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JAN 13 2009

STATE OF ILLINOIS
Pollution Control Board

OFFICE OF THE ATTORNEY GENERAL
STATE OF ILLINOIS

Lisa Madigan
ATTORNEY GENERAL

January 5, 2009

John T. Therriault, Assistant Clerk
Assistant Clerk of the Board
Illinois Pollution Control Board
James R. Thompson Center, Ste. 11-500
100 West Randolph
Chicago, Illinois 60601

Re: ***People v. Pekin Paperboard Co.***
PCB No. 05-163

Dear Clerk:

Enclosed for filing please find the original and ten copies of a Notice of Filing, Motion for Relief from Hearing Requirement and Stipulation and Proposal for Settlement in regard to the above-captioned matter. Please file the originals and return file-stamped copies to me in the enclosed envelope.

Thank you for your cooperation and consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read "Andrew J. Nicholas".

Andrew J. Nicholas
Environmental Bureau
500 South Second Street
Springfield, Illinois 62706
(217) 782-9031

AJN/pjk
Enclosures

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

PEOPLE OF THE STATE OF ILLINOIS,)
)
Complainant,)
)
vs.)
)
PEKIN PAPERBOARD COMPANY, L.P.,)
a Delaware limited partnership,)
)
Respondents.)

PCB No. 05-163
(Enforcement)

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JAN 13 2008
STATE OF ILLINOIS
Pollution Control Board

NOTICE OF FILING

To: Ms. Jane DiRenzo Pigott
Attorney at Law
One N. LaSalle St., Suite 1904
Chicago, IL 60602

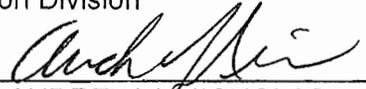
PLEASE TAKE NOTICE that on this date I mailed for filing with the Clerk of the Pollution Control Board of the State of Illinois, a MOTION FOR RELIEF FROM HEARING REQUIREMENT and STIPULATION AND PROPOSAL FOR SETTLEMENT, copies of which are attached hereto and herewith served upon you.

Respectfully submitted,

PEOPLE OF THE STATE OF ILLINOIS

LISA MADIGAN,
Attorney General of the
State of Illinois

MATTHEW J. DUNN, Chief
Environmental Enforcement/Asbestos
Litigation Division

BY: 
ANDREW J. NICHOLAS
Assistant Attorney General
Environmental Bureau

500 South Second Street
Springfield, Illinois 62706
217/782-9031
Dated: January 8, 2008

CERTIFICATE OF SERVICE

I hereby certify that I did on January 8, 2009, send by First Class Mail, with postage thereon fully prepaid, by depositing in a United States Post Office Box a true and correct copy of the following instruments entitled NOTICE OF FILING, MOTION FOR RELIEF FROM HEARING REQUIREMENT and STIPULATION AND PROPOSAL FOR SETTLEMENT:

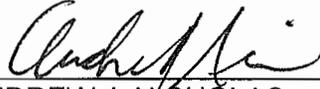
To: Ms. Jane DiRenzo Pigott
Attorney at Law
One N. LaSalle St., Suite 1904
Chicago, IL 60602

and the original and ten copies by First Class Mail with postage thereon fully prepaid of the same foregoing instrument(s):

To: John T. Therrault, Assistant Clerk
Illinois Pollution Control Board
James R. Thompson Center
Suite 11-500
100 West Randolph
Chicago, Illinois 60601

A copy was also sent by First Class Mail with postage thereon fully prepaid to:

Carol Webb
Hearing Officer
Illinois Pollution Control Board
1021 North Grand Avenue East
Springfield, IL 62794



ANDREW J. NICHOLAS
Assistant Attorney General

This filing is submitted on recycled paper.

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

PEOPLE OF THE STATE OF ILLINOIS,)
)
Complainant,)
)
vs.)
)
PEKIN PAPERBOARD COMPANY, L.P.,)
a Delaware limited partnership,)
)
Respondents.)

PCB No. 05-163
(Enforcement)

RECEIVED
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JAN 13 2009
STATE OF ILLINOIS
Pollution Control Board

MOTION FOR RELIEF FROM HEARING REQUIREMENT

NOW COMES Complainant, PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, and pursuant to Section 31(c)(2) of the Illinois Environmental Protection Act ("Act"), 415 ILCS 5/31(c)(2) (2006), moves that the Illinois Pollution Control Board grant the parties in the above-captioned matter relief from the hearing requirement imposed by Section 31(c)(1) of the Act, 415 ILCS 5/31(c)(1) (2006). In support of this motion, Complainant states as follows:

1. The parties have reached agreement on all outstanding issues in this matter.
2. This agreement is presented to the Board in a Stipulation and Proposal for Settlement, filed contemporaneously with this motion.
3. All parties agree that a hearing on the Stipulation and Proposal for Settlement is not necessary, and respectfully request relief from such a hearing as allowed by Section 31(c)(2) of the Act, 415 ILCS 5/31(c)(2) (2006).

WHEREFORE, Complainant, PEOPLE OF THE STATE OF ILLINOIS, hereby requests that the Board grant this motion for relief from the hearing requirement set forth in Section 31(c)(1) of the Act, 415 ILCS 5/31(c)(1) (2006).

Respectfully submitted,

PEOPLE OF THE STATE OF ILLINOIS
LISA MADIGAN
ATTORNEY GENERAL

MATTHEW J. DUNN, Chief
Environmental Enforcement/Asbestos
Litigation Division

BY: 
ANDREW J. NICHOLAS
Environmental Bureau
Assistant Attorney General

500 South Second Street
Springfield, Illinois 62706
217/782-9031
Dated: January 8, 2009

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

PEOPLE OF THE STATE OF ILLINOIS,)
)
Complainant,)
)
-vs-)
)
PEKIN PAPERBOARD COMPANY,)
L.P., a Delaware limited partnership,)
)
Respondent.)

PCB No. 05-163
(Enforcement - Water)

RECEIVED
CLERK'S OFFICE
JAN 13 2009
STATE OF ILLINOIS
Pollution Control Board

STIPULATION AND PROPOSAL FOR SETTLEMENT

Complainant, PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, the Illinois Environmental Protection Agency ("Illinois EPA), and PEKIN PAPERBOARD COMPANY, L.P., a Delaware limited partnership, ("Respondent"), have agreed to the making of this Stipulation and Proposal for Settlement ("Stipulation") and submit it to the Illinois Pollution Control Board ("Board") for approval. This stipulation of facts is made and agreed upon for purposes of settlement only and as a factual basis for the Board's approval of this Stipulation and issuance of relief. None of the facts stipulated herein shall be introduced into evidence in any other proceeding regarding the violations of the Illinois Environmental Protection Act ("Act"), 415 ILCS 5/1 *et seq.* (2006), and the Board's Regulations, alleged in the Complaint and Amended Complaint except as otherwise provided herein. It is the intent of the parties to this Stipulation that it be a final adjudication of this matter.

I. STATEMENT OF FACTS

A. Parties to the Stipulation

1. On March 11, 2005, a Complaint was filed on behalf of the People of the State of Illinois by Lisa Madigan, Attorney General of the State of Illinois, on her own motion and upon the request of the Illinois EPA, pursuant to Section 31 of the Act, 415 ILCS 5/31 (2006), against

the Respondent. An Amended Complaint will be filed simultaneously with this Stipulation.

2. The Illinois EPA is an administrative agency of the State of Illinois, created pursuant to Section 4 of the Act, 415 ILCS 5/4 (2006).

3. At all times relevant to the Complaint, Respondent was and is a Delaware limited partnership that is authorized to transact business in the State of Illinois. At all times relevant to the Complaint, Respondent owned and operated a manufacturing facility located at 1525 South Second Street, Pekin, Tazewell County, Illinois ("site").

4. The Respondent manufactures cereal containers using recycled materials.

5. The Respondent's facility includes a wastewater treatment plant ("WWTP") which receives and treats process wastewater from the production operations. The effluent from the WWTP is discharged via an outfall designated as A01 to a storm sewer which discharges to a ditch. This "effluent ditch" flows into a canal which connects Crystal Lake to the Illinois River.

6. In addition to storm water from the facility site, which includes storm water from the facility's waste and paper storage and handling areas, the storm sewer also receives discharges of non-contact cooling water from a turbine generator and well water storage tank overflow via outfall D01; neutralized zeolite softener regeneration water via outfall C01, boiler blowdown via outfall B01, and acid regenerated demineralizer column wastewater from a water purification process.

7. The discharges from the WWTP and the designated outfalls are authorized pursuant to National Pollutant Discharge Elimination System ("NPDES") Permit No. IL0037729. Congruent with Section 304.120 of the Board's Water Pollution Regulations, 35 Ill. Adm. Code 304.120 (2005), Pekin Paperboard's NPDES Permit imposes effluent concentration limitations for total suspended solids ("TSS") and five-day carbonaceous biochemical oxygen demand

("CBOD₅"), each of which is a "contaminant" as that term is defined in Section 3.165 of the Act, 415 ILCS 5/3.165 (2006). Discharge Monitoring Reports ("DMRs") are submitted monthly in accordance with the NPDES Permit to report the concentrations of contaminants in the effluent.

8. The effluent concentration limitations for CBOD₅ are 25 milligrams per liter ("mg/l") on a monthly average and 50 mg/l for a daily maximum. The concentration limitations for TSS are 30 mg/l on a monthly average and 60 mg/l for a daily maximum.

9. Pekin Paperboard reported in its DMRs for the months of January, February, and March of 2001; February, March, April, May, June, July, August, September, October, and November of 2002; January, February, April, and May of 2003; November of 2005, February, April, May, October and December of 2006; January February, March, April, May, June, July, September, October, November, and December of 2007; and January, February, March, April, August, September, October, and November of 2008, that it had exceeded the monthly average effluent limitation of 30 mg/l for TSS.

10. Pekin Paperboard reported in its DMRs for the months of March of 2001; February, April, May, June, August, September, and October of 2002; January and February of 2003; February, April, May, and December of 2006; January, February, March, September, and December of 2007; and January, February, March, April, August, September, October, and November of 2008, that it had exceeded the daily maximum effluent limitation of 60 mg/l for TSS.

11. Special Condition 12 of Pekin Paperboard's NPDES Permit requires the facility to implement the provisions of a storm water pollution prevention plan at the facility. The storm water pollution prevention plan must include, among other items, storm water management controls which will be implemented by the facility. These controls must include good housekeeping and storm water management practices such as containment and debris control.

12. On August 30, 2002, the Illinois EPA inspected the WWTP to evaluate its compliance with the NPDES Permit. The Illinois EPA inspector observed that there were at least two storm drains near the powerhouse that receive paper waste runoff and spillage from the compactor box storage area. The Illinois EPA inspector observed paper waste on the ground in this area, and covering one of the storm inlets. Paper waste is a "contaminant" as that term is defined in Section 3.165 of the Act, 415 ILCS 5/3.165 (2006). On August 30, 2004, the effluent being discharged via outfall A01 and the water within the effluent ditch were brown and turbid. The Illinois EPA inspector noted that sludge had last been removed from the lagoon in 1997. There were paper solids and wastewater sludge within the ditch. The lagoon screens at the outfall were clogged, thereby causing the lagoon to be overfilled.

13. The Illinois EPA issued a violation notice to Pekin Paperboard on September 30, 2004. A meeting was held on November 25, 2004.

14. On December 5, 2002, the Illinois EPA again inspected the WWTP to evaluate its compliance with the NPDES Permit. The effluent being discharged via outfall A01 and the water within the effluent ditch were brown and turbid. There were additional paper solids and wastewater sludge within the ditch.

15. On January 29, 2003, the Illinois EPA conducted a reconnaissance inspection of the WWTP. There were not only solids and sludge in the ditch but also wastewater. A sample of the effluent was determined to contain 140 mg/l of TSS.

16. On March 5, 2003, the Illinois EPA conducted another reconnaissance inspection of the WWTP. The effluent was brown and turbid; the water in the effluent ditch contained floating solids.

17. On April 29, 2003, the Illinois EPA again inspected the WWTP to evaluate its compliance with the NPDES Permit. The Illinois EPA determined that the permitted outfalls

B01, C01, and D01 were not being separately sampled as required by the NPDES Permit. The solids and sludge in the ditch had been removed. The water in the effluent ditch was brown.

18. On May 29, 2003, the Illinois EPA conducted a followup inspection and observed that the water in the effluent ditch was brown.

19. On June 23, and July 30, 2003, the Illinois EPA again inspected the WWTP, primarily to observe the dredging of the lagoon. On the latter occasion, the effluent was gray with a strong septic odor; the water in the effluent ditch was also gray with unnatural algal growth and sludge deposits. A sample of the effluent taken on July 30, 2003, was determined to contain 190 mg/l of BOD₅.

20. On August 28, and September 18, 2003, the Illinois EPA again inspected the WWTP after the completion of the lagoon dredging. On both occasions, the effluent was brown with a slight septic odor.

21. On October 28, 2003, the Illinois EPA conducted a reconnaissance inspection of the WWTP. There was sludge in a low area near the access gate to the lagoon.

22. On July 15, 2004, the Illinois EPA again inspected the WWTP. The lagoon effluent was not discharging, as the pump was air locked. The Illinois EPA noted some gray sludge deposits present in the receiving stream. Paper sludge was present in the low area downstream of the overflow pipe.

B. Allegations of Non-Compliance

Complainant and the Illinois EPA contend that the Respondent has violated the following provisions of the Act and Board regulations:

Count I: Pekin Paperboard has caused or allowed the discharge of contaminants into waters of the State in violation of the terms or conditions of its NPDES Permit and has thereby violated Section 12(f) of the Act, 415 ILCS 5/12(f) (2004).

By discharging contaminants into waters of the State in

violation of the terms or conditions of its NPDES Permit, Pekin Paperboard has thereby violated Sections 304.120, 304.141(a), and 309.102(a) of the Board's Water Pollution Regulations, 35 Ill. Adm. Code 304.120, 304.141(a), and 309.102(a).

By discharging contaminants into waters of the State so as to violate regulations or standards adopted by the Pollution Control Board under this Act, Pekin Paperboard has thereby violated Section 12(a) of the Act, 415 ILCS 5/12(a) (2004).

By failing to maintain adequate storm water management controls at its facility as required by its NPDES Permit, Pekin Paperboard has caused, threatened or allowed the discharge of any contaminant into the waters of the State in violation of its NPDES permit, and has thereby violated Section 12(f) of the Act, 415 ILCS 5/12(f) (2004).

Count II: By failing to sample each of the permitted outfalls as required and discharging contaminants into waters of the State in violation of the terms or conditions of its NPDES Permit, Pekin Paperboard has thereby violated Section 12(f) of the Act, 415 ILCS 5/12(f) (2004), and Section 309.102(a) of the Board's Water Pollution Regulations, 35 Ill. Adm. Code 309.102(a).

By allowing bypasses and overflows of untreated wastewater to occur, Pekin Paperboard has violated Section 306.102 of the Board's Water Pollution Regulations, 35 Ill. Adm. Code 306.102.

By discharging contaminants into waters of the State so as to violate regulations or standards adopted by the Pollution Control Board under this Act, Pekin Paperboard has thereby violated Section 12(a) of the Act, 415 ILCS 5/12(a) (2004).

Count III: Pekin Paperboard has caused or allowed the discharge of effluent in violation of Section 304.106 of the Board's Water Pollution Regulations, 35 Ill. Adm. Code 304.106. Since these offensive discharges resulted in violations of water quality standards, Pekin Paperboard also violated Sections 302.203 and 304.105 of the Board's Water Pollution Regulations, 35 Ill. Adm. Code 302.203, 304.105.

By so violating the Board's Water Pollution Regulations, Pekin Paperboard has thereby violated Section 12(a) of the Act, 415 ILCS 5/12(a) (2004).

Pekin Paperboard has caused, threatened or allowed water pollution in that such discharges of contaminants likely rendered the waters of the State harmful or detrimental or injurious to public health, safety or welfare, or to agricultural, recreational, or other legitimate uses, or to livestock, wild animals, birds, fish or other aquatic life and have likely created a nuisance.

By causing or allowing the discharge of contaminants in such a manner as to cause or threaten water pollution, Pekin Paperboard has violated Section 12(a) of the Act, 415 ILCS 5/12(a) (2004).

C. Admission of Violations

The Respondent neither admits nor denies the violations alleged in the Complaint and Amended Complaint filed in this matter and referenced within Section I.B. herein.

D. Compliance Activities to Date

Pekin Paperboard has implemented the following actions to achieve compliance:

- Pekin Paperboard hired an outside engineering consultant and has implemented the consultant's recommendations as to the adequacy of each treatment unit to meet all applicable effluent and water quality standards.
- Pekin Paperboard implemented measures to eliminate raw waste bypassing at the lift station and now has permanent measures in place.
- The facility provided equipment as needed to enable indicating, totalizing, and chart recording of flow for the raw influent, clarifier underflow and final effluent. The facility provides annual factor calibration of all flow measuring equipment with routine checks by operating staff.
- Pekin Paperboard has performed process control testing as needed to achieve compliance.
- The facility has implemented measures to ensure that contaminated storm water is not discharged from the site. These measures included elimination of storm water contact with wastes, dumpsters, stockpiled materials, etc. and improved housekeeping and spill control measures.
- Pekin Paperboard has an Operation and Maintenance ("O&M") plan which has

been reviewed by an outside third party technical consultant and found acceptable. This plan is available for inspection.

- The O&M plan addresses sludge removal in a manner that its outside third party technical consultant found acceptable.
- Pekin Paperboard installed a mechanical bar screen as a voluntary plant upgrade.
- Pekin Paperboard conducted multiple trial tests to evaluate process changes and new equipment.
- Pekin Paperboard has filed a renewal application for its NPDES permit that addresses IEPA concerns stemming from inspections related to this enforcement action.
- Pekin Paperboard filed an application for and received a supplemental permit to construct and/or operate a rotary drum precoat filter.
- Pekin Paperboard installed a precoat filter for the WWTP.

II. APPLICABILITY

This Stipulation shall apply to and be binding upon the Complainant, the Illinois EPA and the Respondent, and any officer, director, agent, or employee of the Respondent, as well as any successors or assigns of the Respondent. The Respondent shall not raise as a defense to any enforcement action taken pursuant to this Stipulation the failure of any of its officers, directors, agents, employees or successors or assigns to take such action as shall be required to comply with the provisions of this Stipulation. This Stipulation may be used against the Respondent in any subsequent enforcement action or permit proceeding as proof of a past adjudication of violation of the Act and the Board Regulations for all violations alleged in the Complaint in this matter, for purposes of Sections 39 and 42 of the Act, 415 ILCS 5/39 and 42 (2006).

No change in ownership, corporate status or operator of the facility shall in any way alter the responsibilities of the Respondent under this Stipulation. In the event that the Respondent

proposes to sell or transfer any real property or operations subject to this Stipulation, the Respondent shall notify the Complainant and the Illinois EPA thirty (30) calendar days prior to the conveyance of title, ownership or other interest, including a leasehold interest in the facility or a portion thereof. The Respondent shall make as a condition of any such sale or transfer, that the purchaser or successor provide to Respondent site access and all cooperation necessary for Respondent to perform to completion any compliance obligation(s) required by this Stipulation. The Respondent shall provide a copy of this Stipulation to any such successor in interest and the Respondent shall continue to be bound by and remain liable for performance of all obligations under this Stipulation. In appropriate circumstances, however, the Respondent and a proposed purchaser or operator of the facility may jointly request, and the Complainant and the Illinois EPA, in their discretion, may consider modification of this Stipulation to obligate the proposed purchaser or operator to carry out future requirements of this Stipulation in place of, or in addition to, the Respondent. This provision does not relieve the Respondent from compliance with any regulatory requirement regarding notice and transfer of applicable facility permits.

III. IMPACT ON THE PUBLIC RESULTING FROM ALLEGED NON-COMPLIANCE

Section 33(c) of the Act, 415 ILCS 5/33(c)(2004), provides as follows:

In making its orders and determinations, the Board shall take into consideration all the facts and circumstances bearing upon the reasonableness of the emissions, discharges, or deposits involved including, but not limited to:

1. the character and degree of injury to, or interference with the protection of the health, general welfare and physical property of the people;
2. the social and economic value of the pollution source;
3. the suitability or unsuitability of the pollution source to the area in which it is located, including the question of priority of location in the area involved;

4. the technical practicability and economic reasonableness of reducing or eliminating the emissions, discharges or deposits resulting from such pollution source; and
5. any subsequent compliance.

In response to these factors, the parties state the following:

1. Complainant and the Illinois EPA contend that the injury to, or interference with, the protection of the health, general welfare, and physical property of the People would be characterized as a failure to comply with requirements meant to protect water quality in the State.

2. The parties agree that Respondent's facility is of social and economic benefit;

3. Respondent's facility is suitably located at 1525 South Second Street, Pekin, Tazewell County, Illinois.

4. The parties agree that complying with the Act and regulations is technically practicable and economically reasonable; and

5. Respondent implemented measures subsequent to the alleged violations that are the subject of the Complaint in this matter in order to operate in compliance with the Act.

IV. CONSIDERATION OF SECTION 42(h) FACTORS

Section 42(h) of the Act, 415 ILCS 5/42(h)(2004), provides as follows:

In determining the appropriate civil penalty to be imposed under . . . this Section, the Board is authorized to consider any matters of record in mitigation or aggravation of penalty, including but not limited to the following factors:

1. the duration and gravity of the violation;
2. the presence or absence of due diligence on the part of the respondent in attempting to comply with requirements of this Act and regulations thereunder or to secure relief therefrom as provided by this Act;
3. any economic benefits accrued by the respondent because of delay in compliance with requirements, in which case the

economic benefits shall be determined by the lowest cost alternative for achieving compliance;

4. the amount of monetary penalty which will serve to deter further violations by the respondent and to otherwise aid in enhancing voluntary compliance with this Act by the respondent and other persons similarly subject to the Act;
5. the number, proximity in time, and gravity of previously adjudicated violations of this Act by the respondent;
6. whether the respondent voluntarily self-disclosed, in accordance with subsection l of this Section, the non-compliance to the Agency; and
7. whether the respondent has agreed to undertake a "supplemental environmental project," which means an environmentally beneficial project that a respondent agrees to undertake in settlement of an enforcement action brought under this Act, but which the respondent is not otherwise legally required to perform.

In response to these factors, the parties state as follows:

1. Excursions at this facility occurred for at least six years, and particular operation and maintenance issues were intermittent concerns for an extended period of approximately seven years.

2. Although it took several years for the facility to fully resolve outstanding compliance issues due to operation and maintenance problems, the site was in constant contact with the Illinois EPA regarding its ongoing trial and error process, and the Respondent was therefore diligent in its communications.

3. The Respondent did not accrue an economic benefit in this matter.

4. Complainant, and the Illinois EPA, have determined that a monetary penalty of \$65,000.00 will serve to deter further violations and aid in future voluntary enforcement of the Act and applicable regulations.

5. To Complainant's, and the Illinois EPA's knowledge, Respondent has no previously adjudicated violations of the Act.

6. Self-disclosure is not at issue in this matter.
7. The settlement of this matter does not include an supplemental environmental project.

V. TERMS OF SETTLEMENT

A. Penalty Payment

1. The Respondent shall pay a civil penalty in the sum of Sixty-Five Thousand Dollars (\$65,000.00) within thirty (30) days from the date the Board adopts and accepts this Stipulation.

B. Stipulated Penalties, Interest and Default

1. If the Respondent fails to make any payment required by this Stipulation on or before the date upon which the payment is due, the Respondent shall be in default and the remaining unpaid balance of the penalty, plus any accrued interest, shall be due and owing immediately. In the event of default, the Complainant shall be entitled to reasonable costs of collection, including reasonable attorney's fees.

2. Pursuant to Section 42(g) of the Act, interest shall accrue on any penalty amount owed by the Respondent not paid within the time prescribed herein. Interest on unpaid penalties shall begin to accrue from the date such are due and continue to accrue to the date full payment is received. Where partial payment is made on any penalty amount that is due, such partial payment shall be first applied to any interest on unpaid penalties then owing.

C. Payment Procedures

All payments required by this Stipulation shall be made by certified check or money order payable to the Illinois EPA for deposit into the Environmental Protection Trust Fund ("EPTF"). Payments shall be sent by first class mail and delivered to:

Illinois Environmental Protection Agency
Fiscal Services

1021 North Grand Avenue East
P.O. Box 19276
Springfield, IL 62794-9276

The name, case number and the Respondent's federal tax identification number shall appear on the face of the certified check or money order. A copy of the certified check or money order and any transmittal letter shall be sent to:

Environmental Bureau
Illinois Attorney General's Office
500 South Second Street
Springfield, IL 62706

D. Future Compliance

1. Pekin Paperboard agrees to complete the following:
 - a. The facility shall maintain in inventory spare parts for the likely failure points on the precoat filter, including but not limited to a gearbox and chain.
 - b. The facility shall continue to monitor and adjust the performance of its precoat filter.
 - c. The facility shall complete all tasks described in this Compliance Plan by September 1, 2009.
2. In addition to any other authorities, the Illinois EPA, its employees and representatives, and the Attorney General, her employees and representatives, shall have the right of entry into and upon the Respondent's facility which is the subject of this Stipulation, at all reasonable times for the purposes of conducting inspections and evaluating compliance status. In conducting such inspections, the Illinois EPA, its employees and representatives, and the Attorney General, her employees and representatives, may take photographs, samples, and collect information, as they deem necessary.
3. This Stipulation in no way affects the responsibilities of the Respondent to comply with any other federal, state or local laws or regulations, including but not limited to the Act and the Board Regulations.

4. The Respondent shall cease and desist from future violations of the Act and Board Regulations that were the subject matter of the Complaint.

E. Release from Liability

In consideration of the Respondent's payment of the \$65,000.00 penalty, completion of all activities required hereunder, and upon the Board's approval of this Stipulation, the Complainant releases, waives and discharges the Respondent from any further liability or penalties for the violations of the Act and Board Regulations that were the subject matter of the Complaint and Amended Complaint herein. The release set forth above does not extend to any matters other than those expressly specified in Complainant's Complaint, filed on March 11, 2005, and Amended Complaint filed simultaneously with this Stipulation. The Complainant reserves, and this Stipulation is without prejudice to, all rights of the State of Illinois against the Respondent with respect to all other matters, including but not limited to, the following:

- a. criminal liability;
- b. liability for future violation of state, federal, local, and common laws and/or regulations;
- c. liability for natural resources damage arising out of the alleged violations; and
- d. liability or claims based on the Respondent's failure to satisfy the requirements of this Stipulation.

Nothing in this Stipulation is intended as a waiver, discharge, release, or covenant not to sue for any claim or cause of action, administrative or judicial, civil or criminal, past or future, in law or in equity, which the State of Illinois or the Illinois EPA may have against any person, as defined by Section 3.315 of the Act, 415 ILCS 5/3.315 (2006), or entity other than the Respondent.

F. Correspondence, Reports and Other Documents

Any and all correspondence, reports and any other documents required under this Stipulation, except for payments, shall be submitted as follows:

As to the Complainant

Andrew J. Nicholas
Assistant Attorney General
Environmental Bureau
500 South Second Street
Springfield, Illinois 62702

As to the Illinois EPA

Chuck Gunnarson
Illinois EPA
1021 North Grand Avenue East
P.O. Box 19276
Springfield, Illinois 62794-9276

As to the Respondent

Kimberly Peterson
1815 Land Meier Road
Elk Grove, Illinois 60007

William R. Dever, General Manager
Pekin Paperboard Company, L.P.
1525 South Second Street
Pekin, Illinois 61554

G. Enforcement and Modification of Stipulation

1. Upon entry of the Board's Order approving and accepting this Stipulation, that Order is a binding and enforceable order of the Board and may be enforced as such through any and all available means.

2. The Complainant in consultation with the Illinois EPA and the Respondent may, by mutual written consent, agree to extend any compliance dates or modify the terms of this Stipulation. A request for any modification shall be made in writing and submitted to the contact persons identified in Section V.F. Any such request shall be made by separate document, and

shall not be submitted within any other report or submittal required by this Stipulation. Any such agreed modification shall be in writing, signed by authorized representatives of each party to this Stipulation.

H. Execution of Stipulation

The undersigned representatives for each party to this Stipulation certify that they are fully authorized by the party whom they represent to enter into the terms and conditions of this Stipulation and to legally bind them to it.

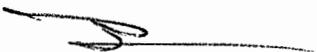
WHEREFORE, the parties to this Stipulation request that the Board adopt and accept the forgoing Stipulation and Proposal for Settlement as written.

PEOPLE OF THE STATE OF ILLINOIS,

LISA MADIGAN
Attorney General
State of Illinois

MATTHEW J. DUNN, Chief
Environmental Enforcement/
Asbestos Litigation Division

BY: _____


THOMAS DAVIS, Chief
Environmental Bureau
Assistant Attorney General

DATE: 1/08/09

FOR THE ILLINOIS ENVIRONMENTAL
PROTECTION AGENCY

DOUGLAS P. SCOTT, Director
Illinois Environmental Protection Agency

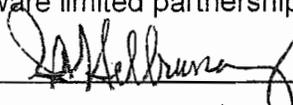
BY: _____


ROBERT A. MESSINA
Chief Legal Counsel

DATE: 1/5/09

PEKIN PAPERBOARD COMPANY, L.P. a
Delaware limited partnership

BY: _____


Stephen A. Hellrung
Senior Vice President, General Counsel and Secretary

DATE: December 15, 2008