

CLARK HILL

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September 9, 2019

248448

VIA E-FILING

Cynthia T. Brown
Chief, Section of Administration - Office of
Proceedings
Surface Transportation Board
395 E Street SW
Washington, DC 20024

ENTERED
Office of Proceedings
September 9, 2019
Part of
Public Record

Re: Central Texas & Colorado River Railway, LLC -
Abandonment Exemption -
In McCulloch, San Saba, Mills and Lampasas Counties, TX
STB Docket No. AB-1272X
Notice of Intent to File Offer of Financial Assistance

Dear Ms. Brown:

Pursuant to the Board's decision served August 29, 2019, and the requirements of 49 CFR 1152.27(c)(1)(i), I am submitting this letter on behalf of North Central Railcorp, Inc. ("NCR") as a formal expression of NCR's intent to file an offer of financial assistance ("OFA") to purchase the rail line that is the subject of this abandonment proceeding (the "Line"),¹ and demonstrating that NCR is preliminarily financially responsible as described in the Board's regulations.

NCR is a non-carrier that has been discussing the possible purchase of the Line with the petitioner Central Texas & Colorado River Railway, LLC ("CTXR") and its parent company OmniTrax since prior to CTRX's filing of its petition for abandonment. NCR believes that there is a continued need for rail service on the Line, as reflected in part by the participation of the

¹ The Line is described in the abandonment proceeding as being between a connection with BNSF Railway Company at milepost 0.0 at Lometa, TX, and the end of the line at milepost 67.5 near Brady, TX.

Brady Shippers Group in this proceeding. NCR would either operate the Line directly, or would form a wholly owned subsidiary to acquire and operate the Line.

In order to demonstrate its preliminary financial responsibility, NCR submits the following information:

(1) The preliminary financial responsibility amount is \$1,163,700, as shown by the calculations set forth on the enclosed Exhibit A,² and based on the scrap steel quote enclosed as Exhibit B.

(2) NCR will, within a reasonable time have the financial resources to cover the preliminary financial responsibility amount as shown by its July 31, 2019 bank statement enclosed as Exhibit C showing liquid assets available in excess of 20% of the preliminary financial responsibility amount, and a financing commitment for the balance as shown on the letter enclosed as Exhibit D.

(3) Because it is a non-carrier NCR does not currently carry railroad liability insurance. However, its intended locomotive power supplier has indicated, as shown in the letter attached hereto as Exhibit E, that NCR can be added as an additional insured on the insurance that the supplier carries.

Based on the foregoing, the Board should find that NCR is preliminarily financially responsible.

² Portions of some exhibits have been redacted to protect proprietary and confidential information such as account and policy numbers. NCR is willing to produce unredacted copies if required by the Board and subject to a protective order.

Cynthia T. Brown
September 9, 2019
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As required by 49 CFR §1152.27(c)(1)(i), NCR is submitting a copy of this letter to counsel for CTRX, and the other party of record in this proceeding.

Respectfully,

CLARK HILL PLC



Eric M. Hocky

Attorneys for North Central Railcorp, Inc.

EMH/e

Enclosures

cc: Robert A. Wimbish
Thomas F. McFarland
North Central Railcorp.

EXHIBIT A

PRELIMINARY FINANCIAL RESPONSIBILITY AMOUNT

EXHIBIT A

CALCULATION OF PRELIMINARY FINANCIAL RESPONSIBILITY AMOUNT

Scrap steel price: \$70 per short ton (See Exhibit B)¹

67.5 miles X \$70 per short ton X 132 short tons per mile = \$623,700

67.5 miles X \$4000 X 2 = \$540,000

Total Preliminary Financial Responsibility Amount: \$1,163,700

¹ Although Exhibit B provides an alternative lower quote for “unprepared rail” (not cut into 5 foot segments), NCR is using the higher quote to be conservative.

EXHIBIT B

SCRAP STEEL PRICE QUOTE



1238 Canyon Rd.
PO BX 186
Ash Fork AZ.
86320

To: Tim Tennant
North Central Railcorp, Inc.

Date: September 4, 2019

RE: Declining scrap prices

This letter is to advise you that while conducting business with our scrap buyer DJJ (David J Joseph, and Western Recycling) I was advised that the scrap price values have changed drastically since I first evaluated the scrap value of the CTXR Railroad in and near Brady, Texas.

The current price has dropped to \$70 a short ton for prepared (meaning each piece of rail is cut to 5 feet lengths or less) and for unprepared the price is \$40 a ton (which is how it would be scrapped by AAT).

The numbers listed above are scrap prices only; this does not allow for the rail being salvaged and resold as relay. The relay rail price is affected by graded headwear of rail, scrap values and supply and demand, and a company's ability to stockpile and sit on the rail until a buyer comes or scrap metal prices recover.

Feel free to contact me personally with questions and /or concerns.

Richard Boehm
Engineering/Marketing
(719) 240-7518
www.allamericantrack.com

All American Track Inc – eRailsafe, ISN and BROWZ Certified

EXHIBIT C
NORTH CENTRAL RAILCORP, INC.
BANK STATEMENT

Business Platinum Savings

July 31, 2019 ■ Page 1 of 3



NORTH CENTRAL RAILCORP, INC.
149 HIGH RIDGE TRL SE
RIO RANCHO NM 87124-7298

Questions?

Available by phone 24 hours a day, 7 days a week:
Telecommunications Relay Services calls accepted

1-800-CALL-WELLS (1-800-225-5935)

TTY: 1-800-877-4833

En español: 1-877-337-7454

Online: wellsfargo.com/biz

Write: Wells Fargo Bank, N.A. (585)
P.O. Box 6995
Portland, OR 97228-6995

Your Business and Wells Fargo

Since August 2003, the Wells Fargo/Gallup Small Business Index has surveyed small business owners on current and future perceptions of their business financial situation. View the latest results at wellsfargoworks.com.

Activity summary

Beginning balance on 7/1	\$289,776.96
Deposits/Credits	516.00
Withdrawals/Debits	- 5,500.00
Ending balance on 7/31	\$284,792.96
Average ledger balance this period	\$284,986.63

Account number: **0641341399**

NORTH CENTRAL RAILCORP, INC.

New Mexico account terms and conditions apply

For Direct Deposit use

Routing Number (RTN): **907002109**

For Wire Transfers use

Routing Number (RTN): **021000248**

Interest summary

Interest paid this statement	\$516.00
Average collected balance	\$284,986.63
Annual percentage yield earned	2.15%
Interest earned this statement period	\$516.01
Interest paid this year	\$1,199.54

The Special Pricing interest rate on your account expires 05/21/2020 . At that time, your interest rate changes to the account's standard interest rate. For current standard interest rates on your account, please contact your local banker or call the number listed on your statement.



Transaction history

Date	Description	Deposits/ Credits	Withdrawals/ Debits	Ending daily balance
7/5	* Online Transfer to North Central Railcorp, Inc. Business Checking xxxxxx2674 Ref #1b06Hkfxcg on 07/05/19		5,500.00	284,276.96
7/31	Interest Payment	516.00		284,792.96
Ending balance on 7/31				284,792.96
Totals		\$516.00	\$5,500.00	

The Ending Daily Balance does not reflect any pending withdrawals or holds on deposited funds that may have been outstanding on your account when your transactions posted. If you had insufficient available funds when a transaction posted, fees may have been assessed.

* Indicates transaction counts toward the Regulation D and Wells Fargo savings withdrawal and transfer limit. Except outgoing wire transfers, there is no limit on the number of withdrawals or transfers made in person at an ATM or Wells Fargo location or on any types of deposits. For more information, please refer to your Account Agreement.

Monthly service fee summary

For a complete list of fees and detailed account information, see the Wells Fargo Account Fee and Information Schedule and Account Agreement applicable to your account (EasyPay Card Terms and Conditions for prepaid cards) or talk to a banker. Go to wellsfargo.com/feefaq for a link to these documents, and answers to common monthly service fee questions.

Fee period 07/01/2019 - 07/31/2019	Standard monthly service fee \$15.00	You paid \$0.00
The fee is waived this fee period because the account is linked to a Platinum Business Checking account.		
How to avoid the monthly service fee	Minimum required	This fee period
Have any ONE of the following account requirements		
· Minimum daily balance	\$10,000.00	\$284,276.96 ☒
· The fee is waived when linked to a Platinum Business Checking account		

YQVQ



IMPORTANT ACCOUNT INFORMATION

Effective August 19, 2019, there will be changes to Service fees for Overdraft and Returned Items.

We may assess an overdraft fee for any item we pay into overdraft, and we may assess a returned item fee for any item returned unpaid. We limit our overdraft and/or returned item fees to eight (8) per business day. We will not assess an overdraft or Non-Sufficient Funds/NSF fee on items of \$5 or less. If both your ending daily account balance and available balance are overdrawn by \$5 or less after we have processed all of your transactions, we will not assess an overdraft fee on the items. No overdraft fee will be assessed on ATM and every day (one-time) debit card transactions unless Debit Card Overdraft Service is added to your account.

EXHIBIT D
FINANCING COMMITMENT



5115 Maryland Way STE 125.Brentwood TN 37027

September 6, 2019

North Central Railcorp, Inc.
Mr. Tim Tennant, President & CEO
2003 Southern Blvd. SE, Ste. 102-14
Rio Rancho, NM 87124

Subject: Financing-Central Texas & Colorado River Railway (CTXR)

Dear Mr. Tennant:

We are pleased to inform you of our engagement with North Central Railcorp, Inc. to provide financing for acquisitions within the transportation and railroad industry. Per our executed agreement, Blackstone Private Group, LLC will supply funding, up to 80% of the purchase price with the maximum funding amount per deal equal to \$25 million contingent upon approval through financial diligence and evaluation on a per transaction basis.

Blackstone Private Group and its syndicate of investors have more than a sufficient asset base to finance the Central Texas & Colorado River Railway purchase. We have resources at our disposal which provide us the ability to fund acquisitions well in excess of \$25 million and beyond.

Blackstone Private Group is excited to partner with the experienced management team of North Central Railcorp pertinent to the proposed acquisition of OmniTRAX's Central Texas & Colorado River Railway.

Thank you.

Kindest Regards,

Philip Moreno-Lacalle
Partner
Blackstone Private Group

This is not a Loan Commitment or a Guarantee that a Funding Commitment will be issued.
Any Rates quoted are today's rates.
Rates are subject to change without notice.

EXHIBIT E
INSURANCE AVAILABILITY

Railway Service Contractors, Inc.

8500 E. 155th Street • Grandview, MO 64030

Phone: 816-500-1265 • Fax: 816-331-4803

September 6 2019

Tim Tennant
President
North Central Railcorp
149 High Ridge Trail SE
Rio Rancho NM 87124

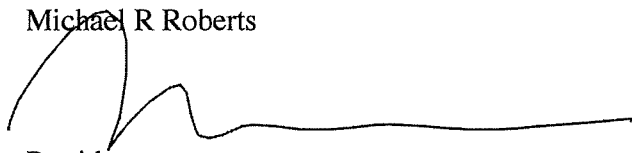
Subject: Certificate of Insurance

Mr. Tennant,

Attached is the certificate of insurance for Railway Service Contractors. As discussed this week, Railway Service Contractors has agreed to list North Central Railcorp as an additionally insured. This will demonstrate NC Railcorps ability to secure insurance to meet the required obligation for submitting an OFA towards the acquisition of the CTXR. Please let me know if you have any questions.

Sincerely

Michael R Roberts



President



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
9/3/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER The Reilly Company LLC 608 Delaware St. P.O. Box 9 Leavenworth KS 66048-0009	CONTACT NAME Karen Lore PHONE (LIC. NO. Etc.) (913) 682-1234 FAX (LIC. NO.) (913) 682-8124 E-MAIL ADDRESS: karen.lore@reillyinsurance.com INSURER(S) AFFORDING COVERAGE INSURER A: Hartford INSURER B: Cincinnati Specialty Underwriters INSURER C: Midwest Builders Casualty Mutual Company INSURER D: RSUI Indemnity Company INSURER E: INSURER F:
INSURED Railway Service Contractors, Inc. 8500 N 155th Street Grandview MO 64030	NAIC # 29424

COVERAGES CERTIFICATE NUMBER: 2019 Master REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

ITEM	TYPE OF INSURANCE	DATE (MM/DD/YYYY)	POLICY NUMBER	POLICY EFF. DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS
A	☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIM-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☒ PRO-JECT ☒ LOC ☐ OTHER	X	Y	21090828000	7/1/2019 7/1/2020	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (PER OCCURRENCE) \$ 300,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMPOUND AGG \$ 2,000,000
A	AUTOMOBILE LIABILITY ☒ ANY AUTO ☐ ALL OWNED AUTOS ☒ HIRED AUTOS ☐ SCHEDULED AUTOS ☒ NON-OWNED AUTOS			21090828000	7/1/2019 7/1/2020	COMBINED SINGLE LIMIT (PER ACCIDENT) \$ 1,000,000 BODILY INJURY (PER PERSON) \$ BODILY INJURY (PER ACCIDENT) \$ PROPERTY DAMAGE (PER ACCIDENT) \$
B	☒ UMBRELLA LIAB ☐ EXCESS LIAB ☐ RETENTION \$	X	Y	21090828000 (\$5,000,000)	7/1/2019 7/1/2020	EACH OCCURRENCE \$ 8,000,000 AGGREGATE \$ 8,000,000
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETORS/PARTNERS/EXECUTIVE OFFICERS/CLERICAL EXCLUDED? (Specify in 100) If yes, describe limit/DESCRIPTION OF OPERATIONS below	Y/N	N/A	21090828000 (\$3,000,000)	7/1/2019 7/1/2020	☒ BEN ☐ STATUTE ☐ OPT-EN EL EACH ACCIDENT \$ 1,000,000 EL DISEASE - EA EMPLOYEE \$ 1,000,000 EL DISEASE - POLICY LIMIT \$ 1,000,000
A	Licensed/Rented Equipment			21090828000	7/1/2019 7/1/2020	Limit \$100,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Union Pacific Railroad Company and Andrew Holloway, LLC are additional insureds as respects General Liability and Umbrella Liability as their interest may appear under the Agreement and Consent to Joint Use of this contract. Waiver of Subrogation applies as allowed by law. \$3,000,000 extends to follow from Over CSU \$5,000,000.

CERTIFICATE HOLDER

Union Pacific Railroad Company Real Estate Department, Folder 08109-67 1400 Douglas Street Stop 1630 Omaha, NE 68179	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE Robert Denzel/KAREN L. [Signature]
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ACORD 25 (2014/01)
IN5025 (201401)

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