

229151

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April 8, 2011

ENTERED
Office of Proceedings

APR 8 - 2011

Part of
Public Record

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423

RE: Finance Docket No. 35486, *RailAmerica, Inc., Palm Beach Holding, Inc., RailAmerica Transportation Corp., Central Railroad Company of Indianapolis, Chicago Ft. Wayne and Eastern Railroad Division, Fortress Investment Group, LLC, and RR Acquisition Holding, LLC—Continuance-in-Control Exemption—Conecuh Valley Railway, LLC, Three Notch Railway, LLC, and Wiregrass Central Railway, LLC*

Dear Ms. Brown:

Enclosed for e-filing is a Petition for Exemption for the Continuance-in-Control of Conecuh Valley Railway, LLC, Three Notch Railway, LLC, and Wiregrass Central Railway, LLC once they become rail carriers. The filing fee is being paid by credit card.

Thank you for your assistance. If you have any questions please call or email me.

Sincerely yours,



Melanie B. Yasbin
Attorney for RailAmerica, Inc., et al.

Enclosures

FEE RECEIVED

APR 8 - 2011

**SURFACE
TRANSPORTATION BOARD**

FILED

APR 8 - 2011

**SURFACE
TRANSPORTATION BOARD**

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 35486

RAILAMERICA, INC., PALM BEACH HOLDING, INC., RAILAMERCIA
TRANSPORTATION CORP., RAILTEX, INC., FORTRESS INVESTMENT GROUP, LLC,
AND RR ACQUISITION HOLDING, LLC
-CONTINUANCE-IN-CONTROL EXEMPTION- CONECUH VALLEY RAILWAY, LLC,
THREE NOTCH RAILWAY, LLC, AND WIREGRASS CENTRAL RAILWAY, LLC

VERIFIED NOTICE OF EXEMPTION

Scott G. Williams Esq.
Senior Vice President & General Counsel
RailAmerica, Inc.
7411 Fullerton Street, Suite 300
Jacksonville, FL 32256
(904) 538-6329

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Melanie B. Yasbin, Esq.
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(410) 296-2250
Lou_Gitomer@verizon.net

Attorneys for: RailAmerica, Inc.,
Palm Beach Holding, Inc.,
RailAmericia Transportation Corp.,
RailTex, Inc., Fortress Investment Group,
LLC, and RR Acquisition Holding, LLC

Dated: April 8, 2011

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 35486

RAILAMERICA, INC., PALM BEACH HOLDING, INC., RAILAMERICA
TRANSPORTATION CORP., RAILTEX, INC., FORTRESS INVESTMENT GROUP, LLC,
AND RR ACQUISITION HOLDING, LLC
-CONTINUANCE-IN-CONTROL EXEMPTION- CONECUH VALLEY RAILWAY, LLC,
THREE NOTCH RAILWAY, LLC, AND WIREGRASS CENTRAL RAILWAY, LLC

VERIFIED NOTICE OF EXEMPTION

RailAmerica, Inc. ("RailAmerica"); Palm Beach Holdings, Inc. ("Palm Beach"); RailAmerica Transportation Corp. ("RTC"); RailTex, Inc. ("RailTex"); Fortress Investment Group, LLC ("Fortress") and RR Acquisition Holding, LLC ("RR Acquisition") (collectively "RailAmerica et al."), pursuant to 49 C.F.R. §§1180.2(d)(2) and 1180.4(g), file this Verified Notice of Exemption with the Surface Transportation Board (the "Board") from the prior approval requirements of 49 U.S.C. §§11323-11325. This Verified Notice of Exemption is being filed to permit RailAmerica, Palm Beach, Fortress, RailTex, and RR Acquisition, through RTC, to continue-in-control of the Conecuh Valley Railway, LLC ("CVR"), Three Notch Railway, LLC ("TNRW"), and Wiregrass Central Railway, LLC ("WCR") once each becomes a rail carrier upon authorization to acquire and operate certain rail lines.

a. **1180.6(a)(1)(i).** A brief summary of the proposed transaction, the name of applicants, their business address, telephone number, and the name of the counsel to whom questions regarding the transaction can be addressed.

RailAmerica et al. or its subsidiaries, assigns or affiliates, which include CVR, TNRW, and WRC (the "Buyers") entered an Asset Purchase Agreement dated as of April 8, 2011 (the "Agreement") with Gulf & Ohio Railways, Inc. ("G&O"), Conecuh Valley Railroad Co., Inc.,

("COEH"), Three Notch Railroad Co., Inc. ("TNRR"), and Wiregrass Central Railroad Company, Inc. ("WGCR"). Under the Agreement, Buyers will acquire substantially all of the assets of COEH, TNRR, and WGCR.

Under the Agreement CVR seeks to acquire and operate the assets of COEH¹, TNRW seeks to acquire and operate the assets of TNRR², and WCR seeks to acquire and operate the assets of WGCR.³

Upon acquiring the right to operate over the relevant lines, CVR, TNRW, and WCR will become rail carriers. Therefore, RailAmerica et al. have filed this Notice of Exemption to continue-in-control of CVR, TNRW, and WCR once they become rail carriers.

Fortress's non-carrier affiliate, RR Acquisition, currently owns 55% of the publicly traded shares and controls the non-carrier RailAmerica which directly controls the non-carrier Palm Beach, which directly controls the non-carrier RTC.

RailAmerica controls the following railroads: Alabama & Gulf Coast Railway L.L.C. ("A&G"), Arizona & California Railroad Company, Bauxite & Northern Railway Company, California Northern Railroad Company, Cascade and Columbia River Railroad Company, Central Oregon & Pacific Railroad, Inc. ("CORP"), The Central Railroad Company of Indiana, Central Railroad Company of Indianapolis, Connecticut Southern Railroad, Inc., Dallas, Garland & Northeastern Railroad, Inc., Delphos Terminal Railroad Company, Inc., Eastern Alabama Railway, LLC ("EAR"), Huron & Eastern Railway Company, Inc., Indiana & Ohio Railway Company, Indiana Southern Railroad, LLC, Kiamichi Railroad Company, L.L.C., Kyle Railroad

¹ See Finance Docket No. 35487, *Conecuh Valley Railway, LLC-Acquisition and Operation Exemption-Conecuh Valley Railroad Co., Inc.*, Notice of Exemption filed April 8, 2011.

² See Finance Docket No. 35488, *Three Notch Railway, LLC- Acquisition and Operation Exemption- Three Notch Railroad Co., Inc.*, Notice of Exemption filed April 8, 2011.

³ See Finance Docket No. 35489, *Wiregrass Central Railway, LLC- Acquisition and Operation Exemption- Wiregrass Central Railroad Co., Inc.*, Notice of Exemption filed April 8, 2011.

Company, The Massena Terminal Railroad Company, Mid-Michigan Railroad, Inc., Missouri & Northern Arkansas Railroad Company, Inc., New England Central Railroad, Inc., North Carolina & Virginia Railroad Company, LLC, Otter Tail Valley Railroad Company, Inc., Point Comfort & Northern Railway Company, Puget Sound & Pacific Railroad, Rockdale, Sandow & Southern Railroad Company, San Diego & Imperial Valley Railroad Company, Inc., San Joaquin Valley Railroad Co., South Carolina Central Railroad Company, LLC, Toledo, Peoria & Western Railway Corporation, and Ventura County Railroad Corp. (collectively the "RailAmerica Railroads").

Further, Fortress on behalf of other certain equity funds, managed by it and its affiliates, directly controls the non-carrier FECR Rail LLC, which directly controls FEC Rail Corp., which directly controls Florida East Coast Railway, L.L.C. ("FEC") operating in the State of Florida. CORP and FEC are Class II railroads. All of the other RailAmerica Railroads are Class III.

RailAmerica et al. through RTC also owns 100 percent of the non-carriers CVR, TNRW, and WCR.

This is a transaction where CVR, TNRW, and WCR will not connect with any of the RailAmerica Railroads or FEC. A&G and EAR operate in the state of Alabama but do not connect to CVR, TNRW, or WCR. A&G operates in the southwestern corner of Alabama and EAR operates in the central eastern part of Alabama. CVR, TNRW, and WCR all will operate in the southeastern part of Alabama and connect to the national railroad system through CSX Transportation, Inc.

Also, the involved transaction is not part of a series of anticipated transactions that would connect the rail lines that will be operated by CVR, TNRW, or WCR with any railroads in the corporate family of RailAmerica, et al. Finally, there are no Class I carriers involved in this

transaction. Accordingly, the proposed transaction meets the requirements of 49 C.F.R. §1180.2(d)(2).

RailAmerica, Palm Beach, RTC, RailTex, Fortress, and RR Acquisition are all located at 7411 Fullerton Street, Jacksonville, FL, 32256 (904) 538-6329 and control the non-carriers CVR, TNRW, and WCR.

CVR, TNRW, and WCR will all become Class III carriers and are all located at 7411 Fullerton Street, Jacksonville, FL, 32256 (904) 538-6329. CVR, TNRW, and WCR are non-carriers that have filed concurrent notices of exemption under 49 C.F.R. §1150.31, *et seq.*, to acquire and operate over rail lines in Alabama. See Footnotes 1, 2, and 3.

Counsel to whom questions concerning the transaction can be addressed is: Louis E. Gitomer, Esq., Law Offices of Louis E. Gitomer LLC, 600 Baltimore Avenue, Suite 301, Towson, MD 21204, (410) 296-2250, Lou_Gitomer@verizon.net.

b. **1180.6(a)(1)(ii).** The proposed time schedule for consummation of the proposed transaction.

CVR, TNRW, and WCR intend to commence operations over the respective lines on or after May 8, 2011. RTC owns CVR, TNRW, and WCR and will continue-in-control of CVR, TNRW, and WCR upon CVR, TNRW, and WCR commencing operations over the respective lines.

c. **1180.6(a)(1)(iii).** The purpose sought to be accomplished by the proposed transaction, e.g., operating economies, eliminating excess facilities, improving service, or improving the financial viability of the applicants.

The owner of COEH, TNRR, and WGR has decided to sell these lines to RailAmerica's affiliates in order to transition out of the railroad business. The management of RailAmerica has successfully managed short line railroads for more than a decade. RailAmerica intends to focus on rail operations and to use its management experience and expertise in operating short line

railroads and its financial resources to provide rail freight service to communities and industries who wish to have additional transportation options, and to create financially viable railroads in CVR, TNRW, and WCR. In addition, as subsidiaries of RailAmerica CVR, TNRW, and WCR will be able to make use of certain tax benefits.

d. **1180.6(a)(5).** A list of the State(s) in which any part of the property of each applicant carrier is situated.

RailAmerica, et al. control the following railroads operating in the states in parentheses:

Alabama & Gulf Coast Railway L.L.C. (Alabama, Florida, and Mississippi), Arizona & California Railroad Company (Arizona and California), Bauxite & Northern Railway Company (Arkansas), California Northern Railroad Company (California), Cascade and Columbia River Railroad Company (Washington), Central Oregon & Pacific Railroad, Inc. ("CORP") (California and Oregon), The Central Railroad Company of Indiana ("CIND") (Indiana and Ohio), Central Railroad Company of Indianapolis ("CERA") (Illinois, Indiana, and Ohio), Connecticut Southern Railroad, Inc. (Connecticut and Massachusetts), Dallas, Garland & Northeastern Railroad, Inc. (Texas), Delphos Terminal Company, Inc. (Ohio), Eastern Alabama Railway, LLC (Alabama), Huron & Eastern Railway Company, Inc. (Michigan), Indiana & Ohio Railway Company ("IORY") (Indiana, Michigan, and Ohio), Indiana Southern Railroad, LLC (Indiana), Kiamichi Railroad Company, L.L.C. (Arkansas, Oklahoma, and Kansas), Kyle Railroad Company (Colorado and Kansas), The Massena Terminal Railroad Company (New York), Mid-Michigan Railroad, Inc. (Michigan), Missouri & Northern Arkansas Railroad Company, Inc. (Arkansas, Kansas, and Missouri), New England Central Railroad, Inc. (Connecticut, Massachusetts, New Hampshire, and Vermont), North Carolina & Virginia Railroad Company, LLC (North Carolina and Virginia), Otter Tail Valley Railroad Company, Inc. (Minnesota and South Dakota), Point Comfort & Northern Railway Company (Texas), Puget Sound & Pacific Railroad (Washington),

Rockdale, Sandow & Southern Railroad Company (Texas), San Diego & Imperial Valley Railroad Company, Inc. (California), San Joaquin Valley Railroad Co.(California), South Carolina Central Railroad Company, LLC (South Carolina), Toledo, Peoria & Western Railway Corporation (Illinois and Indiana), and Ventura County Railroad Corp. (California). Fortress on behalf of other certain equity funds, managed by it and its affiliates, controls Florida East Coast Railway, L.L.C. (Florida).

e. **1180.6(a)(6). Map (Exhibit B).** Submit a general or key map indicating clearly, in separate colors or otherwise, the line(s) of applicant carriers in their true relations to each other, short line connections, other rail lines in the territory, and the principal geographic points in the region traversed. If a geographically limited transaction is proposed, a map detailing the transaction should also be included. In addition to the map accompanying each application, 20 unbound copies of the map shall be filed with the Board.

See Exhibit B at the end of the pleading with colored maps.

f. **1180.6(a)(7)(ii). Agreement (Exhibit A).** Submit a copy of any contract or other written instrument entered into, or proposed to be entered into, pertaining to the proposed transaction.

CVR, TNRW, and WCR, as non-carriers, are controlled by RailAmerica et al. There is no agreement between CVR, TNRW, and WCR on the one hand, and RailAmerica et al. on the other.

g. **Labor Protection.**

Because there is one Class II carrier that is controlled by RailAmerica, et al. and one Class II carrier controlled by Fortress, any employees affected by this transaction will be entitled to labor protection in accordance with *New York Dock Railway—Control—Brooklyn Eastern District Terminal*, 360 I.C.C. 60 (1979) (“*New York Dock*”).

h. Environmental and Historical documentation.

This transaction qualifies for classification under 49 C.F.R. §1105.6(c)(2) and thus neither an Environmental Report nor a Historic Report is required to be filed.

Scott G. Williams Esq.
Senior Vice President & General Counsel
RailAmerica, Inc.
7411 Fullerton Street, Suite 300
Jacksonville, FL 32256
(904) 538-6329

Respectfully submitted,



Louis E. Gitomer, Esq.
Melanie B. Yasbin, Esq.
Law Offices of Louis E. Gitomer
600 Baltimore Avenue, Suite 301
Towson, MD 21204
(410) 296-2250
Lou_Gitomer@verizon.net

Attorneys for: RailAmerica, Inc.,
Palm Beach Holding, Inc.,
RailAmerica Transportation Corp.,
RailTex, Inc., Fortress Investment Group,
LLC, and RR Acquisition Holding, LLC

Dated: April 8, 2011

VERIFICATION

State of Florida)
 Duval) ss
County of ~~Palm Beach~~)

Scott G. Williams, being duly sworn, deposes and says that I am Senior Vice President, General Counsel and Secretary of RailAmerica, Inc., a Delaware corporation, and that I have read the foregoing, knows the contents thereof, and that the same are true as stated to the best of my knowledge, information and belief.



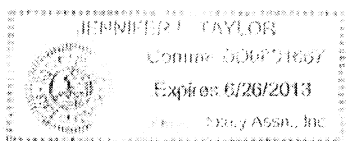
Scott G. Williams

Subscribed and sworn to before me this 8th day of April 2011.



Notary Public JENNIFER L. TAYLOR

My Commission expires: 6-26-2013



CERTIFICATE OF SERVICE

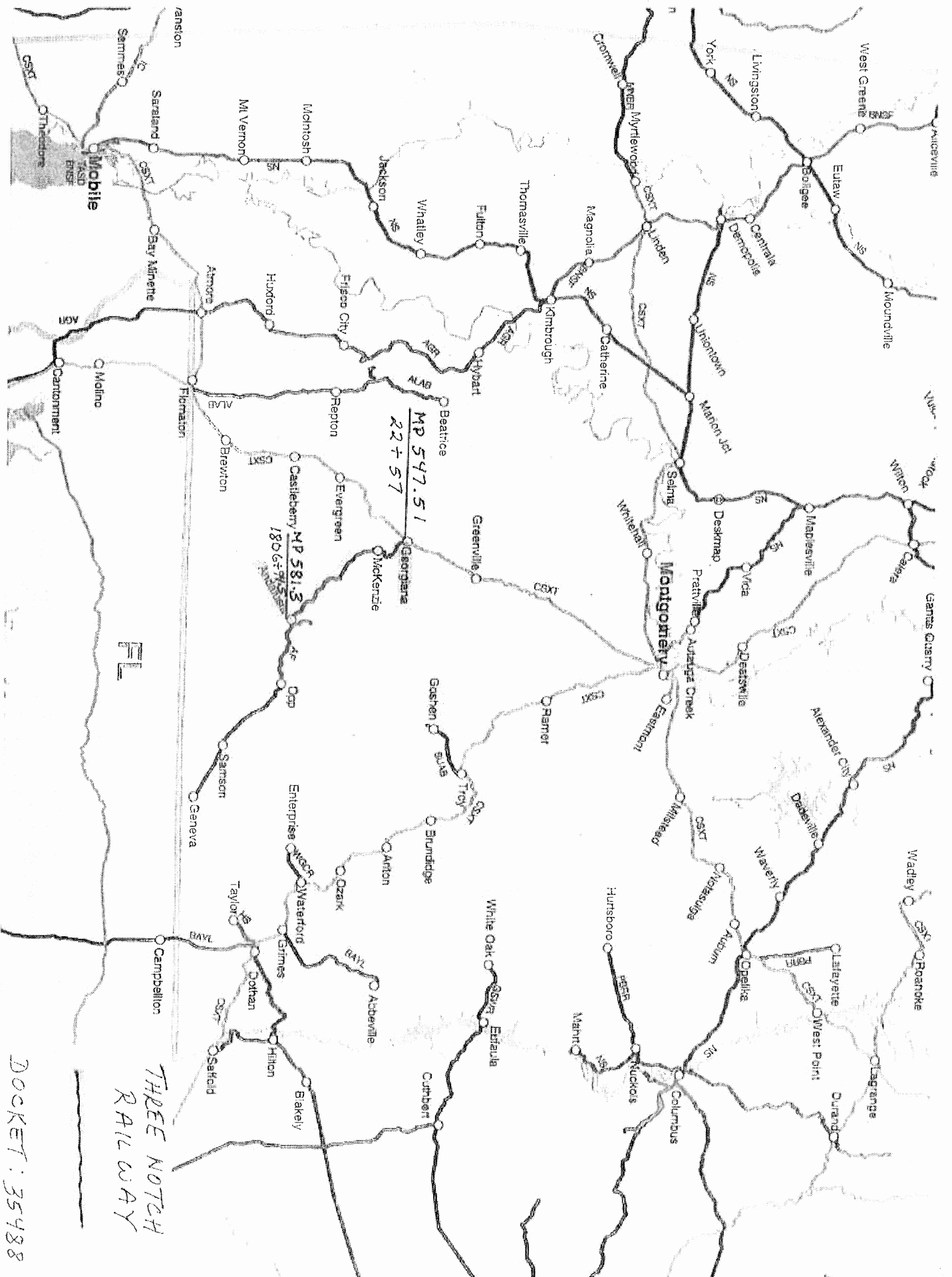
I hereby certify that I have caused the Verified Notice of Exemption in Finance Docket No. 35486 *RailAmerica, Inc., Palm Beach Holding, Inc., RailAmerica Transportation Corp., RailTex, Inc., Fortress Investment Group, LLC and RR Acquisition Holding, LLC –Continuance in Control Exemption—Conecuh Valley Railway, LLC, Three Notch Railway, LLC, and Wiregrass Central Railway, LLC.* to be served by first class mail, postage pre-paid on the Secretary of the United States Department of Transportation, the Attorney General of the United States, the Federal Trade Commission and on the Governor, Public Service Commission, and Department of Transportation of the State of Alabama.



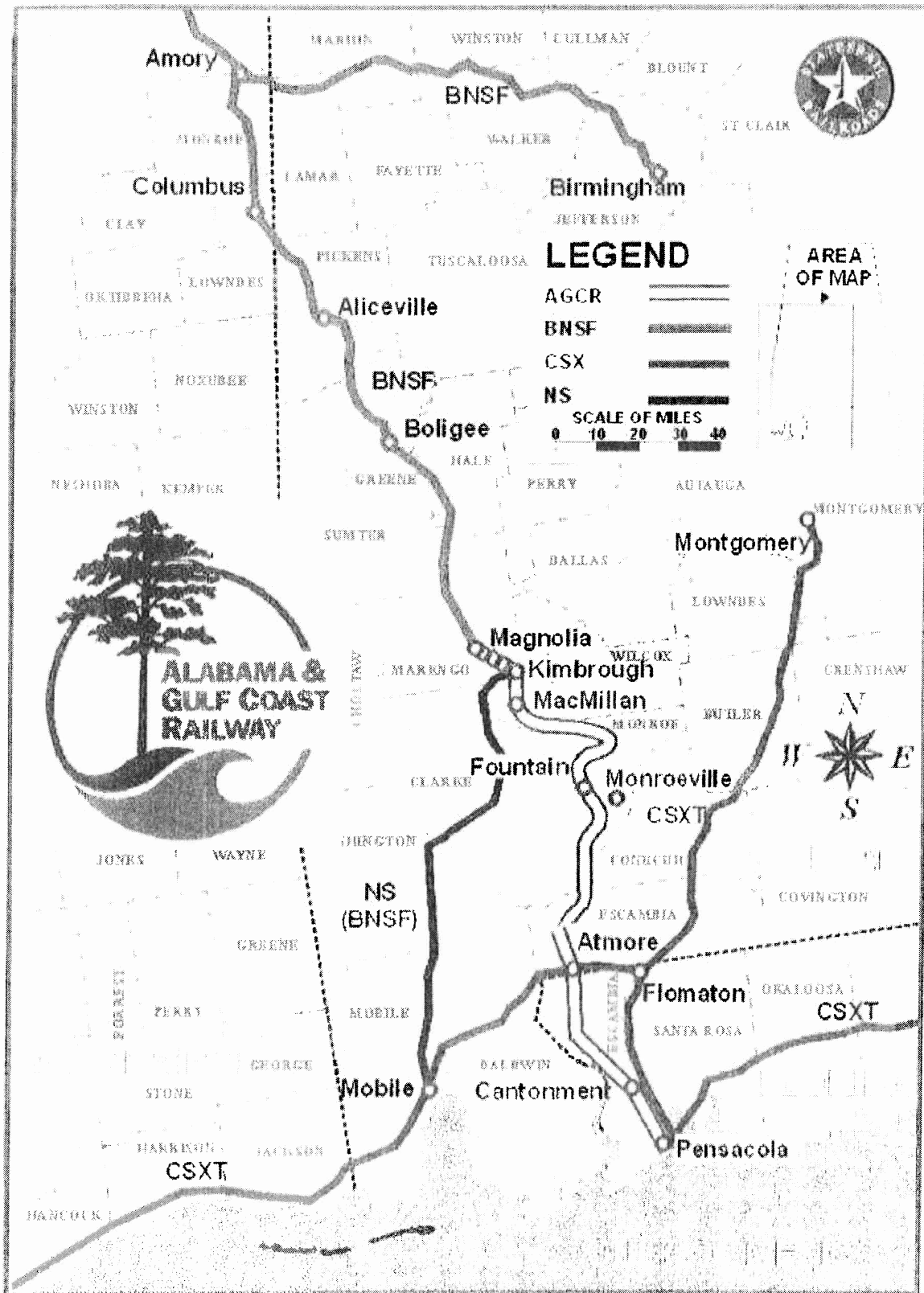
Melanie B. Yasbin
April 8, 2011

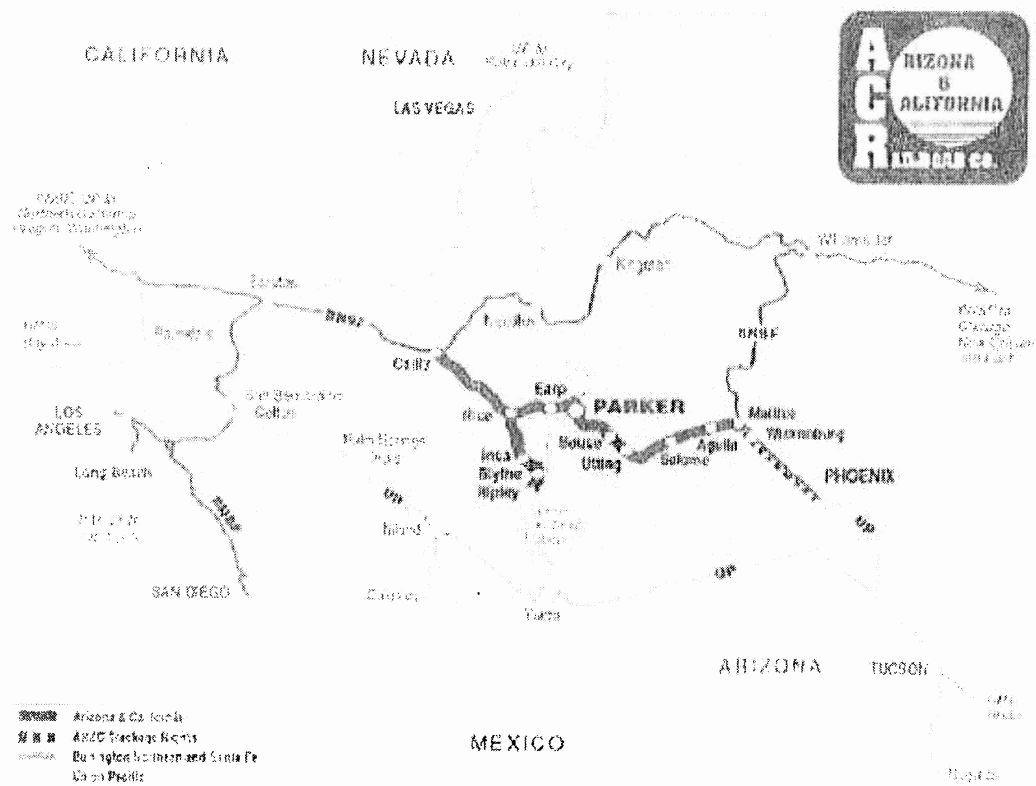
EXHIBIT A-AGREEMENT
NONE

EXHIBIT B—MAPS

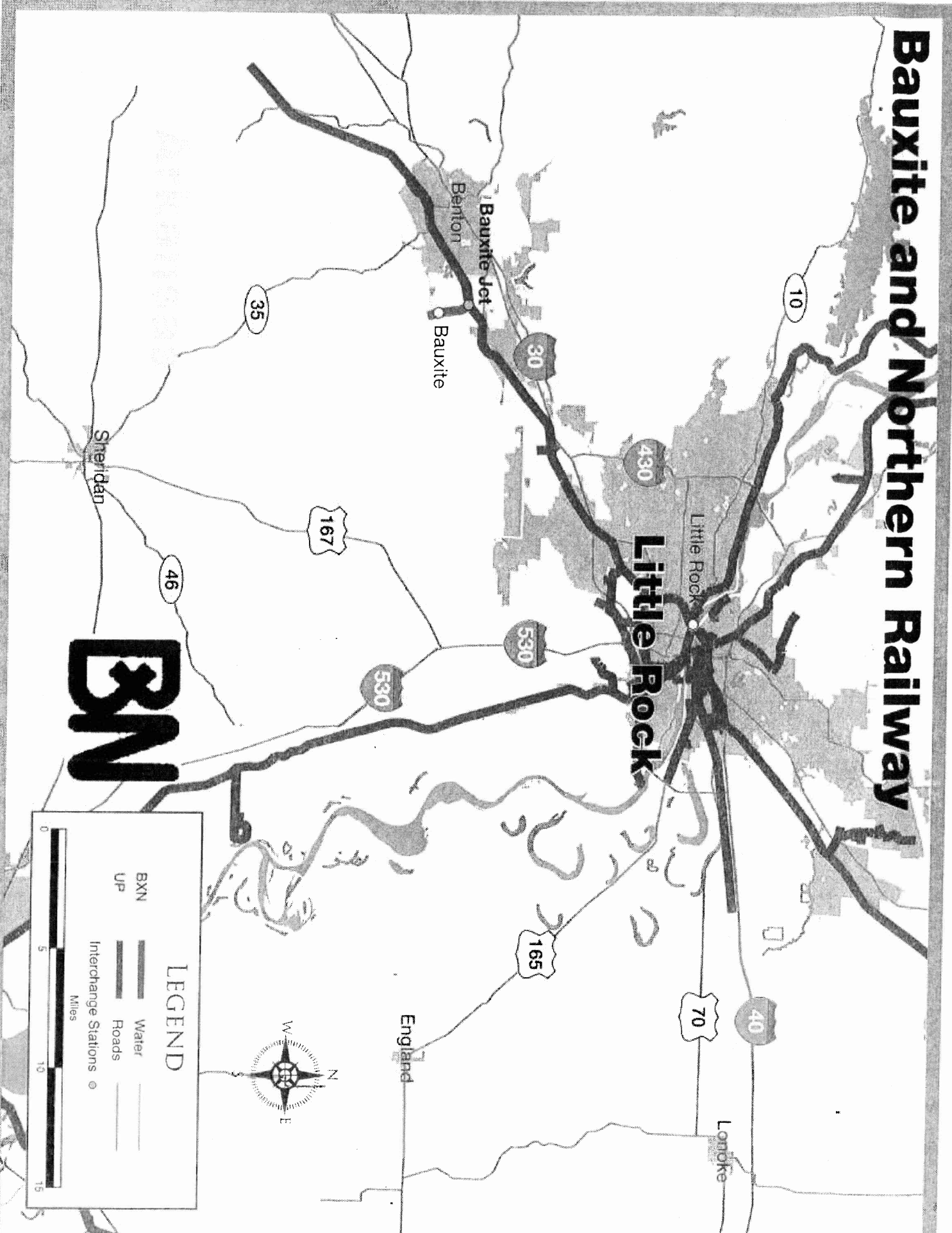


Map of Operations





Bauxite and Northern Railway



CALIFORNIA NORTHERN RAILROAD CO.



CURRENT

NEWSLETTER

CUSTOMER SERVICE

OPERATIONS

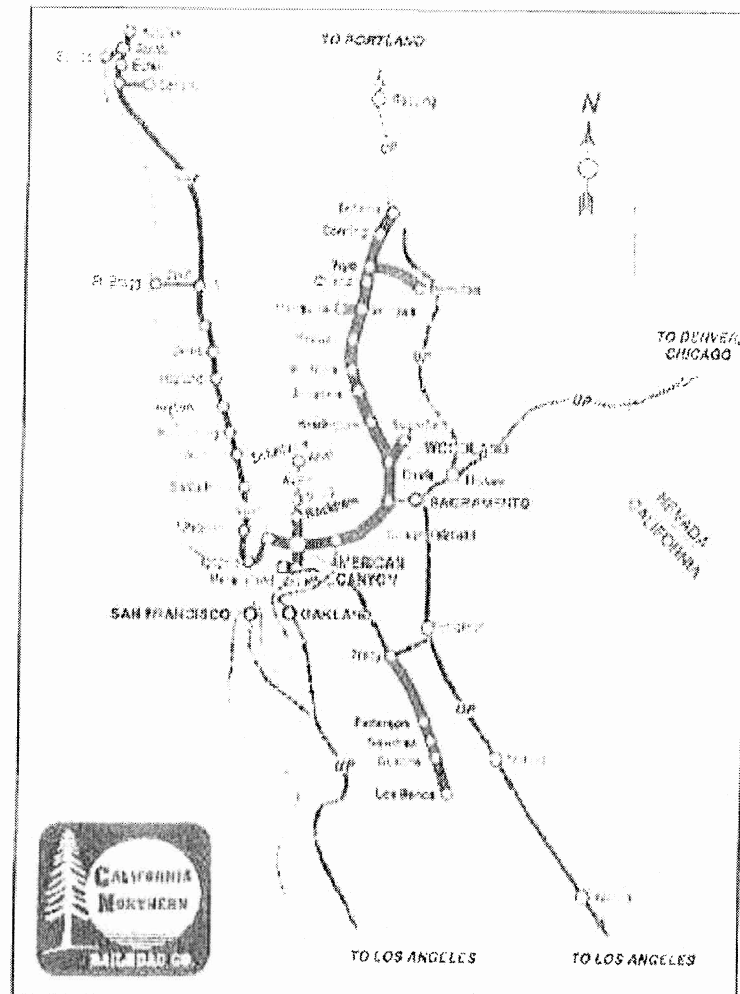
EQUIPMENT

SYSTEM MAP

NEW INDUSTRY

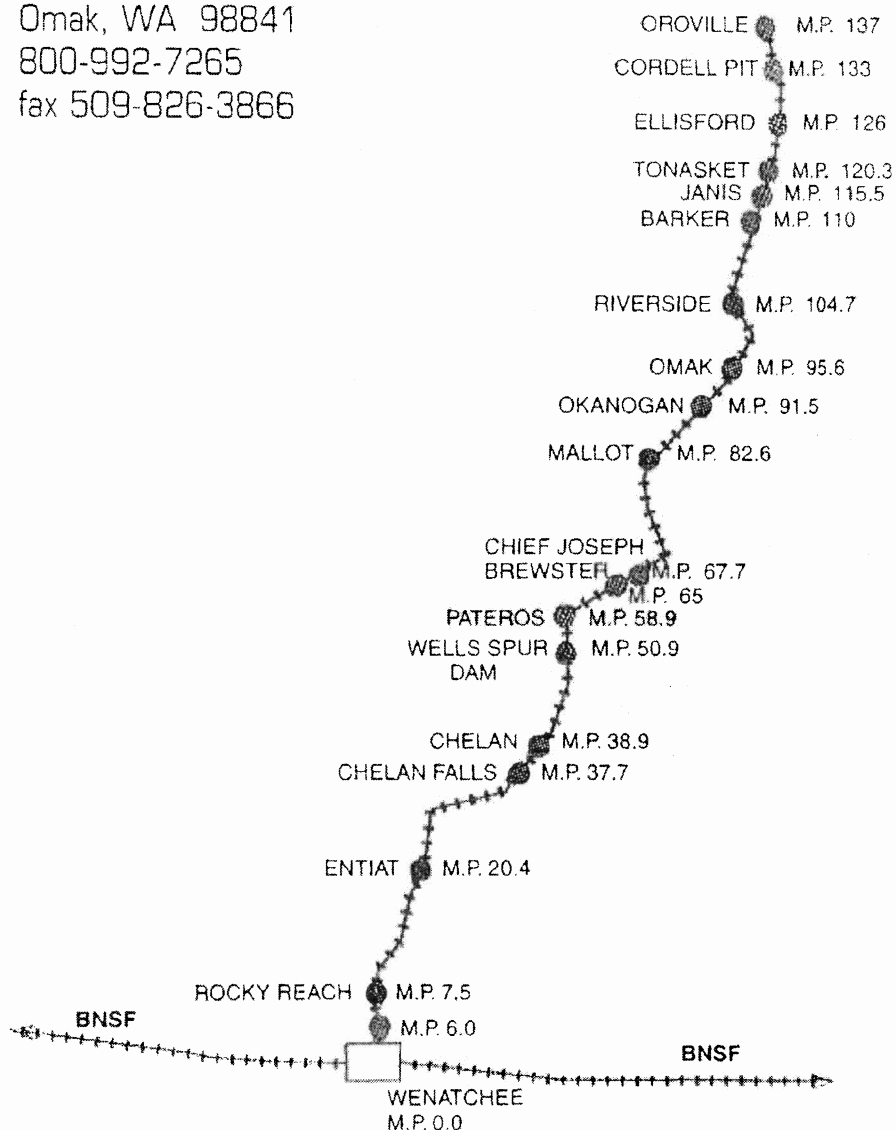
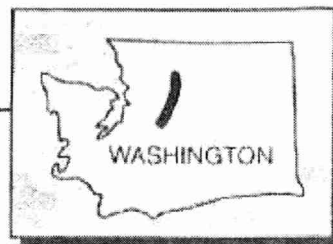
CONTACT US

System Map

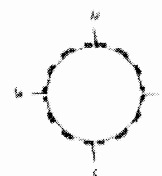


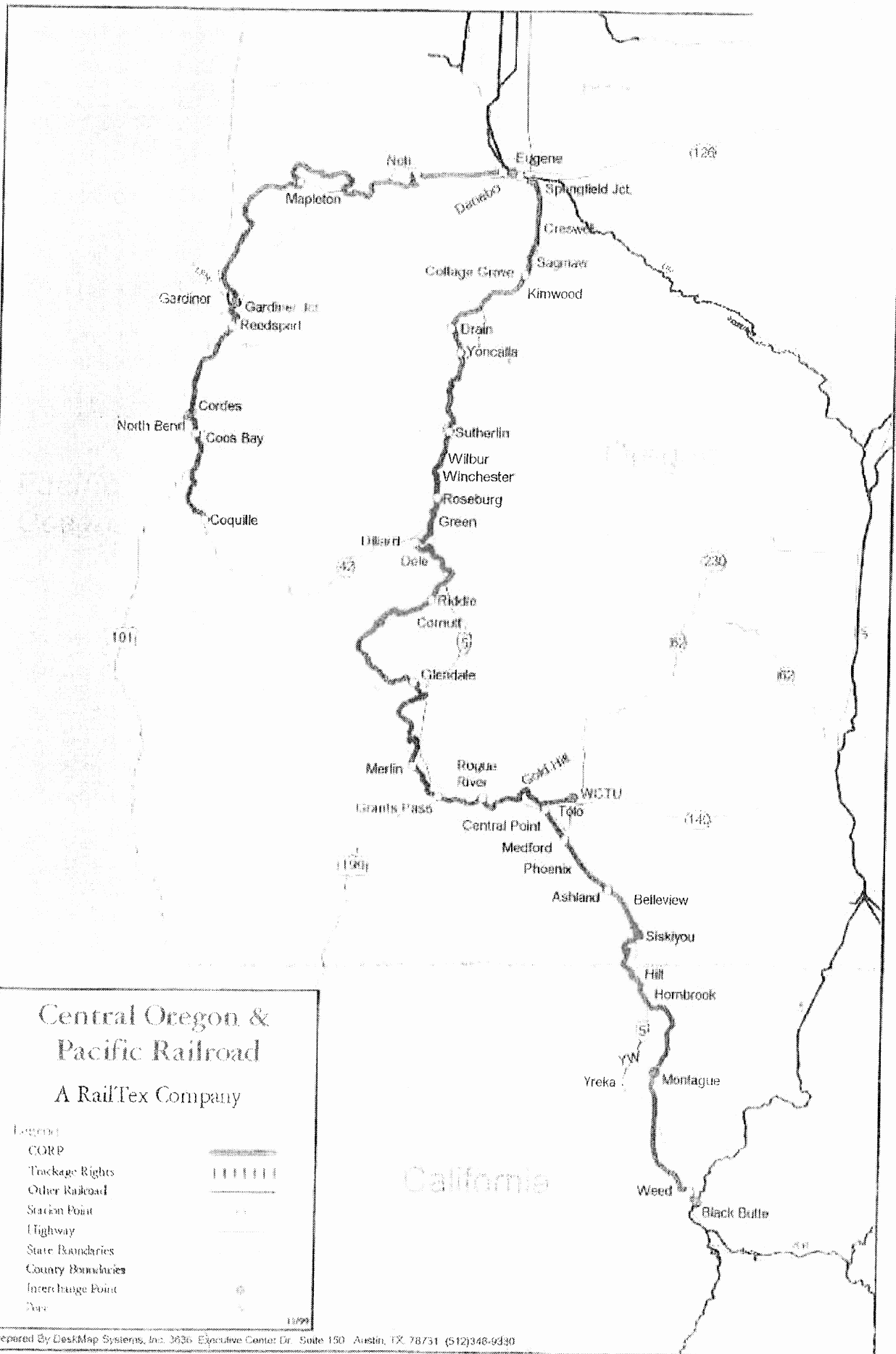
CASCADE & COLUMBIA RIVER RAILROAD (CSCD)

901 Omak Avenue
 Omak, WA 98841
 800-992-7265
 fax 509-826-3866



Miles Operated:	130
Started Operations:	September 1996
Approx. Annual Carloads	8,000
Commodities Moved:	Wood chips, lumber, minerals, plywood, apples and various agricultural products
CSCD Interchanges:	BNSF @ Wenatchee, WA





Central Oregon & Pacific Railroad

A RailTex Company

Legend

CORP

Trackage Rights

Other Railroad

Station Point

Highway

State Boundaries

County Boundaries

Interchange Point

Area



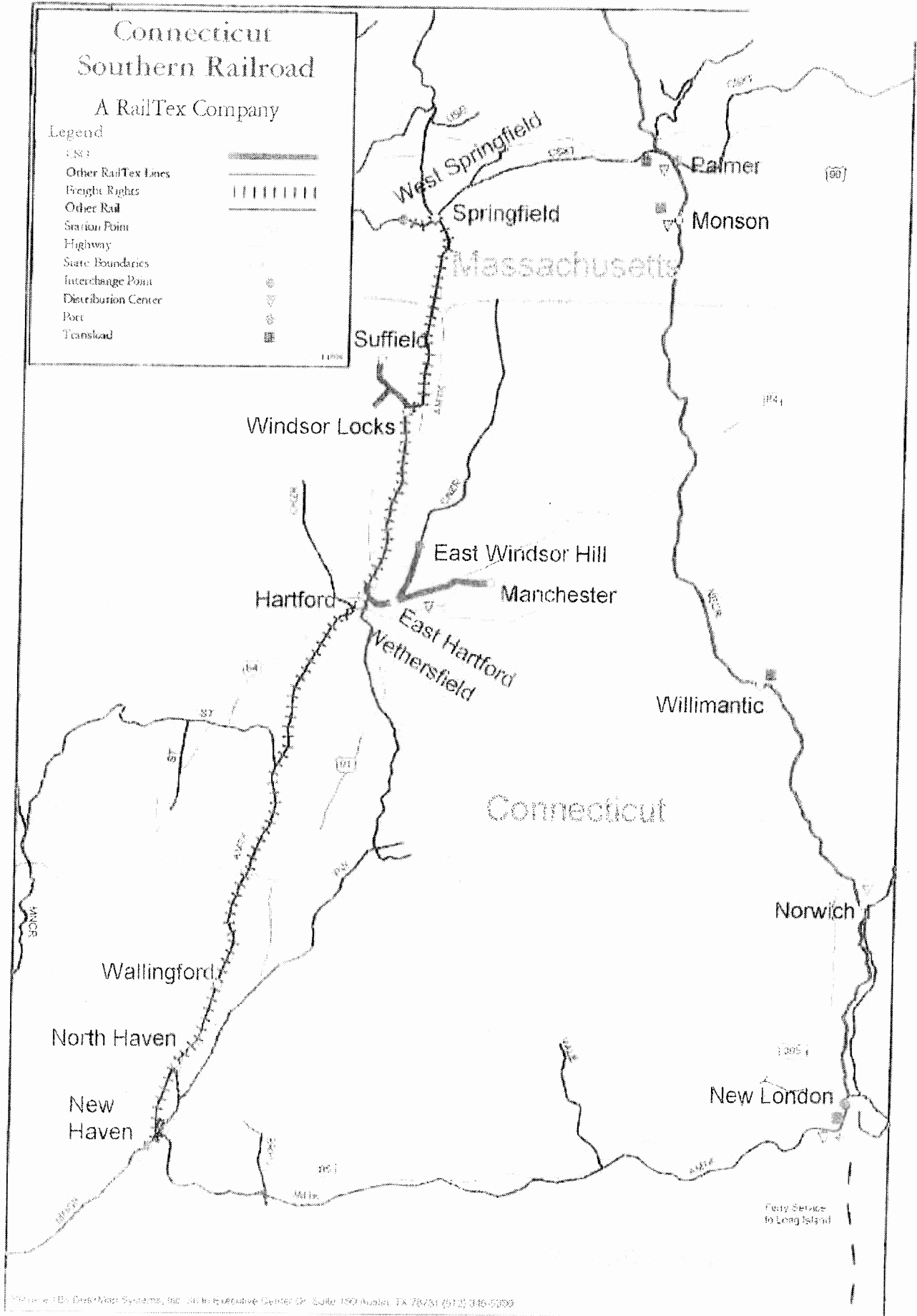
11999

Connecticut Southern Railroad

A RailTex Company

Legend

- CSX
- Other RailTex Lines
- Freight Rights
- Other Rail
- Station Point
- Highway
- State Boundaries
- Interchange Point
- Distribution Center
- Port
- Transload

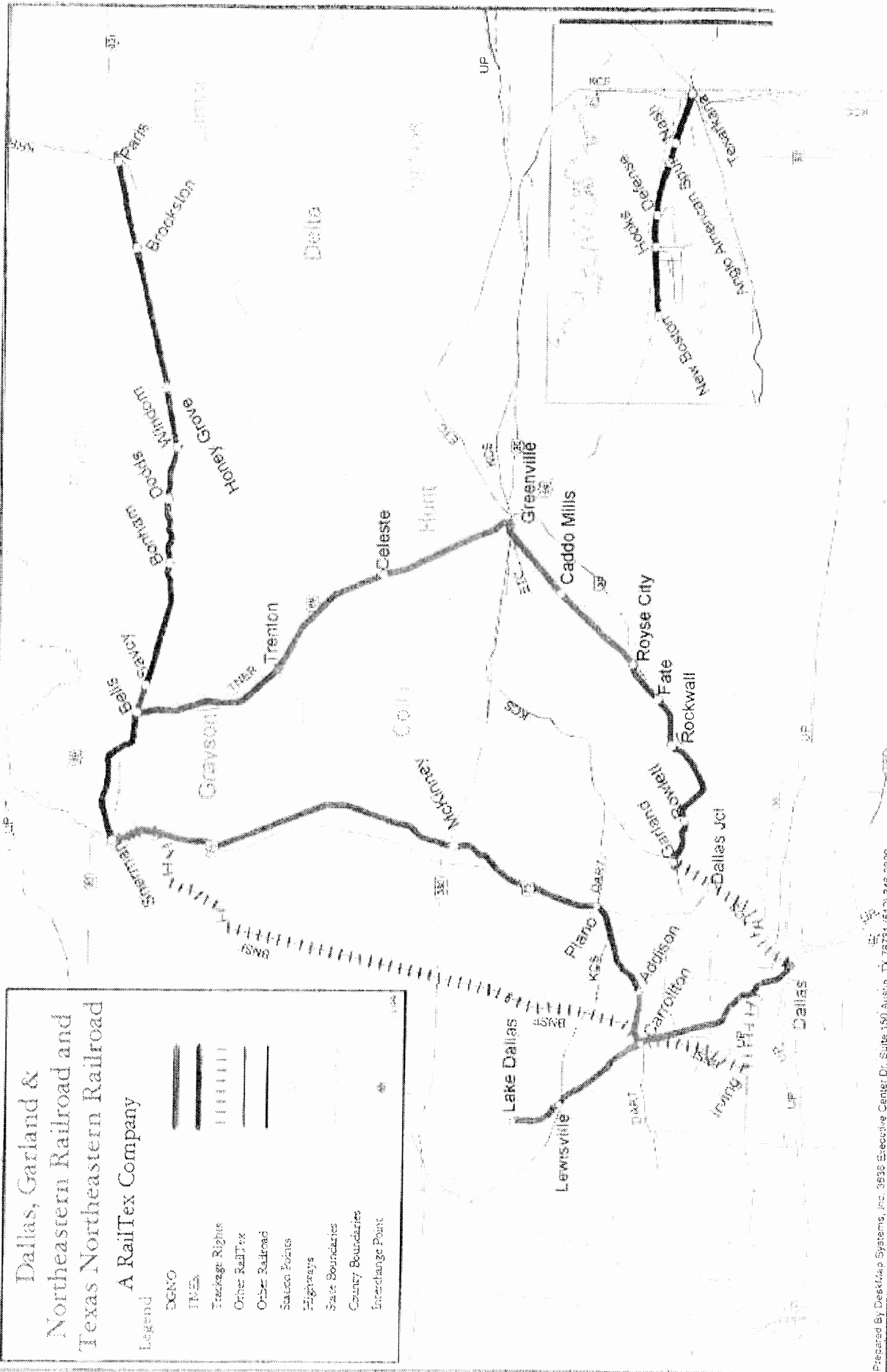


Dallas, Garland & Northeastern Railroad and Texas Northeast Railroad

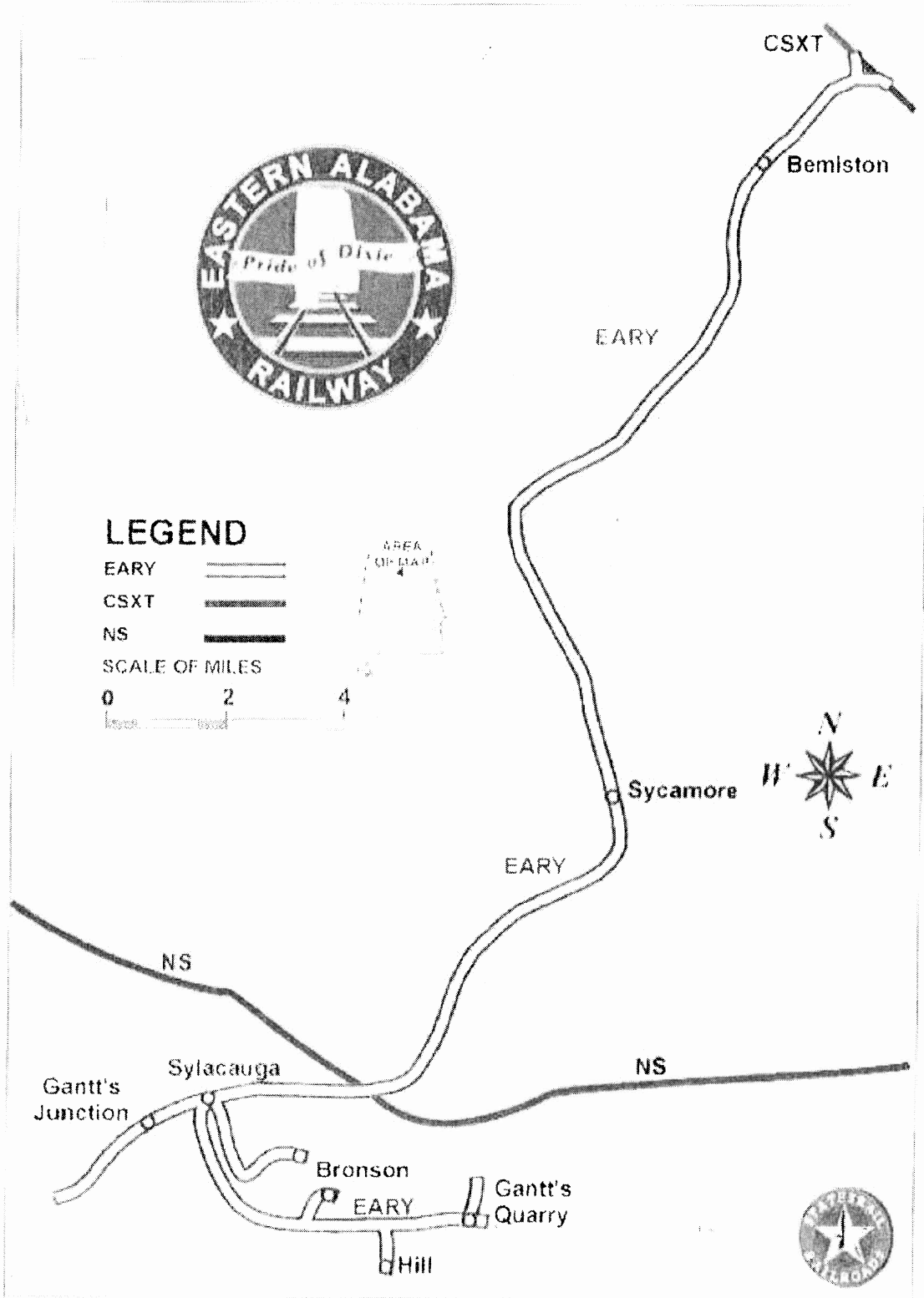
A RailTex Company

Legend

- DGNO
- IT&E
- Trackage Rights
- Other RailTex
- Other Railroad
- Station Points
- Highways
- State Boundaries
- County Boundaries
- Interchange Point

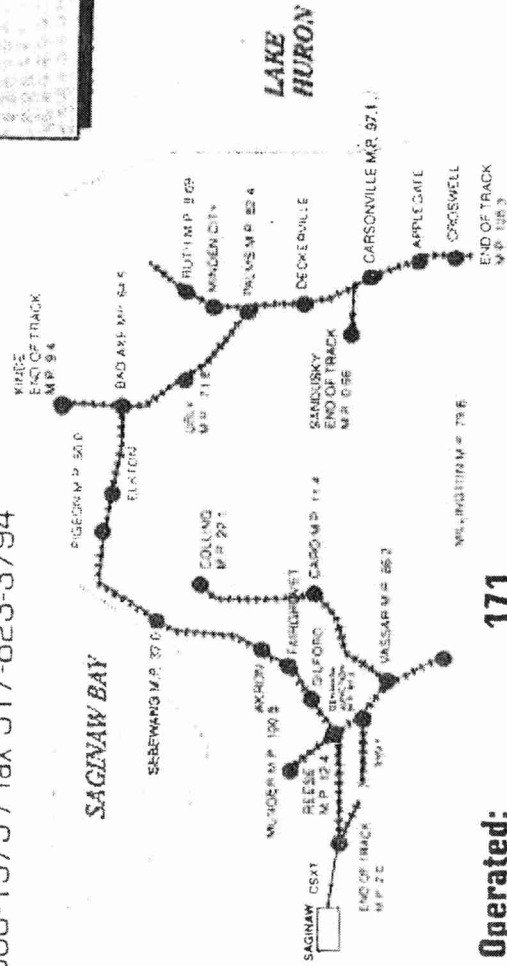
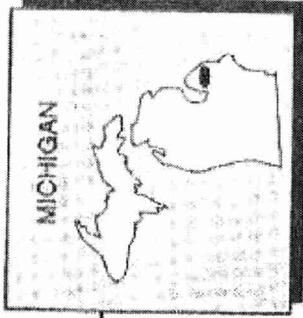


Map of Operations



HURON & EASTERN RAILROAD (HESR)

101 Enterprise Drive
Vassar, Michigan 48768
800-968-1975 / fax 517-823-3794



Miles Operated:

171

Started Operations:

March 1986

Approx. Annual Carloads:

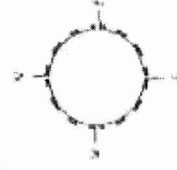
11,000

Commodities Moved:

Agricultural commodities, automotive parts, chemicals, sugar beets, and sugar products, fertilizer and stone products

HESR Interchanges:

CSXT @ Saginaw, MI; Central Michigan Railway @ Hager, MI (via Saginaw Valley Railway)



Indiana & Ohio Central Railroad, Inc.

Indiana & Ohio Railway Company

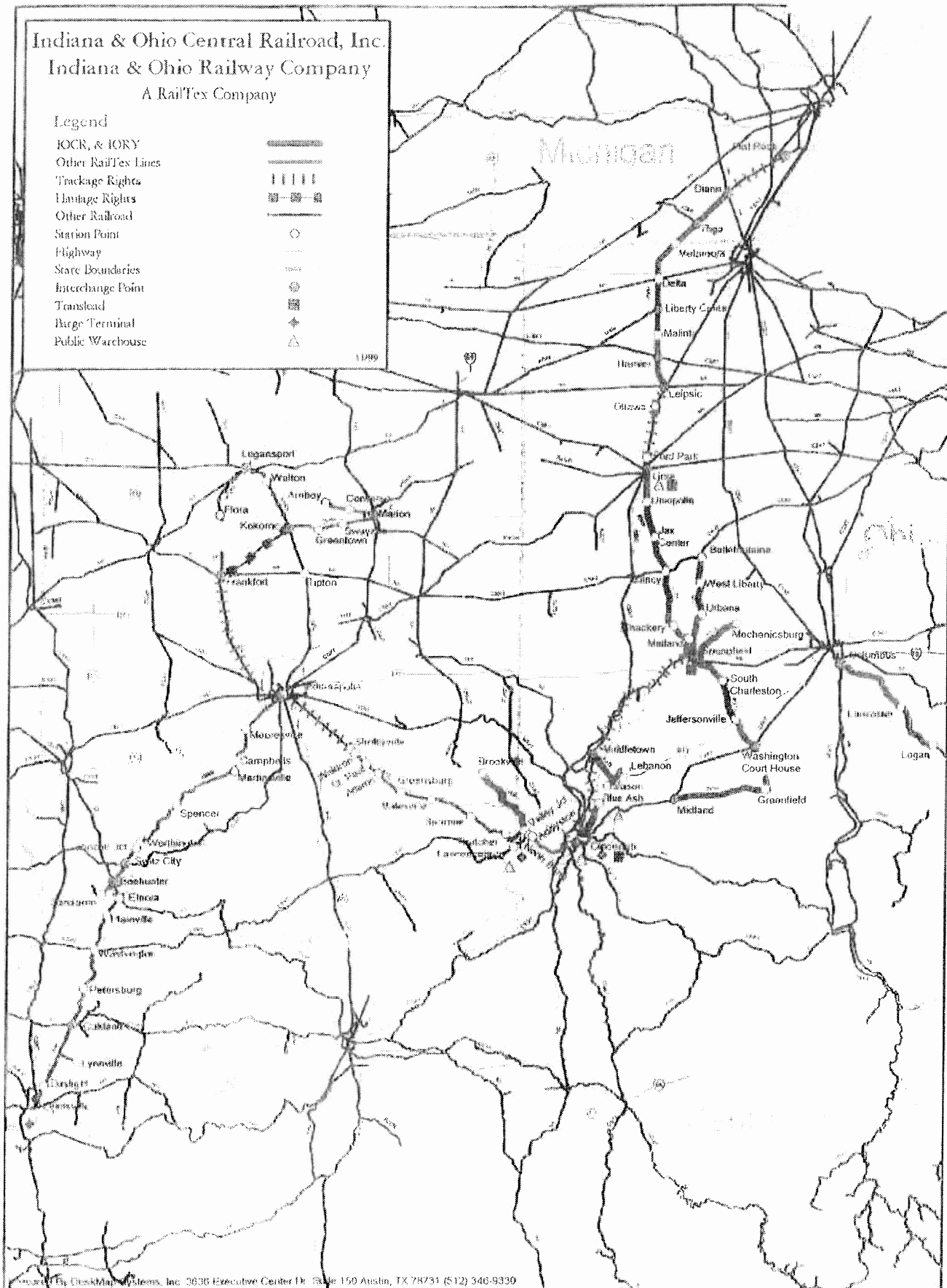
A RailTex Company

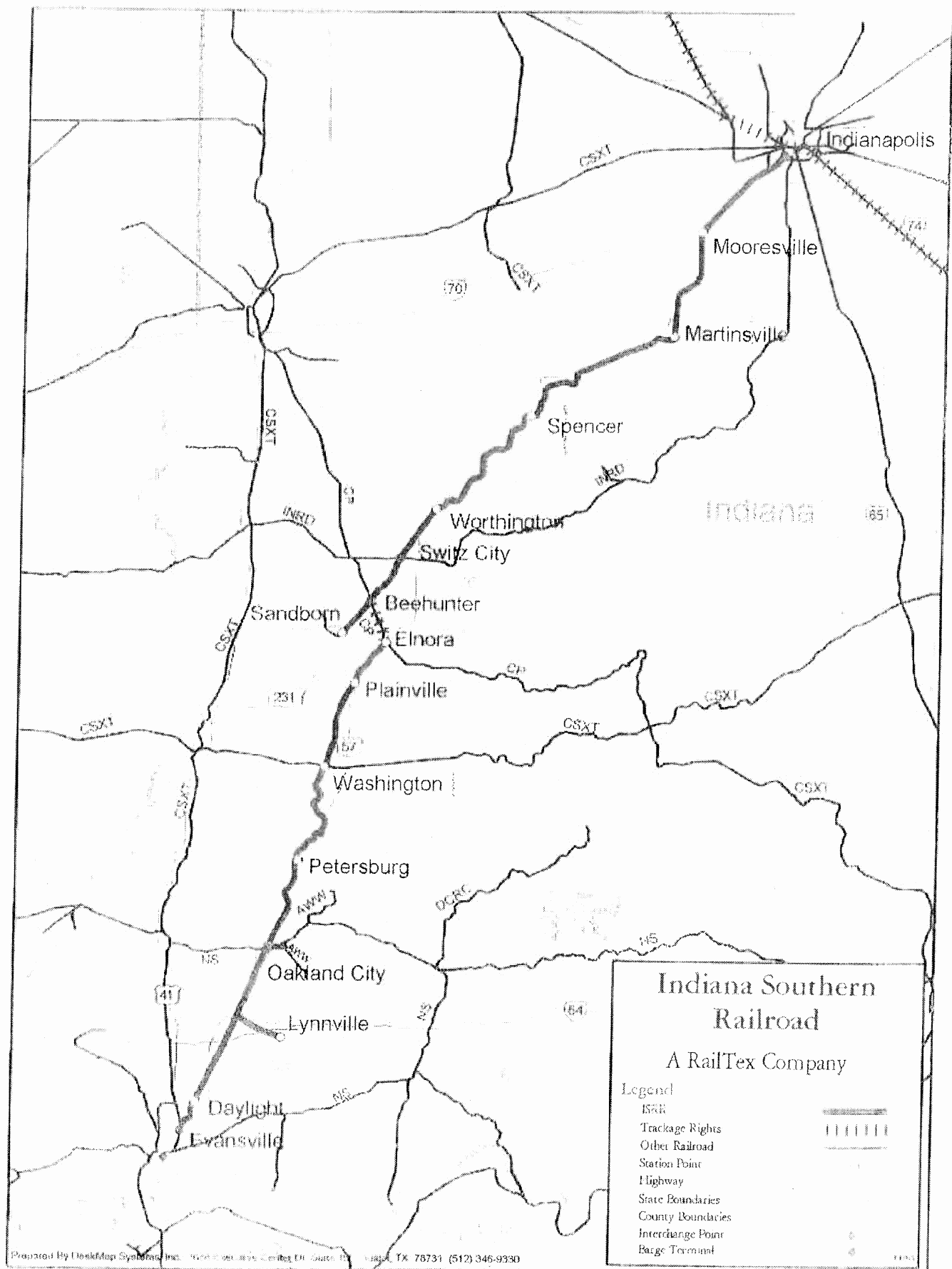
Legend

- IOCR, & IORY
- Other RailTex Lines
- Trackage Rights
- Haulage Rights
- Other Railroad
- Station Point
- Highway
- State Boundaries
- Interchange Point
- Transload
- Barge Terminal
- Public Warehouse

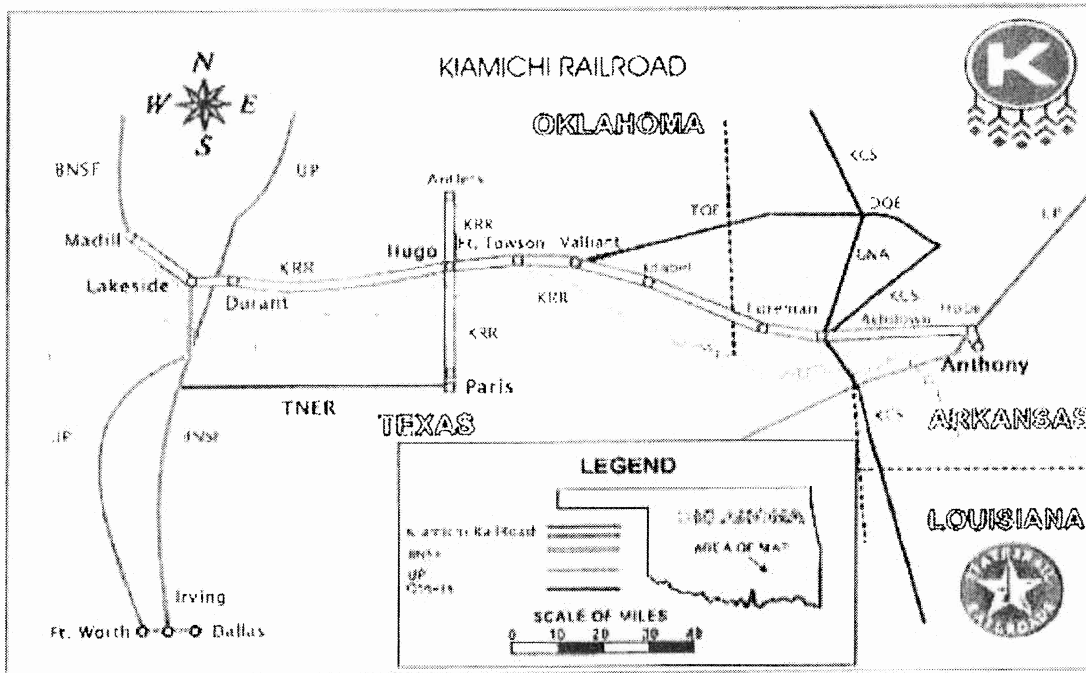


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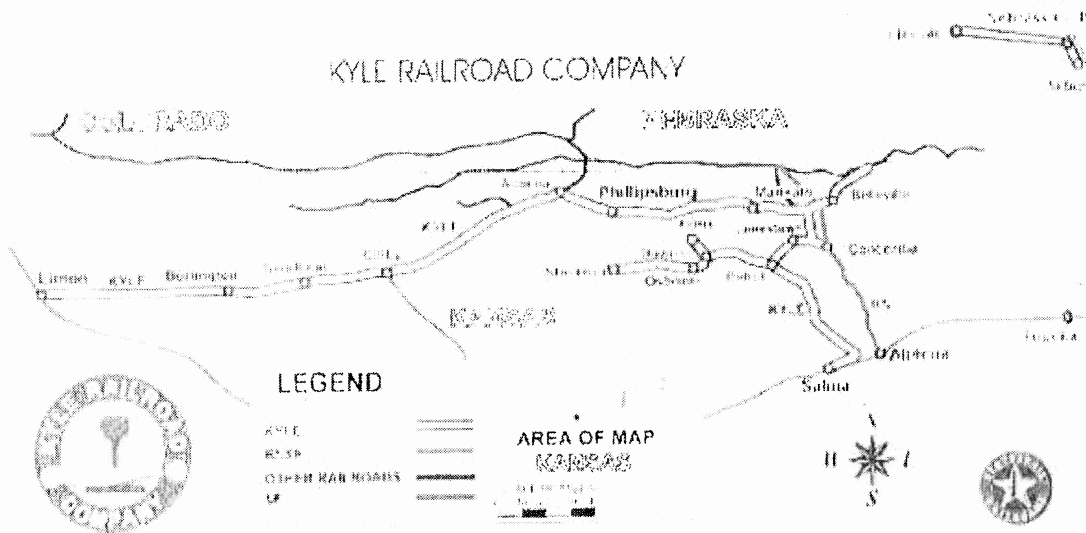




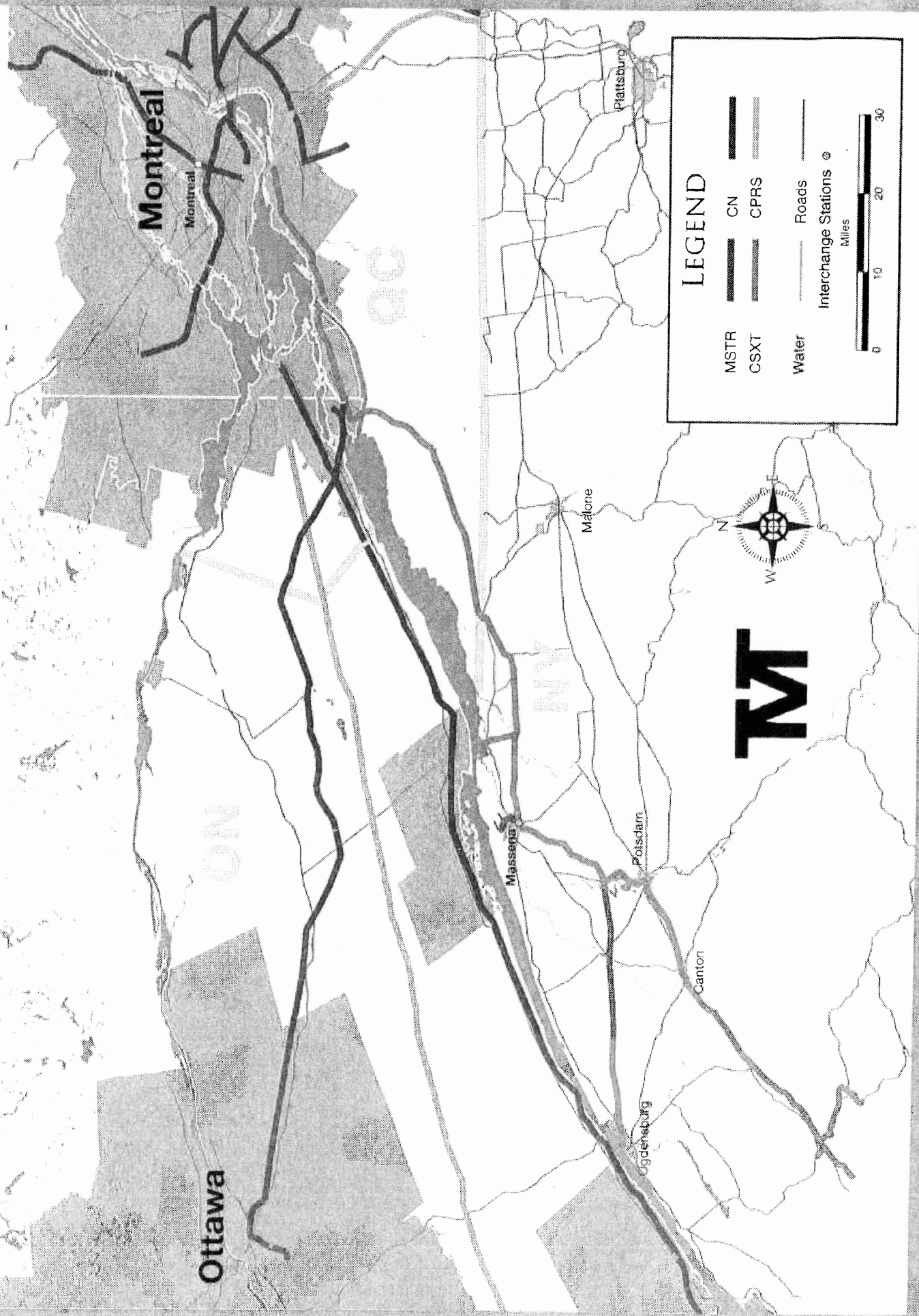
Map of Operations



Map of Operations



Massena Terminal Railroad

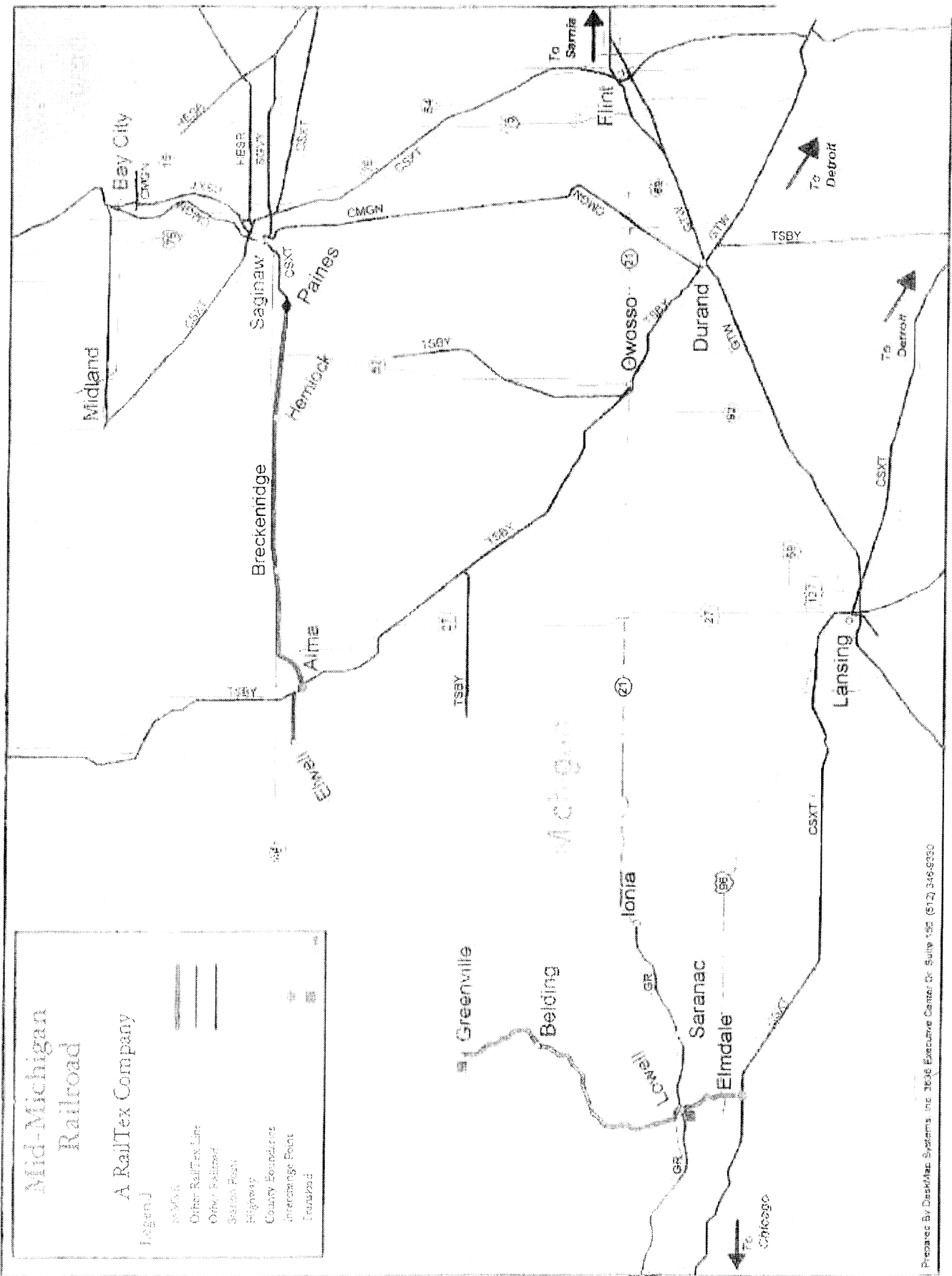


Mid-Michigan Railroad

A RailTex Company

Legend

- MVA
- Other RailTex Line
- Other Railroad
- Station Point
- Highway
- County Boundary
- Interchange Point
- Trestle

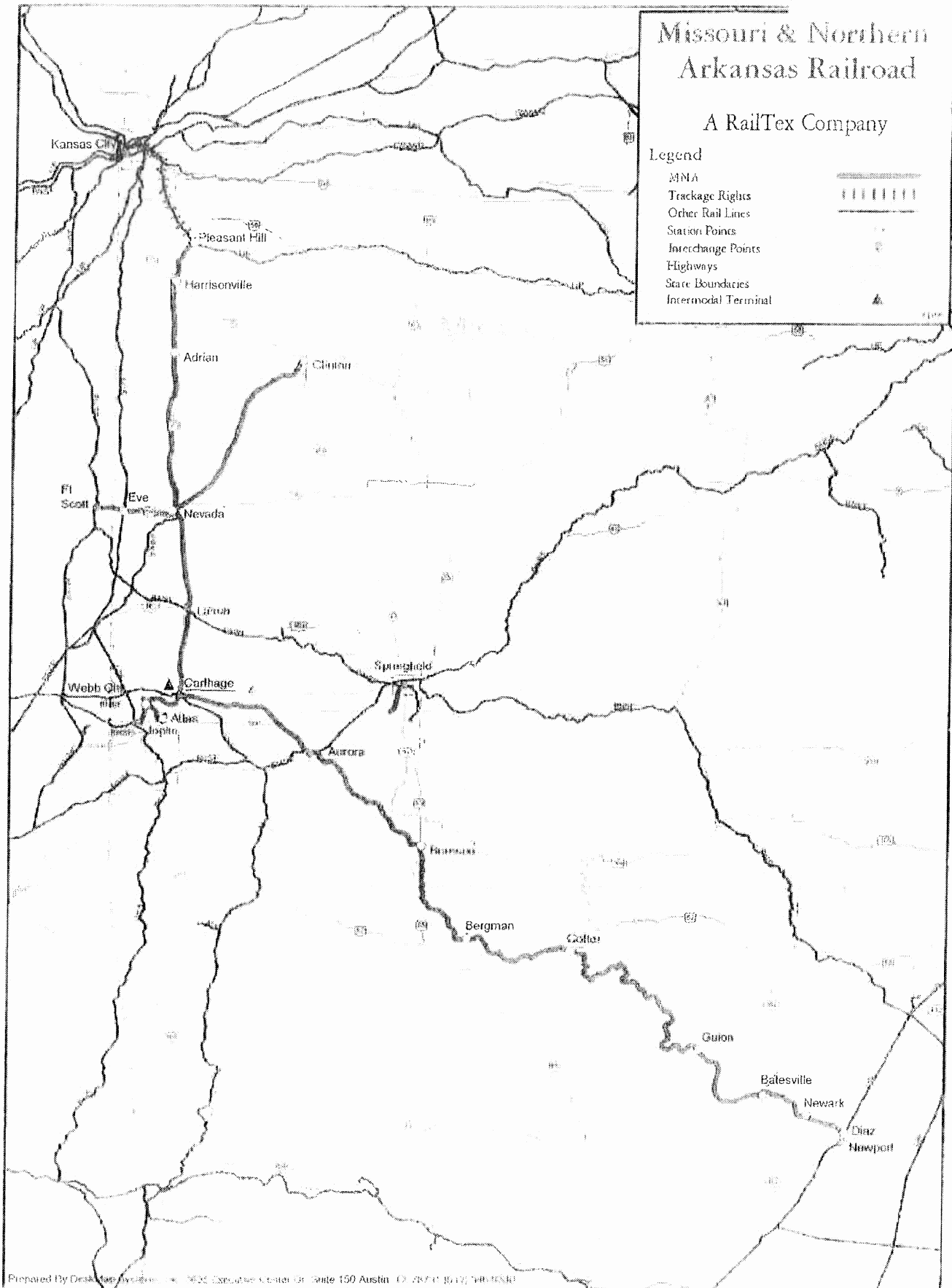
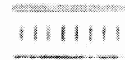


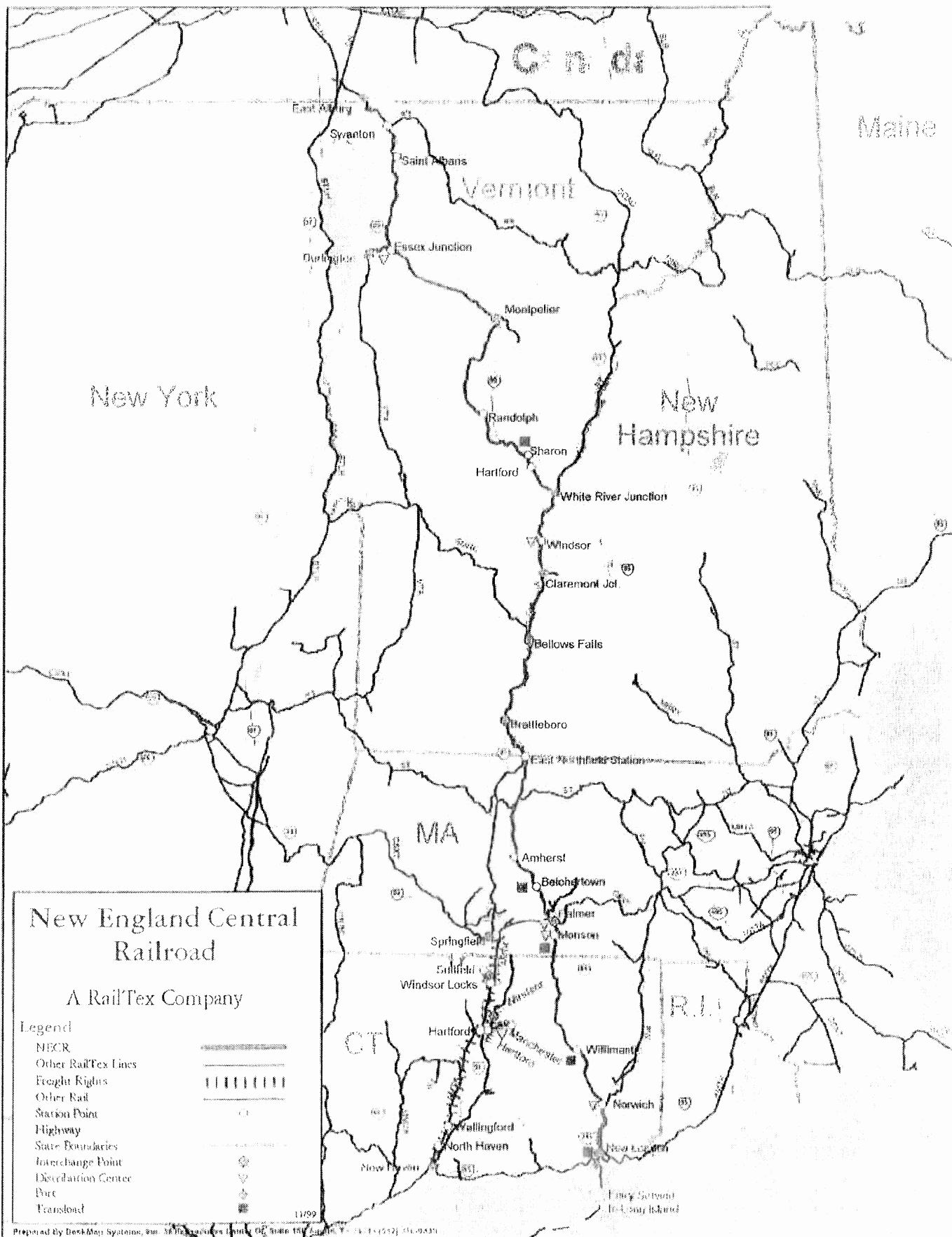
Missouri & Northern Arkansas Railroad

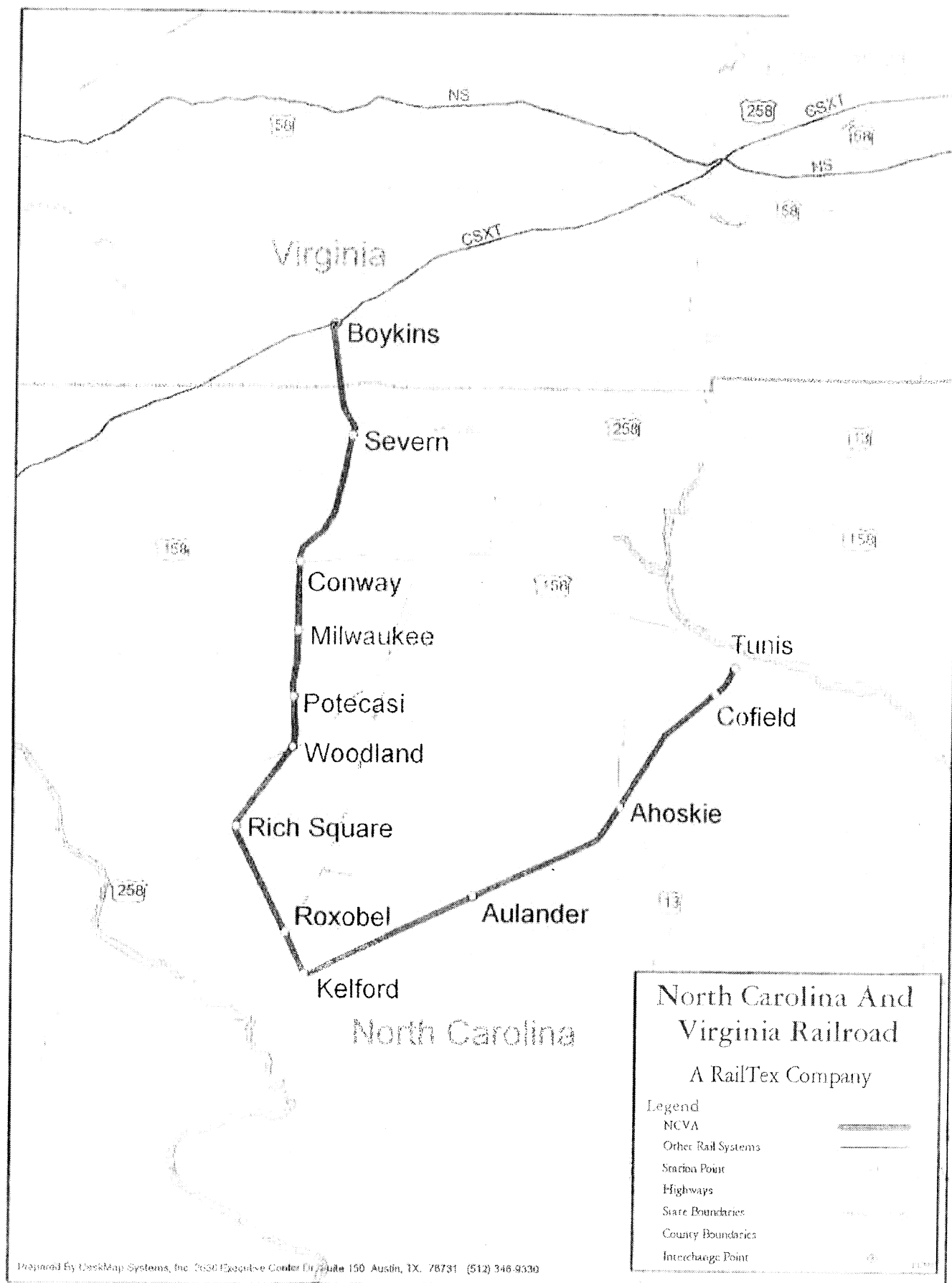
A RailTex Company

Legend

- MNA
- Trackage Rights
- Other Rail Lines
- Station Points
- Interchange Points
- Highways
- State Boundaries
- Intermodal Terminal

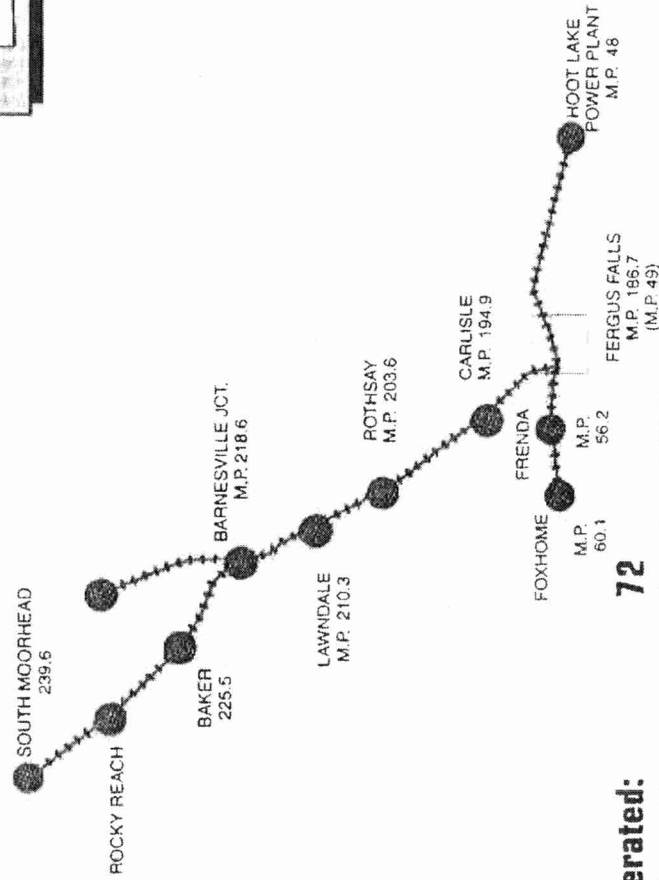
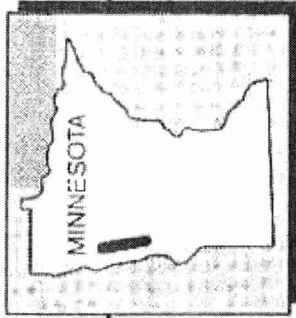




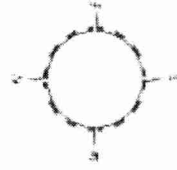


OTTER TAIL VALLEY RAILROAD (OTVR)

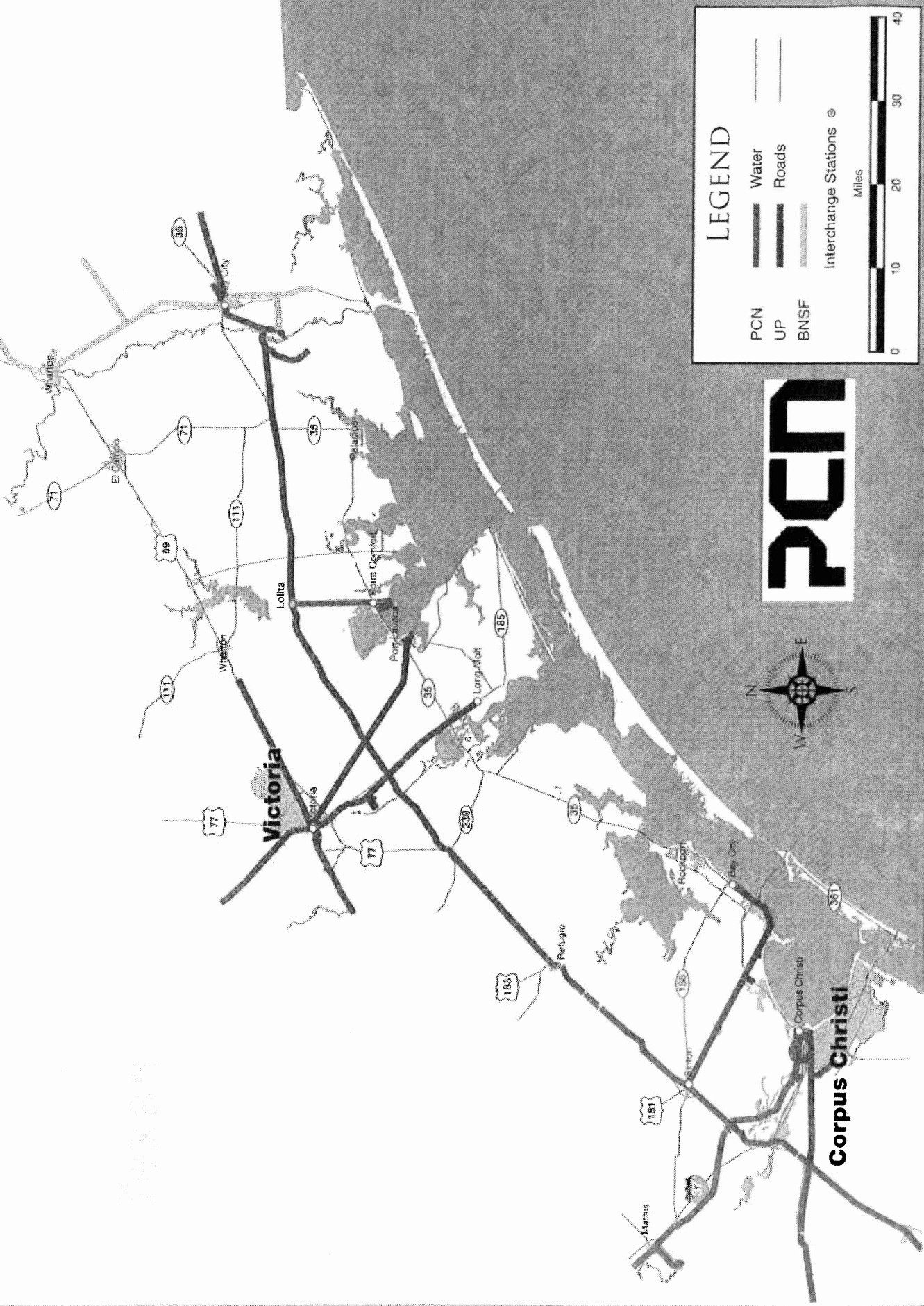
200 North Mill Street
Fergus Falls, MN 56537
800-726-7921 / fax 218-736-7636

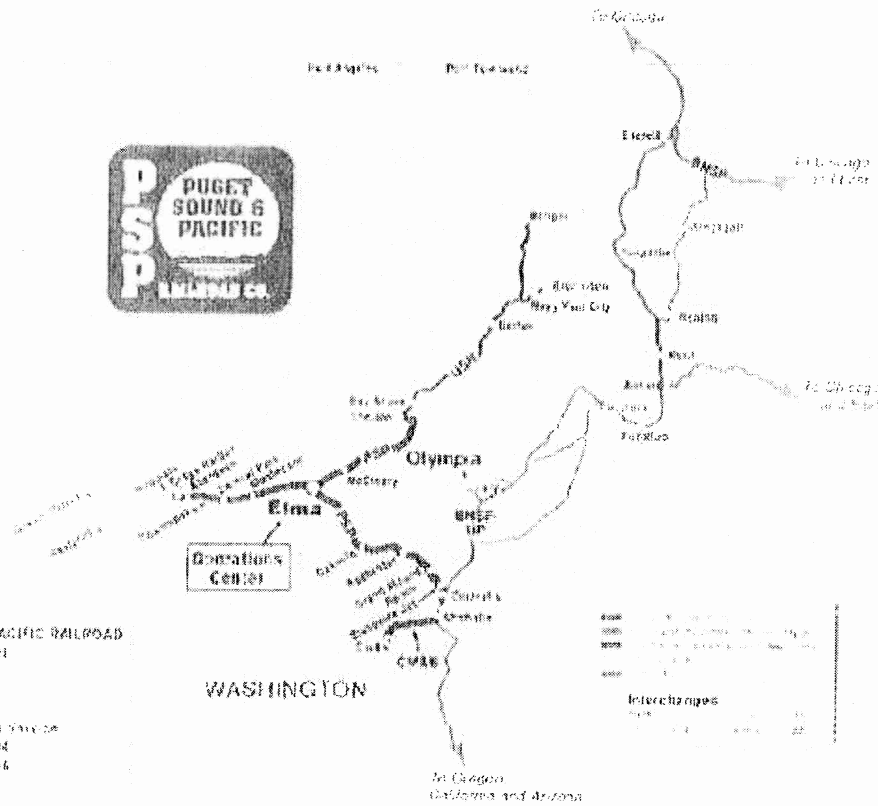


Miles Operated: 72
Started Operations: October 1996
Approx. Annual Carloads: 6,000
Commodities Moved: Coal, grain and fertilizer
OTVR Interchange: BNSF @ Dilworth Yard, (Fargo), MN



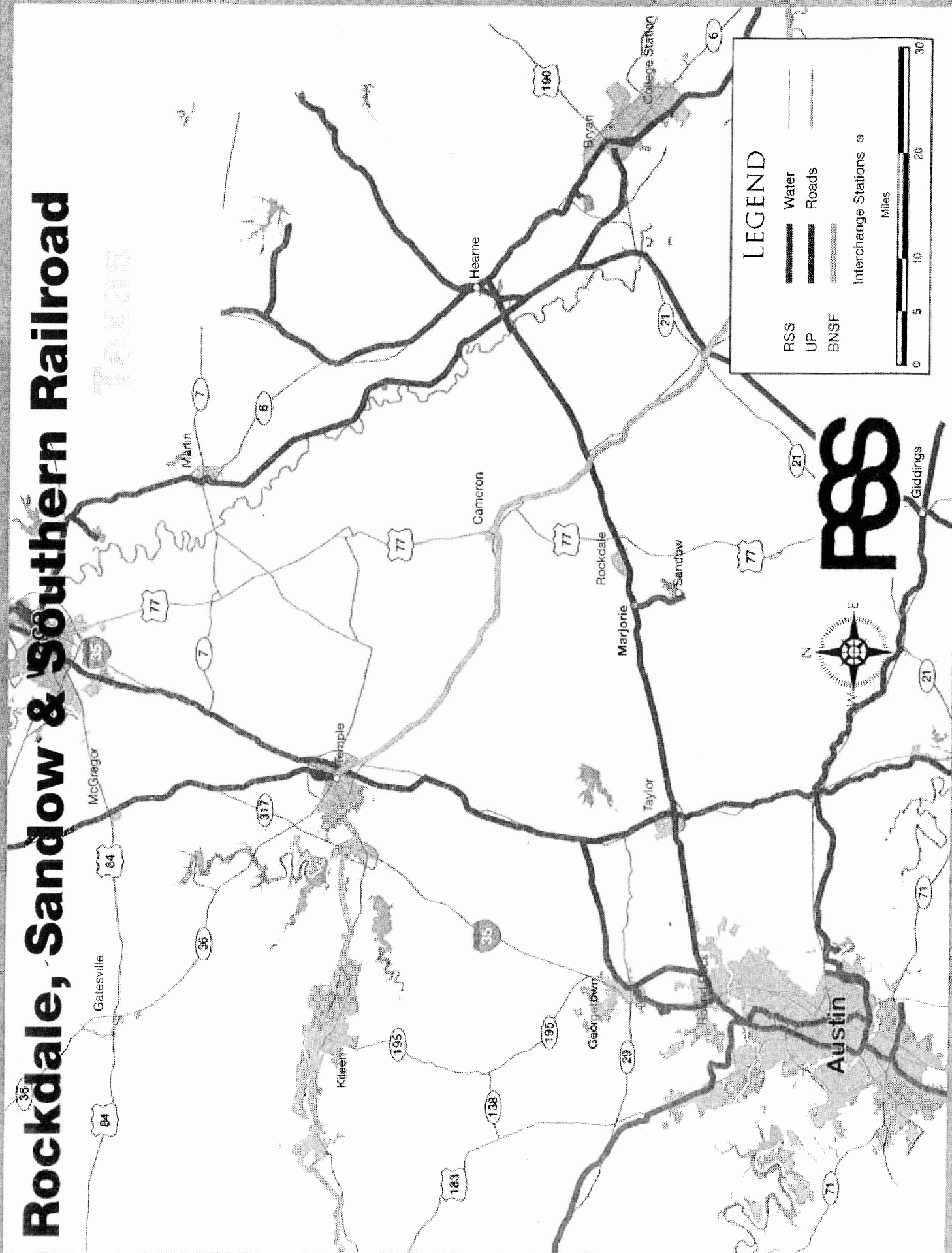
Point Comfort and Northern Railroad





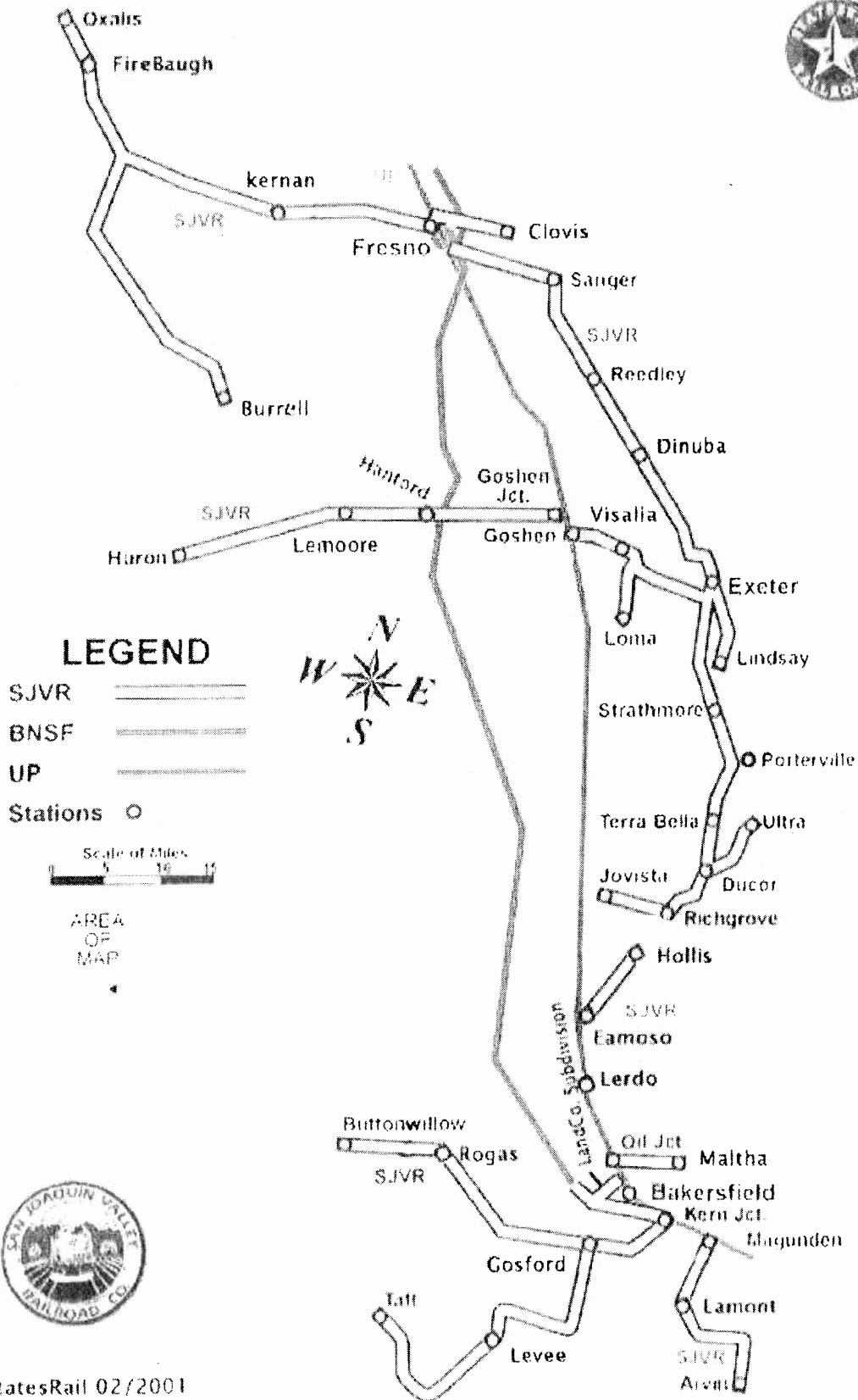
Rockdale, Sandow & Southern Railroad

Texas





Map of Operations



South Carolina Central Railroad

A RailTex Company

Legend

SCSR

Other Rail Systems

Station Point

Highways

State Boundaries

County Boundaries

Interchange Point

North Carolina

Cheraw

Society Hill

Hartsville

Floyd

Darlington

Lydia

Bishopville

Florence

Sumter

South Carolina

Interchange Points

Bloomer Shippers Connecting Railroad
• Chatsworth, IL

Burlington Northern Santa Fe Railroad
• Bushnell, IL
• Canton, IL
• Fort Madison, IA
• Galesburg, IL
• Peoria, IL

Central Railroad Company of Indiana
• Kokomo, IN

Central Railroad Company of Indianapolis
• Kokomo, IN

Central
• East Peoria, IL
• Marion, IN

CSX Transportation
• Reynolds, IN
• Waukegan, IL

Illinois & Midland Railroad
• Peoria, IL (via PPU)
• Peoria, IL (via PPU)

Illinois Central
• Gilman, IL
• Peoria, IL (via PPU)

Indiana Hi-Rail
• Marion, IN (via C&A)

Iowa Interstate Railroad
• Peoria, IL (via PPU)

Kankakee, Beaverville & Southern Railroad
• Peoria, IL
• Peoria, IL
• Peoria, IL

Keokuk Junction Railway
• La Harze, IL

Logansport & East River Shortline Co.
• Logansport, IN (via W&R)

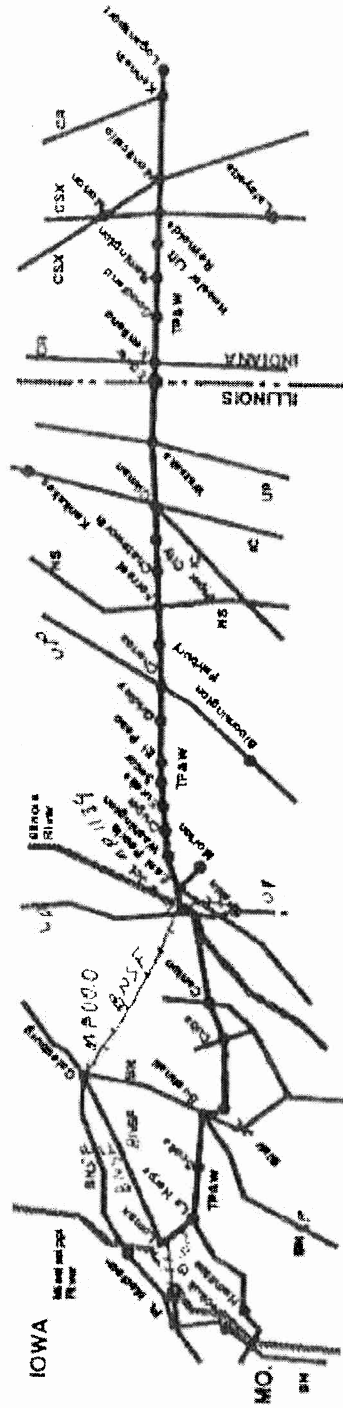
Norfolk Southern Railway
• Farmdale, IL
• Logansport, IN
• Peoria, IL (via PPU)

Peoria and Pekin Union Railway
• East Peoria, IL
• Peoria, IL

Southern Pacific Transportation (S&NW)
• Bushnell, IL
• Chenoa, IL
• Lomax, IL

Union Pacific Railroad
• Somers, IL
• Watseka, IL (MP)

Winamac Southern Railway
• Logansport, IN



Miles Operated: 369

Started Operations:

September, 1999

Approx. Ann. Carloads: 42,000

Commodities Moved:

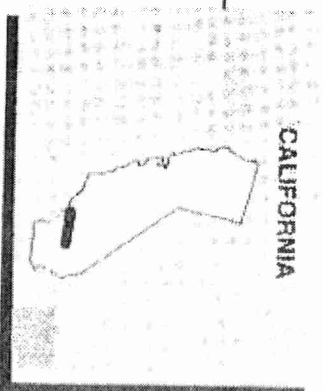
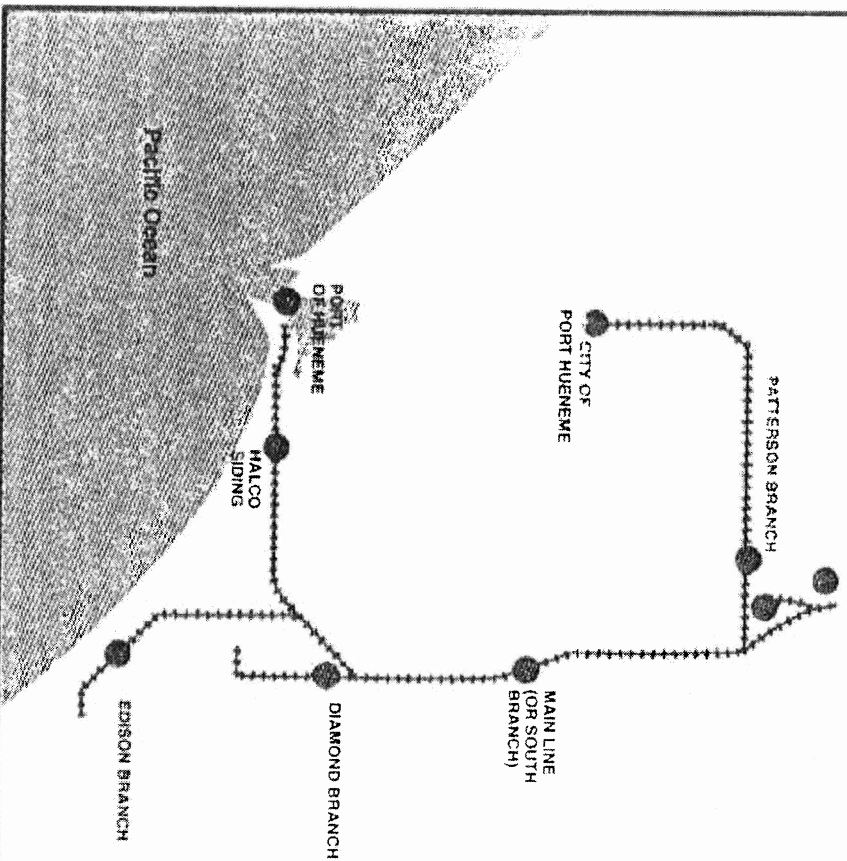
Grain, intermodal, fertilizer, chemicals and general merchandise



TOLEDO, PEORIA & WESTERN

VENTURA COUNTY RAILROAD COMPANY (VCRR)

333 Ponomo
Port Hueneeme, CA 93041
(877) 855-RAIL / fax (805) 488-6517



Miles Operated: 13
Started Operations:
September 1998

Approx.
Annual Carloads: 4,000
Commodities Moved:
Finished automobiles,
chemicals, plastics and
paper products
VCRR Interchange:
UP @ Oxnard, CA

