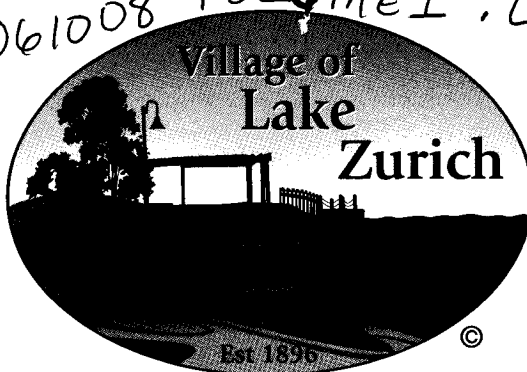


Building & Zoning Dept.
70 E. Main Street
Lake Zurich, IL 60047-3226



Phone: (847) 540-1698
Fax: (847) 540-1769
Web: www.volz.org

June 10, 2008

Phillis Johnson-Ball
Section of Environmental Analysis
Surface Transportation Board
395 E. Street, S.W.
Washington, DC 20423-0001

Re: COMMENTS ON THE TIME LIMITS FOR NEPA REVIEW
Finance Docket No. 35087

Dear Ms. Johnson-Ball,

Since my last correspondence of May 28, 2008, I am writing in my capacity as the Village President of Lake Zurich with the unanimous support of the Board of Trustees expressing the Village's strong opposition to Canadian National's (CN) proposed request to (i) expedite a full Environmental Impact Statement (EIS), and (ii) enforce a timeline for making a final decision on the proposed acquisition.

The Village of Lake Zurich has recently experienced negative socioeconomic impact due to the additional trains resulting from this proposed transaction. Specifically, the village has lost a \$22 million dollar construction project for an assisted senior living facility and 40 to 45 full time jobs associated with this project. (See attached letter dated May 30, 2008 from Pathway Senior Living.) Additionally, this project was within the Village's downtown redevelopment district and the proposed acquisition will continue to adversely affect current and future land uses, physical character of the adjoining lands in our community.

Furthermore, the Village requests you to deny CN's request unless CN pays for the totality of needed mitigation costs associated with the deal for Lake Zurich as well as other impacted communities located along the EJ&E corridor. The Village also requests a detailed analysis of the negative socioeconomic and land use changes resulting from the proposed transaction.

The CN request came shortly after the STB released Final Scope of Study outlining the environmental issues and concerns the Board's Section of Environmental Analysis (SEA) intends to address in its Environmental Impact Statement (EIS), as part of the environmental review process for the transaction. The Final Scope reflected the results of the Board's analysis of the thousands of submitted comments on the Draft

Scope of Study, as well as the numerous public hearings held during the scoping process.

The National Environmental Policy Act (NEPA) guidelines require the STB to provide its SEA with adequate time to complete the environmental review process, which takes into consideration an analysis of significant environmental impacts, possible project alternatives, and potential mitigation measures based on this extensive public input. Only after that process is completed, can the STB reach a fact-based decision on the transaction.

Growing access to relevant information and consideration of that information require time and thoughtful deliberation. Affording the STB a reasonable time to complete the required environmental review increases the likelihood that the interests of Lake Zurich public interest will be served. Moreover, CN's arguments assume that the proposed transaction will not have any adverse environmental impacts, or that such adverse environmental impacts are outweighed by the purported benefits—a position with which Lake Zurich strongly disagrees.

Finally, CN alleges that the expedited review is necessary to meet its contractual obligation. However, the CN's contract for purchase contains terms for extension to allow for STB review. Accordingly the CN has no compelling reason for the expedited review it seeks.

The Village of Lake Zurich, along with its neighboring communities, urges you to make sure the best interest of all the impacted communities is represented.

Should you have any questions, please feel free to contact me or Village Administrator Bob Vitas at 847-540-1683.

Sincerely,



John Tolomei

Village President

CC: Village Board of Trustees
The Honorable Melissa Bean, U.S. Representative (8th Congressional District)

Village Administrator Bob Vitas
Village Attorney Mark Burkland
Village Planner Vijay Gadde
Building & Zoning Director Daniel Peterson
Fire Chief Terry Mastandrea
Village Engineer David Heyden

May 30, 2008

Vijay S. Gadde, AICP
Village Planner
Village of Lake Zurich
70 E. Main Street
Lake Zurich, IL 60047-3226

**Re: Victory Centre of Lake Zurich
Rt. 22 and Old Rand Rd.**

Dear Vijay:

I regret to inform you that Pathway Senior Living has elected not to pursue this project at the current location. I appreciate the support the project received at the Village's Courtesy review. As you know, the project is a 120 unit assisted living facility with a total development cost of approximately \$22 (twenty-two) million dollars and when operational would employ forty to forty-five full time employees.

Unfortunately, the site backed up to the EJ&E Railroad. We belatedly learned of the potential sale of the EJ&E to CN and the significant increase in rail traffic they propose. While the limited current use of the line could be accommodated with sufficient sound insulation, we believe the increased use is incompatible with a residential use.

Thank you again for your assistance.

Sincerely,



Robert H. Helle
Principal
Pathway Senior Living LLC

RHH/pm

701 LEE STREET ■ SUITE 450 ■ DES PLAINES, IL 60016 ■ TEL: 847-768-5100 ■ FAX: 847-635-2148

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