

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

In the matter of administrative proceedings
against **LACKS ENTERPRISES, INC.**, a
corporation, organized under the laws of the
State of Michigan and doing business at
5460 Cascade Road S.E. in the City of
Grand Rapids, County of Kent, State of
Michigan

AQD No. 2023-19

SRNs: N2079,
N0895, N7374,
B6138

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 Lacks Enterprises, Inc. (Company), a corporation organized under the laws of the State of Michigan with its principal office located at 5460 Cascade Road S.E., City of Grand Rapids, County of Kent, State of Michigan and cited facilities at the following locations: 4375 52nd Street S.E., City of Kentwood, County of Kent, with State Registration Number (SRN) N2079 (52nd Street Facility); 4260 Airline Road S.E., City of Kentwood, County of Kent, with SRN N0895 (Airline Facility); 5675 Kraft Avenue, City of Grand Rapids, County of Kent, with SRN N7374 (Kraft Facility); and, 1648 Monroe Avenue N.W., City of Grand Rapids, County of Kent, with SRN B6138 (Monroe Facility). EGLE alleges that the Company is in violation of Permit to Install (PTI) No. 110-18; PTI No. 110-18A; PTI No. 221-00C; Michigan Renewable Operating Permit (ROP) No. MI-ROP-N2079-2017, Section 1 and Section 2; ROP No. MI-ROP-N0895-2012; ROP No. MI-ROP-N0895-2018a; MI-ROP-N7374-2015; ROP No. MI-ROP-N7374-2015a; ROP No. MI-ROP-N7374-2020; Mich Admin Code, R 336.1910 (Rule 910); Mich Admin Code, R 336.1911 (Rule 911), and the federal requirements as specified in 40 CFR Part 63, Subpart N – National Emission Standards for Chromium Emissions from Hard and Decorative Chromium Electroplating and Chromium Anodizing Tanks (NESHAP N). Specifically, EGLE alleges that the Company has failed to install, operate, and maintain their plating and coating processes and associated control equipment at each of the facilities as follows:

52nd Street Facility

EGLE alleges that the Company is in violation of PTI No. 110-18, PTI No. 110-18A, ROP No. MI-ROP-N2079-2017, Section 2, and ROP No. MI-ROP-N2079-2017, Section 1 as cited herein and in the Violation Notices dated October 29, 2020, April 28, 2021, May 11, 2021, June 24, 2021, February 10, 2022, and October 24, 2022.

Specifically, EGLE alleges that the Company failed to comply with the following:

1. PTI No. 110-18, Special Condition (SC) I.2 for FGCENTRALPAINT when hexavalent chromium was found on the roof;
2. Rule 910 and ROP No. MI-ROP-N2079-2017, Section 2, SC IV.1 for EUELECTROLESSCU when the Company failed to properly maintain and operate the packed bed scrubber system, SC III.1 for FGCHROME1 and SC III.2 for FGCHROME2 when the Company failed to conduct the annual inspection of the composite mesh pad (CMP) scrubber systems for each flexible group, and SC III.1 for FGNEUTCATACC when the Company failed to properly maintain and operate the fan for the discharge from FGNEUTCATACC;
3. Rule 910 and PTI No. 110-18A, SC IV.3 when the Company failed to achieve 95 percent destruction efficiency for the regenerative thermal oxidizer (RTO);
4. ROP No. MI-ROP-N2079-2017, Section 2, SC I.1 and I.2 for FGCHROME1 and SC I.1 for FGCHROME2 when the Company exceeded the total chromium emission limit based on stack testing results received by the AQD on June 17, 2021;
5. ROP No. MI-ROP-N2079-2017, Section 1, SC I.5 for FGWESTMANUAL when the Company exceeded the coating Volatile Organic Compound (VOC) content limit; and
6. Rule 910 and ROP No. MI-ROP-N2079-2017, Section 1, SC III.3 for FGWESTROBOPAINT when the Company did not maintain a thermal incinerator minimum destruction efficiency of 95 percent.

Airplane Facility

EGLE alleges that the Company is in violation of ROP No. MI-ROP-N0895-2012, ROP No. MI-ROP-N0895-2018a, Rule 910, and NESHAP N, as cited herein and in the Violation Notices dated May 12, 2017, September 14, 2020, and November 10, 2021.

Specifically, EGLE alleges that the Company failed to comply with the following:

1. Rule 910 and ROP No. MI-ROP-N0895-2012, General Condition (GC) 10 when the Company failed to properly maintain and operate the CMP scrubber system;
2. Rule 910 and ROP No. MI-ROP-N0895-2018a, SC III.3 for EUPN-12 (three hexavalent decorative chrome plating tanks, tanks 1, 2, and 3) when the Company failed to properly install, maintain, and operate the CMP scrubber system which is also a violation of NESHAP N, SC III.3 for EUPN-10 (three hexavalent chrome etch tanks) when the Company failed to properly install, maintain, and operate the CMP scrubber system, and SC III.3 and III.5 for EUPN-12 (hexavalent decorative chrome plating tanks 1 and 3) when the Company failed to maintain surface tension below 45 dynes per centimeter (dynes/cm); and,
3. Rule 910 and ROP No. MI-ROP-N0895-2018a, SC III.1 for EUPN-10 when the Company failed again to properly install, maintain, and operate the CMP scrubber system.

Kraft Facility

EGLE alleges that the Company is in violation of ROP No. MI-ROP-N7374-2015, ROP No. MI-ROP-N7374-2015a, and ROP No. MI-ROP-N7374-2020, as cited herein and in the Violation Notices dated October 13, 2017, April 10, 2018, and July 23, 2020.

Specifically, EGLE alleges that the Company failed to comply with the following:

1. ROP No. MI-ROP-N7374-2015, SC VIII.1 for EUCONDITIONER and SC VIII.1 for FGNEUTCATACC when the Company failed to meet the stack diameter requirements;
2. ROP No. MI-ROP-N7374-2015a, SC I.2 for EUCHROMEETCH (hexavalent decorative chrome etch tanks 1 and 3) when the Company exceeded the hourly emission limit for total chromium; and,
3. Rule 910 and ROP No. MI-ROP-N7374-2020, SC III.2 for EUCHROMEETCH (hexavalent chrome etch tanks 1, 2, and 3) when the Company failed to utilize a chemical fume suppressant containing a wetting agent in quantities and frequency to meet the surface tension limit as established during stack testing.

Monroe Facility

EGLE alleges that the Company failed to comply with Rule 911 and PTI No. 221-00C, SC III.1 for FG-PLATING LINE (hexavalent chrome etch tank) when the Company failed to maintain the surface tension below the limits established in the Malfunction Abatement Plan, as cited herein and in the Violation Notice dated October 8, 2021.

The Company and EGLE 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 EGLE stipulate as follows:

1. The Natural Resources and Environmental Protection Act (NREPA) 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 the NREPA (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 EGLE 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, MCL 324.5528, 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 SCHEDULE

9.A. Rules

1. On and after the Effective Date of this Consent Order, the Company shall comply with Rule 910, as it applies to the Emission Units and Flexible Groups specified in the PTIs and ROPs listed in 9.B.

2. On and after the Effective Date of this Consent Order, the Company shall comply with Rule 911, as it applies to the Emission Units and Flexible Groups specified in the PTIs and ROPs listed in 9.B.

3. On and after the Effective Date of this Consent Order, the Company shall comply with the emission limits, surface tension requirements and operation and maintenance requirements as specified in NESHAP N, as it applies to FGCHROME2 in ROP No. MI-ROP-N2079-2017 and EUPN-12 in FGN-1 in ROP No. MI-ROP-N0895-2018a.

9.B. Permits

1. On and after the Effective Date of this Order, the Company shall comply with the requirements in Rule 910 and Rule 911 for the EUSPINELLE portion of FGCENTRALPAINT as specified in PTI No. 110-18A, and any subsequent permit revision. These requirements of PTI No. 110-18A are incorporated by reference and shall be enforceable in accordance with the provisions of this Consent Order. On and after PTI No. 110-18A is rolled into the Company's ROP, the Company shall comply with the above-cited requirements as applicable to the EUSPINELLE portion of FGCENTRALPAINT as specified in the ROP, and any subsequent ROP renewal.

2. On and after the Effective Date of this Order, the Company shall comply with the requirements of Rule 910 and 911 for EUELECTROLESSCU, FGNEUTCATACC, FGCHROME1, FGCHROME2, FGWESTMANUAL, and FGWESTROBOPAINT as specified in ROP No. MI-ROP-N2079-2017, and any subsequent ROP revision. The above-cited requirements of ROP No. MI-ROP-N2079-2017 are incorporated by reference and shall be enforceable in accordance with the provisions of this Consent Order.

3. On and after the Effective Date of this Order, the Company shall comply with the requirements of Rule 910 and 911 for EUPS-7 in FGS-1 and EUPN-10 and EUPN-12 in FGN-1 as specified in ROP No. MI-ROP-N0895-2018a, and any subsequent ROP revision. The above-cited

requirements of ROP No. MI-ROP-N0895-2018a are incorporated by reference and shall be enforceable in accordance with the provisions of this Consent Order.

4. On and after the Effective Date of this Order, the Company shall comply with the requirements of Rule 910 and 911 for EUCHROMEETCH as specified in ROP No. MI-ROP-N7374-2020, and any subsequent ROP revision. The above-cited requirements of ROP No. MI-ROP-N7374-2020 are incorporated by reference and shall be enforceable in accordance with the provisions of this Consent Order.

5. On and after the Effective Date of this Order, the Company shall comply with the requirements of Rule 910 and 911 for the chrome etch tank in FG-PLATININGLINE as specified in PTI No. 221-00C, and any subsequent permit revision. The above-cited requirements of PTI No. 221-00C are incorporated by reference and shall be enforceable in accordance with the provisions of this Consent Order.

9.C. Permit Limits

1. On and after the Effective Date of this Order, the Company shall comply with the total chromium emission limit of 0.000106 pound per hour (pph) for EUSPINELLE at the 52nd Street Facility, as specified in PTI No. 110-18A, FGCENTRALPAINT, Special Condition (SC) I.2.

2. On and after the Effective Date of this Order, the Company shall comply with the total chromium emission limits of 0.012 milligrams per dry standard cubic meter (mg/dscm) and 0.0025 pph for FGCHROME1 at the 52nd Street Facility, as specified in ROP No. MI-ROP-N2079-2017, Section II, SC I.1 and 1.2.and any subsequent ROP revision. ROP No. MI-ROP-N2079-2017 is incorporated by reference and shall be enforceable in accordance with the provisions of this Consent Order.

3. On and after the Effective Date of this Order, the Company shall comply with the total chromium emission limit of 0.005 mg/dscm for FGCHROME2 at the 52nd Street Facility, as specified in ROP No. MI-ROP-N2079-2017, Section II, SC I.1.

4. On and after the Effective Date of this Order, the Company shall comply with the total chromium emission limit of 0.0032 pph for EUCHROMEETCH at the Kraft Facility, as specified in ROP No. MI-ROP-N7374-2020, SC I.2.

9.D. VOC Content and Destruction Efficiency

1. On and after the Effective Date of this Order, the Company shall maintain a VOC destruction efficiency of at least 95 percent (by weight) for the RTO at the EUCENTRALPAINT portion of FGCENTRALPAINT at the 52nd Street Facility, as specified in PTI No. 110-18A, FGCENTRALPAINT, SC IV.3.

2. On and after the Effective Date of this Order, the Company shall, in the manual spray coat booths located at the 52nd Street Facility (west), comply with the maximum VOC content limit for non-red and black air-dried coatings of 5.00 pounds per gallon of coating, minus water, as applied, based upon a calendar day averaging period, as specified in ROP No. MI-ROP-N2079-2017, Section I, FGWESTMANUAL, SC I.5.

3. On and after the Effective Date of this Order, the Company shall maintain a VOC destruction efficiency of at least 95 percent (by weight) for the RTO at the FGWESTROBOPAINT portion at the 52nd Street Facility, as specified in ROP No. MI-ROP-N2079-2017 Section I, FGWESTROBOPAINT Special Condition III.3.

9.E. Preventative Maintenance

1. On and after the Effective Date of this Consent Order, for the Emission Units and applicable portions of Flexible Groups listed in paragraph 9.B, the Company shall operate the air pollution control equipment in compliance with the AQD approved Malfunction Abatement Plan/Operation and Maintenance Plan. The Malfunction Abatement Plan/Operation and Maintenance Plan for each Facility is incorporated by reference and made an enforceable part of this Consent Order. Compliance with the respective operation and maintenance plan means that the Company has complied with the operating parameters identified, conducted the required monitoring, and implemented corrective action as required by the plan when monitored values are outside the operating parameters specified in the plan.

9.F. Recordkeeping, Testing and Monitoring

Recordkeeping

1. On and after the Effective Date of this Consent Order, the Company shall keep separate records of each inspection performed on any of the process equipment identified in paragraph 9.B of this Consent Order as required by the approved Operation and Maintenance

Plan/Malfunction Abatement Plan. This information shall be kept on file at the plant for a period of at least five (5) years and shall be made available to EGLE upon request.

Testing

2. The Company shall conduct total chromium emission testing for FGCHROME2 required during the 2023 calendar year by ROP No. MI-ROP-N2079-2017, Section 2 – Barden Plating, FGCHROME2, SC V.1, no later than eighty-four (84) days following the installation of the new four-stage scrubber system with HEPA filter, in accordance with methods and procedures approved by the AQD Grand Rapids District Supervisor. Testing shall be conducted in accordance with the following schedule:

A. Not less than seven (7) days prior to testing, the Company, or his authorized agent, shall notify the AQD Grand Rapids District Supervisor and the AQD 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.

B. Within sixty (60) days following the completion of a test, the Company shall submit to the AQD Grand Rapids District Supervisor and the AQD Technical Programs Unit Supervisor a test report, which includes the test data and results, in accordance with the requirements specified in the ROP.

3. The Company shall conduct total chromium emission testing for FGN-1 required during the 2023 calendar year by ROP No. MI-ROP-N0895-2019, FGN-1, SC V.2, no later than eighty-four (84) days following the installation of the new four-stage scrubber system with HEPA filter, in accordance with methods and procedures approved by the AQD Grand Rapids District Supervisor. Testing shall be conducted in accordance with the following schedule:

A. Not less than seven (7) days prior to testing, the Company or his authorized agent, shall notify the AQD Grand Rapids District Supervisor and the AQD 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.

B. Within sixty (60) days following the completion of a test, the Company shall submit to the AQD Grand Rapids District Supervisor and the AQD Technical Programs Unit Supervisor a test report, which includes the test data and results, in accordance with the requirements specified in the ROP.

4. The Company shall conduct total chromium emission testing for EU-CHROME, as the emission unit is defined in PTI No. 221-00C, no later than eighty-four (84) days following the installation of the new four-stage scrubber system with HEPA filter, in accordance with methods and procedures approved by the AQD Grand Rapids District Supervisor. Testing shall be conducted in accordance with the following schedule:

A. Not less than seven (7) days prior to testing, the Company, or his authorized agent, shall notify the AQD Grand Rapids District Supervisor and the AQD 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.

B. Within sixty (60) days following the completion of a test, the Company shall submit to the AQD Grand Rapids District Supervisor and the AQD Technical Programs Unit Supervisor a test report, which includes the test data and results, in accordance with the requirements specified in the PTI.

5. The Company shall conduct total chromium emission testing for FGCHROME1 required during the 2025 calendar year by ROP No. MI-ROP-N7374-2020, FGCHROME1, SC V.1, no later than eighty-four (84) days following the installation of the new four-stage scrubber system with HEPA filter, in accordance with methods and procedures approved by the AQD Grand Rapids District Supervisor. Testing shall be conducted in accordance with the following schedule:

A. Not less than seven (7) days prior to testing, the Company, or his authorized agent, shall notify the AQD Grand Rapids District Supervisor and the AQD 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.

B. Within sixty (60) days following the completion of a test, the Company shall submit to the AQD Grand Rapids District Supervisor and the AQD Technical Programs Unit Supervisor a test report, which includes the test data and results, in accordance with the requirements specified in the ROP.

Monitoring

6. On and after the Effective Date of this Order, the Company shall monitor the surface tension in the one chrome etch tank (3 bays) portion of EU-CHROME and FG-PLATINGLINE at the Monroe Facility and add the necessary amount of surfactant to each such tank to maintain the

surface tension in compliance with the value specified in the operation and maintenance plan required by PTI No. 221-00C FG-PLATINGLINE, Special Condition III.1. Records of each surface tension measurement shall be kept on file at the plant for a period of at least five (5) years and shall be made available to EGLE upon request.

7. On and after the Effective Date of this Order, the Company shall monitor the surface tension in EUPN-12 and EUPN-10 at the Airline Facility and add the necessary amount of surfactant to each such tank to maintain surface tension in compliance with the value established for EUPN-12 during the most recent compliant stack test and as specified in the approved Malfunction Abatement Plan/Operation and Maintenance Plan required by ROP No. MI- ROP-N0895-2018a, FGN-1, Special Conditions III.3 and III.5 and FGNESHAPN, Special Condition III.3.

8. On and after the Effective Date of this Order, the Company shall monitor the surface tension in EUCHROMEETCH at the Kraft Facility and add the necessary amount of surfactant to each such tank to maintain surface tension in compliance with the value established during the most recent compliant stack test and as specified in the approved Malfunction Abatement Plan/Operation and Maintenance Plan required by ROP No. MI-ROP-N7374-2020, EUCHROMEETCH, Special Condition III.2.

SUPPLEMENTAL ENVIRONMENTAL PROJECT

10. In addition to the civil fine in this Consent Order for the violations alleged in the Violation Notice, the Company agrees to undertake the Supplemental Environmental Project (SEP) described in Exhibit A which is attached, incorporated by reference, and made enforceable under this Consent Order. Performance of the SEP will benefit the environment and the Company agrees to implement the SEP in accordance with the details specified in Exhibit A and in accordance with the following terms and conditions below:

A. The total expenditure for the SEP shall not be less than \$ 317,404.00. All costs of the SEP shall be the responsibility of the Company. The Company certifies that any economic benefit, including tax abatement(s), tax credit(s), or similar tax relief, that the Company will realize as a result of the SEP is detailed in Exhibit A. If the SEP is fully and completely implemented, to the extent that the actual expenditures for the SEP totals less than \$317,404.00, the Company shall pay to EGLE as a civil fine, within thirty (30) days after submission of the SEP certificate of completion required in subparagraph F below, the difference between the actual expenditures and the amount of the monetary shortfall.

B. The plans included as Exhibit A contains schedules, including specific dates for the implementation of the SEP. The Company shall fully implement all aspects of the SEP within the specified schedules.

C. The Company further certifies that the Company has not received, and is not presently negotiating to receive, a credit for the SEP as part of any other enforcement action or any grant from the state, United States Environmental Protection Agency, or any other entity. The Company also certifies that the Company will not seek tax benefits following completion of the SEP.

D. In the event the Company fails to fully and completely implement the SEP as provided herein to the reasonable satisfaction of EGLE, EGLE will provide written notice to the Company describing the nature of the deficiency. The Company shall have thirty (30) days from receipt of the notice to submit documentation to EGLE demonstrating that the deficiency has been corrected. In the event the deficiency is not corrected to the satisfaction of EGLE, the Company will be notified, and the Company shall be in violation of this Consent Order and required to pay a stipulated penalty of up to \$227,222.00 to EGLE within thirty (30) days after notification from EGLE. The amount of the stipulated penalty may be reduced or waived by EGLE if the Company made good faith and timely efforts to complete the project. Payment of stipulated penalties under the terms of this paragraph D shall satisfy the Company's obligation to complete the SEP under this Consent Order.

E. The Company agrees that any public statement, oral or written, making reference to the SEP shall include the following language: "This project was undertaken in connection with the settlement of an enforcement action taken by EGLE for violations of air quality law."

F. No later than thirty (30) days after the completion of all activities specified in Exhibit A, the Company shall submit written certification of completion of the SEP to the AQD Grand Rapids District Supervisor demonstrating that all SEP activities specified in Exhibit A have been completed in accordance with the terms and conditions of this Consent Order and Exhibit A. The certification shall be accompanied by appropriate documentation (such as invoices, receipts, or tax statement) to verify the total expenditure made by the Company as a result of implementing the activities specified under Exhibit A, and to the extent possible, documentation supporting the quantification of benefits associated with the SEP and an explanation of how such benefits were measured or estimated. It shall be the sole determination of EGLE whether the Company has completely implemented the activities specified in Exhibit A of this Consent Order.

GENERAL PROVISIONS

11. This Consent Order in no way affects the Company's responsibility to comply with any other applicable state, federal, or local laws or regulations, including without limitation, any amendments to the federal Clean Air Act, 42 USC 7401 *et seq.*, Part 55, or their rules and regulations, or to the State Implementation Plan.

12. 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.

13. 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 \$147,779.00, which includes the AQD costs for investigation and enforcement. This total settlement amount shall be paid within thirty (30) days after the Effective Date of this Consent Order. To ensure proper credit, all payments made pursuant to this Consent Order shall include the "Payment Identification Number AQD40320" 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.

14. On and after the Effective Date of this Consent Order, if the Company fails to comply with paragraphs 9.C, 9.D, or 9.F.2, 3, 4, or 5 of this Consent Order, the Company is subject to a stipulated fine of up to \$2,500.00 per violation per day. On and after the Effective Date of this Consent Order, if the Company fails to comply with paragraphs 9.A, 9.B, or 9.F.1, 6, 7, or 8 of this Consent Order, the Company is subject to stipulated fines of up to \$500.00 per violation per day for the first ten (10) days, \$750.00 per violation per day for the next then (10) days, and \$1,000.00 per violation per day thereafter. On and after the Effective Date of this Consent Order, if the Company fails to comply with paragraphs 9.F.2.A or B, 9.F.3.A or B, 9.F.4.A or B, or 9.F.5.A or B of this Consent Order, the Company is subject to stipulated fines of up to \$750.00 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 per day. 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 after 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 AQD40320-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.

15. 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.

16. To ensure timely payment of the settlement amount assessed in paragraph 13 and any stipulated fines assessed pursuant to paragraph 14 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 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 (6) months immediately preceding July 1 and January 1, as certified by the state treasurer, 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 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.

17. The Company agrees not to contest the legal basis for the settlement amount assessed pursuant to paragraph 13. The Company also agrees not to contest the legal basis for any stipulated fines assessed pursuant to paragraph 14 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, MCL 324.5529, and therefore are not reviewable under Section 5529 of Part 55.

18. This compliance program is not a variance subject to the 12-month limitation specified in Section 5538 of Part 55, MCL 324.5538.

19. This Consent Order shall remain in full force and effect for a period of at least five (5) years. Thereafter, this 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 Grand Rapids 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.

20. In the event the Company sells or transfers any of the four Facilities listed in this Consent Order, 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 Grand Rapids 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 Grand Rapids District Supervisor within thirty (30) days after assuming the obligations of this Consent Order.

21. Prior to the Effective Date of this Consent Order and pursuant to the requirements of Sections 5511 and 5528(3) of Part 55, MCL 324.5511 and MCL 324.5528(3), the public was notified of a 30-day public comment period and was provided the opportunity for a public hearing.

22. Section 5530 of Part 55, MCL 324.5530, may serve as a source of authority but not a limitation under which this Consent Order may be enforced. Further, Part 17 of the NREPA, MCL 324.1701 *et seq.*, and all other applicable laws and any other legal basis or applicable statute may be used to enforce this Consent Order.

23. The Company hereby stipulates that entry of this Consent Order is a result of an action by EGLE to resolve alleged violations of the 52nd Street Facility, Airline Facility, Kraft Facility, and Monroe Facility. 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.

LACKS ENTERPRISES, INC.

Print Name and Title

Signature

Date

Approved as to Content:

Approved as to Form:

Annette Switzer, Director
AIR QUALITY DIVISION
DEPARTMENT OF
ENVIRONMENT, GREAT LAKES,
AND ENERGY

Margaret Bettenhausen, Section Head
AIR AND WATER SECTION
ENVIRONMENT, NATURAL RESOURCES,
AND AGRICULTURE DIVISION
DEPARTMENT OF ATTORNEY GENERAL

Dated: _____

Dated: _____

FINAL ORDER

The Director of the Air Quality Division having had opportunity to review this 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 the NREPA and otherwise being fully advised on the premises,

HAS HEREBY ORDERED that this 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

Annette Switzer, Director
Air Quality Division

Effective Date: _____

Exhibit A

SUPPLEMENTAL ENVIRONMENTAL PROJECT (“SEP”) SUBMITTAL

Name and Location of Entity Subject to the Enforcement Action:

Lacks Enterprises, Inc. (Company), a C Corporation

52nd Street Facility
4375 52nd Street SE
Kentwood, Michigan 49512

Airlane Facility
4260 Airlane Road SE
Kentwood, Michigan 49512

Kraft Facility
5675 Kraft Avenue SE
Grand Rapids, Michigan 49546

Monroe Facility
1648 Monroe Avenue NW
Grand Rapids, Michigan 49503

Regulatory Information:

See allegations at pages 2-3 of the Administrative Consent Order

Project Name:

Chrome Scrubber Upgrades

Project Manager:

Ken Bailey
Director of EHS and Protective Services

Geographical Area to Benefit from the Project:

The greatest impact will be in the immediate vicinity of each of the above-referenced facilities.

SEP Categories:

This proposal meets the following Supplemental Environmental Project (SEP) categories: pollution reduction.

Project Description:

The SEP will consist of replacing four existing three-stage mesh pad scrubbers with four new four-stage mesh pad scrubbers with HEPA filters. These scrubbers control hexavalent chromium emissions from chrome plating lines located at the Monroe, Barden, Kraft, and Airlane Facilities. All the existing three-stage scrubbers have undergone emission testing, which verified compliance with existing emission requirements. The Company could have replaced the existing three-stage scrubbers with new three-

stage scrubbers.

The project will replace the following existing three-stage scrubbers with new four-stage scrubbers with HEPA filters as the fourth stage:

Facility	Airplane (North)	52 nd St. (Barden)	Monroe	Kraft
Scrubber ID	AN8	B8	MP1	K8
Equipment Controlled	EUPN-12	FGCHROME2	EU-Chrome	FGCHROME1
Airflow	35,000	45,000	22,000	45,000
Install Date	1998	2005	2001	2013
Remaining Life*	Unknown	Approx. 2 years	Unknown	Approx. 10 years

*The capital cost estimates do not include a cost of foregoing the remaining useful life of the existing equipment.

Concurrent with the new scrubber installations at the Airplane, Barden, and Monroe facilities, the Company will also install an exhaust equipment monitoring system capable of providing real time data acquisition for temperature, along with two types of vibration. Data related to the two vibration types can help determine if there is a systematic operational issue, such as a worn/misalignment with the belts and sheaves, or if it is more component related, such as early bearing failure. The new exhaust equipment monitoring system will enhance performance of the existing operational and maintenance procedures, allowing each system to function more efficiently and as designed. A similar system is currently in place at Kraft. This system serves as an ongoing, stand-alone monitor and is currently set up to record data once per hour. The data is available to operators via the sensor website and can be graphed and sorted for analysis. The exhaust equipment monitoring system is set up with both Alert (yellow) and Alarm (red) limits. If either type of limit is recorded, the system sends out an email to Maintenance Personnel. Since beginning operation of the exhaust equipment monitoring system at Kraft, the system properly notified the Company's maintenance personnel of equipment malfunctions which resulted in timely corrections to that equipment and prevented premature failure or malfunction of the exhaust system and control equipment. Installing these systems to the Airplane, Barden, and Monroe facilities will have similar benefits.

Expected Environmental Benefits:

The expected environmental benefit of the project will be reducing actual hexavalent chromium emissions from the Airplane, Barden, and Monroe facilities. Based on manufacturers data, the removal efficiency for each device is expected to improve from approximately 55 percent from the existing three-stage scrubbers to at least 90 percent from the new four-stage scrubbers with HEPA filters.

Adding the fourth stage with HEPA filters will increase the control efficiency of the equipment and reduce actual total hexavalent chromium emissions. As demonstrated below, assuming all other conditions remain the same from the prior stack test, a reduction in actual total hexavalent chromium emissions would be reduced by approximately 75 percent.

Plant	ID	Emission Unit ID	Test Date	Pollutant	Existing Three-Stage Scrubber Total Chromium Emission Rate lbs/hr	Est, Approx. Equivalent Emission Rate from Four-Stage Scrubber with 90% Removal Efficiency (lbs/hr)	Est. Emission Reduction four-stage scrubber (lb/hr)
Barden	B8	FGCHROME2	7/20/2021	Total Chromium	6.92E-05	1.54E-05	5.38E-05
Monroe	MP1	EU-CHROME	8/11/2022	Total Chromium	6.50E-05	1.44E-05	5.06E-05
Airlane	AN8	EUPN-12	8/9/2022	Total Chromium	4.00E-04	8.89E-05	3.11E-04
Kraft	K8	FGCHROME1	4/20/2023	Total Chromium	9.90E-05	2.20E-05	7.70E-05

The replacement with four-stage scrubbers is also expected to reduce wastewater volumes from the scrubbers by about 2,500 gallons per day and approximately 900,000 gallons per year.

Project Budget –

The incremental cost difference between installing and operating new three-stage scrubbers versus installing and operating new four-stage scrubbers with HEPA filters will constitute the supplemental environmental project budget. The costs that are incurred by the Company for the additional fourth stage HEPA filter are considered the SEP costs. All other costs associated with this SEP not directly related to the fourth stage HEPA filters installation and future operation and maintenance costs are not credited toward the total SEP costs.

The chosen vendor (Scrubair) will use the same frame for a three-stage or four-stage scrubber, so much of the equipment and installation costs will be the same. However, additional costs will be associated with purchasing, installing, monitoring, and replacing the HEPA filters, as well as purchasing and installing the new exhaust equipment monitoring system at the Airlane, Barden, and Monroe facilities. The SEP costs for replacing the existing three-stage scrubbers with new four-stage scrubbers which includes the HEPA filters and exhaust equipment monitoring systems are estimated as follows:

FACILITY	AIRLANE N.	BARDEN	PPM	KRAFT
EQUIP #	AN8	B8	MP1	K8
HEPA FILTERS	\$4,080	\$5,440	\$2,720	\$5,440
LABOR- HEPA FILTER	\$223	\$243	\$212	\$243
ADDITIONAL MONITORING - HEPA STAGE	\$589	\$589	\$589	\$589
Exhaust Equipment Monitoring System	\$31,121	\$28,640	\$13,901	NA

Exhaust Equipment Monitoring System Design/Engineering	\$30,000	\$60,000	\$10,000	
Total HEPA Capital Cost	\$66,013	\$94,912	\$27,422	\$6,272

Total Incremental, Non-Deductible Capital Cost of four-stage scrubber Installation: \$194,619

Operation & Maintenance (O&M) Costs

Additional O&M costs will be associated with the fourth stage of the scrubber systems, which will primarily consist of replacing each bank of HEPA filters approximately once every twelve (12) months and disposing of the spent HEPA filters. These O&M costs for each unit are budgeted as follows:

FACILITY	AIRLANE N.	BARDEN	PPM	KRAFT
EQUIP #	AN8	B8	MP1	K8
REPLACEMENT HEPA FILTERS	\$4,080	\$5,440	\$2,720	\$5,440
HAZ DISPOSAL - HEPA FILTERS	\$2,436	\$4,860	\$1,624	\$4,860
LABOR- HEPA FILTER	\$223	\$243	\$212	\$243
Replacement Frequency during ACO	3	5	4	3
Total HEPA O&M Cost	\$20,217	\$52,715	\$18,224	\$31,629

Total HEPA O&M Cost: \$122,785

Total Project Cost: [HEPA Installation Cost + HEPA O&M Cost] = \$317,404

Project Schedule:

Within sixty (60) days after the Effective Date of the Consent Order, the Company will proceed through engineering design approvals. The project requires four separate installations at four different facilities, the various installations will be staged, so that two installations occur in year one and two installations occur in year two. Each scrubber with enhanced bearing sensor monitoring system will be operational following its installation, and all four scrubbers with enhanced bearing sensor monitoring system will be operational within two years after the Effective Date of the Consent Order. The control equipment will be utilized until the end of its useful life (approximately 20 years).

Installation of new scrubber B8 with enhanced bearing monitoring sensor system.	Forty-five (45) days after the ACO Effective Date
Installation of new scrubber MP1 with enhanced bearing monitoring sensor system.	June 1, 2024
Installation of new scrubber AN8 with enhanced bearing monitoring sensor system.	September 30, 2024
Installation of new scrubber K8.	June 30, 2025
Emissions testing reports for each new scrubber	Testing will be conducted within eighty-four (84) days of new scrubber installation; emission test will be submitted to the AQD

	District Supervisor within sixty (60) days after test completion.
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Accounting:

Funding for this project will be assigned to specific purchase orders and will be tracked and logged within a spreadsheet. Invoices received from contractors associated with this project will be kept as record of work done and charges made to the purchase orders.

Reporting:

Until the installation of all four four-stage scrubbers with HEPA filters and the enhanced bearing monitoring systems is complete, the Company will provide the AQD with Semi-Annual Reports on project progress in accordance with the ACO. The first Semi-Annual Report will be due March 15, 2024, with subsequent Semi-Annual Reports due on September 15th and March 15th of each calendar year until completion of the installation of all four four-stage scrubbers with exhaust equipment monitoring systems (final Semi-Annual Report would be September 15, 2025, right after K8 scrubber is installed). Each such report will contain the following information:

- Progress updates including supporting information, such as engineering approvals, building, shipping, arrival, and installation of equipment.
- Updates on the total costs spent to date.
- Before and after photographs of the control equipment removal and installation to document progress.
- Any changes that might impact the budget, deadlines, or project scope.
- Records of any alarms related to the monitoring systems and corrective actions taken.

Upon the completion of the installation of all four four-stage scrubbers with exhaust equipment monitoring systems, the Company will submit Annual Reports, on March 15th of each year for the duration of the ACO documenting the total project budget spent and each instance when a new scrubber's HEPA filters are removed, disposed of, and replaced.

- Upon completion of the SEP, the Company shall submit a final report that includes: appropriate documentation of the expenses incurred implementing the SEP, including receipts, invoices, and records.
- To the extent possible, documentation quantifying the benefits of the SEP and an explanation of how such benefits were measured or estimated.
- Within seven (7) days after completion of installation/startup of each new scrubber system, the Company shall notify the AQD Grand Rapids District Supervisor in writing.

Prior Commitments and/or Regulatory Requirements:

There are no prior commitments or regulations that require this project.

Certification of Expenditures by the Alleged Violator:

The Company certifies that (1) the SEP is being implemented to settle the current enforcement action, (2) no funding has been budgeted to the project prior to EGLE's identification of the alleged violations,

(3) the SEP is not funded by grants, donations, low interest loans, or other sources of funding not attributable to the Company's normal budgetary process; and (4) the SEP is not being done, nor will receive credit, as part of an environmental incentive or awards program offered by local, state, or federal government, industry, etc.

[Name_____, Title_____]