

MEMORANDUM

TO: City of Fort Smith Mayor and Board of Directors

FROM: Jeff Noel, Vice President, Whirlpool Corporation

DATE: July 7, 2014

RE: July 8, 2014 Study Session Progress Report Preview

Mayor Sanders and the City of Fort Smith Board of Directors:

Whirlpool Corporation appreciates the opportunity to return to Fort Smith for the July 8 Study Session and present an update on the ongoing progress in addressing trichloroethene (TCE) in the groundwater under and near the former Whirlpool manufacturing facility.

Joining me again will be Mike Ellis, a Professional Engineer from ENVIRON, the environmental consulting firm responsible for implementing the Final Remedial Action Decision Document (RADD) to ensure the TCE plume is under control, attacked and carefully monitored on behalf of Whirlpool. As a reminder, Mike is the site lead for the Adaptive Remedy operation and will be present to address the more technical issues and questions.

Summary

Since the last progress report to the City Directors, Whirlpool has continued to build on the foundation established during the first three months of this year and has pushed forward in a number of areas:

- **Remediation** – The Adaptive Remedy approach has enabled Whirlpool to push ahead quickly with the remediation of TCE. Since my last presentation to the City, we have:
 - 1) Evaluated the impact of the first round of oxidant injections;
 - 2) Adjusted our plans for the second round of oxidant injections based on that data;
 - 3) Completed the second round of injections, which involved 25,000 gallons of oxidant at 91 locations;
 - 4) Conducted follow-up sampling to evaluate the impact of the most recent injections; and
 - 5) Begun the process of incorporating the follow-up testing data, along with information from our ongoing sampling, into the planning for the next phase of remediation activities.
- **Validation** – Whirlpool is continuing to monitor the plume through more than 120 soil and groundwater probes and 60 monitoring wells to further confirm there is no health risk to residents – including from soil vapors.
- **Resolution** – Whirlpool has made progress toward a fair resolution with residents in the area. Consistent with our commitment to being a good corporate neighbor, Whirlpool has reached a resolution in the class action litigation that provides fair compensation to property owners.
- **Redevelopment** – With the support of local economic development officials, Whirlpool has signed a purchase agreement for the sale of the warehouse and is in discussions with multiple interested buyers for the remainder of the property.

As we have emphasized in the past, this progress is possible due to the ongoing support and engagement of the City and residents, and oversight from the Arkansas Department of Environmental Quality (ADEQ).

Remediation

The use of the Adaptive Remedy approach for the remediation of TCE has enabled Whirlpool to make substantial progress in the execution of remediation activities during the past three months. As you may be aware, the Adaptive Remedy approach is built on the classic “plan – do – check – act” cycle. We are constantly gathering, analyzing and validating data to confirm and update our understanding of the groundwater and soil contamination on site and groundwater contamination off site. Each set of new data is appropriately analyzed, validated and shared with ADEQ in order to execute the most effective remediation activities and meet the goals of the RADD.

The benefits of this approach have become increasingly clear during the past three months, as we have used new data to fine tune – and then implement – chemical oxidation injections to make them more efficient and effective in attacking the TCE. Following the first round of oxidant injections, which were completed in March 2014, we conducted extensive sampling to evaluate a series of factors related to oxidation injections. After analyzing and validating our results, we shared the information with ADEQ and collaboratively planned for the second round of oxidant injections.

A second round of injections took place in late May and early June 2014, and used 22,000 gallons of liquid oxidant at 81 injection points in the neck area and Areas 2 & 3, and 3,000 gallons at 10 injection points in Area 1. The focus on the neck and Areas 2 & 3 with these injections reflected the priorities expressed by residents, the City and ADEQ to address the TCE under the residential neighborhood as quickly as possible. We are currently in the process of sampling and evaluating data to confirm the effectiveness of these injections. This information will be reported to ADEQ in mid-August and will be used to determine the most effective next steps.

The Adaptive Remedy approach has also been an important enabler in our ongoing efforts to address the contamination in Area 1. Additional testing in Area 1 has provided a better understanding of the soil contamination, helping us to narrow our focus on a specific area with targeted remediation efforts. Area 1 was originally identified as an area of concern in the RADD and was the site of extensive field screening throughout the pre-design work conducted in late 2013 and early 2014. The extensive data gathered from Area 1 were validated and analyzed, and then incorporated into the site understanding during the first few months of 2014.

Once this process of validation and analysis was completed, discussions about this information began with ADEQ in April 2014. As outlined in the RADD, the results of this investigational work were publicly reported in the First Quarter 2014 report, and were submitted to ADEQ and the public on May 15, 2014. In concurrence with ADEQ, we are currently in the process of refining our understanding of the soil contamination through additional sampling. This new data will be integrated into the site understanding, summarized and reported to ADEQ in early- to-mid August, along with our proposed plans for remedial actions, all of which I will share with the City Directors at a future Study Session if I am invited to do so.

I would like to emphasize a few key findings from this data regarding the soil contamination Area 1:

- The area of contamination follows a shallow surface water drainage trench no more than a few feet wide;
- The TCE in the soils poses no risk to human health because the area of soil contamination is entirely on Whirlpool property; and
- Institutional controls are in place to mitigate any on-site health risk.

Also, we are aware of questions that have arisen throughout the ongoing process of gathering data and releasing summary reports. As required by the regulatory process, data is first discussed and clarified with ADEQ after the information has been appropriately collected, analyzed, validated and incorporated into the site understanding. Whirlpool will continue to abide by the appropriate process of working through ADEQ first with our summary materials.

We understand the desire of the City Directors and the community to have access to new information as quickly as possible. To better develop a process for sharing data that will uphold the integrity of the scientific process while maximizing transparency, we will work to provide an indication to Fort Smith City staff when these reports will be filed with the regulatory agency, after which we will welcome the opportunity to present these findings to the City Directors.

Validation

Whirlpool continues to closely monitor the TCE plume to confirm there is no exposure risk to area residents or to workers on the Whirlpool property. As we have shared before, we expect there to be seasonal fluctuations in the exact plume boundaries and we believe the science will continue to show the overall size of the plume and concentrations of TCE continue to trend downward.

We are currently in the process of validating and analyzing the Second Quarter 2014 monitoring data related to the seasonal fluctuations of the plume boundaries. Because of the understandable interest in this issue from ADEQ and area residents, we will not be waiting until the normal reporting deadline to provide this information to ADEQ and the public (August 15, 2014). Instead, we intend to share this data with ADEQ as soon as the validation and analysis process has been completed, which we anticipate will be later this month. Once that information has been appropriately reviewed with ADEQ, we will make it available on our website for the residents and City Directors.

Whirlpool has also been continuing to conduct soil vapor monitoring to further ease any remaining community concerns about vapor exposure. The vapor monitoring conducted during the past several months found no increase in risk of vapor exposure. Unfortunately, as we reported to ADEQ in recent correspondence, we have not yet been able to complete the additional soil vapor sampling requested by the City Directors on behalf of the residents because residents have not granted us access to install the required monitoring locations. We understand legal counsel for the residents has taken a position that access agreements for installing these monitoring wells need to be a part of any resolution with the residents, and we hope the resolution agreement in the class action lawsuit will bring clarity to this matter shortly.

Ongoing testing by design contributes to our overall understanding of the site and, once the data is analyzed and validated, will become part of the planning for future remediation activities. To supplement the soil and groundwater data collected from soil probes during the past several months, five additional groundwater monitoring wells have been installed near the northeast corner of the manufacturing building. Sampling of the new wells is currently being completed. We will submit a report on our findings from these wells to ADEQ in early- to-mid August, and will be available for a follow-up with City Directors to discuss this information if appropriate.

Resolution

As part of Whirlpool's ongoing effort to find a fair and equitable resolution for all parties, we have made significant progress in our ongoing conversations with the local residents' legal counsel. All parties have taken the negotiations seriously, and the process of reaching a resolution takes time, especially when the goal is to find what is fair and appropriate for both sides.

Just last week, we reached a resolution agreement in the class action lawsuit that will fairly compensate property owners, and enable both the residents and the company to focus on meeting the goals of the remediation effort. We have submitted the agreement to the court for its approval. This resolution represents a significant step forward, and we anticipate continued progress as we move through the court's approval process to resolve the litigation issues in the coming months.

Redevelopment



Whirlpool has made significant progress during the past three months toward the redevelopment of the Whirlpool property.

First, with the help of local economic development officials, we have a signed purchase agreement for the sale of the warehouse. This contract is currently in a defined due diligence period, and we hope to have the sale completed by fall.

Second, we are in conversations with numerous interested parties about the sale of the remaining property and hope to have more information to share within the coming months. I would note that even with the sale of the rest of the property, we intend to ensure that the remediation activities are completed effectively and quickly by retaining control of Area 1.

Third, we have completed the land donations along Jenny Lind Road and Ingersoll Avenue to the City to facilitate infrastructure improvements and ongoing growth in the area.

Conclusion

Whirlpool appreciates the City Directors' interest in receiving ongoing updates regarding the progress toward meeting the goals of the RADD. Your input and engagement is a critical element of this process, and I want to reiterate our commitment to keeping you and area residents informed as the remediation, validation, resolution and redevelopment efforts continue in the coming months. New reports and correspondence will continue to be posted on WhirlpoolFortSmith.com as they become available.

Thank you.