Florida Department of Environmental Protection

Bob Martinez Center
2600 Blair Stone Road
Tallahassee, Florida 32399-2400

Rick Scott
Governor

Jennifer Carroll
Lt. Governor

Herschel T. Vinyard Jr.
Secretary

Sent by Electronic mail – Received Receipt Requested

michael.funk@klausner-group.com
Mr. Michael Funk, CEO
Klausner Holding USA Inc.
1297 Professional Drive, Suite 202
Myrtle Beach, South Carolina 29577

Re: Suwannee Mill
Draft Air Permit No. 1210468-001-AC (PSD-FL-417)

Dear Mr. Funk:

On January 9, 2012, we received your application and fee for an air construction permit subject to the preconstruction review requirements of Rule 62-212.400, Florida Administrative Code, Prevention of Significant Deterioration (PSD). The purpose of the project is to construct the Suwannee Mill, which will be a greenfield lumber mill with a capacity of 700 million board feet per year of lumber. This work will be conducted in Suwannee County, approximately 1.5 miles east of the intersection of U.S. Highway 90 and 185th Road, near Live Oak, Florida. Enclosed are the following documents: Written Notice of Intent to Issue Air Permit; Public Notice of Intent to Issue Air Permit; Technical Evaluation and Preliminary Determination; and Draft Permit with Appendices.

The Public Notice of Intent to Issue Air Permit is the actual notice that you must have published in the legal advertisement section of a newspaper of general circulation in the area affected by this project. If you have any questions, please contact the Project Engineer, Marilyn Koletzke, P.E., by telephone at (850) 717-9112 or by email at marilyn.koletzke@dep.state.fl.us .

Sincerely,

Office of Permitting and Compliance
Division of Air Resource Management
Department of Environmental Protection
Tallahassee, Florida

Jeffery F. Koerner
2012.03.30 15:53:17 -04'00'

Enclosures

JFK/jg/mk

WRITTEN NOTICE OF INTENT TO ISSUE AIR PERMIT

In the Matter of an
Application for Air Permit by:

Klausner Holding USA Inc.
1297 Professional Drive, Suite 202
Myrtle Beach, South Carolina 29577

Authorized Representative:
Mr. Michael Funk CEO

Draft Permit No. 1210468-001-AC
PSD-FL-417
Suwannee Mill

New Sawmill
Suwannee County, Florida

Facility Location: Klausner Holding USA Inc. proposes to construct the Suwannee Mill, which will be a greenfield project to be located in Suwannee County north of Howard Street (US-90) and west of 169th Road near Live Oak, Florida. The location is approximately 1 mile northwest of Exit 275, Interstate 10.

Project: The Suwannee Mill will have a maximum annual production of 700 million board feet per year of lumber. Key operations include log handling, debarking, sawing, heat production, lumber drying, planing, and shipping. The mill will have four natural gas-fueled boilers and two woody biomass-fueled boilers that will provide hot water to the drying kilns.

The project is subject to the preconstruction review requirements of Rule 62-212.400, Florida Administrative Code (F.A.C), the Prevention of Significant Deterioration (PSD) f Air Quality, for the following pollutants: volatile organic compounds, nitrogen oxides, carbon monoxide, particulate matter (PM), PM with an aerodynamic diameter less than or equal to 10 micrometers (PM_{10}) and PM with an aerodynamic diameter less than or equal to 2.5 micrometers ($PM_{2.5}$). Details of the project are provided in the application and the enclosed Technical Evaluation and Preliminary Determination.

Permitting Authority: Applications for air construction permits are subject to review in accordance with the provisions of Chapter 403, Florida Statutes (F.S.) and Chapters 62-4, 62-210 and 62-212, F.A.C. The proposed project is not exempt from air permitting requirements and an air permit is required to perform the proposed work. The Division of Air Resource Management's Office of Permitting and Compliance is the Permitting Authority responsible for making a permit determination for this project. The Office of Permitting and Compliance physical address is 111 South Magnolia Drive, Suite 4, Tallahassee, Florida 32301 and the mailing address is 2600 Blair Stone Road, MS #5505, Tallahassee, Florida 32399-2400. The phone number for the Office of Permitting and Compliance is 850/717-9000.

Project File: A complete project file is available for public inspection during the normal business hours of 8:00 a.m. to 5:00 p.m., Monday through Friday (except legal holidays), at address indicated above for the Permitting Authority. The complete project file includes the Draft Permit, the Technical Evaluation and Preliminary Determination, the application, and the information submitted by the applicant, exclusive of confidential records under Section 403.111, F.S. Interested persons may contact the Permitting Authority's project review engineer for additional information at the address and phone number listed above.

Notice of Intent to Issue Air Permit: The Permitting Authority gives notice of its intent to issue an air permit to the applicant for the project described above. The applicant has provided reasonable assurance that operation of the proposed equipment will not adversely impact air quality and that the project will comply with all applicable provisions of Chapters 62-4, 62-204, 62-210, 62-212, 62-296 and 62-297, F.A.C. The Permitting Authority will issue a Final Permit in accordance with the conditions of the proposed Draft Permit unless a timely petition for an administrative hearing is filed under Sections 120.569 and 120.57, F.S. or unless public comment received in accordance with this notice results in a different decision or a significant change of terms or conditions.

Public Notice: Pursuant to Section 403.815, F.S. and Rules 62-110.106 and 62-210.350, F.A.C., you (the applicant) are required to publish at your own expense the enclosed Public Notice of Intent to Issue Air Permit (Public Notice). The Public Notice shall be published one time only as soon as possible in the legal advertisement section of a newspaper of general circulation in the area affected by this project. The newspaper used must meet the requirements of Sections 50.011 and 50.031, F.S. in the county where the activity is to take place. If you are uncertain that a newspaper meets these requirements, please contact the Permitting Authority at the address or phone number listed above. Pursuant to Rule 62-110.106(5) and (9), F.A.C., the applicant shall provide proof of publication to the Permitting Authority at the above address within 7 days of publication. Failure to publish the notice and provide proof of publication may result in the denial of the permit pursuant to Rule 62-110.106(11), F.A.C.

Comments: The Permitting Authority will accept written comments concerning the proposed Draft Permit and requests for a public meeting for a period of 30 days from the date of publication of the Public Notice. Written comments must be received by the Permitting Authority by close of business (5:00 p.m.) on or before the end of this 30-day period. In addition, if a public meeting is requested within the 30-day comment period and conducted by the Permitting Authority, any oral and written comments received during the public meeting will also be considered by the Permitting Authority. If timely received comments result in a significant change to the Draft Permit, the Permitting Authority shall revise the Draft Permit and require, if applicable, another Public Notice. All comments filed will be made available for public inspection.

Petitions: A person whose substantial interests are affected by the proposed permitting decision may petition for an administrative hearing in accordance with Sections 120.569 and 120.57, F.S. The petition must contain the information set forth below and must be filed with (received by) the Department's Agency Clerk in the Office of General Counsel of the Department of Environmental Protection, 3900 Commonwealth Boulevard, Mail Station #35, Tallahassee, Florida 32399-3000. Petitions filed by the applicant or any of the parties listed below must be filed within 14 days of receipt of this Written Notice of Intent to Issue Air Permit. Petitions filed by any persons other than those entitled to written notice under Section 120.60(3), F.S., must be filed within 14 days of publication of the attached Public Notice or within fourteen 14 days of receipt of this Written Notice of Intent to Issue Air Permit, whichever occurs first. Under Section 120.60(3), F.S., however, any person who asked the Permitting Authority for notice of agency action may file a petition within 14 days of receipt of that notice, regardless of the date of publication. A petitioner shall mail a copy of the petition to the applicant at the address indicated above, at the time of filing. The failure of any person to file a petition within the appropriate time period shall constitute a waiver of that person's right to request an administrative determination (hearing) under Sections 120.569 and 120.57, F.S., or to intervene in this proceeding and participate as a party to it. Any subsequent intervention (in a proceeding initiated by another party) will be only at the approval of the presiding officer upon the filing of a motion in compliance with Rule 28-106.205, F.A.C.

A petition that disputes the material facts on which the Permitting Authority's action is based must contain the following information: (a) The name and address of each agency affected and each agency's file or identification number, if known; (b) The name, address, and telephone number of the petitioner; the name, address and telephone number of the petitioner's representative, if any, which shall be the address for service purposes during the course of the proceeding; and an explanation of how the petitioner's substantial interests will be affected by the agency determination; (c) A statement of when and how each petitioner received notice of the agency action or proposed decision; (d) A statement of all disputed issues of material fact; (e) A concise statement of the ultimate facts alleged, including the specific facts the petitioner contends warrant reversal or modification of the agency's proposed action; (f) A statement of the specific rules or statutes the petitioner contends require reversal or modification of the agency's proposed action including an explanation of how the alleged facts relate to the specific rules or statutes; and, (g) A statement of the relief sought by the petitioner, stating precisely the action the petitioner wishes the agency to take with respect to the agency's proposed action. A petition that does not dispute the material facts upon which the Permitting Authority's action is based shall state that no such facts are in dispute and otherwise shall contain the same information as set forth above, as required by Rule 28-106.301, F.A.C.

Because the administrative hearing process is designed to formulate final agency action, the filing of a petition means that the Permitting Authority's final action may be different from the position taken by it in this Written Notice of Intent to Issue Air Permit. Persons whose substantial interests will be affected by any such final decision of the Permitting Authority on the application have the right to petition to become a party to the proceeding, in accordance with the requirements set forth above.

Mediation: Mediation is not available in this proceeding.

Executed in Tallahassee, Florida

Division of Air Resource Management
Office of Permitting and Compliance
(Electronic Signature)

Office of Permitting and Compliance
Division of Air Resource Management
Department of Environmental Protection
Tallahassee, Florida

Jeffery F. Koerner
2012.03.30 15:53:50 -04'00'

CERTIFICATE OF SERVICE

The undersigned duly designated deputy agency clerk hereby certifies that this Draft Air Permit package (including the Public Notice, Technical Evaluation and Preliminary Determination, and Draft Permit with Appendices) was sent by electronic mail, or a link to these documents made available electronically on a publicly accessible server, with received receipt requested before the close of business on the date indicated below to the following persons.

Michael Funk, Klausner Holding USA Inc.: michael.funk@klausner-group.com
Michael Ballenger, P.E., Trinity Consultants: mballeng@trinityconsultants.com
Khalid AlNahdy, Administrator, DEP NED: khalid.alnahdy@dep.state.fl.us
Heather Ceron, EPA Region 4: ceron.heather@epa.gov
Catherine Collins, U.S. Fish and Wildlife Service: catherine_collins@fws.gov
Barbara Friday, DEP OPC: barbara.friday@dep.state.fl.us
Lynn Scearce, DEP OPC: lynn.scearce@dep.state.fl.us

Clerk Stamp

FILING AND ACKNOWLEDGMENT FILED, on this date, pursuant to Section 120.52(7), Florida Statutes, with the designated agency clerk, receipt of which is hereby acknowledged.
(Electronic Signature)

DEPARTMENT OF ENVIRONMENTAL PROTECTION
FLORIDA

Lynn Scearce
2012.03.30
15:57:10 -04'00'