



655 Fifteenth Street, NW, Suite 225  
Washington, DC 20005  
balljanik.com  
t 202.638.3307  
f 202.783.6947

234473



June 26, 2013

**FEE RECEIVED**  
JUN 26 2013  
SURFACE  
TRANSPORTATION BOARD

Karl Morell  
Of Counsel  
kmorell@balljanik.com

BY HAND DELIVERY

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

**FILED**  
JUN 26 2013  
SURFACE  
TRANSPORTATION BOARD

Re: Finance Docket No. 35729, Ann Arbor Railroad, Inc. -- Lease  
Exemption – Norfolk Southern Railway Company

Dear Ms. Brown:

Attached for filing are the original and ten copies of a Verified  
Notice of Exemption under 49 C.F.R. § 1150.41 and a check  
covering the \$1,800 filing fee. Also enclosed is a Disc containing  
the Notice and Summary.

If you have any questions, please contact me.

Sincerely,

Karl Morell  
Of Counsel

ENTERED  
Office of Proceedings

JUN 26 2013

Part of  
Public Record

Enclosures

234473

BEFORE THE  
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 35729

ANN ARBOR RAILROAD, INC  
-- LEASE EXEMPTION --  
NORFOLK SOUTHERN RAILWAY COMPANY



VERIFIED NOTICE OF EXEMPTION  
Pursuant to 49 C.F.R. § 1150.41, Et Seq.

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TRANSPORTATION BOARD

KARL MORELL  
Of Counsel  
BALL JANIK LLP  
Suite 225  
655 Fifteenth Street, N.W.  
Washington, D.C. 20005  
(202) 638-3307

Attorney for:  
ANN ARBOR RAILROAD, INC.

Dated: June 26, 2013

BEFORE THE  
SURFACE TRANSPORTATION BOARD

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FINANCE DOCKET NO. 35729

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ANN ARBOR RAILROAD, INC  
-- LEASE EXEMPTION --  
NORFOLK SOUTHERN RAILWAY COMPANY

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VERIFIED NOTICE OF EXEMPTION  
Pursuant to 49 C.F.R. § 1150.41, Et Seq.

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Ann Arbor Railroad, Inc. ("AARR"), a Class III rail carrier, files this Notice of Exemption pursuant to 49 C.F.R. Part 1150, Subpart E--Exempt Transactions Under 49 U.S.C. 10902, to permit AARR to lease and operate two rail lines owned by Norfolk Southern Railway Company ("NSR"), in Toledo, Ohio.

In support of this Notice of Exemption, AARR submits the following information as required by 49 C.F.R. § 1150.43:

- (a) Full name and address of applicant:

Ann Arbor Railroad, Inc.  
121 S. Walnut Street  
Howell, MI 48844

- (b) Applicant's Representative:

Karl Morell  
Of Counsel  
BALL JANIK LLP  
Suite 225  
655 Fifteenth Street, N.W.  
Washington, DC 20005  
(202) 638-3307

(c) Statement of Agreement:

AARR has entered into an agreement with NSR for the lease of the rail lines.

(d) The operator of the property:

AARR will be the operator of the rail lines.

(e) Summary of proposed transaction:

(1) The name and address of the owner of the subject property:

Norfolk Southern Railway Company  
Three Commercial Place  
Norfolk, VA 23510

(2) The involved transaction is expected to be consummated on or some time after the effective date of this Notice.

(3) AARR is seeking authority to lease and operate the two rail lines located between: (1) NSR Milepost CS 1.26 and NSR Milepost CS 2.65 in Toledo, Ohio; and (2) NSR Milepost GY 85.40 and NSR Milepost GY 87.70 in Toledo, Ohio.

(4) The length of the rail lines AARR will lease is 3.69 miles.

(f) A map of the rail lines AARR will lease is attached as Exhibit A.

(g) AARR hereby certifies that this transaction will not result in AARR becoming a Class II or Class I rail carrier. AARR further certifies that the projected annual revenue of AARR will exceed \$5 million. Consequently, AARR has complied with the notice requirements of 49 C.F.R. § 1150.42(e), and certified its compliance to the Board on June 24, 2013.

A copy of AARR's letter is attached as Exhibit B.

(h) The Lease Agreement between AARR and NSR provides for lease credits which will enable AARR to invest in improvements on the lines and increase traffic levels. The rail lines connect with AARR at AARR Milepost 0.0 (Galena Street) and AARR Milepost 1.0

(Manhattan Jct.) in Toledo, OH. Traffic moving to and from the leased lines will have access to AARR connecting carriers NSR, Canadian National Railway Company (“CN”), CSX Transportation Inc. and Wheeling & Lake Erie Railway in Toledo, Ohio, the Indiana and Ohio Railway and CN in Diann, Michigan, NSR in Milan, Michigan, and Great Lakes Central Railroad in Ann Arbor, Michigan. The lease credit described in the Lease Agreement does not prohibit AARR from interchanging traffic with any other third-party carrier. Copies of the Lease Agreement are being filed under seal pursuant to 49 C.F.R. § 1150.43(h)(ii).

A caption summary, as required by 49 C.F.R. § 1150.44, is attached.

### **ENVIRONMENTAL AND HISTORIC IMPACTS**

AARR is leasing the rail lines for continued rail operations. Further Board approval is required for AARR to discontinue any service and there are no plans to dispose of or alter properties subject to Board jurisdiction that are 50 years old or older. Hence, this Notice of Exemption does not require an historic report under 49 C.F.R. § 1105.8(b)(1).

AARR’s operations of the rail lines will not result in significant changes in carrier operations. There will not be a diversion of: (1) more than 1,000 rail carloads a year to motor carriage; or (2) an average of 50 carloads per mile per year for any part of these lines to motor carriage. This transaction will not result in: (1) an increase of at least eight trains a day on any segment of the lines; (2) an increase of rail yard activity of at least 100 percent; or (3) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day. AARR's operation of the rail lines will not affect a Class I or nonattainment area under the Clean Air Act. In any event, the thresholds of 49 C.F.R. § 1105.7(e)(5)(ii) will not be exceeded. Finally, the transportation of ozone depleting materials is not contemplated. Therefore, no environmental documentation is required under 49 C.F.R. § 1105.6(c)(2).

This action will not significantly affect either the quality of the human environment or energy conservation.

Respectfully submitted,

A handwritten signature in cursive script that reads "Karl Morell". The signature is written in black ink and is positioned above a horizontal line.

KARL MORELL  
Of Counsel  
BALL JANIK LLP  
Suite 225  
655 Fifteenth Street, N.W.  
Washington, DC 20005  
(202) 638-3307

Attorney for:  
ANN ARBOR RAILROAD, INC.

Dated: June 26, 2013





655 Fifteenth Street, NW, Suite 225  
Washington, DC 20005  
balljanik.com  
t 202.638.3307  
f 202.783.6947

**EXHIBIT B**

234459  
ENTERED  
Office of Proceeding  
June 24, 2013  
Part of Public  
Record

June 24, 2013

Karl Morell  
Of Counsel  
kmorell@balljanik.com

E-FILE

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

Re: Finance Docket No. 35729, Ann Arbor Railroad, Inc. -- Lease  
Exemption – Norfolk Southern Railway Company

Dear Ms. Brown:

Ann Arbor Railroad, Inc. ("AARR"), hereby certifies that on June 20, 2013, AARR had posted the attached Notice at the workplace of the employees of Norfolk Southern Railway Company ("NSR") working on the rail lines being leased by AARR. The Notice was posted at Homestead Yard in Oregon, Ohio and at the T-Center in Toledo, Ohio. Also, on June 24, 2013, AARR served a copy of the Notice on the national offices of all labor unions with employees working on the rail lines being leased by AARR.

If you have any questions regarding this matter, please contact me.

Sincerely,

Karl Morell  
Of Counsel

Enclosure

# **NOTICE**

Ann Arbor Railroad, Inc. ("AARR"), will be leasing the rail lines owned by Norfolk Southern Railway, Inc. ("NSR") located in Toledo, OH between: (1) Milepost CS 1.26 and Milepost CS 2.65 and known as the Cherry Street Line; and (2) Milepost GY 85.40 and Milepost GY 87.70 in Galena Yard.

**AARR does not expect to hire any additional employees as a result of leasing the lines from NSR.**

**ANN ARBOR RAILROAD, INC.  
121 S. Walnut Street  
Howell, MI 48844  
(517) 548-3930**

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 35729

ANN ARBOR RAILROAD, INC.  
-- LEASE EXEMPTION --  
NORFOLK SOUTHERN RAILWAY COMPANY

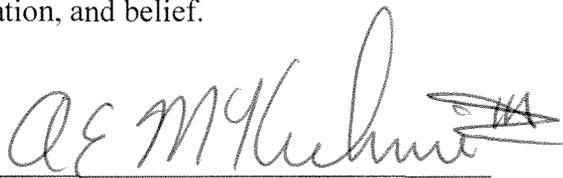
Ann Arbor Railroad, Inc. ("AARR"), a Class III rail carrier, has filed a notice of exemption to lease and operate two rail lines owned by the Norfolk Southern Railway Company ("NSR") in Toledo, Ohio. The rail lines are located between: (1) NSR Milepost CS 1.26 and NSR Milepost CS 2.65 in Toledo, Ohio; and (2) NSR Milepost GY 85.40 and NSR Milepost GY 87.70 in Toledo, Ohio.

Comments must be filed with the Board and served on Karl Morell, Of Counsel, BALL JANIK LLP, Suite 225, 655 Fifteenth Street, N.W., Washington, DC 20005, (202) 638-3307. This notice is filed under 49 C.F.R. 1150.41. If the 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.

VERIFICATION

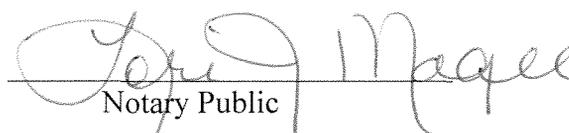
STATE OF KANSAS )  
 ) ss.  
COUNTY OF CRAWFORD )

I, Arthur E. McKechnie, III, being duly sworn depose and state that I am Assistant Secretary of Ann Arbor Railroad, Inc., that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief.

  
\_\_\_\_\_  
Arthur E. McKechnie, III

SUBSCRIBED AND SWORN TO before me this 20 day of June, 2013, in the County of Crawford, State of Kansas.

My Commission Expires: 8/16/2016

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