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THOMAS F. MCFARLAND

November 26, 2003

By UPS overnight mail
(Friday delivery)



Vernon A. Williams, Secretary
Surface Transportation Board
Case Control Unit, Suite 713
1925 K Street, N.W.
Washington, DC 20423-0001

Louis E. Gitomer, Esq.
Ball Janik LLP
1455 F Street, N.W.
Suite 225
Washington, DC 20005

Re: Docket No. AB-855 (Sub-No. 1X), *A&R Line, Inc. -- Abandonment Exemption -- in Cass and Pulaski Counties, IN*

Docket No. AB-847 (Sub-No. 2X), Toledo, Peoria & Western Railway Corporation -- Discontinuance of Service Exemption -- in Cass and Pulaski Counties, IN

Gentlemen:

Hereby transmitted to each of you is an Offer of Financial Assistance in the above proceedings filed in behalf of Kokomo Grain Company. The Offer sent to Mr. Williams is an original. It is accompanied by 10 copies and a check for \$1,100 to cover the filing fee.

Mr. Williams is respectfully requested to acknowledge receipt by date stamping the enclosed duplicate copy of this letter and return in the self-addressed stamped envelope.

Very truly yours,

Tom McFarland

Thomas F. McFarland
Attorney for Kokomo Grain Company

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FILED

NOV 28 2003

**SURFACE
TRANSPORTATION BOARD**

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FEE RECEIVED

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**SURFACE
TRANSPORTATION BOARD**

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ORIGINAL

BEFORE THE
SURFACE TRANSPORTATION BOARD

A&R LINE, INC. -- ABANDONMENT)	DOCKET NO. AB-855
EXEMPTION -- IN CASS AND PULASKI)	(SUB-NO. 1X)
COUNTIES, IN)	
)	
TOLEDO, PEORIA & WESTERN)	DOCKET NO. AB-847
RAILWAY CORPORATION --)	(SUB-NO. 2X)
DISCONTINUANCE OF SERVICE)	
EXEMPTION -- IN CASS AND PULASKI)	
COUNTIES, IN)	

ENTERED
Office of Proceedings
NOV 28 2003
Part of
Public Record

OFFER OF FINANCIAL ASSISTANCE

KOKOMO GRAIN COMPANY
1002 West Morgan Street
P.O. Box 745
Kokomo, IN 46903-0745

Offeror

THOMAS F. McFARLAND
THOMAS F. McFARLAND, P.C.
208 South LaSalle Street, Suite 1890
Chicago, IL 60604-1112
(312) 236-0204

Attorney for Offeror

DATE FILED: November 28, 2003

BEFORE THE
SURFACE TRANSPORTATION BOARD

A&R LINE, INC. -- ABANDONMENT)	DOCKET NO. AB-855
EXEMPTION -- IN CASS AND PULASKI)	(SUB-NO. 1X)
COUNTIES, IN)	
)	
TOLEDO, PEORIA & WESTERN)	DOCKET NO. AB-847
RAILWAY CORPORATION --)	(SUB-NO. 2X)
DISCONTINUANCE OF SERVICE)	
EXEMPTION -- IN CASS AND PULASKI)	
COUNTIES, IN)	

OFFER OF FINANCIAL ASSISTANCE

Pursuant to 49 U.S.C. § 10904(c) and 49 C.F.R. § 1152.27(c)(2)(iii), KOKOMO GRAIN COMPANY(KGC) hereby offers financial assistance in the form of purchase of the entire rail line involved in the above proceeding, i.e., between Milepost 5.1W near Kenneth and the end of the line at Milepost 21.0W near Winamac, a distance of 15.9 miles in Cass and Pulaski Counties, IN. KGC offers to pay \$525,000 for the rail line. KGC submits the following in support of its offer.

**THERE IS A REASONABLE EXPLANATION FOR THE DISPARITY
BETWEEN THE AMOUNT OFFERED AND THE OWNER'S
VALUATION OF THE RAIL LINE**

In response to KGC's request, the owner of the rail line, A&R Line, Inc. (A&R), provided its valuation of that line, i.e, \$895,027.48. It was stated that such value was updated to November 15, 2003. The heading of the valuation stated that it was for Milepost 0 to Milepost 21, i.e., apparently for 21 miles instead of the 15.9 miles proposed for abandonment.

A&R had stated in its Petition for Exemption of abandonment of the 15.9-mile line filed on July 31, 2003 (at 5) that abandonment would allow it to sell or reuse \$525,000 worth of rail, ties and other track materials. The amount offered by KGC is based on that valuation. KGC is interested in purchasing the 15.9-mile line on which that valuation is based, not a 21-mile line on which A&R's November 15, 2003 valuation apparently is based. Even if it is assumed that A&R's November 15, 2003 valuation was intended to be based on the 15.9-mile line proposed for abandonment, KGC does not consider it to be credible that the valuation of that line increased by more than 70 percent in the 3½ -month period between July 31, 2003 and November 15, 2003 ($\$895,027.48 - \$525,000 = \$370,027.48 \div \$525,000 = .7048$).

KGC IS FINANCIALLY RESPONSIBLE

Attached to this Offer as Appendix 1 is a copy of KGC's balance sheet as of April 30, 2003. The retained earnings of over \$10 million as of that date demonstrates that KGC is financially capable of paying the probable purchase price for the rail line and of maintaining the line for at least two years as required by 49 U.S.C. § 10904(f)(4)(A).

THE OFFER IS FOR CONTINUED RAIL SERVICE

Upon acquisition of the rail line, KGC intends to provide rail service to a grain elevator located near Winamac, IN and to other shippers and receivers located or to be located along the rail line. The offer thus contemplates continued rail service on the rail line.

CONCLUSION AND REQUESTED RELIEF

WHEREFORE, the Board should find that KGC is a financially responsible person who has offered financial assistance to permit rail service to be continued on the rail line. Based on

that finding, the Board should postpone the effectiveness of the exemption for abandonment of that rail line pending further proceedings under 49 U.S.C. § 10904.

Respectfully submitted,

KOKOMO GRAIN COMPANY
1002 West Morgan Street
P.O. Box 745
Kokomo, IN 46903-0745

Offeror

Thomas F. McFarland

THOMAS F. McFARLAND
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208 South LaSalle Street
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(312) 236-0204

Attorney for Offeror

Date Filed: November 28, 2003

KOKOMO GRAIN CO., INC.
BALANCE SHEETS
April 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
ASSETS		
Current assets		
Cash	\$ 1,123	\$ 1,123
Accounts receivable (after allowance for doubtful accounts of \$40,000 at 2003 and 2002)	3,550,869	2,682,641
Inventory (Note 5)	15,519,695	18,623,020
Margin deposits	432,903	228,862
Other current assets (Note 6)	963,212	737,128
Current assets of discontinued operations (Note 2)	-	868,021
Total current assets	<u>20,467,802</u>	<u>23,140,795</u>
Net property and equipment (Note 7)	10,114,319	7,028,242
Other assets (Note 8)	2,531,743	3,336,175
Long-term assets of discontinued operations (Note 2)	<u>2,057,139</u>	<u>2,555,983</u>
	<u>4,588,882</u>	<u>5,892,158</u>
	<u>\$ 35,171,003</u>	<u>\$ 36,061,195</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Checks written in excess of bank balance	\$ 792,787	\$ 1,293,311
Notes payable to bank (Note 9)	2,250,000	5,682,958
Current maturities of long-term debt (Note 10)	2,041,300	1,687,895
Accounts payable - grain	4,657,833	5,327,204
Accounts payable	330,310	114,835
Other current liabilities	1,008,313	1,412,943
Anticipated loss from discontinued operations (Note 2)	-	200,845
Total current liabilities	<u>11,080,543</u>	<u>15,719,991</u>
Long-term debt (Note 10)	13,962,046	10,383,920
Other long-term liabilities	252,908	252,908
Shareholders' equity		
Common stock, no par value: 5,000 shares authorized and 1,051 shares outstanding (net of treasury stock)	727,858	727,858
Additional paid-in capital	327,043	327,043
Retained earnings	10,074,147	9,903,017
Treasury stock: 435 shares at cost	<u>(1,253,542)</u>	<u>(1,253,542)</u>
	<u>9,875,506</u>	<u>9,704,376</u>
	<u>\$ 35,171,003</u>	<u>\$ 36,061,195</u>

See accompanying notes to financial statements.

CERTIFICATE OF SERVICE

I hereby certify that on November 26, 2003, I served the foregoing document, Offer of Financial Assistance, by overnight mail, Friday delivery, on Louis E. Gitomer, Ball Janik, 1455 F Street, N.W., Suite 225, Washington, DC 20005.

Thomas F. McFarland

Thomas F. McFarland