

RESERVE MANAGEMENT GROUP

Mr. Jeff Guy
Hearing Officer
Illinois Environmental Protection Agency
PO Box 19276
1021 North Grand Ave.
Springfield, IL 62974-9276

June 15, 2020

Dear Mr. Guy:

We are writing this letter to express support for Illinois EPA's approval of the pending air permit application for General III, LLC. There were numerous false allegations regarding General III's permit application and business made during the public hearing. We also know that your agency has received many written comments over the weeks since the hearing that reiterate and add to this list of inaccuracies. Given this mountain of unsubstantiated claims made by opponents to the permit application, we would like to use this letter to correct the record as it relates to General III and the metals recycling industry.

- 1) Repeated references were made to General Iron "poisoning people." There is no scientific evidence of this, and the use of such inflammatory language, especially when unsubstantiated by any fact or evidence, is irresponsible and defamatory. Repeated references were also made to the long, unresolved environmental track record of General Iron. These assertions also display a willful ignorance of actual events.

While the statute for evaluating this air permit application is limited in scope to the details of the applicant's (i.e., General III, LLC) proposed operation, the allegation that General Iron's track record is unresolved is unsupported by the facts.

In 2012 General Iron worked extensively with the United States EPA to perform a detailed feasibility study and design an emissions capture system and particulate filter that would address alleged fugitive particulate matter emissions from its hammermill shredder. As part of a negotiated settlement with the EPA, General Iron installed a state-of-the-art, multi-million dollar high-efficiency filter system. Upon completion of this project, General Iron became the only hammermill shredder in Illinois equipped with a high-efficiency particulate filter. This effort demonstrated General Iron's commitment to environmental compliance and the resolution of any alleged violations of emission standards.

Until recently, measured volatile organic material (VOM) emission rates from hammermill shredders were not readily available to the industry or to regulatory agencies such as the US EPA and Illinois EPA. In fact, prior to IEPA's February 2019 issuance of a construction permit for installation of a regenerative thermal oxidizer (RTO) at General Iron, no construction or operating permit issued by

IEPA to hammermill shredders in Illinois had ever included VOM emission limitations. Even General Iron's aforementioned 2012 settlement with USEPA did not include any reference to VOM emissions. The primary reason for this is that the vast majority of commercial hammermill shredders are not equipped with emissions capture systems that capture and route shredder exhaust gases through a stack or duct where VOM emissions can be measured in accordance with approved USEPA test methods.

In 2017, General Iron received an Information Request from USEPA requiring that testing of the shredder be performed to assess VOM emissions. Again, General Iron worked extensively with USEPA to design and implement a testing program to document VOM emissions from the shredder. This testing confirmed that VOM emissions exceeded the level above which capture and control of VOM is required by state regulations. General Iron worked diligently to research, design, and install a multi-million dollar VOM control system consisting of an RTO and packed tower scrubber. In accordance with a negotiated Administrative Consent Order (ACO) with USEPA, these controls were installed in 2019 and subsequent testing has demonstrated that the system meets and exceeds applicable VOM control requirements. Not only did this control system cost over two million dollars, but installation and operation of these controls represent a significant competitive disadvantage to other shredders in the Chicago area that continue to operate without any emission controls. These actions further demonstrate General Iron's commitment to environmental compliance and the resolution of any alleged violations of emission standards.

General III, LLC's new facility will utilize both the existing RTO as well as other pollution control measures to ensure that the new operation is among the most environmentally responsible metal shredders in the nation. Beyond that, General III's new location will be sited more than five times further from any public right-of-way than General Iron's current facility, further limiting the impact of the shredding operation on the surrounding area.

- 2) Repeated references were made to environmental justice. A narrative has been constructed around this operation being moved from a rich white neighborhood to a lower income neighborhood where a majority of the population comprises people of color. Those facts are not in dispute. The population of Lincoln Park is approximately 80% white and the median household income is around \$95,000, while the population of East Side is approximately 80% Hispanic and has a median income around \$43,000. However, the suggestion that the business is moving because of the demographics or income levels of the two neighborhoods is false and unsupported by the facts.

The former General Iron Industries was essentially zoned out of business. The company has operated at its current Lincoln Park location for over 60 years. This facility is located within the Clybourn Corridor that became Chicago's first Planned Manufacturing District (PMD 1) in 1988. City Council repealed the PMD designation for the area that includes General Iron's current site in 2017, forcing the company to look at alternatives. The decision was made to sell the company to an affiliate of Reserve Management Group that already operates recycling facilities on the Southeast Side of Chicago at a site zoned for such operations as part of PMD 6. The RMG location had both the space and the proper zoning to expand by adding a shredding operation.

Prior to the announcement that the General III shredding operation would be built on its property, RMG had never been made aware of a single neighborhood complaint regarding the existing facility or operations. RMG and its businesses have operated at the site, which was formerly a steel mill dating to the early 1900s, since 1997. The current RMG workforce is approximately 80% minorities – a product of both the location and the company’s history as a good neighbor. In spite of the loud opposition, many people on the Southeast Side support RMG and are in favor of the General III project.

RMG’s decision to build this shredding operation on the Southeast Side site was prompted by political and business realities. No company would ever decide to spend tens of millions of dollars to relocate a profitable and compliant facility unless forced to by outside factors. Racial or socioeconomic motivations are not and were not ever a factor and any suggestion to the contrary is wholly untrue.

- 3) Opponents of the pending air permit application made multiple references to two prior environmental battles that played out on the Southeast Side – one involving the storage of petroleum coke, or petcoke, and the other related to testing that showed high manganese levels. Neither of these past episodes is at all tied to General Iron or RMG, any recycling operation that currently takes place at RMG’s site, or any activity that will take place upon the startup of the shredding operation. The businesses of General III and RMG are in no way related to petcoke or manganese storage or processing, and this argument against the permit currently under consideration only serves to illustrate how these unrelated issues are being intentionally misapplied to the General III project in an attempt to disrupt the permitting process.

As a recycler of obsolete metal products, RMG serves a vital environmental role within supply chains for essential manufacturing activities. Producing new steel and other metals from recycled materials, while an industrial process, is environmentally beneficial in multiple ways. First, obsolete metal products are kept out of landfills and are instead redirected back into manufacturing processes. Second, this use of recycled materials replaces virgin ores in steel and other metal production. Mining of such ores is incredibly resource, energy, and waste intensive. According to calculations from the Institute of Scrap Recycling Industries (ISRI), replacing iron ore with recycled ferrous scrap in steel production leads to reductions of 60% in energy requirements and 58% in carbon dioxide emissions. Per these same ISRI calculations, recycling just one car can eliminate the need for 2,500 lbs. of iron ore, 1,400 lbs. of coal, and 120 lbs. of limestone.

Specifically, General III’s air permit application applies to a proposed steel shredding operation. As defined by ISRI, “Shredded Steel Scrap is homogeneous iron and steel scrap magnetically separated, originating from automobiles, unprepared No. 1 and No. 2 steel, miscellaneous baling and sheet scrap.” Recycling obsolete steel products to be remade into new steel is in no way a petroleum refining process that generates petcoke as a byproduct. Recycling obsolete steel products to be remade into new steel is in no way the handling or storage of manganese. Any conflation of those activities with the operations that would be covered by General III’s air permit is misinformed.

- 4) Reference was made to RMG having the worst environmental track record in the entire country. This is yet another baseless claim that is not supported by any fact, filing, or other documentation

that can be found anywhere in the United States. RMG is a family of distinct but related businesses involved in the processing and recycling of ferrous metals, nonferrous metals, and scrap electronics. The company's businesses operate responsibly across 14 facilities located in 10 states. As stated previously, RMG's location on the Southeast Side had operated for more than 20 years before the announcement of the General III project without receiving a single environmental complaint.

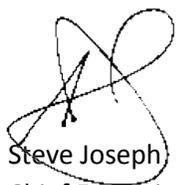
- 5) References were made to General Iron's existing location in Lincoln Park being the cause of poor air quality in that area. The evidence cited to support such a claim comes from air monitors manufactured by a company called PurpleAir that are located in proximity to General Iron's Lincoln Park site. The readings from the PurpleAir monitors are published online for public viewing. Analysis of these publicly available readings reveals that the air monitors have recorded elevated levels of particulate matter on countless occasions when General Iron's shredding equipment was idle. Such findings call into question the assertions that General Iron is a source of air pollution in the Lincoln Park neighborhood. Given the importance that opponents of General Iron have assigned to the readings from these PurpleAir monitors, their claims about the company's environmental malfeasance fall well short of credibility.

It should be further noted that PurpleAir products are not approved by the EPA for monitoring to determine compliance with the National Ambient Air Quality Standard (NAAQS). Additionally, tests conducted by various municipal and regional air quality monitoring agencies have shown PurpleAir products to regularly return higher readings than those taken from more precise EPA approved devices. As a result of these discrepancies, PurpleAir introduced a "Conversion" function to their online map that, when enabled, adjusts the readings from their monitors to bring them closer to the data registered by approved regulatory monitors. By default, the Conversion function is set to "None" when a user opens the map from PurpleAir's website.

- 6) As both the Illinois and U.S. EPA are fully aware, environmental controls and equipment at the new General III facility on the Southeast Side will exceed those found at any other steel shredding operation in Illinois or in the surrounding states of Indiana, Wisconsin, Iowa, and Missouri.

As outlined, none of the contentions levied in opposition to this permit application are based in fact or quantitative scientific evidence. Given all of the relevant information, we urge the Illinois EPA to proceed with the issuance of this air permit to General III, LLC.

Respectfully,



Steve Joseph
Chief Executive Officer



Hal Tolin
Chief Operating Officer