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LAW OFFICE
THOMAS F. MCFARLAND, P.C.
208 SOUTH LASALLE STREET - SUITE 1890
CHICAGO, ILLINOIS 60604-1112
TELEPHONE (312) 236-0204
FAX (312) 201-9695
mcfarland@aol.com

THOMAS F MCFARLAND

July 25, 2008

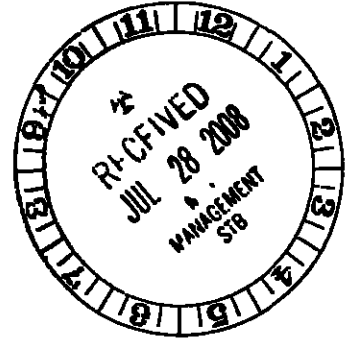
By UPS overnight mail
(Monday delivery)

Anne K. Quinlan, Esq
Acting Secretary
Surface Transportation Board
395 E Street, S.W., Suite 1149
Washington, DC 20024

ENTERED
Office of Proceedings

JUL 29 2008

Part of
Public Record



Re Docket No AB-398 (Sub-No 7X), *San Joaquin Valley Railroad Company --
Abandonment Exemption -- in Tulare County, CA*

Dear Ms. Quinlan

Enclosed please find an original and 10 copies of Request For Establishment Of
Conditions And Amount Of Compensation, for filing with the Board in the above referenced
matter

Also enclosed is a check in the amount of \$22,700 for the filing fee

Very truly yours,

Tom McFarland

Thomas F. McFarland
Attorney for Offeror

FEE RECEIVED

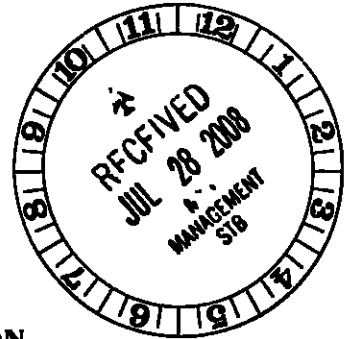
JUL 28 2008

**SURFACE
TRANSPORTATION BOARD**

TMF kl enc wp8 0:1324-ltSTB1

BEFORE THE
SURFACE TRANSPORTATION BOARD

SAN JOAQUIN VALLEY RAILROAD)
COMPANY -- ABANDONMENT) DOCKET NO AB-398
EXEMPTION -- IN TULARE COUNTY,) (SUB-NO 7X)
CA)



REQUEST FOR ESTABLISHMENT OF
CONDITIONS AND AMOUNT OF COMPENSATION

TULARE COUNTY, CALIFORNIA
2900 West Burrel Avenue
Visalia, CA 93291

Offeror

ENTERED
Office of Proceedings

JUL 28 2008

Part of
Public Record

KATHLEEN BALES-LANGE, ESQ
County Counsel
ARLENE SILVA, ESQ
Deputy County Counsel
2900 West Burrel Avenue
Visalia, CA 93291
(559) 733-6263

THOMAS F McFARLAND
THOMAS F McFARLAND, P C
208 South LaSalle Street, Suite 1890
Chicago, IL 60604-1112
(312) 236-0204
(312) 201-9695 (fax)
mcfarland@aol.com

Attorneys for Offeror

DUE DATE July 28, 2008

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

SAN JOAQUIN VALLEY RAILROAD	)	
COMPANY -- ABANDONMENT	)	DOCKET NO AB-398
EXEMPTION -- IN TULARE COUNTY,	)	(SUB-NO 7X)
CA	)	

**REQUEST FOR ESTABLISHMENT OF
CONDITIONS AND AMOUNT OF COMPENSATION**

Pursuant to 49 U S C § 10904(f)(3) and 49 C F R § 1152.27(l)(2)(ii), TULARE COUNTY, CALIFORNIA ("the County") hereby requests the Board to establish conditions and amount of compensation for purchase of a 30.57-mile rail line between Strathmore and Jovista, CA ("the Jovista Line") from SAN JOAQUIN VALLEY RAILROAD COMPANY ("SJVR")

The County is one of two offerors who filed an offer of financial assistance (OFA) to purchase the Jovista Line. The other offeror is TULARE VALLEY RAILROAD COMPANY ("TVR"). SJVR selected TVR as the offeror with whom it desired to negotiate for sale of the Jovista Line. At the end of the 30-day period for negotiations, TVR advised the Board that it had not reached agreement with SJVR for purchase of the Jovista Line, and that it would not request to Board to establish conditions and amount of compensation for such a purchase. Pursuant to 49 C F R § 1152.27(l)(2)(ii), that triggered a 10-day period within which the County could file such a request. This is the County's Request.

AMOUNT OF COMPENSATION AND CONDITIONS REQUESTED

For the reasons stated in this Request, the Board should establish the amount of compensation for purchase of the Jovista Line at \$1,198,850, and should impose the customary conditions in OFA proceedings for closing of the purchase ^{1/}

REASONS WHY THE COUNTY'S VALUATION IS CORRECT AND SJVR'S VALUATION IS NOT CORRECT

The County's Valuation Is Correct

The amount of compensation sought by the County is based on a net value of \$1,257,350 (rounded) for rail, other track material (OTM), and crossstics, as set forth in the verified statement of Mr Gary V Hunter of Railroad Industries Incorporated, which is attached to this Request as Appendix 1, plus a net value of \$23,500 (rounded) for signals and turnouts, minus \$82,000 for the cost of grade crossing restoration That cost and net value of signals and turnouts are part of SJVR's valuation of the Jovista Line at \$2,812,470, as appears in Exhibit 1, dated June 13, 2008, attached to SJVR's Response to Offer of Financial Assistance, filed June 17, 2008 A copy of that SJVR valuation is attached to this Request as Appendix 2

The components of the amount of compensation sought by the County are identified below

-
- ^{1/} Those conditions are
- (1) closing to be held on or before 90 days following the Board's decision setting the purchase price,
 - (2) purchase price to be paid in cash or by certified check,
 - (3) property to be conveyed by bill of sale (all assets are personal property), and
 - (4) release from any systemwide mortgage to delivered no more than 90 days after closing

<u>TRACK COMPONENT</u>	<u>NET VALUE *</u>	<u>SOURCE</u>
Rail and OTM	\$1,257,350	Appendix 1
Crossties	0	Appendix 1
Signals	23,500	Appendix 2
Turnouts	0	Appendix 2
Remove Crossings	(82,000)	Appendix 2
TOTAL NET VALUE	\$1,198,850	

* Some values are rounded Cost to remove turnouts exceeds their value

Mr Hunter is highly competent to value the Jovista Line by virtue of his valuation of numerous rail lines over a 32-year career in rail transportation while employed as a consultant to railroads and by two western rail carriers His valuation is based on a careful two-day inspection of the rail line on July 2 and 3, 2008

Based on the condition of the rail and OTM that Mr Hunter observed during his inspection, and on his experience, he valued the 80-pound and 90-pound rail and OTM in the Jovista Line as scrap at \$300 per ton That unit value is based on the value for scrap rail and OTM that appears in the American Metal Market Pricing Archives as of June 30, 2008 Mr Hunter valued the small amounts of 113-pound and 112-pound rail and OTM in the Jovista Line as relay at \$530 per ton The source of that value is the same as the source of his scrap value (Appendix 1, Appdx GVH-1, GVH-2)

Mr Hunter valued the crossties in the Jovista Line at zero because based upon their poor condition observed during his inspection, the cost to remove, transport and dispose of the numerous crossties that would be scrapped would equal or exceed the value of the relatively few crossties that could be relaid or be sold for landscaping (Appendix 1 at 2-3, Appdx GVH-3)

The values for signals and turnouts and the cost for restoration of crossings were derived from SJVR's valuation (Appendix 2)

SJVR'S Valuation Is Not Correct

SJVR's valuation of the Jovista Line is not reliable because it cannot have been based on a personal inspection of the Jovista Line. That is so because most of the track materials valued by SJVR do not exist in the Jovista Line.

Thus, SJVR's valuation is based primarily on 75-pound rail and OTM. SJVR claims that there are 30.32 miles of that weight of rail and OTM in the Jovista Line (90 percent of total rail and OTM) (Appendix 2 hereof). The fact is, however, that there is no 75-pound rail in the Jovista Line -- not a single piece of that weight of rail in the entire line (Appendix 1 at 2). Nor is there any 110-pound rail in the Jovista Line, which is also part of SJVR's valuation (*Id.*). SJVR must have mistakenly submitted a valuation for the Jovista Line based on valuation records for another of its rail lines that is constructed primarily of 75-pound rail. In any event, the weight of rail and OTM valued by SJVR does not match the weight of rail and OTM that is actually laid in the Jovista Line.

The County submits that SJVR's valuation is required to be rejected because as shown, it is not predicated on track materials that exist in the Jovista Line.

SJVR is likely to offer into evidence a purchase offer for the Jovista Line made by A&K Railroad Materials (A&K). That purchase offer is understood to be for an amount that approximates SJVR's claimed valuation of the Jovista Line. SJVR is likely to contend that the A&K purchase offer establishes the fair market value of the Jovista Line.

The Board should decline to give weight to the A&K purchase offer. A&K is a track salvage company that is closely affiliated with TVR -- the same TVR that only a few days ago declined to pay the same price for the Jovista Line that its non-carrier affiliate is now supposedly willing to pay.

That turn of events cannot pass a "smell test." There is too much opportunity for collusion and mischief in that scenario for the Board to go along with it. The offer made by non-carrier A&K may well be designed to establish an inflated purchase price in the OFA proceeding that the County would be unwilling to pay, thereby paving the way for A&K to purchase the Jovista Line outside the OFA process at a lower price, which could be collusively agreed to with SJVR. If the County nevertheless were to pay that inflated price, SJVR could share the windfall amount that it would receive with its partner in mischief, A&K. Either way, SJVR and A&K would unjustifiably manipulate the OFA valuation system to their benefit. The only way that the Board can effectively police such a scheme is to prevent it from occurring in the first place by refusing to recognize A&K's inflated purchase offer. This inflated offer by A&K is not the market price.

CONCLUSION AND REQUESTED RELIEF

It is apparent that SJVR's position in this matter is designed to lead to removal of the tracks and nonrail use of the Jovista Line, while the County's position is aimed at revival of rail operations indefinitely into the future. The National Rail Policy at 49 U.S.C. § 10101 strongly favors the County's position (e.g., subparagraph [4], "to ensure the development and continuation of a sound rail transportation system . . . to meet the needs of the public and the national defense"). That does not mean that the Board should fix a price for the Jovista Line at

less than its fair market value. It does mean that the Board should credit the County's evidence of net liquidation value where, as here, that evidence is based on a careful personal inspection of the Jovista Line and on documented unit values, whereas SJVR's evidence is based on track assets from some other rail line and a purchase offer for nonrail use that would undermine the integrity of the Board's OFA process.

WHEREFORE, the Board should fix the amount of compensation payable for the Jovista Line at \$1,198,850, and should impose the customary conditions for closing of the purchase as set forth in note 1, *supra*.

Respectfully submitted,

TULARE COUNTY, CALIFORNIA
2900 West Burrel Avenue
Visalia, CA 93291

Offeror

Thomas F McFarland

KATHLEEN BALES-LANGE, ESQ
County Counsel
by Arlene Silva *tm*
ARLENE SILVA, ESQ
Deputy County Counsel
2900 West Burrel Avenue
Visalia, CA 93291
(559) 733-6263

THOMAS F McFARLAND
THOMAS F McFARLAND, P C
208 South LaSalle Street, Suite 1890
Chicago, IL 60604-1112
(312) 236-0204
(312) 201-9695 (fax)
mcfarland@aol.com

Attorneys for Offeror

DUE DATE July 28, 2008

APPENDIX 1

VERIFIED STATEMENT OF GARY V. HUNTER

My name is Gary V Hunter I am a rail transportation consultant employed by Railroad Industries Incorporated, 1575 Delucchi Lane, Suite 210, Reno, NV 89502

I received a Bachelor of Arts degree in business and a MBA degree from San Francisco State University in 1976 and 1979, respectively My railroad career began 32 years ago in the Operating Department of Western Pacific Railroad Company for whom I worked from 1976 to 1981 I held several positions in the Marketing Department of Southern Pacific Transportation Company from 1981 to 1987 In 1983, I formed Railroad Industries Incorporated, as a rail transportation consulting firm In the 25 years since my affiliation with that firm, I have inspected numerous rail lines to determine their net liquidation value (NLV)

I was retained by Tulare County, California to inspect the Strathmore-Jovista, CA rail line and to provide evidence of the NLV of that rail line I inspected that 30.57-mile rail line over a two-day period on July 2 and 3, 2008

Based on that inspection and on my investigation of current values of track materials, it is my opinion that rail, other track materials (OTM), and cross-ties in that Line have a net salvage value of \$1,257,353.62, rounded to \$1,257,350 Attached to this Statement as Appendix GVH-1 is a chart that reflects my valuation of the rail and other track materials in the line at \$1,257,353.62

Based on my personal inspection, I determined that 30.52 of the 32.57 miles in the rail line (including in sidings), or roughly 94 percent, consists of rail weighing 80 pounds per yard There are small amounts of 113-pound, 112-pound, and 90-pound rail in the line, primarily in crossings and sidings I valued the rail that is heavier than 110 pounds per yard as relay rail at

\$530 per ton I valued the rail that is lighter than 100 pounds per yard as scrap at \$300 per ton. My determination of the quality of rail as relay or scrap was based on the condition of the rail that I observed, and on current demand for rail and track material. My experience is that rail over 110 pounds per yard can be used as relay, rail below 100 pounds per yard is sold as scrap, and rail in between 100 and 110 pound weights is often sold as reroll. I determined the values for relay and for scrap rail and OTM from the American Metal Market Pricing Archives as of June 30, 2008, a copy of which is attached as Appendix GVH-2.

In a Response to Offer of Financial Assistance filed on June 17, 2008, San Joaquin Valley Railroad Company (SJVR) valued the Strathmore-Jovista rail line at \$2,812,470. I disagree with that valuation.

It is clear to me that SJVR's valuation was not based on a personal inspection of the rail line. SJVR states that the great majority of the rail line consists of 75-pound rail. (See Appendix 2 attached to the County's Request). If SJVR had inspected the line, it would know that there is not a single rail length in the line that weighs 75 pounds per yard. Likewise, SJVR states that there is 110-pound rail in the line, but my inspection proves that there is no such rail in the line. Moreover, SJVR's valuation does not identify the 113-pound rail that I observed during my inspection. It is evident from those deviations that SJVR valued the rail line not on the basis of a personal inspection, but rather on the basis of erroneous SJVR records of the consist of the rail line.

Attached to my Statement as Appendix GVH-3 is a chart that reflects my valuation of the cross-ties in the line at zero. I did not ascribe a positive value to the ties because the cost to

remove, transport, and dispose of the scrap ties would equal or exceed the gross value of all cross-ties. Additional evidence that SJVR failed to inspect the rail line for purposes of its valuation is its treatment of 55 percent of total ties as either relay or landscape. (Appendix 2 attached to the County's Request) It was evident from my inspection that there has not been any meaningful cross-tie replacement on the line for many years, and that many more than half of the ties are in such poor condition that they have no use as relay or landscape.

Appendix GVH-1

NET LIQUIDATION VALUE - Railroad Track & OTM							
(Material Price Updated as of June 30, 2009)							
Railroad Track and OTM: MP 208.6 to MP 209.17							
Rail Type	Rail Weight (Lbs)	Track Miles	Rail Miles (On Track Miles)	Tons	Salvage Use	Value (Per Ton)	Total Value \$
Machine	113	0.7	1.4	139.22	rely	\$ 530	\$ 73,784.48
OTM		39%		45.04	scrap	\$ 300	\$ 13,512.38
							\$ 87,296.86
Machine	112	0.35	0.7	68.89	rely	\$ 530	\$ 36,515.78
OTM		39%		22.77	scrap	\$ 300	\$ 6,831.21
							\$ 43,346.99
Machine	90	0.5	1	79.20	scrap	\$ 300	\$ 23,760.00
OTM		39%		26.14	scrap	\$ 300	\$ 7,842.00
							\$ 31,602.00
Machine	80	28.02	56.04	4864.02	scrap	\$ 300	\$ 1,225,804.80
OTM		39%		1342.39	scrap	\$ 300	\$ 404,515.98
							\$ 1,630,320.78
Sliding	90	0.5	1	79.20	scrap	\$ 300	\$ 23,760.00
OTM		39%		26.14	scrap	\$ 300	\$ 7,842.00
							\$ 31,602.00
Sliding	80	1.5	3	211.20	scrap	\$ 300	\$ 63,360.00
OTM		39%		68.70	scrap	\$ 300	\$ 20,610.00
							\$ 84,268.80
TOTALS:		Track Miles 32.57	Rail Miles 65.14	Tons 6282.89			
Total Value of Rail & OTM							\$ 1,908,753.62
Total Removal Cost						\$20000 Per Track Mile	\$ 651,400.00
Total Net Liquidation Value of Rail & OTM							\$ 1,257,353.62

SCRAP IRON AND STEEL PRICING

CONSUMER BUYING PRICES

June averages of estimated domestic consumer buying prices in US\$/gross ton delivered mill price

	Birmingham	Cleveland	Chicago	Cleveland	Detroit	Houston	N Y	Philly	Pittsburgh	Seattle/Portland	St. Louis	Youngstown	Hamilton Ontario	Montreal
NO 1 HEAVY MELT	418 85	432 88	486 10	480 00	448 76	410 95	585 71	500 00	582 38	213 88	454 78	482 88	392 52	378 83
No 2 heavy melt	400 95	422 88	458 10	420 00		430 95	495 71	480 00	494 38	210 00	444 76	482 86		308 05
No 1 bundles	691 19		768 33	766 67	731 67	676 90	660 00	650 00	748 57		757 14	630 00	604 05	
No 2 bundles	310 95	387 86	482 14			339 52	390 30	379 78		191 00		352 85		
No 1 turnings	691 19	697 88	775 48	761 67	736 67	681 90	679 00	680 30	781 67		757 14	623 00	644 05	540 24
No 1 factory bundles			NA	NA	NA				NA					
Shredded auto scrap	550 90	517 14	543 57	530 95	549 76	534 76	570 24	575 00	557 14	233 00	544 76	582 14	328 52	437 28
MACHINE SHOP TURNINGS	300 48	312 88	412 14	348 48			350 00	300 00	335 00	188 00	365 85		252 52	187 52
Shavings turnings			4 2 14	353 48				3 6 30	345 00		365 85		242 52	
Cast iron borings			387 14	350 48							340 95			
Mixed borings turnings			407 14							138 00				
CUT STRUCTURAL/PLATE 2 MAX		501 43	645 00			455 95		615 00						418 05
Cast structural/plate 3 max	518 00	486 43				448 85		585 71			588 76			
Cast structural/plate 5 max	440 95	48 43	534 05	539 52	484 76	430 65	525 48	535 00	555 24	228 00	489 76	542 86	418 52	389 05
Foundry steel 2 max	350 00		498 10	330 00	205 00	400 95		510 00	430 00			440 00		
CUPOLA CAST	350 00	392 88	495 00	440 30	441 00	420 95	505 71	475 00	400 30					333 10
Clean auto cast	350 00	382 86	605 00	450 00	450 00			380 00	400 00					
Unstripped motor blocks	485 00	387 88	565 00	475 00	480 00	434 76		350 00	420 00					
Heavy breakable cast	300 00		425 00	350 00	350 00			270 00	250 00					
Drop broken machinery cast		290 00	375 00	480 00	470 00			505 00	420 00	275 00			549 45	414 29
NO 1 SR HEAVY MELT	440 85	491 43	534 05	539 52		430 95		535 00	555 7	24 00	488 76	542 86		
Rail crops 2 max		590 00	770 24	640 00				615 00	880 00					
Random coils	410 00		800 71					490 00	480 00	265 00				
Steel car wheels	570 00	643 00	783 81					630 00	590 00					
Over pack material (OTV)	512 00	520 00	734 29	450 30	500 00			670 00	570 00	300 00				
CLEAN USED DENSIFIED CANS			501 43	500 30				320 00	400 00					

(a) Appraisal price

NA=Not available

† Canadian currency 1981/82

STAINLESS STEEL SCRAP

	Beacon	Buffalo	Chicago	Cleveland	Detroit	Houston	L.A.	N Y	Pittsburgh	S F	Montreal
DEALERS' BUYING PRICES (\$/lb)											
3 6 solids c/s	119 50	19 50	120 50	170 50	120 50	120 50	119 50	120 50	120 50	119 50	115 50
304 solids c/s	74 50	74 50	75 50	75 50	75 50	75 50	74 50	75 50	75 50	74 50	70 50
304 turnings	69 50	69 50	70 50	70 50	70 50	70 50	69 50	70 50	70 50	69 50	65 50
304 new clips		75 50	75 50	75 50	75 50	75 50	75 50	75 50	75 50	75 50	71 50
430 new clips	7 25		7 75	7 75	7 75		7 75	7 75	7 75		
BROKER/PROCESSOR BUYING PRICES (\$/gross ton)											
3 6 solids c/s			3 575 00	3 575 00	3 575 00	3 575 00		3 575 00	3 575 00	3 575 00	
304 solids c/s			2 187 50	2 187 50	2 187 50	2 187 50		2 187 50	2 187 50	2 187 50	
304 turnings			1 987 50	1 987 50	1 987 50	1 987 50		1 987 50	1 987 50	1 987 50	
430 turnings			755 00	755 00	755 00	755 00		755 00	755 00	755 00	
430 bundles solids			655 00	655 00	655 00	655 00		655 00	655 00	655 00	
409 bundles solids			585 00	585 00	585 00	585 00		585 00	585 00	585 00	
409 turnings			585 00	585 00	585 00	585 00		585 00	585 00	585 00	

† Canadian currency

EXPORT YARD BUYING PRICES

June averages of estimated prices an export dealer broker or processor will pay for items delivered to his yard. In US\$/gross ton

	Beacon	L.A.	N Y	Philly	S F
No 1 heavy melt	430 00	308 00	493 67	493 19	301 00
No 2 heavy melt	479 00	296 00	48 57	481 10	291 00
No 1 bundles	299 00		25 30	28 80	280 00
No 1 turnings	600 00	370 00	510 00	510 00	
Machine shop turnings		200 00	180 95	196 90	200 00
Mixed cast	430 00		497 88	498 90	
Unstripped motor blocks	430 00	337 50	499 58	492 38	360 00
Auto blocks	365 00	330 00	362 58	352 88	320 00
Cut structural/plate 5 max	440 00	385 00	502 88	502 38	360 00

STAINLESS STEEL SCRAP PRICES (\$/ton)

304 solids c/s	2 187 50	2 87 50	2 87 50	2 187 50	1 587 50
304 turnings	1 987 50	1 987 50	1 987 50	1 987 50	1 587 50
430 bundles solids	750 00	750 00	750 00	750 00	

(a) Appraisal price

STAINLESS CONSUMER BUYING PRICES

	(\$/gross ton) Pittsburgh
316 ss c/s c/s	4 330 29
304 ss c/s c/s	2 998 21
304 turnings	2 730 36
430 bundles solids	904 29
430 turnings	834 29
409 bundles solids	804 29
409 turnings	684 29

ADDITIONAL GRADES

	Birmingham	Chicago
Electric furnace 3 max	457 88	
Cut structural/plate 4 max	487 88	
Stove plate	520 00	
No 1 industrial heavy melt		534 05
Rail crops 18" max		772 82
Rolling rolls		713 57
Steel joists		634 29
Heavy large bar crops		660 00
Stove plate		520 00
Punching and plate 12" max		761 43

American Metal Market computes its monthly averages of prices based on the number of actual working days in each month and does not include weekends and holidays. Thus, when a price change occurs on the first of a month which falls on a weekend date, for example, the change is published as effective the first, but that day is not added to the averages.

BROKER BUYING PRICES

June averages of estimated prices in US\$/gross ton, f.o.b.

	Atlanta	Boston	Buffalo	Cincinnati	Detroit
NO 1 HEAVY MELT	408 81	423 81	445 71	378 81	436 76
No 2 heavy melt	358 8	413 8	435 71	368 81	
No 1 bundles	665 8	800 30	636 57	628 57	898 57
No 2 bundles	333 81	323 81	311 90	287 62	304 76
No 1 turnings	675 48	600 00	643 57	636 57	721 67
Shredded auto scrap	507 88	517 88	517 88	447 88	578 78
MACHINE SHOP TURNINGS			283 81	283 81	354 76
Shavings turnings		300 00	258 81	258 81	375 00
Cast iron borings			278 81	278 81	335 00
Mixed borings turnings			175 00	175 00	335 00
CUPOLA CAST			288 81	275 00	365 00
Cut structural/plate 6 max	443 81		483 81	430 00	488 76
Cut structural/plate 7 max			483 81	320 00	499 76
Clean auto cast				280 00	525 00
Unstripped motor blocks		425 71	330 30	430 00	495 00
Heavy breakable cast			240 00	335 00	405 00
Drop broken machinery cast			420 00		
Rail crops 2 max			420 30	320 00	
Random coils			300 30	305 00	

* F.o.b. (free on board at the shipping port) from dealer to broker where freight rate is absorbed by broker. Freight rate based on single-car shipments.

NONFERROUS SCRAP PRICING

June averages of estimated dealer buying prices, in \$/lb delivered to yard. Montreal and Toronto prices are in Canadian currency.

COPPER

	Atlanta	Boston	Buffalo	Chicago	Cincinnati	Cleveland	Detroit	Houston	L.A.	N.Y.	Philly	P.burgh	S.F.	St. Louis	Montreal	Toronto
No 1 heavy copper and wire	282 50	282 50	282 50	287 50	282 50	282 50	282 50	282 50	257 50	277 50	282 50	282 50	282 50	277 50	307 50	307 50
NO 2 HEAVY COPPER AND WIRE	227 50	227 50	227 50	227 50	227 50	227 50	227 50	227 50	227 50	227 50	227 50	227 50	227 50	227 50	282 50	272 50
Light copper	210 00	230 00	230 00	223 00	215 00	220 00	220 00	230 00	210 00	240 00	240 00	245 00	210 00	240 00	240 00	255 00
RED BRASS SOLIDS	170 00	170 00	170 00	165 00	145 00	175 00	185 00	180 00	170 00	180 00	180 00	180 00	180 00	170 00	200 00	210 00
Red brass turnings borings	145 00	160 00	165 00	150 00	145 00	165 00	145 00	145 00	145 00	185 00	150 00	150 00	135 00	150 00	170 00	180 00
Cocks and factors	150 00		165 00	135 00	135 00	135 00	135 00	125 00	135 00	145 00	150 00	125 00	130 00	145 00	175 00	165 00
Brass pipe	145 00	190 00	165 00	145 00	145 00	135 00	135 00	145 00	135 00	150 00	170 00	135 00	130 00	150 00	180 00	
YELLOW BRASS SOLIDS	135 00	165 00	160 00	145 00	140 00	140 00	135 00	140 00	129 00	145 00	165 00	125 00	120 00	145 00	175 00	155 00
Mixed yellow brass turnings borings	105 00	115 00	120 00	115 00	105 00	110 00	115 00	100 00	100 00	100 00	115 00	110 00	100 00	100 00	140 00	135 00
Yellow brass rod ends	160 00	170 00	170 00	180 00	150 00	230 00	160 00	170 00	130 00	160 00	180 00	135 00	120 00	165 00	200 00	
Yellow brass rod turnings	135 00	175 00	170 00	180 00	150 00	230 00	150 00	170 00	130 00	165 00	180 00	135 00	120 00	170 00	200 00	
70-30 brass clips	135 00	195 00	185 00	220 00	165 00	250 00	135 00	180 00	120 00	215 00	215 00	165 00	120 00	170 00	220 00	
AUTO RADIATORS (UNSWEATED)	145 00	150 00	160 00	145 00	150 00	135 00	140 00	170 00	120 00	135 00	135 00	125 00	115 00	160 00	175 00	175 00
High-grade low lead bronze	150 00	135 00	150 00	165 00	170 00	215 00	180 00	175 00	120 00	135 00	180 00	170 00	115 00	180 00	180 00	175 00
Manganese bronze solids	140 00			170 00	145 00	195 00	135 00	140 00	115 00			145 00	115 00	170 00	180 00	
High-grade low lead bronze	135 00	160 00	125 00	135 00	120 00	150 00	135 00	140 00	105 00	155 00	155 00	145 00	100 00	100 00	170 00	175 00
Manganese bronze solids	140 00	160 00	125 00	145 00	120 00	135 00	170 00	125 00	100 00	150 00	160 00	145 00	100 00	105 00	165 00	
Manganese bronze turnings	120 00	120 00	125 00	125 00	115 00	115 00	110 00	110 00	100 00	125 00	130 00	140 00	100 00	100 00	170 00	150 00

ALUMINUM

	Atlanta	Boston	Buffalo	Chicago	Cincinnati	Cleveland	Detroit	Houston	L.A.	N.Y.	Philly	P.burgh	S.F.	St. Louis	Montreal	Toronto
Segregated low copper chips	62 50	72 50	72 50	72 50	57 50	72 50	72 50	72 50	62 50	72 50	77 50	77 50	57 50	62 50	77 50	72 50
Mixed low copper chips	57 50	67 50	62 50	67 50	52 50	62 50	62 50	67 50	57 50	67 50	72 50	72 50	52 50	57 50	67 50	67 50
Mixed chips	52 50	57 50	57 50	57 50	47 50	57 50	62 50	65 00	47 50	67 50	62 50	72 50	42 50	52 50	67 50	67 50
Aluminum borings, turnings, clean and dry	42 50	47 50	37 50	47 50	37 50	47 50	37 50	42 50	37 50	45 00	42 50	55 00	37 50	37 50	42 50	37 50
(All aluminum sheet and cast)	47 50	52 50	57 50	57 50	47 50	52 50	47 50	57 50	47 50	57 50	57 50	62 50	37 50	42 50	67 50	62 50
Used beverage cans, clean and dry	62 50	62 50	37 50	57 50	52 50	57 50	47 50	62 50	52 50	57 50	57 50	77 50	52 50	47 50	52 50	47 50
Industrial castings	52 50	52 50	67 50	52 50		62 50	57 50	57 50		62 50	57 50				67 50	62 50
635 aluminum solids	67 50	72 50	77 50	77 50		72 50	72 50	77 50		77 50				62 50	72 50	72 50
755 aluminum chips	57 50	72 50	72 50	62 50		62 50	57 50	62 50	57 50		67 50		47 50	57 50	47 50	67 50
755 borings, turnings as is	47 50			47 50		47 50	47 50	42 50	47 50		47 50		37 50		42 50	37 50
Aluminum scraps	47 50		52 50	57 50		42 50	47 50		52 50					57 50	62 50	
Painted aluminum scrap	52 50	62 50	67 50	62 50		57 50	52 50		47 50		62 50		37 50	47 50	67 50	67 50

(A) Approx. sal price

LEAD

	Atlanta	Boston	Buffalo	Chicago	Cincinnati	Cleveland	Detroit	Houston	L.A.	N.Y.	Philly	P.burgh	S.F.	St. Louis	Montreal	Toronto
HEAVY SOFT LEAD	32 50	42 50	37 50	42 50		37 50	37 50	37 50	37 50	37 50	32 50		37 50	47 50	42 50	37 50
Mixed hard lead	32 50		37 50	42 50		37 50	37 50	37 50	37 50	37 50			37 50	37 50	47 50	
Under lead wire and old batteries			17 50			17 50			17 50	17 50		17 50	17 50		22 50	
WHEEL WEIGHTS	32 50	42 50	37 50	37 50		32 50	32 50	32 50	37 50	37 50	32 50	32 50	37 50		37 50	

ZINC

	Atlanta	Boston	Buffalo	Chicago	Cincinnati	Cleveland	Detroit	Houston	L.A.	N.Y.	Philly	P.burgh	S.F.	St. Louis	Montreal	Toronto
New zinc die cast	59 50	48 50	48 50	59 00		48 50	48 50	63 00	45 50	53 50			48 50	41 50	62 50	
OLD ZINC DIE CAST	53 50	48 50	48 50	57 00		38 50	46 50	59 00	45 50	53 50			48 50	41 50	53 50	59 50
OILY ZINC	53 50	45 50	42 50	59 50		41 50	45 50	59 00	45 50	53 50			46 50	41 50	53 50	
NEW ZINC CLIPPING ENGRAVERS ZINC	53 50	48 50		63 50		41 50	53 50	65 00	48 50				46 50	41 50		
ALUMINUM SHEETS																
Zinc die cast auto drive pin	43 50	36 50	35 50	5 50		36 50	48 50	59 00						41 50	51 50	

NICKEL

	Atlanta	Boston	Buffalo	Chicago	Cincinnati	Cleveland	Detroit	Houston	L.A.	N.Y.	Philly	P.burgh	S.F.	St. Louis	Montreal	Toronto
New nickel die cast and solids	635 00	625 00	625 00	635 00	635 00	635 00	635 00	635 00	625 00	635 00	635 00	635 00	635 00	635 00	635 00	635 00
Mixed turnings	755 00	745 00	745 00	755 00	755 00	755 00	755 00	755 00	755 00	755 00	755 00	755 00	755 00	755 00	755 00	755 00
New nickel-copper alloy	505 00	495 00	495 00	505 00	505 00	505 00	505 00	505 00	495 00	505 00	505 00	505 00	495 00	495 00	495 00	495 00
(e.g. Monel) die cast and solids																
Nickel-copper alloy	495 00	485 00	485 00	495 00	495 00	495 00	495 00	485 00	485 00	495 00	495 00	495 00	485 00	485 00	485 00	485 00
(e.g. Monel) turnings and savings																
Nickel-copper alloy	500 00	500 00	500 00	500 00	500 00	500 00	500 00	500 00	500 00	500 00	500 00	500 00	500 00	500 00	500 00	500 00
(e.g. Monel) castings																
Nickel-chrome-ni alloy (e.g. Inconel)	655 00	655 00	655 00	655 00	655 00	655 00	655 00	655 00	655 00	655 00	655 00	655 00	655 00	655 00	655 00	655 00

Monel and Inconel are registered trademarks of Inco Alloy International Inc.

SCRAP METALS

Estimated buying prices (cash lots delivered buyers' way)		SMELTERS LEAD SCRAP		113 Sows	
In cents per pound except as otherwise noted		Buying prices heavy soft lead including delivery to smelter		Selling prices	
BRASS MILL SCRAP		Scrap lead		Mixed chips	
No 1 copper	355 33	Remelt lead		Old sheet and cast	
REFINERS COPPER SCRAP		Whole batteries		Turnings, clean and dry	
No 1 copper	345 00	Cable lead		Aluminum copper radiators	
No 2 copper	332 35	New zinc die castings		Nonferrous auto sh (90% a.s.m.)	
Light copper	323 43	O.Z. zinc (assay)		Unmixed full truckload "rich" grade	
BRASS INGOT MAKERS SCRAP		O.Z. zinc slab		DOMESTIC ALUMINUM PRODUCERS	
Copper	Emt	Galvanizers dross		Buying prices for processes used aluminum cans in carload lots to shipping point	
No 1	341 10	SECONDARY SMELTERS ALUMINUM SCRAP		Used beverage can scrap	
No 2	323 71	Buying prices delivered to the smelter in full truckloads containing several grades		MILLS SPECIALTY CONSUMERS BUYING PRICES	
Light copper	313 33	Mixed low copper chips		Segregated low copper alloy chips	
No 1 comp. solids	251 33	Mixed high copper chips		Mixed low copper alloy chips	
Comp. borings turnings	247 29	Mixed high zinc chips		Painted siding	
Radiators	205 71			Nominal for spot sales	
Yellow brass solids	205 71				
Turnings	190 00				

PRICING

AMM METALS PRICE AVERAGES

	JUNE MONTHLY AVERAGES				
	Open	High	Low	Close	Average
ALUMINUM (c/lb)					
AMM free market, unalloyed ingot	135.08	145.10	132.68	143.71	139.01
ANTIMONY (\$/ton)					
AMM free market	6,350.00	6,600.00	6,200.00	6,500.00	6,450.00
CADMIUM (c/lb)					
AMM free market					
mer 99.95% in warehouse	315.00	330.00	300.00	315.00	315.00
COPPER (c/lb)					
AMM free market Cathode	368.65	388.55	358.75	386.05	375.08
GOLD (\$/roy oz)					
London A.M.	891.25	937.75	884.00	932.75	899.54
London P.M.	888.25	933.25	882.25	930.25	886.49
LEAD (c/lb)					
AMM free market	93.16	98.08	91.88	93.18	95.53
MAGNESIUM (c/lb)					
AMM free market	3.55	3.85	3.45	3.55	3.55
MERCURY (c/lb)					
NY free market	550.00	600.00	500.00	550.00	550.00
NICKEL (c/lb)					
AMM free market, melting material	1,032.08	1,162.24	1,021.19	1,030.27	1,071.13
AMM free market, plating material	1,052.09	1,187.24	1,046.9	1,055.27	1,094.23
PALLADIUM (\$/roy oz)					
London, p.m. l.c.	435.00	475.00	421.00	467.00	449.55
PLATINUM (\$/roy oz)					
London, p.m. l.c.	2,015.00	2,103.00	1,974.00	2,084.00	2,038.24
SILVER - H&H (\$/roy oz)					
New York	1,696.53	1,753.00	1,640.50	1,731.30	1,733.45
TIN (c/lb)					
AMM free market	21,050.00	23,850.00	21,025.00	23,756.00	22,655.00
ZINC (c/lb)					
AMM free market	91.48	92.62	89.13	90.08	89.16

AMM ALUMINUM PRICE AVERAGES

	JUNE MONTHLY AVERAGES				
	Open	High	Low	Close	Average
Primary					
Alloy 365 (365.2)	1.59	1.82	1.55	1.61	1.60
Alloy 368 (368.2)	1.62	1.64	1.62	1.64	1.63
AMM Secondary Ingot Free Market					
A350.1	126.50	127.00	124.00	126.50	125.21
256.1	134.00	135.00	132.00	134.00	133.29
319.1	129.50	131.00	127.00	130.00	128.36
A360.1	131.00	132.00	129.00	131.00	130.28
A413.1	131.00	132.00	129.00	131.00	130.28
AMM Secondary Ingot Indicator					
R380.1 (380.1% Zn)	140.19	140.9	135.31	135.68	135.4
Alloy 332.1 (F 132)	142.36	142.36	131.08	137.38	135.9
Alloy 384.1 (384.3% Zn)	134.72	134.72	131.32	131.28	131.53
B390.1	151.07	151.07	146.92	147.31	147.77
443.1 (43)	142.07	142.07	136.95	137.08	137.53

FERROUS AVERAGES

	JUNE MONTHLY AVERAGES			
	2005	2006	2007	2008
Composite price of No. 1 heavy melting steel scrap in dollars per gross ton at Pittsburgh, Chicago and Philadelphia based on daily prices in American Metal Market				
January	265.32	213.75	226.48	165.64
February	199.32	231.11	250.35	329.90
March	197.81	231.57	259.76	352.44
April	217.84	240.33	280.70	469.37
May	180.19	245.08	245.39	513.65
June	124.82	247.38	244.73	500.16
July	137.58	242.32	241.30	
August	88.05	157.25	253.35	
September	229.87	207.33	264.25	
October	202.33	203.49	262.39	
November	234.73	202.05	249.78	
December	229.30	209.73	267.23	
Avg. age	155.56	272.42	256.78	

STAINLESS STEELS

June averages of market prices for 100 mill by grade not including extra charges for size 1 and 2 mill packaging, shipping and other special charges

COILED PLATE	
Plate produced on a cold-rolled mill	
Grade	\$/cwt
304	234.50
304L	238.18
316	348.39
316L	351.39
UNCOILED PLATE	
Plate produced on a hot-rolled mill	
Grade	\$/cwt
304	298.40
304L	301.40
316L	438.69
BAR	
Smooth, round, cold-rolled bar (1/2" dia. and over)	
Grade	\$/cwt
303	264.85
304	277.27
316	382.50
416	168.25
17Cr4Ni	293.31
COLD-ROLLED SHEET	
Grade	\$/cwt
301	NA
302	NA
304	242.50
304L	245.50
316L	362.39
COLD-ROLLED STRIP	
Grade	\$/cwt
304L	262.50
316L	372.79
NA—Not available	

SHEETS

June averages of market prices for 100 mill by grade not including extra charges for size 1 and 2 mill packaging, shipping and other special charges

Hot rolled	\$54.07
Cold rolled (Class 1)	\$57.93
Hot-dipped galvanized	\$64.91
Galvalume	\$58.50
Electrolytic zinc	\$58.00
Aluminum (Type 1)	\$56.57
Motor Lamination	\$57.50

BARS

June averages of market prices for 100 mill by grade not including extra charges for size 1 and 2 mill packaging, shipping and other special charges

MERCHANT PRODUCTS	
(Base prices)	
Reinforcing bar Grade 60 No. 5	\$44.92
2 x 2 x 1/4" angle	\$49.37
3 x 3 x 1/4" flat bar	\$49.82
6 x 11.5 channels	\$50.97
1/2" x 4" flat	\$49.57
COLD-FINISHED	
1" round 1018 (carbon)	\$68.50
1" round 2114 (carbon)	\$74.50
1" round 4140 (alloy)	\$81.30
HOT ROLLED	
(Special air quality)	
1" round .000 series (carbon)	\$51.50
1" round 4100 series (alloy)	\$69.00

Disclaimer

Prices and other information contained in this publication have been obtained by American Metal Market (AMM) from sources believed to be reliable. Pricing information is collected through regular contact with producers, traders and purchasers and represents an approximate evaluation of current levels based upon dealings (if any) that may have been disclosed to AMM prior to publication. Actual transaction prices will reflect discounts, grades and other credit terms and many other parameters. These prices are in no sense comparable to the quoted prices of commodities in which a "futures" market exists. Efforts are made to ensure that pricing information is representative, but because of the possibility of human or mechanical error by our sources, AMM or others, AMM does not guarantee the accuracy or completeness of any published information. AMM is not responsible for errors or omissions, or for the results obtained by the use of such information, and disclaims any liability to any person for any loss or damage caused by such errors or omissions, including those arising from the negligence of AMM or its employees or representatives.

LONDON METAL EXCHANGE PRICE AVERAGES

JUNE MONTHLY AVERAGES

Prices in U.S. dollars per metric ton. Average quoted 11:00am selling price for the pound sterling in U.S. dollars

ALUMINUM—HIGH GRADE	1,964.8
Cash	2,957.46
3 mos.	3,005.14
Settlement	2,957.86
ALUMINUM—ALLOY (99.5% min 22% AlSi2)	
Cash	2,625.64
3 mos.	2,563.57
Settlement	2,528.05
ALUMINUM—ALLOY (North American Special)	
Cash	2,665.64
3 mos.	2,704.05
Settlement	2,568.52
COPPER—GRADE A	
Cash	8,263.01
3 mos. (mex.)	8,107.39
3 mos. (other)	8,108.38
Settlement	8,260.60
LEAD	
Cash	1,852.33
3 mos.	1,881.05
Settlement	1,863.05
NICKEL	
Cash	22,539.35
3 mos.	22,587.56
Settlement	22,419.05
TIN	
Cash	22,217.14
3 mos.	22,182.14
Settlement	22,279.79
ZINC—SPECIAL HIGH GRADE	
Cash	1,893.80
3 mos.	1,923.32
Settlement	1,894.48
NA—Not available	

IMPORT PRICES

June averages of Port of Houston prices for 100 mill by grade not including extra charges for size 1 and 2 mill packaging, shipping and other special charges

Sab	\$933.81
Rebar	\$878.81
Wire Rod (low carbon)	\$901.19
Mechanical Bar	\$931.90
Mechanical Sections	\$920.00
Heavy Sections (over 24 inches)	\$1,109.05
Hil Coil (commodity)	\$1,115.00
Heavy Plate	\$1,339.05
Mechanical Plate	\$1,145.71
CR Coil	\$1,200.24

Appendix GVH-3

Railroad Miles MP 263.6 MP 299.17					
Average 2700 Ties Per Mile					
Skidline	30.57	82,784 Mostly Poor	10.0% Relay \$	8.00 \$	66,226.85
			30.0% Landscape \$	4.00 \$	33,148.27
			60.0% Scrap \$	- \$	-
		Subtotal			\$ 105,567.12
Skilling	2.00	5,418 Mostly poor	10.0% Relay \$	8.00 \$	4,332.80
			30.0% Landscape \$	4.00 \$	6,489.20
			60.0% Scrap \$	- \$	-
		Subtotal			\$ 10,822.00
Total Value of Ties					\$ 176,389.12
Total Removal Cost				\$ 2.00	\$ 176,389.12
Total Not Expected to be Removed					

APPENDIX 2

Liquidation Value of Railroad Asset

San Joaquin Valley Railroad- Exeter South - MP 268.6 to MP 299.17

June 13, 2008

Weight	Jnt./CWR	Miles	NT/Mile	Total NT	Total GT	Class	Price NT	Price GT	Total \$ NT	Total \$ GT
112lb	jnt	2	187.26	374.53	334.40	relay	\$1,000		\$374,528	
112lb	jnt	1	187.26	187.26	167.20	reroll		\$725		\$121,220
75lb	jnt	30.32	121.44	3682.06	3287.55	scrap		\$605		\$1,988,970
90lb	jnt	0.2	150.48	30.10	26.87	reroll		\$725		\$19,482
110lb	jnt	0.2	178.11	35.62	31.81	scrap		\$605		\$19,242
Totals		33.72		4309.57	3847.83					
							Total Rail Value		\$2,523,443	

Weight	Jnt./CWR	Miles	NT/Mile	Total NT	Total GT	Class	Price NT	Price GT	Total \$ NT	Total \$ GT
112lb	jnt	3	84.0	252.00	225.00	relay	\$1,000		\$252,000	
75lb	jnt	30.32	50.0	1516.00	1353.57	scrap		\$745		\$1,008,411
90lb	jnt	0.2	50.0	10.00	8.93	relay	\$1,000		\$10,000	
110lb	jnt	0.2	57.0	11.40	10.18	scrap		\$745		\$7,583
Totals		33.72		1789.40	1597.68					
							Total OTM Value		\$1,277,994	

Tie Value						Signal Value			
Class	%	Miles	Total Ties	Price Ea.	Total	Type	Quantity	Unit Price	Total
#1 Relay	15%	33.7	15174	\$8	\$121,392	Lights	13	\$2,500	\$32,500
#2 Relay	0%	33.7		\$6		Gates	3	\$5,000	\$15,000
Landscape	40%	33.7	40464	\$4	\$161,856	Total all Signals			\$47,500
Scrap	45%	33.7	45522						
Total Tie Value					\$283,248				

Weight	Type	Qty.	NT/TO	Total NT	Total GT	Class	Price EA	Price GT	Total \$ Each	Total \$ GT
75lb	No 10	13	1.9	25.09	22.40	scrap		\$745		\$16,689
112lb	No 11	5	4.5	22.60	20.18	relay	\$4,500		\$22,500	
110lb	No 10	3	4.5	13.35	11.92	relay	\$4,000		\$12,000	
90lb	No 10	10	1.9	19.30	17.23	relay	\$2,500		\$25,000	
Totals		31		80.34	71.73					
									\$76,189	

	Unit	Cost	Quantity	Total
Dismantle Rail (CWR)	NT	\$65		
Dismantle Rail (Jointed)	NT	\$50	6099 NT	\$304,948.6
Transport Rail & OTM	NT	\$65	6179 NT	\$401,655.2
Remove Ties	EA	\$2	101,160	\$202,320.0
Transport Ties	EA	\$3	101,160	\$303,480.0
Remove Relay Turnouts	EA	\$2,500	31	\$77,500.0
Remove Crossing Signal	EA	\$1,500	16	\$24,000.0
Restore Crossings	EA	\$2,000	41	\$82,000.0

	\$4,208,374
	\$1,395,904
	\$2,812,470

VERIFICATION

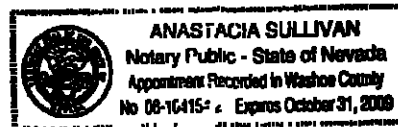
STATE OF NEVADA)
) SS:
COUNTY OF WASHOE)

GARY V. HUNTER, being duly sworn on oath, deposes and states that he has read the foregoing responses, that he knows the contents thereof, and that the facts therein stated are true and correct.


GARY V. HUNTER

SUBSCRIBED AND SWORN to
before me this 24th day
of July, 2008.


Notary Public



My Commission Expires: 10 31-2009

CERTIFICATE OF SERVICE

I hereby certify that on July 25, 2008, I served the foregoing document, Request For Establishment Of Conditions And Amount Of Compensation, on Louis E Gitomer, Esq , Law Offices of Louis E Gitomer, 600 Baltimore Avenue, Suite 301, Towson, MD 21204 and Scott G Williams, Esq , Senior Vice President & General Counsel, Rail America, Inc , 5300 Broken Sound Boulevard, N W , Second Floor, Boca Raton, FL 33487, by UPS overnight mail

Thomas F McFarland

Thomas F McFarland