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April 7, 2014

235821

VIA E-FILING

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W., Room 1034
Washington, DC 20024

ENTERED
Office of Proceedings
April 7, 2014
Part of
Public Record

Re: **STB Docket No. FD 35816**

**Chai Trust Company, LLC, EGI-Fund (14-16) Investors, L.L.C., and
EGI-IPH Investors, L.L.C. – Control Exemption –
Iowa Pacific Holdings, LLC and Permian Basin Railways, Inc.**

PUBLIC VERSION – DOES NOT INCLUDE EXHIBIT B

Dear Ms. Brown:

Attached hereto for filing in the above-captioned proceeding is a **Verified Notice of Exemption** (the "Notice") filed by Chai Trust Company, LLC, EGI-Fund (14-16) Investors, L.L.C., and EGI-IPH Investors, L.L.C. pursuant to 49 C.F.R. § 1180.2(d)(2). Payment in the amount of \$1,400, representing the appropriate fee for this filing, is being furnished pursuant to the Board's credit card payment process.

As indicated herein, Exhibit B to the Notice (which is contains commercially-sensitive information) is being filed under seal pursuant to a concurrently-filed motion for a protective order.

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

Respectfully submitted,



Myles L. Tobin
Attorney for Chai Trust Company, LLC, EGI-Fund (14-16)
Investors, L.L.C., and EGI-IPH Investors, L.L.C.

FILED
April 7, 2014
Surface Transportation Board

MLT/ekf

Enclosures

FEE RECEIVED
April 7, 2014
Surface Transportation Board

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB DOCKET NO. FD 35816

**CHAI TRUST COMPANY, LLC, EGI FUND (14-16)
INVESTORS, L.L.C., AND EGI-IPH INVESTORS, L.L.C.
-- CONTROL EXEMPTION --
IOWA PACIFIC HOLDINGS, LLC
AND PERMIAN BASIN RAILWAYS, INC.**

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 CFR § 1180.2(d)(2)**

PUBLIC VERSION

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Strasburger & Price, LLP
1025 Connecticut Ave., N.W.
Suite 717
Washington, DC 20036
(202) 742-8607**

**ATTORNEYS FOR IOWA PACIFIC
HOLDINGS, LLC AND PERMIAN
BASIN RAILWAYS, INC.**

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**ATTORNEYS FOR
CHAI TRUST COMPANY, LLC,
EGI FUND (14-16) INVESTORS, L.L.C.,
AND EGI-IPH INVESTORS, L.L.C.**

Dated: April 7, 2014

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB DOCKET NO. FD 35816

**CHAI TRUST COMPANY, LLC, EGI FUND (14-16) INVESTORS, L.L.C.,
AND EGI-IPH INVESTORS, L.L.C.
-- CONTROL EXEMPTION --
IOWA PACIFIC HOLDINGS, LLC
AND PERMIAN BASIN RAILWAYS, INC.**

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 CFR § 1180.2(d)(2)**

Come now Chai Trust Company, LLC, EGI-Fund (14-16) Investors, L.L.C., and EGI-IPH Investors, L.L.C. (collectively, "Chai-EGI") and state as follows:

1. Pursuant to the Board's rules for transactions involving railroad consolidations and acquisitions of control (49 C.F.R. part 1180), Applicants hereby give notice of a transaction qualifying for exemption under section 1180.2(d)(2) of those rules.
2. Chai Trust Company, LLC is a limited liability company and Illinois state-regulated trust company, which manages (and, for purposes of this proceeding, effectively controls) EGI-Fund (14-16) Investors, L.L.C., itself a limited liability investment company. EGI-Fund (14-16) Investors, L.L.C., in turn, controls EGI-IPH Investors, L.L.C. ("EGI-IPH Investors"), a non-carrier holding company formed to acquire a controlling share of the membership interests of Iowa Pacific Holdings, LLC ("IPH"). Neither Chai-EGI nor any of the members comprising Chai-EGI currently own or control any railroad common carriers.
3. IPH is a non-carrier short line railroad holding company that owns 100% of Permian Basin Railways, Inc. ("PBR"), another non-carrier short line railroad holding company.

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Through PBR, IPH controls nine common carrier short line railroads, each of which is identified in paragraph 5 below. Additionally, IPH directly controls Rusk, Palestine & Pacific Railroad, LLC, a common carrier short line railroad, and The Pullman Sleeping Car Company, LLC (“Pullman”), a first-class railroad passenger service provider that does not own or operate any rail lines, and whose cars are transported by trains of the National Railroad Passenger Corporation (Amtrak) as part of Amtrak passenger train consists in accordance with the provisions of Amtrak’s private car transportation tariffs. Although Pullman neither operates trains (Amtrak moves Pullman’s private equipment pursuant to a private car tariff, as mentioned) nor owns, leases or contracts to operate any rail lines, the Board nevertheless may view Pullman as a rail common carrier subject to the Board’s jurisdiction, and so, out of an abundance of caution and without pre-judging Pullman’s actual jurisdictional status, Chai-EGI has extended the scope of the subject notice of exemption to cover the proposed acquisition of control of Pullman. Finally, IPH directly or indirectly owns several other railroad-related subsidiaries engaged in excursion passenger service, rail car and locomotive repairs, and railroad equipment ownership that are outside the Board’s regulatory jurisdiction.

4. EGI-IPH Investors and IPH are in the process of finalizing a Unit Purchase and Investment Agreement pursuant to which Chai-EGI will, through EGI-IPH Investors, acquire approximately 80% of the membership interests of IPH. The remaining approximately 20% of IPH’s membership interests will be retained by certain existing IPH members, who also constitute IPH’s senior management.

5. IPH, through its wholly-owned subsidiary PBR, presently controls directly or indirectly nine common carrier Class III short line railroads in the United States as follows: (1) Austin & Northwestern Railroad Company, Inc., operating as the Texas-New Mexico Railroad;

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(2) Chicago Terminal Railroad; (3) Mount Hood Railroad; (4) San Luis & Rio Grande Railroad Company, Inc. (“SLRG”); (5) Saratoga & North Creek Railway, LLC (“Saratoga”);¹ (6) West Texas and Lubbock Railway Company, Inc. (“WTLR”); (7) West Texas and Lubbock Railroad Company, Inc. (“WTRR”);² (8) Massachusetts Coastal Railroad, LLC (“Mass Coastal”);³ and (9) the Santa Cruz and Monterey Bay Railway Company.⁴ As noted above, IPH directly controls another short line rail carrier – Rusk, Palestine & Pacific Railroad, LLC⁵ – and a first-class railroad passenger service provider – Pullman – that may be a common carrier subject to the Board’s jurisdiction, but which is awaiting a determination as to its legal/regulatory status going forward pursuant to a pending petition for exemption from the provisions of 49 U.S.C. subtitle IV.⁶ Again, because Pullman’s legal status is currently in doubt, Chai-EGI has, as a matter of caution, extended the scope of its notice to the acquisition of control of Pullman. The carriers

¹ SLRG, a subsidiary of PBR, controls Saratoga. The Board authorized PBR’s acquisition of indirect control of Saratoga through SLRG in San Luis & Rio Grande Railroad – Continuance in Control Exemption – Saratoga and North Creek Railway, LLC, FD 35499 (STB served Jun. 1, 2011).

² West Texas and Lubbock Railroad Company, Inc. (“WTLRR”) is a non-operating common carrier that owns the railroad assets that the West Texas and Lubbock Railway Company, Inc. (“WTLR”) operates pursuant to a lease agreement with WTLRR. PBR previously obtained authority to control both WTLRR and WTLR by way of the following class exemption proceeding: Permian Basin Railways, Inc. – Acquisition of Control Exemption – West Texas and Lubbock Railroad Company, Inc., STB Docket No. FD 34613 (STB served Dec. 22, 2004) (“PBR-WTLRR”).

³ Initially, IPH acquired control of Mass Coastal by way of IPH’s acquisition of Mass Coastal’s holding company, Cape Rail, Inc., which also owned a noncarrier excursion railroad, Cape Cod Central. See Iowa Pacific Holdings, LLC and Permian Basin Railways – Control Exemption – Cape Rail, Inc. and Massachusetts Coastal Railroad, LLC, STB Docket No. FD 35684 (STB served Oct. 26, 2012). As is the case with Saratoga (described in footnote 1, above), PBR shifted control of Mass Coastal to SLRG roughly five months later. See Iowa Pacific Holdings, LLC, Permian Basin Railways, and San Luis & Rio Grande Railroad – Corporate Family Transaction Exemption – Massachusetts Coastal Railroad, LLC, STB Docket No. 35721 (STB served Mar. 15, 2013).

⁴ The Board authorized PBR’s common control of these nine railroads in Iowa Pacific Holdings, LLC and Permian Basin Railways – Control Exemption – Cape Rail, Inc. and Massachusetts Coastal Railroad, LLC, STB Docket No. FD 35684 (STB served Oct. 26, 2012).

⁵ The Board authorized IPH’s acquisition of control of this carrier in Iowa Pacific Holdings, LLC and Permian Basin Railways – Continuance in Control Exemption – Rusk, Palestine & Pacific Railroad, LLC, FD 35668 (STB served Sep. 14, 2012).

⁶ The Pullman Sleeping Car Company, LLC – Petition for Exemption from 49 U.S.C. Subtitle IV, STB Docket No. 35738 (filed February 20, 2014). Chai-EGI supports Pullman’s request for a subtitle IV exemption, assuming that the Board deems Pullman to be a railroad common carrier in the first place.

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listed above that Chai-EGI seek to control shall be referred to herein as the “Subsidiary Carriers.”

6. None of the Subsidiary Carriers interconnect with any rail carriers owned or controlled by Chai-EGI because neither Chai-EGI nor any of the members that comprise Chai-EGI presently own or control any rail carriers. Moreover, this control transaction is not a part of a series of anticipated transactions that would result in such a connection or any new interconnection among Subsidiary Carriers. Nor does this proposed control transaction involve a Class I carrier. Chai-EGI’s acquisition of control of IPH and the Subsidiary Carriers is, accordingly, exempt under section 1180.2(d)(2).

7. In invoking the section 1180.2(d)(2) exemption, section 1180.4(g) requires that Chai-EGI submit a verified notice of exemption furnishing, among other things, the information requested in sections 1180.6(a)(1)(i)–(iii), 1180.6(a)(5)–(6), and 1180.6(a)(7)(ii) of those rules. That information is provided as follows:

Summary of Proposed Transaction: 49 CFR § 1180.6(a)(1)(i)

Through a Unit Purchase and Investment Agreement, EGI-IPH Investors will purchase approximately 80% of IPH’s membership interests. The remaining approximately 20% of the membership interests will be retained by certain existing IPH members who constitute IPH’s senior management.

Applicant’s name, address, and telephone number:

EGI-IPH Investors L.L.C.
Mr. Jon Wasserman
c/o Equity Group Investments
2 North Riverside Plaza, Suite 600
Chicago, IL 60606
(312) 454-1800

PUBLIC VERSION

Legal counsel to whom questions should be addressed:

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

Schedule for consummation: **49 CFR §1180.6(a)(1)(ii)**

The parties intend to consummate the proposed transaction 30 days from the filing date of this notice, on or about May 8, 2014.

Purpose to be accomplished by the transaction: **49 CFR §1180.6(a)(1)(iii)**

Chai-EGI seek through the proposed transaction to improve the revenue base of the Subsidiary Carriers through access to Chai-EGI's resources, and to achieve economies of scale through greater centralization of administrative functions. Chai-EGI plan to provide or secure access to sources of capital that will, in turn, promote growth among the Subsidiary Carriers.

State(s) in which the property of each carrier is situated: **49 CFR §1180.6(a)(5)**

Massachusetts Coastal Railroad, LLC: Massachusetts

Chicago Terminal Railroad: Illinois

Mount Hood Railroad: Oregon

Rusk, Palestine & Pacific Railroad, LLC: Texas

San Luis & Rio Grande Railroad Company, Inc.: Colorado

Santa Cruz and Monterey Bay Railway Company: California

Saratoga & North Creek Railway, LLC: New York

Austin & Northwestern Railroad Company, Inc. (operating as the Texas-New Mexico Railroad): New Mexico and Texas

West Texas & Lubbock Railway Company, Inc.: Texas

West Texas & Lubbock Railroad Company, Inc.: Texas

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The Pullman Sleeping Car Company, LLC: None

Map: 49 CFR § 1180.6(a)(6)

Maps are attached hereto as Exhibit A. The maps depict, among other things, the location of the lines of the various Subsidiary Carriers, except for Pullman, which owns no rail properties.

Copy of Agreement: 49 CFR § 1180.6(a)(7)(ii)

A copy of a draft (confidential) Unit Purchase and Investment Agreement is being submitted under seal as Exhibit B to the confidential version of this filing.

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

The Unit Purchase and Investment Agreement contains no provision that prohibits the Subsidiary Carriers from, or penalizes them for, interchanging traffic with any other rail carrier.

Certification:

Applicants hereby certify that – (1) none of the lines and carriers to be controlled pursuant to this notice of exemption connect with one another;⁷ (2) the subject control proceeding is not a part of a series of anticipated transactions that would connect some or all of the Subsidiary Carriers; and (3) the transaction does not involve a Class I carrier.

Environmental and historical considerations:

This control proceeding is exempt from environmental review under 49 C.F.R. §1105.6(c)(2)(i) because the proposed action will not cause any operating changes that exceed the thresholds established in 49 C.F.R. §§1105.7(e)(4) or (5). In addition, this proceeding is exempt from historic review under 49 C.F.R. §1105.8(b)(1) because there are no plans to dispose

⁷ As set forth in footnote 2, above, IPH previously assumed common control of WTLR and WTLRR – under circumstances where WTLR operates WTLRR-owned lines in accordance with a lease arrangement – pursuant to the Board’s section 1180.2(d)(2) class exemption procedures. See PBR-WTLRR.

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of or alter properties subject to Board jurisdiction that are at least 50 years old. Accordingly, no environmental or historic report is required.

Labor Protection:

As set forth above, all of the railroads involved in the proposed transaction encompassed by this notice are Class III short line carriers. By statute, labor protection is not applicable to transactions involving only Class III railroads. See 49 U.S.C. §11326(c).

John D. Heffner
Strasburger & Price, LLP
1025 Connecticut Ave., N.W.
Suite 717
Washington, DC 20036
(202) 742-8607

**ATTORNEYS FOR IOWA PACIFIC
HOLDINGS, LLC AND PERMIAN
BASIN RAILWAYS, INC.**


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Robert A. Wimbish
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29 North Wacker Drive
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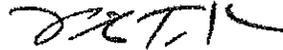
**ATTORNEYS FOR
CHAI TRUST COMPANY, LLC,
EGI FUND (14-16) INVESTORS, L.L.C.,
AND EGI-IPH INVESTORS, L.L.C.**

Dated: April 7, 2014

VERIFICATION

I, Philip G. Tinkler, Vice President for EGI-IHP Investors, L.L.C. ("EGI-IHP Investors"), hereby verify under penalty of perjury that to the best of my knowledge the information contained in the foregoing acquisition of control notice of exemption is true and correct. Further, I certify that I am qualified and authorized to make such verification on behalf of Chai Trust Company, LLC, and EGI-Fund (14-16) Investors, L.L.C., and EGI-IHP Investors, L.L.C. in connection with this proceeding before the U.S. Surface Transportation Board.

Executed this 7th day of April, 2014



Philip G. Tinkler
Vice President, EGI-IHP Investors, L.L.C.

EXHIBIT A

Maps

IOWA PACIFIC RAILROADS

EXHIBIT A



SANTA CRUZ & MONTEREY BAY RAILWAY
SANTA CRUZ, CALIFORNIA



MOUNT HOOD RAILROAD
HOOD RIVER, OREGON



SAN LUIS & RIO GRANDE RAILROAD
ALAMOSA, COLORADO



TEXAS-NEW MEXICO RAILROAD
WEST TEXAS & LUBBOCK RAILWAY



RUSK, PALESTINE & PACIFIC RAILROAD



CHICAGO TERMINAL RAILROAD
CHICAGO, ILLINOIS

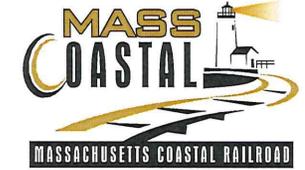
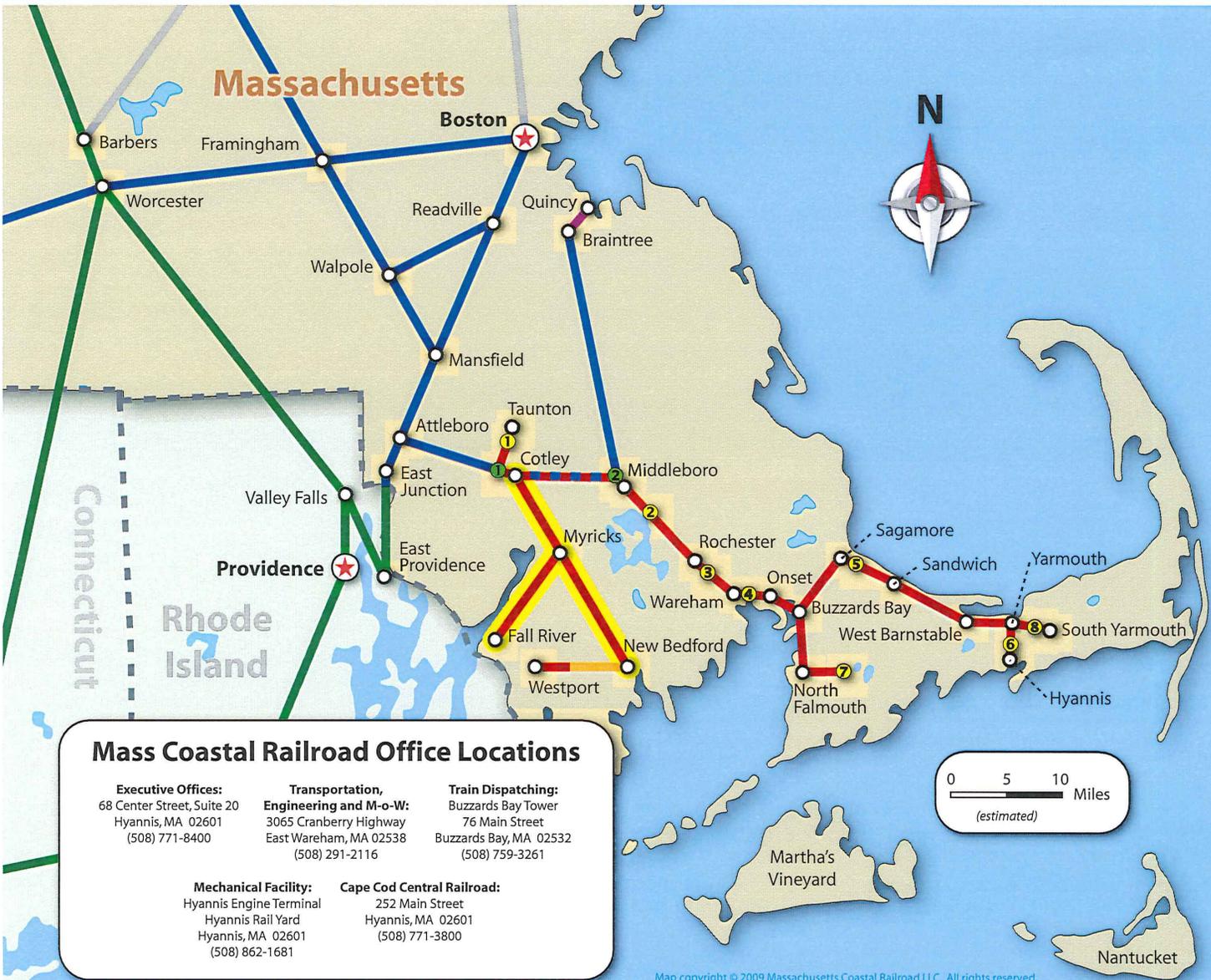


SARATOGA & NORTH CREEK RAILWAY
SARATOGA SPRINGS, NEW YORK



MASS COASTAL RAILROAD
CAPE COD, MASSACHUSETTS

Massachusetts



System Map

Customer Service and Marketing:
 Phone: (508) 771-8400
 Fax: (508) 771-8402
www.masscoastal.com
 A Cape Rail Inc. Company

Legend

- Mass Coastal Railroad
- Mass Coastal Railroad (Pending)
- CSX Transportation (Our Class 1 Partner)
- Fore River Transportation
- Bay Colony Railroad
- Providence & Worcester Railroad
- Pan Am Railways
- Station

Interchanges:

- 1 Taunton, MA (TAUNT) - CSXT
- 2 Middleboro, MA (MIDBO) - CSXT

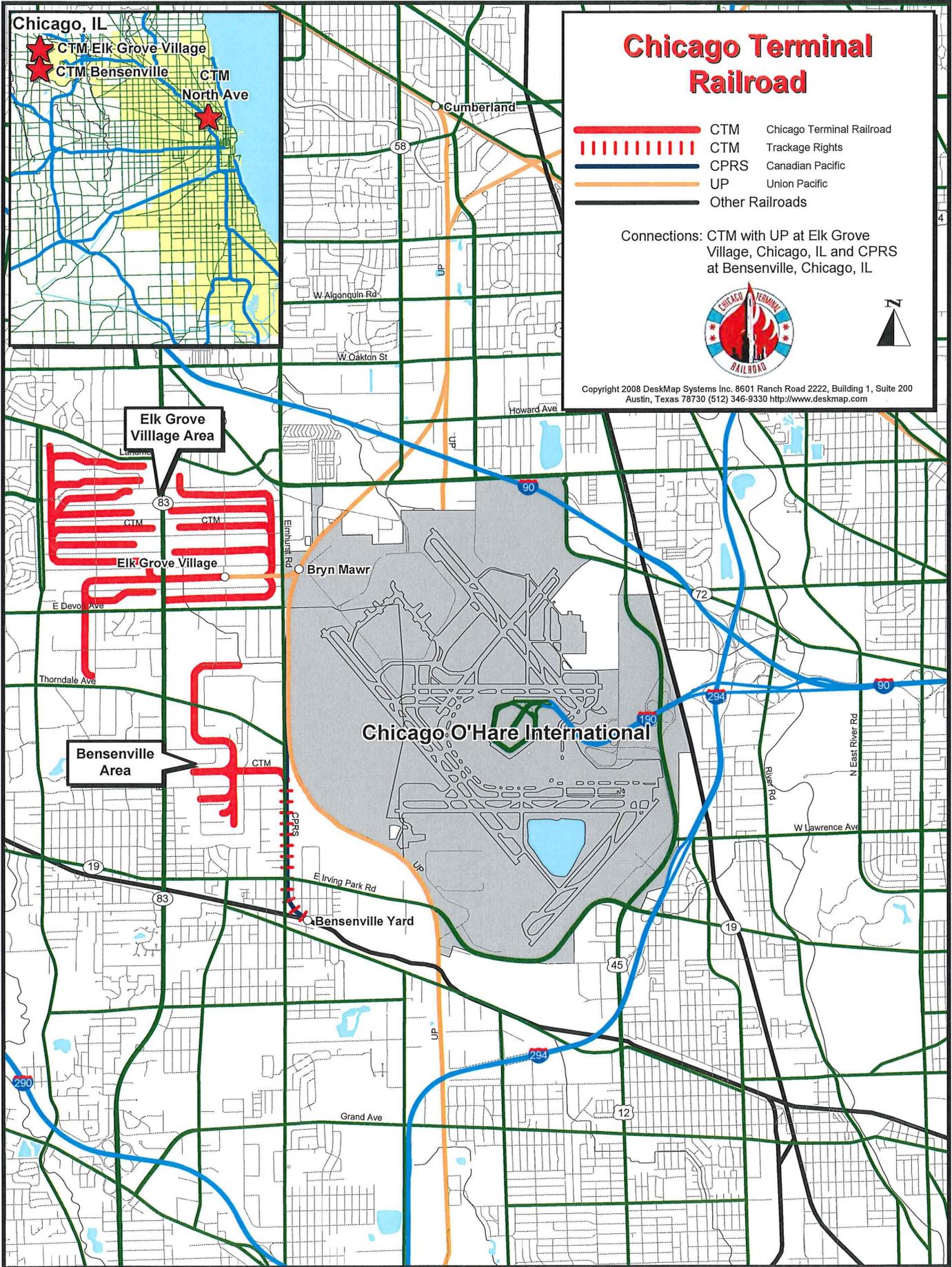
Transload Facilities and Public Tracks:

- 1 Gallo Construction Co. - Taunton
- 2 Capeway Rail Terminal - Middleboro
- 3 Rochester Public Track
- 4 Wareham Public Track
- 5 Sagamore Truck & Rail Co. - Sagamore
- 6 Hyannis Public Track
- 7 Upper Cape Regional Transfer Station - North Falmouth (MSW)
- 8 Yarmouth Transfer Station - South Yarmouth (MSW)

Mass Coastal Railroad Office Locations

<p>Executive Offices: 68 Center Street, Suite 20 Hyannis, MA 02601 (508) 771-8400</p>	<p>Transportation, Engineering and M-o-W: 3065 Cranberry Highway East Wareham, MA 02538 (508) 291-2116</p>	<p>Train Dispatching: Buzzards Bay Tower 76 Main Street Buzzards Bay, MA 02532 (508) 759-3261</p>
<p>Mechanical Facility: Hyannis Engine Terminal Hyannis Rail Yard Hyannis, MA 02601 (508) 862-1681</p>	<p>Cape Cod Central Railroad: 252 Main Street Hyannis, MA 02601 (508) 771-3800</p>	

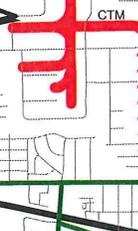
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Elk Grove Village Area



Bensenville Area



Chicago O'Hare International

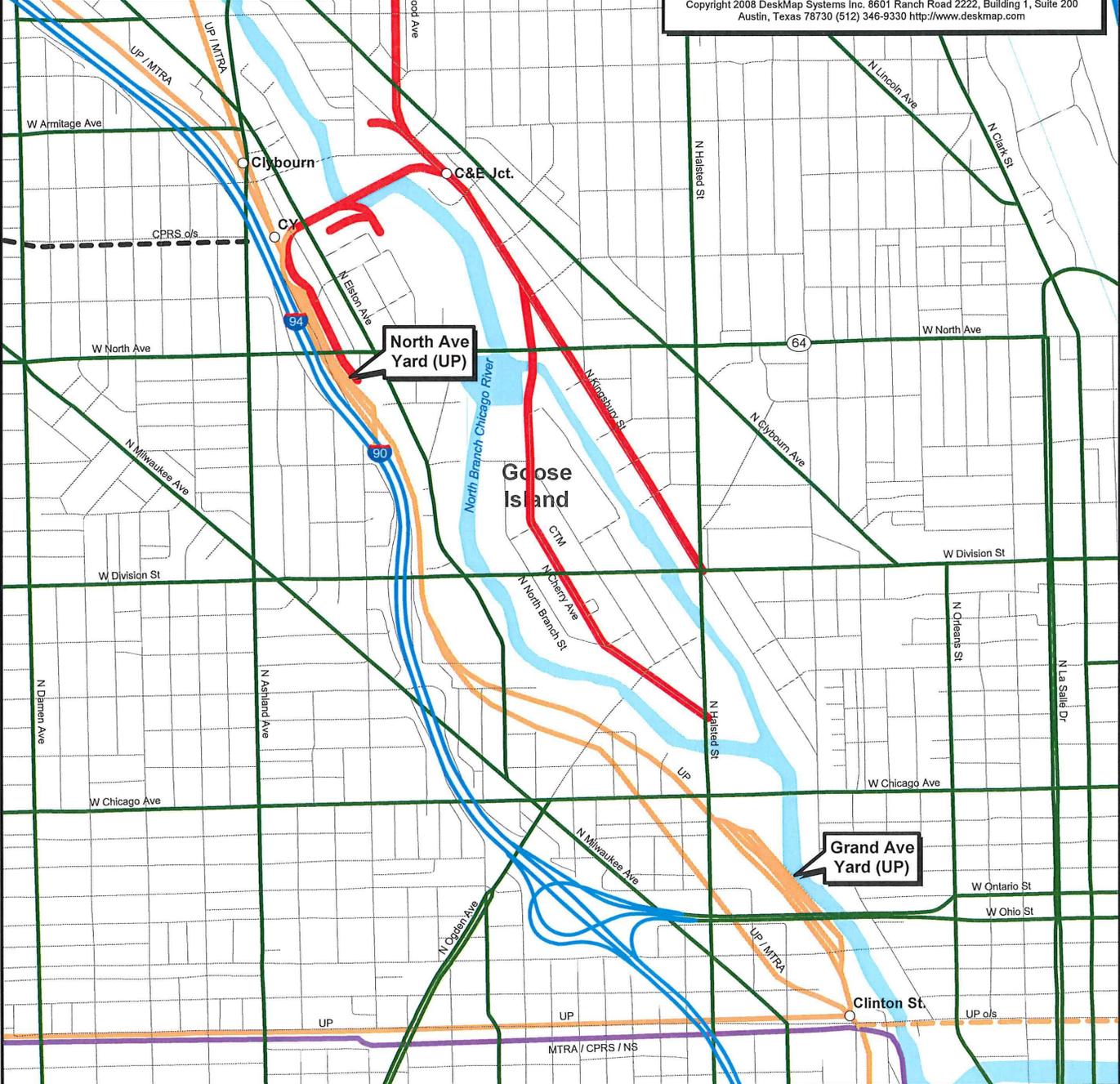


Chicago Terminal Railroad

	CTM	Chicago Terminal Railroad
	MTRA	Chicago Commuter Rail Authority
	UP	Union Pacific

Connections: CTM with UP at North Ave, Chicago, IL

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Austin, Texas 78730 (512) 346-9330 <http://www.deskmap.com>

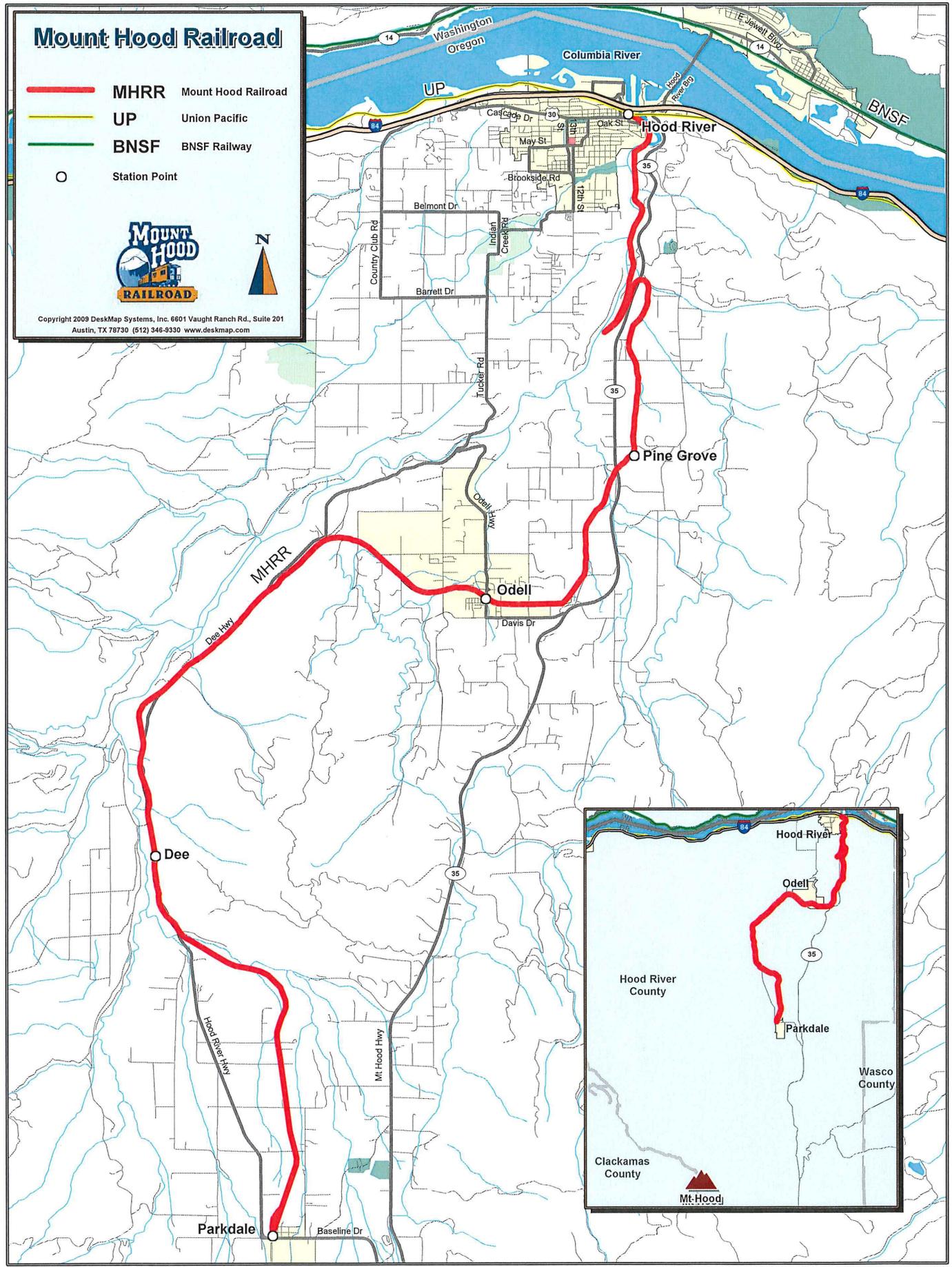


Mount Hood Railroad

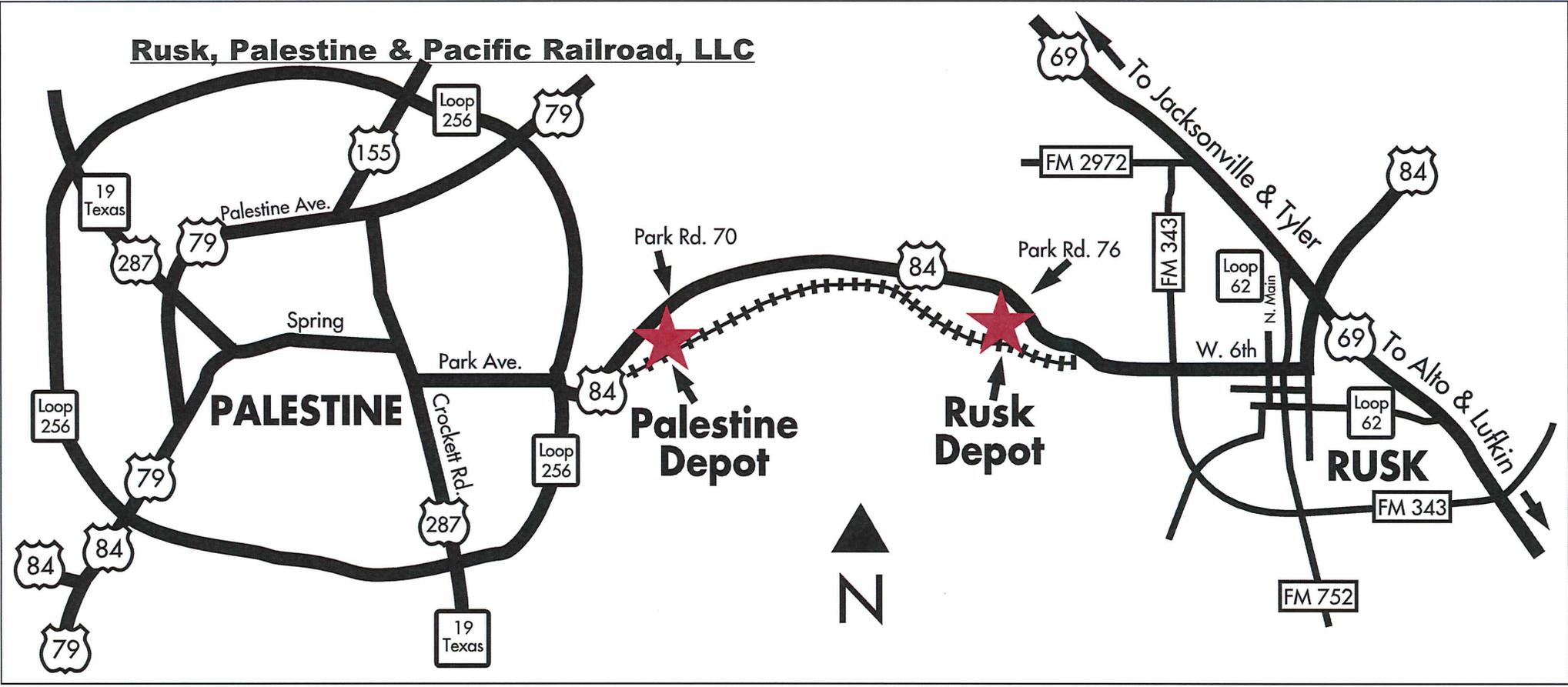
-  **MHRR** Mount Hood Railroad
-  **UP** Union Pacific
-  **BNSF** BNSF Railway
-  **Station Point**



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Rusk, Palestine & Pacific Railroad, LLC



San Luis & Rio Grande Railroad

-  SLRG / San Luis & Rio Grande Railroad / RGSR Rio Grande Scenic Railroad
-  SLRG San Luis & Rio Grande Railroad
-  SLRG Trackage Rights
-  BNSF BNSF Railway
-  SLC San Luis Central
-  UP Union Pacific



Central Car Repair Facilities

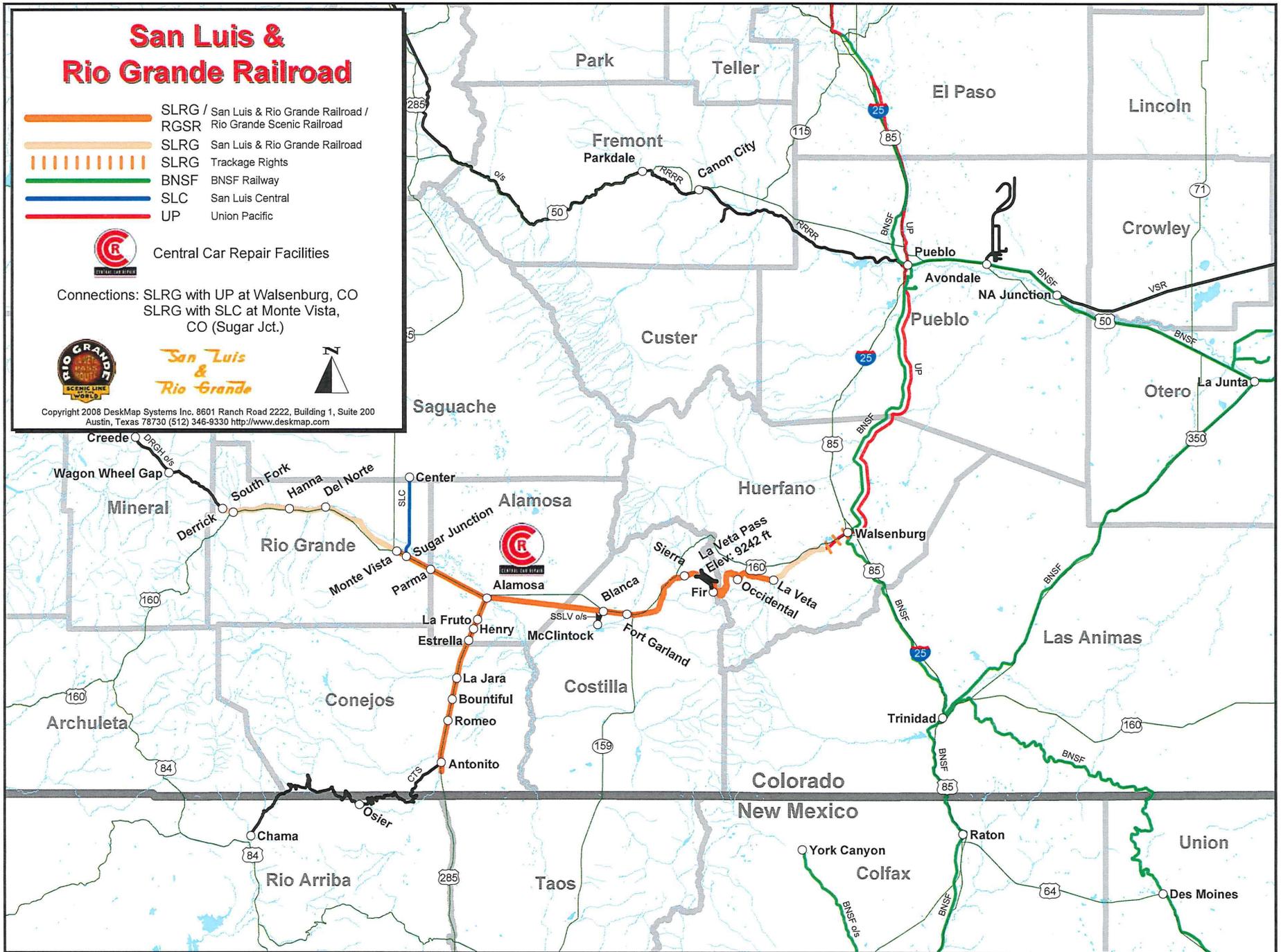
Connections: SLRG with UP at Walsenburg, CO
 SLRG with SLC at Monte Vista,
 CO (Sugar Jct.)

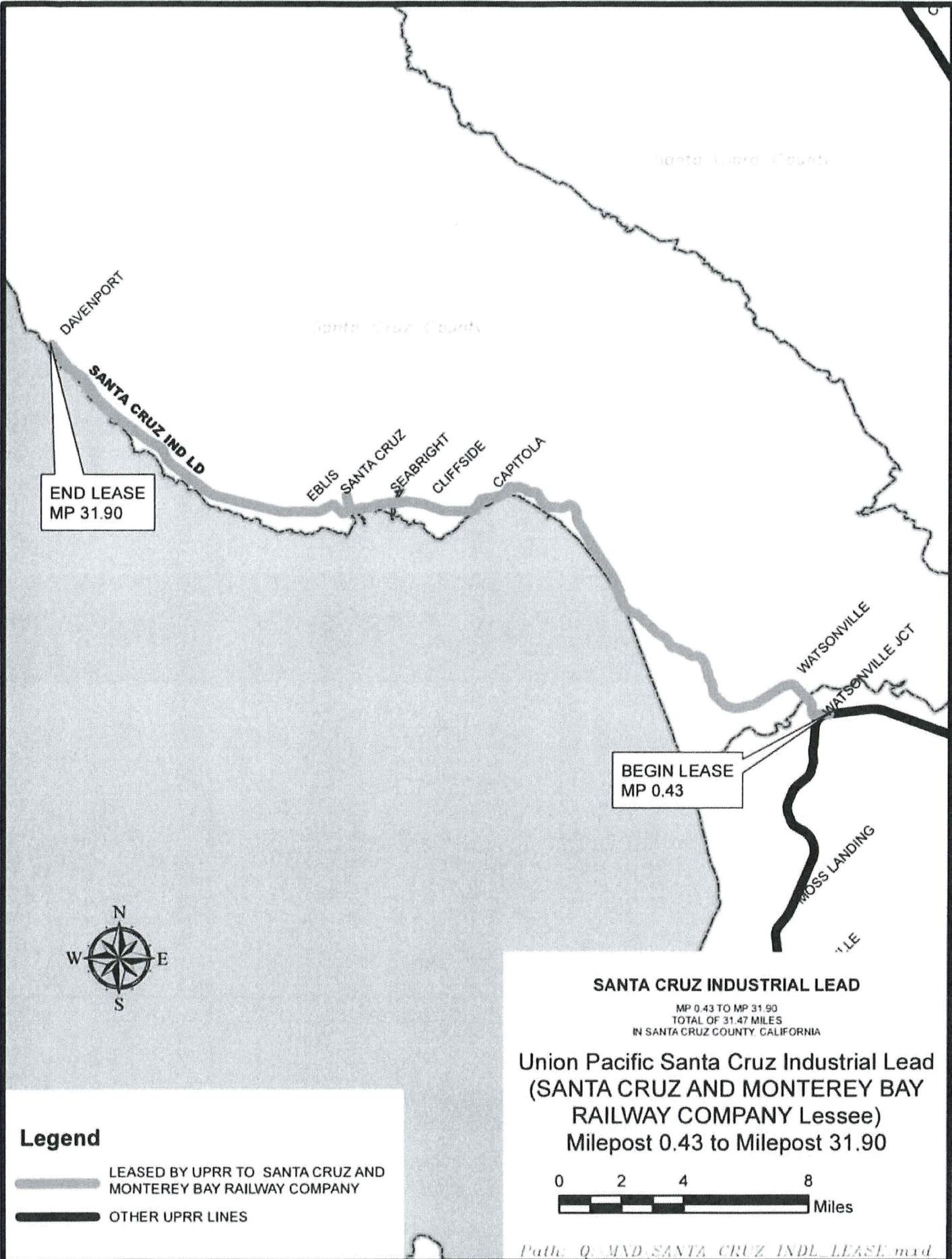


San Luis & Rio Grande



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 Austin, Texas 78730 (512) 346-9330 <http://www.deskmap.com>





END LEASE
MP 31.90

BEGIN LEASE
MP 0.43



Legend

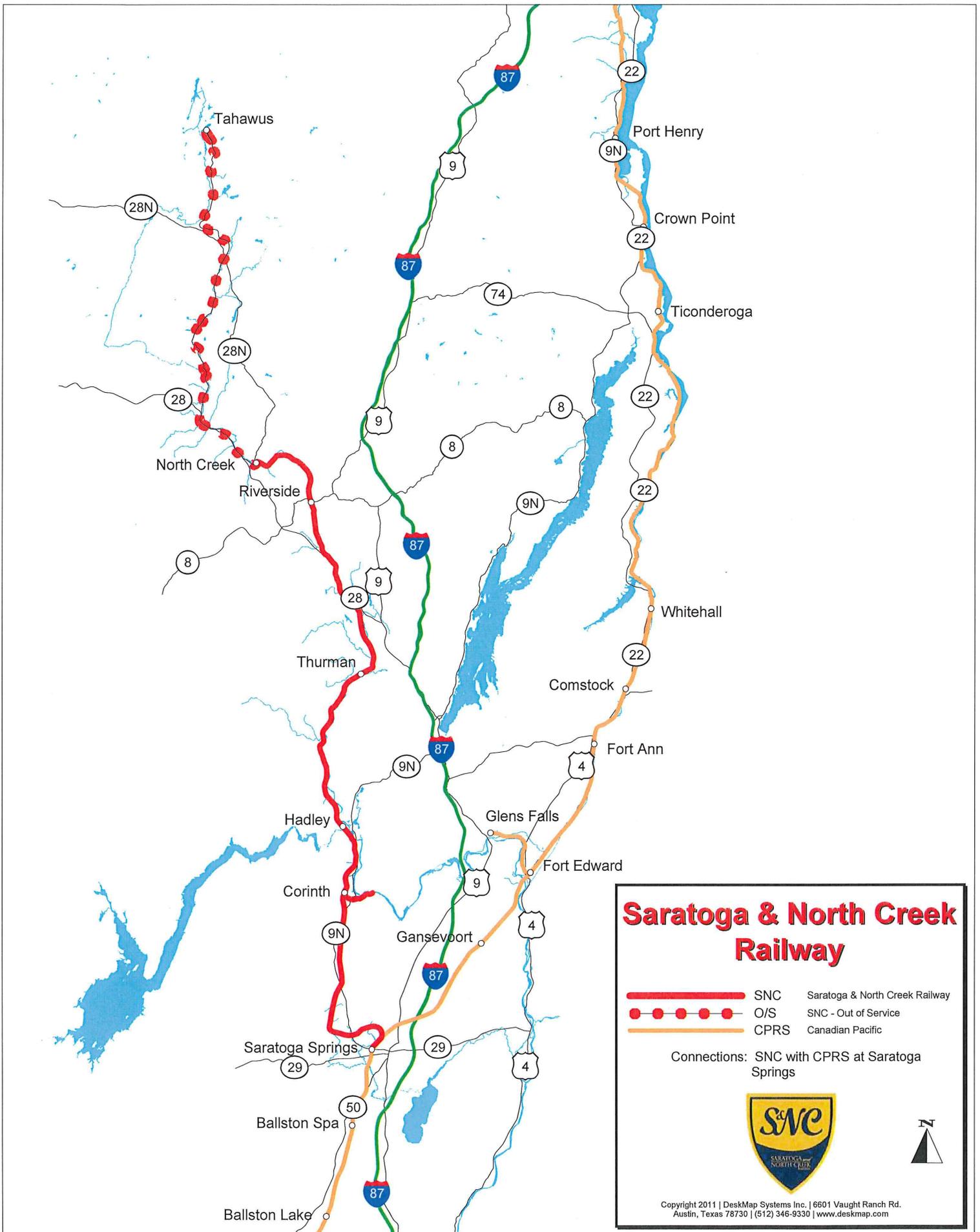
-  LEASED BY UPRR TO SANTA CRUZ AND MONTEREY BAY RAILWAY COMPANY
-  OTHER UPRR LINES

SANTA CRUZ INDUSTRIAL LEAD
 MP 0.43 TO MP 31.90
 TOTAL OF 31.47 MILES
 IN SANTA CRUZ COUNTY, CALIFORNIA

**Union Pacific Santa Cruz Industrial Lead
 (SANTA CRUZ AND MONTEREY BAY
 RAILWAY COMPANY Lessee)
 Milepost 0.43 to Milepost 31.90**



Path: Q:\MVD_SANTA_CRUZ_INDL_LEASE.mxd



Permian Basin Railways

Texas-New Mexico Railroad
West Texas & Lubbock Railway

-  TNMR Texas-New Mexico Railroad
-  WTLC West Texas & Lubbock Railway
-  BNSF BNSF Railway
-  UP Union Pacific



Central Car Repair Facilities



Doud Yard Transload Facility

Connections: TNMR with UP at Monahans, TX
WTLC with BNSF and UP at Lubbock, TX
WTLC with BNSF at Plainview, TX



PERMIAN BASIN RAILWAYS

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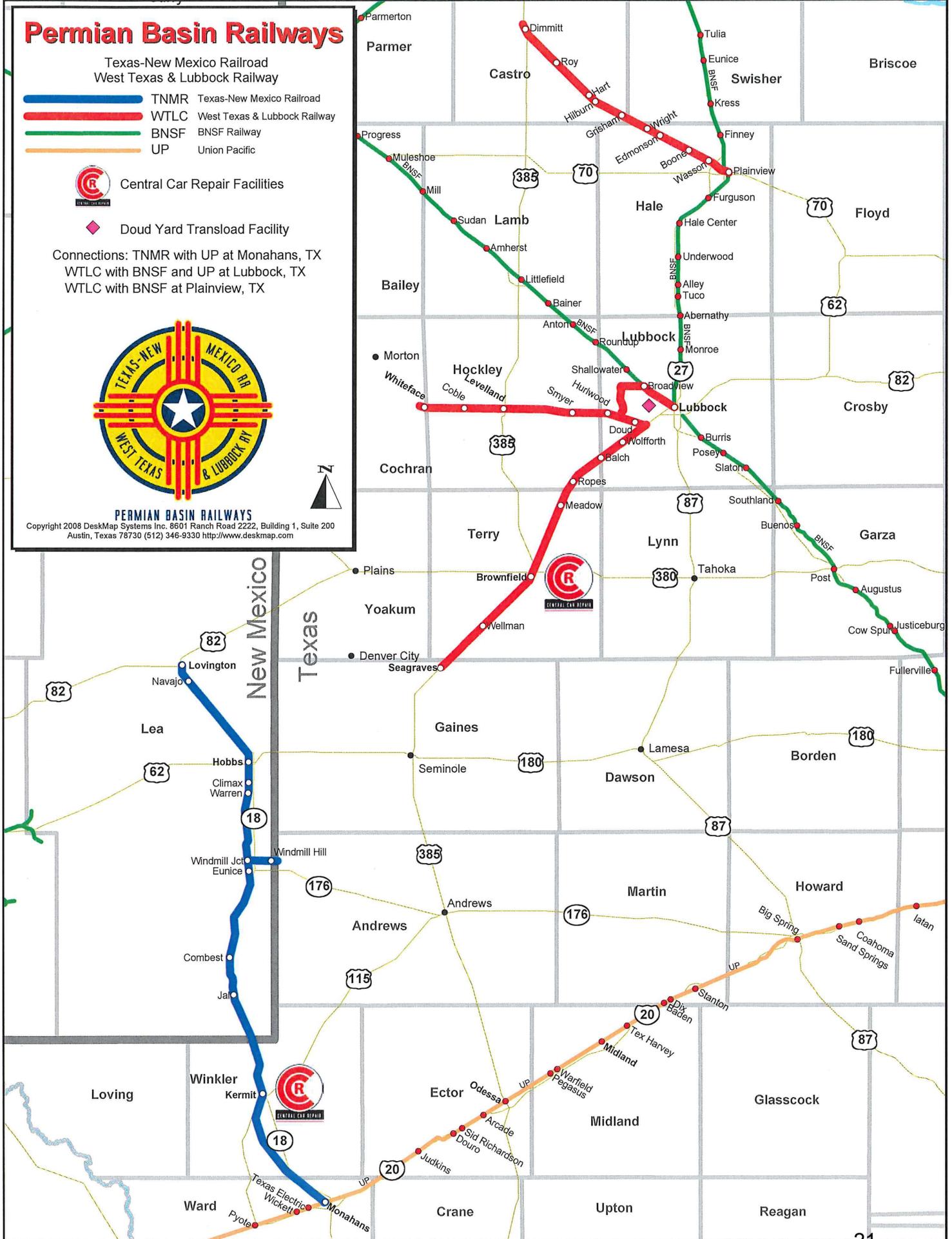


EXHIBIT B

**Draft Unit Purchase and
Investment Agreement –
Confidential**

**Separately Filed Under Seal
Pursuant To A Request For A
Protective Order**