

APPENDIX B

**BEFORE THE COURT-APPOINTED REFEREE
IN RE THE HOME INSURANCE COMPANY IN LIQUIDATION
DISPUTED CLAIMS DOCKET**

In Re Liquidator Number: 2008-HICIL-35
Proof of Claim Number: EMTL 705271-01
Claimant Name: VIAD Corp
Claimant Number:
Policy or Contract Number: HEC 9557416
HEC 9304783
HEC 4344748
Insured or Reinsured Name: VIAD (predecessor The Greyhound
Corporation/ Transportation Leasing
Company)
Date of loss:

AFFIDAVIT OF KENNETH RIES

**STATE OF ARIZONA
COUNTY OF MARICOPA**

BEFORE ME, the undersigned authority, personally appeared Kenneth Ries, who, after being duly sworn deposes and states as follows:

1. My name is Kenneth Ries. I have personal knowledge of each of the facts stated in this affidavit, and am competent to testify to them.
2. I have been for over seven years retained as a consultant to Viad Corp (and its predecessor, The Greyhound Corporation) as an environmental engineer. I hold a Ph.D. in environmental engineering and am licensed as a Professional Engineer in the State of Arizona. My resume is attached to and incorporated by reference into this Affidavit as Exhibit "A." Prior to becoming a consultant to Viad Corp, I was employed by Viad Corp as their corporate Director, Environment and Energy since 1987. I retired on November 1, 2001, with the agreement I would then consult part-time for Viad Corp as they required, performing the same functions I had as their former environmental and energy director. I am an expert in environmental site contamination, assessment, and remediation, especially for underground and

above ground fuel storage sites and have been involved in such work for over 38 years. During that time period, I have directly managed, supervised, and consulted on hundreds of environmental contamination cases, involving but not limited to underground and above ground fuel storage tank site contaminations. I directly managed, supervised, and consulted on the environmental aspects of the former Greyhound Lines, Inc., maintenance garage site in San Diego, California (hereafter referred to as the "Site" or the "San Diego Site"). All of my opinions stated in this Affidavit are within a reasonable degree of professional responsibility or certainty.

3. After Viad received notice in 1989 of environmental contamination at the Site, I became involved in directing all environmental aspects of this Site. After a thorough review of the facts, consideration of my recommendation for remediation, and an order from the California Regional Water Quality Control Board, San Diego Region, (hereafter the "State Regulator"), Viad undertook a cleanup of the Site. My recommendation to proceed in accordance with the state-ordered remediation was based on seeking to avoid unnecessary litigation expenses that would arise from challenging the abatement order, and my knowledge and understanding of the State of California Underground Storage Tank Clean Up Fund's reimbursement program. My professional opinion was, and is, that based upon the facts and circumstances regarding the likely cause of the contamination and Greyhound's and its successors in interest's potential liability, Greyhound and its successors in interest complied with the abatement order. Additionally, if the Site could be remediated to protect the public and its drinking water, and Viad could be reimbursed for the cost for doing so, then challenging the abatement order would not have been reasonable. It also would have delayed the remediation of the harmful effects (which were

damaging the groundwater) and may ultimately have negatively impacted Viad's ability to receive state reimbursement.

4. I was also the person directly responsible for supervising and managing all phases of the remediation process that took place at the Site, including, but not limited to, participating in numerous meetings with the State Regulator who determined the required method of remediation and with the Centre City Development Corporation of the City of San Diego. I also retained environmental remediation consultants and contractors on behalf of Viad, reviewed invoices submitted by those retained consultants and contractors, negotiated all costs associated with the Site remediation, set budgets, and applied on behalf of Viad for reimbursement of its expenses from the State of California Underground Storage Tank Clean Up Fund.

5. My review of environmental reports and site assessments, along with personal site inspections, revealed that the environmental contamination at the Site predominantly consisted of gasoline and #1 diesel fuel. Based on my personal inspections, and a review of Viad's primary retained consultant, ERC Environmental and Energy Services, Co.'s ("ERC" a/k/a Ogden, a/k/a AMEC Earth and Environmental) reports, the contamination was at least in part the result of accidental spills and leaks of fuel between 1954 and 1973. Based on the amount of fuel found near the fuel pumps, dispensers, and ports, ERC and I concluded that the contamination probably arose from accidental spills or overfills at the fuel ports, and leaks that traveled down through the soil and along the underground piping backfill (acting as a conduit), and ultimately into the groundwater. The excavated underground tanks and pipelines that appeared to have been used after 1974, did not show signs of leakage, and their structural integrity was good; however, a set of abandoned former underground fuel pipes were found that had corrosion holes in this former fuel piping system. Soil was found contaminated by fuel at this former fuel piping system

location about 5 feet below ground surface and vertically downward to the water table at 20 to 27 feet below ground surface. Based upon the ERC reports, the water table depth varies over time and with fuel at the water table, this likely caused a smear zone of high contamination of soils from 20 to 27 feet below ground surface and extending horizontally over most of the Site. As a result, this was a groundwater problem that needed remediation.

6. Remediation of the Site took approximately 11 years as dictated by, and as a direct result of, numerous changes in requirements issued by the State Regulator. Viad funded (a) various assessments that were conducted to delineate the extent and type of contamination at the Site, (b) the development of various remedial action plans, and (c) all remediation necessary to ultimately obtain a "No Further Action Letter" from the State of California.

7. Viad expended approximately \$ 3,718,900.00 between August 1989 and December 2007, remediating the soil and groundwater at the Site and in seeking state reimbursement. Viad maintains a complete record of all invoices and checks paid with regard to the work conducted at the Site and the sums expended in connection therewith.

8. To remediate the groundwater it was necessary to remove and treat excavated soils as a source of contamination because the soil and groundwater contamination were inextricably intertwined with each other. The ground water could not be remediated without removing the soils as the soils would have acted as a continuous source of contamination. By removing contaminated soil next to the water table, the source of ground water contamination was removed and the remaining minor dissolved concentrations of fuel compounds in ground water would then naturally attenuate over time. On April 23, 2003, a No Further Action Letter was issued, demonstrating that the Site, including the groundwater, had been satisfactorily remediated to the satisfaction of the State Regulator and no additional work was required by

them at that time. The Site was redeveloped in the early 2000s with multi-storied condominiums.

9. As part of my responsibilities for the Site remediation, I maintained regular contact with Viad's consultants (ERC and Geomatrix), attempting at each stage to keep costs to a minimum while ensuring that the appropriate work and clean-up was conducted. I monitored the work done by the consultants and their contractors and the costs incurred in connection therewith, and personally reviewed all requested changes to the scope of the remediation work as covered by contracts to ensure that the work proposed was in fact necessary and cost effective. This was not a normal or average-sized underground tank site cleanup effort in that the soils excavated encompassed almost an entire city block, downtown, to a depth of 27 feet, making it by far the largest and most costly underground tank cleanup project in Viad's history, which included numerous other bus sites throughout the country.

10. It is my opinion that the costs, expenses, and damages that Viad incurred in remediating the Site were necessary, required and reasonable under the circumstances as ultimately dictated to Viad by the State Regulator. Further, Viad's conduct regarding the remediation methodology was reasonable, necessary and in full compliance with regulatory requirements to clean up the Site (a precondition of eligibility for state reimbursement).

11. When Viad submitted its applications and requests for reimbursement of its costs to the California Regional Water Quality Control Board, I personally oversaw that reimbursement process, which was initially handled by Viad's retained consultant that I directed. The primary consultant and I organized the documents attached to the various applications that Viad submitted, I verified the amounts paid, and I oversaw the matching of invoices with checks issued by Viad in payment to the contractors conducting the site assessments and remediation.

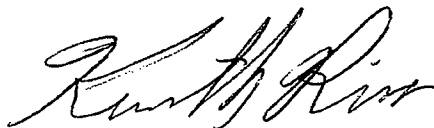
Viad appealed the initial response from the state for a very limited payment of eligible costs and resubmitted Viad's application with the State of California Underground Storage Tank Clean Up Fund.

12. Viad received two reimbursements from the State of California Underground Tank Storage Fund: one on October 24, 2006, for \$ 314,847.00 and the other on October 23, 2008, for \$1,112,314.00, for a total reimbursement of \$1,427,161.00. California limits total reimbursement for any one site to a maximum \$1,490,000 and Viad was successful in recovering 96% of that cap and realized the cost to formally appeal the final 4% of allowable costs would be cost prohibitive.

13. I am also aware of Viad's attempt to secure insurance coverage from Home Insurance in the mid-1990s for contaminated sites similar to the Site. Specifically, I am aware that Viad sought and was denied insurance coverage from Home for the sites known as "Blue Chemical, (a/k/a Fairfax, SC)" "Chicago Heights," and "Greensboro." The environmental issues at these sites are similar to the San Diego Site.

14. The contamination that occurred at the Site was the result, at least in part, of sudden and accidental spills and leaks occurring during the period from 1954 to 1973, which spills and leaks were caused by the bus operations of Greyhound. This contamination occurred in the groundwater, and was inextricably intertwined with the soils.

END OF AFFIDAVIT.



KENNETH RIES

STATE OF ARIZONA
COUNTY OF MARICOPA

The foregoing instrument was sworn to and acknowledged before me this 20th day of January, 2009, by KENNETH RIES, who, is personally known to me or who has provided _____ as identification, and who did take an oath.



Signature of Notary Public - State of Arizona

DARYL A. HAGG

Print, type or stamp commissioned name of Notary Public
Personally known to me OR Produced Identification _____

Type of Identification Produced

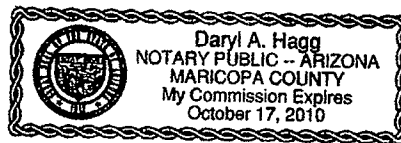


EXHIBIT A

RESUME
1-1-09

KENNETH M. RIES Environmental Engineer

Education:

Ph.D., Environmental Engineering, Purdue University, 1967
M.S., Sanitary Engineering, Georgia Tech, 1963
B.S., Civil Engineering, Georgia Tech, 1960

Professional Registration/Certification:

Registered professional engineer (environmental), Arizona #8869 (by exam)
Advanced Safety Certificate, National Safety Council (by exam)
Former P.E. registered in Florida and New Mexico (by reciprocity)
Former licensed asbestos building inspector (by annual exam)
Certificate of mold abatement (by exam)

Continuing Education:

Ground Water Computer Modeling, University of Wisconsin
Advanced Wastewater Treatment, Manhattan College
Numerous seminars and courses relating to environmental management

Professional Experience (48 years):

- 11-01 to current: Self-employed environmental consultant (Scottsdale, AZ) for outsourced corporate environmental management tasks and an external resource to several environmental consulting firms. Current clients include business managers and attorneys for: Viad Corp (formerly Armour & Co./The Greyhound Corporation), The Dial Corporation (a Henkel company) and Skytanking, Inc. Former clients include: Finova Capital Corporation, Gate Gourmet Division Americas (formerly Dobbs), Aircraft Service International Group, GES Exposition Services, Arizona Natural Resources, Inc, and others. Tasks include: environmental regulatory compliance and risk reduction in a cost-effective manner, environmental audits, preparing SPCC Plans, environmental due diligence in acquisitions and divestitures, retaining and overseeing work of environmental consulting firms doing site assessments and remediation projects, managing Superfund cases, environmental litigation and environmental insurance claims. Work for primary client, Viad, is mainly those now outsourced functions formerly done in house by Ken as an employee for Viad and its former subsidiaries (see next bullet).
- 3-70 to 11-01 employee of Viad Corp (formerly Armour and Greyhound in Chicago then Phoenix, maximum former revenue over \$6 billion/year), initially hired as Assistant Manager, Environmental Control Department, Armour & Co. later also corporate energy manager, and in 1987 became Director, Environment

and Energy, reporting to Vice President-General Counsel. Handled all aspects of corporate environmental work (without staff since 1987) for all subsidiaries of Viad, including: meat packing (Armour), soap, detergent and bleach manufacturing (Dial), bus manufacturing (MCI, TMC, GCI), intercity bus service (Greyhound Lines), leather manufacturing (Armour Leather), industrial chemical manufacturing (Armour), fertilizer manufacturing (Armour), textile manufacturing (Bucilla and Malina), airport tank farm and aircraft fueling operations (ASIG), airline food catering (Dobbs), cruise ship operations (Premier), Glacier National Park concessions, industrial/commercial banking and lending (GFC), convention services (GES and Exhibitgroup) and numerous others. Handled 98 Superfund cases to current, often without need for counsel (saving significant transaction costs), retained over 100 different environmental consultants doing many hundreds of outsourced environmental projects, achieved regulatory closures and recovered state funds reimbursements in UST projects, performed all environmental due diligence in house on all acquisitions and divestitures, up to 4 per year, developed and implemented environmental auditing in house, acquired pollution insurance coverage and filed claims, involved in all corporate environmental litigation, performed asbestos inspections in house, provided safety services in convention services plus other duties.

- 11-67 to 3-70 Senior Research Leader, Water Pollution Control, Dearborn Chemical Co. (Chicago), developed a line of organic water and wastewater treatment chemicals for sale to industry, started a commercial wastewater analytical laboratory service and started an industrial wastewater consulting service for Dearborn.
- 9-65 to 11-67 full time graduate student to Ph.D. degree (Lafayette, IN), on full USPHS grant and part-time environmental consultant to Dearborn Chemical Co.
- 3-64 to 9-65 Senior Research Associate, W. R. Grace and Co. (Clarksville, MD), water pollution research and commercialization of a Swedish patent on dissolved-air flotation wastewater treatment equipment for marketing in the U.S., started a water and wastewater analytical laboratory
- 5-63 to 3-64 state environmental regulator, Maryland Department of Health (Baltimore), handling the state environmental regulatory matters in one-fourth of the state, including Washington suburb counties, Baltimore and Annapolis.
- 9-62 to 5-63 full time graduate student to masters degree (Atlanta), on full USPHS grant
- 5-60 to 9-62, Commissioned officer, U.S. Navy, Civil Engineer Corps, resident officer in charge of construction at naval air station (Cecil Field, Jacksonville, FL), 60 construction projects completed.

Contact: Ken Ries, 8707 E. Valley View Road, Scottsdale, AZ 85250-6719, phone/fax: 480-946-0770, e-mail: kenmries@aol.com. References available upon request.