

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

OCT 03 2005

STATE OF ILLINOIS
Pollution Control Board

PEOPLE OF THE STATE OF ILLINOIS,)
)
Complainant,)
)
vs.)
)
COMMUNITY LANDFILL COMPANY,)
INC., an Illinois corporation, and)
the CITY OF MORRIS, an Illinois)
municipal corporation,)
)
Respondents.)

PCB No. 03-191
(Enforcement)

NOTICE OF FILING

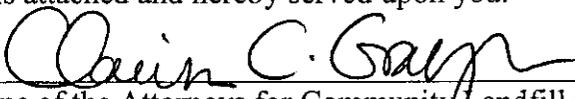
TO: Christopher Grant
Environmental Bureau
Assistant Attorney General
188 West Randolph Street
20th Floor
Chicago, Illinois 60601

Bradley Halloran
Hearing Officer
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Scott Belt
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Morris, Illinois 60450

PLEASE TAKE NOTICE that on **October 3, 2005**, the undersigned filed an original and nine copies of **RESPONDENT COMMUNITY LANDFILL COMPANY INC.'S RESPONSE TO COMPLAINANT'S MOTION FOR SUMMARY JUDGMENT** with Ms. Dorothy Gunn, Clerk of the Illinois Pollution Control Board, 100 W. Randolph Street, Suite 11-500, Chicago, Illinois 60601, a copy of which is attached and hereby served upon you.



One of the Attorneys for Community Landfill Co.

Mark A. LaRose
Clarissa C. Grayson
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(312) 642-4414

THIS FILING IS SUBMITTED ON RECYCLED PAPER.

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PEOPLE OF THE STATE OF ILLINOIS,)
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PCB No. 03-191
(Enforcement)

**RESPONDENT COMMUNITY LANDFILL COMPANY INC.'S RESPONSE TO
COMPLAINANT'S MOTION FOR SUMMARY JUDGMENT**

Respondent Community Landfill Company, Inc., ("CLC" or "Respondent") by and through its attorneys LaRose & Bosco, Ltd., and pursuant to 35 Ill. Adm. Code 101.516 and 735 ILCS 5/2-1005, hereby responds to Complainant People of the State of Illinois' ("People" or "Complainant") Motion for Summary Judgment and in support thereof, states as follows:

I. Introduction

On July 21, 2005, Complainant filed its Motion for Summary Judgment against Respondents CLC and the City of Morris ("Respondents") based on the initial allegations contained in the complaint that Respondents had violated the Illinois Environmental Protection Act ("Act") by not obtaining the proper financial assurance. (See Exh. A, Complaint and Exh. B, Motion for Summary Judgment). In addition to requesting summary judgment on those initial allegations, Complainant specifically alleges that CLC has continued disposal operations at the Landfill. (See Exh. B, pp. 4 and 8). Based on these new allegations, Complainant asks the Illinois Pollution Control Board ("Board") to order CLC to "cease and desist from transporting and depositing any additional material at the Landfill". (See Exh. B, p. 16).

In response to these new allegations, Respondent CLC has contemporaneously filed a separate Motion to Strike that portion of Complainant's Motion for Summary Judgment requesting cease and desist order on the grounds that such relief is improperly requested in a motion for summary judgment. (See Exh. C, CLC's Motion to Strike). Therefore, Respondent CLC's Response to Complainant's Motion for Summary Judgment will only address the portion of Complainant's motion requesting summary judgment on the grounds of CLC's alleged failure to obtain financial assurance.

II. Facts

The underlying facts of this matter are well known and have been the subject of extensive litigation. In brief, pursuant to two significant modification permits issued to Respondents City of Morris (as owner) and CLC (as operator), 2000-155-LPM for Parcel A and 2000-156-LFM for Parcel B, respondents obtained \$17,427,366 in financial assurance for closure/post-closure activities in the form of three surety bonds from Frontier Insurance Company ("Frontier" or "surety"). (See Exh. D). In summary, CLC is the principal for two of the bonds, no. 158466 and no. 91507, which have face values of \$5,906,016 and \$1,439,720 respectively for a total face value of \$7,345,736. (See Exh. D). The City of Morris is the principal for bond no. 158465 which has a face value of \$10,081,630. (See Exh. D). Bond nos. 158466 (CLC) and 158465 (City) expired on May 31, 2005 and bond no 91507 (CLC) expired on June 14, 2005. (See Exh. D).

The Board ruled that the Frontier bonds did not meet the requirements of 35 Ill.Adm.Code 811.712(b) because the surety had been removed from the Department of the Treasury's Circular 570 list of approved sureties. Community Landfill Company and City of Morris v. Illinois Environmental Protection Agency, PCB 01-170 (Dec. 6, 2001, slip op. at 22).

The Board's decision was subsequently affirmed by the Third District Appellate Court. Community Landfill Company and City of Morris v. Illinois Pollution Control Board, 331 Ill.App.3d 1056, 1061, 772 N.E. 2d 231, 235, 265 Ill.Dec. 193, 197 (3rd Dist. 2002) (*modified upon denial of rehearing*, 2002). CLC filed a petition for leave to appeal to the Illinois Supreme Court, which was denied.

Based on the above cited decisions, counsel for CLC wrote to Frontier on March 20, 2003 concerning the payment of premiums on the bonds that the Third District Appellate Court had determined were insufficient to allow the landfill to continue operations. (See Exh. E, without attachments). On April 7, 2003, Scott Azzolini, Surety Underwriting Manager for Frontier, responded by stating: ". . . [w]e concur with your conclusion that no further premium billings are warranted on these bonds as the permit application was denied on May 11, 2001. As such, we are reversing all renewal billings for the above referenced bids and closing our file based on the May 11, 2001 date." (See Exh. F.)

On June 19, 2003, CLC formally requested that Frontier release its collateral. (See Exh. G, without attachments.) On July 2, 2003, Frontier requested that the Agency execute a release so that the collateral could properly be returned to CLC. (See Exh. H.) On August 21, 2003, the Agency refused to do so on the grounds that alternate financial assurance had not been received. (See Exh. I.) On December 18, 2003, CLC again made a demand for the return of its collateral (see Exh. J, without attachments) and has continued to do so. Frontier's position has not changed: it has assured CLC that it will return the collateral upon receipt of a release from the Agency. (See Exh. K.)

On January 27, 2004, almost one year after the Agency filed its complaint against respondents stating that they did not have financial assurance, Beverly Anderson, accountant

with the IEPA, specifically stated in writing that “Morris Community Landfill **is providing financial assurance** for closure and pos-closure costs through three Frontier Performance Bonds. . .” (See Exh. L) (emphasis added). On January 29, 2004, Frontier acknowledged the IEPA had “specifically indicated that these bonds are still in force” and warranted that premiums be billed. (See Exh. M .)

Finally, and perhaps most importantly, on May 27, 2005, the director of the Illinois Environmental Protection Agency, Renee Cipriano, made a demand on Frontier for bond nos. 158466 and 91507, the bonds for which CLC is the principal, for a total of \$7,345,736.00. (See Exh. N). The IEPA argued that the fact that the bonds issued by Frontier did not meet the requirements of the Board regulations to allow the landfill to operate did not prevent it from collecting on the bonds. (See Exh. N, p. 6.)

On July 21, 2005, nearly two months after it made its claim against Frontier, the Agency then filed its motion for summary judgment arguing that there are no material facts concerning the issue of respondents’ financial assurance. What the Agency failed to do in its motion, however, was inform the Board that it had made a claim on the bonds. The Agency tried to hide this fact from the Board by disingenuously failing to disclose that CLC has requested the return of its collateral for more than two and one-half years and that the Agency made a claim on the very bonds that it fought so hard to keep from being accepted.

III. Legal Standard for Summary Judgment

Summary judgment is appropriate only when the pleadings and depositions, together with any affidavits and other items in the record, show that there is no genuine issue of material fact and that the moving party is entitled to judgment as a matter of law. Dowd & Dowd, Ltd. v. Gleason, 181 Ill.2d 460, 693 N.E.2d 358 (1998); People v. City of Waukegan, PCB 01-104, slip

op. at 2 (August 23, 2001). In ruling on a motion for summary judgment, the Board "must consider the pleadings, depositions, and affidavits strictly against the movant and in favor of the opposing party." Dowd, 181 Ill.2d at 483, 693 N.E.2d at 370; Waukegan, PCB 01-104, slip op. at 2.

Summary judgment "is a drastic means of disposing of litigation," and therefore it should be granted only when the movant's right to the relief "is clear and free from doubt." Dowd, 181 Ill.2d at 483, 693 N.E.2d at 370 *citing* Purtill v. Hess, 111 Ill.2d 229, 240 489 N.E.2d 867, 871 (1986). Even so, while the nonmoving party does not have to prove its case, it must "present a factual basis which would arguably entitle [it] to a judgment." Gauthier v. Westfall, 266 Ill.App.3d 213, 219, 639 N.E.2d 994, 999 (2nd Dist. 1994); Waukegan, PCB 01-104, slip op. at 2. Finally, the Board's procedural rules provide that "if the record, including pleadings, depositions and admissions on file, together with any affidavits, shows that there is no genuine issue of material fact, and that the moving party is entitled to judgment as a matter of law, the Board will enter summary judgment." 35 Ill. Adm. Code 101.516.

IV. Argument

Genuine issues of material fact exist as to whether financial assurance is in place, thereby precluding summary judgment on behalf of Complainant.

The Illinois Environmental Protection Agency has asserted in its Complaint and in its Motion for Summary Judgment that Respondents do not have financial assurance. (See Exhs. A and B). Yet, at the same time, the Agency has made a claim to Frontier for closure/post-closure care based on the very same bonds that it claims are inadequate. (See Exh. N). The Board must not allow the Agency to have it both ways.

On January 27, 2004, almost a year after the present complaint was filed alleging that respondents had failed to provide financial assurance, Beverly Anderson, accountant for the

IEPA's Bureau of Land Compliance Unit admitted in a letter to Frontier that Morris Community Landfill "is **providing financial assurance** for closure and post-closure costs". (See Exh. L) (emphasis added). At the very least, this admission by the Agency raises an issue of fact in the present case as to whether financial assurance is in place. Further, the Agency's own act of making a claim to Frontier for \$7,345,736 should preclude it from maintaining that financial assurance is not in place.

The Board must examine what the potential results would be of the following two conflicting scenarios if the Agency is allowed to continue proceeding as it has. If the Agency prevails on its claim that CLC and the City of Morris have not provided financial assurance, the result is likely to be financial penalties to the respondents. At the same time, if the Agency gets its way with Frontier and Frontier makes a payment to the Agency as demanded on May 27, 2005, the Agency will recover for the very closure/post-closure care for which it claims financial assurance has not been provided. If these bonds are not in reality potentially providing financial assurance, what are they providing? If the claim is paid by Frontier, isn't the Agency receiving the financial assurance it claims has not been provided? How can the Agency assess a monetary penalty against CLC and the City of Morris for not having financial assurance and at the same time attempt to collect just that from Frontier?

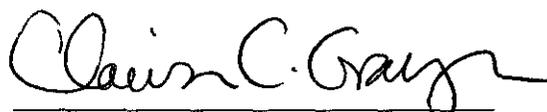
Furthermore, any monetary penalty imposed by the Agency must be used to enforce the Act, not merely punish a party. Harris-Hub Co., Inc. v. Illinois Pollution Control Bd., 50 Ill.App.3d 608, 611 (1st Dist. 1977). Taking the Agency's convoluted logic to its desired conclusion would allow the Agency to collect on the bonds while simultaneously extracting fines from CLC. In essence, the Agency seeks to recover twice from the same allegation thus contravening its duty to use penalties only to enforce the Act, not punish. Id.

The Board should recognize that any grant of summary judgment in favor of the Agency is premature. The Agency and Frontier are still processing the Agency's claim on the bonds. (Exh. N). The Agency has concealed from the Board its claim on the very bonds that it fought so long and hard to keep from being accepted. The Agency's own prior admission that the Landfill "is providing financial assurance for closure and post-closure costs", made prior to its filing the present motion for summary judgment, is sufficient grounds on its own to deny summary judgment to the Complainant. (See Exh. L). Any other result would be inequitable prior to a full hearing on whether financial assurance is in place.

V. Conclusion

WHEREFORE, for the reasons stated herein, Respondents request that the Board deny summary judgment to the Complainant, and grant Respondent CLC's contemporaneously filed Motion to Strike Portions of Complainant's Motion for Summary Judgment.

Respectfully submitted,



Attorney for Community Landfill Company

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fax (312) 642-0434

CERTIFICATE OF SERVICE

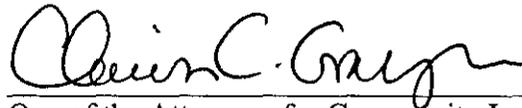
I, Clarissa C. Grayson, an attorney hereby certify that I served a copy of the foregoing RESPONDENT COMMUNITY LANDFILL COMPANY INC.'S RESPONSE TO COMPLAINANT'S MOTION FOR SUMMARY JUDGMENT by placing the same in the United States Mail, first-class postage prepaid this **3rd** day of **October 2005**, addressed as follows:

Mr. Christopher Grant
Environmental Bureau
Assistant Attorney General
188 West Randolph Street
20th Floor
Chicago, Illinois 60601

Mr. Scott Belt
Scott Belt and Associates, PC
105 East Main Street
Suite 206
Morris, Illinois 60450

Mr. Bradley Halloran
Hearing Officer
Illinois Pollution Control Board
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Chicago, Illinois 60601

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One of the Attorneys for Community Landfill Co.

Mark A. LaRose
Clarissa C. Grayson
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Exhibit A

RECEIVED
CLERK'S OFFICE

APR 16 2003

STATE OF ILLINOIS

PCB No. 03-191 Pollution Control Board
(Enforcement)

PEOPLE OF THE STATE OF ILLINOIS,)
)
 Complainant,)
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 COMMUNITY LANDFILL COMPANY, INC.,)
 an Illinois corporation, and)
 the CITY OF MORRIS, an Illinois)
 municipal corporation,)
)
 Respondents.)

COMPLAINT

Complainant, PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, complains of Respondents, COMMUNITY LANDFILL COMPANY, INC., an Illinois corporation, and the CITY OF MORRIS, an Illinois municipal corporation, as follows:

COUNT I

FAILURE TO PROVIDE ADEQUATE FINANCIAL ASSURANCE

1. This complaint is brought by LISA MADIGAN, Attorney General of the State of Illinois, on her own motion and at the request of the Illinois Environmental Protection Agency ("Illinois EPA") pursuant to Section 31 of the Environmental Protection Act, ("Act"), 415 ILCS 5/31 (2002).

2. The Illinois EPA is an administrative agency of the State of Illinois, created pursuant to Section 4 of the Act, 415 ILCS 5/4 (2002), and is charged inter alia, with the duty of



enforcing the Act.

3. Respondent CITY OF MORRIS ("City"), is an Illinois municipal corporation, organized and operating according to the laws of the State of Illinois, and located in Grundy County, Illinois. The City is the owner of the Morris Community Landfill, a special waste and municipal solid waste landfill located at 1501 Ashley Road, Morris, Grundy County, Illinois.

4. The Morris Community Landfill is approximately 119 acres in area, and is divided into two parcels, designated parcel "A", consisting of approximately 55 acres, and parcel "B", consisting of approximately 64 acres.

5. Respondent COMMUNITY LANDFILL COMPANY, INC. ("CLC") is an Illinois corporation, duly authorized to transact business in the State of Illinois. CLC is the operator of the Morris Community Landfill, and manages day-to-day operations of both parcels at that site.

6. From at least June 1, 2000 until the time of filing this Complaint, Respondents have arranged for and supervised the deposit of waste, including municipal solid waste, garbage, and special waste, into waste cells at the Morris Community Landfill.

7. As owners and operators of the Morris Community Landfill, the City and CLC are required by Section 21.1(d) of the Act, 415 ILCS 5/21.1(d) (2002), to apply for and obtain landfill permits, including operating, significant modification, and other

municipal solid waste permits, from Illinois EPA.

8. On August 4, 2000, Respondents were issued Significant Modification Permit Numbers 2000-155-LFM, covering Parcel A, and 2000-156-LFM, covering Parcel B. On June 29, 2001, the Respondents were issued Permit Modification No. 2 for parcels A & B. On January 8, 2002, the Respondents were issued Permit Modification No. 3 for Parcel A.

9. From at least June 1, 2000 until the time of filing this Complaint, Respondents have conducted disposal operations on parcels "A" and "B" of the Morris Community Landfill. During this period, the sole assurance of closure and post closure costs provided by Respondents to Illinois EPA has been three separate performance bonds underwritten by the Frontier Insurance Company.

10. On June 1, 2000, the United States Treasury Department removed Frontier Insurance Company from the compilation of acceptable surety companies listed in the United States Department of Treasury publication "Circular 570".

11. At no time from June 1, 2000 until the filing of this complaint, has Frontier Insurance Company been added back to the "Circular 570" list of acceptable surety companies.

12. Section 21 of the Act, 415 ILCS 5/21 (2002) provides, in pertinent part, as follows:

No person shall:

* * *

(d) Conduct any waste-storage, waste-treatment or waste-disposal operation:

* * *

(2) in violation of any regulations or standards adopted by the Board under this Act....

* * *

13. Pursuant to authority granted by the Act, the Illinois Pollution Control Board has promulgated regulations requiring and regulating closure and post-closure financial assurance for municipal solid waste landfills. These regulations are codified at 35 Ill. Adm. Code, Subtitle G, Subchapter I, Subpart G ("Board Financial Assurance Regulations").

14. Section 811.700 of the Board Financial Assurance Regulations, 35 Ill. Adm. Code 811.700, provides, in pertinent part, as follows:

* * *

(f) On or after April 9, 1997, no person, other than the State of Illinois, its agencies and institutions, shall conduct any disposal operations at an MSWLF unit that requires a permit under subsection (d) of section 21.1 of the Act, unless that person complies with the financial assurance requirements of this Part.

15. Section 811.712 of the of the Board Financial Assurance regulations, 35 Ill. Adm. Code 811.712, provides, in pertinent part, as follows:

* * *

(b) the surety company issuing the Bond shall be licenced to transact the business of insurance by

the Department of Insurance, pursuant to the Illinois Insurance Code [215 ILCS 5], or at a minimum the insurer must be licensed to transact the business of insurance or approved to provide insurance as an excess or surplus lines insurer by the Insurance Department of one or more states, and approved by the U.S. Department of the Treasury as an acceptable surety. Section 21.1(a.5) of the Act, [415 ILCS 5/21.1(a.5)].

BOARD NOTE: The U.S. Department of the Treasury lists acceptable sureties in its Circular 570.

16. Section 3.26 of the Act, 415 ILCS 5/3.26 (2002), provides the following definition:

"PERSON" is an individual, partnership, co-partnership, firm, company, limited liability company, corporation, association, joint stock company, trust, political subdivision, state agency, or any other legal entity, or their legal representative, agent or assigns.

17. Respondent CLC, an Illinois corporation, and Respondent City of Morris, a political subdivision, are "person[s]" as that term is defined Section 3.26 of the Act, 415 ILCS 5/3.26 (2002).

18. Section 3.85 of the Act, 415 ILCS 5/3.85 (2002), provides, as follows:

"Municipal Solid Waste Landfill Unit" or MSWLF unit" means a contiguous area of land or an excavation that receives household waste, and that is not a land application unit, surface impoundment, injection well, or any pile of noncontainerized accumulations of solid, nonflowing waste that is used for treatment or storage. A MSWLF unit may also receive other types of RCRA Subtitle D wastes, such as commercial solid waste, nonhazardous sludge, small quantity generator waste and industrial solid waste. Such a landfill may be publicly or privately owned. A MSWLF unit may be a new MSWLF unit, an existing MSWLF unit, or a lateral expansion. A sanitary landfill is subject to regulation as a MSWLF unit if it receives household

waste.

19. Parcels "A" and "B" of The Morris Community Landfill are "Municipal Solid Waste Landfill unit[s]", and "MSWLF unit[s]" as those terms are defined in Section 3.85 of the Act, 415 ILCS 5/3.85 (2002).

20. Section 3.53 of the Act, 415 ILCS 5/3.53 (2002), provides, in pertinent part, as follows:

"WASTE" means any garbage...or any other discarded material, including any solid, liquid, semi-solid, or contained gaseous material resulting from industrial, commercial, mining and agricultural operations, and from community activities....

21. Section 3.08 of the Act, 415 ILCS 5/3.08 (2002), provides, as follows:

"Disposal" means the discharge, deposit, injection, dumping, spilling, leaking or placing of any waste or hazardous waste into or on any land or water or into any well so that such waste or hazardous waste or any

22. From at least June 1, 2000 until the time of filing this complaint, Respondents arranged for and supervised the deposit of special waste, municipal solid waste, garbage and other waste at the Morris Community Landfill. Respondents thereby conducted a "waste disposal operation" as those terms are defined in the Act.

23. From June 1, 2000 until the time of filing this complaint, Respondents have conducted disposal operations at both parcel "A" and parcel "B" of the Morris Community Landfill, with

closure and post-closure financial assurance solely in the form of three performance bonds from Frontier Insurance Company, a company not listed in United States Department of the Treasury "Circular 570", and therefore not meeting the requirements of 35 Ill. Adm. Code 811.712. Respondents have thereby violated Sections 811.700(f) and 811.712 of the Board Financial Assurance Regulations, 35 Ill. Adm. Code 811.700(f) and 811.712, and have thereby also violated Section 21(d)(2) of the Act, 415 ILCS 5/21(d)(2) (2002).

WHEREFORE, Complainant, PEOPLE OF THE STATE OF ILLINOIS, respectfully requests that the Board enter an order against the Respondents, COMMUNITY LANDFILL COMPANY, INC. and the CITY OF MORRIS on Count I:

1. Authorizing a hearing in this matter at which time the Respondents will be required to answer the allegations herein;

2. Finding that the Respondents have violated Section 21(d)(2) of the Act, 35 Ill. Adm. Code 811.700(f), and 35 Ill. Adm. Code 811.712;

3. Ordering the Respondents to immediately obtain, and provide to Illinois EPA, landfill closure and post-closure financial assurance meeting the requirements of the Board Financial Assurance regulations;

4. Ordering the Respondents to cease and desist from any further violations of Section 21(d)(2) of the Act, 35 Ill. Adm.

Code 811.700(f), and 35 Ill. Adm. Code 811.712;

5. Assessing a civil penalty of Fifty Thousand Dollars (\$50,000.00) against the Respondents for each violation of the Act and pertinent regulations, and an additional civil penalty of Ten Thousand Dollars (\$10,000.00) for each day of violation;

6. Ordering the Respondents to pay all costs, pursuant to Section 42(f) of the Act, including attorney, expert witness, and consultant fees expended by the State in its pursuit of this action; and

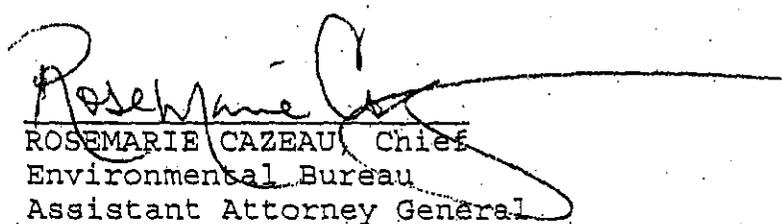
7. Granting such other relief as the Board deems appropriate and just.

PEOPLE OF THE STATE OF ILLINOIS,

LISA MADIGAN
Attorney General of the
State of Illinois

MATTHEW J. DUNN, Chief
Environmental Enforcement/Asbestos
Litigation Division

BY:


ROSEMARIE CAZEAU, Chief
Environmental Bureau
Assistant Attorney General

OF COUNSEL

CHRISTOPHER GRANT

Assistant Attorney General

Environmental Bureau

188 W. Randolph St. 20th Floor

Chicago, Illinois 60601

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BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

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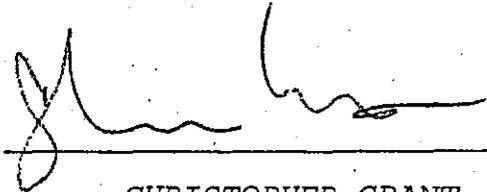
PCB No.
(Enforcement)

CERTIFICATE OF SERVICE

I, CHRISTOPHER GRANT, an attorney, do certify that I caused to be served this 16th day of April, 2003, the foregoing Complaint and Notice of Filing upon the persons listed below by certified mail, and addressed to:

FOR COMMUNITY LANDFILL COMPANY, INC.
Mr. Mark La Rose, Registered Agent
734 N. Wells Street
Chicago, Illinois 60610

FOR CITY OF MORRIS
The Honorable Richard Kopczick, Mayor
320 Wauponsee Street
Morris, Illinois 60450



CHRISTOPHER GRANT

Exhibit B

assurance for closure/post-closure activities at the Morris Community Landfill, Morris, Grundy County Illinois ("Landfill"). Financial assurance is required by 35 Ill. Adm. Code, Part 811, Subpart G.

2. Upon application by the Respondents, on August 4, 2000 Illinois EPA issued two significant modification permits to the Respondents, 2000-155-LFM for Parcel A [Exhibit A], and 2000-156-LFM for Parcel B [Exhibit B]. The Respondents subsequently obtained various modifications to the Permits. Both Permits (and modifications thereto) were issued to Respondent City of Morris ("Morris"), as owner, and Respondent Community Landfill Company ("CLC"), as operator. Pursuant to these permits, and the provisions of the Board's landfill regulations, the Respondents were to provide a total of \$17,427,366.00 in compliant financial assurance, beginning in 2000. See Exhibit A, p. 45, par. 6, Exhibit B, p. 33, par. 6.

3. Section 21.1 of the Act requires "persons" conducting waste disposal operations pursuant to an Illinois EPA-issued permit to post "...a performance bond or other security for the purpose of insuring closure of the site and post closure care in accordance with this Act and regulations adopted thereunder...." 415 ILCS 5/21.1 (2002).

4. Closure/post closure financial assurance must meet the provisions of 35 Ill. Adm. Code 811.700, as further described by

35 Ill. Adm. Code Sections 811.706, 811.710 through 811.717, and 811.719-720. These regulations, and the Act, prohibit any person from conducting waste disposal operations without adequate, compliant financial assurance, i.e. financial assurance meeting the specific requirements of these Board regulations.

5. The Respondents have failed to comply with the conditions of their permits and the pertinent regulations. Instead, in 2000, the Respondents provided Illinois EPA with three surety bonds issued by Frontier Insurance Company, an inadequate surety. Copies of these bonds are attached hereto as Exhibit C.

6. Following denial of subsequent permit applications due to inadequate financial assurance, the Respondents fully litigated the issue of whether the Frontier Bonds met regulatory requirements. In *Community Landfill Company and City of Morris v. Illinois EPA*, PCB 01-48/01-49 (Consolidated) (April 5, 2001, slip op., at 29) [Exhibit D], the Board found that the amount of financial assurance to be maintained by the Respondents was \$17,427,366.00. In *Community Landfill Company and City of Morris v. Illinois EPA*, PCB 01-170 (December 6, 2001, slip op. at 22) [Exhibit E], the Board found that the Frontier Bonds did not meet the requirements of 35 Ill. Adm. Code 811.712(b). The Board upheld the denial of the permit applications due to the Respondents' failure to provide adequate, compliant financial

assurance. On appeal, the Appellate Court affirmed the Board's finding. 331 Ill. App. 3d 1056 [Exhibit F]. The Illinois Supreme Court subsequently denied the Respondents' Petition for Leave to Appeal. 202 Ill. 2d 600 (Dec. 5, 2002).

7. As the attached Exhibits demonstrate, the Respondents have failed to provide any financial assurance meeting the requirements of the Act or their permits. However, they have continued operations, specifically waste disposal in parcel A at the Landfill, without financial assurance.

8. This Motion seeks an order finding the Respondents in violation of the pertinent regulations and the Act; ordering the Respondents to stop disposal of any material at the Site until they comply with the Act, Board regulations, and relevant Permits; ordering the Respondents to immediately provide financial assurance meeting the requirements of the Act, and relevant permits; and setting a date for hearing on the issue of Civil Penalty.

II. PRELIMINARY MATTERS

9. Complainant alleges that the Respondents have violated 35 Ill. Adm. Code Sections 811.700(f) and 811.712. Section 21(d)(2) of the Act, 415 ILCS 5/21(d)(2) (2002), provides that violation of these regulations are violations of the Act as well.

10. The pertinent sections of the Act and regulations provide:

415 ILCS 5/21(d)(2) (2002)

No person Shall:

* * *

- (d) Conduct any waste-storage, waste-treatment or waste-disposal operation:

* * *

- (2) in violation of any regulations or standards adopted by the Board under this Act....

* * *

35 Ill. Adm. Code 811.700(f)

* * *

- (f) On or after April 9, 1997, no person, other than the State of Illinois, its agencies and institutions, shall conduct any disposal operations at an MSWLF unit that requires a permit under subsection (d) of section 21.1 of the Act, unless that person complies with the financial assurance requirements of this Part.

35 Ill. Adm. Code 811.712

* * *

- (b) the surety company issuing the Bond shall be licenced to transact the business of insurance by the Department of Insurance, pursuant to the Illinois Insurance Code [215 ILCS 5], or at a minimum the insurer must be licensed to transact the business of insurance or approved to provide insurance as an excess or surplus lines insurer by the Insurance Department of one or more states, and approved by the U.S. Department of the Treasury as an acceptable surety. Section 21.1(a.5) of the Act, [415 ILCS 5/21.1(a.5)].

BOARD NOTE: The U.S. Department of the Treasury lists acceptable sureties in its Circular 570.

11. In its Answer, CLC admits that it is a "person", as defined. The City of Morris denies that it is a "person" as that term is used in the Act. However, Respondent Morris admits that it is an Illinois municipal corporation [Morris Answer, par.3]. Section 3.315 of the Act, 415 ILCS 5/3.315 (2002), defines "person" as follows:

"PERSON" is an individual, partnership, co-partnership, firm, company, limited liability company, corporation, association, joint stock company, trust, political subdivision, state agency, or any other legal entity, or their legal representative, agent or assigns.

12. As a municipal corporation, the City of Morris is a 'political subdivision', and therefore a "person". The City of Morris' denial of this allegation is frivolous.

13. Respondent CLC admits that it was issued the following permits: Significant Modification Permits No. 2000-155-LFM and 2000-156-LFM on August 4, 2000, Permit Modification No. 2 on June 29, 2001, and Permit Modification No. 3 on January 8, 2002 [CLC Answer, par. 8]. However, Respondent Morris denies that it was issued these permits [Morris Answer, par. 8]. Again, Respondent Morris' denial is frivolous. Exhibits A and B clearly indicate that the City was Permittee as 'owner'. See also: Affidavit of Brian White [Exhibit G, par. 7-8] regarding subsequent permits. Moreover, Respondent Morris vigorously litigated the denial of

its subsequent permit applications in Case No. PCB 01-170, and the Appellate Court. Respondent Morris' standing in these cases was as existing permit holder, and applicant for the (denied) modifications. There is no genuine question that Respondent Morris is Permittee under all relevant Landfill permits.

14. Section 3.285 of the Act, 415 ILCS 5/3.285 (2002), provides, as follows:

"Municipal Solid Waste Landfill Unit" or MSWLF unit" means a contiguous area of land or an excavation that receives household waste, and that is not a land application unit, surface impoundment, injection well, or any pile of noncontainerized accumulations of solid, nonflowing waste that is used for treatment or storage. A MSWLF unit may also receive other types of RCRA Subtitle D wastes, such as commercial solid waste, nonhazardous sludge, small quantity generator waste and industrial solid waste. Such a landfill may be publicly or privately owned. A MSWLF unit may be a new MSWLF unit, an existing MSWLF unit, or a lateral expansion. A sanitary landfill is subject to regulation as a MSWLF unit if it receives household waste.

15. Both Respondents admit that parcels A & B of the Morris Community Landfill are MSWLF units. Therefore the provisions of 35 Ill. Adm. Code 811.700(f) apply to the entire Morris Community Landfill.

III. THE RESPONDENTS HAVE CONDUCTED A WASTE DISPOSAL OPERATION

a. Activities of Both Respondents

16. Although the term 'waste disposal operation' is not defined in the Act, the facts show that both Respondents are 'conducting a waste disposal operation' at the Landfill, giving

that term its common meaning. First, both Respondents were issued permits for solid waste disposal at the landfill. This fact alone, as a matter of law, demonstrates that both Respondents were conducting a waste disposal operation. In addition, as shown by Exhibit H, the Respondents submitted reports acknowledging the receipt of solid waste at the Landfill. These reports were signed, under oath, by the Mayor of the City of Morris and the President of CLC, and indicate dumping activity during the years 2000, 2001, and 2002. Although the Respondents have failed to submit these reports for subsequent years [See: Affidavit of Ellen Robinson, Exhibit H, par. 7], as shown by the Affidavit of Mark Retzlaff [Exhibit I, par. 11], waste disposal at the Landfill has continued, in parcel A, through at least May 18, 2005.

b. Activities of Respondent Community Landfill Company

17. Respondent CLC admits that it is the operator, and that it manages day-to-day operations at the Landfill [CLC Answer, par. 5]. It also admits that it was issued Significant Modification Permits No. 2000-155-LFM, 2000-156-LFM, and modifications issued on June 29, 2001 and January 8, 2002 [CLC Answer, par. 8]. As shown by the Affidavit of Mark Retzlaff [Exhibit I], CLC employee James Pelnarsh Sr. continues to manage operations at the Site. In October, 2004, Retzlaff noted dumping of general debris, and reviewed records of substantial dumping of

petroleum-contaminated soil. Exhibit I, par. 7-9. On May 19, 2005, James Pelnarsh Sr. admitted to additional dumping the previous day. Exhibit I, par. 11

c. **Activities of Respondent City of Morris**

18. Not only did the City apply for the relevant permits, it provided, as principal, a Frontier Insurance Company surety bond in the sum of \$10,081,630.00 [Exhibit C]. Also, the City of Morris was a Petitioner in the two Landfill Permit appeals, and was co-appellant in the appeal of the Boards' finding in PCB 01-170.

19. Respondent Morris has also profited from continued disposal at the Site. As shown by excerpts from the deposition transcript of the City's representative deponent, Mr. John Enger [Exhibit J], the City receives a royalty for waste dumped at the Landfill, free or reduced dumping fees, and (formerly) royalties from operation of a landfill gas-to-energy plant. Exhibit J, at p. 21-22.

20. The City of Morris' active involvement in permitting for solid waste disposal, bonding the landfill, and collecting royalties for waste dumping, shows that it was, along with CLC, 'conducting a waste disposal operation'.

IV. COMPLAINANT IS ENTITLED TO SUMMARY JUDGMENT

21. Section 101.516 of the Board Procedural Rules, 35 Ill. Adm. Code 101.516, provides, in pertinent part, as follows:

b) If the record, including pleadings, depositions and admissions on file, together with any affidavits, show that there is no genuine issue of material fact, and the moving party is entitled to judgment as a matter of law, the Board will enter summary judgment.

22. The affidavits, depositions, prior Board and court rulings, and the pleadings in this matter clearly indicate that the Respondents have failed to provide the required financial assurance for the Morris Community Landfill, in violation of the Board's financial assurance regulations, and the relevant landfill permits.

a. The Respondents have violated 35 Ill. Adm. Code 811.712

23. Section 811.712 of the Board regulations requires that Performance Bonds used as financial assurance be listed in the U.S. Department of the Treasury 'Circular 570'.

24. The Respondents noncompliance with 811.712 has previously been decided. In PCB 01-170, the Board found that the Frontier Bonds submitted by Respondents did not meet the requirement of this Section. Exhibit E, at 14. The Appellate Court, Third District upheld the Board's determination. Exhibit F, at 4.

25. The principal of Collateral Estoppel should be applied in our case. Collateral Estoppel applies where:

- 1) the issue decided in the prior adjudication is identical with the one presented in the instant matter;
- 2) there was a final judgement on the merits in the prior adjudication; and

- 3) The party against whom estoppel is asserted was a party or a party in privity with a party to the prior adjudication.

People v. Community Landfill Co. et al., PCB 03-191, slip op at 4-5 (October 16, 2003), (citing *ESG Watts, Inc. v. IEPA*, PCB 96-191 and 97-210, slip op. at 2-3 (July 23, 1998))

26. The issue of whether the Frontier Bonds were compliant, decided by the Board in PCB 01-170, is identical to that in our case-the Bonds are the same. This issue has already reached a final adjudication, and was reviewed on appeal. The Respondents were Petitioners in PCB 01-170, and fully litigated the issue.

27. Although courts closely scrutinize the application of 'offensive collateral estoppel', its use is appropriate in this case. Courts do not favor offensive collateral estoppel where:

- 1) it may encourage potential plaintiffs to 'wait and see' rather than joining in earlier litigation; and/or
- 2) where the prior litigation was comparatively minor, and a Defendant did not have incentive to fully litigate an issue.

American Family Mutual Insurance Co. v. Savickas, 193 Ill. 2d 378, 390 (2000).

28. However, neither of these factors is present in this case. First, the prior litigation involved the same parties. The State could not 'wait and see' for a favorable result: Respondents' permit appeal [in PCB 01-170] was thrust upon it. Also, the Respondents, seeking to operate new sections of the landfill, had the incentive to vigorously litigate the legitimacy

of their own bonds. In fact the Respondents appealed to Board's ruling to Appellate Court, and sought leave to appeal to the Illinois Supreme Court. There is no unfairness to the Respondents from applying offensive collateral estoppel, and its use is reasonable-there is no reason to further litigate the 'legitimacy' of the Frontier Bonds.

29. Moreover, as shown by the Affidavit of Brian White [Exhibit G, par. 11], Frontier Insurance Company is not listed on Circular 570. Therefore, as a matter of law, the Performance Bonds provided do not comply with either Section 811.712 or the Respondents' permits.

30. By providing noncompliant performance bonds as financial assurance for closure/post closure of the Landfill, the Respondents have violated 35 Ill. Adm. Code 811.712. There is no genuine question of material fact, and the Board should find that Plaintiff is entitled to judgment on this issue as a matter of law.

b. The Respondents Violated, and Continue to Violate, 35 Ill. Adm. Code 811.700(f) by Failing to Provide Adequate Financial Assurance

31. Section 811.700(f) of the Board regulations, 35 Ill. Adm. Code 811.700(f), prohibits disposal operations at Municipal Solid Waste Landfills without compliant financial assurance.

32. The Board and the appellate court have previously determined that the Frontier Bonds did not meet the requirements

of 35 Ill. Adm. Code 811.712(b); the Board does not need to revisit this issue. However, the Respondents also have failed to substitute or provide any adequate financial assurance, even though they have known since no later than December 5, 2002 (when the Illinois Supreme Court denied Respondents' Petition), that the Frontier Bonds did not satisfy their financial assurance obligations.

33. 35 Ill. Adm. Code 811.706 lists ten alternative mechanisms for providing acceptable financial assurance, including, *inter alia*, compliant performance bonds, payment bonds, insurance policies, and local government guarantees. As shown by the Affidavit of Brian White, neither Respondent has arranged for or submitted closure/post closure financial assurance conforming with any of these ten mechanisms [Exhibit G, par. 12]. The Respondents do not now have any adequate, compliant financial assurance for closure/post closure of parcels A & B of the Landfill. This fact is indisputable.

34. In addition, the Respondents have also failed to provide annual updates of closure/post-closure costs, or even to annually adjust estimates for inflation as required by 35 Ill. Adm. Code 811.701(c) [Exhibit G, par. 14-15], and their Permits.

35. By conducting waste disposal operations at the Landfill after August 4, 2000, without providing financial assurance according to the requirements of 35 Ill. Adm. Code Sections

811.700 and 811.706, the Respondents have violated 35 Ill. Adm. Code 811.700(f). There is no genuine issue of material fact, and Complainant is entitled to judgment as a matter of law.

c. **Violation of 415 ILCS 5/21 (d)(2).**

36. Section 21(d)(2) of the Act provides that "no person shall...conduct any waste-storage, waste-treatment, or waste-disposal operations...in violation of the Board's regulations and standards...." As shown above, the Respondents have conducted, and continue to conduct waste disposal operations at the Landfill, while violating 35 Ill. Adm. Code 811.712 and 811.700(f). The Respondents have thereby also violated Section 21(d)(2) of the Act, 415 ILCS 5/21(d)(2) (2002). There is no genuine issue of material fact and Complainant is entitled to judgment as a matter of law.

d. **The Respondents' Violations were Wilful, Knowing, and Repeated**

37. The Respondents have violated the financial assurance regulations, and their Permits, since at least August 4, 2000. Since no later than December 5, 2002, when the Illinois Supreme Court denied their Petition for Leave to Appeal, the Respondents have been fully aware that the Frontier Insurance Company bonds were noncompliant, and thus insufficient. Yet the Respondents have failed to provide any other compliant financial assurance for closure/post-closure of the landfill to the date of filing this Motion for Summary Judgment, even though, as shown by the

Landfill Capacity Reports [Exhibit H], and the Affidavit of Mark Retzlaff [Exhibit I], they have continued waste disposal operations. The Respondents' failure to provide compliant financial assurance, while continuing waste disposal operations, constitutes wilful, knowing, and repeated violations of the Act and pertinent regulations.

V. REQUESTED RELIEF

38. Although there should be no doubt regarding the Respondents' violations of the financial assurance regulations, discovery in this case continues on issues related to civil penalty, specifically the economic benefit accruing to the Respondents from these violations. Complainant believes that a hearing on the sole issue of civil penalty will be necessary once discovery closes on September 25, 2005. However there is no reason to delay the Board's decision on the Respondents' liability, or to delay interim relief in the form of an Order stopping additional dumping and requiring the Respondents to immediately comply with the closure/post-closure financial assurance regulations. Therefore, Complainant respectfully requests that the Board order interim relief in the form of the following:

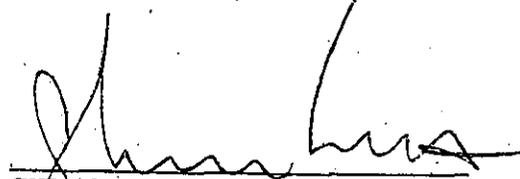
1. A finding that the Respondents have violated 415 ILCS 5/21(d)(2) (2002), and 35 Ill. Adm. Code Sections 811.700(f) and 811.712;

2. A finding that the Respondents' violations were wilful, knowing, and/or repeated;
3. Ordering the Respondents to cease and desist from transporting and depositing any additional material at the Landfill until they are in full compliance with their Permits, and the Board's financial assurance regulations;
4. Requiring the Respondents to immediately provide financial assurance as required by the Act, Part 811, Subpart G of the Board solid waste regulations, and the Respondents' permits;
5. Requiring the Respondents to update the closure/postclosure costs in accordance with Permits No. 2000-155-LFM, 2000-156-LFM and modifications thereto;
6. Ordering the Respondents to initiate closure of parcels A & B of the Landfill; and
7. Setting a date for hearing on the issue of civil penalty.

WHEREFORE, Complainant, PEOPLE OF THE STATE OF ILLINOIS, respectfully requests that the Board grant its Motion for Summary Judgment against the Respondents, COMMUNITY LANDFILL COMPANY and the CITY OF MORRIS, award the relief requested herein, set a date for hearing on the issue of civil penalty, and take such other action as the Board believes to be appropriate and just.

Respectfully Submitted,

BY:



CHRISTOPHER GRANT
MITCHELL COHEN
Assistant Attorneys General
Environmental Bureau
188 W. Randolph St., 20th Flr.
Chicago, Illinois 60601
(312) 814-5388
(312) 814-5282

Exhibit C

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

PEOPLE OF THE STATE OF ILLINOIS,)	
)	
Complainant,)	
)	
vs.)	PCB No. 03-191
)	(Enforcement)
COMMUNITY LANDFILL COMPANY,)	
INC., an Illinois corporation, and)	
the CITY OF MORRIS, an Illinois)	
municipal corporation,)	
)	
Respondents.)	

RESPONDENT COMMUNITY LANDFILL COMPANY INC.'S MOTION TO STRIKE PORTIONS OF COMPLAINANT'S MOTION FOR SUMMARY JUDGMENT

Respondents Community Landfill Company, Inc., ("CLC" or "Respondent") by and through its attorneys LaRose & Bosco, Ltd., and pursuant to 35 Ill. Adm. Code 101.500 and 735 ILCS 5/2-615, hereby moves the Illinois Pollution Control Board ("Board") to strike portions of Complainant's Motion for Summary Judgment and in support thereof, states as follows:

FACTS

1. On April 16, 2003, the Complainant filed its Complaint alleging that CLC violated Section 21(d)(2) of the Act, 415 ILCS 5/21(d)(2) (2002) and 35 Ill. Adm. Code Sections 811.700(f) and 811.712. (See Exhibit A, Complaint).
2. This one-count Complaint alleged that that CLC had not obtained the proper financial assurance as required by the Act. (Ex. A).
3. This Complaint asked the Board to conduct a hearing, find CLC in violation, order CLC to obtain financial assurance and assess a civil penalty. (Ex. A).



4. On July 21, 2005, the Complainant filed its Motion for Summary Judgment on the allegations set forth in its Complaint. (See Exhibit B, Motion for Summary Judgment, without exhibits).

5. In addition to requesting summary judgment on the initial allegations, Complainant alleges for the first time in any pleading in this matter that CLC has continued disposal operations at the Landfill. (See. Ex. B, page 4, Para. 7; page 8, para. 17). The Complainant includes an affidavit from Mark Retzlaff.

6. In addition to this allegation, the Complainant also asks the Board to order CLC to “cease and desist from transporting and depositing any additional material at the Landfill.” (See Ex. B, page 16, para. 38(3)). Like the additional allegations referenced in the above paragraph, this additional request for relief is above and beyond the initial relief sought in the Complaint.

7. For the reasons stated in the Argument section of this Motion, CLC asks that this Board strike the portions within the Complainant’s Motion for Summary Judgment that contain new allegations and separate relief above and beyond those set forth in its initial Complaint.

ARGUMENT

In its Motion for Summary Judgment, Complainant launches a specific allegation of dumping against CLC. This off-handed allegation marks the first such notice to CLC of any further violations of the Act. The procedural rules require the Complainant to seek permission from the Board before alleging new facts and allegations. See People of the State of Illinois v. Petco Petroleum Corp., 2005 WL 1255250, page 3 (2005). In any Motion to Amend a complaint, the Complainant must also provide just and reasonable cause for the amendments. Id. By

circumventing the Board's own procedural rules, the Complainant has denied CLC's right to notice and an opportunity to be heard on these new allegations.

Similarly, in its Motion for Summary Judgment, Complainant also asks for relief not initially sought in its complaint. First, it asks for "interim relief in the form of an Order stopping additional dumping." Exhibit B, page 15, para. 38. Second, the Motion asks the Board to order the CLC to "cease and desist from transporting and depositing any additional material at the Landfill." Id., page 16, para. 38(3). By requesting such relief, Complainant is asking for relief above and beyond what was initially plead in their complaint, which contained allegations of failure to provide financial assurance. According to the procedural rules, the party filing the Motion for Summary Judgment "may move the Board for summary judgment for all or any part of the relief sought." 35 IL ADC 101.516(a). This additional requested relief is plainly different than the relief initially plead.

Second, while the Board does have the power to issue a cease and desist order, it may only do so upon issuing a final order. 415 ILCS 5/33(a) and (b). The Board may only issue such final orders "after due consideration of the written and oral statements, the testimony and arguments that shall be submitted at the hearing." Id. To date, the Board has not had an opportunity to make such considerations, making any cease and desist order premature.

WHEREFORE, for the reasons stated above, Respondents ask the Board to strike the portions within the Complainant's Motion for Summary Judgment that contain new allegations and separate relief above and beyond those set forth in its initial Complaint.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Clarissa C. Grayson". The signature is written in a cursive style with a large initial "C".

Attorney for Community Landfill Company

Mark A. LaRose
Clarissa C. Grayson
LAROSE & BOSCO, LTD.
Attorney No. 37346
200 N. LaSalle Street, Suite 2810
Chicago Illinois 60601
(312) 642-4414
Fax (312) 642-0434

Exhibit D



2636 Elm Hill Pike, Suite 500
Nashville, Tennessee 37214

BOND RIDER

To be attached to and form a part of Community Landfill Corporation

Bond No. 158466 Dated May 31st of 2000

_____, as Principal, and
FRONTIER INSURANCE COMPANY, as Surety, in favor of Illinois Environmental Protection Agency
_____, as Obligee.

It is understood and agreed that the Bond is changed or revised in the particulars as indicated below:

The bond amount is hereby increased from: \$5,177,016.00
to: \$5,906,016.00

AND

The expiration date of the bond is hereby amended from: 5-31-01
to: 5-31-05

Said Bond shall be subject to all its terms, conditions, and limitations, except as herein expressly modified.

This Bond Rider shall become effective: July 13, 2000

IN WITNESS WHEREOF, FRONTIER INSURANCE COMPANY has caused its corporate seal to be hereunto
affixed this: July 13, 2000

FRONTIER INSURANCE COMPANY



Christine Cahill (Seal)
Christine Cahill, Attorney-in-Fact



2636 Elm Hill Pike, Suite 500
Nashville, Tennessee 37214

BOND RIDER

To be attached to and form a part of Community Landfill Corporation

Bond No. 158466 Dated May 31st of 2000

_____ as Principal, and

FRONTIER INSURANCE COMPANY, as Surety, in favor of Illinois Environmental Protection Agency

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to: \$5,906,016.00

AND

The expiration date of the bond is hereby amended from: 5-31-01
to: 5-31-05

Said Bond shall be subject to all its terms, conditions, and limitations, except as herein expressly modified.

This Bond Rider shall become effective: July 13, 2000

IN WITNESS WHEREOF, **FRONTIER INSURANCE COMPANY** has caused its corporate seal to be hereunto
affixed this: July 13, 2000

FRONTIER INSURANCE COMPANY

Christine Cahill

(Seal)

Christine Cahill, Attorney-in-Fact

PERFORMANCE BOND

Date bond executed: May 31, 2000

Effective date: May 31, 2000

Principal: Community Landfill Corporation
13903 South Ashland Ave., Riverdale, Illinois 60822

Type of organization: Corporation

State of incorporation: Illinois

Surety: Frontier Insurance Company

Sites:

EPA Site Number: _____

Name: _____

Address: _____

City: _____

Amount guaranteed by this bond: \$ _____

EPA Site Number: 0630600001 - Grundy County

Name: Maris Community Landfill Co. (Corp. Office)

Address: 13903 S. Ashland Ave.

City: Riverdale, Illinois 60822

Amount guaranteed by this bond: \$ 5,177,016.00

Please attach a separate page if more space is needed for all sites.

Total penal sum of bond: \$ 5,177,016.00

Surety's bond number: 158466

The Principal and the Surety promise to pay the Illinois Environmental Protection Agency ("IEPA") the above penal sum unless the Principal or Surety provides closure and postclosure care or corrective action for each site in accordance with the closure and postclosure care or corrective action plans for that site. To the payment of this obligation the Principal and Surety jointly and severally bind themselves, their heirs, executors, administrators, successors and assigns.

Whereas the Principal is required, under Section 11(d) of the Environmental Protection Act (Ill. Rev. Stat. 1991, ch. 111 1/2, par. 102(d) 1-15 ILCS 5/2 (d)) to have a permit to conduct a waste disposal operation;

Whereas the Principal is required, under Section 21.1 of the Environmental Protection Act, to provide financial assurance for closure and postclosure care or corrective action; and

Whereas the Surety is licensed by the Illinois Department of Insurance;

Whereas the Principal and Surety agree that this bond shall be governed by the laws of the State of Illinois;

FRONTIER INSURANCE COMPANY

195 Lake Louise Marie Road
Rock Hill, New York 12775-8000

Financial Statement as of December 31, 1999

I certify that the below listed officers were duly elected by the Board of Directors of Frontier Insurance Company and continue to hold the office as specified in the statement.

OFFICERS

Harry W. Rhulen.....	President	Gerald C. Steimers.....	Vice President
David E. Campbell.....	Senior Vice President & Assistant Secretary	Richard M. Marshall.....	Vice President
Jonathan M. Farrow.....	Senior Vice President	Joel P. Gelb.....	Vice President
Joseph P. Loughlin.....	Vice President & Secretary	Joanne E. Jenkins.....	Vice President
Mark H. Mishler.....	Vice President Finance & Treasurer	Kent B. Lombardi.....	Vice President
Thomas J. Deitz.....	Vice President	Edward A. Schirick.....	Vice President
Gerard Hartwick.....	Vice President	Bruce L. Maas.....	Vice President
Richard F. Seyfarth.....	Vice President & Chief Investment Officer	Donna M. Braunstein.....	Vice President
Mark S. Allaben.....	Vice President & Chief Actuary	Dennis Gilbert.....	Vice President
Jeffrey C. Gordon.....	Vice President & Controller	Steven Zeitman.....	Vice President
Robert Hradil.....	Vice President	Lonette Pearson.....	Vice President
Leon Gottlieb.....	Vice President		

I further certify that the following Financial Statement of the Company is true, as taken from the books of the Company as of December 31, 1999.

ASSETS		LIABILITIES	
Bonds.....	\$605,782,257	Losses.....	\$411,529,194
Preferred stocks.....	51,484,835	Loss adjustment expenses.....	185,988,134
Common stocks.....	116,050,447	Taxes, licenses and fees.....	7,871,987
Real Estate.....	36,017,770	Unearned premiums.....	177,368,841
Cash and short-term investments.....	51,174,695	Reinsurance payable on paid loss and loss adjustment expenses.....	1,218,794
Premiums and agents' balances in course of collection.....	56,165,358	Payable to parent, subsidiaries and Affiliates.....	-
Other invested assets.....	42,966,965	Excess required statutory reserves.....	-
Assets held by reinsurers.....	0	Funds held by company under Reinsurance Treaties.....	107,994,934
Insurance recoverable on loss payments.....	22,508,125	Other liabilities.....	70,625,031
Accrued investment income.....	8,527,833	TOTAL LIABILITIES.....	962,596,921
Receivable from parent, subsidiaries and affiliates.....	11,591,360	Common stock.....	5,000,000
Federal Income Tax recoverable.....	2,944,262	Paid-in and contributed surplus.....	290,974,594
Other assets.....	156,958,927	Unassigned funds (surplus).....	96,398,678
TOTAL ASSETS.....	\$1,162,172,834	Total policyholder's surplus.....	\$199,575,914
		TOTAL LIABILITIES AND POLICYHOLDER'S SURPLUS.....	\$1,162,172,834

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of the Company this 19th day of April, 2000.

CORPORATE SEAL



Harry W. Rhulen
HARRY W. RHULEN, President

STATE OF NEW YORK
COUNTY OF SULLIVAN

On this 19th day of April 2000, before the subscriber, a Notary Public of the State of New York in and for the County of Sullivan, duly commissioned and qualified, came HARRY W. RHULEN of FRONTIER INSURANCE COMPANY to me personally known to be the individual and officer described herein, and who executed the preceding instrument and acknowledged the execution of the same, and being duly sworn, deposed and said, that he is the officer of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of the Company, and the Corporate Seal and signature as an officer were duly affixed and subscribed to the said instrument by the authority and direction of the Corporation, and that the resolution of the Company, referred to in the preceding instrument, is now in force; and that said Corporation has received from the Superintendent of Insurance of the State of New York, a certificate of Solvency and of its sufficiency as surety or guarantor under Section 1111 of the Insurance Law of the State of New York.

IN TESTIMONY WHEREOF, I have hereunto set my hand, and affixed my official seal at Rock Hill, New York, the day and year above written.

NOTARIAL SEAL



Lucia A. Lanese
LUCIA A. LANESE
Notary Public, State of New York
Sullivan County Clerk's #2398
Commission Expires July 8, 2000

POWER OF ATTORNEY

Know All Men By These Presents: That FRONTIER INSURANCE COMPANY, a New York Corporation, having its principal office in Rock Hill, New York, pursuant to the following resolution, adopted by the Board of Directors of the Corporation on the 4th day of November, 1985:

"RESOLVED, that the Chairman of the Board, the President, or any Vice President be, and hereby is, authorized to appoint Attorneys-in-Fact to represent and act for and on behalf of the Company to execute bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, and to attach thereto the corporate seal of the Company; in the transaction of its surety business;

"RESOLVED, that the signatures and attestations of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any Certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company when so affixed with respect to any bond, undertaking, recognizance or other contract of indemnity or writing obligatory in the nature thereof;

"RESOLVED, that any such Attorney-in-Fact delivering a secretarial certification that the foregoing resolutions still be in effect may insert in such certification the date thereof, said date to be not later than the date of delivery thereof by such Attorney-in-Fact."

This Power of Attorney is signed and sealed in facsimile under and by the authority of the above Resolution.

DOES HEREBY MAKE, CONSTITUTE AND APPOINT: **David E. Campbell Christine Cahill Gregory E. Sattow
Lyrne K. Hupka**

of **Nashville** in the State of **Tennessee**

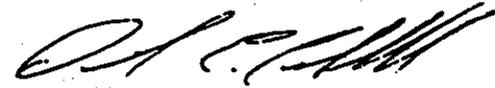
its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred in its name, place and stead to sign, execute, acknowledge and deliver in its behalf, and as its act and deed, without power of redelegation, as follows:

Bonds guaranteeing the fidelity of persons holding places of public or private trust; guaranteeing the performance of contracts other than insurance policies; and executing or guaranteeing bonds and undertakings required or permitted in all actions or proceedings or by law allowed; IN AN AMOUNT NOT TO EXCEED FIVE MILLION (\$5,000,000.00) DOLLARS; and to bind FRONTIER INSURANCE COMPANY thereby as fully and to the same extent as if such bond or undertaking was signed by the duly authorized officers of FRONTIER INSURANCE COMPANY, and all the acts of said Attorney(s)-in-Fact pursuant to the authority herein given are hereby ratified and confirmed.

In Witness Whereof, FRONTIER INSURANCE COMPANY of Rock Hill, New York, has caused this Power of Attorney to be signed by its Vice President and its Corporate seal to be affixed this **15th** day of **May** 1990

FRONTIER INSURANCE COMPANY



BY: 
 DAVID E. CAMPBELL, Vice President.

State of New York
 County of Sullivan

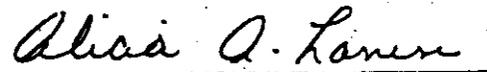
ss.:

On this **15th** day of **May**, 1990

before the subscriber, a Notary Public of the State of New York in and for the County of Sullivan, duly commissioned and qualified, came DAVID E. CAMPBELL of FRONTIER INSURANCE COMPANY to me personally known to be the individual and officer described herein, and who executed the preceding instrument, and acknowledged the execution of the same, and being by me duly sworn, deposed and said, that he is the officer of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of the Company, and the Corporate Seal and signature as an officer were duly affixed and subscribed to the said instrument by the authority and direction of the Corporation, and that the resolution of the Company, referred to in the preceding instrument, is now in force.

In Testimony Whereof, I have hereunto set my hand, and affixed my official seal at Rock Hill, New York, the day and year above written.




 ALICIA A. LANESE
 Notary Public State of New York
 Sullivan County Clerk's No. 2396
 Commission Expires July 8, 2000

CERTIFICATION

I, JOSEPH P. LOUGHLIN, Secretary of FRONTIER INSURANCE COMPANY of Rock Hill, New York, do hereby certify that the foregoing Resolution adopted by the Board of Directors of this Corporation and the Powers of Attorney issued pursuant thereto, are true and correct, and that both the Resolution and the Powers of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the facsimile seal of the corporation this **31st** day of **May** 2000




 JOSEPH P. LOUGHLIN, Secretary



2636 Elm Hill Pike, Suite 500
Nashville, Tennessee 37214
(A STOCK COMPANY)

PRINCIPAL'S ACKNOWLEDGMENT

INDIVIDUAL VERIFICATION

State of _____ County of _____
On this _____ day of _____, in the year _____, before me personally came _____ to me known, and known to me to be the person(s) who is (are) described in and who executed the foregoing instrument, and acknowledges to me that he (they) executed the same

(Signature and title of official taking acknowledgment)

PARTNERSHIP VERIFICATION

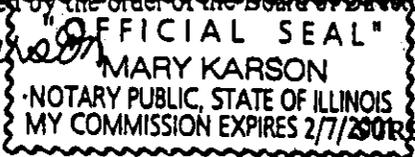
State of _____ County of _____
On this _____ day of _____, in the year _____, before me personally came _____ to me known, and known to me to be the person who is described in and who executed the foregoing instrument, and acknowledges to me that he executed the same, as and for the act and deed of the said co-partnership.

(Signature and title of official taking acknowledgment)

CORPORATE VERIFICATION

State of Illinois County of Cook
On this 31st day of May, in the year 2000, before me personally came Robert J. Pruim to me known, who, being by me duly sworn, deposes and says the he resides in the City Palos Heights that he is the President of the Community Landfill Corporation, the corporation described in and which executed the foregoing instrument, that he knows the seal of the said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by the order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

Robert J. Pruim, PRES.
(Signature and title of official taking acknowledgment)

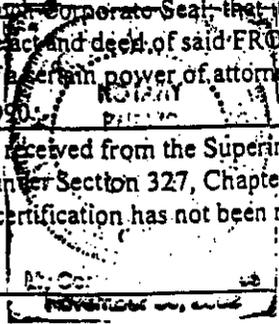


SURETY COMPANY ACKNOWLEDGMENT

State of Tennessee County of Davidson
On this 31st day of May, in the year 2000, before me personally came Christine Cahill to me known to be the individual described in and who executed the foregoing instrument and to be the Attorney-in-Fact of FRONTIER INSURANCE COMPANY, which is to me known to be the corporation described in the foregoing instrument, and which, by its said Attorney-in-Fact executed the same, and said Attorney-in-Fact duly acknowledged to me that he knows the Seal of said Corporation; that the Seal affixed to said instrument is such Corporate Seal; that it was so affixed by order of the Board of Directors of said Corporation; and that he executed the said instrument as the act and deed of said FRONTIER INSURANCE COMPANY, therein described and for the uses and purposes therein mentioned, by virtue of a certain power of attorney executed by said FRONTIER INSURANCE COMPANY dated May 15, 1990

which said power has never been revoked and is still in full force and effect; and that the said corporation has received from the Superintendent of Insurance of the State of New York a certificate of solvency and of its sufficiency as surety or guarantor under Section 327, Chapter 882 of the Laws of 1939, being Chapter 28 of the Consolidated Laws of New York for the year 1939, and that such certification has not been revoked.

Stacy E. Rich
Notary Public



The Surety shall pay the penal sum to the IEPA or provide closure and postclosure care or corrective action in accordance with the closure and postclosure care or corrective action plans for the site if, during the term of the bond, the Principal fails to provide closure and postclosure care or corrective action for any site in accordance with the closure and postclosure care or corrective action plans for that site as guaranteed by this bond. The Principal fails to so provide when the Principal:

- a) Abandons the site;
- b) Is adjudicated bankrupt;
- c) Fails to initiate closure of the site or postclosure care or corrective action when ordered to do so by the Board or a court of competent jurisdiction;
- d) Notifies the Agency that it has initiated closure, or initiates closure, but fails to close the site or provide postclosure care or corrective action in accordance with the closure and postclosure care or corrective action plans; or
- e) For corrective action, fails to implement corrective action at a municipal solid waste landfill unit in accordance with 35 Ill. Adm. Code 811.326.

The Surety shall pay the penal sum of the bond to the IEPA or notify the IEPA that it intends to provide closure and postclosure care or corrective action in accordance with the closure and postclosure care or corrective action plans for the site within 30 days after the IEPA mails notice to the Surety that the Principal has failed to provide closure and postclosure care or corrective action. Payment shall be made by check or draft payable to the State of Illinois, Landfill Closure and Postclosure Fund.

If the Surety notifies the Agency that it intends to provide closure and postclosure care or corrective action, then the Surety must initiate closure and postclosure care or corrective action within 60 days after the IEPA mailed notice to the Surety that the Principal failed to provide closure and postclosure care or corrective action. The Surety must complete closure and postclosure care or corrective action in accordance with the closure and postclosure care or corrective action plans, or pay the penal sum.

The liability of the Surety shall not be discharged by any payment or succession of payments unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond. In no event shall the obligation of the Surety exceed the amount of the penal sum.

This bond shall expire on the 31st day of May, 2001; provided, however, that if the Principal fails to provide substitute financial insurance prior to the expiration date, and the IEPA mails notice of such failure to the Surety within 30 days after such date, the term of this bond shall be automatically extended for one twelve-month period starting with the date of expiration of the bond.

The Principal may terminate this bond by sending written notice to the Surety; provided, however, that no such notice shall become effective until the Surety receives written authorization for termination of the bond from the IEPA.

In Witness Whereof, the Principal and Surety have executed this Forfeiture Bond and have affixed their seals on the date set forth above.

The persons whose signatures appear below certify that they are authorized to execute this surety bond on behalf of the Principal and Surety.

PRINCIPAL Community Landfill Corporation

Signature Robert J. Prum

Typed Name Robert J. Prum

Title President

Date 5/31/00

Corporate seal

CORPORATE SURETY

Name Frontier Insurance Company

Address 2636 Elm Hill Pike, Suite 500
Nashville, TN 37214

State of Incorporation New York

Signature Christine Cahill

Typed Name Christine Cahill

Title Attorney-In-Fact

Corporate seal

Bond premium: \$ 103,540.00

PERFORMANCE BOND

Date bond executed: May 31, 2000

Effective date: May 31, 2000

Principal: Community Landfill Corporation
13903 South Ashland Ave., Riverdale, Illinois 60822

Type of organization: Corporation

State of incorporation: Illinois

Surety: Frontier Insurance Company

Site:

EPA Site Number:

Name:

Address:

City:

Amount guaranteed by this bond: \$ _____

EPA Site Number: 0630600001 - Grundy County

Name: Morris Community Landfill Co. (Corp. Office)

Address: 13903 S. Ashland Ave.

City: Riverdale, Illinois 60827

Amount guaranteed by this bond: \$ 5,177,016.00

Please attach a separate page if more space is needed for all sites.

Total penal sum of bond: \$ 5,177,016.00

Surety's bond number: 158466

The Principal and the Surety promise to pay the Illinois Environmental Protection Agency ("IEPA") the above penal sum unless the Principal or Surety provides closure and postclosure care or corrective action for each site in accordance with the closure and postclosure care or corrective action plans for that site. To the payment of this obligation the Principal and Surety jointly and severally bind themselves, their heirs, executors, administrators, successors and assigns.

Whereas the Principal is required, under Section 21(d) of the Environmental Protection Act (Ill. Rev. Stat. 1991, ch. 111 1/2, par. 1021(d) 1415 ILCS 5/21(d)) to have a permit to conduct a waste disposal operation;

Whereas the Principal is required, under Section 21.1 of the Environmental Protection Act, to provide financial assurance for closure and postclosure care or corrective action; and

Whereas the Surety is licensed by the Illinois Department of Insurance;

Whereas the Principal and Surety agree that this bond shall be governed by the laws of the State of Illinois;

6

POWER OF ATTORNEY

Know All Men By These Presents: That FRONTIER INSURANCE COMPANY, a New York Corporation, having its principal office in Rock Hill, New York, pursuant to the following resolution, adopted by the Board of Directors of the Corporation on the 4th day of November, 1985:

"RESOLVED, that the Chairman of the Board, the President, or any Vice President be, and hereby is, authorized to appoint Attorneys-in-Fact to represent and act for and on behalf of the Company to execute bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, and to attach thereto the corporate seal of the Company, in the transaction of its surety business;

"RESOLVED, that the signatures and attestations of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company when so affixed with respect to any bond, undertaking, recognizance or other contract of indemnity or writing obligatory in the nature thereof;

"RESOLVED, that any such Attorney-in-Fact delivering a secretarial certification that the foregoing resolutions still be in effect may insert in such certification the date thereof, said date to be not later than the date of delivery thereof by such Attorney-in-Fact."

This Power of Attorney is signed and sealed in facsimile under and by the authority of the above Resolution.

DOES HEREBY MAKE, CONSTITUTE AND APPOINT: **David E. Campbell, Gregory E. Semrow, Christine Cahill**

of **Nashville**, in the State of **Tennessee**, its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred in its name, place and stead to sign, execute, acknowledge and deliver in its behalf, and as its act and deed, without power of redelegation, as follows:

Bonds guaranteeing the fidelity of persons holding places of public or private trust; guaranteeing the performance of contracts other than insurance policies; and executing or guaranteeing bonds and undertakings required or permitted in all actions or proceedings or by law allowed; IN AN AMOUNT NOT TO EXCEED FIVE MILLION (\$5,000,000.00) DOLLARS; and to bind FRONTIER INSURANCE COMPANY thereby as fully and to the same extent as if such bond or undertaking was signed by the duly authorized officers of FRONTIER INSURANCE COMPANY, and all the acts of said Attorney(s)-in-Fact pursuant to the authority herein given are hereby ratified and confirmed.

In Witness Whereof, FRONTIER INSURANCE COMPANY of Rock Hill, New York, has caused this Power of Attorney to be signed by its Vice President and its Corporate seal to be affixed this **15th** day of **May**, 1990.

FRONTIER INSURANCE COMPANY



BY: *David E. Campbell*
DAVID E. CAMPBELL, Vice President

State of New York
 County of Sullivan

ss.:

On this **15th** day of **May**, 1990, before the subscriber, a Notary Public of the State of New York in and for the County of Sullivan, duly commissioned and qualified, came **DAVID E. CAMPBELL** of FRONTIER INSURANCE COMPANY to me personally known to be the individual and officer described herein, and who executed the preceding instrument, and acknowledged the execution of the same, and being by me duly sworn, deposed and said, that he is the officer of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of the Company, and the Corporate Seal and signature as an officer were duly affixed and subscribed to the said instrument by the authority and direction of the Corporation, and that the resolution of the Corporation, referred to in the preceding instrument, is now in force.

In Testimony Whereof, I have hereunto set my hand, and affixed my official seal at Rock Hill, New York, the day and year above written.



Alicia A. Lanese
ALICIA A. LANESE
 Notary Public State of New York
 Sullivan County Clerk's No. 2396
 Commission Expires July 8, 2000

CERTIFICATION

I, **JOSEPH P. LOUGHLIN**, Secretary of FRONTIER INSURANCE COMPANY of Rock Hill, New York, do hereby certify that the foregoing Resolution adopted by the Board of Directors of this Corporation and the Powers of Attorney issued pursuant thereto, are true and correct, and that both the Resolution and the Powers of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the facsimile seal of the corporation this **13th** day of **July**, 2000.



Joseph P. Loughlin
JOSEPH P. LOUGHLIN, Secretary



2636 Elm Hill Pike, Suite 500
Nashville, Tennessee 37214

BOND RIDER

To be attached to and form a part of City of Morris

Bond No. 158465 Dated May 31st of 2000

_____, as Principal, and
FRONTIER INSURANCE COMPANY, as Surety, in favor of Illinois Environmental Protection Agency

_____, as Obligor.

It is understood and agreed that the Bond is changed or revised in the particulars as indicated below:

The expiration date of the bond is hereby amended from: 5-31-01
to: 5-31-05

Said Bond shall be subject to all its terms, conditions, and limitations, except as herein expressly modified.

This Bond Rider shall become effective: July 13, 2000

IN WITNESS WHEREOF, **FRONTIER INSURANCE COMPANY** has caused its corporate seal to be hereunto
affixed this: July 13, 2000

FRONTIER INSURANCE COMPANY

Christine Cahill (Seal)
Christine Cahill, Attorney-in-Fact

FRONTIER INSURANCE COMPANY

195 Lake Louise Marie Road
Rock Hill, New York 12775-8000

Financial Statement as of December 31, 1999

I certify that the below listed officers were duly elected by the Board of Directors of Frontier Insurance Company and continue to hold the office set opposite their names.

OFFICERS

Harry W. Rhulen.....	President	Gerald C. Steimers.....	Vice President
David E. Campbell.....	Senior Vice President & Assistant Secretary	Richard M. Marshall.....	Vice President
Jonathan M. Farrow.....	Senior Vice President	Joel P. Gelb.....	Vice President
Joseph P. Loughlin.....	Vice President & Secretary	Joanne E. Jenkins.....	Vice President
Mark H. Mishler.....	Vice President Finance & Treasurer	Kent B. Lombardi.....	Vice President
Thomas J. Deitz.....	Vice President	Edward A. Schirick.....	Vice President
Gerard Hartwick.....	Vice President	Bruce L. Maas.....	Vice President
Richard F. Seyfarth.....	Vice President & Chief Investment Officer	Donna M. Braunstein.....	Vice President
Mark S. Allaben.....	Vice President & Chief Actuary	Dennis Gilbert.....	Vice President
Jeffrey C. Gordon.....	Vice President & Controller	Steven Zeitman.....	Vice President
Robert Hradil.....	Vice President	Lonette Pearson.....	Vice President
Leon Gottlieb.....	Vice President		

I further certify that the following Financial Statement of the Company is true, as taken from the books of the Company as of December 31, 1999.

ASSETS

LIABILITIES

Bonds.....	\$605,782,257
Preferred stocks.....	51,484,835
Common stocks.....	116,050,447
Real Estate.....	36,017,770
Cash and short-term investments.....	51,174,695
Premiums and agents' balances in course of collection.....	56,165,358
Other invested assets.....	42,966,965
Funds held by reinsurers.....	0
Reinsurance recoverable on loss payments.....	22,508,125
Accrued investment income.....	8,527,833
Receivable from parent, subsidiaries and affiliates.....	11,591,360
Federal Income Tax recoverable.....	2,944,262
Other assets.....	156,958,927
TOTAL ASSETS.....	\$1,162,172,834

Losses.....	\$411,529,150
Loss adjustment expenses.....	185,933,113
Taxes, licenses and fees.....	7,871,522
Unearned premiums.....	177,363,821
Reinsurance payable on paid loss and loss adjustment expenses.....	1,213,770
Payable to parent, subsidiaries and Affiliates.....	
Excess required statutory reserves.....	107,994,993
Funds held by company under Reinsurance Treaties.....	70,625,000
Other liabilities.....	962,000
TOTAL LIABILITIES.....	962,000
Common stock.....	5,000,000
Paid-in and contributed surplus.....	290,974,500
Unassigned funds (surplus).....	96,398,673
Total policyholder's surplus.....	\$199,373,173
TOTAL LIABILITIES AND POLICYHOLDER'S SURPLUS.....	\$1,162,172,834

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of the Company this 19th day of April, 2000.

CORPORATE SEAL



STATE OF NEW YORK
COUNTY OF SULLIVAN

Harry W. Rhulen

HARRY W. RHULEN, President

On this 19th day of April 2000, before the subscriber, a Notary Public of the State of New York in and for the County of Sullivan, duly commissioned and qualified, came HARRY W. RHULEN of FRONTIER INSURANCE COMPANY to me personally known to be the individual and officer described herein, and who executed the preceding instrument and acknowledged the execution of the same, and being duly sworn, deposed and said, that he is the officer of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of the Company, and the Corporate Seal and signature as an officer were duly affixed and subscribed to the said instrument by the authority and direction of the Corporation, and that the resolution of the Company, referred to in the preceding instrument, is now in force; and that said Corporation has received from the Superintendent of Insurance of the State of New York, a certificate of Solvency and of its sufficiency as surety or guarantor under Section 1111 of the Insurance Law of the State of New York.

IN TESTIMONY WHEREOF, I have hereunto set my hand, and affixed my official seal at Rock Hill, New York, the day and year above written.

NOTARIAL SEAL



Alicia A. Lanese

ALICIA A. LANESE
Notary Public, State of New York
Sullivan County Clerk's #2396
Commission Expires July 8, 2000

RT-FIN (4/00)



INSURANCE COMPANY
2636 Elm Hill Pike, Suite 500
Nashville, TN 37214
(A Stock Company)

POWER OF ATTORNEY

Know All Men By These Presents: That FRONTIER INSURANCE COMPANY, a New York Corporation, having its principal office in Rock Hill, New York, pursuant to the following resolution, adopted by the Board of Directors of the Corporation on the 4th day of November, 1985:

"RESOLVED, that the Chairman of the Board, the President, or any Vice President be, and hereby is, authorized to appoint Attorneys-in-Fact to represent and act for and on behalf of the Company to execute bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, and to attach thereto the corporate seal of the Company, in the transaction of its surety business;

"RESOLVED, that the signatures and attestations of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company when so affixed with respect to any bond, undertaking, recognizance or other contract of indemnity or writing obligatory in the nature thereof;

"RESOLVED, that any such Attorney-in-Fact delivering a secretarial certification that the foregoing resolutions still be in effect may insert in such certification the date thereof, said date to be not later than the date of delivery thereof by such Attorney-in-Fact."

This Power of Attorney is signed and sealed in facsimile under and by the authority of the above Resolution.

DOES HEREBY MAKE, CONSTITUTE AND APPOINT: **David E. Campbell** **Christine Cahill** **Gregory E. Sarrow**
Lynne K. Hupka

of **Nashville** in the State of **Tennessee**
its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred in its name, place and stead to sign, execute, acknowledge and deliver in its behalf, and as its act and deed, without power of redelegation, as follows:

Bonds guaranteeing the fidelity of persons holding places of public or private trust; guaranteeing the performance of contracts other than insurance policies; and executing or guaranteeing bonds and undertakings required or permitted in all actions or proceedings or by law allowed; IN AN AMOUNT NOT TO EXCEED FIVE MILLION (\$5,000,000.00) DOLLARS; and to bind FRONTIER INSURANCE COMPANY thereby as fully and to the same extent as if such bond or undertaking was signed by the duly authorized officers of FRONTIER INSURANCE COMPANY, and all the acts of said Attorney(s)-in-Fact pursuant to the authority herein given are hereby ratified and confirmed.

In Witness Whereof, FRONTIER INSURANCE COMPANY of Rock Hill, New York, has caused this Power of Attorney to be signed by its Vice President and its Corporate seal to be affixed this **15th** day of **May** 1990

FRONTIER INSURANCE COMPANY



BY:
DAVID E. CAMPBELL, Vice President

State of New York
County of Sullivan

ss:

On this **15th** day of **May** 1990, before the subscriber, a Notary Public of the State of New York in and for the County of Sullivan, duly commissioned and qualified, came **DAVID E. CAMPBELL** of FRONTIER INSURANCE COMPANY to me personally known to be the individual and officer described herein, and who executed the preceding instrument, and acknowledged the execution of the same, and being by me duly sworn, deposed and said, that he is the officer of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of the Company, and the Corporate Seal and signature as an officer were duly affixed and subscribed to the said instrument by the authority and direction of the Corporation, and that the resolution of the Company, referred to in the preceding instrument, is now in force.

In Testimony Whereof, I have hereunto set my hand, and affixed my official seal at Rock Hill, New York, the day and year above written.



ALICIA A. LANESE
Notary Public State of New York
Sullivan County Clerk's No. 2396
Commission Expires July 8, 2000

CERTIFICATION

I, **JOSEPH P. LOUGHLIN**, Secretary of FRONTIER INSURANCE COMPANY of Rock Hill, New York, do hereby certify that the foregoing Resolution adopted by the Board of Directors of this Corporation and the Powers of Attorney issued pursuant thereto, are true and correct, and that both the Resolution and the Powers of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the facsimile seal of the corporation this **31st** day of **May** 2000



JOSEPH P. LOUGHLIN, Secretary



2636 Elm Hill Pike, Suite 500
Nashville, Tennessee 37214
(A STOCK COMPANY)

PRINCIPAL'S ACKNOWLEDGMENT

INDIVIDUAL VERIFICATION

State of _____ County of _____
On this _____ day of _____, in the year _____, before me personally came _____ to me known, and known to me to be the person(s) who is (are) described in and who executed the foregoing instrument, and acknowledges to me that he (they) executed the same

(Signature and title of official taking acknowledgment)

PARTNERSHIP VERIFICATION

State of _____ County of _____
On this _____ day of _____, in the year _____, before me personally came _____ to me known, and known to me to be the person who is described in and who executed the foregoing instrument, and acknowledges to me that he executed the same, as and for the act or deed of the said co-partnership.

(Signature and title of official taking acknowledgment)

CORPORATE VERIFICATION

State of _____ County of _____
On this _____ day of _____, in the year _____, before me personally came _____ to me known, who, being by me duly sworn, deposes and says that he resides in the City _____ that he is the _____ of the _____, the corporation described in and which executed the foregoing instrument, that he knows the seal of the said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by the order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

(Signature and title of official taking acknowledgment)

SURETY COMPANY ACKNOWLEDGMENT

State of Tennessee County of Davidson
On this 31st day of May, in the year 2000, before me personally came Christine Cahill to me known to be the individual described in and who executed the foregoing instrument and to be the Attorney-in-Fact of FRONTIER INSURANCE COMPANY, which is to me known to be the corporation described in the foregoing instrument, and which, by its said Attorney-in-Fact executed the same, and said Attorney-in-Fact duly acknowledged to me that he knows the Seal of said Corporation; that the Seal affixed to said instrument is such Corporate Seal; that it was so affixed by order of the Board of Directors of said Corporation; and that he executed the said instrument as the _____ and deed of said FRONTIER INSURANCE COMPANY, therein described and for the uses and purposes therein mentioned, by virtue of certain power of attorney executed by said FRONTIER INSURANCE COMPANY dated May 15, 1990 which said power has never been revoked and is still in full force and effect; and that the said corporation has received from the Superintendent of Insurance of the State of New York a certificate of solvency and of its sufficiency as surety or guarantor under Section 327, Chapter _____ of the Laws of 1939, being Chapter 28 of the Consolidated Laws of New York for the year 1939, and that such certification has not been revoked

Stacy R. Rich
Notary Public



POWER OF ATTORNEY

Know All Men By These Presents: That FRONTIER INSURANCE COMPANY, a New York Corporation, having its principal office in Rock Hill, New York, pursuant to the following resolution, adopted by the Board of Directors of the Corporation on the 4th day of November, 1985:

"RESOLVED, that the Chairman of the Board, the President, or any Vice President be, and hereby is, authorized to appoint Attorneys-in-Fact to represent and act for and on behalf of the Company to execute bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, and to attach thereto the corporate seal of the Company, in the transaction of its surety business;

"RESOLVED, that the signatures and attestations of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company when so affixed with respect to any bond, undertaking, recognizance or other contract of indemnity or writing obligatory in the nature thereof;

"RESOLVED, that any such Attorney-in-Fact delivering a secretarial certification that the foregoing resolutions still be in effect may insert in such certification the date thereof; said date to be not later than the date of delivery thereof by such Attorney-in-Fact."

This Power of Attorney is signed and sealed in facsimile under and by the authority of the above Resolution.

DOES HEREBY MAKE, CONSTITUTE AND APPOINT: **David E. Campbell, Gregory E. Semrow, Christine Cahill**

of **Nashville** in the State of **Tennessee** its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred in its name, place and stead to sign, execute, acknowledge and deliver in its behalf, and as its act and deed, without power of redelegation, as follows:

Bonds guaranteeing the fidelity of persons holding places of public or private trust; guaranteeing the performance of contracts other than insurance policies; and executing or guaranteeing bonds and undertakings required or permitted in all actions or proceedings or by law allowed; IN AN AMOUNT NOT TO EXCEED FIVE MILLION (\$5,000,000.00) DOLLARS; and to bind FRONTIER INSURANCE COMPANY thereby as fully and to the same extent as if such bond or undertaking was signed by the duly authorized officers of FRONTIER INSURANCE COMPANY, and all the acts of said Attorney(s)-in-Fact pursuant to the authority herein given are hereby ratified and confirmed.

In Witness Whereof, FRONTIER INSURANCE COMPANY of Rock Hill, New York, has caused this Power of Attorney to be signed by its Vice President and its Corporate seal to be affixed this **15th** day of **May** 1990

FRONTIER INSURANCE COMPANY



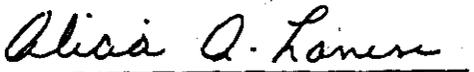
BY: 
DAVID E. CAMPBELL, Vice President

State of New York
County of Sullivan ss:

On this **15th** day of **May**, 1990, before the subscriber, a Notary Public of the State of New York in and for the County of Sullivan, duly commissioned and qualified, came **DAVID E. CAMPBELL** of FRONTIER INSURANCE COMPANY to me personally known to be the individual and officer described herein, and who executed the preceding instrument, and acknowledged the execution of the same, and being by me duly sworn, deposed and said, that he is the officer of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of the Company, and the Corporate Seal and signature as an officer were duly affixed and subscribed to the said instrument by the authority and direction of the Corporation, and that the resolution of the Company, referred to in the preceding instrument, is now in force.

In Testimony Whereof, I have hereunto set my hand, and affixed my official seal at Rock Hill, New York, the day and year above written.




ALICIA A. LANESE
Notary Public State of New York
Sullivan County Clerk's No. 2396
Commission Expires July 8, 2000

CERTIFICATION

I, **JOSEPH P. LOUGHLIN**, Secretary of FRONTIER INSURANCE COMPANY of Rock Hill, New York, do hereby certify that the foregoing Resolution adopted by the Board of Directors of this Corporation and the Powers of Attorney issued pursuant thereto, are true and correct, and that both the Resolution and the Powers of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the facsimile seal of the corporation this **13th** day of **July** 2000




JOSEPH P. LOUGHLIN, Secretary

STATE OF Illinois)

COUNTY OF DuPage)

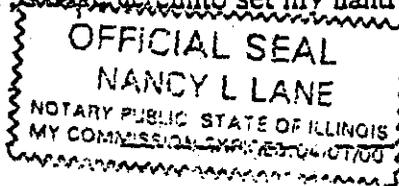
On this 31st day of August, 19 99, before me came

Mark M. Caplis who executed the preceding instrument,

to me personally known, and being by me duly sworn, said that he/she is the therein described and authorized ATTORNEY-IN-FACT of

COMPANY; that the seal affixed to said instrument is the Corporate Seal of said Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.



Nancy L. Lane
Notary Public

SEAL



2636 Elm Hill Pike, Suite 500
Nashville, Tennessee 37214

BOND RIDER

To be attached to and form a part of City of Morris

Bond No. 158465 Dated May 31st of 2000

_____, as Principal, and
FRONTIER INSURANCE COMPANY, as Surety, in favor of Illinois Environmental Protection Agency

_____, as Obligee.

It is understood and agreed that the Bond is changed or revised in the particulars as indicated below:

The expiration date of the bond is hereby amended from: **5-31-01**

to: **5-31-05**

Said Bond shall be subject to all its terms, conditions, and limitations, except as herein expressly modified.

This Bond Rider shall become effective: July 13, 2000

IN WITNESS WHEREOF, FRONTIER INSURANCE COMPANY has caused its corporate seal to be hereunto
affixed this: July 13, 2000

FRONTIER INSURANCE COMPANY

Christine Cahill (Seal)
Christine Cahill, Attorney-in-Fact

The Surety shall pay the penal sum to the IEPA or provide closure and postclosure care or corrective action in accordance with the closure and postclosure care or corrective action plans for the site if, during the term of the bond, the Principal fails to provide closure and postclosure care or corrective action for any site in accordance with the closure and postclosure care or corrective action plans for that site as guaranteed by this bond. The Principal fails to so provide when the Principal:

- n) Abandons the site;
- b) Is adjudicated bankrupt;
- c) Fails to initiate closure of the site or postclosure care or corrective action when ordered to do so by the Board or a court of competent jurisdiction;
- d) Notifies the Agency that it has initiated closure, or initiates closure, but fails to close the site or provide postclosure care or corrective action in accordance with the closure and postclosure care or corrective action plans; or
- e) For corrective action, fails to implement corrective action at a municipal solid waste landfill unit in accordance with 35 Ill. Adm. Code 811.326.

The Surety shall pay the penal sum of the bond to the IEPA or notify the IEPA that it intends to provide closure and postclosure care or corrective action in accordance with the closure and postclosure care or corrective action plans for the site within 30 days after the IEPA mails notice to the Surety that the Principal has failed to so provide closure and postclosure care or corrective action. Payment shall be made by check or draft payable to the State of Illinois, Landfill Closure and Postclosure Fund.

If the Surety notifies the Agency that it intends to provide closure and postclosure care or corrective action, then the Surety must initiate closure and postclosure care or corrective action within 60 days after the IEPA mailed notice to the Surety that the Principal failed to provide closure and postclosure care or corrective action. The Surety must complete closure and postclosure care or corrective action in accordance with the closure and postclosure care or corrective action plans, or pay the penal sum.

The liability of the Surety shall not be discharged by any payment or succession of payments unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond. In no event shall the obligation of the Surety exceed the amount of the penal sum.

This bond shall expire on the 31st day of May, 2001 provided, however, that if the Principal fails to provide substitute financial assurance prior to the expiration date, and the IEPA mails notice of such failure to the Surety within 30 days after such date, the term of this bond shall be automatically extended for one twelve-month period starting with the date of expiration of the bond.

The Principal may terminate this bond by sending written notice to the Surety; provided, however, that no such notice shall become effective until the Surety receives written authorization for termination of the bond from the IEPA.

In Witness Whereof, the Principal and Surety have executed this Fidelity Bond and have affixed their seals on the date set forth above.

The persons whose signatures appear below certify that they are authorized to execute this surety bond on behalf of the Principal and Surety.

PRINCIPAL: City of Morris
Signature: *Robert T. Feeney*
Typed Name: Robert T. Feeney
Title: Mayor, City of Morris
Date: 5/31/00

CORPORATE SURETY
Name: Frontier Insurance Company
Address: 2636 Elm Hill Pike, Suite 500
Nashville, TN 37214
State of Incorporation: New York

Signature: *Christine Cahill*
Typed Name: Christine Cahill
Title: Attorney-In-Fact

Corporate seal

Corporate seal

Bond premium: \$ 201,633.00

PERFORMANCE BOND

Date bond executed: May 31, 2000

Effective date: May 31, 2000

Principal: City of Morris

320 Waubesa Street, Morris, Illinois 60450

Type of organization: Municipality

State of incorporation: N/A

Surety: Frontier Insurance Company

Site:

EPA Site Number:

Name:

Address:

City:

Amount guaranteed by this bond: \$ _____

EPA Site Number: 0630600001 - Grundy County

Name: Morris Community Landfill (Corp. Office)

Address: 13903 S. Ashland Ave.

Riverdale, Illinois 60827

Amount guaranteed by this bond: \$ 10,081,630.00

Please attach a separate page if more space is needed for all sites.

Total penal sum of bond: \$ 10,081,630.00

Surety's bond number: 158465

The Principal and the Surety promise to pay the Illinois Environmental Protection Agency ("IEPA") the above penal sum unless the Principal or Surety provides closure and postclosure care or corrective action for each site in accordance with the closure and postclosure care or corrective action plans for that site. To the payment of this obligation the Principal and Surety jointly and severally bind themselves, their heirs, executors, administrators, successors and assigns.

Whereas the Principal is required, under Section 21(d) of the Environmental Protection Act (Ill. Rev. Stat. 1991, ch. 111 1/2, par. 1021(d) & 15 ILCS 5/2 (d)) to have a permit to conduct a waste disposal operation;

Whereas the Principal is required, under Section 21.1 of the Environmental Protection Act, to provide financial assurance for closure and postclosure care or corrective action; and

Whereas the Surety is licensed by the Illinois Department of Insurance;

Whereas the Principal and Surety agree that this bond shall be governed by the laws of the State of Illinois;



2636 Elm Hill Pike, Suite 500
Nashville, Tennessee 37214

BOND RIDER

To be attached to and form a part of Closure/Post Closure Bond

Bond No. 91507 Dated 14th of June, 1996

Community Landfill Corporation, as Principal, and

FRONTIER INSURANCE COMPANY, as Surety, in favor of Illinois Environmental Protection Agency

, as Oblige.

It is understood and agreed that the Bond is changed or revised in the particulars as indicated below:

The expiration date of this bond is hereby amended to 6/14/05.

Said Bond shall be subject to all its terms, conditions, and limitations, except as herein expressly modified.

This Bond Rider shall become effective: July 14, 2000

IN WITNESS WHEREOF, **FRONTIER INSURANCE COMPANY** has caused its corporate seal to be hereunto affixed this: July 20, 2000

FRONTIER INSURANCE COMPANY

Christine Cahill

(Seal)

Christine Cahill, Attorney-in-Fact

THE LAW OFFICES OF
LAROSE & BOSCO, LTD.

MARK A. LAROSE
JOSEPH A. BOSCO
FRANK E. DIVITO

OF COUNSEL

HON. ANTHONY J. BOSCO (Ret.)
JOHN J. ALIOTO
ADMITTED IN WISCONSIN ALSO
JOSEPH G. ALIOTO
ADMITTED IN WISCONSIN ONLY

734 N. WELLS STREET
CHICAGO, IL 60610
(312) 642-4414
FAX (312) 642-0434
Laroseandbosco@aol.com

July 24, 2000

By Fax (217) 782-9807 & Regular Mail

Mr. John Kim
Assistant Counsel
Division of Legal Counsel
Illinois Environmental Protection Agency
1021 N. Grand Avenue East
Springfield, IL 62794-9276

Re: Morris Community Landfill

Dear John:

Enclosed is a copy of the Bond Rider for Bond No. 91507 amending the expiration date on that bond to June 14, 2005. As you may recall, the EPA has the original certificate of extension on this bond in its possession and I have the original rider in my possession. By copy of this letter, I am forwarding the same to John Taylor for his approval.

I also have in my possession the original bonds and riders for Bond Nos. 158465 and 158466. Please contact me as soon as possible regarding providing the draft permits, and a date to exchange the originals bonds and the final permit.

Very truly yours,



Mark A. LaRose

MAL/mk
enclosure

cc: Mr. John Taylor (by fax (217) 524-3291)

POWER OF ATTORNEY

Know All Men By These Presents: That FRONTIER INSURANCE COMPANY, a New York Corporation, having its principal office in Rock Hill, New York, pursuant to the following resolution, adopted by the Board of Directors of the Corporation on the 4th day of November, 1985:

"RESOLVED, that the Chairman of the Board, the President, or any Vice President be, and hereby is, authorized to appoint Attorneys-in-Fact to represent and act for and on behalf of the Company to execute bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, and to attach thereto the corporate seal of the Company, in the transaction of its surety business;

"RESOLVED, that the signatures and attestations of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company when so affixed with respect to any bond, undertaking, recognizance or other contract of indemnity or writing obligatory in the nature thereof;

"RESOLVED, that any such Attorney-in-Fact delivering a secretarial certification that the foregoing resolutions still be in effect, may insert in such certification the date thereof, said date to be not later than the date of delivery thereof by such Attorney-in-Fact."

This Power of Attorney is signed and sealed in facsimile under and by the authority of the above Resolution.

DOES HEREBY MAKE, CONSTITUTE AND APPOINT: **David E. Campbell, Gregory E. Semrow, Christine Cahill**

of **Nashville** in the State of **Tennessee**
 its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred in its name, place and stead to sign, execute, acknowledge and deliver in its behalf, and as its act and deed, without power of redelegation, as follows:

Bonds guaranteeing the fidelity of persons holding places of public or private trust; guaranteeing the performance of contracts other than insurance policies; and executing or guaranteeing bonds and undertakings required or permitted in all matters or proceedings lawfully allowed; IN AN AMOUNT NOT TO EXCEED FIVE MILLION (\$5,000,000.00) DOLLARS; and to bind FRONTIER INSURANCE COMPANY thereby as fully and to the same extent as if such bond or undertaking was signed by the duly authorized officer of FRONTIER INSURANCE COMPANY, and all the acts of said Attorney(s)-in-Fact pursuant to the authority herein given are hereby ratified and confirmed.

In Witness Whereof, FRONTIER INSURANCE COMPANY of Rock Hill, New York, has caused this Power of Attorney to be signed by its Vice President and its Corporate seal to be affixed this **15th** day of **May** 1990
 FRONTIER INSURANCE COMPANY



BY: *David E. Campbell*
DAVID E. CAMPBELL, Vice President

State of New York
 County of Sullivan

ss.:

On this **15th** day of **May** 1990, before the subscriber, a Notary Public of the State of New York in and for the County of Sullivan, duly commissioned and qualified, came **DAVID E. CAMPBELL** of FRONTIER INSURANCE COMPANY to me personally known to be the individual and officer described herein, and who executed the preceding instrument, and acknowledged the execution of the same, and being by me duly sworn, deposed and said, that he is the officer of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of the Company, and the Corporate Seal and signature as an officer were duly affixed and subscribed to the said instrument by the authority and direction of the Corporation, and that the resolution of the Company, referred to in the preceding instrument, is now in force.

In Testimony Whereof, I have hereunto set my hand, and affixed my official seal at Rock Hill, New York, the day and year above written.



Alicia A. Lanese
ALICIA A. LANESE
 Notary Public State of New York
 Sullivan County Clerk's No. 2396
 Commission Expires July 8, 2000

CERTIFICATION

I, **JOSEPH P. LOUGHLIN**, Secretary of FRONTIER INSURANCE COMPANY of Rock Hill, New York, do hereby certify that the foregoing Resolution adopted by the Board of Directors of this Corporation and the Powers of Attorney issued pursuant thereto, are true and correct, and that both the Resolution and the Powers of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the facsimile seal of the corporation this **20th** day of **July** 2000



Joseph P. Loughlin
JOSEPH P. LOUGHLIN, Secretary



2636 Elm Hill Pike, Suite 500
Nashville, Tennessee 37214

BOND RIDER

To be attached to and form a part of Closure/Post Closure Bond

Bond No. 91507 Dated 14th of June, 1996

Community Landfill Corporation, as Principal, and

FRONTIER INSURANCE COMPANY, as Surety, in favor of Illinois Environmental Protection Agency

_____, as Obligee.

It is understood and agreed that the Bond is changed or revised in the particulars as indicated below:

The expiration date of this bond is hereby amended to 6/14/05.

Said Bond shall be subject to all its terms, conditions, and limitations, except as herein expressly modified.

This Bond Rider shall become effective: July 14, 2000

IN WITNESS WHEREOF, **FRONTIER INSURANCE COMPANY** has caused its corporate seal to be hereunto
affixed this: July 20, 2000

FRONTIER INSURANCE COMPANY

Christine Cahill

(Seal)

Christine Cahill, Attorney-in-Fact

POWER OF ATTORNEY

Know All Men By These Presents: That FRONTIER INSURANCE COMPANY, a New York Corporation, having its principal office in Rock Hill, New York, pursuant to the following resolution, adopted by the Board of Directors of the Corporation on the 4th day of November, 1985:

"RESOLVED, that the Chairman of the Board, the President, or any Vice President be, and hereby is, authorized to appoint Attorneys-in-Fact to represent and act for and on behalf of the Company to execute bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, and to attach thereto the corporate seal of the Company, in the transaction of its surety business;

"RESOLVED, that the signatures and attestations of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company when so affixed with respect to any bond, undertaking, recognizance or other contract of indemnity or writing obligatory in the nature thereof;

"RESOLVED, that any such Attorney-in-Fact delivering a secretarial certification that the foregoing resolutions still be in effect may insert in such certification the date thereof, said date to be not later than the date of delivery thereof by such Attorney-in-Fact."

This Power of Attorney is signed and sealed in facsimile under and by the authority of the above Resolution.

DOES HEREBY MAKE, CONSTITUTE AND APPOINT: David E. Campbell Christine Cahill Gregory E. Sarrow
Lynne K. Hupka

of Nashville in the State of Tennessee
its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred in its name, place and stead to sign, execute, acknowledge and deliver in its behalf, and as its act and deed, without power of redelegation, as follows:

Bonds guaranteeing the fidelity of persons holding places of public or private trust; guaranteeing the performance of contracts other than insurance policies; and executing or guaranteeing bonds and undertakings required or permitted in all actions or proceedings or by law allowed; IN AN AMOUNT NOT TO EXCEED FIVE MILLION (\$5,000,000.00) DOLLARS; and to bind FRONTIER INSURANCE COMPANY thereby as fully and to the same extent as if such bond or undertaking was signed by the duly authorized officers of FRONTIER INSURANCE COMPANY, and all the acts of said Attorney(s)-in-Fact pursuant to the authority herein given are hereby ratified and confirmed.

In Witness Whereof, FRONTIER INSURANCE COMPANY of Rock Hill, New York, has caused this Power of Attorney to be signed by its Vice President and its Corporate seal to be affixed this 15th day of May 1990

FRONTIER INSURANCE COMPANY



BY: [Signature]
DAVID E. CAMPBELL, Vice President

State of New York
County of Sullivan

ss.:

On this 15th day of May

1990, before the subscriber, a Notary Public of the State of

New York in and for the County of Sullivan, duly commissioned and qualified, came DAVID E. CAMPBELL of FRONTIER INSURANCE COMPANY to me personally known to be the individual and officer described herein, and who executed the preceding instrument, and acknowledged the execution of the same, and being by me duly sworn, deposed and said, that he is the officer of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of the Company, and the Corporate Seal and signature as an officer were duly affixed and subscribed to the said instrument by the authority and direction of the Corporation, and that the resolution of the Company, referred to in the preceding instrument, is now in force.

In Testimony Whereof, I have hereunto set my hand, and affixed my official seal at Rock Hill, New York, the day and year above written.



[Signature]
ALICIA A. LANESE
Notary Public State of New York
Sullivan County Clerk's No. 2396
Commission Expires July 8, 2000

CERTIFICATION

I, JOSEPH P. LOUGHLIN, Secretary of FRONTIER INSURANCE COMPANY of Rock Hill, New York, do hereby certify that the foregoing Resolution adopted by the Board of Directors of this Corporation and the Powers of Attorney issued pursuant thereto, are true and correct, and that both the Resolution and the Powers of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the facsimile seal of the corporation this 31st day of May 2000



[Signature]
JOSEPH P. LOUGHLIN, Secretary

FRONTIER INSURANCE COMPANY

Continuation Certificate

To be attached to Bond described below, executed by FRONTIER INSURANCE COMPANY, as Surety, Community Landfill Corporation as Principal, Illinois Environmental Protection Agency as Obligee, on Bond No. 91507, a Closure/Post Closure Bond (type of bond)

Said principal and said Surety hereby agree that the term thereof be and hereby is extended from the 14th day of June, 2000, to the 14th day of June, 2001, subject to all other provisions, conditions and limitations of said bond, upon the express condition that the Surety's liability thereunder during the original term of said bond and during any extended term thereof shall not be cumulative and shall in no event exceed the sum of \$ 1,439,720.00.

IN WITNESS THEREOF, the said Principal and said Surety have signed or caused this Certificate to be duly signed and their respective seals to be hereto affixed this 31st day of May, 2000.

Community Landfill Corporation

Principal

By Edward [Signature]

(seal)

FRONTIER INSURANCE COMPANY

By Christine Cahill [Signature]

Christine Cahill, Attorney-In-Fact

(seal)

Premium \$ 28,794.40

RECEIVED
JUN 14 2000

VIA FEDERAL EXPRESS

JUN 14 2000

Environmental Protection Agency

June 13, 2000

Mr. John J. Kim
Assistant Counsel
Division of Legal Counsel
Illinois Environmental Protection Agency
1021 N. Grand Avenue East
Springfield, IL 62794-9276

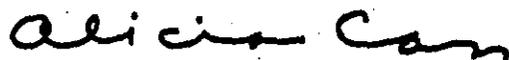
RE: Community Landfill Corporation
Closure/Post Closure Bond #91507

Dear Mr. Kim:

Enclosed please find the Continuation Certificate for the above referenced bond representing the renewal period of June 14, 2000 to June 14, 2001.

If you have any questions regarding this bond, please feel free to contact our office.

Sincerely,



Alicia Carr
Account Executive

Enclosure



August 31, 1999

Mr. R. Michael McDermont
Senior Project Engineer
Andrews Environmental Engineering, Inc.
3535 Mayflower Boulevard
Springfield, IL 62707

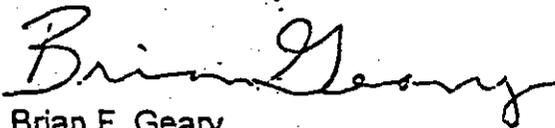
RE: Community Landfill Corp ~ Bond #91507

Dear Mr. McDermont:

Enclosed please find a rider to the above referenced bond which increases the penal sum of the bond to \$1,439,720.

Please let me know if you have any questions.

Sincerely,



Brian F. Geary

Enclosures

POWER OF ATTORNEY

Know All Men By These Presents: That FRONTIER INSURANCE COMPANY, a New York Corporation, having its principal office in Rock Hill, New York, pursuant to the following resolution, adopted by the Board of Directors of the Corporation on the 4th day of November, 1985:

"RESOLVED, that the Chairman of the Board, the President, or any Vice President be, and hereby is, authorized to appoint Attorneys-in-Fact to represent and act for and on behalf of the Company to execute bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, and to attach thereto the corporate seal of the Company, in the transaction of its surety business;

"RESOLVED, that the signatures and attestations of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company when so affixed with respect to any bond, undertaking, recognizance or other contract of indemnity or writing obligatory in the nature thereof;

"RESOLVED, that any such Attorney-in-Fact delivering a secretarial certification that the foregoing resolutions still be in effect may insert in such certification the date thereof, said date to be not later than the date of delivery thereof by such Attorney-in-Fact."

This Power of Attorney is signed and sealed in facsimile under and by the authority of the above Resolution.

DOES HEREBY MAKE, CONSTITUTE AND APPOINT: **Richard E. Miller Dennis D. Gamache John E. Adams**
Gerald C. Olson Mark M. Caplis Brian Geary Karen A. Ryan Joanne F. Costa
of **Oak Brook** in the State of **Illinois**

its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred in its name, place and stead to sign, execute, acknowledge and deliver in its behalf, and as its act and deed, without power of re-delegation, as follows:

Bonds guaranteeing the fidelity of persons holding places of public or private trust; guaranteeing the performance of contracts other than insurance policies; and executing or guaranteeing bonds and undertakings required or permitted in all actions or proceedings or by law allowed; IN AN AMOUNT NOT TO EXCEED THREE MILLION FIVE HUNDRED THOUSAND (\$3,500,000.00) DOLLARS; and to bind FRONTIER INSURANCE COMPANY thereby as fully and to the same extent as if such bond or undertaking was signed by the duly authorized officers of FRONTIER INSURANCE COMPANY, and all the acts of said Attorney(s)-in-Fact pursuant to the authority herein given are hereby ratified and confirmed.

In Witness Whereof, FRONTIER INSURANCE COMPANY of Rock Hill, New York, has caused this Power of Attorney to be signed by its President and its Corporate seal to be affixed this **29th** day of **April**, 19**87**

FRONTIER INSURANCE COMPANY



[Handwritten Signature]

BY: **HARRY W. RHULEN, President**

State of New York
County of Sullivan

ss:

On this **29th** day of **April**, 19**87**

before the subscriber, a Notary Public of the State of New York in and for the County of Sullivan, duly commissioned and qualified, came **HARRY W. RHULEN** of FRONTIER INSURANCE COMPANY to me personally known to be the individual and officer described herein, and who executed the preceding instrument, and acknowledged the execution of the same, and being by me duly sworn, deposed and said, that he is the officer of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of the Company, and the Corporate Seal and signature as an officer were duly affixed and subscribed to the said instrument by the authority and direction of the Corporation, and that the resolution of the Company, referred to in the preceding instrument, is now in force.

In Testimony Whereof, I have hereunto set my hand, and affixed my official seal at Rock Hill, New York, the day and year above written.



[Handwritten Signature]

NANCY V. PIERRO
Notary Public State of New York
Sullivan County Clerk's No. 2395
Commission Expires July 8, 2000

CERTIFICATION

JOSEPH P. LOUGHLIN, Secretary of FRONTIER INSURANCE COMPANY of Rock Hill, New York, do hereby certify that the foregoing Resolution adopted by the Board of Directors of this Corporation and the Powers of Attorney issued pursuant thereto, are true and correct, and that both the Resolution and the Powers of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the facsimile seal of the corporation this _____ day of _____, 19**87**



[Handwritten Signature]
JOSEPH P. LOUGHLIN, Secretary

BOND RIDER

To be attached to and form a part of Community Landfill Corporation
Bond No. 91507 Dated June 14th of 1996
Community Landfill Corporation as Principal, and
FRONTIER INSURANCE COMPANY, as Surety, in favor of Illinois Environmental Protection
Agency as Obligee.

It is understood and agreed that the Bond is changed or revised in the particulars as indicated below:

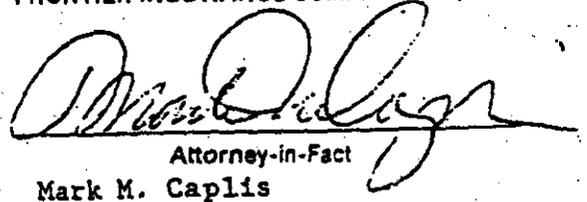
The penal sum of the bond has increased by \$97,220.00 dollars. Therefore, the penal sum is now \$1,439,720.00 in lieu of \$1,342,500.

Said Bond shall be subject to all its terms, conditions, and limitations, except as herein expressly modified.

This Bond Rider shall become effective: September 2, 1999

IN WITNESS WHEREOF, FRONTIER INSURANCE COMPANY has caused its corporate seal to be hereunto affixed
this: 31st day of August, 1999

FRONTIER INSURANCE COMPANY


Attorney-in-Fact
Mark M. Caplis



Locked

September 1, 1999

Mr. Blake Harris
Bureau of Land
Illinois Environmental Protection Agency
1021 North Grand Avenue East
Post Office Box 19276
Springfield, Illinois 62794-9276

re: Morris Community Landfill
IEPA Site Number: 0630600001

Dear Mr. Harris:

Enclosed is a rider on the existing performance bond for the referenced facility. This additional amount is being provided to satisfy a permit special condition. Ms. Christine Roque, P.E. of the Bureau of Land is currently reviewing an application which is triggering this financial assurance requirement.

We would appreciate you calling to confirm that this instrument is acceptable. Thank you.

Sincerely,

R. Michael McDermont, P.E.
Senior Project Engineer

RMM:dkr
enclosure
cc: James Pelnarsh, Morris Community Landfill

POWER OF ATTORNEY

Know All Men By These Presents: That FRONTIER INSURANCE COMPANY, a New York Corporation, having its principal office in Rock Hill, New York, pursuant to the following resolution, adopted by the Board of Directors of the Corporation on the 4th day of November, 1985:

"RESOLVED, that the Chairman of the Board, the President, or any Vice President be, and hereby is, authorized to appoint Attorneys-in-Fact to represent and act for and on behalf of the Company to execute bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, and to attach thereto the corporate seal of the Company, in the transaction of its surety business;

"RESOLVED, that the signatures and attestations of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company when so affixed with respect to any bond, undertaking, recognizance or other contract of indemnity or writing obligatory in the nature thereof;

"RESOLVED, that any such Attorney-in-Fact delivering a secretarial certification that the foregoing resolutions still be in effect may insert in such certification the date thereof, said date to be not later than the date of delivery thereof by such Attorney-in-Fact."

This Power of Attorney is signed and sealed in facsimile under and by the authority of the above Resolution.

DOES HEREBY MAKE, CONSTITUTE AND APPOINT: **Richard E. Miller Dennis D. Gamache John E. Adams**
Gerald C. Olson Mark M. Caplis Brian Geary Karen A. Ryan Joanne F. Costa

of **Oak Brook** in the State of **Illinois**
its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred in its name, place and stead to sign, execute, acknowledge and deliver in its behalf, and as its act and deed, without power of redelegation, as follows:

Bonds guaranteeing the fidelity of persons holding places of public or private trust; guaranteeing the performance of contracts other than insurance policies; and executing or guaranteeing bonds and undertakings required or permitted in all actions or proceedings or by law allowed: IN AN AMOUNT NOT TO EXCEED THREE MILLION FIVE HUNDRED THOUSAND (\$3,500,000.00) DOLLARS; and to bind FRONTIER INSURANCE COMPANY thereby as fully and to the same extent as if such bond or undertaking was signed by the duly authorized officers of FRONTIER INSURANCE COMPANY, and all the acts of said Attorney(s)-in-Fact pursuant to the authority herein given are hereby ratified and confirmed.

In Witness Whereof, FRONTIER INSURANCE COMPANY of Rock Hill, New York, has caused this Power of Attorney to be signed by its President and its Corporate seal to be affixed this **13th** day of **February**, 19 **96**

FRONTIER INSURANCE COMPANY



BY: *Walter A. Rhulen*
WALTER A. RHULEN, President

State of New York
County of Sullivan ss.:

On this **13th** day of **February**, 19 **96**, before the subscriber, a Notary Public of the State of New York in and for the County of Sullivan, duly commissioned and qualified, came **WALTER A. RHULEN** of FRONTIER INSURANCE COMPANY to me personally known to be the individual and officer described herein, and who executed the preceding instrument, and acknowledged the execution of the same, and being by me duly sworn, deposed and said, that he is the officer of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of the Company, and the Corporate Seal and signature as an officer were duly affixed and subscribed to the said instrument by the authority and direction of the Corporation, and that the resolution of the Company, referred to in the preceding instrument, is now in force.

In Testimony Whereof, I have hereunto set my hand, and affixed my official seal at Rock Hill, New York, the day and year above written.



Christine I. Lane
CHRISTINE I. LANE
Notary Public State of New York
Sullivan County Clerk's No. 1996
Commission Expires May 2, 1998

CERTIFICATION

I, **JOSEPH P. LOUGHLIN**, Secretary of FRONTIER INSURANCE COMPANY of Rock Hill, New York, do hereby certify that the foregoing Resolution adopted by the Board of Directors of this Corporation and the Powers of Attorney issued pursuant thereto, are true and correct, and that both the Resolution and the Powers of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the facsimile seal of the corporation this **14th** day of **J**, 19 **96**



Joseph P. Loughlin
JOSEPH P. LOUGHLIN, Secretary

STATE OF Illinois)
COUNTY OF DuPage)

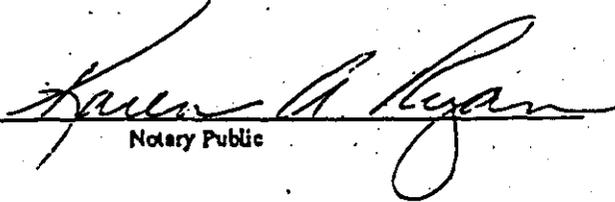
On this 14th day of June, 19 96, before me came
Brian Geary who executed the preceding instrument,
to me personally known, and being by me duly sworn, said that he/she is the therein described and
authorized ATTORNEY-IN-FACT of Frontier Insurance Company

COMPANY; that the seal affixed to said instrument is the Corporate Seal of said Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal the
day and year first above written.

SEAL

"OFFICIAL SEAL"
KAREN A. RYAN
NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXPIRES 3-23-00


Notary Public

as guaranteed by this bond. The Principal fails to so provide when the Principal:

- a) Abandons the site;
- b) Is adjudicated bankrupt;
- c) Fails to initiate closure of the site or postclosure care or corrective action when ordered to do so by the Board or a court of competent jurisdiction;
- d) Notifies the Agency that it has initiated closure, or initiates closure, but fails to close the site or provide postclosure care or corrective action in accordance with the closure and postclosure care or corrective action plans; or
- e) For corrective action, fails to implement corrective action at a municipal solid waste landfill unit in accordance with 35 Ill. Adm. Code 811.326.

The Surety shall pay the penal sum of the bond to the IEPA or notify the IEPA that it intends to provide closure and postclosure care or corrective action in accordance with the closure and postclosure care or corrective action plans for the site within 30 days after the IEPA mails notice to the Surety that the Principal has failed to so provide closure and postclosure care or corrective action. Payment shall be made by check or draft payable to the State of Illinois, Landfill Closure and Postclosure Fund.

If the Surety notifies the Agency that it intends to provide closure and postclosure care or corrective action, then the Surety must initiate closure and postclosure care or corrective action within 60 days after the IEPA mailed notice to the Surety that the Principal failed to provide closure and postclosure care or corrective action. The Surety must complete closure and postclosure care or corrective action in accordance with the closure and postclosure care or corrective action plans, or pay the penal sum.

The liability of the Surety shall not be discharged by any payment or succession of payments unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond. In no event shall the obligation of the Surety exceed the amount of the penal sum.

This bond shall expire on the 14th day of June, 00; provided, however, that if the Principal fails to provide substitute financial assurance prior to the expiration date, and the IEPA mails notice of such failure to the Surety within 30 days after such date, the term of this bond shall be automatically extended for one twelve-month period starting with the date of expiration of the bond.

The Principal may terminate this bond by sending written notice to the Surety; provided, however, that no such notice shall become effective until the Surety receives written authorization for termination of the bond from the IEPA.

In Witness Whereof, the Principal and Surety have executed this Forfeiture Bond and have affixed their seals on the date set forth above.

The persons whose signatures appear below certify that they are authorized to execute this surety bond on behalf of the Principal and Surety.

PRINCIPAL

Signature Robert J. Pruim

Typed Name Robert Pruim

Title PRESIDENT

Date June 14, 1996

Corporate seal

CORPORATE SURETY

Name Frontier Insurance Company

Address Rock Hill, New York

State of Incorporation New York

Signature [Signature]

Typed Name Brian Geary

Title Attorney-In-Fact

Corporate seal

Bond premium: \$ 26,850.00

PERFORMANCE BOND

Date bond executed: June 14, 1996

Effective date: June 14, 1996

Principal: Community Landfill Corporation
13701 S. Kostner Avenue, Crestwood, IL 60445

Type of organization: Corporation

State of incorporation: Illinois

Surety: Frontier Insurance Company

Sites:

IEPA Site Number:

Name:

Address:

City:

Amount guaranteed by this bond: \$ _____

IEPA Site Number: 0630600001 - Grundy County

Name: Community Landfill Co.

Address: 13701 S. Kostner (Corp. Office)

City: Crestwood, IL 60445

Amount guaranteed by this bond: \$ 1,342,500.00

Please attach a separate page if more space is needed for all sites.

Total penal sum of bond: \$ 1,342,500

Surety's bond number: 91507

The Principal and the Surety promise to pay the Illinois Environmental Protection Agency ("IEPA") the above penal sum unless the Principal or Surety provides closure and postclosure care or corrective action for each site in accordance with the closure and postclosure care or corrective action plans for that site. To the payment of this obligation the Principal and Surety jointly and severally bind themselves, their heirs, executors, administrators, successors and assigns.

Whereas the Principal is required, under Section 21(d) of the Environmental Protection Act (Ill. Rev. Stat. 1991, ch. 111 1/2, par. 1021(d) [415 ILCS 5/21(d)]) to have a permit to conduct a waste disposal operation:

Whereas the Principal is required, under Section 21.1 of the Environmental Protection Act, to provide financial assurance for closure and postclosure care or corrective action; and

Whereas the Surety is licensed by the Illinois Department of Insurance;

Whereas the Principal and Surety agree that this bond shall be governed by the laws of the State of Illinois;

F

Exhibit E

THE LAW OFFICES OF
LAROSE & BOSCO, LTD.

MARK A. LAROSE*
JOSEPH A. BOSCO*
CLARISSA C. GRAYSON
MICHAEL J. VINT
DAVID KOPPELMAN**

OF COUNSEL

HON. ANTHONY J. BOSCO (Ret.)
JOHN J. ALIOTO***

*ADMITTED IN MICHIGAN ALSO

**ADMITTED IN COLORADO ALSO

***ADMITTED IN WISCONSIN ALSO

March 20, 2003

734 N. WELLS STREET
CHICAGO, IL 60610
(312) 642-4414
FAX (312) 642-0434
Laroseandbosco@aol.com

135 S. WHITTAKER
NEW BUFFALO, MI 49117
(269) 469-8440
FAX (269) 469-8442

By Federal Express

Ms. Penny Howe
Frontier Insurance Company
195 Lake Louise Marie Road
Rock Hill, NY 12775-8000

Re: Community Landfill Co.

Dear Ms. Howe:

Pursuant to our conversation, enclosed are the following documents regarding Frontier Bond Nos. 158466 and 91507 issued to Community Landfill Co., and No. 158465 issued to the City of Morris.

- (1) Community Landfill Company's Post Hearing Brief and City of Morris' Post Hearing Brief filed before the Illinois Pollution Control Board on November 2, 2001 (pay specific attention to pp. 14-16, 31-34);
- (2) Pollution Control Board's Order dated December 6, 2001 (pay specific attention to pp. 9-15);
- (3) Community Landfill Company and City of Morris' Brief filed March 8, 2002 in the Appellate Court of Illinois (pay specific attention to pp. 4-10, 20, 22-38);
- (4) Appellate Court's decision dated May 15, 2002 (pay specific attention to pp. 5-8);

In summary, in August 2000, the IEPA accepted your bonds as fully conforming to the applicable regulations even though the IEPA specifically knew that Frontier had been removed from government's 570 list as of June 1, 2000. Based on Community Landfill Co. (CLC) and City of Morris' submittal of @ \$17,000,000 in performance bonds, IEPA issued a global significant



Ms. Penny Howe
March 20, 2003
Page - 2 -

modification permit in August of 2000 that allowed for continuing operation of the landfill and continuing disposal of up to one million cubic yards of waste.

The global significant modification permit required CLC and City of Morris to certify that new landfill waste cells were properly constructed and to submit individual significant modification permits for each of those cells. The first time we did this in May of 2001, the Agency raised the issue that Frontier had been delisted and denied the permit. Because of that, we appealed the Agency's decision through the Pollution Control Board, which upheld the decision. We appealed the Pollution Control Board decision through the Third District Appellate Court, which again upheld that decision. We filed a petition for leave to appeal to the Illinois Supreme Court which was denied. Since that time, an enforcement action has been filed against CLC and the City of Morris for not having adequate financial assurance due to the status of the Frontier bonds.

It is against this backdrop that Frontier must consider CLC's non-payment of the premiums on the existing bonds. The landfill has been effectively shut down because the IEPA has rejected the Frontier bonds. CLC is unable to generate the necessary income to pay the premium on the bonds, and even if CLC had the money, which it does not, it would be difficult for us to imagine paying premiums on the bonds that the IEPA claims are worthless.

Please discuss this with Frontier's in-house counsel so that we may consider our options. Please do not take any actions that would adversely affect Community Landfill Co. and the City of Morris. I stand willing to discuss this issue with Frontier. Thank you.

Very truly yours,


Mark A. LaRose

MAL/mk
enclosures

cc: Community Landfill Co. (without enclosures)
Mr. Scott Belt, Attorney for City of Morris (without enclosures)

Exhibit F

April 7, 2003

LaRose & Bosco, Ltd.
Attn: Mark A. LaRose
734 N. Wells Street
Chicago, IL 60610

**Re: Community Landfill Corp.
Surety Bond No. 158466, 91507 & 158465**

Dear Mr. LaRose;

Thank you for yours dated March 20, 2003 regarding the above referenced bonds for Community Landfill Corp. and the City of Morris. Based on the supporting documents you provided, we concur with your conclusion that no further premium billings are warranted on these bonds as the permit application was denied on May 11, 2001. As such, we are reversing all renewal billings for the above referenced bonds and closing our file based on the May 11, 2001 date.

We trust that this decision will meet with your satisfaction, however if you have any questions, please feel free to contact me.

Sincerely,


Scott Azzollini
Surety Underwriting Manager

SA/bjp

cc: Charles F. Helsten
Hinshaw & Culbertson

Community Landfill Co.



Exhibit G

THE LAW OFFICES OF
LAROSE & BOSCO, LTD.

MARK A. LAROSE*
JOSEPH A. BOSCO*
CLARISSA C. GRAYSON
DAVID KOPPELMAN**

OF COUNSEL

HON. ANTHONY J. BOSCO (Ret.)
JOHN J. ALIOTO***

*ADMITTED IN MICHIGAN ALSO
**ADMITTED IN COLORADO ALSO
***ADMITTED IN WISCONSIN ALSO

June 19, 2003

734 N. WELLS STREET
CHICAGO, IL 60610
(312) 642-4414
FAX (312) 642-0434
Laroseandbosco@aol.com

135 S. WHITTAKER
NEW BUFFALO, MI 49117
(269) 469-8440
FAX (269) 469-8442

By U.S. Mail and Fax (845) 807-4901
Mr. Scott Azzolini
Surety Underwriting Manager
Frontier Insurance Company in Rehabilitation
195 Lake Louise Marie Road
Rock Hill NY 12775

**Re: Community Landfill Corporation
Release of Collateral**

Dear Mr. Azzolini:

Pursuant to our recent telephone conversation, attached is our proposed Agreement for the Release of Collateral in the above referenced matter. We would appreciate your response at your earliest convenience so that we may resolve the issue and have the documents executed as soon as possible.

Thank you for your assistance in this matter. Please call me if you have any questions.

Very truly yours,



Mark A. LaRose

MAL/mk
enclosures

cc: Deborah S. Monforte (845) 807-4901

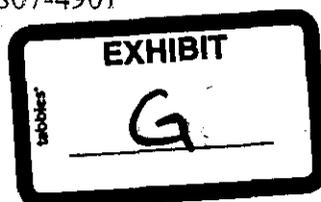


Exhibit H

July 2, 2003

Illinois Environmental Protection Agency
Dave Jansen, Regional Manager
Bureau of Land
4500 South Sixth Street Road
Springfield, IL 62706

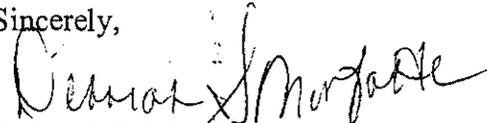
RE: Community Landfill Corp.
Grundy County Site #0630600001

Dear Mr. Jansen:

Enclosed please find New York State Department of Insurance form to be executed by your department for the release of collateral Frontier Insurance Company in Rehabilitation is in possession of for the above mentioned.

Should you have any questions regarding this matter, do not hesitate contacting me. I will await your response to close my file.

Sincerely,



Deborah S. Monforte
Surety Underwriting
Ext. 5201

CC: Community Landfill, Corp.
Mark LaRose ✓



Exhibit I

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

2021 NORTH GRAND AVENUE EAST, P.O. BOX 19276, SPRINGFIELD, ILLINOIS 62794-9276, 217-782-3397
JAMES R. THOMPSON CENTER, 100 WEST RANDOLPH, SUITE 11-300, CHICAGO, IL 60601, 312-814-6026

ROD R. BLAGOJEVICH, GOVERNOR RENEE CIPRIANO, DIRECTOR

217/785-1835
TDD: 217/782-9143

August 21, 2003

CERTIFIED MAIL RETURN RECEIPT REQUESTED
7002 2030 0001 1873 2802

RECEIVED

SEP 2 2003

Frontier Insurance Company
Attn: Deborah Monforte
195 Lake Louise Marie Road
Rock Hill, New York 12775-8000

FRONTIER BONDS

Re: 0630600001 - Grundy County
Community Landfill
Financial File

Dear Ms. Monforte:

On July 9, 2003 the Illinois Environmental Protection Agency (IEPA) received a letter from Frontier Insurance Company requesting the IEPA release Frontier from claims on bond No. 91507, 158465 and 158466. However, alternate financial assurance to the above referenced bonds has not been received to date. Therefore, your request cannot be honored at this time.

If you have any questions, or desire any additional information, please contact me at 217/785-1835.

Sincerely,

Blake Harris
Financial Assurance Unit
Waste Reduction and Compliance Section
Bureau of Land

ROCKFORD - 4302 North Main Street, Rockford, IL 61103 - (815) 987-7760 Des PLAINES - 9511 W. Harrison St., Des Plaines, IL 60016 - (847) 294-4000
ELGIN - 395 South State, Elgin, IL 60123 - (847) 608-3131 PEORIA - 5415 N. University St., Peoria, IL 61614 - (309) 693-5463
BUREAU OF LAND - PEORIA - 7620 N. University St., Peoria, IL 61614 - (309) 693-5462 CHAMPAIGN - 2125 South First Street, Champaign, IL 61820 - (217) 278-5800
SPRINGFIELD - 4500 S. Sixth Street Rd., Springfield, IL 62706 - (217) 785-1835 COLLINSVILLE - 1000 Mall Street, Collinsville, IL 62234 - (618) 346-5120
MARION - 2309 W. Main Street, Marion, IL 62959 - (618) 993-7200

EXHIBIT
1

Exhibit J

F

THE LAW OFFICES OF
LAROSE & BOSCO, LTD.

MARK A. LAROSE*
JOSEPH A. BOSCO*
CLARISSA C. GRAYSON
DAVID KOPPELMAN
JUSTIN E. BURTNETT

OF COUNSEL

HON. ANTHONY J. BOSCO (Ret.)
JOHN J. ALIOTO**

*ADMITTED IN MICHIGAN ALSO
**ADMITTED IN WISCONSIN ALSO

December 18, 2003

734 N. WELLS STREET
CHICAGO, IL 60610
(312) 642-4414
FAX (312) 642-0434
Laroseandbosco@aol.com

135 S. WHITTAKER
NEW BUFFALO, MI 49117
(269) 469-8440
FAX (269) 469-8442

By U.S. Mail and Fax (845) 807-4972

Mr. Scott Azzollini
Ms. Maureen Hardy
Mr. John Hillman
Frontier Insurance Company in Rehabilitation
195 Lake Louise Marie Road
Rock Hill NY 12775

**Re: Community Landfill Corporation
Release of Collateral
Frontier Bond Nos. 91507, 158465 and 158466**

Dear Mr. Azzollini, Ms. Hardy and Mr. Hillman:

Please be advised that we represent Community Landfill Corporation ("CLC"). Pursuant to my associate Clarissa Grayson's telephone conversation yesterday with Mr. Hillman, I take this opportunity to again request that Frontier Insurance Company in Rehabilitation ("Frontier") release bond nos. 91507, 158465 and 158466 and refund the collateral to CLC.

We previously set forth a full and complete explanation of our position in a letter to Frontier. (See attached Exhibit A, without referenced attachments). However, a recap of the background of this case may be helpful to you. Briefly, in August 2000, the Illinois Environmental Protection Agency ("Agency") was prepared to issue a significant modification permit to CLC which required, among other things, an increase in financial assurance. CLC submitted financial assurance of \$17,427,366 guaranteed by bonds issued by Frontier, which had been pre-approved by the Agency as fully complying with the Illinois regulations, simultaneously with the issuance of the permit. CLC then filed a supplemental permit application to receive approval for the construction of a separation layer and to receive authorization for the acceptance of waste for disposal in a newly constructed area. On May 11, 2001, the Agency denied CLC's supplemental permit in part on the grounds that



Mr. Scott Azzollini
Ms. Maureen Hardy
Mr. John Hillman
December 18, 2003
Page two

CLC had failed to comply with section 811.712(b) of the Illinois Administrative Code that which requires that the surety company that guarantees the bonds or other financial assurance for a permit be licensed by the Illinois Department of Insurance and approved by the U.S. Department of the Treasury in the Circular 570. This was the case **even though** the Agency knew that Frontier had been de-listed at the time it pre-approved the bonds in August 2000. In December, 2001, the Illinois Pollution Control Board ("Board") issued an opinion and order affirming the denial of the supplemental permit because Frontier was not on the approved list of sureties.

CLC appealed the Board's decision affirming the Agency's denial of the permit. On May 15, 2002, the Appellate Court of Illinois ruled that CLC's supplemental permit application was appropriately denied by the Agency because Frontier did not meet the statutory financial assurance requirements since it was not on the list of approved sureties when the application was submitted and ruled on. Community Landfill Co. v. Pollution Control Bd., 331 Ill.App.3d, 1056, 1061, 772 N.E.2d 231, 235 (3rd Dist. 2002) (*modified upon denial of rehearing*, 2002). For your reference, attached is a copy of the case cited above. (See attached Exh. B). CLC filed a petition for leave to appeal to the Illinois Supreme Court, which was denied. Since then, an enforcement action has been filed against CLC and the City of Morris for not having adequate financial assurance due to the status of the Frontier bonds.

Based on our submittal of March 20, 2003, on April 7, 2003, Frontier agreed with CLC that no further billing premiums were warranted on the bonds as the permit application was denied on May 11, 2001 and in fact reversed all renewal billings. (See attached Exhibit C). We then requested the refund of CLC's premiums and the return of its collateral. In a telephone conversation on April 15, 2003, Mr. Scott Azzollini advised Mark LaRose that while a refund of the premium would not be forthcoming, a return of the collateral would be.¹ Ms. Penny Howe confirmed in writing on May 30, 2003 that no refunds of premium were being processed until authorized by the State Department of Insurance. (See attached Exh. D). Shortly after their telephone conversation on April 16, 2003, Mr. Azzollini and Mr. LaRose began exchanging drafts of a proposed Agreement for the Release of Collateral, a process that continued for several months. Our proposed form of the release was sent to Frontier on June 19, 2003. (See attached Exhibit E). However, it was not until November 5, 2003 that Frontier informed CLC that it would be unable to proceed with the return of any collateral based on the August 21, 2003 letter from Agency employee Blake Harris. (See attached Exhibit F). In that letter, Mr. Harris informed Ms. Deborah Monforte that the Agency could not release Frontier from claims on bond nos. 91507, 158465 and 158466 because alternate financial assurance had not been received. (See attached Exhibit G).

¹ CLC is still seeking a refund of the premiums; however, this letter specifically addresses return of the collateral.

Mr. Scott Azzollini
Ms. Maureen Hardy
Mr. John Hillman
December 18, 2003
Page three

CLC's position in this matter is that because the Agency has already rejected the bonds as invalid, and has in fact filed an enforcement action to that effect, Frontier cannot continue to withhold CLC's collateral based on the Agency's refusal to release them. Frontier does not need the Agency's permission to release the bonds because the Agency has already rejected the bonds as being invalid and Frontier has already determined that no further billing premiums are warranted. It is inequitable to allow the Agency to maintain the opposing and incompatible positions that the bonds are not valid and consequently not in effect, and at the same time, refuse to release the bonds simply because alternate financial assurance has not been received. The fact that alternate bonds have not been received by the Agency is the subject of the aforementioned enforcement action, and has absolutely no bearing whatsoever on whether the collateral for bond nos. 91507, 158465, and 158466 should be released.

We hereby submit a demand that any and all collateral provided by CLC to Frontier for bond nos. 91507, 158465, and 158466 be returned immediately. Frontier's failure to do so within 30 days of today's date will result in CLC taking legal action against Frontier.

Thank you for assistance in this matter. Please call me if you have any questions, or in my absence, please speak with my associate, Clarissa Grayson.

Very truly yours,


Mark A. LaRose *ccg*

MAL/

CC: Edward Pruim
Robert Pruim

Exhibit K

May 3, 2005

Mark A. LaRose
Law Offices of LaRose & Bosco, Ltd.
200 N. LaSalle Street, Suite 2810
Chicago, IL 60601

**Re: Community Landfill
Surety Bond No. 91507, 158465 & 158466**

Dear Mr. LaRose;

Thank you for yours of April 28, 2005. Any previous indication by me that collateral would be forthcoming was conditioned upon our receipt of the release documentation required by the New York State Insurance Department. Our position on this has not changed. I refer you to Debbie Monforte's facsimile dated November 5, 2003 forwarding the IEPA's release denial dated August 21, 2003. Until such time as we receive the IEPA's signed and dated release, we will be unable to comply with your request to return collateral.

Sincerely,



Scott Azzollini
Surety Underwriting Manager

SA/bjp

cc: John Hillman
Maureen Hardy
Community Landfill Company
Christopher Grant, Assistant Illinois Attorney General
Bruce Kugler, IEPA Counsel
City of Morris



Exhibit L

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

1021 NORTH GRAND AVENUE EAST, P.O. BOX 19276, SPRINGFIELD, ILLINOIS 62794-9276, 217-782-3397
JAMES R. THOMPSON CENTER, 100 WEST RANDOLPH, SUITE 11-300, CHICAGO, IL 60601, 312-814-6026

ROD R. BLACOJEVICH, GOVERNOR

RENEE CIPRIANO, DIRECTOR

217/782-6761
TDD: 217/782-9143

January 27, 2004

Frontier Insurance Company
Attn: Scott Azzollini,
Surety Underwriting Manager
195 Lake Louise Marie Road
Rock Hill, New York 12775-8000

Re: 0630600001 - Grundy County
Morris Community Landfill
Financial Assurance

Dear Mr. Azzollini:

Our records indicate that Morris Community Landfill is providing financial assurance for closure and post closure costs through three Frontier Performance Bonds Numbers 91507, 158465, and 158466. Our records also indicate that Bond Number 91507 in the amount of \$1,439,720.00 expires 6/14/05, Bond Number 158465 in the amount of \$10,081,630.00 expires 5/31/05, and Bond Number 158466 in the amount of \$5,906,016.00 expires 5/31/05.

Pursuant to 35 Ill. Adm. Code, Section 811.712(g)(2), if the owner or operator fails to provide substitute financial assurance prior to expiration of a bond, the term of the bond must be automatically extended for one twelve-month period starting with the date of expiration of the bond. During such extension, the bond will cease to serve as financial assurance satisfying the requirements of this Part, and will not excuse the owner or operator from the duty to provide substitute financial assurance.

As I explained to you in our telephone conversation earlier today, we received a copy of your letter to Mark A. LaRose dated April 7, 2003 in which you stated that no further premium billings are warranted on the above mentioned bonds and therefore, you are reversing all renewal billings for the bonds and closing your file effective May 11, 2001. For your convenience, I am enclosing a copy of your letter to Mr. LaRose. Please fax a letter to me at (217) 782-9290 verifying that the bonds are still in effect.

If you have any questions, please contact me at (217) 785-7726.

Sincerely,



Beverly Anderson,
Accountant
Compliance Unit
Bureau of Land

ROCKFORD - 4302 North Main Street, Rockford, IL 61103 - (815) 977-7400
ELGIN - 595 South State, Elgin, IL 60123 - (847) 608-3400
BUREAU OF LAND - PEORIA - 7620 N. University St., Peoria, IL 61614 - (309) 693-5463
SPRINGFIELD - 4500 S. Sixth Street Rd., Springfield, IL 62706 - (217) 782-9290
V. Harrison St., Des Plaines, IL 60016 - (847) 294-4000
City St., Peoria, IL 61614 - (309) 693-5463
25 South First Street, Champaign, IL 61820 - (217) 278-5800
99 Mail Street, Collinsville, IL 62234 - (618) 346-5120



Exhibit M

January 29, 2004

Mark A. LaRose
LaRose & Bosco Ltd.
734 N. Wells Street
Chicago, IL 60610

RE: Community Landfill
Frontier Bond Nos. 91507, 158465 and 158466

Dear Mr. LaRose:

Attached you will find correspondence we have received from the Illinois Environmental Protection Agency regarding the above referenced bonds.

The Illinois EPA specifically indicate that these bonds are still in force and, as such, warrant premiums to be charged for these periods. In light of this, we have no other option but to bill premiums for these bonds current until released. I will have these premiums billed and they will be due and payable upon receipt.

If you have any questions, do not hesitate contacting me.

Sincerely,


Deborah S. Monforte
Surety Underwriting
Ext. 5201

CC: Community Landfill



Exhibit N



ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

1021 NORTH GRAND AVENUE EAST, P.O. BOX 19276, SPRINGFIELD, ILLINOIS 62794-9276, 217-782-3397
JAMES R. THOMPSON CENTER, 100 WEST RANDOLPH, SUITE 11-300, CHICAGO, IL 60601, 312-814-6026

ROD R. BLAGOJEVICH, GOVERNOR

RENEE CIPRIANO, DIRECTOR

(217)782-3397

(TDD: 217-782-9143)

May 27, 2005

COPY

Mr. Scott Azzollini
Ms. Maureen Hardy
Mr. John Hillman
Frontier Insurance Company
in Rehabilitation
195 Lake Louise Marie Road
Rock Hill, NY 12775

Re: 0630600001 -- Grundy County
Morris Community Landfill
Financial Assurance File

Dear Mr. Azzollini, Ms. Hardy, and Mr. Hillman:

As the Director of the Illinois Environmental Protection Agency, I am providing you notification that Community Landfill Corporation ("CLC"), as the permitted operator, and the City of Morris ("City"), as the permitted owner, are in violation of operating, closure, and post-closure care requirements as set forth in Permit No. 2000-155-LFM, Mod. No. 4, dated August 5, 2002 ("Parcel A Significant Modification Permit, Mod. 4") and Permit No. 2000-156-LFM, Mod No. 3, dated August 5, 2002 ("Parcel B Significant Modification Permit, Mod. 3") for a landfill located at 1501 Ashley Road, Morris Road, Morris, IL 60450 ("Landfill or Site"). They have also (1) failed to initiate closure of the Landfill and/or (2) failed to close the Landfill or provide post-closure care in accordance with the closure and post-closure care plans.

I. Background

The Landfill which consists of two parcels, Parcels A & B has been out of compliance for several years. The Illinois EPA has three pending enforcement actions involving the Landfill. The first enforcement case is against CLC and involves various operational violations, including excess waste on Parcel B in the amount of 475,000 cubic yards. See Exhibits A & B. The second enforcement case involves similar violations against the principals of CLC in their individual capacity. See Exhibits C & D. The third enforcement action is against CLC and the City for financial assurance violations because the performance bonds do not meet the applicable Illinois Pollution Control Board ("Board") regulations because the surety is not listed on circular 570, a list of acceptable sureties. See Exhibit E.

ROCKFORD - 4302 North Main Street, Rockford, IL 61103 - (815) 398-7760
ELGIN - 595 South State, Elgin, IL 60123 - (847) 708-7300
BUREAU OF LAND - PEORIA - 7620 N. University St., Peoria, IL 61611 - (309) 693-5463
SPRINGFIELD - 4500 S. Sixth Street Rd., Springfield, IL 62706 - (217) 278-5800
MARION - 2309 W. ... - (618) 346-5120
... 511 W. Harrison St., Des Plaines, IL 60016 - (847) 294-4000
... University St., Peoria, IL 61614 - (309) 693-5463
... 2125 South First Street, Champaign, IL 61820 - (217) 278-5800
... 2009 Mall Street, Collinsville, IL 62234 - (618) 346-5120
... 59 - (618) 993-7200



PRINTED ON RECYCLED PAPER

On May 8, 2000, CLC and the City submitted applications for significant modifications for Parcels A and B of the Landfill ("Applications"). CLC and the City were required to have financial assurance for their significant modifications of the permit. They provided financial assurance by obtaining performance bonds. Frontier Insurance Company ("Frontier") is the surety on three performance bonds that guarantee closure and post-closure care of the Landfill. See Exhibits F, G & H. The total penal sum of the three performance bonds is \$17,427,366.00. CLC is the principal for two of the bonds (\$5,906,016.00 and \$1,439,720.00). The City is the principal for one of the bonds (\$10,081,630.00).

On August 4, 2000, the Illinois EPA issued initial significant modifications for Parcel A, Permit No. 2000-155-LFM ("Parcel A Significant Modification Permit") and one for Parcel B, Permit No. 2000-156-LFM ("Parcel B Significant Modification Permit"). See Exhibits L & Q. The permits incorporated various provisions from the Applications and applicable rules and regulations of the Illinois Pollution Control Board including 35 Ill. Adm. Code Part 811.

CLC and the City have failed to initiate and/or complete closure of Parcel B. Neither of the parties has taken adequate steps to address the closure obligations of the Landfill. CLC and the City are also in violation of various operating, closure, and post-closure care requirements as set forth in Parcel A Significant Modification Permit, Mod. 4 and Parcel B Significant Modification Permit, Mod. 3. Specifically, they have failed to comply with requirements involving leachate monitoring, groundwater monitoring, gas monitoring, financial assurance, reporting requirements, and waste removal. Complying with these permit requirements is important to ensure there is no threat to the environment.

II. Description of Performance Bonds

Bond No.: 158466
Face Amount: \$5,906,016.00
Expiration Date: May 31, 2005
Principal: Community Landfill Corporation

Bond No.: 158465
Face Amount: \$10,081,630.00
Expiration Date: May 31, 2005
Principal: City of Morris

Bond No.: 91507
Face Amount: \$1,439,720.00
Expiration Date: June 14, 2005
Principal: Community Landfill Corporation

III. Automatic Renewal

Pursuant to 35 Ill. Adm. Code 811.711(g)(1), the bonds must be issued for a term of at least five years and must not be cancelable during that term. Also, pursuant to 35 Ill. Adm. Code 811.711(g)(2) and the language of the bonds themselves, if the owner or operator fails to provide substitute financial assurance prior to expiration of a bond, the term of the bond must be automatically extended for one twelve-month period starting with the date of expiration of the bond. See Exhibits F, G & H. The Illinois EPA hereby gives formal notice to Frontier that it *herein and now* invokes this option because CLC and the City have failed to provide substitute financial assurance prior to the expiration of the bonds. Furthermore, the State has previously filed a complaint before the Board, seeking in part, that CLC and the City obtain adequate financial assurance that complies with the regulations of the Board. See Exhibit E.

IV. Cost of Closure and Post-Closure Care

The Illinois EPA does not know the exact cost of closure or post-closure care of the Landfill. According to the Applications submitted by CLC and the City, there may be approximately 475,000.00 cubic yards of excess waste in Parcel B. See Exhibit K, p. 10. According to the Parcel B Significant Modification Permit, the owner and operator were required to submit a revised cost estimate for the removal and disposal of the excess waste based on the Illinois EPA hiring a third party pursuant to 35 IAC 811.704(d). The revised cost estimate was to be submitted to the Illinois EPA by August 30, 2001. See Exhibits Q, IX.1 & X, p. 25. Unfortunately, the excess waste was not removed and neither CLC nor the City ever submitted a revised cost estimate. See Affidavit of Cristina Roque, par. 17(a).

Furthermore, CLC and the City were required to adjust the cost estimates for closure and post-closure for inflation or provide a certification that there is no change to the current cost estimate. This information was required to be provided on an annual basis submitted by June 1 of each year. See Exhibits L, X-8 & Q, IX-8. No updated information has been provided to the Illinois EPA since issuance of the Parcel A Significant Modification Permit dated August 4, 2000, and Parcel B Significant Modification Permit dated August 4, 2000. See Affidavit of Cristina Roque, par. 17(b).

Consequently, the actual cost of closure and post-closure care of the Landfill is most likely in excess of the amount of the bonds.

V. Basis for Triggering Bond Nos. 158466 & 91507

1. CLC has failed to timely initiate closure and/or failed to complete closure of Parcel B of the Landfill. See Affidavits of Ellen Robinson, par. 6 & Chris Liebman, par. 8.

2. CLC has failed to comply with several operating, closure, and post-closure provisions of its Parcel A Significant Modification Permit, Mod. 4. See Exhibit P. These provisions involve leachate monitoring, groundwater monitoring, gas monitoring, financial assurance, and reporting requirements. See Affidavit of Cristina Roque, pars. 6-12.
3. CLC has failed to comply with several operating, closure, and post-closure provisions of its Parcel B Significant Modification Permit, Mod. 3. See Exhibit T. These provisions involve leachate monitoring, groundwater monitoring, gas monitoring, financial assurance, reporting requirements, and waste removal. See Affidavit of Cristina Roque, pars. 13-18.

VI. Required Response Action

This Illinois EPA is only making a demand on Bond No. 158466 (\$5,906,016.00) and Bond No. 91507 (\$1,439,720.00) for a total of \$7,345,736.00. CLC is the principal on both bonds. Pursuant to the terms of the bond(s), the surety (Frontier) shall pay the penal sum of the bond \$7,345,736.00 to the Illinois EPA, or notify the Illinois EPA that it intends to provide closure and post-closure care in accordance with the closure and post-closure care plan for the Site within 30 days of receipt of this notification. Payment shall be made by check or draft payable to the State of Illinois, Landfill Closure and Post-Closure Fund. If Frontier notifies the Illinois EPA that it intends to provide closure and post-closure care, then it must initiate closure and post-closure care within 60 days after receipt of this notification.

At this time, the Illinois EPA is not making a demand on Bond No. 158465 (\$10,081,630.00). The City is the principal on this bond. As all of the bonds are being automatically renewed, the Illinois EPA expressly reserves the right to subsequently trigger this bond and demand payment or performance in accordance with the terms of bond and Board regulations.

VII. Comments

CLC and the City were required to obtain significant modifications to its existing permit for the Landfill. See 35 Ill. Adm. Code 814.104. As stated earlier, CLC and the City were required to have financial assurance for its significant modifications. See 35 Ill. Adm. Code 811.700(b). These financial assurance requirements were incorporated into Parcel A Significant Modification Permit and Parcel B Significant Modification Permit issued to CLC and the City on August 4, 2000. See Exhibits L & Q. For Parcel A, CLC and the City were required to maintain financial assurance in the amount of \$12,357,756.00. See Exhibit L, Parcel A Significant Modification Permit, Section X-6, p. 45. For Parcel B, CLC and the City were required to initially maintain financial assurance in the amount of \$5,069,610.00. See Exhibit Q, Parcel B Significant Modification Permit, Section IX-6, p. 36.

Bond No. 91507 in the amount of \$1,439,720.00 was effective July 14, 2000. See Exhibit F. Bond No. 158466 in the amount of \$5,906,016.00 was effective July 13, 2000. See Exhibit G. Bond No. 158465 in the amount of \$10,081,630.00 was effective July 13, 2000. See Exhibit H. Significant modifications to the Landfill's permit were required regardless of whether CLC or the City intended to operate the landfill, (i.e., receive waste). The Illinois EPA would not have issued a significant modification if CLC and the City did not have financial assurance. See generally Exhibit X, Order and Opinion of the Board, Community Landfill Company and City of Morris v. Illinois Environmental Protection Agency, PCB 01-48 & 01-49, p. 29 (April 5, 2001) ("Therefore, the Board affirms Parcel A, Condition X-6 and Parcel B, Condition IX-6 financial assurance conditions as necessary to accomplish the purposes of the Act").

If CLC and the City wanted to operate the Landfill in the new disposal areas, it was required to file a Supplemental Permit (this is a different permit than an initial Significant Modification) seeking authorization to receive waste. The parties did file an application for a Supplemental Permit; however, the permit was denied for several reasons including the fact that the Landfill was not in compliance with 35 Ill. Adm. Code 811.700(f). Specifically, the financial assurance documents did not comply with 35 Ill. Adm. Code 811.712(b), which requires, among other things, that the surety company issuing a bond for financial assurance must be approved by the U.S. Department of the Treasury. Effective June 1, 2000, Frontier was removed from the list of sureties that are approved by the U.S. Department of the Treasury as an acceptable surety (acceptable sureties are listed in the U.S. Department of the Treasury's Circular 570). The Illinois EPA's decision to deny the Supplemental Permit was appealed to the Board, which affirmed the Agency's decision. See Exhibit Y, Order and Opinion of the Board, Community Landfill Company and City of Morris v. Illinois Environmental Protection Agency, PCB 01-170 (Dec. 6, 2001). Whether a bond complies with applicable Board regulations is a different issue than whether a bond is enforceable. During these proceedings, the Board in its Order stated:

"CLC also notes that there is no question that the Frontier bonds are enforceable. CLC Resp. Br. at 12. CLC contends that the language in the bonds that the surety must "... pay the penalty sum to the IEPA or provide closure and post-closure care If, during the term of this bond, the principal fails to provide closure and post closure care or corrective action." CLC Resp. Br. at 12, citing Exh. 15, 16 and 70." (emphasis added).

Id. at 10-11. See also Exhibit Y. During this appeal, the Illinois EPA took the position that the Supplemental Permit was denied not because the bonds were unenforceable, but because the bonds did not meet certain regulatory requirements. The Board in its Order stated:

"The Agency responds to both CLC and the City of Morris' arguments similarly. In its response to the City of Morris, the Agency clarifies that the issue is not that the

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Page 6

Agency thought the bonds were insufficient or not in full force and effect. Agency Resp. to city Br. at 1. Rather, the Agency argues that its basis for its financial assurance denial was because the surety that issued the bonds (Frontier) was not, on the date of the permit denial, on the 570 list" (emphasis added).

Id. at 12. See also Exhibit Y. Basically, the bonds issued by Frontier did not meet the requirements of the Board regulations to allow the Landfill to operate. However, this fact does not prevent the Illinois EPA from enforcing Frontier's obligations as surety under the existing bonds that were provided for the "approved" Significant Modifications, which has independent significance from the "denied" Supplemental Permit. The Board correctly understood the dilemma that CLC and the City found themselves in when the Landfill was denied the right to operate. The Board stated, "CLC argues that without the permit, it will have no ability to operate the site, and will be liable for \$17 million in financial assurance and \$1 million in bond premiums." Id. at 14. This may be an unfortunate result but it is not a defense for Frontier from honoring its obligations under the existing bonds.

.....

If you have any questions concerning this matter, please contact Mr. Christopher Grant with the Illinois Attorney General Office who is representing the Illinois EPA on this matter. He can be reached at (312) 814-5388.

Sincerely,

Handwritten signature of Renee Cipriano in cursive, with the initials "RDT" written below the signature.

Renee Cipriano
Director

Enclosure

cc: Howard Mills, Acting Superintendent of Insurance for New York
Deborah Monforte, Frontier Insurance Company in Rehabilitation
Mark LaRose, Counsel for Community Landfill Company
Chuck Helston, Counsel for the City of Morris
Christopher Grant, Illinois Attorney General