

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF THE DIRECTOR

In the matter of administrative proceedings)
against **UNIVERSAL COATING, INC.**, a)
corporation organized under the laws of the)
State of Michigan and doing business at)
5204 Energy Drive, City of Flint, County of)
Genesee, State of Michigan)
)

AQD No. 5-2017

SRN: N7256

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 Universal Coating, Inc. (Company), a Michigan corporation doing business at 5204 Energy Drive in Flint, Michigan, with State Registration Number (SRN) N7256. The MDEQ alleges that the Company is in violation of Permit to Install (PTI) 96-03C. Specifically, the MDEQ alleges that the Company failed to maintain the minimum catalyst bed inlet temperature associated with the catalytic oxidizer, exceeded the volatile organic compound (VOC) emission limit for FG-CATOX, exceeded the major source threshold for hazardous air pollutants (HAP) without obtaining a Title V Renewable Operating Permit (ROP), and exceeded the facility wide tons per year emission limit for a HAP, as cited herein and in Violation Notices dated January 21, 2016 and March 16, 2016. 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, 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. 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 Director of the Michigan Department of Environmental Quality 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 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

9.A. Limits

1. On and after the effective date of this Consent Order, the Company shall comply with the VOC emission limit for FG-RTO as specified in PTI 96-03D, as amended.

2. No later than March 1, 2017, the Company shall comply with the Organic HAP emission limits for FG-MACTPPPP and FG-MACTMMMM in PTI 96-03D, as amended. These limits will be evaluated over the eleven compliance periods specified within this subparagraph. For the purposes of this subparagraph, the first compliance period shall constitute the single calendar month ending March 31, 2017, the second compliance period shall constitute the two calendar months ending April 30, 2017, the third compliance period shall constitute the three calendar months ending May 31, 2017; and thus the compliance periods shall continue forth in this manner until a total of eleven compliance periods are elapsed ending with the compliance period constituting the eleven calendar months ending January 31, 2018.

3. On and after the effective date of this Consent Order, the Company shall comply with all applicable requirements of Title 40 CFR, Part 63, Subpart PPPP, NESHAP for Surface Coating of Plastic Parts and Products, with the exception of the delayed compliance dates described in paragraphs 9.A.2 and 9.C.1 of this Consent Order.

4. On and after the effective date of this Consent Order, the Company shall comply with all applicable requirements of Title 40 CFR, Part 63, Subpart MMMM, NESHAP for

Surface Coating of Miscellaneous Metal Parts and Products, with the exception of the delayed compliance dates described in paragraphs 9.A.2 and 9.C.2 of this Consent Order.

9.B Process Operation

1. On and after the effective date of this Consent Order, the Company shall operate the regenerative thermal oxidizer chamber temperature of FG-RTO above 1550°F or at the temperature established in the most recent acceptable performance test.

2. On and after the effective date of this Consent Order, the Company shall comply with Special Condition III.1 for FG-MACTPPPP in PTI 96-03D, as amended.

9.C Testing

1. No later than March 1, 2017, the Company shall demonstrate compliance with Special Conditions V.2 and V.3 for FG-MACTPPPP in PTI 96-03D, as amended.

2. No later than March 1, 2017, the Company shall demonstrate compliance with Special Conditions V.2 and V.3 for FG-MACTMMMM in PTI 96-03D, as amended.

9.D. Monitoring and Recordkeeping

1. On and after the effective date of this Consent Order, the Company shall comply with Special Condition VI.4 for FG-MACTPPPP in PTI 96-03D, as amended.

2. On and after the effective date of this Consent Order, the Company shall comply with Special Condition VI.4 for FG-MACTMMMM in PTI 96-03D, as amended.

3. On and after the effective date of this Consent Order, the Company shall comply with any applicable requirement of Title 40 CFR, Part 63, Subpart DDDDD, NESHAP for Major Sources: Industrial, Commercial, and Institutional Boilers and Process Heaters.

GENERAL PROVISIONS

10. 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.

11. 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.

12. 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 \$56,000.00, which includes AQD costs for investigation and enforcement. The total sum of \$56,000.00 shall be made in six (6) payments as follows: a payment of \$9,400.00 shall be paid within thirty (30) days of the effective date of this Consent Order; a second payment of \$9,320.00 shall be made on or before March 1, 2017; a third payment of \$9,320.00 shall be made on or before June 1, 2017; a fourth payment of \$9,320.00 shall be made on or before September 1, 2017; a fifth payment of \$9,320.00 shall be made on or before December 1, 2017; a final payment of \$9,320.00 shall be made on or before March 1, 2018. To ensure proper credit, all payments made pursuant to this Consent Order shall include the "Payment Identification Number AQD40163" 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.

13. On and after the effective date of this Consent Order, if the Company fails to comply with paragraph 9.C.1 or 9.C.2 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 9.A.1, 9.A.2, 9.B.2, 9.D.1, or 9.D.2 this Consent Order, the Company is subject to a stipulated fine of up to \$10,000.00 per violation. On and after the effective date of this Consent Order, if the Company fails to comply with paragraph 9.A.3, 9.A.4, 9.B.1, or 9.D.3 of this Consent Order, the Company is subject to a stipulated fine of up to \$5,000.00 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 of 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 AQD40163" 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.

14. 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.

15. To ensure timely payment of the settlement amount assessed in paragraph 12 and any stipulated fines assessed pursuant to paragraph 13 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.

16. The Company agrees not to contest the legal basis for the settlement amount assessed pursuant to paragraph 12. The Company also agrees not to contest the legal basis for any stipulated fines assessed pursuant to paragraph 13 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 and therefore are not reviewable under Section 5529 of Part 55.

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

18. This Consent Order shall remain in full force and effect for a period of at least five (5) 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 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 Lansing 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.

19. In the event the Company sells or transfers the facility, with SRN N7256, 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 Lansing 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 Lansing District Supervisor within thirty (30) days of assuming the obligations of this Consent Order.

20. 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.

21. 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.

22. 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 5204 Energy Drive, Flint, 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.

UNIVERSAL COATING, INC.

Timothy Johnson VP
Print Name and Title

Timothy Johnson Date: 2-28-17
Signature

The above signatory subscribed and sworn to before me this 28th day of Feb, 2017. CR

Carol L. Ramin
Notary Public Signature

CAROL L. RAMIN
NOTARY PUBLIC, STATE OF MI
COUNTY OF GENESEE
MY COMMISSION EXPIRES May 28, 2020
ACTING IN COUNTY OF GENESEE

Approved as to Content:

Lynn Fiedler
Lynn Fiedler, Director
AIR QUALITY DIVISION
DEPARTMENT OF
ENVIRONMENTAL QUALITY

Approved as to Form:

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

Dated: 3/22/2017

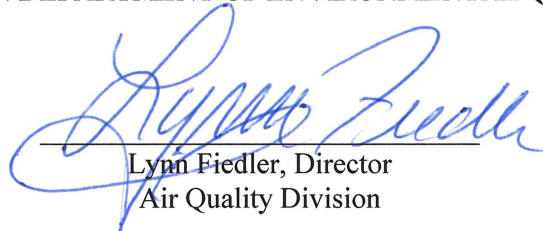
Dated: 3/15/2017

FINAL ORDER

The Director of the Air Quality Division having had opportunity to review the 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 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 the MDEQ as a Final Order.

MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY



Lynn Fiedler, Director
Air Quality Division

Effective Date: 3/22/2017