IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR THE COUNTY OF KING

CEDAR GROVE COMPOSTING, INC. **Petitioner.**	)	**Case No. 11-2-27192-7 SEA**
vs.	)	**SETTLEMENT AGREEMENT**
PUGET SOUND CLEAN AIR AGENCY and POLLUTION CONTROL HEARINGS BOARD, **Respondents.**	)	

A. Parties

The parties to this Settlement Agreement ("Agreement") are:

1. The Puget Sound Clean Air Agency ("Agency"). The Agency is a multi-county regional air pollution control agency covering the counties of King, Pierce, Snohomish and Kitsap, in the State of Washington. It is a municipal corporation of the State of Washington and established under chapter 70.94 RCW, the Washington Clean Air Act.

2. Cedar Grove Composting, Inc. ("Cedar Grove") operates two commercial composting facilities in Washington, one located at 17825 Cedar Grove Road, Maple Valley, WA (hereinafter "Maple Valley facility") and one located at 3620 36th Place Northeast, Everett, WA.

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1904 3rd Avenue Suite 105
Seattle, WA 98101-3317

B. Recitals

3. The Agency and Cedar Grove are involved in a number of actions in which legal and factual positions are disputed. These actions include:

a. Cedar Grove's appeal in King County Superior Court, Cedar Grove Composting, Inc. v. Puget Sound Clean Air Agency and Pollution Control Hearings Board, Cause No. 11-2-27192-7 SEA[1];

b. Cedar Grove's appeal of Agency Order of Approval No. 10052 (December, 22, 2010) ("Order of Approval") in Pollution Control Hearings Board ("PCHB") No. 11-012;

c. Cedar Grove's appeal of Agency Administrative Order to Source Test (December 22, 2010) ("Administrative Order") in PCHB No. 11-011; and

d. Additional Notices of Violation pending or issued to Cedar Grove as of the date of this Agreement for which no civil penalties have been assessed (Agency General Notice of Violation Nos. 3-005313, 3-005352, 3-005867).

To resolve all of the above disputes, the Agency and Cedar Grove hereby agree to the following terms and conditions:

C. Terms and Conditions of Settlement

4. Cedar Grove shall participate in an Everett/Marysville Community Odor Monitoring Program ("Program") which shall be administered by the Agency with a third-party consultant to be hired by the Agency. The parties agree that neither is making any admission of fact or law by participating in the Program.

5. Cedar Grove shall pay $200,000 within thirty (30) days of the effective date of this Agreement to the Agency for use for the Program.

[1] On July 14, 2011, the PCHB issued a decision entitled Findings of Fact, Conclusions of Law and Order in PCHB Nos. 10-044, 10-045, 10-120, 10-130, 10-131, 10-132, 10-147, 10-148, 10-149, 10-150 and 10-154. The PCHB upheld seventeen Notices of Violation issued by the Agency to the two commercial composting facilities owned and operated by Cedar Grove in Maple Valley and Everett, Washington and upheld corresponding Civil Penalties in the amount of $119,000. On August 9, 2011, Cedar Grove appealed the PCHB's July 14, 2011 Order to King County Superior Court in Cause #11-2-27192-7 SEA.

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6. The Agency may terminate the Program at any time if funding of the program is withdrawn, lost or reduced for any reason. If at the time of termination any collected funds remain, the Agency shall return those funds to participating funders, including Cedar Grove, on a pro-rated basis to be determined by the Agency.

7. Cedar Grove shall cooperate with and support the purposes of the Program. Cedar Grove shall not seek to unduly influence or interfere with the Program for its own private gain and at public loss. If Cedar Grove has concerns or questions regarding the Program, it shall raise such concerns or questions with the Agency.

8. All materials produced in relationship to the Program shall be owned by the Agency. Materials means all items in any format and includes, but is not limited to data, reports, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer programs and files, films, tapes and/or sound productions. Ownership includes the right to copyright, patent, register and the ability to transfer these rights.

9. After one year of the Program, the Agency and Cedar Grove shall meet and confer about the installation and use of e-noses to enhance odor control at Cedar Grove's Maple Valley facility.

10. Cedar Grove shall implement the following projects at its Maple Valley facility:

a. Obtain and use mobile misting or spraying devices for odor control when reclaiming piles in Zones 1-6 and Phase 2 and in screening finished compost by no later than February 29, 2012; and

b. Relocate the Soils Yard from its existing location on the northwest side of the facility to an area on the east side of the facility by no later than December 31, 2014.

11. Within 90 days of the effective date of this Agreement, Cedar Grove shall install and begin use of a continuous parameter monitoring systems ("CMS") on two of the four

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biofilters located on the Maple Valley site, consistent with Attachment A ("Instrumentation and Controls Implementation Strategy"). The CMS systems shall be located on the Primary Aerated Static Pile Composting biofilter inlet and Tipping Building biofilter inlet. Cedar Grove shall report the results of the CMS monitoring on the two biofilters quarterly to the Agency by e-mail. The first quarterly report shall be submitted to the Agency no later than 30 days after the first 90 days of monitoring data is collected from the CMS systems by Cedar Grove.

12. Upon receipt of 360 days of data (through the four quarterly reports described in paragraph 11) from the CMSs installed on the Primary Aerated Static Pile Composting and Tipping Building biofilter inlets and no later than 30 days after the fourth quarterly report is submitted to the Agency, Cedar Grove shall submit a Notice of Construction application to the Agency, including the appropriate filing fee required by Agency Regulation 1, section 6.04, requesting that Order of Approval No. 10052 be amended to revise Condition 8 consistent with the results of the CMS monitoring as described in paragraph 11. The Agency shall consider Cedar Grove's application, the results of the monitoring data, and any other pertinent information, to review the application and shall make a decision on the application consistent with all legal requirements. Cedar Grove reserves all rights to appeal the Agency's decision on the application filed by Cedar Grove pursuant to this paragraph.

13. Pursuant to Cedar Grove taking the actions identified in paragraphs 11 and 12 above, the Agency shall stay Condition 8 as it is currently written in the Order of Approval and not enforce it as written during the time periods described in paragraph 11 and 12. If Cedar Grove does not file an application to amend Condition 8 by the date described in paragraph 12

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above, the stay described in this paragraph shall be lifted and Condition 8, as written in the Order of Approval, will take effect the following day.

14. The Agency shall withdraw Condition 10 from the Order of Approval and reissue the Order of Approval with the original Condition 10 removed within 45 days of the effective date of this Agreement.

15. Within 30 days of the effective date of this Agreement, the Agency shall withdraw the Administrative Order. Based upon the results of the joint Washington State University/Department of Ecology study of toxic emissions from commercial composting facilities in the State of Washington, any underlying data, and any other pertinent information, the Agency may issue a new Administrative Order to Source Test applicable to Cedar Grove's Maple Valley facility consistent with all legal requirements. Before issuing a new Administrative Order, the Agency will meet and confer with Cedar Grove at least once to discuss the contents of a new order.

16. Cedar Grove shall withdraw, with prejudice, its current appeal of the Administrative Order before the PCHB within 30 days of the effective date of this Agreement.

17. Cedar Grove reserves all rights to appeal any new Administrative Order to Source Test upon its issuance by the Agency.

18. Cedar Grove shall withdraw, with prejudice, its appeal of the Order of Approval before the PCHB within thirty (30) days of the effective date of this Agreement.

19. Cedar Grove shall withdraw, with prejudice, its appeal to King County Superior Court, Cause No. 11-2-27192-7 SEA, within thirty (30) days of the effective date of this Agreement.

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20. The Agency agrees that, as a result of the above noted commitments by Cedar Grove and Cedar Grove's performance of its obligations under paragraphs 4, 5, 10, 11, 12, 16, 18 and 19 above, the civil penalties at issue in the appeal to King County Superior Court, Cause No. 11-2-27192-7 SEA, and the NOVs noted above are deemed fully resolved and that it shall take no further action regarding those civil penalties and NOVs.

F. General Provisions

21. Both parties to this Agreement shall bear their own attorney fees and costs.

22. Nothing in this Agreement shall be construed as excusing Cedar Grove from compliance with any applicable federal, state or local statutes, ordinances or regulations, or from compliance with any permit issued to Cedar Grove by any agency.

23. This Agreement does not provide Cedar Grove with any additional rights or privileges other than those specifically set forth herein, and it does not preclude the Agency or any other person from taking enforcement or other legal action against Cedar Grove for violations not covered by this Agreement.

24. This Agreement takes effect when signed by both parties.

25. This Agreement may be modified only upon written agreement by the parties.

26. This Agreement applies to and is binding upon the signatories and their successors and assigns. The parties represent and warrant that they have full power and actual authority to enter into this Agreement and carry out all actions required of them by this Agreement.

27. In entering into this Agreement, the parties expressly deny any and all claims or allegations asserted in the disputes noted above and enter into this Agreement to limit further expenses and in attempt to resolve their dispute in manner beneficial to all involved. As a

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result, this Agreement, whether or not executed, shall in no event be offered as or construed or deemed to be evidence of an admission or a concession by any person or entity with respect to the truth, validity, or merit of any claim, defense or disputed fact, or with respect to any fault, wrongdoing, liability, or damages.

28. The parties each acknowledge, represent and agree that they have read this Settlement Agreement and that they have been fully advised by their own legal counsel regarding their legal rights with respect thereto.

Dated this 25th day of January, 2012.

CEDAR GROVE COMPOSTING, INC.

By: J Stephen Bamberger Jr
Its:

Craig T. Kenworthy
Air Pollution Control Officer

By: Laurie Halvorson
Laurie S. Halvorson
Director of Compliance and Legal

PUGET SOUND CLEAN AIR AGENCY
1904 3rd Avenue Suite 105
Seattle, WA 98101-3317
Phone: (206) 343-8800
Fax: (206) 343-7522

I&C Implementation Strategy

The complete system contains pressure, temperature, and flow instrumentation. These are connected to local I/O panels which have a wireless link to the main panel in the Office building. From that panel, signals will be connected to a central Data Logger with full PC interface capabilities. Here, standard Excel and Word reports can be generated from the logger data as needed.

Control Panel construction and testing will be coordinated by CH2M HILL. Field installation of instruments and panels will be by Utility personnel.

Tags

ISA Tag	Type	Manufacturer
TT-110	Temperature Transmitter	Rosemount
PT-110	Pressure Transmitter	Rosemount
FT-110	Thermal Mass Flow Meter (2)	Fluid Components International
FT-115	Thermal Mass Flow Meter	Fluid Components International
FT-120	Thermal Mass Flow Meter	Fluid Components International
TT-120	Temperature Transmitter	Rosemount
PT-120	Pressure Transmitter	Rosemount

I/O and Radio Communications

Panel 1 at the Primary Biofilter will collect flow, temperature and pressure at the combined header to the upper and lower primary biofilters and the header to the upper biofilter. This and the other panels will include needed power supplies, termination blocks, heaters, Phoenix I/O blocks etc. to create a reliable radio connection to the main control building. CH2M HILL will make sure these panels are built to specification and tested for quick delivery.

Panel 2 will collect the Flow, Temperature, and Pressure at the Tipping building.

Panel 3 will receive the radio signals from Panels 1&2 and relay them to the Data Acquisition Unit. This device includes internal storage, historical data, calculations, and trend graphics that will help with operations. It also includes a USB interface and free PC software to read its contents.

Instrumentation

There are 3 kinds of instruments on this project. Flow, Pressure, and Temperature. Top of the line models are presented for this place in the project. These kinds of instruments typically last last many years, need little maintenance and hold up to our harsh weather.

Flow: For the Tipping building, there is a very nice straight run on pipe that is ideal for a Thermal Mass Flow Meter. These instruments provide heat to fixed electrodes, then measure the loss of heat due to molecules of gas flowing by. They are factory calibrated and nearly maintenance free. For the Primary biofilter, the flow will be measured in the combined duct to the upper and lower biofilter and in the duct to the upper biofilter. Because of the large size of the combined duct, 96 inches, two thermal mass flow probes will be required at that site.

Pressure Transmitters: Currently, the standard industrial of pressure is shown, the Rosemount 1151 series.

Temperature Transmitters: Following with the quality of Rosemount, we are showing the Rosemount 3144P series.

Abbreviated cut sheets are shown below:

Data Acquisition Unit (DAQ)

GL820 midi Logger

DATAQ INSTRUMENTS

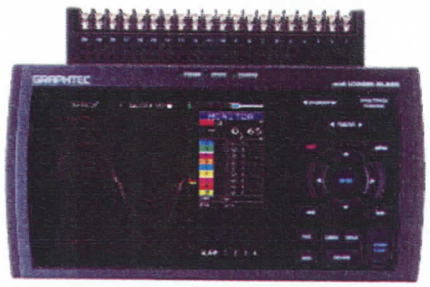
Built-in 5.7" TFT LCD Color Display

Stand-alone or PC-connected operation

20 Analog Channels Standard, Expandable to 200

Input-to-output and channel-to-channel Isolation

USB and Ethernet PC Interfaces



With its color monitor and internal memory the GL820 is a compact, lightweight, multi-channel data logger that provides 20 expandable to 200. The GL820 is equipped with a large internal flash memory to allow the direct capture of acquired data, and its built-in USB port may be used to connect any standard USB flash drive for incremental capacity. Alternatively, the USB or the integral Ethernet port may be connected to a PC to allow data upload in real time or from memory, as well as local or remote configuration and real time data acquisition. The Ethernet feature includes WEB and FTP server functions, which allows monitoring from a remote location as well as data transfer.

Features

Wide Voltage Measurement Range
Each GL820 analog channel can measure from 20 mV to 50 VFS across eleven programmable measurement ranges.

Full Electrical Isolation Per Channel
Each analog GL820 channel is electrically isolated from all others and from instrument ground to allow accurate and safe measurements in industrial applications where ground potential differences are common.

Voltage, Current, and Temperature Measurement Functions
Use the GL820 to measure voltages, currents, 4-20 mA process currents, as well as thermocouple- and RTD-based temperatures.

Four Unique 'Pulse' Inputs for
The GL820 provides discrete input channels that can be used for counting and rotational speed measurement applications. Or program the discrete inputs as simple logic level input channels.

Four Alarm Outputs
Program the GL820 to trigger its open-collector outputs as a function of analog input signal level judgment, pulse judgment, or logic pattern.

Wide Sample Interval Selections
Sample intervals can be programmed to be one of sixteen values ranging from 10 ms to one hour.

Bright TFT LCD Color Display
The focal point of the GL820 is its built-in 5.7-inch color display that allows real time trending, data review, and complete instrument configuration.

Engineering Units Scaling
Each GL820 channel allows up to four break points to be programmed for accurate scaling into meaningful units like psi, grams, newtons, gallons per minute, etc.

Flexible Triggering Options
The GL820 allows data capture to be started or stopped based upon signal level, an external event, date/time, alarm, duration, or Boolean channel combinations. Analog signal triggers can be programmed based upon level and window tests: above threshold, below threshold, inside window, or outside

Real Time and Post-recorded Calculations
The GL820 may be programmed to calculate average value, peak value, minimum value, rms, and arithmetic operations (+,-,×,/) between channels.

Flexible Power Requirements
Power the GL820 from its provided international AC adaptor, from an optional built-in battery pack, or from any 9 to 24 VDC source using an optional cable.

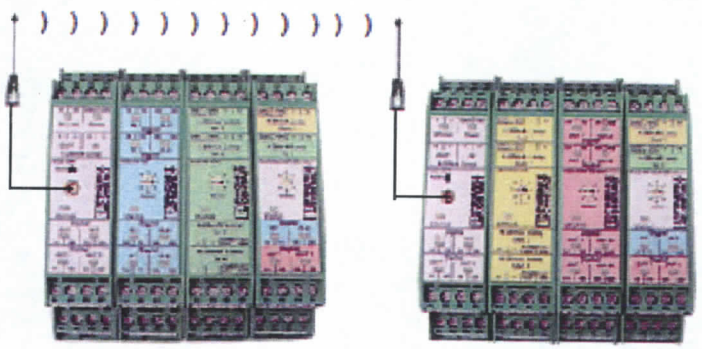
PC Connectivity via USB or Ethernet
Allows data transfer to the PC either in real time or from the GL820's memory. Also allows complete configuration of the GL820.

PC Software Bundle Included
The GL820 includes a Windows application for direct capture, measurement, and monitoring of GL820 data. In addition to waveform and data value capture and display, the application can export data to an Excel file for further analysis and report creation. The software includes built-in help for quick reference.

DATAQ Instruments, Inc. • 241 Springside Drive • Akron, Ohio 44333 • Tel: 330-668-1444 • Email: support@dataq.com • www.dataq.com

Wireless Interface RAD-ISM-900-XD-BUS

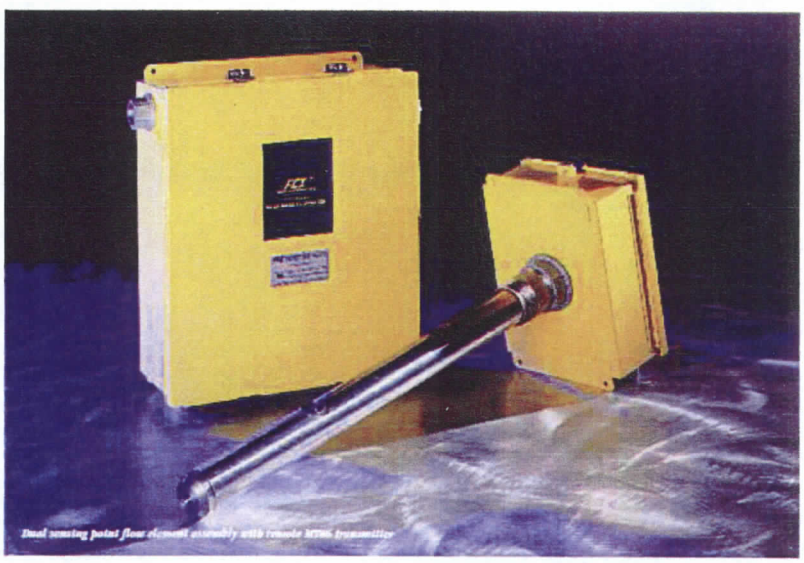
Two-way (multipoint-to-point) Monitoring and Control
with Expandable I/O Options
User Manual



Notice: These devices must be wired in accordance with Class I, Div. 2 wiring methods as described in the National Electrical Code, Article 501-4(b) or the authority having jurisdiction.

Transmitter unit is to be used with a purely resistive antenna when installed in Class I, Div. 2 areas.

Fluid Components International (FCI)



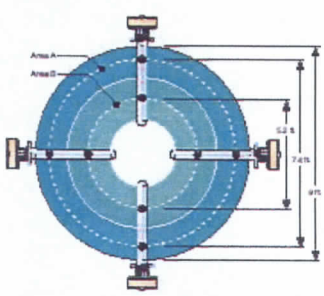
Dual sensing point flow element assembly with remote MT86 transmitter

The transmitter package for both the MT86 and MT91 flow meters also is housed in a NEMA/CSA Type 4 or optional explosionproof enclosure. The MT86 flow meter's electronics package is connected remotely by cable to the flow element assembly up to 500 ft [152 m] away, while the MT91 flow meter's electronics package is similarly connected up to 1000 ft [305 m] away. The MT91 flow meter's electronics package is also available in an optional 19-inch DIN or ANSI /EIA rack mount assembly.

Thermal Flow Sensing Element | FCI's advanced flow sensing element design, based on thermal dispersion technology, measures air or gas mass flow with exceptional accuracy and repeatability over a wide range of temperatures and environmental conditions. Each all-metal flow element features a fouling immune no-moving-parts design for simple maintenance and long life. The flow element incorporates two platinum resistance-temperature detectors (RTDs) for temperature and flow measurement. All wetted surfaces are 316 stainless steel with nickel brazed joints per AMS 4777 (standard) or Hastelloy C-276 as an option. Coating materials, such as electroless nickel plating or chromium carbide are also available.

Mass flow rate is determined by the MT Series multi-point flow meter in the process stream by heating one of its RTDs while the other senses the temperature of the flowing media. The temperature differential between the RTDs relates to the mass flow rate and properties of the process media. Higher flow rates or denser media, for example, cause increased cooling of the heated RTD and a reduction in the temperature differential.

Smart Flow Transmitter | The MT91 flow transmitter features a powerful microprocessor-driven design for superior signal processing and data collection. The design includes a



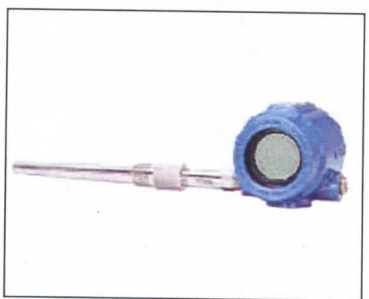
Equal-Area Sensing Point Placement

Product Data Sheet
00813-0100-4021, Rev LA
November 2010

Rosemount 3144P

Rosemount 3144P Temperature Transmitter

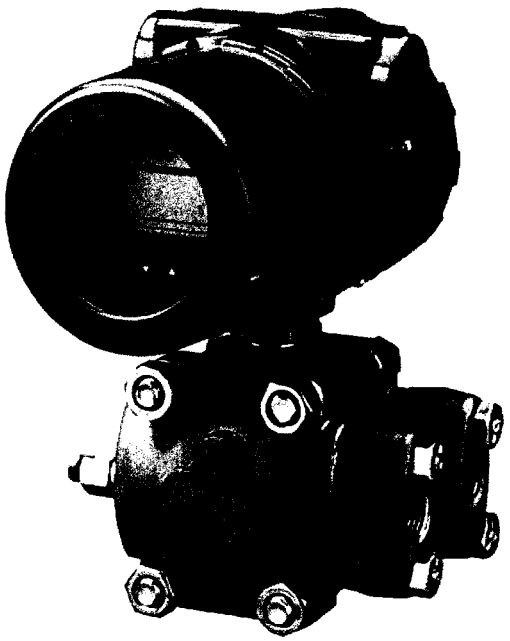
- *Industry-leading temperature transmitter delivers unmatched field reliability and innovative process measurement solutions*
- *Achieve optimal efficiency with Best-in-Class product specifications and capabilities*
- *A comprehensive diagnostic offering increases measurement reliability and provides visibility into process conditions*
- *Explore the benefits of a Complete Point Solution from Rosemount Temperature*



Content

Pressure Transmitter

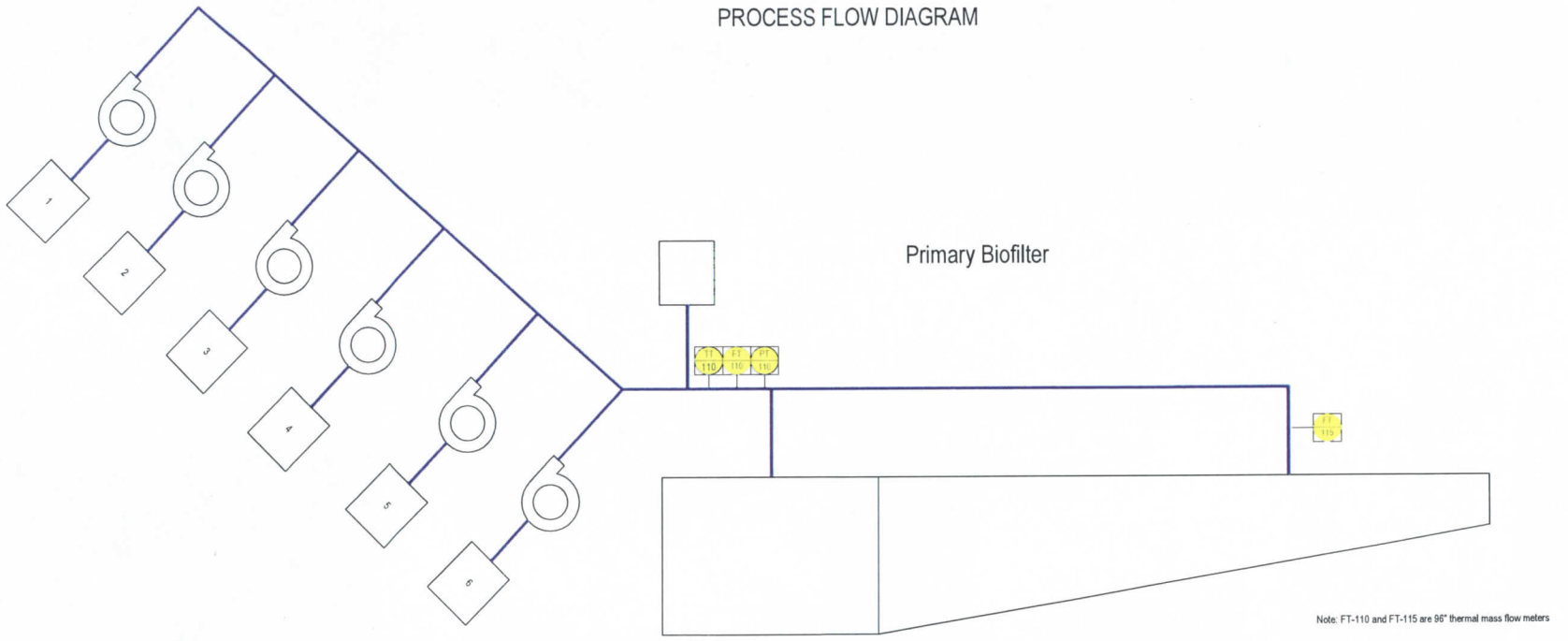
Rosemount 1151



Conservative Estimated Costs

Item	Qty	Cost per	Total
Rosemount 1151	2	$ 2,500	$ 5000
Rosemount 3144P	2	$ 1,500	$ 3,000
FCI TM Flowmeter	4	$ 10,000	$ 40,000
DAQ	1	$ 3,000	$ 3,000
Phoenix I/O Radios	1	$ 5,000	$ 5,000
Control Panel Const.	3	$ 600	$ 1,800
Misc parts and cables	1	$ 1,500	$ 1,500
			$ 59,300

PROCESS FLOW DIAGRAM



CH2MHILL

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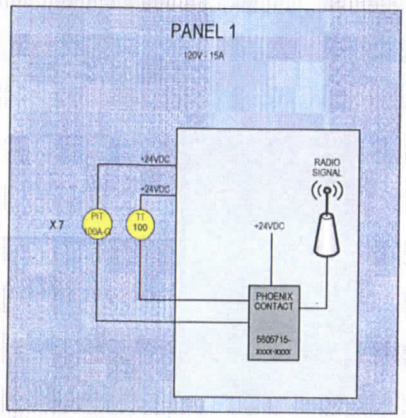
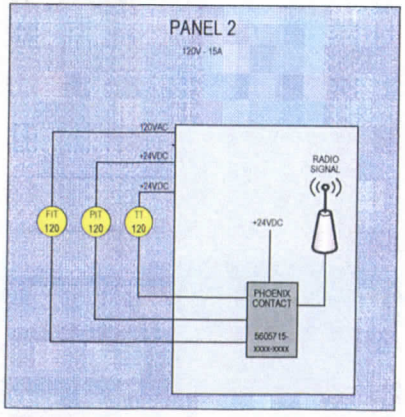
DRAFT CONTROL PANEL NETWORK DIAGRAM

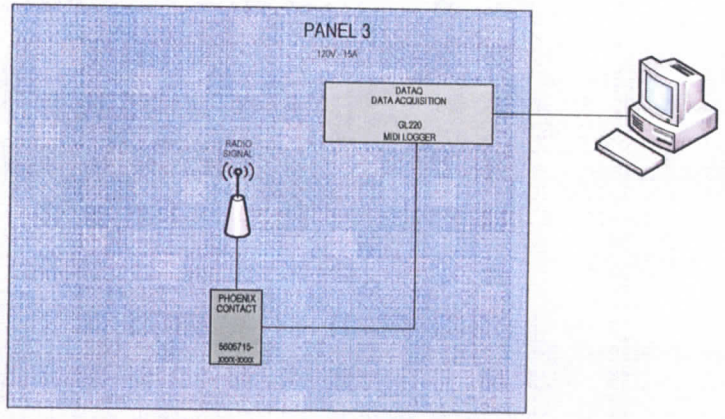
PRIMARY BIOFILTER



TIPPING BUILDING BIOFILTER



MAIN OFFICE



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