

2007 LICKING COUNTY WHITE PAPER

Regarding Long-Term Lease of the Panhandle Rail Line

1. Since the mid 19th century, Licking County has enjoyed a business climate that includes, among its unique advantages, competitive rail service.
2. In a crisis where abandonment of portions of the line in Ohio was faced, the public interest was furthered when the state and counties got involved. Local communities committed "capital" in the form of tax abatement and, even more substantially, in the prioritization of this issue by forgoing other priorities in order to ask for state assistance.
3. The State of Ohio acquired the Panhandle rail line in 1992 to foster and support industrial and commercial growth in Central and Eastern Ohio. This was a good decision that, rightly, was done to serve the public's best interest.
4. Under 15 years of state ownership, over \$50 million in private and public capital investment has been sparked along the line to further rail development in Licking County. During this time, over 600 acres of rail-served industrial property in Licking County has been made ready to accept development, with another 500 acres currently under contract in Western Licking County that will require new rail service. These investments promise benefits not only for Licking County communities but also for the rail operator and the State of Ohio.
5. We acknowledge and understand the need of the current operator to have assurance of long term continuity of operation. In that regard, we support the concept of the State of Ohio finding ways to assist the operator in solving these long-term needs.
6. Given the importance of the Panhandle Rail Line in economic development activity in Licking County, we believe it is important that a long term lease be constructed to benefit both the Operator and the public's best interest. Accordingly, we ask that the following concerns be addressed in the Lease:
 - a.) Project protections. Licking County is not alone among counties along the line in contemplating projects that could require crossing the line or the line right of way. For example, the Beaver Run Connector project, currently under construction in Heath, required partial relocation of the branch line. Further, the Rail Commission itself has pondered passenger rail initiatives along the line.
 - b.) Preservation of open access. The current lease provides for access to competitive rail service for rail shippers and should continue.
 - c.) Stability of service. The state's ability to quickly enact a change in service in the event of insolvency or poor service by the operator must continue.

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d.) Public interest. The state's role has been as steward of the state asset, a substantial role that, we believe, tends to invite greater private capital investment, provide for fairer costs for public infrastructure projects which cross rail right of way, and protect other public interests. This steward role should continue.

e.) Required capital investment. If the purpose of a long-term lease is to spark increased rail Operator investment in the line in Ohio, this, with specificity, should be required as part of the lease agreement.

f.) Lease change. Approval of the Rail Commission shall be required before any assignment or sale of the Lease interest.

g.) Service benchmarks. The current lease requires periodic survey of rail shippers and other benchmarks of service and this should be continued.

7. We believe, if a long-term lease is enacted and the Rail Commission experiences revenues in excess of its debt service and other associated costs, those revenues should be retained in a fund for application to rail capital improvement projects along this line. These public funds are regionally-generated and should not be redistributed to another part of Ohio.

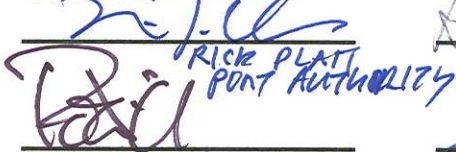
8. If a long-term lease is drafted, it should be published with sufficient time for impacted communities and rail shippers to comment on its specific terms before enacted.

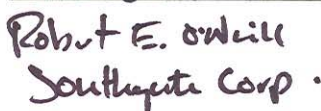

Licking County Commissioner


Mayor, City of Newark

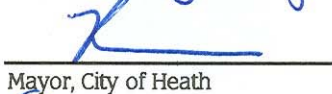

Mayor, Village of Hebron


PAUL M. THOMPSON
PRESIDENT, FIRST FEDERAL SAVINGS

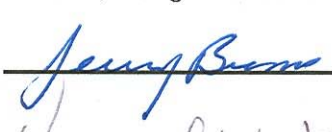

RICK PLATT
PORT AUTHORITY


Robert E. O'Neill
Southgate Corp.

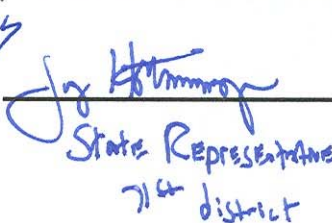

Licking County Commissioner


Mayor, City of Heath

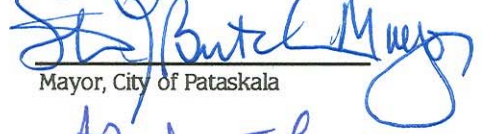

President, Licking Co. Chamber


Jerry Brown

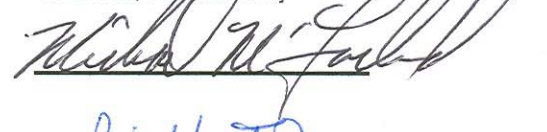

Howard K. Turner

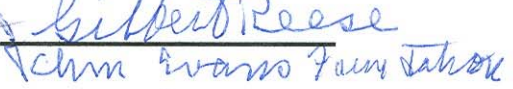

Joy Hottel
State Representative
7th district

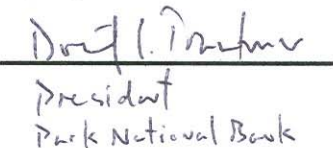

Licking County Commissioner

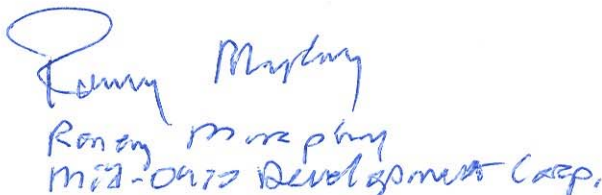

Mayor, City of Pataskala


Chairman, Port Authority


Gilbert Reese


John Evans
Farm Station


Don L. Truhler
President
Park National Bank


Randy Murphy
Mid-Ohio Development Corp.