

BEFORE THE
SURFACE TRANSPORTATION BOARD



DOCKET NO. FD 35989

CENTRAL MIDLAND RAILWAY COMPANY
-- RENEWAL OF LEASE EXEMPTION WITH INTERCHANGE COMMITMENT --
UNION PACIFIC RAILROAD COMPANY LACKLAND SUB-DIVISION 239888

ENTERED
Office of Proceedings
January 15, 2016
Part of
Public Record

**VERIFIED NOTICE OF EXEMPTION
OF
CENTRAL MIDLAND RAILWAY COMPANY
PURSUANT TO 49 C.F.R. § 1150.41**

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

**ATTORNEY FOR CENTRAL MIDLAND
RAILWAY COMPANY**

Dated: January 14, 2016

FEE RECEIVED
January 15, 2016
SURFACE
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FILED
January 15, 2016
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-- RENEWAL OF LEASE EXEMPTION WITH INTECHANGE COMMITMENT --
UNION PACIFIC RAILROAD COMPANY LACKLAND SUB-DIVISION

**VERIFIED NOTICE OF EXEMPTION
OF
CENTRAL MIDLAND RAILWAY COMPANY
PURSUANT TO 49 C.F.R. § 1150.41**

Pursuant to 49 C.F.R. §§ 1150.41, et seq., Central Midland Railway Company (“CMR”), a Class III rail carrier, hereby files this Verified Notice of Exemption to renew its lease from Union Pacific Railroad Company (“UP”) of a portion of trackage and related industrial tracks in St. Louis County, Missouri known as the Lackland Sub-Division, beginning at milepost 10.35 at Rock Island Jct. and ending at milepost 19.0 west of Vigus, a total distance of approximately 8.65 miles (“the Line”). A map of the Line is attached hereto as Exhibit A. Based on projected revenues from the Line, CMR expects to remain within the revenue thresholds for Class III rail carriers.

In accordance with the requirements of 49 C.F.R. § 1150.43, CMR submits the following information:

Name and Address of Applicant: 49 C.F.R. § 1150.43(a)

The full name and address of the applicant herein is as follows:

Central Midland Railway Company
1400 N. Warson Road
St. Louis, MO 63132

Applicant's Representative: 49 C.F.R. § 1150.43(b)

The CMR representative to whom correspondence regarding this transaction should be sent is as follows:

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

Statement Concerning Agreement: 49 C.F.R. § 1150.43(c)

In 2015, CMR and UP executed a Lease Agreement which served to renew the Lease Agreement the parties previously entered into in January 2003 regarding the Line. See Central Midland Railway Company – Lease and Operation Exemption – Union Pacific Railroad Company, Docket No. FD 34308 (STB served January 27, 2003). The 2015 Lease Agreement allows CMR to continue its lease of the Line from UP and provide rail freight service to a number of shippers on the Line.

Operation of the Property: 49 C.F.R. § 1150.43(d)

CMR will continue to perform rail freight service operations on the Line and appurtenances as well as related transload services. CMR will provide no passenger rail services over the Line.

Summary of the Transaction: 49 C.F.R. § 1150.43(e)

CMR is a Class III rail common carrier by rail which operates rail lines in the State of Missouri. CMR is wholly owned by Progressive Rail Inc. See Progressive Rail Inc. – Acquisition of Control Exemption – Central Midland Railway Company, Docket No. FD 35051 (STB served July 5, 2007). Pursuant to the parties' Lease Agreement, CMR will continue to lease and operate approximately 8.65 miles of rail line on the UP's Lackland Sub-Division

beginning at milepost 10.35 at Rock Island Jct. and ending at milepost 19.0 west of Vigus, in St. Louis, County, Missouri. The Lease Agreement has an initial ten-year term that may be extended by CMR for an additional ten-year period.

The complete name and address of the carrier leasing the Line to CMR is as follows:

Union Pacific Railroad Company
1400 Douglas Street
Omaha, NE 68179

CMR intends to consummate the 2015 Lease Agreement of the Line on or shortly after February 14, 2016.

Map: 49 C.F.R. § 1150.43(f)

A map showing the Line is attached as Exhibit A to this notice.

Certificate of Compliance: 49 C.F.R. § 1150.43(g)

A Certificate of Compliance consistent with the provisions of 49 C.F.R. § 1150.43(g) stating that CMR's projected revenues will not result in the creation of a Class I or II rail carrier is attached as Exhibit B to this notice.

Interchange Commitments: 49 C.F.R. § 1150.33(h)(1)

(i) The 2015 Lease Agreement contains an interchange commitment that reduces the annual rent due to UP depending on the percentage of rail traffic originating or terminating on the Line that is interchanged with UP via the Terminal Railroad Association of St. Louis at St. Louis.

(ii) The 2015 Lease Agreement containing the interchange commitment (as Section 4.02) is being filed confidentially with the Board in accordance with the provisions of 49 C.F.R. §§ 1150.43(h)(1)(ii) and 1104.14(a).

(iii) The following shippers currently use or have used the Line within the last two calendar years:

1. Alpha Packaging
2. Ameren
3. Bell Lumber & Pole
4. Buddeez Inc
5. Central States Products
6. Cott Beverages
7. Cox Industries
8. CTS Cement
9. Dr. Pepper Snapple Group
10. EE-Jay Motor
11. Engineered Lubricants
12. Esselte Pendaflex
13. Graham Packaging
14. Grassworx
15. Hall Brothers Lumber
16. International Paper
17. Marchem
18. Mineral Resource Technologies
19. Missouri Petroleum
20. Quality Building Products
21. Silgan Plastic Food Containers
22. St. Louis Post Dispatch
23. Univar USA
24. Universal Lubricants
25. Western Petroleum
26. Westrock Company

iv. The aggregate number of carloads originated or terminated on the Line during the last two years by the shippers identified in the preceding section is being filed confidentially with the Board in accordance with the provisions of 49 C.F.R. §§ 1150.43(h)(1) and 1104.14(a).

v. A certification that the notice requirements set forth in 49 C.F.R. § 1150.43(h)(1)(v) have been satisfied is attached hereto as Exhibit B.

vi. Terminal Railroad Association of St. Louis is the only rail carrier that CMR physically interchanges with on the Line.

vii. An estimate of the difference between the lease price with and without the interchange commitment is being filed confidentially with the Board in accordance with the provisions of 49 C.F.R. §§ 1150.43(h)(1) and 1104.14(a).

Advance Notice: 49 C.F.R. § 1150.42(e)

The projected annual revenue of CMR does not exceed \$5 million, and accordingly the advance notice requirements of 49 C.F.R. § 1150.42(e) is not applicable to this transaction. See Exhibit B hereto.

Environmental and Historic Preservation Data: 49 C.F.R. § 1105

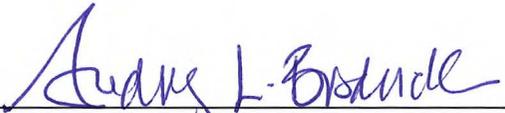
Under C.F.R. § 1105.6(c)(2), the proposed transaction is exempt from environmental reporting requirements. The proposed transaction will not result in significant changes in carrier operations, i.e., changes that exceed the thresholds established in 49 C.F.R. § 1105.7(e)(4) or (5).

Under 49 C.F.R. § 1105.8(b)(1), the proposed transaction also is exempt from historic preservation reporting requirements. The proposed lease renewal is for the purpose of continuing rail operations. Additional Board approval would be required to discontinue rail service or to abandon the line. Moreover, there are no plans to dispose of or alter properties subject to Board jurisdiction that are fifty years old or older.

Caption Summary: 49 C.F.R. § 1150.44

A caption summary in appropriate form is attached as Exhibit C to this notice.

Respectfully submitted,

By: 

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

**ATTORNEY FOR CENTRAL MIDLAND
RAILWAY COMPANY**

Dated: January 14, 2016

A

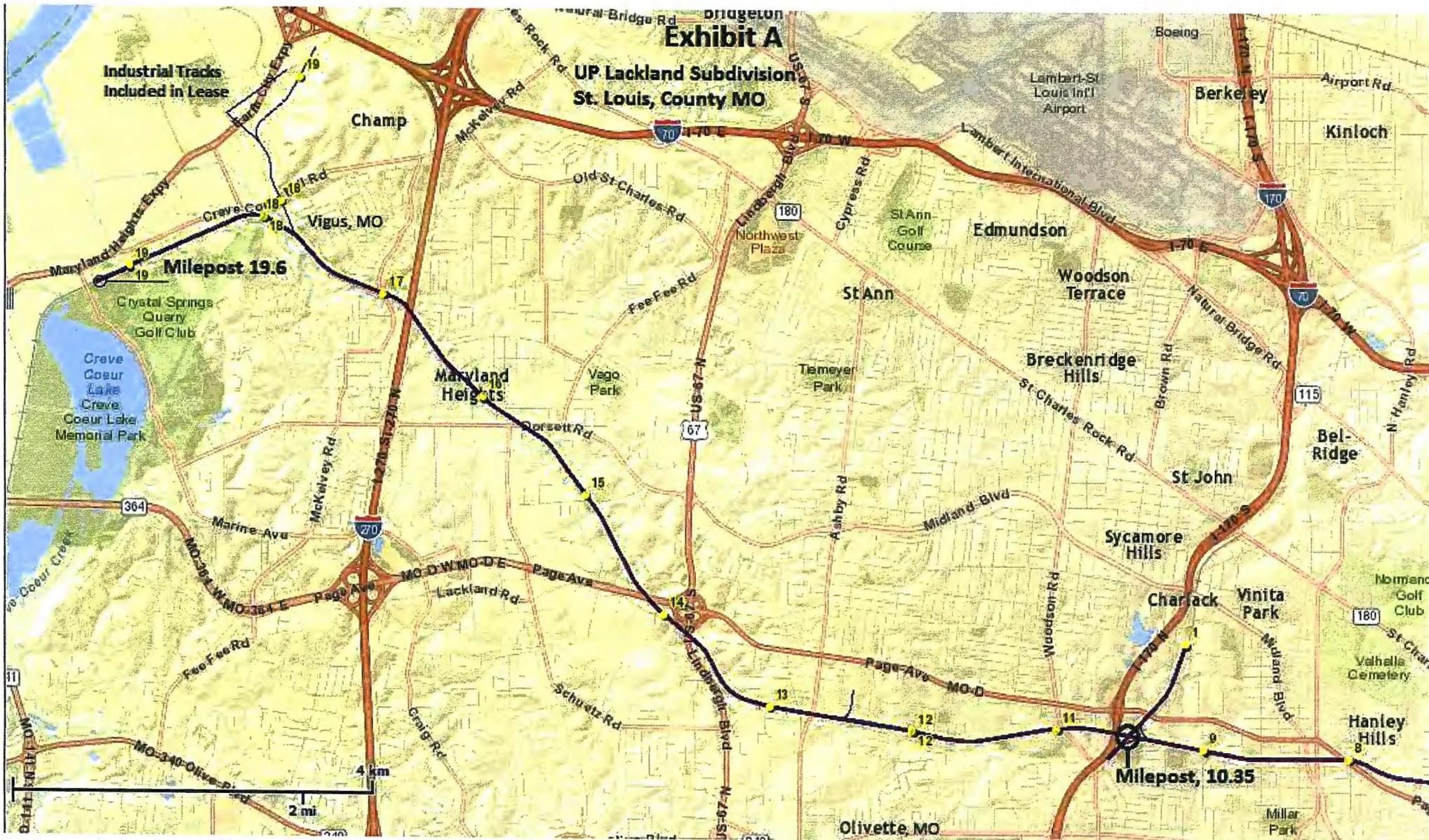


EXHIBIT
A

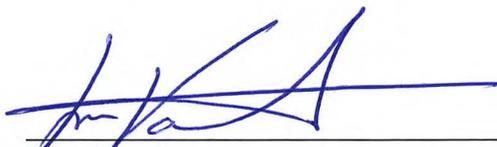
B

CERTIFICATION AND VERIFICATION

I, Lon Van Gemert, CEO of Central Midland Railway Company (“CMR”), hereby certify that CMR’s projected annual revenues will not as a consequence of the proposed transaction result in CMR becoming a Class II or Class I rail carrier so as to require processing of the foregoing notice of exemption under 49 C.F.R. § 1150.45, and that CMR’s projected annual revenues will not exceed \$5,000,000.00.

I further hereby certify that CMR has provided, under cover of the attached letter, notice of the proposed transaction and interchange commitment to shippers that currently use or have used in the prior two years the rail line from milepost 10.35 at Rock Island Jct. to milepost 19.0 west of Vigus in St. Louis, County, Missouri which is the subject of this proceeding.

Furthermore, pursuant to 28. U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States that the foregoing notice of exemption is true and correct to the best of my knowledge and belief.



Lon Van Gemert
CEO
Central Midland Railway Company

Executed on: January 7, 2016

CENTRAL MIDLAND RAILWAY

1400 North Warson Road
St. Louis, Missouri 63132
(314) 427-0621

January 13, 2016

VIA ELECTRONIC MAIL

Re: Central Midland Railway Company Notice of Renewal of Trackage
Lease from the Union Pacific with Interchange Commitment

Dear

As a shipper on the line of trackage described herein, and in accordance with 49 C.F.R. § 1150.43, this letter serves as notification that Central Midland Railway Company ("CMR") and Union Pacific Railroad Company ("UP") have agreed to renew CMR's lease of a portion of trackage and related industrial tracks in St. Louis County, Missouri known as the Lackland Sub-Division, beginning at milepost 10.35 at Rock Island Jct. and ending at milepost 19.0 west of Vigus, Missouri, ("the Line"). The lease from UP to CMR contains an interchange commitment whereby the annual rent due to UP depends on the percentage of rail traffic originating or terminating on the Line that is interchanged with UP via the Terminal Railroad Association of St. Louis at St. Louis.

CMR will be filing a Notice of Exemption for this transaction at the Surface Transportation Board as Docket No. FD 35989

Sincerely,



Lon Van Gemert
Chief Executive Officer
Central Midland Railway Company

C

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

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CENTRAL MIDLAND RAILWAY COMPANY
-- RENEWAL OF LEASE EXEMPTION WITH INTERCHANGE COMMITMENT --
UNION PACIFIC RAILROAD COMPANY LACKLAND SUB-DIVISION

Central Midland Railway Company (“CMR”), a Class III rail carrier, has filed a Notice of Exemption under 49 C.F.R. § 1150.41 et seq. to renew its lease with Union Pacific Railroad Company (“UP”) for UP’s Lackland Sub-Division extending from milepost 10.35 at Rock Island Jct. to milepost 19.0 west of Vigus in St. Louis, County, Missouri, a total distance of approximately 8.65 miles. The lease renewal agreement between CMR and UP includes an interchange commitment.

CMR expects to consummate the proposed lease renewal on or shortly after February 14, 2016

Comments must be filed with the Board and served on:

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

This Notice is filed under 49 C.F.R § 1150.41. If this Notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. § 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

Dated: _____, 2016

By the Board