

UNIVERSITY OF MINNESOTA

Twin Cities Campus

*Office of the Senior Vice President
for Finance and Operations*

*301 Morrill Hall
100 Church Street SE
Minneapolis, MN 55455
Office: 612-626-5800
Fax: 612-626-5820*

January 30, 2018

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 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.

In May 2017, the University and the Minnesota Pollution Control Agency (MPCA) hosted a public meeting to present the findings of the Remedial Investigation (RI) of GOW. The RI was performed in several phases, the last of which was completed by the University in late 2016. The RI identified releases of hazardous substances in surface soil in several former GOW operational areas and disposal sites. The MPCA determined in November 2017 that the investigation phase of the project is complete. The next step is to perform a Feasibility Study to identify and assess cleanup alternatives that are consistent with the current and planned uses of the property. The University believes that the Feasibility Study should be sponsored by the Army Corps of Engineers and DuPont, given the RI finding that the releases of hazardous substances resulted predominantly from former GOW activities and the University's substantial investment in performing the investigation.

The University and the United States Department of Justice engaged in negotiations throughout 2016 regarding allocation of liability for the parties' past investigation costs and other response costs relating to GOW. The Board of Regents authorized litigation after those negotiations failed to result in a settlement.

In August 2017, the University brought litigation in Federal District Court in Minneapolis against the United States of America, which acquired the land for GOW and contracted with E. I. DuPont de Nemours and Company for its construction and operation. The University seeks recovery of in excess of \$3.3 million of response costs incurred to date in completing the RI, and a declaratory judgment establishing the defendants' liability for future investigation and cleanup

costs associated with GOW. The defendants have answered the complaint, and the United States has asserted a counterclaim against the University to recover its past response costs. The University anticipates that litigation may take up to two years or more to complete.

Sincerely,



Brian Burnett

Senior Vice President for Finance and Operations

cc: Brian Steeves, Executive Director and Secretary, Board of Regents
Michael Berthelsen, Vice President, University Services
Michael Volna, Associate Vice President and Assistant CFO, University of Minnesota
Douglas Peterson, General Counsel, University of Minnesota
Matt Kramer, Vice President, University Relations, University of Minnesota
Cynthia Osmundson, Chair, Vermillion Highlands Joint Steering Committee