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September 25, 2008

Pat Casey
Kansas Department of Health and Environment
KDHE Staff Attorney
CSOB Ste. 560
Topeka, KS 66612-1368

Re: Former Farmland Nitrogen Facility, Lawrence, Kansas
Follow up to meeting of September 24, 2008

Dear Pat:

The City wants to thank KDHE for the opportunity to meet with you and others from KDHE on September 24, 2008, to discuss the status and steps forward on the remediation and ultimate transfer of the Former Farmland Nitrogen Facility in Lawrence, Kansas. As discussed, the City is committed to assuring that the property is appropriately remediated and returned to productive use, and the City remains interested in pursuing potential acquisition of the property as a means to that goal. The purpose of this letter is to outline some of the points discussed during the meeting and lay out some follow up tasks from that meeting.

At the meeting KDHE indicated it is in active discussions with SELS about the development and approval of a Remedial Action Plan for the property. KDHE indicated it anticipated receiving the next draft of the Remedial Action Plan from SELS in hopefully acceptable form by December of this year. Once the Remedial Action Plan is final, KDHE will make a Corrective Action Decision and submit that decision for public comment. At our meeting, KDHE estimated that the Corrective Action Decision will be through public comment and finalized by sometime in the Spring of 2009.

Two of the follow up items from the last City KDHE meeting in June of this year with regard to this property were: 1) preparation of a draft Consent Order by KDHE which would need to be executed by any prospective purchaser such as the City; and, 2) review and comment by KDHE on the Asset Purchase Agreement proposed by the City to the bankruptcy trust as the City's offer to purchase the property.

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In our meeting on September 24, 2008, KDHE indicated that the City should expect to see a draft Consent Order from KDHE by or before the middle of October, 2008. In addition, you indicated you should have an opportunity to review the City's draft Asset Purchase Agreement in the next 2 or 3 weeks and will then provide the City with KDHE's comments to that agreement.

Pursuant to our discussions, the City expects that the upcoming KDHE draft Consent Order will address the issue of whether any purchaser of the property will have a specific dollar limitation on liability for remediation of existing environmental conditions. As discussed at the meeting, the City believes that provisions outlining a specific not to exceed monetary liability limitation coupled with a covenant not to sue are very important in any draft Consent Order if the City is going to participate as a potential purchaser of the property.

It is also expected that the draft Consent Order will address the amount and type of financial assurance that would need to be made available by any purchaser.

The City looks forward to receiving these follow up items from KDHE at your earliest convenience.

Very truly yours,

LATHROP & GAGE L.C.



By:

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