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January 26, 2011

Robbie LaFleur, Director Legislative Reference Library 645 State Office Bldg 100 Martin Luther King Blvd St Paul, MN 55155-1050

Dear Ms. LaFleur:

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 ("DoD") to remedy environmental impacts associated with the former Gopher Ordnance Works ("GOW") on the University land in Rosemount, Minnesota. That land is under the cooperative management of the University and the Department of Natural Resources. Since the passage of this legislation in 2006, the land has come to be designated as Vermillion Highlands and it is operated as a wildlife management area under state law.

During 2010, the University and the DNR completed a Phase I Environmental Site Assessment of Vermillion Highlands. This study included the review of historical documentation, site walkthroughs, interviews of knowledgeable persons and other activities designed to identify "recognized environmental conditions" that may be present within Vermillion Highlands. The final Phase I Report (Barr Engineering Co., 2010), will be used to help inform future land use decisions by the University and DNR within Vermillion Highlands.

In February 2010, the United States Army Corps of Engineers ("USACE") issued its Final Expanded Site Inspection Report ("ESI"). The ESI summarized additional soil, groundwater and sediment sampling completed by USACE in late 2009, as well as the results of all prior sampling activities at the site. The ESI concluded that hazardous substances were released in to the environment as a result of GOW activities, and that further investigation is necessary. In March 2010, University representatives met with DoD and USACE representatives at the office of Congressman John Kline in Washington, DC, to discuss the ESI and other planned activities at the site. The MPCA and the University then submitted detailed comments to USACE in May 2011 regarding the ESI. The MPCA advised USACE that a full and complete Remedial Investigation/Feasibility Study is required for the site.

Gopher Ordnance Works Annual Report January 26, 2011 Page 2

In early 2011, representatives of the MPCA, the DNR, and the University anticipate meeting with USACE technical staff to review the findings of the ESI and to request that USACE complete all required investigations and remediate the identified GOW-related releases present within Vermillion Highlands.

Sincerely,

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Richard H. Pfutzenreuter Vice President and Chief Financial Officer

cc: Anne Cieslak, Board of Regents, University of Minnesota
William Donohue, Office of the General Counsel, University of Minnesota
Charles Muscoplat, Statewide Strategic Resource Development, University of Minnesota
Donna Peterson, University Relations, University of Minnesota