

BEFORE THE  
SURFACE TRANSPORTATION BOARD

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DOCKET NO. FD 36051

PROGRESSIVE RAIL INCORPORATED  
-- CONTINUANCE IN CONTROL EXEMPTION --  
IOWA SOUTHERN RAILWAY COMPANY

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ENTERED  
Office of Proceedings  
July 14, 2016  
Part of  
Public Record

**VERIFIED NOTICE OF EXEMPTION  
OF  
PROGRESSIVE RAIL INCORPORATED  
PURSUANT TO 49 C.F.R. § 1180.2(d)(2)**

FEE RECEIVED  
July 14, 2016  
Surface Transportation Board

FILED  
July 14, 2016  
Surface Transportation Board

Thomas J. Litwiler  
Audrey L. Brodrick  
Fletcher & Sippel LLC  
29 North Wacker Drive  
Suite 920  
Chicago, Illinois 60606-2832  
(312) 252-1500

**ATTORNEYS FOR  
PROGRESSIVE RAIL INCORPORATED**

Dated: July 13, 2016

BEFORE THE  
SURFACE TRANSPORTATION BOARD

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DOCKET NO. FD 36051

PROGRESSIVE RAIL INCORPORATED  
-- CONTINUANCE IN CONTROL EXEMPTION --  
IOWA SOUTHERN RAILWAY COMPANY

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**VERIFIED NOTICE OF EXEMPTION  
OF  
PROGRESSIVE RAIL INCORPORATED  
PURSUANT TO 49 C.F.R. § 1180.2(d)(2)**

Progressive Rail Incorporated ("PGR"), a Class III rail carrier, hereby files this notice of exemption under 49 C.F.R. § 1180.2(d)(2) to continue in control of Iowa Southern Railway Company ("ISR") once ISR leases a rail line and becomes a common carrier. ISR is a non-carrier entity, wholly owned by PGR, that will lease from Appanoose County Community Railroad, Inc. ("APNC") and operate a rail line extending from Centerville to Albia, Iowa (the "Line"), a distance of approximately 34.5 miles. ISR is concurrently filing a notice of exemption pursuant to 49 C.F.R. § 1150.32 to lease and operate the Line. See Docket No. FD 36050, Iowa Southern Railway Company -- Lease and Operation Exemption -- Appanoose County Community Railroad, Inc.

The rail line to be leased by ISR does not connect with the lines of PGR or of the other three Class III rail carriers controlled by PGR, and this control transaction is not part of a series of anticipated transactions that would result in such a connection. Nor does this proposed control transaction involve a Class I carrier. PGR's continuance in control of ISR is accordingly exempt under 49 C.F.R. § 1180.2(d)(2).

In accordance with the requirements of 49 C.F.R. § 1180.4(g), PGR submits the following information:

**Description of Proposed Transaction: 49 C.F.R. § 1180.6(a)(1)(i)**

PGR is a Class III rail common carrier which owns or operates rail lines in Minnesota, Wisconsin and Illinois. See, e.g., Progressive Rail, Incorporated -- Lease and Operation Exemption -- Rail Lines of Wisconsin Central Ltd., Docket No. FD 34600 (STB served November 12, 2004); Progressive Rail Incorporated -- Acquisition and Operation Exemption -- Rail Lines of Crab Orchard & Egyptian Railroad Company, Docket No. FD 35656 (STB served September 21, 2015). PGR also controls three other Class III railroads that operate in Minnesota, Missouri and Iowa, respectively. See Progressive Rail Inc. -- Intra-Corporate Family Transaction Exemption -- Airlake Terminal Railway Company, LLC, Docket No. FD 35168 (STB served November 28, 2008); Progressive Rail Inc. -- Acquisition of Control Exemption -- Central Midland Railway Company, Docket No. FD 35051 (STB served July 5, 2007); and Progressive Rail Incorporated -- Continuance in Control Exemption -- Iowa Traction Railway Company, Docket No. FD 35671 (STB served September 14, 2012).

ISR is a new entity owned by PGR which will lease and operate the Line in Iowa. The rail lines of PGR and PGR's existing rail carrier subsidiaries, on the one hand, and ISR, on the other, will not connect. PGR proposes to exercise common control of ISR and its existing rail carrier subsidiaries once ISR acquires the Line pursuant to exemption in Docket No. FD 36050 and becomes a rail carrier.

The full name and address of the Applicant herein is:

Progressive Rail Incorporated  
21778 Highview Avenue  
Lakeville, Minnesota 55044

Any questions concerning this Notice should be sent to the representative of PGR at the following address:

Audrey L. Brodrick  
Fletcher & Sippel LLC  
29 North Wacker Drive  
Suite 920  
Chicago, Illinois 60606-2832  
(312) 252-1500

**Proposed Schedule for Consummation: 49 C.F.R. § 1180.6(a)(1)(ii)**

PGR intends to consummate the proposed continuance in control transaction on August 13, 2016, concurrently with ISR's lease and operation of the Line and thirty days after the filing of this notice of exemption. See 49 C.F.R. § 1180.4(g)(1).

**Purpose Sought to Be Accomplished: 49 C.F.R. § 1180.6(a)(1)(iii)**

The exemption sought herein will allow PGR to exercise common control of its existing rail carrier subsidiaries and ISR. In turn, the control exemption will allow ISR to proceed with the lease and operation of the Line as contemplated in Docket No. FD 36050.

**States in Which Property of Applicants is Located: 49 C.F.R. § 1180.6(a)(5)**

PGR is a Class III rail carrier and owns or operates rail property in the states of Minnesota, Wisconsin and Illinois. ISR will lease and operate rail property in the State of Iowa. The existing rail carrier subsidiaries of PGR own or operate over rail property located in the following states:

Arlake Terminal Railway Company, LLC: Minnesota  
Central Midland Railway Company: Missouri  
Iowa Traction Railway Company: Iowa

**Map - Exhibit 1: 49 C.F.R. § 1180.6(a)(6)**

Maps of the Line to be leased by ISR and the rail lines currently operated by PGR and its existing rail carrier subsidiaries are attached hereto as Exhibit 1.

**Agreement - Exhibit 2: 49 C.F.R. § 1180.6(a)(7)(ii)**

PGR already owns and controls ISR, currently a non-carrier. No additional agreement is contemplated or necessary for PGR to continue in control of ISR once ISR acquires the Line and becomes a carrier.

**Labor Protective Conditions: 49 C.F.R. § 1180.4(g)(1)(i)**

Pursuant to 49 U.S.C. § 11326(c), no employee protective conditions may be imposed on this transaction. PGR and its existing railroad subsidiaries are currently Class III rail carriers, and ISR will be a Class III carrier upon its commencement of operations.

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

Under 49 C.F.R. § 1105.6(c)(2)(i) and (ii), the proposed control transaction is exempt from environmental reporting requirements. PGR's continuance in control of ISR will not result in significant changes in carrier operations, i.e., changes that exceed the thresholds established in 49 C.F.R. § 1105.7(e)(4) or (5).

Under 49 C.F.R. § 1105.8(b)(3), the proposed continuance in control also is exempt from historic preservation reporting requirements. That control transaction will not substantially change the level of maintenance of any railroad property.

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

The proposed continuance in control transaction does not itself involve the acquisition or operation of a rail line, and thus the provisions of 49 C.F.R. § 1180.4(g)(4) are not

applicable. Applicants note that the underlying lease transaction proposed in Docket No. FD 36050 does not include any provision limiting ISR's future interchange of traffic with a third-party connecting carrier.

Respectfully submitted,

By: Audrey Brodrick

Thomas J. Litwiler

Audrey L. Brodrick

Fletcher & Sippel LLC

29 North Wacker Drive

Suite 920

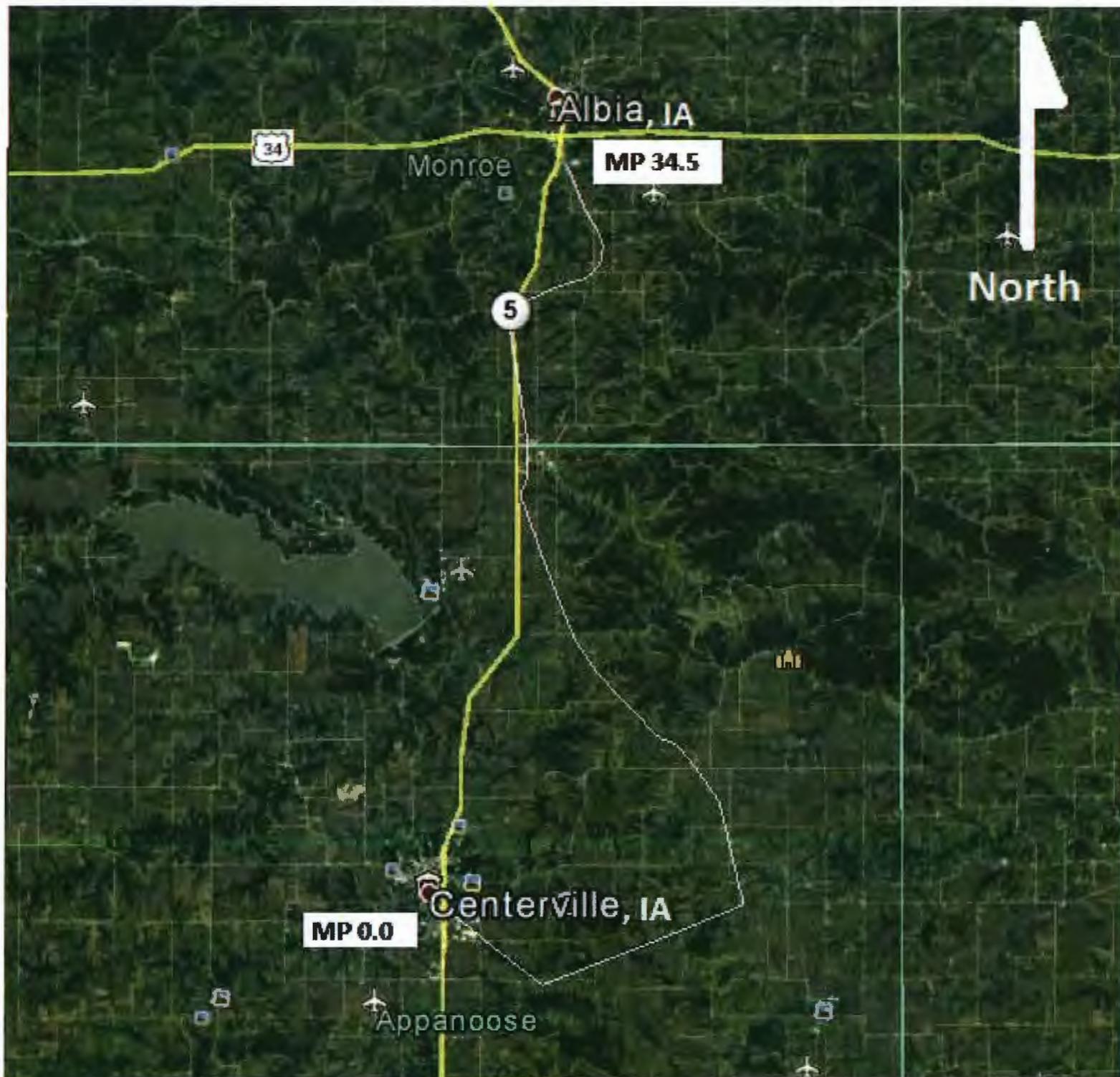
Chicago, Illinois 60606-2832

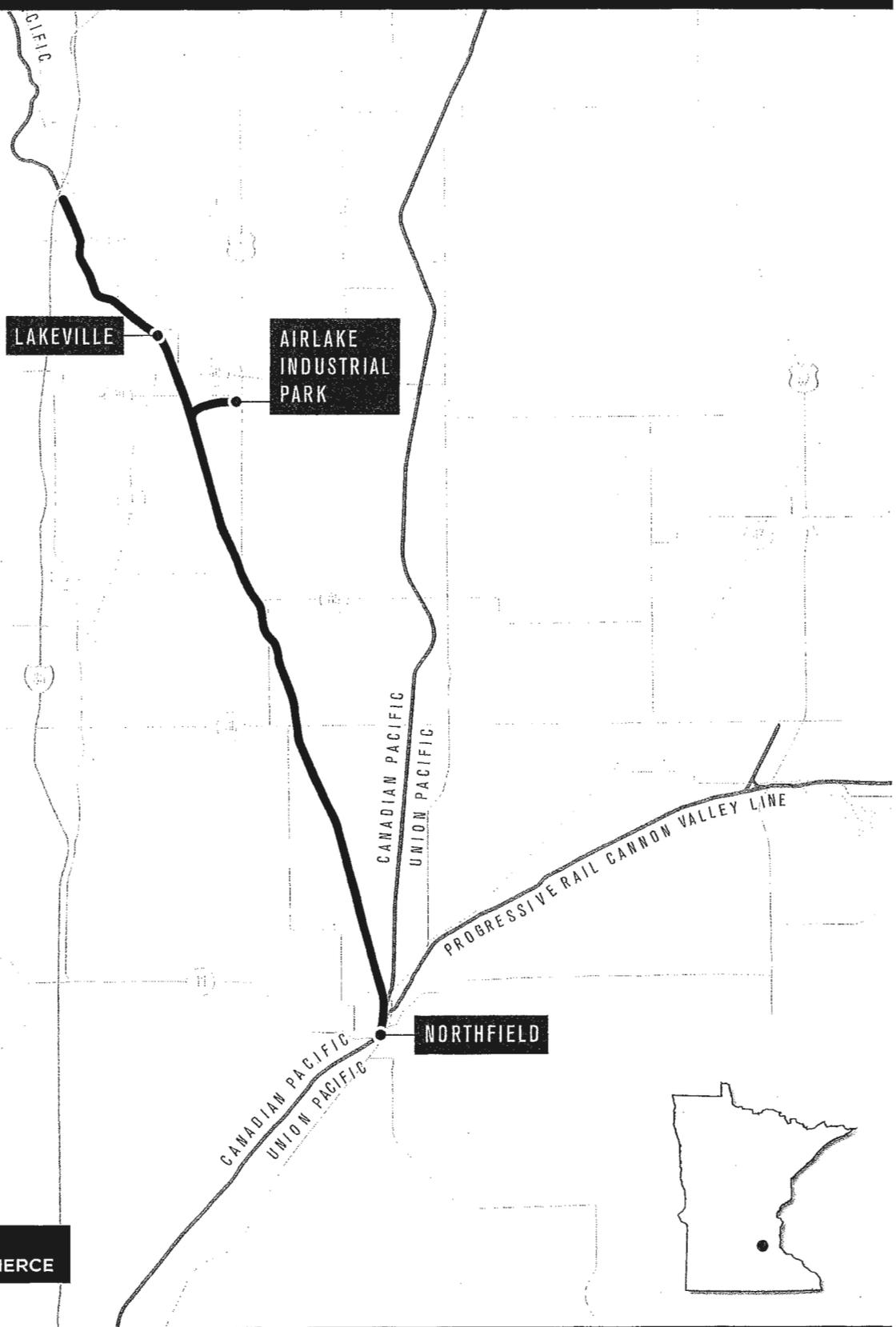
(312) 252-1500

**ATTORNEYS FOR  
PROGRESSIVE RAIL INCORPORATED**

Dated: July 13, 2016

**Iowa Southern Railway Company  
Lease and Operation Exemption, FD 36050**





LAKEVILLE

AIRLAKE INDUSTRIAL PARK

NORTHFIELD

CANADIAN PACIFIC  
UNION PACIFIC

CANADIAN PACIFIC  
UNION PACIFIC

PROGRESSIVE RAIL CANNON VALLEY LINE

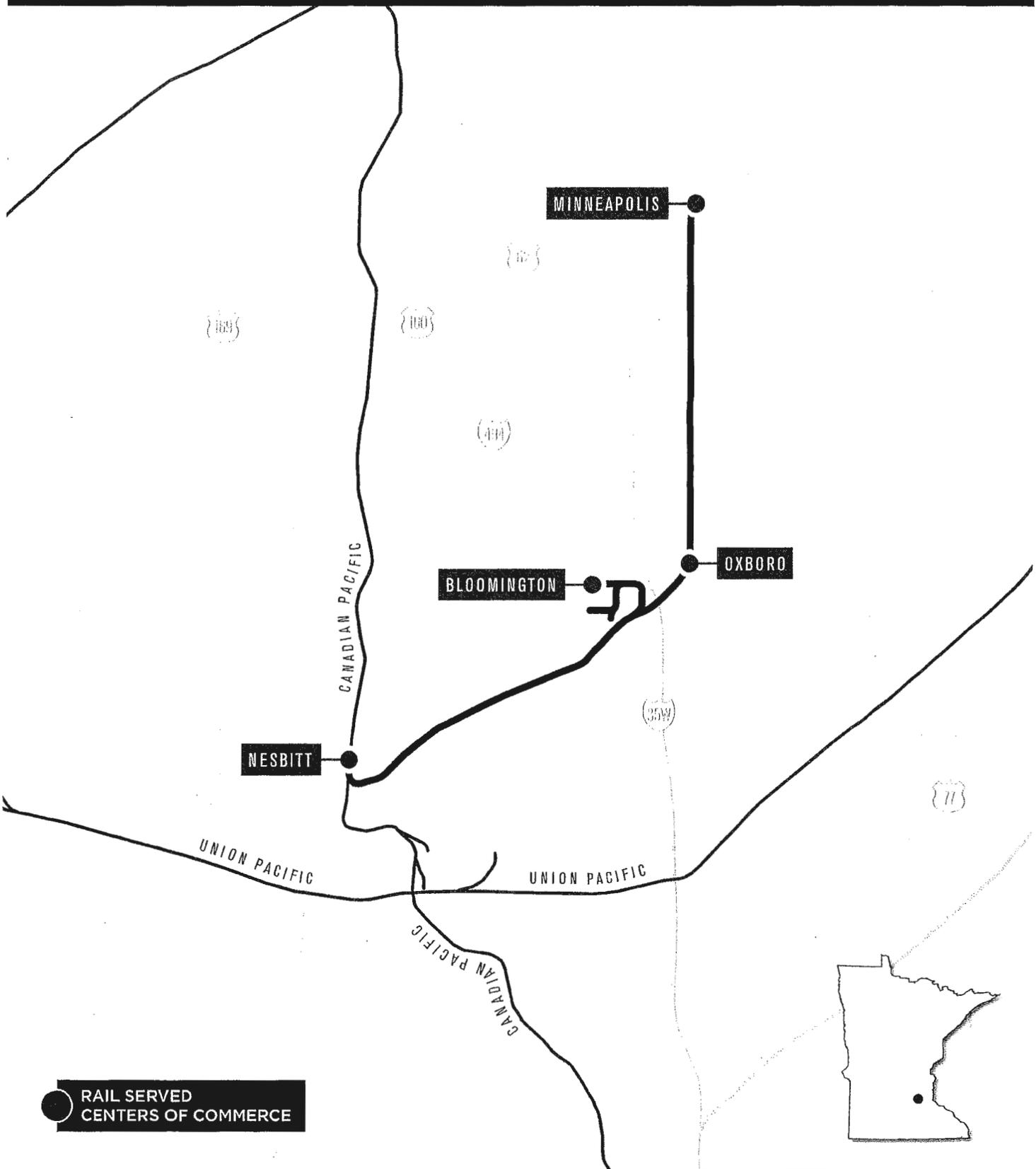
RAIL SERVED  
CENTERS OF COMMERCE



**PROGRESSIVE RAIL - JESSE JAMES LINE**

*Identical service to Lakeville, Northfield*



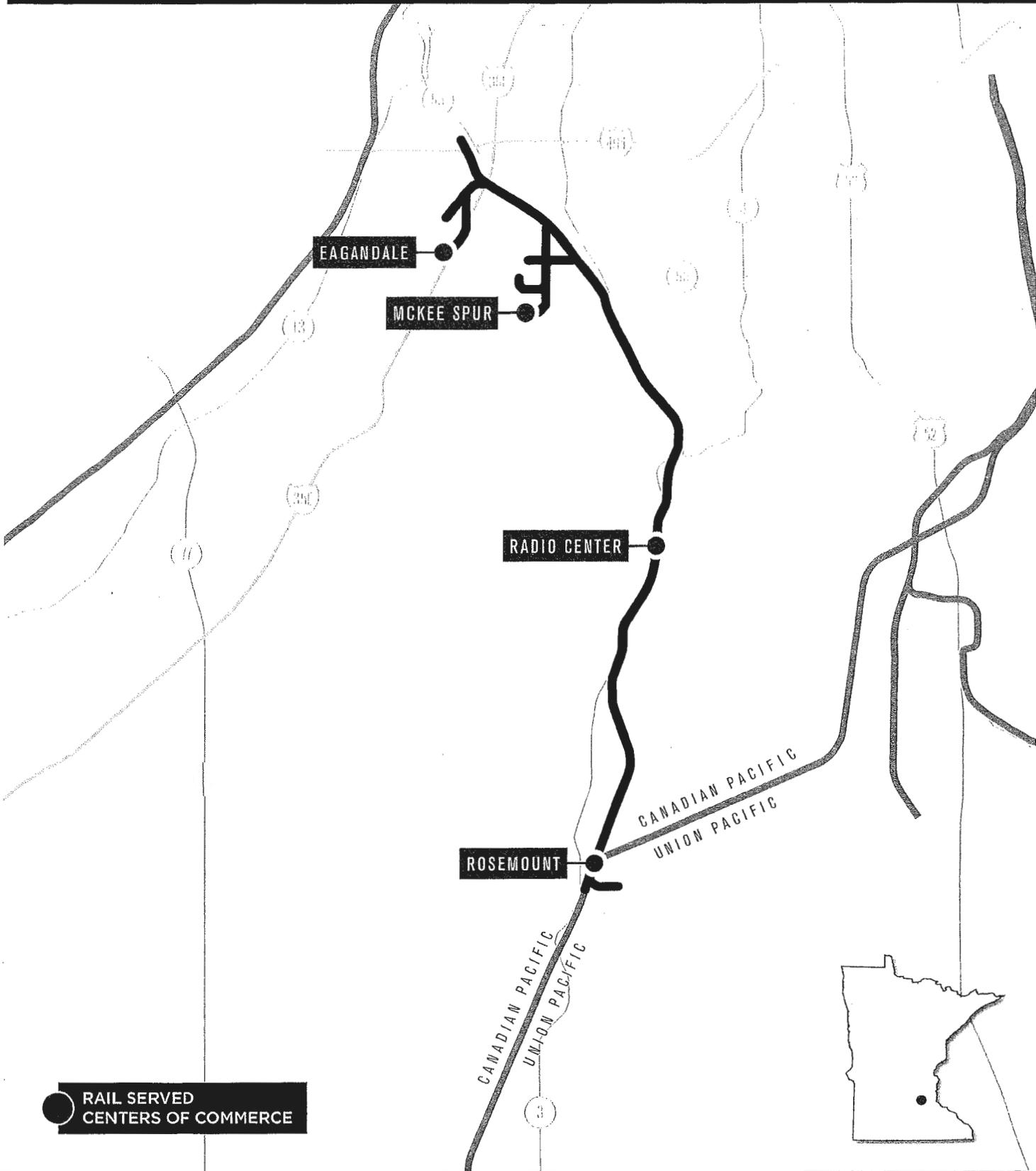


● RAIL SERVED  
CENTERS OF COMMERCE

**PROGRESSIVE RAIL - DAN PATCH LINE**

*Developed in partnership with the Minnesota Department of Transportation*

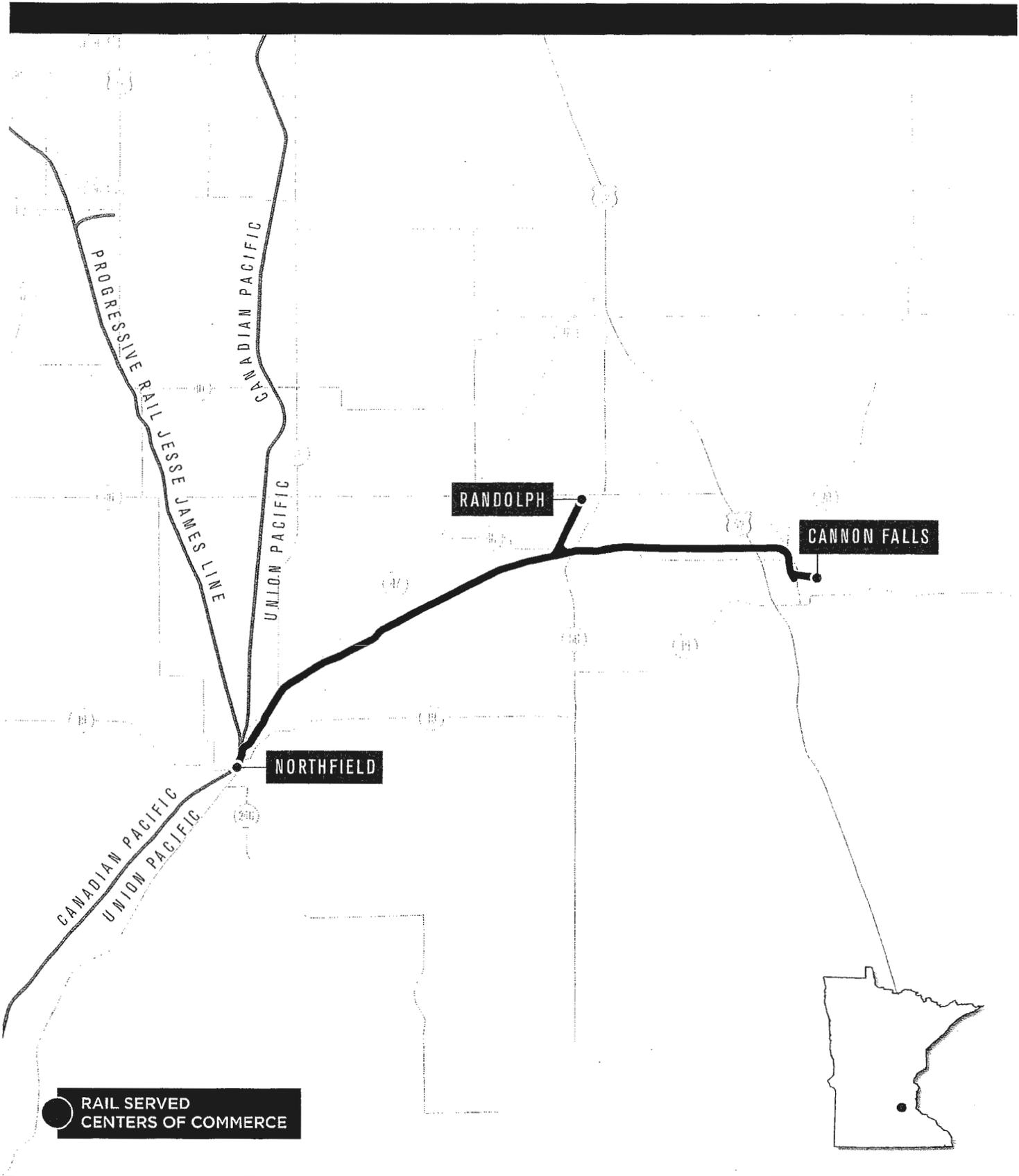




**PROGRESSIVE RAIL - EAGANDALE**

*Documental Physical Act on University*

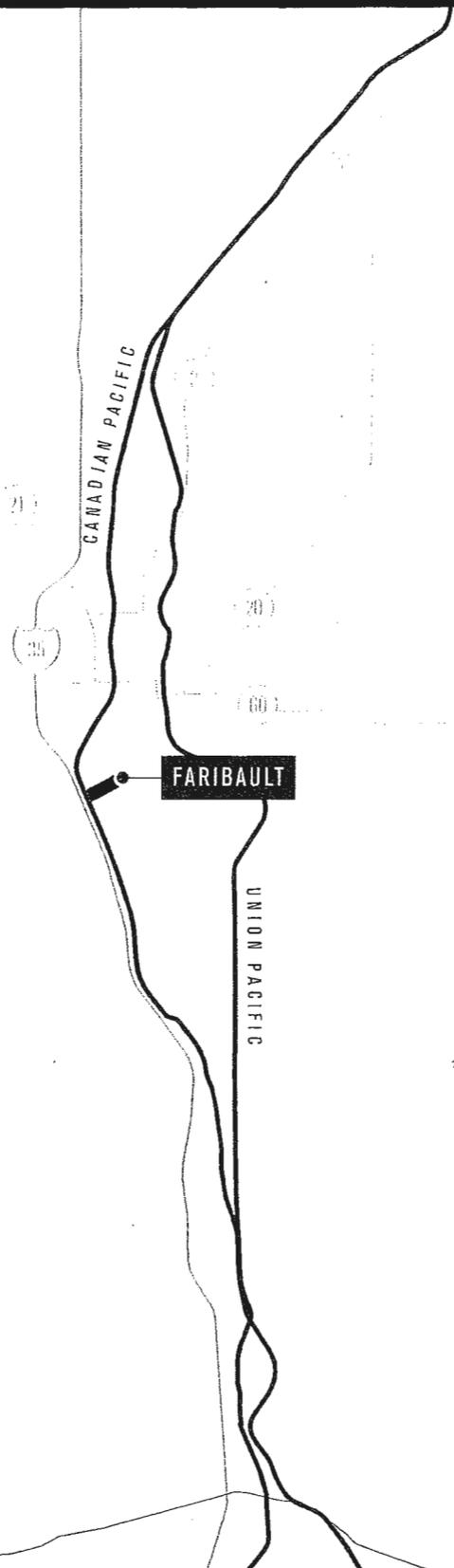




**PROGRESSIVE RAIL - CANNON VALLEY LINE**

*Progressive Rail is a subsidiary of Progressive Rail, Inc.*

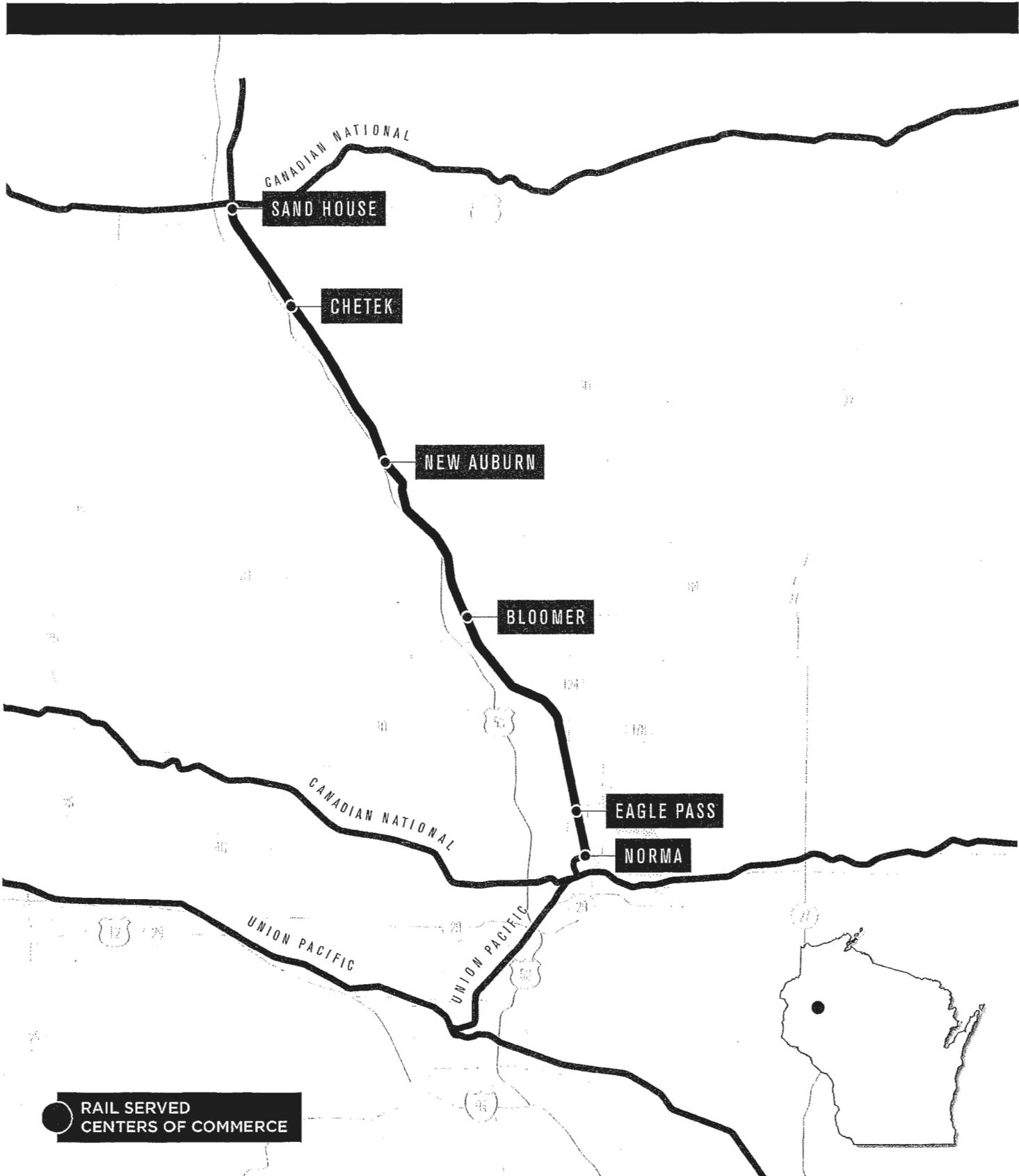




**PROGRESSIVE RAIL - FARIBAULT LINE**



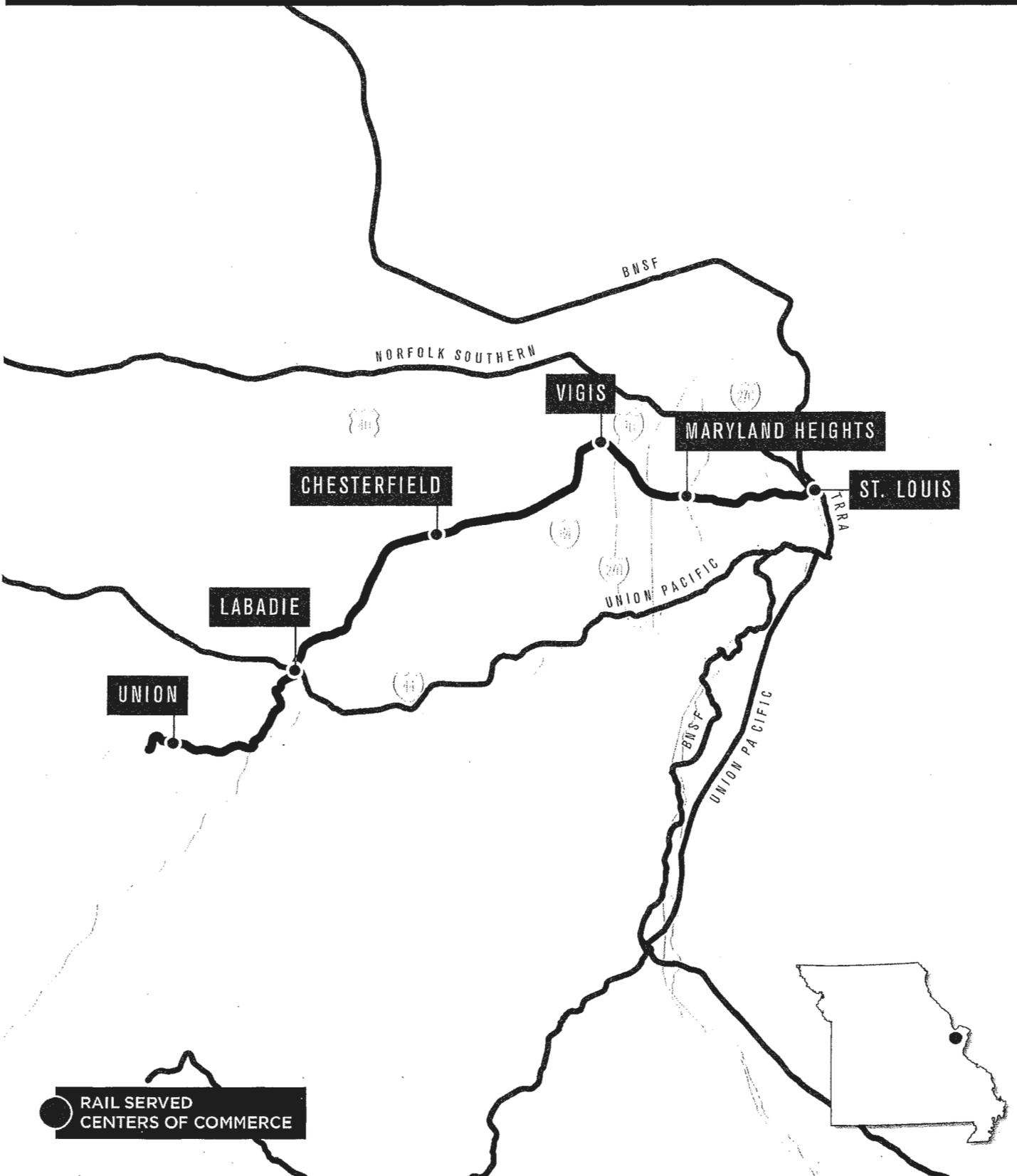
*Progressive Rail - Faribault Line*



**WISCONSIN NORTHERN RAILROAD**

*Chicago, Milwaukee, St. Paul & Northern Pacific*





**CENTRAL MIDLAND RAILWAY**

*Central Midland Railway Company*



ORDILL

HERRIN

MARION

BNSF

UNION PACIFIC

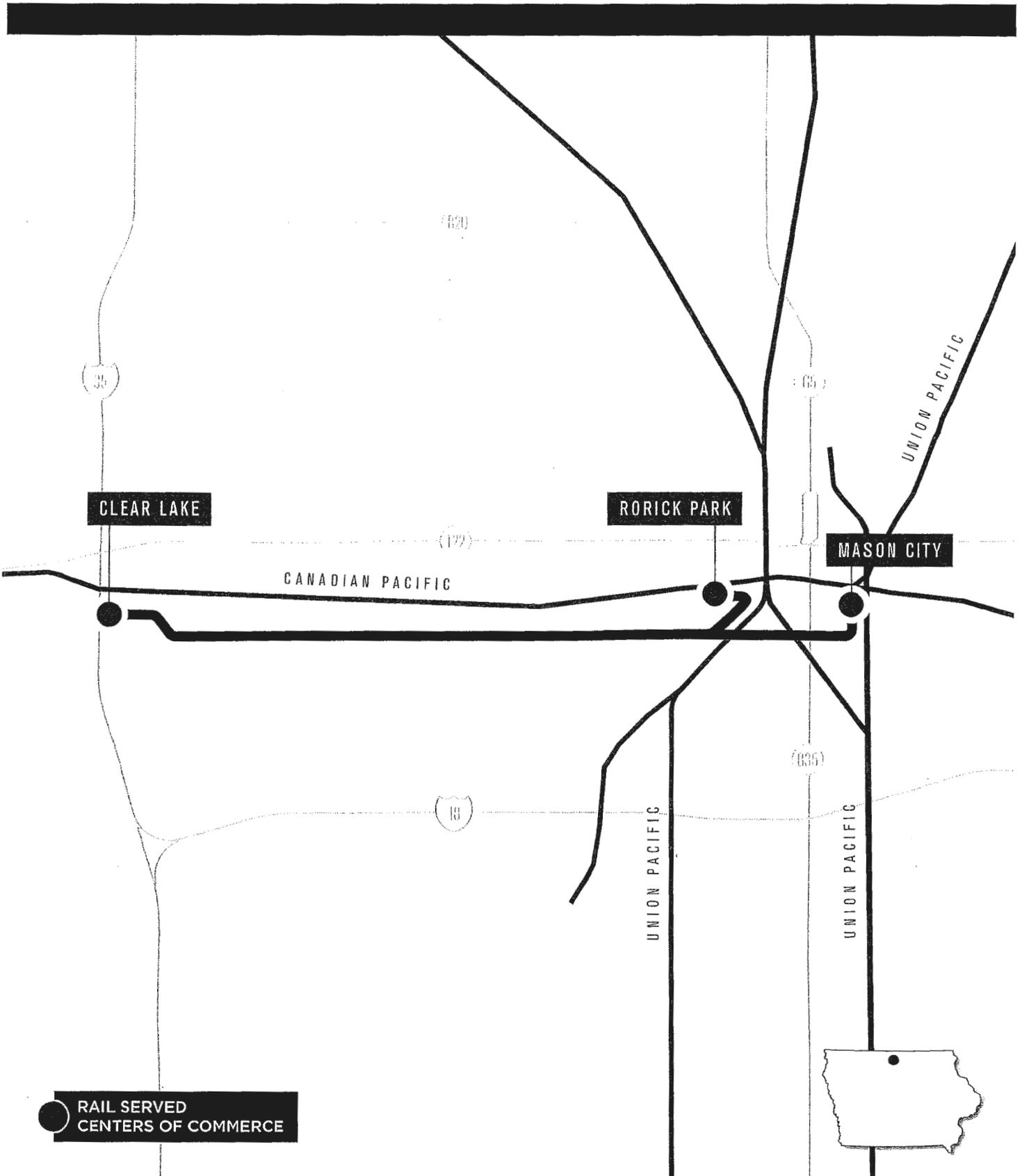
RAIL SERVED  
CENTERS OF COMMERCE



# CRAB ORCHARD & EGYPTIAN RAILROAD

*From St. Louis, Missouri, Illinois, and Florida, Missouri*





**CLEAR LAKE**

**RORICK PARK**

**MASON CITY**

CANADIAN PACIFIC

UNION PACIFIC

UNION PACIFIC

UNION PACIFIC

**RAIL SERVED  
CENTERS OF COMMERCE**

**IOWA TRACTION RAILWAY COMPANY**

*Member of the Union Pacific System*



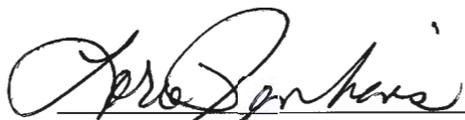
VERIFICATION

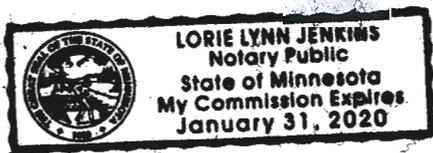
State of Minnesota            )  
  ) ss:  
County of Dakota             )

Lon Van Gemert, being duly sworn, deposes and says that he is the Chief Executive Officer of Progressive Rail Incorporated, that he has read the foregoing Notice of Exemption and knows the facts asserted therein, and that the same are true as stated.

  
\_\_\_\_\_  
Lon Van Gemert

SUBSCRIBED AND SWORN TO  
before me this 11<sup>th</sup> day  
of July, 2016.

  
\_\_\_\_\_  
Notary Public



My Commission expires:  
1-31-20