

January 25, 2017

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:

On behalf of the Board of Regents of the University of Minnesota, I submit the following annual report to the legislature under Minnesota Statutes Section 137.52(b) regarding 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 powder production facility located on the University land in Rosemount, Minnesota. That land continues to be managed under a cooperative agreement between the University and the Department of Natural Resources and is designated as Vermillion Highlands: A Research, Recreation and Wildlife Management Area.

Past environmental studies by the University and the United States Army Corps of Engineers (Army Corps) have identified hazardous substances in site soil, the majority of which were initially disposed or otherwise came to be located at the site during the 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 and wastewater disposal features associated with former GOW smokeless powder processing and storage facilities.

During 2016, at the request of Minnesota Pollution Control Agency (MPCA) and the Minnesota Department of Health, the University completed a Remedial Investigation (RI) of GOW. This study addressed areas of GOW that were not fully assessed in past investigations. The RI was performed with the approval and oversight of the MPCA. The RI field work was completed last fall, and the University's consultant, Barr Engineering, is currently preparing the RI Report. The RI Report will be submitted to the MPCA in February 2017. The University plans to host a public meeting in March 2017 to review the RI findings.

During the summer / fall of 2016, the University engaged in settlement negotiations with the United States Department of Justice (DOJ), which is defending claims against the federal government and its contractor, E. I. DuPont de Nemours and Company, Inc. (DuPont). The federal government contracted with DuPont during World War II to construct and operate GOW. The MPCA has designated DuPont a "responsible person" under the Minnesota Environmental Response and Liability Act (MERLA), Minn. Stat. § 115B.01, *et seq.*, for identified releases of

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hazardous substances at GOW. The DOJ has advised that it is defending DuPont under an indemnification provision in DuPont's WWII contract with the federal government.

Though the parties have exchanged confidential written settlement positions and offers, no settlement has been reached. If a settlement cannot be reached, the University will assess its options for recovery of the federal government's and DuPont's shares of past and future investigation and cleanup costs associated with GOW.

Sincerely,



Brian D. Burnett

Senior Vice President for Finance and Operations

cc: Brian Steeves, Executive Director and Secretary, Board of Regents
Michael Berthelsen, Interim Vice President, University Services
Cynthia Osmundson, Chair, Vermillion Highlands Joint Steering Committee
Douglas Peterson, General Counsel, University of Minnesota
Chuck Tombarge, University Relations, University of Minnesota