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BEFORE THE
SURFACE TRANSPORTATION BOARD

ENTERED
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June 3, 2020
Part of
Public Record

DOCKET NO. AB-1296X
R. J. CORMAN RAILROAD PROPERTY, LLC –ABANDONMENT
EXEMPTION – IN SCOTT, CAMPBELL, AND ANDERSON
COUNTIES, TENNESSEE

MOTION TO EXTENSION OF TIME TO
FILE OFFER OF FINANCIAL ASSISTANCE

ARKANSAS-OKLAHOMA RAILROAD, CO.
116 W. Main St.
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Offeror

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Date: June 3, 2020

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On May 26, 2020, the Board entered a decision providing, in part, that “To the extent RJC Railroad Property has not already provided all of the information requested by AOK under 49 C.F.R. § 1152.27(a), it is required to do so promptly.”

On May 27, 2020, ARKANSAS-OKLAHOMA RAILROAD, CO. (“AOK”) sent R. J. Corman Railroad Property, LLC (“Corman”) a detailed request for certain information (“Exhibit 1”), specifically targeted and necessary to determine the net liquidation value (“NLV”) of the Line at issue in this proceeding. AOK had previously requested most of this information.

On June 1, 2020, Corman provided its response to AOK’s requests.

The response included a lengthy, but grossly out-of-date (well over ten years old) appraisal of the real estate, the deed, a single page list of

licenses, NS Interchange Agreement, a one-page schedule of alleged material value, and a letter.

AOK believes it is entitled to information about the real estate that is reasonably current.

Instead of the normal schedule of rail weight, quantity, quality and price, that AOK requested, the schedule that Corman is undated, and unattributed (but apparently produced by Corman in-house). We have no idea of the qualifications of the person(s) who produced it, or their basis. Based upon the preliminary report of AOK's independent third party appraiser, the schedule is both unreliable and inaccurate. As a basic initial matter, the schedule claims there are 42 miles of mainline¹³²CW, despite the fact that their filing only covers 41.05 mainline miles. While no classifications are provided, it appears to value this rail as R1, despite the fact that it was rolled in 1944 and relaid to this line in 1979. We are also informed and believe that many of the other number in the schedule are inaccurate and/or not current (including, but not limited to a statement that there are 11 switches, when, in fact, we believe, there are only 5).

Corman concluded in response with the following extremely vague and unsubstantiated claim:

‘R. J. Corman has received confidential offers to purchase the rail and track materials, which include cost of removal. Based on these offers and estimates provided by R. J. Corman’s in-house operating and engineering departments, and considering costs associated with removal (not including bridges) and adding the value of the real estate, R. J. Corman has determined a net liquidation value of approximately \$4,233,507.00. Based on information available to R. J. Corman, the quality of the materials to be harvested is 60% relay, 20% reroll and 20% scrap.’

This number is obviously an outrageous over-statement of the value of the Line. In fact, on April 9, 2020, Corman stated in a message to AOK that the Line was estimated to have “a minimum purchase price of \$2,750,000.00.”

In summary, except for the Valuation Maps and deed, from which the property can be located, the information provided is virtually useless for determining the current value of the Line as it exists today.

Either Corman does not know the NLV of the Line, or it is engaged in obstruction of the OFA process. Either way, AOK will obviously have to do the “heavy lifting” to determine what the assets actually consist of currently, as well as the NLV.

AOK has an disinterested third party appraiser working on providing an accurate and current NLV. AOK believes its appraiser will need at least 21 days to perform the work and allow time for AOK to review it and prepare its OFA. AOK, therefore, respectfully requests a 21-day extension of the deadline to make an Offer of Financial Assistance, and for such other and further relief as the Board deems appropriate.

Respectfully submitted,
ARKANSAS-OKLAHOMA RAILROAD CO.

/s/ Daniel A. LaKemper

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Dated: June 3, 2020

CERTIFICATE OF SERVICE

I hereby certify that on June 3, 2020, I served the foregoing document, Motion for Extension of Time to File an Offer of Financial Assistance on Terry Frank at tfrank@andersontn.org, on behalf of Anderson County Government; Christopher J. Schroeck at chris.schroeck@bluestone-coal.com, as attorney for National Coal, LLC; Mark Bevilhimer at bigelowt2@mindspring.com, on behalf of Tennessee Citizens for Wilderness Planning; Catherine S. Wright at cwright@irvinrigsby.com, attorney for R. J. Corman Railroad Property, LLC.; and Robert Weber at weber9985@att.net, on behalf of the Cumberland Trails Conference.

/s/ Daniel A. LaKemper
DANIEL A. LaKEMPER



Subject **RE: RJ Corman Matter, No. AB1296X**
Sender lakemper@mtco.com <lakemper@mtco.com>
Recipient(s) Catherine Wright <cwright@irvinrigsby.com>, chris.schroeck@bluestone-coal.com
<chris.schroeck@bluestone-coal.com>
Bcc rvancamp@gsrj.com <rvancamp@gsrj.com>
Date 05/27/20 7:39 pm

Catherine:

Per the Board's Order, AOK expects that your client will provide us with a detailed schedule of asset valuations, including rail weights, quantity of each weight, quality (scrap or relay), and your valuation calculations on each, as well as quality and valuation of OTM, and any other claimed assets, and an appropriate deduction for the cost of salvage. Then, for the real estate, acreage totals for owned, easement, and other title qualities, valuations of said real estate holdings, including information on any claimed owned structures. We also expect copies of any rights of first refusal, trackage rights, trackage leases, long term leases or easements covering any other assets, and any other third party rights affecting the valued assets (including any obligations to TNDOT, the Rail Authority, or any other entity related to funding received by Corman). We expect this information to be sent electronically this week. We ask that your communication include a statement as to the completeness of the information provided. If your client is unable to provide this information (or any part thereof) I expect you will advise me promptly of that fact and when they will be able to provide the information, so that I may inform the Board, in accordance with the Order.

We remain willing to discuss a comprehensive settlement that would avoid the probability of additional civil litigation against Corman related to the ROFR, but, given the time constraints, I expect you will take steps to open such negotiations immediately.

Thank you for your cooperation,

Dan LaKemper

EXHIBIT 1ⁿ