

Attention Susquehanna County Commissioners Roberta Kelly and MaryAnn Warren:

Please read and respond to your mail! Over the past 6 months, the Susquehanna County Railroad Authority and their attorney Patrick J. Lavelle, have sent you 3 important letters regarding a county guarantee to acquire land to build a transload facility in the New Milford area. Why won't you answer? For the record, Commissioner Loomis has read the correspondence and responded in writing twice that he would support a guarantee.

There have been a number of allegations that the leadership of the Railroad Authority has not done everything which has been requested to obtain the funding necessary for this project. This is simply NOT TRUE. If you read your mail, you would have to agree.

The most recent correspondence sent to you by their attorney, dated 8 October, 2007, explains to you for the 3rd time in detail what they have done, including providing all requested documentation to the Central Bradford Progress Authority (the economic development arm of our county) when it was requested many months ago. They haven't had any meaningful communication with the Railroad Authority since April, 2007.

Despite your claims to the contrary, Mr. Lavelle's letter also shows they have had NO cooperation from you. That's a pretty shabby way to treat a government agency which has only unpaid members who have volunteered years of their time to lay the groundwork to build some much needed infrastructure, create some jobs and make Susquehanna County a better place to live. Most of the members have contributed their own funds to pay for the ongoing expenses of the Authority including, most recently, contributing the cost of the annual premium for insurance. That's pretty sad that an agency with unpaid members has to fund their own expenses for a project, which will ultimately benefit Susquehanna County.

Let's stop playing games Commissioners. You have been made aware that none of the four (4) banks they have met with will work with the Authority to fund this project without a county guarantee. Period. Either you support economic development in the form of this project as you have repeatedly stated or it is just more political rhetoric.

Residents of Susquehanna County, if you see Commissioners Kelly and Warren, please ask them: 1. How they can justify not responding to correspondence sent them by a government agency; 2. How they can claim they are supporting economic development through the Susquehanna County Railroad Authority and; 3. What gives them the justification as elected officials to act the way they do to this agency?

Commissioners Kelly and Warren, put the politics aside and help Susquehanna County move forward. Commissioner Loomis has pledged his support and needs one more vote to support this worthwhile project so it can move forward.

Rowland Sharp
570-446-3236
ROWLAND SHARP

Joseph White
JOSEPH WHITE
607-592-2496

Kenneth Bondurant
570-465-7527
Kenneth Bondurant

Thomas E. Wooden
Thomas E. Wooden
570-278-3198

**SUSQUEHANNA COUNTY
RAILROAD AUTHORITY**

31 Public Avenue
Montrose PA 18801

9 April, 2007

Commissioner Roberta Kelly
Commissioner Jeffrey Loomis
Commissioner MaryAnn Warren
Susquehanna County Courthouse
PO Box 218
Montrose, Pennsylvania 18801

Re: County Guarantee of funds necessary to construct Transload Facility in
New Milford area

Dear Commissioners,

Over the past 7 years, the members of the Railroad Committee and later the Railroad Authority have worked to establish strong relationships with legislators, PENNDOT, local shippers, and, the railroad. It is quite obvious through the feasibility study we had done early on, as well as letters of support from over 20 shippers, which were part of the grant process, there is a strong need to develop this transload facility.

Over the past three years the Authority has worked on the New Milford Transload project. You have been kept apprised of our progress in obtaining a \$4million capital budget item, of which we currently have \$2.5 million released. Additionally, we have obtained grants for \$15,000 for startup and \$25,000 for preliminary engineering.

At this time, in order to effect and leverage the \$2.5 million and the \$4 million capital budget grants we have obtained, we need to obtain financing as these are reimbursable grants and subject to local matching requirements. These grants are specific to the SCRA proposed facility and land, and may only be used for these projects.

In support of the financing requirements, the three banks we have approached, Pennstar Bank, Peoples National Bank and Penn Security Bank, have all recognized the economic impact and employment opportunities of the project, however each is requiring a county guarantee. The attached email from John Jablowski Jr., Pennstar Bank probably said it best when he discussed the facts that a county guarantee will result in a lower rate, add significant strength to the credit process, and assist in the cash flow. He goes on to say that county guarantees of similar projects are a common occurrence in Pennsylvania and a normal part of the structure of start up economic development projects.

We have explored, and will continue to explore, where feasible, possible alternatives, but time is of the essence and these alternative efforts may not prove doable in the prescribed timeframes we are dealing with in this project. This issue of a county guarantee has been discussed previously with all of you, and while we wish there were viable alternatives there do not appear to be any commensurate with our timelines.

The landowners have been extremely patient waiting for this transaction to materialize. Our counsel has informed us that a decision must be forthcoming in the next two weeks if we are to continue to hold our option of the land.

We are specifically asking at this time for the Commissioners to declare their intent to guarantee the loan. We have been advised by our counsel that this is the only real option to make this project successful.

We appreciate your immediate attention to this matter. Please send your reply to 31 Public Avenue, Montrose.

Sincerely,

Rowland Sharp
Chairman

Kenneth Bondurant
Vice-Chairman

Thomas E. Wooden, Sr.
Secretary/Treasurer

**SUSQUEHANNA COUNTY
RAILROAD AUTHORITY**

31 Public Avenue
Montrose PA 18801

20 August, 2007

Commissioner Roberta Kelly
Commissioner Jeffrey Loomis
Commissioner MaryAnn Warren
Susquehanna County Courthouse
PO Box 218
Montrose, Pennsylvania 18801

Re: County Guarantee of funds necessary to construct Transload Facility in
New Milford area and other pertinent information

Dear Commissioners,

The purpose of this communication is to resend a letter from the Susquehanna County Railroad Authority's (Authority) which was originally sent 9 April which was not responded to as well as to further document the Authority's attempt to consummate the purchase of land necessary for the transload facility and finally to request again that you consider guaranteeing the loan necessary for this project.

In late December, 2006, the Authority had a special meeting at which Commissioners Kelly and Warren were present. The purpose of that meeting was to decide how much land to purchase and whether or not to accept the terms offered by the landowner. All members of the Authority were present. There was a unanimous vote to acquire the entire parcel. At the time, both commissioners present were in agreement with the decision by the Authority members.

In late January of this year, you requested the Authority meet with Anthony Ventello, Central Bradford Progress Authority and you regarding funding options. At that time, Mr. Ventello requested and received several items from the Authority for the purpose of aiding the Authority in obtaining funding. At that time, we had approached two banks, both of which had indicated they would need a county guarantee in order to obtain financing.

On 9 April, 2007, the Executive Committee sent a copy of the attached letter to each of you regarding the need for a county guarantee for the (Authority) to obtain funding to move ahead with the New Milford Transload project. To date we have not had a response.

Since that time, a third bank stated they would consider the request for funding only with a county guarantee. It has become quite evident that any financial institution will require a county guarantee.

Sometime in April, Mr. Ventello requested additional information, which was supplied him. To date, we have had no useful response.

The Authority members feel they have done all they can to this point. We have attempted to work with the Central Bradford Progress Authority, the economic development arm of Susquehanna County, however have had little cooperation. Currently, this project is in serious jeopardy of not occurring due to a lack of support.

Once again, we are asking you, the commissioners and the Central Bradford Progress Authority, to work with the Authority to see this project to completion.

The attached three documents from our attorney Patrick Lavelle will give an independent and complete timeline of our actions as well as calling attention to the fact that since our Authority has no money, the members will have to pay for the renewal of the Directors and Officers insurance policy personally.

Additionally, there is a fourth document, which is from Sharon Daboin, Deputy Secretary for Aviation and Rail Freight indicating that the funding from the Commonwealth would no longer be available unless two conditions were met: holding title to the land for the transload facility and obtaining letters from both the Commissioners and the Economic Development Board indicating satisfaction with the project's direction, etc.

Obviously, obtaining title to the property will require funding which is only available with a county guarantee.

While the Authority members believe this is a worthwhile project, it has reached an impasse that needs to be addressed. Again, we still have not received any reply to our 9th April letter to you.

We appreciate your immediate attention to this matter in writing. Further, your attendance at our next meeting which will be Friday 14 September, 2007 in the small conference room at 31 Public Avenue at 10AM would be most helpful.

Sincerely,

Rowland Sharp
Chairman

Enc.

Patrick J. Lavelle

Attorney at Law

1000 S. State Street
Clarks Summit, PA 18411

(570) 586-7730
Fax (570) 586-7732
e-mail: mail@lavellelaw.org

October 8, 2007

Susquehanna County Commissioners
P.O. Box 218 – Courthouse
Montrose, PA 18801

RE: Susquehanna County Railroad Authority

Dear Commissioners:

Please be advised that I am writing to you on behalf of the Susquehanna Railroad Authority to bring to your attention that since the special meeting held on April 19, 2007 with members of the Railroad Authority, Commissioners Kelly and Warren and Craig Shuey, Executive Director of the Senate Transportation Committee, no response has been received from the Commissioners to the Authority's request that the Commissioners agree to guarantee a loan that would allow the acquisition of the real estate on which the transloading facility would be erected and the cost to construct it.

As you are aware, prior to that meeting on April 19, 2007 the following occurred:

1) On January 10, 2006 a Capital Project Grant Agreement was executed between the Commonwealth of Pennsylvania, Department of Transportation and the Railroad Authority.

2) Subsequently, negotiations were commenced during the year 2006 between the Authority and the Sommerville Land Development Company to purchase 145 acres between mile post 629.00 and mile post 633.00 off of the Canadian Pacific Mainline in Susquehanna County.

3) Members of the Authority vigorously pursued these negotiations, which were directed towards acquiring the land needed for construction of a passing siding, industrial spurs and a transload facility.

4) In late November, 2006 the Authority was successful in reaching a tentative agreement with Sommerville to acquire the entire 145 acres for the sum of \$600,000.00.

5) Special meeting of the Authority was held on December 27, 2006 to approve the terms of the proposed contract to purchase the 145 acres from Sommerville and to pursue securing of the necessary financing. Commissioners Kelly and Warren were in attendance at that meeting. Three (3) motions were presented and unanimously passed by the Authority at that meeting, which provided for: (a) approval of negotiating the terms of an Agreement to purchase the 145 acres for \$600,000.00; (b) a directive to seek a loan of \$600,000.00 plus closing costs to purchase the land; and (c) a directive to seek an \$800,000.00 Line of Credit for construction of Phase I of the transload facility.

6) Following that meeting, the Authority's attorney, Patrick J. Lavelle, Esq., drafted a proposed Purchase Agreement and sent it to the attorney for Sommerville;

7) During January and February, 2007, members of the Authority approached local lenders and three (3) of them tentatively agreed to lend funds to the Authority to acquire the property for \$600,000.00 plus closing costs and to provide an \$800,000.00 Line of Credit to construct the transload facility. Each of the lenders imposed the condition that the County guarantee the loan.

8) On February 23, 2007 the Authority met with the County Commissioners and requested that the Commissioners agree to guarantee the loan. The Commissioners' only response was to direct the Authority to deal with Anthony Ventello, Director of the Bradford County Progress Authority, who is operating the County's Economic Development Department, and to request that Mr. Ventello pursue other possible funding avenues.

Susquehanna County Commissioners

October 8, 2007

Page 3

9) Following the February 23, 2007 meeting, the Authority contacted Mr. Ventello and provided him with information necessary to pursue alternate financing from other sources. To date, no proposals have been received from Mr. Ventello and no alternate financing has materialized.

10) On April 9, 2007, the Authority sent correspondence to the Commissioners which requested that the County Commissioners simply agree to guarantee the loan.

11) On May 23, 2007, Commissioners Kelly and Warren sent correspondence to each member of the Authority in which it was pointed out that the leadership of the Authority and its progress for the proposed project were brought into question by the Commissioners following discussions with Senator Madigan's office and the Bureau of Rail Freight. Commissioners Kelly and Warren indicated their agreement ". . . that in the best interest of the citizens of the County, there must be a change in your membership if the project is to continue."

12) During its June 2007 meeting, a Motion was presented by one (1) of the members of the Authority requesting that the Chairman of the Authority be removed because of alleged failure to make progress on the project. This Motion was defeated by a vote of five to two of the members of the Authority. The majority apparently feel that the matter of acquiring the land, securing the financing and planning for the construction of the transloading facility was being properly pursued by the Chairman and other members of the Authority.

13) The Authority is currently without any funds to perform any further studies as to the anticipated financial support it may receive from shippers, who might use the facility.

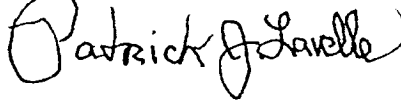
Susquehanna County Commissioners
October 8, 2007
Page 4

14) Further, the Authority members are personally paying for other bills to insure the financial responsibility of its own operations.

15) Without either a guarantee from the County for a loan from private lenders or an alternate financing source, yet to be identified by Mr. Ventello, this project cannot proceed.

In light of the foregoing, I am once again compelled to request that you advise the Authority of your willingness or refusal to have the County guarantee the financing necessary to acquire the land and construct the transloading facility.

Sincerely yours,

A handwritten signature in black ink that reads "Patrick J. Lavelle". The signature is written in a cursive style with a large initial "P".

PATRICK J. LAVELLE

PJL/ms

cc: Susquehanna County Railroad Authority ✓