

ORIGINAL

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April 27, 2018

BY HAND

Ms. Cynthia T. Brown
Chief of Administration
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423-0001



**RE: FD-36191, Iowa Pacific Holdings, LLC, Permian Basin Railways And
San Luis & Rio Grande Railway-Corporate Family Transaction
Exemption-Grenada Railroad, LLC**

Dear Ms. Brown:

I am enclosing on behalf of Iowa Pacific Holdings, LLC, Permian Basin Railways and San Luis & Rio Grande Railway, LLC, an original and 10 copies of a corporate family transaction notice of exemption under 49 CFR §1180.2(d)(3) as well as a copy of the filing on a computer disk. This transaction involves the control by one carrier, the San Luis & Rio Grande Railroad, of another carrier, the Grenada Railroad. Accordingly, I am enclosing a filing fee check for \$1,500.

Sincerely yours,

CLARK HILL STRASBURGER

John D. Heffner
Attorney

JDH:jdh

FEE RECEIVED
April 27, 2018
SURFACE
TRANSPORTATION BOARD

FILED
April 27, 2018
SURFACE
TRANSPORTATION BOARD

ORIGINAL

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FD 36191



**IOWA PACIFIC HOLDINGS, LLC
PERMIAN BASIN RAILWAYS, AND
SAN LUIS & RIO GRANDE RAILWAY
- CORPORATE FAMILY TRANSACTION EXEMPTION -
GRENADA RAILROAD, LLC
VERIFIED NOTICE OF EXEMPTION
UNDER 49 CFR § 1180.2(d) (3)**

Submitted by
John D. Heffner
ClarkHillStrasburger
1025 Connecticut Ave., N.W.
Suite 717
Washington, D.C. 20036
(202) 742-8607

Counsel for Applicants

Dated: April 27, 2018

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FD 36191



**IOWA PACIFIC HOLDINGS, LLC
PERMIAN BASIN RAILWAYS, AND
SAN LUIS & RIO GRANDE RAILWAY
- CORPORATE FAMILY TRANSACTION EXEMPTION -
GRENADA RAILROAD, LLC
VERIFIED NOTICE OF EXEMPTION
UNDER 49 CFR § 1180.2(d) (3)**

Come now Iowa Pacific Holdings, LLC (“IPH”), and its wholly owned subsidiaries Permian Basin Railways (“PBR”) and San Luis & Rio Grande Railway (“SLRG”), and Grenada Railroad, LLC (“GRR”) and state as follows:

1. Pursuant to the provisions of Section 1180 of the Board's Railroad Consolidation Rules (49 C.F.R. §1180), Applicants hereby give notice of a transaction which qualifies for exemption under Section 1180.2(d) (3) of those rules.
2. As relevant here, IPH is a limited liability company and a noncarrier established for the purpose of owning and operating common carrier short line and noncommon carrier excursion passenger railroads.

3. PBR is a wholly-owned corporate subsidiary of IPH established for the purpose of owning common carrier short line railroads. PBR directly controls the following class III common carrier short line railroads: Chicago Terminal Railroad, Mount Hood Railroad, and San Luis & Rio Grande Railroad.

Additionally PBR controls through San Luis & Rio Grande Railroad (“SLRG”) three additional class III common carrier short line railroads, the Saratoga & North Creek Railway, Grenada Railroad, LLC, and an 80% interest in Massachusetts Coastal Railroad.

4. Initially when Applicants established GRR, they make it a direct subsidiary of PBR. However, on or about October 13, 2015, IPH’s management decided to place control of GRR under SLRG rather than directly under PBR for business and tax reasons.

5. Under section 1180.2(d) (3) of the Board’s consolidation rules, certain transactions are automatically exempt from the prior approval requirements for common control. Specifically, section 1180.2(d) (3) exempts corporate family transactions where the transaction will not result in adverse changes in service levels, significant operational changes, or a change in the competitive balance with carriers outside the corporate family.

6. The Board has on numerous occasions exempted transactions such as this one involving the transfer of control of a subsidiary from one corporate entity

to another affiliated corporate entity under 49 CFR 1180.2(d)(3), *See, e.g., Four Rivers Transportation, Inc., Paducah & Louisville Railway, Inc., and Evansville Western Railway, Inc. – Corporate Family Transaction Exemption*, FD 35043, STB served Aug. 8, 2007; *Red River Valley & Western Railroad Company and Rutland Line, Inc.—Corporate Family Transaction Exemption*, FD 35254, STB served July 2, 2009; and *Tennessee Southern Railroad Company, Patriot Rail, LLC, Patriot Rail Holdings LLC, and Patriot Rail Corp.—Corporate Family Transaction Exemption—Sacramento Valley Railroad, LLC and Piedmont & Northern Railway, LLC*, FD 35449, STB served Dec. 8, 2010.

7. Upon learning that authority was required for the insertion of SLRG in the ownership chain between PBR and GRR, Applicants instructed its counsel to seek Board approval. The Board has long had a policy of approving previously unauthorized transactions that were done inadvertently and in good faith where the parties were unaware of approval requirements. *See, e.g., Kenosha Auto Transport Corp.—Control—U.S.A.C. Transport, Inc.*, 85 M.C.C. 731, 736 (1960) *David W. Wulfson—Control Exemption—Clarendon & Pittsford R.R.*, FD 33607 (STB served Aug. 20, 1998) and *New Brunswick Railroad Company – Continuance in Control –Maine Northern Railway Company*, FD 35520 (STB served Sept, 26, 2011). Collectively these cases stand for the proposition that where a failure to seek approval was inadvertent, there was no intent to flout the

law or of a deliberate or planned violation, or any evidence of prejudice to any party, the agency will approve the transaction.

8. In order to claim the section 1180.2(d)(3) exemption, section 1180.4(g) requires the filing of a verified notice of exemption furnishing the information requested in sections 1180.6(a)(1)(i) – (iii), 1180.6(a)(5) – (6), and 1180.6(a)(7)(ii) of those rules. That information is provided as follows:

Summary of Proposed Transaction: 49 CFR § 1180.6(a) (1) (i)

As described above, IPH and PBR had transferred their direct ownership of Grenada Railroad to their subsidiary SLRG without realizing that Board authority would be required. Applicants propose to sell a majority interest in GRR to a third party that does not currently own any carriers subject to the Board's jurisdiction.

Applicant's name, address, and telephone number:

Iowa Pacific Holdings, LLC
118 South Clinton Street,
Suite 400
Chicago, IL 60661
(312) 466-0900

Legal counsel to whom questions should be addressed:

John D. Heffner
ClarkHillStrasburger
1025 Connecticut Ave., N.W.
Suite 717
Washington, D.C. 20036
(202) 742-8607

Schedule for consummation: 49 CFR §1180.6(a) (1) (ii)

The parties consummated this transaction on or about October 13, 2015, without realizing that Board authorization would be required.

Purpose accomplished by the transaction: 49 CFR §1180.6(a) (1) (iii)

To permit Applicants to sell a majority interest in GRR to a third party that will invest substantial assets in the Line to more fully develop its potential.

State(s) in which the property of each carrier is situated: 49 CFR §1180.6(a)

(5)

Chicago Terminal Railroad:	Illinois
Grenada Railroad	Mississippi
Massachusetts Coastal Railroad	Massachusetts
Mount Hood Railroad:	Oregon
San Luis & Rio Grande Railroad:	Colorado
Saratoga & North Creek Railway:	New York

Map: 49 CFR § 1180.6(a) (6)

Attached hereto as Exhibit A.

Copy of Agreement: 49 CFR § 1180.6(a) (7) (ii)

N.A. There is no agreement covering the instant transaction.

Environmental and historical considerations:

This corporate family transaction exemption proceeding is exempt from environmental review under 49 CFR §1105.6(c) (2) (i) because the proposed action will not cause any operating changes that exceed the thresholds established in 49 CFR §1105.7(e) (4) or (5). In addition, this proceeding is exempt from historic review under 49 CFR §1105.8(b)(1) because there are no plans to dispose of or

alter properties subject to Board jurisdiction that are at least 50 years old.

Accordingly, no historic report is required.

Labor Protection to be Imposed:

No labor protection applies on transactions involving only class III railroads.

See, 49 U.S.C. §11326(c).

Respectfully submitted,



John D. Heffner

ClarkHillStrasburger

1025 Connecticut Ave., N.W.

Suite 717

Washington, D.C. 20036

(202) 742-8607

Counsel for Applicants

Dated: April 27, 2018

EXHIBIT A

Handwritten: **rail line**

**CLASSIFICATION OF FREIGHT RAILROADS
BY THE FEDERAL RAILROAD ADMINISTRATION/
SURFACE TRANSPORTATION BOARD**

TYPE	ANNUAL GROSS FREIGHT REVENUE
CLASS I	\$750 million or more
CLASS II	Less than \$250 million but more than \$50 million
CLASS III	\$50 million or less

Class I railroad companies only one percent of the number of U.S. railroads, but account for 87 percent of the industry's freight revenue, 90 percent of its employees, and 69 percent of its freight revenue.

ASSOCIATION OF AMERICAN RAILROADS

2008 MISSISSIPPI RAILROAD FACTS

In 2008, 807,000 tons of goods and passengers were transported in Mississippi.

Rail carriers handled 14.4 million tons in 2008 - 154,700.

Total rail employment in-state for 2008 - 1,753.

Total rail retirement benefits in-state for 2008 - 5,908.

Total wages of rail employees in-state for 2008 - \$176,765,470.

Total wages of rail retirement benefits in-state for 2008 - \$107,300,000.

**STATE RAILROAD SYSTEM
RAILROADS OPERATING IN MISSISSIPPI**

There are 20 rail carriers operating in the State of Mississippi. The 2008 STCSIS is composed of 2 Class I railroads, 10 Class II railroads, and 9 Class III railroads.

CLASS I RAILROAD	MAXIMUM MILES
Burlington Northern Santa Fe	165
CSX	74
Canadian National Railway	162
Kansas City Southern	503
Norfolk Southern	209
Total	1,533

CLASS II RAILROAD	MAXIMUM MILES
Alabama Southern	6
Alabama & Gulf Coast Railway	13
Calumet & Green Bay Railway	162
Great River	37
Golden Triangle	9
Kosciusko & Southern	21
Lumberton	10
Mississippi Southern	55
Missouri & Arkansas	48
MS Central	16
MS Delta	60
MS Express	42
MS Eastern	22
Mississippi Valley Railway	22
MS and TN Railway	28
Matamoros Railroad	66
Old Natchez	3
Port of Mobile	4
Port of New Orleans	36
Redwood	2
Tombigbee	21
Vicksburg Southern	21
West TN Railroad	2
Yellow Creek Railroad	10
Total	858



LOOK - LISTEN - LIVE

A RAILROAD CROSSING SAFETY PROGRAM

601-359-7539

The Federal Railroad Administration's standards and advisory regulations for the safety of the nation's railroads and 240,000 miles of track.

The National Transportation Safety Board (NTSB) states a train is among the safest modes of mass transit. Established by Congress in 1975, NTSB investigates transportation accidents, determines their causes, and issues safety recommendations. Due to limited resources, the Railroad Division of the NTSB does not investigate every rail accident reported to the Federal Railroad Administration (FRA). To use its resources most effectively, the Board has established accident investigation criteria that only highlight accidents that involve significant safety issues.



TRACK CLASS	MAXIMUM SPEED (MPH)
1	30
2	35
3	40
4	45
5	50
6	55

AMTRAK STATIONS IN MISSISSIPPI	Station	Map Location
Shreveport	Shreveport	1-4
Greenville	Greenville	1-4
Hammond	Hammond	1-4
Jackson	Jackson	1-4
Lumberton	Lumberton	1-4
McComb	McComb	1-4
Meridian	Meridian	1-4
Pharosville	Pharosville	1-4
Vicksburg	Vicksburg	1-4

OFFICIAL RAILROAD MAP OF MISSISSIPPI

MAP FEATURES

- ROADWAYS
- CLASS I RAILROAD
- CLASS II RAILROAD
- AMTRAK RAIL STATION
- INTERSTATE ROUTE
- UNITED STATES ROUTE
- STATE OF MISSISSIPPI ROUTE

SCALE



PREPARED BY THE
MISSISSIPPI DEPARTMENT OF TRANSPORTATION, 2011
IN COOPERATION WITH THE
U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION

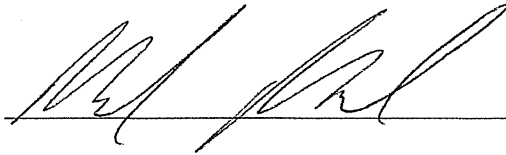
VERIFICATION

STATE OF)

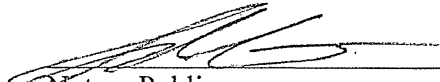
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CITY OF)

David Michael, being duly sworn according to law, hereby deposes and states that (s)he holds the position of General Counsel with applicant/petitioner, is authorized to make this Verification, had read the foregoing document, and knows the facts asserted therein are true and accurate as stated, to the best of (her)his knowledge, information, and belief.



Subscribed to and sworn to before me, a Notary Public, in and for the County of Cook in the State of IL, this 27 day of April.



Notary Public

My Commission expires: Oct 26, 2021

