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November 9, 2018
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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FD 36250

**R. J. CORMAN RAILROAD GROUP, LLC AND R. J. CORMAN RAILROAD
COMPANY, LLC – ACQUISITION OF CONTROL EXEMPTION –
NASHVILLE AND WESTERN RAILROAD CORP.
AND NASHVILLE & EASTERN RAILROAD CORP.**

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

FILED

November 9, 2018

**SURFACE
TRANSPORTATION BOARD**

Submitted by:
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Contains Color Images

Dated: November 8, 2018

**FEE RECEIVED
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R. J. Corman Railroad Group, LLC (“RJCG”), a non-carrier holding company, and its wholly owned subsidiary R. J. Corman Railroad Company, LLC (“RJCR”)(collectively, “Applicants”), hereby file this Verified Notice of Exemption pursuant to 49 CFR § 1180.2(d)(2), to exempt from the provisions of 49 U.S.C. §11323, their acquisition of control of two Class III railroads: Nashville and Western Railroad Corp. (“NWRR”) and Nashville & Eastern Railroad Corp. (“NERR”).

RJCG is a privately held limited liability, non-carrier holding company that directly controls RJCR, a wholly owned subsidiary,¹ which in turn directly controls twelve (12) Class III railroads operating in several states, including two non-operating, STB-regulated railroad carriers, R. J. Corman Railroad Property, LLC and R. J. Corman Railroad Company/Ashland, LLC. The operating railroads under Applicants’ control are: R. J. Corman Railroad Company/Western

¹ RJCR’s insertion in the chain of control of two or more carriers is a transaction outside the scope of 11323(a) and not subject to prior approval by the Board. *Rail America, Inc. – Corporate Family Transaction Exemption – Huron and Eastern Railway Company, Inc. and Saginaw Valley Railway Company, Inc., Docket No. FD 32068* (ICC served June 18, 1992) at 2.

Ohio Line, Inc. ("RJCW"), R. J. Corman Railroad Company/Pennsylvania Lines, Inc. ("RJCP"), R. J. Corman Railroad Company/Allentown Lines, Inc. ("RJCN"), R. J. Corman Railroad Company/Bardstown Line, Inc. ("RJCR"), R. J. Corman Railroad Company/Cleveland Line, Inc. ("RJCL"), R. J. Corman Railroad Company/Carolina Lines LLC ("RJCS"), R. J. Corman Railroad Company/Central Kentucky Lines ("RJCC"), LLC, R. J. Corman Railroad Company/Texas Lines, LLC ("RJCD"), R. J. Corman Railroad Company/Tennessee Terminal, LLC ("RJCK"), and R. J. Corman Railroad Company/Memphis Line, Inc. ("RJCM") (collectively "RJC Railroads").

Applicants are filing this Notice to enable them to acquire all of the equity of NWRR and NERR (collectively, the "Acquired Railroads"). The Acquired Railroads are currently owned by and under common control of William J. Drunsic ("Drunsic").² The NERR is a Class III railroad which operates a line owned by the Nashville and Eastern Railroad Authority ("NERA") which extends (a) from milepost 0.35³ at Nashville, Tennessee, to milepost 110.5 at Monterey, Tennessee; (b) from milepost 189.5 at Vine Hill, Tennessee, to milepost 194.1 at Southern Junction, Tennessee; (c) from milepost NX 0.00 at Cartage Junction, Tennessee, to milepost NX 7.56 at Cartage, Tennessee; and (d) from milepost 0.1 at Donelson, Tennessee, to milepost 8.0 at Old Hickory, Tennessee, or a total of approximately 130.2 miles.⁴ NERR was authorized under ICC Finance Docket No. 30882, *Nashville and Eastern Railroad Authority and Nashville and Eastern Railroad Corp. – Exemption from 49 U.S.C. Subtitle IV* (Served Nov. 14, 1986).

² *William J. Drunsic – Continuance in Control Exemption – Nashville & Western Railroad Corp.*, STB Finance Docket No. 33910 (served Aug. 4, 2000) (granting notice of exemption); *William J. Drunsic – Continuance in Control Exemption – Nashville & Eastern Railroad Corp.*, ICC Finance Docket No. 30905 (served Sept. 4, 1986)(granting notice of exemption); *South Central Rail Group – Control Exemption – Three Railroads*, ICC Finance Docket No. 32280 (served May 18, 1993); *South Central Rail Group, Inc. and Nashville and Eastern Railroad Corporation – Corporate Family Exemption*, ICC Finance Docket No. 32655 (served March 15, 1995).

³ Past STB decisions have noted this milepost as being 0.4 or 0.04, however, the most accurate milepost reference is 0.35. (See *fn. 2 above*).

⁴ Transit Solutions Group, LLC ("TSG"), operates a passenger service over the NERA line, known as the Music City Star. See *Transit Solutions Group, LLC – Operation Exemption – Nashville and Eastern Railroad*, STB Docket No. FD 34832 (served March 3, 2006)(finding TSG's proposed operations excepted from STB's jurisdiction under 49 U.S.C. 10501(c)).

The NWRR is a Class III railroad which operates a line owned by Cheatham County Rail Authority which extends from Tennessee Central milepost 205.76, at Nashville, TN, to Tennessee Central milepost 185, at Ashland City, TN, a total distance of approximately 28.0 miles. NWRR was authorized under STB Finance Docket No. 33907, *Nashville & Western Railroad Corp. – Operation Exemption – Cheatham County Rail Authority* (Served Aug. 4, 2000).

The Applicants proposed acquisition of control of NERR and NWRR qualifies for an exemption under 49 C.F.R. § 1180.2(d)(2) as the lines of the two carriers do not physically connect, the acquisition of control “is not part of a series of anticipated transactions that would connect” the railroads with each other or with any other railroads owned by Applicants, and the transaction does not involve a Class I railroad.

In addition, the 49 CFR § 1180.2(d)(2) exemption requires a verified notice of exemption in accordance with § 1180.4(g) and the furnishing of information requested in § 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:

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

a. Summary of Transaction

As part of the transaction among RJCG and RJCR and Drunsic and other participating entities, RJCG and RJCR will acquire control of the Acquired Railroads through purchase of all of the issued and outstanding stock of the Acquired Railroads. The purchase of stock of NERR is being accomplished through RJCG and RJCR’s wholly-owned and newly created holding company, RJCN, Inc. and its newly created wholly-owned entity RJCMS, Inc., which will be merged into NERR simultaneously, with NERR as the merger surviving entity. The purchase of

stock of NWRR is being accomplished through RJCG and RJCR's wholly-owned and newly created entity, RJCWMS, Inc., with NWRR being simultaneously merged into RJCWMS, Inc., which will be the merger surviving entity with the name reverting to NWRR.

b. Applicant's name, address and telephone number

R. J. Corman Railroad Group LLC
101 R. J. Corman Drive
PO Box 788
Nicholasville, Kentucky 40356

R. J. Corman Railroad Company, LLC
101 R. J. Corman Drive
PO Box 788
Nicholasville, Kentucky 40356

c. Names of counsel to whom questions can be addressed

David R. Irvin, Esq.
Catherine S. Wright, Esq.
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110 N. Main St.
Nicholasville, Kentucky 40356
dirvin@mimfirm.com
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(859) 724-4104

49 CFR §1180.6(a)(1)(ii) Schedule for Consummation

The Parties propose to consummate the proposed transaction after the effective date of this Notice (30 days after filing), and after the satisfaction of all other closing conditions. Applicants currently anticipate that closing will take place during the first quarter of 2019.

49 CFR §1180.6(a)(1)(iii) Purpose of Transaction

The purpose of the transaction is to allow Applicants to acquire ownership control of the Acquired Railroads. The acquisition of control will allow the Acquired Railroads to take advantage of the administrative, financial, marketing and operational support that RJCG and RJCR can provide, thus promoting the ability of the Acquired Railroads to provide safe and efficient service to their clients. Although the Acquired Railroads do not connect with any of the railroads currently controlled by Applicants, it expands Applicants' presence in Tennessee

beyond its current subsidiaries R. J. Corman Railroad Company/Tennessee Terminal, LLC ("RJCK") and R. J. Corman Railroad Company/Memphis Line, Inc. ("RJCM").

49 CFR §1180.6(a)(5) List of States in which Parties' Property is Located

The Acquired Railroads operate rail lines solely in the State of Tennessee. The RJC Railroads and the states in which each operate are as follows:

RJCL	Ohio
RJCW	Ohio and Indiana
RJCP	Pennsylvania and West Virginia
RJCN	Pennsylvania
RJCR and RJCC	Kentucky
RJCS	North Carolina and South Carolina
RJCD	Texas
RJCM	Tennessee and Kentucky
RJCK	Tennessee and Mississippi

49 CFR §1180.6(a)(6) Map

Maps showing the locations of the rail lines operated by the Acquired Railroads and Applicants are attached as Exhibit A. Twenty extra copies of the maps are also included.

49 CFR §1180.6(a)(7)(ii) Agreements

A redacted copy of the Agreement and Plan of Merger and Sale and Purchase of Equity Interests ("Agreement") governing the transaction is attached hereto as Exhibit B. Applicants are separately filing a motion for protective order, and a confidential copy of the Purchase and Sale Agreement is being submitted separately under seal in accordance with the proposed form of protective order.

Certification

Applicants hereby certify that (1) Acquired Railroads do not connect with each other or any other of the aforementioned RJC Railroads; (2) the subject acquisition of control proceeding is not a part of a series of anticipated transactions that would connect some or all of these railroads; and (3) the transaction does not involve a Class I carrier.

49 CFR 1180.4(g)(4)

This proposed transaction involves no provision or agreement that would limit future interchange with a third-party connecting carrier.

49 CFR §1180.4(g)(1)(i) Level of Labor Protection

This proposed transaction involves only Class III carriers and as such, no labor protection applies to this transaction. 49 U.S.C. § 11326(c).

49 CFR §1105.6 through 1105.8 Environmental and Historic Report

The proposed acquisition of control involves only the acquisition of equity, and will not affect the level of operations on the rail lines operated by the Acquired Railroads or of any of the RJC Railroads. Thus, the transaction will not result in significant changes in carrier operations that exceed the thresholds of 49 CFR §1105.7(e)(4) or (5) and is exempt from environmental review under 49 CFR §1105.6(c)(1)(i). In addition, this proceeding is exempt from history review under 49 CFR §1105.8(b)(1) because there are no plans to dispose of or alter properties subject to the Board's jurisdiction that are 50 years old or older.

Respectfully submitted this 8th day of November, 2018.

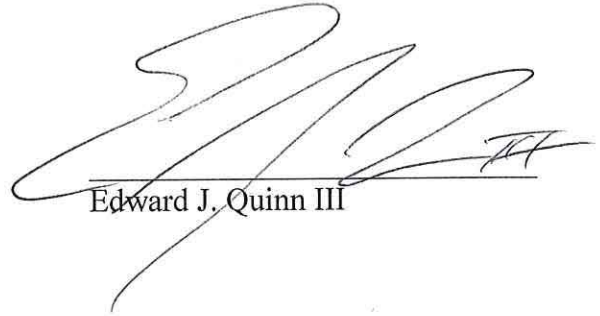


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(859) 724-4104
Counsel for Applicants

VERIFICATION

I, Edward J. Quinn III, President and Chief Executive Officer of R. J. Corman Railroad Group, LLC, declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief. Further, I certify that I am qualified and authorized to file this pleading.

Executed on November 8, 2018.



Edward J. Quinn III

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EXHIBIT A

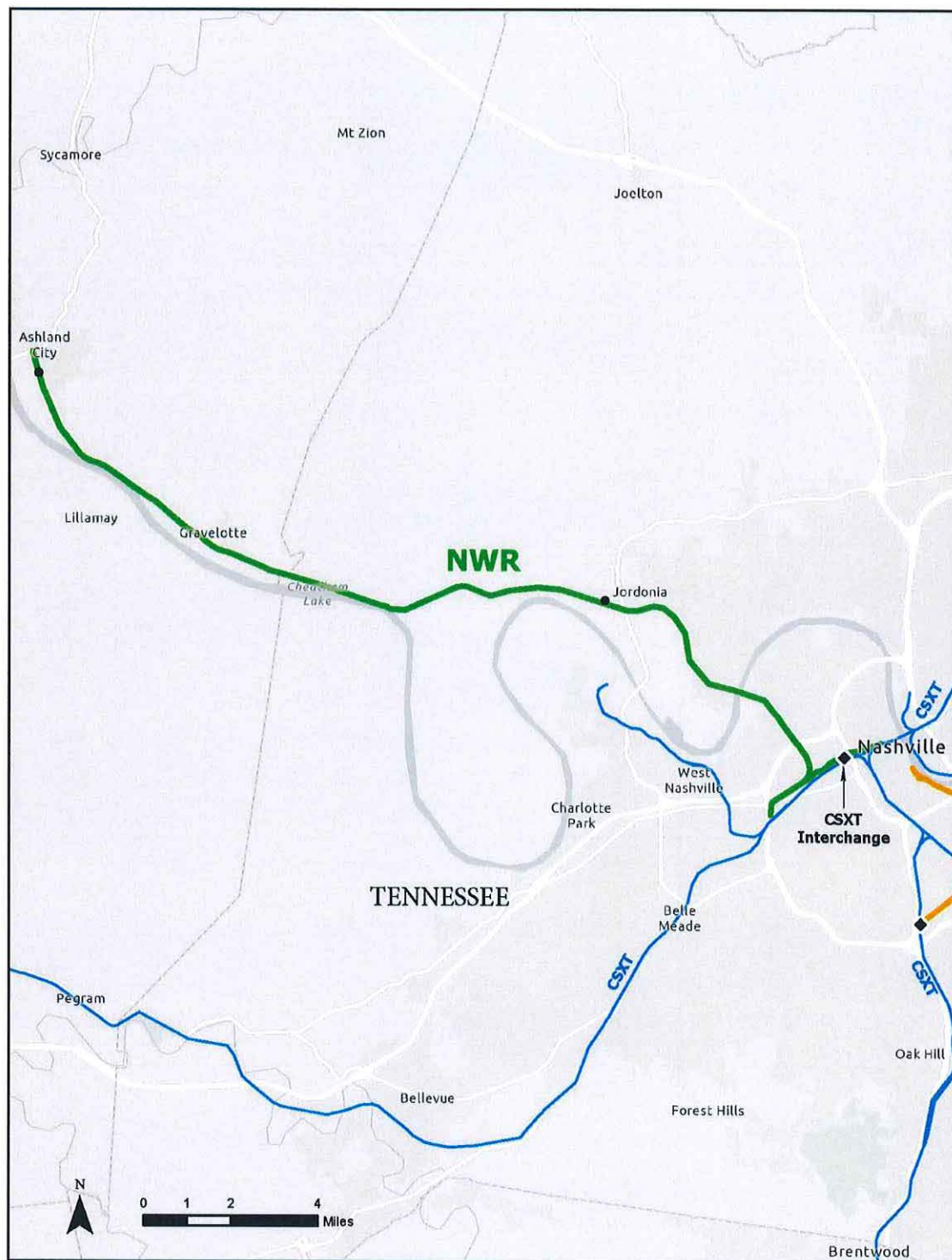
MAPS

[COLOR]

Nashville & Eastern Railroad Corp.

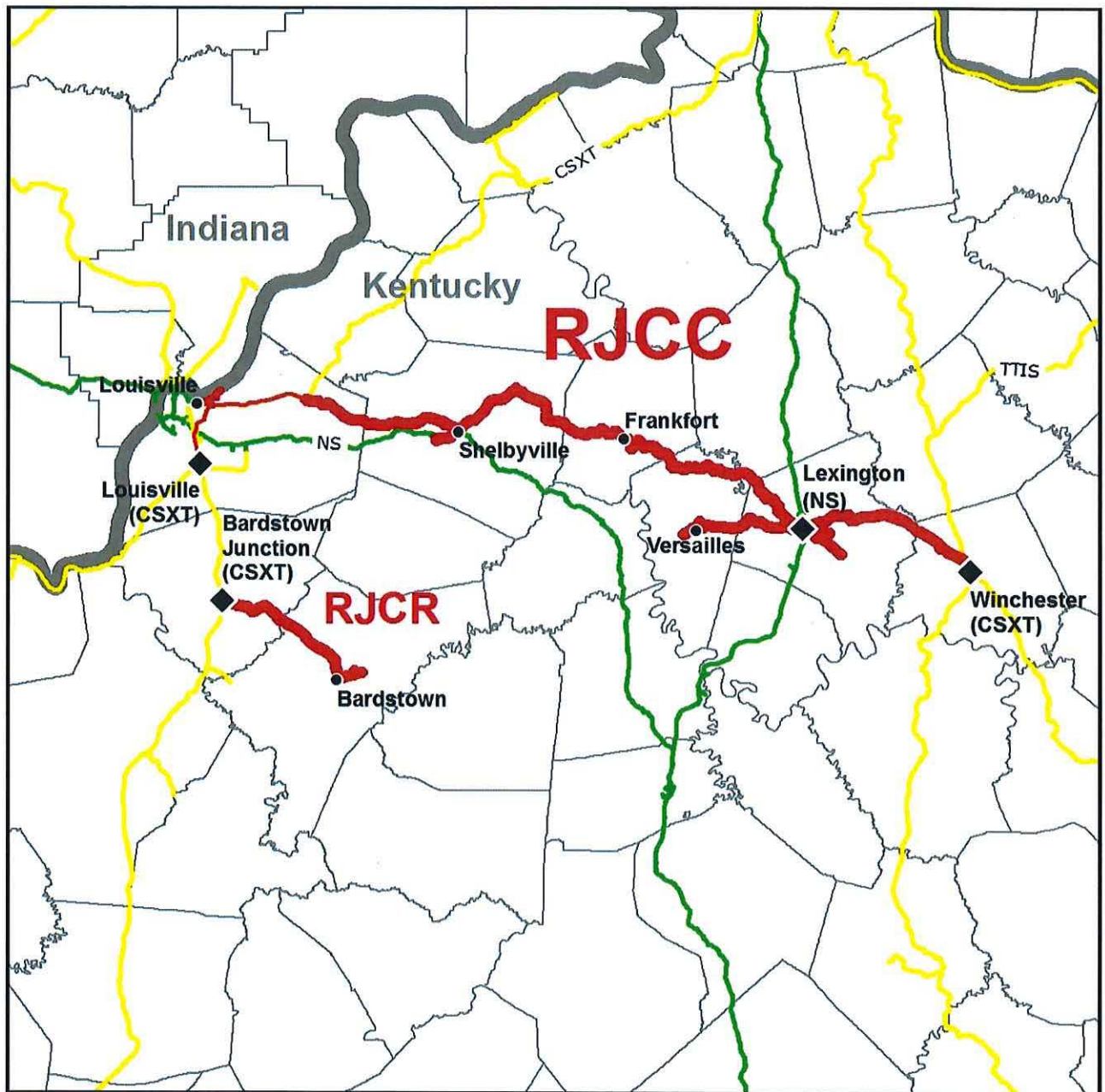


Nashville and Western Railroad Corp.

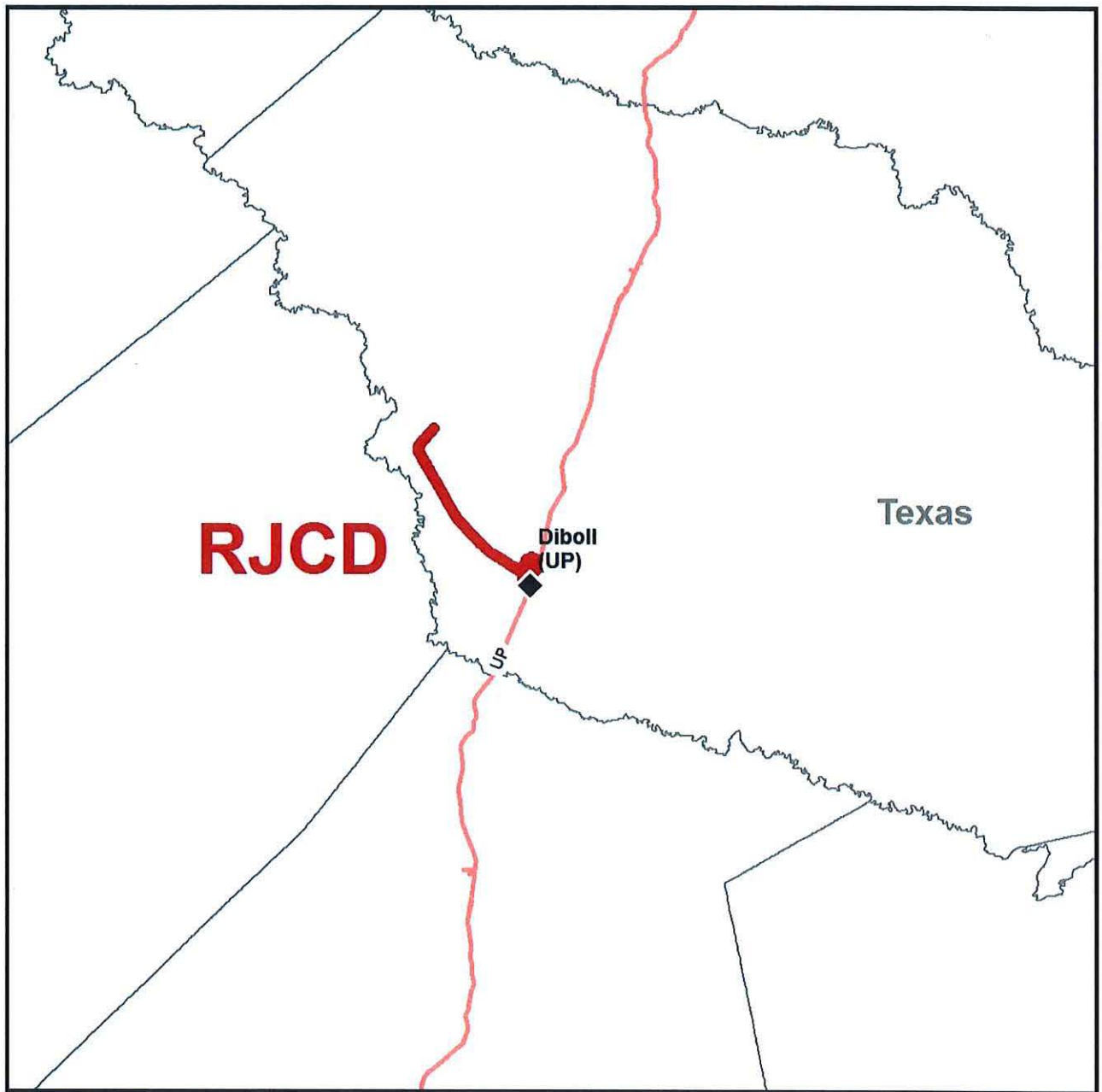


R. J. Corman Railroad/Central Kentucky Lines, LLC

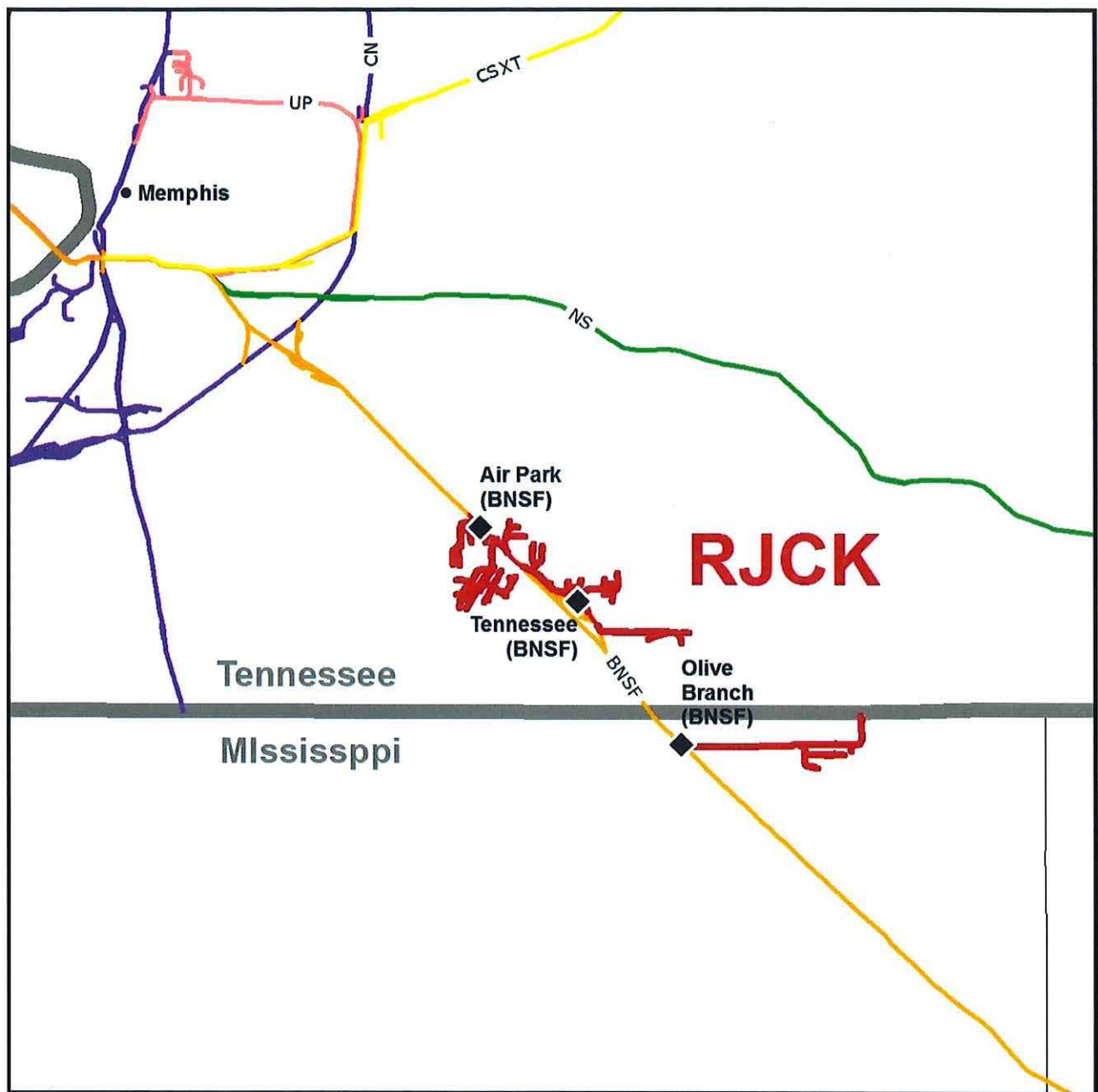
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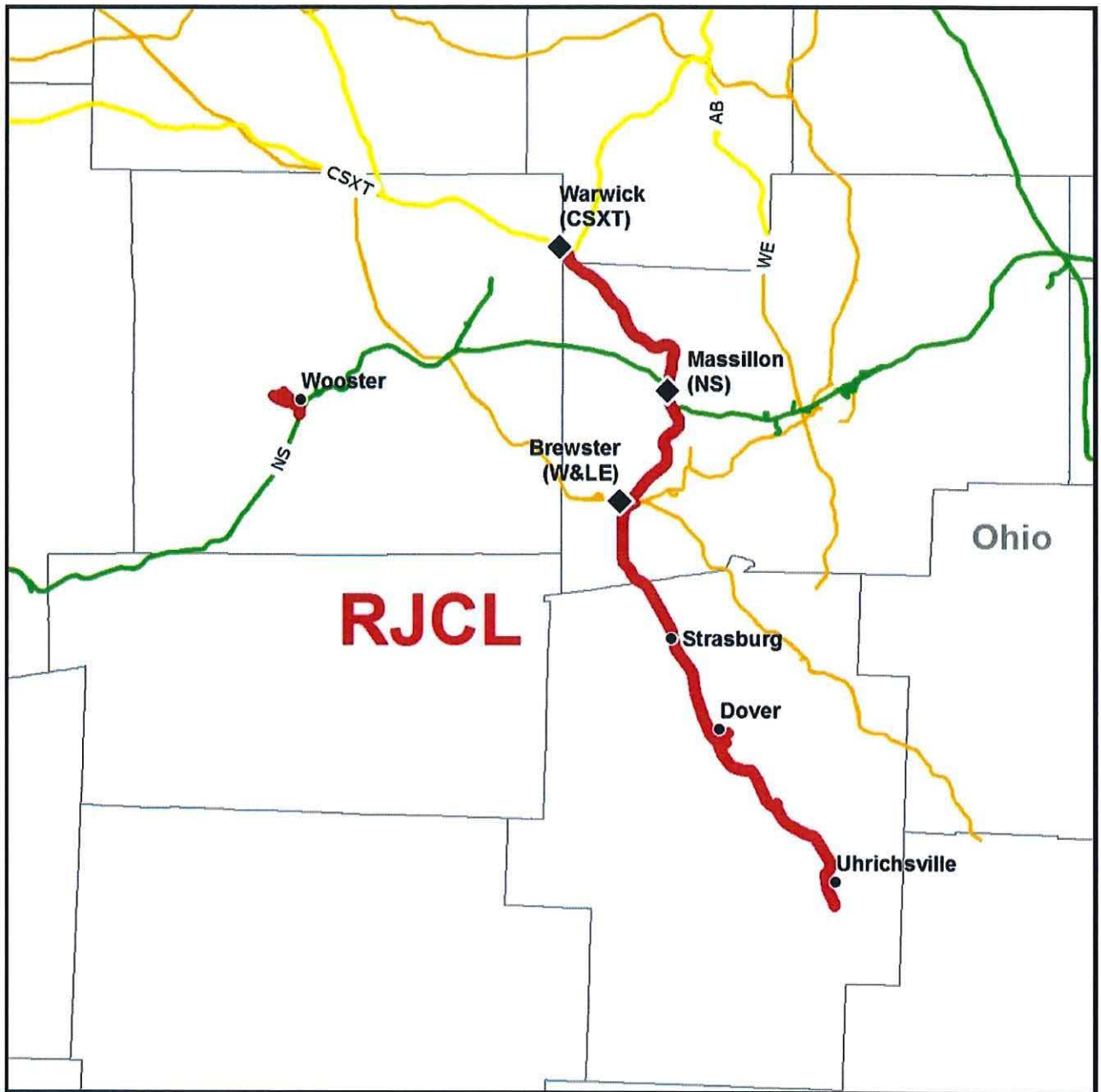
R. J. Corman Railroad/Texas Lines, LLC



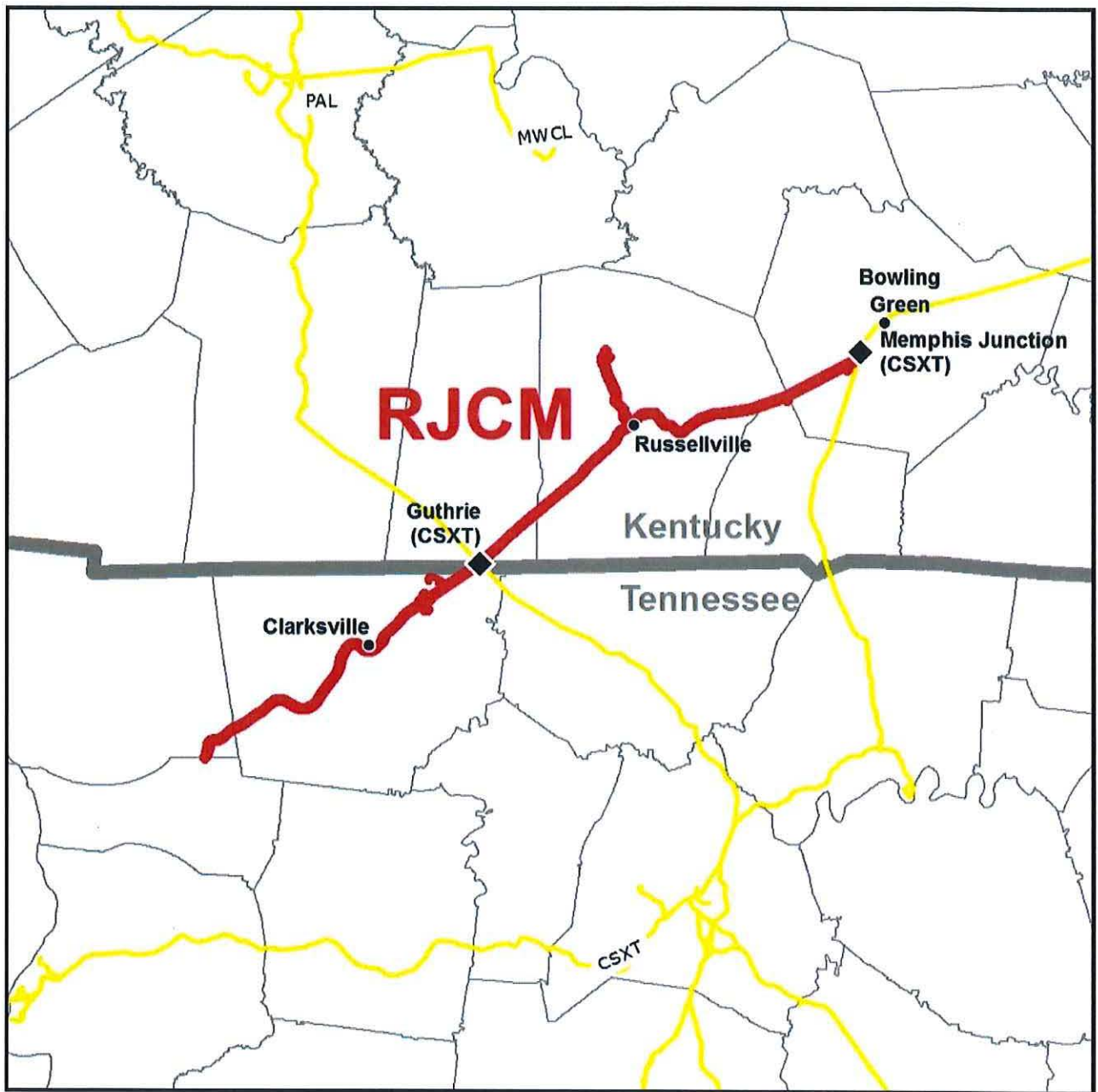
R. J. Corman Railroad/Tennessee Terminal, LLC



R. J. Corman Railroad/Cleveland Line, LLC



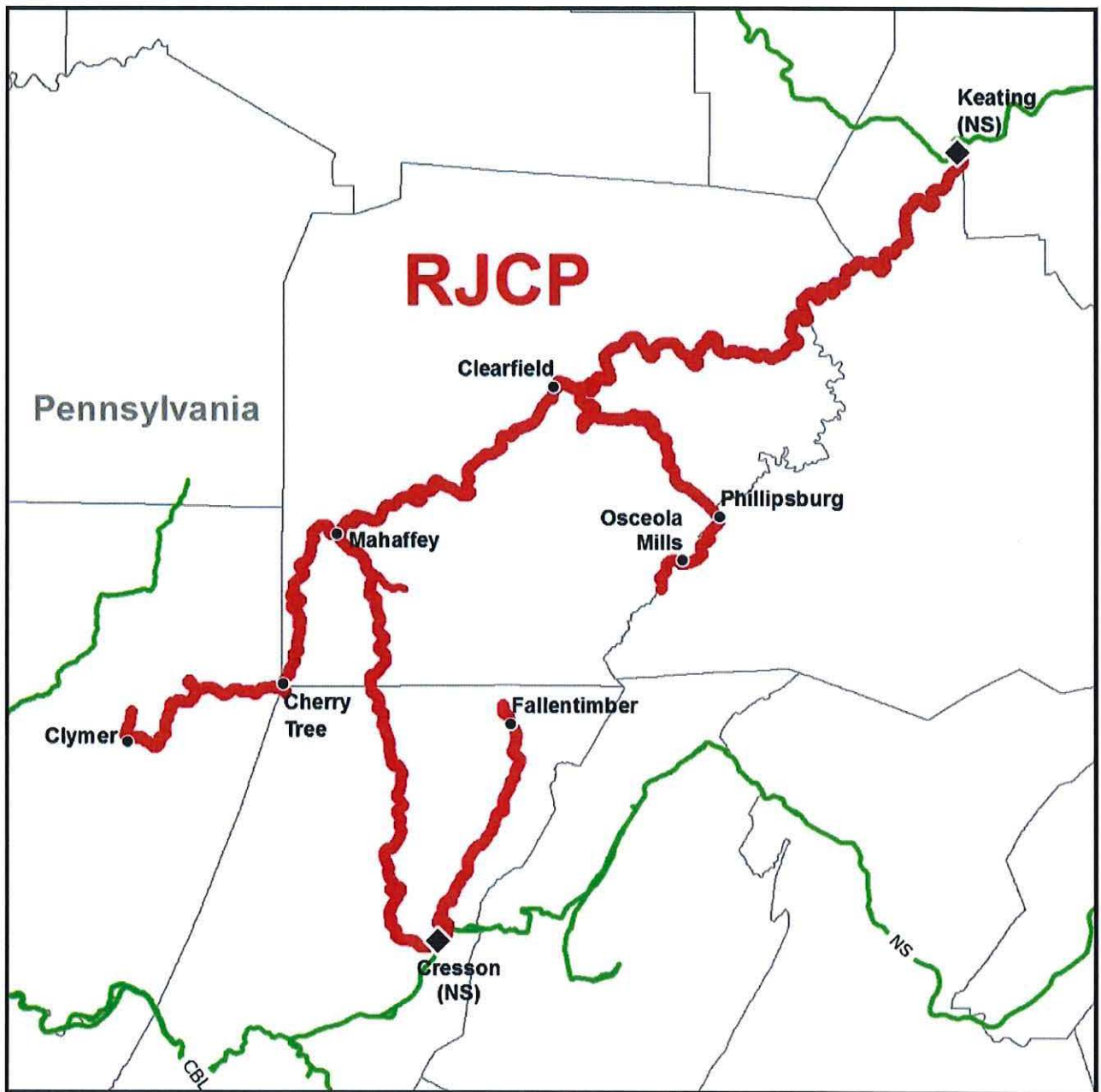
R. J. Corman Railroad/Memphis Lines, LLC



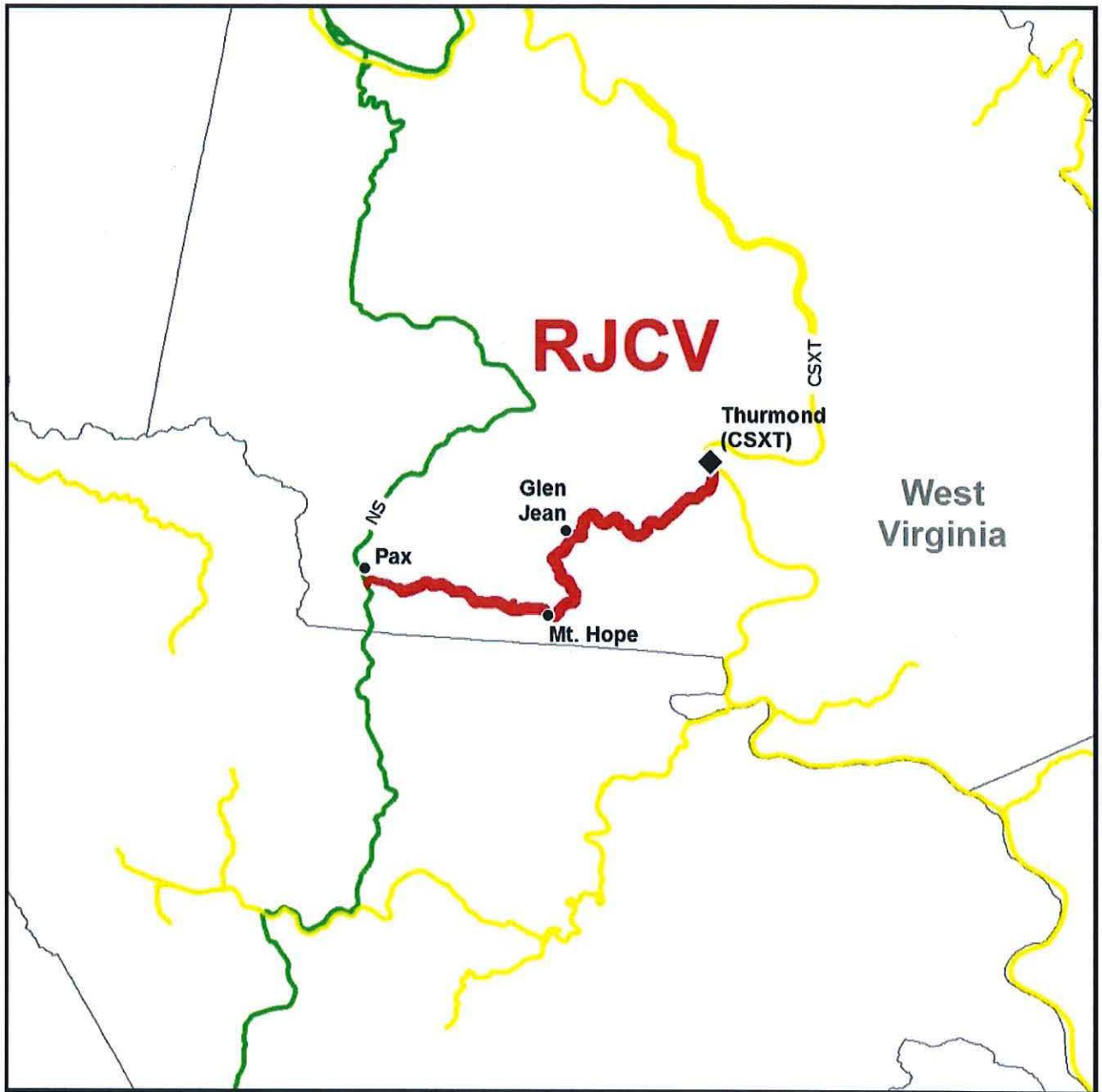
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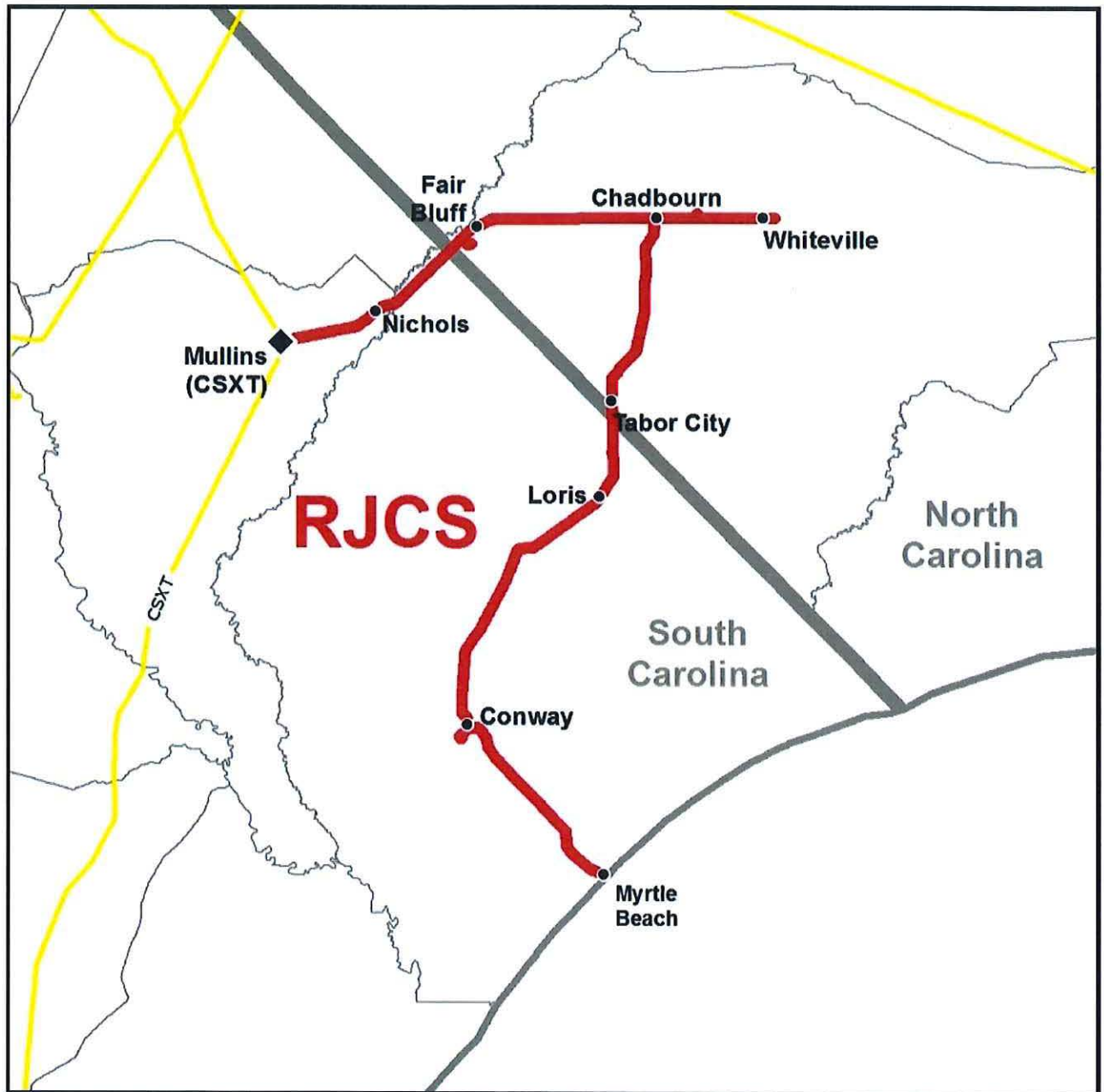
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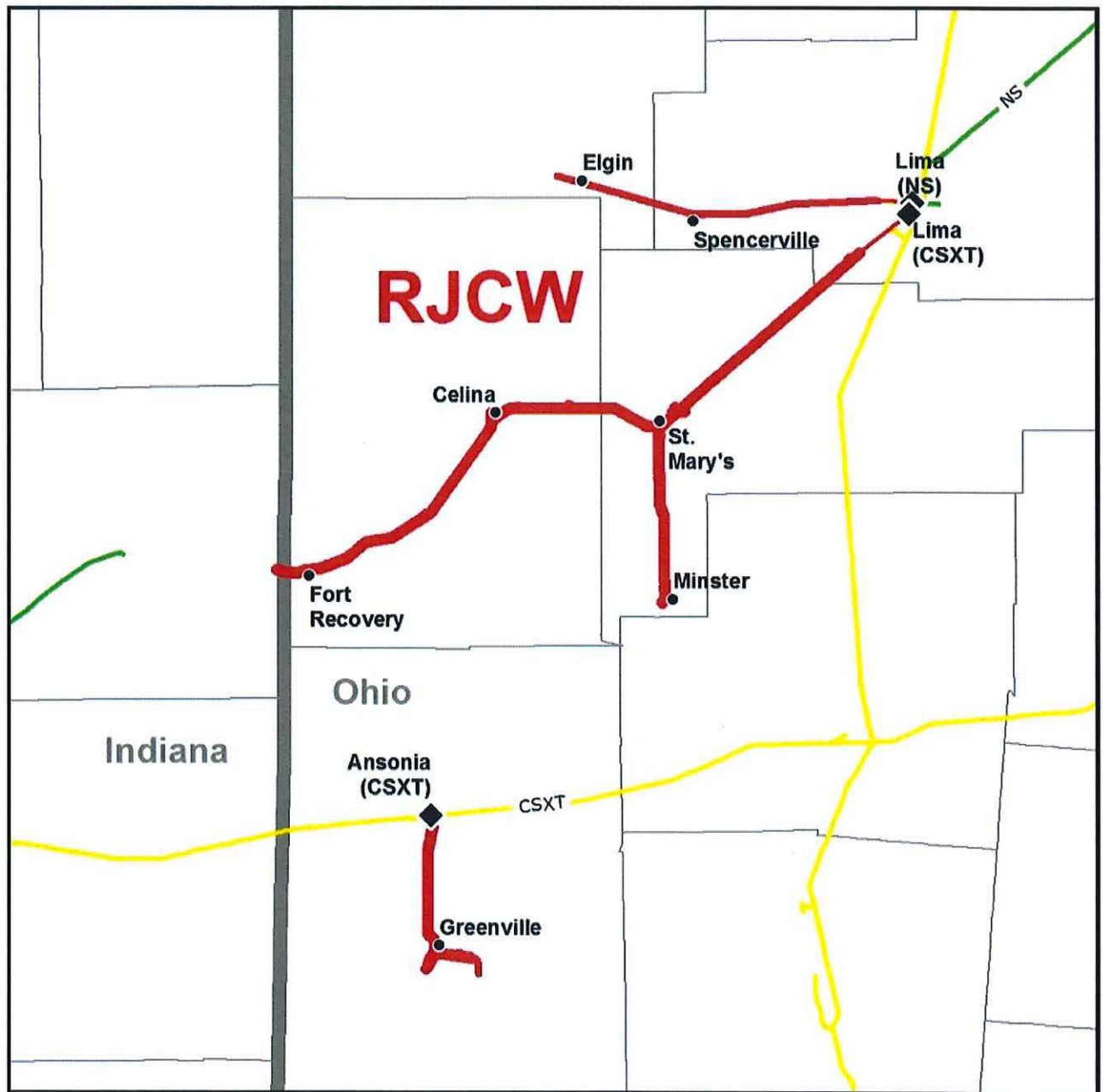
**R. J. Corman Railroad/Pennsylvania Lines, LLC,
cont'd.**



R. J. Corman Railroad/Carolina Lines, LLC



R. J. Corman Railroad/Western Ohio Line, LLC



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EXHIBIT B

REDACTED AGREEMENT