

November 12, 2007

Mayor Thomas V. Schilly
Council Members:

Ms. Della Selmon,
Ms. Pam Portell,
Mr. Ben DeClue,
Mr. W. Richard Perry,
Mr. Bill Usher, Coun
Mr. Richard Mead,
Mr. David Picarella,

Debbie Johnson, Clerk

City of Crystal City

130 Mississippi Avenue
Crystal City, Missouri 63019

Re: PPG Property "Due Diligence"
Volz Project No. 9226-0

Dear Mayor Schilly, Council Members and Clerk Debbie Johns:

Over the past two months, I have requested and obtained many documents regarding "Due Diligence" for the above referenced PPG Property site on behalf of Fiesta Corporation. Since my undergraduate in Engineering (1969), Masters (1971) and Board Registered Professional Engineer (1975), I have been involved with thousands of real estate development projects. My expertise ranges from regional shopping malls, industrial and business/office parks, hospitals/elderly housing, residential, utility and roadway projects. All of these projects involved "Due Diligence" Reports for compliance to zoning and subdivision codes, utility requirements, environmental conditions, etc. performed by a Registered Professional Engineer.

As of this date, I have not obtained a copy of the Professional Engineer's "Due Diligence" Report or the Insurance Policies for this project. Has Crystal City had a Professional Engineer perform a "Due Diligence" Report? Purchasing land without a comprehensive "Due Diligence" Report can lead to bankruptcy.

The following outline indicates the typical scope of work process involved for a proposed real estate development and my observations for the PPG property:

I. All Perils Insurance Policy

I have observed most cities create an "IDA" (Independent Development Authority) Non Profit Corporation to develop Brownfields, instead of directly purchasing the land with known/unknown environment liabilities. I recommend you review this with your attorney to discuss whether it is preferred for Crystal City to own the parcel, or a Non-Profit IDA, Independent Development Authority. See attached USEPA web site (www.epa.gov/brownfields.) If the City purchases the property, I recommend that Crystal City obtain a "Multimillion All Perils Insurance Policy" in effect, concurrent with the land closing.

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II. Title Policy and ALTA Survey/Topo Survey

For a Title Policy and ALTA Survey/Topo Survey, it is important and critical that you read every document that appears on the Title Policy and plot all utility locations, easements, restrictions (use and environmental) and exceptions (especially on Schedule B-2.) From my research, there exist dozens of easements, covenants, restrictions, utilities, exceptions, etc. that should be plotted on the ALTA survey. For your information, attached are the ALTA Survey Requirements.

III. Due Diligence by a Professional Engineer

A Professional Engineer reviews the ALTA Survey; plotting of all easements, restrictions, exceptions, etc., review of zoning and subdivision codes, adequacy of utilities, adequacy of access (road/rail/harbor), and environmental liabilities/restrictions. This Due Diligence Report for the purchaser reveals problems, conditions and inadequacies for the proposed development and assesses the environmental compliance costs.

Summary

My observations are as follows; you are receiving legal advice and have engaged a competent, experienced surveyor. The 2.2 million land purchase and lease transaction seems straight forward and the 2.2 million financial loan risk generally understood.

To date, however, I am unaware of the Professional Engineer "Due Diligence" Report that assesses potential environmental liabilities to Crystal City. Are the estimated environmental liabilities less than \$500,000; over \$1,000,000, \$2,000,000, \$3,000,000, \$4,000,000, etc.? A Professional Engineer's "Due Diligence" Report will answer these questions.

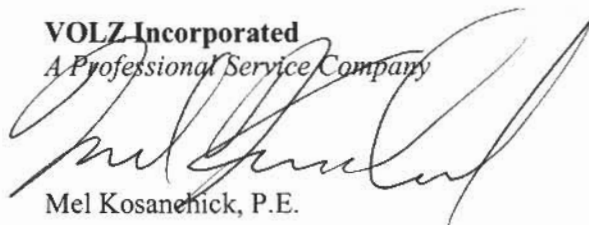
Has Crystal City arranged for a multi-million dollar All Perils Insurance Policy to insure various perils, including environmental liabilities? Since Crystal City will be the owner, rather than an Independent Development Authority, the "Due Diligence" environment assessment and "Insurance Policies" are of paramount importance in this purchase/lease transaction.

I recommend that you participate in the USEPA Brownfields and Land Revitalization program and benefit from their experience. In closing, I recommend you follow the advice of your attorney, Professional Engineer, Professional Land Surveyor and insurance professional.

If there are any questions, please do not hesitate to contact me at 314-890-1227.

Sincerely,

VOLZ Incorporated
A Professional Service Company


Mel Kosanechick, P.E.

Attachments

Cc: Fiesta Corporation