

Sally Mordi
202 429 6287
smordi@steptoe.com

1330 Connecticut Avenue, NW
Washington, DC 20036-1795
202 429 3000 main
www.steptoe.com



301203

ENTERED
Office of Proceedings
October 22, 2020
Part of
Public Record

October 22, 2020

VIA E-FILING

Cynthia T. Brown
Chief, Section of Administration
Surface Transportation Board
Office of Proceedings
395 E Street, SW
Washington, DC 20423

Re: **STB Docket No. FD 36451, The Baupost Group, L.L.C. and US
Infravest Managers LP—Control Exemption—Pioneer Railcorp, Inc.,
et al.**

Dear Ms. Brown:

Enclosed for e-filing in the above-referenced proceeding is a highly confidential version of The Baupost Group, L.L.C. and US Infravest Managers LP's Notice of Exemption under 49 C.F.R. § 1180.2(d)(2), to be filed under seal. We are concurrently filing a Motion for Protective Order, along with a public version of the Notice of Exemption with appropriate redactions that the Board can place in its docket.

The filing fee of \$1,600 was paid using pay.gov. Please contact me with any questions.

Respectfully submitted,

A handwritten signature in black ink that reads "Sally Mordi".

Sally Mordi
Attorney for The Baupost Group, L.L.C.
and US Infravest Managers LP

**FEE RECEIVED
October 22, 2020
SURFACE
TRANSPORTATION BOARD**

Enclosures

**FILED
October 22, 2020
SURFACE
TRANSPORTATION BOARD**

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36451

THE BAUPOST GROUP, L.L.C. AND US INFRAVEST MANAGERS LP
—CONTROL EXEMPTION—
PIONEER RAILCORP, ET AL.

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1180.2(d)(2)

Peter W. Denton
Sally Mordi
Steptoe & Johnson LLP
1330 Connecticut Ave, NW
Washington, DC 20036
(202) 429-3000

*Attorneys for The Baupost Group,
L.L.C. and US Infravest Managers
LP*

Dated: October 22, 2020

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36451

THE BAUPOST GROUP, L.L.C. AND US INFRAVEST MANAGERS LP
—CONTROL EXEMPTION—
PIONEER RAILCORP, ET AL.

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1180.2(d)(2)

Pursuant to 49 C.F.R. §§ 1180.2(d)(2) and 1180.4(g), The Baupost Group, L.L.C. (“Baupost”) and US Infravest Managers LP (collectively, the “Applicants”) submit to the Surface Transportation Board (“STB” or “Board”) this Verified Notice of Exemption from the prior approval requirements of 49 U.S.C. §§ 11323-25 to allow the Applicants to acquire indirect control of Pioneer Railcorp (“Pioneer”) and the 15 freight rail carrier subsidiaries described below that are subject to the jurisdiction of the Board and that Pioneer directly controls (the “Pioneer Railroads”). The information required by 49 C.F.R. § 1180.4(g) is set out below.

49 C.F.R. § 1180.6(a)(1)(i): A brief summary of the proposed transaction, the name of applicants, their business address, telephone number, and the name of the counsel to whom questions regarding the transaction can be addressed.

The proposed transaction will result in the Applicants acquiring indirect control of Pioneer, a noncarrier holding company that directly controls the following Pioneer Railroads, the operations of which are described in further detail in

Exhibit 2:

1. Alabama & Florida Railway Co., Inc. (“A&F”), an Iowa corporation also d/b/a Ripley & New Albany Railroad Company (RNA).¹

¹ See *Pioneer Railcorp—Continuance in Control Exemption—Ala. & Fla. Ry. Co.*, FD

2. Alabama Railroad Co., Inc. (ALAB), an Iowa corporation f/k/a Shawnee Terminal Railroad Co., Inc.²
3. Decatur Junction Railway Co. (DT), an Iowa corporation.³
4. Elkhart & Western Railroad Co. (EWR), an Iowa corporation and wholly-owned subsidiary of Michigan Southern Railroad Company.⁴
5. Fort Smith Railroad Co. (FSR), an Iowa corporation.⁵
6. The Garden City Western Railway, Inc. (GCW), a Kansas corporation.⁶
7. Georgia Southern Railway Co. (GS), an Iowa corporation.⁷
8. Gettysburg & Northern Railroad Co. (GET), an Iowa corporation.⁸
9. Indiana Southwestern Railway Co. (ISW), an Iowa corporation.⁹
10. Kendallville Terminal Railway Co. (KTR), an Iowa corporation and wholly-owned subsidiary of Michigan Southern Railroad Company.¹⁰
11. Keokuk Junction Railway Co. (KJRY), an Iowa corporation.¹¹

32178 (ICC served Nov. 30, 1992); *Ala. & Fla. Ry. Co., Inc. d/b/a Ripley & New Albany R.R. Co.—Acquis. and Operation Exemption—Miss. Tenn. Holdings, LLC and Miss. Tenn. R.R., LLC*, FD 35569 (STB served Nov. 30, 2011).

² See *Pioneer R.R. Co., Inc.—Continuance in Control Exemption—Ala. R.R. Co.*, FD 31944 (ICC decided Oct. 3, 1991) (56 Fed. Reg. 51237, Oct. 10, 1991).

³ See *Pioneer Railcorp—Continuance in Control Exemption—Decatur Junction Ry. Co.*, FD 32367 (ICC served Oct. 18, 1993).

⁴ See *Pioneer Railcorp and Mich. S. R.R. Co. —Corp. Family Transaction Exemption*, FD 33941 (STB served Oct. 10, 2000).

⁵ See *Pioneer Railroad Company, Inc.—Continuance in Control Exemption—Fort Smith R.R. Co.*, FD 31894 (ICC decided July 3, 1991) (56 Fed. Reg. 31421, July 10, 1991).

⁶ See *Pioneer Railcorp—Acquis. of Control Exemption—The Garden City W. Ry., Inc.*, FD 33743 (STB served May 14, 1999).

⁷ See *Pioneer Railcorp—Continuance in Control Exemption—Ga. S. Ry. Co.*, FD 35323 (STB served Dec. 2, 2009).

⁸ See *Pioneer Railcorp—Continuance in Control Exemption—Gettysburg & N. R.R. Co.*, FD 34010 (STB served Feb. 27, 2001).

⁹ See *Pioneer Railcorp—Continuance in Control Exemption—Ind. Sw. Ry. Co.*, FD 33858 (STB served Mar. 28, 2000).

¹⁰ See *Pioneer Railcorp and Mich. S. R.R. Co. —Corp. Family Transaction Exemption*, FD 33941 (STB served Oct. 10, 2000).

¹¹ See *Pioneer Railcorp—Acquis. of Control Exemption—KNRECO, Inc. d/b/a/ Keokuk Jct. Ry.*, FD 32877 (STB served Mar. 26, 1997).

12. Michigan Southern Railroad Company (MSO), an Iowa corporation also d/b/a Napoleon Defiance and Western Railway (NDW).¹²
13. Mississippi Central Railroad Co. (MSCI), a Mississippi railroad corporation f/k/a Natchez Trace Railroad (NTR).¹³
14. Pioneer Industrial Railway Co. (PRY), an Iowa corporation¹⁴
15. Vandalia Railroad Company (VRRC), an Illinois railroad corporation.¹⁵

In June 2019, Brookhaven Rail Partners, LLC (“Brookhaven”), Related Infrastructure, LLC (“Related Infrastructure”), BRX Transportation Holdings, LLC (“BRX Transportation”), and BRX Acquisition Sub, Inc. (“BRX Acquisition”) were authorized through a class exemption to acquire control of Pioneer and the Pioneer Railroads. *Brookhaven Rail Partners, LLC, et al.—Control Exemption—Pioneer Railcorp, et al.*, FD 36306 (STB served June 21, 2019). In September 2019, Stephens Pioneer Rail LLC (“Stephens Pioneer”) was authorized through a class exemption to acquire a minority membership interest in BRX Transportation. *Stephens Pioneer Rail LLC—Control Exemption—BRX Transp. Holdings, LLC*, FD 36343 (STB served Sept. 6, 2019). As a result of the 2019 transactions authorized by the Board, Pioneer became a wholly-owned subsidiary of BRX Transportation, the members of which are an affiliate of Related Infrastructure (its majority equity owner), Stephens Pioneer (its minority equity owner), and Brookhaven (its manager and minority equity owner).

An affiliate of Baupost has signed a letter of intent, attached as **Exhibit 3**, with an affiliate of Related Infrastructure, to allow a to-be-formed joint venture

¹² See *Pioneer Railcorp and Wabash & W. Ry. Co. —Acquis. of Control Exemption—Mich. S. R.R. Co., Inc.*, FD 33704 (STB served Jan. 28, 1999); *Mich. S. R.R. Co.—Acquis. and Operation Exemption—RMW Ventures, LLC and Maumee & W. R.R. Corp.*, FD 35696 (STB served Dec. 14, 2012) (NDW line).

¹³ See *Pioneer RailCorp—Acquis. of Control Exemption—Natchez Trace R.R.*, FD 32046 (ICC decided April 30, 1992).

¹⁴ See *Pioneer Railcorp—Continuance in Control Exemption—Pioneer Indus. Ry. Co.*, FD 33550 (STB served Feb. 20, 1998); *Pioneer Indus. Ry. Co.—Lease and Operation Exemption—Peoria, Peoria Heights & W. R.R.*, FD 33549 (STB served Feb. 20, 1998).

¹⁵ See *Pioneer Railcorp—Continuance in Control Exemption—Vandalia R.R. Co.*, FD 32594 (ICC served Oct. 28, 1994).

entity, US Infravest Holdings LLC, to indirectly acquire the majority equity interest in BRX Transportation currently held by an affiliate of Related Infrastructure.¹⁶ US Infravest Holdings LLC will ultimately be controlled by the Applicants: Baupost, its majority equity owner, and US Infravest Managers LP, its manager.

Therefore, because the proposed transaction will cause the Applicants to acquire control of the Pioneer Railroads, and because the Applicants are not themselves rail carriers and do not currently control any rail carriers, the Applicants require approval and authorization of the Board pursuant to 49 U.S.C. § 11323(a)(4).¹⁷ The STB has exempted certain classes of transactions from the prior review and approval requirements of 49 U.S.C. §§ 11323-25. The proposed transaction falls within the class exemption set forth at 49 C.F.R. § 1180.2(d)(2) because: (i) none of the Applicants own or control any rail line that connects with any of the Pioneer Railroads; (ii) the proposed transaction is not part of a series of anticipated transactions that would connect any railroad owned or controlled by the Applicants with the Pioneer Railroads or connect any of the Pioneer Railroads with one another; and (iii) the proposed transaction does not involve a Class I carrier. Moreover, the Board determined last year that this class exemption was appropriate for similar transactions involving control of the Pioneer Railroads in STB Docket Nos. FD 36306 and 36343.

¹⁶ The proposed transaction will not change the interests of Stephens Pioneer and Brookhaven in BRX Transportation, or of BRX Transportation in Pioneer.

¹⁷ Because US Infravest Holdings LLC, and any other company not described in this notice that will be involved in the chain of control of the Pioneer Railroads as a result of the proposed transaction, is a noncarrier holding company that is ultimately controlled by the Applicants, such company will not acquire control of the Pioneer Railroads within the meaning of 49 U.S.C. § 11323. *See Trans Rail Holding Co.—Acquis. of Control Exemption—Vermont Ry., Inc., et al*, FD 36390 (STB served May 8, 2020) (finding that a transaction is not subject to the Board’s prior approval where it merely inserted a noncarrier holding company in the chain of control between persons authorized to control certain rail carriers and the carriers themselves). For example, Baupost is the managing general partner, and has sole control, of certain affiliated funds that will invest in US Infravest Holdings LLC.

The business address and telephone number for the Applicants are as follows:

The Baupost Group, L.L.C.
10 Saint James Ave, Suite 1700
Boston, MA 02116
(617) 210-8300

US Infravest Managers LP
171 East 70th Street
New York, NY 10021
(212) 737-0702

Counsel for the Applicants to whom questions regarding this transaction can be addressed is:

Peter W. Denton
Steptoe & Johnson LLP
1330 Connecticut Ave, NW
Washington, DC 20036
(202) 429-3000
pdenton@steptoe.com

49 C.F.R. § 1180.6(a)(1)(ii): The proposed time schedule for consummation of the proposed transaction.

The Applicants intend to consummate the proposed transaction on or after November 21, 2020, the anticipated effective date of this exemption.

49 C.F.R. § 1180.6(a)(1)(iii): The purpose sought to be accomplished by the proposed transaction, e.g., operating economies, eliminating excess facilities, improving service, or improving the financial viability of the applicants.

The purpose of the proposed transaction is for the Applicants to acquire control of Pioneer and the Pioneer Railroads. The transaction is intended to promote the investment objectives of the Applicants and improve Pioneer's efficiency, financial strength, and ability to meet the needs of shippers.

49 C.F.R. § 1180.6(a)(5): A list of the State(s) in which any part of the property of each applicant carrier is situated.

None of the Applicants own or control any carriers. The Pioneer Railroads operate in the states of Alabama, Arkansas, Georgia, Illinois, Indiana, Iowa, Kansas, Michigan, Mississippi, Ohio, Pennsylvania, and Tennessee.

49 C.F.R. § 1180.6(a)(6): Map. Submit a general or key map indicating clearly, in separate colors or otherwise, the line(s) of applicant carriers in their true relations to each other, short line connections, other rail lines in the territory, and the principal geographic points in the region traversed.

Maps of the Pioneer Railroads are attached as **Exhibit 1**. The operations of each Pioneer Railroad are described in **Exhibit 2**.

49 C.F.R. § 1180.6(a)(7)(ii): Agreement. Submit a copy of any contract or other written instrument entered into, or proposed to be entered into, pertaining to the proposed transaction.

A copy of the Letter of Intent is attached as **Exhibit 3**. When completed and executed, the Applicants will file a copy of the definitive agreement in this docket.

49 C.F.R. § 1180.4(g)(1)(i): Indicate the level of labor protection to be imposed.

The proposed transaction involves the transfer of control of 15 Class III rail carriers, and involves no Class I or II rail carriers. Accordingly, this transaction is not subject to the imposition of labor protection conditions. *See* 49 U.S.C. § 11326(c).

49 C.F.R. § 1180.4(g)(3): Environmental and Historic Preservation.

This transaction qualifies for classification under 49 C.F.R. §§ 1105.6(c)(1)(i) and 1105.8(b)(3), and thus, neither an Environmental Assessment nor a Historic Report is required to be filed.

49 C.F.R. § 1180.4(g)(4): Interchange Commitments.

The Applicants hereby certify that the proposed transaction does not involve an interchange commitment within the meaning of 49 C.F.R. § 1180.4(g)(4). The terms of agreements between the Pioneer Railroads and third-party railroads will not be altered as part of the proposed transaction.

Respectfully submitted,



Peter W. Denton
Sally Mordi
Steptoe & Johnson LLP
1330 Connecticut Ave, NW
Washington, DC 20036
(202) 429-3000

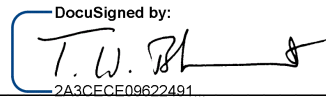
*Attorneys for The Baupost Group,
L.L.C. and US Infravest Managers
LP*

Dated: October 22, 2020

REDACTED – TO BE PLACED ON PUBLIC FILE

VERIFICATION

I, Thomas W. Blumenthal, verify under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Notice of Exemption. Executed on 10/22/2020.

DocuSigned by:

2A3CECE09622491

Thomas W. Blumenthal
Partner
The Baupost Group, L.L.C.

VERIFICATION

I, Andrew Curtis Right, verify under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Notice of Exemption. Executed on 10/19/20.



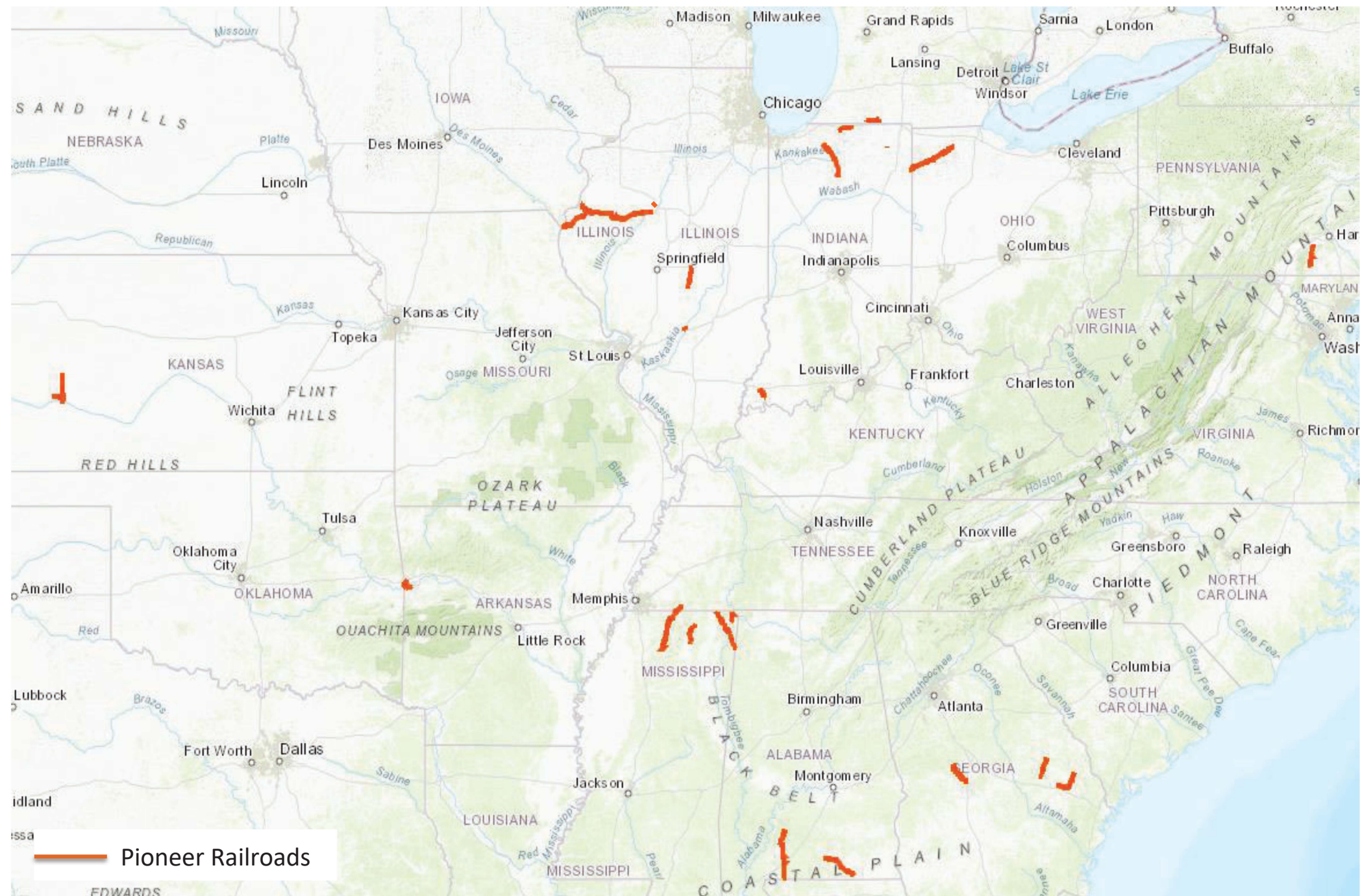
Andrew Curtis Right
Managing Partner
US Infravest Managers LP

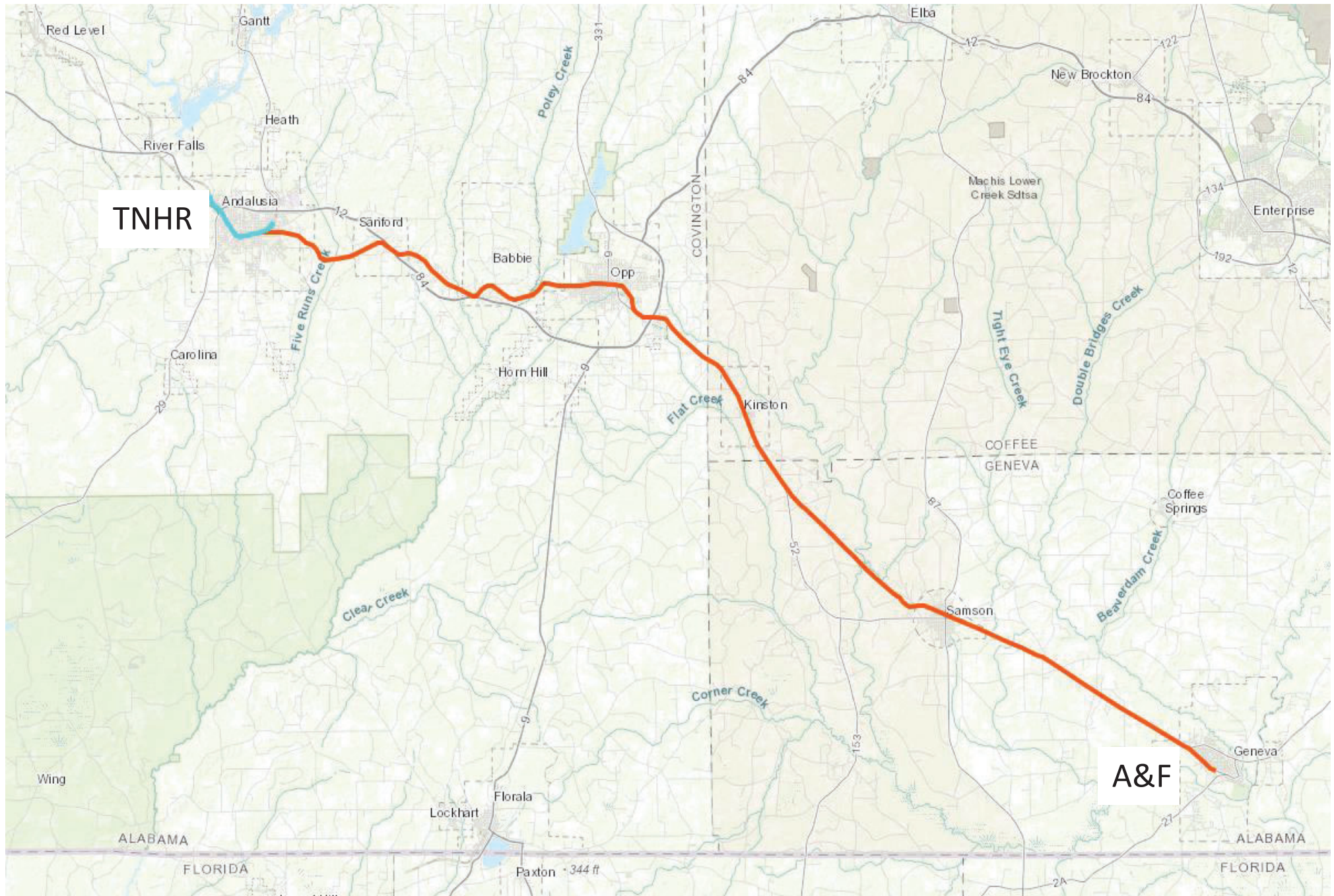
REDACTED – TO BE PLACED ON PUBLIC FILE

EXHIBIT 1

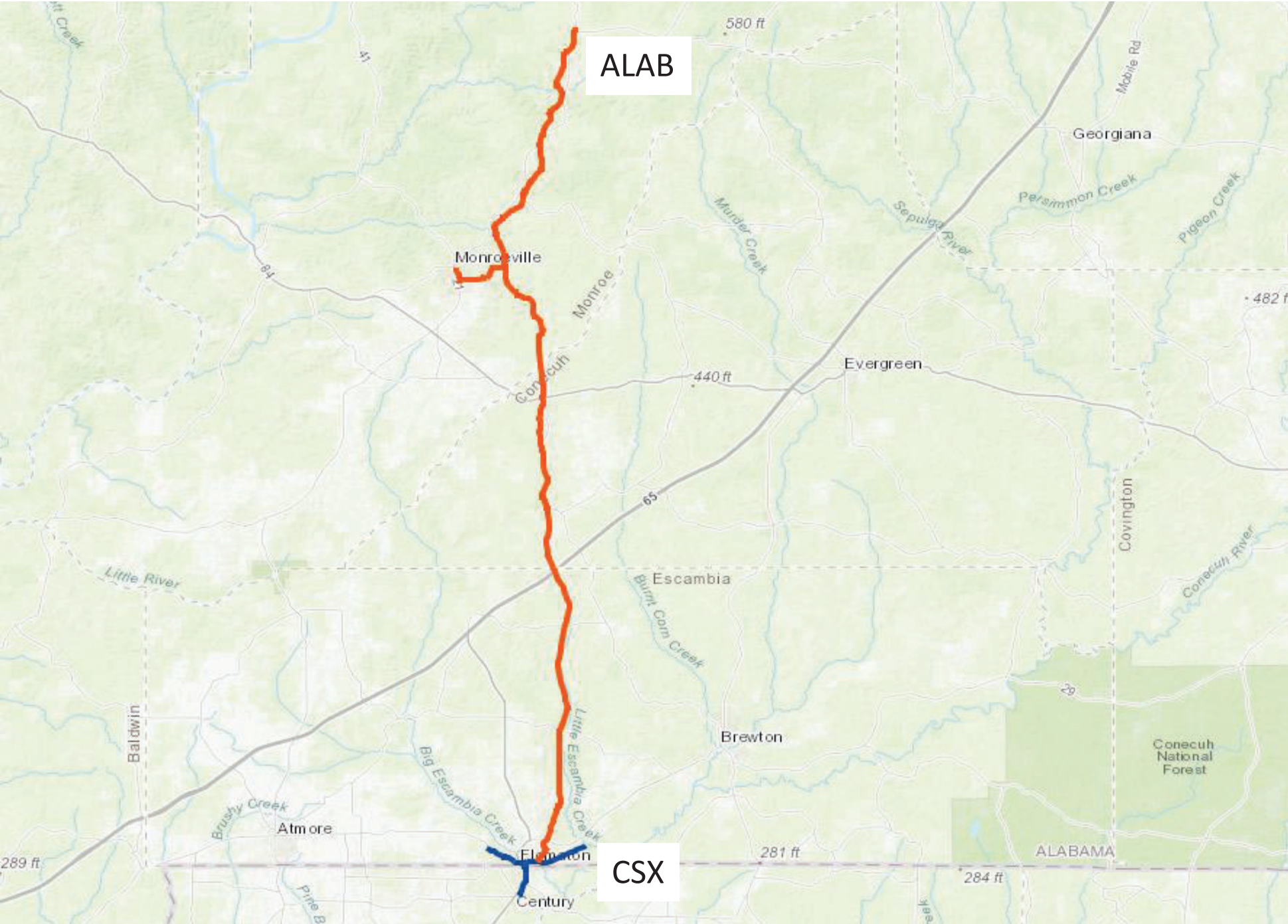
MAPS OF THE PIONEER RAILROADS

EXHIBIT 1

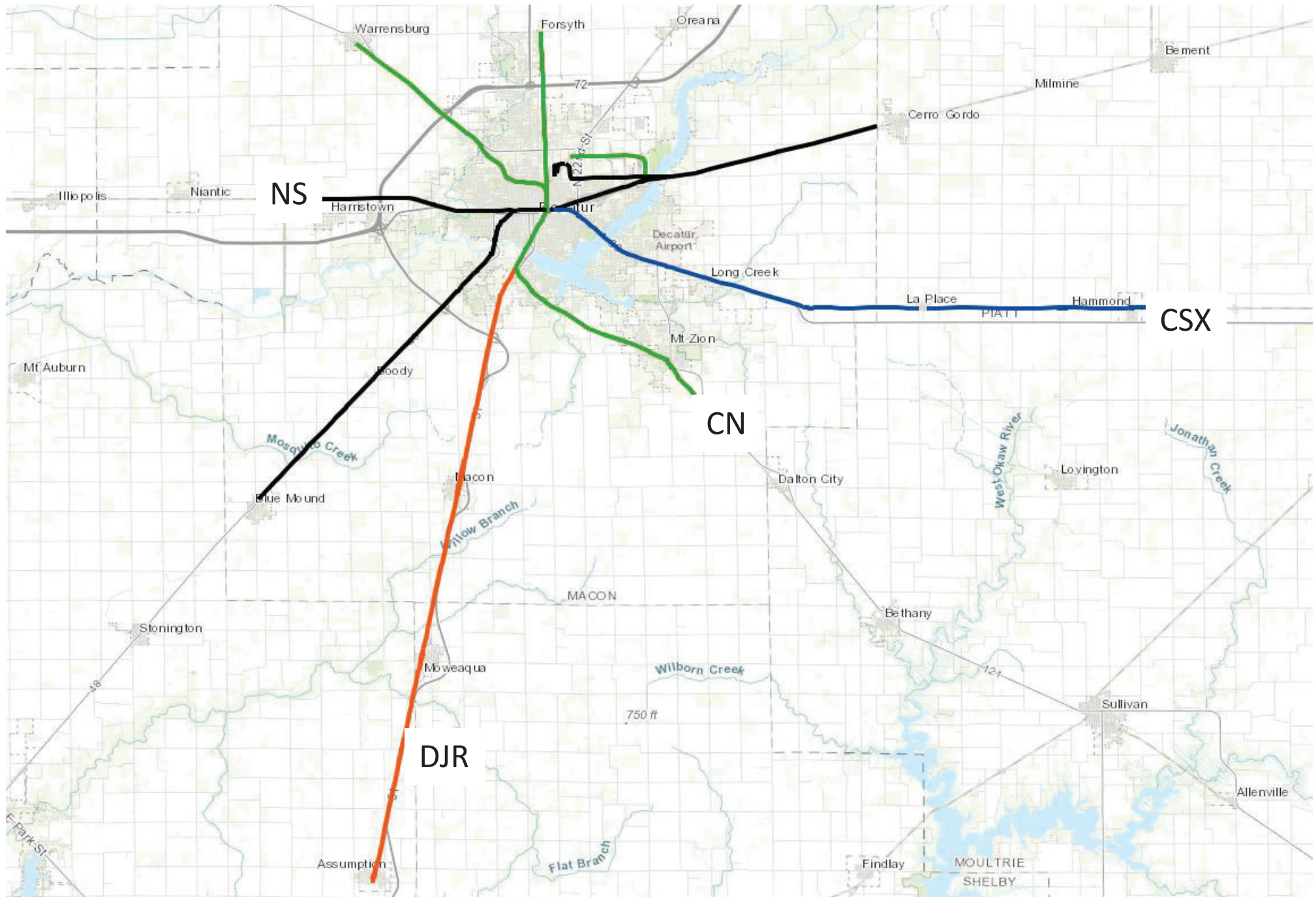


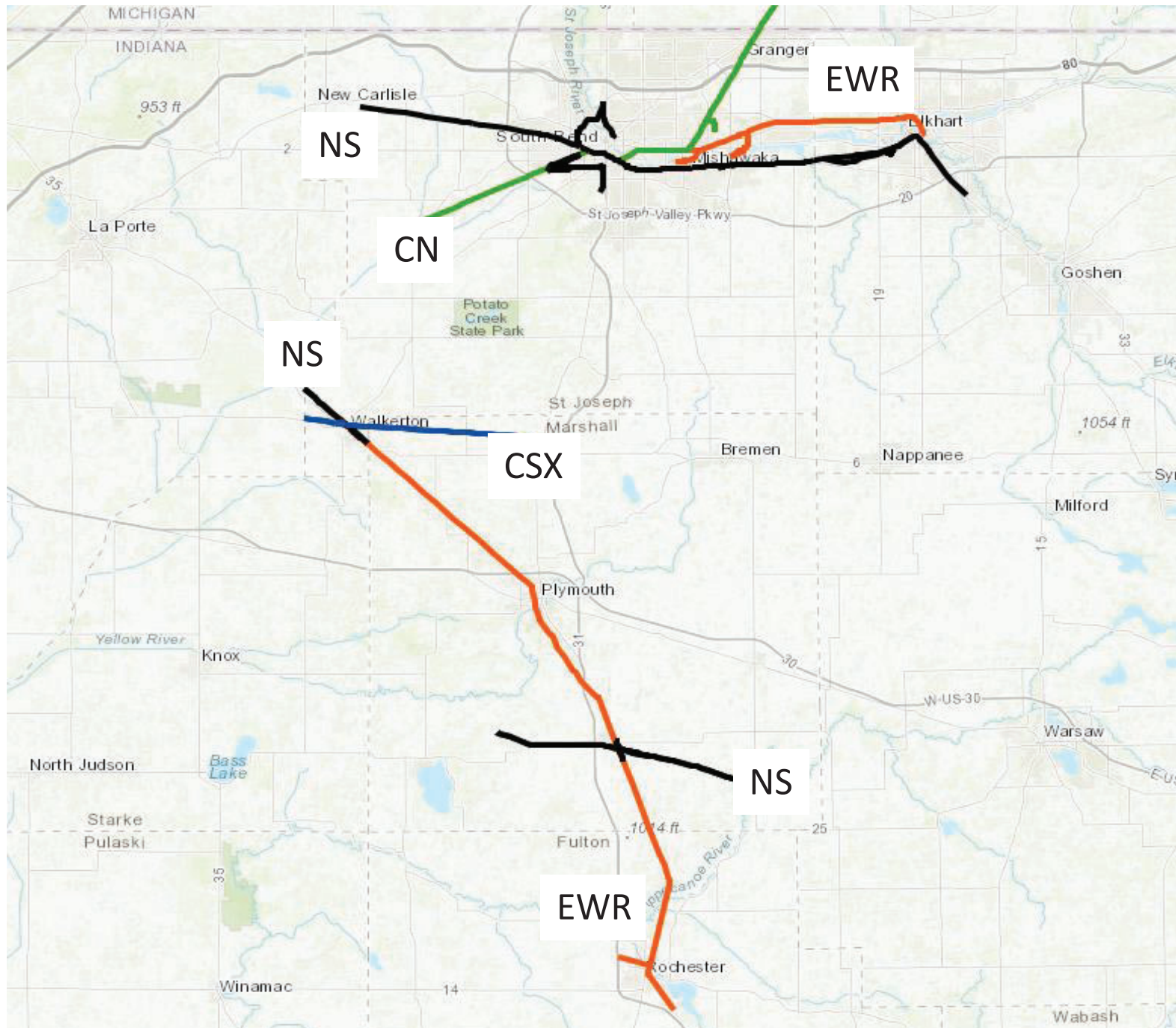




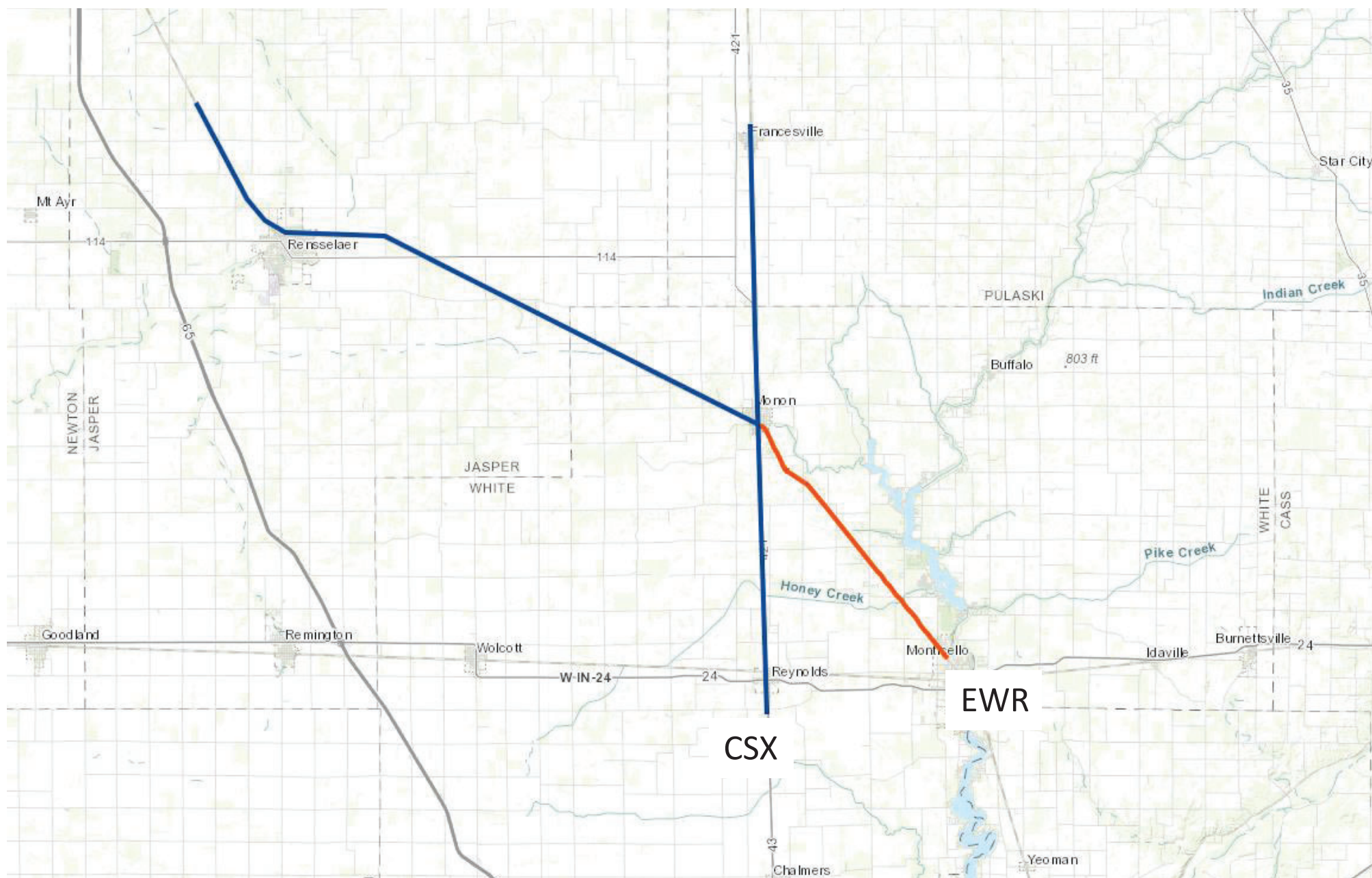


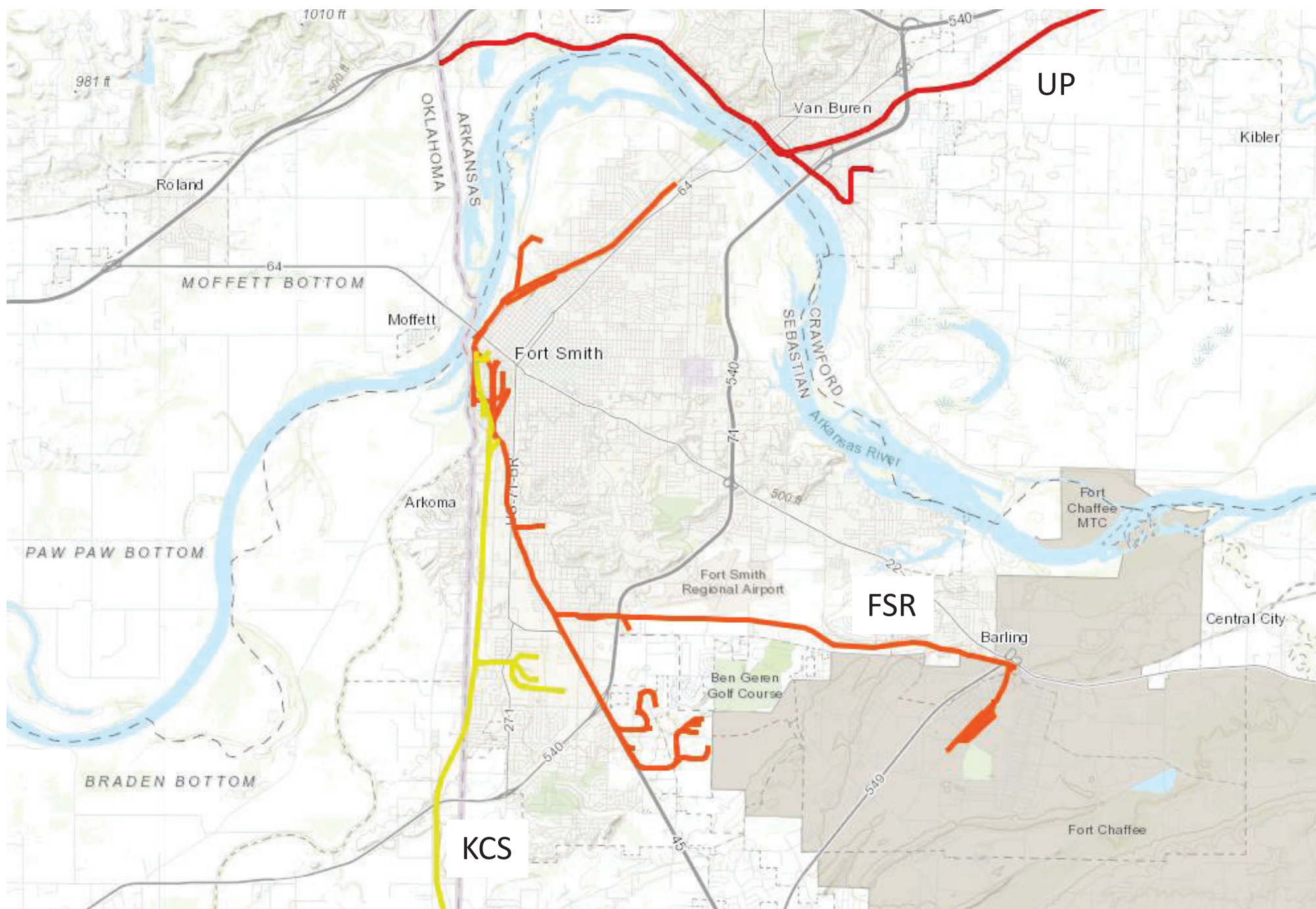
Decatur Junction Railway (DJR)





Elkhart & Western Railroad (EWR) - Monon Line





The Garden City Western Railway (GCW)

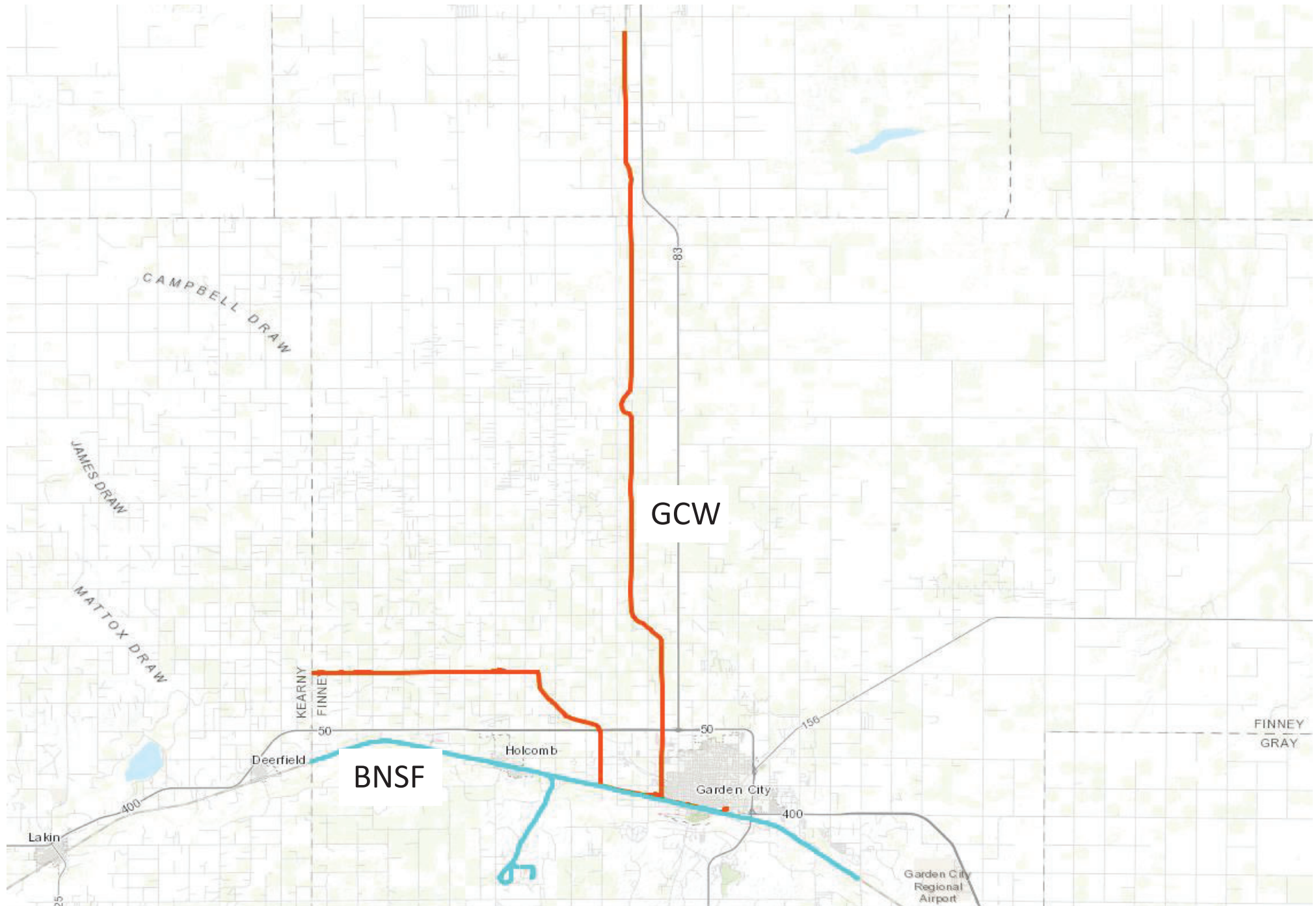
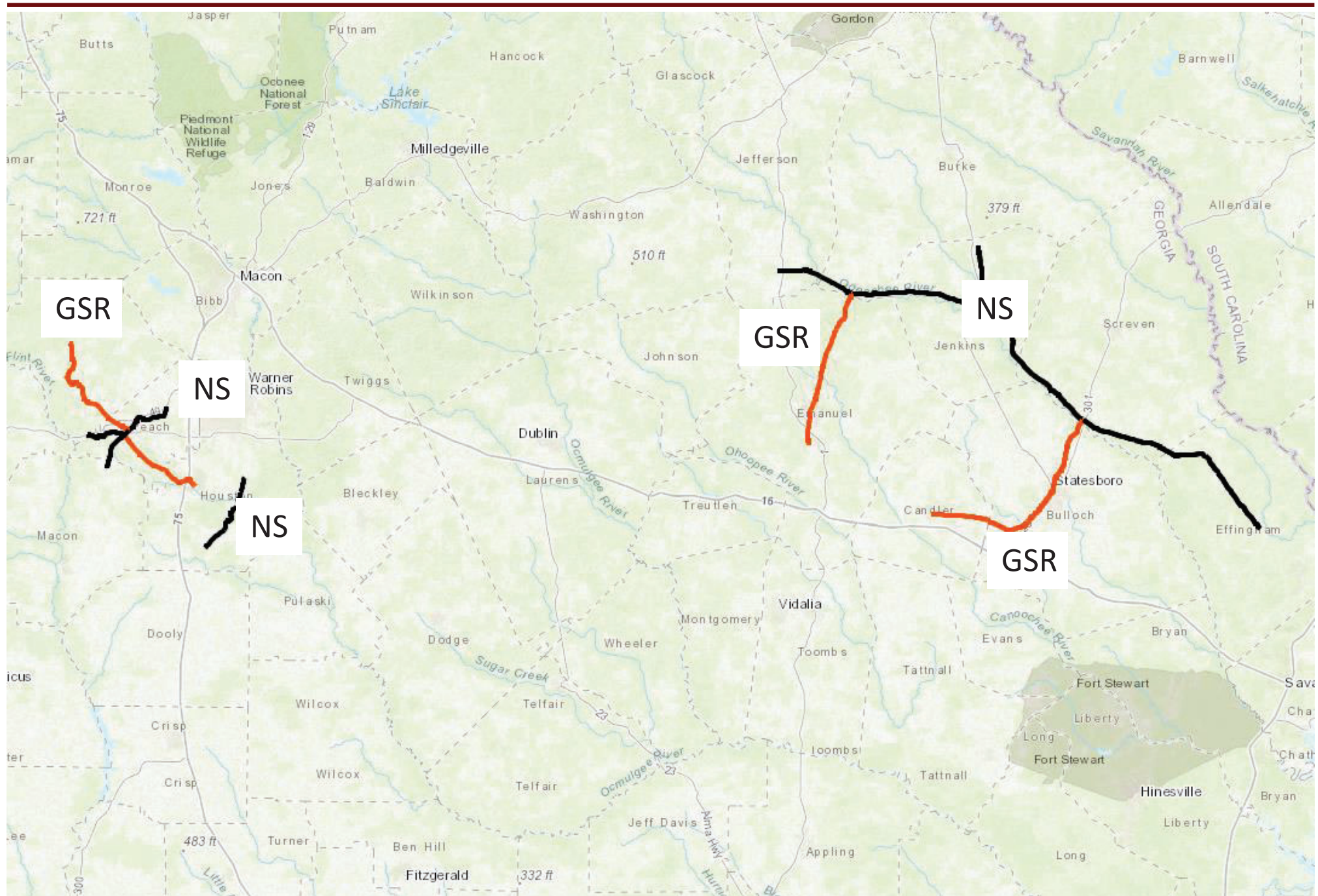
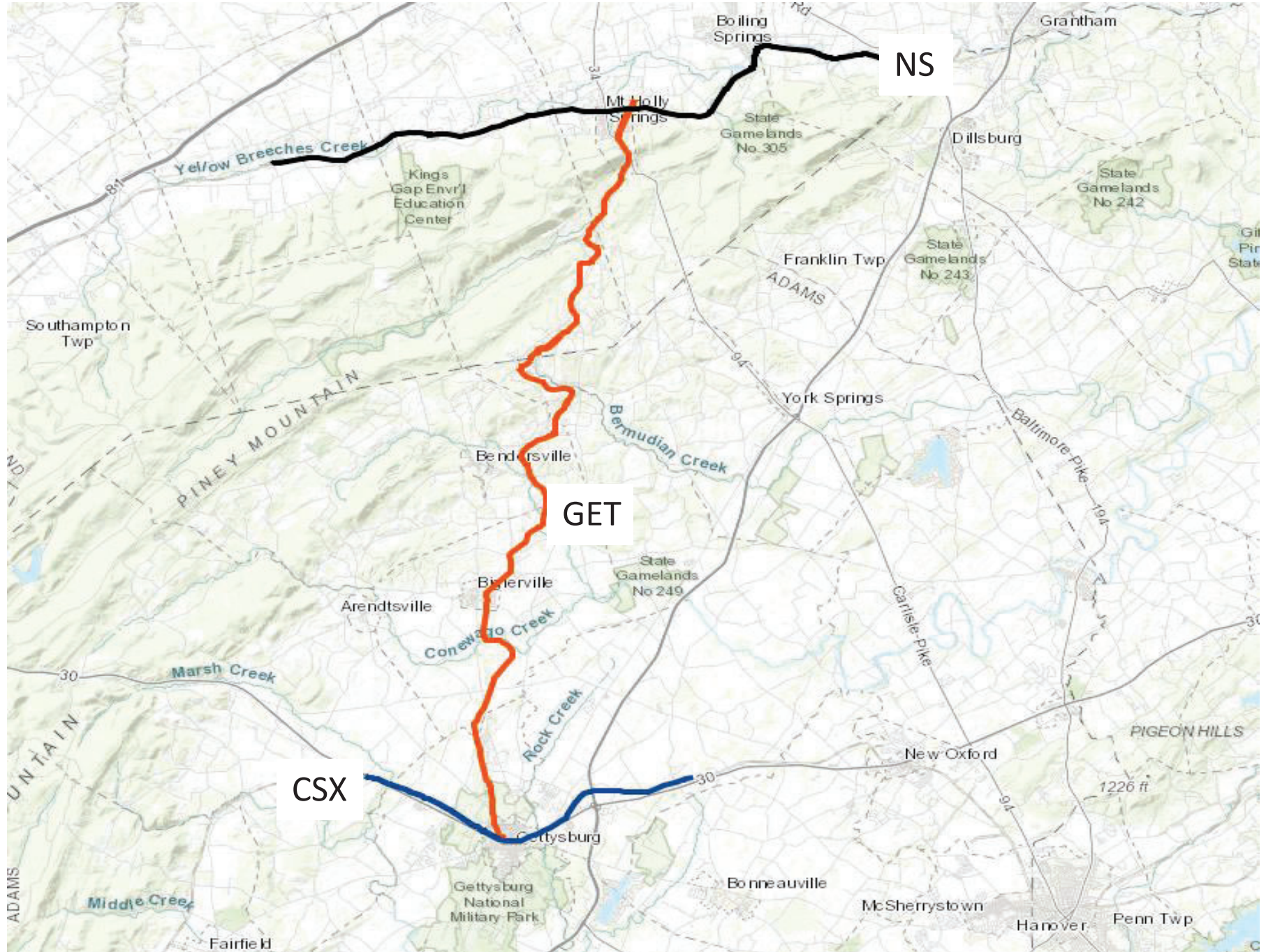


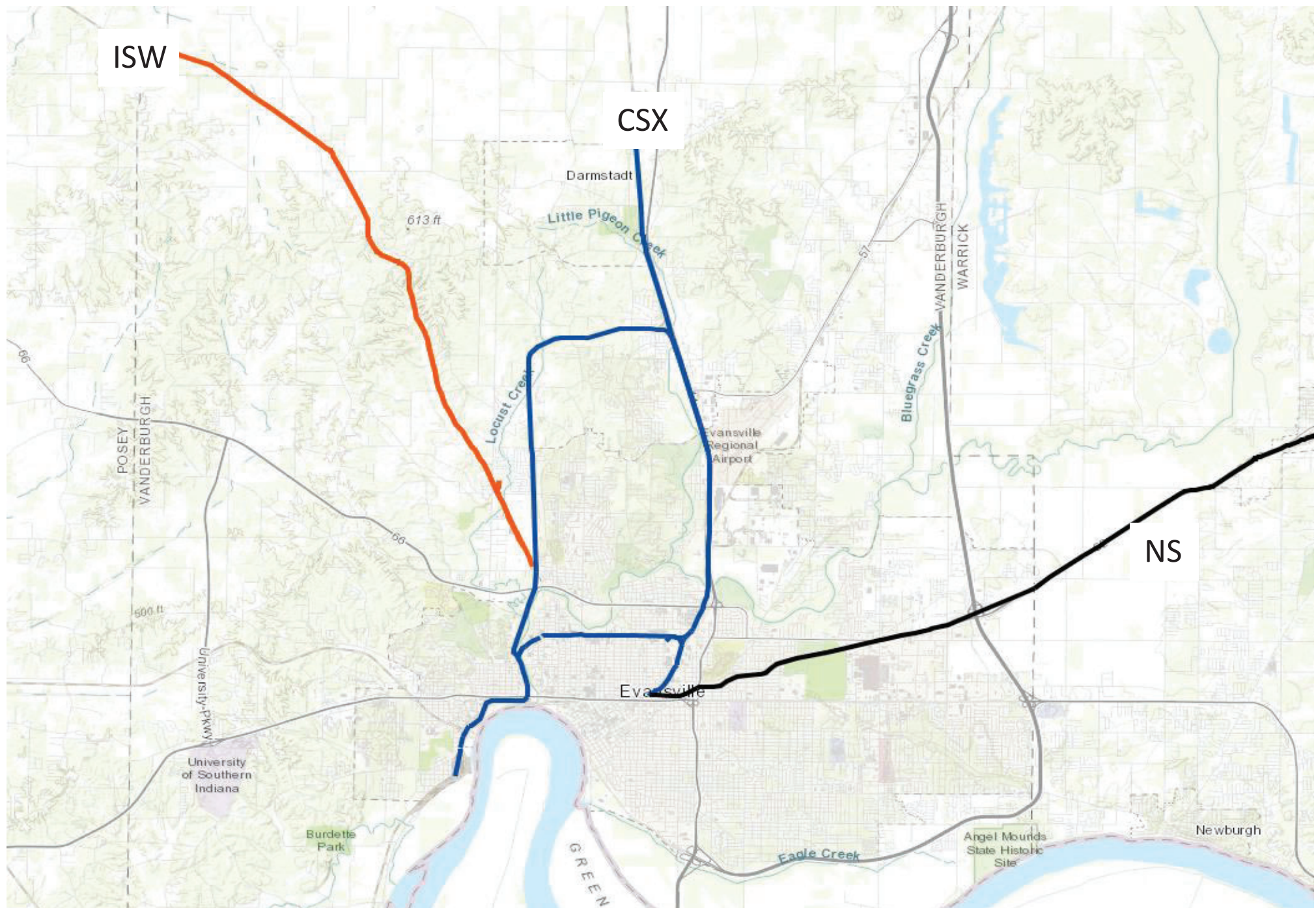
EXHIBIT 1-G

REDACTED – TO BE PLACED ON PUBLIC FILE

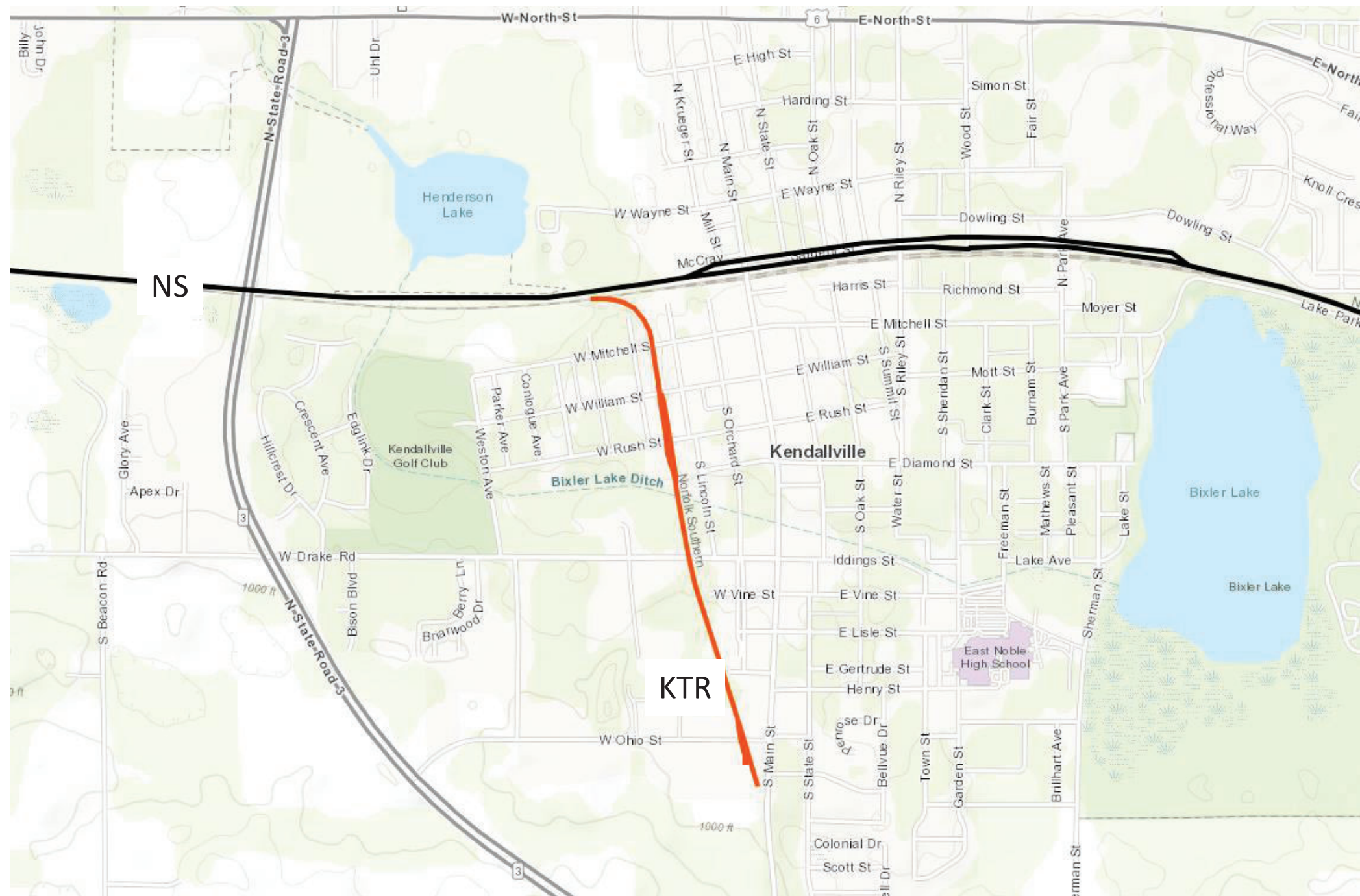
Georgia Southern Railway (GSR)







Kendallville Terminal Railway (KTR)



Keokuk Junction Railway (KJRY)

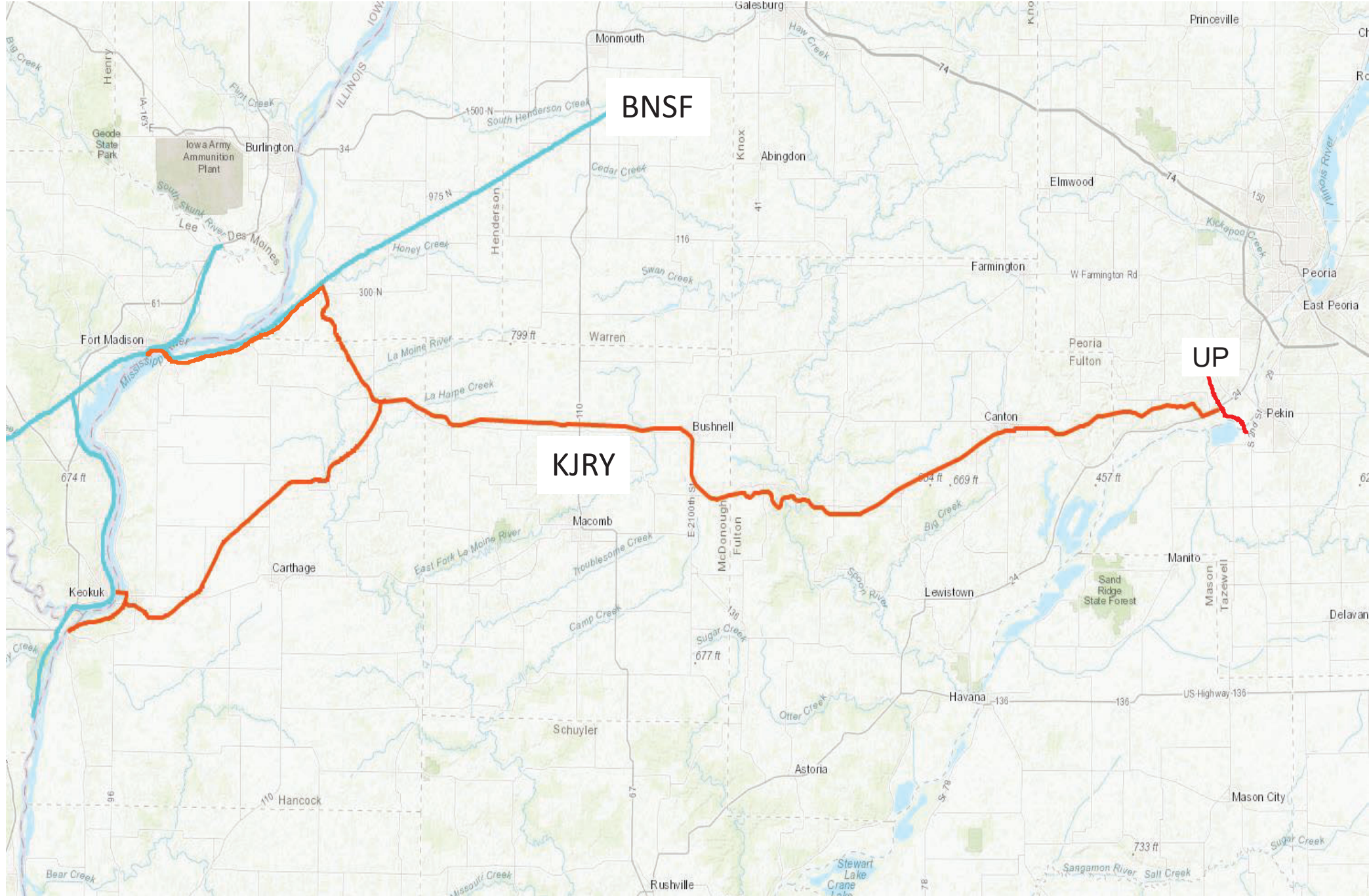
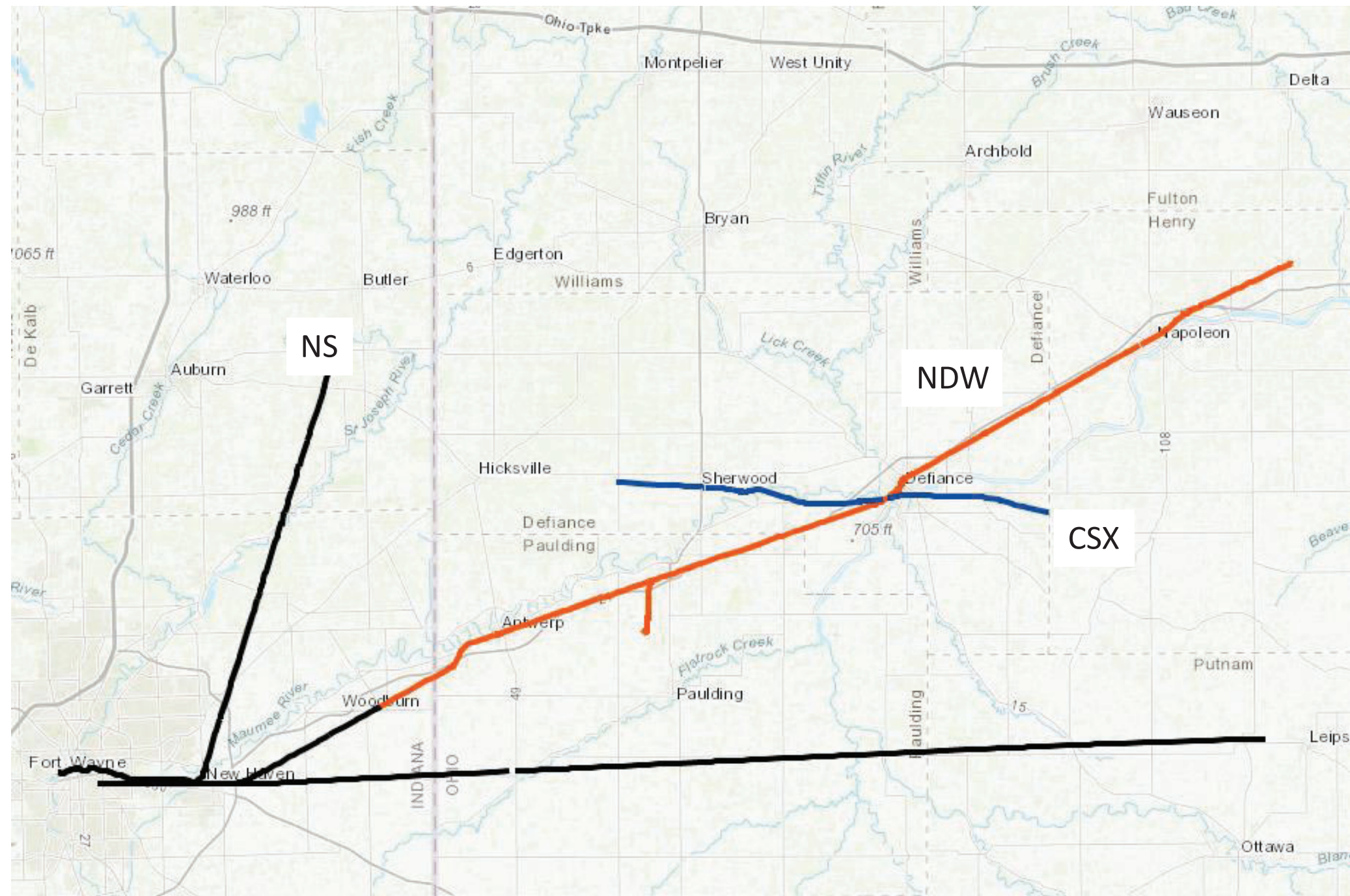


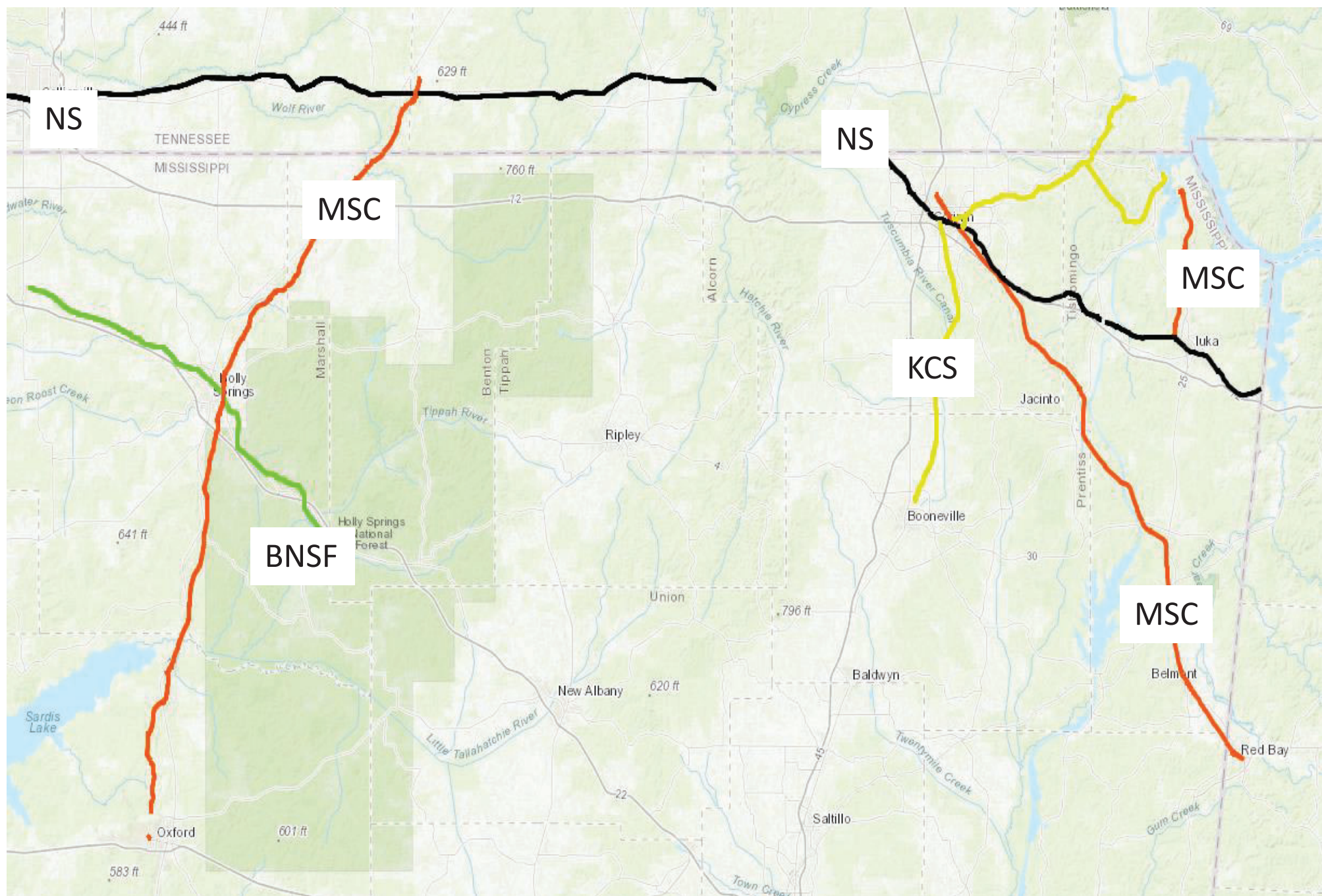
EXHIBIT 1-L

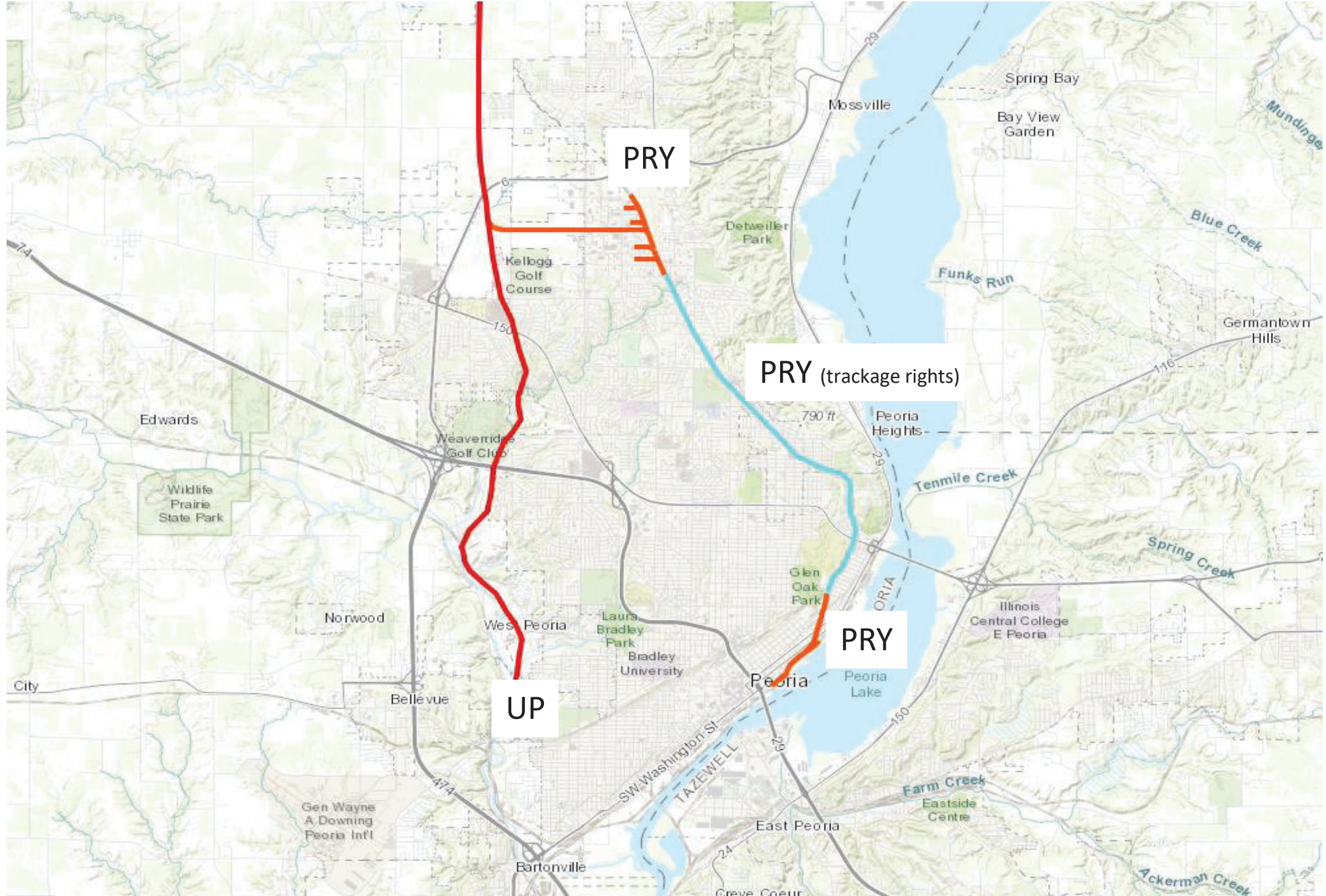
Michigan Southern Railroad (MSO)



Michigan Southern Railroad (MSO) operating as Napoleon, Defiance & Western Railway (NDW)







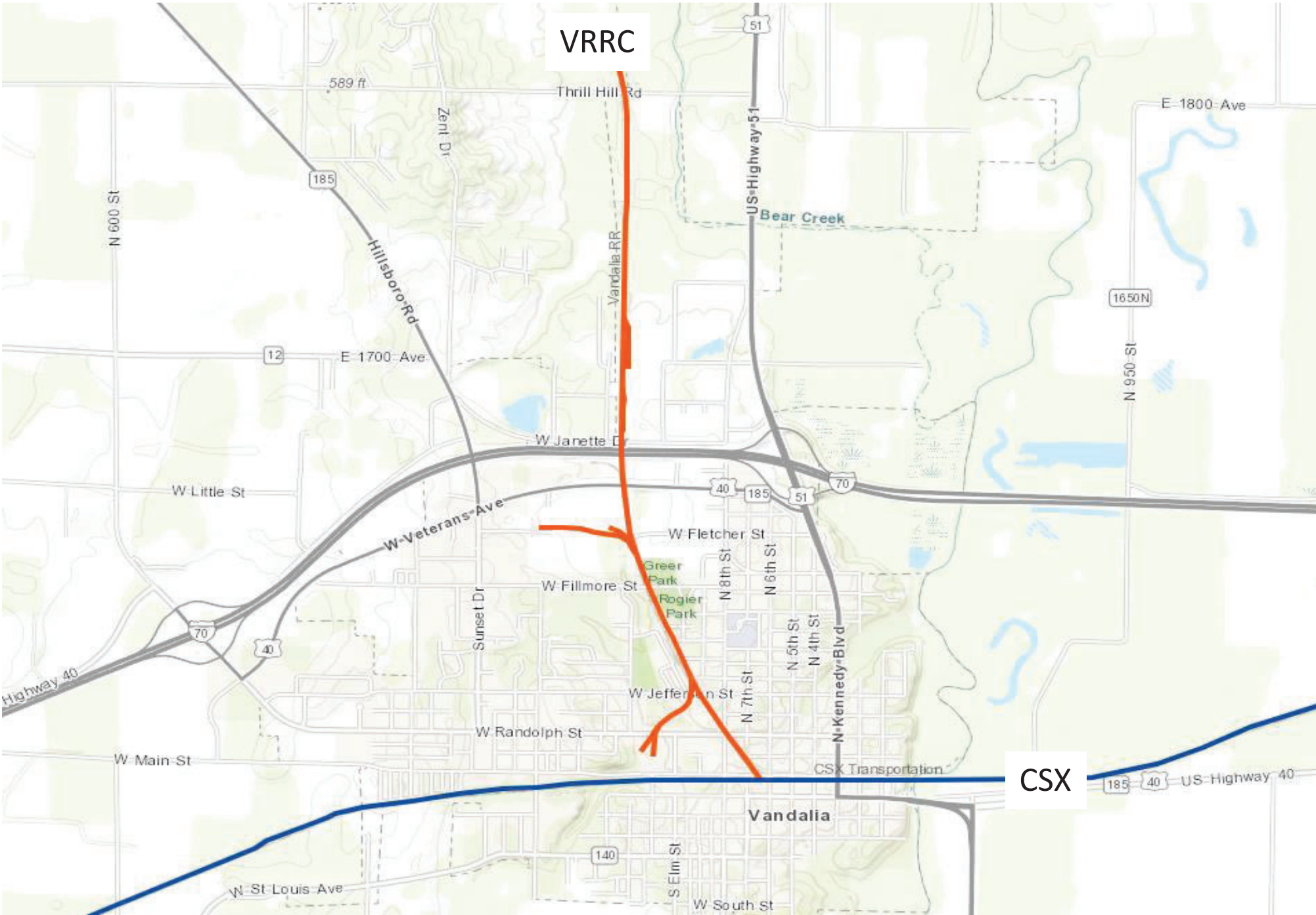


EXHIBIT 2

DESCRIPTIONS OF THE PIONEER RAILROADS

ALABAMA & FLORIDA RAILWAY CO., INC., d/b/a RIPLEY & NEW ALBANY RAILROAD CO.

Alabama & Florida Railway Co., Inc. (“A&F”), d/b/a Ripley & New Albany Railroad Company (“RNA”), 200 N. Railroad Avenue New Albany, MS 38652, (800) 914-3810, owns and operates approximately 22.54 miles of rail lines in Mississippi between milepost 325.56 at New Albany, MS and milepost 348.1 at Ripley, MS. *See Exhibit 1-A.* RNA interchanges with BNSF Railway (“BNSF”) and Kansas City Southern (“KCS”) at New Albany, MS.

A&F owns and has operating authority over 42.9 miles of rail line between milepost 581.3 at Andalusia, AL and milepost 624.2 at Geneva, AL. *See Exhibit 1-A.* A&F sought to abandon the line in July 2011, but abandonment authority for the line expired on December 13, 2018. *See Ala. & Fla. Ry. Co., Inc.—Abandonment Exemption—In Geneva, Coffee and Covington Counties, Ala.*, Docket No. AB 1073X (STB served April 18, 2019).

ALABAMA RAILROAD CO., INC., f/k/a SHAWNEE TERMINAL RAILWAY CO., INC.

Alabama Railroad Co., Inc. (“ALAB”), RR2, Box 209, Monroeville, Alabama 36460, (800) 532-2262, owns and has operating authority over approximately 47.47 miles of rail lines in Alabama between milepost 607.73 at Flomaton, AL and milepost 655.2 at Tunnel Springs, AL. *See Exhibit 1-B.* On March 29, 2019, ALAB filed a Notice of Exemption to abandon the entire line from Flomaton to Tunnel Springs. The abandonment is subject to the conditions imposed in the Board’s decision on May 17, 2019. *See Ala. R.R. Co.—Abandonment Exemption—In*

Escambia, Conecuh, and Monroe Counties, Ala., Docket No. AB 463 (Sub-No. 2X) (STB served May 17, 2019).¹⁸

Prior to 2017, ALAB interchanged with CSX Transportation (“CSXT”) at Flomaton, AL.

DECATUR JUNCTION RAILWAY CO.

Decatur Junction Railway Co. (“DT”), 308 South Chestnut Street, Assumption, IL 62510, (800) 318-3877, operates approximately 21.94 miles of rail lines in Illinois, as follows: (1) the line leased from Central Illinois Shippers, Inc. between milepost 728.0 at Assumption, IL; and (2) the line it owns between milepost 745.54 near Elwin, IL, and (2) between milepost 745.54 and milepost 749.94 at Decatur, IL. *See* Exhibit 1-C.

DT interchanges with Canadian National Railway (“CN”) at Decatur, IL.

ELKHART & WESTERN RAILROAD CO.

Elkhart & Western Railroad Co. (“EWR”), P.O. Box 1468, Elkhart, IN 46515, (800) 682-7245, operates approximately 54.08 miles of rail lines in Indiana, as follows: 1) the line it owns between milepost 0.0 at Elkhart, IN and milepost 9.8 at Mishwaka, IN; 2) the line it owns between milepost 88.42 at Monon, IN and 98.0 at Monticello, IN; 3) the line it leases from NS between milepost 108.6 at Argos, IN and milepost 131.6 at Walkerton, IN; and 4) trackage rights over the rail line owned by Fulton County Railroad between milepost 96.9 at Rochester, IN and milepost 108.6 at Argos, IN. *See* Exhibit 1-D.

EWR interchanges with Norfolk Southern Railway (“NS”) at Elkhart, IN and Argos, IN; and with CSXT at Monon, IN.

¹⁸ Alabama Railroad, LLC (“ARL”) has agreed to purchase from ALAB, and ALAB has agreed to sell to ARL, all of ALAB’s interest in this rail line. *See Ala. R.R., LLC—Acquis. & Operation Exemption—Line of Ala. R.R. Co., Inc.*, FD 36450 (filed Oct. 21, 2020). Notwithstanding the pending ALAB line sale to ARL, Applicants will acquire control of ALAB through the proposed transaction described in this notice, including whatever assets ALAB owns at the time the proposed transaction is consummated.

FORT SMITH RAILROAD CO.

Fort Smith Railroad Co. (“FSR”), 22 North B Street, Fort Smith, AR 72901, (800) 872-4615, leases from Union Pacific Railroad (“UP”) and operates approximately 18.36 miles of rail lines in Arkansas between milepost 504.03 at Fort Smith, AR and milepost 522.39 at Fort Chaffee, AR. *See Exhibit 1-E.*

FSR interchanges with UP and KCS at Fort Smith, AR.

THE GARDEN CITY WESTERN RAILWAY, INC.

The Garden City Western Railway, Inc. (“GCW”), 708 North VFW Road, Garden City, KS 67846, (800) 914-7850, owns and operates approximately 39 miles of rail lines in Kansas between 1) milepost 128 at Shallow Water, KS and milepost 156 at Garden City; and 2) milepost 3 at Quinby, KS and milepost 14 at Wolf, KS. *See Exhibit 1-F.*

GCW interchanges with BNSF at Garden City, KS.

GEORGIA SOUTHERN RAILWAY CO.

Georgia Southern Railway Co. (“GS”), 200 East Main Street, Ft. Valley, GA 31030, (800) 336-9479, operates approximately 94.3 miles of rail lines in Georgia, as follows: pursuant to the assumption of Georgia Midland Railroad’s lease of lines between 1) milepost 95.5-FV at Atlanta Sand, GA and milepost 105.3-FV at Fort Valley, GA; 2) milepost N-219.7 at Fort Valley, GA and milepost N-232.6 at Perry, GA; and 3) milepost W-57.5 at Dover, GA and milepost W-86.7 at Metter, GA. GS has operating rights between milepost 194.64 at Midville, GA and milepost 152.2 at Vidalia, GA pursuant to a contract with Heart of Georgia Railroad, Inc. *See Exhibit 1-G.*

GS interchanges with NS at Midville, Fort Valley, and Dover, GA.

GETTYSBURG & NORTHERN RAILROAD CO.

Gettysburg & Northern Railroad Co. (“GET”), 750 Mummasburg Road, Gettysburg, PA 17325, (800) 914-3779, owns and operates approximately 23.36

miles of rail lines in Pennsylvania between milepost 7.84 at Mt. Holly Springs, PA and milepost 31.2 at Gettysburg, PA. *See Exhibit 1-H.*

GET interchanges with CSXT at Gettysburg, PA and with NS at Mt. Holly Springs, PA.

INDIANA SOUTHWESTERN RAILWAY CO.

Indiana Southwestern Railway Co. (“ISW”), 1603 Allen Lane, Evansville, IN 47710, (800) 914-3810, owns and operates approximately 4.5 miles of rail lines in Indiana between milepost 240.2 at German Township, IN and milepost 244.7 at Evansville, IN. *See Exhibit 1-I.*

ISW interchanges with CSXT, Ohio Valley Railroad, and NS at Evansville, IN.

KENDALLVILLE TERMINAL RAILWAY CO.

Kendallville Terminal Railway Co. (“KTR”), P.O. Box 239, White Pigeon, MI, 49099, (800) 914-3781, owns and operates approximately 1.07 miles of rail lines in Indiana between milepost 119.0 at Kendallville, IN and milepost 120.07 at Kendallville, IN. *See Exhibit 1-J.*

KTR interchanges with NS at Kendallville, IN.

KEOKUK JUNCTION RAILWAY CO.

Keokuk Junction Railway Co. (“KJRY”), 100 Mississippi Drive, Keokuk, Iowa, 56232, (800) 914-7851, owns and operates approximately 126.5 miles of rail lines in Illinois and Iowa between 1) milepost 118.5 at Hollis, IL and milepost 223.4 at Keokuk, IA; 2) milepost 222.6 at Hamilton, IL and milepost 227.65 at Warsaw, IL; 3) milepost 194.5 at LaHarpe, IL and milepost 206.6 at Lomax, IL; and 4) westward from milepost 0.0 at Keokuk, IA to milepost 4.5. KJRY operates over trackage rights on BNSF between BNSF milepost 218.5 at Lomax, IL and milepost BNSF 234.0 at Fort Madison, IA. KJRY operates over trackage rights on UP located between milepost 118.5 at Hollis, IA and milepost 113.6 at Iowa Junction, IA. *See Exhibit 1-K.*

KJRY interchanges with BNSF at Keokuk, IA; with UP at Sommer, IL; with Toledo, Peoria & Western Railway at Hollis, IL; and with Tazewell & Peoria Railroad, Inc. (“TZPR”) at Peoria, IL.

MICHIGAN SOUTHERN RAILROAD CO., d/b/a NAPOLEON, DEFIANCE & WESTERN RAILWAY

Michigan Southern Railroad Co. (“MSO”), P.O. Box 239, White Pigeon, MI, 49099, (800) 446-7245, owns and operates as MSO on approximately 17.99 miles of rail lines in Michigan between 1) milepost 406.8 at Sturgis, MI and milepost 421.0 at White Pigeon, MI; 2) milepost 146.86 and milepost 149.75 on the GR&I Industrial Lead near Sturgis; and 3) milepost 28.4 and milepost 29.3 on the former Goshen Branch near Sturgis. MSO also owns and operates as Napoleon, Defiance & Western Railway (“NDW”) approximately 51 miles of rail lines between milepost 28.0 at Liberty Center, OH and milepost 79.0 at Woodburn, IN. *See Exhibit 1-L.*

MSO interchanges with NS at White Pigeon, MI and, as NDW, with NS at Woodburn, IN and with CSXT at Defiance, OH.

MISSISSIPPI CENTRAL RAILROAD CO.

Mississippi Central Railroad Co. (“MSCI”), 542 East Van Dorn Avenue, Holly Springs, Mississippi 38635, (800) 442-6877, owns and operates approximately 56.5 miles of rail line in Mississippi and Tennessee between milepost 517.0 at Grand Junction, TN and milepost 573.5 at Oxford, MS. MSCI leases and operates rail lines in Mississippi and Alabama 1) owned by the State of Mississippi between milepost 0.0 at Iuka Wye, MS and milepost 10.0 at Tri-State Commerce Park, MS; and 2) owned by the Mississippi-Alabama Railroad Authority between milepost 529.5 at Corinth, MS and milepost 571.0 at Red Bay, AL. MSCI also operates over incidental trackage rights on NS between milepost 527.3 and milepost IC-529.5 near Corinth, MS. *See Exhibit 1-M.*

MSCI interchanges with BNSF at Holly Springs, MS; with NS at Grand Junction, TN and Corinth, MS; and with KCS at Corinth, MS.

PIONEER INDUSTRIAL RAILWAY CO.

Pioneer Industrial Railway Co. (“PRY”), 1318 South Johanson Road, Peoria, IL 61607, (800) 914-3810, operates over local trackage rights on 2.57 miles of rail lines owned by City of Peoria located between 1) milepost 1.71 and milepost 2.78; and 2) milepost 8.50 and milepost 10.0 in Peoria, IL. *See Exhibit 1-N.*

PRY interchanges at Peoria, IL with UP and via KJRY’s interchange agreement with TZPR.

VANDALIA RAILROAD COMPANY

Vandalia Railroad Company (“VRRC”), 609 West Main Street, Vandalia, IL, 62471, (800) 446-7245, leases from the City of Vandalia and operates approximately 2.71 miles of rail line in Illinois between milepost 689.83 and milepost 692.54 in Vandalia, IL. *See Exhibit 1-O.*

VRRC interchanges with CSXT at Vandalia, IL.

EXHIBIT 3

BAUPOST CAPITAL, L.L.C.
10 St. James Avenue, Suite 1700
Boston, Massachusetts 02116
(617) 210-8300

September 11, 2020

Related Infrastructure Holdings LLC
60 Columbus Circle
New York, NY 10023
Attention: Andrew Right

Dear Andrew:

Baupost Capital, L.L.C. and/or certain of its affiliates or designees (collectively, "Baupost Capital") is pleased to submit this non-binding indication of interest regarding the acquisition of the equity interests in Pioneer Railcorp, Inc. (collectively, the "Related Investments") held by Related Infrastructure Holdings LLC (collectively with its affiliates, "Related").

1. **Purchase Price.** Based on a review of the materials provided to us to date, multiple calls with the respective management teams of the Related Investments, and in-depth discussions with industry experts,

(collectively, the "Transaction"). Baupost Capital's willingness to invest in the Related Investments remains contingent, however, upon (i) its satisfaction, in its sole discretion, with the results of its confirmatory due diligence review and (ii) the negotiation of satisfactory definitive documentation.

2. **Transaction Structure.** We would anticipate executing the Transaction via US Infravest Holdings LLC ("US Infravest Holdings"), a newly-formed joint venture funded (a) % by Baupost Capital and (b) % by the principals of US Infravest Managers LP ("US Infravest Managers"). US Infravest Holdings will be managed by US Infravest Managers.

3. **Financing.** We would anticipate financing our purchase of the Related Investments with

4. **Due Diligence and Timing.** Baupost Capital anticipates that it will be able to conduct its financial, legal and tax due diligence review with respect to its purchase of the Related Investments quickly and efficiently. Our due diligence review of the Related Investments will also include third-party evaluations of accounting, legal, environmental and tax matters that we deem relevant to the Related Investments, and in connection with our due diligence, we will require access to the respective management teams of Pioneer Railcorp, Inc., as well as their respective legal, financial and other representatives and advisors. Baupost Capital's willingness to invest in the Related Investments is contingent upon its satisfaction, in its sole discretion, with the results of its due diligence review.

We are prepared to devote the resources necessary to review the Related Investments, and, assuming sufficient cooperation and access to information, we believe that we can expeditiously complete the due diligence and documentation necessary to close.

5. **Conditions and Approvals.** Baupost Capital has received the necessary internal approvals to provide this letter. We would anticipate receiving internal approvals to submit a definitive, binding proposal for an investment in the Related Investments pending satisfactory completion of the due diligence review described in Section 4. Such a proposal would be subject to negotiation and execution of mutually agreeable definitive legal documentation for the acquisition of the Related Investments. At this time, we believe no other internal or external conditions will impact the timing or execution of definitive legal documentation with respect to the acquisition of the Related Investments and, subject to the completion of our due diligence review, we do not anticipate any non-customary closing conditions or contingencies. As a result, we believe that following the completion of our due diligence review, we could enter into a definitive agreement and close on the Transaction promptly.

6. **Confidentiality.** Except as otherwise required by law or regulatory authority or as may be necessary to effect the Transaction, neither Related nor Baupost Capital will, and each of Related and Baupost Capital will cause its affiliates, directors, officers, employees, representatives and agents not to, without the prior written consent of the other party, make any public announcement to any other person about the existence, terms or subject matter of this letter or any definitive documentation regarding the Transaction. Each of Related and Baupost Capital agrees that this letter is submitted on a confidential basis.

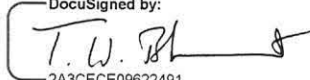
7. **Miscellaneous.** This letter (a) sets forth Baupost Capital's non-binding indication of interest regarding the Transaction, (b) is not intended to create any legal relationship between Related and Baupost Capital or between any of their respective affiliates, representatives and agents, in each case other than with respect to Section 6, and (c) will not give rise to any obligation of any of Related, Baupost Capital or any of their respective affiliates, representatives or agents, in each case other than with respect to Section 6. This letter supersedes all prior communications, agreements and understandings, whether written or oral, between Related and Baupost Capital with respect to the Transaction. This letter shall be governed by and construed in accordance with, the laws of the State of New York.

[Remainder of Page Intentionally Blank]

REDACTED – TO BE PLACED ON PUBLIC FILE

Sincerely,

BAUPOST CAPITAL, L.L.C.

DocuSigned by:

By 2A3CECE09622491...
Thomas W. Blumenthal
Partner

The foregoing is hereby
agreed to and accepted:

RELATED INFRASTRUCTURE HOLDINGS LLC

By 
Name: Joshua Mott
Title: Authorized Signatory

Date: September __, 2020