

GODFREY & KAHN, S. C.

ATTORNEYS AT LAW

780 NORTH WATER STREET

MILWAUKEE, WISCONSIN 53202-3590

(414) 273-3500

FAX (414) 273-5198

WITH OFFICES IN:
MILWAUKEE, WISCONSIN
APPLETON, WISCONSIN
GREEN BAY, WISCONSIN
MADISON, WISCONSIN
OSHKOSH, WISCONSIN
SHEBOYGAN, WISCONSIN

SETTLEMENT COMMUNICATION

April 17, 1997

BY FAX AND MAIL

Paul V. Malloy (377-6080)
Houseman, Feind, Gallo & Malloy
P.O. Box 104
Grafton, WI 53024-0104

Michael J. Morse (276-6281)
von Briesen, Purtell & Roper, S.C.
Suite 700
411 East Wisconsin Avenue
Milwaukee, WI 53202

RE: Manchester Drive Group ("MDG")

Dear Messrs. Malloy and Morris:

Our office represents owners of 12 homes located on Manchester Drive and Nantucket Court in the Town of Grafton; the names and addresses of each are described in the attached schedule (the "Affected Homeowners").

The purpose of this letter is to confirm in writing the terms and conditions of the settlement offer which was described in general terms at the April 15, 1997 meeting at the Village Hall. As you know, Michael Rau, the Town Engineer, attended the meeting on behalf of the Town of Grafton. Although Mr. Morse was not able to attend the meeting due to a scheduling conflict, I thought it was appropriate to direct this written settlement offer to the legal representatives for the Village and the Town.

In any event, the Affected Homeowners' settlement offer is as follows:

Paul V. Malloy
Michael J. Morse
April 17, 1997
Page 2

1. The Village of Grafton would make a connection of its water system available for use by the Affected Homeowners.
2. The Town of Grafton would act as the contracting party with the Village and, in such capacity, the Town would administer the connection and distribution of the water system for each Affected Homeowner.
3. The Village and the Town would be responsible for obtaining all governmental approvals necessary for making the water system available for the Affected Homeowners in a manner consistent with condition Nos. 1 and 2.
4. The Affected Homeowners would contribute a lump sum payment of \$60,000 to be applied to all of the costs, including capital costs, necessary to make the water system available for use by the Affected Homeowners. This contribution would be in addition to any reasonable service charge for use to be determined in a manner and in an amount consistent with such use charges assessed against existing users of the Village water system.
5. Each Affected Homeowner would release the Town and Village from any and all past and present monetary and equitable relief claims for injury to property including, but not limited to, claims for loss in property value, for replacement of water systems under Wis. Stat. §144.236 and for injunctive/declaratory relief under 42 U.S.C. §6972, occurring as a result of groundwater contamination conditions known or reasonably anticipated as of the date of this letter.
6. The monetary contribution and releases described in condition Nos. 4 and 5 is subject to the following: (a) approval of each Affected Homeowner, which approval will be solicited with a recommendation for approval within one week of receipt of approval of the settlement offer by the Village and Town; and (b) installation of and availability for use by the Affected Homeowners of the water system as described in condition Nos. 1 and 2 on or before August 1, 1997.

We understand that the Village of Grafton will consider this settlement proposal at its next Board meeting which is scheduled for Monday, April 21, 1997. We urge the Town to act on this settlement offer in a similar expeditious fashion. Please be further advised that this settlement offer will expire at 5:00 p.m. on April 22, 1997 (the "Deadline Date"), unless either of the following occur by that time: (a) the Village and Town accept the offer; or (b) the settlement offer is extended in writing by the undersigned on behalf of the Affected Homeowners.

Paul V. Malloy
Michael J. Morse
April 17, 1997
Page 3

As you know, Mr. and Mrs. Aloys Hospel have agreed to defer the installation of the point-of-entry water treatment device at their residence in order to preserve the option of emergency relief from the United States Environmental Protection Agency that is likely available under 42 U.S.C. §§9604 and 9606. Accordingly, it is of paramount importance that we receive a response to this settlement proposal by the Village and Town by the Deadline Date. Thank you.

Very truly yours,

GODFREY & KAHN, S.C.



Arthur J. Harrington

AJH:kk
Enclosure
MW1-73488-1