

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF THE DIRECTOR

In the matter of administrative proceedings)
against **BLUE DIAMOND STEEL**)
CASTING, LLC, a corporation organized)
under the laws of the State of Michigan and)
doing business at 125 Sturm Road, City of)
Pigeon, County of Huron, State of Michigan)
and **HURON CASTING, INC.**, a)
corporation organized under the laws of the)
State of Michigan and doing business at)
7050 Hartley Street, City of Pigeon, County)
of Huron, State of Michigan)

AQD No. 4-2017

SRN: B7013

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 Blue Diamond Steel Casting, LLC, (hereinafter BDSC or BDSC Facility) a Michigan corporation located at 125 Sturm Road, City of Pigeon, County of Huron, State of Michigan, and Huron Casting, Inc., (hereinafter HC or HC Facility) a Michigan corporation located at 7050 Hartley Street, City of Pigeon, County of Huron, State of Michigan, with State Registration Number (SRN) B7013. These two Facilities, which share the same State Registration Number, are hereinafter referenced collectively as the Company. The MDEQ alleges that the Company is in violation of Section 165 of the federal Clean Air Act (CAA), 42 USC 7475, the federal Prevention of Significant Deterioration (PSD) regulation, 40 CFR 52.21, and the federal requirement to obtain a Renewable Operating Permit (ROP) under Title V of the CAA, 42 USC 7661 et seq. The MDEQ also alleges that the Company is in violation of Part 55, Air Pollution Control, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (Act 451), including MCL 324.5506, and Mich Admin Code, R 336.1201 (Rule 201), R 336.1210 (Rule 210), R 336.1901 (Rule 901), R 336.1910 (Rule 910), R 336.2802 (Rule 1802), R 336.2803 (Rule 1803), R 336.2804 (Rule 1804), and R 336.2810 (Rule 1810). Specifically, the MDEQ alleges that the Company has failed to obtain a PSD permit prior to construction and operation and has failed to obtain and maintain a ROP. Furthermore, the MDEQ alleges that at the BDSC Facility the Company has failed to comply with air use Permit to Install No. 129-08C Special Conditions and 40 CFR 63 Subpart ZZZZZ requirements for initial notification, recordkeeping, reporting and testing. The MDEQ also alleges that at the HC Facility the Company failed to comply with the air use Permit to Install No. 207-02E Special Conditions for rerouted emissions to an alternate

baghouse, had uncontrolled emissions, and particulate fallout emissions which caused a nuisance, in violation of Rules 201, 901 and 910 and Permit to Install No. 207-02E Special Conditions and 40 CFR Subpart ZZZZZ requirements for recordkeeping, reporting and performance testing, and uncontrolled emissions discharged to atmosphere. These violations were cited in Violation Notices dated May 8, 2015, June 25, 2015, and August 11, 2015, an Enforcement Notice dated November 6, 2015, and a Violation Notice dated June 15, 2016. 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 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. Permits to Install for Blue Diamond Steel Casting, LLC and Huron Casting, Inc. Facilities, Exhibits A and B

1. On and after the effective date of this Consent Order, the Company shall comply with air use Permit to Install No. 129-08D at the BDSC Facility, which was issued to the Company on March 16, 2016, which is attached hereto as Exhibit A of this Consent Order.

2. On and after the effective date of this Consent Order, the Company shall comply with Air use Permit to Install No. 207-02E at the HC Facility, which was issued to the Company on December 10, 2013, which is attached hereto as Exhibit B of this Consent Order.

10. Prevention of Significant Deterioration (PSD) Permit for Blue Diamond Steel Casting, LLC and Huron Casting, Inc. Facilities, Exhibit E

1. By July 7, 2016, the Company submitted to the AQD, pursuant to the administrative rules of Part 55, an administratively complete application for a PSD Permit to Install, No. 115-16, for an installation permit describing the air pollution control device(s) and/or other equipment to be used to control the regulated and criteria air pollutant emissions for the air use emission sources at the Company's foundry processes at Source Registration Number B7013 to assure compliance with the federal PSD regulation, 40 CFR 52.21, and Part 55 and the administrative rules promulgated thereunder, including Rules 1802, 1803, 1804, and 1810. The application was for a PSD permit that is referenced herein as the PSD Permit to Install.

2. Within thirty (30) calendar days of receipt of draft permit conditions for the PSD Permit to Install, the Company shall submit in writing an acceptance of all terms and conditions of the draft permit to the AQD Permit Section Supervisor.

3. Upon issuance of the PSD Permit to Install, and any subsequent permit revision thereof, it shall be attached hereto as Exhibit E of this Consent Order. Exhibit E shall replace and supersede Exhibits A and B, shall be incorporated by reference and made an enforceable part of this Consent Order.

11. Renewable Operating Permit, Exhibit F

1. By July 8, 2016, the Company submitted to the AQD, pursuant to the administrative rules of Part 55, including Rule 210, an administratively complete application for a Renewable Operating Permit (ROP) for the air use emission sources at the Company's foundry processes at Source Registration Number B7013.

2. Within thirty (30) days of a request from the AQD for additional information pursuant to Rule 210(3), the Company shall submit to the AQD additional information necessary to evaluate or take final action of the ROP application.

3. On and after issuance, the ROP shall be attached to this Consent Order by reference as Exhibit F. Exhibit F shall replace and supersede Exhibit E. The ROP, and future revisions, amendments, or modifications approved by the AQD, shall be incorporated by reference, and made an enforceable part of this Consent Order.

12.A. Fugitive Dust Control and Malfunction Abatement Plans for Blue Diamond Steel Casting, LLC and Huron Casting, Inc. Facilities

1. Within 180 days after issuance of the PSD Permit to Install, the Company shall implement an AQD-approved Fugitive Dust Control Plan for each Facility. Upon approval, the Company shall not operate the BDSC Facility or the HC Facility processes unless the AQD-approved Fugitive Dust Control Plan for each Facility is implemented. The Fugitive Dust Control Plan for each Facility is attached hereto as Exhibit C, incorporated by reference, and made an enforceable part of this Consent Order.

2. Within 180 days after issuance of the PSD Permit to Install, the Company shall implement an AQD-approved Malfunction Abatement Plan for each Facility. Upon approval, the Company shall not operate the BDSC Facility or the HC Facility processes unless the AQD-approved Malfunction Abatement Plan for each Facility is implemented. The Malfunction Abatement Plan for each Facility is attached hereto as Exhibit D, incorporated by reference, and made an enforceable part of this Consent Order.

12.B Final Charge Rate and Emission Limitations

1. On and after issuance of the PSD Permit, and subsequently the ROP, at the BDSC Facility and the HC Facility the Company shall not melt more than the allowed number of tons of metal per year, as specified in Exhibit E or F.

2. On and after issuance of the PSD Permit, and subsequently the ROP, the Company shall not exceed the CO emission limitation, as specified in Exhibit E or F.

3. On and after issuance of the PSD Permit, and subsequently the ROP, the Company shall not exceed the Individual HAP emission limitations, as specified in Exhibit E or F.

4. On and after issuance of the PSD Permit, and subsequently the ROP, the Company shall not exceed the Aggregate HAP emission limitations, as specified in Exhibit E or F.

5. On and after issuance of the PSD Permit, and subsequently the ROP, the Company shall not exceed the PM10 emission limitations specified in Exhibit E or F.

6. On and after issuance of the PSD Permit, and subsequently the ROP, the Company shall not exceed the PM2.5 emission limitations specified in Exhibit E or F.

7. On and after issuance of the PSD Permit, and subsequently the ROP, the Company shall not exceed the CO emission limitations specified in Exhibit E or F.

12.C Facility Monitoring, Recordkeeping and Reporting

On and after the effective date of this Consent Order, the Company shall monitor, record, and maintain records, and submit reporting and certification in a manner and frequency acceptable to the AQD and in accordance with the requirements of 40 CFR 63 Subpart ZZZZZ.

12.D Subsequent Renewal of ROP

The Company shall submit to the AQD an administratively complete application for renewal of the ROP resulting from the revised Exhibit F, not more than 18 months, but not less than 6 months, before the ROP expiration date, as specified in the ROP, Part 55 Section 324.5506(5) and Rule 210(7).

RECORDKEEPING, REPORTING, AND TESTING

13. On and after the effective date of this Consent Order, the Company shall keep, in a satisfactory manner, separate records of the metal melted in tons per month as required by the recordkeeping specified in Exhibit E or F. This information shall be kept on file at the Company for a period of at least five years, and shall be made available to MDEQ upon written or verbal request.

14. On and after the effective date of this Consent Order, the Company shall keep, in a satisfactory manner, monthly and 12-month rolling time period PM10, PM2.5, VOCs, individual and aggregate HAPs, and CO emission calculation records as required by the recordkeeping specified in Exhibit E or F. This information shall be kept on file at the Facility for a period of at least five years, and shall be made available to MDEQ upon written or verbal request.

15. On and after the effective date of this Consent Order, the Company shall keep, in a satisfactory manner, monthly and 12-month rolling time period operating hour records for each emission unit that is subject to an emission limit as required by the recordkeeping specified in Exhibit E or F. This information shall be kept on file at the Facility for a period of at least five years, and shall be made available to MDEQ upon written or verbal request.

16. On and after the effective date of this Consent Order, the Company shall keep, in a satisfactory manner, monthly and 12-month rolling records of steel melt quantities and natural gas usage rates as required by the recordkeeping specified in Exhibit E or F. This information shall be kept on file at the Facility for a period of at least five years, and shall be made available to MDEQ upon written or verbal request.

17. On and after the effective date of this Consent Order, the Company shall keep, in a satisfactory manner, monthly and 12-month rolling time period phenol, HAPs and PM10 emission calculation records as required by the recordkeeping specified in Exhibit E or F. This information shall be kept on file at the Facility for a period of at least five years, and shall be made available to MDEQ upon written or verbal request.

18. On and after the effective date of this Consent Order, the Company shall keep, in a satisfactory manner, monthly and 12-month rolling time period operating hour records for each emission unit that is subject to an emission limit, as required by the recordkeeping specified in Exhibit E or F. This information shall be kept on file at the Facility for a period of at least five years, and shall be made available to MDEQ upon written or verbal request.

19. On and after the effective date of this Consent Order, the Company shall comply with all provisions of the National Emission Standards for Hazardous Air Pollutants, as specified in 40 CFR Part 63, Subpart A and Subpart ZZZZZ, as they apply to the Company, as specified in Exhibit E or F.

20. On and after the effective date of this Consent Order, the Company shall comply with the performance testing requirements of 40 CFR 63.10898(b) for particulate matter emission rates from the electric induction steel melting furnaces (included but not limited to the EU-SHELLFURNACE for the HC Facility) by conducting testing no less frequently than every five (5) years.

GENERAL PROVISIONS

21. 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.

22. 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.

23. 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.

24. Following 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 \$85,000.00, which includes AQD costs for investigation and enforcement. This total settlement amount shall be paid in accordance with the following schedule. The Company shall pay a first payment of \$14,500.00 within thirty (30) days of the effective date of this Consent Order. Thereafter the Company shall make five (5) additional equal payments of \$14,100.00 each by May 31, 2017; July 28, 2017; October 27, 2017; January 30, 2018; and April 27, 2018. To ensure proper credit, all payments made pursuant to this

Consent Order shall include the “Payment Identification Number AQD40164” 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.

25. On and after the effective date of this Consent Order, if the Company fails to comply with paragraph 21 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 paragraph 12 of this Consent Order, the Company is subject to stipulated fines of up to \$5,000.00 per violation per day. On and after the effective date of this Consent Order, if the Company fails to comply with paragraphs 13, 14, 15, 16, 17, 18, or 20 of this Consent Order, the Company is subject to stipulated fines of up to \$3,000.00 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 the Exhibits, or this Consent Order, the Company is subject to a stipulated fine of up to \$500.00 per violation per day. 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 AQD40164-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.

26. 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.

27. To ensure timely payment of the settlement amount assessed in paragraph 24 and any stipulated fines assessed pursuant to paragraph 25 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 25 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.

28. The Company agrees not to contest the legal basis for the settlement amount assessed pursuant to paragraph 24. The Company also agrees not to contest the legal basis for any stipulated fines assessed pursuant to paragraph 25 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.

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

30. This Consent Order shall remain in full force and effect for a period of at least six (6) 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 Saginaw Bay 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.

31. In the event Blue Diamond Steel Casting, LLC and/or Huron Casting, Inc. sells or transfers the Facility and/or Facilities, with SRN B7013, 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 Saginaw Bay 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 selling 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 Saginaw Bay District Supervisor within thirty (30) days of assuming the obligations of this Consent Order.

32. 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.

33. 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.

34. Upon entry of this Consent Order, the Stipulation for Entry of Final Order by Consent, AQD No. 2-2009 (effective February 18, 2009), shall be null and void, and of no further force or effect.

35. The Company hereby stipulates that entry of this Consent Order is a result of an action by MDEQ to resolve alleged violations of its facilities located at 125 Sturm Road and 7050 Hartley Street, City of Pigeon, County of Huron, 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.

BLUE DIAMOND STEEL CASTING, LLC, AND HURON CASTING, INC.

Matthew Davis

Matthew Davis, Senior Vice President

Matthew Davis

Signature

Date: 4/4/17

The above signatory subscribed and sworn to before me this 4th day of April, 2017.

Patricia M. Walsh

Notary Public Signature

PATRICIA M. WALSH
NOTARY PUBLIC - STATE OF MICHIGAN
COUNTY OF HURON
My Commission Expires **Sept. 13, 2018**
Acting in the County of Huron

Approved as to Content:

Lynn Fiedler

Lynn Fiedler, Director
AIR QUALITY DIVISION
DEPARTMENT OF
ENVIRONMENTAL QUALITY

Dated: 4/20/17

Approved as to Form:

Neil Gordon

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

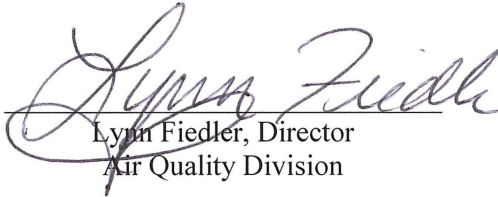
Dated: 4/17/2017

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: 4/20/17

Exhibit A

Permit to Install No. 129-08C

Blue Diamond Steel Casting, LLC Facility

Exhibit B

Permit to Install No. 207-02E

Huron Casting, Inc. Facility

Exhibit C

Fugitive Dust Control Plan

Blue Diamond Steel Casting, LLC and Huron Casting, Inc. Facilities

Exhibit D

Malfunction Abatement Plan

Blue Diamond Steel Casting, LLC and Huron Casting, Inc. Facilities

Exhibit E

Prevention of Significant Deterioration (PSD) Permit to Install No. 115-16

Blue Diamond Steel Casting, LLC and Huron Casting, Inc. Facilities

Exhibit F

Renewable Operating Permit

Blue Diamond Steel Casting, LLC and Huron Casting, Inc. Facilities