



21778 Highview Avenue
Lakeville, MN 55044

March 18, 2021

Via email

Dear Guy and Luis,

As we have discussed for over a year now, Progressive Rail Inc./St. Paul and Pacific ("PGR") cannot make the operation of the freight easement profitably work under the current ACL Agreement. PGR has requested the agreement be assigned to another operator, preferably one with more local connections, to ease the burden of the maintenance and other regulatory requirements. The ACL itself contemplates that the ACL can be modified. See paragraph 22. Accordingly, if modification is necessary to effectuate an assignment under paragraphs 8.3-8.5, then that should be accomplished by RTC.

In addition, in our view the terms of the ACL do not provide a viable structure for the engagement of a passenger operator. Further, it does not appear that RTC is complying with its obligations in terms of Initial Rehabilitation and Repair Projects pursuant to paragraph 5.1 including repair and replacement of damaged bridges, overpasses, trestles, culverts, and tracks making passenger operations even more difficult.

Further, if RTC essentially forces PGR to institute an expensive and potentially futile abandonment process we are concerned it will be denied by the STB because it will leave Roaring Camp isolated from the rail system, which we also do not want to do. Accordingly, we are in the process of implementing an agreement with Roaring Camp that will substantially reduce our costs. As a result, while we greatly favor the renegotiation of the ACL and believe that RTC is obligated to make reasonable efforts to find a new operator, including a renegotiation if necessary, we do not, at this time, plan to terminate our participation in the ACL by filing for abandonment. Although we reserve our right to do so at any time without an additional 90 days' notice.

Please let me know if you have any questions.

Sincerely,

Lon Van Gemert

cc Jennifer Eggers
Steve Mattas