



21778 Highview Avenue
Lakeville, MN 55044

November 17, 2020

Steve Mattas
General Counsel, Santa Cruz Regional Transportation Commission
1999 Harrison Street, 9th Floor
Oakland, CA 94612

RE: NOTICE OF INTENT TO ABANDON PURSUANT TO SECTION OF 8.3 of St. Paul and Pacific/Santa Cruz County Regional Transportation Commission Administration and Coordination and License Agreement

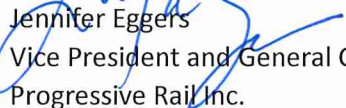
Dear Mr. Mattas:

This letter is response to yours of November 16, 2020, while I do not intend, in this letter, to reiterate all of our prior correspondence regarding the St. Paul and Pacific/Santa Cruz County Regional Transportation Commission Administration and Coordination License Agreement ("ACL") it remains St. Paul and Pacific Railroad's ("SPP") position that the conditions necessary to terminate the ACL pursuant to Section 2.6.2 of the ACL have been met. As we discussed, we do not need to reach agreement on this point at this time, but SPP is not waiving that argument should we ultimately end up in litigation over the ACL. As you have suggested we will gather the documentation for required repairs due to trespassers, vandals and other illegal activity and work with Luis on reimbursement.

Further, as you recommend in your November 17 letter, please consider this letter as official NINETY (90) DAY NOTICE OF SPP's INTENT TO ABANDON TRANSPORTATION SERVICE PURSUANT TO SECTION OF 8.3 OF THE ACL. To the extent SPP's prior notice on May 27, 2020 did not, this notice triggers the RTC's obligations regarding use of "reasonable efforts," to obtain a new operator to which Freight Service can be transferred.

SPP has provided RTC with names of at least six (6) potential operators in addition to the attached Concept Proposal provided by a team ready and able to take over the Operations. This Proposal has been previously provided to Luis and Guy.

The Ninety (90) day Notice Period begins today and ends on February 14, 2021. As we have always agreed, SPP is happy to work with RTC to seamlessly transfer the Freight Operations to the RTC or a new operator.


Jennifer Eggers
Vice President and General Counsel
Progressive Rail Inc.