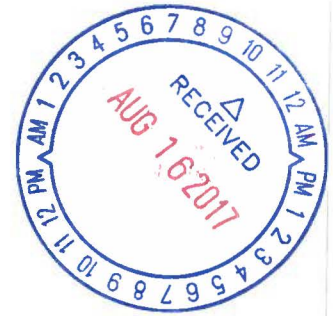


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SURFACE TRANSPORTATION BOARD

Notice of Exemption



FINANCE DOCKET NO. 36142

SAVAGE DAVENPORT RAILROAD COMPANY
— LEASE AND OPERATION EXEMPTION —
CITY OF DAVENPORT, IA AND DAKOTA, MINNESOTA AND
EASTERN RAILROAD CORPORATION

244127

ENTERED
Office of Proceedings
August 16, 2017
Part of
Public Record

VERIFIED NOTICE OF EXEMPTION
Under 49 C.F.R. § 1150.31

NOTE: Color maps included in Exhibit B

Richard F. Riley Jr.
Foley & Lardner LLP
3000 K Street, N.W., Suite 600
Washington DC 20007-5109

Tel (202) 295-4712
Email rriley@foley.com

Attorney for Savage Davenport Railroad Company

Date: August 16, 2017

FILED
August 16, 2017
SURFACE
TRANSPORTATION BOARD

FEE RECEIVED
August 16, 2017
SURFACE
TRANSPORTATION BOARD

SURFACE TRANSPORTATION BOARD

Notice of Exemption



FINANCE DOCKET NO. 36142

SAVAGE DAVENPORT RAILROAD COMPANY
— LEASE AND OPERATION EXEMPTION —
CITY OF DAVENPORT, IA AND DAKOTA, MINNESOTA AND
EASTERN RAILROAD CORPORATION

VERIFIED NOTICE OF EXEMPTION
Under 49 C.F.R. § 1150.31

Savage Davenport Railroad Company (“SDR”), a non-carrier, files this Notice of Exemption pursuant to 49 U.S.C. § 10901 and 49 C.F.R. Part 1150, Subpart D (§§ 1150.31 – 1150.36) (“Exempt Transactions Under 49 U.S.C. 10901”), to permit SDR to lease a line of railroad from the City of Davenport, Iowa (“City”); to operate rail common carrier service on the line; and to interchange traffic on the line with Dakota, Minnesota and Eastern Railroad Corporation, a rail carrier subsidiary of Canadian Pacific Railway Limited (referred to in this Notice as “CP”). The line at issue is an industrial spur line, owned by the City, located in Scott County, Iowa just north of the city limits of Davenport. The line is approximately 2.8 miles long, extending west and south from a switch near CP’s main line milepost 191.2 to the Davenport Transload Facility owned by the City. The line currently has no mileposts.

In support of this Notice of Exemption, SDR submits the following information as required by 49 C.F.R. § 1150.33. SDR’s notarized Verification signed by a knowledgeable officer, certifying as to all factual statements in this Notice, is attached as Exhibit A.

(a) **Full Name and Address of Applicant**

Savage Davenport Railroad Company
c/o Savage Services Corporation
901 W. Legacy Center Way
Midvale UT 84047-5765

(b) **Applicant's Representative to Receive Correspondence**

Richard F. Riley Jr.
Foley & Lardner LLP
3000 K Street, N.W., Suite 600
Washington DC 20007-5109

Tel (202) 295-4712
Email rriley@foley.com

(c) **Statement of Agreements**

There are two agreements governing the proposed transaction: (i) a lease agreement and (ii) an operating and interchange agreement.

Lease. **SDR and the City** have entered into a Lease Agreement ("**Lease**") dated July 12, 2017 in which the City as Lessor leases to SDR as Lessee the subject line of railroad in Scott County, Iowa, beginning at a point approximately 75 feet from CP's main line milepost 191.2 and extending west and south approximately 2.8 miles to the Davenport Transload Facility owned and operated by the City. Under the lease, SDR is obligated to provide common carrier rail service over the line, serving industrial shippers. The Lease will not take effect until after SDR notifies the City that it has obtained authority to operate the line, as a result of this Notice of Exemption or otherwise.

Interchange Agreement. **SDR and CP** will enter into an Operating Rights and Interchange Agreement ("**Interchange Agreement**") in which SDR and CP agree to interchange rail traffic in order to move freight between shippers along the subject leased line and customers of the Transload Facility, and CP's main line. Under the Interchange Agreement, SDR is

obligated to provide common carrier rail service on the leased line, and SDR as lessee and operator has granted operating rights on the line to CP sufficient to allow CP to perform the agreed interchange of railcars. The Interchange Agreement was signed by SDR on July 21, 2017. It will be signed by CP and become effective only after SDR has obtained authority to operate the line, as a result of this Notice of Exemption or otherwise.

(d) Operator of the Property

SDR will become the operator of the property.

(e) Summary of Proposed Transaction

In the proposed transaction, a newly formed corporation, SDR, will begin rail common carrier operations along a short spur line in Scott County, IA owned by the City, for the purpose of providing rail transportation service to local industrial shippers.¹ The approximately 2.8-mile line runs between a City-owned transload facility where freight and containers will be loaded on and off SDR's trains,² and a switch near CP milepost 191.2 where SDR and CP will interchange traffic for further movement on CP's main line. CP will have the right to operate on the line to the extent necessary to perform the interchanges between SDR and CP. SDR's carrier operations on the line will be governed by the Lease. The SDR-CP switching and interchange will be governed by the Interchange Agreement.

Additional information required by 49 C.F.R. § 1150.31(e) is as follows:

¹ The City's construction of the subject line was approved by the Surface Transportation Board in *City of Davenport, Iowa – Construction and Operation Exemption – In Scott County, Iowa*, STB Finance Docket No. 35237 (Decision served April 6, 2011), 2011 STB LEXIS 156.

² The Davenport Transload Facility is operated by a separate non-carrier affiliate of SDR, under a preexisting contract with the City.

- The name and address of the lessor of the subject property (not a railroad) is:

City of Davenport
ATTN: City Administrator
226 West 4th Street
Davenport IA 52801-1308

The City will continue to own the property as lessor.

- SDR intends to begin operations and become a rail carrier in October 2017, shortly after the effective date of this Notice (30 days from today, the date of filing, assuming no stay).
- The subject property extends from a point about 75 feet from CP's milepost 191.2 near Davenport, IA approximately 2.8 miles west and south to the City-owned Davenport Transload Facility. There are no mileposts on the subject property. SDR may install mileposts later.

(f) Maps.

Maps of the subject property are attached as Exhibit B.

(g) Certification Concerning Projected Revenues.

SDR hereby certifies that its projected revenues as a result of this transaction will not result in SDR becoming a Class II or Class I rail carrier.

SDR further certifies that the projected annual revenue of SDR will not exceed \$5 million. Accordingly, the requirements of 49 C.F.R. § 1150.32(e) do not apply to this transaction.

(h) No Interchange Commitments.

SDR certifies that this transaction involves no provision or agreement limiting future interchange with other carriers, within the meaning of 49 C.F.R. § 1150.33(h).

Exhibit A

VERIFICATION

VERIFICATION

STATE OF UTAH)
) SS.
COUNTY OF SALT LAKE)

Don Alexander, being duly sworn, deposes and says that he is the officer of Savage Services Corporation responsible for its subsidiary Savage Davenport Railroad Company ("SDR"); that he has read the foregoing Verified Notice of Exemption Under 49 C.F.R. § 1150.31 (STB Finance Docket No. 36142); that SDR's projected revenues as a result of this transaction will not result in its becoming a Class II or Class I rail carrier; that SDR's projected annual revenue will not exceed \$5 million; and that all other facts set forth in the Notice of Exemption are true and correct to the best of his knowledge and belief.



Don Alexander
Executive Vice President and Group Leader
Railway Industry & Chemical Logistics
Savage Services Corporation

Subscribed and sworn to before me this 14 day of August, 2017.



Notary Public

My Commission expires: April 24, 2019



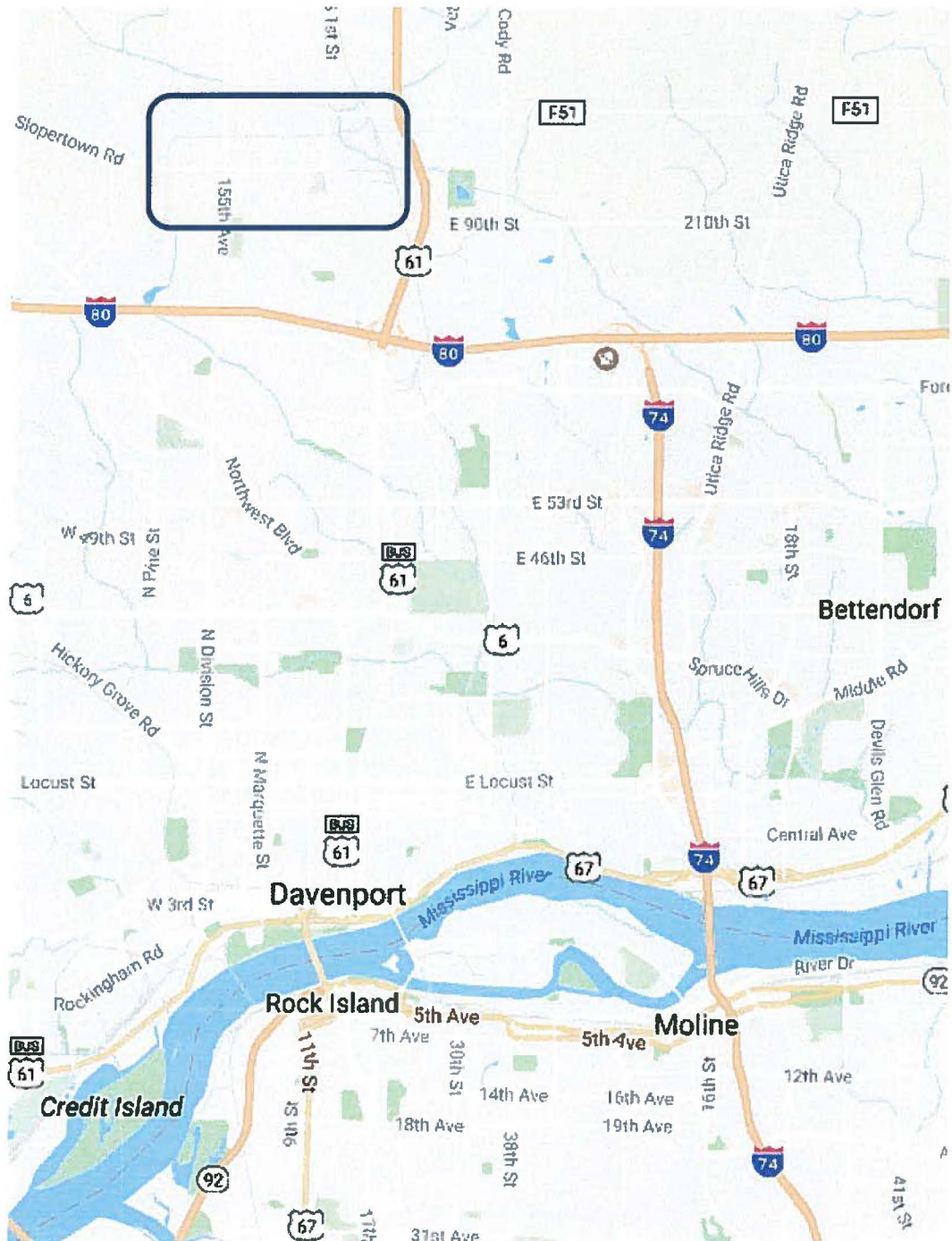
Exhibit B

MAPS

SAVAGE DAVENPORT RAILROAD COMPANY

PROPOSED *DAVENPORT, IOWA* OPERATIONS IN BOX BELOW

Schematic track diagram follows.



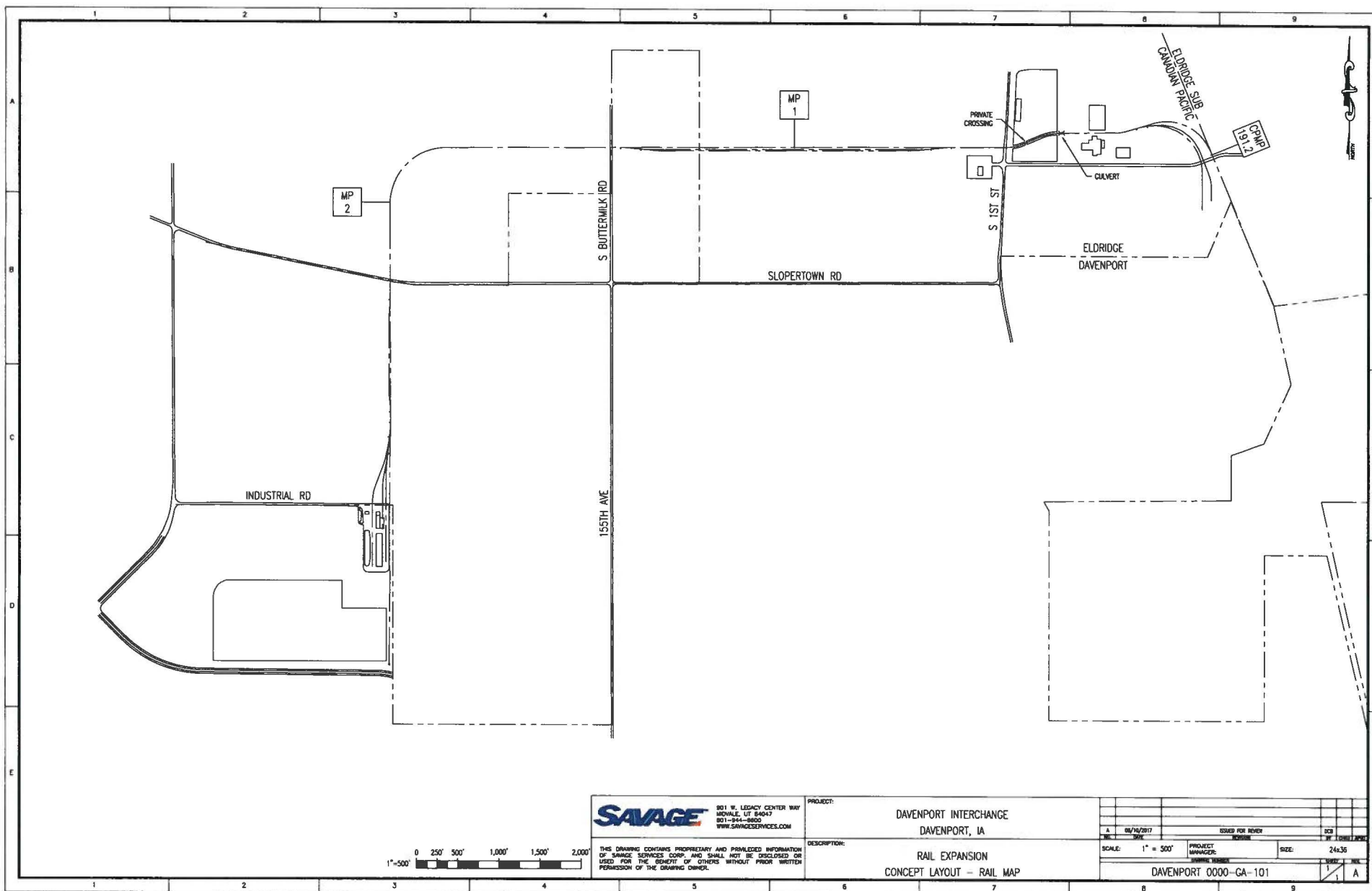


Exhibit C

CAPTION SUMMARY

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 36142

**SAVAGE DAVENPORT RAILROAD COMPANY
– LEASE AND OPERATION EXEMPTION –
CITY OF DAVENPORT, IA AND DAKOTA, MINNESOTA AND
EASTERN RAILROAD CORPORATION**

Savage Davenport Railroad Company (“SDR”), a non-carrier, has filed a verified notice of exemption under 49 C.F.R. § 1150.31 to lease a line of railroad approximately 2.8 miles in length located in Scott County, Iowa from the City of Davenport, Iowa as lessor; to operate rail common carrier service on the line; and to interchange traffic on the line with Dakota, Minnesota and Eastern Railroad Corporation, a rail carrier subsidiary of Canadian Pacific Railway Limited.

SDR certifies that its projected annual revenues as a result of this transaction will not result in the creation of a Class II or Class I rail carrier.

The transaction will occur after the effective date of the verified notice.

If the verified 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.

All comments and other pleadings must be filed with the Board and served on SDR’s representative, Richard F. Riley Jr., Foley & Lardner LLP, 3000 K Street, N.W., Suite 600, Washington DC 20007-5109, telephone (202) 295-4712.

Environmental and Historic Matters

Pursuant to 49 C.F.R. § 1105.6(c)(1)(i), no environmental assessment is required in connection with the proposed lease and operation of the subject rail line.

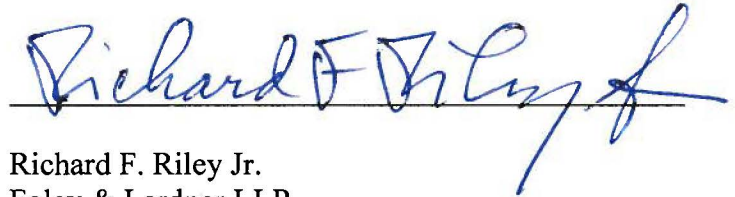
Pursuant to 49 C.F.R. § 1105.8(b)(1), no historic reporting is required.

Caption Summary

A caption summary as required by 49 C.F.R. § 1150.34 is attached as Exhibit C.

Respectfully submitted,

SAVAGE DAVENPORT RAILROAD COMPANY

A handwritten signature in blue ink, reading "Richard F. Riley Jr.", is written over a horizontal line.

Richard F. Riley Jr.
Foley & Lardner LLP
3000 K Street, N.W., Suite 600
Washington DC 20007-5109

Tel (202) 295-4712
Email rriley@foley.com

Attorney for Savage Davenport Railroad Company

Date: August 16, 2017