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BEFORE THE
SURFACE TRANSPORTATION BOARD

ORIGINAL

Finance Docket No. 34335

KEOKUK JUNCTION RAILWAY COMPANY—FEEDER RAILROAD DEVELOPMENT
APPLICATION—LINE OF TOLEDO, PEORIA & WESTERN RAILWAY CORPORATION
BETWEEN LA HARPE AND HOLLIS, IL

PETITION FOR RECONSIDERATION
PETITION TO WAIVE PAGE LIMIT
REQUEST FOR ORAL ARGUMENT

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November 24, 2004

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Re: Analysis of Conveyances Deemed Easements in Opinion Letter, dated October 28, 2003, from Brian D. Mooty Regarding the Matter before the Surface Transportation Board, Finance Docket No. 34335

Dear Mr. Laakso:

RailAmerica, Inc., a noncarrier holding company ("RailAmerica"), has retained Wildman, Harrold, Allen & Dixon LLP as special counsel in connection with the Toledo, Peoria & Western Railway Corporation's appeal to the Surface Transportation Board ("STB") of the decision that the STB rendered on October 28, 2004, in STB Finance Docket No. 34335, KEOKUK JUNCTION RAILWAY COMPANY – FEEDER LINE ACQUISITION – LINE OF TOLEDO PEORIA AND WESTERN RAILWAY CORPORATION BETWEEN LA HARPE AND HOLLIS, IL (the "Decision"). Specifically, you have asked us to analyze the conveyance documents contained in the Addendum to the Verified Statement of Todd N. Cecil, Addendum to Toledo, Peoria and Western Railway Corporation Comments in Opposition to Application Filed under 49 C.F.R. § 1151 (the "Addendum") characterized in the Mooty Letter (as defined below) as grants of easements to determine whether fee simple title or an easement was conveyed to Toledo, Peoria & Western Railway Corporation or its predecessors (collectively, "TP & W"). Unless we have stated otherwise in this letter, we have used all terms as defined in the Decision.

Qualifications

Jeffrey P. Gray and Scott R. Borstein have had the primary responsibility for the analysis of the conveyance documents. Mr. Gray has been a partner at Wildman, Harrold, Allen & Dixon LLP, a law firm based in Chicago, Illinois, since 1991, having joined the firm as an associate attorney in 1986. His practice includes a concentration in real estate. He represents buyers and sellers of real estate, real estate developers and banks, securitized lenders and commercial finance companies. The specific types of real estate include office, retail, residential, industrial, agricultural and railroad. His involvement on behalf of clients extends to title, survey and environmental and appraisal reports analysis, and the structuring, preparation and negotiation of purchase/sale, construction, architect, lease, reciprocal easement, joint venture, subdivision and development agreements. Mr. Gray has experience in railroad real estate matters, having represented CSX Transportation for over 10 years, as well as assisting clients with acquiring properties from Conrail, Union Pacific and Chicago & Northwestern, which Union Pacific has



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since acquired. For some of these acquisitions, the firm has analyzed ownership of rights-of-way by searching county records back to originating deeds to determine whether a quitclaim deed from the railroad would convey fee simple title.

Mr. Gray was admitted to the Illinois bar and the Northern District of Illinois in 1984. He received his J.D., *cum laude*, from Northwestern University School of Law in 1984 and is a member of the Order of the Coif. He earned his B.A., with Distinction, in History from Indiana University in 1981 and is a member of Phi Beta Kappa. He is a member of the American Bar Association, including its Real Property, Probate and Trust Section, and the Illinois State Bar Association, including its Real Estate Section.

Mr. Borstein, also a partner at Wildman, Harrold, Allen & Dixon LLP, heads the firm's Land Use and Zoning Practice Group and concentrates his practice in zoning, land use and real estate transactions. Mr. Borstein has acted as land use counsel for the developers of over 10 million square feet of property throughout the Chicagoland area. In addition, Mr. Borstein possesses significant experience in a broad range of real estate matters, including the acquisition and disposition of commercial properties and the negotiation of construction and financing documentation and lease agreements. Mr. Borstein also has experience in railroad real estate matters, having assisted in several projects in Illinois and Indiana which involved development over railroad property.

Mr. Borstein was admitted to the Illinois bar and the Northern District of Illinois in 1988. He was admitted to the California bar in 1992. He received his J.D. from Georgetown Law School, where he was the associate editor of the Georgetown Immigration Law Journal. He earned his B.A., *cum laude*, in Political Science from Miami University in 1985. He is a member of the Illinois and California State Bar Associations.

None of Mr. Gray, Mr. Borstein or Wildman, Harrold, Allen & Dixon LLP has represented RailAmerica, TP & W, or any of their affiliates prior to this engagement.

Documents Reviewed

In connection with and for purposes of rendering this opinion, we have examined:

1. the Addendum,
2. the Opinion Letter, dated October 28, 2003, from Brian D. Mooty of Kavanagh, Scully, Sudow, White & Frederick, P.C., to Daniel A. LaKemper, and included in REPLY OF KEOKUK JUNCTION RAILWAY CO. SUPPORTING FEEDER



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RAILROAD DEVELOPMENT APPLICATION VOLUME 2 of 2 EXHIBITS ALL
PUBLIC VERSION MATERIALS in Finance Docket No. 34335 (the "Mooty
Letter"; Exhibit A to the Mooty Letter is referred to as the "Mooty Chart");

3. the Decision; and,
4. such other documents as we deemed relevant when evaluating the intent of the deeds and other conveyance documents in the Addendum (each a "Deed" and collectively, the "Deeds").

Additionally, we have relied upon the Constitution and Statutes of the State of Illinois and federal tax laws for the applicable time periods and case law from Illinois and other jurisdictions in conducting our analysis.

For ease of reference, we have followed the format and groupings of the Mooty Letter, except as noted below. Additionally, where we refer to Deeds by page numbers, we are referring to the Addendum, and where we refer to Deeds by column, we are referring to the Mooty Chart.

Assumptions Relied Upon

In rendering the opinions expressed below, we have based our opinions on the following assumptions, without independent verification, and without reason to believe the following matters are not true and correct:

1. the Deeds submitted to us as copies conform identically to authentic original executed documents and the signatures appearing thereon are genuine;
2. the Deeds were duly executed by authorized legally competent persons;
3. TP & W had full and proper authority to receive any real property interest, including fee simple title or lesser estates, which may have been conveyed in the Deeds;
4. no Deed was in breach of other agreements that bound TP & W, nor did any Deed violate any law that bound TP & W at the time of conveyance;
5. TP & W satisfied all conditions precedent to the effectiveness of each Deed; and,



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6. each Deed is enforceable according to its terms and conditions.

Opinions Regarding Nature of Property Interest Conveyed by the Deeds

As it appears that the STB agreed with TP & W's and Mr. Mooty's conclusions in the Mooty Letter that TP & W holds fee simple title to the properties described in the Deeds identified in Rows 3, 5, 7, 10, 11, and 12 of the Mooty Chart, we have not analyzed these Deeds and do not render any opinion regarding these Deeds.

We render no opinion as to the interest conveyed in Deed 4 as the grantee is not a railroad. Additionally, we are unable to analyze the Deed in Row 17 because the conveyance language is not included in the Addendum.

We agree it is more likely than not that the Deeds in Rows 8 and 9 granted easements. The grants in Rows 8 and 9 were only in force during the existence of the Grantee corporation. The best information we have available to us indicates that the named Grantee in the Deeds in Rows 8 and 9, the Mississippi and Wabash Railroad Company, ceased to exist in 1865 and that TP & W acquired the assets to operate the Line in 1887. Accordingly, we note that it is possible that TP & W may have acquired fee simple title through adverse possession, but we have not been asked to determine whether this is the case and we are unable to do so with the limited facts at hand.

The grant in the Deed in Row 15 was "for so long as used for Railway purposes." We are unable to conclusively determine whether this is a grant of defeasible fee simple title or an easement. If it is a defeasible fee, the Reverter Act, 765 ILCS 330/4 (2004), extinguished any right of reversion in the original grantor "forty years after the date of creation of condition of possibility of reverter" and converted it to a fee simple grant.

Based upon the assumptions described above and subject to qualifications set forth later in this letter, we believe that the Deeds in Rows 1, 2, 6, 13, 14, 16 and 18 identified in the Mooty Letter as conveying only an easement actually conveyed marketable fee simple title to TP & W.

I. Deeds Listed in Rows 1 and 2 of the Mooty Chart.

The Deeds listed in Rows 1 and 2 generally contain the same form language identified in the Mooty Letter as support for the conclusion that the documents conveyed easements. These Deeds also contain other language, however, more indicative of a grant of a fee than an easement. With few exceptions, the Deeds in Row 1 are copies of the handwritten Deeds as



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recorded in the tract index, and the Deeds in Row 2 are actual copies of the preprinted form that were filled in for each transaction. The exceptions are as follows:

1. the Deed on page 101 of the Addendum, which appears in Row 2 of the Mooty Chart, is a handwritten record from the tract index and as such should be grouped with the other handwritten records in Row 1;
2. the Deed on page 103 of the Addendum, which appears in Row 1 of the Mooty Chart, is a preprinted form and as such should be grouped with the preprinted forms in Row 2; and,
3. the Deed on page 107 of the Addendum, which appears in Row 1, is a handwritten deed involving the Mississippi and Wabash Rail Road Company, which belongs more properly in Row 9.

Almost without exception, the granting clauses of these Deeds follow the same format:

. . . Grantor [and spouse, if applicable], "grant, bargain and sell unto [TP & W], its successors and assigns, all that part of the following described real estate, situated in . . .[county], in the state of Illinois, which is occupied and used by the said Railway, [legal description].

They are followed by the *habendum* clause:

To have and to hold the same, together with all of the rights, privileges and appurtenances thereunto belonging, or proper to the operation of said Railway, to the said Railway Company, its successors and assigns forever.

The body of these Deeds concludes with an express waiver by the grantor(s) of any homestead right or exemption in the property conveyed:

[Grantor(s)] hereby expressly and absolutely waive and release all right and claim which [he/she/they] may have in and to said premises, as a Homestead Exemption under and by virtue of the Act of the General Assembly of the State of Illinois, entitled "An Act to Exempt Homesteads from sale on executions," approved February 11, A.D. 1851, and the supplement thereto, entitled "An



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Act to amend an act to exempt Homestead from sale on executions," approved February 17, 1857, or under any other law now existing, or which may hereafter be in force in said State of Illinois, in relation to the same subject."

Finally, the vast majority of these Deeds contain indicia that the grantors paid the federal stamp tax applicable at that time.

When read in their entirety, it is our conclusion that the Deeds in Rows 1 and 2 conveyed marketable fee simple title to TP & W and not just an easement. Key to this analysis is a well-established principle stated on many occasions by the Illinois Supreme Court: "In construing deeds . . . the cardinal and all-important rule is to ascertain the intention of the parties . . . , and its purpose, if legal, should be carried into effect so as not to defeat the manifest intention, and every word within the instrument should be considered and, if possible, given effect." *Keen v. Cleveland, Cincinnati, Chicago & St. Louis Ry. Co.*, 392 Ill. 362, 368, 64 N.E.2d 499, 502 (1945). Our analysis follows.

A. The Granting Clause

When examining the Deeds in Rows 1 and 2, it is important to note that the grantors conveyed "all that part of the following described real estate." They did not convey a "right of way" or the "right to use." "A deed conveying a definite 'parcel' or 'strip of land' without language limiting the estate granted shall be deemed to have granted a fee simple estate." *Urbaitis v. Commonwealth Edison*, 143 Ill. 2d 458, 467, 575 N.E.2d 548, 552 (1991) (citing *Keen*).

The Deeds in Rows 1 and 2 conveyed "all that part" – all of the bundle of rights associated with the property described. The nature of the estate conveyed was not lessened by the phrase "which is occupied and used by the said Railway." Rather, these words were merely descriptive of which land the grantor was conveying and supplemented the legal description. In *Sowers v. Illinois Central Gulf Railroad Co.*, the court concluded that language in the deed conveying "the said strip of land, ___ feet in width, being the same on which the said party of the second part has surveyed and located, and are about to construct their Railroad, as the same has been surveyed and located" conveyed a fee simple title because "these words 'refer not to the estate conveyed, but to the location and description of the land.'" 152 Ill. App. 3d 163, 169, 503 N.E.2d 1082, 1086 (Ill. App. 5th 1987) (citing *Keen v. Cleveland, Cincinnati, Chicago & St. Louis Ry. Co.*, 392 Ill. 362, 372, 64 N.E.2d 499, 504 (1945)); see also *Penn Central Corp. v. Commonwealth Edison Co.*, 159 Ill. App. 3d 419, 512 N.E.2d 118 (Ill. App. 3d 1987) (concluding deed conveyed fee simple title).



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The *Tallman* line of cases cited in the Mooty Letter established many of the same principles of construction, but interpreted granting clauses in deeds with significantly different language when reaching the conclusion that the deeds merely conveyed easements. The Illinois Supreme Court interpreted deeds that purported to "convey and warrant . . . [to Railroad Company] . . . as and for its right of way." *Tallman v. Eastern Ill. & Peoria R.R. Co.*, 379 Ill. 441, 443, 41 N.E.2d 537, 539 (1942) (emphasis added); see also *Walker v. Ill. Cent. R.R. Co.*, 215 Ill. 610, 84 N.E. 812 (1905)). These cases were trying to reconcile the seeming contradiction between the words "convey and warrant," which were generally thought to refer to a fee simple conveyance, with the use of the phrase "right of way" in describing within the granting clause the property interest conveyed. The granting clauses in the Deeds identified in Rows 1 and 2, however, do not contain any such language limiting the type of estate conveyed.

B. The *Habendum* Clause

The language of each *habendum* clause - "all rights, privileges and appurtenances thereunto belonging, or proper to the operation of said Railway, to the said Railway Company, its successors and assigns forever" - was not necessarily more indicative of an easement than the language in the granting clause. Taking the least favorable interpretation, this language is possibly ambiguous on the issue of intent.

The Illinois Supreme Court in *Tallman* recognized that a *habendum* clause should be reviewed to determine *whether* it limited the estate conveyed in a granting clause; the Court did not state the mere existence of a *habendum* clause is conclusive evidence that the estate was in fact limited.

The approach in *Tallman* supports the conclusion that the *habendum* clauses in these Deeds affirm that the fee simple title was conveyed. The use of the disjunctive word "or" instead of the conjunctive "and" indicates that the phrase "proper to the operation of said Railway" was not meant to be limiting. These *habendum* clauses did not prescribe the use of the land conveyed. Indeed, the *Sowers* Court concluded that similar language indicated that "the grantee is to have sole use and benefit of the property forever rather than that there exists a sole use to which the grantee must put the land conveyed." 152 Ill. App. 3d at 169, 503 N.E.2d at 1087. Unlike other deeds which explicitly limited the conveyed land "to be used for road purposes" or "to be used solely for," the Deeds in Rows 1 and 2 "contain[ed] no such words prescribing the use of the land conveyed, and thus, fail[ed] to disclose a similar intention to limit the estate granted to an easement." *Sowers*, 152 Ill. App. 3d at 169, 503 N.E.2d at 1087. These words in the Deeds in Rows 1 and 2 of the Mooty Chart were not limiting the use of the property conveyed and were quite possibly merely descriptive of the appurtenances already attached to the land or recognizing the existing or intended use of the property.



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C. The Homestead Exemption

The overwhelming majority of the Deeds in Rows 1 and 2 included the waiver of the homestead exemption language described above. Section 1 of the Illinois Homestead Act of 1851, as amended in 1857 ("the Act"), exempted from seizure and forced sale on execution of a judgment at law, "the lot of ground and the buildings thereon occupied as a residence, and owned by the debtor, being a householder, and having a family, to the value of one thousand dollars." ILL. COMP. STAT., ch. 37, para. 1, p. 576 (1858). The legislature intended the remedial Act to protect a debtor's home from creditors. See *Deere v. Chapman*, 25 Ill. 498, 610 (1861).

If the grantors truly intended to grant only easements to TP & W, then the waivers of the rights under the Act would have been mere surplusage because a homestead right will only protect any estate in land capable of being seized and sold on execution on a judgment at law. See ILL. COMP. STAT., ch. 37, para. 1, p. 576 (1858). The United States Supreme Court, however, has recognized that a railroad right of way is not an estate "capable of being sold on execution on a judgment at law." *East Ala. Ry. Co. v. Doe*, 114 U.S. 340, 350 (1885). Therefore, the homestead right could not have attached to an easement. The only interpretation of the waiver of homestead rights that does not render it mere surplusage, which Illinois law disfavors, is to conclude that the grantors' waivers provide further evidence of the intent to convey fee simple title.

Our research did not yield any discussion in Illinois of the intertwining of the waiver of homestead rights with a determination of what type of estate was being conveyed. Some cases, including *Tallman*, involved the interpretation of deeds that included the waiver, but the courts did not discuss the waiver when deciding whether the grantor conveyed a fee or an easement. The Act did, however, require the signature of a householder's wife, if he had one, as a condition to the alienation of the homestead. Sess. Laws Feb. 17, 1857, p. 119, Sect. 1 (the Amendatory Act to Homestead Act of 1851). The Arkansas Supreme Court has concluded that "a right of way is an easement, not a title, and it may be granted over a homestead without the concurrence of [the householder's] wife. Thus, the clear implication [from the wife's concurrence in the homestead waiver] is that [the householder and his wife] intended to convey a fee simple title rather than an easement." *Coleman v. Missouri Pac. R.R. Co.*, 745 S.W.2d 622, 624 (Ark. 1988). The waiver of homestead rights included in the Deeds in Rows 1 and 2 is further evidence that the grantors intended to convey marketable fee simple title.

Additionally, the fact that over 80% of the grantors in the Deeds in Rows 1 and 2 were husbands and wives and that the wives signed the Deeds is even further indicia that they alienated the homestead, intending to convey fee simple title. Fifteen of the other Deeds were signed only by one man or one woman but did not state the marital status of the grantor.



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Supporting this approach is the fact that of the 68 Deeds in Rows 4, 8 and 9 of the Mooty Chart, which Mr. Mooty categorized as easements, none contained any language waiving homestead rights, yet each of the Deeds in Rows 3, 5, 7, 10, 11 and 12 of the Mooty Chart, which Mr. Mooty identified as granting fee simple title, contained waivers of homestead rights. Given a husband and wife's presumed natural inclination to preserve property for themselves and their families, it is unlikely they would have waived their homestead rights if they only intended to grant easements over their land. The Act entitled the surviving spouse and children to claim a homestead exemption in the property, even after the owner's death. The permanent nature of the waiver, however, would have prevented the spouse and children from claiming such an exemption. See ILL. COMP. STAT., ch. 37, para. 1, p. 576 (1858).

It would have been meaningless for the grantors to have waived their homestead rights if they only intended to grant easements over their land. By waiving their homestead rights, they deprived themselves of the protection the law afforded their property if they intended to retain a fee interest and only grant an easement.

D. Stamps

We believe the presence of a documentary transfer stamp is further evidence of a grant of a fee interest in the property conveyed. In 1797, the federal government enacted "An Act Laying Duties on Stamped Vellum, Parchment and Paper," Ch. 11, 1 Stat. 527 (1797), commonly known as the "Stamp Act." In 1864, the Stamp Act was amended to require the payment of taxes on the conveyance of real property. Ch. 173, 13 Stat. 223, §§ 151 to 170 (1864). The Stamp Act required that a stamp be affixed only to those instruments which involved a "devolution of title." *Id.* According to Merriam-Webster's Collegiate Dictionary (Tenth Edition), "devolution" means "the transference (as of rights, powers, *property* or responsibility) to another." MERRIAM-WEBSTER'S COLLEGIATE DICTIONARY 317 (10th ed. 2002) (emphasis added). Thus, only the transfer of title required the payment of the tax. Easement grants did not require the payment of transfer taxes.

Although the Stamp Act was modified many times and was ultimately repealed in 1968 (at which time the responsibility for assessing transfer taxes was fully assumed by the States), the 1864 version of the Stamp Act was in effect until 1919, well after the last Deed at issue here (the last Deed was from 1906).

In analyzing the Deeds in Rows 1 and 2, 92 out of 102 of the Deeds clearly include document stamps, handwritten notations of stamps or other indicia that the grantors paid the federal Stamp Tax. One of the 10 Deeds without the stamps was delivered prior to 1864, prior to the imposition of the tax on conveyances of real property. The remaining nine Deeds that did



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not have a clear indication of the stamps were difficult to read or may have had the stamps fall off, and in some cases we did not have both pages or the backside of the Deed. As would have been expected by the Stamp Tax applicability, none of the 67 Deeds in Rows 8 or 9, which, as originally granted, were likely easements, have any indicia of a stamp. This is consistent with the law at the time – a stamp tax was not imposed on an easement grant. Thus, similar to the analysis regarding the homestead waiver, there would be no reason to pay a transfer tax unless the grantors intended to convey a fee interest in their property.

E. Miscellaneous Deeds from Rows 1 and 2 of Mooty Chart.

The following Deeds grouped into Rows 1 and 2 of the Mooty Chart differ from the other forms and even more clearly indicate their conveyance of marketable fee simple title:

- 1) In the Deed appearing on pages 38 to 39 (no new Deed on 39) and repeated at pages 40 to 41 and 44 to 45, the grantor expressly included "covenants of general warranty" that grantor "is well seized of the premises above conveyed and is of good and indefeasible title in fee simple, and has good right to sell and convey the same in manner and form as aforesaid. . ." as well as a covenant to "warrant and forever defend" TP & W's "quiet and peaceful possession." This language is unambiguous and clearly conveyed a marketable fee simple interest as it is nearly identical to the printed Warranty Deed appearing on page 352 of the Addendum from Row 5 of the Mooty Chart, which Mr. Mooty concluded granted a fee simple title.
- 2) The Deeds appearing on pages 62, 276, 279, and 302 not only "grant, bargain, and sell" the land, they "do hereby grant, sell, convey, remise, release and forever quit claim" the "following described real estate." As with the Deeds identified in Row 5 of the Mooty Chart as granting a fee interest, these grantors conveyed marketable fee simple title, not easements.
- 3) The Deeds appearing on pages 19, 74, 76 (same deed repeated at page 80), 86, 90, 94, 97, 99, 103, 105, 134, 141, 272, and 267 not only convey "all that part of the following described Real Estate," but more specifically describe it as "a strip of land," "a lot," "a strip of ground," "a piece of land" or "a strip." As noted above, such language without express language limiting the estate granted is indicative of a grant of fee simple title. See *Urbaitis*, 143 Ill. 2d at 467, 575 N.E.2d at 552.



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II. Deed Listed in Row 6 of the Mooty Chart.

In the Deed appearing on page 64 of the Addendum, the grantors "do hereby grant, sell, convey, remise, release and forever quit claim" the "following described real estate." We see no distinction from the Deeds identified in Row 5 of the Mooty Chart as having conveyed a fee and therefore conclude that these grantors conveyed fee simple title, not an easement. In fact, this handwritten deed is in form similar to the Deed appearing on page 130, which is grouped with the Deeds in Row 5 and classified in the Mooty Letter as granting fee simple title. This Deed was signed by a husband and wife and also contains a waiver of homestead rights. The grantors conveyed marketable fee simple title in this Deed.

III. Deeds Listed in Row 13 of the Mooty Chart.

The Deeds appearing in Row 13 of the Mooty Chart are statutory form quitclaim deeds. Each of these Deeds granted "all interest in the following described real estate," several included the phrases "a strip of land" or "a strip of ground" and each included the grantors' waiver of any homestead rights. None of the Deeds included a *habendum* clause or tax stamps. All of these Deeds included a statement to the effect that the deed "is a settlement of the right of way" over the property described in the deed, which formed the basis of Mr. Mooty's conclusion that these Deeds only conveyed an easement.

For similar reasons that we concluded that the Deeds in Rows 1 and 2 granted marketable fee simple title, we conclude that these Deeds conveyed marketable fee simple interests. "There is no per se rule that the mere inclusion of the term 'right of way' in any deed to a railroad negates the possibility that title in fee simple was conveyed." *Urbaitis*, 143 Ill. 2d at 470, 575 N.E.2d at 553.

The plaintiffs in *Urbaitis* contended that "the use of the words 'right of way' in the conditions clause of the . . . deed [at issue] is limiting language that results in the grant of an easement to the railroad." *Id.* at 468; 575 N.E.2d at 552. The court stated that "it is clear that the term was used merely as a shorthand reference to the land itself. . . It is of considerable relevance that neither the term 'right of way' nor any other language purporting to limit the estate appears in the actual granting clause of the deed." *Id.* at 469, 575 N.E.2d at 552-53. The *Urbaitis* court also distinguished the deed in its case from the one involved in the *Tallman* case relied upon in the Mooty Letter because unlike the deed in *Tallman*, "a 'right of way' was not itself granted by the language of the . . . deed."

The statutory form Deeds in Row 13 contain the words convey and quitclaim. Like the deed in *Urbaitis*, the Deeds in Row 13 do not contain any language in the granting clause that



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limits the estate conveyed. The only reference to the phrase "right of way" comes after the granting clause and after the legal description and is more properly interpreted to be an attempt to locate the strip of land conveyed rather than an attempt to limit the estate conveyed. Further, the use of the word "settlement" quite possibly indicated that the parties were attempting to convert what was formally a right of way into a fee.

We also note that the eight Deeds in Row 13 were signed by husbands and wives and contain a waiver of homestead rights. As indicated above in Section I.C., there is no purpose for including this waiver unless the parties intended to grant a fee interest. Interpreting these Deeds as easements renders the waivers of homestead rights to be mere surplusage, which would be inappropriate under Illinois law.

IV. Deeds Listed in Row 14 of the Mooty Chart.

The Deeds in Row 14 are on the same pre-printed form deed used in Row 2 of the Mooty Chart. These Deeds include the same *habendum* clauses as the Deeds in Row 2. The distinction in these Deeds which led Mr. Mooty to create a separate category for them was the language in the Deeds relating to a release of claims by the grantors for damages caused by the railroads. For the same reasons cited above with respect to the Deeds in Row 2, we believe these Deeds convey marketable fee simple title. The release language is similar to that confronted by the *Keen* Court. In *Keen*, the Illinois Supreme Court opined that the release language had "no relation to the character of the estate conveyed and evinces no intention on the part of the grantor to convey an estate less than the fee...." *Keen*, 392 Ill. at 373, 64 N.E.2d at 504.

Moreover both Deeds in Row 14 contain a waiver of homestead rights and a transfer stamp. Title to the property in both Deeds was noted to be in a married woman and in each the women's husbands also signed the Deeds. This waiver and the payment of the transfer tax must be given effect and support that there was transfer of a marketable fee simple interest.

V. Deeds Listed in Rows 16 of the Mooty Chart.

The Deed in Row 16 is a statutory form warranty deed which provides that the "grantor . . . convey and warrant . . . the following described real estate, . . . and intending to convey to the party of the second part all right, title and interest in and to the right of way of each Wabash and St. Louis and Pacific Railway Company as at present created entirely across said quarter section." The Deed further states that the grantor waives and releases all rights under and by virtue of the homestead exemption laws of the State of Illinois. The Deed does not appear to have a transfer stamp.



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Our determination that this Deed constitutes a grant of a marketable fee simple interest is based on the same legal analysis we provided for the Deeds listed in Row 13. Again, this warranty deed contains no limitation of the estate within the granting clause. The phrase "right of way" is used within the legal description and, therefore, should be construed as an attempt to locate the strip of land being conveyed. Furthermore, as indicated above, there would be no reason to waive one's homestead exemption rights in the context of a grant of an easement. Accordingly, the language of the entire Deed is more indicative of a grant of a marketable fee simple interest than an easement.

VI. Deeds Listed in Rows 18 of the Mooty Chart.

The document listed in Row 18 is also a statutory form warranty deed. The document provides that the grantor "convey and warrant the following described real estate . . . the right of way over a strip of land . . . this conveyance is made upon the further consideration and agreement that the above named railroad shall without delay build, keep and maintain in good repair a good and substantial fence (sufficient to turn hogs and cattle) along each side of the above granted right of way" The grantors waived all homestead rights. The Deed does not appear to have a transfer stamp. Under the rules established in the *Urbaitis* and *Sowers* cases, this Deed conveyed a marketable fee simple interest.

In *Sowers*, the granting clause of the deed at issue stated that the grantors "convey and warrant to the railroad" land described, in the legal description clause, as lying "over and across" certain described property, "being the right of way." In analyzing the deed, the *Sowers* court first noted that the deed's statutory form indicated a grant of a fee simple interest, particularly it contained the words "convey and warrant," and there was no language in the granting clause purporting to limit the estate conveyed. The court considered the different meanings of the term "right of way" and concluded that its use in the legal description did not act to limit the estate granted, but "served to locate the strip of land conveyed." Accordingly, the *Sowers* court found the deed at issue conveyed fee simple title and not an easement. *Sowers*, 152 Ill. App. 3d at 172, 503 N.E.2d at 1091.

In this Deed from Row 18, like the deed in *Sowers*, the use of the phrase "right of way" is limited to the legal description. There are no limitations or restrictions in the granting clause. The parties also waive their homestead rights, which, as we have noted above, would not make sense for grants of an easement. Therefore, we conclude that the Deed, read as a whole, granted a marketable fee simple interest.



November 24, 2004
Page 14

Qualifications Regarding Nature of Opinion

We are providing this opinion to you as a legal opinion only and not as a guaranty or warranty of the matters discussed in this letter. We did not search any county real estate records for the property subject to the Deeds and we have not rendered any opinion regarding whether

1. these are all of the deeds or other conveyance documents available to quiet title in the Line;
2. these Deeds represent the proper chain of title regarding the properties identified therein;
3. these Deeds indicate current record title ownership in the Line; or,
4. any third party may have or claim an interest in the property subject to the Deeds.

We render these opinions solely for your benefit in connection with the appeal of the Decision or for the benefit of your subsidiaries, successors and assigns. No one else may rely upon these opinions other than the STB in any manner without our prior written consent.

Our opinion is limited to the laws of the State of Illinois and the laws of the United States of America. We have based our opinions on laws and judicial decisions existing as of the date of this letter and facts available to us. Therefore, our opinions are subject to any amendment, repeal or other modification of the applicable laws or judicial decision that served as the basis for our opinion, or laws or judicial decisions hereafter enacted or rendered. However, we have no continuing obligation to notify or otherwise inform RailAmerica of the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions or laws or judicial decisions hereafter enacted or rendered that impact our opinion.

Sincerely,

WILDMAN, HARROLD, ALLEN & DIXON LLP

Wildman, Harrold, Allen & Dixon LLP

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34335

KEOKUK JUNCTION RAILWAY CO.
– FEEDER RAILROAD DEVELOPMENT APPLICATION –
LINE OF TOLEDO, PEORIA & WESTERN RAILWAY CORPORATION
BETWEEN LA HARPE AND HOLLIS. IL

VERIFIED STATEMENT OF CHARLES W. (SANDY) REX III

My name is Charles W. (Sandy) Rex III. I am co-owner of RMI Midwest, a real estate appraisal firm, primarily specializing in the valuation of rail corridors. I have been appraising real estate since 1971. I am an Illinois Certified General Appraiser, holding general certifications in seven other states, and am a designated Member of the Appraisal Institute. My resume is attached as Exhibit 1; a partial list of corridor valuation and consultation assignments I have been engaged in over the past several years is attached at Exhibit 2.

The purpose of this statement is to: (1) analyze the valuation methodology presented by Todd N. Cecil in his Verified Statement, dated October 13, 2003; (2) analyze the Arlen Higgs review (Verified Statement, dated November 6, 2003) of the Mr. Cecil's Verified Statement; (3) analyze the extrapolation of Mr. Higgs' analysis to a value conclusion by the attorneys for Keokuk Junction Railway Company (KJRY); and (4) comment on the land valuation section of the STB October 28, 2004, decision (STB Finance Docket No. 34335, Document No. 34581).

Legal counsel for RailAmerica, Inc., engaged me to review the Verified Statements that present the valuation of the 76.0-mile rail corridor between Mile Post 118.5 at Hollis to Mile Post

194.5 at LaHarpe (Cecil, October 13, 2003) and the critique of that valuation (Higgs, November 6, 2003). I have read and analyzed both Verified Statements; the STB Decision, dated October 28, 2004, as well as several of the other numerous filings submitted in support of FD 34335. In addition, I have read the various sections of the US Code referenced in the STB Decision, including 49 USC 10904 and 49 USC 10907. While my comments relate to the valuation methodologies presented, they do not address the actual value concluded by Todd Cecil, as I have not verified his data and assumptions. In addition, I have not inspected the subject rail line, nor have I inspected or verified the comparable sales data used by either Mr. Cecil or Mr. Higgs. However, I have addressed the assumptions and calculations made by KJRY and the STB regarding the net liquidation value (NLV) estimate.

Valuation Methodology

49 USC 10907 (b) (2) states that “[f]or the purposes of this subsection, the constitutional minimum value of a particular railroad line shall be presumed to be not less than the net liquidation value of such line or the going concern value of such line, whichever is greater.”¹ 49 CFR

¹ The constitutional minimum price is in no case to be below fair market value, as stated in 49 USC 10904 (f)(1)(B). If the highest and best use of a line is for continued rail use and the current rail owner has no plans to abandon the line, comparable sale analysis of like rail corridors suggests that net liquidation value would underestimate the *market value* of the line.

In addition, if the highest and best use is for continued corridor use, the easement property rights provide a very real value contribution to the entire line. Any use by the owners of the reversionary rights is postponed indefinitely or until such time as the rail use is legally abandoned. Such easement rights have a substantive value contribution to the rail corridor.

Of course, this is differentiated from the case where a rail line is proposed for abandonment and an offer of financial assistance is applied for. In that case, the railroad owner has made a voluntary and intentional action to legally abandon the line and, therefore, has agreed to the prospective relinquishing of all rights to the

1152.34(c)(1)(iii) states “ [t]he net liquidation value for the highest and best use for non-rail purposes of the rail properties on the line to be subsidized which are used and required for performance of the services requested by the persons offering the subsidy. This value shall be determined by computing the current appraised market value of such properties for other than rail transportation purposes, less all costs of dismantling and disposition of improvements necessary to make the remaining properties available for their highest and best use and complying with applicable zoning, land use, and environmental regulations.”

The typical and proper method of estimating NLV is to first estimate the value of the lands across the fence from the subject property, based on their zoning, current use, and highest and best use. This is done by obtaining comparable sales that are similar in zoning, land use, and highest and best use to the across-the-fence (ATF) land. An ATF unit value is estimated for each ATF land use and then applied to the area adjoining the subject rail corridor. The NLV is then estimated based on the expected time it would take to disassemble and sell the parcels, less the number of parcels, based on market expectation, that would not sell within this absorption period; less the holding costs (i.e., cost of sale). Through this procedure, the market expectation of net revenues over the absorption period can be estimated. The net revenue from the sale of the parcels is then discounted at a yield rate required by an investor, providing an estimate of market value (i.e., present value). This process simulates the calculations of an investor who would purchase the subject property in order to disassemble and sell tracts to adjoining property owners and others.

easement properties. In these cases, the NLV methodology typically provides a good estimate of market value.

This methodology was applied by me in CSX Transportation, Inc. – Abandonment Exemption – in LaPorte, Porter and Starke Counties, IN, STB Docket No. AB-55 (Sub-No 643X)(STB served Apr. 30, 2004). On page five, third paragraph, of that decision, the STB states “CSXT has properly employed and supported the ATF methodology, making appropriate adjustments to account for those parcels that were unlikely to be sold in a reasonable time and for the expense of real estate commissions and closing costs.” The STB goes on to state (last paragraph, page five) “CSXT is correct that the Board has relied on the ATF methodology in most OFA proceedings where it has been asked to set the terms and conditions, typically over the methodologies that compare sales of former rail corridors. In these cases, the Board held that the highest and best non-rail use of the land was to sell it to adjacent landowners.”

Analysis of the NLV estimate by Todd N. Cecil

In his October 13, 2003, Verified Statement, Mr. Cecil estimates the NLV for Toledo, Peoria & Western (TP&W), using the standard NLV technique in the section of his statement entitled “Non-Corridor (or Piecemeal) Valuation.” In using this valuation technique, he:

- Divided the corridor into 294 segments based on changes in ATF zoning, land use, and highest and best use.
- Excluded easement ownership and areas within public right-of-ways within each of the 294 segments.²
- Obtained 54 recent comparable sales for the ATF valuation, all occurring between September 2000 and the date of his valuation. He uses these sales to estimate a value per acre for each

² Analysis of the title is beyond the scope of this Verified Statement.

land use and location. In the NLV valuation (Exhibit D of the Verified Statement), he reduces the unit value 10% to 20% in all but approximately 11 cases. This adjustment was to reflect differences in factors such as location, shape, size, access, physical orientation to adjacent properties, topography. Overall, the adjustment resulted in a 14.79% discount to the ATF value.

- Then multiplied the fee area of each segment by the adjusted ATF unit value estimate.
- Next estimated the rate of selling off the disassembled corridor, making an allowance for the portion that would not sell within a reasonable time.
- Then deducted the cost of sales that would be incurred in the marketing of the disassembled parcels.
- Finally, set up a discounted cash flow to discount at the yield rate reported in his Verified Statement.

This is the standard and STB-approved methodology used to estimate NLV as outlined on pages 2 through 4 of this verified statement. If I were to value the subject corridor I would have used the same methodology to estimate the NLV.

Analysis of the Verified Statement of L. Arlen Higgs

My analysis of Mr. Higgs' work encompasses four points:

- The specific tasks he performed
- Application of his analysis by others beyond its intended scope
- His qualifications

• An analysis of his critique and the analytical methods he used in reviewing Todd Cecil's valuation of the TP&W line.

Specific Tasks Performed by Mr. Higgs.

On page 1, second paragraph, of his Verified Statement, Mr. Higgs states that he "was asked to review the rail corridor valuation study prepared by Todd N. Cecil. . . ." On page 2, he states that "they [KJRY] asked me to review Mr. Cecil's work and to evaluate it for them based on my knowledge of the local real estate market." In the third paragraph of page 2, he says ". . . I can state [that] if I were submitting an appraisal, it would show a much lower value than Mr. Cecil's report." Based on the documents I have reviewed, it is true that Mr. Higgs has *not* provided an estimate of NLV.

Application of Mr. Higgs' analysis beyond its intended scope.

While Mr. Higgs did not present specific value conclusions, the attorneys for KJRY state in "Reply Supporting Feeder Railroad Development Application," dated November 7, 2003 (STB Document 209359; hereinafter referred to as *November 7, 2003, Reply*), the following:

Applying this 70% discount factor alone to the average \$5,227 per acre ATF valuation assigned by Mr. Cecil to the overall line yields an average adjusted ATF value of \$1,568 per acre. Applying that amount to the 20.24± acres of fee title yields a total an [sic] NLV of TP&W's marketable real estate interests of \$44,280. When discounted according to Mr. Cecil's discount methodology adjusted for Mr. Higgs' sales period projections, the NLV of TP&W's real estate becomes \$37,140.

The conclusions and numbers presented in this previous paragraph are *not* those of Mr. Higgs. Mr. Higgs, for instance, never presents a 70% discount factor, nor an NLV estimate of \$37,140. These are merely assumptions and calculations made by the attorneys for KJRY based on Mr. Higgs' analysis of Mr. Cecil's Verified Statement.

Not only did the KJRY attorneys draw valuation conclusions that their valuation expert did not make, they also applied them erroneously.

In footnote 26, page 53, of the *November 7, 2003, Reply*, the attorneys for KJRY showed a calculation deriving the average ATF value per acre ($\$3,512,603 \div 672$ acres) that Mr. Cecil concluded in his NLV value estimate. They then processed this number to an NLV conclusion for the acres of fee ownership alleged in the *November 7, 2003, Reply*. These calculations and their subsequent application are flawed for the following three reasons:³

1. The average ATF value that the KJRY attorneys used is the *discounted* ATF value estimate used by Mr. Cecil. The discounted ATF value of \$3,512,603 is discounted from the ATF value of \$4,122,082, as shown in Exhibit D, page 152, of Mr. Cecil's Verified Statement. Thus, the \$3,512,603 is already discounted 14.79%. The attorneys then apply a 70% discount to the discounted number resulting in an average ATF value-per-acre of \$1,568, reflecting a total discount of 74.44%. This actual discount is not the stated intent of the attorneys for KJRY.
2. The attorneys imply that the \$1,568 per acre times the number of fee acres is the NLV. However, this number is merely the ATF value. Proper NLV valuation procedures consider

³ The analysis of the KJRY attorneys' estimate of NLV is important because the STB used their estimate to arrive at *its* NLV estimate in its October 28, 2004, Decision.

the selling period (i.e., the rate of absorption of the disassembled parcels), the percentage of parcels that would sell during this time, the holding costs, and then the yield rate used to discount the net proceeds to present value — none of which was done.

3. It is absolutely not a valid calculation to take an *average* ATF value and apply that figure to a different area. Such an extrapolation is erroneous because the ATF value per acre varies from segment to segment along a corridor. Is the property owned in fee in the portion of the corridor with the highest ATF value, the lowest value, or some combination? The answer to this question makes a significant difference in the value conclusion.

For example, the most valuable ATF land, according to Mr. Cecil, is valued at \$38,000 per acre before any discount, with the least valuable land valued at \$1,500 per acre before any discount. If the 28.24 acres used by KJRY in the *November 7, 2003, Reply* is located within the most valuable segments, the resulting ATF value before adjustment would be \$1,073,120. On the other hand, if the 28.24 acres is located within the least valuable segments, the ATF value before adjustments would be \$42,360.

Proper application of a revised estimate of the fee owned land would be to identify the specific location of that property and to apply the appropriate unit values. This was not done.

The STB takes the narrative *by the attorneys for KJRY* and attributes it to Mr. Higgs in its October 28, 2004, Decision (Document 34581) when it is stated that “*Higgs applied the 70% discount factor and 4-year sales period projection*⁴ to Cecil’s \$5,227 per acre valuation to obtain an

⁴ The 4-year sale projection was not considered in obtaining the \$1,568 per acre number. This value is obtained simply by subtracting 70% from \$5,227 per acre.

adjusted per acre valuation of \$1,568 which it [sic] multiplied by the 28.24 acres of marketable property determined by LaKemper, to yield a total land value of \$37,140.” [emphasis added]

While attributing the NLV estimate to Higgs, the STB essentially takes a value estimate by the attorneys for KJRY, modifies the acreage amount slightly, and finds a value.

Mr. Higgs reviewed and analyzed Mr. Cecil’s Verified Statement, but he did not estimate a value for the subject property, and he did not draw a conclusion as to the amount the ATF value should be discounted.

Mr. Higgs’ qualifications

At the beginning of his Verified Statement, Mr. Higgs states that he is “an Illinois-certified residential real estate appraiser” The Illinois Real Estate Appraiser Licensing Act of 2002 defines a “state certified residential real estate appraiser” as “an appraiser who holds a license of this classification under this Act and such classification applies to the appraisal of one to 4 units of residential real property without regard to transaction value or complexity, but with restrictions as to the scope of practice in a federally related transaction in accordance with Title XI, the provisions of USPAP [Uniform Standards of Professional Appraisal Practice], criteria established by the AQB [Appraisal Qualifications Board], and further defined by rule.” Therefore, he is not certified to appraise nonresidential real property.

In addition, Mr. Higgs provides no information as to his experience or competency valuing corridors or estimating NLV, as required by USPAP.

KJRY on page 52 of the *November 7, 2003, Reply* refers to Mr. Higgs as “an Illinois-certified appraiser,” which the STB in its October 28, 2004, Decision extrapolates to an “Illinois-certified

local real estate appraiser.” Neither entity correctly indicates that while Mr. Higgs may be local, as a certified *residential* appraiser, he could not value the subject property in a federally related transaction within the scope of Title XI.

Analysis of Mr. Higgs’ critique of Mr. Cecil’s Verified Statement.

Mr. Higgs states on page 2 of his Verified Statement that “there are two particular errors that clearly are inconsistent with the local real estate market in this area. Those errors concern projected time of sale and the degree of discount from across-the-fence value that should be applied to sales of abandoned railroad right of way [sic].”

On the subject of the projected rate of sale of the disassembled parcels, Mr. Higgs proposes a somewhat different rate than Mr. Cecil does. While providing no support for his rate of sales, Mr. Higgs bases his conclusion on his local knowledge. It is significant to note that these rates of sale are applicable to the 672 acres used by Mr. Cecil. No evidence is presented that either appraiser would apply the same rate of sale to an area that was significantly different. It is logical and typical within most markets that a significantly smaller area with fewer parcels would take less time to sell. Accordingly, this entire discussion, as well as the disagreement between the two appraisers, is not applicable if the number of acres to be disassembled and sold to adjoining property owners or others is significantly different from the 672 acres used by Mr. Cecil.

The second issue that Mr. Higgs raises concerning Mr. Cecil’s Verified Statement is the amount of discount. As previously stated in this statement, Mr. Cecil discounted the ATF values between 0% to 20%, with an overall average discount of 14.79%. Mr. Higgs believes that the discount should be higher. To support his conclusions, he leaves the local market and finds sales of

properties that were portions of former corridors in and around Springfield, Illinois. Exhibit 3 shows their approximate location in relation to the subject corridor.

His analysis as presented is incomplete and erroneous for the following four reasons:

1. He provided an incomplete analysis by choosing selected sales of former corridors.
2. He did not provide traceable evidence as to the ATF values for the corridor sales he used.
3. The ages of the six sales represent a significant time gap between the date of appraisal and the dates of the sales.
4. The location of the sales is not in the same area as the subject property.

INCOMPLETE ANALYSIS

Mr. Higgs provided these selected six sales, only two of which may have been from the same corridor. The proper method of analyzing the relationship of sales of disassembled, former corridor parcels to surrounding property values (i.e., ATF values) is to compare all the prices paid for parcels along a single corridor. Historic, market experience shows that some parcels sell for more than their ATF value, some for less, and some for their ATF value.

There are a number of instances where a parcel of land that was a portion of an abandoned rail corridor sold for significantly more than its ATF value. For instance, a 1.6-mile portion of an abandoned corridor in the Northeast is under contract for more than three times the ATF value. Similarly, in northeast Illinois and northwest Indiana, there are a number of instances where an adjoining land owner has paid more than the ATF value to obtain the section of a former corridor that lies between his property and a road. Sometimes a farmer will pay more for a corridor crossing

his cropland than the ATF value in order to unify his tract. The price that a portion of a former corridor will obtain is dependent upon its location, its shape, the value that it would add to the adjoining property, as well as the negotiating skills of the buyer and the seller.

There is good evidence that the best estimate of the relationship between the value of the former corridor parcels and the ATF value, is in fact, the ATF value. To definitively prove the relationship requires a careful methodology, which requires one to obtain *all* the sales along a single abandoned corridor; to compare each sale of a disassembled parcel to actual sales that are either ATF or comparable to the ATF properties. In this way, an unbiased analysis can be developed. To be valid, such an analysis requires data on several corridors that were disassembled, preferably in the same area as the subject and within a reasonable time of the effective date of the subject valuation. Mr. Higgs did not use such data. Instead, he selected several sales that he felt showed a discount; another appraiser could select sales that only showed a premium. Neither analysis would be valid and both would indicate an effective bias.

LACK OF VERIFIABLE DATA FOR THE ATF VALUES

Mr. Higgs discusses ATF values in the area of his now-abandoned, former-corridor parcel sales, but does not provide verifiable sale data. In several cases, he does nothing more than present his opinion of the ATF value without any apparent market support. Such an analysis is incomplete and misleading. A valid discount or premium for even an individual parcel cannot be calculated without actual support for the ATF value, and none has been provided. While Mr. Cecil in his Verified Statement provides support for his ATF values with over fifty sales, Mr. Higgs does not provide one traceable sale for the ATF value used to prove a discount of 51% to 84%.

DATES OF SALES USED

Mr. Higgs presents six sales which occurred over a six-and-a-half-year period, between December 1988 and July 1995 — 9 ½ to 16 years ago. Certainly, differences in market conditions or time would influence the amount of discount, but these are not discussed by Mr. Higgs.

LOCATION OF SALES

The six sales used by Mr. Higgs are located at least 45 miles from the subject corridor, with four located in or around Springfield, a location significantly different from the subject area which may not reflect the same market factors. This issue was not addressed by Mr. Higgs.

In conclusion, Mr. Higgs analysis is inconclusive and not properly executed. To use his conclusions to evaluate an NLV estimate for the subject corridor is not proper valuation technique.

Conclusions of the STB in its October 28, 2004, Decision (Document 34581)

On page 20 of its decision, the STB accepts the conclusions of the analysis of Mr. Higgs and the attorneys for KJRY. As discussed previously, the Mr. Higgs' discount study is incomplete and improperly developed. It is not likely that a properly developed study would show the same results. The STB has outlined the methodology within its regulations that it accepted in CSX Transportation, Inc. – Abandonment Exemption – in Laporte, Porter and Starke Counties, IN. Although accepting this methodology in numerous instances, the STB ignores it in the case of the TP&W, and follows instead an incomplete and improperly developed analysis by Mr. Higgs.

On page 19, second paragraph, of its decision, the STB claims that Mr. Higgs concluded a 70% discount factor. This is not Mr. Higgs conclusion, but that of the attorneys for KJRY. The STB claims that Mr. Higgs applied a four-year sales period. First of all, the four-year sales period was for

the 672 acres concluded in Mr. Cecil's Verified Statement. Secondly, Mr. Higgs did *not* apply this estimate; the attorneys for KJRY did. STB goes on to state or imply that Mr. Higgs estimated a total land value of \$37,140. As Mr. Higgs, himself, states, he did not value the subject corridor and reported no value; the KJRY attorneys estimated this value.

On page 20, third paragraph, the STB takes the numbers attributed incorrectly to the KJRY valuation expert and arrives at its own value of \$41,635. Again, this number is not based on a valuation of an independent valuation expert nor on STB-accepted methodology. Rather, it is based on erroneous assumptions and conclusions as to the sales period and discount.

The only evidence of NLV presented by an appraiser is the value estimate by Todd. N. Cecil. He used the method of estimating NLV the STB recommends in their rules and that has been upheld by the STB in numerous cases. L. Arlen Higgs, on the other hand, does not estimate NLV. He instead, uses six sales of properties that were formerly a part of other corridors to attempt to prove that Mr. Cecil did not discount the ATF value adequately. Mr. Higgs' analysis is incomplete and not valid, leading to erroneous results.

Information pertinent to this Verified Statement

I certify that, to the best of my knowledge and belief:

- the facts and data reported by the reviewer and used in the review process are true and correct.
- the analysis, opinions, and conclusions in this review are limited only by the assumptions and limiting conditions stated in this review Verified Statement and are my personal, impartial, and unbiased professional analysis, opinions, and conclusions.

- I have no present or prospective interest in the property that is the subject of this Verified Statement and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation is not contingent on an action or event resulting from the analyses, opinions, and conclusions in this review or from its use.
- my analysis, opinions, and conclusions were developed and this Verified Statement was prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have not made a personal inspection of the subject property of the work under review.
- Susan Motycka Rex assisted with the writing and editing of this Verified Statement.
Cameron R. Rex assisted with the research of documents to prepare this report and prepared Exhibit 3.

This review was made at the request of Louis E. Gitomer, attorney for TP&W. It is intended that this statement will be filed with the Surface Transportation Board in the case referenced on the first page.

The signed verification that follows also represents the signature for the above certification.

Exhibit 1

QUALIFICATIONS

NAME: Charles W. (Sandy) Rex III, MAI

BUSINESSAddress: RMI Midwest
1200 Central Avenue, Suite 330
Wilmette, Illinois 60091
Telephone: 847/920-9033
Fax: 847/920-9450
e-mail: cwrexiii@ameritech.net

PROFESSIONAL ORGANIZATIONS: Member of the Appraisal Institute;
MAI designation, Certificate No. 6853

EXPERIENCE: Partner & co-owner of RMI Midwest, 1992-present

Education consultant, Appraisal Institute, 1992-1993

President of Rex-McGill, Inc., 1987-1992

President of Pinel, Rex & Carpenter, Inc., 1986 to 1987

Appraiser with "Rex-McGill," beginning in 1971

Specializing in the valuation and analysis of corridors and other railroad properties for the past nine years.

Primary assignments also include the valuation of large land tracts (including development land, agricultural properties, timberlands, multi-use developments, and environmentally sensitive lands) and partial interests.

Valuing partnership interests, conservation easements, lease fee interests, leasehold interests, air rights, transferable development rights, joint ventures, as well as fee simple rights.

Clients include government agencies (federal and state), corporations, pension funds, investment bankers, financial institutions, insurance companies, nonprofit conservancy groups, attorneys, and individuals.

Qualified as an expert witness in the Federal District Courts in Florida and Illinois; US Court of Claims; US Bankruptcy Court; Florida and Illinois Circuit Courts.

Approved appraiser for the Florida Department of Environmental Protection;
review appraiser for the Northwest Florida Water Management District

LICENSES &
CERTIFICATION:

Alabama Certified General Real Property Appraiser
No. G00610

Florida Certified General Appraiser, No. 0000143

Illinois Certified General Real Estate Appraiser,
No. 153-000785

Indiana Certified General Appraiser,
No. CG40300403

Massachusetts Certified General Real Estate Appraiser,
No. 5601-257042

Michigan Certified General Appraiser, No. 1201007606

New Jersey Certified General Appraiser, No. 42RG00194200

New York Certified Real Estate General Appraiser,
No. 46000039279

Florida Licensed Real Estate Broker, No. BK-0145436

EDUCATION:

Virginia Military Institute, Bachelor of Arts in Economics, 1972

Completed and passed all courses for the MAI designation under the direction of the former American Institute of Real Estate Appraisers (now the Appraisal Institute).

The Appraisal Institute conducts a voluntary program of continuing education for its designated members. MAIs who meet the minimum standards of this

program are awarded periodic educational certification. Charles W. Rex III, MAI, is certified under this program.

PROFESSIONAL
TEACHING:

Approved instructor since 1986 of the following Appraisal Institute Courses: Course 310: Basic Income Capitalization; Course 320: General Applications; Course 510: Advanced Income Capitalization; Course 520: Highest and Best Use and Market Analysis; Course 530: Advanced Sales Comparison and Cost Approach; Course 540: Report Writing and Valuation Analysis; Course 550: Advanced Applications.

Approved Appraisal Institute instructor for the following seminars: *Affordable Housing*; *Appraising Troubled Properties*; *Case Studies in Highest and Best Use*; *Highest and Best Use Applications (nonresidential property)*; *New Industrial Valuation*; *Partial Interest Valuation — Divided*; *Partial Interest Valuation — Undivided*; *Subdivision Analysis*; *Timberland Valuation*.

Appraiser continuing education instructor for the Ohio Association of REALTORS® (since 1995) and for the Wisconsin Association of REALTORS® (since 2000): Market Analysis and Highest and Best Use; Transitional Properties.

Instructor for Reporting the Results of Forestland Appraisals course, Duke University School of the Environment, 1993; co-instructor for Valuation of Timberlands seminar, Duke University School of the Environment, 1987; panel member at the Fourth Timberland Marketplace Conference, Duke University, 1985.

EDUCATIONAL
PROGRAM
DEVELOPMENT:

Developer of Appraisal Institute seminars: *Partial Interest Valuation: Divided*, *Partial Interest Valuation: Undivided* (1999); *Highest and Best Applications* (1995); *Subdivision Analysis*, revision (1993).

Developer of the Appraisal Institute's Report Writing and Valuation Analysis course (1986) and of AIREA's Real Estate Appraisal Applications state-certification module (1989).

Co-developer of the Appraisal Institute's *Timberland Valuation* seminar (1988).

PRESENTATIONS:

Presenter at "Corridors and Rights-of-Way: Valuation & Policy," sponsored by The Centre for Advanced Property Economics and International Right of Way Association, 2002; "Linear Rights of Way: Federal Agency Rent Schedules Reforged," sponsored by the Appraisal Institute for the US Bureau of Land Management and US Forest Service, 2001.

Presenter at Southwest Florida Land Trust's conservation easement seminar, 1997; Coastal Georgia Land Trust, Inc.'s conservation easement seminar, 1994; Red Hills Conservation Association's Conservation Easements and Estate Planning program, 1993.

PROFESSIONAL
SERVICE:

Member, Region III Nominating Committee, Appraisal Institute, 2001.

Chair, Education Committee; Chicago Chapter of the Appraisal Institute, 1997-2000.

Member, General Appraiser Board Education Committee and Body of Knowledge Committee; Appraisal Institute, 1994.

Vice President and President-elect, 1991, Greater Florida Chapter of the Appraisal Institute; Chair, Education Committee, AIREA Florida Chapter 2, 1988-91.

Coordinator, Level II Curriculum Development, 1990-1991; Member, Division of Curriculum, Appraisal Institute, 1985-1991; Chair, Development Subcommittee, Appraisal Institute, 1989-1991; Appraisal Institute.

RECOGNITIONS:

Chicago Chapter of the Appraisal Institute's Distinguished Service Award, 1999.

Appraisal Institute's George L. Schmutz Award in recognition of contributions to the advancement of appraisal knowledge, 1991.

Exhibit 2

RMI MIDWEST: CHARLES W. (SANDY) REX III, MAI
PROJECTS & ASSIGNMENTS: RAIL CORRIDORS

NOTE: To maintain confidentiality, clients have not been individually identified; however, they include private transportation corporations, state agencies, attorneys, and not-for-profit conservation groups.

Norfolk Southern Rail corridor, Toledo, Ohio Valuation of a rail corridor as part of a municipal water main project.	Current 2± miles
Carpendale, West Virginia Corridor valuation	Current 1 mile
Highway 41, Selma, Alabama Valuation of land and track improvements for bargain sale.	Current 3± miles
Brooklyn-Queens Expressway; New York City Valuation of a partial taking of a secondary line in the Borough of Queens.	Current
MBTA; New Bedford to Falls River, Massachusetts Valuation and negotiation consultation for the sale of an active rail corridor to a mass transit agency.	Current 50± miles
North Bergen, New Jersey Preliminary valuation of a 10,000-lineal-foot-by-10-foot sewer easement	August 2004
Sarnia Subdivision, Ontario, Canada Valuation of corridor and rail improvements	August 2004 60± miles
Etowah-to-Copperhill bridge; Tennessee Valuation of 33 bridges.	July 2004 46 miles
Gibson Yard, Lake County, Indiana	May 2004
Moorman-to-Wilson Station; Kentucky Valuation of line to be abandoned.	March 2004 3± miles
Central Electric; Williamsburg, South Carolina A participant in a court-appointed panel for the valuation of an aerial crossing easement over the railroad.	February 2004
Pompton line; New Jersey	February 2004

RMI MIDWEST: CHARLES W. (SANDY) REX III, MAI
PROJECTS & ASSIGNMENTS: RAIL CORRIDORS

Valuation consultant for the valuation of a partial interest purchase of a pipeline easement.

Sheepskin Trail

January 2004

Valuation of fee-owned parcels of an abandoned rail corridor.

30± miles

Wabash line, Indiana

December 2003

Estimate of market value of a rail line.

West Shore; New York

December 2003

Preliminary valuation of an industrial tract in Upstate New York. Work in process.

5.9 miles

Alma-to-Elwell; Michigan

December 2003

Preliminary valuation of a rail line in central Michigan.

Shenandoah subdivision; Virginia

December 2003

Preliminary valuation of an industrial lead in Northern Virginia and West Virginia.

46 miles

Lorain-to-Lester line, Ohio

December 2003

Valuation of land and track improvements.

15± miles

Piedmont Subdivision, Virginia

November 2003

Preliminary valuation of an active Class I rail corridor.

201.2 miles

Ft. Wayne, Ohio & Indiana

October 2003

Preliminary valuation of an active Class I rail corridor.

250.76 miles

Rails-to-Trails

October 2003

Valuation memorandum on the market value of reversionary interest donations under the National Trails System Act.

Selma-to-Myrtle Wood, Alabama

September 2003

Preliminary valuation of an active Class I rail corridor.

58.13 miles

Hoopston; Illinois

August 2003

Preliminary valuation of a short industrial track.

1 mile

Henning-to-Rossville junction; Illinois

August 2003

Preliminary valuation of an industrial track in east central Illinois.

6 miles

RMI MIDWEST: CHARLES W. REX III, MAI
PROJECTS & ASSIGNMENTS: RAIL CORRIDORS

Shepherd Branch; Washington, DC Estimate of market value for negotiations with the District of Columbia and federal government. Included the valuation of current and future occupancies.	August 2003 6 miles
Limedale; Indiana Market value estimate of an industrial lead track in west central Indiana.	August 2003 7.97 miles
Old Road, Louisville-to-Winchester, Kentucky Preliminary valuation of an active Class I rail corridor.	July 2003 89.5 miles
W&P; Pennsylvania Market valuation of an industrial lead track running from south Pittsburgh to Washington, PA.	June 2003
Alabama Power; Lee County Valuation of an aerial easement crossing a Class I railroad corridor. Condemnation.	May 2003 33.55 miles
Alabama Power; Elmore County Valuation of an aerial easement crossing a Class I railroad corridor. Condemnation.	April 2003
Baldwin County Valuation of an aerial easement crossing a Class I railroad corridor. Condemnation.	April 2003
Etowah-to-Copperhill; Tennessee Consultation on the donation of an abandoned line for rails-to-trails.	April 2003 43.47 miles
Lake Subdivision; Indiana Market value estimate for a through-track in a heavy industrial area.	April 2003 4 miles
Blue Island; Illinois Consultation on an acquisition.	April 2003
Bridge; Clinton, Indiana Valuation of active railroad bridge.	February 2003
Alabama Power; St. Clair County Valuation of an aerial easement crossing a Class I railroad corridor. Condemnation.	February 2003

Nashville Electric Services January 2003

Valuation consultation and estimate of corridor factor for an aerial taking over an industrial lead corridor in Nashville. Valuation consultant in mediation

Northwest Highway, northwest Cook County 2002

Condemnation for a portion of a corridor for highway expansion.

New Jersey Transit Authority; northern New Jersey 2002

Valuation and negotiation consultation for the sale of several corridors or portions of corridors to a mass transit agency.

Union Pacific v. Sante Fe September 2002

Valuation of 1,800-mile lease of subsurface rights. 1,800 miles

Blue Ridge Tunnel; Afton, Virginia September 2002

Valuation consultation for active railroad tunnel.

Perth Amboy Run Track; Middlesex, New Jersey September 2002

Valuation for the sale of a railroad corridor.

Crescent & Wedge Corridors; Washington, DC June 2002

Valuation for potential sale of two corridor segments in urban area

Chicago-to-Detroit corridor March 2002

Preliminary valuation of a main line corridor. 260 miles

Loup Creek Branch; West Virginia March 2002

Valuation for the sale of active and abandoned corridors. 30± miles

PSEG; New Jersey February 2002

Valuation of proposed underground easements for two 340-kv. generator feeds. Includes valuation of underground rights in a tunnel under the Palisades.

Illinois/Indiana Line to Olin, Indiana January 2002

Net liquidation value of inactive rail line for application for abandonment to STB. 5.93 miles

High Line, Chelsea; New York City 2001

Valuation of an inactive rail line in lower Manhattan of an air rights corridor. 2 miles

Weymouth industrial track; Quincy, Massachusetts	2001
Valuation and consultation for a corridor for sale to a mass transit agency.	
Chambersberg, Pennsylvania	2001
Consultation on the valuation of a rail corridor.	
International bridge	2001
Consulting for the purchase of a portion of a corridor from a Class I railroad.	
FED RR v Dade County, Florida	2001
Consulting on corridor factors for a condemnation taking from a smaller railroad.	
Downtown Orlando, Florida	2001
Valuation of an active, 2.5-mile, mainline corridor through Orlando's central business district. 2.5 miles	
Partial taking.	
Boylan Junction; Raleigh, North Carolina	2001
Valuation and negotiation consultation of an industrial lead corridor. Sale closed in June 2003. 12+ miles	
Falstaff Brewery; Indiana	2001
Abandoned industrial property consisting of four parcels. Valuation for purchase negotiations to expand a rail yard.	
Short line railroad; New Castle, Indiana	February 2000
Across-the-fence valuation of railroad right-of-way.	
	21.2 acres
Union Pacific property; Lake County, Illinois	January 2000
Valuation of part of a railroad corridor, using an across-the-fence method. 0.86 acre (37,638 square feet)	
Valuation of surface and aerial rights. To be used in sale negotiations.	
TransFlo facility; 2721 161st St., Hammond, Indiana	May 1999
Valuation of site used for a material transfer facility (offloading of materials from railroad 159 acres tank cars to tank trucks). Highest and best use issues involved specific industrial uses.	

Lehigh Greenway Rail Trail: Flagler County, Florida April 1999
Obsolete rail line abandoned since the 1950s; valued for possible purchase by the State of Florida.

198.52 acres

Multiple highest and best use issues due to variance of uses along the property's length (such as a utility corridor, public trail, additional land for residential lots, future development). Involved evaluation of worth of old track

B&OCT Connection: Commonwealth Edison property; Bridgeview, Illinois April 1999
Valuation of vacant industrial property in for rail line easement; before-and-after valuation **0.28 acre**

(12,250 sf)

technique used. Analysis of south Chicagoland industrial market.

B&OCT Connection: 3M Property; Bridgeview, Illinois April 1999)
Valuation of vacant industrial property in for rail line easement; before-and-after valuation **0.41 acre**

(17,860 sf)

technique used. Analysis of south Chicagoland industrial market.

Cook County Forest Preserve Property; Riverdale, Illinois March 1999
Valuation of property zoned both conservation/recreation and industrial for railroad **1.43 acres**

(62,272 sf)

line expansion.

Damen Ave. & 74th St., Chicago February 1999
Proposed railroad right-of-way easement in older industrial area. Valuation followed **0.71 acre**

(30,927 sf)

Illinois condemnation law. Expert witness testimony

CTA property February 1999
Valuation of industrial property for railroad line expansion

UPS Parcel; Bedford Park, Illinois November 1998
Valuation of vacant industrial site for railroad line expansion **11.75 acres (512,013 sf)**

South of Roosevelt Road, Chicago February 1997
Update appraisal of vacant former rail yards; residential development highest & best use **30+ acres**

Porter County, Indiana

August 1996

Abandoned rail yard, with some mined areas on it. Vegetation included hardwoods, some wetlands, 65 acres
grasses, scrub, and wildflowers with 90% classified as "native taxa." Valued for use in purchase negotiations.

South of Roosevelt Road; Chicago

February 1996

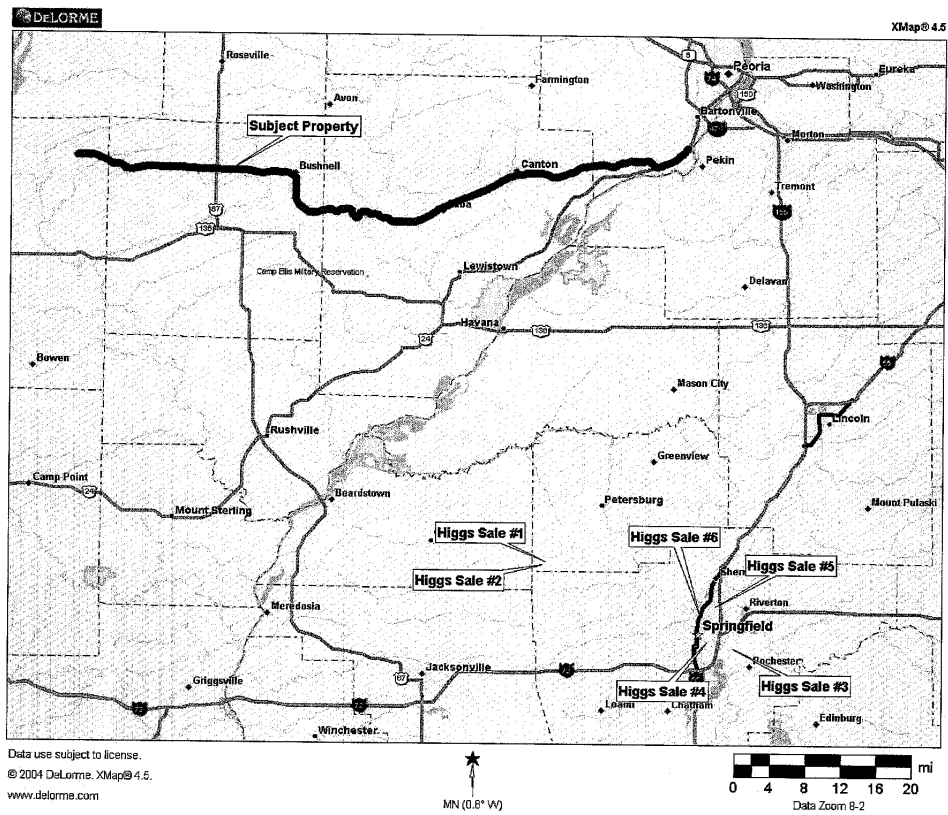
Vacant former rail yards with a highest and best use as residential development. 25 acres

North of Roosevelt Road; Chicago

September 1995

Vacant former rail yards with a highest and best use as residential development. 5.6 acres

Exhibit 3

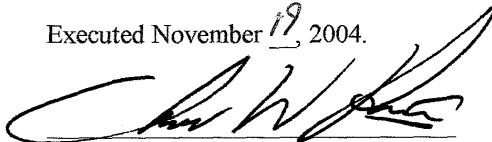


CHARLES W. (SANDY) REX III, MAI
WILLIAM C. BRECKA, MAI
SUSAN MOTYCKA REX

VERIFICATION

I, Charles W. (Sandy) Rex III, verify under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement.

Executed November 19, 2004.


Charles W. (Sandy) Rex III

Before the Surface Transportation Board

Finance Docket No. 34335

KEOKUK JUNCTION RAILWAY COMPANY – FEEDER RAILROAD DEVELOPMENT
APPLICATION – LINE OF TOLEDO, PEORIA & WESTERN RAILWAY CORPORATION
BETWEEN LA HARPE AND HOLLIS, IL

VERIFIED STATEMENT OF DOUGLAS S. GOLDEN

My name is Douglas S. Golden. I am President of Main Line Rail Management, Inc. of Langhorne, PA. Since founding Main Line in 1988, I have completed more than 150 rail line valuation studies. These studies have included all aspects of valuation, from track and materials to equipment, to buildings and land. I have valued rights-of-way on the basis of Going Concern Value, Corridor Value, Net Liquidation Value, and Replacement Cost Value. My studies have been used by railroads both buying and selling properties, by financial institutions, by state and local governmental agencies, by the Federal Railroad Administration, and in proceedings before the Surface Transportation Board (the “STB”) (and its predecessor the Interstate Commerce Commission). My resume is attached as Exhibit B.

I have reviewed and compared the Verified Statement of L. Arlen Higgs, presented by Keokuk Junction Railway Company in this proceeding to the Verified Statement of Todd N. Cecil, presented by the Toledo, Peoria & Western Railway Corporation (“TP&W”) in this proceeding. These statements evaluate the value of the right-of-way of the TP&W between La Harpe and Hollis, IL. I have previously driven this entire line segment on two occasions, in 1999 and in 2002 and am quite familiar with it.

I have only been requested to review the two verified statements noted above, as well as the STB's decision served on October 28, 2004 in this matter. I have not reviewed issues of title, which are also a central issue of this matter. I am accepting Mr. Gray's opinion as to title. I am only commenting on the valuation methodology and conclusions.

Mr. Higgs critiqued the valuation analysis submitted by Mr. Cecil. Mr. Higgs found two "errors" in Mr. Cecil's report. One is the projected time of sale and the other is the discount to across-the-fence values that should be applied. I have adopted Mr. Higgs sell-off period of 50% in the first year, 45% in the second year, and 5% over a longer period. Mr. Cecil applies a discount rate of 5% to reflect the cost of money and risk inherent in selling the land over time. Mr. Higgs does not question this approach or discount rate in his statement. The approach taken by Mr. Cecil is the same methodology I have used in dozens of similar studies and is standard in the industry. Applying this approach and 5% discount rate to Mr. Higgs sell-off assumptions yields the following results for each \$1,000 of sales proceeds.

	<u>5% Discount Rate</u>	<u>Mr. Higgs sell-off</u>
Year 1	0.9523810	50% \$476.19
Year 2	0.9070295	45% \$408.16
Year 3	0.8638376	2.5% \$ 21.60*
Year 4	0.8227025	2.5% \$ <u>20.57*</u>
		\$926.52
Reduction % from proceeds		7.348%

- Since Mr. Higgs does not specify the sell-off time for the final 5% but the STB assumed a four-year sell-off in its decision, I have assumed a sell-off of 2.5% in year three and 2.5% in year four.

The second “error” Mr. Higgs addresses is the discount to across-the-fence (ATF) values. I reviewed the methodology applied by Mr. Cecil, then reviewed the changes suggested by Mr. Higgs, particularly in light of the examples he provided and of the ATF methodology previously applied by the STB in determining Net Liquidation Value.

To determine the Net Liquidation Value (NLV) of the line, which Mr. Cecil identifies as the “Non-Corridor (or Piecemeal) Valuation,” he starts by breaking the corridor into 294 parcels, reflecting adjacent zoning and land use. For each parcel, he identifies the associated acreage, backing out acreage represented by poor title or by grade crossing easements. This is the standard approach generally used in the industry in determining NLV and similar to the approach I have employed on numerous valuation studies. I note that the STB, in its decision, erred in saying that Mr. Cecil “did not reduce the value of the parcels to account for easements for road and street rights-of-way.” In fact, there is a specific column in the spreadsheet provided by Mr. Cecil entitled “less roads, streets” where Mr. Cecil did reduce the value of parcels for such easements.

The next step employed by Mr. Cecil was to identify comparable sales. Along the corridor, 54 comparables were identified, the oldest of which dated from September 2000, or no more than three years from the date of his valuation study. Included in the comparables were ten properties previously owned by the TP&W that had been sold in the two years prior to the appraisal. The inclusion of these ten is quite illustrative, as exactly comparable properties are

rarely available in such appraisals. Furthermore, these ten sales show a very active market for land along the railroad.

Mr. Cecil divided the comparables by size and location, and then adjusted the sales by 5% annually to account for changes in the market from the time of the sale to the date of the study. He also adjusted for wooded portions of the comparables to determine unit prices per acre of farmland. From this information, Mr. Cecil computed the average and median land values for each of the counties along the line. Again, all of these steps are standard within the ATF methodology and were not disputed by Mr. Higgs.

Mr. Cecil's next step was to apply the ATF values to the associated acreage along the rail corridor based on location and zoning. He did this by assigning an "ATF Value Per Acre" that reflects the range of comparables for a particular type of property. Mr. Cecil then developed an "Adjusted Value Per Acre" that reflects a downward adjustment for size/shape, access, and topography. This adjustment is generally 20% for agricultural lands, and 10% for industrial properties. Such adjustments are completely reasonable and correct because many of the comparables used for the industrial properties are actual sales of adjacent land along the corridor, making the comparables similar to like-zoned properties on the line, and making the need for adjustments minimal. Note again, that the STB, in its decision, erred when it said that Mr. Cecil did not make "any deductions for size, unusual shape (long and narrow), or access problems" and in categorizing his values as "upwardly adjusted." In fact, Mr. Cecil made such adjustments, which amounted to a reduction of about 15% of the total value. This methodology is similar to the approach I have taken in dozens of railroad valuation studies, and that has previously been accepted by the STB.

Mr. Higgs states that Mr. Cecil is in error in the “degree of discount from across-the-fence value” that should be applied to sales of abandoned railroad rights-of-way. Mr. Higgs states that the discount should be 50% to 84% based on the sales of other limited abandoned railroad rights-of-way that he studied that are distant from the line in terms of both geography and time. However, Mr. Higgs is wrong in this approach for several reasons.

First, this approach is not in keeping with the recent decisions of the STB in the use of abandoned rail corridors as comparables. The STB, on many occasions, has indicated that it will rely on ATF methodology in setting terms and conditions rather than methodologies that compare sales of abandoned rail corridors. This policy was most recently reiterated by the STB in STB Docket No. AB-55 (Sub-No. 643-X), *CSX Transportation, Inc.-Abandonment Exemption-In LaPorte, Porter, and Starke Counties, IN*, which was served on April 30, 2004 (the “April 30 Decision”). The *April 30 Decision* affirmed prior decisions in 2000 and 1998 about the use of ATF in determining NLV over the use of abandoned rail corridors. The *April 30 Decision* accepted land values based on ATF values of local properties and rejected the use of distant abandoned corridors, examples of which were 17 and 23 years old. In *Railroad Ventures, Inc.—Abandonment Exemption—Between Youngstown, OH and Darlington, PA, in Mahoning and Columbiana Counties, OH, and Beaver Creek County, PA*, STB Docket No. 556 (Sub-No. 2X) (STB served January 7, 2000), the STB stated that “an ATF methodology estimates land values by determining the value, usually by recent sale, of comparable adjacent or nearby parcels of land.”

Second, Mr. Higgs approach is not in keeping with the standard ATF methodology. As shown above, the STB views the ATF methodology as using recent sales of adjacent or nearby properties. The examples used by Mr. Higgs meet neither standard. He uses just six examples.

These sales were from 15 years to eight years old at the time he undertook his analysis. These certainly are not recent examples. Moreover, these examples are not from adjacent or nearby parcels, but are at least 50-75 miles from the subject corridor. Conversely, Mr. Cecil uses 54 comparables gathered from along the rail corridor, all of which are less than three years old and all of which are within a few miles of the line, including ten sales of corridor property itself.

In determining comparable values, Mr. Cecil employs a standard ATF methodology. This method is defined by the Dictionary of Real Estate Appraisal as “a means of estimating the price or value of the land adjacent to or *Across The Fence* from a railroad, pipeline, highway or other corridor real estate, as distinguished from valuing the right-of-way as a separate entity.” Valuation on this basis entails estimating the value of the land as if vacant and available for development, assuming it to have the same highest and best use and the same unit value as the abutting land and under the same limitations of zoning or use. Sales, offerings and rentals of comparable properties are considered. By considering sales of nearby parcels of land, the appraiser can establish the land value “Across the Fence” from the subject property.

Third, Mr. Higgs does not present typical comparables supporting his contentions. In Mr. Higgs analysis, he presents six sales which he contends are representative of abandoned corridor sales. In his first example, he cites a 1988 sale. While he references two “comparables” to this sale, he does not provide the standard references to these sales, nor does he indicate the value of other sales in the area. His second example cites a parcel on the same corridor about ½ of a mile distant from the first example. Here, his point of comparison is a totally unsupported value per acre. No comparables are referenced. Nor does he explain the increase in the comparable values used in example two when compared against nearby example one.

In examples three through six, Mr. Higgs does not cite any comparables. He simply uses an unsupported value per acre as a point of comparison to show that the values along railroad corridors are less following abandonment. ATF requires the use of supporting comparable sales. Such comparable sales were not applied by Mr. Higgs.

Fourth, Mr. Higgs used selected sales and did not analyze the entire corridor. Mr. Higgs cites six examples of abandoned corridor sales. Yet, he did not look at the entire corridor. His first two examples are from the same corridor, but comprise less than $\frac{3}{4}$ of a mile of the line. Mr. Higgs does not produce records from other sales along that corridor to support his contention, not even for the parcels between examples one and two. Mr. Higgs has been very selective in choosing his examples. In his other examples, the scope of the amount of the corridor covered is considerably less than $\frac{3}{4}$ of a mile. Again, by citing no more than one or two sales, this approach does not develop a pattern for sales along any of these corridors. With the hundreds of miles of abandoned rail lines in Illinois, and with numerous abandonments in recent years, it is difficult to comprehend how only six example sales could be found, none of which is newer than 1995. It is likely that examples also exist that show that the presence of a railroad may actually lower values and that values may actually increase once a line has been abandoned.

Fifth, Mr. Higgs approach to determining value along an abandoned corridor does not reflect local conditions and is the wrong and invalid basis of comparison. Mr. Higgs contends that "sales of abandoned right-of-way will occur at deep discounts from across-the-fence values." He does not dispute the ATF values developed by Mr. Cecil for the local area through which the corridor runs. He simply states that the 20% discount Mr. Cecil applied to agricultural lands and the 15% overall discount are not "deeply-discounted" enough to reflect the fact that the

railroad has been abandoned and is no longer a factor in determining ATF values. It should be noted that in this proceeding, the railroad is not being abandoned.

The difference from ATF values cited by Mr. Higgs is due to the removal of a railroad. But Mr. Higgs uses examples that are far distant from the subject corridor. Instead, he should have developed comparables that are nearby the subject, but far enough removed that the impact of the railroad or its abandonment is not a consideration. This can easily be done by finding recent sales a few miles removed from the corridor, as Mr. Cecil has done, and, for agricultural properties, possibly even further removed from any active freight facilities, the location of which would be the factor about the railroad that might influence local properties values.

In fact, this is exactly what Mr. Cecil did in his analysis. Not only did he use recent sales of railroad property immediately adjacent to the line, which certainly is the best means of determining comparable values using the prescribed ATF methodology, but he also used numerous agricultural sales that were several miles removed from the corridor. An analysis of the ATF Comparable Sales Maps included in the record show that while many of the comparables were with 2-3 miles from the corridor, just as many were 3-7 miles from the corridor and even further from active freight facilities. The impact of the presence of the railroad versus an abandoned rail corridor should be minimal by using such a disparity of local comparables, as opposed to the limited number of distant comparables used by Mr. Higgs.

Moreover, an analysis of these comparables actually refutes Mr. Higgs contention that the absence of a railroad should result in a deep discount of ATF values. Four of the comparables, numbers 17, 18, 20, and 60, are within $\frac{1}{2}$ of a mile of the corridor near Blandinsville. The average prices per acre of these four agricultural parcels are \$2,300, \$1,150, \$2,855, and 2,650 respectively. The average of these four sales is \$2,239. Four other comparables, numbers 13,

14, 15, and 16 are 3-4 miles from the rail line. The average prices per acre of these four agricultural parcels are \$2,800, \$2,950, \$2,375, and 2,800 respectively. The average of these four sales is \$2,731, or 22% higher than the parcels close to the railroad. Clearly, the presence of the rail line does not have any positive impact on the comparable ATF values in this region.

Furthermore, Mr. Higgs analysis is of such limited scope as to make comparisons difficult. Mr. Higgs compares one sale of a small parcel along a distant given corridor to other unsubstantiated values in the same area. These values would appear to be based on a single comparable, or at most two comparables. As can be demonstrated from the wide variety of comparables compiled by Mr. Cecil, taking one individual parcel and comparing it to another nearby parcel can result in unusual conclusions. Take, for example, comparables number 74 and 75 in Lee Township, Fulton County. These are adjoining parcels transferred between the same Grantor and Grantee on the same date. Yet, parcel 75 has an average price of \$1,550 per acre, compared to an average price of \$1,925 per acre for parcel 74. One could argue, based on this single comparison, that since parcel 75 is slightly farther from the railroad than parcel 74, this factor alone accounts for a 20% reduction in value. Of course, such an argument is without merit. Furthermore, when these two parcels are compared to parcel 72, which is about equidistant from the railroad but three miles further west, a radical difference is apparent, since the average price of parcel 72 is \$4,200 per acre. All of this shows that a proper analysis of ATF cannot be based on a single comparable to a single parcel, but must be based on a range a comparables applied to an entire corridor, but not a corridor distant from the one under review.

Sixth, the examples cited by Mr. Higgs may not represent sales of abandoned railroad properties, since they are only isolated portions of corridors or spurs and in some cases were not being sold by a railroad. The STB erred in assuming that they can be used to support the its

conclusion in this case that “properties adjoining active rail lines ordinarily command higher prices than abandoned rail properties in a rural area (emphasis added), most of which would be purchased for agricultural purposes (emphasis added).” Mr. Higgs identifies when these parcels from abandoned rail corridors were sold, but does not identify when the line was abandoned, if ICC or STB approval was obtained for the abandonment, if it had been excepted track, or if there were other factors involved, such as these parcels being the last few sold after the remainder of the property had been sold years before. These sales are so indefinite and distant in time to have no validity of any measure.

Mr. Higgs provides six examples of abandoned railroad property sales. It is quite apparent from the limited size of these parcels that they represent only individual transactions and do not reflect trends on the entire corridor. However, further review of the examples cited by Mr. Higgs reveals that some are not even railroad transactions at all, but are third party sales, while others are not parcels in a rural area sold for agricultural purposes.

The first two examples cited by Mr. Higgs can be identified as coming from the former GM&O Jacksonville Division. They are two small transactions encompassing 3,940 feet of right-of-way. However, it should be noted that the entire 91-mile corridor from Jacksonville to Bloomington was abandoned. It would be difficult to conclude that the two small examples cited are representative of that entire corridor or provide sufficient evidence to demonstrate a pattern.

The third example used by Mr. Higgs was shown as being northeast of the southeast edge of Springfield. This would appear to be a suburban, not rural example. No former railroad owner is shown and we cannot find a significant rail corridor that had run through this area, so we do not know if this example is simply an abandoned spur track, or whether it was abandoned before the Federal government assumed jurisdiction over abandonments in 1920. More

significant, however, is that the selling party listed by Mr. Higgs is Sangamon, Inc., which is not a railroad. I can assume only that the abandoning railroad either had previously sold this parcel to Sangamon or that this parcel served a Sangamon facility and was privately owned.

Example four actually includes two transactions. The first is a sale by N&W near 1500 Grand Avenue in Springfield, IL, while the second is a parcel running southward to Laurel Street. It would appear from the maps I have studied that this location is actually east of the (former) N&W main line through Springfield. Unlike the STB's categorization of the examples Mr. Higgs cited as being rural, this sale is in a significant residential area of the state capital and is certainly not rural. Nor can it be considered representative of a rural corridor, most of which would be purchased for agricultural purposes. In fact, it was purchased for industrial purposes.

The fifth example used by Mr. Higgs is located only by a street, not a town or city. Based on our research, it would appear that this parcel is also in the state capital, Springfield, IL, and is not in a rural area. As with example four, this parcel is east of the (former) N&W main line. This parcel was purchased for commercial use, not agricultural use.

Thus, it is difficult to explain how examples four and five, which are in the state capital, can be used as examples of what the STB characterized as "abandoned rail properties in a rural area, most of which would be purchased for agricultural purposes."

Example six is in the northeastern part of Springfield in a residential area. Once again, it is neither rural nor agricultural. Moreover, the example lists the seller as Dennis Dixon, not a railroad company. Again, it can only be assumed that Mr. Dixon either acquired this property from the abandoning railroad (unidentified) or was the original underlying owner. As with examples 3-5, example six does not provide any information on which to base a conclusion about properties along abandoned railroads in rural area that are purchased for agricultural purposes.

VALUATION FIRM

Main Line Rail Management, Inc. (MLRM), was established in 1988 as Main Line Management Services, Inc., to provide operations, marketing, financial, engineering, valuation and appraisal, management and computer programming services. MLRM provides *operations planning, traffic flow analyses, and cost studies* to a variety of Class I and regional rail carriers. MLRM has been retained to assess traffic forecasts, analyze the viability, and develop business plans for a number of rail properties being bought or sold. MLRM has also appraised and valued numerous rail corridors being acquired for rail purposes, including both track materials and real estate.

The principal of Main Line has been conducting railroad valuation studies for over twenty years. Prior to founding Main Line, the principal was part of Day & Zimmermann's (TAD Associates) rail valuation group. Among such valuation studies completed while at Day & Zimmermann were the valuations of the Penn Central, Reading, Rock Island, and Milwaukee Road estates, as well as numerous shortline rail valuations and appraisals of publicly-owned lines.

Since its founding, MLRM has remained a leader in rail valuation studies. These studies have been used by sellers, buyers, state transportation departments, transit agencies, regulatory agencies, and a federal bankruptcy court. The valuation studies have involved lines of under one mile to lines in excess of 1,000 miles. MLRM valuation projects have been used by railroads, banks and financial agencies, private companies and industrial development authorities, state and local governments and public agencies, and the federal government. The more than 150 valuation projects completed by MLRM are listed below.

Rail Line Valuations

- 1989 Berwick rail facilities in PA for the buyer
- 1989 Canton & Loudoun right-of-way in MD for Trustee
- 1989 Centralia shop facilities in IL for a potential buyer
- 1989 CM&W lines in IL & MO for federal bankruptcy court
- 1989 CSXT branch lines in western PA for buyer
- 1989 CSXT branches in MI for Huron & Eastern Railway
- 1989 CSXT right-of-way in PA for Philadelphia Board of Education
- 1989 Grand Trunk branches in MI for potential purchaser
- 1989 Various rail lines in PA for SEDACOG
- 1990 Ambridge rail facilities in PA for the buyer
- 1990 Baltimore & Annapolis Railroad in MD for owner
- 1990 Chicago SouthShore lines in IN & IL for UMTA
- 1990 CSXT branch in south central FL for buyer
- 1990 Delaware & Hudson lines in NY & PA for Temple, Barker & Sloane
- 1990 Shore Fast Line in NJ for Better Materials Corp.
- 1990 Soo Line branches in ND, MT, MN, & WI for owner
- 1990 Various branches in ME for Bangor & Aroostook Railroad
- 1990 Various Conrail/CSXT branches in DE for Delaware Railroad Administration
- 1991 CSXT Brown City line in MI for Detroit Edison
- 1991 Georgetown Branch in MD & DC for a potential buyer
- 1991 Iowa Interstate lines in IL & IA for a potential buyer
- 1992 B&M North Adams Branch in MA for Massachusetts EOTC
- 1992 Conrail/B&M Canaan Branch in CT & MA for Housatonic Railroad
- 1992 Ladysmith line in WI for the seller

Seventh, Mr. Higgs does not meet the burden of proof test. The STB has long held that in setting terms and conditions for line sales, the burden of proof rests with the buyer. In the *April 30 Decision*, the STB details valuation and evidentiary standards in proceedings to set terms and conditions. The STB “may not set a price that is below the fair market value of the line.” The STB further states that “the burden of proof is on the offeror, as the proponent of the requested relief....Because the burden of proof is on the offeror, absent probative evidence supporting the offeror’s estimates, the rail carrier’s evidence is accepted.” I find no reason to believe the Mr. Higgs provides such probative evidence and no reason not to utilize the industry standard valuation methodology employed by Mr. Cecil.

Mr. Higgs has used only limited examples. These may or may not have been of distant abandoned railroad property sales. The STB standard historically has been to use the ATF methodology of comparable recent sales of nearby parcels over the comparison to parcels along abandoned railroad corridors. Mr. Higgs does not use the standard ATF methodology, nor does he provide supporting documentation that was used in determining his comparable values. He does not analyze entire corridors, but simply “cherry picks” selected examples along several lines. By comparison, Mr. Cecil closely follows the ATF methodology. He gathered recent nearby comparables and made appropriate adjustments to those comparables to develop an “Adjusted Value Per Acre.” Mr. Higgs does not demonstrate any reason to depart from the standard ATF methodology that has historically been applied by the STB.

In conclusion, I have reviewed the valuation methodology employed by Mr. Cecil, as well as the comments of Mr. Higgs and of the STB in its decision. I find that Mr. Cecil employed the ATF methodology that is standard in such proceedings and that I have employed on several dozen similar valuation studies. He properly identified the acreage associated with

the line, segmented by location and zoning. He backed out acreage to account for easements, as well as for parcels where title was unclear. He collected 54 recent comparables from areas adjacent to or nearby the corridor to determine average prices per acre of various parcels, then adjusted those values downward to reflect size, shape, access, and topography. He reduced these estimated proceeds by 8% to account for the cost of sales, then made further reductions to determine the net present value based on a three-year sell-off period, with some parcels assumed to be unsold

Mr. Higgs identified two “errors” in Mr. Cecil’s methodology. I agree with Mr. Higgs’ sell-off period, although the one used by Mr. Cecil also seems reasonable.

The other “error” identified by Mr. Higgs is the amount of discount applied to ATF values to adjust for size, shape, access, and topography. Here, Mr. Higgs proposes using an adjustment based on valuations of different rail corridors miles (or perhaps non-rail property in some instances since he did not specifically identify any of the rail parcels) away from the corridor in issue in this proceeding that were sold eight to fifteen years ago, for the presence of a railroad, as opposed to the standard ATF adjustments outlined above. His knowledge of the local market does not come into play here, as the examples he cites are at least 50-75 miles from his office. He uses a comparison factor that is not in keeping with past practices of the STB and he does not provide any specific comparable documentation to support his contentions. Rather, he chooses small individual parcels along several corridors that may not be representative of the corridor in general. Then he compares the values of these sales to unsubstantiated comparable values. Not only are these comparisons of limited scope, but they are outdated as well. The examples cited by Mr. Higgs were from eight to fifteen years old at the time of his statement. He certainly does not meet the burden of proof that his methodology is better than the approach

adopted by the STB in previous decisions and that was employed by Mr. Cecil in this proceeding.

Finally, it would appear to me that the STB erred in its decision in several areas. First, the STB did not follow its own guidelines, recently affirmed in the *April 30 Decision*, favoring an ATF approach over a comparison to distant abandoned rail corridors. Second, the STB made errors in characterizing the work done by Mr. Cecil. The decision states that Mr. Cecil did not adjust for roadway easements, but his spreadsheets clearly show such an adjustment. The decision states that Mr. Cecil did not make any deductions for size, shape, or access, but his spreadsheets clearly show such adjustments being made. The STB characterizes Mr. Cecil's property values as being "upwardly adjusted" when they are actually reduced by 15%. Further, the STB concludes that "properties adjoining active rail lines ordinarily command higher prices than abandoned properties in a rural area." The basis of this conclusion is the limited number of site specific examples given by Mr. Higgs that are outdated and far removed from the subject corridor, contrary to the STB's own standard of using recent comparable sales adjacent to or nearby the corridor. Nor were most of the examples used by Mr. Higgs of rural, agricultural parcels. An analysis of the comparable sales provided by Mr. Cecil can illustrate that the proximity to an active rail line may have little or no effect on value.

While I believe the STB may be correct in using the sell-off period projected by Mr. Higgs, it is entirely incorrect in utilizing the limited "corridor" data provided by Mr. Higgs to discount ATF values versus the substantial analysis provided by Mr. Cecil using the STB approved methodology.

I have also been asked to rework RailAmerica's valuation spreadsheet based on the observations I have detailed above and based on the extensive title work detailed in the Verified Statement of Jeffrey Gray. My analysis is detailed below and in the spreadsheet in Exhibit A.

I utilized the original spreadsheet provided by Mr. Cecil in TP&W's previous filing. Using this spreadsheet, I backed out the acreage associated with roadway easements. I also backed out those parcels that Mr. Gray could not identify as being held with fee simple title. I duly noted that even though TP&W may hold marketable title to some of these properties, they may not meet the STB fee simple test and are not being considered in determining NLV. Almost 50% of the acreage along the corridor has been removed from consideration. I applied the ATF per acre values identified by Mr. Cecil. These values were not challenged by Mr. Higgs. The ATF analysis performed by Mr. Cecil is very reasonable. Mr. Higgs did not perform an ATF appraisal and did not submit any evidence supporting his valuations. Therefore, in accordance with STB precedent, I have accepted Mr. Cecil's ATF valuations.

I then made adjustments (discounts) to the ATF values to reflect size, shape, access, and topography. These adjustments were similar to those presented by Mr. Cecil and did not include any consideration of remote, outdated abandoned corridor analyses. I note that these adjustments were generally 20%. Based on these adjustments, I determined the expected proceeds from land sales. I then deducted 8% to cover the cost of sales.

I applied the sell-off period proposed by Mr. Higgs. This includes 50% sold in year one, 45% in year two, and 5% over years three and four, using a 5% discount rate. This produces the net present value of the real estate. As shown in the accompanying spreadsheet, the net liquidation value of the land is \$1,828,570.

In addition, I was asked to segment this value, dividing it between those properties east of Milepost 140 and those west of Milepost 140. Based on this point of segmentation, the properties between Milepost 118.5 and Milepost 140.0 have a net liquidation value of \$870,463, while the properties between Milepost 140.0 and Milepost 194.5 have a net liquidation value of \$958,107.

VERIFICATION

I, Douglas S. Golden declare under penalty of perjury that to the best of my knowledge the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement. Executed this 15th day of November 2004.



Douglas S. Golden

EXHIBIT A

TPW Piecemeal
Valuation

Val	Sec	Map	Parcel No.	Deed Cat.	MP To	MP From	Gross Acres	Less Reversions	Less Roads, Streets	Net Acres	Zoning	Highest & Best Use	ATF Value Per Acre	Adjusted Value Per Acre	Adj. Pre-Discount Value	Total Discount Value	Pre-Discount Value
V3-III	1	1	1	1	118.5	118.7	1.070			1.070	Indus.	Indus.	15,000	12,000	12,840		16,050
V3-III	1	2	1	1	118.7	118.8	1.440			1.440	Indus.	Indus.	15,000	12,000	17,280		21,600
V3-III	1	3	3	1	118.8	119.4	6.000			6.000	Indus.	Indus.	15,000	12,000	72,000		90,000
V3-III	1	4		1	118.8	119.4	1.970	1.970	0.080	0.000	Indus.	Indus.	15,000	12,000	-	-	-
V3-III	1	5		1	119.4	120.1	7.080	7.080		0.000	Indus.	Indus.	15,000	12,000	-	-	-
V3-III	1	6		1	120.1	120.2	1.410			1.410	Indus.	Indus.	15,000	12,000	16,920		21,150
V3-III	1	7		1	120.2	120.5	6.140		0.070	6.070	R-2	Resid.	12,500	10,000	60,700		75,875
V3-III	1	8		1	120.5	120.5	0.083	0.083		0.000	R-2	Resid.	12,500	10,000	-	-	-
V3-III	2	1	1	1	120.5	120.7	5.660			5.660	R-2	Resid.	12,500	10,000	56,600		70,750
V3-III	2	2	1	1	120.7	121.3	6.540			6.540	R-1, A-2	Resid.	12,500	10,000	65,400		81,750
V3-III	2	3		1	121.3	121.3	0.160	0.160		0.000	I-2	Indus.	15,000	12,000	-	-	-
V3-III	2	4		1	121.3	121.7	6.420	6.420		0.000	A-2	Agric.	15,000	12,000	-	-	-
V3-III	2	5	1	1	121.7	122.0	3.160			3.160	R-1	Resid.	12,500	11,250	35,550		39,500
V3-III	2	6		1	122.1	122.5	7.600	7.600		0.000	I-1	Resid.	15,000	13,500	-	-	-
V3-III	3	1		1	122.6	122.8	2.345	2.345	0.070	0.000	I-2, R-1	Resid.	15,000	13,500	-	-	-
V3-III	3	2	5	1	122.6	122.9	0.860			0.860	I-2, R-1	Resid.	15,000	13,500	11,610		12,900
V3-III	3	3		1	122.9	123.1	2.850	2.850		0.000	A-2, I-2	Recr.	1,500	1,200	-	-	-
V3-III	3	4	1	1	123.2	123.5	4.250			4.250	A-2	Recr.	1,500	1,200	5,100		6,375
V3-III	3	5		1	123.6	123.6	1.340	1.340		0.000	A-2	Recr.	1,500	1,200	-	-	-
V3-III	3	6	1	1	123.7	123.8	2.630			2.630	A-2	Recr.	1,500	1,200	3,156		3,945
V3-III	3	7	1	1	123.9	125.1	3.330			3.330	A-2	Recr.	1,500	1,200	3,996		4,995
V3-III	3	8	1	1	124.2	124.5	5.950			5.950	A-2	Recr.	1,500	1,200	7,140		8,925
V3-III	3	9		1	124.5	124.5	0.081	0.081		0.000	A-2	Recr.	1,500	1,200	-	-	-
V3-III	4	1	1	1	124.5	124.7	2.420			2.420	A-2	Recr.	1,500	1,200	2,904		3,630
V3-III	4	2		1	124.7	125.2	5.000	5.000		0.000	A-2	Recr.	1,500	1,200	-	-	-
V3-III	4	3	1	1	125.2	125.7	5.570			5.570	A-1	Recr.	1,500	1,200	6,684		8,355
V3-III	4	4	1	1	125.7	125.9	3.120		0.070	3.050	A-2	Recr.	1,500	1,200	3,660		4,575
V3-III	4	5	1	1	126.0	126.4	9.030			9.030	A-1	Agr.	2,500	2,000	18,060		22,575
V3-III	5	1	1	1	126.5	126.6	1.340		0.080	1.260	A-1	Agr.	2,500	2,500	3,150		3,150
V3-III	5	2	1	1	126.7	126.7	0.300			0.300	A-1	Agr.	2,500	2,500	750		750
V3-III	5	3	1	1	126.8	126.9	3.700			3.700	Res	Res	18,500	18,500	68,450		68,450
V3-III	5	4	1	1	126.9	127.2	2.420			2.420	Com/Res	Res.	18,500	18,500	44,770		44,770
V3-III	5	5	1	1	127.3	127.5	3.380		0.080	3.300	Res	Res.	18,500	18,500	61,050		61,050
V3-III	5	6		1	127.6	127.6	0.470	0.470		0.000	Res	Res.	18,500	18,500	-	-	-
V3-III	5	7	1	1	127.6	127.9	3.280			3.280	A-2	Agr.	2,500	2,000	6,560		8,200
V3-III	5	8	1	1	127.9	128.1	2.330			2.330	A-2	Agr.	2,500	2,000	4,660		5,825
V3-III	5	9	1	1	128.1	128.2	1.120			1.120	A-2	Agr.	2,500	2,000	2,240		2,800
V3-III	5	10	1	1	128.2	128.3	1.400			1.400	AG	Recr.	1,500	1,200	1,680		2,100
V3-III	5	11	1	1	128.3	128.4	1.160			1.160	AG	Recr.	1,500	1,200	1,392		1,740
V3-III	5	12	1	1	128.4	128.4	0.370		0.070	0.300	AG	Recr.	1,500	1,200	360		450
V3-III	5	13	1	1	128.5	128.5	3.340			3.340	AG	Recr.	1,500	1,200	4,008		5,010
V3-III	5	14		1	127.3	127.3	3.200	3.200		0.000	Res	Res.	18,500	14,800	-	-	-
V3-III	5	15		1	127.3	127.3	0.033	0.033		0.000	Res	Res.	18,500	14,800	-	-	-
V3-III	6	1	1	1	128.5	128.6	1.560			1.560	A-2	Agr.	1,500	1,200	1,872		2,340
V3-III	6	2	1	1	128.7	129.5	9.920		0.080	9.840	A-2	Agr.	1,500	1,200	11,808		14,760
V3-III	6	3	1	1	129.6	129.7	3.100			3.100	AG	Agr.	1,500	1,200	3,720		4,650
V3-III	6	4	1	1	129.7	129.8	3.000			3.000	AG	Agr.	1,500	1,200	3,600		4,500
V3-III	6	5	1	1	130.1	130.5	6.260			6.260	AG	Agr.	1,500	1,200	7,512		9,390
V3-III	7	1	1	1	130.5	130.6	1.560			1.560	AG	Agr.	1,500	1,200	1,872		2,340
V3-III	7	2	1	1	130.6	130.7	1.560			1.560	AG	Agr.	1,500	1,200	1,872		2,340
V3-III	7	3		1	130.7	131.3	9.160	9.160		0.000	AG	Agr.	1,500	1,200	-	-	-
V3-III	7	4	1	1	131.4	131.6	3.050			3.050	AG	Agr.	1,500	1,200	3,660		4,575
V3-III	7	5	1	1	131.6	131.9	3.040			3.040	AG	Agr.	1,500	1,200	3,648		4,560
V3-III	7	6	1	1	131.9	132.1	1.400			1.400	AG	Agr.	1,500	1,200	1,680		2,100
V3-III	7	7	1	1	131.1	131.1	1.920			1.920	AG	Agr.	1,500	1,200	2,304		2,880
V3-III	7	8	1	1	131.3	131.4	1.660			1.660	AG	Agr.	1,500	1,200	1,992		2,490
V3-III	7	9	1	1	132.0	132.5	9.080			9.080	AG	Agr.	1,500	1,200	10,896		13,620
V3-III	8	1	1	1	132.5	132.8	4.400			4.400	AG	Agr.	1,500	1,200	5,280		6,600
V3-III	8	2	1	1	132.8	133.2	2.640			2.640	AG	Agr.	1,500	1,200	3,168		3,960
V3-III	8	3	1	1	133.2	133.5	4.545			4.545	R-1	Res.	5,000	5,000	22,725		22,725
V3-III	8	4	1	1	133.5	133.7	4.070			4.070	R-1	Res.	5,000	5,000	20,350		20,350
V3-III	8	5	1	1	133.7	133.9	2.530		0.070	2.460	R-1	Res.	5,000	5,000	12,300		12,300
V3-III	8	6		1	133.9	134.0	1.950	1.950		0.000	AG	Agr.	1,500	1,200	-	-	-
V3-III	8	7	1	1	134.0	134.4	6.590			6.590	AG	Agr.	1,500	1,200	7,908		9,885
V3-III	9	1	1	1	134.4	134.5	1.550			1.550	AG	Agr.	1,500	1,200	1,860		2,325
V3-III	9	2	1	1	134.5	134.75	3.520			3.520	AG	Agr.	1,500	1,200	4,224		5,280
V3-III	9	3	6	1	134.8	135.0	3.060			3.060	AG	Agr.	1,500	1,200	3,672		4,590
V3-III	9	4	1	1	135.0	135.1	1.560			1.560	AG	Agr.	1,500	1,200	1,872		2,340
V3-III	9	5	2	1	135.1	135.2	1.550			1.550	AG	Agr.	1,500	1,200	1,860		2,325
V3-III	9	6	6	1	135.2	135.5	3.220			3.220	AG	Agr.	1,500	1,200	3,864		4,830
V3-III	9	7	2	1	135.5	135.9	3.850			3.850	AG	Agr.	1,500	1,200	4,620		5,775
V3-III	9	8	6	1	135.9	136.2	3.500			3.500	AG	Agr.	1,500	1,200	4,200		5,250
V3-III	9	9		1	136.2	136.3	0.330	0.330		0.000	AG	Agr.	1,500	1,200	-	-	-
V3-III	9	10	2	1	136.3	136.4	8.800			8.800	AG	Agr.	1,500	1,200	10,560		13,200

[illegible]

V3-III	17	7	2	151.7	152.4	7.877	1.821		7.877	AC	Agr.	3,000	2,400	18,905	23,631	
V3-III	17	8	8	152.4	152.5	1.821			0.000	AC	Agr.	3,000	2,400	4,704	5,880	
V3-III	18	1	13	152.45	152.7	1.980	1.980		1.960	AC	Agr.	3,000	2,400	-	15	
V3-III	18	2	8	152.7	152.9	0.005			0.005	AC	Agr.	3,000	2,400	12	7,974	
V3-III	18	3	12	152.9	153.4	2.658	0.331	0.070	0.000	AC	Agr.	3,000	2,400	6,379	-	
V3-III	18	4	13	153.2	153.2	0.922	0.922	0.070	0.000	AC	Agr.	3,000	2,400	-	4,911	
V3-III	18	5	8	153.2	153.4	4.019	4.019	0.070	0.000	AC	Agr.	3,000	2,400	3,929	23,320	
V3-III	18	6	8	153.4	153.9	0.098	0.098		1.837	B, I	Indus.	10,000	16,000	18,856	-	
V3-III	18	7	"8"	153.4	153.5	1.637			2.832	R-1	Resid.	20,000	25,000	12,179	12,179	
V3-III	18	8	13	153.4	154.2	2.332			0.000	Comm.	25,000	2,400	-	-		
V3-III	18	9	13	154.2	154.4	3.134	3.134	0.080	0.487	B, I	Comm.	3,000	2,400	5,400	6,750	
V3-III	18	10	8	154.4	154.7	0.487	8.177	0.070	0.000	AC	Agr.	3,000	2,400	-	-	
V3-III	18	12	2	154.4	154.4	8.177	5.593	0.070	2.250	AC	Agr.	3,000	2,400	-	-	
V3-III	18	13	"3"	154.7	155.5	5.593			0.000	AC	Agr.	3,000	2,400	-	-	
V3-III	19	1	9	155.5	156.1	2.250	1.390		0.000	AC	Agr.	3,000	2,400	-	-	
V3-III	19	4	"6"	156.2	156.4	4.901	4.901		0.000	AC	Agr-Rec.	1,500	1,200	1,472	1,841	
V3-III	19	5	8	156.4	156.5	0.007	0.007		0.000	AC	Agr-Rec.	1,500	1,200	-	-	
V3-III	19	6	8	156.5	156.8	3.800	3.800		0.000	AC	Agr-Rec.	1,500	1,200	-	-	
V3-III	19	7	8	156.8	157.4	5.608	5.608		1.227	AC	Agr-Rec.	1,500	1,200	-	-	
V3-III	20	1	8	156.8	157.4	1.227			0.000	AC	Agr-Rec.	1,500	1,200	-	-	
V3-III	20	2	"3"	157.4	157.5	6.600	6.600	0.070	0.000	AC	Agr-Rec.	1,500	1,200	1,505	1,881	
V3-III	20	3	9	157.5	157.9	5.546	4.454		0.000	AC	Agr-Rec.	1,500	1,200	3,853	4,817	
V3-III	20	4	9	157.9	158.4	4.454	4.840		1.254	AC	Agr-Rec.	1,500	1,200	-	-	
V3-III	20	5	8	158.4	158.4	4.840	4.840		0.000	AC	Agr-Rec.	1,500	1,200	4,664	5,868	
V3-III	20	6	8	158.4	158.5	1.254	1.732		3.211	AC	Agr-Rec.	1,500	1,200	-	-	
V3-III	21	1	2	158.8	159.0	1.732			0.000	AC	Agr-Rec.	1,500	1,200	-	-	
V3-III	21	2	2	159.0	159.2	3.211	1.766		3.912	AC	Agr-Rec.	1,500	1,200	-	-	
V3-III	21	3	2	159.2	159.5	1.766	3.912		0.000	AC	Agr-Rec.	1,500	1,200	-	-	
V3-III	21	4	2	159.4	159.8	3.912	13.066	13.066	0.000	AC	Agr-Rec.	1,500	1,200	2,332	2,915	
V3-III	21	5	2	159.5	159.8	13.066	4.840	4.840	0.000	AC	Agr-Rec.	1,500	1,200	3,480	4,350	
V3-III	21	6	2	159.8	160.4	4.840	7.835	7.835	0.070	0.000	AC	Agr-Rec.	1,500	1,200	-	-
V3-III	21	7	8	160.4	160.8	7.835	1.839		1.943	AC	Agr-Rec.	1,500	1,200	758	948	
V3-III	22	1	8	160.8	161.9	1.839			2.900	AC	Agr-Rec.	1,500	1,200	-	-	
V3-III	22	2	3	161.9	162.1	1.943	2.900		0.000	AC	Agr-Rec.	1,500	1,200	2,144	2,681	
V3-III	22	3	14	162.1	162.3	2.900	1.137		0.632	AC	Agr-Rec.	1,500	1,200	7,632	9,540	
V3-III	22	4	2	162.3	162.5	1.137	0.632		1.787	AC	Agr-Rec.	1,500	1,200	-	-	
V3-III	22	5	2	161.7	161.9	0.632	0.632		0.000	AC	Agr-Rec.	1,500	1,200	-	-	
V3-III	22	6	2	162.4	162.5	0.632	5.241	0.080	0.000	AC	Agr-Rec.	1,500	1,200	-	-	
V3-III	23	1	14	162.5	162.7	5.241	6.360		0.000	AC	Agr-Rec.	3,300	2,640	102,555	113,950	
V3-III	23	2	8	162.7	163.1	6.360	7.112		0.000	Agr.	3,300	2,640	-	-		
V3-III	23	3	2	163.1	163.5	7.112	12.751	0.070	0.000	Indus.	10,000	10,000	10,248	12,811		
V3-III	23	4	8	163.5	164.2	12.751	11.565	0.170	11.995	Agr.	3,300	2,640	-	-		
V3-III	23	5	8	164.2	164.5	11.565	3.254	0.080	0.000	Agr.	3,300	2,640	-	-		
V3-III	23	6	1	164.5	165.2	3.254	4.022		0.000	Agr.	3,300	2,640	7,189	8,986		
V3-III	23	7	2	165.2	165.8	4.022	3.884		0.000	Agr.	3,300	2,640	-	-		
V3-III	24	1	2	165.8	166.0	3.884	3.110		2.723	Agr.	3,300	2,640	-	-		
V3-III	24	2	2	166.0	166.4	3.110	2.723		0.000	Agr.	3,300	2,640	-	-		
V3-III	24	3	2	166.4	166.5	2.723	1.210		0.000	Agr.	3,300	2,640	-	-		
V3-III	24	4	2	166.5	166.7	1.210	4.036		0.000	Agr.	3,300	2,640	-	-		
V3-III	25	1	2	166.7	166.9	4.036	3.707		0.000	Agr.	3,300	2,640	-	-		
V3-III	25	2	2	166.9	167	3.707	3.959		0.000	Agr.	3,300	2,640	-	-		
V3-III	25	3	4	167	167.3	3.959	2.191		0.000	Agr.	3,300	2,640	6,275	7,844		
V3-III	25	4	8	167.3	167.8	2.191	4.985		0.000	Agr.	3,300	2,640	6,426	8,032		
V3-III	25	5	8	167.8	168.0	4.985	4.985		0.000	Agr.	3,300	2,640	-	-		
V3-III	25	6	8	168.0	168.1	4.985	2.457		0.080	Ind/Com	12,500	10,000	-	-		
V3-III	25	7	8	168.1	168.6	2.457	2.434		0.000	Indus.	20,000	16,000	246,880	308,600		
V3-III	25	8	2	168.6	169.2	2.434	9.586	0.080	0.000	Indus.	20,000	16,000	1,543	1,928		
V3-III	26	1	2	169.2	169.5	9.586	1.556	0.070	0.000	Indus.	20,000	16,000	2,975	3,719		
V3-III	26	2	2	169.5	169.6	1.556	0.041		0.041	Indus.	20,000	16,000	735	918		
V3-III	26	3	2	169.6	170.7	0.041	15.500		0.096	Indus.	20,000	16,000	-	-		
V3-III	26	4	2	170.7	170.8	15.500	0.096		0.166	Indus.	20,000	16,000	-	-		
V3-III	26	5	2	170.8	170.8	0.096	0.186		0.046	Indus.	20,000	16,000	-	-		
V3-III	27	1	"4"	170.9	171.4	0.186	0.010		0.000	Indus.	20,000	16,000	-	-		
V3-III	27	2	2	170.9	170.9	0.010	0.010		0.000	Indus.	20,000	16,000	16,218	20,272		
V3-III	27	3	2	170.9	170.9	0.010	0.030		0.000	Agr.	3,300	2,640	8,129	10,115		
V3-III	27	4	8	170.9	170.9	0.030	0.092		6.143	Agr.	3,300	2,640	6,082	20,368		
V3-III	27	5	9	170.9	170.9	0.092	3.079		3.085	Agr.	3,300	2,640	13,430	16,787		
V3-III	27	6	10	170.9	172.0	6.143	3.079		6.172	Agr.	3,300	2,640	16,785	20,961		
V3-III	27	7	11	171.4	172.3	3.079	5.087	0.070	6.023	Agr.	3,300	2,640	15,901	19,876		
V3-III	27	8	2	172.0	172.3	5.087	6.226		3.144	Agr.	3,300	2,640	16,437	20,546		
V3-III	27	9	2	172.3	172.6	6.226				Agr.	3,300	2,640	8,300	10,375		
V3-III	27	10	2	172.6	173.0	5.087										
V3-III	27	11	1	172.6	173.0	6.428										
V3-III	27	12	2	173.0	173.5	6.023										
V3-III	27	13	2	173.5	173.9	6.226										
V3-III	28	1	2	173.9	174.5	3.144										
V3-III	28	2	2	174.5	175.0											
V3-III	28	3	1	175.0	175.3											

EXHIBIT B

DOUGLAS S. GOLDEN**President****EDUCATION:**

University of Virginia, BA in Economics and History, MA in History
American University, MS program in Transportation

CERTIFICATES:

Southern Railway, Railroad Management
Amtrak, Advanced Railroad Management
MIT, Railroad Operations Planning and Management
University of Wisconsin, Financial Viability of Railroad Operations

PUBLICATIONS:

TOFC Terminal Simulation Model, Transportation Research Board, Intermodal Freight
Terminal Design Conference, 1983 (with C.F. Wood)
Acquiring Rail Corridors, Rails-To-Trails Conservancy, 1996 (contributing author)

WORK HISTORY:

1988-	Main Line Rail Management, Inc., Vice President, President
1981-1988	Day & Zimmermann, Inc. (TAD), Manager, Operations Planning
1979-1981	Dynatrend, Inc., Sr. Transportation Consultant
1978-1979	Louis T. Klauder Co., Transportation Consultant
1973-1978	Amtrak, Manager, State/Local Affairs and Schedule Planning

GENERALEXPERIENCE:

Has over 32 years of transportation industry experience. Assignments include capital planning, operations planning, engineering, facilities needs, valuation, alternatives analyses, marketing and patronage forecasting, equipment scheduling, financial analyses, merger analyses, and project management for various freight, passenger, and intermodal studies.

VALUATION EXPERIENCE

Manages Main Line's valuation practice and has undertaken over 150 rail valuation studies on tens of thousands of miles of lines in 42 states, 8 Canadian provinces, and 2 Mexican states. Assignments have included assessments of Net Liquidation Value, Going Concern Value, replacement cost values, corridor enhancement values, and leasehold values, as well as determining the value of locomotives, freight cars, track equipment, highway vehicles, and shop equipment. Projects have been completed for railroad owners, buyers, transit authorities, state and local agencies, courts, and banks and other lenders.

Among his specific assignments, he has been the principal in charge of the valuation of such railroads as the Bangor & Aroostook, Northern Vermont, Massachusetts Central, New England Central, Connecticut Southern, Metro North, Shore Fast Line, Gettysburg, Octoraro, Delaware Valley, Pocono Northeast, Penn Eastern, Stourbridge, Towanda-Monroeton, Northern Tier lines, Glen Lyon, Landisville, Pittsburgh Industrial, Luzerne & Susquehanna, Baltimore & Annapolis, Shenandoah Valley, Gauley River, Chesapeake & Albemarle, Virginia Southern, North Carolina & Virginia, Carolina Piedmont, South Carolina Central, Georgia Southwestern, Georgia & Alabama, South Central Tennessee, Indiana & Ohio, Indiana & Ohio Central, Indiana Southern, Evansville Terminal, Central of Indiana, Central of Indianapolis, Toledo Peoria & Western, JK Lines, A&R Lines, Chicago SouthShore, Huron & Eastern, Saginaw Valley, Mid-Michigan, Michigan Shore, Grand Rapids & Eastern, Ladysmith Line, Minnesota Northern, Dakota Rail, St. Croix Valley, Otter Tail Valley, Missouri & Northern Arkansas, Texas Northeastern, Dallas Garland & Northeastern, Texas Mexican, Texas New Mexico, West Texas & Lubbock, San Diego & Imperial Valley, Ventura County, Central Oregon & Pacific, Cascades & Columbia, E&N Freight, Mackenzie Northern, Lakeland & Waterways, Central Western, Ottawa Valley, Southern Ontario, Goderich-Exeter, Ontario L'Original, and Cape Breton & Central Nova Scotia.

1992 NS Chesapeake Western Branch in VA for Shenandoah Rail Authority
 1992 Octoraro Railway in PA & DE for owner
 1993 B&LE Industrial Track in PA for Erie Press
 1993 Garden Spot lines in IN for owner
 1994 Conrail branches in NY and CT for Metropolitan Transportation Authority
 1994 Delta Southern lines in LA and AR for potential buyer
 1994 South Central Tennessee Railroad in TN for RailAmerica and lender
 1994 Wilmington & Northern line in DE for RailAmerica
 1995 Conrail Peoria cluster in IN & IL for potential buyer
 1995 Conrail South Pittsburgh lines in PA for a potential buyer
 1995 CSXT Saginaw-Brown City line in MI for RailAmerica and CSXT
 1995 Gettysburg Railroad in PA for buyer
 1995 Posey & Owensville lines in IN for owner
 1995 Rail sites in TX for Corsicana Industrial Foundation
 1995 Seagraves, Whiteface & Lubbock line in TX for RailAmerica
 1996 B&M Hazardville Branch in MA for Massachusetts EOTC
 1996 Cascades & Columbia line in WA for RailAmerica and lender
 1996 Conrail Fort Wayne cluster in OH & IN for potential buyer
 1996 Conrail lines in PA & NY for Northern Tier Planning Commission
 1996 Conrail's Camden Cluster in NJ for a potential buyer
 1996 Dakota Rail line in MN for buyer and lender
 1996 Evansville Terminal lines in IN & KY for buyer
 1996 Harbor Beach Branch in MI for Huron & Eastern Railway
 1996 Saginaw Valley Railway in MI for RailAmerica and lender
 1996 Various branch line segments in PA for Emons Transportation
 1997 Cape Fear line in NC for potential buyer
 1997 Central Branch in PA for Emons Transportation
 1997 CP Rail Webbwood Subdivision in ON for a potential buyer
 1997 Delaware Valley line in PA for PADOT
 1997 Fertile and Red Lake lines in MN for RailAmerica
 1997 Former Pocono Northeast lines in PA for Luzerne County
 1997 Minnesota Northern lines in MN for RailAmerica and lender
 1997 Northern Vermont line in VT for Iron Road Railways
 1997 Otter Tail Valley line in MN for RailAmerica and lender
 1997 Various CSXT and other lines in PA for Franklin County
 1998 CP Rail E&N Division in BC for potential buyer and lender
 1998 Massachusetts Central in MA for lender
 1998 Penn Eastern lines in PA for PADOT
 1998 Reading, Blue Mountain & Northern lines in PA for PADOT
 1998 St. Croix Valley lines in MN for RailAmerica and lender
 1999 A&R rail line in IN for Cargill
 1999 Cape Breton & Central Nova Scotia lines in NS for lender
 1999 Carolina Piedmont in SC for lender
 1999 Central of Indiana lines in OH & IN for lender
 1999 Central of Indianapolis lines in IN for lender
 1999 Central Oregon & Pacific lines in CA & OR for lender
 1999 Central Western lines in AB for a potential buyer and lender

1999 Chesapeake and Albemarle in VA & NC for lender
 1999 Connecticut Southern in CT & MA for lender
 1999 Dallas, Garland & Northeastern in TX for lender
 1999 Gauley River line in WV for owner
 1999 Georgia and Alabama in GA & AL for lender
 1999 Georgia Southwestern in GA & AL for lender
 1999 Gettysburg Railway in PA for owner
 1999 Goderich-Exeter lines in ON for lender
 1999 Grand Rapids and Eastern in MI for lender
 1999 Huron & Eastern Railway in MI for lender
 1999 Inactive rail corridors in PA for Luzerne County
 1999 Indiana & Ohio Central lines in OH & IN for lender
 1999 Indiana & Ohio line in OH & IN for lender
 1999 Indiana Southern lines in IN for lender
 1999 JK&L rail line in IN for Cargill
 1999 Lakeland & Waterways lines in AB for a potential buyer and lender
 1999 Mackenzie Northern lines in AB & NT for a potential buyer and lender
 1999 Mexrail properties in TX for owner
 1999 Michigan Shore in MI for lender
 1999 Mid-Michigan in MI for lender
 1999 Missouri & Northern Arkansas lines in MO, KS & AR for lender
 1999 New England Central in VT, NH, MA, & CT for lender
 1999 North Carolina and Virginia in VA & NC for lender
 1999 Ontario L'Original lines in ON for lender
 1999 Ottawa Valley lines in ON & PQ for a potential buyer and lender
 1999 Pittsburgh Industrial in PA for lender
 1999 Pittston area rail properties in PA for F&L Realty
 1999 San Diego and Imperial Valley lines in CA & BJ for lender
 1999 South Carolina Central in SC for lender
 1999 Southern Ontario lines in ON for a potential buyer and lender
 1999 Stourbridge line in PA for PADOT
 1999 Texas Mexican Railway in TX for owner
 1999 Texas New Mexico line in TX and NM for potential buyer and lender
 1999 Texas Northeastern in TX for lender
 1999 TP&W lines in IN & IL for potential buyer and lender
 1999 Ventura County line in CA for potential buyer and lender
 1999 Virginia Southern in VA & NC for lender
 1999 West Texas & Lubbock lines in TX for lender
 2000 CSXT line in MA for buyer
 2000 Glen Lyon right-of-way in PA for PennDOT
 2000 Landisville line in PA for Amherst Industries
 2000 Peoria rail property in IL for ILDOT
 2000 Serrano Yard (Laredo) in TX for owner
 2000 Sewer easement on rail lines in PA for Luzerne County
 2000 Towanda-Monroeton line in PA for PADOT
 2000 Various rail corridors in PA for Luzerne County
 2000 Various rail lines in Minnesota for Fargo State Bank

2000 Various rail properties in NY for Ogdensburg Bridge & Port Authority
 2001 Alabama Gulf Coast line in AL and FL for buyer
 2001 Arizona & California line in AZ and CA for buyer
 2001 Arizona Eastern line in AZ for buyer
 2001 California Northern line in CA for buyer
 2001 CDAC lines in PQ for potential buyer
 2001 Eastern Alabama line in AL for buyer
 2001 Kiamichi line in AR, OK, and TX for buyer
 2001 Kyle line in KS and CO for buyer
 2001 L&S rail lines in PA for Luzerne Rail Authority
 2001 LKP line in HI for buyer
 2001 Puget Sound & Pacific line in WA for buyer
 2001 RailAmerica railroads throughout North America for a financial institution
 2001 San Joaquin Valley line in CA for buyer
 2001 San Pedro Southwestern line in AZ for buyer
 2001 Sewer easement on rail lines in PA for Hassey Legal Services
 2001 Texas Mexican Railway in TX for RRIF loan application
 2001 Windsor & Hantsport lines in NS for RailAmerica
 2002 Georgia Southwestern segments in GA for RailAmerica
 2002 Mid-States lines in KS, CO, and NE for RailAmerica
 2002 NS Shippensburg line in PA for CAT.
 2002 Portion of St. Lawrence & Atlantic line in ME for owner
 2002 Warren track in PA for PADOT
 2002 Winooski Subdivision in VT for RailAmerica
 2002 Tex Mex and Mexrail replacement costs values in TX for owners
 2002 DME lines in MN, SD, WY, and NE for investment banker
 2002 IMRL lines in IL, WI, IA, MN, and MO for investment banker
 2002 HESY/SGVY lines in MI for buyer
 2002 TexMex/Mexrail assets in TX for owner
 2002 NS Hazleton area branches in PA for Can Do, Inc.
 2002 E&N corridor in BC for owner
 2002 IC&E replacement costs values in IL, WI, IA, MN, and MO for owner
 2003 Berwick/PP&L branch in PA for PADOT
 2003 San Luis Valley cluster in CO for buyer
 2003 BNSF lines in AL and MS for buyer
 2003 KCT lines in MO and KS for owner for RRIF loan
 2003 KC Joint Agency lines in MO for owner for RRIF loan
 2003 BAR and CDAC branches in ME for Trustee
 2003 TP&W segment in IL for owner
 2003 TexMex lines in TX for owner
 2003 West Texas & Lubbock in TX for owner
 2003 Central Michigan lines in MI for buyer
 2003 Maine, Montreal & Atlantic lines in ME and VT for owner
 2003 JK line in IN for owner
 2003 A&R line in IN for owner
 2004 West Dallas trackage in TX for RailAmerica
 2004 MonConn trackage in PA for potential buyer

2004 Alexandria Branch in DC for buyer
 2004 Dunbar branch in PA for PADOT
 2004 Former BAR and CP lines in ME and VT for RRIF loan
 2004 Riverport lines in IL for RRIF loan review
 2004 CSXT property in NY for highway project
 2004 TNMR line in TX and NM for Permian Basin
 2004 TexMex line in TX for KCS for RRIF loan
 2004 USRA Lines 142, 907, and 939 in PA and DE for potential buyer
 2004 Pittston rail/trail in PA for LCRA
 2004 TNMR and WTL lines in NM and TX for RRIF loan

Equipment Valuations

General American Transportation - Replacement values for fleets of freight cars.
GATX Capital - Condition assessment and valuation of freight cars.
Octoraro Railway - Valuation of locomotives and freight cars.
Multi-West Bank - Condition assessment and valuation of Housatonic Railroad locomotives.
RailAmerica - Condition assessment and valuation of Gettysburg Railroad locomotives and passenger equipment.
RailAmerica - Condition assessment and valuation of Dakota Rail locomotives and track equipment.
Texas Mexican Railway - Valuation of locomotives, freight car fleet, and maintenance vehicles.
RailAmerica - Condition assessment and valuation of West Texas and Lubbock Railroad locomotives and track equipment.
Springfield Institute for Savings - Valuation of Massachusetts Central Railroad locomotives, passenger cars, and track equipment.
RailAmerica - Condition assessment and valuation of South Central Tennessee Railroad locomotives and track equipment.
Massachusetts Central Railroad - Valuation of Massachusetts Central Railroad intermodal and reload equipment.
Emons Transportation - Valuation of locomotives being considered for purchase.
First National Bank of New England - Valuation of locomotives and freight equipment.
RailAmerica - Valuation of vehicles and equipment of the five RaiLink properties.
Donaldson, Lufkin & Jenrette - Valuation of vehicles and equipment of the RailTex and RailAmerica properties.
State Bank of Fargo - Valuation of locomotive fleet for Minnesota rail transaction.
First International Bank - Valuation of locomotives and other railroad equipment.
Cedar American Holdings - Valuation of locomotives, freight cars, and other equipment
National City Commercial Capital - Valuation of 200 bulkhead flatcars
National City Bank - Valuation of 269 covered hoppers