

FLETCHER & SIPPEN LLC

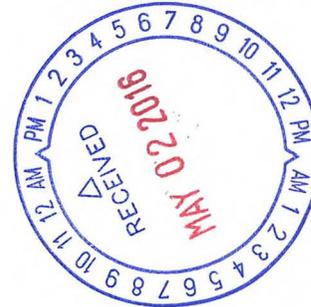
ATTORNEYS AT LAW

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April 29, 2016



VIA FEDERAL EXPRESS

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W., Room 1034
Washington, DC 20006

240580

ENTERED
Office of Proceedings
May 2, 2016
Part of
Public Record

Re: **Docket No. FD 35995**
South Carolina Division of Public Railways
d/b/a Palmetto Railways – Acquisition Exemption --
Hampton & Branchville Railroad Company

Dear Ms. Brown:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of the **Verified Notice of Exemption of South Carolina Division of Public Railways d/b/a Palmetto Railways Pursuant to 49 C.F.R. § 1150.41**, dated April 29, 2016. A check in the amount of \$1,900.00, representing the appropriate fee for this filing, and a compact disc containing the text of the Notice and the *Federal Register* caption summary in MS Word 2010 format are attached.

If you have any questions regarding this filing, please feel free to contact me. Thank you for your assistance on this matter.

Respectfully submitted,

Thomas J. Litwiler
Attorney for South Carolina Division of
Public Railways d/b/a Palmetto Railways

TJL:tl

Enclosures

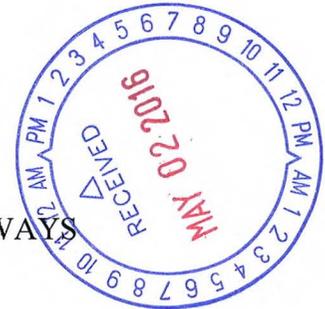
FEE RECEIVED
May 2, 2016
SURFACE
TRANSPORTATION BOARD

FILED
May 2, 2016
SURFACE
TRANSPORTATION BOARD

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 35995

SOUTH CAROLINA DIVISION OF PUBLIC RAILWAYS
D/B/A PALMETTO RAILWAYS
-- ACQUISITION EXEMPTION --
HAMPTON & BRANCHVILLE RAILROAD COMPANY



**VERIFIED NOTICE OF EXEMPTION
OF
SOUTH CAROLINA DIVISION OF PUBLIC RAILWAYS
d/b/a PALMETTO RAILWAYS
PURSUANT TO 49 C.F.R. § 1150.41**

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

**ATTORNEYS FOR
SOUTH CAROLINA DIVISION OF PUBLIC
RAILWAYS d/b/a PALMETTO RAILWAYS**

Dated: April 29, 2016

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 35995

SOUTH CAROLINA DIVISION OF PUBLIC RAILWAYS
D/B/A PALMETTO RAILWAYS
-- ACQUISITION EXEMPTION --
HAMPTON & BRANVILLE RAILROAD COMPANY

**VERIFIED NOTICE OF EXEMPTION
OF
SOUTH CAROLINA DIVISION OF PUBLIC RAILWAYS
d/b/a PALMETTO RAILWAYS
PURSUANT TO 49 C.F.R. § 1150.41**

Pursuant to 49 C.F.R. § 1150.41, *et seq.*, South Carolina Division of Public Railways d/b/a Palmetto Railways ("Palmetto"), a Class III rail carrier, hereby files this Verified Notice of Exemption to acquire the entire line of railroad of the Hampton & Branchville Railroad Company ("H&B") in Colleton and Hampton Counties, South Carolina, a total distance of 45.77 miles (the "H&B Line"). Based on projected revenues for the H&B Line, Palmetto expects to remain a Class III rail carrier after consummation of the transaction proposed herein.

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

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

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

South Carolina Division of Public Railways d/b/a
Palmetto Railways
540 East Bay Street
Charleston, South Carolina 29403
(843) 727-2067

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

Palmetto's representative to whom correspondence regarding this transaction should be sent is as follows:

Thomas J. Litwiler
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)

H&B and Palmetto have agreed upon the terms of an Asset Purchase and Sale Agreement providing for Palmetto's acquisition of all of H&B's right, title and interest in and to the H&B Line. The Agreement will be fully executed after Palmetto receives necessary State agency approvals. Concurrently, Palmetto will execute a Loan and Security Agreement with Colleton County Intermodal Corporation ("CCIC") and Colleton County providing for CCIC's financing of the acquisition transaction through the issuance of economic development revenue bonds.

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

Palmetto will own and provide rail common carrier service as required on the H&B Line.

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

Palmetto is a Class III common carrier by rail and a division of the South Carolina Department of Commerce. Palmetto and its predecessors have provided rail service in the Charleston, South Carolina area since 1926. It currently owns and operates port-related and other trackage in and around Charleston, and conducts operations previously provided under the

names of three separate Class III railroads. See South Carolina Division of Public Railways, d/b/a Palmetto Railways -- Intra-Corporate Family Transaction Exemption -- The Port Utilities Commission of Charleston, S.C., Port Terminal Railroad of South Carolina, and East Cooper and Berkeley Railroad Company, Docket No. FD 35762 (STB served September 13, 2013).

H&B is a Class III common carrier by rail that was organized in the 1880's as a logging company and chartered as a common carrier by the State of South Carolina in 1891. It adopted its present name in 1924, and in 1958 abandoned a portion of its main line. Hampton & Branchville R. Co. -- Abandonment (Portion) -- Main Line, 295 I.C.C. 835 (1958). In 1988, H&B absorbed Colleton County Railroad Company, Inc., an affiliated entity which two years earlier had acquired connecting trackage from a predecessor of CSX Transportation, Inc. See Colleton County Railroad Co., Inc. -- Acquisition and Operation Exemption -- Certain Lines of Seaboard System Railroad, Inc., Docket No. FD 30919 (ICC served October 27, 1986, corrected November 18, 1986); Hampton & Branchville Railroad Company, Inc., and Colleton County Railroad Company, Inc. -- Merger Exemption, Docket No. FD 31193 (ICC served December 30, 1987).

The H&B Line consists of three connecting track segments, all in South Carolina: from a connection with CSXT at Milepost 0.0 in Hampton to Milepost 16.8 at H&B Junction, a distance of 16.8 miles; from the end of track at Milepost 462.37 in Lodge through H&B Junction and Stokes to the end of track at Milepost 443.18 in Walterboro, a distance of 19.19 miles; and from approximately Milepost 447 at Stokes to the end of track at Milepost 456.78 in Canadys, a distance of 9.78 miles. The H&B Line extends a total distance of 45.77 miles, and constitutes

H&B's entire line of railroad. No rail service has been provided on the H&B Line since H&B's final customer ceased rail shipments in December, 2012.¹

With the involvement of Colleton County and CCIC, an associated non-profit, economic development corporation, Palmetto has reached agreement with H&B for the acquisition of the H&B Line, which otherwise faced abandonment.

The complete name and address of the current owner of the H&B Line is as follows:

Hampton & Branchville Railroad Company
P.O. Box 56
Hampton, South Carolina 29924

Palmetto intends to consummate its acquisition of the H&B Line on or after August 5, 2016, after receipt of State agency approvals and the completion of bond financing.

Map: 49 C.F.R. § 1150.43(f)

A map showing the H&B Line and the surrounding area is attached as Exhibit A to this Notice.

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

A Certificate of Compliance with the provisions of 49 C.F.R. § 1150.43(g) is attached as Exhibit B to this Notice.

Interchange Commitments: 49 C.F.R. § 1150.43(h)

Palmetto's proposed acquisition of the H&B Line does not involve any provision or agreement that would limit future interchange with a third-party connecting carrier.

¹ The stub track between H&B Junction and Lodge has not been in service since 1986, and the stub track between Stokes and Walterboro has not been in service since 1989. Certain trackage on both stubs has been removed, but neither segment has been abandoned.

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

While Palmetto's annual rail-related revenues exceed \$5 million, H&B has not conducted any rail operations in more than three years and does not have any employees (other than its president). Palmetto is thus filing concurrently herewith a petition for waiver of the 60-day notice requirement of 49 C.F.R. § 1150.42(e).

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

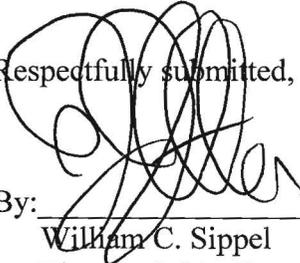
Under 49 C.F.R. § 1105.6(c)(2), Palmetto's proposed acquisition of the H&B Line is exempt from environmental reporting requirements. The proposed transaction will not result in significant changes in carrier operations, *i.e.*, changes that exceed the thresholds established in 49 C.F.R. § 1105.7(e)(4)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

Under 49 C.F.R. § 1105.8(b)(1), Palmetto's acquisition of the H&B Line also is exempt from historic preservation reporting requirements. The proposed transaction is for the purpose of continued rail operations. Further Surface Transportation Board approval is required to abandon or discontinue any service and 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: 

William C. Sippel

Thomas J. Litwiler

Fletcher & Sippel LLC

29 North Wacker Drive

Suite 920

Chicago, Illinois 60606-2832

(312) 252-1500

**ATTORNEYS FOR
SOUTH CAROLINA DIVISION OF PUBLIC
RAILWAYS d/b/a PALMETTO RAILWAYS**

Dated: April 29, 2016



CERTIFICATION

State of South Carolina)
)
County of Charleston) SS:

Jeffrey M. McWhorter, being duly sworn, hereby certifies that the projected annual rail revenues of South Carolina Division of Public Railways d/b/a Palmetto Railways as a result of the transaction proposed herein will not result in the creation of a Class II or a Class I rail carrier under the provisions of 49 C.F.R. § 1201 (1-1).



Jeffrey M. McWhorter
President & Chief Executive Officer

SUBSCRIBED AND SWORN TO
before me this 28th day
of April, 2016.

Jessica B. Austin
Notary Public

My Commission expires: Dec. 4, 2025

<p>JESSICA B. AUSTIN Notary Public, State of South Carolina My Commission Expires Dec. 4, 2025</p>

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

DOCKET NO. FD 35995

SOUTH CAROLINA DIVISION OF PUBLIC RAILWAYS
D/B/A PALMETTO RAILWAYS
-- ACQUISITION EXEMPTION --
HAMPTON & BRANCHVILLE RAILROAD COMPANY

South Carolina Division of Public Railways d/b/a Palmetto Railways ("Palmetto"), a Class III rail carrier, has filed a Verified Notice of Exemption to acquire the entire line of railroad of Hampton & Branchville Railroad Company in Colleton and Hampton Counties, South Carolina ("the H&B Line"), consisting of three connecting track segments: from a connection with CSX Transportation, Inc. at Milepost 0.0 in Hampton to Milepost 16.8 at H&B Junction, a distance of 16.8 miles; from the end of track at Milepost 462.37 in Lodge through H&B Junction and Stokes to the end of track at Milepost 443.18 in Walterboro, a distance of 19.19 miles; and from approximately Milepost 447 at Stokes to the end of track at Milepost 456.78 in Canadys, a distance of 9.78 miles. The total distance of the H&B Line, which is currently out of service, is approximately 45.77 miles.

Palmetto expects to consummate the proposed acquisition transaction on or after August 5, 2016.

Comments must be filed with the Board and served on:

Thomas J. Litwiler
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 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.

Dated: May __, 2016

By the Board

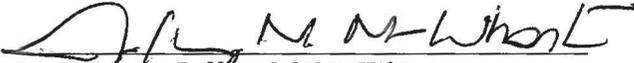
Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings

VERIFICATION

State of South Carolina)
)
County of Charleston)

SS:

Jeffrey M. McWhorter, being duly sworn, deposes and says that he is President and Chief Executive Officer of South Carolina Division of Public Railways, that he has read the foregoing Notice of Exemption and knows the facts asserted therein, and that the same are true as stated.


Jeffrey M. McWhorter

SUBSCRIBED AND SWORN TO
before me this 28th day
of April, 2016.

Jessica B. Austin
Notary Public

My Commission expires: Dec. 4, 2025

JESSICA B. AUSTIN Notary Public, State of South Carolina My Commission Expires Dec. 4, 2025
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