.  
10 Tantalum Place  
Muskogee, Oklahoma 74403

Re: License SMB-911  
Docket No. 40-7580  
FMRI, Inc.

Issued to: U.S. Nuclear Regulatory Commission

I hereby certify that FMRI, Inc. is licensed to possess the following types of Byproduct Source, and or Special Nuclear Material in the following amounts:

| <u>Type of Material</u>             | <u>Amount of Material</u> |
|-------------------------------------|---------------------------|
| Natural Uranium                     | 43,000 kg uranium         |
| Natural Thorium                     | 71,000 kg thorium         |
| Natural Uranium<br>(as contaminant) | 4,000 kg uranium          |
| Natural Thorium<br>(as contaminant) | 2,500 kg thorium          |

I hereby also certify that financial assurance in the amount of \$35,481,206 has been obtained for the purpose of decommissioning as prescribed.

\_\_\_\_\_  
Gregory P. Marshall, President  
FMRI, Inc.



## List of Permits and Licenses

*Wayne Disposal, Site #2 Landfill  
49350 North I-94 Service Drive  
Belleville, MI 48111  
MID 048 090 633*

### Part 111 Hazardous Waste Operating License

Regulatory Authority: Michigan Department of Environmental Quality  
Environmental Resource Management Division  
Effective Date: September 30, 2010  
Expiration Date: September 30, 2020

### TSCA Approval

Regulatory Authority: United States Environmental Protection Agency  
Waste Pesticides and Toxics Division  
Issue Date: September 29, 2011  
Expiration Date: September 15, 2016

### NPDES Permit

Regulatory Authority: Michigan Department of Environmental Quality  
Surface Water Quality Division  
Permit Number: MI0056413  
Issue Date: April 22, 2009  
Expiration Date: October 1, 2013

### Discharge Permit

Regulatory Authority: South Huron Valley Utility Authority  
Permit Number: D-11201  
Effective Date: May 30, 2008  
Expiration Date: May 29, 2013

### ISO Certifications

|   |   |
|---|---|
| <b>ISO 14001:2004</b>                     | <b>ISO 9001:2008</b>                      |
| NSF International Strategic Registrations | NSF International Strategic Registrations |
| Certificate No: 6S217-E1                  | Certificate No: 6S216-1                   |
| Issue Date: July 27, 2009                 | Issue Date: July 27, 2009                 |
| Expiration Date: July 25, 2012            | Expiration Date: July 25, 2012            |

### **OHSAS 18001:2007**

NSF International Strategic Registrations  
Issue Date: July 27, 2009  
Expiration Date: July 25, 2012



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
LANSING

(2/5)



STEVEN E. CHESTER  
DIRECTOR

April 19, 2006

Mr. David Andersen  
The Environmental Quality Company  
Wayne Disposal, Inc.  
49350 North I-94 Service Drive  
Belleville, Michigan 48111

Ms. Melinda Keillor  
The Environmental Quality Company  
Michigan Disposal Waste Treatment Plant  
49350 North I-94 Service Drive  
Belleville, Michigan 48111

Dear Mr. Anderson and Ms. Keillor:

SUBJECT: Wayne Disposal, Inc. (WDI), Site #2; MID 048 090 633  
Michigan Disposal Waste Treatment Plant (MDWTP); MID 000 724 831

The Department of Environmental Quality (DEQ), Waste and Hazardous Materials Division (WHMD), has reviewed your May 16, 2005, requests for a modification to the Waste Analysis Plans (WAPs) for WDI and MDWTP. For both WAPs, the requests are to add procedures for the possible acceptance of waste containing naturally occurring radioactive material (NORM), technically enhanced naturally occurring radioactive material (TENORM), and material exempted from disposal restrictions by the regulations of the state of Michigan or the U.S. Nuclear Regulatory Commission. These low activity and exempt radioactive materials may be disposed in licensed Type I (hazardous waste) or Type II (solid waste) landfills in Michigan. WDI and/or MDWTP staff plans to review the radiochemical analysis and history of each NORM, TENORM, and exempted radioactive material waste stream to determine if the waste stream meets the criteria set forth in the regulations in Title 10 of the Code of Federal Regulations, the criteria of Michigan's "Ionizing Radiation Rules," or the criteria in EQC 1602, "Cleanup and Disposal Guidelines for Sites Contaminated with Radium-226." Because these materials contain radioactive material above typical background concentrations, the MDWTP WAP must be modified to remove the sentence "If a reading is detected above background, the waste stream is rejected" from Appendix B, Radiation Screen.

Based on our review, the WHMD has determined that the proposed waste acceptance procedures for the WDI and MDWTP WAPs are appropriate. As such, the WHMD hereby approves the enclosed NORM, TENORM, and exempted radioactive material

Mr. David Anderson  
Ms. Melinda Keillor

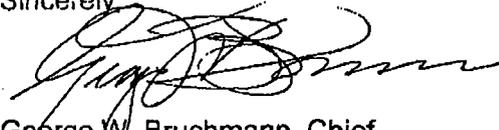
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April 19, 2006

waste acceptance procedures for each facility's WAP and revised Page 8, Revision 6.3, of Appendix B of the MDWTP WAP, pursuant to Part 111, Hazardous Waste Management, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended. With this approval, these procedures become Section 3.4.1 of the WAPs for WDI and MDWTP, which is Attachment 1 of their Hazardous Waste Management Facility Operating Licenses. The WHMD concurs that the changes are minor modifications pursuant to R 299.9519(5) and (9) of the Part 111 administrative rules. WDI and MDWTP must provide written notification to their facility's mailing list of this minor modification pursuant to R 299.9519(6) of the Part 111 administrative rules.

Should you have any questions, please contact Mr. Peter Quackenbush, Hazardous Waste Section, WHMD, at 517-373-7397.

Sincerely



George W. Bruchmann, Chief  
Waste and Hazardous Materials Division  
517-373-9523

Enclosure

cc/enc: Mr. Scott Maris, The Environmental Quality Company  
Mr. Tom Caswell, The Environmental Quality Company  
Mr. Dan Swallow, Van Buren Township  
Mr. Steve Buda/Operating License File, DEQ  
Mr. Larry AuBuchon/Mr. Mike Busse, DEQ  
Ms. De Montgomery, DEQ  
Ms. Christine Grossman, DEQ  
Mr. Leo Parks, DEQ  
Mr. Peter Quackenbush, DEQ  
Mr. Robert Skowronek, DEQ  
Ms. Kimberly M. Tyson, DEQ

### 3.4 Special Wastes

#### 3.4.1 NORM, TENORM, and Exempted Radioactive Material

Waste streams containing NORM, TENORM, and exempted radioactive material may be managed at Site #2 (MDWTP and/or WDI) provided the following steps are taken:

1. During the Site #2 (MDWTP and/or WDI) pre-approval process, obtain a radiochemical analysis and/or other appropriate radiological information on each (NORM, TENORM, and exempted radioactive material) proposed waste stream as well as any other information required by this WAP including the WCR. No material classified as low-level radioactive waste pursuant to Title 42 of the United States Code, Chapter 23, Development and Control of Atomic Energy, Section 2021b, Definitions, is allowed at the site.
2. The radiochemical analysis and appropriate information are evaluated to determine if they can be accepted at the site. All material accepted at the site shall be in at least one of the following categories:

#### **State of Michigan Regulated Materials**

- a. Exempt concentrations: IRR Rule 65
- b. Exempt quantities: IRR Rule 74
- c. Specific exemptions: IRR Rules 67(b), 72(1)(b), 72(2), and 73(b)
- d. NORM: The DEQ's *Cleanup and Disposal Guidelines for Sites Contaminated with Radium-226* (EQC 1602)

Note: For the purposes of interpreting the State of Michigan's *Ionizing Radiation Rules (IRR) Governing Radioactive Material*, refer to the definitions contained in IRR Rules 3 thru 20.

#### **U.S. Nuclear Regulatory Commission (NRC) Regulated Materials**

Note: For the purposes of interpreting Title 10 of the Code of Federal Regulations (10 CFR), refer to the definitions contained in 10 CFR, Sections 20.1003, 30.4, and 40.4.

- a. Exempt concentrations: 10 CFR, Sections 30.14 and 40.13
- b. Exempt quantities: 10 CFR, Section 30.18
- c. Specific exemptions: 10 CFR, Sections 20.2005, 30.11, 30.15, 30.16, 30.19, 30.20, 30.21, 40.14, and 40.22

Disclaimer: This in no way represents approval or authorization for receipt of NRC regulated material. If you have questions about radioactive material regulated by the NRC, contact the NRC regional office at 630-829-9500.

3. A sample is obtained from the generator, if appropriate, to determine if the level of radioactivity, based on a gamma radiation reading, will be above Site 2's background limit. The reading will be recorded for that (NORM, TENORM, and exempted radioactive material) EQ waste stream.
4. WDI and/or MDWTP may approve for receipt each (NORM, TENORM, and exempted radioactive material) proposed waste stream that meets the above criteria.
5. A (NORM, TENORM, and exempted radioactive material) waste stream may not be received by WDI and/or MDWTP until steps 1-4, above, have been followed.

Questions about radioactive material regulated by the state of Michigan should be directed to the DEQ.

ATTACHMENT No. 4 (1/2)

**IEM****Integrated Environmental Management, Inc.**

## Licenses and Certifications

**IEM** is a woman-owned/operated small business, incorporated in the State of Tennessee (1994), with offices in Tennessee, Maryland (Washington, DC metropolitan area) and Ohio. Our Nuclear Services Division is located in our Tennessee office, and our corporate office is in Maryland.

**IEM** is certified to the ISO 9001:2000 (without design) International Quality System Standard (Certificate No. 08.002.1). The **IEM** quality management system was audited and certified by an independent accredited registrar who confirmed that our Nuclear Services Division, our Consulting Division, our instrumentation program and our corporate operations are designed to ensure compliance with customer, regulatory and legal requirements.

**IEM** holds the following licenses and registrations:

- Maryland Department of the Environment Radioactive Materials License (No. MD-31-281-01) which permits **IEM** to take possession of radioactive material at sites where a license doesn't exist, or when the site license does not permit certain activities to be performed. (This license can be invoked within the state of Maryland or in any other state under provisions of interstate reciprocity.)
- Tennessee Department of the Environment and Conservation Radioactive Waste (Broker) License-for-Delivery No. T-TN055-L06
- Maryland Department of the Environment Service Registration (No. 358-000)
- Maryland Department of the Environment X-Ray Machine Inspection Registration (No. 248-000)
- Pennsylvania Department of the Environment Reciprocity License (No. PA-R0074)
- Connecticut Department of Environmental Protection Ionizing Radiation Registration (CR No. 6927)
- Massachusetts Radiation Service Registration (No. 65-0429)
- Arkansas Department of Health Service Registration (No. VS0015).
- Kentucky Cabinet for Health Services "Qualified Experts", Categories B and F (Certificate No. 3038)
- North Carolina Department of Environment and Natural Resources Class IX Registration (No. S000589).
- Florida Department of Health Certificate of Registration (No. V-00403).
- New Hampshire Radiological Health Section Service Provider (Certificate of Registration No. 169)
- Federal Tax Identification Number: 62-157-1793 (UIN No. 0084776670)
- Dun and Bradstreet Number (DUNS): 10-185-7055

**IEM** is qualified to practice under the following North American Industry Classification System (NAICS) Codes:

- 562910 - Remediation Services

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- 541330 - Engineering Services; Woman-owned Small Business
- 541360 - Radioactive Survey Services
- 541380 - Testing Services (radiation)
- 541370 - Surveying and Mapping (radiological/GPS/GIS)
- 541611 - Administrative Management and General Management Consulting Services
- 541620 - Environmental Consulting Services (nuclear)
- 541690 - Scientific and Technical Consulting Services
- 562998 - Miscellaneous Waste Management Services (nuclear)

**IEM** is qualified to practice under the following Standard Industrial Classification (SIC) Codes:

- 8299 - Educational Training Services
- 8711 - Engineering Services
- 8731 - Comm. Physical and Biological Research
- 8741 - Management Services
- 8742 - Management Consulting Services
- 8744 - Facilities Support Management Services
- 8748 - Business Management Services
- 8999 - Very Small Business

Other qualifications held by **IEM** and its staff members include:

- Certified Health Physicist (Comprehensive) by the American Board of Health Physics
- Certified Industrial Hygienist by the American Board of Industrial Hygiene
- Registered Technician by the National Registry of Radiation Protection Technologists
- OSHA 29 CFR 1910.120 Hazardous Waste Operations (HAZWOPER) Training
- OSHA 29 CFR 1910.134 Confined Space Training
- U. S. Department of Energy Rad Worker-Qualified Personnel
- U. S. Department of Energy Security Clearance (Q)
- Radioactive Waste Broker/Shipper
- IEM-Qualified Health Physics Technician (RSP-006)

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