

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF THE DIRECTOR

In the matter of administrative proceedings)
against **PRECISION COATINGS, INC**, a)
S-corporation organized under the laws of the)
State of Michigan and doing business at 8120)
Goldie, in the City of Walled Lake, County)
of Oakland, State of Michigan)
)

AQD No 22-2008

SRN: A5496

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 Precision Coatings, Inc, ("Company"), a Michigan corporation located at 8120 Goldie Street, in the City of Walled Lake, County of Oakland, State of Michigan, with State Registration Number ("SRN") A5496. The MDEQ alleges that the Company is in violation of the 40 Code of Federal Regulations (CFR), Part 63, Subpart JJJJ (NESHAP / MACT JJJJ for Paper and Other Webcoating) and its Michigan (MI) Renewable Operating Permit (ROP) No. MI- ROP-A5496, F-1 I. Specifically, the MDEQ alleges that the Company has failed to comply with the federal MACT JJJJ standards, failed to submit a notification of reconfiguration of the thermal oxidizer system, failed to conduct the required Capture Efficiency (CE) & Destruction Efficiency (DE) tests, failed to destroy volatile organic compounds (VOC) with the required minimum destruction efficiency and failed to vertically discharge the exhaust gases without any obstruction as cited herein and in the Letters of Violation ("LOV") dated January 5 and 10, 2007.

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 of the facts or alleged violations set forth in the foregoing LOV's, or any of the facts or allegations set forth in this Consent Order 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 SCHEDULE

10

A Renewable Operating Permit (ROP)

On and after the effective date of this Consent Order, the Company shall comply with terms and conditions of Renewable Operating Permit (ROP) No. MI-ROP-A5496-2002b (Effective November 26, 2002 as revised on December 4, 2004 and August 15, 2007), or any subsequent modifications or renewals, which is attached hereto as Exhibit A of this Consent Order, incorporated by reference and made an enforceable part of this Consent Order. Because the Company has obtained an "application shield" by submitting a timely and administratively complete application for the renewal of the ROP, the existing ROP (MI-ROP-A5496-2002b)

continues to be in force and shall not expire until the renewal ROP is issued or denied. Upon issuance after 30-day public comment and 45-day US EPA review, the renewal ROP shall become an enforceable part of this Consent Order

B Operating Conditions

On and after the effective date of this Consent Order, the Company shall operate the four web-coating lines (including clean-up times using organic solvents) and regenerative thermal oxidizer (RTO) in compliance with Exhibit A or subsequent modifications. Proper operation of each of the three RTOs includes maintaining a minimum temperature, a minimum retention time and minimum overall VOC control efficiency (combined capture and destruction efficiency) as listed in Exhibit A, or subsequent modifications

C Federal NESHAP / MACT JJJJ

1 On and after the effective date of this Consent Order, the Company shall fully comply with NESHAP / MACT JJJJ (40 CFR, Part 63, Subpart JJJJ—National Emission Standards for Hazardous Air Pollutants (HAP) for Paper and Other Webcoating)

2 On and after the effective date of this Consent Order, the Company shall limit the emissions of emitted Hazardous Air Pollutants (HAP's) by complying with 40 CFR, Part 63, Subpart JJJJ

3 On and after the effective date of this Consent Order, the Company shall comply with operating limits for its oxidizers and capture systems which are established in 40 CFR, Part 63, Subpart JJJJ §63.3321

D Exhaust gases

On and after the effective date of this Consent Order, the Company shall discharge exhaust gases from the regenerative thermal oxidizers vertically upwards without any obstruction.

RECORDKEEPING, REPORTING, AND TESTING

11 On and after the effective date of this Consent Order, the Company shall keep a monthly summary of temperature records. The summary shall include a statement regarding date, time and duration that a thermal oxidizer did not operate properly. It shall also include descriptions of

malfunction, corrective actions and preventive maintenance. Such records shall be completed within 30 calendar days of the end of the semi-annual period (January-June & July-December).

12. Upon approval of the ROP modification / renewal, the Company shall comply with all the reconfiguration notification and testing requirements. Within ninety (90) calendar days of each reconfiguring of the web coating lines regenerative thermal oxidizer configuration (or set-up), the Company shall conduct performance tests to demonstrate compliance with performance specifications of thermal oxidizers (Reco1, Reco2 and J Zink) as described in Exhibit A. All test methods and procedures must be approved by AQD prior to testing. If the configuration changes from the existing set-up (Line1Reco2, Line4Reco1, Line6andJZink, Line8Reco1) as described in the revised ROP (MI-ROP-A5496-2002b), a written notification is due within fifteen (15) calendar days and a performance test is due within 90 calendar days of reconfiguration.

13. The Company shall submit Performance Test Reports; required by 40 CFR, Part 63, Subpart JJJJ (§63.3400(f)) along with the Notification of Compliance Status required by 40 CFR, Part 63, Subpart JJJJ (§63.3400(e) & §63.9(h)) by July 30, 2007. The performance tests shall be conducted as described in the MACT JJJJ (§63.3360) regulations and approved by the AQD Southeast Michigan District Supervisor. Pursuant to NESHAP / MACT JJJJ, the final compliance date was December 5, 2005 and the Notification of Compliance Status was due within one hundred and eighty (180) calendar days following December 5, 2005.

14. On and after the effective date of this Consent Order, all subsequent Semi-annual Compliance Reports for the Jan 1 thru June 30 semi-annual periods are due on July 31 and for the July 1 thru December 31 semi-annual periods, the reports are due on January 31. The reports may be submitted in conjunction with ROP semi-annual deviation and annual certification reports (due on March 15 for July 1 thru December 31 semi-annual periods and September 15 for Jan 1 thru June 30 semi-annual periods) if a valid ROP is continuously maintained.

15. By June 30, 2008, the Company shall prepare a list of process equipment (e.g. LINE1RECO2, associated curing and drying equipment, coating mix room or kitchen, wash-tank used for equipment / tool cleaning, etc.) subject to this NESHAP/ MACT JJJJ. The process equipment that has uncontrolled emissions shall be clearly identified.

16. On and after the effective date of this Consent Order, the Company shall comply with all record-keeping required as part of the conditions of Exhibit A and the federal regulations.

17 On and after the effective date of this Consent Order, the Company shall submit Start-up, Shutdown and Malfunction Reports along with Semi-annual Compliance Reports; as required.

MONITORING

18 On and after the effective dated of this Consent Order, by June 29, 2007, the Company shall monitor and record temperatures of each of the three regenerative thermal oxidizers (Reco1, Reco2, J. Zink) on a continuous basis using a temperature measurement device and a recording system as described in §63.3350(e)

19 By July 30, 2007, the Company shall clearly state the required emission standards being met and procedures & methods used to show compliance with those emission standards.

20 On and after the effective dated of this Consent Order, each RTO shall be equipped with a visible and audible alarm system and an automatic coating process shut-off system. If the solvent stream exceeds the maximum VOC loading or if the temperature falls below a required minimum operating temperature threshold as described in Exhibit A, alarm and shut-off systems shall be activated. The Company shall keep a record of beginning & ending times and duration of each shut-off incident, cause(s) of shut-off, corrective actions taken.

21 The Company shall operate continuous parameter (temperature) monitoring system for each RTO as required and monitor the capture system operating parameter (pressure differential for each capture system) as specified in and required by 40 CFR, Part 63, Subpart JJJJ §63.3350(f). Should there be conflicting monitoring requirements in the ROP and MACT JJJJ standard; the Company shall follow MACT JJJJ.

GENERAL PROVISIONS

22 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.

23 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

24 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

25 The Company shall pay to the General Fund of the State of Michigan, in the form of checks 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 total settlement amount of \$26,880.00, which includes AQD costs for investigation and enforcement. The total settlement amount sum shall be made in four (4) payments as follows: (1) one payment of \$8,880.00 shall be made on or before thirty (30) days after the effective date of this Consent Order. A second (2nd) payment of \$6,000.00 shall be made on or before one hundred twenty days (120) after the effective date of the Consent Order. A third (3rd) payment of \$6,000.00 shall be made on or before two hundred ten days (210) after the effective date of the Consent Order. A fourth (4th) payment of \$6,000.00 shall be made on or before three hundred sixty five (365) days after the effective date of the Consent Order. The total settlement amount of \$26,880.00 shall be paid within three hundred sixty five (365) days of the effective date of this Consent Order. To ensure proper credit, all payments made pursuant to this Consent Order shall include the Agreement Identification No. AQD-1157 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

26 On and after the effective date of this Consent Order, if the Company fails to comply with paragraph 22 of this Consent Order, the Company is subject to a stipulated fine of \$10,000.00 per violation. On and after the effective date of this Consent Order, if the Company fails to comply with paragraph[s] 10B, 10C2, 10C3 or 10D of this Consent Order, the Company is subject to stipulated fines of \$3,000.00 per violation per day. On and after the effective date of this Consent Order, if the Company fails to comply with paragraphs 11 through 18 of this Consent Order, the Company is subject to stipulated fines of \$500.00 per violation per day. On and after the effective date of this Consent Order, if the Company fails to comply with paragraphs 19 through 21 of this Consent Order, the Company is subject to stipulated fines of \$1,000.00 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, 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 of 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 1157-S 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.

27 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.

28 To ensure timely payment of the settlement amount assessed in paragraph 25 and any stipulated fines assessed pursuant to paragraph 26 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 26 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.

29 The Company agrees not to contest the legal basis for the settlement amount assessed pursuant to paragraph 25. The Company also agrees not to contest the legal basis for any stipulated fines assessed pursuant to paragraph 26 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.

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

31 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 Michigan 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.

32. In the event Precision Coatings, Inc. sells or transfers the facility, with SRN A5496, 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 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, 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 Southeast Michigan District Supervisor within thirty (30) days of assuming the obligations of this Consent Order.

33. 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.

34 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.

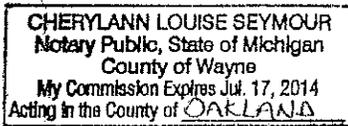
The undersigned certifies that he/she is fully authorized by the Company to enter into this Consent Order and to execute and legally bind the Company to it

Precision Coatings, Inc

Andrew Bent / President
Print Name and Title

[Signature] Date: 8/11/08
Signature

The above signatory subscribed and sworn to before me this 11th day of August, 2008



Cherylann Louise Seymour
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: 8/14/08

Dated: 8/14/08

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: 8/14/08