

STATE OF MAINE  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
STATE HOUSE STATION 17      AUGUSTA, MAINE 04333

DEPARTMENT ORDER

IN THE MATTER OF:

SB ACQUISITION, LLC'S acquisition of	)	LICENSE
Gilbert Wood Products, Inc.'s and	)	TRANSFER
Saunders Bros. Inc.'s wood products	)	(Air Emissions;
manufacturing facility in Greenwood, Maine.	)	Hazardous Waste)

(A-000015-71-K-T) (O-000207-HL-B-T)

Pursuant to Maine's *Protection and Improvement of Air* laws, 38 M.R.S.A. §§ 581-610-A, *Hazardous Waste, Septage and Solid Waste Management Act*, 38 M.R.S.A. §§ 1301-1319-Y, the Maine Department of Environmental Protection ("Maine DEP") rules promulgated pursuant to these laws; and the Department's *Rules Concerning the Processing of Applications and Other Administrative Matters*, 06-096 CMR 2 (April 1, 2003), the Maine DEP has considered the application of SB Acquisition, LLC ("SB Acquisition"), Gilbert Wood Products, Inc. ("Gilbert"), and Saunders Bros., Inc. ("Saunders") with its supportive data, agency review comments, and other related materials on file and FINDS THE FOLLOWING FACTS:

**1. APPLICATION SUMMARY**

**A. Application.** SB Acquisition submitted an application to Maine DEP for the transfer of licenses on October 9, 2007. The application sought to transfer to SB Acquisition all active Maine DEP licenses, as defined in 06-096 CMR 2.1(J), any modifications, conditional compliance orders, all other approvals, and all applications pending relating to Gilbert's wood products manufacturing facility in Greenwood, Maine (hereinafter referred to as the "Mill"). A schedule of permits and applications the subject of the application, and this Department Order, is set forth in Appendix A. Maine DEP accepted SB Acquisition's license transfer application as complete for processing on October 11, 2007. Pursuant to 06-096 CMR 2.21(C)(1), while an application for the transfer of licenses is pending, the original licensee and the transferee are jointly and severally liable for any violations of the terms and conditions of the original license. Under 06-096 CMR 2.21(C)(1), before the Department may transfer a license a transferee is required to demonstrate to the Department's satisfaction the financial and technical capacity and intent to: (a) comply with all terms and conditions of the applicable license, and (b) satisfy all applicable statutory or regulatory criteria.

**B. History**

**(1) The Transaction.** The record owner of the Mill is Gilbert. Gilbert is a subsidiary of Saunders. The Mill's hazardous waste license (#O-207-HL-A-N) was issued to Saunders. Pursuant to a transfer order dated November 30, 1999, the Mill's air emissions license (#A-000015-71-D-A/R) was transferred to Gilbert, however, licensing orders subsequent to the transfer were issued in the name of Saunders Bros. - Locke Mills Plant. The file reflects that in correspondence dated December 19, 2002 Saunders requested a name change from Gilbert Wood Products, Inc. to

DEPARTMENT ORDER  
IN THE MATTER OF:

SB Acquisition, LLC's acquisition of Gilbert Wood	)	License
Products, Inc.'s and Saunders Bros., Inc.'s wood	)	Transfer
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Saunders Bros. – Locke Mills Plant. A review of Maine Secretary of State records reflects that no formal filing was made with the Secretary of State concerning the change of name. Therefore, the Department considers the current licensee to be Gilbert Wood Products, Inc. d/b/a Saunders Bros. – Locke Mills Plant.

SB Acquisition's acquisition of the Mill's personal property will be by way of a Foreclosure Agreement to be executed by SB Acquisition, Saunders and its subsidiaries, and Bank of America, N.A., the lender. SB Acquisition's acquisition of the Mill's real property will be by way of a Purchase and Sale Agreement executed by SB Acquisition and Gilbert. Because of the pending foreclosure, execution of the Foreclosure Agreement and Purchase and Sale Agreement with associated deeds will occur simultaneously at the time of closing. SB Acquisition submitted copies of the Foreclosure Agreement, Purchase and Sale Agreement, and Short Form Quitclaim Deed with Covenant that are to be executed at the closing.

(2) **Operations.** Gilbert operates a wood products manufacturing facility in Greenwood, Maine.

## 2. TRANSFER REQUIREMENTS

The following information regarding SB Acquisition, Gilbert, and Saunders was submitted in support of the transfer application:

- A. Full Name and Address.** The full name and address of the transferee is:  
SB Acquisitions, LLC d/b/a Saunders Brothers  
256 Main Street, Route 26  
Greenwood, Maine 04255
- B. Certification.** SB Acquisition certified that there will be no increase in air emissions beyond that provided for in the existing licenses, either in quantity or type.
- C. Title, Right, or Interest.** SB Acquisition submitted a copy of the Foreclosure Agreement, Purchase and Sale Agreement, and Short Form Quit Claim Deed with Covenant that is to be executed at the time of closing thereby transferring the Mill's assets from Gilbert to SB Acquisition. Based on the information submitted and the conditions of transfer set forth below, SB Acquisition has provided sufficient evidence of title, right, or interest in the Mill to allow the transfer, from Saunders and Gilbert to SB Acquisition, of the Mill's licenses, permits, approvals, permits-by-rule, registrations, variances, certifications and amendments thereto, condition compliance orders, and pending applications.
- D. Financial Capacity and Intent.** SB Acquisition submitted a letter dated October 5, 2007 from its Chairman outlining the company's financial situation. The letter claims loan commitments of at least \$2,400,000.00. A copy of a loan commitment letter from Bank of America, N.A. in the amount of \$2,400,000.00 was submitted with the application. The loan commitment letter provides that the proceeds of the loan are for the purpose of working capital and/or to acquire the assets of Saunders and its subsidiaries. Based on the information submitted, SB Acquisition has demonstrated sufficient financial

DEPARTMENT ORDER  
IN THE MATTER OF:

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products manufacturing facility in Greenwood, Maine.	)	

capacity and intent to assure compliance with all Maine DEP licenses, permits, approvals, permits-by-rule, registrations, variances, certifications and amendments thereto, condition compliance orders, pending applications, as well as any statutory and regulatory criteria applicable to the facility, subject to the conditions set forth below.

**E. Technical Capacity and Intent.** SB Acquisition states in its application that it anticipates that Gilbert's current employees will continue to operate the Mill under SB Acquisition's ownership. Specifically, the Mill's current environmental compliance officer is expected to remain under SB Acquisition's ownership. Department staff is familiar with the Mill's operations and the current environmental compliance staff and is satisfied that they have sufficient technical ability to operate the Mill in compliance with applicable environmental laws and rules. Based on the information submitted, SB Acquisition has demonstrated sufficient technical capacity and the intent to comply with all Maine DEP licenses, permits, approvals, permits-by-rule, registrations, variances, certifications and amendments thereto, conditional compliance orders, pending applications, and any statutory and regulatory criteria applicable to the facility, subject to the conditions set forth below.

BASED ON THE ABOVE FINDINGS OF FACT, the Maine DEP CONCLUDES that SB Acquisition has demonstrated the technical and financial capacity and intent to comply with the conditions of all Maine DEP licenses, permits, approvals, permits-by-rule, registrations, variances, certifications and amendments thereto, conditional compliance orders and pending applications associated with the facilities described in this Order's findings, including specifically those licenses and applications listed in Appendix A, and to satisfy all applicable statutory and regulatory criteria, subject to the conditions set forth below.

THEREFORE the Maine DEP APPROVES the application of SB Acquisition SUBJECT TO THE FOLLOWING CONDITIONS and all applicable standards and regulations:

- 1. STANDARD AND SPECIAL CONDITIONS.** SB Acquisition shall abide by the terms and conditions of all Department licenses associated with the facilities described in the summary above, specifically including those listed in Appendix A.
- 2. TITLE, RIGHT, AND INTEREST.** Immediately upon consummation of the transaction described in Section (1)(B)(1) of this Order, SB Acquisition shall provide copies of the fully executed Foreclosure Agreement, Purchase and Sale Agreement, and Short Form Quitclaim Deed with Covenant demonstrating completion of the transaction in order to satisfy the title, right, or interest requirement described in Section 2(C) of this Order. The executed Foreclosure Agreement, Purchase and Sale Agreement, and Short Form Quitclaim Deed with Covenant must be in substance the same as the copies submitted as part of the application. The transfer of Gilbert's and Saunders's licenses and applications for the Mill shall not become effective unless and until this condition is satisfied.
- 3. EFFECT ON EXISTING ORDERS.** Unless specifically superseding a provision, nothing in this Order shall be construed to affect the findings, conclusions and conditions contained

DEPARTMENT ORDER  
IN THE MATTER OF:

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License  
Transfer

in the Orders listed in Appendix A.

DONE AND DATED AT AUGUSTA, MAINE THIS 10<sup>th</sup> DAY OF NOVEMBER, 2007.

DEPARTMENT OF ENVIRONMENTAL PROTECTION

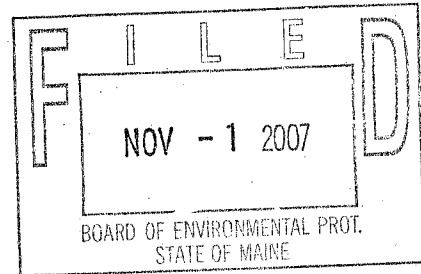
By: *David P. Littell*  
David P. Littell, Commissioner

**PLEASE NOTE ATTACHED SHEET FOR GUIDANCE ON APPEAL PROCEDURES**

Date of initial receipt of application 10/9/2007

Date application accepted for processing 10/11/2007

Date filed with the Board of Environmental Protection \_\_\_\_\_



DEPARTMENT ORDER  
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AIR QUALITY ORDERS		
NUMBER	DESCRIPTION	APPROVED
<b>AIR EMISSIONS LICENSES:</b>		
A-000015-71-J-R/M	AIR EMISSIONS LICENSE: RENEWAL APPLICATION	Pending
A-000015-71-G-A	AIR EMISSIONS LICENSE: AMENDMENT	03/11/2004
A-000015-71-E-M	AIR EMISSIONS LICENSE: MODIFICATION	01/22/1997
A-000015-71-D-A/R	AIR EMISSIONS LICENSE: AMENDMENT/RENEWAL	10/30/2001

HAZARDOUS WASTE ORDERS		
NUMBER	DESCRIPTION	APPROVED
<b>HAZARDOUS WASTE ORDERS:</b>		
O-000207-HL-A-N	HAZARDOUS WASTE TREATMENT FACILITY LICENSE	02/02/2005