



Canton Office
175 Main Street • Canton, NC 28716

11 November 2011

Ervin Lane
Compliance Hydrogeologist
Division of Waste Management – Solid Waste Section
North Carolina Department of Environment
and Natural Resources
1646 Mail Service Center
Raleigh, North Carolina 27699-1646

Subject: **Additional Information Regarding Post Closure Corrective Action Estimate**
Canton Mill Landfill No. 6
Permit No. 44-06

Dear Mr. Lane –

In response to your e-mail request of 3 Oct 2011 to Mr. John Pekar of Evergreen Packaging, enclosed is an update to the post closure monitoring and maintenance portion of the landfill financial assurance estimate submitted on 12 Sep 2011. Mr. Guy Cote of Sevee & Maher Engineers – our landfill consultant 207-829-5016 – prepared the revision and should be contacted with any questions. The corrective action portion of post closure monitoring and maintenance on page 3 was modified to include both compliance monitoring (A) and assessment monitoring (B). Compliance monitoring was in the previous estimate and is an extension of routine sampling currently being performed. Assessment monitoring is new and would be invoked by an exceedance in the water quality data from compliance monitoring. Assessment monitoring involves preparation of a work plan, additional wells, sampling and a findings report. We also added the cost of maintenance for new wells.

The total corrective action changes remain below the \$2 million minimum corrective action threshold specified in GS 130A-295.2(h), as amended by Session Law 2011-262 (HB 209). The inflation rate for the post closure monitoring and maintenance estimate was also adjusted for latest North Carolina guidance (1.0% vs 1.2% in previous estimate). The new 30-year total is \$3,358,000. The landfill closure cap estimate from our 12 Sep 2011 submittal (copy enclosed) is \$2,075,000. The updated total 30-year financial assurance amount is :

Landfill closure cap	\$ 2,075,000
Post closure monitoring and maintenance including \$2 MM corrective action statutory minimum	\$ 3,358,000

	\$ 5,433,000



Mr Ervin Lane, NC DWM Solid Waste
11 Nov 2011, Page 2

Evergreen Packaging established a financial assurance mechanism by letter of credit dated 3 Aug 2011 in the amount of \$5,472,000 in accordance with 15A NCAC 13B .1628(e). Based on the updated estimate above, the assurance amount is adequate to cover all the assessment and corrective action items in your 3 Oct 2011 additional information request.

Sincerely -



James Giauque
Waste Compliance & Landfill Supervisor
Canton / Waynesville
828-646-2028
jim.giauque@everpack.com



Paul Dickens
Manager, Environmental Affairs
Canton / Waynesville
828-646-6141
paul.dickens@everpack.com

Enclosures:

10 Nov 2011 updated post closure monitoring and maintenance estimate prepared by SME, 3 pages

Copy - 12 Sep 2011 financial assurance estimate
Copy - 3 Aug 2011 Letter of Credit

cc: w/ enclosures:

Mr. Allen Gaither
Environmental Engineer
Division of Waste Management
North Carolina Department of Environment
and Natural Resources
2090 U.S. Highway 70
Swannanoa, North Carolina 28778

internal distribution

Evergreen Packaging - Canton Mill
 Landfill No. 6
 Canton, North Carolina
 Post-Closure Monitoring and Maintenance Costs

Inflation Rate 1.01%

1. Landfill Maintenance Cost

a. General site repairs and maintenance.

	ESTIMATED COSTS				
	years	cost/year	total cost	Adjusted for Inflation	

Required repairs will include erosion repairs of the cover system, siltation removal from the stormwater conveyance system, surface repairs to the roads, and culvert maintenance.

	1-10	\$2,500	\$25,000	(\$26,167)	
	11-30	\$1,500	\$30,000	(\$37,249)	

Approximately 150 acres of the landfill facility will require mowing. Mowing will occur twice per year.

	1-30	\$5,000	\$150,000	(\$174,187)	
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b. Snow removal.

Road maintenance during the winter months will include plowing, sanding, and shoveling

	1-30	\$2,500	\$75,000	(\$87,094)	
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c. Gas control system.

Not Applicable

	1-30	\$0	\$0	\$0	
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SUBTOTAL LANDFILL MAINTENANCE (\$324,697)

2. Landfill Inspections

a. Mill inspections

This item provides the cost for periodic inspections by Evergreen personnel. The first 3- years will require 2 visits per year. Years 4-30 will require 1 visit per year.

	1-3	\$500	\$1,500	(\$1,515)	
	4-30	\$300	\$8,100	(\$9,596)	

b. Independent engineering firm

Cost associated with this item include 2 site inspections per year for the first three years of post closure and 1 site inspection per year for the last twenty seven years.

	1-3	\$1,000	\$3,000	(\$3,030)	
	4-30	\$500	\$13,500	(\$15,993)	

c. Geotechnical Inspections

This item includes the cost associated with one site inspection per year for the 30-year post closure period. Cost include the review of data (piezometers, settlement, gauges, etc.), and a letter report documenting the condition of the landfill.

	1-30	\$1,000	\$30,000	(\$34,837)	
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SUBTOTAL INSPECTION COST (\$64,973)

Evergreen Packaging - Canton Mill
 Landfill No. 6
 Canton, North Carolina
 Post-Closure Monitoring and Maintenance Costs

3. <u>Leachate Management</u>	year	cost/year	cost	Adjusted for Inflation
<u>a. Replacement Cost</u>				
These costs are assumed replacement costs for the leachate pond liner (20 yr life), leachate pumps (10 year life), and flow meter and controls (15 yr life).				
Pond liner (40,000 SF)			\$40,000	(\$48,904)
Pumps			\$25,000	(\$27,643)
<u>b. Preventative Maintenance</u>				
Assumes biennial preventative maintenance of the leachate force main, cleaning and inspection of the leachate pond liner and annual cleaning and inspection of the leachate collection system.				
	1-30	\$15,000	\$450,000	(\$522,562)
<u>c. Electric cost (pump station)</u>				
This item includes the electrical cost for two pump stations.				
	1-30	\$2,000	\$60,000	(\$69,675)
<u>d. General cost</u>				
This item includes costs associated with general repairs and maintenance to the pump station buildings, pumps, fitting, valves, meters and lights.				
	1-30	\$5,000	\$150,000	(\$174,187)
<u>e. Leachate Treatment</u>				
	Years	Cost/gal	Leachate Generation Gal/Yr	Cost
Cost associated with treating the leachate pumped to the WWTP. Leachate generation is based on geomembrane covers for 6D-South and soil covers on 6A-East, West, and B and C.				
	1-30	\$ 0.0004	9007500	\$108,090
				(\$125,519)
SUBTOTAL LEACHATE MANAGEMENT				(\$968,490)

Evergreen Packaging - Canton Mill
Landfill No. 6
Canton, North Carolina
Post-Closure Monitoring and Maintenance Costs

**4 CORRECTIVE ACTION COST ITEMS INCLUDED IN
\$2,000,000 (new statutory minimum July 2011)**

<u>A. Compliance Monitoring</u>	year	cost/year	cost	Adjusted for Inflation
<u>a. Sampling and Analysis</u>	1-5	\$50,000	\$250,000	(\$255,101)
Cost associated with water quality monitoring, testing, and reporting include field sampling, laboratory analysis, quarterly and annual reporting, equipment cost, mileage, hotel, and meal cost and miscellaneous materials cost. The water sampling will be at a rate of twice a year for the first five years and once a year the following twenty five years	6-30	\$25,000	\$625,000	(\$750,403)
 <u>b. Landfill Gas Monitoring</u>	1-10	\$6,000	\$60,000	(\$62,802)
Cost associated with methane gas testing, and reporting include field sampling, and semi annual reporting, equipment cost, mileage, hotel, and meal cost and miscellaneous materials cost. The gas monitoring will be at a rate of twice per year for the first ten years and once a year the following twenty years	10-30	\$3,000	\$60,000	(\$74,498)
 <u>c. Maintenance and Repair</u>	15	\$15,000	\$15,000	(\$17,440)
This item provides the cost to replace two monitoring wells and a gas probe over the 30-year post-closure period. The cost includes drilling, installation, development, and documentation.				
 <u>B. Assessment Monitoring</u>	year	unit cost	cost	Adjusted for Inflation
<u>a. Corrective Action Work Plan</u>	30	\$50,000	\$50,000	(\$67,593)
Cost associated with preparation of Work Plan to assess and characterize the nature and extent of groundwater plume triggered by the Compliance Monitoring Program.				
 <u>b. Monitoring Wells</u>	30	\$7,000	\$42,000	(\$56,778)
Cost associated with installing additional monitoring wells to characterize the nature and extent of groundwater plume (assumed 6 wells).				
 <u>c. Sampling and Analysis</u>	30	\$25,000	\$75,000	(\$101,389)
Cost associated with water quality monitoring and testing. These sample rounds would be conducted in conjunction with the Work Plan from 4.B.a. A total of three rounds are contemplated.				
 <u>d. Evaluation</u>	30	\$75,000	\$75,000	(\$101,389)
Preparation of corrective action report with findings.				
 <u>e. Maintenance and Repair</u>	30	\$7,000	\$7,000	(\$9,463)
This item provides the cost to replace one monitoring well installed as part of the Assessment Monitoring. The cost includes drilling, installation, development, and documentation.				
SUBTOTAL CORRECTIVE ACTION				(\$1,496,858)
CORRECTIVE ACTION USED IN FINANCIAL ASSURANCE				(\$2,000,000)
GRAND TOTAL FOR 30 YEARS ROUNDED				(\$3,358,160) (\$3,358,000)

Reviewed by Sevee & Maher Engineers, 11/10/2011



Canton Office
175 Main Street • Canton, NC 28716

12 September 2011

Mr. Allen Gaither
Environmental Engineer
Division of Waste Management
North Carolina Department of Environment
and Natural Resources
2090 U.S. Highway 70
Swannanoa, North Carolina 28778

Subject: **Revised Estimate for Landfill Financial Assurance**
Canton Mill Landfill No. 6
Permit No. 44-06

Dear Mr. Gaither –

Attached is the cost estimate for the closure of Landfill Number 6, Permit Number 44-06. The estimate previously submitted to the Division on 7 Feb 2011 is revised to reflect the modified Potential Assessment and Corrective Action (PACA) reserve. Sevee & Maher Engineers made the changes to the 2011 lined landfill closure estimate to reflect the current North Carolina PACA standards. These documents are enclosed. The revised total financial assurance amount is \$5.472 million.

Evergreen Packaging has established a financial assurance mechanism by letter of credit with an effective date of 3 August 2011 in accordance with 15A NCAC 13B .1628(e).

Sincerely –

James Giauque
Waste Compliance & Landfill Supervisor
Canton / Waynesville
828-646-2028
jim.giauque@everpack.com

Paul Dickens
Manager, Environmental Affairs
Canton / Waynesville
828-646-6141
paul.dickens@everpack.com

Enclosures: 8 Sep 2011 revised financial assurance estimate prepared by SME, 5 pages
File: 12 Sep 2011 revised financial assure est
Cc w/ enclosures: Shawn McKee, NC DWM Raleigh

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Cost Estimate Form for Closure of a Lined Landfill



Facility Name:	2011 CLOSURE ESTIMATE FOR LANDFILL NO. 6
Address of Facility:	CANTON, NORTH CAROLINA
Owner:	EVERGREEN PACKAGING - CANTON MILL
Phase:	AREA 6A-WEST
	15 Acres (15 acres with HDPE)
DENR Permit #:	44-06

Task		Unit	Unit Cost	Quantity	Total Cost
I Design of Final Closure Plans	Cat 1				
Engineering Cost	100	TS	\$75,000.00	1	\$75,000.00
Plans	110	TS			\$0.00
Modification/Closure Plan Review Fees	120	TS			\$0.00
II Mobilization, Demobilization & Insurance	Cat 2				
Total cost	200	TS	\$25,000.00	1	\$25,000.00
Other	210				\$0.00
III Erosion Control	Cat 3				
Silt Fence	300	LF	\$3.50	6000	\$21,000.00
Erosion Matting/ Blanket	310	EA	\$15,000.00	1	\$15,000.00
Hay Bale Sediment Barrier	320	LF			\$0.00
Hay Mulch Cover	330				\$0.00
Check Dams	340	EA			\$0.00
Other	350	TS	\$25,000.00	1	\$25,000.00
IV Waste Relocation	Cat 4				
Test Pits (to define limits of refuse and/or ground water to refuse contact)	400	DAY			\$0.00
Clearing & Grubbing	410	SY			\$0.00
Waste Regrading	420	CY	\$0.00	1	\$0.00
Other	430				\$0.00
V Capping	Cat 5				
A Cap (Material and Installation)					\$0.00
Geomembrane - 40 mil HDPE	510	SF	\$0.50	652500	\$326,250.00
Common Borrow Soil Layer - 18" thick	520	CY	\$5.50	36300	\$199,650.00
Common Borrow Soil Layer - 36" thick	530	CY			\$0.00
Anchor Trench	540				\$0.00
Geotextile 16 oz.	541	SF	\$0.30	652500	\$195,750.00
Geotextile 12 oz.	542	SF	\$0.20		\$0.00
Geocomposite	543	SF	\$0.45	652500	\$293,625.00
Other	550				\$0.00
B Gas Vents Devices	Cat 6				\$0.00
Gas Wells	600	VF	\$80.00	0	\$0.00
Gas Vents	610	LF	\$9.00	6000	\$54,000.00
C Layers	Cat 7				\$0.00
Drainage Layer - Washed Aggregate - 6" thick	700	CY	\$17.00	12100	\$205,700.00
Intermediate Cover Placement	710	CY	\$0.00	0	\$0.00
Sand - Protective Gas Venting Layer - 12" thick	720	CY	\$7.00	0	\$0.00
Topsoil/Loam or Manufactured Soil - 6" thick	730	CY	\$10.00	12100	\$121,000.00
Sand Bags for berms	740	ea	\$0.15		\$0.00
Other	750				\$0.00

Task		Unit	Unit Cost	Quantity	Total Cost
VI Stabilization, Run-off Control	Cat 8				
Seed & Mulch (Include Lime, Fertilizer, Seed & Hay Mulch)	800	Unit	\$50.00	1300	\$65,000.00
Surface Water Diversion Swales	810	LF	\$0.00	0	\$0.00
Stone Rip-Rap	820	LF	\$20.00	0	\$0.00
Piping 6 inch	852	LF	\$9.00	7000	\$63,000.00
Piping Connections	853	EA	\$1,000.00	12	\$12,000.00
Stormdrain system	860	EA	\$0.00	1	\$0.00
VII Monitoring Devices	Cat 9				
Settlement Monuments/Plates	900	EA			\$0.00
Groundwater Monitoring Wells	910	EA			\$0.00
Gas Monitoring Probes	920	EA		0	\$0.00
Other	930				\$0.00
VIII Roadway	Cat 10				
Access Roadway	1000	LF			\$0.00
Drainage Ditches	1010				\$0.00
Culvert Inlet & Outlet Headwalls	1020				\$0.00
Guide Rail	1030	LF			\$0.00
Culverts	1040	LF	\$50.00	500	\$25,000.00
New/Replaced Pavement	1050	SY			\$0.00
Other	1060				\$0.00
IX Miscellaneous	Cat 11				
Signs	1100	LS			\$0.00
Perimeter Fence	1110	LF			\$0.00
Entry Gate - Double Unit	1120	EA			\$0.00
Miscellaneous Work and Cleanup	1130				\$0.00
Ledge Removal	1140	CY			\$0.00
Other	1150				\$0.00
X Surveying	Cat 12				
Baseline, Bench Marks, and Survey Control	1200	EA	\$5.00	1	\$5.00
Other	1210				\$0.00
XI Construction Phase Testing	Cat 13				
Compaction Testing	1300				\$0.00
QAQC	1310		\$30,000.00	1	\$30,000.00
Other	1320				\$0.00
XII Engineering	Cat 14				
Resident Engineer, Project Manager, Project Engineer	1400		\$125,000.00	1	\$125,000.00
Record Drawings	1410		\$8,000.00	1	\$8,000.00
Other	1420				\$0.00
XIII Other (list)	Cat 15				
	1500				\$0.00
	1510				\$0.00
XIV Contingency (minimum 10%)	Cat 16				
	1600	LS	10%	1884980	190,000
Total Closure Cost					\$2,074,980

Total Closure Cost Rounded	\$2,075,000
Post Closure Monitoring and Maintenance	\$1,397,000
Corrective Action	\$2,000,000
Total Financial Assurance	\$5,472,000

Evergreen Packaging - Canton Mill
Landfill No. 6
Canton, North Carolina
Post-Closure Monitoring and Maintenance Costs

Inflation Rate 1.20%

1. Landfill Maintenance Cost

a. General site repairs and maintenance.

Required repairs will include erosion repairs of the cover system, siltation removal from the stormwater conveyance system, surface repairs to the roads, and culvert maintenance.

	ESTIMATED COSTS		total cost	Adjusted for Inflation
	years	cost/year		
	1-10	\$2,500	\$25,000	(\$26,394)
	11-30	\$1,500	\$30,000	(\$37,946)

Approximately 150 acres of the landfill facility will require mowing. Mowing will occur twice per year.

	1-30	\$5,000	\$150,000	(\$179,276)
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b. Snow removal.

Road maintenance during the winter months will include plowing, sanding, and shoveling

	1-30	\$2,500	\$75,000	(\$89,638)
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c. Gas control system.

Not Applicable

	1-30	\$0	\$0	\$0
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SUBTOTAL LANDFILL MAINTENANCE (\$333,254)

2. Landfill Inspections

a. Mill inspections

This item provides the cost for periodic inspections by Evergreen personnel. The first 3- years will require 2 visits per year. Years 4-30 will require 1 visit per year.

	1-3	\$500	\$1,500	(\$1,518)
	4-30	\$300	\$8,100	(\$9,846)

b. Independent engineering firm

Cost associated with this item include 2 site inspections per year for the first three years of post closure and 1 site inspection per year for the last twenty seven years.

	1-3	\$1,000	\$3,000	(\$3,036)
	4-30	\$500	\$13,500	(\$16,409)

c. Geotechnical Inspections

This item includes the cost associated with one site inspection per year for the 30-year post closure period. Cost include the review of data (piezometers, settlement, gauges, etc.), and a letter report documenting the condition of the landfill.

	1-30	\$1,000	\$30,000	(\$35,855)
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SUBTOTAL INSPECTION COST (\$66,664)

Evergreen Packaging - Canton Mill
 Landfill No. 6
 Canton, North Carolina
 Post-Closure Monitoring and Maintenance Costs

3. <u>Leachate Management</u>	year	cost/year	cost	Adjusted for Inflation
<u>a. Replacement Cost</u>				
These costs are assumed replacement costs for the leachate pond liner (20 yr life), leachate pumps (10 year life), and flow meter and controls (15 yr life).				
Pond liner (40,000 SF)			\$40,000	(\$50,777)
Pumps			\$25,000	(\$28,167)
<u>b. Preventative Maintenance</u>				
Assumes biennial preventative maintenance of the leachate force main, cleaning and inspection of the leachate pond liner and annual cleaning and inspection of the leachate collection system.				
	1-30	\$15,000	\$450,000	(\$537,827)
<u>c. Electric cost (pump station)</u>				
This item includes the electrical cost for two pump stations.				
	1-30	\$2,000	\$60,000	(\$71,710)
<u>d. General cost</u>				
This item includes costs associated with general repairs and maintenance to the pump station buildings, pumps, fitting, valves, meters and lights.				
	1-30	\$5,000	\$150,000	(\$179,276)
<u>e. Leachate Treatment</u>				
Cost associated with treating the leachate pumped to the WWTP. Leachate generation is based on geomembrane covers for 6D-South and soil covers on 6A-East, West, and B and C.				
	Years	Cost/gal	Leachate Generation Gal/Yr	Cost
	1-30	\$ 0.0004	9007500	\$108,090
				(\$129,186)
SUBTOTAL LEACHATE MANAGEMENT				(\$996,943)

Evergreen Packaging - Canton Mill
 Landfill No. 6
 Canton, North Carolina
 Post-Closure Monitoring and Maintenance Costs

**CORRECTIVE ACTION COST ITEMS INCLUDED IN
 \$2,000,000 (new statutory minimum July 2011)**

<u>Water Quality Monitoring, Testing, and Reporting</u>	year	cost/year	cost	Adjusted for Inflation
<u>a. Sampling and Analysis</u>	1-5	\$50,000	\$250,000	(\$256,072)
	6-30	\$25,000	\$625,000	(\$768,341)
<p>Cost associated with water quality monitoring, testing, and reporting include field sampling, laboratory analysis, quarterly and annual reporting, equipment cost, mileage , hotel, and meal cost and miscellaneous materials cost. The water sampling will be at a rate of twice a year for the first five years and once a year the following twenty five years</p>				
<u>b. Methane Gas Monitoring</u>	1-10	\$6,000	\$60,000	(\$63,346)
	10-30	\$3,000	\$60,000	(\$75,892)
<p>Cost associated with methane gas testing, and reporting include field sampling, and semi annual reporting, equipment cost, mileage , hotel, and meal cost and miscellaneous materials cost. The gas monitoring will be at a rate of twice per year for the first ten years and once a year the following twenty years</p>				
<u>c. Groundwater and Gas monitoring system.</u>	15	\$15,000	\$15,000	(\$17,939)
<p>This item provides the cost to replace two monitoring wells and a gas probe over the 30-year post-closure period. The cost include drilling , installation , development , and documentation.</p>				
SUBTOTAL CORRECTIVE ACTION				(\$1,181,591)
CORRECTIVE ACTION USED IN FINANCIAL ASSURANCE				(\$2,000,000)
GRAND TOTAL FOR 30 YEARS				(\$3,396,861)
ROUNDED				(\$3,397,000)

Reviewed by Sevee & Maher Engineers, 9/08/2011

CREDIT SUISSE



Trade Finance/Services Department

IRREVOCABLE STANDBY LETTER OF CREDIT

Beneficiary:

North Carolina Department of Environment, Health and Natural Resources
Solid Waste Management Division
Solid Waste Section
P.O. Box 27687
Raleigh, North Carolina 27611-7687

Dear Sir or Madam:

We hereby establish our Irrevocable Standby Letter of Credit No. TS-07006137 in your favor, at the request and for the account of Reynolds Group Holdings Inc. on behalf of Blue Ridge Paper Products Inc. d/b/a Evergreen Packaging, 41 Main Street, Canton, North Carolina 28716 up to the aggregate amount of Five Millions Four Hundred Seventy Two Thousand and 00/100 U.S. dollars (\$5,472,000.00), available upon presentation of:

- (1) Your sight draft, bearing reference to this letter of credit No. TS-07006137, and
- (2) your signed statement reading as follows: "I certify that the amount of the draft is payable pursuant to requirements of 15A NCAC 13B .1628 amended."

This letter of credit is effective as of August 3, 2011 and shall expire on August 1, 2012, but such expiration date shall be automatically extended for a period of one (1) year on August 1, 2012 and on each successive expiration date, unless, at least 120 days before the current expiration date, we notify both you and Reynolds Group Holdings Inc. on behalf of Blue Ridge Paper products Inc. d/b/a Evergreen Packaging by certified mail that we have decided not to extend this letter of credit beyond the current expiration date. 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 Reynolds Group Holdings Inc. on behalf of Blue Ridge Paper products Inc. d/b/a Evergreen Packaging, 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 standby trust fund of Reynolds Group Holdings Inc. on behalf of Blue Ridge Paper Products Inc. d/b/a Evergreen Packaging in accordance with your instructions.

We certify that the wording of this letter of credit is identical to the wording specified in Paragraph (e)(2)(D) of 15A NCAC 13B .1628 as were constituted on the date shown immediately below.

Credit Suisse AG

Authorized Signature

Authorized Signature

This credit is subject to the Uniform customs and practice for Documentary Credits, published by the International Chamber of Commerce.