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COPY

Mr. Michael Bossert, Chairman
Kankakee County Board
150 East Court Street
Kankakee, Illinois 60901

RE: KANKAKEE LANDFILL SETTLEMENT ISSUES

Dear Mr. Bossert:

Because we are charged as a Home Rule Unit of Government with the responsibility of waste handling and recycling for our citizens as part of our Public Health and Welfare responsibilities, the City of Kankakee has worked on the issue of landfill disposal for more than 11 years now.

Recognizing that the landfill on Route 45 was nearing the end of its useful life as early as 1998, the City tasked its planning and engineering staff and consultants to study the issue of alternative means of recycling processing, and the collection and disposal of unprocessable waste materials. The City produced its own Solid Waste Plan and in 2001 published a notice in the Daily Journal seeking companies and proposals for waste disposal.

In April of 2001 we met with Mr. Kruse and Ms. Lee to discuss our progress and the steps which the County might be pursuing to provide for disposal, hoping to work jointly on an effort that is politically charged but ultimately necessary for the wellbeing of our citizens and the business and industry in the Region.

In the course of the last 8 years, I have met with County Government leadership and our attorneys have separately met with County legal representatives seeking a common goal of sound and economical solid waste disposal. During this period, we have seen the cost of solid waste handling for our businesses, industries, and homeowners more than double.

An additional increase for our homeowners is on the agenda for the new Kankakee Mayor and City Council, who will have to deal with the ever escalating cost of waste collection, transfer and remote disposal in other counties and across State borders.

With the Supreme Court of our State poised to determine the fate of the landfill approved by the City, the Illinois Pollution Control Board, the Illinois Court of Appeals and the Illinois EPA as well as the Illinois Department of Natural Resources, we believe it timely and appropriate to formalize the offers made over the years to the County, and to include issues which have come up only recently, as well.

In formalizing this offer, we want you to be aware of the City's position on landfills and landfill alternatives, because the issue of alternatives has been before us for all of these eleven years, including the seven years of litigating we have faced with the County's opposition to the site approved by the City.

It is our belief and the belief of our consultants that no alternative exists which provides a current, proven and cost efficient means of handling the portion of our waste streams which currently go to landfills--including recycling residuals. We sent our engineers to a nearby community to observe and evaluate one technology judged to be unworkable. We reviewed incineration and gasification technologies and believe that the technical and economic hurdles as well as the air quality impacts point strongly in the opposite direction to these technologies, which deal with only a portion of the waste stream and require a landfill at the end of the day for the residuals produced by these processes.

We are no fan of landfills. We seek only the best currently available source for economically handling the wastes produced by our people and their businesses and industries. If we are to have a landfill, we want the best available and the maximum benefits to our citizens. This too is our responsibility, and we have worked very hard to live up to that responsibility.

The background of this formal proposal, which will remain open only until March 15, 2009, while our attorneys work to respond to the latest filings by the County and Waste Management in the Illinois Supreme Court, is this. First, there is no need for a settlement if the City prevails in the Supreme Court as it has in the Third District Court of Appeals, but I am sure we all want to cooperate as much as possible on an issue as vital to our future as any which we face. Second, we have managed through lengthy negotiations to produce binding contracts which grant the City extraordinary authority over the landfill and maximize local benefits including environmental oversight and host benefits.

The host benefits include elimination of the expensive trip and added handling costs of a waste transfer station. The City receives free disposal for residential and public works waste disposal in the form of credits in dollars and cubic yards, respectively.

For the first 3,500 tons per day (with an additional \$.75 per ton for excess tonnage), host fees will include \$.10 per ton to Central Community Unit School District No. 4; \$.20 per ton to the Kankakee Valley Park District; \$.20 per ton for Economic Development throughout Greater Kankakee; \$.50 per ton to the Kankakee Library Fund; and \$3.27 per ton to the City. An annual CPI escalator is used to increase these funds in the future, bracketed by 2.5% on the low side and 75% of CPI on the high side.

Consistent with recent discussions initiated by Charles Helsten, outside counsel for Kankakee County, we propose the following resolution to the issues on the table for your consideration:

1. THE SHARING OF HOST FEES BETWEEN THE CITY AND KANKAKEE COUNTY

The amount of host fees which might be shared by the City with the County government is an issue to be dealt with strictly between the two government units and such agreement would be set forth in an intergovernmental agreement to be executed simultaneously with the settlement of the pending siting appeal. In this regard, the City proposes to share \$1.00 per ton of that portion of the host fees payable to the City.

2. THE CREATION OF A RIGHT-OF-WAY ACROSS THE PROPERTY OWNED BY KANKAKEE REGIONAL LANDFILL, LLC FOR THE TRANSMISSION OF ELECTRICITY FROM WIND FARMS TO THE ELECTRIC GRID OR TO ONE OR MORE INDUSTRIAL USERS; OTHER RIGHTS OF WAY

Such a right-of-way would be established in a manner consistent with current or modified permits issued and outstanding between Kankakee Regional Landfill, LLC and the IEPA and IDNR. Preferential access to the landfill would be determined between the County Highway Engineer and the City's Consulting Engineer for infrastructure.

3. INCLUSION OF RECYCLING/PROCESSING AT THE "FRONT END" OF LANDFILL OPERATIONS

A construction/demolition waste processing operation could be accommodated on-site, together with a loading facility for post-consumer recyclables with transportation to a third-party off-site processor. These operations could be phased-in within two years of the initial waste receipts at the site. The transport service would be billed to the users (residential haulers). The loading would be furnished without charge and the construction/demolition waste processing would be charged at the landfill tipping rate.

4. INCLUSION OF RESIDENTIAL POST-CONSUMER RECYCLABLES COLLECTION THROUGHOUT THE COUNTY

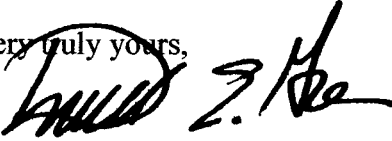
The City of Kankakee and Kankakee County (for unincorporated areas and on behalf of incorporated towns other than the City of Kankakee) should be able to accommodate the expense of this collection activity from the host fees collected by the City and the portion that the City agrees to share with the County.

5. PROVIDING A WASTE STREAM, A DISPOSAL RESOURCE, AND AN INDUSTRIAL SITE FOR A WASTE GASIFICATION/ETHANOL PLANT

Kankakee Regional Landfill would work with the Kankakee County Economic Development Alliance to help locate a suitable technology and assist in implementing such a technology. The City's consultants believe such a facility, to be feasible for some fraction of the residential and some fraction of the industrial waste stream, is still somewhat remote at the present time.

Hopefully the foregoing will be useful to the lawyers and the elected officials in determining whether an intergovernmental agreement is a suitable alternative to litigation or to letting the "chips fall where they may," since accord in the community on so vital a public works matter is itself a goal to be pursued.

Very truly yours,



Donald E. Green
Mayor