

UNIVERSITY OF MINNESOTA

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March 3, 2015

Elizabeth Lincoln, Director
Legislative Reference Library
645 State Office Bldg.
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1050

Dear Ms. Lincoln:

Minnesota Statutes Section 137.52(b) requires the Board of Regents of the University of Minnesota to annually report to the legislature on the University's efforts and the efforts of the United States Department of Defense to remedy environmental impacts associated with the former Gopher Ordnance Works (GOW), a World War II smokeless gunpowder production facility located on the University land in Rosemount, Minnesota. That land is under the cooperative management of the University and the Department of Natural Resources, designated as Vermillion Highlands: A Research, Recreation and Wildlife Management Area.

Since 2006, the University has voluntarily completed several significant environmental studies of the former GOW. These studies have identified the presence of hazardous substances in site soil, the majority of which were initially disposed or otherwise came to be located at the site during the United States Army's construction, operation, decontamination and/or demolition of GOW. Specific to Vermillion Highlands, these studies have found lead, arsenic and dinitrotoluene in soil near some of the structures associated with former gunpowder processing and storage facilities.

Representatives of the University and the Army met with Pollution Control Agency Commissioner John Linc Stine and his staff in Rosemount in May 2014 to discuss the Commissioner's Notice Letter issued to the Army and the University in late 2013. The Commissioner's Notice Letter stated that PCA intends to issue a formal Request for Response Action under the Minnesota Environmental Response and Liability Act (MERLA), Minn. Stat. Chapter 115B, requiring completion of future, reasonable and necessary response actions.

During the May 2014 meeting, Commissioner Stine stated that the PCA would initiate formal enforcement proceedings to require further investigation and cleanup of GOW if the Army and the University did not enter into an Agreement with PCA to complete that work. The University confirmed that it is willing to enter into an agreement with PCA to complete the required work if the Army is also a signatory and funds its share of the cost, noting that it would be inappropriate for the University to assume responsibility for all future investigation and cleanup when most of the environmental impacts resulted from Army activities. The Army responded that, with involvement of the United States Department of Justice, it could negotiate with the University regarding the Army's share of past and future environmental response costs associated with GOW. However, the Army requested that the PCA first issue a Commissioner's Notice Letter to

E.I. du Pont de Nemours & Co., Inc. (DuPont), the contractor that constructed and operated GOW for the Army. The PCA issued a Commissioner's Notice Letter to DuPont in November 2014.

Since November 2014, the University, the Army and DuPont have exchanged information and communicated regarding PCA's request that they perform additional investigation and cleanup of GOW. To date, however, neither the Army nor DuPont have stated that they are willing to join with the University in entering an agreement with PCA to complete the work, or fund their share of the associated costs. The University intends to attempt to reach agreement with the Corps and DuPont during the first part of 2015. If agreement cannot be reached, then the University anticipates pursuing available legal options for seeking recovery of past and future costs from those responsible parties.

Sincerely,



Richard H. Pfitzenreuter III
Vice President and CFO

cc: Brian Steeves, Board of Regents, University of Minnesota
Erin Dady, Special Assistant, Office of the President, University of Minnesota
Cynthia Osmundson, Chair, Vermillion Highlands Joint Steering Committee
Pamela Wheelock, Vice President, University Services
William Donohue, General Counsel, University of Minnesota