

AGREED BOARD ORDER NO. 10-01

LOUISVILLE METRO AIR POLLUTION CONTROL BOARD

Incident Nos. 05119 & 05120

This Order is issued by the Louisville Metro Air Pollution Control Board (Board) pursuant to Kentucky Revised Statutes Chapter 77 (Air Pollution Control). This Agreement is made by and between the Board and U.S. Combat Systems, a Division of BAE Systems Land and Armaments, L.P., a Delaware limited partnership.

COMPANY: U.S. Combat Systems, a Division of BAE Systems Land and Armaments, L.P.
163 Rochester Drive
Louisville, KY 40214

REGULATIONS INVOLVED:

- 2.03 Permit Requirements — Non-Title V Construction and Operating Permits and Demolition/Renovation Permits
- 2.16 Title V Operating Permits
- 5.02 National Emission Standards for Hazardous Air Pollutants

NOTICE OF VIOLATION LETTER: No. 02103, dated September 1, 2009

BACKGROUND AND DISCUSSION:

Company leases and operates a military armament manufacturing facility located at 163 Rochester Drive and was subject to District Title V Permit No. 142-97-TV until the issuance of a Federally Enforceable District Origin Operating Permit on June 10, 2009.

Company reported in its semi-annual reports for 2005 – 2007 that it had exceeded a weekly limit on operation of a vapor degreaser on one occasion and that it had operated a blast booth outside a pressure drop range on two occasions. Both exceedances were corrected promptly, and the vapor degreaser was equipped with an automatic shutoff to prevent future excess emissions.

Company also reported that it had exceeded a limit on volatile organic compounds (VOCs) of 3.5 lbs/gal. due to a miscalculation. From April through July, 2007, the VOC average ranged from 3.55 to 3.65 lbs./gal. The exceedance was corrected promptly, and the plant did not exceed its 5 ton per year VOC limit.

Company is subject to the chrome plating/anodizing Maximum Achievable Control Technology (MACT) requirements of 40 CFR 63 Subpart N. The MACT requires that the inlet velocity pressure be maintained within certain ranges, as determined by stack testing, to ensure

compliance with the emissions standards. Company has presented information demonstrating that the inlet velocity pressure could not be monitored accurately, and that the inlet velocity pressure readings were invalid. As a result, from 2001- 2008, Company was unable to obtain reliable monitoring data for this operational parameter. Company did not petition EPA for an alternative monitoring method for inlet velocity pressure, as provided in the MACT. Company has since installed a HEPA filter. With the installation of the HEPA filter in 2008, the monitoring of inlet velocity pressure is no longer required.

To fully address the violations alleged above of District regulations, the parties agree to this Order assessing against Company an administrative settlement of \$20,250. On January 20, 2010, a public hearing was held before the Board on this proposed Order. Based upon the information presented at that hearing, the Board determines that the proposed resolution and requirements contained in this Order are reasonable under the circumstances.

NOW, THEREFORE BE IT ORDERED THAT:

1. Company shall pay \$20,250 to the Louisville Metro Air Pollution Control District by February 15, 2010.
2. Company has reviewed this Order and consents to all its requirements and terms. Company agrees to pay the cost of publishing legal notice of the public hearing.
3. In the event that it is necessary for the District to seek a court order to enforce this Order, Company agrees to pay filing fees and costs of such action.
4. This Order fully resolves the violations alleged in District Incident Nos. 05119 and 05120, as alleged above in this Order.
5. Neither this Order nor the actions taken hereunder shall constitute an admission by Company of any wrongdoing regarding any of the matters referenced in this Order.

Dated this 20th day of January, 2010.

Louisville Metro Air Pollution Control Board

U.S. Combat Systems, a Division of
BAE Systems Land and Armaments, LP

By: _____
Robert W. Powell, M.D., Chair

By: _____
Greg M. Malyszek
Operations Manager

Louisville Metro Air Pollution Control District

By: _____
Paul Aud
Engineering Manager

Approved as to form and legality:

By: _____
Stacy Fritze Dott
Assistant County Attorney