



water resources / environmental consultants

3 Innwood Circle, Suite 220 • Little Rock, AR 72211 • (501) 225-7779 • Fax (501) 225-6738

January 11, 2008

Mr. Tony Thomas
City of Jonesboro
515 West Washington Avenue
Jonesboro, AR 72401

RE: Documentation of Discussions on Carbon Credits Availability for the Strawfloor Road
Landfill Project
FTN No. 4470-107

Dear Mr. Thomas:

Based upon our recent discussion concerning FTN's inquiry into the availability of carbon credits for the Strawfloor Road Landfill Gas Collection System Project, I would like to offer this letter as documentation of the work FTN performed and contacts that were made to the City. It should be noted that the Scope of Work for our Construction Management contract does not include any reference to FTN working on behalf of the City to acquire carbon credits for the City or to estimate the potential revenue the City may receive if carbon credits could be generated or sold.

FTN had been contracted by the City to develop the design for a Landfill Gas Collection and Control System (GCCS) for the Strawfloor Road Landfill. During the time period from late fall 2006 through June of 2007, much of the contact between the City and FTN was conducted through Andy Adams, an attorney with Barrett and Deacon, retained by the City. FTN communicated with Mr. Adams almost daily regarding the project from January of 2007 until his departure from his firm in June 2007.

In late 2006, discussions were held with City staff concerning the installation project and estimates were provided for the ongoing Operations and Maintenance of the GCCS beyond 2007. During the discussions, the City asked FTN if carbon credits were available for the project and if monies could be generated to offset the cost of O&M. FTN agreed to contact the Chicago Climate Exchange (CCX) on behalf of the City in an effort to determine applicability of the program to the City's project. I spoke with Claire Jahns of the CCX in late February 2007 concerning the applicability of carbon credits for the City's project. Ms. Johns informed me that program is currently on authorized through 2010. She also indicated that since the City was mandated by the Arkansas Department of Environmental Quality (ADEQ) to install the GCCS, carbon credits could not be generated by the project.

Mr. Tony Thomas
January 11, 2008
Page 2

In early March 2007, I attended SWANA's Landfill Gas Symposium in Monterey, California. At this conference I met with a gentlemen who is employed by a firm that is an approved CCX-Verification Firm. I explained the details of the City's project to him to get his opinion of the applicability of the program to the City's project. He also indicated to me that the ADEQ mandate to install the system would probably exempt it from carbon credit generation. Upon my return from the conference, I informed Andy Adams of both discussions during one of our many phone conversations.

In June of 2007, another client of FTN was approached by a Houston, Texas firm named Element Markets. Element Markets is a developer of projects that generate carbon credits including landfill gas projects. I was asked by our other client to discuss the potential for carbon credits from his facility with Element Markets. During one phone call, I discussed with my contact at Element Markets the denial of the City's project by the CCX. He then agreed to discuss the project with his contacts at CCX. This discussion ended exactly as the previous discussions, indicating that the ADEQ mandate for the system disqualified it from the program.

At a regular construction meeting in August 2007, Erick Woodruff (City of Jonesboro Public Works Director), indicated to me that he had attended a carbon credit conference in Little Rock, Arkansas. He inquired about the possibility of the City's GCCS generating carbon credits for sale. I explained to Erick about the past efforts with CCX and told him the outcome. He subsequently requested that I provide him the information that we discussed in writing, which I did in an email to him on September 6, 2007.

I hope this clarifies the history of carbon credits for the City's GCCS project. Should you have any additional questions or require any more information, please contact me or Paul Crawford, PE, PG at (501) 225-7779.

Kindest regards,
FTN ASSOCIATES, LTD.



Mark Koch
Project Manager

MSK

