

AGREED BOARD ORDER

LOUISVILLE METRO AIR POLLUTION CONTROL BOARD

Reynolds Consumer Products, Inc., Amendment 1

This amended 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 Reynolds Consumer Products, Inc. (Company), a Delaware corporation qualified to do business in Kentucky, and is effective on the date of its adoption by the Board.

COMPANY: Reynolds Consumer Products, Inc.
2827 Hale Avenue
Louisville, Kentucky 40211

REGULATIONS INVOLVED:

District Regulation 1.08: Administrative Procedures
District Regulation 2.05: Prevention of Significant Deterioration of Air Quality
District Regulation 2.16: Title V Operating Permits

BACKGROUND AND DISCUSSION:

Company produces aluminum foil at its facility in Jefferson County, Kentucky, by rolling thin sheets of aluminum down to the thickness of its foil products. Rolling mills located at the facility utilize a rolling oil that contains volatile organic compounds (VOCs). VOCs are emitted during the rolling process and subsequent annealing operations.

In the mid-1990s, the Louisville Metro Air Pollution Control District (District) issued a construction permit that limited VOC emissions from the rolling process and annealing operations to 1258 tons per year. In November 2011, the District issued a construction permit that allowed increased production at the facility and increased allowable VOC emissions to below 1298 tons during any consecutive twelve month period. This new limit also authorized Company to make facility modifications without being required to undergo Prevention of Significant Deterioration (PSD) review.

On May 9, 2012, the District issued a construction permit authorizing Company to install a heavy oil scrubber that would reduce VOC emissions from two of Company's six rolling mills. Company installed the scrubber during the summer of 2012, and it began operating in mid-August.

In late August 2012, Company discovered that VOC emissions from its rolling process increased significantly per unit of foil produced and VOC emissions from both rolling and annealing operations appeared to be nearing the 1298 ton limit imposed by the November 2011 permit. Company voluntarily disclosed this to the District and at its September 2012 regular

meeting, the Board approved an Agreed Order that stated "neither the Board nor the District shall take any action that seeks to the imposition of criminal penalties or other criminal sanctions (including, but not limited to, any criminal sanctions that may be imposed pursuant to the Clean Air Act or KRS 77.990) against the Company or its officers, directors, employees, agents or contractors for conducting rolling mill and annealing operations pursuant to the Order from the effective date of this Order until July 1, 2013." The Agreed Order further stated that "if it is determined that Company has exceeded its VOC permit limit, Company agrees to submit a PSD application to the District no later than July 1, 2013."

Subsequent to entry of the Agreed Order, Company discovered that while modifying one of its rolling mills, it inadvertently increased the rate at which the mill emitted VOCs. Company corrected the error and used what it learned in the process to reduce the rate at which other rolling mills emit VOCs. The District and Company are engaged in ongoing discussions regarding VOC emissions from the rolling and annealing operations and require additional time to conclude those discussions.

On June 19, 2013, a public hearing was held before the Board on this proposed Order. Based on the information presented at that hearing, the Board determined that the proposed resolution and requirements contained in this Order are reasonable under the circumstances.

NOW, THEREFORE BE IT ORDERED THAT:

1. The Agreed Board Order described above and entered into on September 19, 2012, is amended and superseded as follows:
 - A. The submittal date for the PSD permit application specified in paragraph 1 is extended to six months from the date of a written determination from the District of PSD exceedance. The parties further agree that a written determination of PSD exceedance, if applicable, will not occur before November 1, 2013, in order to allow for additional discussions.
 - B. The agreement not to pursue criminal penalties or other criminal sanctions specified in paragraph 2 is extended to cover the period beginning September 19, 2012, and ending six months from the date of a written determination from the District of PSD exceedance.
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. 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 19th day of June, 2013.

Louisville Metro Air Pollution Control Board

By: Robert W. Powell
Robert W. Powell, M.D.
Chairman

Reynolds Consumer Products, Inc.

By: Lance Mitchell
Lance Mitchell
President and CEO

Louisville Metro Air Pollution Control District

By: Paul Aud 6-14-13
Paul Aud, P.E.
Air Pollution Control Officer

Approved as to form and legality:

By: Stacy Fritze Dott
Stacy Fritze Dott
Assistant County Attorney