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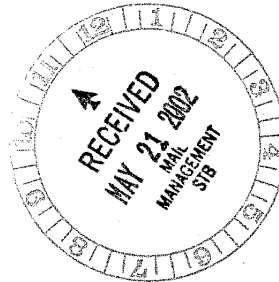
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ENTERED
Office of the Secretary

MAY 21 2002

Part of
Public Record

May 7, 2002



Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

Re: **STB Docket No: AB 556 (Sub No 2X) - Railroad Ventures, Inc.**
*Abandonment and Discontinuance -Rail Line Between Youngstown, OH
and Darlington, PA in Mahoning and Columbiana Counties, OH and
Beaver County, PA*

Dear Secretary Williams:

We are in receipt of the April 26, 2002 letter from counsel for Columbiana County Port Authority ("CCPA") responding to the request by Railroad Ventures, Inc. ("RVI") seeking a full and thorough accounting of expenditures and funding for the crossing reconstruction and signal installation work undertaken by CCPA and its operator on the former Youngstown & Southern rail line. From that letter, it is evident that CCPA either does not appreciate or seeks to minimize the developments of which RVI has become aware through public information disclosures provided by the Ohio Rail Development Commission ("ORDC") regarding this work. This documentation, which RVI would be happy to make available to the Board's staff, indicates that without a thorough accounting of the work undertaken by CCPA, neither the Board nor RVI will be in a position to assess whether or not CCPA's crossing work is in accordance with requirements set forth in the Board's orders and consistent with RVI's commitments to political subdivisions. It should be recalled that RVI's commitments to political subdivisions were specific and limited as the STB's orders have previously acknowledged. No post hoc recharacterization of those commitments and orders changes that fact.

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The documents made available to RVI by ORDC indicated that CCPA and its operator have undertaken crossing reconstruction and signal replacement work which far exceed any commitment made by RVI to local municipalities. Nor do the millions of federal dollars invested by CCPA and the State of Ohio in these crossing improvements have anything to do with RVI's commitments to local governments. CCPA's use of federal dollars is an independent decision by state agencies (including CCPA) and those agencies are bound by the federal policies applicable to the use of those funds, including the provisions of 23 C.F.R. §646.210. RVI is still ready to honor its commitments to local municipalities if that work has actually been undertaken by CCPA, but RVI will not accede to payments for the extensive crossing reconstruction and installation of new signal facilities from its escrow funds where those payments exceed its commitments to local municipalities and/or would violate federal law.

The accounting which RVI has requested is required by CCPA's decision to undertake extensive crossing reconstructions and the installation of new crossing facilities on this line using federal funds which prohibit compelled contribution of carrier dollars. These developments present new facts and legal issues which can best be addressed by a full and complete accounting as requested by RVI before escrowed funds are expended by CCPA. CCPA's fiduciary obligations as an escrow agent and the Board's own statutory obligations of administrative oversight require a pre-expenditure accounting. RVI would anticipate that CCPA would also support a pre-expenditure accounting in that such an accounting would minimize potential at risk distributions from escrowed funds. We are less than ninety days away from the Board's deadline for expenditure of these funds and RVI's request is therefore most timely.

Next, RVI responds to CCPA's contention that RVI has not arranged for the transfer from either VPB or RVI to CCPA of certain agreements, leases and licenses pertaining to the rail line. RVI is frankly mystified by this contention because CCPA has yet to articulate what it needs from RVI. RVI understands that the STB had declared void all transfers of such agreements from RVI to VPB. Therefore, RVI held title to all such agreements as of January 24, 2001. The STB's most recent order clarified that license and lease agreements not listed by Mr. Rossi in his appraisal were part of the assets acquired by CCPA effective January 24, 2001 by virtue of the Quit Claim Deed and Bill of Sale which CCPA itself prepared and the Board prescribed. Under that deed, RVI "release, remise and forever quit claims unto Grantee, its successors and assigns, all right, title and interest in and to all that land, property rights,...". Furthermore, this conveyance is "under and subject, however, to the orders and decisions of the Surface Transportation Board in Docket No: AB 556(Sub No 2x)...". Given the text of this deed and the subsequent orders by the STB, the Board's order is self-executing and there is nothing left for RVI to do because RVI made all of its lease and license agreements available to Mr. Rossi for inspection and copying many months ago when he appraised RVI's assets on behalf of CCPA. RVI assumes that Mr. Rossi compiled a complete file of all these agreements and accordingly, CCPA should have everything it needs to "exercise its proper role in managing these interests."

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However, if Mr. Rossi did not compile a comprehensive file of all RVI lease and license agreements during the course of his appraisal, the Authority should provide RVI with an affidavit from Mr. Rossi to that effect and RVI would be happy to provide CCPA with any agreements not in CCPA's or Mr. Rossi's possession. Thus, what CCPA has represented as "defiance of the Board's order" is in reality a lack of administrative initiative on the part of CCPA to exercise appropriate management controls over the assets transferred to it by the Board.

Very truly yours,

VUONO & GRAY, LLC

A handwritten signature in black ink, appearing to read "Richard R. Wilson", with a long horizontal flourish extending to the right.

Richard R. Wilson

RRW/klh

xc: All Parties of Record
Railroad Ventures, Inc.