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November 29, 2004

VIA FEDERAL EXPRESS

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Room 700
Washington, DC 20006

FILED
NOV 30 2004
SURFACE
TRANSPORTATION BOARD

Re: **Docket No. AB-384 (Sub-No. 1X)**
Delta Southern Railroad, Inc. -- Abandonment Exemption --
Between Lake Village, Arkansas and Shelburn, Louisiana
In the Matter of an Offer of Financial Assistance

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of the **Offer of Financial Assistance of Southeast Arkansas Economic Development District and Lake Providence Port Commission**, dated November 29, 2004. A check in the amount of \$1,200, representing the appropriate fee for this filing, is attached.

One extra copy of the Offer and this letter also are enclosed. I would request that you date-stamp those items to show receipt of this filing and return them to me in the provided envelope.

If you have any questions regarding this filing, please feel free to contact me. Thank you for your assistance on this matter.

Respectfully submitted,

William C. Sippel
Attorney for Southeast Arkansas
Economic Development District

ENTERED
Office of Proceedings
DEC 1 - 2004
Part of
Public Record

FEE RECEIVED
NOV 30 2004
SURFACE
TRANSPORTATION BOARD
WCS:jl

Enclosures

cc: Bobby S. Gilliam, Esq.

BEFORE THE
SURFACE TRANSPORTATION BOARD



DOCKET NO. AB-384 (SUB-NO. 1X)

DELTA SOUTHERN RAILROAD, INC.
-- ABANDONMENT EXEMPTION --
BETWEEN LAKE VILLAGE, AR AND SHELBURN, LA

IN THE MATTER OF AN OFFER OF FINANCIAL ASSISTANCE

ENTERED
Office of Proceedings
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OFFER OF FINANCIAL ASSISTANCE OF
SOUTHEAST ARKANSAS ECONOMIC DEVELOPMENT DISTRICT
AND LAKE PROVIDENCE PORT COMMISSION

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TRANSPORTATION BOARD

FEE RECEIVED
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SURFACE
TRANSPORTATION BOARD

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**ATTORNEYS FOR LAKE
PROVIDENCE PORT COMMISSION**

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**ATTORNEYS FOR SOUTHEAST
ARKANSAS DEVELOPMENT DISTRICT**

Dated: November 29, 2004

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. AB-384 (SUB-NO. 1X)

DELTA SOUTHERN RAILROAD, INC.
-- ABANDONMENT EXEMPTION --
BETWEEN LAKE VILLAGE, AR AND SHELburn, LA

IN THE MATTER OF AN OFFER OF FINANCIAL ASSISTANCE

**OFFER OF FINANCIAL ASSISTANCE OF
SOUTHEAST ARKANSAS ECONOMIC DEVELOPMENT DISTRICT
AND LAKE PROVIDENCE PORT COMMISSION**

Southeast Arkansas Economic Development District ("SEAEDD") and Lake Providence Port Commission ("LPPC" and, collectively with SEAEDD, the "Offerors") hereby jointly submit the following offer of financial assistance ("OFA") to purchase the Delta Southern Railroad, Inc. ("DSR") rail line which is the subject of this abandonment proceeding. Offers of financial assistance need not be detailed, but an offeror must show that it is financially responsible and that the offer is reasonable. See Conrail Abandonments Under NERSA, 365 I.C.C. 472 (1981). In accordance with 49 U.S.C. § 10904 and the Board's applicable OFA regulations, SEAEDD and LPPC submit the following information:

Identification of Line: 49 C.F.R. § 1152.27(c)(1)(ii)(A)

Through this offer of financial assistance, Offerors seek to purchase a portion of DSR's Lake Providence Line extending from milepost 433.0 near Lake Village, Arkansas to milepost 463.0 nearly Shelburn, Louisiana, a distance of approximately 30.0 miles (the "Lake Village-Shelburn Line"). SEAEDD and LPPC are cooperating in the effort to acquire the Lake Village-Shelburn Line, which crosses the Arkansas-Louisiana state border.

On May 21, 2004, DSR filed a notice of exemption pursuant to 49 C.F.R. § 1152.50 to abandon the Lake Village-Shelburn Line. By decision served June 17, 2004, however, the abandonment proceeding was held in abeyance at DSR's request to allow negotiations between DSR and potential opposing parties (including the Offerors) regarding preservation of the Line. Abandonment proceedings were subsequently reactivated by decision served October 7, 2004. On October 18, 2004 and in accordance with 49 C.F.R. § 1152.27(c)(2)(i), SEAEDD submitted a formal expression of intent to file an offer of financial assistance to purchase the entire line, along with a request to DSR for the financial data and information prescribed in 49 C.F.R. § 1152.27(a). Pursuant to letters filed by DSR on October 29, 2004 and November 15, 2004 and in accordance with 49 C.F.R. § 1152.27(c)(2)(ii)(D), the period for filing OFAs in this proceeding was tolled until November 30, 2004.

Financial Responsibility: 49 C.F.R. § 1152.27(c)(1)(ii)(B)

SEAEDD and LPPC are both governmental entities, and thus are presumed to be financially responsible for purposes of these OFA proceedings. 49 C.F.R. § 1152.27(c)(1)(ii)(B). SEAEDD was formed in 1967 and is a special purpose regional body charged with fostering and promoting the well-being and economic development of the counties within the district. SEAEDD is one of eight statutorily-designated economic development districts in the State of Arkansas, and encompasses Arkansas, Ashley, Bradley, Chicot, Cleveland, Desha, Drew, Grant, Jefferson and Lincoln Counties. SEAEDD holds significant assets, and expects to satisfy its part of the purchase offer for the Lake Village-Shelburn line from currently-available funds.

LPPC is a Louisiana governmental body which owns and operates the Port of Lake Providence, an inland shallow draft port facility on the Mississippi River in East Carroll Parish, Louisiana. Situated on approximately 300 acres of land, the Port includes a general cargo

dock and ramp, two grain docks, a dry fertilizer and aggregate dock, three general cargo warehouses and a cottonseed warehouse. Like SEAEDD, LPPC controls substantial assets and would have more than sufficient financial resources to satisfy any of its obligations arising from this offer of financial assistance.

Offer for Purchase: 49 C.F.R. § 1127.27(c)(1)(iii)(C)

Offerors hereby submit an offer of \$815,000.00 to purchase DSR's rail line from milepost 433.0 near Lake Village, Arkansas to milepost 463.0 near Shelburn, Louisiana, a distance of approximately 30.0 miles. DSR has indicated that its estimated net liquidation value for the Lake Village-Shelburn Line is \$1,909,000.00. Offerors' lower NLV estimate for the Lake Village-Shelburn Line primarily reflects the questionable nature of DSR's title to the right-of-way of the line. DSR's land valuation appraiser simply assumes that all of the right-of-way of the Lake Village-Shelburn Line is held in fee, and does not provide or purport to have reviewed any deeds or other title documentation to support that conclusion. Records from the Missouri Pacific Railroad Company, the prior owner of the line, indicate that more than two-thirds of the right-of-way of DSR's longer McGehee-Tallulah line (of which the Lake Village-Shelburn Line forms the middle segment) is subject to reversionary interests. A preliminary review by LPPC similarly indicated that more than half of the Louisiana portion of the Lake Village-Shelburn Line right-of-way is held by easement rather than in fee simple. Offerors thus believe that DSR's asserted land values will ultimately prove to be significantly overstated.

In addition, DSR's proffered rail and track material valuations have significant deficiencies and ambiguities and are conflicting in nature. A DSR appraisal, for example, assigns over \$350,000 in value to supposedly relay-value ties, while a purported vendor's bid for rail and OTM on the line assigns a negative value for ties. The DSR appraisal even attempts to

assign substantial value to "relay" spikes, while the vendor's rail/OTM "bid" is simply a lump-sum figure, with no break-down of individual track materials and no definitive indication that the offer is binding.

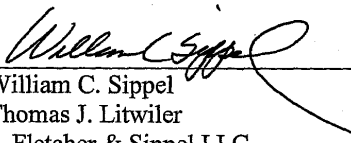
In light of these considerations, Offerors submit that their offer is reasonable and *bona fide*. The offer here is within the range that the Board has previously found sufficient to allow acceptance of an OFA. See, e.g., Boston and Maine Corporation -- Abandonment -- In Hartford and New Haven Counties, CT, Docket No. AB-32 (Sub-No. 83) (STB served May 5, 1998) (\$650,000 OFA on rail line with railroad-estimated NLV of \$1.5 million accepted.)

WHEREFORE, SEAEDD and LPPC respectfully request that the Board find in accordance with 49 C.F.R. § 1152.27(e)(2) that Offerors are financially responsible parties, and further find as necessary that Offerors' offer of financial assistance to purchase DSR's Lake Village-Shelburn Line in Arkansas and Louisiana is *bona fide* and reasonable and otherwise satisfies the standards of 49 U.S.C. § 10904(d) for purposes of instituting negotiations.

Respectfully submitted,

Bobby S. Gilliam
Wilkinson, Carmody & Gilliam
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400 Travis Street
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(318) 221-4196

**ATTORNEYS FOR LAKE
PROVIDENCE PORT COMMISSION**

By: 
William C. Sippel
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(312) 252-1500

**ATTORNEYS FOR SOUTHEAST
ARKANSAS DEVELOPMENT DISTRICT**

Dated: November 29, 2004

CERTIFICATE OF SERVICE

I hereby certify that on this 29th day of November, 2004, a copy of the foregoing
**Offer of Financial Assistance of Southeast Arkansas Economic Development District and
Lake Providence Port Commission** was served by overnight delivery upon:

Thomas F. McFarland, Esq.
Thomas F. McFarland, P.C.
208 South LaSalle Street
Suite 1890
Chicago, IL 60604-1112



William C. Sippel