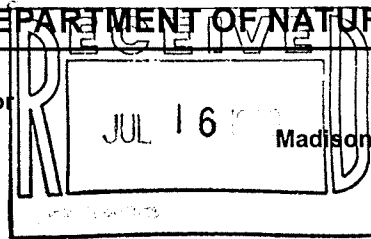


State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

Tommy G. Thompson, Governor
George E. Meyer, Secretary



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July 7, 1998

File Ref: FID#241952260

Ms. Kimberly Grimm
Continental 87 Fund LLC
P.O. Box 220
Milwaukee, WI 53052

Re: DNR Approval of Environmental Investigation and Conditions Necessary to Obtain Voluntary Party Liability Exemption (formerly known as the Purchaser Liability Exemption) under sec. 292.15, Wis. Stats., relating to Parcel 1, formerly part of 5400 N. Green Bay Rd., Glendale, Wisconsin

Dear Ms. Grimm:

Continental 87 Fund LLC ("Continental") has applied to the Wisconsin Department of Natural Resources ("DNR") for the purchaser liability exemption (now known as the voluntary party liability exemption, and referred to in this letter as the "voluntary party liability exemption") under sec. 292.15, Wis. Stats., for the real property described in more detail on the attached Exhibit A, referred to hereafter as "the Property." You have asked DNR to find that an "environmental investigation", required under sec. 292.15(2)(a)1., Wis. Stats., has been conducted for the Property and to specify the conditions necessary to obtain the voluntary party liability exemption under sec. 292.15, Wis. Stats. This letter will provide you with the DNR's findings and assurances regarding responsibilities and liabilities of the parties under applicable law, including secs. 292.11 and 292.15, Wis. Stats.

All references to sec. 292.15, Wis. Stats., in this letter shall include all amendments to that section made by 1997 Wisconsin Act 27, including the substitution of "voluntary party" for "purchaser" and the availability of certificates of completion for partial cleanups.

- I. "Purchaser" and "Voluntary Party" Status. As noted in a letter from DNR to you, dated June 4, 1998, DNR determined that Continental qualifies as a "purchaser" within the meaning of sec. 292.15(1)(c), Wis. Stats, and DNR has determined that Continental also qualifies as a "voluntary party" within the meaning of sec. 292.15(1)(f), Wis. Stats., because Continental did not cause the discharge of a hazardous substance on the Property.
- II. Adequacy of Environmental Investigation. Certain investigative activities have been conducted on the Property. These activities have been reviewed by DNR to determine if they have been



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done in accordance with applicable requirements, including sec. 292.11, Wis. Stats., and ch. NR 716, Wis. Admin. Code. DNR approves the scope of these environmental investigations and agrees that they collectively constitute an "environmental investigation", within the meaning of sec. 292.15(2)(a)1, Wis. Stats., which is adequate to identify areas of contamination on the Property requiring remediation. Contaminants of concern identified at the Property include degraded petroleum compounds in the diesel range and heavier, poly- nuclear aromatic hydrocarbons, and the heavy metals lead and arsenic. These contaminants occur in soil on the Property above levels considered to be protective of direct contact exposure and in some instances exceeding levels considered to be protective of groundwater. These compounds were not, however, found in the groundwater at levels requiring further action. Chlorinated volatile organic compounds from an off-site source were also found in soil and groundwater at the Property. DNR concurs that the source area for petroleum contamination found in Area III of Parcel 1 appears to extend across the property boundary onto the Wisconsin Gas Company property. The investigative activities are described in the following documents, which were submitted for DNR review:

- A. "Environmental Site Assessment, Wisconsin Gas Company North Service Center Property and Parcels A and B", dated December 1996, prepared by Geraghty & Miller, Inc. for Wisconsin Gas Company.
- B. "Phase I Environmental Site Assessment for Parcel A", dated December 1997, prepared by Graef, Anhalt, Schloemer & Associates.
- C. "Soil and Groundwater Investigations, Located at Parcel A, Glendale, Wisconsin", prepared by Graef, Anhalt, Schloemer & Associates, dated December 1997.
- D. Letter from Graef, Anhalt, Schloemer & Associates to WDNR, dated December 18, 1997, regarding "Request for Written Determination of "Off-Site" Sources, Wisconsin Gas Company North Service Center and Vacant Lands Adjacent to the NSC (Parcels A, B, and C).
- E. Letter from Graef, Anhalt, Schloemer & Associates to WDNR, dated January 30, 1998, regarding "Continental Glendale Site".
- F. "Site Investigation Report, The Crestwood Area Site, 1720-1800 West Silver Spring Drive, Glendale, Wisconsin", dated March 13, 1998, prepared by HNTB Corporation, for the Glendale Community Development Authority.
- G. "Soil Investigation and Groundwater Quality Monitoring, Parcel A, B, and C", dated March 1998, prepared by Arcadis Geraghty & Miller.
- H. Letter from Graef, Anhalt, Schloemer & Associates to WDNR, dated May 13, 1998, regarding "Opinion Letter - Application of Act 453 to Parcels A, B, and C, 5400 North Green Bay Road, Glendale, Wisconsin".
- I. Letter report prepared by Graef, Anhalt, Schloemer & Associates, dated June 19, 1998, regarding "Results of Off-Site Extent of Contamination Soil Investigations, June 8, and 11, 1998, Continental 87 Fund LLC, Wisconsin Gas Company/North Service Center".

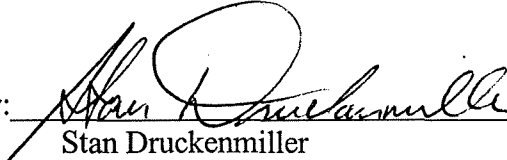
III. Remediation Activities to be Conducted.

- A. After reviewing the results of the environmental investigation that has been conducted at the Property, the DNR finds that remedial action is necessary at the Property. DNR approves the proposed Remedial Action Plan put forth in the letter report, dated June 25, 1998, prepared by Graef, Anhalt, Schloemer & Associates, regarding "Remedial Action Plan, Parcel A (Also known as Parcel 1), Wisconsin Gas Company, North Service Center Site, 5400 North Green Bay Road, Glendale, Wisconsin". The remedial action proposed for the Property consists of placement of an exposure and infiltration reduction barrier on the Property. This will incorporate the proposed building and parking lot/paved area construction, and a lined detention basin, which together will cover approximately 90% of the Property with impermeable surfaces, and also includes a minimum one-foot thick soil cover in the remaining landscaped areas. A deed restriction requiring maintenance of the Property barrier features shall be submitted to the DNR for approval and then shall be recorded on the Property title. The proposed remedy will prevent direct contact exposure to the petroleum and heavy metal contamination in soil at the Property, and, with the on-going natural degradation of the petroleum products, will protect groundwater from potential future contamination from Property soil.
- B. The remedy excludes consideration of the chlorinated solvent contamination in soil and groundwater, for which the DNR has issued an off-site source liability exemption to Continental (DNR letter to Continental, dated May 12, 1998). The DNR makes the following determinations with regard to the chlorinated solvent contamination which will remain in soil and groundwater at the Property after completion of the proposed remedy:
1. Based on the proposed development, and the existence of a responsible party who is working toward investigating and remediating the chlorinated solvent discharge, public health, safety and the environment will not be endangered by the chlorinated solvents remaining at the Property after the completion of the proposed Remedial Action Plan.
 2. The proposed remedy and Property development activities will not aggravate or contribute to the discharge of these chlorinated solvent compounds and will not unduly interfere with, or necessarily increase the costs of, responding to this chlorinated solvent discharge.
 3. Continental has agreed, through the off-site source liability exemption process, to allow access to the Property for investigation and remediation activities, relating to the discharge of the chlorinated solvent compounds.

- IV. Certificate of Completion. Upon completion of all activities required by paragraph III.A., and compliance with all applicable statutory and regulatory requirements, the DNR will issue to Continental a certificate of completion for the Property, pursuant to sec. 292.15(2)(am), Wis. Stats.
- V. No Lien for Future Environmental Costs Relating to Hazardous Substance Discharges. DNR agrees that, upon issuance of the certificate of completion, it will not file a lien against the Property for any future expenditures made by the DNR for investigation or cleanup activities relating to hazardous substance discharges, if the discharges existed on the Property prior to the date of certificate issuance, nor will it file such a lien if discharges onto the Property originate from off-site sources.
- VI. Construction Activity. Any construction activity during the development of the Property shall be conducted in accordance with the conditions of the Remedial Action Plan approved by the DNR pursuant to secs. 292.11 and 292.15, Wis. Stats., and the Exemption to Construct on an Abandoned Landfill, approved by the DNR pursuant to s. NR506.085(2), Wis. Adm. Code. Any construction, excavation or maintenance activities on the Property, after the initial development construction activities, shall be conducted in accordance with the conditions of the Remedial Action Plan, the Exemption to Construct on an Abandoned Landfill, and any deed restriction(s) placed upon the Property to preserve the integrity of the engineering controls and soil cover. Construction or excavation activities will not be considered inconsistent with the maintenance of the Property, within the meaning of sec. 292.15(2)(a)5, Wis. Stats., if those activities are conducted in accordance with the conditions of the Remedial Action Plan, the Exemption to Construct on an Abandoned Landfill, and any deed restriction(s) placed upon the Property.
- VII. Applicable Statutory and Regulatory Framework. The Environmental Reports identified the source of contamination on the Property as releases of petroleum and placement of contaminated fill. The DNR assures Continental that all remediation required by DNR on the Property shall proceed exclusively under sec. 292.11, Wis. Stats., and chs. NR 700 to 750, Wis. Adm. Code.
- VIII. Payment of Fees for DNR Oversight Costs. Pursuant to sec. 292.15(5), Wis. Stats., DNR is authorized to assess and collect fees from a voluntary party to offset the cost of DNR's oversight activities under the voluntary party liability exemption program. Continental agree(s) to reimburse DNR for the costs incurred by DNR for its oversight activities. Fees shall be paid as provided in Chapter NR 750, Wis. Adm. Code.

IX. Successors and Assigns. All of the determinations, statements and commitments of the DNR set forth in this letter shall inure to the benefit of Continental and its successors and assigns, provided that the successors and assigns comply with the terms of this letter and all statutory and regulatory requirements. Continental may freely assign its rights under this letter to any person or entity, not inconsistent with sec. 292.15, Wis. Stats.

WISCONSIN DEPARTMENT OF NATURAL RESOURCES

By: 
Stan Druckenmiller
Executive Assistant

Dated: 