BEFORE THE NORTH CAROLINA
ENVIRONMENTAL MANAGEMENT COMMISSION

STATE OF NORTH CAROLINA
COUNTY OF ROBESON

IN THE MATTER OF:
MOUNTAIRE FARMS INC.
LUMBER BRIDGE FACILITY

[FACILITY ID 7800226]

SPECIAL ORDER BY CONSENT
SOC 2018-002

This SPECIAL ORDER BY CONSENT (hereinafter referred to as the “ORDER”) is
made and entered into pursuant to North Carolina General Statute 143-215.110 by and between
MOUNTAIRE FARMS INC. (hereinafter referred to as “COMPANY” or “MOUNTAIRE”) and
the ENVIRONMENTAL MANAGEMENT COMMISSION, an agency of the State of North
Carolina (hereinafter referred to as the “COMMISSION”).

WITNESSETH:

I. The COMMISSION and COMPANY do hereby stipulate and agree to the following:

A. COMPANY operates a processing and freezing facility in Lumber Bridge, Robeson
County, North Carolina (“Facility”). The Facility currently operates under Air
Quality Permit No. 09925R02 which was issued by the North Carolina Division of
Air Quality (“DAQ”) on April 10, 2013.

B. DAQ staff performed an odor evaluation at various points offsite of the Facility’s
staff documented strong odors being emitted from COMPANY’S operations.

C. The North Carolina Administrative Code provides the following regulations
regarding the Control of Odors:

1. 15A NCAC 02D .1806(g) Control and Prohibition of Odorous Emissions:

   Determination of the existence of an objectionable odor. A source or
   facility is causing or contributing to an objectionable odor when:
   (1) A member of the Division staff determines by field investigation that
   an objectionable odor is present by taking into account nature, intensity,
   pervasiveness, duration, and a source of the odor and other pertinent
   factors;

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2. 15A NCAC 02D .1806(f) Control and Prohibition of Odorous Emissions:

Maximum feasible controls. If the Director determines that a source or facility subject to this Rule is emitting an objectionable odor by the procedures described in Paragraph (g) of this Rule, the Director shall require the owner or operator to implement maximum feasible controls for the control of odorous emissions. (Maximum feasible controls shall be determined according to the procedures in Rule .1807 of this Section.) The owner or operator shall: (1) within 180 days of receipt of written notification from the Director of the requirement to implement maximum feasible controls, complete the determination process outlined in 15A NCAC 2D .1807 and submit the completed maximum feasible control determination process along with a permit application for maximum feasible controls and a compliance schedule to the Division of Air Quality; the compliance schedule shall contain the following increments of progress: (A) a date by which contracts for the odorous emission control systems and equipment shall be awarded or orders shall be issued for purchase of component parts; (B) a date by which on-site construction or installation of the odorous emission control systems and equipment shall begin; (C) a date by which on-site construction or installation of the odorous emission control systems and equipment shall be completed; and (D) a date by which final compliance shall be achieved. (2) within 18 months after receiving written notification from the Director of the requirement to implement maximum feasible controls, have installed and begun operating maximum feasible controls.

D. Based on the January 24th and 25th investigations, DAQ determined that there were objectionable odors present and issued COMPANY a Determination of Objectionable Odor on February 15, 2017 per 15A NCAC 02D. 1806. DAQ instructed COMPANY to submit a maximum feasible control determination process, permit application, and compliance schedule.

E. In response, COMPANY investigated eleven (11) available control technologies and evaluated each in five areas; control effectiveness, economic impact, environmental impact, human health impact, and energy impact. The initial determination submitted by COMPANY in a letter dated August 15, 2017 expressed adding a 4th Dissolved Air Floatation Wastewater Treatment (“DAF”) would be the most feasible maximum achievable control technology.

F. COMPANY requested a meeting on October 17, 2017 with DAQ staff in Fayetteville, North Carolina. COMPANY disclosed to DAQ that the COMPANY had decided to overhaul its wastewater treatment plant by engineering and installing
a Moving Bed Biofilm Reactor ("MBBR") system, instead of adding a 4th DAF, as initially determined. This system was costly and ranked highest among maximum achievable control technologies available. COMPANY viewed this as the more efficient option, expressed that it was the best overall option for all parties and stated that its construction could not meet the DAQ’s August 15, 2018 deadline at the October 17, 2017 meeting.

G. With that change, COMPANY submitted a plan of action and permit application under cover letter dated November 22, 2017. As a part of that filing, COMPANY requested a variance for the 18 months’ deadline found under 15A NCAC 02D. 1806, as its state-of-the-art MBBR system would require a longer process to design, permit, and construct.

H. On February 6, 2018, COMPANY received a follow up email from the DAQ Permits Coordinator. It stated the final compliance date to be achieved as August 15, 2018.

THEREFORE, the COMMISSION and COMPANY, desiring to resolve and settle this compliance issues between them, have agreed to enter into this ORDER with the following terms and conditions:

II. The COMPANY, desiring to operate in a safe and environmentally sound manner during the period of this ORDER and thereafter in accordance with the rules and regulations of the COMMISSION, does hereby agree to perform the following activities:

A. The COMPANY will continue working with an engineering firm to design the MBBR Upgrade. This process began on November 15, 2017 and is expected to be completed by May 4, 2018.

B. The COMPANY will submit a Wastewater permit application to North Carolina Department of Environmental Quality Water Division ("DWQ") by June 1, 2018 for review.

C. After the Wastewater permit is reviewed and accepted by DWQ, the COMPANY will make all reasonable and practicable efforts to initiate construction of the MBBR system in a timely manner and shall begin no later than thirty (30) days after the Wastewater permit is accepted.

D. The COMPANY will complete construction of the MBBR system and begin operations twelve (12) months after the date construction is initiated (following
startup the system will take several months to build up enough biomass to operate as designed).

E. Since the anticipated date of control system startup is after August 15, 2018, the DAQ will issue a singular Notice of Violation (NOV) no earlier than August 15, 2018 if the selected maximum feasible control is not operational per 15A NCAC 02D.1806(f). Receipt of the NOV will trigger the stipulated penalty in paragraph IV.A.

III. The COMMISSION agrees that, except for a violation of the terms and requirements of this ORDER, the COMPANY shall not be subject to a separate Notice of Violation or other enforcement action, other than the NOV discussed in paragraph II.E., related to compliance with 15A NCAC 02D.1806 during the term of this ORDER.

IV. The COMPANY shall pay the following civil penalties:

A. If an NOV is issued per paragraph II.E. the COMPANY agrees to pay the COMMISSION a civil penalty in the amount of Three Thousand Dollars ($3,000). This amount shall be due and payable within thirty (30) days of the effective date of this ORDER.

B. In the event the COMPANY fails to comply with any deadline as set out in this ORDER or fails to achieve final compliance with any applicable requirement in this ORDER, the COMPANY agrees that, unless excused under Paragraph V, the COMPANY will pay the COMMISSION according to the following schedule:

<table>
<thead>
<tr>
<th>Deadlines and Requirements</th>
<th>Stipulated Penalties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Failure to comply with any deadline in Paragraph II (A,B,C, and D)</td>
<td>$500 per day for the first 15 days and $1000 per day thereafter</td>
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</tbody>
</table>

**Stipulated Penalty:**
Failure within thirty (30) days of receipt of Director’s written demand to pay the penalties will be grounds for a collection action, which the Attorney General is hereby authorized to initiate. The only issue in such an action will be whether thirty (30) days has elapsed. By entering this ORDER, the COMPANY waives any and all defenses and agrees that the sole issue in such action is excused pursuant to Paragraph V of this ORDER. The COMPANY shall pay all costs, including agency and attorney fees, associated with collection of a delinquent stipulated penalty.
V. The COMPANY’S obligation to comply with the requirements set forth in this ORDER for which a stipulated penalty may be assessed, may be delayed or excused only to the extent that noncompliance is caused by circumstances beyond control of the COMPANY, as determined by the DAQ Director (hereinafter referred to as the “Director”). Contractor delays or failure to obtain funding will not be considered events beyond the COMPANY’s control. If any such delaying event occurs, the COMPANY shall notify the DAQ in writing within ten (10) days of encountering or discovering the delaying event, describing in detail the event or delay, the precise cause(s) of the event of delay, the measure(s) taken and to be taken by the COMPANY to prevent or minimize the event or delay, and the schedule by which those measures will be implemented. If the Director determines that noncompliance with this ORDER was caused by circumstances beyond the control of the COMPANY, the COMMISSION and the COMPANY jointly may stipulate and agree to a written modification of this ORDER. Extension of any compliance date pursuant to this Paragraph shall not extend any subsequent deadlines established in the ORDER unless the subsequent deadline necessarily is dependent upon completion of the earlier deadline.

VI. Any violation of Air Quality Standards not resolved by this ORDER remains subject to appropriate enforcement pursuant to N.C.G.S. §§ 143-215.114A, 143-215.114B and 215.114C.

VII. The COMPANY agrees to waive any rights it may have to seek judicial review to challenge this ORDER or to seek a stay of enforcement of this ORDER in connection with any judicial review of the State Implementation Plan. The COMMISSION acknowledges that this waiver does not prohibit the COMPANY from seeking modification of this ORDER if any regulatory standards upon which this ORDER is based are changed subsequent to its execution. In such cases, the COMPANY may petition that the ORDER be modified to reflect those regulatory changes.

VIII. In the event the COMMISSION or the DAQ finds that reports, plans, specifications, or permit applications required by Paragraph II are in any respect deficient or if additional information is necessary to comply with the requirements of N.C.G.S. § 143-215.107 et seq., any regulations promulgated thereunder, or any other applicable laws or regulations, the COMPANY shall be notified by the DAQ as soon as possible. The COMPANY shall
be afforded an opportunity to modify, amend, or supplement its submissions to make such submissions compete and appropriate.

IX. All notices and reports required by this ORDER shall be delivered to:

Regional Air Quality Supervisor
N.C. Department of Environmental Quality
Systel Building
225 Green Street, Suite 714
Fayetteville, NC 28301

All payments required from the COMPANY by this ORDER shall be delivered to:

Enforcement Group – Payments
NCDEQ – DAQ
1641 Mail Service Center
Raleigh, North Carolina 27699-1641

X. This ORDER constitutes full and final settlement and satisfaction of all matters addressed herein and any and all claims or prospective claims that the COMMISSION has or may have for violations of regulations described in Paragraph I hereof, as of the date this ORDER is approved by the COMMISSION. This ORDER shall not affect the COMPANY’s obligation to comply with any Federal, State, or local laws or regulations.

XI. Final approval and entry into this ORDER are subject to the requirements that the COMMISSION give notice of proposed consent decrees to the public, and that the public have at least thirty (30) days within which to comment on the ORDER.

XII. Should any provision of this ORDER be declared by a court of competent jurisdiction to be inconsistent with Federal or State law and therefore unenforceable, the remaining provisions hereof shall remain in full force and effect.

XIII. Any modifications of this ORDER must be agreed to in writing signed by both parties.

XIV. Except as otherwise set forth herein, this ORDER is not and shall not be interpreted to be a permit or modification of an existing permit under Federal, State, or local law, and shall not be construed to waive or relieve the COMPANY of its obligations to comply in the future with any permit.

XV. In the event of termination of operations and closure of the Facility, the COMPANY shall notify the Director in writing, within five (5) business days of the earlier of (i) the date of
any Workers Adjustment and Retraining Notification Act (WARN) notification, or (ii) Facility closure. Receipt of said notification from the COMPANY by the Director shall terminate any obligations of the COMPANY pursuant to this ORDER, including those pertaining to stipulated penalties, and this ORDER shall become null and void in its applicability to the COMPANY. The COMPANY acknowledges its responsibilities pursuant to this ORDER from the date of final approval and entry of this ORDER, through the date of receipt by the Director of notification of closure required by this Paragraph.

XVI. This ORDER is effective on execution by the Division of Air Quality and shall expire on the later of: (i) November 30, 2019; or (ii) the date COMPANY completes construction of the MBBR system and begins operations.

This the 14 day of March, 2018.

ATTESTED:

MOUNTAIRE FARMS INC.

By: [Signature]

Name: Michael W. Tirrell

Title: Executive Vice President – Processing Operations

APPROVED AND ACCEPTED:

By: [Signature]

Environmental Management Commission

Date: 4/14/18