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065640-0163

September 11, 2006

VIA E-MAIL AND U.S. MAIL

John Feeney
Hydrogeologist
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1155 Pilgrim Road
Plymouth, WI 53073-4294

{ FID # 246 007 740
BRRTS # 02-46-248387 }

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RECEIVED
SEP 13 2006
By

Re: Off-site Exemption and Liability Clarification Letter for
280 S. Industrial Dr. Fredonia, WI

Dear Mr. Feeney:

Thank you for meeting with us on August 29, 2006, to discuss the remediation and redevelopment of the Village of Fredonia Industrial Park ("Industrial Park"). Our client, Phillips Plastics Corporation ("Phillips"), purchased the property located at 600 S. Milwaukee Street (the "Phillips Site") in the Industrial Park which was later found to have been contaminated with chlorinated solvents by the former owner of the Property, H.V.C., Inc. Though it did not cause the contamination in the Industrial Park nor is its property the sole source of the contamination, Phillips is currently taking the lead in working with the Village of Fredonia, other businesses in the Industrial Park, and various state agencies to remediate and redevelop the Industrial Park. As part of this process, Phillips has entered into agreements for the acquisition and resale to Guy & O'Neill, Inc., ("G&O") of the property located at 280 S. Industrial Dr., Fredonia, Wisconsin (the "Property"). As part of the due diligence associated with this transaction, Phillips and G&O have been working together on assembling the information necessary to procure an off-site exemption letter for G&O as the current lessee of the Property and clarify that it would be maintained once G&O assumes ownership of the Property. The purpose of G&O's off-site liability and liability clarification application is to resolve liability associated with:

- **Groundwater contamination**. Environmental investigation in the Industrial Park has revealed the existence of chlorinated solvents, including volatile organic compounds ("VOCs"), in soils on the Phillips Site and the former Modern Metals property. The investigation has also shown that the VOCs in soils have contaminated groundwater throughout the Industrial Park, including groundwater on the Property. Because no VOCs have been identified in soils on the Property, and because there is no evidence of historic use of chlorinated solvents on the Property, G&O is requesting an off-site exemption letter for the contaminated groundwater impacts on the Property that are the result of off-site migration of VOCs. The current owner of the Property, CS Liquidating Company, Inc. ("CS Liquidating") has also asked to receive an off-site exemption letter.

- **Soil contamination**. During the course of the environmental investigation to confirm that there are no on-site sources of VOCs in soil on the Property, diesel range organics ("DRO") were identified in soils under the existing building on the Property. The concentration of DRO identified in on-site soils is 12 mg/kg, which is significantly lower than the NR 720 generic residual contaminant level of 100 mg/kg. Due to the low concentration of DRO identified, G&O requests clarification that no action is required ("NAR") for the on-site DRO in soils.

This request for an off-site exemption and a liability clarification is further supported by the attached documentation: Off-site Exemption and Liability Clarification Application, Phase I Report (attached to the Phase II), Phase II letter report, G&O Lease and draft affidavit.

As previously indicated, Phillips and G&O have a very limited due diligence period in which to receive the liability clarification for G&O. For the transaction to close in accordance with the Purchase and Sale Agreement, **we must have the requested off-site exemption and liability clarification letter from DNR by no later than September 18, 2006**. As a result, your prompt attention to this matter is greatly appreciated. Also, due to the complicated nature of this request and in an effort to facilitate DNR's issuance of an off-site exemption and liability clarification letter for G&O, attached is a redline and clean copy of a proposed letter showing the information we are seeking in comparison to the DNR's model letter for lessees. The DNR's review fee of $500 will follow under separate cover.

Please let us know if you have any questions, or if you would like additional information.

Best regards,

Sarah Slack

Sarah A. Slack

cc: Judy Ohm
Margaret Brunette (attachments provided electronically)
Thomas R. Schinella (attachments provided electronically)
Dan Andersen (attachments provided electronically)
Jon Alexander (attachments provided electronically)
D'Arcy Gravelle (attachments provided electronically)
William Farrell (w/o attachments)
Thomas P. Gehl (attachments provided electronically)
Bruce A. Keyes (attachments provided electronically)