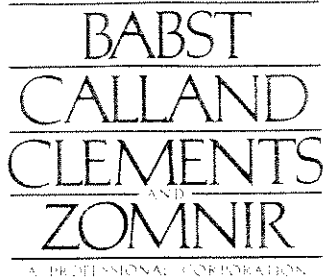


condition with any and all defects that presently exist or that may arise in the future on account of any cause or reason.

7. In all of its operations upon the Premises, the Booster agrees to undertake the same in accordance with the terms of Option "1" of the letter prepared by the law firm of Babst Calland which letter is dated December 19, 1997. The Booster's failure to comply with the provisions of this paragraph shall constitute a material breach.

8. During the term of this Agreement, the Booster does let unto the District the Premises together with all improvements made thereon by the Booster as well as all improvements passing to the Booster by virtue of Paragraphs 4 and 5 hereof (which Premises and improvements are hereinafter referred to as "War Memorial"). The lease described in the preceding sentence shall be exclusive (except that the Booster retains the right to utilize the Premises for the repair, improvement and maintenance purposes described in the first paragraph of this Agreement). Despite the provisions of the preceding sentence, the District agrees that during the term of this lease and subsequent thereto, the District will, when it does not conflict with its own schedule, continue to make War Memorial available to the YMCA and to other similar organizations for the benefit of the Warren County community in a manner similar to the practices engaged in by the District in the several years preceding the date of this Agreement. Toward that end, the District, during the term of this Agreement, is specifically authorized to assign or sublet War Memorial on such terms and conditions as the District shall see fit provided that the District complies with all applicable laws, rules and regulations.

9. During the term of this Agreement, the District agrees to pay to the Booster all of the gate receipts charged and collected at the War Memorial gate for all regular sporting activities funded by the District and played at War Memorial. The



GREGORY D. TIMMONS
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(412) 394-6962

December 19, 1997

BY FACSIMILE

Arthur J. Stewart, Esquire
Swanson, Bevevino, Gilford and Stewart, P.C.
P.O. Box 97
311 Market
Warren, Pennsylvania 16365

RE: Warren School District - War Memorial Stadium

Dear Arthur:

This letter is a follow-up to our conference call of November 13, 1997, and your letter of November 25, 1997 regarding certain issues related to the proposal presented by Jon Marti on behalf of the Warren Sports Boosters. You will recall that there were a number of issues which resulted from those events which you have asked us to address.

1. No Excavation Construction Proposal

During our telephone conference with Mr. Marti, he raised the possibility of a new construction option. Under this option, a soil cap would be constructed on the field, and all construction for the track, football field, etc. would occur above that cap, and as such would involve no excavation below the existing grade. Additionally, any above-ground structures such as bleachers, locker rooms, etc. would either be built on the surface of the ground or would be supported by pilings driven into the ground such that no excavation would occur below the existing grade.

Your first question addresses the incremental environmental risks between the War Memorial Stadium (the "Site") as it currently exists, and those caused by the implementation of this new proposal. You will recall that our letter of November 10, 1997 addressed the environmental issues that would be encountered by proceeding with renovations of the Site. Our assumption at that time was that any construction activity at the Site would involve some type of excavation of soils. At a minimum, that soil would have to be sampled and analyzed so that appropriate disposal measures could be taken. In

addition, if groundwater was encountered during the excavation which had to be managed (i.e., either the excavation had to be dewatered or there was visible contamination), it would also have to be characterized. Moreover, the discovery of impacted groundwater has the potential to lead to other requirements such as notice, disposal, and potentially even remediation obligations.

Notwithstanding this analysis, if the Sports Boosters were to undertake construction at the Site which does not involve any excavation, it is likely that there would be no additional incremental risk of liability to the School District between the existing environmental conditions at the Site, and the renovation of the field.

2. Shallow Excavation Construction Proposal

The second question posed by your letter deals with a second construction scenario. Under this scenario, there would be some excavation involved, which may be limited to a depth of 18 to 24 inches below the existing grade. As part of this proposal, it is assumed that the light standards may not require excavation, since they may be supported on pilings that are driven into the ground.

- a. This shallow excavation option raises similar issues as those discussed in our November 10, 1997 letter. That is, if renovations were initiated at the Site which involved the excavation and management of soils, these soils must be characterized and evaluated for disposal purposes. As such, the conclusions reached in our November 10 letter regarding arsenic do not change under this shallow excavation proposal.
- b. The shallow excavation scenario may impact the investigation and reporting obligations if hazardous substances are encountered. As previously discussed, it is the DEP's position that the discovery of hazardous substances which are or are likely to impact groundwater triggers a reporting obligation. To the extent the shallow depth of excavation makes it unlikely factually that hazardous substances which are likely to impact groundwater are discovered, the risk of triggering a reporting or investigation requirement is also reduced. The primary risk is simply that the discovery of hazardous substances may trigger a reporting and/or investigation obligation, depending on the depth or location of these substances. As such, if hazardous substances are discovered, even in shallow soils, the obligations are the same as discussed in our November 10 letter.
- c. Because Total Petroleum Hydrocarbons ("TPH") have only been found at the Site in locations lower than two feet below grade, and because Moody has preliminarily identified the depth to groundwater at below ten feet, the utilization of shallow excavation may minimize the risk of encountering TPH contaminated groundwater that would trigger a reporting or investigation requirement under the Pennsylvania Clean

Streams Law. However, only a portion of the Site was actually studied during the investigations, and as such, there is always a possibility that differing site conditions exist on different portions of the property (e.g., an area where a tank farm may have been located). As such, any excavation increases the risk of triggering reporting and/or investigation requirements under the Clean Streams Law.

- d. It is our understanding that the Review Team (i.e., yourself and Mr. Kennerknecht) have been charged with the mission of investigating and recommending an option which allows the Sports Boosters to move forward while providing a high degree of assurance that the School District will not suffer any financial liability from or on account of environmental conditions which are encountered during construction. We have recommended Act 2 as an option which can satisfy this purpose because it will allow the Sports Boosters to proceed, while potentially providing the School District with protection from any further liability related to environmental cleanup of the Site. I believe the Sports Boosters and the School District are concerned that the Act 2 process will be time consuming and may itself lead to certain requirements that would not otherwise be mandated (i.e., groundwater investigation requested by the DEP).

The shallow excavation option being proposed by the Sports Boosters, while minimizing the risk of encountering site conditions which could trigger expenses associated with investigation and remediation, does not eliminate such risk. As such, Act 2 protection remains the only real alternative for achieving the Board's mission of eliminating the risk of future environmental liability if the shallow excavation option is chosen. The Act 2 process sets forth a regimented process for obtaining this liability protection. Our initial proposal was to approach the DEP beforehand in order to better understand any potential problems up-front in order to eliminate the DEP imposing significantly more expensive requirements after money had already been spent on the renovations. Certainly, the School District and/or the Sports Boosters could simply follow the enumerated process by submitting a Notice of Intent to Remediate, performing the renovations and filing a Closure Report. While this approach would not postpone the Act 2 request until completion of construction, it does reduce the likelihood that DEP would get involved during construction. This could minimize construction costs, but does leave open the possibility that the DEP would require more work following the completion of construction that could impact the work already done (e.g., requiring the cap to be constructed differently, or requiring the cap to be dug up).

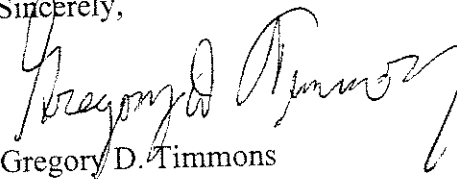
- e. We cannot venture an opinion on the degree of risk which the School District would be willing to accept. Although it is true that some parties certainly accept a similar degree of risk based upon their evaluation of the circumstances and the cost-benefit of the project, others do not. This is an individual decision. Act 2 provides a reasonable

alternative for achieving protection from liability for environmental conditions with a reasonable level of cleanup assuming that at least some excavation is initiated. Absent such protection, and given the known levels of arsenic and TPH which currently exist at the Site, any excavation of the Site may increase the environmental liability risks posed by the Site. The School District must decide whether it can accept this potential incremental risk. Obviously, the no excavation option discussed above poses less risk than the shallow excavation option. Similarly, the shallow excavation option poses less risk than the original construction plan. From a practical perspective, to determine whether the District is willing to accept the risk posed by the shallow excavation option, it should consider the history of the industrial operations at the site and the likelihood of encountering conditions which trigger the obligations discussed above and in our November 10 letter. In this respect, Moody may be in a position to assist the School District in better quantifying the risk associated with the shallow excavation option from a technical perspective.

I hope that this analysis clarifies the remaining issues surrounding the Sports Boosters' most recent proposals for renovations of the Site. One additional note that you should consider is that the Act 2 process would necessarily require the expenditure of some financial resources for things such as preparation of reports, agency negotiations, etc. However, there is no reason that a Notice of Intent to Remediate could not be filed quickly so that construction could begin in the near future. Again, the primary risk of this approach is that the DEP come back after the fact to require additional work, potentially including groundwater sampling.

If you have any questions or would like to discuss this matter in greater detail, please feel free to contact me. I hope you have a merry Christmas and a healthy and happy New Year.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gregory D. Timmons", written in a cursive style.

Gregory D. Timmons

GDT/gdt

cc: Michele M. Gutman, Esq.