

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF THE DIRECTOR

In the matter of administrative proceedings)
against **FORD MOTOR COMPANY** –)
STERLING PLANT, a corporation)
organized under the laws of the State of)
Delaware and doing business at 39000)
Mound Road, in the City of Sterling Heights,)
County of Macomb, State of Michigan)

AQD No. 11-2009

SRN: A3567

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 Ford Motor Company – Sterling Plant, ("Company"), a Delaware corporation located at 39000 Mound Road in the City of Sterling Heights, County of Macomb State of Michigan, with State Registration Number ("SRN") A3567. The MDEQ alleges that the Company has violated the requirements of the federal Clean Air Act; Part 55, Air Pollution Control, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (Act 451), and the conditions of MI-ROP-A3567-2007. Specifically, the MDEQ alleges that the Company reported in its FY2008 first Semi-Annual Deviation Report that the total gallons of coating used in FY 2005, based on purchase records, exceeded the 52,000 gallons/year permit limit. Subsequent reports noted a total coating usage for this emission unit was 71,988 gallons from the two Binks Electrostatic Spray Booths. The MDEQ also alleges that the Company installed and operated the Department 17 Haden Schweitzer Water Based Axle Coating System without a permit to install when the emission unit did not qualify for the exemption in MAC R 336.1290 because it had an exhaust air flow rate above 30,000 cubic feet per minute. In addition, MDEQ alleges that the two Binks Electrostatic Spray Booths operated without electrostatic equipment and did not report deviations in the Annual and Semi-Annual Renewable Operating Permit (ROP) Report Certification and Deviation Reports from October 2005 through June 30, 2007. These violations resolved by this Consent Order are cited herein and in Letters of Violation ("LOV's") dated April 17, 2008, June 18, 2008, September 3, 2008 and October 7, 2008.

The Company and MDEQ stipulate to the termination of this proceeding by entry of a 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 the 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 Michigan Department of Natural Resources ("MDNR") is authorized pursuant to Section 5503 of Part 55 to administer and enforce all provisions of Part 55. Section 301 of Part 3 provides the authority to the Director of the MDNR to delegate powers and duties.
4. The MDEQ was created as a principal department within the Executive Branch of the State of Michigan pursuant to Executive Order 1995-18. All statutory authority, powers, duties, functions and responsibilities of the MDNR AQD were transferred to the Director of the MDEQ ("Director").
5. The Director has delegated authority to the Chief of the AQD ("AQD Chief") to enter into this Consent Order.
6. The termination of this matter by a Consent Order pursuant to Section 5528 of Part 55 is proper and acceptable.
7. 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 of any fact or that the law has been violated.
8. This Consent Order becomes effective on the date of execution ("effective date of this Consent Order") by the AQD Chief.
9. The Company shall achieve compliance with the aforementioned regulations in accordance with the requirements contained in this Consent Order.

COMPLIANCE PROGRAM AND IMPLEMENTATION SCHEDULE10. Permits

A. On and after the effective date of this Consent Order, the Company shall fully comply with the terms and conditions of MI-ROP-A3567-2007, or subsequent modifications, which shall be attached as Exhibit A, incorporated by reference, and made an enforceable part of this Consent Order.

B. On and after the effective date of this Consent Order, the Company shall fully comply with the terms and conditions of Permit to Install No. 320-08, or subsequent modifications, which shall be attached as Exhibit B, incorporated by reference, and made an enforceable part of this Consent Order.

C. Department 16 Preventive Maintenance Plan

The Preventative Maintenance Plan (PM)/Malfunction Abatement Plan (MAP) for the Department 16 Paint Booths shall be attached hereto as Exhibit C of this Consent Order, incorporated by reference, and made an enforceable part of this Consent Order. Any substantive changes to the PM/MAP must be submitted to the MDEQ, Air Quality Division, Southeast Michigan District Supervisor within thirty (30) days after the substantive change is made.

D. Quarterly Status Reports

On and after the effective date of this Consent Order, reports detailing the results of the quarterly challenge to the Department 16 Paint Booth interlock system shall be submitted on a quarterly basis. In addition, the quarterly status report shall also include the results of the monthly electrostatic applicator voltage checks, a quarterly reconciliation of the Department 16 and 17 paint usage, and the Department 16 and 17 daily paint usage records. These reports shall be submitted to the AQD Southeast District Supervisor within sixty (60) days after each calendar quarter.

E. Paint Usage Monitoring and Recordkeeping

On and after the effective date of this Consent Order, the Company shall use a procedure to ensure paint usage is accurately monitored and recorded. The procedure shall include a quarterly reconciliation of paint usage to the paint delivery or purchasing records to ensure accuracy. The paint usage monitoring plan shall be attached hereto as Exhibit D of this Consent Order, incorporated by reference, and made an enforceable part of this Consent Order. Any substantive changes to Exhibit D (paint usage monitoring form) must be submitted to the MDEQ, Air Quality Division, Southeast Michigan District Supervisor within thirty (30) days after the change.

F. Michigan Air Emission Reporting System (MAERS) Reports

Prior to the effective date of this Consent Order, the Company submitted updated MAERS reports for calendar years 2005 – 2007 using paint receipt data to calculate VOC emissions for Department 16 and 17 Paint Booths.

GENERAL PROVISIONS

11. On and after the effective date of this Consent Order, except as otherwise provided by the administrative rules of Part 55, the Company shall not install, construct, reconstruct, relocate, alter, or modify any process or process equipment including control equipment pertaining thereto, which may emit an air contaminant, unless a permit to install which authorizes such action is issued by the MDEQ pursuant to Rule 201, the Company is issued a waiver pursuant to Rule 202, or the change is exempt from the requirements of Rule 201.

12. 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.

13. 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.

14. 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 delivered to the Michigan Department of Environmental Quality, Financial and Business Services Division, Revenue Control, P.O. Box 30657, Lansing, Michigan 48909-8157, a settlement amount of \$129,920.00, which includes AQD costs for investigation and enforcement. To ensure proper credit, all payments made pursuant to this Consent Order shall include the Agreement Identification No. AQD 1172 on the face of the check. This settlement amount is in addition to any fees, taxes, or other fines that may be imposed on the Company by law.

15. On and after the effective date of this Consent Order, if the Company fails to comply with paragraph 11 of 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 any other provision of paragraphs 10C through 10E of this Consent Order, the Company is subject to a

stipulated fine of up to \$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 this Consent Order that is deemed substantive by the AQD, the Company shall pay stipulated fines of \$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 delivered to the Michigan Department of Environmental Quality, Financial and Business Services Division, Revenue Control, P.O. Box 30657, Lansing, Michigan 48909-8157. To ensure proper credit, all payments shall include the Agreement Identification No. AQD 1172S on the face of the check. 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.

16. 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.

17. To ensure timely payment of the settlement amount assessed in paragraph 14 and any stipulated fines assessed pursuant to paragraph 15 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 15 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.

18. The Company agrees not to contest the legal basis for the settlement amount assessed pursuant to paragraph 14. The Company also agrees not to contest the legal basis for any stipulated fines assessed pursuant to paragraph 15 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.

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

20. 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 Chief. Prior to issuance of a written notice of termination, the Company shall submit a request to the AQD Chief 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 Southeast 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 Chief.

21. In the event Ford sells or transfers the facility, with SRN A3567, 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 after a sale or transfer, the Company shall also notify the AQD Southeast Michigan 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, Ford 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 Southeast Michigan District Supervisor within thirty (30) days after the purchaser or transferee has assumed the obligations of this Consent Order.

22. 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.

23. 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.

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.

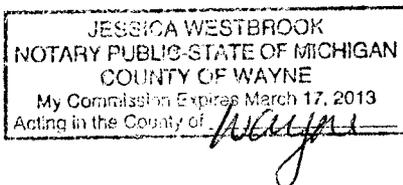
Ford Motor Company

Louis J. Ghilardi
Assistant Secretary

Print Name and Title

Louis J. Ghilardi Date: 6-22-09
Signature

The above signatory subscribed and sworn to before me this 22 day of June, 2009.



Jessica Westbrook
Notary Public

Approved as to Content:

Approved as to Form:

G. Vinson Hellwig
G. Vinson Hellwig, Chief
AIR QUALITY DIVISION
DEPARTMENT OF
ENVIRONMENTAL QUALITY

Alan F. Hoffman
Alan F. Hoffman, Section Head
ENVIRONMENTAL REGULATION SECTION
ENVIRONMENT, NATURAL RESOURCES,
AND AGRICULTURE DIVISION
DEPARTMENT OF ATTORNEY GENERAL

Dated: 6/29/09

Dated: 6/29/09

FINAL ORDER

The Chief 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



G. Vinson Hellwig, Chief
Air Quality Division

Dated: 6/22/09