



Soo Line Railroad Company  
records.

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11-30-82

Chamber of Commerce of Des Moines Ia.  
Industrial Development - Greater Des Moines

Town Development Commission - State of Ia.

Mark Threlkeld - Dir Ind. Dev.

Chester Good - Econ. Dev - local Bus Ret & Expansion  
Transport Affairs.

David Mohs - Researcher

Des Moines Chamber

Tax abatement measures passed now.

Gen 286-4950 (515)

Rees Bond - offering.

com 286-4979 (515)

Tax Increment District -

City Council very active - getting RE together.

RI-Property Mgt -

Van Nostrin - Agri Industries, Dir Public Affs.

① Above sez Soc has best offer for RI

② Above sez Soc may help coop with grain cess.



11/30/82 C.S. Stouffer

Underground drains and catch basins under  
fueling tanks, can be pumped out.

1/30/82 Bill Sills

\$600,000,000 Dam in Mozambique

Project financing  
Preliminary proposal  
Highest governmental level -

\$50-\$200 m range assumed

Note to Org Corp that we are seriously  
Proposed project financing on paper.

NOV 3 Rec'd

November 30, 1982

Memorandum to Rock Island Study File

From: D. J. Boyer *DB*Re: W. F. Bannon, President of Iowa Terminal Ry.  
General Manager of Des Moines Union Ry.

W. F. Bannon called a.m. to ask if he could come in and visit.

Has lived in Des Moines for 6 years. Long time Milwaukee employee previously the Vice President and General Manager of St. Paul Union Depot and Minnesota Transfer Co.

## Summary to items discussed:

- (1) Drew map of Des Moines Yards of Rock Island, DMU, CNW, RI, BN, NS.
- (2) Value of E-W yard to CNW? Keep other railroads out, stop short lines.
- (3) Rock Island industries served:  
A. E. Staeley Co; Agri Industries; Ford Distribution Center, Pillsbury
- (4) All industry open to reciprocal switching - handled by DMU and IT.
- (5) W. F. Bannon was aware Soo had been to Chicago to talk with Milwaukee officials regarding Kansas City yard and Milwaukee reply.
- (6) W. F. Bannon was aware Milwaukee had asked for trackage over spine line to Kansas City - said was very important. Asked if instead of trackage rights could Milwaukee interchange with Soo - yes.
- (7) Could Milwaukee provide Soo grain river route? Yes.
- (8) CNW will more than likely ask for trackage over the Spine Albert Lea to Des Moines then use CGW to Kansas City.
- (9) How much overhead and northbound traffic is there available to Soo? N&S has been testing furniture route via Des Moines, also some other commodities. Estimate 5-10 carloads daily northbound.



Memorandum to File  
November 30, 1982  
Page Two

- (10) W. F. Bannon in response to request for commodities, origins and destinations of some of roads indicated he could not send to me; but would allow me to take off some information should I visit.
- (11) There are 2 factions within Milwaukee, one of which is advocating sale of DMU interest, the other wishes to retain interest.
- (12) BV about \$600M of DMU.
- (13) Rock Island bridge in Des Moines is in very poor condition.

cc: T. M. Beckley  
D. M. Cavanaugh  
J. D. Darling

# Soo Line Railroad Company



404 Cloverleaf Two Building  
6901 West 63rd Street  
Overland Park, Kansas 66202  
(913) 432-2660  
Telex 4-2388

November 30, 1982

To: J.T. Hartnett

From: O.W. Hartwell

Re: Survey of traffic potential Rock Island main line in Missouri.

In accordance with your letter of Nov. 4, 1982 file GC-136 Rock Island Study please note enclosed survey forms completed for all stations in Missouri.

Kansas City, MO-Kan is not included and will be treated separately for potential via our preferred gateway and maximum net earnings, Chicago vs Minneapolis or Northfield. Since there will be no on line industries in Kansas City, those offering potential in competitive traffic are virtually the same industries we have solicited throughout the years. We do business with several with routing via Chicago or Northfield or Minneapolis. Since October 1980 and de-regulation coupled with recession, Soo participation has declined significantly. A case in point Arco Inc. switched by MP-ATSF-KCS-KCT-open. Grinding balls from Kansas City MO to Northern Minnesota with DMIR delivery. CNW contract along with truck rate cutting has put us in a non competitive position. If the trend continues our participation in most traffic will depend on whether we are the low cost carrier in single line or minimum number of lines movements.

Assuming there isn't a switching charge war between the railroads, I would project new business between Kansas City and the Twin Cities contingent on who switches the industries. Former Rock Island industries in Kansas City are now on the SSW-SF. Our competition already has single line service ( and rates in many cases especially TOFC ) via CNW or Milw. or BN including the former SLSF.

In reviewing the printouts for Rock Island traffic in 1978, at Kansas City I note the following volume commodities and will attempt to match up with likely consignor/consignee.

## Originating Kansas City:

Commodity	STCC	Direction of movement	Consignor
Farm Impts	3522590	North to Soo connection	Allis Chalmers-Combine Division
Corn	0113213	South to local RI points	various
Wheat	0113710	South, North & to local points	
Wheat	0113710(units)	Southeast	Seaboard Allied Milling
Min. wool	3296145	North & South & West	Owens-Corning Fiberglass & Certainteed
Grd. Bls.	3399955	South	Arco Inc.
Autos	3711120	South	G.M. & Ford
Corn sugar	2046115	South	Corn Products Div. CPC
Cl.comp'ds	2841915	TOFC South-North-West	Procter & Gamble and Colgate
Flour	204110	South	Bredde Foods -Multifoods- ADM
Scrap ppr	4024110	South	various
Ord. gds.	2099511	South - North	Inland Distribution and others
Midgls.	2041210	North to local RI points	various



Terminating Kansas City:  
Commodity STCC

Corn 0113215  
Wheat 0113710  
Soybeans 0114410  
Newsprint 2621115

Direction of movement from

various RI stations  
" "  
Trenton, Mo.  
Canada, mostly off Soo

Consignee

various  
" "  
B.C. Christopher Co.  
Kansas City Star

OWH/

cc:

R.H. Smith  
D.T. Walen  
R.E. Anderson  
J.D. Darling

Canadian Pacific

*J.D. Darling*  
*To note*

*SLH*  
*12-2-82*

MEMO TO

~~*Jim Hartnett*~~

☐ FOR APPROVAL

☐ PLEASE DRAFT REPLY

☐ PLEASE SPEAK

☐ FOR YOUR COMMENTS

☐ PLEASE NOTE AND RETURN

☐ REFERRED TO YOU FOR  
ATTENTION

☒ FOR YOUR INFORMATION

☐ CONFIRMING CONVERSATION

☐ FOR PREVIOUS PAPERS

☐ PLEASE ARRANGE

☐ PLEASE ENABLE ME TO  
REPLY

☐ PLEASE FILE

☐ PLEASE TRANSLATE

☐ PLEASE COPY

☐ NO. OF COPIES

DATE

FROM

*John Adamson*

NT0X059. 838.11/09/2 1440

9 MESS MINNEAPOLIS

L ADAMSON MGR OFF LINE CAR SERVICE MTL  
FRM J D ADAMSON DMMS MPLS

I AM ADVSD THAT CP 303669 IS SITTING IN DES MOINES, IOWA ON THE OLD  
ROCK ISLAND WITH A ROCK ISLAND BAD ORDER TAG ON IT

OUR COMPUTER SHOWS NO RECORD ON TRACES. PLS INVESTIGATE AND ADV IF  
THIS IS A CAR THAT HAS SOMEHOW BEEN LOST OR IF THERE IS A GOOD  
REASON FOR THIS CAR TO BE HERE. DO WE STILL OWN IT?

JDA-050 MZMZ

FILE: 42

>

838 11/30/2 0857

MZ475

9 MESS FROM J.H. GEDDIS.

MONTREAL NOVEMBER 30, 1982.

MR. W. MUMMERY, ATTN. F. WAINWRIGHT.

FOLLOWING MESSAGE WAS RECEIVED FROM J.D. ADAMSON DMMS MPLS.

I AM ADVSD THAT CP 303669 IS SITTING IN DES MOINES, IOWA ON THE OLD  
ROCK ISLAND WITH A ROCK ISLAND BAD ORDER TAG ON IT.

OUR COMPUTER SHOWS NO RECORD ON TRACES. PLS INVESTIGATE AND ADV IF  
THIS IS A CAR THAT HAS SOMEHOW BEEN LOST OR IF THERE IS A GOOD REASON  
FOR THIS CAR TO BE HERE. DO WE STILL OWN IT

TRANSPORTATION S RECORDS SHOWS THAT THE CAR WAS REMOVED FROM INVENTORY  
ON APRIL 10, 1981. CAN YOU PLEASE REPLY WITH COPY TO US. MR. ADAMSON S  
OAUHLHLEBEBBSSARE MZMZ. BE:235.

CC MR. J.D. ADAMSON., YR. JDA:050 FILE 42.

MR. T.M. CRAIG, ATTN. MS. F. WILLIS, RE YR FILE NO. 58765.

MR. W.J. LUCAS.



MONTREAL, DECEMBER 1 1982

MR J H GEDDIS

RYT BE 235 NOV 30 RE CP 303669. CAR WAS DAMAGED ON ROCK ISLAND  
3-27-78 AND WE RENDERED BILL NO 13,994-A MARCH 81 ACCOUNT VS  
ROCK ISLAND FOR 13,840.27 REPRESENTING D/V OF CAR. RML MARCH 24/81.  
CHIEF ACCOUNTANT ATL REG ADVISES BILL HAS NOT BEEN PAID TO-DATE AND  
MGR PROPERTY ACCOUNTS HANDLING CORRESPONDENCE WITH ROCK ISLAND.

A-945

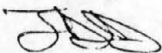
FILE: 40/153-78

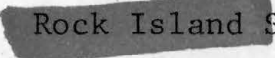
F WAINWRIGHT ..... USUS

CC: MR J D ADAMSON - RY JDA-050 FILE 42 TO MR GEDDIS  
MR T M CRAIG  
MR W J LUCAS  
MR J L ROCHON - CONF CONV WITH B KILLINSWORTH DATE  
MR L KALMAR - CONF CONV WITH B KILLINSWORTH. PLS  
ADVISE WHEN BILL HAS BEEN PAID

November 30, 1982

TO: T. M. Beckley  
D. M. Cavanaugh  
D. J. Boyer

FROM: J. D. Darling 

RE:  Rock Island Study

Reference my letter of November 18, 1982.

Attached is a copy of a follow-up letter from North American.

JDD/jmz

Att. (1)





NOV 23 Rec'd

**NORTH AMERICAN CAR CORPORATION**

33 West Monroe  
Chicago, IL U.S.A. 60603  
Telephone 312.853.5000  
Telex #255222

November 22, 1982

Mr. Joe D. Darling  
Director, Special Projects  
Soo Line Railroad Company  
Soo Line Building  
P.O. Box 530  
Minneapolis, Minnesota 55440

Dear Joe:

Jim Compton and I very much enjoyed our visit with you in Minneapolis last Thursday. We are encouraged by your interest in the Rock Island properties. We are anxious to work with you in finding the best possible equipment fit for a Soo Line acquisition of these properties. As we discussed, North American Car is very flexible in the ways in which we can offer equipment for this project. We would like to continue working with you as you proceed with your potential acquisition. The more dialogue we have the better we can understand how your needs can be best met.

Once again thank you for your time and cooperation. We look forward to working with you further. Please feel free to call Jim or myself with any questions you may have concerning this project. We will be in touch soon.

Sincerely

Frank X. Zisak,  
Manager-Equipment Placement  
Remarketing Services Division

FXZ/cc

cc: J. F. Compton

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

In the Matter of

**CHICAGO, ROCK ISLAND AND  
PACIFIC RAILROAD COMPANY,**

Debtor.

In Proceedings for the  
Reorganization of a  
Railroad.

No. 75 B 2697

**TRUSTEE'S OFFER  
TO MAKE IMMEDIATE PAYMENT  
ON PRIORITY CLAIMS**

The amount set forth on Attachment "A" to this offer is recorded on my books as trustee for the debtor railroad company. This amount is undisputed by me and reflects all net accounts and invoices (exclusive of any penalty or interest claims) due and owing you as a priority cost of administration arising out of my former operation of the debtor's railroad following its bankruptcy on March 17, 1975 ("priority claims"). I am now in the process of liquidating the debtor's properties pursuant to the court's authority.

I am authorized by the court to offer you immediate and full cash payment of the recorded claim, provided that you shall have indicated your election to receive such payment by checking line 1 of Attachment "A" and returning to me the said Attachment executed by yourself or your authorized officer, agent, or representative in the enclosed preaddressed and postage prepaid envelope so that I receive it no later than December 13, 1982. My target date for payment to you is December 31, 1982.

Your written acceptance when received by me and the mailing of a check to you will:

- (1) discharge and release all of your priority claims against the Trustee and the debtor's estate (former employees would be discharging and releasing claims for vacation pay, wages, or personal injury, as applicable);
- (2) will constitute your acknowledgement that the captioned amount so recorded is undisputed by you and correctly reflects your priority claim and
- (3) will constitute a waiver and release of any claim for interest on your priority claim which may be allowed by the court at any later date.

If I do not receive your written election by December 13, 1982, your priority claim under the law will be classified and included in a plan of reorganization which will be filed with the court. In that case, it is my current projection and opinion that when a reorganization plan is consummated, your priority claim may be satisfied in full together with interest at a rate to be determined by the court. The consummation date,

however, and consequently payment to you under a plan, could occur 12-36 months from this date, taking into account the statutory procedures required under the bankruptcy laws, as well as delays which may occur should objections be raised to the plan and litigated through the courts. My recommendation under a preliminary plan will propose a 7 1/2% percent simple interest rate from the date of the liquidation of your claim. There is no assurance, however, that the court will either approve this rate, deny interest or allow a smaller or greater rate. Expressions received by me from various parties in interest indicate that some will oppose while others will support the allowance of interest on priority claims.

**YOU MAY ELECT TO ACCEPT THIS OFFER UNDER THE TERMS ABOVE OUTLINED BY RETURNING A COPY OF ATTACHMENT "A" WITH A LINE 1 ACCEPTANCE BUT YOU ARE NOT REQUIRED TO DO SO. IF YOU DO NOT ELECT TO ACCEPT, THERE IS NOTHING FURTHER REQUIRED OF YOU AND YOUR PRIORITY CLAIM AS ABOVE RECORDED WILL BE TREATED UNDER THE REORGANIZATION PLAN. IF YOU DISPUTE THE RECORDED AMOUNT YOU MAY SO INDICATE ON LINE 3 OF ATTACHMENT "A". IN SUCH CASE, YOU ARE NOT QUALIFIED TO ACCEPT THE OFFER AND YOUR CLAIM MUST BE INCLUDED UNDER THE PLAN FOR DETERMINATION AND TREATMENT UNLESS THE COURT SHALL ORDER OTHERWISE.**

**THIS OFFER IS CONTINGENT UPON ACCEPTANCE BY PRIORITY CREDITORS OF NO LESS THAN 60% OF THE TOTAL INDEBTEDNESS RECORDED AS UNDISPUTED. IT IS ESSENTIAL THEREFORE THAT YOU ACT PROMPTLY. IF YOU NEED FURTHER INFORMATION ON THE OFFER, PLEASE CALL 312/435-7606.**

DATED: NOVEMBER 30, 1982

**WILLIAM M. GIBBONS  
TRUSTEE**

NICHOLAS G. MANOS,  
WILLIAMS, MANOS, RUTSTEIN, GOLDFARB  
& SHARP, LTD.  
ATTORNEY FOR THE TRUSTEE  
140 S. Dearborn Street  
Suite 800  
Chicago, Illinois 60603

332 S. Michigan Avenue  
Chicago, Illinois 60604

November 29, 1982

TO: T. M. Beckley  
D. M. Cavanaugh  
R. H. Smith  
D. J. Boyer

FROM: J. D. Darling JDD, *[initials]*

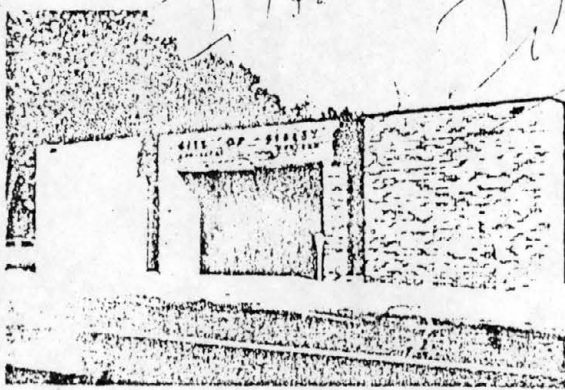
RE: Rock Island Study

Attached are additional letters of support for the C&NW  
furnished by Harvey Sims of the Iowa DOT.

JDD/jmz

Att.





*Railroad  
Les Hollander*

Phone 712 - 754 - 2541

# City of Sibley

808 Third Avenue

Sibley, Iowa 51249

November 8, 1982

RECEIVED

Mr. Robert Rigler  
Chairman - I.D.O.T.  
Security State Bank  
New Hampton, Iowa 50659

Mr. Rigler:

We are writting this letter in support of the C. & N.W.'s proposal to purchase a majority of the bankrupt Rock Island tracks. Having spent over three years in attending meetings, trips to Chicago and any other thing necessary to keep on top of the situation I have the feeling that I.D.O.T. might like to support anyone but C. & N.W. I hope I am wrong, however the tone that I am hearing tells me this is so.

Competition is certainly the ideal situation for a buyer, but we must accept the fact that with today's costs of operation and capital we are, in some cases, going to be required to be satisfied with one supplier. Competition is still there, as there are many trucking lines willing and able to transport grain or freight should rail prices get out of line.

We do not feel that the SOO Line offer will be good for Sibley or Northwest Iowa. Should the SOO Line offer be accepted I don't believe we would see the necessary funds made available to upgrade or operate the tracks properly. There is a good chance that in three to five years we very possibly could be back to the drawing table trying to figure out what to do next.

We respectfully request, on behalf of the City of Sibley, Sibley Industries, and the Sibley Industrial Development Corp. that the Iowa Department of Transportation support C. & N.W.'s efforts to purchase the bankrupt Rock Island trackage.

CITY OF SIBLEY

cc: Warren Dunaham, Director  
I.D.O.T.

Howard C. Harroff  
City Administrator

J.R. Wolfe, President  
C. & N.W.



LEAD COINERS



FEICO

## NORTHWEST IOWA CO-OP

Box 218 Ashton, Iowa 51232 Branches Allendorf & Cloverdale, Iowa

RECEIVED

PHONE  
General Office  
Ashton 712-724-6171

Honorable Robert D. Ray  
Governor of Iowa  
State Capital Bldg.  
Des Moines, Ia. 50319

WARDEN B. DUNHAM

Dear Governor Ray,

The purpose of this letter is to offer the support of Northwest Iowa Coop. in Chicago and Northwestern Transportation Bid to purchase trackage within the State of Iowa.

Currently we are on trackage of the Rock Island Railroad that is not being served. The Chicago and Northwestern transportation has purposed service to the trackage from Ocheyedan to Sibley, Iowa, presently owned by the Rock Island Railroad.

Rail Service is so important to the agricultural economy of Iowa especially in these times of depressed agricultural economy.

We hope that your office and administration will lend support to the Chicago and Northwestern in the effort to purchase and operate the former Rock Island trackage within the State of Iowa.

Sincerely  
Northwest Iowa Coop  
R.C. Pittbner  
*R.C. Pittbner*  
General Manager

CC: Governor Elect  
Mr. Terry Brandstad



## NORTHWEST IOWA CO-OP

Box 218 Ashton, Iowa 51232 Branches Allendorf & Cloverdale, Iowa

PHONE  
General Office  
Ashton 712-724-6171

CC: --Mr. W.M. Gibbons, Trustee  
Chicago, Rock Island & Pacific R.R. Co.  
Chicago, Illinois

Mr. J. M. Sullivan, Administrator  
Federal Railroad Administration  
Washington, D.C. 20590

Mr. R. J. Schiefelbein  
Deputy Director  
Interstate Commerce Commission  
Washington, D.C.

Mr. R. Rigler, Chairman  
Iowa Dept of Transportation  
Des Moines, Iowa

Mr. R.L. Kassel, Director  
Iowa Dept. Of Transportation  
Des Moines, Iowa

LAND O LAKES



FEICO

# NORTHWEST IOWA CO-OP

Box 218 Ashton, Iowa 51232 Branches Allendorf & Cloverdale, Iowa

*Railroad  
West Holland*

RECEIVED

PHONE  
General Office  
Ashton 712-724-6171

Mr. Robert Rigler  
Iowa Department of  
Transportation Commission  
Security State Bank  
New Hampton, Ia. 50659

WARREN D. DUNAHAM

Dear Mr. Rigler:

The purpose of my letter is to advise the commission that Northwest Iowa Coop. fully supports the Chicago and Northwestern in its plans to purchase and lease of Rock Island trackage.

The S00 Line in its announcement on its purposed plan does not include service from Ocheyedan to Sibley. Our business which is grain shipping is very dependent on this service. Mr Wolfe has specifically stated that the CNW fully intend to lease and operate this vital link that is needed too enhance the market place of the Northwest Iowa economy.

My concern that more competing lines in Northwest Iowa will only potentially create another promblem like we already have.

In closing I would trust that your department would clearly recognize that establishing another railroad Co. in Northwest Iowa would not be a prudent thing at this time.

Sincerely

Northwest Ia. Coop.

R. J. Dittberner

General Manager

CC: Mr. Warren Dunaham, Director  
Iowa Department of Transportation  
800 Lincoln Way  
Ames, Iowa 50010





## NORTHWEST IOWA CO-OP

Box 218 Ashton, Iowa 51232 Branches Allendorf & Cloverdale, Iowa


PHONE  
General Office  
Ashton 712-724-6171

CC: Mr. J.R. Wolfe, President  
Chicago & North Western Transportation Co.  
One North Western Center  
Chicago, Ill. 60606

Mr. C.D. Ames  
Regional Sales Mgr.  
C & NW Transportation Co.  
705 Douglas St.  
Sioux City, Ia. 51101

November 29, 1982

To: T. M. Beckley

From: ✓ D. J. Boyer 

Re: Potential Assistance in Rock Island Acquisition  
Negotiations - Gordon Fay Associates Inc.

I have met Mr. Gordon Fay on two previous occasions at which I visited concerning his involvement as a consultant within our industry.

I am impressed with his manner and experience. Most importantly, I have come to understand from others within the industry that Mr. Fay has a good understanding of the Rock Island Trustee and the workings of his office. This can be attested to by his apparent successful conclusion of acquisitions to date. It has been reported to me that the Trustee himself has made complimentary public statements about the ability to negotiate of Mr. Fay.

For your review and future determination.

Att.



November 29, 1982

To: T. M. Beckley  
From: ✓ D. J. Boyer *[Signature]*  
Re: Rock Island Study  
Elevator Lessee Problem Acquisition of Real Estate  
from Lessor Rock Island and Impact of Soo Acquisition  
Offer Including Such Real Estate

Today I received a cover letter and considerable duplicated material from Harold White, attorney of the firm of Fitzgibbons Brothers of Esterville, Iowa. This firm represents some 22 elevators on leased Rock Island real estate. See memo of November 12 visit to Soo office by Harold White.

The cover letter sets forth the thrust of the information by requesting the Court to suspend any sale action by Rock Island Trustee until Soo has completed negotiations; inasmuch as Soo offer includes such real estate. I wish to note here that Harold White nor the firm he represents made a request or did not advise of their intention to use Soo in their new approach to block sale of real estate by Trustee. At this point I have not concluded if this action is beneficial or harmful to Soo acquisition position. It comes to mind that this action by the Fitzgibbons firm may explain the rumor heard about 10 days past that CNW was in Chicago adding real estate to their offer to acquire which was previously a part of the "carve-outs".

My only comment after reading the background material is that the resolve of the Trustee was seriously underestimated. The coops contributed to their dilemma and the Trustee capitalized!

For your review and information.

Note: 3 copies attached if you wish to distribute.

11/29/82 J Beny

Go to ILL Examiner with our proposed  
contract (as part of a revised Miami  
Accord) before petitioning or even  
negotiating with CRAFL.

"12/29/82 BOX

DRGW into KCS on 10th or 12th of  
December 1982



11/29/82 GAB

6.8 miles between Hartford and Beech

- unstable

Kenny Smith

Supt Locomotives BRC

RT employee



Soo Line Railroad Company

TO: DMCTIME 10:34 DATE 11/24-W.**IMPORTANT MESSAGE****WHILE YOU WERE OUT**M Bill SillsOF Chicago CorpPHONE NO 312/855-7624☒ Telephoned☒ Please call back☐ Called to see you☐ Will call again☒ Left the following message: ----RE: Project Financing

The South African Government  
is interested in the project  
financing. Specifications will  
be needed to move this  
matter along.

LAW OFFICES OF  
**FITZGIBBONS BROTHERS**

LEO E. FITZGIBBONS  
FRANCIS FITZGIBBONS  
HAROLD W. WHITE  
RICHARD J. MEYER  
JOSEPH L. FITZGIBBONS

P. O. Box 496  
108 NORTH SEVENTH STREET  
ESTHERVILLE, IOWA  
51334

TELEPHONE  
AREA 712-362-7215

November 24, 1982

Mr. David J. Boyer  
Executive Assistant  
Soo Line Railroad Company  
Soo Line Building  
Box 530  
Minneapolis, Minnesota 55440

Re: Rock Island Purchase

Dear Dave,

I am writing this letter as a follow-up to our meeting in Minneapolis on November 12, 1982. At that time I reviewed with you the Rock Island purchase clients which we represent and which are located on the lines which the Soo Lines is proposing to purchase.

At that time, we discussed the Farmers Cooperative at Rake and the immediate problems that we are facing with that client.

After reviewing our files, there is nothing that I can add to the information which I gave you on November 12, 1982.

I am enclosing, for your information, a filing which we have made with the bankruptcy court in Chicago requesting that the disposition of the Rake real estate by the Trustee be stayed pending the Soo Line offer.

If you have any questions, or need any additional information from us, you should let me know.

Yours very truly,



Harold W. White

HWW:bp  
Enc:

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION  
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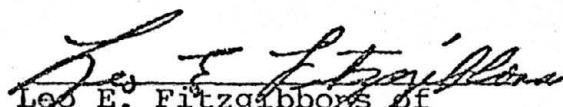
In the Matter of : In Proceedings for the  
CHICAGO, ROCK ISLAND AND : Reorganization of a  
PACIFIC RAILROAD COMPANY, : Railroad  
Debtor. : No. 75 B 2697  
:  
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NOTICE

TO: ADDRESSES ON SERVICE LIST OF TRUSTEE:

PLEASE TAKE NOTICE THAT ON December 3, 1982,  
at the hour of 10:00 a.m. or as soon thereafter as counsel may  
be heard, I shall appear before the Honorable Frank J. McGarr,  
District Judge, United States Courthouse, 219 S. Dearborn Street,  
Chicago, Illinois, or before such other District Judge as may  
be sitting in his place and stead, and shall then and there  
present:

Petition of Farmers Cooperative Elevator of Rake, Iowa,  
for Court to Establish Procedures for Sale of Debtor's Real Estate  
at Rake, Iowa; to Enjoin Trustee from Proceeding with Sale of  
such Real Estate by Sealed Bid; to clarify the Elevator's  
rights under Order No. 310; to Enjoin the Trustee from Disposing  
of Real Estate which is included in the Purchase Proposal of the  
Soo Line Railroad; a copy of which Petition is attached and  
served upon you, at which time and place you may appear as  
you see fit.

  
Leo E. Fitzgibbons of  
Fitzgibbons Brothers  
108 North 7th Street  
Estherville, Iowa 51334  
ATTORNEYS FOR FARMERS COOPERATIVE  
ELEVATOR, RAKE, IOWA



IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

-----

In the Matter of : In Proceedings for the  
CHICAGO, ROCK ISLAND AND : Reorganization of a  
PACIFIC RAILROAD COMPANY, : Railroad  
Debtor. : No. 75 B 2697  
:

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PETITION OF FARMERS COOPERATIVE ELEVATOR  
OF RAKE, IOWA, FOR COURT TO ESTABLISH  
PROCEDURES FOR SALE OF DEBTOR'S REAL  
ESTATE AT RAKE, IOWA; TO ENJOIN TRUSTEE  
FROM PROCEEDINGS WITH SALE BY SEALED BID;  
TO DECLARE THE ELEVATOR'S RIGHTS UNDER  
ORDER NO. 310; AND TO ENJOIN TRUSTEE  
FROM DISPOSING OF REAL ESTATE WHICH IS  
INCLUDED IN PURCHASE PROPOSAL OF THE  
SOO LINE RAILROAD

COMES NOW the Farmers Cooperative Elevator, Rake, Iowa,  
(herein referred to as Farmers), by its attorneys, and petitions  
the Court to establish procedures for the sale of Chicago,  
Rock Island and Pacific Railroad Company's (hereinafter referred  
to as the Debtor Railroad) real estate at Rake, Iowa; to enjoin  
the Trustee from proceeding with the sale of such real estate  
by sealed bid; to clarify the Farmers Cooperative Elevator's  
rights under Order No. 310; and to enjoin the Trustee from dis-  
posing of real estate which is included in the purchase proposal  
of the Soo Line Railroad. In support of this Petition the  
Farmers Cooperative Elevator, Rake, Iowa, states as follows:

I.

1. The Farmers Cooperative Elevator, Rake, Iowa, leases from the Trustee 175,048 square feet, more or less, located at Rake, Iowa, under Lease No. 44340, a copy of which is attached hereto as Exhibit "A".

2. Farmers has leased such real estate from the Debtor Railroad for many decades and during those years it has erected valuable improvements upon such leased real estate, all with the knowledge, consent and encouragement of the Debtor Railroad. These improvements are buildings and large concrete grain elevators, fully equipped, which were erected at a cost of approximately \$2,500,000. The Debtor Railroad encouraged and promoted the erection of such valuable improvements in an effort to create increased transportation business and revenue by creating such a large facility for the shipment of grain over its railroad system.

3. Farmers and the Trustee's representative have been negotiating for the purchase of the Debtor Railroad's real estate at Rake, Iowa, including the real estate upon which Farmers has erected the valuable improvements.

4. Farmer's lease with the Debtor Railroad (Exhibit "A") provides that such lease may be terminated on 30 days notice (para. 2) and that unless Farmers improvements are removed, the Trustee may "use, dispose of, wreck, sell, lease, remove, or otherwise deal with said property entirely as lessor wishes..." (para. 22)

5. If the 30 day cancellation clause and lease provisions

which allow the Trustee to use or wreck the valuable improvements erected by Farmers can be enforced against Farmers, the purchase of this leased real estate by someone other than Farmers could cause extreme hardship, damage and probable bankruptcy to Farmers.

6. The Trustee's representatives are fully aware of the termination provisions of the lease (Exhibit "A") and that Farmers has erected valuable and necessary improvements upon its leased real estate.

7. The Trustee's representatives have now widely advertised for bids on a closed basis for the purchase of the Elevator's leased real estate at Rake, Iowa, as shown by the Trustee's sale notice attached as Exhibit "B", including the Wall Street Journal and the Des Moines Sunday Register.

8. The method of sale proposed to be employed by the Trustee's representatives is for the Trustee's representatives to receive bids at Chicago until 5:00 p.m. Central Time, December 13, 1982. No open competitive bidding is provided for, and the fair and reasonable and true market value of the Railroad Debtor's real estate can be determined only by open and competitive bidding.

9. By adopting the bidding format now proposed and employed by the Trustee, the Trustee is seeking to force Farmers to bid far in excess of the market value of the Trustee's real estate at Rake, Iowa. The blind and close bidding requirement would provide Farmers with no legitimate and fair means of protecting its valuable improvements and its right to operate as a going concern.



10. For many years the Debtor Railroad has encouraged Farmers and similar cooperative elevator shippers in Iowa to construct valuable improvements on leased real estate so that its grain elevator and auxiliary buildings are now located on the leased real estate. The purpose was to assure that the Farmers Cooperative Company at its Rake elevator would provide grain shipments and become a valued customer of the operating railroad. The Trustee's representatives now seek to ransom such valuable improvements.

11. While recognizing that it should pay a fair price to the Trustee for the purchase of its leased real estate at Rake, Iowa, Farmers submits that this Court should protect it from the unfair method of sale now employed and proposed by the Trustee's representatives for its leased real estate at Rake, Iowa. As a court of equity, this Court should require the Trustee to employ sale procedures for this leased real estate which insure the Trustee a fair price for his real estate, but not a coerced or ransomed price which seeks to take an unfair and unconscionable advantage of Farmers's past erection of improvements on leased real estate, the advantage of which improvements the Debtor Railroad has enjoyed through increased railroad revenues, and which the Trustee now seeks, in practical effect, to appropriate at least partially. In a sense the Trustee's bidding format seeks to force Farmers to pay or partially pay for its improvements twice.

12. Farmers proposes that the Railroad Debtor's leased real estate at Rake, Iowa, be sold at public auction. This method

of sale will allow the Railroad Debtor to obtain a fair price for its Rake, Iowa, real estate. A public auction sale will also allow Farmers to bid in protection of its improvements and eliminate the coercion of the mail bid procedure now employed by the Trustee's representatives.

## II.

1. Additionally, the Railroad Debtor's advertisement for bids (Exhibit "B") provides that "No bids will be accepted by or in court". The Trustee's prior interpretation of Order No. 310, as amended by Order No. 323, is that Farmers, as lessee, has the opportunity to bid in court (or at least at a open auction) for its leased real estate at the time the Court considers approval of any sale by the Trustee to a non-lessee. (See Exhibit "C" attached, pages 8-14 of Court transcript dated September 16, 1981, concerning Lessee Farmers Cooperative Elevator of Iowa Falls, Iowa's, attempt to purchase its leased Bradford, Iowa, real estate). Order No. 310 is in full force and effect and grants rights to Farmers which are being ignored by the Trustee.

2. This Court should enjoin the Trustee from proceeding with his sale of the Railroad Debtor's Rake, Iowa, real estate by sealed bid for the reason that this method is an unfair coercion upon Farmers which has erected valuable improvements upon the real estate with the knowledge, consent and encouragement of the Railroad Debtor.

III.

1. As a further example of the coercion of Farmers by representatives of the Trustee is a proposed "rent adjustment" from \$1,200 per year to \$6,000 per month attached as Exhibit "D". The reason given for this 5900% increase in rent is Farmers refusal to purchase its leased real estate at the Trustee's asking price.

2. Farmers rent was fixed at \$1,200 per year on June 1, 1978. Obviously, the consumer price index has not increased 5900% since that time.

3. This unconscionable increase in rent to Farmers is retaliation by the Trustee's representatives for Farmers desire to purchase its leased property at only fair value and not at any inflated or unrealistic value.

4. According to the Trustee's Notice, if Farmers does not concur in this unreasonable increase in rent, Farmers lease is immediately terminated even though it has erected improvements on its leased real estate with a value of approximately 2.5 million dollars. A 5900% increase in rent is an obvious and unconscionable strong arm attempt to coerce the Elevator to pay the Trustee's unreasonable asking price for the Elevator's purchase of its leased real estate.

IV.

Farmers is creditably informed that the Trustee is presently negotiating for the sale of that portion of the remaining rail system, including that on which Farmers is



located, (which is presently being operated by the C&NW under lease) to the Soo Line Railroad Company and also with the C&NW.

2. Farmers is creditably informed that the Soo Line Railroad Company as a part of its offer for the rail system, intends to bid and purchase all of the non-rail assets as well as the rail assets of the Debtor Railroad and further, that thereafter Soo Line intends to lease or resale real estate such as the real estate involved at Rake, Iowa, to the Lessees, such as Farmers, who have erected structures on leased railroad ground.

3. Accordingly, the Trustee should be enjoined from proceeding with the sale of the real estate at Rake, Iowa, and any other real estate occupied by Lessees in a similar situation, until the negotiations between the Soo Line and the Trustee are resolved.

V.

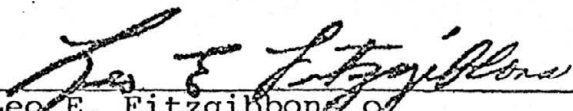
1. As provided by H.F. 2334, Acts of the 69th Iowa General Assembly, 1982 Regular Session (Exhibit "E" attached) Farmers has petitioned the Transportation Regulation Authority of the State of Iowa to (1) enter its Order to include fixing the fair market value of the real estate leased by Farmers in Lease No. 44340 and (2) enter its Order establishing a fair rental price for such leased real estate.

2. Copies of Farmers 's Applications before the Trans-

portation Authority, the State of Iowa are attached as Exhibits "F" and "G".

WHEREFORE, the Farmers Cooperative Elevator, Rake, Iowa, prays that an Order be entered herein:

1. Requiring the Trustee to sell the Railroad Debtor's real estate at Rake, Iowa, by public auction.
2. Enjoining the Trustee from proceeding with any sale by closed bid of the Railroad Debtor's Rake, Iowa, real estate.
3. Declaring that Order No. 310 allows the Elevator, as lessee, an opportunity to bid in Court (or at least by open auction) for its leased real estate at the time the Court considers approval of any sale by the Trustee to any non-lessee.
4. Enjoining the Trustee from selling the real estate at Rake, Iowa, occupied by Farmers, by any method, prior to the conclusion of the Trustee's negotiations for the sale of the railroad system to the Soo Line, and that the Trustee be enjoined not only from selling the Rake real estate as he presently contemplates, but enjoined from selling any other real estate similarly situated until negotiations with Soo Line have been completed by the sale of all of said property to the Soo Line or by the cessation of the interest of the Soo Line in said property.

  
Leo E. Fitzgibbon of  
Fitzgibbons Brothers  
108 North 7th Street  
Estherville, Iowa 51334  
(712) 362-7215  
ATTORNEYS FOR THE FARMERS COOPERATIVE  
ELEVATOR, RAKE, IOWA

## OFFER TO LEASE

TO: WILLIAM M. GIBBONS, TRUSTEE OF THE PROPERTY OF CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY, DEBTOR  
C/O RESOURCE MANAGEMENT & DEVELOPMENT GROUP - 332 SOUTH MICHIGAN AVENUE - CHICAGO, ILLINOIS 60604

OFFER TO LEASE AND DESCRIPTION THE UNDERSIGNED (HEREINAFTER CALLED "LESSEE"), HEREBY OFFERS AND AGREES TO LEASE FROM YOUR COMPANY (HEREINAFTER CALLED "LESSOR"), THE INTEREST OF THE LESSOR IN THE PROPERTY SITUATED IN THE CITY OF

RAKE IN THE COUNTY OF WINNEBAGO AND STATE OF IOWA

REPRESENTED IN HATCH LINES (175,048 SQ. FT. +) ON THE PRINT MARKED EXHIBIT "A", WHICH IS ATTACHED HERETO AND MADE A PART HEREOF (SAID PROPERTY HEREINAFTER CALLED PREMISES), AT THE RENTAL AND UPON THE TERMS AND CONDITIONS HEREIN, INCLUDING THOSE SET FORTH ON THE REVERSE SIDE HEREOF, AND ON THE ADDENDUM PAGES ATTACHED HERETO, UPON ACCEPTANCE BY LESSOR OF LESSEE'S OFFER TO LEASE, THIS OFFER SHALL BECOME A LEASE BINDING UPON BOTH PARTIES.

TERM 1. SAID LEASE SHALL BE EFFECTIVE FROM THE 1ST DAY OF JUNE, 19 78 TO THE     DAY OF    , 19     AND THEREAFTER UNTIL TERMINATED AS HEREINAFTER PROVIDED.

TERMINATION 2. EITHER THE LESSOR OR THE LESSEE MAY TERMINATE SAID LEASE AT ANY TIME AFTER THE 1ST DAY OF JUNE, 19 78 BY GIVING TO THE OTHER PARTY THIRTY (30) DAYS' NOTICE IN WRITING, OR AS OTHERWISE PROVIDED HEREIN.

RENTAL 3. LESSEE SHALL PAY AS RENT FOR THE PREMISES ANNUALLY IN ADVANCE THE SUM OF ONE THOUSAND TWO HUNDRED AND NO/100 DOLLARS (\$ 1,200.00) (HEREINAFTER CALLED "BASE RENT"). SAID BASE RENT SHALL BE ADJUSTED ANNUALLY AS HEREINAFTER PROVIDED, IN

INDEX RELATION TO AN INDEX OF 195.3 FOR THE BASE MONTH OF JUNE, 19 78.

SECURITY DEPOSIT 4. LESSEE SHALL DEPOSIT WITH LESSOR THE SUM OF NONE DOLLARS (\$    ) AS SECURITY FOR THE PERFORMANCE OF ALL COVENANTS AND AGREEMENTS OF LESSEE HEREUNDER. LESSOR MAY AT ANY TIME OR TIMES APPLY ALL OR ANY PORTION THEREOF IN PAYMENT OF ANY AMOUNTS DUE LESSOR FROM LESSEE. IN THE EVENT THAT LESSOR SHALL APPLY THE SECURITY DEPOSIT OR ANY PART THEREOF IN PAYMENT OF ANY AMOUNTS DUE FROM LESSEE, LESSEE SHALL UPON NOTICE TO IT OF SUCH APPLICATION IMMEDIATELY REPLACE SUCH DEPOSIT OR PART THEREOF, UPON TERMINATION OF THE LEASE AND FULL PERFORMANCE OF ALL OF LESSEE'S OBLIGATIONS HEREUNDER, SO MUCH OF THE SECURITY DEPOSIT AS REMAINS UNAPPLIED SHALL BE RETURNED TO LESSEE. THE SECURITY DEPOSIT SHALL NOT BEAR INTEREST UNLESS AND EXCEPT AS REQUIRED BY LAW. THIS PARAGRAPH SHALL BE INAPPLICABLE IF THE AMOUNT OF SECURITY DEPOSIT SHOWN ABOVE IS "NONE".

USE 5. THE PREMISES ARE TO BE OCCUPIED BY THE LESSEE AND USED EXCLUSIVELY FOR THE FOLLOWING PURPOSES:  
STORAGE AND DISTRIBUTION OF GRAIN, COAL, FEED, FERTILIZER,  
INCLUDING ANHYDROUS AMMONIA

ADDENDUM 6. THIS OFFER CONSISTS OF 2 PAGES, INCLUDING ADDENDUM ATTACHED HERETO, ALL OF WHICH HAVE BEEN INITIALED BY THE LESSEE, AND ALL OF WHICH ARE HEREBY INCORPORATED INTO THIS OFFER AND MADE A PART HEREOF, THE SAME AS IF INCLUDED IN THE MAIN BODY OF THIS INSTRUMENT.

\*6a.

THIS OFFER HAS BEEN MADE, SIGNED AND SEALED BY THE LESSEE THIS 25th DAY OF Oct, 19 78

ATTEST:

Roger Schaefer  
(CORPORATION ONLY) SECRETARY  
W. Eugene Koppert  
(OTHER THAN CORPORATION) WITNESS

FARMERS COOP ELEVATOR  
LESSEE NAME

SIGNATURE

PRESIDENT Lloyd R. High  
TITLE (OR 2ND SIGNATURE IF PARTNERSHIP)

LESSEE ADDRESS

RAKE IOWA 50455  
CITY, STATE AND ZIP CODE

THE FOREGOING OFFER IS ACCEPTED BY LESSOR THIS 30th DAY OF October, 19 78.

WILLIAM M. GIBBONS, TRUSTEE OF THE PROPERTY OF  
CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY, DEBTOR

R. A. Lamberty  
DIRECTOR-REAL ESTATE OPERATIONS

PAGE 1

LESSOR'S LEASE NUMBER REVISED 02-44340

\*6a. THIS LEASE CANCELS AND SUPERSEDES LEASE 02-44340 DATED AUGUST 5, 1976.

EXHIBIT "A" 1



FIRE AND OTHER  
CASUALTIES

17. THE LESSEE RELEASES THE LESSOR, ITS AGENTS AND EMPLOYEES, FROM ALL LIABILITY FOR LOSS OR DAMAGE CAUSED BY FIRE OR OTHER CASUALTY BY REASON OF ANY INJURY TO OR DESTRUCTION OF ANY REAL OR PERSONAL PROPERTY OF ANY KIND, OWNED BY THE LESSEE, OR IN WHICH THE LESSEE IS INTERESTED, WHICH NOW IS OR MAY HEREAFTER BE PLACED ON ANY PART OF THE LEASED PREMISES.

THE LESSEE FURTHER AGREES THAT IF, IN ANY EVENT, THE RELEASE HEREOFORERE MADE SHALL NOT BE VALID, THE LESSOR SHALL HAVE THE FULL BENEFIT OF ANY INSURANCE EFFECTED BY LESSEE ON THE STRUCTURES OR PROPERTY INJURED OR DESTROYED. IT IS EXPRESSLY UNDERSTOOD AND AGREED, AS ONE OF THE CONSIDERATIONS TO THE LESSOR FOR THE MAKING OF THIS LEASE, AND ONE OF THE CONDITIONS UPON WHICH IT IS MADE, THAT THE INSURER SHALL NOT HAVE ANY CLAIM, CAUSE OF ACTION OR DEMAND AGAINST THE LESSOR, OR ANY PARTY OR CORPORATION AT ANY TIME ARISING OR OPERATING THE RAILROAD AND PROPERTY OF SAID LESSOR, ON ACCOUNT OF ANY DAMAGE OR INJURY OR DESTRUCTION OF SUCH STRUCTURES OR PROPERTY, OR ON ACCOUNT OF ANY PAYMENT MADE TO THE LESSEE OR ANY OTHER PARTY BY REASON OF SUCH DAMAGE, INJURY OR DESTRUCTION, AND THE LESSEE AGREES TO INDEMNIFY AND HOLD HARMLESS THE LESSOR, ITS AGENTS AND EMPLOYEES, AGAINST ANY SUCH CLAIM, CAUSE OF ACTION OR DEMAND.

THE LESSEE FURTHER AGREES THAT IN CASE ANY BUILDING OR OTHER IMPROVEMENT OWNED OR CONTROLLED BY LESSEE NOW OR HEREAFTER LOCATED UPON SAID LEASED PREMISES IS DAMAGED OR DESTROYED WHOLLY OR PARTIALLY BY FIRE OR OTHER CASUALTY, THE LESSEE SHALL REMOVE ALL DEBRIS, TRASH OR RUBBISH CAUSED BY OR INCIDENT TO SAID DAMAGE OR DESTRUCTION; AND IN CASE OF FAILURE SO TO DO, THE LESSOR MAY, AT ITS OPTION, THIRTY (30) DAYS AFTER THE FIRE OR OTHER CASUALTY, ENTER UPON THE PREMISES AND REMOVE SUCH DEBRIS, TRASH OR RUBBISH AT THE SOLE COST OF THE LESSEE, AND THE LESSEE HEREBY AGREES TO PAY SUCH COST TO THE LESSOR UPON PRESENTATION OF A BILL THEREFOR.

LESSEE FURTHER AGREES TO INDEMNIFY AND HOLD HARMLESS LESSOR, ITS AGENTS AND EMPLOYEES, FROM AND AGAINST ALL LOSS OR DAMAGE TO PERSON OR PROPERTY, INCLUDING THE PERSON OR PROPERTY OF THE PARTIES HERETO, ARISING FROM FIRE OR OTHER CASUALTY ORIGINATING ON THE LEASED PREMISES.

ABANDONMENT

18. AN ABANDONMENT OF THE PREMISES BY THE LESSEE SHALL OPERATE AS AN ABSOLUTE AND IMMEDIATE TERMINATION OF THIS LEASE AT THE SOLE OPTION OF THE LESSOR. FAILURE OF THE LESSEE TO OCCUPY OR USE THE SAID LEASED PREMISES FOR THE PURPOSES HEREOFORERE MENTIONED FOR NINETY (90) DAYS AT ANY ONE TIME SHALL BE DEEMED AN ABANDONMENT THEREOF.

DISPLAY  
OF SIGNS

19. THE LESSEE AGREES THAT NO PART OF THE PREMISES SHALL BE USED FOR DISPLAY OF SIGNS OR ADVERTISEMENTS OTHER THAN THOSE THAT MAY BE CONNECTED WITH THE BUSINESS OF THE LESSEE; AND SUCH SIGNS OR ADVERTISEMENTS RELATING TO LESSEE'S BUSINESS SHALL BE SUBJECT TO THE APPROVAL OF THE LESSOR. IT IS AGREED THAT THE LESSEE SHALL NOT ALLOW OTHERS TO POST BILLS OR SIGNS THEREON.

LIABILITY

20. THE LESSEE AGREES TO INDEMNIFY AND HOLD HARMLESS THE LESSOR, ITS AGENTS AND EMPLOYEES, AGAINST ANY AND ALL CLAIMS, DEMANDS, EXPENSES, LIABILITIES, OR CAUSES OF ACTION ARISING OUT OF INJURY TO OR DEATH OF ANY OF THE PARTIES HERETO AND THEIR AGENTS AND EMPLOYEES, OR INJURY TO OR DEATH OF ANY PERSON OR PERSONS, OR LOSS OF OR DAMAGE TO PROPERTY OF ANY OF THE PARTIES HERETO, AND OF THEIR AGENTS AND EMPLOYEES, OR LOSS OF OR DAMAGE TO THE PROPERTY OF ANY OTHER PERSON, FIRM OR CORPORATION WHILE ON OR ABOUT THE SAID LEASED PREMISES, WHEN SUCH INJURY, DEATH, LOSS OR DAMAGE ARISES FROM OR IS CONNECTED WITH (1) ANY ACT OR OMISSION ON THE PART OF THE LESSEE, ITS AGENTS, SERVANTS OR EMPLOYEES; OR (2) ANY CONDITION WHATSOEVER ON THE PREMISES.

VIOLATION

21. IN CASE OF VIOLATION BY EITHER PARTY OF ANY PROVISION OF THIS LEASE, THE OTHER PARTY MAY, AFTER FIVE (5) DAYS' NOTICE IN WRITING AND IF THE VIOLATION IS NOT REMEDIED WITHIN THE FIVE (5) DAY PERIOD, TERMINATE THIS LEASE ON THREE (3) DAYS' NOTICE IN WRITING, AND THESE MEANS OF TERMINATION SHALL BE BINDING UPON THE PARTIES HERETO IN LIEU OF ANY NOTICE THAT MAY BE REQUIRED BY STATUTE.

RIGHTS AND  
DUTIES UPON  
TERMINATION

22. UPON THE TERMINATION OF THIS LEASE, ALL RIGHTS OF THE LESSEE HEREUNDER SHALL ABSOLUTELY CEASE; AND UPON OR PRIOR TO SUCH TERMINATION THE LESSEE SHALL SURRENDER SAID LEASED PREMISES TO THE POSSESSION OF THE LESSOR. NO TERMINATION OF THIS LEASE SHALL AFFECT THE LIABILITIES OR OBLIGATIONS OF EITHER PARTY (WHETHER OF INDEMNIFICATION OR OTHER) WHICH MAY HAVE ACCRUED PRIOR TO SUCH TERMINATION. ACCEPTANCE OF RENTAL IN ADVANCE BY LESSOR SHALL NOT OPERATE AS A WAIVER OF THE LESSOR'S RIGHT TO TERMINATE THIS LEASE AS HEREIN PROVIDED, WHETHER SUCH ACCEPTANCE IS MADE BEFORE OR AFTER NOTICE OF TERMINATION HAS BEEN GIVEN AS HEREIN PROVIDED. SHOULD THIS LEASE BE TERMINATED BY EITHER PARTY BY THIRTY (30) DAYS' WRITTEN NOTICE AS HEREOFORERE PROVIDED PRIOR TO THE TIME TO WHICH SAID RENTAL HAS BEEN PAID, THE LESSOR HEREBY AGREES TO REFUND ON DEMAND TO THE LESSEE ANY UNEARNED RENTAL THEREFORERE PAID.

IN CASE THE LESSEE, WITHIN TEN (10) DAYS FROM THE EXPIRATION OF THIS AGREEMENT, EITHER BY LAPSE OF TIME, BY ABANDONMENT OR BY NOTICE OF TERMINATION AS PROVIDED FOR HEREIN, SHALL FAIL TO REMOVE FROM THE PREMISES HEREIN LEASED ANY AND ALL PROPERTY, REAL, PERSONAL OR MIXED, OWNED OR CONTROLLED BY LESSEE, LESSEE HEREBY AGREES THAT LESSOR, AT ITS SOLE OPTION, MAY USE, DISPOSE OF, WRECK, SELL, LEASE, REMOVE, OR OTHERWISE DEAL WITH SAID PROPERTY ENTIRELY AS LESSOR WISHES, FREE AND CLEAR OF ALL LIENS, ENCUMBRANCES OR CLAIM OF OWNERSHIP OF LESSEE OR OTHERS, OR LESSOR, AT ITS SOLE OPTION, MAY REQUIRE LESSEE TO REMOVE ALL OR ANY PART OF SAID PROPERTY, INCLUDING BUT NOT LIMITED TO BUILDINGS, FOUNDATIONS, FIXTURES OR PERSONALITY.

IF LESSOR ELECTS TO REMOVE, DISPOSE OF OR WRECK SAID PROPERTY, LESSEE HEREBY AGREES TO PAY THE COST THEREOF, LESS THE SALVAGE VALUE OF SAID PROPERTY, IF ANY.

UPON THE TERMINATION OF THIS LEASE IN ANY MANNER, THE LESSEE WILL SURRENDER POSSESSION TO THE SAID LESSOR OR ITS AUTHORIZED AGENTS, PEACEABLY AND WITHOUT DELAY, AND IN CASE OF ANY FAILURE SO TO DO THE LESSEE SHALL BE GUILTY OF FORCIBLE ENTRY AND DETAINER OF SAID PREMISES, AND NO NOTICE TO QUIT OR DEMAND OF POSSESSION SHALL BE NECESSARY TO SUSTAIN SUCH ACTION, BUT ALL SUCH NOTICES ARE HEREBY WAIVED BY LESSEE OR BY ANYONE IN PRIVITY WITH LESSEE.

FAILURE  
OF TITLE

23. IN CONSIDERATION OF THE PRIVILEGE HEREBY GIVEN THE LESSEE TO OCCUPY AND USE THE PREMISES HEREUNDER LEASED, AND THE BENEFITS AND PRIVILEGES TO BE DERIVED THEREFROM, THE LESSEE, IN ADDITION TO PAYMENT OF RENTAL AS HEREOFORERE PROVIDED, HEREBY RELEASES THE LESSOR FROM ALL LIABILITY FOR DAMAGE BY REASON OF WANT OR FAILURE AT ANY TIME OF TITLE OR POSSESSION ON THE PART OF THE LESSOR TO ANY PART OF THE LEASED PREMISES.

L.R.

# PAYMENTS

7. ALL PAYMENTS DUE LESSOR UNDER THIS AGREEMENT SHALL BE MADE TO TREASURER, CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY, AT 332 SOUTH MICHIGAN AVENUE, CHICAGO, ILLINOIS 60604, OR TO SUCH PERSON AS LESSOR MAY DIRECT BY WRITTEN NOTICE TO LESSEE.

# REGULATORY COMPLIANCE

8. THE LESSEE AGREES THAT ALL PROVISIONS OF LAW OR ORDINANCES APPLICABLE TO ITS USE OF THE PREMISES SHALL BE FULLY OBSERVED AT LESSEE'S SOLE COST AND EXPENSE, AND THE LESSEE WILL NOT DO, NOR PERMIT TO BE DONE, UPON OR ABOUT THE PREMISES ANYTHING FORBIDDEN BY LAW OR ORDINANCES OR THE RULES AND REGULATIONS OF LESSOR NOW IN FORCE OR WHICH MAY HEREAFTER BE ADOPTED.

# CLEARANCES

9. THE LESSEE SHALL NOT ERECT OR ALLOW TO BE ERECTED, ANY BUILDING, STRUCTURE OR FIXTURE, OR PLACE MATERIAL OR OBSTRUCTION OF ANY KIND, OR MAKE ANY EXCAVATION WITHOUT GIVING A CLEARANCE OF AT LEAST EIGHT (8) FEET SIX (6) INCHES FROM THE CENTER LINE OF ANY RAILROAD TRACK AND HEAD ROOM OF NOT LESS THAN TWENTY-FIVE (25) FEET ABOVE THE TOP OF THE RAILS, EXCEPT IN THE CASE OF PLATFORMS NOT HIGHER THAN FOUR (4) FEET ABOVE THE TOP OF THE NEAREST RAIL OF SAID TRACK A MINIMUM CLEARANCE OF SIX (6) FEET FROM THE CENTER LINE OF SAID TRACK TO THE EDGE OF PLATFORMS WILL BE PERMITTED. ALL WINDOWS, DOORS OR GATES SHALL BE OF THE SLIDING TYPE, OR SHALL OPEN TOWARD THE INSIDE OF THE BUILDING OR ENCLOSURE WHEN SUCH BUILDING OR ENCLOSURE IS SO LOCATED THAT THE SAID WINDOW, DOORS, OR GATES, IF OPENING OUTWARD, WOULD, WHEN OPENED, SWING CLOSER THAN EIGHT (8) FEET SIX (6) INCHES TO THE CENTER LINE OF SAID TRACK. IF BY STATUTE OR ORDER OF COMPETENT PUBLIC AUTHORITY A GREATER OR OTHER CLEARANCE SHALL BE REQUIRED THAN PROVIDED IN THIS SECTION, THEN THE LESSEE SHALL IMMEDIATELY COMPLY WITH SUCH ORDER OR STATUTE. THE LESSEE ASSUMES ALL RESPONSIBILITY FOR AND AGREES TO PROTECT, INDEMNIFY AND SAVE HARMLESS THE LESSOR, ITS AGENTS AND EMPLOYEES, FROM AND AGAINST ALL LOSS, DAMAGE AND EXPENSE CAUSED BY, OR ARISING OUT OF, OR CONTRIBUTED TO BY THE ERECTION OR PRESENCE OF ANY BUILDING, STRUCTURE OR FIXTURE, OR PLACING, OR STORING OR PRESENCE OF MATERIAL OR OBSTRUCTION OF ANY KIND OR MAKING, OR PRESENCE OF ANY EXCAVATION AT ANY PLACE PROHIBITED BY THIS SECTION.

# HAZARDOUS COMMODITIES

10. THE LESSEE FURTHER AGREES THAT IT SHALL NOT STORE OR KEEP OR ALLOW ANY OTHER PERSON TO STORE OR KEEP, IN ANY QUANTITY OR AMOUNT WHATSOEVER, ON OR WITHIN THE PREMISES DURING THE TERM OF THIS LEASE, ANY ARTICLE OF ANY KIND WHICH IS OF AN EXTRA HAZARDOUS OR OF AN EXPLOSIVE, COMBUSTIBLE OR FLAMMABLE NATURE, WITHOUT THE EXPRESS WRITTEN CONSENT OF LESSOR. UNLESS AUTHORIZED UNDER CLAUSE 5 OF THIS OFFER, THE LOADING, STORAGE, AND/OR UNLOADING OF FLAMMABLE LIQUIDS, CHLORINE, LIQUIFIED PETROLEUM GAS, FLAMMABLE COMPRESSED GASES, AND/OR ANHYDROUS AMMONIA IS HEREBY EXPRESSLY PROHIBITED. IF SO AUTHORIZED, LESSEE AGREES TO COMPLY WITH THE APPLICABLE RULES AND REGULATIONS OF THE BUREAU OF EXPLOSIVES, ASSOCIATION OF AMERICAN RAILROADS, PUBLISHED IN THE FOLLOWING RESPECTIVE CIRCULARS:

## COMMODITIES

FLAMMABLE LIQUIDS  
CHLORINE  
LIQUIFIED PETROLEUM GAS  
FLAMMABLE COMPRESSED GASES  
ANHYDROUS AMMONIA

## A.A.R. CIRCULARS

17, 17-D AND 17-E  
17-A  
17, 17-B, 17-D AND 17-E  
17, 17-D AND 17-E  
17 AND 17-F

LESSEE MAY OBTAIN COPIES OF PERTINENT CIRCULARS FROM THE BUREAU OF EXPLOSIVES, ASSOCIATION OF AMERICAN RAILROADS, 59 EAST VAN BUREN STREET, CHICAGO, ILLINOIS 60605. LESSEE AGREES TO BEAR ANY AND ALL COSTS OF COMPLIANCE WITH SAID RULES AND REGULATIONS, AND FURTHER AGREES TO INDEMNIFY AND HOLD HARMLESS LESSOR FROM ANY CONSEQUENCES ON NONCOMPLIANCE.

# REPAIRS

11. LESSEE COVENANTS THROUGHOUT THE TERM OF THIS LEASE, AT LESSEE'S SOLE COST AND EXPENSE, TO TAKE GOOD CARE OF THE LEASED PREMISES, AND TO KEEP SAID PREMISES IN GOOD CONDITION AND REPAIR, INCLUDING THE BUILDINGS AND IMPROVEMENTS NOW OR AT ANY TIME EXISTING THEREON, AND IN COMPLIANCE WITH BUILDING ANY REPAIRS, OR ALTERATIONS SHALL BE DONE IN GOOD WORKMANLIKE MANNER AND IN COMPLIANCE WITH BUILDING AND ZONING ORDINANCES, AND WITH ALL OTHER APPLICABLE LAWS, ORDINANCES, RULES, REGULATIONS AND REQUIREMENTS OF ALL FEDERAL, STATE AND MUNICIPAL GOVERNMENTS OR APPROPRIATE DEPARTMENTS, COMMISSIONS, BOARDS AND OFFICERS THEREOF, AND IN ACCORDANCE WITH THE RULE, ORDERS AND REGULATIONS OF THE FIRE UNDERWRITERS. IN MAKING ANY REPAIRS, LESSEE COVENANTS AND AGREES THAT IT WILL NOT PERMIT ANY MECHANIC'S LIEN OR LIENS TO BE PLACED UPON THE PREMISES OR ANY BUILDING OR IMPROVEMENTS THEREOF, AND IN THE CASE OF ANY FILING OF ANY SUCH LIEN LESSEE SHALL PROMPTLY DISCHARGE THE SAME.

# UTILITIES

12. LESSEE AGREES TO PAY OR CAUSE TO BE PAID ALL CHARGES FOR GAS, WATER, ELECTRICITY, LIGHT, AIR CONDITIONING, HEAT OR POWER, TELEPHONE OR OTHER COMMUNICATION SERVICE USED, RENDERED OR SUPPLIED UPON OR IN CONNECTION WITH THE PREMISES THROUGHOUT THE TERM OF THIS LEASE, AND TO INDEMNIFY LESSOR AND SAVE IT HARMLESS AGAINST ANY LIABILITY OR DAMAGES ON SUCH ACCOUNT. LESSEE SHALL ALSO, AT ITS SOLE COST AND EXPENSE, PROCURE ANY AND ALL NECESSARY PERMITS, LICENSES, OR OTHER AUTHORIZATIONS REQUIRED FOR THE LAWFUL AND PROPER INSTALLATION AND MAINTENANCE UPON THE PREMISES OF WIRES, PIPES, CONDUITS, METERS, TUBES AND OTHER EQUIPMENT AND APPLIANCES FOR USE IN SUPPLYING ANY SUCH SERVICES TO AND UPON THE LEASED PREMISES, WHICH MAY BE REQUIRED.

# TAXES AND ASSESSMENTS

13. THE LESSEE AGREES TO PAY TO THE LESSOR, UPON RECEIVING A BILL THEREFOR, ALL TAXES, LICENSE FEES, OR OTHER CHARGES THAT MAY BE LEVIED OR ASSESSED LOCALLY AGAINST THE PREMISES, OR THAT MAY BE EQUITABLY APPORTIONABLE THERETO, OR THE IMPROVEMENTS THEREON, OR AGAINST BOTH. IN THE EVENT THE PREMISES, OR ANY PART THEREOF, SHALL BE SUBJECT TO ANY SPECIAL ASSESSMENT FOR ANY PUBLIC IMPROVEMENT OR IMPROVEMENTS, THE BASE RENT TO BE PAID BY LESSEE HEREUNDER SHALL BE INCREASED BY AN AMOUNT EQUAL TO TEN (10) PER CENT PER ANNUM OF THE TOTAL COST OF SUCH ASSESSMENT.

# EASEMENTS

14. LESSOR RESERVES THE RIGHT TO GRANT SUCH EASEMENTS AND TO CAUSE SUCH IMPROVEMENTS TO BE PLACED UPON THE PREMISES AS LESSOR MAY DEEM NECESSARY OR DESIRABLE, INCLUDING BUT NOT RESTRICTED TO POWER, GAS, TELEPHONE, WATER, STORM AND SANITARY SEWERS AND RAILROAD TRACKS; PROVIDED, HOWEVER, THAT NO EASEMENTS SHALL BE GRANTED WHICH WILL UNREASONABLY INTERFERE WITH THE USE BY LESSEE OF THE PREMISES HEREIN DENISED. LESSOR SHALL NOT IN ANY EVENT BE LIABLE FOR INCONVENIENCE, ANNOYANCE, DISTURBANCE, LOSS OF BUSINESS OR OTHER DAMAGE TO LESSEE BY REASON OF MAKING SUCH IMPROVEMENTS, AND THE OBLIGATIONS OF LESSEE UNDER THIS LEASE SHALL NOT THEREBY BE AFFECTED IN ANY MANNER WHATSOEVER. LESSOR AGREES, HOWEVER, IN CONNECTION WITH THE DOING OF SUCH WORK TO CAUSE AS LITTLE INCONVENIENCE, ANNOYANCE, DISTURBANCE, LOSS OF BUSINESS OR OTHER DAMAGE TO LESSEE AS MAY REASONABLY BE POSSIBLE IN THE CIRCUMSTANCES.

# CONSTRUCTIONS AND ADDITIONS

15. LESSEE SHALL NOT CONSTRUCT ANY BUILDING OR OTHER STRUCTURE, NOR MAKE ANY MATERIAL ALTERATIONS, IMPROVEMENTS OR ADDITIONS TO THE PREMISES WITHOUT PRIOR WRITTEN APPROVAL OF LESSOR.

# INTERRUPTION OF USE

16. LESSOR SHALL NOT BE LIABLE FOR ANY DAMAGE, COMPENSATION OR CLAIM BY REASON OF INCONVENIENCE, ANNOYANCE, OR INTERRUPTION IN THE USE OF SAID PREMISES, WHETHER CAUSED BY FIRE OR ANY OTHER CAUSE, OR FROM THE TERMINATION OF THIS LEASE PURSUANT TO ANY OF THE PROVISIONS HEREOF.

# ASSIGNMENT

24. THIS LEASE SHALL NOT BE ASSIGNED AND SHALL SAID PREMISES AND ANY PART THEREOF, BE WHOLLY, AND SHALL THE LESSEE GUARANTEE THAT THE SAME BE NOT BE OCCUPIED BY ANY PARTY OTHER THAN THE LESSEE WITHOUT THE WRITTEN CONSENT OF THE LESSOR FIRST OBTAINED THEREFOR. IF ANY OF THE FOREGOING CONDITIONS ARE VIOLATED, ALL OF THE PROVISIONS OF THIS LEASE SHALL BE BINDING UPON SUCH ASSIGNEE, SUE-LESSEE, USER, OR OCCUPANT, AND THIS LESSEE HEREBY GUARANTEES THE PERFORMANCE OF ALL OF SUCH PROVISIONS BY ANY SUCH ASSIGNEE, SUE-LESSEE, USER, OR OCCUPANT. NOTHING IN THE LAST ABOVE SENTENCE SHALL BE DEEMED TO BE A WAIVER BY THE LESSOR OF THE RESTRICTIONS SET FORTH IN THE FIRST SENTENCE OF THIS PARAGRAPH.

ALL THE COVENANTS, TERMS, CONDITIONS, RIGHTS AND OBLIGATIONS IN THIS AGREEMENT CONTAINED SHALL INURE TO THE BENEFIT OF AND BE BINDING UPON THE PARTIES HERETO AND THEIR HEIRS, EXECUTORS, ADMINISTRATORS, SUCCESSORS AND ASSIGNS.

# NOTICES

25. ANY NOTICE FROM LESSOR TO LESSEE, OR FROM LESSEE TO LESSOR, SHALL BE DEEMED DULY SERVED IF MAILED BY CERTIFIED MAIL, TO LESSOR ADDRESSED AS SHOWN ON PAGE 1 HEREOF, OR IF TO LESSOR, C/O DIRECTOR-REAR ESTATE OPERATIONS, CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY, 332 SOUTH MICHIGAN AVENUE, CHICAGO, ILLINOIS 60604, AND THE CUSTOMARY CERTIFIED MAIL RECEIPT SHALL BE EVIDENCE OF SUCH SERVICE. EITHER PARTY HERETO MAY CHANGE THE ADDRESS TO WHICH SAID NOTICES SHALL BE SENT BY GIVING WRITTEN NOTICE OF SUCH CHANGE TO THE OTHER PARTY HERETO, AS PROVIDED, BUT UNLESS SUCH NOTICE OF CHANGE IS GIVEN TO THE OTHER PARTY, NOTICES WILL BE DEEMED SERVED UPON PROOF OF PROPER MAILING TO THE ABOVE ADDRESS. PERSONAL SERVICE OF ANY SUCH WRITTEN NOTICE MAY BE MADE IN LIEU OF SERVICE BY MAIL, PROVIDED THAT SUCH PERSONAL NOTICE IS MADE UPON AN OFFICER OR DESIGNATED AGENT OF EITHER PARTY HERETO.

# ANNUAL ADJUSTMENT OF BASE RENT

26. AS USED IN THIS CLAUSE, THE FOLLOWING TERMS SHALL HAVE THE FOLLOWING RESPECTIVE MEANINGS: (1) "BUREAU OF LABOR STATISTICS" SHALL MEAN THE BUREAU OF LABOR STATISTICS OF THE UNITED STATES DEPARTMENT OF LABOR, WASHINGTON, D.C.; (2) "INDEX" SHALL MEAN THE "ALL ITEMS" GROUP OF THE U. S. CITY AVERAGE CONSUMER PRICE INDEX FOR URBAN WAGE EARNERS AND CLERICAL WORKERS (1967-100) ISSUED BY THE BUREAU OF LABOR STATISTICS; (3) "BASE MONTH" SHALL MEAN THE CALENDAR MONTH AND YEAR HEREINBEFORE SHOWN IN CLAUSE 3 OF THIS AGREEMENT; AND (4) "COMPARISON MONTH" SHALL MEAN EACH CALENDAR MONTH OF OCTOBER OCCURRING AFTER SAID BASE MONTH DURING THE TERM OF THIS LEASE AND DURING ANY HOLDING OVER BY LESSEE.

THE AMOUNT OF BASE RENT STIPULATED IN CLAUSE 3 OF THIS AGREEMENT SHALL HEREAFTER BE INCREASED OR DECREASED (BUT SHALL NOT IN ANY EVENT BE LESS THAN THE AMOUNT SO STIPULATED) BY THE SAME PERCENTAGE OF INCREASE OR DECREASE, AS THE CASE MAY BE, IN THE INDEX FOR EACH COMPARISON MONTH OVER OR UNDER THE INDEX FOR THE BASE MONTH.

LESSOR SHALL RENDER LESSEE A RENT BILL SHOWING THE PERTINENT INCREASED OR DECREASED AMOUNT OF RENT TO BE PAID BY LESSEE SUCCEEDING EACH PARTICULAR COMPARISON MONTH, NOTWITH: (1) THE PROVISIONS HEREIN SHALL NOT BE INVALIDATED OR WAIVED, OR DEEMED TO BE INVALIDATED OR WAIVED, BY REASON OF DELAY EITHER IN RENDERING ANY RENT BILL OR IN THE FINAL DETERMINATION OF ANY DISPUTE WITH RESPECT THERETO; AND (2) THE FAILURE OF LESSOR TO RENDER A RENT BILL BASED UPON ANY COMPARISON MONTH SHALL BE WITHOUT PREJUDICE TO THE RIGHT OF LESSOR TO RENDER A RENT BILL BASED UPON ANY SUBSEQUENT COMPARISON MONTH.

IF THE BUREAU OF LABOR STATISTICS SHALL SUBSTITUTE A NEW BASE FOR THE 1967-100 BASE HEREINBEFORE STIPULATED AS THE INDEX BASE, LESSOR AND LESSEE AGREE THAT SUCH SUBSTITUTED BASE, ADJUSTED AND EQUIVALENT TO THE 1967-100 BASE IN THE MANNER RECOMMENDED BY SAID BUREAU OF LABOR STATISTICS, SHALL THEN BECOME AND BE THE INDEX FOR ALL PURPOSES HEREIN. IN THE EVENT THE INDEX SHALL CEASE TO BE PUBLISHED, THEN FOR THE PURPOSES HEREIN, THERE SHALL BE SUBSTITUTED FOR THE INDEX SUCH OTHER INDEX AS LESSOR AND LESSEE SHALL AGREE UPON, AND IF THEY SHALL BE UNABLE TO AGREE WITHIN SIXTY (60) DAYS NEXT AFTER THE INDEX CEASES TO BE PUBLISHED, SUCH MATTER SHALL BE DETERMINED BY ARBITRATION IN ACCORDANCE WITH THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION.

# INSOLVENCY AND DAMAGES

27. IN THE EVENT THE LESSEE SHALL BE ADJUDGED A BANKRUPT, OR FILE A PETITION FOR AN ARRANGEMENT WITH HIS CREDITORS UNDER THE BANKRUPTCY ACT, OR SHALL VOLUNTARILY OFFER TO CREDITORS TERMS OF COMPOSITION, OR IN CASE A RECEIVER SHALL BE APPOINTED TO TAKE CHARGE OF AND CONDUCT THE AFFAIRS OF THE LESSEE, THEN, AND UPON THE HAPPENING OF ANY SUCH EVENTS, AND UNLESS THE TRUSTEE IN BANKRUPTCY OR RECEIVER OR SUCH CREDITORS SHALL IMMEDIATELY THEREAFTER ASSUME AND SHALL FULFILL THE LESSEE'S OBLIGATIONS HEREUNDER, THE LESSOR MAY, WITHOUT NOTICE TO LESSEE OR TO ANYONE ELSE, TERMINATE THIS LEASE, AND, IN THE EVENT OF SUCH TERMINATION, LESSOR SHALL HAVE AND SHALL BE ALLOWED, AS A PROVABLE CLAIM IN SUCH BANKRUPTCY OR CREDITORS OR RECEIVERSHIP PROCEEDING, DAMAGES FOR LESSEE'S SUCH BREACH OF THIS LEASE, IN AN AMOUNT EQUAL TO THE RENT RESERVED IN THIS LEASE FOR THE RESIDUE OF THE TERM HEREOF.

# EMINENT DOMAIN

28. IN THE EVENT OF A TAKING BY RIGHT OF EMINENT DOMAIN OF ALL OR ANY PART OF THE PREMISES DURING THE EXISTENCE OF THIS LEASE, OR OF THE OCCURRENCE OF ANY ACTS OF A PUBLIC AUTHORITY GIVING RISE TO AN ACTION FOR DAMAGES TO THE PREMISES OR ANY IMPROVEMENTS HEREAFTER PLACED ON THE PREMISES BY LESSEE, THE LESSEE SHALL HAVE THE RIGHT TO THE COMPENSATION AWARDED OR PAID FOR SUCH TAKING OR DAMAGE TO THE EXTENT ONLY OF THE VALUE OF, OR DAMAGES TO, THE BUILDINGS, MACHINERY, STRUCTURES, FIXTURES AND OTHER IMPROVEMENTS PLACED OR ERRECTED THEREON BY THE LESSEE VALUED AS THEN AFFIXED TO OR USED IN CONNECTION WITH THE PREMISES; AND LESSEE SHALL HAVE NO RIGHT TO THE COMPENSATION AWARDED OR PAID FOR SUCH TAKING OR DAMAGE TO THE LAND ITSELF, OR OTHER IMPROVEMENTS, IF ANY, ALL COMPENSATION AWARDED OR PAID FOR SUCH TAKING OR DAMAGE TO THE LAND OR OTHER IMPROVEMENTS, AS DISTINGUISHED FROM THE IMPROVEMENTS PLACED OR ERRECTED THEREON BY THE LESSEE, SHALL INURE TO THE LESSOR ONLY. THE PHRASE "TAKING BY RIGHT OF EMINENT DOMAIN" AS USED HEREIN SHALL INCLUDE BOTH A STATUTORY PROCEEDING TO EFFECT CONDEMNATION AND A SALE TO AN AUTHORITY WHICH WOULD COMMENCE CONDEMNATION PROCEEDINGS BUT FOR SUCH SALE. THE TERM OF THIS LEASE SHALL CEASE FROM THE DATE OF TITLE VESTING IN SUCH PROCEEDING AND LESSEE SHALL HAVE NO CLAIM FOR THE VALUE OF ANY UNEXPIRED TERM OF THE LEASE.

# MOVEMENT OF CARS

29. IT IS UNDERSTOOD AND AGREED THAT LESSOR IS GRANTED PERMISSION TO HAVE LESSEE'S RAILROAD CARS STORED ON ANY TRACK WHICH IS A PART OF THE LEASED PREMISES OR LOCATED THEREON.

# UTILITIES

30. LESSEE AGREES TO PAY OR CAUSE TO BE PAID ALL CHARGES FOR GAS, WATER, ELECTRICITY, LIGHT, HEAT OR POWER, TELEPHONE OR OTHER COMMUNICATION SERVICE USED, RENDERED OR SUPPLIED UPON OR IN CONNECTION WITH THE PREMISES THROUGHOUT THE TERM OF THIS LEASE, AND TO INDEMNIFY LESSOR AND SAVE IT HARMLESS AGAINST ANY LIABILITY OR DAMAGES ON SUCH ACCOUNT. LESSEE SHALL ALSO, AT ITS SOLE COST AND EXPENSE, PROCURE ANY AND ALL NECESSARY PERMITS, LICENSES OR OTHER AUTHORIZATIONS REQUIRED FOR THE LAWFUL AND PROPER INSTALLATION AND MAINTENANCE UPON THE PREMISES OF WIRES, PIPES, CONDUITS, METERS, TUBES AND OTHER EQUIPMENT AND APPLIANCES FOR USE IN SUPPLYING ANY SUCH SERVICE TO AND UPON THE LEASED PREMISES, WHICH MAY BE REQUIRED.



## LIQUIDATION SALE

In the matter of Chicago, Rock Island and Pacific Railroad Company, Debtor, U.S. District Court, N.D. Illinois, Case #75 B 2697, Wm. M. Gibbons, Trustee, pursuant to an order of the court in the foregoing proceedings is disposing of his interest in the following described parcel of land:

222,250 SQUARE FEET, MORE OR LESS, IN THE TOWN OF RAKE, COUNTY OF WINNEBAGO, AND THE STATE OF IOWA,

A portion of which is currently leased to:

### FARMERS COOPERATIVE ELEVATOR

And encumbered by lessee improvements consisting of a grain elevator with auxillary buildings and appurtenances.

All bids to be considered must be received by 5:00 P.M., C.T. December 13, 1982 at the Trustee's office, 332 S. Michigan Ave., Chicago, Ill. 60604 c/o Nonrail Assets Disposition Group. All bids must be submitted on the Trustee's standard Offer to Purchase form and accompanied by an earnest money deposit in the amount of 10% of the total bid price. Conveyance will be by quitclaim deed, free and clear of all liens and claims pursuant to an order of the court. No representations or warranties as to quality of title are made. Upon acceptance of a bid, a contract for sale, subject to court approval, will be entered into. In the event no satisfactory bids are received, the Trustee, in his sole discretion, reserves the right to terminate the sale and reject all bids. No bids will be accepted by or in court.

For further information contact Chicago, Rock Island and Pacific Railroad, Co. Nonrail Assets Disposition Group, 332 S. Michigan Ave., Chicago, Ill. 60604, Phone (312) 435-7758.

In

EXHIBIT "B"



notified that it was going to be an auction on August 24th.

Thank you.

THE COURT: All right, counsel, I will hear any response to this, then you may answer if you wish. Mr. Manos.

Do I understand correctly that the trustee is standing aside and letting this controversy be resolved without him?

MR. MANOS: Your Honor, may I by way of history here to acquaint the Court with what has transpired make this statement.

When your Honor signed the liquidation on January 25th of 1980, quite obviously it became the trustee's obligation to market all of the collateral properties that were not strictly right of way or railroad properties. One of the classes of property then became the elevator properties that adjoin the right of way. Quite obviously there are lessees in possession, some of whom were the original lessees. I am not sure whether Farmers Cooperative here was the original lessee on the property. But in all events, these people bid and spent a considerable amount of money in building their improvements on the property. Consequently at the date of the liquidation order it became the trustee's policy to immediately contact lessees in possession for the purpose of affording them the

first opportunity to make a bid commensurate with what the trustee thought was a fair market value.

I might say, your Honor, by way of further background, that the State of Kansas was very interested in just how the trustee was going to market these properties, and for and on behalf of all the states that the State of Kansas felt that it represented, it came to court and as a consequence of a settlement that was worked out with the trustee, and it was an easy settlement because it was the trustee's policy in all events, this Court set a procedure by its order 323, whereby in every instance where property was to be sold to anybody other than the lessee in possession the trustee was required by the order to serve a separate and special notice on the lessee in possession, and also on the attorney general of the state where the property was located.

Now in this particular instance, your Honor, and I am prepared to present evidence to this effect. In this particular instance the policy was effectuated. The trustee began to negotiate with Farmers in the first instance and with no other party. The price that had been put on this property through the trustee's evaluation methodology was \$63,250. As is conceded by Mr. Fitzgibbons in his written memorandum

to the court he counseled, perhaps the Farmers on its own, decided that it did not wish to accept that price of \$63,250, and in deed took the position, which is a position taken by all of the grain elevators that constitute this Farmers Cooperative, that under no circumstances are they going to negotiate for any kind of a sale along any kind of a price that the trustee is asking unless somebody else comes forward to establish a base price.

Now your Honor, faced with this proposition and with the Farmers not willing to negotiate a purchase for \$63,250, the trustee was compelled to offer this property to the world and to the general public, and at this time Burlington came on the stage and presented an offer to the trustee for \$63,250 which was precisely the asking price placed on the property by the trustee and refused by the lessee on possession. At that juncture notice was prepared and a petition was presented to the court as the court is aware and August 24th, on more than twenty days notice in which order number 323 was complied with, and a special notice was sent to Farmers Cooperative of the trustee's intention to present an application to the court for approval of this transaction and for authority to accept the offer which was on the table.

As a consequence of this notice, I'm sure, and I believe this is conceded by Mr. Fitzgibbons in his pleadings, the reaction was, after they heard that there was an offer on the table, was to send what was characterized as objections to the sale, which the court has, in which they set up a bidding contest by themselves. In other words, they presented a higher bid in a written pleading, however, what Farmers Cooperative did not do, your Honor, unfortunately, and I wish they had done so, they did not appear at the August 24th hearing to present their own objections. The only party that appeared, and not at the invitation incidentally of the trustee, was Burlington. They appeared here because they were the prospective purchaser at that juncture and not prior to that time, and Burlington will confirm this. I advised the Burlington that I had been receipt of objections filed by Farmers Cooperative and an increase bid. At that time there was a caucus by Burlington outside of this courtroom and before the matter was presented. They informed me just seconds before the matter was presented to the court that as a consequence of the bid of Farmers that they intended to raise their offering to \$68,000. At the time, consequently, when we presented this to the court, full opportunity having been given to Farmers Cooperative to be there to protect their increased



bid, and upon their failure to be here pursuant to notice, the trustee recommended that the offer of \$68,000 be accepted. Consequently, the trustee feels, your Honor, that the bidding was closed at that particular time and that the matters that have been set forth in the application this morning, or in the memoranda or pleadings of Farmers, do not entitle them to reopen the bidding.

Now your Honor, the trustee is mindful that it is his fiduciary duty to obtain the highest and best possible price obtainable, but he feels that the highest and best price obtainable, pursuant to notice, was the sum of \$68,000 which was placed on the court's bench on that particular morning, and that since Farmers was not there to protect its own bid, or to increase it if it had to at that particular time, full notice hadn't been given to it, that consequently it must in sound equity now be foreclosed from asking the court now to reopen the bidding.

THE COURT: Mr. Fitzgibbons rests his argument on a very narrow legal basis, and I would appreciate your comments on it. He says that he had a right to expect that the noticed hearing on August 24th was one concerning a bid which would necessarily be refused by the court because you had informed me that there was a

higher offer and that he then would expect a new notice, a new twenty day period, and a second presentation to the court of a higher offer -- or to put it another way, he said that there was no notice that led him to expect that there would be bidding on the occasion of the 24th. I don't know whether I state his position as he would state it, but that is it as I understand it. What is your comment on that, it is a very narrow legal issue, really.

MR. MANOS: Yes, I understand.

Your Honor, Farmers Cooperative had full notice of the presentation of a \$63,250 bid before the court on the 24th. It set in motion a bidding contest by increasing the bid in writing by filing formal objections to the matter that was being presented to the court on the 24th. It did not even appear, consequently, in court to present its objections as it had a duty to do if it felt that its objections were well taken. Consequently I believe, your Honor, that their argument is not well taken that they were expecting a different notice. They had, and it was incumbent upon them to present their objections before the court, because their objections went to the matters that were presented on August 24th, and they were duty bound, I believe, pursuant to the notice that they already had, to come in, to present their

objections, and if need be to increase their bid at that particular time.

THE COURT: I have an imperfect memory of what happened on August 24th. I must have still been in the throes of my vacation. All of this, I assume, was disclosed at that time?

MR. MANOS: Your Honor, the record is very short --

THE COURT: It might be easier for me to look at it rather than have you read it.

When you mentioned that the lessee in possession had filed an offer with the court, or with you, for \$67,500, I did say that he received notice of the motion -- yes, he has notice. Then you told me that the bid had been upped. Okay, I did have a complete disclosure of the facts at that time -- all right, that was my only concern.

Anything else, Mr. Manos?

MR. MANOS: Your Honor, I have nothing else, except to state, or to repeat, that an offer of \$72,000 quite obviously for the estate means four thousand more, and it is very difficult for me to argue against. On the other hand, the precedential value of protecting a bid which has been made by somebody who feels that he is entitled to have bidding closed, after notice had been served on all parties I believe is something that the

October 19, 1982

Farmers Coop Elevator  
Post Office Box 158  
Rake, Iowa 50465

Property Location	Lease Number
Rake, Iowa	44340
Prior Rent	Effective Date
\$ 1,200.00 per year	June 1, 1978
New Base Rent	Effective Date
\$ 6,000.00 per month	December 1, 1982
Index for Base Month	Base Month
292.4	August, 1982

Dear Lessee:

The assets of the Estate of Chicago, Rock Island and Pacific Railroad Company ("Estate") are being liquidated pursuant to an Order of the United States District Court for the Northern District of Illinois, Eastern Division. In the process of liquidation all property of the Estate, including the site occupied by you under lease, will be sold.

In carrying out the liquidation, the Trustee of the Estate must sell property for its full current value, and, in the period of time preceeding the sale, he must collect rent from leased property which reflects an adequate return on the current value thereof. The property you occupy under lease has been re-evaluated and has been offered to you, as a prospective purchaser, at a price which represents its current value. While it is our intention that you have an opportunity to purchase the property, the opportunity cannot remain open indefinitely. We are also compelled to offer it for sale on the open market to any and all interested parties irrespective of whether their intended use of the property is consistent with your continued occupancy of it.

Meanwhile, until a sale of the property can be consummated your rent must be increased to an amount which, as stated above, reflects a proper return on its current value. The new base rent shall be effective on the date and shall be in the amount shown above or your lease will be terminated. The new base rent will be maintained at a level commensurate with annual economic changes reflected by fluctuations in the U. S. Labor Department's Consumer Price Index, and in accordance with the following formula:

## ANNUAL ADJUSTMENT OF BASE RENT

(A) As used herein, the following terms shall have the following respective meanings:

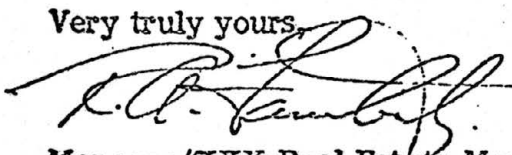
- (1) "Bureau of Labor Statistics" shall mean the Bureau of Labor Statistics of the United States Department of Labor, Washington, D. C.;
- (2) "Index" shall mean the "all items" group of the U. S. City Average Consumer Price Index for Urban Wage Earners and Clerical Workers (1967=100) issued by the Bureau of Labor Statistics;
- (3) "Base Month" shall mean the calendar month and year so indicated in the heading of this letter;
- (4) "Comparison Month" shall mean each calendar month of October occurring after said base month during the term of lease and during any holding over by Lessee.



- (B) The amount of Base Rent stipulated shall hereafter be increased or decreased (but shall not in any event be less than the amount so stipulated) by the same percentage of increase or decrease, as the case may be, in the Index for each Comparison Month over or under the Index for the Base Month.
- (C) Lessor shall render Lessee a rent bill showing the pertinent increased or decreased amount of rent to be paid by Lessee succeeding each particular Comparison Month.
- (1) The provisions herein shall not be invalidated or waived, or be deemed to be invalidated or waived, by reason of delay either in rendering any rent bill or in the final determination of any dispute with respect thereto; and
  - (2) The failure of Lessor to render a rent bill based upon any Comparison Month shall be without prejudice to the right of Lessor to render a rent bill based upon any subsequent Comparison Month.
- (D) If the Bureau of Labor Statistics shall substitute a new base for the 1967=100 base hereinbefore stipulated as the index base, Lessor and Lessee agree that such substituted base, adjusted and equated to the 1967=100 base in the manner recommended by said Bureau of Labor Statistics, shall then become and be the Index for all purposes herein. In the event the Index shall cease to be published, then for the purposes herein, there shall be substituted for the Index such other index as Lessor and Lessee shall agree upon, and if they shall be unable to agree with sixty (60) days next after the Index ceases to be published, such matter shall be determined by arbitration in accordance with the rules of the American Arbitration Association.

This letter, sent to you in duplicate, constitutes notice that your lease will terminate on the 30th day of November, 19 82 and you must vacate the premises by that date. If you desire to continue to occupy the property after that date, pending a sale thereof, please sign and return one copy of this letter agreeing to the increased rent and adjustment clauses. Upon our receipt of your signed copy, we will rescind the notice of cancellation. If you do not sign and return a copy of this letter agreeing to the revised rent and continue to occupy the property, holdover rent will accrue after the termination date at the rate shown until such time as you may voluntarily vacate the property or for such brief period as circumstances permit us to allow you to remain.

Very truly yours,

  
Manager/~~Sales~~ Real Estate Marketing

CC: Mr. Leo Fitzgibbons

I desire to continue to occupy the leased premises beyond the termination date and hereby agree to pay the new base rent shown above and to the adjustment clause set forth above.

Dated: \_\_\_\_\_

Farmers Coop Elevator  
Lessee

By \_\_\_\_\_

Eighty North, Range Sixteen West of the 5th P.M. are legalized and shall constitute a legal sale of the above described property.

Sec. 2. This Act, being deemed of immediate importance, takes effect from and after its publication in the Grinnell Herald-Register, a newspaper published in Grinnell, Iowa, and in The Montezuma Republican, a newspaper published in Montezuma, Iowa, without expense to the state.

Approved May 21, 1932.

I hereby certify that the foregoing Act, Senate File 2303 was published in the Grinnell Herald-Register, Grinnell, Iowa on May 27, 1932 and in The Montezuma Republican, Montezuma, Iowa on June 3, 1932.

MARY JANE ODELL,  
Secretary of State

## RAILROAD PROPERTY—DISPOSITION

HOUSE FILE 2334

### AN ACT

RELATING TO RAILROAD PROPERTY BY PROVIDING THAT BEFORE A RAILROAD CORPORATION OR TRUSTEE OF A RAILROAD CORPORATION MAY SELL REAL PROPERTY ADJACENT TO A RAILROAD RIGHT-OF-WAY, THE CORPORATION OR TRUSTEE MUST OFFER TO SELL THAT PROPERTY AT FAIR MARKET VALUE TO PERSONS HOLDING LEASES, LICENSES, OR PERMITS UPON THAT PROPERTY, BY PROVIDING THAT REAL PROPERTY RECEIVED BY THE RAILROAD FOR THE PURPOSE OF AIDING IN THE CONSTRUCTION, MAINTENANCE, AND CONTINUED OPERATION OF ITS RAILWAY SHALL ONLY BE HELD AS LONG AS IT IS USED FOR THOSE PURPOSES, BY PROVIDING FOR THE HANDLING OF DISAGREEMENTS BETWEEN OWNERS, LESSEES, OR LICENSEES OF CERTAIN BUILDINGS OR OTHER IMPROVEMENTS ON PRESENT OR FORMER RAILROAD PROPERTY AND A RAILROAD'S GRANTEE OR SUCCESSOR IN INTEREST, BY PROVIDING THAT THE VALUE OF PROPERTY OF A RAILWAY CORPORATION WHICH HAS BEEN DECLARED BANKRUPT OR IS IN BANKRUPTCY PROCEEDINGS IS NOT PART OF THE TAX BASE OF THE TAXING DISTRICT ONLY FOR PURPOSES OF COMPUTING THE LEVY RATE AND THE AMOUNT TO BE RE-

Additions in text are indicated by underline; deletions by ~~strikeout~~.

CEIVED FROM THE FOUNDATION PROPERTY TAX LEVY, AND MAKING IT EFFECTIVE UPON PUBLICATION.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 327E.1, Code 1981, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Any such railway corporation may take and hold voluntary grants of real estate and other property as are made to it to aid in the construction, maintenance, and continued operation of its railway. However, all real estate so received shall be held only as long as the real estate is used for the construction, maintenance, and continued operation of a railway.

Sec. 2. Section 327G.62, Code 1981, as amended by Acts of the Sixty-ninth General Assembly, 1981 Session, chapter 22, section 22, is amended to read as follows:

327G.62 BUILDINGS OR OTHER IMPROVEMENTS ON RAILROAD LANDS. When a disagreement arises between a railroad corporation, its grantee, or successor in interest and the owner, lessee, or licensee of any building or other improvement, including trackage, used for receiving, storing, transporting, or manufacturing any article of commerce transported or to be transported, situated on the a present or former railroad right-of-way right-of-way or any land owned or controlled by the railroad corporation ~~for railroad purposes~~, its grantee, or successor in interest, as to the terms and conditions on which the same is to be continued thereon or removed therefrom, such the railway corporation, its grantee, or successor in interest or person owner, lessee, or licensee may make written application to the authority and the authority shall hear and determine such the controversy and make such an order ~~in relation thereto~~ as shall be just and equitable between the parties, which order shall be enforced in the same manner as other orders of the authority.

Sec. 3. Chapter 327G, Code 1981, is amended by adding the following new sections as sections 327G.78 and 327G.79:

Additions in text are indicated by underline; deletions by ~~strikeouts~~

NEW SECTION. 327G.78 SALE OF RAILROAD PROPERTY. Subject to sections 327G.77, 471.16, and 471.17, when a railroad corporation, its trustee, or successor in interest have interests in real property adjacent to a railroad right-of-way that are abandoned by order of the interstate commerce commission, reorganization court, bankruptcy court, or the authority or are otherwise abandoned as defined by section 471.15, or when a railroad corporation, trustee, or successor in interest seeks to sell its interests in that property under any other circumstance, the railroad corporation or trustee shall extend a written offer to sell at a fair market value price to the persons holding leases, licenses, or permits upon those properties, allowing sixty days from the time of receipt for a written response. If a disagreement arises between the parties concerning the price or other terms of the sale transaction, either or both parties may make written application to the authority to resolve the disagreement. The application shall be made within sixty days from the time an initial written response is served upon the railroad corporation, trustee, or successor in interest by the person wishing to purchase the property. The authority shall hear the controversy and make a final determination of the fair market value of the property and the other terms of the transaction which were in dispute within ninety days after the application is filed. All correspondence shall be by certified mail.

The decision of the authority shall be binding on the parties, except that a person who seeks to purchase such real property may withdraw the offer to purchase within thirty days of the authority's decision. If such a withdrawal is made, the railroad corporation, trustee, or successor in interest may sell or dispose of the real property without further order of the authority.

NEW SECTION. 327G.79 VALUING RAIL PROPERTY. The authority's determination and order shall be just and equitable and in the case of the determination of the fair market value of the property, shall be based in part upon at least three independent appraisals prepared by certified appraisers. Each party shall select one appraiser and each appraisal shall

Additions in text are indicated by underline; deletions by ~~strikeouts~~



be paid for by the party for whom the appraisal is prepared. The two appraisers shall select a third appraiser and the costs of this appraisal shall be divided equally between the parties. If the appraisers selected by the parties cannot agree on selection of a third appraiser, the authority shall appoint a third appraiser and the costs of this appraisal shall be divided equally between the parties.

The authority's determination and order shall be final for the purpose of administrative review to the district court as provided in chapter 17A. The district court's scope of review shall be confined to whether there is substantial evidence to support the authority's determination and order.

For purposes of this section and section 327G.78, "authority" means the transportation regulation authority.

Sec. 4. Section 442.2, Code 1981, is amended by adding the following new subsection:

NEW SUBSECTION. For purposes of section 442.1, the "amount per pupil of foundation property tax" and the "money raised by the foundation property tax" do not include the tax levied under subsection 1 on the property of a railway corporation or its trustee which corporation has been declared bankrupt or is in bankruptcy proceedings.

Sec. 5. Section 444.3, unnumbered paragraph 1, Code 1981, is amended to read as follows:

When the valuations for the several taxing districts shall have been adjusted by the several boards for the current year, the county auditor shall thereupon apply such a rate, not exceeding the rate authorized by law, as will raise the amount required for such taxing district, and no larger amount. For purposes of computing the rate under this section, the adjusted taxable valuation of the property of a taxing district does not include the valuation of property of a railway corporation or its trustee which corporation has been declared bankrupt or is in bankruptcy proceedings. Nothing in the preceding sentence exempts the property of such railway corporation or its trustee from taxation and the rate computed under this section shall be levied on the taxable property of such railway corporation or its trustee.

Additions in text are indicated by underline; deletions by ~~strikeouts~~

Sec. 6. Sections 4 and 5 of this Act are effective for fiscal years beginning on or after July 1, 1983.

Sec. 7. This Act, being deemed of immediate importance, takes effect from and after its publication in The Red Oak Express, a newspaper published in Red Oak, Iowa, and in the Carroll Daily Times-Herald, a newspaper published in Carroll, Iowa.

Approved May 21, 1982.

I hereby certify that the foregoing Act, House File 2334 was published in The Red Oak Express, Red Oak, Iowa, on May 28, 1982 and in the Carroll Daily Times-Herald, Carroll, Iowa on May 26, 1982.

MARY JANE ODELL,  
Secretary of State

## HOUSING FINANCE AUTHORITY

SENATE FILE 2253

### AN ACT

RELATING TO THE IOWA HOUSING FINANCE AUTHORITY, EFFECTIVE UPON PUBLICATION.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 220.1, subsection 11, paragraph a, Code 1981, is amended to read as follows:

a. "Housing" means single family and multi-family dwellings, and facilities incidental or appurtenant to the dwellings, and includes ~~noninstitutional-residential~~ group homes of fifteen beds or less licensed as health care facilities or child foster care facilities and shall also include a modular or mobile home homes which are permanently affixed to a foundation and are assessed as realty.

Sec. 2. Section 220.1, subsection 12, Code 1981, is amended by striking the subsection and inserting in lieu thereof the following:

12. "Health care facilities" means those facilities referred to in section 135C.1, subsection 4, which contain fifteen beds or less.

Additions in text are indicated by underline; deletions by ~~strikeouts~~

STATE OF IOWA  
BEFORE THE TRANSPORTATION REGULATION AUTHORITY  
IOWA DEPARTMENT OF TRANSPORTATION

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IN RE: : DOCKET NO. \_\_\_\_\_

THE APPLICATION OF: : APPLICATION FOR ORDER  
FARMERS COOPERATIVE ELEVATOR, : FIXING RENT CHARGEABLE  
RAKE, IOWA; SANBORN COOPERATIVE : BY WILLIAM M. GIBBONS,  
GRAIN COMPANY; and KLEMME : TRUSTEE AND PROVISIONS  
COOP GRAIN COMPANY : OF LEASES

FOR AN ORDER FIXING RENTAL CHARGES :  
BY WILLIAM M. GIBBONS, TRUSTEE OF  
THE CHICAGO, ROCK ISLAND AND PACIFIC:  
RAILROAD COMPANY, AND PROVISIONS  
OF LEASES :

---

COME NOW the Farmers Cooperative Elevator of Rake, Iowa;  
Sanborn Cooperative Grain Company; and Klemme Co-op Grain Company,  
Applicants, and request that the Transportation Regulation  
Authority enter its Order fixing the rental price and lease  
provisions by which these Applicants lease real estate from the  
William M. Gibbons, Trustee of the Chicago, Rock Island and  
Pacific Railroad Company. In support of their Application  
they state as follows:

1. The Applicants lease real estate from the Trustee of  
the Chicago, Rock Island and Pacific Railroad Company and have  
erected valuable improvements upon leased real estate.

2. Each of the Applicants has received notice from the  
Trustee of rent increases to be effective December 1, 1982.

3. The rental increases proposed by the Trustee as to  
these Applicants are identified as follows:

(a) Farmers Cooperative Elevator, Rake, Iowa:

Lease No. 44340 from \$1,200 per year to  
\$72,000 per year

(b) Sanborn Cooperative Grain Company:

Lease No. 46652 from \$1,760 per year  
to \$29,400 per year

(c) Klemme Co-op Grain Company:

Lease No. 44884 from \$460.00 per year  
to \$20,400 per year

Lease No. 44886 from \$1,400 per year  
to \$61,020 per year

3. The Applicants submit that the Trustee's proposed rental increases and the terms of the proffered leases are unjust and unfair and seek to take unconscionable advantage of the erection by the Applicants of valuable improvements upon such leased real estate.

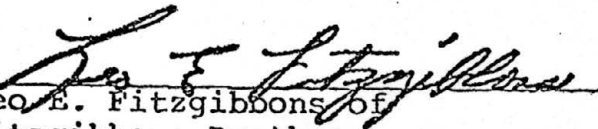
4. The Transportation Regulation Authority, pursuant to Section 2, House File 2334, 69th General Assembly, 1982 session, has jurisdiction to hear and determine the existing controversy between these Applicants and the Trustee and to make an Order that will be "just and equitable between the parties".

5. The Trustee has notified these Applicants that if they do not accede to his unconscionable rent increases and rental terms, that their leases will be immediately terminated and that they must vacate the leased premises to their financial detriment.

WHEREFORE, the Applicants pursuant to Section 327G.62, Code of Iowa, 1981, as amended by House File 2334, Acts of the 69th General Assembly, 1982 session, petition that the Transportation Regulation Authority hear and determine this controversy and make an Order that shall be just and equitable between these Applicants and William M. Gibbons, Trustee with regard to



rental charges of such identified real estate and the lease provisions.

  
Leo E. Fitzgibbons of  
Fitzgibbons Brothers  
Attorneys at Law  
108 North 7th Street  
Estherville, Iowa 51334  
(712) 362-7215

ATTORNEYS FOR THE APPLICANTS

STATE OF IOWA  
BEFORE THE TRANSPORTATION REGULATION AUTHORITY  
IOWA DEPARTMENT OF TRANSPORTATION

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IN RE: : DOCKET NO. \_\_\_\_\_

THE APPLICATION OF: :  
FARMERS COOPERATIVE ELEVATOR, : APPLICATION FOR ORDER  
RAKE, IOWA, : FIXING FAIR MARKET VALUE  
OF PROPERTY AND OTHER TERMS  
FOR AN ORDER DETERMINING THE FAIR : OF SUCH SALE  
MARKET VALUE OF REAL ESTATE TO BE :  
PURCHASED AND OTHER TERMS OF SUCH :  
SALE :  
:

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COMES NOW Farmers Cooperative Elevator, Rake, Iowa, and requests that the Transportation Regulation Authority make a determination of the fair market of its leased real estate which it wishes to purchase from William M. Gibbons, Trustee of the Chicago, Rock Island and Pacific Railroad Company, and that the Authority enter its Order finally determining the fair market value of its leased real estate and the other terms of the sale transaction. In support of its Application it states as follows:

1. The Farmers Cooperative Elevator or Rake, Iowa, holds Lease No. 44340 with William M. Gibbons, Trustee of the Chicago, Rock Island and Pacific Railroad Company, for the lease of real estate located in Winnebago County, Iowa.

2. Upon the real estate it leases under No. 44340, Farmers has erected valuable improvements, including concrete elevators and other associated buildings, a copy of said lease is attached as Exhibit "A".


3. Even though Farmers leases such real estate from the Trustee, the Trustee has not complied with the provisions of H.F. 2334, Acts of the 69th General Assembly, 1982 Regular Session.

4. A disagreement now exists between Farmers and the Trustee with regard to the fair market price of such leased estate and the terms of the purchase of such real estate by Farmers.

5. Farmers requests that this Authority hear the controversy between it and the Trustee and make a final determination of the fair market value of the property and the other terms of the sale transaction. Farmers requests that the Authority determine the fair market value of the property as provided by new Iowa Code section 327G.79 now added by H.F. 2334.

WHEREFORE, the Farmers Cooperative Elevator of Rake, Iowa, pursuant to H.F. 2334, Acts of the 69th General Assembly, 1982 Regular Session, requests that the Transportation Regulation Authority determine this controversy and make a final determination of the fair market value of the leased property covered by Lease No. 44340 and the other terms of the sale transaction between it and the Trustee.

Respectfully submitted,

  
Leo E. Fitzgibbon  
Attorneys at Law  
108 North 7th Street  
Estherville, Iowa 51334  
(712) 362-7215  
ATTORNEYS FOR FARMERS COOPERATIVE  
ELEVATOR, RAKE, IOWA

OFFER TO LEASE AND DESCRIPTION THE UNDERSIGNED (HEREINAFTER CALLED "LESSEE"), HEREBY OFFERS AND AGREES TO LEASE FROM YOUR COMPANY (HEREINAFTER CALLED "LESSOR"), THE INTEREST OF THE LESSOR IN THE PROPERTY SITUATED IN THE CITY OF

RAKE IN THE COUNTY OF WINNEBAGO AND STATE OF IOWA

REPRESENTED IN HATCH LINES (175,048 SQ. FT. +) ON THE PRINT MARKED EXHIBIT "A", WHICH IS ATTACHED HERETO AND MADE A PART HEREOF (SAID PROPERTY HEREINAFTER CALLED PREMISES"). AT THE RENTAL AND UPON THE TERMS AND CONDITIONS HEREIN, INCLUDING THOSE SET FORTH ON THE REVERSE SIDE HEREOF, AND ON THE ADDENDUM PAGES ATTACHED HERETO. UPON ACCEPTANCE BY LESSOR OF LESSEE'S OFFER TO LEASE, THIS OFFER SHALL BECOME A LEASE BINDING UPON BOTH PARTIES.

TERM 1. SAID LEASE SHALL BE EFFECTIVE FROM THE 1ST DAY OF JUNE, 19 78 TO THE — DAY OF —, 19 —, AND THEREAFTER UNTIL TERMINATED AS HEREINAFTER PROVIDED.

TERMINATION 2. EITHER THE LESSOR OR THE LESSEE MAY TERMINATE SAID LEASE AT ANY TIME AFTER THE 1ST DAY OF JUNE, 19 78 BY GIVING TO THE OTHER PARTY THIRTY (30) DAYS' NOTICE IN WRITING, OR AS OTHERWISE PROVIDED HEREIN.

RENTAL 3. LESSEE SHALL PAY AS RENT FOR THE PREMISES ANNUALLY IN ADVANCE THE SUM OF ONE THOUSAND TWO HUNDRED AND NO/100 DOLLARS (\$ 1,200.00) (HEREINAFTER CALLED "BASE RENT"). SAID BASE RENT SHALL BE ADJUSTED ANNUALLY AS HEREINAFTER PROVIDED, IN

INDEX RELATION TO AN INDEX OF 195.3 FOR THE BASE MONTH OF JUNE, 19 78.

SECURITY DEPOSIT 4. LESSEE SHALL DEPOSIT WITH LESSOR THE SUM OF NONE DOLLARS

(\$ —) AS SECURITY FOR THE PERFORMANCE OF ALL COVENANTS AND AGREEMENTS OF LESSEE HEREUNDER. LESSOR MAY AT ANY TIME OR TIMES APPLY ALL OR ANY PORTION THEREOF IN PAYMENT OF ANY AMOUNTS DUE LESSOR FROM LESSEE. IN THE EVENT THAT LESSOR SHALL APPLY THE SECURITY DEPOSIT OR ANY PART THEREOF IN PAYMENT OF ANY AMOUNTS DUE FROM LESSEE, LESSEE SHALL UPON NOTICE TO IT OF SUCH APPLICATION IMMEDIATELY REPLACE SUCH DEPOSIT OR PART THEREOF, UPON TERMINATION OF THE LEASE AND FULL PERFORMANCE OF ALL OF LESSEE'S OBLIGATIONS HEREUNDER, SO MUCH OF THE SECURITY DEPOSIT AS REMAINS UNAPPLIED SHALL BE RETURNED TO LESSEE. THE SECURITY DEPOSIT SHALL NOT BEAR INTEREST UNLESS AND EXCEPT AS REQUIRED BY LAW. THIS PARAGRAPH SHALL BE INAPPLICABLE IF THE AMOUNT OF SECURITY DEPOSIT SHOWN ABOVE IS "NONE".

USE 5. THE PREMISES ARE TO BE OCCUPIED BY THE LESSEE AND USED EXCLUSIVELY FOR THE FOLLOWING PURPOSES:

STORAGE AND DISTRIBUTION OF GRAIN, COAL, FEED, FERTILIZER,  
INCLUDING ANHYDROUS AMMONIA

ADDENDUM 6. THIS OFFER CONSISTS OF 2 PAGES, INCLUDING ADDENDUM ATTACHED HERETO, ALL OF WHICH HAVE BEEN INITIALED BY THE LESSEE, AND ALL OF WHICH ARE HEREBY INCORPORATED INTO THIS OFFER AND MADE A PART HEREOF, THE SAME AS IF INCLUDED IN THE MAIN BODY OF THIS INSTRUMENT.

\*6a. THIS OFFER HAS BEEN MADE, SIGNED AND SEALED BY THE LESSEE THIS 25th DAY OF Oct, 19 78

ATTEST:

FARMERS COOP ELEVATOR

LESSEE NAME

Roger Schaefer  
(CORPORATION ONLY) SECRETARY  
William M. Gibbons  
(OTHER THAN CORPORATION) WITNESS

SIGNATURE

Lloyd Rugh  
PRESIDENT  
TITLE (OR 2ND SIGNATURE IF PARTNER)

LESSEE ADDRESS

RAKE IOWA 50455

CITY, STATE AND ZIP CODE

THE FOREGOING OFFER IS ACCEPTED BY LESSOR THIS 30th DAY OF October, 19 78.

WILLIAM M. GIBBONS, TRUSTEE OF THE PROPERTY OF  
CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY, DEBTOR

By R. A. Lamberty  
DIRECTOR-REAL ESTATE OPERATIONS

PAGE 1

LESSOR'S LEASE NUMBER REVISED 02-44340

\*6b. THIS LEASE CANCELS AND SUPERSEDES LEASE 02-44340 DATED AUGUST 5, 1976.



CAUSED BY FIRE OR OTHER CASUALTY BY REASON OF ANY INJURY TO OR DESTRUCTION OF ANY REAL OR PERSONAL PROPERTY OF ANY KIND, OWNED BY THE LESSEE, OR IN WHICH THE LESSEE IS INTERESTED, WHICH NOW IS OR MAY HEREFTER BE PLACED ON ANY PART OF THE LEASED PREMISES.

THE LESSEE FURTHER AGREES THAT IF, IN ANY EVENT, THE RELEASE HEREINBEFORE MADE SHALL NOT BE VALID, THE LESSOR SHALL HAVE THE FULL BENEFIT OF ANY INSURANCE EFFECTED BY LESSEE ON THE STRUCTURES OR PROPERTY INJURED OR DESTROYED. IT IS EXPRESSLY UNDERSTOOD AND AGREED, AS ONE OF THE CONSIDERATIONS TO THE LESSOR FOR THE MAKING OF THIS LEASE, AND ONE OF THE CONDITIONS UPON WHICH IT IS MADE, THAT THE INSURER SHALL NOT HAVE ANY CLAIM, CAUSE OF ACTION OR DEMAND AGAINST THE LESSOR, OR ANY PARTY OR CORPORATION AT ANY TIME OWING OR OPERATING THE RAILROAD AND PROPERTY OF SAID LESSOR, ON ACCOUNT OF ANY DAMAGE OR INJURY OR DESTRUCTION OF SUCH STRUCTURES OR PROPERTY, OR ON ACCOUNT OF ANY PAYMENT MADE TO THE LESSEE OR ANY OTHER PARTY BY REASON OF SUCH DAMAGE, INJURY OR DESTRUCTION, AND THE LESSEE AGREES TO INDEMNIFY AND HOLD HARMLESS THE LESSOR, ITS AGENTS AND EMPLOYEES, AGAINST ANY SUCH CLAIM, CAUSE OF ACTION OR DEMAND.

THE LESSEE FURTHER AGREES THAT IN CASE ANY BUILDING OR OTHER IMPROVEMENT OWNED OR CONTROLLED BY LESSEE, NOW OR HEREFTER LOCATED UPON SAID LEASED PREMISES IS DAMAGED OR DESTROYED WHOLLY OR PARTIALLY BY FIRE OR OTHER CASUALTY, THE LESSEE SHALL REMOVE ALL DEBRIS, TRASH OR RUBBISH CAUSED BY OR INCIDENT TO SAID DAMAGE OR DESTRUCTION; AND IN CASE OF FAILURE SO TO DO, THE LESSOR MAY, AT ITS OPTION, THIRTY (30) DAYS AFTER THE FIRE OR OTHER CASUALTY, ENTER UPON THE PREMISES AND REMOVE SUCH DEBRIS, TRASH OR RUBBISH AT THE SOLE COST OF THE LESSEE, AND THE LESSEE HEREBY AGREES TO PAY SUCH COST TO THE LESSOR UPON PRESENTATION OF A BILL THEREFOR.

LESSOR FURTHER AGREES TO INDEMNIFY AND HOLD HARMLESS LESSOR, ITS AGENTS AND EMPLOYEES, FROM AND AGAINST ALL LOSS OR DAMAGE TO PERSON OR PROPERTY, INCLUDING THE PERSON OR PROPERTY OF THE PARTIES HERETO, ARISING FROM FIRE OR OTHER CASUALTY ORIGINATING ON THE LEASED PREMISES.

## ABANDONMENT

18. AN ABANDONMENT OF THE PREMISES BY THE LESSEE SHALL OPERATE AS AN ABSOLUTE AND IMMEDIATE TERMINATION OF THIS LEASE AT THE SOLE OPTION OF THE LESSOR. FAILURE OF THE LESSEE TO OCCUPY OR USE THE SAID LEASED PREMISES FOR THE PURPOSES HEREINBEFORE INTIONED FOR NINETY (90) DAYS AT ANY ONE TIME SHALL BE DEEMED AN ABANDONMENT THEREOF.

## DISPLAY OF SIGNS

19. THE LESSEE AGREES THAT NO PART OF THE PREMISES SHALL BE USED FOR DISPLAY OF SIGNS OR ADVERTISEMENTS OTHER THAN THOSE THAT MAY BE CONNECTED WITH THE BUSINESS OF THE LESSEE; AND SUCH SIGNS OR ADVERTISEMENTS RELATING TO LESSEE'S BUSINESS SHALL BE SUBJECT TO THE APPROVAL OF THE LESSOR. IT IS AGREED THAT THE LESSEE SHALL NOT ALLOW OTHERS TO POST BILLS OR SIGNS THEREON.

## LIABILITY

20. THE LESSEE AGREES TO INDEMNIFY AND HOLD HARMLESS THE LESSOR, ITS AGENTS AND EMPLOYEES, AGAINST ANY AND ALL CLAIMS, DEMANDS, EXPENSES, LIABILITIES, OR CAUSES OF ACTION ARISING OUT OF INJURY TO OR DEATH OF ANY OF THE PARTIES HERETO AND THEIR AGENTS AND EMPLOYEES, OR INJURY TO OR DEATH OF ANY PERSON OR PERSONS, OR LOSS OF OR DAMAGE TO PROPERTY OF ANY OF THE PARTIES HERETO, AND OF THEIR AGENTS AND EMPLOYEES, OR LOSS OF OR DAMAGE TO THE PROPERTY OF ANY OTHER PERSON, FIRM OR CORPORATION WHILE ON OR ABOUT THE SAID LEASED PREMISES, WHEN SUCH INJURY, DEATH, LOSS OR DAMAGE ARISES FROM OR IS CONNECTED WITH (1) ANY ACT OR OMISSION ON THE PART OF THE LESSEE, ITS AGENTS, SERVANTS OR EMPLOYEES; OR (2) ANY CONDITION WHATSOEVER ON THE PREMISES.

## VIOLATION

21. IN CASE OF VIOLATION BY EITHER PARTY OF ANY PROVISION OF THIS LEASE, THE OTHER PARTY MAY, AFTER FIVE (5) DAYS' NOTICE IN WRITING AND IF THE VIOLATION IS NOT REMEDIED WITHIN THE FIVE (5) DAY PERIOD, TERMINATE THIS LEASE ON THREE (3) DAYS' NOTICE IN WRITING, AND THESE MEANS OF TERMINATION SHALL BE BINDING UPON THE PARTIES HERETO IN LIEU OF ANY NOTICE THAT MAY BE REQUIRED BY STATUTE.

## RIGHTS AND DUTIES UPON TERMINATION

22. UPON THE TERMINATION OF THIS LEASE, ALL RIGHTS OF THE LESSEE HEREUNDER SHALL ABSOLUTELY CEASE; AND UPON OR PRIOR TO SUCH TERMINATION THE LESSEE SHALL SURRENDER SAID LEASED PREMISES TO THE POSSESSION OF THE LESSOR. NO TERMINATION OF THIS LEASE SHALL AFFECT THE LIABILITIES OR OBLIGATIONS OF EITHER PARTY (WHETHER OF INDEMNIFICATION OR OTHER) WHICH MAY HAVE ACCRUED PRIOR TO SUCH TERMINATION. ACCEPTANCE OF RENTAL IN ADVANCE BY LESSOR SHALL NOT OPERATE AS A WAIVER OF THE LESSOR'S RIGHT TO TERMINATE THIS LEASE AS HEREIN PROVIDED. WHETHER SUCH ACCEPTANCE IS MADE BEFORE OR AFTER NOTICE OF TERMINATION HAS BEEN GIVEN AS HEREIN PROVIDED. SHOULD THIS LEASE BE TERMINATED BY EITHER PARTY BY THIRTY (30) DAYS' WRITTEN NOTICE AS HEREINBEFORE PROVIDED PRIOR TO THE TIME TO WHICH SAID RENTAL HAS BEEN PAID, THE LESSOR HEREBY AGREES TO REFUND ON DEMAND TO THE LESSEE ANY UNEARNED RENTAL THEREFORE PAID.

IN CASE THE LESSEE, WITHIN TEN (10) DAYS FROM THE EXPIRATION OF THIS AGREEMENT, EITHER BY LAPSE OF TIME, BY ABANDONMENT OR BY NOTICE OF TERMINATION AS PROVIDED FOR HEREIN, SHALL FAIL TO REMOVE FROM THE PREMISES HEREIN LEASED ANY AND ALL PROPERTY, REAL, PERSONAL OR MIXED, OWNED OR CONTROLLED BY LESSEE, LESSEE HEREBY AGREES THAT LESSOR, AT ITS SOLE OPTION, MAY USE, DISPOSE OF, WRECK, SELL, LEASE, REMOVE, OR OTHERWISE DEAL WITH SAID PROPERTY ENTIRELY AS LESSOR WISHES. FREE AND CLEAR OF ALL LIENS, ENCUMBRANCES OR CLAIM OF OWNERSHIP OF LESSEE OR OTHERS, OR LESSOR, AT ITS SOLE OPTION, MAY REQUIRE LESSEE TO REMOVE ALL OR ANY PART OF SAID PROPERTY, INCLUDING BUT NOT LIMITED TO BUILDINGS, FOUNDATIONS, FIXTURES OR PERSONALTY.

IF LESSOR ELECTS TO REMOVE, DISPOSE OF OR WRECK SAID PROPERTY, LESSEE HEREBY AGREES TO PAY THE COST THEREOF, LESS THE SALVAGE VALUE OF SAID PROPERTY, IF ANY.

UPON THE TERMINATION OF THIS LEASE IN ANY MANNER, THE LESSEE WILL SURRENDER POSSESSION TO THE SAID LESSOR OR ITS AUTHORIZED AGENTS, PEACEABLY AND WITHOUT DELAY, AND IN CASE OF ANY FAILURE SO TO DO THE LESSEE SHALL BE GUILTY OF FORCIBLE ENTRY AND DETAINER OF SAID PREMISES, AND NO NOTICE TO QUIT OR DEMAND OF POSSESSION SHALL BE NECESSARY TO SUSTAIN SUCH ACTION, BUT ALL SUCH NOTICES ARE HEREBY WAIVED BY LESSEE OR BY ANYONE IN PRIVITY WITH LESSEE.

## FAILURE OF TITLE

23. IN CONSIDERATION OF THE PRIVILEGE HEREBY GIVEN THE LESSEE TO OCCUPY AND USE THE PREMISES HEREUNDER LEASED, AND THE BENEFITS AND PRIVILEGES TO BE DERIVED THEREFROM, THE LESSEE, IN ADDITION TO PAYMENT OF RENTAL AS HEREINBEFORE PROVIDED, HEREBY RELEASES THE LESSOR FROM ALL LIABILITY FOR DAMAGE BY REASON OF WANT OR FAILURE AT ANY TIME OF TITLE OR POSSESSION ON THE PART OF THE LESSOR TO ANY PART OF THE LEASED PREMISES.

L.R.

PAYMENTS

7. ALL PAYMENTS DUE LESSOR UNDER THIS AGREEMENT SHALL BE MADE TO TREASURER, CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY, AT 332 SOUTH MICHIGAN AVENUE, CHICAGO, ILLINOIS 60604, OR TO SUCH PERSON AS LESSOR MAY DIRECT BY WRITTEN NOTICE TO LESSEE.

REGULATORY COMPLIANCE

8. THE LESSEE AGREES THAT ALL PROVISIONS OF LAW OR ORDINANCES APPLICABLE TO ITS USE OF THE PREMISES SHALL BE FULLY OBSERVED AT LESSEE'S SOLE COST AND EXPENSE, AND THE LESSEE WILL NOT DO, NOR PERMIT TO BE DONE, UPON OR ABOUT THE PREMISES ANYTHING FORBIDDEN BY LAW OR ORDINANCES OR THE RULES AND REGULATIONS OF LESSOR NOW IN FORCE OR WHICH MAY HEREAFTER BE ADOPTED.

CLEARANCES

9. THE LESSEE SHALL NOT ERECT OR ALLOW TO BE ERECTED, ANY BUILDING, STRUCTURE OR FIXTURE, OR PLACE MATERIAL OR OBSTRUCTION OF ANY KIND, OR MAKE ANY EXCAVATION WITHOUT GIVING A CLEARANCE OF AT LEAST EIGHT (8) FEET SIX (6) INCHES FROM THE CENTER LINE OF ANY RAILROAD TRACK AND HEAD ROOM OF NOT LESS THAN TWENTY-FIVE (25) FEET ABOVE THE TOP OF THE RAILS, EXCEPT IN THE CASE OF PLATFORMS NOT HIGHER THAN FOUR (4) FEET ABOVE THE TOP OF THE NEAREST RAIL OF SAID TRACK A MINIMUM CLEARANCE OF SIX (6) FEET FROM THE CENTER LINE OF SAID TRACK TO THE EDGE OF PLATFORMS WILL BE PERMITTED. ALL WINDOWS, DOORS OR GATES SHALL BE OF THE SLIDING TYPE, OR SHALL OPEN TOWARD THE INSIDE OF THE BUILDING OR ENCLOSURE WHEN SUCH BUILDING OR ENCLOSURE IS SO LOCATED THAT THE SAID WINDOW, DOORS, OR GATES, IF OPENING OUTWARD, WOULD, WHEN OPENED, SWING CLOSER THAN EIGHT (8) FEET SIX (6) INCHES TO THE CENTER LINE OF SAID TRACK. IF BY STATUTE OR ORDER OF COMPETENT PUBLIC AUTHORITY A GREATER OR OTHER CLEARANCE SHALL BE REQUIRED THAN PROVIDED IN THIS SECTION, THEN THE LESSEE SHALL IMMEDIATELY COMPLY WITH SUCH ORDER OR STATUTE. THE LESSEE ASSUMES ALL RESPONSIBILITY FOR AND AGREES TO PROTECT, INDEMNIFY AND SAVE HARMLESS THE LESSOR, ITS AGENTS AND EMPLOYEES, FROM AND AGAINST ALL LOSS, DAMAGE AND EXPENSE CAUSED BY, OR ARISING OUT OF, OR CONTRIBUTED TO BY THE ERECTION OR PRESENCE OF ANY BUILDING, STRUCTURE OR FIXTURE, OR PLACING, OR STORING OR PRESENCE OF MATERIAL OR OBSTRUCTION OF ANY KIND OR MAKING, OR PRESENCE OF ANY EXCAVATION AT ANY PLACE PROHIBITED BY THIS SECTION.

HAZARDOUS COMMODITIES

10. THE LESSEE FURTHER AGREES THAT IT SHALL NOT STORE OR KEEP OR ALLOW ANY OTHER PERSON TO STORE OR KEEP, IN ANY QUANTITY OR AMOUNT WHATSOEVER, ON OR WITHIN THE PREMISES DURING THE TERM OF THIS LEASE, ANY ARTICLE OF ANY KIND WHICH IS OF AN EXTRA HAZARDOUS OR OF AN EXPLOSIVE, COMBUSTIBLE OR FLAMMABLE NATURE, WITHOUT THE EXPRESS WRITTEN CONSENT OF LESSOR. UNLESS AUTHORIZED UNDER CLAUSE 5 OF THIS OFFER, THE LOADING, STORAGE, AND/OR UNLOADING OF FLAMMABLE LIQUIDS, CHLORINE, LIQUIFIED PETROLEUM GAS, FLAMMABLE COMPRESSED GASES, AND/OR ANHYDROUS AMMONIA IS HEREBY EXPRESSLY PROHIBITED. IF SO AUTHORIZED, LESSEE AGREES TO COMPLY WITH THE APPLICABLE RULES AND REGULATIONS OF THE BUREAU OF EXPLOSIVES, ASSOCIATION OF AMERICAN RAILROADS, PUBLISHED IN THE FOLLOWING RESPECTIVE CIRCULARS:

COMMODITIES

FLAMMABLE LIQUIDS  
CHLORINE  
LIQUIFIED PETROLEUM GAS  
FLAMMABLE COMPRESSED GASES  
ANHYDROUS AMMONIA

A.A.R. CIRCULARS

17, 17-D AND 17-E  
17-A  
17, 17-B, 17-D AND 17-E  
17, 17-D AND 17-E  
17 AND 17-Y

LESSEE MAY OBTAIN COPIES OF PERTINENT CIRCULARS FROM THE BUREAU OF EXPLOSIVES, ASSOCIATION OF AMERICAN RAILROADS, 99 EAST VAN BUREN STREET, CHICAGO, ILLINOIS 60605. LESSEE AGREES TO BEAR ANY AND ALL COSTS OF COMPLIANCE WITH SAID RULES AND REGULATIONS, AND FURTHER AGREES TO INDEMNIFY AND HOLD HARMLESS LESSOR FROM ANY CONSEQUENCES ON NONCOMPLIANCE.

REPAIRS

11. LESSEE COVENANTS THROUGHOUT THE TERM OF THIS LEASE, AT LESSEE'S SOLE COST AND EXPENSE, TO TAKE GOOD CARE OF THE LEASED PREMISES, AND TO KEEP SAID PREMISES IN GOOD CONDITION AND REPAIR, INCLUDING THE BUILDINGS AND IMPROVEMENTS NOW OR AT ANY TIME ERECTED THEREON, AND TO COMPLY WITH BUILDING ANY REPAIRS, OR ALTERATIONS SHALL BE DONE IN GOOD WORKMANLIKE MANNER AND IN COMPLIANCE WITH BUILDING AND ZONING ORDINANCES, AND WITH ALL OTHER APPLICABLE LAWS, ORDINANCES, RULES, REGULATIONS AND REQUIREMENTS OF ALL FEDERAL, STATE AND MUNICIPAL GOVERNMENTS OR APPROPRIATE DEPARTMENTS, COMMISSIONS, BOARDS AND OFFICERS THEREOF, AND IN ACCORDANCE WITH THE RULE, ORDERS AND REGULATIONS OF THE FIRE UNDERWRITERS. IN MAKING ANY REPAIRS, LESSEE COVENANTS AND AGREES THAT IT WILL NOT PERMIT ANY MECHANIC'S LIEN OR LIENS TO BE PLACED UPON THE PREMISES OR ANY BUILDING OR IMPROVEMENTS THEREOF, AND IN THE CASE OF ANY FILING OF ANY SUCH LIEN LESSEE SHALL PROMPTLY DISCHARGE THE SAME.

UTILITIES

12. LESSEE AGREES TO PAY OR CAUSE TO BE PAID ALL CHARGES FOR GAS, WATER, ELECTRICITY, LIGHT, AIR CONDITIONING, HEAT OR POWER, TELEPHONE OR OTHER COMMUNICATION SERVICE USED, RENDERED OR SUPPLIED UPON OR IN CONNECTION WITH THE PREMISES THROUGHOUT THE TERM OF THIS LEASE, AND TO INDEMNIFY LESSOR AND SAVE IT HARMLESS AGAINST ANY LIABILITY OR DAMAGES ON SUCH ACCOUNT. LESSEE SHALL ALSO, AT ITS SOLE COST AND EXPENSE, PROCURE ANY AND ALL NECESSARY PERMITS, LICENSES, OR OTHER AUTHORIZATIONS REQUIRED FOR THE LAWFUL AND PROPER INSTALLATION AND MAINTENANCE UPON THE PREMISES OF WIRES, PIPES, CONDUITS, METERS, TUBES AND OTHER EQUIPMENT AND APPLIANCES FOR USE IN SUPPLYING ANY SUCH SERVICES TO AND UPON THE LEASED PREMISES, WHICH MAY BE REQUIRED.

TAXES AND ASSESSMENTS

13. THE LESSEE AGREES TO PAY TO THE LESSOR, UPON RECEIVING A BILL THEREFOR, ALL TAXES, LICENSE FEES, OR OTHER CHARGES THAT MAY BE LEVIED OR ASSESSED LOCALLY AGAINST THE PREMISES, OR THAT MAY BE EQUITABLY APPORTIONABLE THEREOF, OR THE IMPROVEMENTS THEREON, OR AGAINST BOTH. IN THE EVENT THE PREMISES, OR ANY PART THEREOF, SHALL BE SUBJECT TO ANY SPECIAL ASSESSMENT FOR ANY PUBLIC IMPROVEMENT OR IMPROVEMENTS, THE BASE RENT TO BE PAID BY LESSEE HEREUNDER SHALL BE INCREASED BY AN AMOUNT EQUAL TO TEN (10) PER CENT PER ANNUM OF THE TOTAL COST OF SUCH ASSESSMENT.

EASEMENTS

14. LESSOR RESERVES THE RIGHT TO GRANT SUCH EASEMENTS AND TO CAUSE SUCH IMPROVEMENTS TO BE PLACED UPON THE PREMISES AS LESSOR MAY DEEM NECESSARY OR DESIRABLE, INCLUDING BUT NOT RESTRICTED TO POWER, GAS, TELEPHONE, WATER, STORM AND SANITARY SEWERS AND RAILROAD TRACKS; PROVIDED, HOWEVER, THAT NO EASEMENTS SHALL BE GRANTED WHICH WILL UNREASONABLY INTERFERE WITH THE USE BY LESSEE OF THE PREMISES HEREIN DEMISED. LESSOR SHALL NOT IN ANY EVENT BE LIABLE FOR INCONVENIENCE, ANNOYANCE, DISTURBANCE, LOSS OF BUSINESS OR OTHER DAMAGE TO LESSEE BY REASON OF MAKING SUCH IMPROVEMENTS, AND THE OBLIGATIONS OF LESSEE UNDER THIS LEASE SHALL NOT THEREBY BE AFFECTED IN ANY MANNER WHATSOEVER. LESSOR AGREES, HOWEVER, IN CONNECTION WITH THE DOING OF SUCH WORK TO CAUSE AS LITTLE INCONVENIENCE, ANNOYANCE, DISTURBANCE, LOSS OF BUSINESS OR OTHER DAMAGE TO LESSEE AS MAY REASONABLY BE POSSIBLE IN THE CIRCUMSTANCES.

CONSTRUCTIONS AND ADDITIONS

15. LESSEE SHALL NOT CONSTRUCT ANY BUILDING OR OTHER STRUCTURE, NOR MAKE ANY MATERIAL ALTERATIONS, IMPROVEMENTS OR ADDITIONS TO THE PREMISES WITHOUT PRIOR WRITTEN APPROVAL OF LESSOR.

INTERRUPTION OF USE

16. LESSOR SHALL NOT BE LIABLE FOR ANY DAMAGE, COMPENSATION OR CLAIM BY REASON OF INCONVENIENCE, ANNOYANCE, OR INTERRUPTION IN THE USE OF SAID PREMISES, WHETHER CAUSED BY FIRE OR ANY OTHER CAUSE, OR FROM THE TERMINATION OF THIS LEASE PURSUANT TO ANY OF THE PROVISIONS HEREOF.

## ASSIGNMENT

24. THIS LEASE SHALL NOT BE ASSIGNED, AND SHALL SAID PREMISES, OR ANY PART THEREOF, BE RENTED, OR SHALL THE LESSEE CONSENT THAT THE SAME BE RENTED OR OCCUPIED BY ANY PARTY OTHER THAN THE LESSEE WITHOUT THE WRITTEN CONSENT OF THE LESSOR FIRST OBTAINED THEREFOR. IF ANY OF THE FOREGOING CONDITIONS ARE VIOLATED, ALL OF THE PROVISIONS OF THIS LEASE SHALL BE BINDING UPON SUCH ASSIGNEE, SUB-LESSEE, USER, OR OCCUPANT, AND THIS LESSEE HEREBY GUARANTEES THE PERFORMANCE OF ALL OF SUCH PROVISIONS BY ANY SUCH ASSIGNEE, SUB-LESSEE, USER, OR OCCUPANT. NOTHING IN THE LAST ABOVE SENTENCE SHALL BE DEEMED TO BE A WAIVER BY THE LESSOR OF THE RESTRICTIONS SET FORTH IN THE FIRST SENTENCE OF THIS PARAGRAPH.

ALL THE COVENANTS, TERMS, CONDITIONS, RIGHTS AND OBLIGATIONS IN THIS AGREEMENT CONTAINED SHALL INURE TO THE BENEFIT OF AND BE BINDING UPON THE PARTIES HERETO AND THEIR HEIRS, EXECUTORS, ADMINISTRATORS, SUCCESSORS AND ASSIGNS.

## NOTICES

25. ANY NOTICE FROM LESSOR TO LESSEE, OR FROM LESSEE TO LESSOR, SHALL BE DEEMED DULY SERVED IF MAILED BY CERTIFIED MAIL, TO LESSEE ADDRESSED AS SHOWN ON PAGE 1 HEREOF, OR IF TO LESSOR, C/O DIRECTOR-REAR ESTATE OPERATIONS, CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY, 332 SOUTH MICHIGAN AVENUE, CHICAGO, ILLINOIS 60604, AND THE CUSTOMARY CERTIFIED MAIL RECEIPT SHALL BE EVIDENCE OF SUCH SERVICE. EITHER PARTY HERETO MAY CHANGE THE ADDRESS TO WHICH SAID NOTICES SHALL BE SENT BY GIVING WRITTEN NOTICE OF SUCH CHANGE TO THE OTHER PARTY HERETO, AS PROVIDED, BUT UNLESS SUCH NOTICE OF CHANGE IS GIVEN TO THE OTHER PARTY, NOTICES WILL BE DEEMED SERVED UPON PROOF OF PROPER MAILING TO THE ABOVE ADDRESS. PERSONAL SERVICE OF ANY SUCH WRITTEN NOTICE MAY BE MADE IN LIEU OF SERVICE BY MAIL, PROVIDED THAT SUCH PERSONAL NOTICE IS MADE UPON AN OFFICER OR DESIGNATED AGENT OF EITHER PARTY HERETO.

ANNUAL  
ADJUSTMENT OF  
BASE RENT

26. AS USED IN THIS CLAUSE, THE FOLLOWING TERMS SHALL HAVE THE FOLLOWING RESPECTIVE MEANINGS: (1) "BUREAU OF LABOR STATISTICS" SHALL MEAN THE BUREAU OF LABOR STATISTICS OF THE UNITED STATES DEPARTMENT OF LABOR, WASHINGTON, D.C.; (2) "INDEX" SHALL MEAN THE "ALL ITEMS" GROUP OF THE U. S. CITY AVERAGE CONSUMER PRICE INDEX FOR URBAN WAGE EARNERS AND CLERICAL WORKERS (1967-100) ISSUED BY THE BUREAU OF LABOR STATISTICS; (3) "BASE MONTH" SHALL MEAN THE CALENDAR MONTH AND YEAR HEREINBEFORE SHOWN IN CLAUSE 3 OF THIS AGREEMENT; AND (4) "COMPARISON MONTH" SHALL MEAN EACH CALENDAR MONTH OF OCTOBER OCCURRING AFTER SAID BASE MONTH DURING THE TERM OF THIS LEASE AND DURING ANY HOLDING OVER BY LESSEE.

THE AMOUNT OF BASE RENT STIPULATED IN CLAUSE 3 OF THIS AGREEMENT SHALL HEREAFTER BE INCREASED OR DECREASED (BUT SHALL NOT IN ANY EVENT BE LESS THAN THE AMOUNT SO STIPULATED) BY THE SAME PERCENTAGE OF INCREASE OR DECREASE, AS THE CASE MAY BE, IN THE INDEX FOR EACH COMPARISON MONTH OVER OR UNDER THE INDEX FOR THE BASE MONTH.

LESSOR SHALL RENDER LESSEE A RENT BILL SHOWING THE PERTINENT INCREASED OR DECREASED AMOUNT OF RENT TO BE PAID BY LESSEE SUCCEEDING EACH PARTICULAR COMPARISON MONTH, HEREIN: (1) THE PROVISIONS HEREIN SHALL NOT BE INVALIDATED OR WAIVED, OR DEEMED TO BE INVALIDATED OR WAIVED, BY REASON OF DELAY EITHER IN RENDERING ANY RENT BILL OR IN THE FINAL DETERMINATION OF ANY DISPUTE WITH RESPECT THERETO; AND (2) THE FAILURE OF LESSOR TO RENDER A RENT BILL BASED UPON ANY COMPARISON MONTH SHALL BE WITHOUT PREJUDICE TO THE RIGHT OF LESSOR TO RENDER A RENT BILL BASED UPON ANY SUBSEQUENT COMPARISON MONTH.

IF THE BUREAU OF LABOR STATISTICS SHALL SUBSTITUTE A NEW BASE FOR THE 1967-100 BASE HEREINBEFORE STIPULATED AS THE INDEX BASE, LESSOR AND LESSEE AGREE THAT SUCH SUBSTITUTED BASE, ADJUSTED AND EQUATED TO THE 1967-100 BASE IN THE MANNER RECOMMENDED BY SAID BUREAU OF LABOR STATISTICS, SHALL THEN BECOME AND BE THE INDEX FOR ALL PURPOSES HEREIN. IN THE EVENT THE INDEX SHALL CEASE TO BE PUBLISHED, THEN FOR THE PURPOSES HEREIN, THERE SHALL BE SUBSTITUTED FOR THE INDEX SUCH OTHER INDEX AS LESSOR AND LESSEE SHALL AGREE UPON, AND IF THEY SHALL BE UNABLE TO AGREE WITHIN SIXTY (60) DAYS NEXT AFTER THE INDEX CEASES TO BE PUBLISHED, SUCH MATTER SHALL BE DETERMINED BY ARBITRATION IN ACCORDANCE WITH THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION.

INSOLVENCY  
AND DAMAGES

27. IN THE EVENT THE LESSEE SHALL BE ADJUDGED A BANKRUPT, OR FILE A PETITION FOR AN ARRANGEMENT WITH HIS CREDITORS UNDER THE BANKRUPTCY ACT, OR SHALL VOLUNTARILY OFFER TO CREDITORS TERMS OF COMPOSITION, OR IN CASE A RECEIVER SHALL BE APPOINTED TO TAKE CHARGE OF AND CONDUCT THE AFFAIRS OF THE LESSEE, THEN, AND UPON THE HAPPENING OF ANY SUCH EVENTS, AND UNLESS THE TRUSTEE IN BANKRUPTCY OR RECEIVER OR SUCH CREDITORS SHALL IMMEDIATELY THEREAFTER ASSUME AND SHALL FULFILL THE LESSEE'S OBLIGATIONS HEREUNDER, THE LESSOR MAY, WITHOUT NOTICE TO LESSEE OR TO ANYONE ELSE, TERMINATE THIS LEASE, AND, IN THE EVENT OF SUCH TERMINATION, LESSOR SHALL HAVE AND SHALL BE ALLOWED, AS A PROvable CLAIM IN SUCH BANKRUPTCY OR CREDITORS OR RECEIVERSHIP PROCEEDING, DAMAGES FOR LESSEE'S SUCH BREACH OF THIS LEASE, IN AN AMOUNT EQUAL TO THE RENT RESERVED IN THIS LEASE FOR THE RESIDUE OF THE TERM HEREOF.

## EMINENT DOMAIN

28. IN THE EVENT OF A TAKING BY RIGHT OF EMINENT DOMAIN OF ALL OR ANY PART OF THE PREMISES DURING THE EXISTENCE OF THIS LEASE, OR OF THE OCCURRENCE OF ANY ACTS OF A PUBLIC AUTHORITY GIVING RISE TO AN ACTION FOR DAMAGES TO THE PREMISES OR ANY IMPROVEMENTS HEREAFTER PLACED ON THE PREMISES BY LESSEE, THE LESSEE SHALL HAVE THE RIGHT TO THE COMPENSATION AWARDED OR PAID FOR SUCH TAKING OR DAMAGE TO THE EXTENT ONLY OF THE VALUE OF, OR DAMAGES TO, THE BUILDINGS, MACHINERY, STRUCTURES, FIXTURES AND OTHER IMPROVEMENTS PLACED OR ERRECTED THEREON BY THE LESSEE VALUED AS THEY AFFIXED TO OR USED IN CONNECTION WITH THE PREMISES; AND LESSEE SHALL HAVE NO RIGHT TO THE COMPENSATION AWARDED OR PAID FOR SUCH TAKING OR DAMAGE TO THE LAND ITSELF, OR OTHER IMPROVEMENTS, IF ANY, ALL COMPENSATION AWARDED OR PAID FOR SUCH TAKING OR DAMAGE TO THE LAND OR OTHER IMPROVEMENTS, AS DISTINGUISHED FROM THE IMPROVEMENTS PLACED OR ERRECTED THEREON BY THE LESSEE, SHALL INURE TO THE LESSOR ONLY. THE PHRASE "TAKING BY RIGHT OF EMINENT DOMAIN" AS USED HEREIN SHALL INCLUDE BOTH A STATUTORY PROCEEDING TO EFFECT CONDEMNATION AND A SALE TO AN AUTHORITY WHICH WOULD COMMENCE CONDEMNATION PROCEEDINGS BUT FOR SUCH SALE. THE TERM OF THIS LEASE SHALL CEASE FROM THE DATE OF TITLE VESTING IN SUCH PROCEEDING AND LESSEE SHALL HAVE NO CLAIM FOR THE VALUE OF ANY UNEXPIRED TERM OF THE LEASE.

MOVEMENT  
OF CARS

29. IT IS UNDERSTOOD AND AGREED THAT LESSOR IS GRANTED PERMISSION TO HAVE LESSEE'S RAILROAD CARS STORED ON ANY TRACK WHICH IS A PART OF THE LEASED PREMISES OR LOCATED THEREON.

## UTILITIES

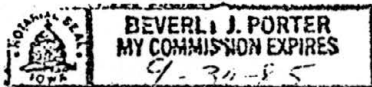
30. LESSEE AGREES TO PAY OR CAUSE TO BE PAID ALL CHARGES FOR GAS, WATER, ELECTRICITY, LIGHT, HEAT OR POWER, TELEPHONE OR OTHER COMMUNICATION SERVICE USED, RENDERED OR SUPPLIED UPON OR IN CONNECTION WITH THE PREMISES THROUGHOUT THE TERM OF THIS LEASE, AND TO INDEMNIFY LESSOR AND SAVE IT HARMLESS AGAINST ANY LIABILITY OR DAMAGES ON SUCH ACCOUNT. LESSEE SHALL ALSO, AT ITS SOLE COST AND EXPENSE, PROCURE ANY AND ALL NECESSARY PERMITS, LICENSES OR OTHER AUTHORIZATIONS REQUIRED FOR THE LAWFUL AND PROPER INSTALLATION AND MAINTENANCE UPON THE PREMISES OF WIRES, PIPES, CONDUITS, METERS, TUBES AND OTHER EQUIPMENT AND APPLIANCES FOR USE IN SUPPLYING ANY SUCH SERVICE TO AND UPON THE LEASED PREMISES, WHICH MAY BE REQUIRED.

STATE OF IOWA   )  
                          )  
COUNTY OF EMMET)

Harold W. White, being first duly sworn on oath, deposes and says that he caused copies of the above Notice and described documents to be served on all parties on the attached list by mailing copies of said Notice and described document in sealed envelopes addressed to said persons and depositing said envelopes with postage prepaid thereon in the United States mail, Estherville, Iowa on the 17th day of November, 1982.

Harold W. White  
Harold W. White

Subscribed and sworn to before me this 17th day of November, 1982.



Beverl J. Porter  
Notary Public in and for  
said County and State



Norman H. Nachman  
Nachman, Munitz & Sweig  
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Chicago, Illinois 60603

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O'Keefe, Ashenden & Lyons  
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Interstate Commerce Commission  
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Washington, D.C. 20423

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Harold L. Kaplan  
Hayer, Brown & Platt  
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Chicago, Illinois 60604

Interstate Commerce Commission  
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Room 1086  
Chicago, Illinois 60604

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Chapman & Cutler  
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Chief, Special Procedure Staff  
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Topeka, Kansas 66612

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Washington, D.C. 20590

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10 S. Canal Street  
Chicago, Illinois 60606

Secretary of the Treasury  
Washington, D.C. 20220

Howard Joseph  
3265 N. Broadway  
Chicago, Illinois 60657

Leonard Schanfield  
Rosenthal & Schanfield  
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Chicago, Illinois 60603

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Mr. O. L. Houts  
332 S. Michigan Ave.  
Chicago, IL 60604

William M. Stapleton  
Lathrop, Koontz, Richter, et al  
2345 Grand Ave.  
Kansas City, MO 64108

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Illinois Commerce Commission  
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Chicago, Illinois 60602

William S. Grotefeld & Asso.  
20 North Clark  
Chicago, IL 60603

~~Rodney A. Wittkamp~~  
~~507 Toma Building~~  
~~Burlington, Iowa 52601~~

Herbert L. Winokur, Jr.  
Pacific Holding Corporation  
10900 Wilshire Blvd.  
Los Angeles, California  
90024

George J. Anos  
Ash, Anos, Freedman & Logan  
77 West Washington Street  
Chicago, Illinois 60602

PERSONAL & CONFIDENTIAL

November 24, 1982

TO: T. M. Beckley  
FROM: B. D. Olsen  
RE: C&NW Negotiations

Should we enter into serious negotiations with the C&NW governing use of the Rock Island spine line, we may wish to deal with certain other matters of mutual interest. Dennis indicated he had some items in mind, including trackage rights from Marquette to Escanaba. If we reach some accommodation with C&NW, I believe it should include disposition of pending litigation involving the MN&S and the Northfield gateway. Given the current regulatory climate and the change in the MN&S position by virtue of Soo acquisition, our prospects for achieving a favorable cost benefit ratio on these cases now appear exceedingly remote. Dismissal of these cases is a bargaining chip we could give up gracefully.

Soo in conjunction with Midtec is about to launch an attack on C&NW territory at Kaukauna, Wisconsin. A letter was earlier sent to the C&NW asking for Soo access to what is at present an exclusive C&NW industry, under the Staggers Act provision permitting building in to other railroad territory. We are now at the stage where a complaint will be filed against the C&NW and probably substantial publicity will be generated. This could start happening as early as December 1 and may affect the C&NW negotiating attitude.

I mention these matters and suggest that we all list other matters in contention between Soo and C&NW and decide whether any should be part of the bargaining.

BDO/mcj

cc: D. M. Cavanaugh  
C. H. Clay  
R. H. Smith  
R. L. Murlowski

# Soo Line Railroad Company



Soo Line Building  
Box 530  
Minneapolis, Minnesota 55440  
(612) 332-1261

THOMAS M. BECKLEY  
President

November 24, 1982

Mr. James R. Wolfe  
President & Chief Executive Officer  
Chicago & North Western  
Transportation Company  
1 North Western Center  
Chicago, IL 60606

Dear Jim:

I have now had an opportunity to review the contents of your letter of November 10 with members of my staff and make the following observations.

We believe that any investment we might make on a joint basis with another railroad should result in a property interest for the Soo proportionate to the Soo's investment. This does not appear to be the case under the proposal which you have outlined and represents a barrier to negotiations unless accepted as a matter of principle.

While the Soo's primary interest lies in reaching Kansas City, we believe that the Soo should not be restricted to bridge traffic only from Northwood to Kansas City. We recognize that the traffic potential at stations along this portion of the route is something less than impressive, but we believe that as a party making a significant contribution to the cost of acquiring the line, there should be no limitation on our right to utilize the line as fully as other participants in the acquisition.

It is not clear to us whether entering Kansas City on a line jointly owned by the Soo and North Western would in any way prejudice the opportunity of the Soo to acquire rights to use terminal facilities of other railroads in the Kansas City terminal. Needless to say, operating rights to the edge of Kansas City are virtually worthless unless the Soo has access to the terminal. Any participation in discussions concerning the possibility of joint use must be conditioned on the assurance that the Soo obtains the right to interchange traffic with other railroads serving the Kansas City terminal.

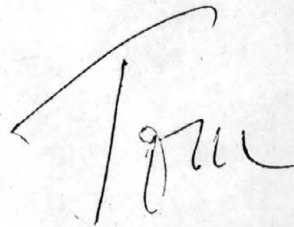


Mr. James R. Wolfe  
November 24, 1982  
Page Two

In making our offer to the Rock Island for the acquisition of the trackage, we have assumed that the Soo would be able to utilize fully tax incentives under the Economic Recovery Tax Act and investment tax credits resulting from rehabilitation of the line. Any arrangement which we might enter into with another carrier must be such as not to prejudice the Soo's opportunity to take advantage of tax incentives on its proportionate contribution to the cost of acquisition and improvements to the line. It is not clear to us that the North Western would have the same objectives and this could represent a serious impediment to working out a program for joint acquisition and use of the line.

You may wish to review with your people whether there is enough similarity in interest to justify further negotiations.

Sincerely,

A handwritten signature in dark ink, appearing to read "Tom". The signature is fluid and cursive, with a large initial "T" and a trailing "m".

bcc: ~~D.~~ M. Cavanaugh  
C. H. Clay  
R. H. Smith  
R. L. Murlowski  
B. D. Olsen

DRAFT

November 23, 1982

Mr. James R. Wolfe  
President & Chief Executive Officer  
Chicago & North Western  
Transportation Company  
1 North Western Center  
Chicago, IL 60606

Dear Jim:

I have now had an opportunity to review the contents of your letter of November 10 with members of my staff and make the following observations.

~~It~~ properly assess that the Soo's goal is to reach Kansas City in order to provide more effective competition under the Stagger's Act rules and as a reaction to new realignments within the railroad industry.

We believe that any investment we might make on a joint basis with another railroad should result in a property interest for the Soo proportionate to the Soo's investment. This does not appear to be the case under the proposal which you have outlined and represents a barrier to further negotiations under Sec. 401 of the 4 R unless accepted as a matter of principle le

While the Soo's primary interest lies in reaching Kansas City, we believe that the Soo should not be restricted to bridge traffic only from Northwood to Kansas City. We recognize that the traffic potential stations along this portion of the route is something less than impressive, but we believe that as a party making an impressive contribution

to the cost of acquiring the line, there should be no limitation on our right to utilize the line as fully as other participants in the acquisition.

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In making our offer to the Rock Island for the acquisition of the trackage, we have assumed that the Soo would be able to utilize fully tax incentives under the Economic Recovery Tax Act and investment tax credits resulting from rehabilitation of the line. Any arrangement which we might enter into with another carrier must be such as not to prejudice the Soo's opportunity to take advantage of tax incentives on its proportionate contribution to the cost of acquisition and improvements to the line. It is not clear to us that the North Western would have the same objectives and this could represent a serious impediment to working out a program for joint acquisition and use of the line.



You may wish review with your people whether there is enough similarity and interests to justify further negotiations.

Sincerely,



- ① Joint ownership
- ② To replace - terminate
- ③ Joint management of maintenance - In place of necessary.
- ④ Joint management of line
- ⑤ Escrow for maintenance
- ⑥ Reversion for non-performance
- ⑦ Silver point crew / when / for interests
  - a) When maintain point track
  - b) — Unit train as per when
  - c) — access to Des Warren
- ⑧ Easement Rights
- ⑨ Access to Joint Afton yard
- ⑩ Afton Ave access



NOV 26 Rec'd

**NORTH AMERICAN CAR CORPORATION**

33 West Monroe  
Chicago, IL U.S.A. 60603  
Telephone 312.853.5000  
Telex #255222

November 22, 1982

Mr. Joe D. Darling  
Director, Special Projects  
Soo Line Railroad Company  
Soo Line Building  
P.O. Box 530  
Minneapolis, Minnesota 55440

Dear Joe:

Jim Compton and I very much enjoyed our visit with you in Minneapolis last Thursday. We are encouraged by your interest in the Rock Island properties. We are anxious to work with you in finding the best possible equipment fit for a Soo Line acquisition of these properties. As we discussed, North American Car is very flexible in the ways in which we can offer equipment for this project. We would like to continue working with you as you proceed with your potential acquisition. The more dialogue we have the better we can understand how your needs can be best met.

Once again thank you for your time and cooperation. We look forward to working with you further. Please feel free to call Jim or myself with any questions you may have concerning this project. We will be in touch soon.

Sincerely

Frank X. Zisak,  
Manager-Equipment Placement  
Remarketing Services Division

FXZ/cc

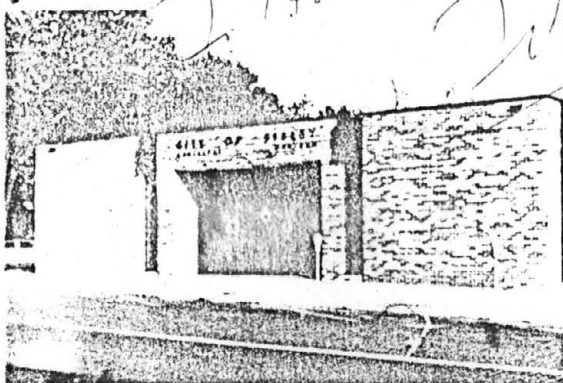
cc: J. F. Compton

Joe

Herewith additional letters of support  
from parties on the Ocheyedan - Libbey line.

This FYI

Dave



# City of Sibley

808 Third Avenue

Sibley, Iowa 51249

November 8, 1982

RECEIVED

Mr. Robert Rigler  
Chairman - I.D.O.T.  
Security State Bank  
New Hampton, Iowa 50659

Mr. Rigler:

We are writting this letter in support of the C. & N.W.'s proposal to purchase a majority of the bankrupt Rock Island tracks. Having spent over three years in attending meetings, trips to Chicago and any other thing necessary to keep on top of the situation I have the feeling that I.D.O.T. might like to support anyone but C. & N.W. I hope I am wrong, however the tone that I am hearing tells me this is so.

Competition is certainly the ideal situation for a buyer, but we must accept the fact that with today's costs of operation and capital we are, in some cases, going to be required to be satisfied with one supplier. Competition is still there, as there are many trucking lines willing and able to transport grain or freight should rail prices get out of line.

We do not feel that the S00 Line offer will be good for Sibley or Northwest Iowa. Should the S00 Line offer be accepted I don't believe we would see the necessary funds made available to upgrade or operate the tracks properly. There is a good chance that in three to five years we very possibly could be back to the drawing table trying to figure out what to do next.

We respectfully request, on behalf of the City of Sibley, Sibley Industries, and the Sibley Industrial Development Corp. that the Iowa Department of Transportation support C. & N.W.'s efforts to purchase the bankrupt Rock Island trackage.

CITY OF SIBLEY

cc: Warren Dunaham, Director  
I.D.O.T.

Howard C. Parrott  
City Administrator

J.R. Wolfe, President  
C. & N.W.



MACOLAKES



FEICO.

*Les Hollander*

# NORTHWEST IOWA CO-OP

Box 218 Ashton, Iowa 51232 Branches Allendorf & Cloverdale, Iowa

RECEIVED

PHONE  
General Office  
Ashton 712-724-6171

Honorable Robert D. Ray  
Governor of Iowa  
State Capital Bldg.  
Des Moines, Ia. 50319

WARREN B. DUNHAM

Dear Governor Ray,

The purpose of this letter is to offer the support of Northwest Iowa Coop. in Chicago and Northwestern Transportation Bid to purchase trackage within the State of Iowa.

Currently we are on trackage of the Rock Island Railroad that is not being served. The Chicago and Northwestern transportation has purposed service to the trackage from Ocheyedan to Sibley, Iowa, presently owned by the Rock Island Railroad.

Rail Service is so important to the agricultural economy of Iowa especially in these times of depressed agricultural economy.

We hope that your office and administration will lend support to the Chicago and Northwestern in the effort to purchase and operate the former Rock Island trackage within the State of Iowa.

Sincerely  
Northwest Iowa Coop.  
R.C. Dittberner  
*R.C. Dittberner*  
General Manager

CC: Governor Elect  
Mr. Terry Brandstad



## NORTHWEST IOWA CO-OP

Box 218 Ashton, Iowa 51232 Branches Allendorf & Cloverdale, Iowa

PHONE  
General Office  
Ashton 712-724-6171

CC: --Mr. W.M. Gibbons, Trustee  
Chicago, Rock Island & Pacific R.R. Co.  
Chicago, Illinois

Mr. J . M. Sullivan, Administrator  
Federal Railroad Administration  
Washington, D.C. 20590

Mr. R. J. Schiefelbein  
Deputy Director  
Interstate Commerce Commission  
Washington, D.C.

Mr. R. Rigler, Chairman  
Iowa Dept of Transportation  
Des Moines, Iowa

Mr. R.L. Kassel, Director  
Iowa Dept. Of Transportation  
Des Moines, Iowa

LAND O LAKES



FEICO

# NORTHWEST IOWA CO-OP

Box 218 Ashton, Iowa 51232 Branches Allendorf & Cloverdale, Iowa

RECEIVED

PHONE  
General Office  
Ashton 712-724-6171

Mr. Robert Rigler  
Iowa Department of  
Transportation Commission  
Security State Bank  
New Hampton, Ia. 50659

WARREN B. DUNHAM

Dear Mr. Rigler:

The purpose of my letter is to advise the commission that Northwest Iowa Coop. fully supports the Chicago and Northwestern in its plans to purchase and lease of Rock Island trackage.

The S00 Line in its announcement on its purposed plan does not include service from Ocheyedan to Sibley. Our business which is grain shipping is very dependent on this service. Mr Wolfe has specifically stated that the CNW fully intend to lease and operate this vital link that is needed too enhance the market place of the Northwest Iowa economy.

My concern that more competing lines in Northwest Iowa will only potentially create another promblem like we already have.

In closing I would trust that your department would clearly recognize that establishing another railroad Co. in Northwest Iowa would not be a prudent thing at this time.

Sincerely

Northwest Ia. Coop.

R.S. Pittberner

General Manager

CC: Mr. Warren Dunaham, Director  
Iowa Department of Transportation  
800 Lincoln Way  
Ames, Iowa 50010



## NORTHWEST IOWA CO-OP

Box 218 Ashton, Iowa 51232 Branches Allendorf & Cloverdale, Iowa

PHONE  
General Office  
Ashton 712-724-6171

CC: Mr. J.R. Wolfe, President  
Chicago & North Western Transportation Co.  
One North Western Center  
Chicago, Ill. 60606

Mr. C.D. Ames  
Regional Sales Mgr.  
C & NW Transportation Co.  
705 Douglas St.  
Sioux City, Ia. 51101



Confidential

November 19, 1982

To: DM. Cavanaugh

From: J.D. Duling

Re: RI Stud

Based on the Trustee's appraisals of net salvage and real estate, the Soo should pay no more than 25% of the total acquisition <sup>as proposed by the CNW.</sup> This also assumed that the CNW excludes <sup>RI</sup> trackage at Worthington, MN, Cedar Rapids, IA and Omaha, NE which it is currently operating <sup>under lease</sup> from the joint venture.

Using these same parameters, the Soo Line could be the principle owner and operator of the Spine Line for 50% of the acquisition price of the property. This would be based on 75% Soo 25%

CNW ownership of common segments with Soo exclusive industry switching and CNW overhead rights only.

## Candidations

1. Operate jointly on MILW, Comas to Owatonna
2. Clarke Grove is the only joint between Comas and Albert Lea worth serving.
3. Anticipate yard engine at Albert Lea
4. Terms of ICG tenancy in CNW yard at Albert Lea
5. Right to serve Todd industrial park south of Albert Lea.
6. Retain right to serve industries and perform interchange Albert Lea to Mason City.
7. Do not acquire the RI, Clear Lake Jct. (Mason City) to Hampton. 500 trackage rights (or 2.5% interest) on CNW, construct connection at Hampton, signal CNW.
8. CNW exclusive right to serve shippers on former M&St and CGW.



(2)

8. Resolution of competing routes:

a. RI Mason City - Iowa Falls -  
Des Moines

b. CNW Mason City - Marshalltown - Des  
Moines

c. CNW Mason City - Eagle Grove - Ames -  
Des Moines

9. See exclusive right to serve shippers  
on former RI between Hampton and  
Palo MO.

10. Resolution of competing routes:  
Des Moines to Kansas City

a. CGW

b. RI

11. See access to East Des Moines Yard if  
required (option)

12. See truckage rights on CGW Des  
Moines to Kansas City.

13

SOO/GW Coordinating

(On Existing Properties)

1. Larch to Delgeming
2. Cameron to Rice Lake
3. Chippewa Falls to Eau Claire
4. Larch to Hermannville



## Drawbacks

1. The exclusion from the Iowa Falls Gateway corn and soybean originations reduces the attractiveness of a connection with the Soo Line at Kansas City for roads to the south and south west. This exclusion also reduces the potential benefits of any Soo Line acquisition beyond Kansas City.
2. Except for a few grain loading stations, the RW does not need the Spine Line and may leave the Soo as exclusive operator over long distances:

- a. Cass - Clark Grove
- b. Clear Lake Jet. - Bradley
- c. Carlisle - Polo
- d. Buckeye - Des Moines (?)



	Total	%	Adjusted Total	Curve Outlets	Adjusted Total	SOO %	Total	CNO %	Total										
MO	5365713	100	5365713	1582545	3783168	25	945712	75	2837316										
IA Central	1793182	100	1793182	6761462	11151720	25	278930	75	836390										
MN	3317799	100	3317799	200380	3117419	100	3117419	-	-										
Dows - Clarion (M-W)	6545477	14.2	926574	313418	613156	100	-	100	613156									15.6 / 10.2	
Sallfield - Esterville (M-W)	6545477	64.6	4228981	805599	3423382	-	-	100	3423382									21.3 / 10.2	
Biscayne - Sibley (B-L)	6473651	119.4	7726846	1346301	6380545	-	-	100	6380545									102.9 / 90.4	
Belmont - Forest City (K-O)	3507018	65.8	2309309	713060	1596249	-	-	100	1596249									29.5 / 44.8	
East Des Moines - West Des Moines	4223457	216.6	9146104	2421719	6724385	-	-	100	6724385									419.9 / 93.9	
Palmer - Royal (A-C)	2728632	100	2729672	547697	2181915	-	-	100	2181915										
						17.6	6851141	82.4	3212048										
								38971939											
						24.2	2091706	75.8	65392218										
								86309364											

SOO %    1438585  
             25244239  
             43562824



	Total	%	Adjusted Total	Came Outs	Adjusted Total	500 %	Total	OW %	Total					Mileage Ratio
Net Salvage														
Rosemount - Combs	81562	25.7	20999	-	20999	100	20999	-	-					
Combs - Northwood	6388919	100.0	6388919	-	6388919	100	6388919	-	-					
Northwood - Clear Lake Isl.	177027	100.0	177027	-	177027	25	44257	75	132770					
Clear Lake Isl. Short Line Isl.	985886	100.0	985886	-	985886	25	2464719	75	734157					
Short Line Isl. Carlisle	988101	100.0	988101	-	988101	25	247025	75	741076					
Carlisle - Allerton	5574619	100.0	5574619	-	5574619	25	1393655	75	4180961					
Allerton - Trenton	494705					25	1236769	75	3710306					
Trenton - Aurora Isl.	8681622					25	2170406	75	6511277					
Aurora Isl. Albert Lea Yard	66848					100	66848	-	-					
Trenton Yard	129311					25	32328	75	96983					
Carlisle - Indiana	280570					-	-	100	280570					
Dows - Clarion	3906374	14.2	552989			-	-	100	552989					15.6/110.2
Heldfield - Ethruville	3906374	64.6	2523900			-	-	100	2523900					71.2/110.2
Ethruville - Buclyn	1308565	112.0	1479277			-	-	100	1479277					57.2/50.6
Ethruville - Sibley	1082866	127.4	139430			-	-	100	139430					50.7/39.8
Palmer - Rayal	1920291	65.8				-	-	100	1920291					
Belmont - Forest City	898083	65.8	591372			-	-	100	591372					29.5/44.8
Ethruville Yard	68875					-	-	100	68875					



[illegible]

4733425



November 18, 1982

TO: T. M. Beckley  
D. M. Cavanaugh  
D. J. Boyer

FROM: J. D. Darling *JDD*

RE: Rock Island Study

Mr. James F. Compton, Vice President and General Manager, Remarketing Services Division, and Mr. Frank X. Zisak, Manager-Equipment Placement, Remarketing Service Division, North American Car Corporation, were in my office today. Their purpose was to express an interest in participating in the Rock Island acquisition, primarily from an equipment perspective. They have no cash to offer in participation.

They presented three basic proposals.

First, they could participate in leasing cars from their existing fleet. The attractive lease arrangements, including per diem leases, are still available.

Second, they would contribute equipment, existing or new, in exchange for an equity position in the acquired lines.

Third, they are in contact with the South African Government through Bill Sills of Chicago Corporation. Working with the South Africans, North American Car Corporation would assemble cars manufactured in South Africa. These cars would be available at attractive prices with attractive financing. The South Africans could also supply car parts such as wheels and axles, rail, and OTM. As part of a package deal, the South Africans could provide financing for a portion of the acquisition.

I asked if any of these arrangements could include a phased in acquisition of equipment, timed to the expirations of the current shipper leases and received car affirmative response.

I did say that at this time there appeared to be sufficient or near sufficient shipper cars available, but that there could be significant near term attrition due to lease expirations.

JDD/jmz

"1/8/82 Harvey Simon

Quora RR - Tom Logel

Les Holland asked DMC about BO operating

from Des Moines and Kansas City

IRRC growing

Gohman - IRRC



11/18/02

Jim Cooper

Staley, Des Moines



11/18/82 Bill Sills

South African Money

Balance of Payment Surplus

Don't want money back  
Dollars into rands

Industrial revolution

Again to Urban

May not be a South Africa

Increase exports in basic heavy  
industry

Create jobs

Willing to subsidize

Wheels, axles, rail etc. - OTM

Gold, diamonds, rare minerals

Project financing, major project

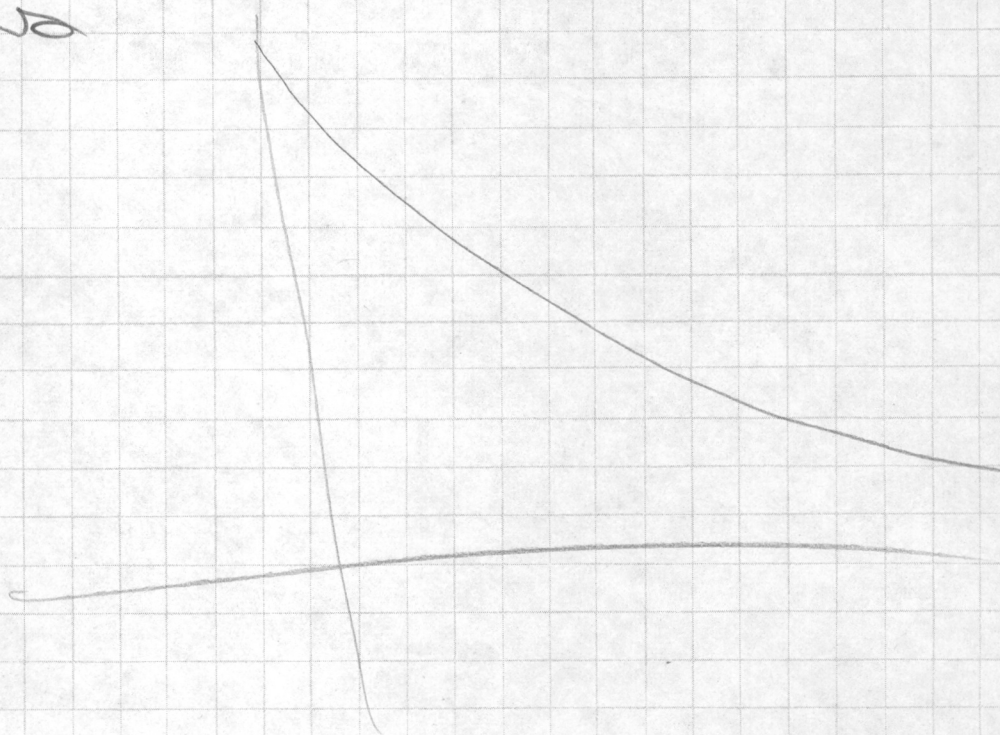
Bankrupt of S. Africa - New York

1st Mpls.

11/8/82 North American

Contribute equity in form of equipment  
23,000 cars owned covered by loans  
60,000 car fleet - 300 box cars  
48,000 cars owned

South Africans  
Current fleet





11/15/82 Dick Lane

Engine house, fuel tank, concrete block alley  
sold previously.

Update came out book.



NOV 15 1982

November 15, 1982

Memorandum to File - Rock Island Study

From: D. J. Boyer

Re: Meeting with Harold White, Attorney  
Firm of Fitzgibbons & White, Esterville, Iowa

The meeting with above subject was prompted by the Omaha Bank for Cooperatives as a result of discussions with D. Boyer, November 10, 1982. H. White and L. Fitzgibbons represent 22 Iowa elevators in a long time effort to acquire the real estate which is leased from Rock Island Trustee.

Summary of meeting was as follows:

- (1) Review of elevators represented for location on lines to be acquired by Soo.
- (2) White provided an old list of values of some of the elevator leased property.
- (3) Descriptions incomplete as to acreage to be acquired.
- (4) Total value less than \$1 million.

H. White to confer with Fitzgibbons and call Monday a.m. as to their wishes in the matter of combined acquisition with Soo offer.

Attachment (2)

cc: T. M. Beckley  
✓ J. M. Cavanaugh  
B. D. Olsen  
J. D. Darling

LAW OFFICES OF  
FITZGIBBONS BROTHERS

LEO E. FITZGIBBONS  
FRANCIS FITZGIBBONS  
HAROLD W. WHITE  
RICHARD J. MEYER  
JOSEPH L. FITZGIBBONS

P. O. Box 496  
108 NORTH SEVENTH STREET  
ESTHERVILLE, IOWA  
51334

TELEPHONE  
AREA 712-362-7215

October 16, 1981

Mr. William M. Gibbons  
Trustee  
Chicago, Rock Island & Pacific  
Railroad Co.  
332 South Michigan Avenue  
Chicago, Illinois 60604

Dear Mr. Gibbons:

This office represents the following Cooperative Elevators in this area all of whom are desirous of purchasing real estate from you as Trustee of the Rock Island Bankruptcy, to-wit:

*Jim Baumgardner, Mo*  
*Ashton } Consolidated Hdqtr - Ashton*  
Farmers Cooperative Elevator, Allendorf, Iowa - 11 mi track  
Farmers Cooperative Elevator, Armstrong, Iowa  
Buckeye Cooperative Elevator Co., Buckeye, Iowa  
~~No Clarks Grove Elevator Co., Inc., Clarks Grove, Minnesota~~  
~~No Farmers Cooperative Association, Donnellson, Iowa~~  
yes Farmers Cooperative Company, Dows, Iowa  
yes Farmers Co-op Association, Forest City, Iowa & capital lake (No)  
yes Terminal Cooperative, Graettinger, Iowa  
yes Graves Grain Company, Gruver, Iowa & Maple Hill 4.22  
yes Hope Elevator Company, Hope, Minnesota 1.16 ac  
yes Farmers Cooperative Elevator Co., Iowa Falls, Iowa  
yes Farmers Cooperative Association, Keota, Iowa  
yes Farmers Exchange, Inc., Lake Park, Iowa & Montgomery  
yes Farmers Cooperative Co., Livermore, Iowa ?  
yes Farmers Cooperative Company, Manly, Iowa  
yes Ocheyedan Cooperative Elevator Association, Ocheyedan, Iowa track  
yes Farmers Cooperative Elevator, Rake, Iowa  
yes Roland-Nevada Cooperative Elevator Company, Roland, Iowa  
yes Farmers Cooperative Elevator, Swea City, Iowa (track RE - track)  
yes Farmers Cooperative Elevator Co., Thompson, Iowa  
yes Farmers Coop Elevator, Woden, Iowa

At our conference in Chicago on September 22, 1981, I agreed to contact my clients and make an offer on each of the properties. The offers are attached hereto.

In several instances we are not able to make an offer because the Rock Island representatives have not had an

*Rake - 8 Sorbils - water*

*waiter RE*

*Branch Bradford  
Said to Ashton  
Speculators - varied  
Sale by McGarr may be  
dr per circuit court*

*Question McGarr can't  
speculators offered 2500  
not to bid.*

*+ 2.66 ac  
+ 17.5*

*9.8 ac  
5.4 ac  
yes Montgomery*

*advertising for sale bid*

*? McGarr may merge*

*surrounding want  
5' x 11' 11"  
11050 ft*

Mr. William M. Gibbons  
October 16, 1981  
Page Two

opportunity to evaluate the property and thus we have not received an offering price. However, as noted in the memorandum relating to each Cooperative Elevator, each Cooperative Elevator involved is prepared to enter into negotiations and make offers on those properties, when the representatives of the Trustee have made their evaluation.

It is requested that the form offers to purchase used routinely by the Rock Island Bankruptcy Trustee, be prepared for the offers submitted herewith and our clients will sign them and make the down payments whenever they are received.

Yours very truly,

Leo E. Fitzgibbons

LEF/bf

Enc.

cc: Mr. Bruce Clinton  
Clinton Company  
The Rock  
3rd Floor  
332 South Michigan Avenue  
Chicago, Illinois 60604

Mr. Charles Fawcett  
Chicago, Rock Island &  
Pacific Railroad Co.  
332 South Michigan Avenue  
Chicago, Illinois 60604

Mr. Ray Lamberty  
Chicago, Rock Island &  
Pacific Railroad Co.  
332 South Michigan Avenue  
Chicago, Illinois 60604

Mr. C. R. Sheets  
Chicago, Rock Island &  
Pacific Railroad Co.  
332 South Michigan Avenue  
Chicago, Illinois 60604



Armstrong - \$4,500

~~Buckeye - \$25,000~~ ~~removed~~

Dows - \$4,500

Forest City - \$5,000

✓ Gruver - \$25,000

✓ Bradford - \$12,000

Iowa Falls - \$30,000

Lake Park - \$1,000

Montgomery - \$2,500

Ocheyedan - \$27,580  
2,000

✓ Lake - \$240,000 (withdrawn offer from trustee)

✓ Roland, Nevada - \$43,625

? Suer City - \$6,500

Thompson - \$500 - \$750

Woden - \$2,000

? Kilbuck

\$747,955.00

4:5  
275:0  
4:5  
5:0  
25:  
72:  
30:  
7:  
2:5  
27:  
2:0  
240:  
43:02  
6:50  
7:00  
2:00  
747:15

NOV 15 RECD

November 15, 1982

Memorandum to File - Rock Island Study

From: D. J. Boyer

Re: Scott Bannister, Attorney  
Bump & Haesemeyer, Des Moines, Iowa  
Telephone Conference

Telephone conference with the above attorney was prompted by Omaha Bank for Cooperatives as a result of D. Boyer meeting November 10, 1982. Bannister is a former attorney for Iowa DOT and evidently worked with Larry Meyers (atty) the chief draftsman of the shipper consortium-BN agreement on the Omaha-Bayard line.

As a result of our telephone conversation, Bannister sent via Soo telecopier a letter with pertinent information relative to three coops he represents in negotiations with Rock Island to acquire leased real estate.

Attachment (1)

cc: T. M. Beckley  
✓ D. M. Cavanaugh  
B. D. Olsen  
J. D. Darling

LAW OFFICES

BUMP & HAESEMEYER, P.C.

2 CORPORATE PLACE, SUITE 200

1501 42ND STREET

WEST DES MOINES, IOWA 50265-1078

WILBUR N. BUMP  
RICHARD E. HAESEMEYER  
T. SCOTT BANNISTER  
MICHAEL B. DEVINE  
JOHN E. ORRELL, JR.

TELEPHONE  
515/225-8811  
TELECOPIER  
515/225-8817

November 12, 1982

Mr. Dave Boyer  
Soo Line Railroad  
Box 520  
Soo Line Building  
Minneapolis, Minnesota 55440

Re: Rock Island Railroad

Dear Mr. Boyer:

As a result of our conference today, I have gathered together certain information concerning three cooperatives which I represent and which own and operate facilities located on leased Rock Island real estate (please maintain the confidentiality of the following information):

- 1) Farmers Cooperative Company - Palmer, Iowa 50571

Map - attached

Acres - 3.2

Lease No. - 40682

Value - \$35,000.00

(This lease is located on the Palmer-Manson line and is a shipper-member of the Royal-Manson Shippers' Association, Inc.)

- 2) Farmers Cooperative Elevator - Ottosen, Iowa 50570

Map - Attached

Acres - 11.2

Lease No. - 02-47340

Value - \$50,000.00

(The Ottosen Cooperative submitted on August 9, 1982, an offer to purchase the subject property for \$75,000.00. The offer has been tentatively accepted by the Trustee subject to approval by the Rock Island Creditor's Committee and U. S. District Court Judge Frank McGarr.)

- 3) Sheffield Farmers Cooperative - Sheffield, Iowa 50475

Map - Attached

Acres - 2.6

Lease No. - 8417, 29248

Value - \$7,000.00



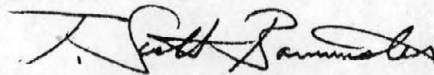
BUMP & HAESEMEYER, P.C.

Mr. Dave Boyer  
Page Two  
November 12, 1982

We appreciate your interest in helping to acquire these properties and those properties of other shippers. Please let me know if you require additional information.

Sincerely yours,

BUMP & HAESEMEYER, P. C.

  
T. Scott Bannister

TSB:sem

NOV 17 1982

November 15, 1982

Memorandum to File - Rock Island Study

From: D. J. Boyer

Re: Meeting Omaha Bank for Cooperatives  
Bill Mardock - Loan Officer - SW Region (includes  
Royal-Palmer)  
Jim Magnuson - Loan Officer - Iowa Falls Gateway Area  
Ken Hide, Sr. Loan Officer

## Summary of discussion subjects:

(1) Soo offer includes real estate of miscellaneous physical properties of Rock Island. Soo needs information of each lessee in terms of value, legal description, lease number, location and lessee name. The combined real estate area and value will be the commitment of the association membership.

Ken Hide had previously advised by telephone he had located all of the above data and would have it available for our meeting. Hide apologized for not having the data. He explained it was located in the Iowa Institute for Coops at Ames. This institute has been active since the Rock Island bankruptcy and prior in an effort to acquire real estate from the Rock Island leased by Coops. Director of the Institute is Larry Kallum. Two principal law offices have been working with the institute on behalf of clients (Coops) to negotiate purchase of real estate from Rock Island. The two attorneys are Scott Bannister of Des Moines and Leo Fitzgibbons of Esterville, Iowa.

Hide explained further that his attempts to get the real estate information directly from the attorneys and the various coop associations was frustrated by the attorneys representing each group. Hide would continue to advise and promote the Soo proposal to combine the Coops offer with the Soo offer in piggy-back fashion.

D. Boyer explained that time does not permit continued effort to secure the real estate information, in as much as Soo is structuring a revised offer to the Trustee. In an effort to secure some information I asked the Bank's opinion of value and number of parcels of real estate involved that were bank borrowers? Hide and the two loan officers present conferred and estimated \$3 - 5 million in real estate. Hide stated that at

Memorandum to File  
November 15, 1982  
Page Two

conclusion of our meeting the bank will call association group and their attorneys and advise them they must get the needed information to Soo Friday a.m. November 12.

D. Boyer raised the question to the bank that if contact by association or attorneys is not forthcoming is that signal of no interest in the Soo proposal of combined offer? Answer: Definately Not! Bank will keep working on the matter, but must work through the borrowers groups.

(2) Soo attitude on Royal-Palmer line.

Iowa DOT would desire to include the above line in Soo offer to Trustee. Line should logically be served by CNW or completion of line to ICG. D. Boyer asked if R-P group had approached or considered loan from Omaha Bank for Cooperatives? No. Scott Bannister is attorney for the R-P group. D. Boyer question: Is R-P group qualified under Omaha Bank for Cooperatives lending regulation as presently constituted? No, but by changing R-P association ByLaws they could qualify for an Omaha Bank for Cooperatives loan. D. Boyer question: Why has the R-P group not pursued an Omaha Bank for Cooperatives loan? Dominated by Cargill, a non-member. Manager of Cargill operation on R-P line is spokesman and point man in all discussions and activity. Palmer also has historically been a truck oriented operation. The line was originally estimated to handle 4,800 carloads of which 4,000 are Cargill. Would Omaha Bank for Cooperatives consider a loan to R-P group if Soo could in some manner act as a catalyst with ICG or an independent operator? Omaha Bank for Cooperatives would not object. Omaha Bank for Cooperatives was aware that FRA loan was thought to be held up pending disposition of spine-line. If CNW was successful no loan need be granted.

(3) Formation of consortium of shippers and lease back or purchase agreement with railroad operator.

Can Omaha Bank for Cooperatives provide Soo with copies of agreements of BN-Bayard group for purpose of studying language of tax pass through, rentals, etc.? Omaha Bank for Cooperatives attorney advised against, however, each agreement between railroads and consortium can take on any form such as an operating purchase agreement or a lease agreement as in BN case.

Hide advised he has already advised the Iowa Falls Gateway Shippers Association to prepare formation through Larry Meyers who has already been through the process once and can provide many short-cuts. Hide suggested Soo call Larry Meyers for information. Here we discussed the Soo position with respect to purchase of real



Memorandum to File  
November 15, 1982  
Page Three

estate and sell back to individual consortium members. This could be embodied within the group agreement or treated as an individual side agreement or agreements.

(4) Ken Hide states Omaha Bank for Cooperatives is committed for working with Soo in its acquisition offer. What will Soo expect at this point of Omaha Bank for Cooperatives.

(a) D. Boyer offered that Soo plan is to acquire IFG Branch Lines 100% via IFG Shipper consortium and Omaha Bank for Cooperatives financing. The anticipated acquisition price to be \$25-30 million.

(b) Soo looks to Omaha Bank for Cooperatives for its influence in putting the shipper group together which will be comprised of all major shippers on the lines acquired.

(c) Soo anticipated combining the shipper group value of real estate acquisitions in piggy-back fashion with the Soo offer to the Trustee. Soo feels this is the most opportune manner to acquire the real estate for the shippers. Shippers left to negotiate individually will pay a heavy penalty. The information necessary for Soo to carry out this plan is missing to date, which is disappointing.

(d) The element of time within which the acquisition will take place is difficult to estimate given the character of the Trustee. It should normally be expected to be completed within 90 days. The formation of the Shipper Consortium could begin now and drafting of agreements can commence.

K. Hide response to (4) items.

(a) \$25 million is maximum loan limitation without involving participation of other Bank for Coop. Omaha will initiate now the possibility of a loan in excess of capital structure \$25 million maximum.

(b) Omaha Bank for Cooperatives has already advised Iowa Falls Gateway Shippers of a consortium necessity and to commence organization. Also advised Shippers of Iowa Falls Gateway to contact Larry Meyers, Des Moines attorney who drafted the Omaha Bayard consortium with BN. Meyers has the know how and can short cut the time involved. Need 80% coop membership.

(c) Omaha Bank for Cooperatives is disappointed also that it cannot produce the needed information. It hopes Soo will con-

Memorandum to File  
November 15, 1982  
Page Four

tinue to work on this matter. Omaha Bank for Cooperatives will continue to push shippers in this direction.

(d) Advised Soo contact Larry Meyers of Des Moines for Agreement information.

(5) K. Hide asked if Soo could use in some way approximately \$2+ million administrative claims of Iowa Falls Gateway elevators claims against Rock Island Trustee. Claims represent freight car repairs, car rehab work, fuel oil, etc.

(6) Scott Bannister, Bump & Haesemeyer, Suite 200, 1501 42nd St., Des Moines, Iowa 50265-1078. Telephone (515)225-3811. Legal representative of Royal-Manson group.

cc: T. M. Beckley  
✓ D. M. Cavanaugh  
B. D. Olsen  
J. D. Darling

November 15, 1982

TO: T. M. Beckley  
D. M. Cavanaugh  
C. H. Clay  
R. H. Smith  
R. L. Murlowski  
~~D. J. Boyer~~  
J. D. Darling

FROM: B. D. Olsen

RE: Access to Kansas City Terminal

I reviewed Denver & Rio Grande Western plans for access to Kansas City with Sam Freeman, Vice President and General Counsel, on November 12, 1982. The Rio Grande is working on an interim arrangement with Tri-Pac whereby the MoPac would operate Rio Grande trains from Colorado to Kansas City for an interim period until final trackage rights compensation arrangements were worked out. If this interim agreement can be reached, operations would start almost immediately. Rio Grande would withdraw its request for a stay of the effective date of the Tri-Pac consolidation in return for the interim arrangement.

Freeman said they had a number of Traffic and Operating people working hard on making necessary arrangements to get their operation started. This included dealings with connecting lines to establish relationships. He implied that he hoped our deal would not take too long, as we might be at a disadvantage in certain instances where new relationships between connections were already in place. He declined to be more specific and I'm not sure what he has in mind. I thought perhaps he was saying that Soo should start working with the Rio Grande, but when I suggested that, he said he wasn't sure we could do that until we had made a deal to acquire the Rock Island line.

The Rio Grande will operate to the MoPac Neff Yard which is adjacent to the KCS Yard. Their plan is to eventually run directly into the KCS Yard and have all of their interchange to other Kansas City connections distributed with KCS and Milwaukee blocks. They claim to have talked with all of the connecting lines and obtained their concurrence. They have no plans to buy into the Kansas City Terminal, nor do they see any need to acquire trackage rights over the KCT. I cross examined Sam on these points, whereupon he consulted with the involved Operating staff. The upshot was that they see no problem in their proposed operation and no need for any KCT involvement.

BDO/sjp



5

November 15, 1982

TO: R. H. Smith

FROM: J. D. Darling *JDD*

RE: Rock Island Study

I received a copy of a letter from Tom Williamson, of Agri Industries, to you dated November 9, 1982.

Early this year, Bill Martino had been given the information that Agri Industries had a fleet of 3,000 covered hopper cars that they wished to reduce by some 1,200. I thought you might have the opportunity to rectify these numbers with those in the attachments to Mr. Williamson's letter. Perhaps Agri Industries is in the car leasing business for its own sake, leasing cars to other than its Grain Division or member cooperatives. A copy of Agri's entry in the current Equipment Register is attached.

JDD/jmz

Att. (1)

NOV 15 REC'D

November 15, 1982

TO: D. M. Cavanaugh  
FROM: J. D. Darling *SSS*  
RE: Rock Island Study

Preliminary consideration has been given to the possibility of serving Roseport and State Street from Northfield via the Milwaukee Road and Rock Island trackage. The distances involved are as follows:

<u>Road</u>	<u>From</u>	<u>To</u>	<u>Miles</u>
SOO	Humboldt Yard	MN&S Jct.	2.7
MNS	MN&S Jct.	Northfield	46.5
MILW	Northfield	Rosemount	20.0
RI	Rosemount	Q Jct.	12.9
CNW	Q Jct.	Roseport	<u>10.7</u>
		Subtotal	92.8
RI	Q Jct.	Park Jct.	3.2
CNW	Park Jct.	American Hoist	<u>3.3</u>
		Subtotal	6.5
		Total	99.3

A round trip from Humboldt Yard to Roseport and State Street would be almost 200 miles and is considered impractical, particularly as the train must be run around at Northfield and Q Jct.

A round trip from Northfield to Roseport and State Street would be about 100 miles. This is the operation that would have to be considered.

Use of the C&NW route from Northfield to Roseport via Randolph would cut this round trip to 84 miles.

D. M. Cavanaugh  
Page Two  
November 15, 1982

By way of contrast, a round trip to Roseport from Maryland Avenue Yard is estimated to be about 38 miles, and from Humboldt, 74 miles.

JDD/jmz

cc: C. C. Leary



PS  
CONFIDENTIAL

Minneapolis, Minnesota

November 15, 1982

To: Mr. D. M. Cavanaugh

Fr: G. E. Warner

Subject - Meeting with Mr. R. Crago (U.T.U.-V.P.) 11/9/82 (Copy of letter - Hardin/Crago - attached)


Dennis,

Mr. Robert Crago presented attached letter to begin our meeting (he + I alone as you suggested) on 11/9/82 at 10:00 A.M. Meeting lasted approximately 50 minutes, the first 15 or so spent on discussing (A) the Indianapolis "500", and (B) golf.

Regarding the U.T.U.'s position with the purchase of Rock Island trackage by the Soo Line, these factors are now known: (1) Bob Crago is the representative of the U.T.U., i.e., we will have to negotiate with him (2) he requests an extension of the Miami Accordance to 4/1/88 (currently expires 4/1/84), (3) he will - more importantly they have authority - to wipe out guarantees of protection. (4) The U.T.U./Hardin does not believe in giving the R.I. employees more than any current Soo Line Contract with the U.T.U.; nor do they expect less, excepting if (5) the acquired R.I. trackage exists as a "financial" entity, distinct from the Soo. Regarding (5) they (U.T.U.) will deal with a Line on distinct terms, if there is a different Company involved.

My base comments centered on interest in the acquisition only on our ability to maximize a situation whose contribution was projected as marginal; if we were not able to successfully conclude all economic aspects attendant to the purchase, it was not financially in our interest to conclude the transaction.

Our meeting was cordial and businesslike in form and context. I believe it would take very little in actual negotiation for the U.T.U. (Crago) to bottom line the final position to us in representing former R.I. employees.

  
George

GEW:ar

Att.

ED A. HARDIN  
International President

R. R. BRYANT  
Assistant President

JOHN H. SHEPHERD  
General Secretary and Treasurer

**united**  
**transportation**  
**union**



14600 DETROIT AVENUE  
CLEVELAND, OHIO 44107  
PHONE: 216-228-9400

*Warner*

October 5, 1982

Mr. R. M. Crago, Vice President  
3822 Wildwood Drive  
Indianapolis, Indiana 46239

Re: Purchase of certain former Rock Island  
trackage by Soo Line Railroad

Dear Sir and Brother:

At the appropriate time, this will serve as your authority to meet with Soo Line Management in connection with that railroad's purchase of former Rock Island trackage with the endeavor to put forth every effort to see that the Soo Line Railroad complies with the March 4, 1980 Agreement to provide protection for the former Rock Island employees.

With kindest regards, I am

Fraternally yours,

*Fred A. Hardin*

President

cc: Mr. M. R. Alamprese, Chairman  
Mr. R. P. Tambaro, Chairman  
GCA, Chicago, Rock Island and Pacific

November 12, 1982

TO: T. M. Beckley  
D. M. Cavanaugh  
B. D. Olsen  
D. J. Boyer

FROM: J. D. Darling *JDD*

RE: Rock Island Study

Regarding the circumstances of the elevator at Rake, Iowa.

Les Holland has no objection if we elected to encourage the elevator at Rake to initiate proceedings under an Iowa statute that permits the Iowa Transportation Regulation Authority, a division of the Iowa DOT, to determine the value of railroad property offered for disposition when a current lessee and the railroad cannot agree on a price. Les thinks they would lose the case, the liquidation proceedings taking precedence, but agrees that it would have the effect of tying things up while we negotiate.

JDD/jmz

*KC Terminal* →



# LIQUIDATION SALE

In the matter of Chicago, Rock Island and Pacific Railroad Company, Debtor, U.S. District Court, N.D. Illinois, Case #75 B 2697, Wm. M. Gibbons, Trustee, pursuant to an order of the court in the foregoing proceedings is disposing of his interest in the following described parcel of land:

**222,250 SQUARE FEET, MORE OR LESS, IN THE TOWN OF RAKE, COUNTY OF WINNEBAGO, AND THE STATE OF IOWA,**

A portion of which is currently leased to:

## **FARMERS COOPERATIVE ELEVATOR.**

And encumbered by lessee improvements consisting of a grain elevator with auxiliary buildings and appurtenances.

All bids to be considered must be received by 5:00 P.M., C.T. December 13, 1982 at the Trustee's office, 332 S. Michigan Ave., Chicago, Ill. 60604 c/o Nonrail Assets Disposition Group. All bids must be submitted on the Trustee's standard Offer to Purchase form and accompanied by an earnest money deposit in the amount of 10% of the total bid price. Conveyance will be by quitclaim deed, free and clear of all liens and claims pursuant to an order of the court. No representations or warranties as to quality of title are made. Upon acceptance of a bid, a contract for sale, subject to court approval, will be entered into. In the event no satisfactory bids are received, the Trustee, in his sole discretion, reserves the right to terminate the sale and reject all bids. No bids will be accepted by or in court.


For further information contact Chicago, Rock Island and Pacific Railroad Co. Nonrail Assets Disposition Group, 332 S. Michigan Ave., Chicago, Ill. 60604, Phone (312) 435-7758.

NOV 12 1982

749  
Harvey  
Jims

November 12, 1982

TO: T. M. Beckley  
D. M. Cavanaugh  
B. D. Olsen  
D. J. Boyer

FROM: J. D. Darling 

RE: Rock Island Study

I discussed the State of Iowa funding capability for acquisition with Les Holland in phone conversations on November 8 and 9. At this time, the State of Iowa has no such funding.

The ability of the Iowa Rail Finance Authority to use the \$4 million in ad valorem taxes owed by the Rock Island estate has been tied up in court by the counties.

The Iowa DOT expects the \$1 million past rehabilitation expenses owed to the State by the Rock Island to go with the property. This \$1 million debt could be considered a State contribution in a subsequent rehabilitation project.

JDD/jmz

11/12/82

Tearing Down Diesel House at Manly  
Being dismantled  
Dike removed east side

CNW soliciting support from Gateway  
shippers to write ICC and DOT  
Aces - Case Bag only one  
Burlington Land and Cattle Co.



11/2/82

Dick Farrell - RI

11/12/82 Dick Farrell RI

Diesel house sold before offer submitted.  
Collateral property being sold.

Mary Walsh

November 12, 1982

PERSONAL AND CONFIDENTIAL

TO: G. E. Warner  
FROM: B. D. Olsen  
RE: Rock Island Acquisition

We agree with your analysis of the labor protective conditions that would probably be imposed if Soo acquired the Rock Island line to Kansas City. New York Dock seems clearly to be the standard that would be applied. There should, however, be very few Rock Island employees that would be "affected" by a Soo acquisition. All Rock Island employees who formerly worked on the Kansas City line must have long since been separated and thus would no longer be "affected."

There is a potential hazard here. As you know, railroad unions in recent merger cases have attempted to establish a broader definition of the term "affected." They have tried to extend that protection to employees of other railroads not parties to the merger or acquisition transaction. This contention has so far been rejected by both the Commission and reviewing courts. The present situation with respect to some of the displaced Rock Island employees might afford a basis for once again asserting this contention. I understand some Rock Island train or enginemen are now working for the C&NW. If Soo is successful in acquiring the lines, the C&NW will naturally cease operating them. This in turn will no doubt result in some force reduction on the C&NW including the former Rock Island employees. The latter will probably look to the Soo for employment or protection.

The other factor which uniquely applies to the Rock Island are the present preferential hiring requirements. These already apply to Soo Line and would not be altered by our acquisition of the Iowa trackage.

BDO/sjp

cc: J. D. Darling



Re: Reconciliation of Differences Between CNW and Soo Offers To RI Trustee

\$ 72.0 Million CNW offer

67.0 Million Soo Offer

Items Not In Soo offer:

\$ 4.2 Million St.P. Rosemont  
4.1 ✓ Royal-Palmer  
8.2 ✓ E-W Dallmeier  
0.7 ✓ Brice Lynn-Raker  
2.6 ✓ Cedar Rapids Yd.  
1.1 ✓ Ochsenschlager-Sibley

21.0 ✓ Items-Subtract

51.0 Million - Adjusted CNW offer for  
Common RI property

Items Not In CNW offer:

\$ 2.9 Million IF-Baldwin  
0.9 ✓ Clarion-Goldfield  
14.4 ✓ RE (Curve cuts - CNW)

18.2 ✓ Items-Subtract

48.8 Million - Adjusted Soo offer for  
Common AI property

-2.2

Results of Offers To RI Trustee:

\$ 72.0 Million CNW offer

\$ 67.0 Million Soo Offer

18.2 Value-Items Soo offer  
Not in CNW offer

21.0 ✓ Items CNW offer  
Not in Soo offer

90.2 ✓

88.0 ✓

-2.2

Results of Offers To RI Trustee by increasing Soo offer in the  
Amount of \$6 million ~~estimated sale of RZ~~ to leasees on line.

\$ 90.2 Million

+3.8 \$ 94.0 Million

72.0 ✓ Net Cost To CNW

67.0 ✓ Net Cost To Soo

72.0 Million Cash To Trustee 73.0 Million

+1.0

Sachin

DB 11/2/82 Rev-4

# Re: Reconciliation of Differences Between CNW and Soo Offers To RI Trustee

\$ 72.0 Million CNW offer

67.0 Million Soo Offer

Items Not In Soo offer :

\$ 4.3 Million St.P. Rosemont  
4.1 ✓ Royal-Palmer  
8.2 ✓ E-W Des Moines  
0.7 ✓ Briceburn-Raker  
2.6 ✓ Cedar Rapids Gd.  
1.1 ✓ Ocheupaw-Sibley

21.0 ✓ Items-Subtract

51.0 Million - Adjusted CNW offer for  
Common RI property

Items Not In CNW offer :

\$ 2.9 Million IF-Baldmond  
0.9 ✓ Clarion-Goldfield  
14.4 ✓ RE (Curve cuts - CNW)

18.2 ✓ Items-Subtract

48.8 Million - Adjusted Soo offer for  
Common RI property

## Results of Offers To RI Trustee:

\$ 72.0 Million CNW offer

\$ 67.0 Million Soo Offer

18.2 Value - Items Soo offer  
Not in CNW offer

21.0 ✓ Items CNW offer  
Not in Soo offer

90.2 ✓

88.0 ✓

Results of Offers To RI Trustee by increasing Soo offer in the  
Amount of \$6 million estimated sale of RE to leasees on luv.

\$ 90.2 Million

\$ 94.0 Million

72.0 ✓ Net Cost To CNW

67.0 ✓ Net Cost To Soo

72.0 Million Cash To Trustee

73.0 Million

Sachin

DA 11/2/82 Rev. 4



Harold White, Esttrevello, Attorney  
Omaha Bank for Cooperatives  
Shippers - 22  
10<sup>30</sup>AM bring offers to Trustee  
Leo Fitzgibbon, another partner

Will arrive your office 10<sup>30</sup>AM  
Friday, November 12, 1982



CHICAGO AND



TRANSPORTATION COMPANY

JAMES R. WOLFE

PRESIDENT AND CHIEF EXECUTIVE OFFICER

November 10, 1982

Confidential

Mr. Thomas M. Beckley, President  
Soo Line Railroad Company  
Soo Line Building  
Box 530  
Minneapolis, Minnesota 55440

Dear Tom:

In our recent conversation, you asked that we prepare an outline of what we are thinking about in joint venturing the Rock Island Spine Line and related properties between the Twin Cities and Kansas City.

This letter is written to outline our proposal, subject, of course, to ultimate approval of the Bankruptcy Court and the ICC.

It is important to understand that we have developed this proposal with the intention of serving the primary objectives of both the North Western and the SOO Line in a manner consistent with the public interest. We believe the SOO Line's goal is to reach Kansas City. Our goal is to better serve the grain markets of Iowa and achieve a more efficient north-south route. Our proposal meets both these goals.

*Access*

Here is our proposal:

First: We understand that you propose to access the Spine from the MN&S at Northfield, Minnesota. Under our concept, you could do so. Our most northerly access to the Spine would be at Albert Lea, Minnesota; we would use our own railroad from Albert Lea to Minneapolis and therefore we would not need the Spine north of Albert Lea. The SOO would be 100% owner of the Spine for 53 miles between Comus and Albert Lea and 75% owner for 17 miles from Albert Lea to Northwood. SOO would be the successor to the Rock Island for their trackage rights over the MILW north of Comus to Northfield. North Western would have bridge rights, as in the past, between Albert Lea and Northwood.

Second: From Northwood south to Kansas City (about 350 miles), we propose SOO would have an undivided ownership interest of 25%, North Western 75%. SOO would have bridge rights from Northwood to Kansas City for its trains operated by its crews. North Western would own the branch lines and yards and provide service on the branches.

*Swedish  
Branch*

Third: Under this structure, we propose that the S00 pay one-third and the North Western two-thirds of the purchase price ~~finally negotiated~~ with the Trustee for the entire package of lines (see attachment). North Western will receive a 25% interest in the line from Albert Lea to Northwood and convey to S00 a 25% interest in the line from Northwood to Clear Lake Jct. (Mason City) as part of the package.

Fourth: We would enter into a joint facility agreement to cover such an operation. The North Western would dispatch and maintain the entire line. This would be an advantage to both parties as our people are in place and you would not have to hire and train new employees, except for train crews. The continuity of dispatching for the entire line benefits both of us. As you know, portions of the line are under CTC control now from Des Moines (Comus-Manly Jct. and Allerton-Airline Jct.) and it is not cost-effective to fragment that arrangement.

Fifth: South of Albert Lea, expenses of maintenance and operation would be divided on a car-mile basis. However, line rehabilitation during the first five years and all additions and betterments would be chargeable 75% to North Western and 25% to S00 (except 75% S00 and 25% North Western between Albert Lea and Northwood). All costs of maintenance and operation, rehabilitation and additions and betterments north of the point at which we enter the line at Albert Lea would be chargeable to S00 Line, including amounts due MILW for the line Northfield to Comus. Also, we propose that our reciprocal rate of \$62.00 per net ton for reusable rail be adjusted to 75% of the market price of new rail at the time installed for purposes of this much larger agreement.

Tom, as I have said, this concept will allow both of us to achieve our primary objectives. For this reason, I hope this arrangement will be attractive to you.

As always, we are open to your thoughts and suggestions. I look forward to hearing from you soon.

Sincerely,

*Jim*

LINES TO BE ACQUIRED  
PROPOSED C&NW-SOO JOINT VENTURE

			Mileage to be <u>Acquired</u>
1.	<u>Twin Cities - Kansas City "Spine"</u>		
	A. Northfield - Comus: Rock Island to assign trackage rights over MILW to SOO	7.0	
	B. Comus - Northwood	69.6	
	C. Northwood - Clear Lake Jct. (Mason City): C&NW presently owns "	22.0	
	D. Clear Lake Jct. (Mason City) - Short Line Jct. (Des Moines)	117.5	
	E. Short Line Jct. (Des Moines) - Air Line Jct. (Kansas City)	<u>210.6</u>	
			426.7
2.	<u>Branch Lines</u>		
	A. Iowa Falls (M.P. 95.3) - Estherville (M.P. 206.9)	111.6	
	Less: Iowa Falls (M.P.95.3)-Dows (M.P.112.5)	(17.2)	
	Clarion (M.P.128.1)-Goldfield(M.P.135.7)	( 7.6)	
		<u>(24.8)</u>	86.8
	B. Bricelyn - Sibley		107.9
	C. Dows (M.P.113.4) - Forest City (M.P.158.2)	44.8	
	Less: Dows (M.P.113.4)-Belmond (M.P.128.7)	<u>(15.3)</u>	29.5
	D. Royal - Palmer		49.0
	E. Hartley		0.1
	F. Carlisle - Indianola		11.3
	G. Short Line Yard (M.P. 350.8) - West Des Moines (M.P. 364.34)		<u>13.5</u>
		TOTAL:	<u>724.8</u>



November 10, 1982

TO: T. M. Beckley  
D. M. Cavanaugh  
R. H. Smith

NOV 12 REC'D

FROM: J. D. Darling *JDD*

RE: Rock Island Study

I spoke today with Mr. Bernie Wilhelm, Cargill (475-7136), who is President of the Royal-Manson Shippers Association.

The ICG would apparently view operation of the Royal-Manson line as advantageous. They are providing some money up front, are making guarantees to the FRA, and will be paying back the FRA loans through rental payments. The party to contact on the ICG is Mr. Harry S. Meislahn, Assistant Vice President, Corporate Planning, Chicago, Illinois (312/565-1600).

Mr. Wilhelm's reaction was that they would not be opposed and in fact might welcome an attempt by the Soo Line to acquire the Royal-Manson segment to sell back to the Shippers Association. However, the ability to finance the acquisition is apparently extended to the point that the FRA financing with deferred payments and three percent interest is important.

The Shippers group has not always been unanimous in their support of the ICG over the C&NW and apparently does not have an adamant position in this regard.

In an earlier conversation, Les Holland, of the Iowa DOT, advised the C&NW has told Cargill they will acquire the Royal-Palmer segment without cost to Cargill.

Les advised rehabilitation between Manson and Palmer, which has not been used since 1973, would require \$2.3 million, \$1.2 million from the ICG and \$1.1 million and FRA Title 8 grant channeled through the Iowa DOT. Title 5 funds utilized in acquisition would be paid back in the eighth through thirtieth years. Les feels there is competition, with political overtones, for the available Title 5 funds and the FRA may have been dragging its feet to see if someone else acquires without FRA funding. From our experience, the funding may all be

Messrs. Beckley, Cavanaugh and Smith  
Page Two  
November 10, 1982

allocated to other projects. The last word was that the FRA would concentrate on this issue after the OKT deal was finalized.

JDD/jmz

110 Bernie Wilhelm, Cagell

ICG - advantageous

Guarantee to FICA

Up front money

3% money

Harry Meislahn

Asst. V.P. Corporate Planning

312-565-1600



Notes - 11-10-82 Meeting Omaha Bank Coops  
Ken Hide, Bill Mardock, Jim Magnuson

Iowa Institute for Coops - Cms - active w/ shippers groups @  
time of bankruptcy trying to purchase RE of lease.

Harry Kallens, ↑  
Leo Fitzgibbons, Atty - Esterville Ia

2 Mil Alum Claims - against trustee for fuel-rehab cars etc.  
or 3 ✓

RE - legal descriptions not available for 3-4 days.

Shippers Group will come to Soc with info on RE  
perhaps from Harry Meyer.

OBC will work with dealers in attempt to get them  
to join Soc in offer.

Friday Am call from some Assoc re their interest  
in continuing w/ Soc participation in Trustee offer.

Rayal - Palmer - Scott Berrister, Atty for association.

Does OBC object to Soc proceeding? No

Assoc @ R-P can become an eligible & borrower.

Palmer is big truck shipper for years.

Originally set up for 4000 CL 4000 from Carjill

Carjill Mgr leads all discussions and is point in this program

Copy of Constitution Group

(1) loan to Soc -

(2) obligation of Soc in form of Purch Contract - full faith  
(BN took form of lease rather than PC)  
Shipper agreements on RE can be side agreement  
or Group agreement.

(1) leave agreement between RR & Shippers has to worked out  
between RR & Consortium. This has already been accomplished  
via Larry Meyers etty. Bank has already advised  
Shippers Group to form and go to Meyers to  
shortcut time. 80% Shipper Group <sup>must</sup> be  
members of assoc. voting members (90% mJFC)  
Can include Non-member Major Shippers.

Also claims against RI:

Elevators for Car rehab, fuel sale

ITINERARY FOR  
DAVID J. BOYER  
MPLS.-OMAHA-RETURN  
November 10, 1982

Wednesday  
Nov. 4

Minneapolis to Omaha

Flight: Republic Air/971  
Departure: 7:25 a.m.  
Arrival: 9:45 a.m.  
Food: None  
Stops: Two

Meeting with Omaha Bank for Cooperatives

Omaha to Minneapolis

Flight: Republic Air/317  
Departure: 4:15 p.m.  
Arrival: 5:10 p.m.  
Food: None  
Stops: None



Re: Reconciliation of Differences Between CNW and Soo  
Offers to RI Trustee

72.0 Millions CNW Offer

Items not in Soo offer:

2.2 Million Rosemont-Tanner Cr.  
#112.5M/Mi.

4.4 " Royal - Palmer  
offer accepted

10.0 " S-W Des Moines Yd.

0.6 " Bricelyn - Lake  
#80 m/mi.

2.9 " Cedar Rapids Ydr.  
\$750 m/wi

0.9 " Ochayaden-Sibley  
\$ 80 m/mi.

67.0 Million Sao offer

Items not in CNW offer:

2.4 million Iowa Falls - Delmond  
+ 20M/mi.

0.7 " Charow-Goldfield  
+ 80 m (mi.)

(\*) 6.0 " RE-IFG Elevators

(\*) 6.0 " Omaha Bank Coops

## 6.0 " Items - Add

9.1 " Items - Subtract

(-) 21.0 Net Adjustment to offer (-) 3.1 Net Adjustment to offer

51.0 Adjusted Offer - CNW

63.9 Adjusted After-Soo

DMC

Revised - 3  
11-8-82  
BDB/JDP

Rochester

1.5 Cedar  
 2.0 Rock  
3.5

67  
 15  
82

Within  
 74-75 72  
 Demetri  
 1000  
 1000

(\*) Estimated - 20 unknown  
 down

TOMC



American Grain & Related Industries (A Farmer-owned Cooperative)

November 9, 1982

Mr. Ray Smith  
Soo Line Railroad Company  
Soo Line Building  
Box 530  
Minneapolis, Minnesota 55440

Dear Ray:

Confirming our conversation last Friday, attached is a list of AGRI's Grain Division's leased car fleet. Those that have been crossed out in red have already expired. The cars highlighted in yellow will expire in 1983.

In addition, I am attaching a list of those cars which our Leasing Division currently has leased to our members. AGRI's commitments on these leases extend beyond our sublease expirations to the country. There is a total of about 600 cars in this group. As you will see, we have a lot of flexibility in our car fleet, as we have numerous leases which expire in the next two or three years. As indicated to you, we desire to develop Soo Line's position regarding our leased car fleet as a result of your proposed acquisition of the Rock Island "spine line."

Within the next few days, Jerry Van Der Kamp will forward you our estimates of the cars which our members that are located on this line have leased, which are in addition to the above cars.

Thanks for your hospitality last Friday.

Best regards,

A handwritten signature in dark ink, appearing to be "Tom Williamson", written over a horizontal line.

Tom Williamson  
Vice President Transportation

lk  
Attachments  
cc: Joe Darling  
Soo Line - Minneapolis  
Joe Duncan  
Jerry Van Der Kamp



7-1-82

LEASE SOURCE	LEASE START	LEASE EXPIRATION	# CAR	# GRAIN DIV CAR	DIVISION		YEAR BUILT	EXCESS MILEAGE LIMIT	MILEAGE PENALTY	EXPIRATION NOTIFICATION
					MILEAGE ALLOWANCE	CAR IDENTIFICATION				
AGRI Leasit	6-1-81	1-31-85	150	150	.4533	ALEX 1810 - 1959	1981	25,000	.02	
BRAE Corporation	3-31-81	8-31-84	119	119	.4616	BRAX 260426 - 260544	1978	30,000	.02	May be ret'd 30 days prior to date
Chicago Freight	4-12-78	4-11-83*	56	56	.2518	CRDX 6275 - 6298 CRDX 6300 - 6348	1973	-	-	150 to 90 day notice required for return (1-1-83)
<del>Osceola Coop</del>	<del>12-01-81</del>		<del>93</del>	<del>93</del>	<del>.4197</del> <del>.4700</del>	<del>CRDX 8475 - 8624</del> <del>GROX 1055 - 1104</del>				<del>Expiration subject to GrainMart agreement</del>
North American	10-01-81	9-30-83	75	75	.4533	NAHX 487296 - 487370	1980	25,000	.02	No notice required
Pullman	7-01-74	6-30-86	45	44	.2855	PTLX 14872 - 14921	1974	50,000	.01	All Pullman cars may be returned during 30 days prior to expiration
Pullman	9-01-74	8-31-86	9	9	.2937	PTLX 14959 - 14968	1974	50,000	.01	" " "
Pullman	10-01-74	9-30-86	94	90	.3021	PTLX 15244 - 15343	1974	50,000	.01	" " "
Pullman	9-01-78	8-31-83	293	273	.2602	PLTX 33997 - 34096	1973	40,000	.02	" " "
Pullman	1-01-71	12-31-85	61	51	.2350	TLCX 30121 - 31065	1971	50,000	.01	" " "
				4	.2434	TLCX 31217 - 31220	1971	50,000	.01	" " "
				1	.2266	TLDX 9056	1964	50,000	.01	" " "
Pullman	3-01-71	2-28-86	41	41	.2350	TLCX 31087 - 31136	1971	50,000	.01	" " "
Pullman	3-01-71	2-28-86	16	16	.2182	TLDX 2729, 2752, 2759 3043, 3110, 3806 5215, 6851, 7714 TLDX 7769, 7794, 7814 7837	1964	50,000	.01	" " "
Pullman	6-01-71	5-31-86	61	61	.2266	TLDX 9058, 9060, 9061				
Pullman	6-01-71	5-31-86	4	4	.2434	TLCX 31137 - 31216	1971	50,000	.01	" " "
					.2266	TLDX 7870, 9058, 9062 9063	1964	50,000	.01	" " "
					PGC		YEAR BUILT	EXCESS MILEAGE LIMIT	MILEAGE PENALTY	EXPIRATION NOTIFICATION
LEASE SOURCE	LEASE START	LEASE EXPIRATION	# CAR	# GRAIN DIV CAR	MILEAGE ALLOWANCE	CAR IDENTIFICATION				
<del>Pullman</del>	<del>5-01-82</del>	<del>9-30-82</del>	<del>24</del>	<del>24</del>	<del>.2350</del>	<del>TLCX 30874 - 30898</del>		<del>40,000</del>	<del>.02</del>	<del>All cars may be returned 30 days prior to expiration date</del>
Pullman	5-01-82	8-31-83	46	46	.2602	PTLX 34102 - 34151		40,000	.02	
Pullman	5-01-82	9-30-83	16	16	.2182	TLDX 3927 - 3945		40,000	.02	
Pullman	5-1-82	9-30-83	1	1	.2266	TLDX 9057		40,000	.02	
Pullman	5-1-82	3-31-83*	275	275	.4700 .4616	PLCX 21002 - 21026 PLCX 22067 - 22316		40,000	.02	90 day notice required for return (12-20-82)

# Memo:

CC: KEVIN  
VAN DER KAMP

TO: Tom Williamson

FROM: Bud Kahn

DATE: March 10, 1982

SUBJECT: EXPIRATION DATES ON AGRI LEASING CO. RAIL CAR LEASES

This is to confirm your memo of March 5th, showing some changes (\*) in the AGRI Lease Expiration dates:

<u>COUNTRY LEASE EXPIRATION</u>	<u>AGRI LEASE EXPIRATION</u>	<u>NUMBER OF CARS</u>	<u>LESSEE</u>	<u>LESSOR</u>
May 1982	6-15-97 *	35	Britt	ITEL
February 1984	4-15-97	99	Various	ITEL
May 1984	6-15-97 *	114	Various	ITEL
July 1985	Owned	50	Various	AGRI
July 1990	Owned	50	Vincent	AGRI
July 1985	8-1-98	100	Various	G.E.
July 1985	8-1-98	<u>150</u>	Various	G.E.
		598		



P.O. Box 4887  
Des Moines, Iowa 50306

11/9/82 Harvey Sims

10/29 \$72,000,000

CW had man in Ogo last week  
adding carve outs into CW  
offer - probably elevator sites.



11/9/82 Tom Gogel, IRRC

1/2 Ler Holland, Iowa DOT Reese  
Royal Hansen Shippers Association  
Scott Banister, Des Moines  
Chief Council Transportation Re  
218-225-8811 Bungalow Hangemeir

Mr. Daniel Wilhelm  
President Royal Hansen Shippers Association  
Cargill, Mpls MN  
612-475-7136

Pocahontas, Fritz Hgr of Elev.  
FRA Funding SOS  
Iowa DOT

~~State (Federal Grant)~~

rehab \$1.2 M ICG  
\$1.1 Down Title 8 grant

NW talked to Cargill, will acquire  
without expense to Cargill.

Cargill guarantee half payment

8th to 30th year FRA financing  
SOS Application 1 1/2 years

Title 8 six month after 2 years  
several trips to Washington



Met with Blauette 6 months ago.

Congressman

~~Other~~ ICG SOS Funds

REATA Application

Argument over funds

Next after Kater Deal

Maybe waiting for Iowa Falls

Gateway Branches.

Not used since 1973

---

Funding

Federal

In Bank - ~~high~~

Fiscal 1983 \$20,000,000 803

Continuing resolution  
Iowa 12% \$2.2M

Negotiate starting 1st of year

Iowa

Budget \$3,000,000, needs  
approval

\$2,000,000 in Bank for Iowa.

\$1,000,000 branch line costs -  
transferred by trustee.



11/6/82 Les Holla Q

Transportation Regulation Authority

McLean or McMillan

Iowa Supreme Court

11/8/82 - DTB, CHC, ~~EDO~~, TMB, DMC, RLM, SHM

CSX - DMC will call Rayburn

ITRC -

Roseport restrictions

Route to St. Bridge

So St. Paul - Roseport Traffic Flow  
East - West Des Moines

Less curve cuts

Royal-Manson

Contact Royal-Manson Shippers Assoc.

Bank of Cooperatives for LB Foster

Short Line for ICG

LB Foster

Gibbons - Monday

Palmer - Royal - value

Des Moines - value

Quiver Grove - value

CSX

Traffic Revenue Projections - MWS

Bank of Cooperatives - value of sites

DHS - Financing Documents - BN  
FRA grants



8:15 AM Mtg 11-8-82 JDDarling, Stan Morsark & DJB  
Re: RI Study, SM recent trip to RI to review non-rail RE.

40 Elevators - 9-13 Million State of Iowa  
per RI employees (hesitant to give info)

\* Pete Asher (John P) - Admin Sp Proj. RI - operating person  
CNW takes all Spine Line incl Trenton Yd excluding Turner Grove  
Yd but ML around Stock Yd.

E to W Des Moines Yard - carve out peripheral RE to Yd.

Example: Buckeye -  $275^\circ = 4 \text{ ac} = 634 \text{ ac} = 150 \text{ sq ft}$  - Trustee  
Value is related to Elevator capacity (value)

Rake - Elevator site up for bids now.

Size of site not significant - will set economic value  
and base lease rents @ 20% per year.

RI employees who met with Stan M. are aware  
that if Soo pulls out of negotiation, CNW offer  
will greatly diminish and CNW does not want  
Spine Line except to keep other parties out of the  
Iowa territory.

RE - Carl Parker, Title Mgr - Non-rail assets - in charge  
Chas Harrison, New employee - bright  
Dorise Jansen, Analyst - Non rail assets - 3 yr employee  
\* Ray Lamberty, Mgr RE Mtg - Non rail assets disposition.



# Re: Reconciliation of Differences Between CNW and Soo Offers to RI Trustee

## 72.0 Million CNW Offer

Items not in Soo offer:

2.2 Million Rosemont-Tanner Cr.  
\$112.5M/Mi.

4.4 " Royal-Palmer  
offer accepted

10.0 " S-W Des Moines Yd.

0.6 " Bricelyn-Rake  
\$80M/Mi.

2.9 " Cedar Rapids Yd.  
\$750M/Mi

0.9 " Ocheyedan-Sibley  
\$80M/Mi.

## 67.0 Million Soo Offer

Items not in CNW offer:

2.4 Million Iowa Falls-Delmond  
\$80M/Mi.

0.7 " Clarion-Goldfield  
\$80M/Mi.

(\*) 6.0 " RE-IFG Elevators

(\*) 6.0 " Onula Bank Coops

6.0 " Items - Add

21.0 " Items - Subtract

9.1 " Items - Subtract

(-) 21.0 Net Adjustment to offer (-) 3.1 Net Adjustment to offer

51.0 Adjusted Offer - CNW

63.9 Adjusted Offer - Soo

Revised - 3

11-8-82

BBB/JDD

(\*) Estimated - as unknown

Reconciliation of Differences of CNW-Soo Offer To RI-Trustee

\$ 72 ml CNW offer

Items Not In Soo offer:

2.20 Rossmont - Turner Grove

4.40 Royal to Palmer

10.00 E-W Des Moines Yd

0.60 Brice Lynn - Rake

2.90 Cedar Rapids Yd

0.90 Ocheyedan - Sibley

21.0 Total Items <Subtract>

51.0 CNW offer Adjusted

\$ 67 ml Soo offer

Items Not In CNW offer:

2.40 Dows Falls - Belmond via Dows

0.70 Marion - Galefield

6.00 Assoc - Bank of Coops RE

6.00 RE-IFG - 2 elevators

6.0 Total Items <Add> Est.

9.1 Total Items <Subtract>

63.9 Soo offer Adjusted

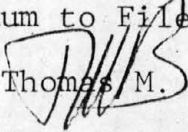
11-8-82

BB/JDP Review - 2



November 8, 1982

Memorandum to File

From:  Thomas M. Beckley

Re: Rock Island Acquisition

On November 4, Mr. Cavanaugh and I met with Messrs. Smith and Cruikshank of the Milwaukee to consider the entry of the Soo into Kansas City on Rock Island trackage.

At the outset of the meeting, the Milwaukee representatives expressed strong displeasure at the possibility of the North Western being successful in acquiring the Rock Island trackage in question. They evidenced a willingness to work out arrangements to permit the Soo entry.

The Milwaukee representatives suggested, however, that there were certain matters concerning the trackage that they wished to discuss to seek an understanding. They indicated an interest to utilize the trackage from Mason City to Kansas City for the movement of traffic originating on the lines of the Milwaukee in Northern Iowa and Southern Minnesota. They did not propose to become a participant in the purchase of the track nor did they indicate a willingness to enter into a standard joint facility contract. Instead they preferred to have the Soo propose a charge per train mile for the movement of trains. They indicated also that they desired to be able to utilize the track to regain entrance to the Des Moines Union Railway in order to resume service to that city. They indicated that they did not wish to limit their operations to unit trains, but would be willing to consider limitations as to points of origin in the gathering territory.

Milwaukee representatives offered to permit the Soo to use Milwaukee trackage from Northfield through to Mason City, although they conceded that the Soo might have difficulty in making a connection between Milwaukee trackage and the Rock Island trackage south of that point. They also indicated that the trackage between Austin and Mason City was not yet operable, but that they were proposing to spend \$2 million during the next calendar year to restore it to service and ultimately to restore the line to Class III standards. In response to our questions, they indicated no interest in gaining access to Mason City from



Memorandum to File  
November 8, 1982  
Page Two

the north via the Rock Island trackage since they had substantial industries at Blooming Prairie and Austin which were a matter of primary concern and since they did not believe it feasible to establish a connecting track at Albert Lea to handle the traffic from these points. They also wished a modification in the trackage agreement covering the use of the tracks between Northfield and Comus to revise the fixed rental from 2% of the original cost book value to a more current valuation (perhaps salvage value) and rate of interest.

With respect to operations between Polo and Birmingham they wish to modify the joint operating agreement so as to provide that the CTC would be controlled by the Milwaukee and the maintenance on the jointly operated track be handled on a different basis to avoid problems encountered with the North Western in its unwillingness to maintain portions of the track because of uncertainty as to the duration of the track lease.

While apparently not central to their thinking, the Milwaukee representatives asked that consideration be given to the right to use MN&S tracks from Northfield to Savage in order to handle grain from Southern Minnesota into the Cargil and Bunge elevators at Savage.

With respect to the Kansas City Yard, we were furnished a copy of the joint facility agreement recently entered into with the Denver & Rio Grande. It was indicated that the Milwaukee and Kansas City Southern would be willing to enter into an agreement on similar terms with the Soo provided that Milwaukee was satisfied with the other arrangements.

It became apparent that the central desire of the Milwaukee was that the Soo would agree not to intervene in opposition to the Grand Trunk-Milwaukee case when presented to the Commission. I indicated that I thought it was premature to make such a commitment since we had no knowledge of the posture of other railroads and other agreements which might be made in connection with the merger case when presented. I indicated further that I would have to refer this matter to our Traffic Department to evaluate the impact of such a merger on the Soo and to consider whether other offsetting conditions might be appropriate.

November 8, 1982

TO: T. M. Beckley  
R. H. Smith  
J. D. Darling

FROM: D. M. Cavanaugh

RE: Rock Island Study

I received a call on Friday, November 5, 1982, from Harvey Sims and Les Holland. They covered the following items:

1. The C&NW had made another offer last Friday.
2. Has the Trustee pressed us to purchase Vinton to Cedar Rapids?
3. They have information that Chessie System has contacted Soo expressing interest in trackage rights from Des Moines to Kansas City, assuming they get from Bureau to Des Moines.
4. They had met with Worth Smith and he seemed interested in cooperating with the Trustee and the Soo Line.
5. They wanted to know what our plans were as far as a return presentation in West Bend.
6. Finally, the BLE General Chairman said that maybe the unions could underwrite a bond offering.
7. We briefly discussed the possibility of Iowa purchasing Rock Island property as a contribution toward the purchase price. Until the fuel tax issue is settled, they have no ability to give firm commitments.

DMC/jmz

November 8, 1982

MEMORANDUM

FROM: D. M. Cavanaugh

RE: Rock Island Acquisition  
Milwaukee Meeting of November 4, 1982

My recollection of the items of note covered in our meeting with Worth Smith and Paul Cruikshank as to conditions for Milwaukee agreeing to our access to the Joint Agency Yard in Kansas City:

1. No opposition to the GTW/MILW acquisition.
2. We would consider joint operations with the Milwaukee from Mason City, Iowa to Kansas City for unit trains on a train mile basis.
3. The Milwaukee would control and maintain the joint trackage from Polo to Birmingham.
4. We would consider giving them access to Savage for business on the Austin-Jackson Line.
5. Sign a Saunders agreement within thirty (30) days.
6. Access to the Des Moines Union.
7. Use of the Joint Yard would be under an agreement similar to the one they have with the DRGW.

They felt ownership of the KCT would be required both for operating flexibility and for the Joint Agency to deliver cars to connection without paying an intermediate rate. They gave us copies of their Polo to Birmingham agreement; the DRGW agreement, and the Comas-Rosemount agreement. On the Comas agreement, they would raise the interest rates to 10-12 percent.

Paul is very negative on the Rock Island Line from Des Moines to Polo account slide conditions. We should make every effort to make an inspection trip of the property.



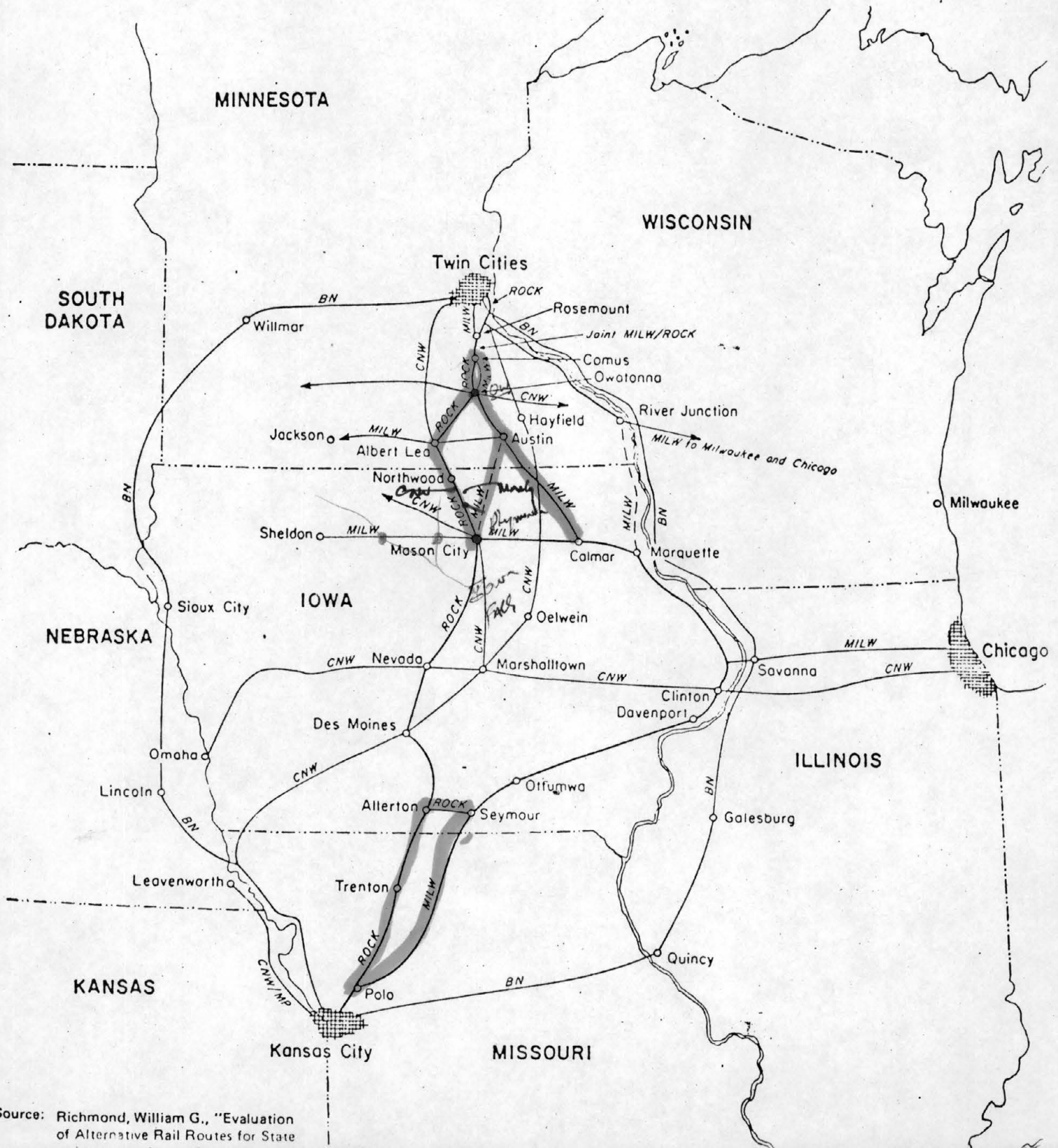
The opportunity to attract the Milwaukee to use Seymour to Allerton has passed and the trackage should be removed from our acquisition. Also, they are not interested in operating over the Rock Island from Comas or Owatonna to Northwood. They have a commitment to the City of Austin and have firm plans of opening the line from Austin to Mason City, abandoning Austin to Calmar.

We discussed consolidating tonnage at Polo for Milwaukee delivery in Kansas City and this was acceptable.

DMC/jmz

# BN, MILW and CNW/ROCK Mainline Trackage Between the Twin Cities and Kansas City

----- Existing Lines Currently Embargoed (Not Operated)



0

November 8, 1982

TO: C. C. Leary  
G. H. Barker  
W. B. Peterson

FROM: J. D. Darling *JDD*

RE: Rock Island Study

Attached for your information is a list of facilities the C&NW intends to acquire from the Rock Island. The list is believed to have accompanied an early offer with "tic" marks indicating facilities no longer included. For example, I had been informed by Chuck Lane of the Rock Island that the CTC central board at Inver Grove had in fact been sold to the C&NW.

JDD/jmz

Att. (1)



11/8/82 SMM, DOTB, JDD

1. General Limits of NW offer
2. Up to Date Carve outs
3. Lease Payments.
4. One ~~test~~ elevator, Buckeye  
investor \$121,000 initial offer  
\$140,000 from Trustee  
\$25,000 on bids, \$63,000/acre  
4 acres
5. Superior owned right of way.
6. \$9,000,000 - \$13,000,000  
for 40 elevator sites
7. 46 miles
8. Investor subject to law.

Carl Parker, Title and Claim Mgr  
Non-rail Assets

Chuck Harrison - new hire

Daniel Jones - Asset Analyst, Non-  
Rail Assets Disposition

Pete (John P.) Asher - Administrator

Special Projects

Ray Smolensky, Non Rail Estate Mgr,  
Non-rail Assets Disposition.

Spine Line

including Trenton Yard

excluding Duane Drive Yard and

Mississippi Bridge and Lead Trucks

East Des Moines - West Des Moines

Both yards.



November 5, 1982

File: 352 - Soo Acquisition of  
Rock Island Trackage

PERSONAL

TO: T. M. Beckley  
~~D. M. Cavanaugh~~  
J. D. Darling

FROM: Ray H. Smith *RHS*

RE: Acquisition - Rock Island Lines

Ivan Summa called me on Wednesday, November 3, to advise that C&NW sales personnel are canvassing all of the Rock Island stations seeking support in terms of letters to the Governor of Iowa and to Iowa DOT for C&NW acquisition vis-a-vis Soo Line.

The copies of letters sent to Joe Darling recently by IDOT showing Chase Bag support for C&NW are the beginning of the campaign. Ivan advised that he knew the North Western people were at Sibley and Allendorf. They apparently bypassed Superior because of the known attitude of Summa as being anti-C&NW. Ivan said he understood they were making all of the stations easterly from Estherville to Rake and also working the line from Estherville south to Iowa Falls.

The Iowa Falls Gateway Shippers Association has refused to adopt any position yet despite the entreaties made by Jim Wolfe at the September 20th West Bend meeting, so in lieu of endorsement by that organization they are soliciting individual shipper support.

Although Ivan Summa fully appreciates that the matter of ownership is not going to turn on any shipper poll, he did think we should be aware of this development.



Harvey Simms 11/5/02

Lis Holland, Harvey Simms conversation with  
DMC.

DOT arbitrator of real estate prices  
Transportation Regulation Authority

1. Current Lessee

2 Lessee invoke TRA law



Iowa Department  
of Transportation

11-5-82

NOV - 9 1982

~~Dennis~~ ~~DMB~~ ~~Rel~~  
10 Note & ~~DD~~

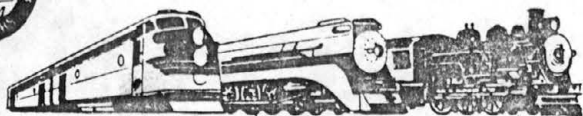
this for your

Noted  
DMB

information.

Jane Sims

RI ~~AC~~



DRAFT



BROTHERHOOD OF LOCOMOTIVE ENGINEERS  
IOWA STATE LEGISLATIVE BOARD

DES MOINES PHONE 515 874-5676

JOHN G. GIBLIN,  
Chairman  
503 Linden St.  
Manly, Iowa 50456  
515 454-2816

WV - 9 1982

Subject: Railroad Labor Participation in  
purchasing Railroad Bonds... in the event  
of purchase of the Rock Island Core-  
Soo Line.

In the event Soo Line Railroad purchases  
Rock Island track in Iowa from the Rock  
Island Trustee and Carrier, and the  
Brotherhoods reach agreement on a  
hiring practice for former Rock Island  
Employees; I propose the following:

To form a committee of concerned  
employees working with the Railway Finance  
Authority, Shippers and possibly Iowa DOT...  
to approach potential employees in regard  
to setting a percentage of their gross  
wages (on a two week basis) towards the  
purchase of railroad bonds.



note

In the event such a program could be established, it would serve the carrier by providing a more dedicated employee. In the employee's interest it would serve to stimulate his interest in higher performance and financial benefit.

0

November 4, 1982

TO: J. T. Hartnett

FROM: J. D. Darling

RE: Rock Island Study

Attached is a copy of Iowa Railroad Company Intermodal  
Exempt Pricelist No. 2, effective during November, 1982.

JDD/jmz

Att. (1)

November 4, 1982

File: GC-136 - Rock Island Study

TO: O. W. Hartwell, Kansas City  
FROM: J. T. Hartnett *JTH*  
RE: Survey of traffic potential - Rock Island main line  
in Missouri, including Kansas City switching limits.

I am sending under separate cover:

1. Printouts showing business handled by Rock Island in 1978 to and from cities on their main line arranged in geographical order.
2. A list of industries served by the Rock Island at main line points in Missouri (not including Kansas City).
3. Fifty survey forms.

The shipping records furnished by the Rock Island unfortunately do not include shipper and receiver names. In most cases, the commodity information should permit you to match up the probable industry in the small towns, but I recognize that this may be a problem in Kansas City. Under the present plan, we will not serve any industries in Kansas City directly but will handle what we can through reciprocal switching.

Will you please begin a survey of firms with potential on the Rock Island main line in Missouri, including to the extent you can firms in the Kansas City switching limits with a solid potential for the new system. This should be in a form that we can project expected business. The purpose is to be ready for a "sales blitz" when and if the Trustee accepts the Soo Line offer for the Rock Island.

We would like the survey for major cities and firms completed by December 3rd and the smaller firms and cities by the end of the year. More forms are available, as needed.

Please let me know if you have any problems or questions.

Copy to: R. H. Smith  
J. D. Darling  
D. T. Walen  
R. E. Anderson



November 4, 1982

File: GC-136 - Rock Island Study

TO: D. H. Reubish

FROM: J. T. Hartnett *JTH*

RE: Survey of traffic potential - Rock Island main line in Minnesota, including Twin City switching limits but not including Inver Grove to Northfield.

I am sending under separate cover:

1. Printouts showing business handled by Rock Island in 1978 to and from cities on their main line arranged in geographical order.
2. A list of industries served by the Rock Island at main line points in Minnesota (not including Twin Cities).
3. Fifty survey forms.

The shipping records furnished by the Rock Island unfortunately do not include shipper and receiver names. In most cases, the commodity information should permit you to match up the probable industry in the small towns, but I know this will be a problem in the Twin Cities. Under the present plan, we will not serve any industries in the Twin Cities formerly served by the Rock Island, except through reciprocal switching.

Will you please begin a survey of firms with potential for the new system on the Rock Island main line in Minnesota, including to the extent possible firms in the Twin Cities. The purpose is to select target firms for a "sales blitz" when and if the Trustee accepts the Soo Line offer for the Rock Island.

We would like the survey for the larger firms completed by December 3rd. More forms are available as needed.

Please let me know if you have any problems or questions.

Copy to: R. H. Smith  
J. D. Darling  
D. T. Walen  
J. F. Schadewald

0

November 4, 1982

TO: W. B. Peterson

FROM: J. D. Darling *JDD*

RE: Rock Island Study

We need a rough estimate of the net salvage value of Rock Island trackage in the east-west corridor through Des Moines and West Des Moines.

Attached is a list of parcels of the area under consideration. Parcels 2, 3, and 4 are included in our initial offer and should not be included in the net salvage estimate, unless stated separately.

Also attached are areas and track lengths in each parcel prepared by Steve Bibby of your office. I have condensed profiles indicating the weight of rail for main tracks, but no further such data.

JDD/jmz

Att. (2)

November 3, 1982

TO: T. M. Beckley  
D. M. Cavanaugh  
C. H. Clay  
R. L. Murlowski  
S. M. Mrosak  
~~D. J. Boyer~~  
J. D. Darling

FROM: B. D. Olsen

RE: Iowa Fuel Tax

Following our meeting November 2, I reviewed the status of the above matter with counsel for the Iowa railroads in Des Moines who are handling the litigation. I have also reviewed the decision of the Iowa state trial court, which was issued September 8, 1982.

The fuel tax measure includes \$200 million in bonding authority for railroad assistance projects. The impetus for this legislation was primarily to develop a means of purchasing Rock Island main line trackage for cash, since it was assumed that the Trustee would not be interested in any form of deferred payments. Iowa DOT takes the position that these funds will be available for both main and branch line assistance programs.

The tax started out at 3¢ per gallon October 1, 1981 and went up to 8¢ per gallon July 1, 1982. However, because of litigation brought by the railroads, no taxes have as yet been collected. Very rough estimates indicate approximately \$7-8 million per year will be produced by the fuel tax.

The Iowa railroads brought suit in both Iowa state and federal courts. The federal judge rejected the motion by the State to dismiss the case but little else has happened in that litigation. It is dormant pending the final outcome of the state court case. The matter was fully tried in the state court and a 61 page decision issued September 8, 1982. A broad variety of constitutional objections were asserted by the railroads, including the 4-R Act anti-discriminatory tax provision. All of these grounds were thoroughly considered and soundly rejected. The court reviewed taxes paid by all modes and concluded that the railroads had some tax advantages in other areas that were not available to trucks or barges. The railroads argued that trucks taxes went directly to benefit trucks in the form of highway repair and construction, while fuel taxes paid by the railroads provided no such direct benefit. The court rejected that argument too, and found that there was a sufficient benefit to the Iowa railroad system.



The bonding authority is being separately tested in other litigation. Even if that is held unconstitutional, the fuel tax could still survive and provide a flow of funds to back some other party's credit. If the fuel tax is eventually upheld, the railroads will be required to pay the tax retroactively with interest. Counsel declared his intention to appeal the case all the way to the U.S. Supreme Court if necessary, but I believe there is a better than even chance that the tax will eventually be upheld.

BDO/sjp

11/2/82 THB, DMC, SHM, HSN, BDO, JDD, JSS.

\$2,200,000 offer

\$67,000,000 offer as cash  
with salvage and sale of real estate  
65-70 more trucks

\$72,000,000 cash

Came out \$12.5 - 13.0 million

Carl Parker - RI

list of elevator sites

Inver Grove yards

Des Moines terminal

Northfield to St. Paul

Inver Grove from Northfield

\$2,800,000 Difference in salvage  
Tax in other states.

Dennis Fierick

November 2, 1982

File: GC-136 Rock Island Study

TO: T. P. Sweeney, Soo Office, Prairie Village, Kansas  
FROM: J. T. Hartnett *JTH*  
RE: Survey of traffic potential - Rock Island main line  
and Iowa Falls branch.

I am sending under separate cover:

1. Printouts showing business handled by Rock Island in 1978 to and from cities on their main line, arranged in geographical order.
2. Printouts showing business handled by Rock Island in 1978 to and from the Iowa Falls branch, for which we also have made a bid to the trustee.
3. A list of industries served by the Rock Island at main line points in Iowa.
4. 100 survey forms.

You will note that the shipping records on the Rock Island printouts unfortunately do not include shipper-receiver information. In most cases, the commodity information should permit a match with the probable industry.

Will you please begin a survey of firms with potential on the Rock Island main line and branches, beginning first with major competitive points. All major industries should be included regardless of track location. The objective is to have information that can be used for a "sales blitz" when and if the trustee accepts the Soo Line offer for the Rock Island.

In Des Moines we plan to serve all industries adjacent to the Rock Island north-south line, which will include AGRI Industries and General Mills and A. E. Staley. We do not, at this time, plan to acquire trackage on the Rock Island east-west line. In this event, firms such as Meredith and Monarch Cement will probably be closed industries on the C&NW. There is some possibility that Iowa State DOT, or some other local authority, may acquire some of the east-west trackage, but this is not definite.

We would like the survey of major firms at competitive points completed by December 3 and the balance by the end of the year. More



Page 2

Memo J.T. Hartnett to T.P. Sweeney

Re: Survey of Traffic Potential - RI Lines

November 2, 1982

· survey forms are available, as needed. I am sending for your files completed industry forms for a few industries in Des Moines.

Please let me know if you have any problems or questions.

Copy to: R. H. Smith

~~J. D. Darling~~

D. T. Walen

R. E. Anderson

November 2, 1982

TO: T. M. Beckley  
D. M. Cavanaugh  
R. H. Smith

FROM: J. D. Darling *JDD*

RE: Rock Island Study

Reference my letter of October 29, 1982 regarding public support for C&NW by Chase Bag.

Harvey Sims, Iowa DOT, has provided the following additional information.

From Howard Parrot, City Administrator, Sibley, Iowa, Harvey confirmed the City of Sibley is negotiating for 3.0 miles of track that serves Chase Bag, Amp, the Sibley Elevator fertilizer facility and a municipal power plant.

Chase Bag receives 250 cars per year inbound paper.

Amp ships and receives 700 to 800 cars per year of powdered milk, cheese, and other dairy products.

The Sibley Elevator receives 25 to 50 cars per year of fertilizer.

The municipal power plant receives 250 to 300 cars per year of Southern Illinois coal. The origin road is thought to be the BN or ICG, but this is not certain.

The 1978 Rock Island tape shows 213 carloads of coal received:

<u>Road</u>	<u>State</u>	<u>Cars</u>
CR	Illinois	67
ICG	Illinois	63
UP	Wyoming	47
BN	Wyoming	34
DRGW	Colorado	2
Total Cars		213

Messrs. Beckley, Cavanaugh, and Smith  
Page Two  
November 2, 1982

The Sibley Elevator grain loading facilities are located on the C&NW.

The elevator at Allendorf is owned by the elevator at Ashton, a town on the C&NW south of Sibley. The verbal agreement from Mr. Wolfe was to re-open the Rock Island line from Ocheyedan to Sibley to permit the elevators at Superior, Allendorf and Ashton to load unit trains to the west coast in concert.

JDD/jmz



November 2, 1982

File: 352 - Soo Acquisition of  
Rock Island Trackage

TO: T. M. Beckley  
D. M. Cavanaugh  
J. D. Darling

FROM: Ray H. Smith *RHS*

RE: Rock Island Study

Joe Darling's letter of October 29th attaches letters of support for C&NW acquisition from Chase Bag with facilities at Sibley, Iowa.

In several telephone conversations with Ivan Suma, Manager of the elevator at Superior, Iowa, since our meeting in West Bend on September 20th, Ivan has urged that the Soo consider a westward extension of the line under consideration to include Ocheyedan to Sibley. Over the last several years he apparently has made this same suggestion to the C&NW, including an interim operation, but C&NW thus far has been indifferent to his proposal.

I expect that Ivan Suma as one of the dominant spokesmen for the Iowa Falls Grain Shippers Association and representing the geographic area Estherville and west, feels obliged to intervene for his colleagues at Allendorf and Sibley. The 1981 directory of Iowa grain facilities shows the Allendorf elevator with a capacity of one million bushels and the house at Sibley with a capacity of 480,000 bushels.

Ivan Suma has also mentioned the interest of the elevators at Thompson and Buffalo Center, Iowa, in reinstating service north of Forest City. There are huge facilities at both these locations and they are now inland. Buffalo Center is loading its grain at Lakota. Les Holland tells me that the IDOT owns the right-of-way between Buffalo Center and Lakota and prior to Rock Island abandonment north of Forest City had studied the feasibility of relaying the rail, tying Forest City and Lakota together. They would probably sell the land for \$1.00 and would assist in rebuilding the track. Both Suma and Holland urge our consideration of this, pointing out that the connecting of Buffalo Center and Lakota would provide an alternative and less circuitous outlet to Iowa Falls than moving grain from the eastern end of the Estherville branch via Estherville.

I wanted you to be aware of this interest. At the West Bend meeting several questions were asked, probably by representatives of shippers at these two locations, as to whether the Soo might consider some expansion of the specific line on which it had made its

Page 2

Memo R.H. Smith to T.M. Beckley et al

Re: Rock Island Study

November 2, 1982

bid. I did not say that we would flatly refuse to consider any change in the underlying specification with respect to further discussions with the Trustee.

8

November 2, 1982

TO: J. T. Hartnett

FROM: J. D. Darling JDD/12

RE: Rock Island Study

Attached are Iowa Railroad Customer Newsletter No. 13 and  
Corrections 5 and 6 to Tariff ICC IRRC 3000-A.

JDD/jmz

Att. (3)



10/1/82 Harvey Sims

Howard Parrot, City Administrator, Sibley IA

3.0 miles, track feet

Serves two industries

Chase Bag - 250 cars/year inbound

Amgi - 700-800 cars in and out

Sibley Elev

(Jury) 25-50 cars/year

gain on CNW

250-300 cars coal City of Sibley

Electrical Power Plant

Superior Elevator and west, verbal

agreement, to include Allendorf,

(Ashton Elevator) south of Sibley.

# East-West Line of Rock Island in Des Moines From the East

1. Incorporated Limits of Des Moines (1901+00, 55-401) to 50' east of North-South Line
2. Old Wintered Branch
3. Iowa Packing Co.
4. 50' west of North-South Line, north of between two main tracks to Des Moines River.
5. 50' west of North-South Line, south of between two main tracks to Iowa Pk.
6. South of between two main tracks from Iowa Pk. to Des Moines River
7. KDM West of Des Moines River
8. RI West of Des Moines River to 18934+99  
COW-RI Change of ownership
9. Des Moines to West Des Moines, 18934+99  
to 19134+32
10. West Des Moines, 19134+33 to  
19232+60'
11. Hollingsworth Spur



Des Moines Area ROW Amounts &  
Track Lengths for Rock Island Study 10-28-82

Area 1

194.84 Ac  
14,435 - LF WBM  
14,435 - LF EBM  
3418' LF Conn. Trks  
17,947 - LF Ind. Trks  
42,716 - LF Operations Trks (TOFC, TT, wash)  
129,635 - LF Yard, Xover Trks

Area 2

10.79 Ac  
6705 - LF Trk

Area 3

1.23 Ac  
6180 - LF Trk

Area 4

19.19 Ac  
9760 - LF WBM  
1470 - LF Conn Trk  
761 - LF Xovers  
4901 - LF Sidings  
1956 - LF Spurs

Area 5

16.72 Ac  
2940 - LF EBM  
315 - LF Xovers  
1579 - LF Conn Trk  
640 - LF Spurs  
4195 - LF Sidings



Des Moines Area ROW Amounts &  
Track Lengths for Rock Island Study p. 2

Area 6

28.40	-	Ac
6820	-	LF EBM
4774	-	LF Siding Trks
4024	-	LF Spur Trks
2166	-	LF RI-Dld KDM Conn Trks
10,395	-	LF Dld KDM
398	-	LF Xovers
400	-	LF RI-Iowa Transfer Conn Trk

Area 7

1.51	-	Ac
1670	-	LF Trk

Area 8

21.23	-	Ac
5649	-	LF EBM
5649	-	LF WBM
23,939	-	LF Yard Trks

Area 9

55.60	-	Ac
19,934	-	LF ML
19,934	-	LF 2 <sup>nd</sup> ML (Jt) ←
127	-	LF Conn to M.St.L ML

Area 10

60.41	-	Ac
9827	-	LF ML
1135	-	LF 2 <sup>nd</sup> ML (Jt)
5988	-	LF Pass
5937	-	LF Ind.
33,505	-	LF Yard Trks

Area 11

9.96	-	Ac (Ownership uncertain - MStL?)
9892	-	LF Jt Trk - Rough figures
3650	-	LF Spur (Ownership uncertain - MStL? - RI Maintains)

# East-West Line of Rock Island in Des Moines From the East

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6. South of between two main tracks from Iowa Pk. to Des Moines River
7. KDM West of Des Moines River
8. RI West of Des Moines River to 18934+79  
CDW-RI Change of ownership
9. Des Moines to West Des Moines, 18934+79  
to 19134+32
10. West Des Moines, 19134+33 to 19232+60
11. Hollingsworth Spur



Des Moines Area ROW Amounts &  
Track Lengths for Rock Island Study 10-28-80

Area 1

194.84 Ac  
14,435 - LF WBM  
14,435 - LF EBM  
3418' - LF Conn. Trks  
17,947 - LF Ind. Trks  
42,716 - LF Operations Trks (TOFC, TT, wash.)  
129,635 - LF Yard, Xover Trks

Area 2

10.79 Ac  
6705 - LF Trk

Area 3

1.23 Ac  
6180 - LF Trk

Area 4

19.19 Ac  
9760 - LF WBM  
1470 - LF Conn Trk  
761 - LF Xovers  
4901 - LF Sidings  
1956 - LF Spurs

Area 5

16.72 Ac  
2940 - LF EBM  
315 - LF Xovers  
1579 - LF Conn Trk  
640 - LF Spurs  
4195 - LF Sidings



# East-West Line of Rock Island in Des Moines From the East

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7. KDM West of Des Moines River
8. RI West of Des Moines River to 18934+79  
COW-RI Change of ownership
9. Des Moines to West Des Moines, 18934+79  
to 19134+32
10. West Des Moines, 19134+33 to 19232+60
11. Hollingsworth Spur

Des Moines Area ROW Amounts &  
Track Lengths for Rock Island Study 10-28-82

Area 1

194.84 Ac  
14,435 - LF WBM  
14,435 - LF EBM  
3418 - LF Conn. Trks  
17,947 - LF Ind. Trks  
42,716 - LF Operations Trks (TOFC, TT, wash)  
129,635 - LF Yard, Xover Trks

Area 2

10.79 Ac  
6705 - LF Trk

Area 3

1.23 Ac  
6180 - LF Trk

Area 4

19.19 Ac  
9760 - LF WBM  
1470 - LF Conn Trk  
761 - LF Xovers  
4901 - LF Sidings  
1956 - LF Spurs

Area 5

16.72 Ac  
2940 - LF EBM  
315 - LF Xovers  
1579 - LF Conn Trk  
640 - LF Spurs  
4195 - LF Sidings