



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING



LIESL EICHLER CLARK
DIRECTOR

January 16, 2019

UPS NEXT DAY DELIVERY

Mr. Charlie Siska
LexaMar Corporation
100 LexaMar Drive
Boyer City, Michigan 49712

Dear Mr. Siska:

Enclosed is the final signed copy of the State of Michigan, Department of Environmental Quality (MDEQ), Air Quality Division (AQD), Stipulation for Entry of Final Order by Consent (Consent Order) AQD No. 2018-22 for LexaMar Corporation.

The effective date of this Consent Order is January 16, 2019. Please refer to paragraph 13 for payment information. To insure proper credit, all payments made pursuant to this Consent Order must include the Payment Identification No. AQD40203.

Thank you for your cooperation. If you have any questions, please feel free to contact me.

Sincerely,

Erin Moran
Environmental Quality Analyst
Enforcement Unit
Air Quality Division
Moran@michigan.gov

Enclosure

cc/enc: Ms. Sarah Marshall, U.S. Environmental Protection Agency, Region 5
Mr. Neil Gordon, Michigan Department of Attorney General
Mr. Christopher Ethridge, MDEQ
Mr. Shane Nixon, MDEQ
Ms. Jenine Camilleri, MDEQ

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF THE DIRECTOR

In the matter of administrative proceedings
against **LexaMar Corporation**, a
corporation, organized under the laws of the
State of Delaware and doing business at 100
LexaMar Drive in the City of Boyne City,
County of Charlevoix, State of Michigan

AQD No. 2018-22

SRN: N2812

STIPULATION FOR ENTRY OF FINAL ORDER
BY CONSENT

This proceeding resulted from allegations by the Michigan Department of Environmental Quality (MDEQ) Air Quality Division (AQD) against LexaMar Corporation (Company), a corporation organized under the laws of the State of Delaware and doing business at 100 LexaMar Drive, City of Boyne City, County of Charlevoix, State of Michigan, with State Registration Number (SRN) N2812 (Facility). The MDEQ alleges that the Company is in violation of 40 CFR Part 63, Subpart PPPP – National Emission Standards for Hazardous Air Pollutants for Surface Coating of Plastic Parts and Products; Part 55, Air Pollution Control, of the Natural Resources and Environmental Protection Act, MCL 324.5501 *et seq.*, the administrative rules promulgated thereunder, specifically Rule 910 of the Michigan Air Pollution Control Rules, Mich Admin Code, R 336.1910; and the conditions of Renewable Operating Permit (ROP) No. MI-ROP-N2812-2015b. Specifically, the MDEQ alleges that the Company exceeded the volatile organic compounds (VOCs) emission limits for EU-BCPL and EU-URSAMINOR, and failed to properly operate EU-BCPL and EU-URSAMINOR pollution control equipment, including failing to meet the operational limits specified in Table 1 of 40 CFR Part 63, Subpart PPPP, operating the coating line without the Regenerative Thermal Oxidizers (RTOs) operating properly, operating the coating line with RTO beds below the temperature limit of 1400 degrees Fahrenheit, and operating the coating line while overall control efficiency was below the limit of 95%, as cited herein and in the Violation Notice dated June 18, 2018. The Company and MDEQ stipulate to the termination of this proceeding by entry of this Stipulation for Entry of a Final Order by Consent (Consent Order).

The Company and MDEQ stipulate as follows:

1. The Natural Resources and Environmental Protection Act (NREPA) MCL 324.101 *et seq.*, is an act that controls pollution to protect the environment and natural resources in this State.

2. Article II, Pollution Control, Part 55 of the NREPA (Part 55), MCL 324.5501 *et seq.*, provides for air pollution control regulations in this State.

3. The MDEQ was created as a principal department within the Executive Branch of the State of Michigan pursuant to Executive Order 2011-1 and has all statutory authority, powers, duties, functions and responsibilities to administer and enforce all provisions of Part 55.

4. The MDEQ Director has delegated authority to the Director of the AQD (AQD Director) to enter into this Consent Order.

5. The termination of this matter by a Consent Order pursuant to Section 5528 of Part 55, MCL 324.5528, is proper and acceptable.

6. The Company and the MDEQ agree that the signing of this Consent Order is for settlement purposes only and does not constitute an admission by the Company that the law has been violated.

7. This Consent Order becomes effective on the date of execution (effective date of this Consent Order) by the AQD Director.

8. The Company shall achieve compliance with the aforementioned regulations in accordance with the requirements contained in this Consent Order.

COMPLIANCE PROGRAM AND IMPLEMENTATION SCHEDULE

Operating Conditions

9. A. Within thirty (30) days after the effective date of this Consent Order, the Company shall submit a revised Malfunction Abatement Plan (MAP) to the AQD Cadillac District Supervisor for approval. The MAP is specified in Exhibit A, incorporated by reference into this Consent Order, and made an enforceable part of this this Consent Order.

9. B. On and after the effective date of this Consent Order, the Company shall not operate EU-BCPL or EU-URSAMINOR without either RTO operating in accordance with the AQD-approved MAP or MI-ROP-N2812-2015b.

Recordkeeping

10. A. On and after the effective date of this Consent Order, the Company shall conduct a yearly inventory of all spare parts required by the MAP for the RTOs referenced in EU-BCPL and EU-URSAMINOR, as specified in Exhibit A. This inventory information shall be kept on file at the Facility for a period of at least five (5) years, and shall be made available to MDEQ upon written or verbal request.

10. B. On and after the effective date of this Consent Order, the Company shall conduct an inventory of all spare parts required by the MAP whenever either RTO is modified. This information shall be kept on file at the Facility for a period of at least five (5) years, and shall be made available to MDEQ upon written or verbal request.

GENERAL PROVISIONS

11. This Consent Order in no way affects the Company's responsibility to comply with any other applicable state, federal, or local laws or regulations, including without limitation, any amendments to the federal Clean Air Act, 42 USC 7401 *et seq.*, Part 55, or their rules and regulations, or to the State Implementation Plan.

12. This Consent Order constitutes a civil settlement and satisfaction as to the resolution of the violations specifically addressed herein; however, it does not resolve any criminal action that may result from these same violations.

13. Within thirty (30) days after the effective date of this Consent Order, the Company shall pay to the General Fund of the State of Michigan, in the form of a check made payable to the "State of Michigan" and mailed to the Michigan Department of Environmental Quality, Accounting Services Division, Cashier's Office, P.O. Box 30657, Lansing, Michigan 48909-8157, a settlement amount of \$120,694.00, which includes AQD costs for investigation and enforcement. This total settlement amount shall be paid within thirty (30) days after the effective date of this Consent Order. To ensure proper credit, all payments made pursuant to this Consent Order shall include the "Payment Identification Number AQD40203" on the front of the check and/or in the cover letter with the payment. This settlement amount is in addition to any fees, taxes, or other fines that may be imposed on the Company by law.

14. On and after the effective date of this Consent Order, if the Company fails to comply with paragraph 9.B of this Consent Order, the Company is subject to a stipulated fine of up to \$10,000.00 per violation per day. On and after the effective date of this Consent Order, if the Company fails to comply with paragraphs 9.A or 10 of this Consent Order, the Company is subject to stipulated fines of up to \$2,500.00 per violation per day. On and after the effective date of this Consent Order, if the Company fails to comply with any other provision of Exhibit A the Company is subject to a stipulated fine of up to \$500.00 per violation. The amount of the stipulated fines imposed pursuant to this paragraph shall be within the discretion of the MDEQ. Stipulated fines submitted under this Consent Order shall be by check, payable to the State of Michigan within thirty (30) days after written demand and shall be mailed to the Michigan Department of Environmental Quality, Accounting Services Division, Cashier's Office, P.O. Box 30657, Lansing, Michigan 48909-8157. To ensure proper credit, all payments shall include the "Payment Identification Number AQD40203-S" on the front of the check and/or in the cover letter with the payment. Payment of stipulated fines shall not alter or modify in any way the Company's obligation to comply with the terms and conditions of this Consent Order.

15. The AQD, at its discretion, may seek stipulated fines or statutory fines for any violation of this Consent Order which is also a violation of any provision of applicable federal and state law, rule, regulation, permit, or MDEQ administrative order. However, the AQD is precluded from seeking both a stipulated fine under this Consent Order and a statutory fine for the same violation.

16. To ensure timely payment of the settlement amount assessed in paragraph 13 and any stipulated fines assessed pursuant to paragraph 14 of this Consent Order, the Company shall pay an interest penalty to the State of Michigan each time it fails to make a complete or timely payment under this Consent Order. The interest penalty shall be determined at a rate of twelve percent (12%) per year compounded annually, using the full increment of amount due as principal, calculated from the due date specified in this Consent Order until the date that delinquent payment is finally paid in full. Payment of an interest penalty by the Company shall be made to the State of Michigan in accordance with paragraph 13 of this Consent Order. Interest payments shall be applied first towards the most overdue amount or outstanding interest penalty owed by the Company before any remaining balance is applied to subsequent payment amount or interest penalty.

17. The Company agrees not to contest the legal basis for the settlement amount assessed pursuant to paragraph 13. The Company also agrees not to contest the legal basis for any stipulated fines assessed pursuant to paragraph 14 of this Consent Order but reserves the right to dispute in a court of competent jurisdiction the factual basis upon which a demand by MDEQ of stipulated fines is made. In addition, the Company agrees that said fines have not been assessed by the MDEQ pursuant to Section 5529 of Part 55, MCL 324.5529, and therefore are not reviewable under Section 5529 of Part 55.

18. This compliance program is not a variance subject to the 12-month limitation specified in Section 5538 of Part 55, MCL 324.5538.

19. This Consent Order shall remain in full force and effect for a period of at least two (2) years. Thereafter, this Consent Order shall terminate only upon written notice of termination issued by the AQD Director. Prior to issuance of a written notice of termination, the Company shall submit a request, to the AQD Director at the Michigan Department of Environmental Quality, Air Quality Division, P.O. Box 30260, Lansing, Michigan 48909-7760, consisting of a written certification that the Company has fully complied with all the requirements of this Consent Order and has made all payments including all stipulated fines required by this Consent Order. Specifically, this certification shall include: (i) the date of compliance with each provision of the compliance program and the date any payments or stipulated fines were paid; (ii) a statement that all required information has been reported to the AQD Cadillac District Supervisor; (iii) confirmation that all records required to be maintained pursuant to this Consent Order are being maintained at the facility; and, (iv) such information as may be requested by the AQD Director.

20. In the event LexaMar Corporation sells or transfers the Facility it shall advise any purchaser or transferee of the existence of this Consent Order in connection with such sale or transfer. Within thirty (30) calendar days, the Company shall also notify the AQD Cadillac District Supervisor, in writing, of such sale or transfer, the identity and address of any purchaser or transferee, and confirm the fact that notice of this Consent Order has been given to the purchaser and/or transferee. As a condition of the sale, LexaMar Corporation must obtain the consent of the purchaser and/or transferee, in writing, to assume all of the obligations of this Consent Order. A copy of that agreement shall be forwarded to the AQD Cadillac District Supervisor within thirty (30) days after assuming the obligations of this Consent Order.

21. Prior to the effective date of this Consent Order and pursuant to the requirements of Sections 5511 and 5528(3) of Part 55, MCL 324.5511 and MCL 324.5528(3), the public was notified of a 30-day public comment period and was provided the opportunity for a public hearing.

22. Section 5530 of Part 55, MCL 324.5530, may serve as a source of authority but not a limitation under which this Consent Order may be enforced. Further, Part 17 of the NREPA, MCL 324.1701 *et seq.*, and all other applicable laws and any other legal basis or applicable statute may be used to enforce this Consent Order.

23. The Company hereby stipulates that entry of this Consent Order is a result of an action by MDEQ to resolve alleged violations of its facility located at 100 LexaMar Drive, City of Boyne City, County of Charlevoix, State of Michigan. The Company further stipulates that it will take all lawful actions necessary to fully comply with this Consent Order, even if the Company files for bankruptcy in the future. The Company will not seek discharge of the settlement amount and any stipulated fines imposed hereunder in any future bankruptcy proceedings, and the Company will take necessary steps to ensure that the settlement amount and any future stipulated fines are not discharged. The Company, during and after any future bankruptcy proceedings, will ensure that the settlement amount and any future stipulated fines remain an obligation to be paid in full by the Company to the extent allowed by applicable bankruptcy law.

The undersigned certifies that he/she is fully authorized by the Company to enter into this Consent Order and to execute and legally bind the Company to it.

LEXAMAR CORPORATION

Charlie Siska General Manager
Print Name and Title

Charlie Siska Dated: 1-7-2019
Signature

Subscribed and sworn to by the above signatory before me on this 7 day of

January, 2019.

[Signature]
Notary Public Signature

APRIL S. BELLANT
NOTARY PUBLIC-STATE OF MICHIGAN
COUNTY OF CHARLEVOIX
My Commission expires April 26, 2020
Acting in the County of Charlevoix

April S. Bellant
Notary Public Printed Name
04/26/2020
My Commission Expires

Approved as to Content:

Approved as to Form:

Mary Ann Dolehanty
Mary Ann Dolehanty, Director
AIR QUALITY DIVISION
DEPARTMENT OF
ENVIRONMENTAL QUALITY

Neil Gordon
Neil Gordon, Section Head
ENVIRONMENTAL REGULATION SECTION
ENVIRONMENT, NATURAL RESOURCES,
AND AGRICULTURE DIVISION
DEPARTMENT OF ATTORNEY GENERAL

Dated: 1/15/2019

Dated: Jan. 10, 2019

FINAL ORDER

The Director of the Air Quality Division having had opportunity to review this Consent Order and having been delegated authority to enter into Consent Orders by the Director of the Michigan Department of Environmental Quality pursuant to the provisions of Part 55 of the NREPA and otherwise being fully advised on the premises,

HAS HEREBY ORDERED that this Consent Order is approved and shall be entered in the record of the MDEQ as a Final Order.

MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY



Mary Ann Dolehanty, Director
Air Quality Division

Effective Date: 1/15/2019

EXHIBIT A
[Malfunction Abatement Plan]