



York Haven Power Company
Water Power for the Future

York Haven Hydro Station

c/o Cube Hydro Partners
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Bethesda, MD 20814
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November 16, 2017

VIA U.S. MAIL & EMAIL

James Diamond
Eckert Seamans Cherin & Mellott, LLC
213 Market Street
8th Floor
Harrisburg, PA 17101

Re: Compliance Agreement dated April 4, 2016 (the “**Compliance Agreement**”) between Londonderry Township, Dauphin County, Pennsylvania, a Pennsylvania township of the second class (the “**Township**”) and York Haven Power Company, LLC, a Delaware limited liability company (“**YHPC**”)

Dear Jim:

We are responding to your letter dated October 26, 2017, concerning the Compliance Agreement and the potential for future development on Shelley and Bashore Islands.

As you know, occupancy of the structures and mobile homes located on the recreational lots on the Islands ended on September 30, 2017, at the end of the recreation season, as specified in each Island lot license. YHPC previously advised all license holders that occupancy of the recreational lots would terminate at the end of the 2017 season in accordance with the terms of the Compliance Agreement. As the Township is aware, some members of the summer recreation community have already proceeded with demolition and removal activities, and YHPC has indicated to the community that it will cooperate in providing access to the Island lots for continuing demolition and removal efforts when river conditions permit safe access in the coming months.

A significant portion of the summer recreation community is exploring the potential for redevelopment of the Island lots. To support these efforts, recreation community members have collaborated with the Social Enterprise Institute at Elizabethtown College and have worked together to create a non-profit River Island Conservancy (“**RIC**”). We have been advised that

the RIC is dedicated to promoting environmental, educational and recreational uses along the Susquehanna River. It is our understanding that the RIC is pursuing grant funding to cover the costs of preliminary redevelopment efforts and has had some success in obtaining that funding.

YHPC is engaged in conversations with the recreation community, the Social Enterprise Institute and the RIC regarding various potential redevelopment plans. YHPC believes that thoughtful, legally compliant redevelopment of recreational facilities on the Island lots could provide substantial benefits to the recreation community and to other local communities along the Susquehanna River. We have made clear to all concerned that any such recreational development proposals must be consistent with FERC requirements and all applicable environmental laws (including floodplain regulations). We are supportive of the efforts of the resident community, the Social Enterprise Institute and the RIC in pursuit of these goals.


It will take time and serious effort to develop a redevelopment plan that is economically and legally viable. One of the first major hurdles is identifying a method for transferring long-term interests in the islands to a viable entity in a manner that complies with YHPC's hydropower license from the Federal Energy Regulatory Commission ("FERC"). To that end, YHPC, the RIC and the recreational community members have begun discussing with outside counsel a redevelopment and legal strategy that accommodates FERC legal requirements. This preliminary piece of the redevelopment plan will take time to develop. As part of this process, we agree with the point made in your recent letter that FEMA approval is a necessary condition to any Compliance Agreement modification. These and all other redevelopment steps are subject to the RIC's ongoing fundraising efforts.

Your letter asked us to submit a fully-developed proposal for modifying the Compliance Agreement by November 17, 2017. As detailed above, we are not in a position to submit such a proposal to the Township at this time. We would respectfully note that, as winter is rapidly approaching, no material actions on the Islands will be taken until after the spring high water season.

To the extent that a viable recreational redevelopment plan is produced which YHPC finds acceptable, we would at the appropriate time propose to the Township the Compliance Agreement modifications necessary to support that plan. In the meantime, YHPC will continue to adhere to the terms and conditions of the Compliance Agreement.

We look forward to working with you in connection with this matter.

Sincerely,



John R. Collins

President, York Haven Power Company, LLC