

**BALL JANIK LLP**

A T T O R N E Y S

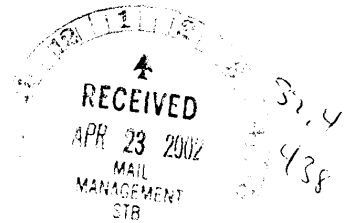
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OF COUNSEL  
(202) 466-6532

lgitomer@bjllp.com



DID# 0101929004

205245

April 23, 2002

**BY HAND**

Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, D.C. 20423-0001

Re: STB Finance Docket No. 34197, *RailAmerica, Inc., et al.—Corporate Family  
Reorganization Exemption*

Dear Secretary Williams:

Enclosed are the original and 10 copies of a Notice of Exemption, a \$1,000 filing fee under 49 CFR 1002.2(f)(39)(iv), three 3.5-inch diskettes with the file Notice.doc, and 20 additional copies of the maps in Exhibit A.

Please time and date stamp the extra copy of this letter and pleading and return it to our messenger. Thank you for your assistance. If you have any questions, please call or email me.

Sincerely yours,

Louis E. Gitomer  
Attorney for RailAmerica, Inc.

**FILED**

Enclosures

APR 23 2002

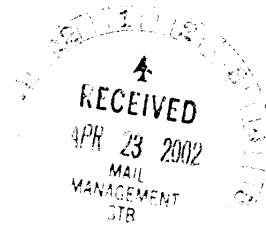
**SURFACE  
TRANSPORTATION BOARD**

Office of the Secretary

APR 23 2002

**ORIGINAL**

BEFORE THE  
SURFACE TRANSPORTATION BOARD



FINANCE DOCKET NO. 34197

RAILAMERICA, INC., ET AL.—CORPORATE FAMILY REORGANIZATION EXEMPTION

VERIFIED NOTICE OF EXEMPTION  
Pursuant to 49 C.F.R. § 1180.2(d)(3)

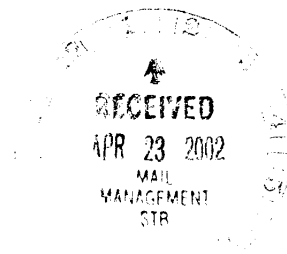
Gary A. Laakso, Esq.  
Vice President Regulatory Counsel  
RailAmerica, Inc.  
5300 Broken Sound Boulevard N.W.  
Second Floor  
Boca Raton, FL 33487  
(561) 994-6015

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Of Counsel  
BALL JANIK LLP  
1455 F Street, N.W., Suite 225  
Washington, D.C. 20005  
(202) 638-3307

Attorneys for RailAmerica, Inc.

Dated: April 23, 2002

BEFORE THE  
SURFACE TRANSPORTATION BOARD



FINANCE DOCKET NO. 34197

RAILAMERICA, INC., ET AL.—CORPORATE FAMILY REORGANIZATION EXEMPTION

VERIFIED NOTICE OF EXEMPTION  
Pursuant to 49 C.F.R. § 1180.2(d)(3)

RailAmerica, Inc. ("RailAmerica") is reorganizing one of its subsidiary railroads. It is splitting ParkSierra Corporation into three Class III railroads, ARZC Operating Company, Inc. ("ARZC"), CFNR Operating Company, Inc. ("CFNR"), and PSAP Operating Company, Inc. ("PSAP").

RailAmerica directly controls Palm Beach Rail Holding, Inc. ("Palm Beach"), which directly controls RailAmerica Transportation Corp. ("RTC"), which directly controls ParkSierra. RailAmerica and Palm Beach will continue to control RTC, which in turn will directly control ARZC, CFNR, and PSAP when they become Class III railroads. After its partition, ParkSierra will be merged into CFNR. ParkSierra is, and ARZC, CFNR, and PSAP will become railroad subsidiaries of RailAmerica, this transaction qualifies under 49 C.F.R. 1180.2(d)(3).

a. **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.

RailAmerica, Inc., 5300 Broken Sound Boulevard N.W., Second Floor, Boca Raton, FL

33487, (561) 994-6015, will acquire indirect control of: ARZC Operating Company, Inc., P.O. Box AF, Parker, AZ 85344, CFNR Operating Company, Inc., 129 Klamath Court, American Canyon, CA 94589, and PSAP Operating Company, Inc., 501 North 2<sup>nd</sup> Street, P.O. Box L-2, Elma, WA 98541, when they become Class III railroads, through Palm Beach Rail Holding, Inc., 5300 Broken Sound Boulevard N.W., Second Floor, Boca Raton, FL 33487, (561) 994-6015, which directly controls RailAmerica Transportation Corp., 5300 Broken Sound Boulevard N.W., Second Floor, Boca Raton, FL 33487, (561) 994-6015, which will directly control ARZC, CFNR, and PSAP.

In Finance Docket No. 34198, *ARZC Operating Company, Inc.—Acquisition and Operation Exemption—ParkSierra Corp.*, filed April 23, 2002, ARZC is going to acquire from ParkSierra (1) and operate, the following lines in southern California and Arizona: (i) between Cadiz, CA, milepost 190.18, and Parker, AZ, milepost 105.8; (ii) between Parker, milepost 105.8, and Matthie, milepost 0.08, including the “Y” Track Number 1 near Matthie, milepost 134.92; and (iii) between Rice, CA, milepost 0, and Ripley, CA, milepost 49.4, at the end of the Ripley Subdivision, a distance of about 240 miles; and (2) operate overhead trackage rights on The Burlington Northern and Santa Fe Railway Company (“BNSF”) as follows: (i) tracks connecting at or near Cadiz, CA, between BNSF’s Cadiz Subdivision milepost 190.18 and BNSF’s Needles Subdivision milepost 647.99 on Track Nos. 2 and 36 at Cadiz; and (ii) connecting rail line between BNSF’s Parker Subdivision milepost 0.08 (also Phoenix Subdivision milepost 135.03) and BNSF’s Phoenix Subdivision milepost 191.91, including all yard track in the Mobest Yard in Phoenix, AZ, a distance of about 60 miles, a total distance of about 300 miles.

In Finance Docket No. 34199, *CFNR Operating Company, Inc.—Acquisition and Operation Exemption—ParkSierra Corp.*, filed April 23, 2002, CFNR is going to acquire from ParkSierra (1) ParkSierra's lease rights and operate the following lines in California that are owned by Union Pacific Railroad Company ("UP"): (i) the Schellville Branch between Suisun, milepost 48.97 at the east leg of the wye and milepost 48.93 at the west leg of the wye, and Lombard, milepost 63.40; (ii) the Napa Branch between Lombard, milepost 62.00, and Rocktram, milepost 67.50; (iii) the Vallejo Branch between Napa Jct., milepost 61.80, and Vallejo, milepost 68.90; (iv) the West Valley Line between Davis, milepost 75.66 at the east leg of the wye and milepost 75.58 at the west leg of the wye, and Tehema, milepost 186.37 at the east leg of the wye toward Portland, and milepost 186.33 at the west leg of the wye toward Roseville; (v) the Hamilton Branch between Wyo, milepost 180.40, and Hamilton, milepost 169.00; (vi) the Los Banos Branch between Tracy, milepost 83.00, and Los Banos, milepost 140.07; and (vii) the Vineburg Lead between near Schellville, milepost NWP 40.38, and the end of the line, formerly NWP milepost 44.25, a distance of about 210 miles; and (2) ParkSierra's right to operate under trackage rights from: (i) UP in California over: (a) a portion of the Sacramento Line between Davis, milepost 75.4, and Suisun-Fairfield, milepost 47.8; (b) a portion of the West Valley Line at Davis between mileposts 75.58 and 75.4; and (c) a portion of the Schellville Branch between mileposts 48.97 and 47.8, a distance of about 28 miles; and (ii) the North Coast Railroad Authority in California from milepost 62.0, at or near Lombard, to milepost 72.5, near Schellville, a distance of 10.5 miles.

In Finance Docket No. 34200, *PSAP Operating Company, Inc.—Acquisition and Operation Exemption—ParkSierra Corp.*, filed April 23, 2002, PSAP is going to acquire from

ParkSierra (1) and operate an 83.5-mile line as follows: (i) the Centralia-Hoquiam Line, between Centralia, WA, milepost 0.6, and Hoquiam, WA, milepost 74.1, including the Horn Spur Track, which connects to the Centralia-Hoquiam Line at milepost 72.5 and extends northward to the end of the track at approximately milepost 2.0; and (ii) the Elma-Shelton Line, between Elma, WA, milepost 0.0 (connecting to the Centralia-Hoquiam Line at about milepost 46.7) and Shelton, WA, milepost 25.1; (2) and operate under trackage rights as follows: (i) over UP between (a) milepost 68.9 and milepost 69.4 and (b) milepost 70.3 and 72.0, near Aberdeen, WA, a distance of about 2.2 miles; (ii) overhead trackage rights over BNSF between milepost 0.6 and milepost 0.4, at or near Centralia, WA, a distance of about 0.2 miles; (iii) under a December 11, 1994 agreement with the United States of America, to provide service on a government-owned line from its connection with the Elma-Shelton Line to Bangor, a distance of approximately 44 miles, and a branch line to Bremerton Navy Yard, a distance of approximately 4.6 miles; and (iv) overhead trackage rights from The City of Tacoma d/b/a Tacoma Rail (TR) (a) between the Lakeside Siding near Blakeslee Junction, milepost 60.0, southwest six miles and the interchange with BNSF at Chehalis, milepost 66.0 (the TR/BNSF Interchange); and (b) from the TR/BNSF Interchange one mile to milepost 67.0, where TR's rail lines connect with rail line owned by the Port of Chehalis, for a total distance of approximately 7.0 miles; (3) a lease from UP and operate approximately 1.8 miles of rail lines (i) from UP milepost 53.83 to UP milepost 54.23; and (ii) from UP milepost 55.28 to UP milepost 56.70, in Aberdeen and Hoquiam Counties, WA; and (4) the right to operate between Chehalis, WA, milepost 0.0, and Curtis, WA, milepost 10.0, a total distance of 10.0 miles in Lewis County, WA, under a modified certificate of public convenience and necessity.

As a result of the transaction, there will not be substantial lessening of competition, creation of a monopoly, or restraint of trade in freight surface transportation in any region of the United States. The proposed 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.

Counsel to whom questions concerning the transaction can be addressed are: Gary A. Laakso, Esq., Vice President Regulatory Counsel, RailAmerica, Inc., 5300 Broken Sound Boulevard N.W., Boca Raton, FL 33487, (561) 994-6015, and Louis E. Gitomer, Esq., Of Counsel, Ball Janik LLP, 1455 F Street, N.W., Suite 225, Washington, D.C. 20005, (202) 638-3307.

b. **1180.6(a)(1)(ii).** The proposed time schedule for consummation of the proposed transaction.

RailAmerica, et al., intend to consummate control on April 30, 2002, or the date the concurrently filed waiver requests in the other three proceedings noted above are granted, whichever is later.

c. **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.

ARZC, CFNR, and PSAP all serve separate geographic areas. RailAmerica believes that they will be able to more efficiently serve their customers by being separate entities. As a separate entity, each new railroad will establish its rates based on the competition it faces individually, instead of as a part of a larger entity. Being accountable for its own revenues and

costs, instead of having them bundled with another railroad will encourage the honest and efficient management of each of these new railroads.

d. **1180.6(a)(5).** A list of the State(s) in which any part of the property of each applicant carrier is situated.

ARZC operates in Arizona and California. CFNR operates in California. PSAP operates in Washington State.

RailAmerica's other subsidiary railroads operate in the States of Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Illinois, Indiana, Kansas, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, South Carolina, Texas, Vermont, Virginia, and Washington.

e. **1180.6(a)(6). Map (Exhibit 1).** 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. If a geographically limited transaction is proposed, a map detailing the transaction should also be included. In addition to the map accompanying each application, 20 unbound copies of the map shall be filed with the Board.

*See Exhibit A.*

f. **1180.6(a)(7)(ii). Agreement (Exhibit 2).** Submit a copy of any contract or other written instrument entered into, or proposed to be entered into, pertaining to the proposed transaction.

*See Exhibit B.*

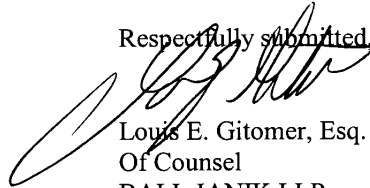
g. **Labor Protection.**

As a result of this transaction, RailAmerica will continue to control one Class II railroad (the Central Oregon and Pacific Railroad, Inc.) and obtain control of three Class III railroads. Therefore, under 49 U.S.C. § 11326(b), the appropriate level of labor protection to be imposed is *Wisconsin Central Ltd.—Acquisition Exem.—Union Pac. RR*, 2 S.T.B. 218 (1997).

**h. Environmental and Historical documentation.**

This transaction qualifies for classification under 49 C.F.R. §1105.6(c)(2) and thus neither an Environmental Assessment nor a Historic Report is required to be filed.

Respectfully submitted,



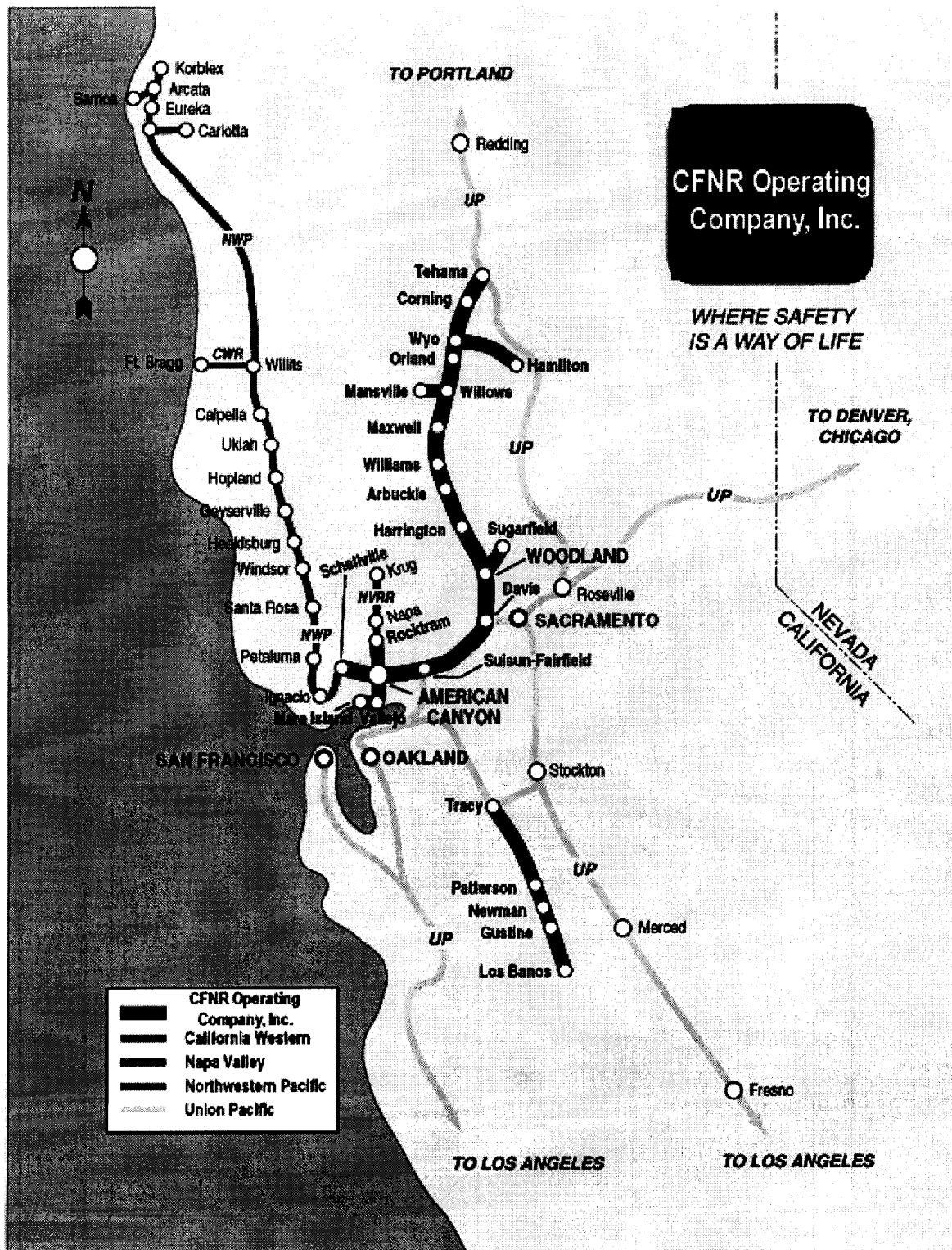
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RailAmerica, Inc.  
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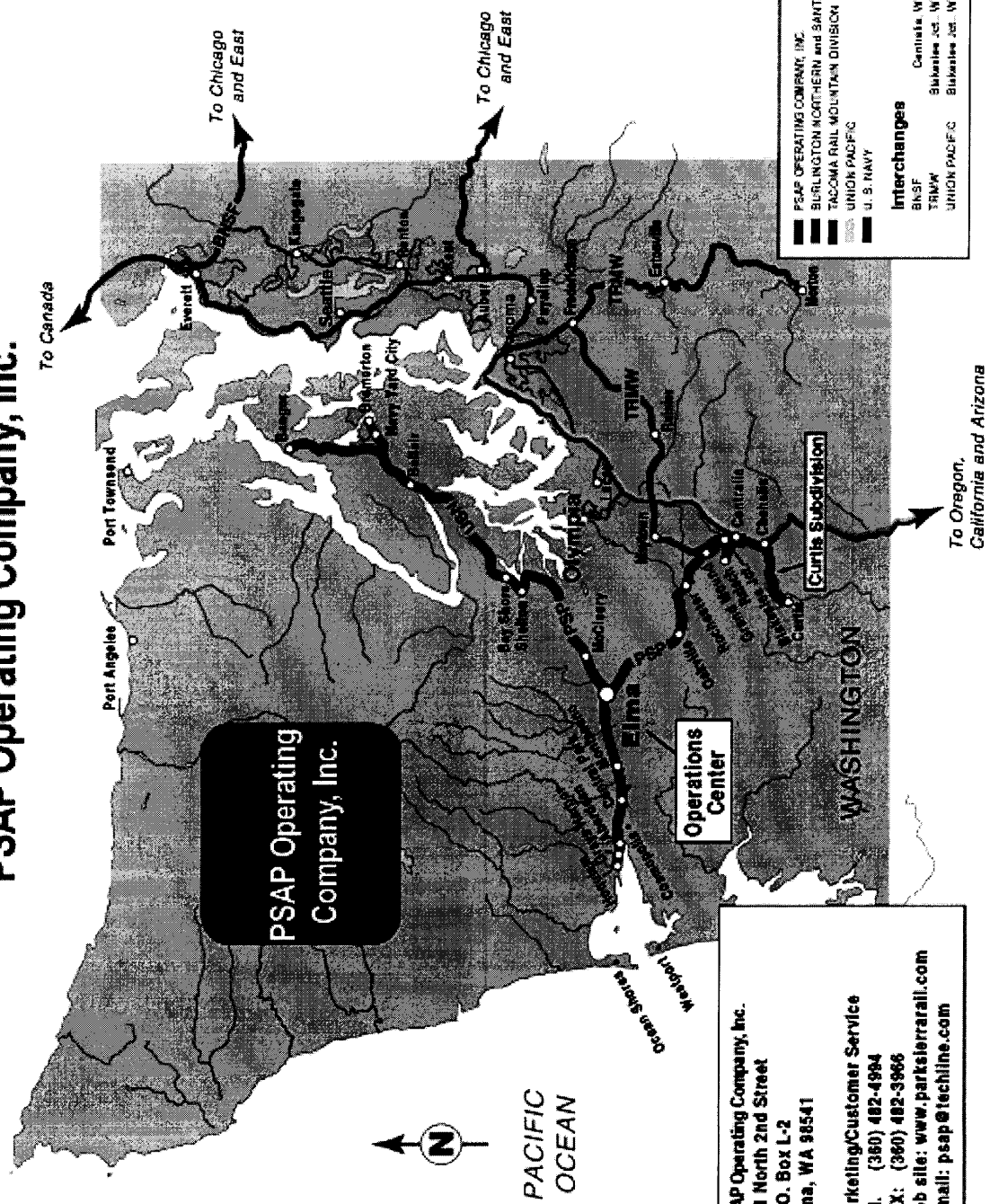
Attorneys for RailAmerica, Inc.

April 23, 2002

EXHIBIT A—Map



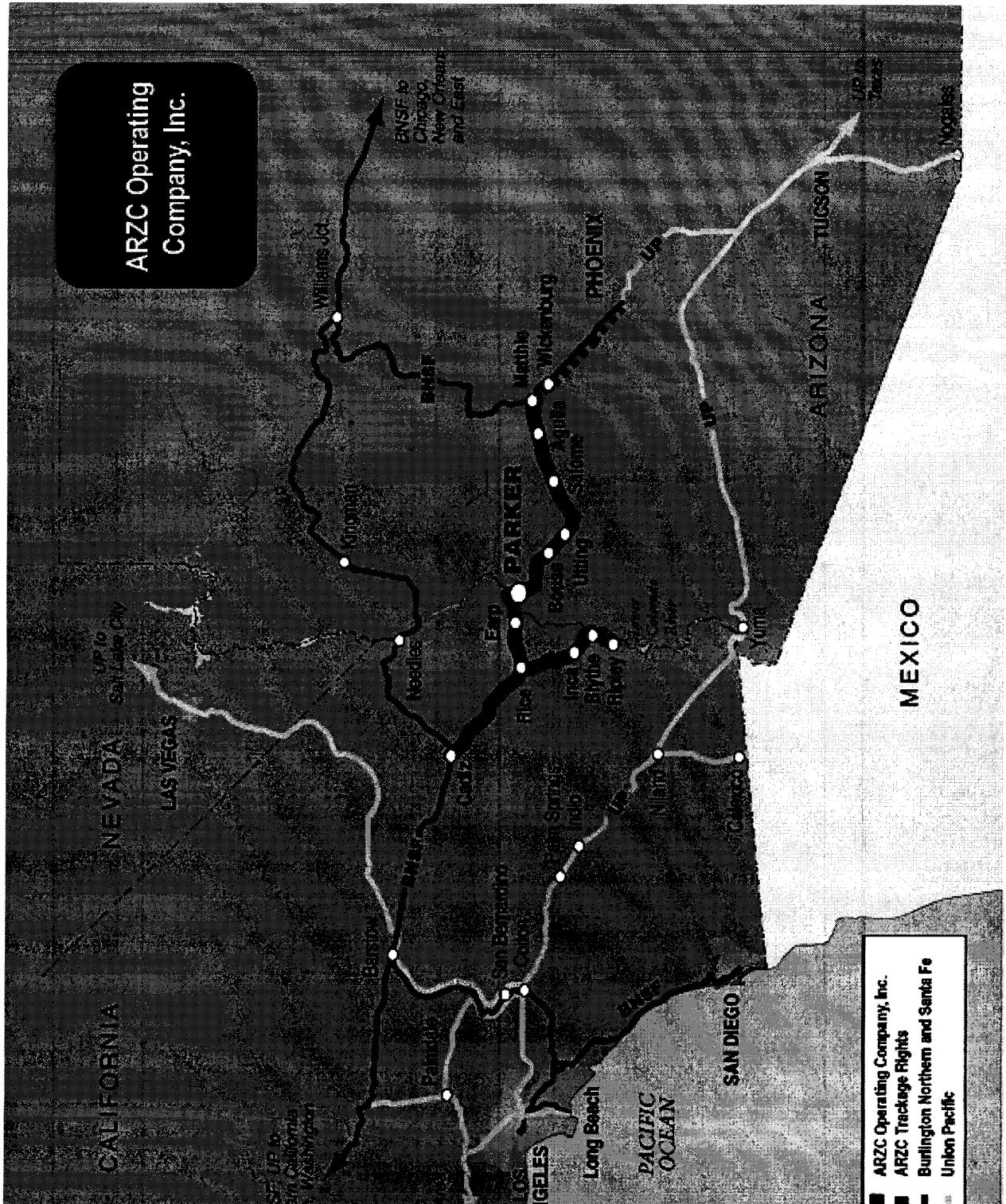
# PSAP Operating Company, Inc.



PSAP Operating Company, Inc.  
 501 North 2nd Street  
 P. O. Box L-2  
 Elma, WA 98541  
 Marketing/Customer Service  
 Tel: (360) 482-4994  
 FAX: (360) 482-3966  
 Web site: [www.parksterrail.com](http://www.parksterrail.com)  
 E-mail: [psap@techline.com](mailto:psap@techline.com)

4-3-01

ARZC Operating  
Company, Inc.



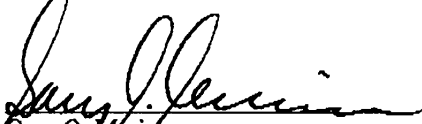
- ARZC Operating Company, Inc.
- ARZC Trackage Rights
- Burlington Northern and Santa Fe
- Union Pacific

EXHIBIT B

**ACTION BY WRITTEN CONSENT  
OF THE BOARD OF DIRECTORS OF  
RAILAMERICA TRANSPORTATION CORP.**

The undersigned, being all of the members of the Board of Directors for RailAmerica Transportation Corp., a Delaware corporation (the "Company"), acting pursuant to Section 141 of Title 8 of the Delaware General Corporation Law, hereby adopt by this written consent, the resolutions attached hereto as Exhibit A with the same force and effect as if they had been unanimously adopted at duly convened meeting of the Board of Directors of the Company, and direct that this written consent be filed with the minutes of the proceedings of the Board of Directors of the Company.

IN WITNESS WHEREOF, the undersigned, being all members of the Board of Directors of the Company, have executed this written consent as of the 22<sup>nd</sup> day of April, 2002.

  
Gary O. Marino

  
Donald D. Redfearn

## Exhibit A

WHEREAS, RailAmerica Transportation Corp. (the "Company") is the owner of all of the stock of ParkSierra Corp. ("ParkSierra") that operates three railroad divisions that are geographically separated and acquired at different times;

WHEREAS, ParkSierra now has the benefits of the Company's resources and expertise and ParkSierra intends to cease offering the services of a consolidated holding company;

WHEREAS, ParkSierra has established local management and workforces at each of its three railroad divisions and treated each property as a "stand alone" business unit;

WHEREAS, the Company and ParkSierra believe that the time has come to make each of the three railroad divisions separate, stand alone corporations, each of whose stock is owned by the Company (the "Transactions");

NOW, THEREFORE, BE IT RESOLVED that the division of ParkSierra into three stand alone corporations, AZCR Operating Company, Inc. ("AZCR"); CFNR Operating Company, Inc. ("CFNR") and PSAP Operating Company, Inc. ("PSAP"), all of which shall be directly held subsidiaries of the Company is approved, together with all related agreements, instruments and documents to be executed and delivered by the Company in connection therewith (together, the "Transaction");

FURTHER RESOLVED, that the Chairman of the Board, any Vice President and the Treasurer of the Company be, and each of them hereby is, authorized and empowered in the name and on behalf of the Company to negotiate, execute and deliver for and on behalf of the Company any agreements related to the implementation of the Transaction, and any other agreements, instruments or other documents in connection therewith, together with such amendments, modifications and other changes thereto as the officer(s) of the Company executing the same shall approve (such approval to be conclusively evidenced by their execution and delivery thereof); and it is

FURTHER RESOLVED, the Board of Directors does hereby ratify and confirm, as the act and deed of the Company, any and all actions heretofore taken by the Board of Directors and any and all officers of the Company relating to, or in connection with or which may have been desirable for the preparation, execution and delivery of any agreements, instruments or other documents to be executed in connection therewith; and it is

FURTHER RESOLVED, that in addition to and without limiting the foregoing, the Chairman of the Board and any Vice President or Treasurer of the Company be, and each of them hereby is, authorized to take or cause to be taken, such further action (including without limitation, the payment of all fees, costs and expenses), and to execute and deliver, or cause to be delivered, for and in the name and on behalf of the Company, all instruments and documents as such officer may deem appropriate in order to effect the purpose and intent of the foregoing resolutions (as conclusively evidenced by the taking of such action or the execution and delivery of such instruments, as the case may be, by or under the direction of the chairman of the Board, any Vice President or Treasurer of the Company) and all action heretofore taken by the officers and agents of the Company in connection with the subject of the foregoing recitals and resolutions be, and it hereby is approved, ratified and confirmed in all respects as the act and deed of the Company.

**CERTIFICATE**

State of Florida                    )  
                                          )ss  
County of Palm Beach            )

Walter S. Zorkers, being duly sworn, deposes and says that he is Senior Vice President Strategic Planning of RailAmerica, Inc., a Delaware corporation, and that he has read the foregoing, knows the contents thereof, and that the same are true as stated to the best of his knowledge, information and belief.

Walter S. Zorkers  
Walter S. Zorkers

Subscribed and sworn to before me this <sup>April</sup>~~8<sup>th</sup>~~ day of ~~March~~ 2002.

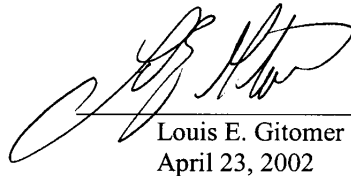
B. Lee West  
Notary Public



My commission expires: 8/20/04

CERTIFICATE OF SERVICE

I hereby certify that I have caused the Verified Notice of Exemption in Finance Docket 34197, RailAmerica, Inc., et al.— Corporate Family Reorganization Exemption, to be served by first class mail, postage pre-paid on the Secretary of the United States Department of Transportation, the Attorney General of the United States, the Federal Trade Commission and the Governor, Public Service Commission, and Department of Transportation of the States of Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Illinois, Indiana, Kansas, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, South Carolina, Texas, Vermont, Virginia, and Washington.



Louis E. Gitomer  
April 23, 2002