

61-3165



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Region Director Contracts and Administration

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August 31, 2007

VIA FIRST-CLASS MAIL

Mr. Brian Knapp
City Administrator
City of Ashland
601 Main Street West
Ashland, Wisconsin 54806

Ms. Brea Lemke
Zoning Administrator/City Planner
City of Ashland
601 Main Street West
Ashland, Wisconsin 54806

Re: Ashland Ore Dock

Dear Brian and Brea:

This letter is to inform you that, Wisconsin Central Ltd. ("WCL") and the Northeastern Maritime Historical Foundation (the "Foundation") will no longer pursue the Foundation's proposal to convert the Ashland Ore Dock into a museum. The agreement between WCL and the Foundation expired March 31, 2007. Despite many dollars and hours being expended, no real significant headway has been made. In view of the lack of substantial progress, WCL and the Foundation have decided not to renew the agreement.

Throughout all the discussions and studies concerning the dock, the overriding concern expressed by the parties and government agencies has been the cost of removal of the ore dock and what WCL's responsibility would be in that regard. State law currently requires WCL to remove the dock once abandonment is consummated if the state has not permitted its continued presence for an ongoing maritime purpose. Therefore, consistent with its obligations under state laws, WCL is now notifying the City that it is removing the entire dock, including the substructure, the superstructure, and the approaches.

Removal of the dock will occur in stages. The first stage will be to remove the hazardous appurtenances and deal with the safety issues as identified in Westbrook's study, which was done on behalf of the state. You may recall that, immediately upon the release of the final Westbrook study last summer, WCL took steps to address a number of identified safety hazards, including removal of a substantial part of the timber approach. WCL will complete its resolution of the safety issues that have been noted by Westbrook, including removal of appurtenances on the dock, removal of the chutes (of which the Westbrook report found a number in "imminent failure condition"), and removal of the remaining approach. Because of safety concerns, WCL

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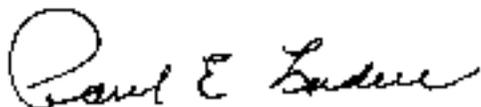
will begin work on the first stage immediately and should be completed by the end of the first quarter of 2008.

The remaining stages will cover the removal of the superstructure and substructure, pending resolution of the Section 106 condition.¹ The anticipated time frame for the complete removal is 24 to 36 months.

I would like to take this opportunity to thank you for your time and efforts in attempting to find an acceptable solution. I will be in touch with you to arrange a meeting in Ashland with the company that WCL has selected for the removal project.

Please contact me if you have any questions.

Very truly yours,



Paul E. Ladue
Regional Director - Contracts and Administration

cc: Troy Brady, STB
Tom German, BCPL
Ron Adams, WDOT
Sherman Banker, WHS
Kathleen Angel, WDOA
Michael Cain, WDNR
Franz VonRiedel, Northeastern Maritime Historical Foundation

¹ Some may assert that removal of the appurtenances, chutes and timbers are also subject to a 106 condition. WCL does not agree with this, but even if it were the case, WCL strongly believes that public safety compels the immediate removal of these and is moving forward with their removal.