



KCBX TERMINALS COMPANY

October 2, 2014

Dear Neighbor,

We are writing to update you on a number of important developments involving our efforts to comply with the city of Chicago's new rules for storing and handling coal and petroleum coke products and other bulk materials.

As you may recall from our previous letter, we are moving forward with plans to enclose our product piles and we continue to monitor the environmental conditions around our operations to make sure we're being a good neighbor.

We now have more than 200 days of air monitoring results from the U.S. Environmental Protection Agency (EPA) site monitors showing that air quality near our facility is within clean air standards. Independent laboratories have also conducted tests on more than 100 surface samples from the neighborhood that show no evidence of coal or petcoke dust. Most recently the EPA determined that blackened home air furnace filters, which environmental activists have alleged contain dust from our operations, do not contain petcoke.

You may be aware that there have been two instances since last February when the EPA has said dust readings were unacceptably high. However, in both cases the upwind air monitors detected significant levels of dust coming onto KCBX's property from other locations, meaning almost all of the dust cited by the EPA was not coming from our facility. The EPA's own ambient air monitor located a couple blocks from our facility at Washington High School has never exceeded national air standards for particulate matter or dust that could be associated with coal or petcoke.

While we believe these results show that our dust mitigation system is working well, we understand that some of our neighbors continue to have concerns about the potential for dust. This is why we are making every effort to move forward with the process of enclosing our product piles as quickly as possible.

Over the past few months we have been working with our customers and engineering firms to determine the size and scope of the enclosure. We expect it will take approximately 24 months to complete the multi-million dollar project from the time we break ground. However, this is the first project of its kind under the city's new rules so we anticipate it could take several additional months to finalize the building design and receive the necessary permits that would allow construction to begin.

Because the timeline for when construction can begin is uncertain we are requesting additional time to comply with the city's rules that call for all bulk material products to be covered within two years. We are also seeking a small number of variances that are allowed under the city's rules, which are needed for us to maintain our business until the enclosure project could be completed. This includes permission to maintain product piles at 45 feet – down from their original 60 feet – instead of 30 feet as called for in the rules. The environmental data from the air monitoring and surface sample tests show that a 45-foot height limit is well within the capability of our dust mitigation system. We are confident it will provide appropriate interim protections until the enclosure project can be completed.

Most importantly, we remain fully committed to always conducting our operations with respect for the environment and our neighbors. For more than 20 years, KCBX Terminals has worked to handle bulk materials responsibly on Chicago's southeast side, even earning the "Good Neighbor Award" from the Southeast Environmental Task Force in 2001 and 2005 for environmental work, including our dust mitigation system. This was the same commitment we brought to our South terminal when we purchased it less than two years ago. It's also the same commitment you can expect from us going forward as we start work on the enclosure project.

For more information about the project and our ongoing environmental monitoring, please visit [www.aboutpetcoke.com](http://www.aboutpetcoke.com).

Sincerely,

A handwritten signature in black ink, appearing to read 'Mike Estadt', with a long horizontal flourish extending to the right.

Mike Estadt  
Operations Manager  
KCBX Terminals