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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

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September 22, 2017
Part of
Public Record

Finance Docket No. 35984

EXPEDITED HANDLING REQUESTED

**OHIO RIVER PARTNERS LLC
—EXEMPTION FOR ACQUISITION AND OPERATION OF A RAIL LINE—
HANNIBAL DEVELOPMENT, LLC IN MONROE COUNTY, OHIO**

**REPLY OF OHIO RIVER PARTNERS SHAREHOLDER LLC TO
PETITION FOR DEFERMENT OF RAIL OPERATIONS**

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Attorneys for Ohio River Partners Shareholder LLC

Dated: September 22, 2017

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Ohio River Partners LLC (“ORP”)¹ submits this Reply to the Petition of Ohio Terminal Railway Company (“OTRC”) for Deferment of Rail Operations filed on September 5, 2017 (the “OTRC Petition”).²

OTRC’s Petition represents yet another attempt to preserve its self-proclaimed “exclusive” right to operate the Omal Secondary Track³ (the “Line”) by forestalling the commencement of operations by ORP. The Board’s prior decision in this proceeding denied OTRC’s petition to reject ORP’s Notice of Exemption to acquire and operate the Line. *See Ohio*

¹ Ohio River Partners LLC is owned by Ohio River Partners Shareholder LLC. Ohio River Partners LLC and Ohio River Partners Shareholder LLC are referred to herein as “ORP.”

² The OTRC Petition is dated September 1, 2017. However, the time stamp on the copy posted to the Board’s website indicates that it was received by the Office of Proceedings on September 5, 2017 (the day after the Labor Day holiday). ORP’s counsel received a copy of the OTRC Petition via first-class mail on September 6, 2017. Based on the foregoing, ORP’s Reply to the OTRC Petition is due on or before September 25, 2017 (*see* 49 C.F.R. § 1104.13).

³ The Omal Secondary Track is a 12.2 mile line of railroad between Milepost 60.5 near Powhatan Point, Ohio and Milepost 72.7 near Hannibal, Ohio in Monroe County, Ohio.

River Partners LLC—Acquisition and Operation Exemption—Hannibal Development, LLC, STB Docket No. FD 35984 (STB served Apr. 1, 2016) (“*Exemption Decision*”). The only requirement imposed on ORP by the *Exemption Decision* was that, before commencing operations, OPR establish interchange and operating protocols with OTRC and Norfolk Southern Railway Company (“NS”) (with which both ORP and OTRC will interchange traffic moving to/from points along the Line). *Exemption Decision* at 4. ORP closed its acquisition of the Line (and adjacent industrial property) on June 16, 2017. Since that time, ORP has taken steps to prepare for rail operations, including engaging OTRC in an effort to reach agreement on appropriate interchange and operating protocols. See Attachment 1, Verified Statement of Ryan Ratledge (“V.S. Ratledge”).

OTRC’s Petition seeks to re-litigate the same arguments that were considered—and rejected—by the Board in its *Exemption Decision*. While OTRC’s latest Petition is styled as a request to “defer” OPR rail operations, it is, in substance, a request that the Board either stay ORP’s operating authority or revoke the exemption to the extent that it permits ORP to operate the Line. As ORP demonstrates below, OTRC has utterly failed to satisfy the Board’s well-established prerequisites for such relief.

Furthermore, OTRC has failed to comply with the Board’s directive that the parties negotiate and agree upon appropriate interchange and operating protocols. {

} Instead,

OTRC has taken actions—including filing both the OTRC Petition and a new lawsuit against ORP in Ohio state court—that make it abundantly clear that OTRC has no intention to enter into interchange and operating arrangements with ORP until the scope of its contractual operating rights on the Line is finally determined by the Ohio courts.

For these reasons, the Board should deny the OTRC Petition and impose the terms set forth in the Operating and Interchange Agreement proposed by ORP (and appended to this Reply as Attachment 2) as the basis for future operations by ORP and OTRC over the Line.

I. OTRC HAS FAILED TO SATISFY THE BOARD’S WELL-ESTABLISHED PREREQUISITES FOR A STAY OR REVOCATION OF A CLASS EXEMPTION.

OTRC asks the Board to “defer ORP’s operating authority until such time as the state property ownership interests have been finally resolved under Ohio law.” OTRC Petition at 3. Characterizing its Petition as one to “defer” is a transparent attempt by OTRC to circumvent the Board’s well-established criteria for the issuance of a stay or after-the-fact revocation of a previously-effective class exemption. Even if OTRC’s Petition is construed as a petition for stay or revocation, OTRC has failed to demonstrate any basis for granting such extraordinary relief.

A. OTRC Has Not Satisfied The Criteria For The Issuance Of A Stay.

OTRC’s Petition does not satisfy the Board’s criteria for the issuance of a stay.

As an initial matter, a petition to stay the Notice of Exemption in this proceeding is out of time because the transaction that is the subject of that Notice has already been consummated. Pursuant to the Board’s *Exemption Decision*, ORP closed the acquisition of the Line from Hannibal Development, LLC on June 16, 2017. V.S. Ratledge at 2. OTRC could have sought a stay pending judicial review of the Board’s *Exemption Decision*, but did not do so. Accordingly,

OTRC's request to stay the effectiveness of ORP's authority to acquire and operate the Line is moot.

In any event, well-established Board precedent requires a party seeking a stay to “establish that: (1) there is a strong likelihood that it will prevail on the merits; (2) it will suffer irreparable harm in the absence of a stay; (3) other interested parties will not be substantially harmed; and (4) the public interest supports the granting of the stay.” *See New Hampshire Cent. R.R., Inc.—Lease and Operation Exemption—Line of the New Hampshire Dep’t of Transp.*, STB Fin. Docket No. 35022, at 1 (STB served May 31, 2007) (citing *Hilton v. Braunskill*, 481 U.S. 770, 776 (1987)); *Wash. Metro. Area Transit Comm’n v. Holiday Tours, Inc.*, 559 F.2d 841, 843 (D.C. Cir. 1977). “On a motion for stay, ‘it is the movant’s obligation to justify the . . . exercise of such an extraordinary remedy.’” *Id.* (quoting *Cuomo v. U.S. Nuclear Regulatory Comm’n*, 772 F.2d 972, 978 (D.C. Cir. 1985)). “The party seeking a stay carries the burden of persuasion on all of the elements required for such extraordinary relief.” *Id.* (citing *Canal Auth. of Fla. v. Callaway*, 489 F.2d 567, 573 (5th Cir. 1974)). OTRC has not satisfied its burden of persuasion with respect to any of the Board’s criteria for a stay.

First, OTRC has not demonstrated any likelihood—much less a “strong likelihood”—of prevailing on the merits. OTRC asks the Board to prohibit ORP from providing rail service over a line that ORP now owns in fee simple “until such time as the state property ownership interests have been finally resolved under Ohio law.” OTRC Petition at 3. On August 29, 2017, OTRC filed a Complaint for Declaratory Judgment in the Court of Common Pleas of Monroe County, Ohio, seeking an order declaring that the easement pursuant to which Hannibal Real Estate LLC (“HRE”) granted OTRC operating rights on the Line “is a perpetual and exclusive easement granted by [ORP’s predecessor] Ormet to HRE to use the entire Rail Line for railway service.”

See OTRC Petition, Exhibit A at 8. As OTRC’s prayer for declaratory relief in the Ohio court makes clear, that litigation involves the nature and scope of OTRC’s—not ORP’s—rights with respect to the Line. The Ohio litigation does not (as OTRC suggests) implicate “ownership interests” in the Line; it is undisputed that ORP acquired fee simple title to the Line pursuant to the sale transaction that closed on June 16, 2017. Fee simple ownership constitutes all the property interest that ORP needs as a matter of state law to operate the Line. *See, e.g., BNSF Ry. Co.—Abandonment Exemption—in Stearns Cty., MN*, STB Docket No. AB-6 (Sub No. 455X), at 3 n.3 (STB served May 11, 2007) (noting that “fee simple” title “allows unlimited control over a property.”).

As the Board has held in the *Exemption Decision* and in numerous prior proceedings, the existence of a dispute regarding a third party’s contractual right to operate over a rail line does not constitute grounds for rejecting, staying or otherwise delaying a Notice of Exemption to acquire the line. *See, e.g., Exemption Decision* at 3; *New Hampshire Cent. R.R., Inc.—Lease and Operation Exemption—Line of the New Hampshire Dept. of Transp.*, STB Fin. Docket No. 35022, at 3 (STB served Dec. 11, 2007) (“*New Hampshire Central*”); *Lackawanna Cty. R.R. Auth.—Acquisition Exemption—F&L Realty*, STB Fin. Docket No. 33905, at 5 (STB served Oct. 22, 2001) (“*LCRA Acquisition*”). In both *New Hampshire Central* and *LCRA Acquisition*, the Board denied a petition to reject or revoke a Notice of Exemption where an existing carrier alleged (as OTRC does here) that it had “exclusive” rights to operate the rail line in question. As the Board explained in *New Hampshire Central* (at 4), because the authority granted pursuant to a Notice of Exemption is permissive in nature, it confers the right but not the obligation to exercise that authority, and therefore does not alter property rights with respect to the subject line. Likewise, the Board has already stated its *Exemption Decision* permitting ORP to proceed

with the transaction “does not constitute a ruling on any of the parties’ contractual or property claims or purported rights,” and therefore “should not affect the ongoing proceeding in Ohio. . . .” *Exemption Decision* at 3.

Moreover, as in *New Hampshire Central* (at 3), “[OTRC has] not on this record supported [its] ‘exclusivity’ argument.” To the contrary, the plain language of the easement upon which OTRC’s purported rights are premised demonstrates convincingly that HRE’s (and therefore OTRC’s) rights were not exclusive. Paragraph 1 of the easement (attached as Exhibit 1 to OTRC’s Petition) states unambiguously that “Grantee [HRE] shall have the right at Grantee’s expense to use the Railway Line for the purpose of providing rail service to Grantee’s property.” (emphasis added). On its face, the easement gave HRE the right to use the Line only to provide rail service to its own industrial park. Nowhere does the easement grant HRE the right to serve customers other than those located within its property, nor does it state that the rights granted to HRE are “exclusive.” The non-exclusive nature of the easement is further demonstrated by the fact that the Line’s owner (Ormet) agreed to indemnify HRE from and against claims or damages “arising from Grantor’s use, maintenance, occupation or operation of the railway. . . .” See OTRC Petition, Exhibit 1 ¶ 7(a). As these provisions make clear, HRE does not possess any “exclusive” rights with respect to the Line that could be assigned to OTRC, and therefore OTRC should ultimately lose their declaratory judgment against ORP.

Second, OTRC has not demonstrated that it would suffer irreparable harm if the Board declines to “defer” ORP’s operations on the Line. As stated above, nothing in the *Exemption Decision* intrudes upon OTRC’s ability to pursue its declaratory judgment proceeding in Ohio court. Moreover, ORP has advised the Board (and OTRC) that it will not commence operations until appropriate interchange and operating arrangements are in place. See Letter from Terence

M. Hynes to Cynthia T. Brown, *Ohio River Partners LLC—Exemption for Acquisition and Operation of a Rail Line—Hannibal Dev., LLC in Monroe Cty., OH*, STB Fin. Docket No. 35984 (filed September 7, 2017).

Third, there is no evidence that any third party will be harmed if ORP is permitted to initiate operations on the Line. Shippers currently served by OTRC will not be harmed because OTRC can continue to provide rail service. NS, the only carrier whose network connects with the Line, would not be harmed because ORP will not commence operations until interchange and operating protocols are agreed to by the parties (or imposed by the Board in the absence of voluntary agreement).

Conversely, granting OTRC's extraordinary request that ORP be prohibited from commencing rail service until the recently-filed Ohio litigation is concluded would harm ORP's ability to develop the industrial property that it acquired as part of the rail line acquisition, by preventing ORP from offering prospective tenants access to ORP rail service. New shippers that did elect to locate within the ORP industrial facility or elsewhere along the Line would likewise be harmed by a delay in ORP's rail service, because OTRC has not established that it has a contractual right to serve such customers.

Finally, the public interest clearly does not support the relief requested by OTRC. It is patently consistent with the public interest to foster competition in the rail industry. Allowing ORP to initiate rail service—once the necessary interchange and operating arrangements are in place—will enhance the competitive options available to industries that are considering locating along the Line. This will, in turn, benefit the local community by creating new jobs and generating new tax revenues from a revitalized Hannibal Development industrial park.

In short, OTRC has failed to demonstrate any basis for “deferring” ORP’s operations on the Line.

B. OTRC Has Not Satisfied The Criteria For Revocation Of The Exemption.

In essence, the OTRC Petition asks the Board to revoke the operating authority that ORP holds as a result of the *Exemption Decision*, until OTRC is able to exhaust all judicial remedies available to it under Ohio law. The Board may revoke an exemption, in whole or in part, “when it finds that application of a provision of this subtitle to the person, class, or transportation is necessary to carry out the transportation policy of section 10101 or section 10101a of this title.” 49 U.S.C. §10505(d). “The standard for revoking this exemption is whether regulation is needed to carry out the rail transportation policy. The party seeking revocation has the burden of proof, and petitions to revoke must be based on reasonable, specific concerns demonstrating that reconsideration of the exemption is warranted.” *Tulare Valley R.R. Co.—Abandonment and Discontinuance Exemption—in Tulare and Fresno Ctys., CA*, ICC Docket No. AB-397 (Sub-No. 3X), at 3 (ICC served Dec. 1, 1995) (citing *Wis. Cent. Ltd.—Exemp. Acq. & Oper.—Certain Lines of Soo L.R. Co.*, ICC Fin. Docket No. 31102, at 15, n. 17 (ICC served July 28, 1988).

OTRC’s Petition does not contend—much less demonstrate—that revocation (or deferral) of ORP’s operating authority is necessary to carry out any element of the rail transportation policy. OTRC’s Petition does not raise any issue that has not already been presented to—and rejected by—the Board in connection with the *Exemption Decision*. In seeking rejection of ORP’s Notice of Exemption, OTRC made the very same claims that it makes now, *i.e.*, that ORP should not be permitted to acquire and operate the Line via the Board’s class exemption procedures because OTRC (supposedly) has the “exclusive” right to operate over the Line, and that dual operations over a 12.2-mile line with a limited number of customers would somehow

threaten the safety and efficiency of rail service. See OTRC Petition to Reject Notice of Exemption and Request for Stay of Effective Date of Exemption, *Ohio River Partners LLC—Exemption for Acquisition and Operation of a Rail Line—Hannibal Dev., LLC in Monroe Cty., OH*, STB Fin. Docket No. 35984, 4-7 (filed January 7, 2016). The Board rejected both of those arguments. See *Exemption Decision* at 3 (noting that the dispute regarding the scope of OTRC’s operating rights should be decided by a court); *id.* at 4 (“notices of exemption have been used to permit dual operations on capacity-constrained lines.”).

The Board has rejected similar assertions that dual operations by the purchaser of a rail line and an incumbent carrier would create insurmountable operational problems. In *Indiana Northeastern*, the Board observed that “MSO argues that the mere presence of INE on the line would cause operational problems, but multiple carriers routinely operate over the same rail lines. . . .” *Ind. Ne. R.R. Co.—Change in Operators—Branch and St. Joseph Ctys. Rail Users Ass’n, Inc. in Branch Cty., MI*, STB Fin. Docket No. 33760, at 3-4 (STB served Sept. 1, 1999) (emphasis added). In the instant case, the Board’s directive that the parties establish interchange and operating protocols prior to the commencement of ORP operations ensures that all carriers will be able to operate safely and efficiently.

The specific relief requested by OTRC in its Petition is telling. The OTRC Petition reprises OTRC’s claims regarding the alleged “complex set of operational and safety issues” and “operational difficulties” that might arise if ORP commences operations on the Line. (As ORP witness Ratledge’s testimony shows, the operating concerns raised by OTRC are both greatly exaggerated and easily resolved by implementing one of the alternative arrangements that have been proposed by ORP.) But OTRC’s prayer for relief is not directed solely to those operating issues. Rather, OTRC asks the Board to prohibit ORP from commencing operations “until such

time as the state property ownership interests have been finally resolved under Ohio law and the parties have been able to negotiate the joint operational and interchange arrangements required by the Board. . . .” OTRC Petition at 3-4 (emphasis added). In other words, OTRC asks the Board to prohibit ORP from operating over a Line that it owns in fee simple until the scope of OTRC’s contractual operating rights are litigated to a final conclusion. That judicial process—which was initiated by OTRC only a few weeks ago—is likely to take many months, if not years, to complete. {

} The Board should not countenance OTRC’s transparent attempt to abuse the STB rules in order to forestall a transaction that was authorized by the *Exemption Decision*, and which will enhance the rail options available to current and future shippers on the Line, thereby unfairly preserving its status as the sole operator of the Line and allowing it to reap the benefits such status would bestow upon OTRC.

II. THE BOARD SHOULD ADOPT, AND IMPOSE ON THE PARTIES, THE TERMS SET FORTH IN THE OPERATING AND INTERCHANGE AGREEMENT PROPOSED BY ORP.

The *Exemption Decision* (at 4) required that, before ORP commences operations on the Line, it must negotiate appropriate interchange and operating protocols with OTRC and NS. While the Board encouraged the parties to resolve issues relating to those arrangements voluntarily, it stated that “[i]f there are issues that the parties cannot resolve on their own or other issues arise, any party may ask the Board to facilitate discussions or provide other relief.” *Id.*

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Instead, OTRC has repeatedly sought to use the process of negotiating an interchange and operating arrangement to secure broader operating rights on the Line. In virtually every conversation between the parties, {

} On August 29, 2017—nearly four weeks after ORP first approached OTRC in an effort to establish interchange and operating arrangements—OTRC filed a new complaint against ORP in Ohio state court, seeking a declaration that it possesses “exclusive” operating rights on the Line. Three days later, OTRC filed its Petition asking the Board to “defer” the commencement of ORP’s rail operations until that litigation is finally concluded.

OTRC’s actions demonstrate clearly that it does not intend to enter into any form of operating and interchange arrangement with ORP until it obtains a judicial ruling in its favor, or ORP agrees to acknowledge broader operating rights for OTRC on the Line. The Board should not countenance OTRC’s blatant attempt to use the Board’s *Exemption Decision* to forestall indefinitely ORP’s ability to operate the Line. Accordingly, ORP asks the Board to adopt the terms of the Operating and Interchange Agreement that ORP presented to OTRC as the basis for the parties’ interchange operations over the Line.

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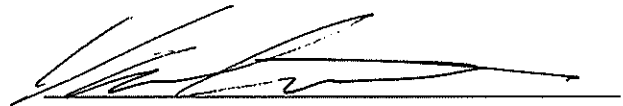
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CONCLUSION

For the reasons set forth above, ORP respectfully requests that the Board deny OTRC's Petition for Deferment of Rail Operations in its entirety, and permit ORP to commence operations over the Line immediately. In addition, ORP requests that the Board instruct the parties to adopt the terms of the Operating and Interchange Agreement set forth in Attachment 2 to this Reply as the basis for conducting operations over the Line, unless the parties agree otherwise in writing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Terence M. Hynes', is written over a horizontal line.

Terence M. Hynes
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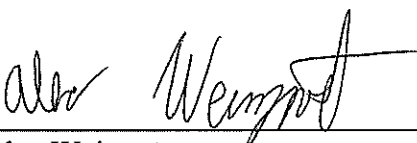
Dated: September 22, 2017

CERTIFICATE OF SERVICE

I hereby certify that I have caused the foregoing Reply of Ohio Rivers Partners LLC to the Petition for Deferment of Rail Operations to be served by first class mail, postage pre-paid, this 22nd day of September 2017 on all parties of record, including the following:

Richard R. Wilson
Richard R. Wilson, P.C.
518 N. Center Street, Suite 1
Ebensburg, PA 15931

William Mullins
Baker & Miller PLLC
2401 Pennsylvania Ave, NW Suite 300
Washington, DC 20037


Alec Weingart

ATTACHMENT 1

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

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**OHIO RIVER PARTNERS LLC
—EXEMPTION FOR ACQUISITION AND OPERATION OF A RAIL LINE—
HANNIBAL DEVELOPMENT, LLC IN MONROE COUNTY, OHIO**

VERIFIED STATEMENT OF RYAN RATLEDGE

My name is Ryan Ratledge. I am President and Chief Executive Officer of Central Maine & Quebec Railway US Inc. (“CMQR”). My business address is 700 Main Street, Suite 300, Bangor, Maine 04401. I began my career in the railroad industry in 1994 as a switchman with ATSF (now BNSF). Since then, I have served in a variety of operations-related positions with increasing responsibility, including Terminal Superintendent at BNSF, General Manager of the Puget Sound and Pacific Railroad, and General Manager of the Indiana and Ohio Railway. In 2011, I was appointed Vice President of RailAmerica’s Midwest Region, with responsibility for supervising the operations of RailAmerica’s nine short-line railroads in the region. Following the acquisition of RailAmerica by Genessee & Wyoming, Inc. (“GWI”), I served for more than a year as GWI’s Senior Vice President of Strategic Operations. I joined CMQR as Chief Operating Officer in 2014, and was appointed President and CEO in January 2017.

ORP and CMQR are indirectly, primarily owned by Fortress Worldwide Transportation & Infrastructure General Partnership (“FTAI”), which is managed by affiliates of Fortress Investment Group LLC. CMQR has agreed to serve as the contract freight rail operator of the

Omal Line (the “Line”) on behalf of ORP. The purpose of this Verified Statement is twofold.

Part I of my testimony describes the efforts that ORP has made to establish operating and interchange protocols with OTRC and NS in connection with ORP’s prospective operations on the Line. Part II describes the terms of the Operating and Interchange Agreement that ORP has proposed to OTRC, and explains how the terms of that agreement will ensure the safe and efficient handling of both ORP and OTRC railcars over the Line.

I. ORP HAS MADE A GOOD FAITH EFFORT TO REACH A VOLUNTARY AGREEMENT WITH OTRC AND NS WITH RESPECT TO INTERCHANGE AND OPERATING ARRANGEMENTS ON THE OMAL LINE.

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I must take issue with OTRC's assertion (OTRC Petition at 3) that "the parties" agreed that the carriers would experience "operating difficulties" in conducting dual operations on the Line. To the contrary, on more than one occasion, I explained to OTRC that, based on my more than 20 years of operating experience, moving rail cars less than 12 miles, sorting cars destined to two industrial facilities, and delivering the cars to those customers would be relatively straightforward and could be performed safely and efficiently, even if both ORP and OTRC conducted their own operations on the Line.

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For this reason, ORP asks the Board to reject OTRC’s latest attempt to “defer” ORP’s rail operations, and to adopt the terms of the Operating and Interchange Agreement set forth in Attachment 2 to this Reply as the basis for dual operations by ORP and OTRC. As Part II of my testimony demonstrates, that agreement sets forth an operating plan that will ensure that ORP, OTRC and NS can operate safely and efficiently on the Line.

II. THE BOARD SHOULD ADOPT THE OPERATING AND INTERCHANGE AGREEMENT PROPOSED BY ORP.

The *Exemption Decision* (at 4) provided that, if ORP, OTRC and NS are unable to agree upon appropriate interchange and operating protocols, “any party may ask the Board to facilitate discussions or provide other relief.” ORP has diligently pursued an interchange and operating agreement with OTRC, but OTRC’s actions clearly indicate that it does not intend to agree to any such arrangement until its recently-filed complaint for declaratory judgment against ORP is concluded or it can extract concessions from ORP regarding such dispute. Accordingly, ORP asks the Board to establish the terms for interchange operations on the Line by adopting the Operating and Interchange Agreement that ORP presented to OTRC (a copy of which appears in Attachment 2). As this Part of my Verified Statement demonstrates, that agreement addresses the congestion and capacity concerns raised by OTRC and NS, provides for safe and efficient interchange operations with NS, and is fair and equitable to all parties.

In their prior submissions, OTRC and NS expressed concern that the limited track space available at the NS interchange point (located in the vicinity of Milepost 63 on the Line) might give rise to congestion and service problems if train operations by a third carrier were introduced in that area. {

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The interchange and operating agreement proposed by ORP provides an effective and commonsense solution to the operational concerns expressed by OTRC and NS. The proposed agreement accommodates the need for both ORP and OTRC to interchange traffic with NS on a daily basis without increasing train activity in the vicinity of the NS interchange point. Adopting the proposed agreement will enable ORP to move forward with its plans to operate the Line it has purchased, and prevent OTRC from thwarting ORP's ability to operate by refusing to enter into a voluntary interchange and operating arrangement.

Ryan Ratledge, being duly sworn, states that he is President and Chief Executive Officer of Central Maine & Quebec Railway US Inc., that he is authorized to submit this Verified Statement on behalf of Ohio River Partners LLC, that he has read the foregoing Verified Statement and is familiar with the facts set forth therein, and that the same are true and correct to the best of his information, knowledge and belief.

A handwritten signature in black ink, appearing to read "Ryan Ratledge", written in a cursive style.

Ryan Ratledge

Dated: September 22, 2017

ATTACHMENT 2

[CONFIDENTIAL ATTACHMENT REDACTED]

ATTACHMENT 3

August 4, 2017

Russell Peterson, CEO
Carload Express, Inc.
Bldg. 1, Suite 100
519 Cedar Way
Oakmont, PA 15139



Dear Mr. Peterson,

I am writing this letter as follow up to our conversation earlier today.

Fortress Transportation and Infrastructure (FTAI) purchased the bankrupt assets of Montreal Maine and Atlantic in 2014 and created Central Maine & Quebec Railway. With improvements to our safety culture as well as regaining customer confidence, we are in the midst of one of the most successful Short Line Railway turnarounds in recent history.

As you are aware, FTAI recently acquired the site near Hannibal, Ohio where the Ormet Aluminum Plant once operated. This site also includes a 12.2 mile long railroad (Omal Secondary) located between Hannibal, Ohio and the Norfolk Southern interchange near Powhatan Point, Ohio.

Our owners (FTAI) have requested that my team at CMQ operate this line. We have agreed to do so and plan to commence operations on September 15, 2017.

We understand that the STB decision within Docket No. FD 35984 dated April 1, 2016 requires both of our teams to develop joint operational protocols in advance of the commencement of operations. Given the limited operations currently in place on the line, I anticipate the development of these procedures to be simple enough to cultivate.

Time is of the essence. Accordingly, I very much appreciate that you have agreed to meet with me next week at your office in Oakmont to discuss these important items.

Very respectfully yours,

A handwritten signature in black ink, appearing to read "Ryan Ratledge", is written over a horizontal line.

Ryan Ratledge
President and CEO
Central Maine and Quebec Railway