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February 18, 2015

VIA HAND DELIVERY

Commissioner Julie Morita, M.D.
Chicago Department of Health
333 South State Street, Room 200
Chicago, IL 60604

Re: KCBX Terminals Company's Response to the Chicago Department of Public Health's February 13, 2015 Letter

Dear Dr. Morita:

I write on behalf of KCBX Terminals Company ("KCBX") in response to your February 13, 2015 letter regarding "KCBX Terminals Company's Petition for Variance from Sections 6.0(5) and 6.0(6)." For reasons previously stated, KCBX disagrees with the conclusions in your February 13, 2015 letter.¹ KCBX will not reiterate those disagreements here.

KCBX has operated in compliance with the City of Chicago Department of Public Health's Rules and Regulations for Control of Emissions from the Handling and Storage of Bulk Material Piles ("Bulk Material Regulations"), and it will continue to do so. KCBX also will continue to evaluate

¹ See KCBX Terminals Company's Petition for Variance from Sections 6.0(5) and 6.0(6); Supplement to KCBX Terminals Company's Petition for Variance from Sections 6.0(5) and 6.0(6); KCBX Terminals Company's Petition for Variance; KCBX Terminals Company's Response to the Natural Resources Defense Council, et al.'s Comments on its Petition for Variance; and KCBX Terminals Company's Response to the Chicago Department of Public Health's Determination on its Petition for Variance.

Each document is available at:

http://www.cityofchicago.org/city/en/depts/cdph/supp_info/environmental_permitsandregulation/doe_ordinances_rulesandregulationsandsupportingdocuments.html.

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whether it can proceed with its enclosure project. In the meantime, KCBX writes to notify the Department of Public Health of two actions it will take in response to the City's rules, regulations, and variance request responses.

First, although the Bulk Material Regulations allow KCBX to have outdoor bulk material piles until June 2016, KCBX will cease bulk material handling at its North Terminal (located at 3259 E. 100th Street) on or before June 30, 2015. At that time, KCBX will discontinue its bulk material transloading operations at North, meaning KCBX will no longer transload inbound or outbound shipments of bulk material at its North Terminal, and will no longer have bulk material piles for such transloading. On or after June 30, 2015, KCBX will then begin the process of decommissioning North, which will include activities such as removal of the staging area base material, which consists of a mixture of soil, coal, and pet coke.

Second, in accordance with the Bulk Material Regulations, on or before June 9, 2016, KCBX will no longer have outdoor piles of bulk material at its South Terminal (located at 10730 Burley Avenue). At that time, KCBX will transfer product via a covered conveyor system directly from rail to transport vessels and barges.

If you have any questions on this matter, please let me know.

Sincerely,

/s/ Stephen Swedlow

Stephen Swedlow
Attorney for KCBX Terminals Company

CC: Alderman Pope
Alderman Burke