

STATE OF MICHIGAN
MICHIGAN DEPARTMENT OF ENVIRONMENT, GREAT LAKES, AND ENERGY
OFFICE OF THE DIRECTOR

In the matter of administrative proceedings against **BREMBO NORTH AMERICA, INC.**, a corporation organized under the laws of the State of Delaware and doing business at 29991 M-60 East, Homer, County of Calhoun, State of Michigan

AQD No. 2019-19
SRN: N6226

STIPULATION FOR ENTRY OF FINAL ORDER
BY CONSENT

This proceeding resulted from allegations by the Michigan Department of Environment, Great Lakes, and Energy (EGLE), Air Quality Division (AQD) against Brembo North America, Inc. (Company), a Delaware corporation doing business at 29991 M-60 East, Homer, Michigan, with State Registration Number (SRN) N6226. EGLE alleges that the Company is in violation of 40 CFR Part 63, Subpart EEEEE - National Emission Standards for Hazardous Air Pollutants for Iron and Steel Foundries, Permit to Install (PTI) No. 199-14, PTI No. 199-14A, and Renewable Operating Permit (ROP) MI-ROP-N6226-2015. Specifically, EGLE alleges that the Company has exceeded the volatile organic compound (VOC) permit limit for the FG-GeoMet and FG-Magni&Black coating lines, as cited in a Violation Notice dated April 21, 2016. EGLE also alleges that the Company has failed to install a Continuous Emission Monitoring System (CEMS) on the shakeout process for the new iron and steel foundry, as cited in a Violation Notice dated June 28, 2016. Additionally, EGLE alleges that the Company has exceeded the permitted emission limits for: VOC from EUSHAKEOUT; particulate matter (PM), particulate matter equal to or less than 2.5 microns (PM2.5) and particulate matter equal to or less than 10 microns (PM10) from FGSANDHNDLG; VOC, carbon monoxide (CO), PM, PM10, and PM2.5 from FGPOURCOOL; PM, PM2.5 and PM10 from FGMELTING; and PM from FGMACTEEEE. In addition, EGLE alleges that the Company has failed to meet the minimum VOC destruction efficiency for the regenerative thermal oxidizer associated with FGPOURCOOL and has failed to continuously record sensor output from the bag leak detection system. EGLE also alleges that the Company failed to operate and maintain the acid scrubber associated with EUCOREMAKING by failing to maintain the minimum liquid level and pH, failing to maintain

quarterly inspection records, and failing to monitor pressure drop, liquid flow rate, and pH on a continuous basis, as cited in Violation Notices dated January 9, 2017; February 9, 2017; August 2, 2017; August 29, 2018; September 4, 2018; and October 3, 2018. The Company denies the foregoing allegations and maintains that it is not liable for penalties and is agreeing to the terms and conditions of this Stipulation for Entry of a Final Order by Consent (Consent Order) solely to settle disputed claims without incurring the time and expense of additional enforcement proceedings. The Company and EGLE stipulate to the termination of this proceeding by entry of this Consent Order.

The Company and EGLE stipulate as follows:

1. The Natural Resources and Environmental Protection Act, 1994 PA 451 (Act 451), 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 Act 451 (Part 55), MCL 324.5501 *et seq.* provides for air pollution control regulations in this State.

3. Executive Order 2019-06 renamed the Michigan Department of Environmental Quality as EGLE, and EGLE has all statutory authority, powers, duties, functions and responsibilities to administer and enforce all provisions of Part 55.

4. The 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 is proper and acceptable.

6. The Company and EGLE 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 SCHEDULEPTI 199-14A

9.a The Company is currently in the process of modifying PTI 199-14A. PTI 199-14A includes conditions related to the following emission units (EU) and flexible groups (FG): FGMACTEEEEEE, EUSHAKEOUT, FGSANDHDLG, FGMELTING, FGPOURCOOL, and EUCOREMAKING. After the effective date of this Consent Order and upon such date that a subsequent PTI is issued which includes these EU or FG, or upon the final resolution of any appeals of the PTI that the Company may file, whichever is later, the Company shall comply with the following conditions:

9.b PM emission limits for FGMACTEEEEEE.

9.c VOC emission limits for EUSHAKEOUT.

9.d PM, PM10, and PM2.5 emission limits for FGSANDHDLG.

9.e PM, PM10, and PM2.5 emission limits for FGMELTING.

9.f VOC, CO, PM, PM10, and PM2.5 emission limits for FGPOURCOOL.

9.g minimum VOC destruction efficiency for the regenerative thermal oxidizer associated with FGPOURCOOL.

9.h Design/Equipment and Monitoring/Recordkeeping requirements for EUCOREMAKING.

Emission limits

10.a On and after the effective date of this Consent Order, the Company shall comply with the VOC emission limits of the flexible group FG-GeoMet and FG-BMG in PTI No. 145-12B, as amended.

10.b If prior to the issuance of a written notice of termination by the AQD Director pursuant to paragraph 21 of this Consent Order the conditions for an emission unit or flexible group identified in this Consent Order are included into a future ROP issued to the Company,

then those conditions, as part of the ROP, will continue to be an enforceable part of this Consent Order.

Monitoring

11.a On and after the effective date of this Consent Order, the Company shall monitor at all times the three-hour flow weighted average volatile organic hazardous air pollutants concentration using a CEMS according to the requirements of 40 CFR Part 63.7741(g).

Testing

12.a In addition to any stack testing required by a PTI issued by EGLE subsequent to PTI 199-14A, the Company shall perform stack testing during the 2021 calendar year for: VOC on EUSHAKEOUT; PM, PM10, and PM2.5 on FGSANDHDLG; VOC, CO, PM, PM10, and PM2.5 on FGPOURCOOL; PM, PM10, and PM2.5 on FGMELTING; PM on FGMACTEEEEEE; and a VOC destruction efficiency test on the thermal oxidizer controlling FGPOURCOOL.

12.b Not less than 30 days before the scheduled stack test, the Company shall submit a test plan which meets the requirements specified in Exhibit A of this Consent Order to the AQD Kalamazoo District Supervisor and the Technical Programs Unit Supervisor for approval prior to testing.

12.c Not less than seven (7) days prior to testing, the Company or its authorized agent, shall notify the AQD Kalamazoo District Supervisor and the Technical Programs Unit Supervisor, in writing, of the time and place of the tests and who shall conduct them. A representative of the AQD shall have the opportunity to witness the tests.

12.d Within 60 days after the test completion, the Company shall submit to the AQD Kalamazoo District Supervisor and the Technical Programs Unit Supervisor a test report that includes the test data and results.

GENERAL PROVISIONS

13. This Consent Order in no way affects the Company's responsibility to comply with any other applicable state and federal, or local laws or regulations, including without

limitation, any amendments to the federal Clean Air Act, 42 USC 7401 *et seq.*, Act 451, Part 55 or their rules and regulations, or to the State Implementation Plan.

14. 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.

15. 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 Environment, Great Lakes, and Energy, Accounting Services Division, Cashier's Office, P.O. Box 30657, Lansing, Michigan 48909-8157, a settlement amount of \$361,305.00, which includes AQD costs for investigation and enforcement. The total sum of \$361,305.00 shall be made in four (4) payments as follows: a payment of \$90,326.25 shall be paid within thirty (30) days of the effective date of this Consent Order; a second payment of \$90,326.25 shall be made on or before January 1, 2020; a third payment of \$90,326.25 shall be made on or before April 1, 2020; a final payment of \$90,326.25 shall be made on or before July 1, 2020. To ensure proper credit, all payments made pursuant to this Consent Order shall include the "Payment Identification Number AQD40224" 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.

16. On and after the effective date of this Consent Order, if the Company fails to comply with paragraph 11.a or 12.a 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 paragraph 10.a, 9.b, 9.c, 9.d, 9.e, 9.f, or 9.g, of this Consent Order, the Company is subject to a stipulated fine of up to \$5,000.00 per violation per day, limited to a maximum of \$40,000.00 per stack testing event for each pollutant. On and after the effective date of this Consent Order, if the Company fails to comply with paragraph 9.h, 12.b, 12.c, or 12.d of this Consent Order, the Company is subject to a stipulated fine of up to \$1,000.00 per violation. The amount of the stipulated fines imposed pursuant to this paragraph shall be within the discretion of EGLE. Stipulated fines submitted under this Consent Order shall be by check, payable to the State of Michigan within thirty (30)

days of written demand and shall be mailed to the Michigan Department of Environment, Great Lakes, and Energy, 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 AQD40224" 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.

17. 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 EGLE 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.

18. To ensure timely payment of the settlement amount assessed in paragraph 15 and any stipulated fines assessed pursuant to paragraph 16 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 payment shall be determined at a rate of interest that is equal to one percent (1%) plus the average interest rate paid at auctions of 5-year United States treasury notes during the six months immediately preceding July 1 and January 1, as certified by the state treasurer, compounded annually, and 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.

19. The Company agrees not to contest the legal basis for the settlement amount assessed pursuant to paragraph 15. The Company also agrees not to contest the legal basis for any stipulated fines assessed pursuant to paragraph 16 of this Consent Order, but reserves the right to dispute in a court of competent jurisdiction the factual basis upon which a demand by EGLE of stipulated fines is made. In addition, the Company agrees that said fines have not

been assessed by EGLE pursuant to Section 5529 of Part 55 and therefore are not reviewable under Section 5529 of Part 55.

20. This compliance program is not a variance subject to the 12 month limitation specified in Section 5538 of Part 55.

21. This Consent Order shall remain in full force and effect for a period of at least three (3) years. Thereafter, the 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 Environment, Great Lakes, and Energy, 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 Kalamazoo 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.

22. In the event the Company sells or transfers the facility, with SRN N6226, 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 Kalamazoo District Office 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, the Company 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 Kalamazoo District Supervisor within thirty (30) days of assuming the obligations of this Consent Order.

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

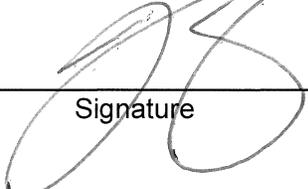
24. Section 5530 of Part 55 may serve as a source of authority but not a limitation under which the Consent Order may be enforced. Further, Part 17 of Act 451 and all other applicable laws and any other legal basis or applicable statute may be used to enforce this Consent Order.

25. The Company hereby stipulates that entry of this Consent Order is a result of an action by EGLE to resolve alleged violations of its facility located at 29991 M-60 East, Homer, 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.

BREMBO NORTH AMERICA, INC.

Daniel Sandberg, President & CEO
Print Name and Title

 Date: 8/21/19
Signature

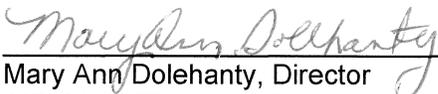
The above signatory subscribed and sworn to before me this 21st day of August, 2019.


Notary Public

CHERYL ANN THIEL
NOTARY PUBLIC, STATE OF MI
COUNTY OF WAYNE
MY COMMISSION EXPIRES May 28, 2023
ACTING IN COUNTY OF _____

Approved as to Content:

Approved as to Form:


Mary Ann Dolehanty, Director
AIR QUALITY DIVISION
DEPARTMENT OF
ENVIRONMENT, GREAT LAKES,
AND ENERGY


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

Dated: 8/23/19

Dated: 8/23/2019

FINAL ORDER

The Director of the Air Quality Division having had an opportunity to review the Consent Order and having been delegated authority to enter into Consent Orders by the Director of the Michigan Department of Environment, Great Lakes, and Energy pursuant to the provisions of Part 55 of Act 451 and otherwise being fully advised on the premises,

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

MICHIGAN DEPARTMENT OF ENVIRONMENT, GREAT LAKES, AND ENERGY



Mary Ann Dolehanty, Director
Air Quality Division

Effective Date: 8/23/19