

236439

UNITED STATES DEPARTMENT OF TRANSPORTATION  
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET 35733  
MIDWEST RAILROAD COMPANY  
NOTICE OF EXEMPTION

ENTERED  
Office of Proceedings  
August 13, 2014  
Part of  
Public Record

Surface Transportation Board  
Office of the Secretary  
Washington, D.C. 20423-0001

This is the notice of exemption of Midwest Railroad Company of exemption which is submitted under 49 U.S.C. § 10902 and 49 CFR § 1150.31.

Midwest Railroad Company is an Illinois corporation. Its business address is 12217 South Cicero, Alsip, Illinois 60803.

The attorney to whom correspondence should be sent is:

Kurt E. Vragel, Jr.  
Attorney for Midwest Railroad Company  
Kurt E. Vragel, Jr., P.C.  
1701 East Lake Ave., Suite 170  
Glenview, Illinois 60025  
(847) 657-8551

Midwest Railroad Company is not yet a railroad carrier. Midwest intends to become a Class III railroad by leasing track at Blue Island, Illinois, and beginning railroad service using that track and other facilities and equipment on approval of this exemption.

Midwest Railroad leases 2,000 feet of track, located at Blue Island, Illinois, from Chicago Rail Link, L.L.C., the owner of the facilities at Blue Island. In particular, the track is located near Milepost 15 of Chicago Rail Link's line and is a part of that railroad's Burr Oak Yard. A copy of the track chart showing the location of that track is attached as Exhibit 1.

Chicago Rail Link, L.L.C.'s address is:  
Chicago Rail Link, L.L.C.  
Attn: Director - Real Estate  
252 Clayton Street  
Denver, Colorado 80206.

This transaction will be consummated no later than August 31, 2014. Following

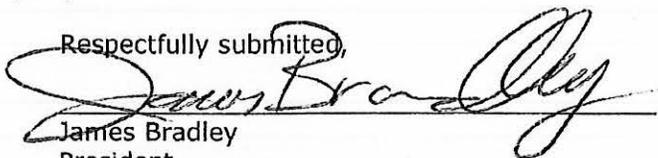
FILED  
August 13, 2014  
SURFACE  
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August 13, 2014  
SURFACE  
TRANSPORTATION BOARD

consummation, Midwest will begin using that track as part of its railroad operations. Midwest Railroad will own and operate passenger rail cars; will provide premium-level passenger rail services using those cars; will maintain and operate passenger rail cars owned or operated by other companies; and will provide excursion and dinner train services. A copy of the Midwest Railroad Company 2014 Business Plan Summary, Executive Summary, is attached as Exhibit 2.

A draft Federal Register notice is attached.

By my signature below, I certify that the operating revenues of Midwest Railroad Company will be less than \$20 million per year.

Respectfully submitted,  
  
James Bradley  
President  
Midwest Railroad Company  
12217 South Cicero  
Alsip, Illinois 60803

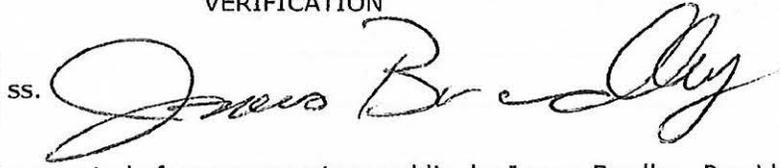
Dated: 8-12-2014

Of counsel:

  
Kurt E. Vragel, Jr.  
Kurt E. Vragel, Jr., P.C.  
1701 East Lake Ave., Suite 170  
Glenview, Illinois 60025  
(847) 657-8551  
Dated: 8-12-2014

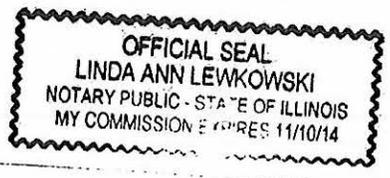
VERIFICATION

State of Illinois )  
County of Cook )

ss. 

Subscribed and sworn to before me, a notary public, by James Bradley, President of Midwest Railroad Company, on August 12, 2014.

  
Notary Public  
My commission expires: 11-18-14



[SEAL]

[FEDERAL REGISTER NOTICE]

SURFACE TRANSPORTATION BOARD  
NOTICE OF EXEMPTION

FINANCE DOCKET 35733

MIDWEST RAILROAD COMPANY - EXEMPTION - LEASE AND OPERATION -  
CHICAGO RAIL LINK, L.L.C.

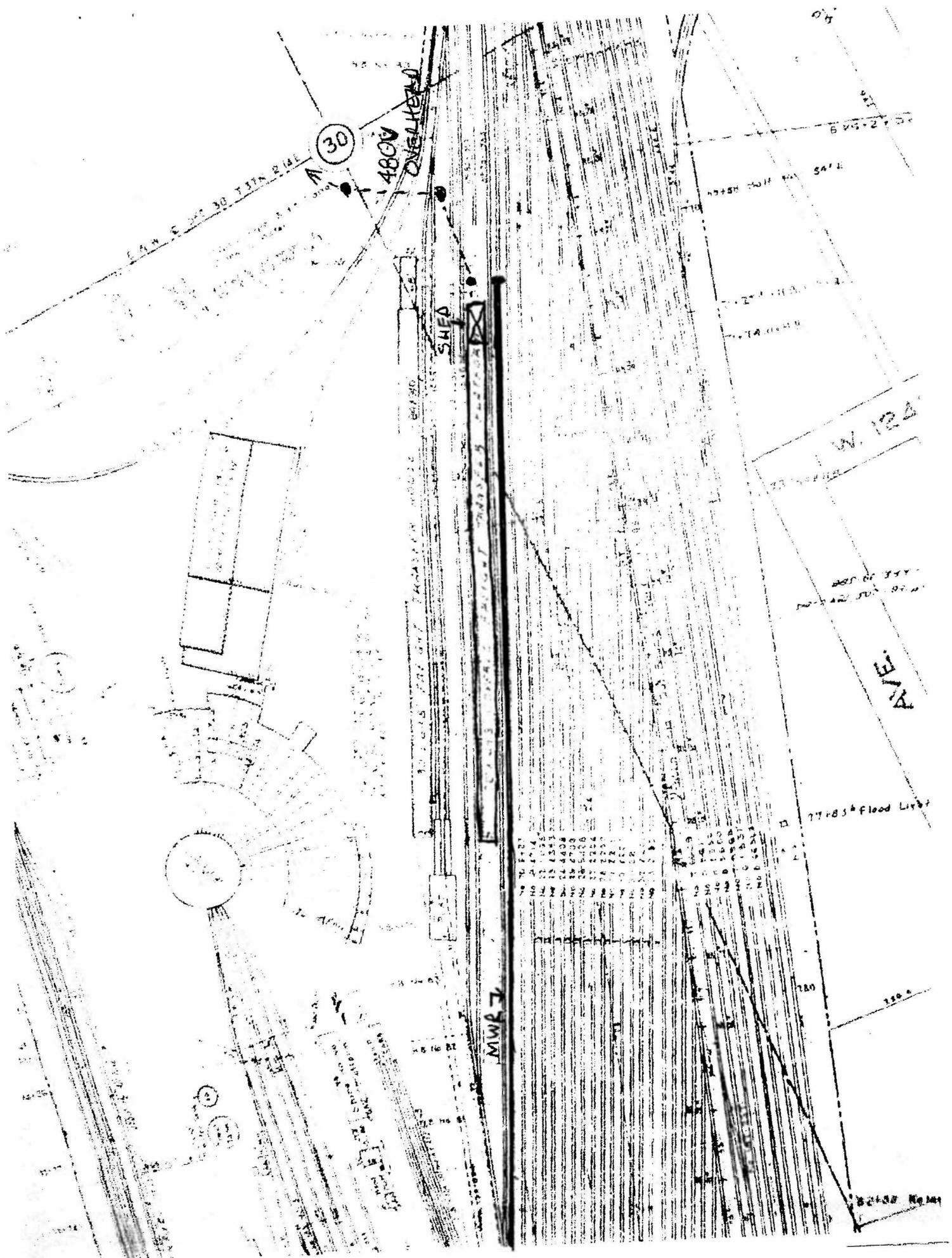
Midwest Railroad Company has filed a notice of exemption to lease and operate a 2,000 foot line of Chicago Rail Link, L.L.C., at or near Milepost 15 of that railroad in Blue Island, Illinois. On approval of this exemption, applicant will become a Class III carrier.

Comments must be filed with the Board and served on:

Kurt E. Vragel, Jr.  
Attorney for Midwest Railroad Company  
Kurt E. Vragel, Jr., P.C.  
1701 East Lake Ave., Suite 170  
Glenview, Illinois 60025  
(847) 657-8551

This notice is filed under 49 CFR § 1150.31. 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.





30

4800'

OVERHEAD

SHED

W. 124

77+83 Flood Light

MWR 7

82+38 No. 141

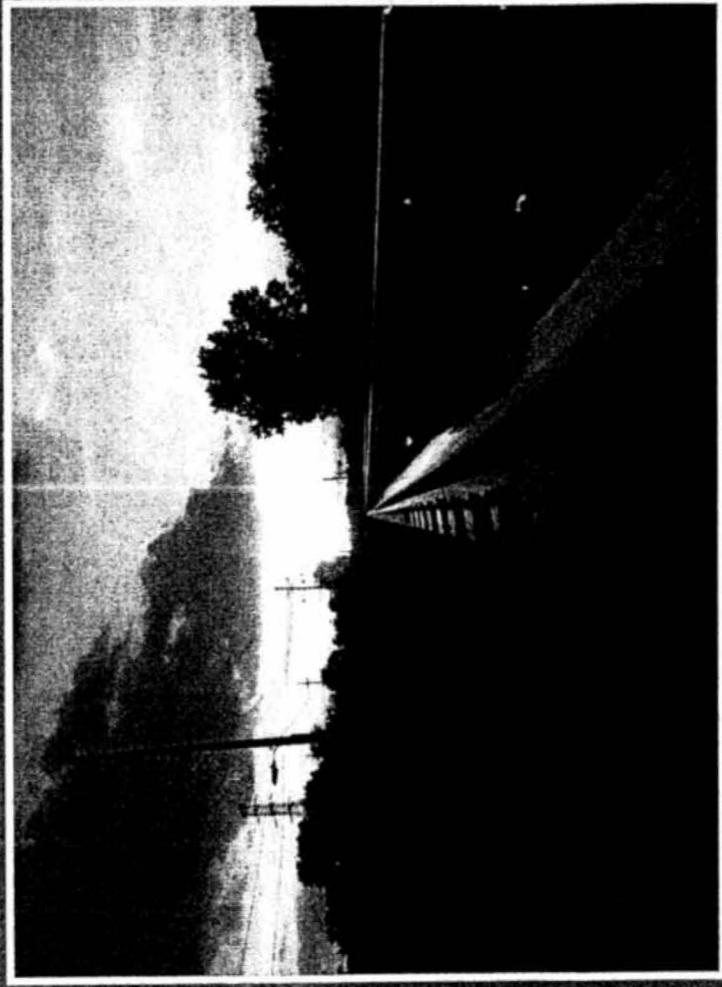


# MIDWEST RAILROAD COMPANY

## 2014 BUSINESS PLAN SUMMARY

### Executive Summary:

Midwest Railroad Company operates public excursion trains, meal & wine trains, offers chartered and leased railcar service, and provides other private railcar owners storage and minor service.



Midwest Railroad's website boasts a background picture taken by James C. Bradley at the age of 12. James, son of President James D. Bradley, has a love for railroading just like his parents. It symbolizes our perspective of family, commitment and unity. Just like our goal of riding the rails into the sunset and success. Relax, sit back, and enjoy the ride!

# KEY POINTS

- Industry sales: The United States restaurant industry sales estimated at \$683.4 billion in 2014
- Restaurant Performance Index (RPI): March 2014 reported at 102.0, the strongest level in 9 months; 17<sup>th</sup> consecutive month the Expectations Index remained above 100 indicating restaurant operators remain optimistic about business conditions ahead
- Illinois restaurant statistics: There are 25,785 locations (2012) expected to produce \$22.4 billion in sales (2014) while employing 515,600 people (9% of employment in the state)
- Sub Cities: Annual revenue \$150,000
- Operations: Over 80 dinner trains listed in the United States and Canada
- Relevant market size: Combined annual revenues for excursion, lunch & wine trains, lease sales and car storage is \$2,004,160

## PROBLEM STATEMENT

MWR previously leased a dining car that was being stored on our track. The car was self-supporting and had a generator (food service protection). In late 2013 the dining car was lost to another company on a long term lease.

The availability of food service railcars that are certified to be pulled by Amtrak is very limited.

Any car that could be used requires the expense of transporting it to Chicago, as well as the cost of actual usage.

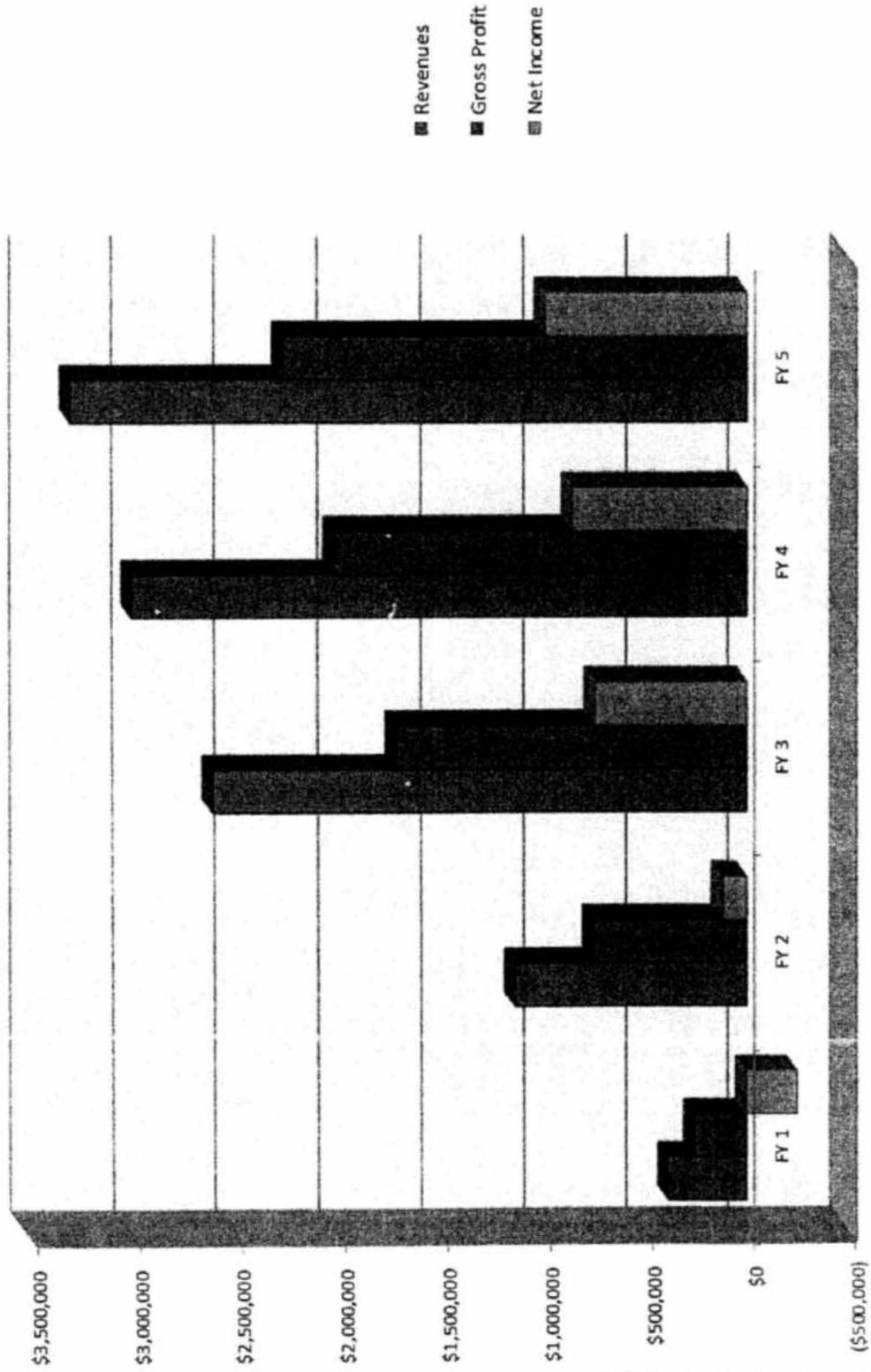
# FUNDING REQUIREMENT: \$1.6 MILLION

To successfully execute on our business plan, we require \$1.6 million in outside funding. The primary use of this funding includes \$1,100,000 for an asset acquisition of 2 railcars:

- Dining car "William Penn" purchase: \$325,000
- Amtrak Certification and rehabilitation of railcar: \$250,000
- Generator and Auto-Transfer package install: \$75,000
- Remodel dining car interior: \$50,000
- Business Class Coach "Golden Shore" purchase: \$375,000
- Transportation, inspections, exterior decals and final disposition of cars: \$25,000

## ANNUAL FINANCIAL SUMMARY

	FY 1	FY 2	FY 3	FY 4	FY 5
Revenues	\$385,440	\$1,133,220	\$2,599,620	\$2,994,210	\$3,292,390
Direct Expenses	\$131,410	\$381,770	\$885,730	\$982,250	\$1,035,310
<b>Gross Profit</b>	<b>\$254,030</b>	<b>\$751,450</b>	<b>\$1,713,890</b>	<b>\$2,011,960</b>	<b>\$2,257,080</b>
Gross Profit (%)	65.9%	66.3%	65.9%	67.2%	68.6%
Other Expenses	\$293,076	\$428,513	\$458,466	\$493,425	\$533,501
<b>EBITDA</b>	<b>(\$39,046)</b>	<b>\$322,937</b>	<b>\$1,255,424</b>	<b>\$1,518,535</b>	<b>\$1,723,579</b>
Depreciation	\$157,200	\$157,200	\$157,200	\$157,200	\$157,200
Amortization	\$0	\$0	\$0	\$0	\$0
Preliminary Exp Written off	\$0	\$0	\$0	\$0	\$0
Interest Expense	\$50,800	\$50,800	\$50,800	\$50,800	\$50,800
Income Tax Expense	\$0	\$0	\$304,600	\$458,700	\$530,500
<b>Net Income</b>	<b>(\$247,046)</b>	<b>\$114,937</b>	<b>\$742,824</b>	<b>\$851,835</b>	<b>\$985,079</b>



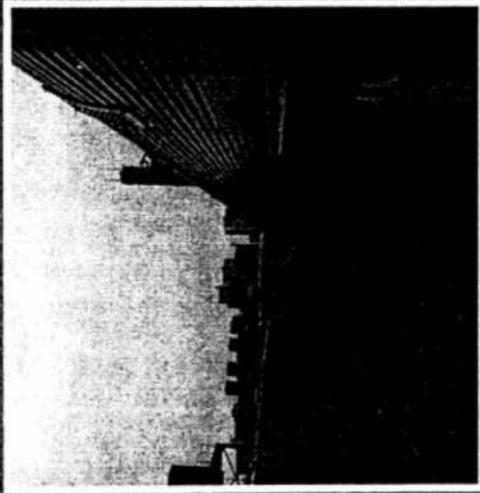
# FINANCIAL HIGHLIGHTS

# COMPETITIVE ANALYSIS

THE FOLLOWING TABLE DENOTES THE MIDWEST CORRIDOR SERVICE WITH THEIR RESPECTIVE MILEAGES, AVERAGE TRIP TIME (ROUNDED), ROUNDRIPS AND POPULATION ALONG THE ROUTE. OUR TRAIN SERVICE TARGETS THE GREATER CHICAGO METROPOLITAN AREA SERVED BY ALL THE TRAINS, WHICH HAS A BASE POPULATION OF 9,580,567\*, AND IS NOT INCLUDED IN THE TABLE BELOW.

END TERMINAL	MILEAGE	TRIP TIME	ROUNDRIPS	POPULATION*
CARBONDALE	309	5:30	3	522,987
GRAND RAPIDS	176	4:00	1	1,210,770
INDIANAPOLIS	196	5:00	1	1,963,756
MILWAUKEE	86	1:30	7	1,566,608
PONTIAC	304	6:30	3	5,720,567
PORT HURON	319	7:00	1	1,910,365
QUINCY	258	4:30	2	130,199
ST. LOUIS	284	5:30	5	3,270,109

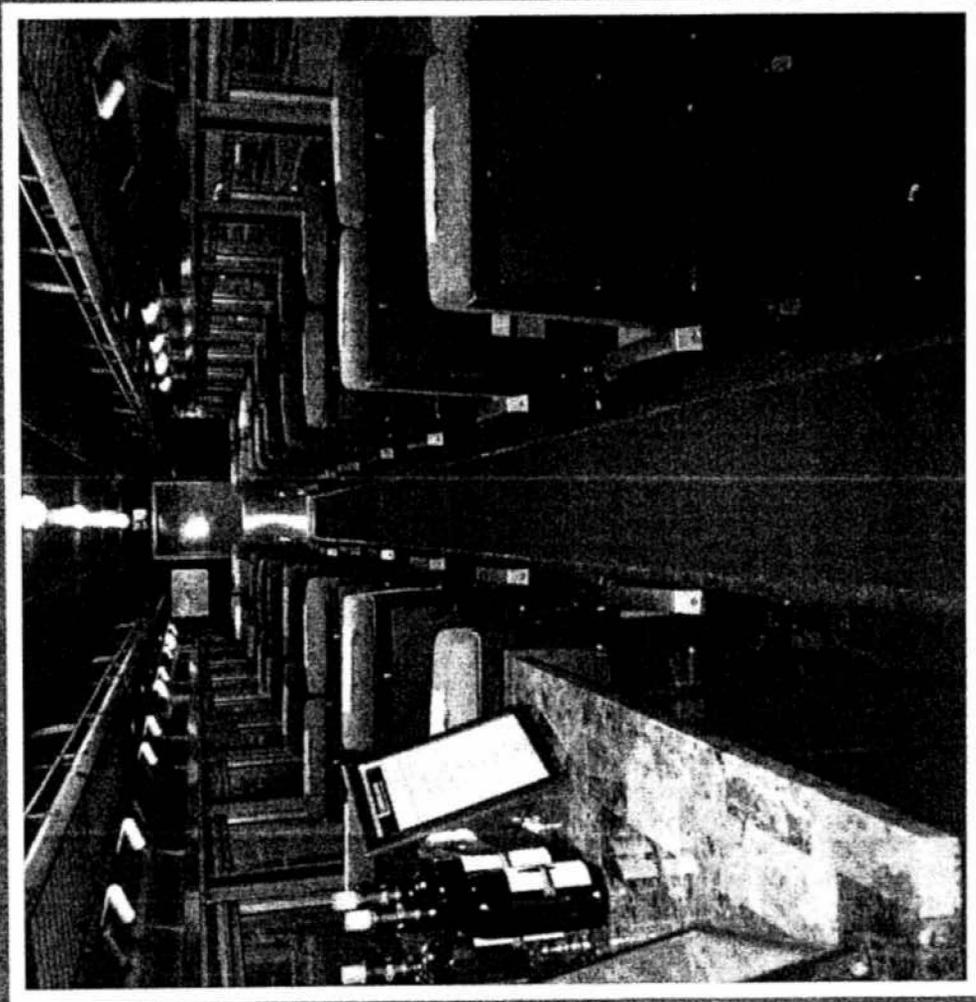
Amtrak is currently the only direct competitor in the rail transportation market that we are entering in relation to providing roundtrip rail service to the public. The rail transportation market is very large based on the population of the corridors in which Amtrak operates. We are targeting the St. Louis and Pontiac Corridors for the establishment of service. In the future, all of the Corridors will be considered for business opportunities.



## CHICAGO, IL

Left to right:

- James showing that Amtrak provides a private waiting room at Union Station when we operate
- MWR previously leased railcars arriving Chicago
- Our train attached to Amtrak's Texas Eagle ready for departure to St. Louis



## **MIDWEST PREMIER™**

Business Class Service provides at-seat service complete with complimentary wine and snacks. Our concept is shown here on our inaugural trip to Ann Arbor, MI (9/2013).

Pictured is a coach car that MWR previously leased for service in 2013.

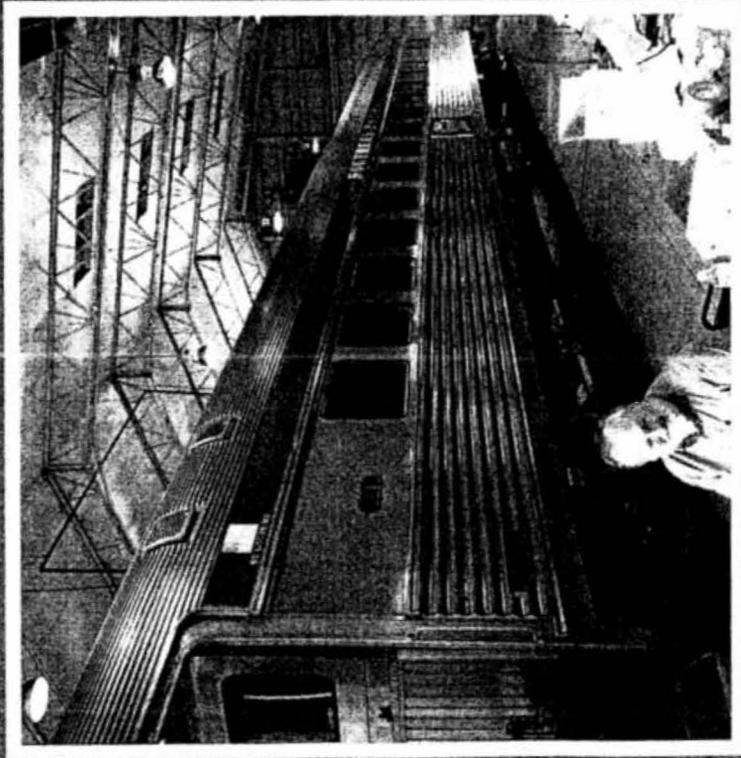


Left: Stephanie Parisi, Manager - Midwest Premier, is the hostess of our Business Class service.

Center: ASAP Entertainment provides live entertainment enroute consisting of music, karaoke, bingo and trivia.

Right: Trial concept of providing a separate lounge car for entertainment that included bean bag tossing.

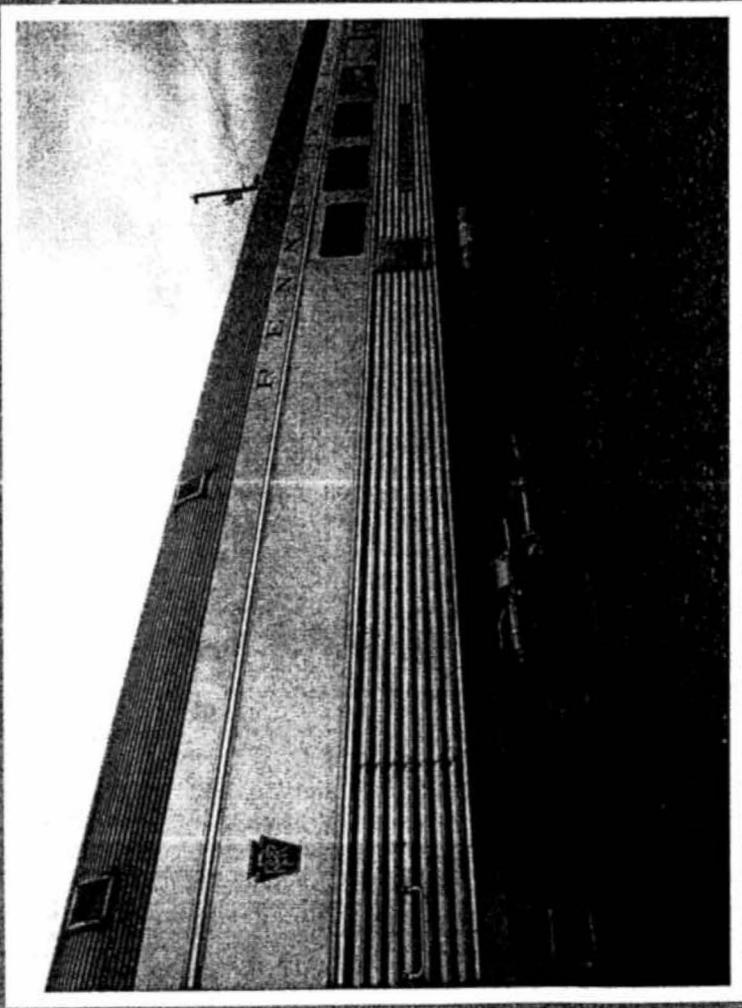
All photos shown are on previously leased railcars.



**MIDWEST PREMIER™**

The "Golden Shore" is pictured  
inside the shop at St. Louis, MO.  
This car provides our Business  
Class and is 100% Amtrak ready.

Pictured is the railcar MWR is raising capital to purchase

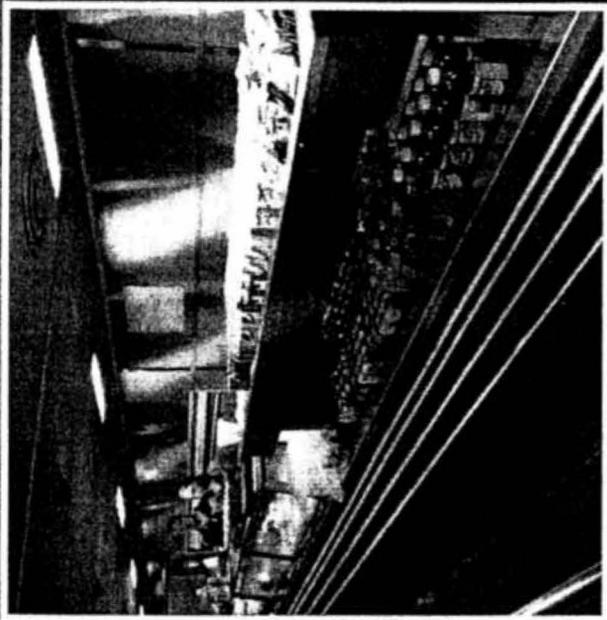


## **DINING SERVICE**

The center piece of MWR's service is the dining car. This car will be self-sufficient and can provide power to the coach car, if necessary. Our restaurant provides the base for our unique menu.

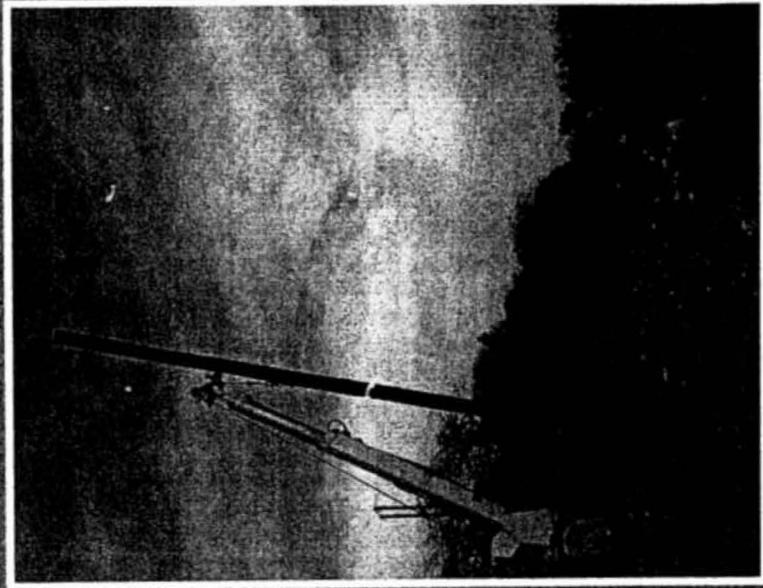
Pictured is the railcar MWR is raising capital to purchase

Following page: Doug Gibbs, Manager Food Service preparing made-to-order lunch enroute to Ann Arbor; interior of the previously leased dining car; our most popular sandwich "Hoboken" (Italian sub)

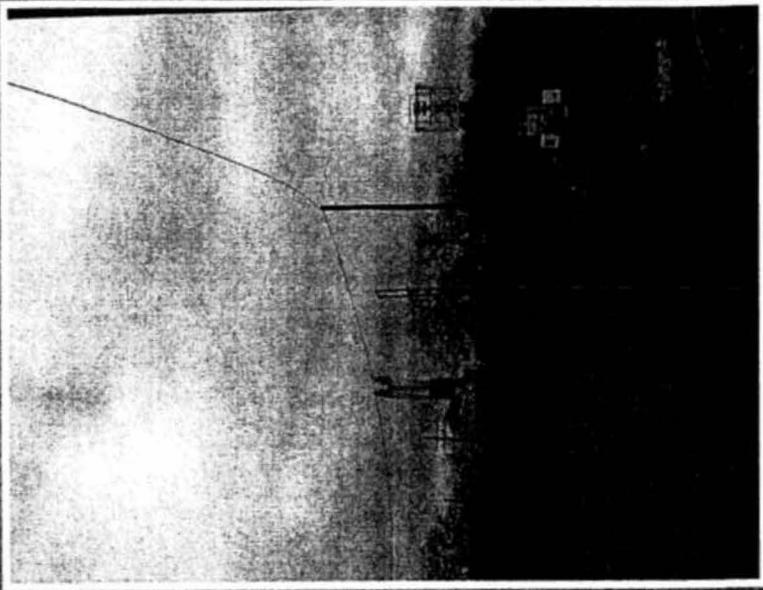




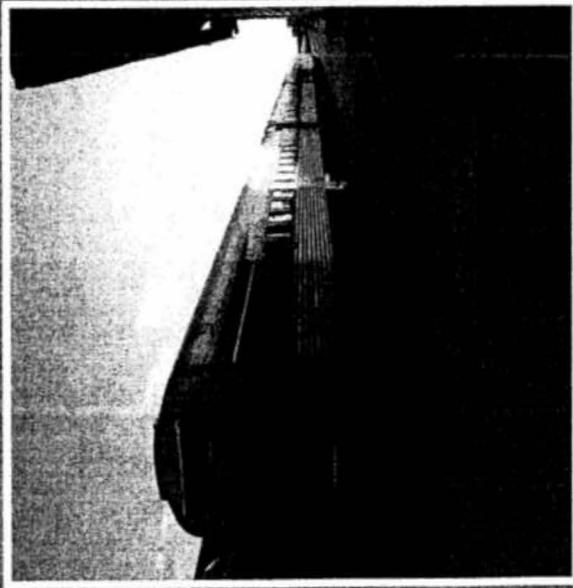
MWR leases 2000 feet of track in Blue Island, IL Work began in 2013 clearing debris for our platform



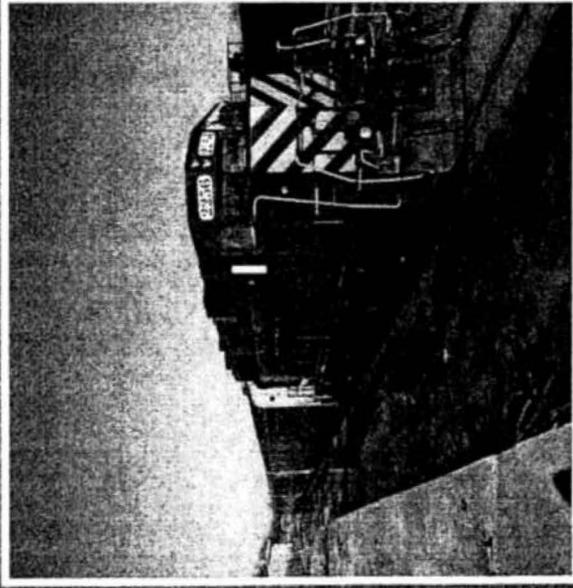
Late 2013 the poles were installed to provide 480V power for railcar storage



December 2, 2013 the power project was completed and also provides street lighting for security



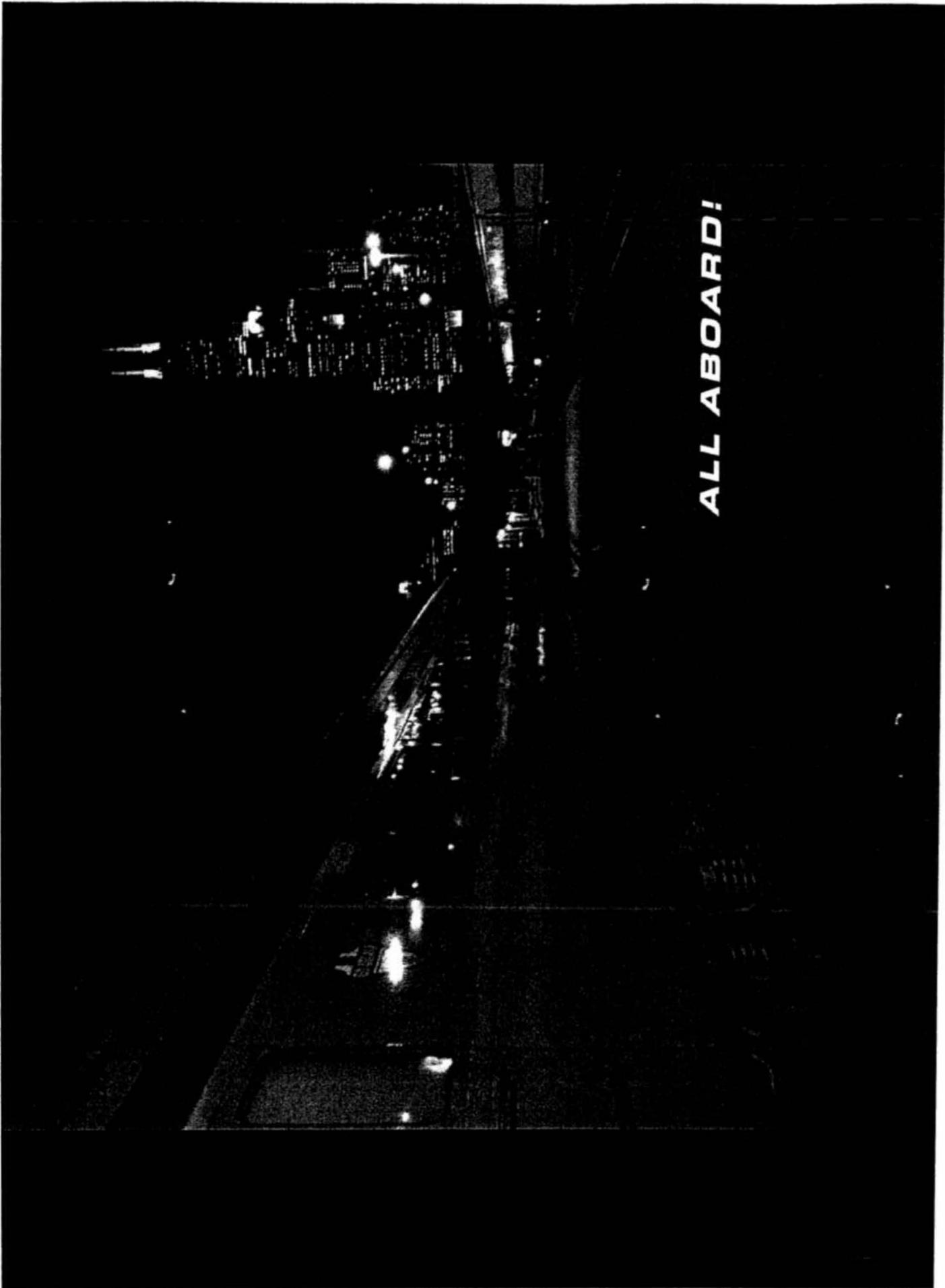
MWR has a contract for storage of 4 railcars by other railcar owners. Each railcar provides \$4200 annual revenue, plus expenses



MWR previously leased these cars for service; they have since been contracted for other excursions and are in service until late 2014



Infrastructure improvements for 2014 include renovating the shed, paving a platform, track tamping and installing a 480V power stand



**ALL ABOARD!**