

ILLINOIS POLLUTION CONTROL BOARD

June 16, 2011

IN THE MATTER OF: )  
)  
FINANCIAL ASSURANCE ) R10-9 (Subdocket A)  
INSTRUMENTS—RENEWAL AND ) (Rulemaking - Land)  
TERMS: AMENDMENTS TO 35 ILL. ADM. )  
CODE 807.SUBPART F AND APPENDIX A, )  
810.104, 811.SUBPARTS C, G AND )  
APPENDIX A. )

Proposed Rule. First Notice.

OPINION AND ORDER OF THE BOARD (by G. L. Blankenship)

The Board today proposes amendments to its waste disposal regulations for first-notice publication in the *Illinois Register*. See 35 Ill. Adm. Code 807.Subpart F and Appendix A, and 811.Subpart G and Appendix A.

The Illinois Environmental Protection Agency (Agency) initiated this proceeding by filing a rulemaking proposal on July 27, 2009 (Ag. Prop.), which was assigned docket R10-9 by the Board. After conducting two public hearings in R10-9 and considering the entire record, the Board in a separate order on this date in R10-9 adopted amendments to its waste disposal regulations.

In that order, the Board noted additional amendments proposed by the Agency following the Board's second notice opinion and order in R10-9. The Board determined that the best course of action would be to open a Subdocket A to address the additional Agency amendments. This Subdocket A was therefore opened specifically to address the Agency's additional proposals.

The Agency's original proposal updated specific segments of the Board's non-hazardous solid waste landfill regulations. The segments relate to financial assurance. The purpose of the financial assurance rules is to establish requirements for performance bonds and other securities insuring closure and post-closure care and corrective action at non-hazardous waste landfill sites. The Agency wanted the Board to update the rules to correspond with the hazardous waste financial assurance standards derived from the federal Resource Conservation and Recovery Act (RCRA) Subtitle C (42 U.S.C. 6921 *et seq.* (2007)) hazardous waste regulations and the Board's other financial assurance programs. In addition to the changes proposed by the Agency, the Board on its own motion corrected a typographical error under 35 Ill. Adm. Code Part 811 Subpart C. The subject matter of the Agency proposal along with the additional changes proposed by the Board are described in detail in R10-9.

The publication of these proposed amendments in the *Illinois Register* will begin a 45-day public comment period. See 5 ILCS 100/5-40(b) (2006) (Illinois Administrative Procedure Act).

In the opinion below, the Board first provides the procedural history of this rulemaking. The Board then briefly summarizes the Agency's original proposal before summarizing the Agency's additional amendments. Finally, the Board concludes this opinion.

The order following this opinion sets forth the proposed amendments for first-notice publication in the *Illinois Register*.

### **PROCEDURAL HISTORY**

On July 27, 2009, the IEPA filed a proposal for a statewide general rulemaking, requesting that the Board update specific segments of the Illinois non-hazardous solid waste landfill regulations. In an August 6, 2009 order, the Board accepted the Agency's proposal for hearing and granted the Agency leave to file fewer than four copies of each document proposed for incorporation by reference. The Board docketed the proposal as R10-9.

In a letter dated October 5, 2009, the Board requested that the Department of Commerce and Economic Opportunity (DCEO) conduct an economic impact study of the Agency's rulemaking proposal in R10-9. See 415 ILCS 5/27(b) (2008). As of the date of this order, the DCEO has not responded to this request.

On March 26, 2010, hearing officer Daniel Robertson scheduled a hearing in R10-9 to be held on May 11, 2010, in Springfield, Sangamon County. On April 21, 2010, the Agency submitted the pre-filed testimony of Mr. Brian S. White (Hearing Exh. 1). No other filings were received. The hearing took place as scheduled on May 11, 2010. During the hearing, the hearing officer admitted Mr. White's pre-filed testimony as the only exhibit into the record.

In an order dated May 14, 2010, the hearing officer scheduled a second hearing in R10-9 on July 15, 2010 in Chicago, Cook County. On June 15, 2010, the Agency pre-filed the testimony of Mr. White and Errata Sheet Number 1. No other filings were received.

During the hearing, the hearing officer admitted two exhibits into the record. Those exhibits were: *Errata* Sheet Number 1; and Pre-Filed testimony of Brian S. White.

Final comments in R10-9 were due by August 16, 2010. No final comments nor any other filings were received. On February 3, 2011, the Board adopted the proposal in R10-9 for first notice publication. This notice was published in the *Illinois Register* on February 25, 2011.

On February 23, 2011, JCAR filed its changes to the proposal in R10-9.

The Board received one public comment during the public comment filing period filed by the Agency on April 11, 2011.

On April 21, 2011, the Board adopted a second notice opinion and order in R10-9 for review by JCAR. On May 6, 2011, the Agency filed a second public comment (PC2).

At its meeting on May 10, 2011, JCAR issued a certificate of no objection to the Board's proposed amendments in R10-9.

In a separate order on this date, the Board issued a final adoption order in R10-9. In that same order, the Board created this Subdocket A to address concerns raised in the Agency's second public comment.

### **BRIEF SUMMARY OF AGENCY'S ORIGINAL PROPOSAL**

The Agency's proposal in R10-9 summarized the main purpose of the financial assurance rules as follows:

[T]o establish requirements for performance bonds and other securities insuring closure and post-closure care and corrective action at non-hazardous waste disposal sites and to prescribe the conditions under which the State of Illinois is entitled to collect monies from these instruments. Ag. Prop. at 1-2.

The proposed amendments were intended to bring consistency throughout the Board's financial assurance programs. Ag. Prop. at 2. The financial assurance rules under the Board's non-hazardous waste provisions were adopted in 1985 for Part 807, Subpart F (R84-22C) and in 1990 for Part 811, Subpart G (R88-7). Besides three identical in substance rulemakings in 1993 (R93-10), 1997 (R97-20), and 1999 (R99-1), the Agency stated that the rules remained substantially unchanged since they were adopted. Ag. Prop. at 1.

One of the primary reasons for the proposed amendments was to add "evergreen" renewal language and reduce terms in bonds and letters of credit. Ag. Prop. at 2-3. The Agency anticipated this will "result in an increase in the availability of these instruments as a financial assurance option for more landfills." Hearing Exh. 1 at 3.

### **ADDITIONAL COMMENTS OF THE AGENCY**

On May 5, 2011, the Agency filed its Additional Comments of the Illinois Environmental Protection Agency (PC2). Upon reviewing the Board's second notice proposal, the Agency requested three new substantive changes and three corrections previously noted by the Agency. PC2 at 1-2. These corrections were present in the Board's final adoption order in R10-9.

Under the Board's procedural rules, the Board was unable to make substantive changes to the proposed regulations in R10-9 after the beginning of the second notice period, except in response to objections or suggestions from JCAR. 35 Ill. Adm. Code 102.606(b). Since JCAR did not propose the changes suggested by the Agency, the Board was unable to make those changes to its proposal at the time.

The Agency's additional comments address three substantive proposals as follows. The Agency states that, at Section 807.663(f)(3), the phrase "to cover the increase" should be deleted since a performance bond cannot be combined with other types of financial assurance. PC2 at 1, citing 35 Ill. Adm. Code 807.641, Use of Multiple Financial Mechanisms. The Agency also requested that this same change be made at Section 811.712(f)(3). PC2 at 1. The final substantive change requested by the Agency is to restore a signature line which was inadvertently deleted in Section 807.Appendix A, Illustration E. PC2 at 1. The Agency notes that restoring this line would be identical to 811.Appendix A, Illustration E. PC2 at 1.

The Agency's proposal also includes three corrections which the Agency stated were not previously remedied. The Agency proposes that in Section 811.Appendix A, Illustration D, paragraph 8, the language "met one or more of the conditions described above" should be used instead of the language "failed to fulfill one or more of the conditions described in this document." PC2 at 2. The Board notes that this change is consistent to that made in R10-9 in Section 807.Appendix A, Illustration D. The Agency further stated that in Section 811.Appendix A, Illustration D, paragraph 12, the last phrase of the sentence should be restored to "date set forth above" to reference the first line of the bond which is "Date bond executed" and to be identical to 807.Appendix A, Illustrations C and D. PC2 at 2. The Agency requests that this same change be made in Section 811.Appendix A, Illustration H, paragraph 8. PC2 at 2. These three corrections were included in the Board's final adoption order.

### **DISCUSSION**

The Agency's proposal in R10-9 stated, "[t]he main purpose of the amendments . . . is to provide consistency throughout the Board's financial assurance programs . . ." Ag. Prop. at 2-3. The Agency noted the financial assurance rules have remained substantially unchanged since they were adopted and the amendments in R10-9 reflected several updates and revisions to bring consistency. *Id.* at 1. In addition, based on the past 25 years of administering the financial assurance program, the Agency proposed amendments to language it identified as problematic or misunderstood. Hearing Exh. 1 at 6.

The Board's analysis of the Agency's original proposal is detailed in R10-9. The Board today proceeds to first notice publication on the additional Agency proposed amendments without holding any further hearings to those already held in R10-9. However, the Agency or members of the public may request a hearing within the 45-day public comment period and the Board may hold additional hearings if necessary.

The Board includes two additional amendments which were unintentionally omitted following the Board's second notice opinion and order in R10-9. The Board notes that these additional amendments, although omitted, were present in the Board's second notice opinion and order and are consistent with the amendments adopted in R10-9.

## CONCLUSION

In a separate order today in docket R10-9, the Board adopted amendments to its waste disposal regulations. The Board noted comments from the Agency requesting additional amendments to the original proposal, following the Board's second notice opinion and order.

The Board opens this Subdocket A specifically to address these additional Agency comments and proposes to update waste disposal regulations in Parts 807 and 811. In its order below, the Board directs the Clerk to cause first-notice publication of the Board's proposal in the *Illinois Register*, which commences a 45-day public comment period. The Board welcomes any comments on the proposed changes during this time period.

## ORDER

The Board directs the Clerk to cause first-notice publication of the following proposed amendments to the Board's regulations in the *Illinois Register*. Proposed additions are underlined, and proposed deletions appear stricken.

TITLE 35: ENVIRONMENTAL PROTECTION  
 SUBTITLE G: WASTE DISPOSAL  
 CHAPTER I: POLLUTION CONTROL BOARD  
 SUBCHAPTER i: SOLID WASTE AND SPECIAL WASTE HAULING

PART 807  
 SOLID WASTE

SUBPART A: GENERAL PROVISIONS

Section	
807.101	Authority, Policy and Purposes
807.102	Repeals
807.103	Severability
807.104	Definitions
807.105	Relation to Other Rules

SUBPART B: SOLID WASTE PERMITS

Section	
807.201	Development Permits
807.202	Operating Permits
807.203	Experimental Permits
807.204	Former Authorization
807.205	Applications for Permit
807.206	Permit Conditions
807.207	Standards for Issuance

807.208	Permit No Defense
807.209	Permit Revision
807.210	Supplemental Permits
807.211	Transfer of Permits
807.212	Permit Revocation
807.213	Design, Operation and Maintenance Criteria
807.214	Revised Cost Estimates

### SUBPART C: SANITARY LANDFILLS

Section	
807.301	Prohibition
807.302	Compliance with Permit
807.303	Methods of Operation
807.304	Equipment, Personnel and Supervision
807.305	Cover
807.306	Litter
807.307	Salvaging
807.308	Scavenging
807.309	Animal Feeding
807.310	Special Wastes
807.311	Open Burning
807.312	Air Pollution
807.313	Water Pollution
807.314	Standard Requirements
807.315	Protection of Waters of the State
807.316	Application
807.317	Operating Records
807.318	Completion or Closure Requirements

### SUBPART E: CLOSURE AND POST-CLOSURE CARE

Section	
807.501	Purpose, Scope and Applicability
807.502	Closure Performance Standard
807.503	Closure Plan
807.504	Amendment of Closure Plan
807.505	Notice of Closure and Final Amendment to Plan
807.506	Initiation of Closure
807.507	Partial Closure
807.508	Certification of Closure
807.509	Use of Waste Following Closure
807.523	Post-closure Care Plan
807.524	Implementation and Completion of Post-closure Care Plan

### SUBPART F: FINANCIAL ASSURANCE FOR CLOSURE AND POST-CLOSURE CARE

Section	
807.600	Purpose, Scope and Applicability
807.601	Requirement to Obtain Financial Assurance
807.602	Time for Submission of Financial Assurance
807.603	Upgrading Financial Assurance
807.604	Release of Financial Institution
807.605	Application of Proceeds and Appeal
807.606	Release of the Operator
807.620	Current Cost Estimate
807.621	Cost Estimate for Closure
807.622	Cost Estimate for Post-closure Care
807.623	Biennial Revision of Cost Estimate
807.624	Interim Formula for Cost Estimate
807.640	Mechanisms for Financial Assurance
807.641	Use of Multiple Financial Mechanisms
807.642	Use of Financial Mechanism for Multiple Sites
807.643	Trust Fund for Unrelated Sites
807.644	RCRA Financial Assurance
807.661	Trust Fund
807.662	Surety Bond Guaranteeing Payment
807.663	Surety Bond Guaranteeing Performance
807.664	Letter of Credit
807.665	Closure Insurance
807.666	Self-insurance for Non-Commercial Sites

**SUBPART G: SITE-SPECIFIC RULES AND  
EXCEPTIONS NOT OF GENERAL APPLICABILITY**

Section	
807.700	Crete Pressure Pipe, Inc. Concrete Waste Disposal Site
807.APPENDIX A	Financial Assurance Forms
807.ILLUSTRATION A	Trust Agreement
807.ILLUSTRATION B	Certificate of Acknowledgment
807.ILLUSTRATION C	Forfeiture Bond
807.ILLUSTRATION D	Performance Bond
807.ILLUSTRATION E	Irrevocable Standby Letter of Credit
807.ILLUSTRATION F	Certificate of Insurance for Closure and/or Post-closure Care
807.ILLUSTRATION G	Owner's or Operator's Bond Without Surety
807.ILLUSTRATION H	Owner's or Operator's Bond With Parent Surety
807.ILLUSTRATION I	Letter from Chief Financial Officer
807.APPENDIX B	Old Rule Numbers Referenced

**AUTHORITY:** Implementing Sections 5, 21.1 and 22 and authorized by Section 27 of the

Environmental Protection Act [415 ILCS 5/5, 21.1, 22, and 27].

SOURCE: Adopted as an emergency rule and filed with the Secretary of State July 27, 1973; amended at 2 Ill. Reg. 16, p. 3, effective April 10, 1978; codified at 7 Ill. Reg. 13636; recodified from Subchapter h to Subchapter i at 8 Ill. Reg. 13198; emergency amendment in R84-22A at 9 Ill. Reg. 741, effective January 3, 1985, for a maximum of 150 days; amended in R84-22B at 9 Ill. Reg. 6722, effective April 29, 1985; amended in R84-22C at 9 Ill. Reg. 18942, effective November 25, 1985; amended in R84-45 at 12 Ill. Reg. 15566, effective September 14, 1988; amended in R88-7 at 14 Ill. Reg. 15832, effective September 18, 1990; emergency amendment in R93-25 at 17 Ill. Reg. 17268, effective September 24, 1993, for a maximum of 150 days; amended in R90-26 at 18 Ill. Reg. 12451, effective August 1, 1994; amended in R96-1 at 20 Ill. Reg. 12549, effective August 15, 1996; amended in R10-9 at 35 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

## SUBPART F: FINANCIAL ASSURANCE FOR CLOSURE AND POST-CLOSURE CARE

### **Section 807.663 Surety Bond Guaranteeing Performance**

- a) An operator may satisfy the requirements of this Subpart by obtaining a surety bond that conforms to the requirements of this Section and submitting the bond to the Agency.
- b) The surety company issuing the bond must be licensed by the Illinois 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 in one or more states, and approved by the U.S. Department of the Treasury as an acceptable surety.

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

- c) The surety bond must be on the form specified in Appendix A, Illustration D.
- d) Any payments made under the bond will be placed in the Landfill Closure and Post-Closure Fund within the State Treasury.
- e) Conditions:
  - 1) The bond must guarantee that the operator will:
    - A) Provide closure and post-closure care in accordance with the closure and post-closure care plans in the permit; and



- B) Provide alternate financial assurance, as specified in this Subpart, and obtain the Agency's written approval of the assurance provided within 90 days after receipt by both the operator and the Agency of a notice from the surety that the bond will not be renewed for another term.
- 2) The surety will become liable on the bond obligation when, during the term of the bond, the operator fails to perform as guaranteed by the bond. The operator fails to perform when the operator:
- A) Abandons the site;
  - B) Is adjudicated bankrupt;
  - C) Fails to initiate closure of the site or post-closure care 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 post-closure care in accordance with the closure and post-closure care plans; or
  - E) Fails to provide alternate financial assurance, as specified in this Subpart, and obtain the Agency's written approval of the assurance provided within 90 days after receipt by both the operator and the Agency of a notice from the surety that the bond will not be renewed for another term.
- 3) Upon the failure of the operator to perform as guaranteed by the bond, the surety shall have the option of providing closure and post-closure care in accordance with the closure and post-closure care plans, or of paying the penal sum.
- f) Penal sum:
- 1) The penal sum of the bond must be in an amount at least equal to the current cost estimate.
  - 2) Whenever the current cost estimate decreases, the penal sum may be reduced to the amount of the current cost estimate, following written approval by the Agency.
  - 3) Whenever the current cost estimate increases to an amount greater than the penal sum, the operator, within 90 days after the increase, must either cause the penal sum to be increased to an amount at least equal to the current cost estimate and submit evidence of the increase to the Agency or obtain other financial assurance, as specified in this Subpart, ~~to cover the~~

~~increase~~ and submit evidence of the alternate financial assurance to the Agency.

- g) Term:
- 1) The bond shall be issued for a term of at least one year and shall not be cancelable during that term.
  - 2) The surety bond must provide that, on the current expiration date and on each successive expiration date, the term of the surety bond will be automatically extended for a period of at least one year unless, at least 120 days before the current expiration date, the surety notifies both the operator and the Agency by certified mail of a decision not to renew the bond. Under the terms of the surety bond, the 120 days will begin on the date when both the operator and the Agency have received the notice, as evidenced by the return receipts.
  - 3) The Agency shall release the surety by providing written authorization for termination of the bond to the operator and the surety when either of the following occurs:
    - A) An operator substitutes alternate financial assurance, as specified in this Subpart; or
    - B) The Agency releases the operator from the requirements of this Subpart in accordance with Section 807.606(b) of this Part.
- h) Cure of default and refunds:
- 1) The Agency shall release the surety if, after the surety becomes liable on the bond, the operator or another person provides financial assurance for closure and post-closure care of the site, unless the Agency determines that a plan or the amount of substituted financial assurance is inadequate to provide closure and post-closure care as required by this Part.
  - 2) After closure and post-closure care have been completed in accordance with the plans and requirements of this Part, the Agency shall refund any unspent money that was paid to the Agency by the surety subject to appropriation of funds by the Illinois General Assembly.
- i) The surety will not be liable for deficiencies in the performance of closure by the operator after the Agency releases the operator from the requirements of this Subpart.

(Source: Amended at 35 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 807.APPENDIX A Financial Assurance Forms**

**Section 807.ILLUSTRATION D Performance Bond**

PERFORMANCE BOND

Date bond executed: \_\_\_\_\_

Effective date: \_\_\_\_\_

Principal: \_\_\_\_\_  
\_\_\_\_\_

Type of organization: \_\_\_\_\_

State of incorporation: \_\_\_\_\_

Surety: \_\_\_\_\_

Sites:

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

Amount guaranteed by this bond: \$ \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

Amount guaranteed by this bond: \$ \_\_\_\_\_

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

Total penal sum of bond: \$ \_\_\_\_\_

Surety's bond number: \_\_\_\_\_

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 post-closure

care for each site in accordance with the closure and post-closure care 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 [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 [415 ILCS 5/21.1], to provide financial assurance for closure and post-closure care; and

Whereas the Surety is licensed by the Illinois Department of Insurance or is licensed to transact the business of insurance, or approved to provide insurance as an excess or surplus lines insurer, by the insurance department in one or more states;

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

The Surety shall pay the penal sum to the IEPA or provide closure and post-closure care in accordance with the closure and post-closure care plans for the site if, during the term of the bond, the Principal fails to provide closure or post-closure care for any site in accordance with the closure and post-closure care 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 post-closure care when ordered to do so by the Illinois Pollution Control Board or a court of competent jurisdiction;
- d) Notifies the IEPA that it has initiated closure, or initiates closure, but fails to close the site or provide post-closure care in accordance with the closure and post-closure care plans; or
- e) Fails to provide alternate financial assurance and obtain the IEPA written approval of the assurance provided within 90 days after receipt by both the Principal and the IEPA of a notice from the Surety that the bond will not be renewed for another term.

The Surety shall pay the penal sum of the bond to the IEPA or notify the IEPA that it intends to provide closure and post-closure care in accordance with the closure and post-closure care plans for the site within 30 days after the IEPA mails notice to the Surety that the Principal has met one or more of the conditions described above~~failed to fulfill one or more of the conditions described above~~. Payment shall be made by check or draft payable to the State of Illinois, Landfill Closure and Post-Closure Fund.

If the Surety notifies the IEPA that it intends to provide closure and post-closure care, then the Surety must initiate closure and post-closure care within 60 days after the IEPA mailed notice to the Surety that the Principal met one or more of the conditions described above. The Surety must complete closure and post-closure care in accordance with the closure and post-closure care 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 \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ [date]; but such expiration date shall be automatically extended for a period of \_\_\_\_\_ [at least one year] on \_\_\_\_\_ [date] and on each successive expiration date, unless, at least 120 days before the current expiration date, the Surety notifies both the IEPA and the Principal by certified mail that the Surety has decided not to extend the term of this surety bond beyond the current expiration date. The 120 days will begin on the date when both the Principal and the IEPA have received the notice, as evidenced by the return receipts.

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 accordance with 35 Ill. Adm. Code 807.604.

In Witness Whereof, the Principal and Surety have executed this Performance 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 and that the wording of this surety bond is identical to the wording specified in 35 Ill. Adm. Code 807.Appendix A, Illustration D as such regulation was constituted on the date this bond was executed.

Principal

Corporate Surety

Signature

Name

\_\_\_\_\_  
Typed Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Title

\_\_\_\_\_  
State of Incorporation

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

---

---

Typed Name

---

Title

---

Corporate seal

Corporate seal

Bond premium: \$ \_\_\_\_\_

(Source: Amended at 35 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 807.APPENDIX A Financial Assurance Forms****Section 807.ILLUSTRATION E Irrevocable Standby Letter of Credit**

## IRREVOCABLE STANDBY LETTER OF CREDIT

Director  
 Illinois Environmental Protection Agency  
 C/O Bureau of Land #24  
 Financial Assurance Program  
 1021 North Grand Avenue East  
 Post Office Box 19276  
 Springfield, Illinois 62794-9276

Dear Sir or Madam:

We have authority to issue letters of credit. Our letter-of-credit operations are regulated by the Illinois Department of Financial and Professional Regulation or our deposits are insured by the Federal Deposit Insurance Corporation. (Omit language that does not apply.)

We hereby establish our Irrevocable Standby Letter of Credit No. \_\_\_\_\_ in your favor, at the request and for the account of \_\_\_\_\_ up to the aggregate amount of \_\_\_\_\_ U.S. dollars (\$\_\_\_\_\_), available upon presentation of:

1. your sight draft, bearing reference to this letter of credit No. \_\_\_\_\_; and
2. your signed statement reading as follows: "I certify that the amount of the draft is payable pursuant to regulations issued under authority of the Environmental Protection Act [415 ILCS 5] and 35 Ill. Adm. Code 807.664(e)."

This letter of credit is effective as of \_\_\_\_\_ [date] and shall expire on \_\_\_\_\_ [date at least one year later], but, such expiration date shall be automatically extended for a period of \_\_\_\_\_ [at least one year] on \_\_\_\_\_ [date] and on each successive expiration date, unless, at least 120 days before the current expiration date, we notify both you and [owner's or operator's name] by certified mail that we have decided not to extend this letter of credit beyond the current expiration date. The 120 days will begin on the date when both \_\_\_\_\_ [owner's or operator's name] and the IEPA have received the notice, as evidenced by the return receipts. In the event you are so notified, any unused portion of the credit shall be available upon presentation of your sight draft for 120 days after the date of receipt by both you and \_\_\_\_\_ [owner's or operator's name], as shown on the signed return receipts.

Whenever this letter of credit is drawn on under and in compliance with the terms of this credit, we shall duly honor such draft upon presentation to us, and we shall deposit the amount of the draft directly into the State of Illinois Landfill Closure and Post-Closure Fund in accordance with your instructions.

We certify that the wording of this letter of credit is identical to the wording specified in 35 Ill. Adm. Code 807. Appendix A, Illustration E as such regulations were constituted on the date shown below.

---

Signature

---

Typed Name

---

Title

---

Date

---

Name and address of issuing institution

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

(Source: Amended at 35 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)



TITLE 35: ENVIRONMENTAL PROTECTION  
 SUBTITLE G: WASTE DISPOSAL  
 CHAPTER I: POLLUTION CONTROL BOARD  
 SUBCHAPTER i: SOLID WASTE AND SPECIAL WASTE HAULING

PART 811  
 STANDARDS FOR NEW SOLID WASTE LANDFILLS

SUBPART A: GENERAL STANDARDS FOR ALL LANDFILLS

Section	
811.101	Scope and Applicability
811.102	Location Standards
811.103	Surface Water Drainage
811.104	Survey Controls
811.105	Compaction
811.106	Daily Cover
811.107	Operating Standards
811.108	Salvaging
811.109	Boundary Control
811.110	Closure and Written Closure Plan
811.111	Postclosure Maintenance
811.112	Recordkeeping Requirements for MSWLF Units
811.113	Electronic Reporting

SUBPART B: INERT WASTE LANDFILLS

Section	
811.201	Scope and Applicability
811.202	Determination of Contaminated Leachate
811.203	Design Period
811.204	Final Cover
811.205	Final Slope and Stabilization
811.206	Leachate Sampling
811.207	Load Checking

SUBPART C: PUTRESCIBLE AND CHEMICAL WASTE LANDFILLS

Section	
811.301	Scope and Applicability
811.302	Facility Location
811.303	Design Period
811.304	Foundation and Mass Stability Analysis
811.305	Foundation Construction
811.306	Liner Systems

811.307	Leachate Drainage System
811.308	Leachate Collection System
811.309	Leachate Treatment and Disposal System
811.310	Landfill Gas Monitoring
811.311	Landfill Gas Management System
811.312	Landfill Gas Processing and Disposal System
811.313	Intermediate Cover
811.314	Final Cover System
811.315	Hydrogeologic Site Investigations
811.316	Plugging and Sealing of Drill Holes
811.317	Groundwater Impact Assessment
811.318	Design, Construction, and Operation of Groundwater Monitoring Systems
811.319	Groundwater Monitoring Programs
811.320	Groundwater Quality Standards
811.321	Waste Placement
811.322	Final Slope and Stabilization
811.323	Load Checking Program
811.324	Corrective Action Measures for MSWLF Units
811.325	Selection of remedy for MSWLF Units
811.326	Implementation of the corrective action program at MSWLF Units

#### SUBPART D: MANAGEMENT OF SPECIAL WASTES AT LANDFILLS

Section	
811.401	Scope and Applicability
811.402	Notice to Generators and Transporters
811.403	Special Waste Manifests
811.404	Identification Record
811.405	Recordkeeping Requirements
811.406	Procedures for Excluding Regulated Hazardous Wastes

#### SUBPART E: CONSTRUCTION QUALITY ASSURANCE PROGRAMS

Section	
811.501	Scope and Applicability
811.502	Duties and Qualifications of Key Personnel
811.503	Inspection Activities
811.504	Sampling Requirements
811.505	Documentation
811.506	Foundations and Subbases
811.507	Compacted Earth Liners
811.508	Geomembranes
811.509	Leachate Collection Systems

#### SUBPART G: FINANCIAL ASSURANCE

## Section

811.700	Scope, Applicability and Definitions
811.701	Upgrading Financial Assurance
811.702	Release of Financial Institution
811.703	Application of Proceeds and Appeals
811.704	Closure and Post-Closure Care Cost Estimates
811.705	Revision of Cost Estimate
811.706	Mechanisms for Financial Assurance
811.707	Use of Multiple Financial Mechanisms
811.708	Use of a Financial Mechanism for Multiple Sites
811.709	Trust Fund for Unrelated Sites
811.710	Trust Fund
811.711	Surety Bond Guaranteeing Payment
811.712	Surety Bond Guaranteeing Performance
811.713	Letter of Credit
811.714	Closure Insurance
811.715	Self-Insurance for Non-Commercial Sites
811.716	Local Government Financial Test
811.717	Local Government Guarantee
811.718	Discounting
811.719	Corporate Financial Test
811.720	Corporate Guarantee

## 811.APPENDIX A Financial Assurance Forms

811.ILLUSTRATION A	Trust Agreement
811.ILLUSTRATION B	Certificate of Acknowledgment
811.ILLUSTRATION C	Forfeiture Bond
811.ILLUSTRATION D	Performance Bond
811.ILLUSTRATION E	Irrevocable Standby Letter of Credit
811.ILLUSTRATION F	Certificate of Insurance for Closure and/or Post-Closure Care or Corrective Action
811.ILLUSTRATION G	Owner's or Operator's Bond Without Surety
811.ILLUSTRATION H	Owner's or Operator's Bond With Parent Surety
811.ILLUSTRATION I	Letter from Chief Financial Officer

## 811.APPENDIX B Section-by-Section correlation between the Standards of the RCRA Subtitle D MSWLF regulations and the Board's nonhazardous waste landfill regulations.

## 811.APPENDIX C List of Leachate Monitoring Parameters

**AUTHORITY:** Implementing Sections 7.2, 21, 21.1, 22, 22.17, and 22.40 and authorized by Section 27 of the Environmental Protection Act [415 ILCS 5/7.2, 21, 21.1, 22, 22.17, 22.40, and 27].

**SOURCE:** Adopted in R88-7 at 14 Ill. Reg. 15861, effective September 18, 1990; amended in R92-19 at 17 Ill. Reg. 12413, effective July 19, 1993; amended in R93-10 at 18 Ill. Reg. 1308, effective January 13, 1994; expedited correction at 18 Ill. Reg. 7504, effective July 19, 1993;

amended in R90-26 at 18 Ill. Reg. 12481, effective August 1, 1994; amended in R95-13 at 19 Ill. Reg. 12257, effective August 15, 1995; amended in R96-1 at 20 Ill. Reg. 12000, effective August 15, 1996; amended in R97-20 at 21 Ill. Reg. 15831, effective November 25, 1997; amended in R98-9 at 22 Ill. Reg. 11491, effective June 23, 1998; amended in R99-1 at 23 Ill. Reg. 2794, effective February 17, 1999; amended in R98-29 at 23 Ill. Reg. 6880, effective July 1, 1999; amended in R04-5/R04-15 at 28 Ill. Reg. 9107, effective June 18, 2004; amended in R05-1 at 29 Ill. Reg. 5044, effective March 22, 2005; amended in R06-5/R06-6/R06-7 at 30 Ill. Reg. 4136, effective February 23, 2006; amended in R06-16/R06-17/R06-18 at 31 Ill. Reg. 1435, effective December 20, 2006; amended in R07-8 at 31 Ill. Reg. 16172, effective November 27, 2007; amended in R10-9 at 35 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

## SUBPART C: PUTRESCIBLE AND CHEMICAL WASTE LANDFILLS

### Section 811.712 Surety Bond Guaranteeing Performance

- a) An owner or operator may satisfy the requirements of this Subpart by obtaining a surety bond which conforms to the requirements of this Section and submitting the bond to the Agency. A surety bond obtained by an owner or operator of an MSWLF unit must be effective before the initial receipt of waste or before April 9, 1997 (the effective date of the financial assurance requirements under RCRA Subtitle D regulations), or such later date granted pursuant to Section 811.700(g), whichever is later, in the case of closure and post-closure care, or no later than 120 days after the remedy has been selected in accordance with the requirements of Section 811.325.
- b) The surety company issuing the bond shall be *licensed 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 in one or more states*, and approved by the U.S. Department of the Treasury as an acceptable surety. [415 ILCS 5/21.1(a.5)]

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

- c) The surety bond must be on the forms specified in Appendix A, Illustration D.
- d) Any payments made under the bond will be placed in the Landfill Closure and Post-Closure Fund within the State Treasury.
- e) Conditions:
  - 1) The bond must guarantee that the owner or operator will:
    - A) Provide closure and post-closure care in accordance with the

closure and post-closure care plans in the permit and, if the bond is a corrective action bond, provide corrective action in accordance with Section 811.326; and

- B) Provide alternative financial assurance, as specified in this Subpart, and obtain the Agency's written approval of the assurance provided within 90 days after receipt by both the owner or operator and the Agency of a notice from the surety that the bond will not be renewed for another term.
- 2) The surety will become liable on the bond obligation when, during the term of the bond, the owner or operator fails to perform as guaranteed by the bond. The owner or operator fails to perform when the owner or operator:
- A) Abandons the site;
  - B) Is adjudicated bankrupt;
  - C) Fails to initiate closure of the site or post-closure care or corrective action when ordered to do so by the Board pursuant to Title VIII of the Act, or when ordered to do so by a court of competent jurisdiction;
  - D) Notifies the Agency that it has initiated closure or corrective action, or initiates closure or corrective action, but fails to close the site or provide post-closure care or corrective action in accordance with the closure and post-closure care or corrective action plans.
  - E) For a corrective action bond, fails to implement corrective action at an MSWLF unit in accordance with Section 811.326; or
  - F) Fails to provide alternative financial assurance, as specified in this Subpart, and obtain the Agency's written approval of the assurance provided within 90 days after receipt by both the owner or operator and the Agency of a notice from the surety that the bond will not be renewed for another term.
- 3) Upon failure of the owner or operator to perform as guaranteed by the bond, the surety shall have the option of:
- A) providing closure and post-closure care in accordance with the closure and post-closure care plans; or
  - B) carrying out corrective action in accordance with the corrective action plan; or

C) paying the penal sum.

f) Penal sum:

- 1) The penal sum of the bond must be in an amount at least equal to the current cost estimate.
- 2) Whenever the current cost estimate decreases, the penal sum may be reduced to the amount of the current cost estimate following written approval by the Agency.
- 3) Whenever the current cost estimate increases to an amount greater than the penal sum, the owner or operator, within 90 days after the increase, must either cause the penal sum to be increased to an amount at least equal to the current cost estimate and submit evidence of that increase to the Agency or obtain other financial assurance, as specified in this Subpart, ~~to cover the increase~~ and submit evidence of the alternative financial assurance to the Agency.

g) Term:

- 1) The bond must be issued for a term of at least one year and must not be cancelable during that term.
- 2) The surety bond must provide that, on the current expiration date and on each successive expiration date, the term of the surety bond will be automatically extended for a period of at least one year unless, at least 120 days before the current expiration date, the surety notifies both the owner or operator and the Agency by certified mail of a decision not to renew the bond. Under the terms of the surety bond, the 120 days will begin on the date when both the owner or operator and the Agency have received the notice, as evidenced by the return receipts.
- 3) The Agency shall release the surety by providing written authorization for termination of the bond to the owner or operator and the surety when either of the following occurs:
  - A) An owner or operator substitutes alternative financial assurance, as specified in this Subpart; or
  - B) The Agency releases the owner or operator from the requirements of this Subpart in accordance with 35 Ill. Adm. Code 813.403(b).

h) Cure of default and refunds:

- 1) The Agency shall release the surety if, after the surety becomes liable on the bond, the owner or operator or another person provides financial assurance for closure and post-closure care of the site or corrective action at an MSWLF unit, unless the Agency determines that the closure or post-closure care plan, corrective action at an MSWLF unit, or the amount of substituted financial assurance is inadequate to provide closure and post-closure care or implement corrective action at an MSWLF unit in compliance with this Part.
- 2) After closure and post-closure care have been completed in accordance with the closure and post-closure care plans and the requirements of this Part or after the completion of corrective action at an MSWLF unit in accordance with Section 811.326, the Agency shall refund any unspent money which was paid into the "Landfill Closure and Post-Closure Fund" by the surety, subject to appropriation of funds by the Illinois General Assembly.
  - i) The surety will not be liable for deficiencies in the performance of closure by the owner or operator after the Agency releases the owner or operator from the requirements of this Subpart.

BOARD NOTE: MSWLF corrective action language at subsection (a) is derived from 40 CFR 258.74(b)(1) (1996). P.A. 89-200, signed by the Governor on July 21, 1995 and effective January 1, 1996, amended the deadline for financial assurance for MSWLFs from April 9, 1995 to the date that the federal financial assurance requirements actually become effective, which was April 9, 1997. On November 27, 1996 (61 Fed. Reg. 60337), USEPA added 40 CFR 258.70(c) (1996), codified here as Section 811.700(g), to allow states to waive the compliance deadline until April 9, 1998. The other clarifying changes reflect the inclusion of financial assurance requirements for implementing corrective action at MSWLF units under this Section.

(Source: Amended at 35 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 811.APPENDIX A Financial Assurance Forms**

**Section 811.ILLUSTRATION D Performance Bond**

**PERFORMANCE BOND**

Date bond executed: \_\_\_\_\_

Effective date: \_\_\_\_\_

Principal: \_\_\_\_\_

Type of organization: \_\_\_\_\_

State of incorporation: \_\_\_\_\_

Surety: \_\_\_\_\_

Sites:

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

Amount guaranteed by this bond: \$ \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

Amount guaranteed by this bond: \$ \_\_\_\_\_

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

Total penal sum of bond: \$ \_\_\_\_\_

Surety's bond number: \_\_\_\_\_

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 post-closure care or corrective action for each site in accordance with the closure and post-closure 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 [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 [415 ILCS 5/21.1], to provide financial assurance for closure and post-closure care or corrective action.

Whereas the Surety is licensed by the Illinois Department of Insurance or is licensed to transact the business of insurance or approved to provide insurance as an excess or surplus lines insurer by the insurance department in one or more states.

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

The Surety shall pay the penal sum to the IEPA or provide closure and post-closure care or corrective action in accordance with the closure and post-closure care or corrective action plans for the site if, during the term of the bond, the Principal fails to provide closure or post-closure care or corrective action for any site in accordance with the closure and post-closure 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 post-closure care or corrective action when ordered to do so by the Illinois Pollution Control Board or a court of competent jurisdiction;
- d) Notifies the IEPA that it has initiated closure, or initiates closure, but fails to close the site or provide post-closure care or corrective action in accordance with the closure and post-closure care or corrective action plans;
- 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; or
- f) Fails to provide alternative financial assurance and obtain the IEPA written approval of the assurance provided within 90 days after receipt by both the Principal and the IEPA of a notice from the Surety that the bond will not be renewed for another term.

The Surety shall pay the penal sum of the bond to the IEPA within 30 days after the IEPA mails notice to the Surety that the Principal met one or more of the conditions described above ~~has~~

~~failed to fulfill one or more of the conditions described in this document.~~ Payment shall be made by check or draft payable to the State of Illinois, Landfill Closure and Post-Closure Fund.

If the Surety notifies the IEPA that it intends to provide closure and post-closure care or corrective action, then the Surety must initiate closure and post-closure care or corrective action within 60 days after the IEPA mailed notice to the Surety that the Principal met one or more of the conditions described above. The Surety must complete closure and post-closure care or corrective action in accordance with the closure and post-closure 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 \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ [date], but that expiration date shall be automatically extended for a period of [at least one year] on [date] and on each successive expiration date, unless, at least 120 days before the current expiration date, the Surety notifies both the IEPA and the Principal by certified mail that the Surety has decided not to extend the term of this surety bond beyond the current expiration date. The 120 days will begin on the date when both the Principal and the IEPA have received the notice, as evidenced by the return receipts.

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 accordance with 35 Ill. Adm. Code 811.702.

In Witness Whereof, the Principal and Surety have executed this Performance 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 and that the wording of this surety bond is identical to the wording specified in 35 Ill. Adm. Code 811. Appendix A, Illustration D as that regulation was constituted on the date this bond was executed.

PRINCIPAL

SURETY

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Typed Name

\_\_\_\_\_  
Address  
  
\_\_\_\_\_

\_\_\_\_\_  
Title

\_\_\_\_\_  
State of Incorporation

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed Name

Corporate Seal

\_\_\_\_\_  
Title

Corporate Seal

Bond Premium: \$ \_\_\_\_\_

(Source: Amended at 35 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

IT IS SO ORDERED.

I, John T. Therriault, Assistant Clerk of the Illinois Pollution Control Board, certify that the Board adopted the above opinion and order on June 16, 2011, by a vote of 5-0.



\_\_\_\_\_  
John T. Therriault, Assistant Clerk  
Illinois Pollution Control Board