

# WESTERN CAROLINA RAILWAY SERVICE

C O R P O R A T I O N

Post Office Box 16614, Greenville, South Carolina 29606 - 7614

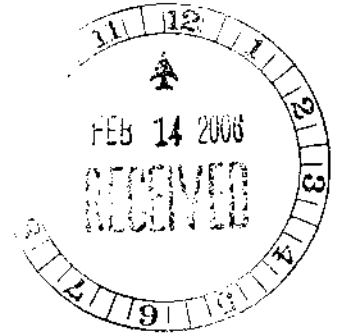
215795

February 13, 2006

**ORIGINAL**

Mr. Vernon A. Williams,  
Secretary  
Surface Transportation Board  
1925 K Street, NW, Suite 700  
Washington, DC 20423-0001

Re: STB Docket No. AB-490-1-X  
Greenville County Economic Development Corporation  
Petition for Exemption for Partial Discontinuance and Partial Abandonment  
In Greenville County, SC



Secretary Williams:

Please find enclosed for filing in STB Docket No. AB-490-1-X, *Greenville County Economic Development Corporation Petition for Exemption for Partial Discontinuance and Partial Abandonment in Greenville County, SC*, one original and ten copies of Western Carolina Railway Service Corporation's Request For Establishment of Conditions and Compensation. You should also find (attached to the original document) a check in the amount of \$18,400 as payment of the required filing fee.

Please also find enclosed one additional copy of this letter. I do hereby request that this additional document be date stamped to indicate receipt of this filing and returned in the provided self-addressed stamped envelope.

Should you have questions or concerns regarding this filing, please do not hesitate to contact me.

Thank you for your time and consideration.

Sincerest regards,

A handwritten signature in black ink, appearing to read 'Steven C. Hawkins'.

Steven C. Hawkins,  
President

Enclosures

Cc: William A. Mullins, Attorney for Greenville County Economic Development Corporation  
David C. Reeves, Attorney for Greenville County Economic Development Corporation  
Andrew J. White, Jr., Attorney for Greenville County Economic Development Corporation

BEFORE THE SURFACE TRANSPORTATION BOARD  
WASHINGTON, DC

215795

STB DOCKET NO. AB-490-1-X

**GREENVILLE COUNTY ECONOMIC DEVELOPMENT CORPORATION  
PETITION FOR EXEMPTION  
FOR PARTIAL DISCONTINUANCE AND PARTIAL ABANDONMENT  
IN GREENVILLE COUNTY, SC**

**REQUEST FOR ESTABLISHMENT OF TERMS AND CONDITIONS**

RECEIVED  
FEB 13 2006  
STB  
WASHINGTON DC

Steven C. Hawkins,  
President  
Western Carolina Railway Service Corporation  
Post Office Box 16614  
Greenville, SC 29606-7614

Office 864 • 895 • 3757  
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[steven.hawkins@wcrscorp.com](mailto:steven.hawkins@wcrscorp.com)

February 13, 2006

**ORIGINAL**

**BEFORE THE SURFACE TRANSPORTATION BOARD  
WASHINGTON, DC**

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**STB DOCKET NO. AB-490-1-X**

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**GREENVILLE COUNTY ECONOMIC DEVELOPMENT CORPORATION  
PETITION FOR EXEMPTION  
FOR PARTIAL DISCONTINUANCE AND PARTIAL ABANDONMENT  
IN GREENVILLE COUNTY, SC**

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**REQUEST FOR ESTABLISHMENT OF TERMS AND CONDITIONS**

Pursuant to 49 USC 10904(e) and 49 CFR 1152.27(g)(1), Western Carolina Railway Service Corporation (“WCRS”) does hereby request that the Board establish the terms and conditions for its acquisition of 11.8 miles of rail line, extending from MP 0.0, in Greenville, SC, to MP 11.8, at the northern limits of Travelers Rest, SC, in Greenville County; that portion of STB Docket No. AB-490-1-X designated as the Northern Segment owned by Greenville County Economic Development Corporation (“GCEDC”).

**BACKGROUND**

By Decision (36073) served October 12, 2005, the Board granted an exemption for abandonment of the Northern Segment. WCRS timely filed an Offer of Financial Assistance (“OFA”) on October 3, 2005 for purchase of the Northern Segment. By Decision (36382) served October 26, 2005, the Board postponed the effective date of the exemption in order to permit the OFA process under 49 USC 10904 and 49 CFR 1152.27 to proceed, and provided that a request to establish the terms and conditions of the purchase could be filed by either party on or before November 16, 2005.

By Notice (215130) filed November 10, 2005, GCEDC and WCRS jointly filed a Petition to Hold Deadline to Request Terms and Conditions in Abeyance Until February 14, 2006. By Decision (36409) served November 15, 2005, the Board granted the November 10 joint request of both parties and effectively extended the negotiating period and established February 14, 2006 as the deadline for either party to ask the Board to set terms and conditions.

## VALUE ASSERTIONS OF THE PARTIES

In response to WCRS's July 14, 2005 Notice of Intent to File an Offer of Financial Assistance (214333), GCEDC, in a July 29, 2005 letter, established its minimum purchase price for the Northern Segment at **\$1,700,000**, with its best estimate of the net liquidation value also established at \$1,700,000, "minus the costs of removal and salvage." (See: **EXHIBIT B of WCRS' October 3, 2005 OFA, pages 16-18**). No sufficient documentation justifying the established minimum purchase price was ever provided to WCRS by GCEDC. WCRS was left to surmise GCEDC's interpretations of value for the line.

In keeping with that part of 49 CFR 1152.27 which states "Fair Market Value equals constitutional minimum value which is the greater of the net liquidation value of the line or the going concern value of the line.", WCRS attempted to deduce upon what basis GCEDC had reasoned to establish its price. Through the traditional method of calculating Net Liquidation Value ("NLV") (See: **EXHIBIT I of WCRS' October 3, 2005 OFA, pages 173-179**), WCRS arrived at a negative NLV of \$-1,657,219. Given its negative NLV, WCRS reasoned that NLV could not be used to arrive at a fair market price for the subject line. Consequently, WCRS provided evidentiary materials quantifying the line's historic value (See: **EXHIBITS F and G of WCRS' October 3, 2005 OFA, pages 141-156**) and arrived at a value based upon the line's two prior sale transactions (a depreciated historical value). WCRS established its offer at **\$46,268 based on \$-1,657,219 NLV plus \$0 (zero dollars) for real property assuming easement only and no fee simple ownership of the right of way.**

In a 10:00 AM January 4, 2006 meeting at Greenville County Square, GCEDC verbally established a new minimum purchase price for the Northern Segment at **\$1,400,000**. GCEDC verbally defined this Gross Value as being comprised of 1) Fee Simple ownership of the underlying real estate (allegedly supported by extensive title work and an updated real estate appraisal), and 2) GCEDC's own appraised value of the line's Track Materials. To this end, GCEDC again failed to provide any documentation justifying this newly established minimum purchase price and left WCRS to surmise GCEDC's valuation apportionments for the line.

In response to this newly established minimum purchase price, WCRS held firm its offer of **\$46,268 based on \$-1,657,219 NLV plus \$0 (zero dollars) for real property assuming easement only and no fee simple ownership of the right of way.** When it became evident that both parties were unwilling to compromise further on an offer price, and in light of GCEDC's expressed concerns with regard to protecting the public interest, WCRS suggested a lease of the Northern Segment as a compromise to an outright purchase. GCEDC was immediately receptive to this compromise and suggested both parties meet again the next week so they could move toward a lease resolution.

When WCRS arrived at Greenville County Square at 10:00 AM January 11, 2006, for what was expected to be a meeting with GCEDC, WCRS became aware that GCEDC had invited certain other employees of City and County government, as well as representatives of the Trail Use Applicant, a local university as well as members of the media. While a lease presentation was made by WCRS to all in attendance, the public nature of the meeting precluded GCEDC and WCRS from discussing any details of a proposed lease or its related financial matters, all of which are Privileged and Proprietary in nature, and a portion of which remains protected under Board order (36322).

In a February 7, 2006 letter (**See: EXHIBIT A**), GCEDC established its latest minimum purchase price for the Northern Segment at **\$1,133,769**. For the third time, GCEDC again failed to provide any documentation justifying its latest newly established minimum purchase price and left WCRS to surmise GCEDC's valuation apportionments for the line.

In addition, GCEDC effectively terminated negotiations by indicating that it only desires to proceed with a lease of the Northern Segment upon conclusion of the pending OFA process. Given GCEDC's clear misunderstanding of the OFA process, the great void between what WCRS is offering and GCEDC is asking, and to protect WCRS' interest in the Northern Segment, WCRS is left with no choice but to now ask the Board to intervene.

To summarize, the following is a list of what GCEDC has asserted its valuations for the Northern Segment to be during the past nine (9) months. It can only be assumed, given the disparity in values, that none of these valuations were made using the Net Liquidation Value formula employed by the Board:

Date	Value	STB File No.	Reference
June 24, 2005	<b>\$354,525</b>	214237	Exhibit 11, Pages 73-74
July 29, 2005	<b>\$1,700,000</b>	214811	Exhibit B, Pages 17-18
January 4, 2006	<b>\$1,400,000</b>	This document	Page 3
February 7, 2006	<b>\$1,133,769</b>	This document	Exhibit A, Pages 11-12

Throughout these proceedings, WCRS has maintained its offer at **\$46,268 based on \$-1,657,219 NLV plus \$0 (zero dollars) for real property assuming easement only and no fee simple ownership of the right of way.**

**ASSUMPTIONS REGARDING THE BASIS OF DISPARITY**

Given the fact that GCEDC has never provided any documentation to support its widely varying minimum purchase prices, WCRS has been left to surmise (from conversations and e-mails) the following “assumptions” on the part of GCEDC. These assumptions may be factors in GCEDC’s establishment of its minimum purchase price:

**ASSUMPTION I:** *A portion of the value applied to GCEDC’s minimum purchase price is based on Fee Simple ownership of the rail line’s real estate.*

**REBUTAL I:** In addition to those deeds already provided to the Board (**See: EXHIBIT D of WCRS’ October 3, 2005 OFA, pages 82-137**), WCRS notes that of the nine (9) parcels owned by GCEDC (**See: EXHIBIT C**) in the tax records of Greenville County, only three (3) are a part of the right of way of the Northern Segment between MP 0.0 and MP 11.8, and when combined, total \$11,550 in assessed value. Assuming assessed value to be approximately 80% of market value, this would make the total market value for all real estate owned by GCEDC between MP 0.0 and MP 11.8 to be approximately

\$14,438. Since WCRS' offer is already greater than the sum of the market value of the land when added to the line's NLV, WCRS argues that this land value is of no consequence to this transaction.

For the sake of the Board's clear understanding of tax assessment in Greenville County, it is important to note that only land that is owned (in Fee Simple) is assessed a tax value. Each assessed parcel is assigned a Parcel Identification Number ("PIN") or Tax ID. Easements such as a railway, highway, power line, sewer line, etc., are not assigned a PIN and are not assessed, due to the holder of that easement not owning the land in Fee Simple. You cannot tax that which is not owned.

Even non-profit organizations/corporations that are tax exempt (such as churches, which are also non-profit - not unlike GCEDC) are assigned a PIN and assessed a value for tax purposes, though the tax charged may be zero dollars (\$0). This is true of the nine (9) parcels owned by GCEDC, though the tax on those parcels is limited to storm water runoff fees only.

In the case of the Northern Segment, GCEDC's "claim" to the easement is 1) by Quitclaim Deed, 2) not held in Fee Simple (excepting the three parcels identified in Exhibit C), and 3) not assigned a PIN or assessed a value for tax purposes, quite simply, because it is not "owned" by GCEDC.

**ASSUMPTION II:** *Salvage Cost should not exceed the Gross Value of track materials.*

**REBUTAL II:** Based on comments by made by GCEDC counsel Andrew J. White, Jr. in November 2005, a Greenville County Councilman has apparently found a contractor that will pay GCEDC Gross Value for the right to salvage the track materials, providing GCEDC with 100% of the revenue from the sale of those track materials. If this is true, and Gross Value of the track materials is \$467,236, that would mean the contractor would have to pay GCEDC \$467,236 and salvage the materials at a loss. I am not aware of any contractor who would work for "free" and cannot base my calculations of NLV on such an arrangement.

**ASSUMPTION III:** *Bridges add to the Gross Value while adding no expense to the Salvage Cost.*

**REBUTAL III:** Based on GCEDC's comments regarding the Trail Use Applicant's intended use of the existing bridge structures as walking bridges, WCRS has deduced that it is GCEDC's position that the 1,487 feet of bridge structure on the Northern Segment hold monetary value in calculating the Gross Value of the track materials. Additionally, since the "intention" is to leave the bridges in place for a trail, GCEDC seems to be of the opinion that bridge removal costs can be selectively deducted from the Salvage Cost.

Contrary to this belief, none of these bridges are safe for even a walking bridge. During WCRS' valuation inspection last fall, my feet fell through rotten timbers on bridges 3, 4 and 6 of the eight on the line. If these bridges cannot hold my 175 lbs., then they most certainly cannot carry a 286,000 lb. freight car, much less today's modern locomotives, which can weigh upwards of 450,000 lbs.

Though at first glance the bridges "don't look so bad", most all of the timbers are hollow from rotting. Piles are shifted from their footings, broken/rotted off, or simply missing. Many of the piles have sunk and required shims that range from a few inches thickness to almost 15", and almost all of the bridges have cross level issues. The attached PowerPoint presentation of video images of the line as it appeared during WCRS' valuation inspection September 5 through September 7, 2005 (**See: EXHIBIT B, on compact disk**) will clearly verify the condition of the bridges, as well as the overall condition of the line.

The bottom line on the bridges is that they are not of sufficient integrity to be safely used as-is for any purpose, and, for the purpose of determining NLV, they do not have a marketable resale value, and they do represent an expense in calculating an accurate Salvage Cost.

**WCRS must reiterate that it can only speculate on these assumptions, as GCEDC has never provided any documentation to support its widely varying minimum purchase prices.**



## **LACK OF NEGOTIATION**

Given the fact that GCEDC was aware of WCRS' offer, and WCRS' position that it was GCEDC's place to initiate the negotiations in good faith following the Board's October 26, 2005 Decision (36382), WCRS waited 5 days until October 31 for GCEDC to contact WCRS to schedule negotiations. After GCEDC failed to contact WCRS in a timely fashion, WCRS attempted to contact GCEDC by e-mail and fax October 31, and again by e-mail, U.S. Mail, and fax November 2. Getting no response, WCRS filed these documents with the Board (215088) on November 2 and continued its efforts to contact GCEDC.

Late in the afternoon of November 2, 2005, GCEDC Chairman Herman G. (Butch) Kirven, Jr. e-mailed WCRS indicating that 1) GCEDC felt WCRS's salvage costs were "far above what we think is reasonable" and 2) GCEDC would not be prepared to negotiate before the afternoon of November 14... just two days prior to the Board's established November 16 deadline. WCRS responded by again expressing its desire to begin negotiations "sooner rather than later" and advised GCEDC that WCRS remained prepared to negotiate any day... regretfully acknowledging GCEDC's unwillingness to come to the table sooner. As late as November 8, GCEDC had still not set a time and location for the consummation of negotiations.

On that same afternoon, November 8, 2005, WCRS participated in an informal meeting at Furman University, at which GCEDC counsel Andrew J. White, Jr. was in attendance. Though not a negotiating session, the need for negotiations were discussed, and both parties agreed to jointly petition the Board to hold in abeyance the negotiating deadline to allow GCEDC and WCRS to negotiate in good faith.

Finally, on the morning of November 9, 2005, Mr. Kirven advised that GCEDC would contact WCRS to set a mutually agreeable date to begin negotiations after the Board's approval of the joint petition. Following the Board's approval of the joint petition on November 15, WCRS again requested on November 18 that GCEDC select a date, time and location to begin negotiations. Despite GCEDC's previously expressed intention to be "prepared" to begin negotiations by November 14, they were not. After many phone calls on the part of WCRS, as well as a follow-up e-mail to GCEDC on December 21, GCEDC finally expressed again its readiness to "move cautiously", but only as early as January 2006.

After a further exchange of additional e-mails, a January 4, 2006 meeting date was set to begin negotiations. All of that correspondence referred to as occurring between November 2 and December 27 is contained herein as **EXHIBIT D**.

As explained herein on Pages 3 and 4 of this document, excepting subsequent phone calls, this would be the only “negotiating” session that would occur during the nearly 4-month negotiating period. Despite a February 8, 2006 follow-up letter (**See: EXHIBIT E**) that was both e-mailed and hand delivered to each of the Directors of GCEDC that same day, no interest was expressed on the part of any Director to meet with WCRS again prior to the expiration of the negotiating period.

Despite GCEDC’s seemingly sincere interest in leasing the line to WCRS, GCEDC has decided that things are simply “moving too fast” and that they wish to conclude the OFA process before committing to a lease. It is the opinion of WCRS that things are “rushed” now only due to GCEDC’s lack of effort toward actually negotiating. Had GCEDC begun negotiations at its first opportunity, either the details of a lease could have been worked out well in advance of this date or else WCRS could have already filed with the Board for its intervention.

Such avoidance of good faith negotiations have left WCRS no choice in this matter but to file today’s Request For Establishment of Terms and Conditions.

### **SUPERIORITY OF WCRS’S VALUATION**

WCRS asserts that its OFA is superior to the “guesstimates” provided by GCEDC and submits that sufficient supporting documentation has already been provided within the Exhibits of its October 3, 2005 OFA. WCRS is confident that the previously provided documentation, when considered in concert with the additional documentation/information provided herein, is adequate to permit the Board to calculate a Fair Market Value, and WCRS is certain that the Board will concur that WCRS’ offer is an adequately fair price for the line.

## CONCLUSION

Based on the evidence provided by WCRS in its October 3, 2005 OFA, and as supplemented by the documentation/information provided herein, WCRS respectfully requests that the Board find WCRS' methodical calculations of valuation to be more reliable than the unsupported "guesstimates" of valuation provided by GCEDC in this matter. On that basis, the Board should find WCRS' offer of **\$46,268 based on \$-1,657,219 NLV plus \$0 (zero dollars) for real property assuming easement only and no fee simple ownership of the right of way** to be a Fair Market Value for the line.

The Board should fix **\$46,268** as the purchase price for the line.

Respectfully submitted,



Steven C. Hawkins,  
President  
Western Carolina Railway Service Corporation  
Post Office Box 16614  
Greenville, SC 29606-7614

Office 864 • 895 • 3757  
Fax 864 • 895 • 3769

[steven.hawkins@wcrscorp.com](mailto:steven.hawkins@wcrscorp.com)

**BEFORE THE SURFACE TRANSPORTATION BOARD  
WASHINGTON, DC**

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**STB DOCKET NO. AB-490-1-X**

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**GREENVILLE COUNTY ECONOMIC DEVELOPMENT CORPORATION  
PETITION FOR EXEMPTION  
FOR PARTIAL DISCONTINUANCE AND PARTIAL ABANDONMENT  
IN GREENVILLE COUNTY, SC**

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**REQUEST FOR ESTABLISHMENT OF TERMS AND CONDITIONS**

**EXHIBIT A**

**GREENVILLE COUNTY ECONOMIC DEVELOPMENT CORPORATION**

Mailing Address:  
C/O Patricia Haskell-Robinson, Secretary  
610 North Main Street  
Greenville, South Carolina 29601  
(864) 233-6277 Ext. 325

February 7, 2006

COPY

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**Board of Directors**

Herman G. "Butch" Kirven, Jr.  
Chairman and President

Scott Case

Cort Flint

Patricia Haskell-Robinson  
Secretary

Peter Strub  
Treasurer

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Mr. Steven C. Hawkins, President  
Western Carolina Railway Service Corporation  
Post Office Box 16614  
Greenville, South Carolina 29606 - 7614

Dear Mr. Hawkins:

As president of the Greenville County Economic Development Corporation ("GCEDC") I want to confirm our past discussions regarding your interest in purchasing the northern rail line and GCEDC's belief that your purchase offer of approximately \$46,000 is far too low. Based on our own recent appraisals of the real estate and non-real estate assets on the northern line, GCEDC believes that the purchase price should not be less than \$1,133,769. Because the taxpayers of Greenville County paid the original purchase price of the northern and southern lines, GCEDC has an obligation to the public to accept only a full market value price for the northern line.

GCEDC's board continues to be seriously interested in a possible lease of the northern line to you concurrent with a co-trail use. However, for purposes of the pending STB action we do not wish to pursue any lease plans until the potential OFA issue is behind us. At that time it would be productive for you to make a rail/trail co-usage presentation to the full board, which then would have to approve any lease and co-trail use by majority vote of its five members.

If you have any questions please do not hesitate to contact me.

Sincerely,

  
Herman "Butch" Kirven  
Chairman and President

Cc: GCEDC Board Members  
File

**BEFORE THE SURFACE TRANSPORTATION BOARD  
WASHINGTON, DC**

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**REQUEST FOR ESTABLISHMENT OF TERMS AND CONDITIONS**

**EXHIBIT B**

**COMPACT DISK ATTACHED TO THIS PAGE**

**BEFORE THE SURFACE TRANSPORTATION BOARD  
WASHINGTON, DC**

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**GREENVILLE COUNTY ECONOMIC DEVELOPMENT CORPORATION  
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**REQUEST FOR ESTABLISHMENT OF TERMS AND CONDITIONS**

**EXHIBIT C**

1997		1999					2006	Via OFA
Parcel	G&N Conveyed to	Parcel	SCRFF Conveyed to	Date	Deed, Page	Location	GCEDC Owned	Parcel to convey to WCRS
<b>505.5-1-77</b>	<b>SCRFF</b>	<b>505.5-1-77</b>	<b>Landmark</b>	<b>03/10/98</b>	<b>Unknown</b>	<b>Approximately MP 11.80</b>	<b>Yes</b>	<b>Yes</b>
505.7-1-9.5	SCRFF	505.7-1-9.5	Landmark	03/10/98	Unknown	North of Northern Segment	Yes	No
<b>505.5-1-78</b>	<b>SCRFF</b>	<b>505.5-1-78</b>	<b>Landmark</b>	<b>03/10/98</b>	<b>Unknown</b>	<b>Approximately MP 11.60</b>	<b>Yes</b>	<b>Yes</b>
513.3-1-19.1	SCRFF	513.3-1-19.1	Landmark	03/10/98	Unknown	North of Northern Segment	No***	No
<b>71.1-1</b>	<b>SCRFF</b>	<b>71.1-1</b>	<b>Landmark</b>	<b>09/16/97</b>	<b>1715, 827</b>	<b>Approx MP 0.00 - MP 0.18</b>	<b>No</b>	<b>No*</b>
58-2-2.1	SCRFF	58-2-2.1	Landmark	09/16/97	1715, 827	Beyond Mainline Easement	No***	No
<b>505.5-1-79</b>	<b>SCRFF</b>	<b>505.5-1-79</b>	<b>**</b>	<b>07/20/99</b>	<b>1853, 549</b>	<b>Approximately MP 11.25</b>	<b>Yes</b>	<b>Yes</b>
513.3-1-20.2	SCRFF	513.3-1-20.2	Landmark	03/10/98	Unknown	North of Northern Segment	No***	No
513.3-1-20.3	SCRFF	513.3-1-20.3	Landmark	03/10/98	Unknown	North of Northern Segment	No***	No
Together w/all other ROW to SCRFF		505.7-1-11.5	Landmark	03/10/98	Unknown	North of Northern Segment	No***	No
		505.2-1.2.1	Landmark	03/10/98	Unknown	North of Northern Segment	No***	No
		505.2-1-1.3	**	07/20/99	1853, 549	North of Northern Segment	Yes	No
		263-4-2	GCEDC	07/20/99	1853, 549	Southern Segment	Yes	No
		256-5-4	GCEDC	07/20/99	1853, 549	Southern Segment	Yes	No
		258-2-6	GCEDC	07/20/99	1853, 549	Southern Segment	Yes	No
		273-1-8	GCEDC	07/20/99	1853, 549	Southern Segment	Yes	No
<b>All Mainline Easement between MP 0.00 and MP 11.80, as conveyed to GCEDC</b>							<b>No</b>	<b>Yes</b>

\* Easement retained via deed

\*\* Not specified, thus assumed conveyed to GCEDC

\*\*\* 2006 records still indicate SCRFF ownership



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**REQUEST FOR ESTABLISHMENT OF TERMS AND CONDITIONS**

**EXHIBIT D**

**Hawkins, Steven C.**

Thu, Feb 9, 2006 6:25 PM

**Subject: Re: Negotiation****Date:** Tuesday, December 27, 2005 10:41 AM**From:** Steven C. Hawkins <steven.hawkins@wcrscorp.com>**To:** <BKirv@aol.com>**Cc:** <ajwhite@hsblawfirm.com>, <WMullins@bakerandmiller.com>, <DReeves@bakerandmiller.com>, "Mathena, Randolph R." <rmathena@papercuttersinc.com>**Conversation:** Negotiation

Mr. Kirven:

10 AM January 4 in the Conference Room at County Square is fine.

We will see you then.

Happy New Year.

Sincerest regards,

Steven C. Hawkins,  
PresidentWestern Carolina Railway Service Corporation  
Post Office Box 16614  
Greenville, South Carolina 29606 – 7614

864-905-2974 Cellular

864-895-3757 Office

864-895-3769 Fax

Visit us on the web at: **[www.wcrscorp.com](http://www.wcrscorp.com)**

This e-mail is intended for the addressed recipient only. Content therein is considered confidential and is not to be printed, copied, forwarded, or discussed without the expressed written consent of Western Carolina Railway Service Corporation.

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**From:** <BKirv@aol.com>**Date:** Tue, 27 Dec 2005 10:33:30 EST**To:** <steven.hawkins@wcrscorp.com>**Cc:** <ajwhite@hsblawfirm.com>, <WMullins@bakerandmiller.com>, <DReeves@bakerandmiller.com>, <rmathena@papercuttersinc.com>

**Subject:** Re: Negotiation

Mr. Hawkins:

Monday, January 2, the date you suggest to meet, is a holiday for most folks inasmuch as New Year's Day is on a Sunday this year. Wednesday, January 4, would work much better for me and for Andy White; 10 AM would be fine. If you don't mind, I would prefer for us to meet in the conference room at County Square.

Respectfully,

Butch

*Herman G. Kirven, Jr.*

Chairman and President, GCEDC

7 Ralph Hendricks Dr.

Simpsonville, SC 29681

864-228-9300 (office)

864-228-9230 (fax)

864-420-2521 (cell)

Hawkins, Steven C.

Thu, Feb 9, 2006 6:25 PM

**Subject: Re: Negotiation**

**Date:** Monday, December 26, 2005 10:47 AM

**From:** Steven C. Hawkins <steven.hawkins@wcrscorp.com>

**To:** "BKirv@aol.com" <BKirv@aol.com>

**Cc:** "Andy J. White (E-mail)" <ajwhite@hsblawfirm.com>, "William A. Mullins (E-mail)" <WMullins@bakerandmiller.com>, "DReeves@bakerandmiller.com" <DReeves@bakerandmiller.com>, "Mathena, Randolph R." <rmathena@papercuttersinc.com>

**Conversation:** Negotiation

Mr. Kirven:

My apologies for having not gotten back to you by last Friday, as I had anticipated.

Let's tentatively plan for 10:00 AM, Monday, January 2, 2006 for our meeting. Randy Mathena at Paper Cutters, Inc. has offered his conference room as an available location for our meeting... Unless you already have another location in mind.

Let me know if the time and place is suitable for you.

Sincerest regards,

Steven C. Hawkins,  
President

Western Carolina Railway Service Corporation  
Post Office Box 16614  
Greenville, South Carolina 29606 – 7614

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864-895-3757 Office  
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---

**From:** "Steven C. Hawkins" <steven.hawkins@wcrscorp.com>

**Date:** Wed, 21 Dec 2005 17:20:03 -0500

**To:** <BKirv@aol.com>

**Cc:** <ajwhite@hsblawfirm.com>, <WMullins@bakerandmiller.com>, <DReeves@bakerandmiller.com>

**Conversation:** Negotiation

**Subject:** Re: Negotiation

Mr. Kirven:

Thank you for your prompt reply.

Let's tentatively work toward the week of January 2-6. I have several items on my agenda that I need to confirm before committing to a specific date, but I should be able to verify those items in the next 48 hours. Of course, I would be open to the week of December 26-30, but I am sure with the holidays that would not be mutually convenient.

I will advise of a suggested specific date by Friday the 23rd.

Sincerest regards,

Steven C. Hawkins,  
President

Western Carolina Railway Service Corporation  
Post Office Box 16614  
Greenville, South Carolina 29606 - 7614

864-905-2974 Cellular  
864-895-3757 Office  
864-895-3769 Fax

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---

**From:** <BKirv@aol.com>

**Date:** Wed, 21 Dec 2005 13:30:14 EST

**To:** <steven.hawkins@wcrscorp.com>

**Cc:** <ajwhite@hsblawfirm.com>, <WMullins@bakerandmiller.com>,

<DReeves@bakerandmiller.com>

**Subject:** Re: Negotiation

Mr. Hawkins:

I apologize for any misunderstanding as to a date for negotiations and I regret any inconvenience to you in this matter. As chairman of GCEDC, I can assure you that we shall proceed into negotiations with you in good faith and with an open mind towards reaching a satisfactory agreement if at all possible. As public entity, GCEDC has a duty to move cautiously in order to make sure the public trust is maintained, even as we comply with STB regulations and requirements.

If you would please suggest a date and time suitable to you in January, we will make every effort to accommodate that. Like you, GCEDC anticipates a conclusion to these negotiations without delay.

Respectfully,

Butch

***Herman G. Kirven, Jr.***

Chairman and President, GCEDC

7 Ralph Hendricks Dr.

Simpsonville, SC 29681

864-228-9300 (office)

864-228-9230 (fax)

864-420-2521 (cell)

**Subject: Re: Negotiation****Date:** Wednesday, December 21, 2005 7:27 AM**From:** Steven C. Hawkins <steven.hawkins@wcrscorp.com>**To:** <BKirv@aol.com>**Cc:** <ajwhite@hsblawfirm.com>, <WMullins@bakerandmiller.com>, <DReeves@bakerandmiller.com>**Conversation:** Negotiation

Mr. Kirven:

It has been over a month since I requested that GCEDC set a date, time and location for us to begin negotiations. Mr. White expressed to me at Furman last month that GCEDC would be prepared to begin this process around mid-November. I later expressed to Mr. White (in a phone conversation) that WCRS wished to have this process **concluded** before year's end. Is GCEDC prepared to begin negotiating and can GCEDC set a date and time to begin such process yet?

Given GCEDC's lack of response, and in the interest of concluding this final process, **WCRS is prepared to file with the Board to set the terms and conditions during the first week of January 2006** if we do not begin legitimate negotiations before the end of 2005. WCRS agreed to the 90-day extension with the mutual understanding (via Mr. White) that this process would not be dragged out until mid-February.

Thank you for understanding our position on this matter.

Sincerest regards,

Steven C. Hawkins,  
President

Western Carolina Railway Service Corporation  
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**From:** "Steven C. Hawkins" <steven.hawkins@wcrscorp.com>  
**Date:** Fri, 18 Nov 2005 08:37:20 -0500  
**To:** <BKirv@aol.com>  
**Cc:** <ajwhite@hsblawfirm.com>, <WMullins@bakerandmiller.com>, <DReeves@bakerandmiller.com>  
**Conversation:** Negotiation  
**Subject:** Re: Negotiation

Mr. Kirven:

Since the Board approved the requested extension on Tuesday, and in the interest of getting the process started, I suggest we now set a date, time and location to begin negotiations. WCRS remains prepared to negotiate at any time, so I ask that you select the initial meeting... We should be able to accommodate you.



**Edited For Confidentiality**

As a sidebar... In 1997, David Goode, Chairman, CEO and President of Norfolk Southern and John Snow, now Secretary of the Treasury, then Chairman, CEO and President of CSX Transportation, negotiated the major details of their Conrail acquisition and division in one evening, so I remain confident that we should be able to resolve this matter with expediency - not requiring the full 90 day extension of time.

I look forward to getting this process underway.

Sincerest regards,

Steven C. Hawkins,  
President

Western Carolina Railway Service Corporation



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---

**From:** <BKirv@aol.com>  
**Date:** Wed, 9 Nov 2005 09:08:13 EST  
**To:** <steven.hawkins@wcrscorp.com>  
**Cc:** <ajwhite@hsblawfirm.com>, <WMullins@bakerandmiller.com>, <DReeves@bakerandmiller.com>  
**Subject:** Re: Negotiation

Mr. Hawkins,

I am sorry I could not attend the meeting yesterday with you and others to discuss this matter. GCEDC attorney Andy White called me yesterday afternoff after meeting with you and indicated that you had agreed a 90 day extension on the time alloted by STB for negotiations. On behalf of the GCEDC Board, I also agreed to that. Mr. White said he would seek STB approval immediately. As soon as that is approved by STB, we can set a mutually agreeable date to begin our negotiations. I hope you are still agreeable to this time frame and I look forward to meeting with you soon.

Respectrully,

Butch Kirven

Hawkins, Steven C.

Thu, Feb 9, 2006 6:19 PM

**Subject: Re: Negotiation**

**Date:** Tuesday, November 8, 2005 4:11 PM

**From:** Steven C. Hawkins <steven.hawkins@wcrscorp.com>

**To:** <BKirv@aol.com>

**Cc:** "ajwhite@hsblawfirm.com" <ajwhite@hsblawfirm.com>,  
"WMullins@bakerandmiller.com" <WMullins@bakerandmiller.com>,  
"DReeves@bakerandmiller.com" <DReeves@bakerandmiller.com>

**Conversation:** Negotiation

Mr. Kirven:

As I mentioned to Mr. White today, you have still not specified the time and location for our November 14 meeting.

I await your reply.

Sincerest regards,

Steven C. Hawkins,  
President

Western Carolina Railway Service Corporation  
Post Office Box 16614  
Greenville, South Carolina 29606 – 7614

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---

**From:** "Steven C. Hawkins" <steven.hawkins@wcrscorp.com>

**Date:** Thu, 03 Nov 2005 16:52:29 -0500

**To:** <BKirv@aol.com>

**Cc:** "ajwhite@hsblawfirm.com" <ajwhite@hsblawfirm.com>,  
"WMullins@bakerandmiller.com" <WMullins@bakerandmiller.com>,  
"DReeves@bakerandmiller.com" <DReeves@bakerandmiller.com>

**Conversation:** Negotiation

**Subject:** Re: Negotiation

Mr. Kirven:

Prudence would dictate that we begin the negotiation process sooner rather than later, not two days before the end of the scheduled negotiation period. However, it is your (GCEDC's) call as to when you are prepared to begin negotiations. WCRS remains prepared to begin any day that GCEDC finds itself ready... And if that is not until the 14th, then WCRS must wait until the 14th. Please specify the time and location you wish to begin the process.

I look forward to our meeting.

Sincerest regards,

Steven C. Hawkins,  
President

Western Carolina Railway Service Corporation  
Post Office Box 16614  
Greenville, South Carolina 29606 – 7614

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864-895-3757 Office  
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---

**From:** <BKirv@aol.com>  
**Date:** Wed, 2 Nov 2005 15:32:47 EST  
**To:** <steven.hawkins@wcrscorp.com>  
**Cc:** <awhite@hsblawfirm.com>, <WMullins@bakerandmiller.com>  
**Subject:** Negotiation

Mr. Hawkins:

We do not believe your offer is an accurate estimate of the value of this line, at least in part because the estimated removal costs are far above what we think is reasonable. Nevertheless, because of the disparity between your offer and our initial estimate, we are refining our estimate of the value of the line. We expect to have that completed by Monday, November 14th. I suggest that we set a time to meet that Monday afternoon to discuss our mutual positions and to seek to reach an agreement. If necessary we can meet again on the 15th.

***Herman G. (Butch) Kirven, Jr.***

Chairman and President, GCEDC

7 Ralph Hendricks Dr.

Simpsonville, SC 29681

864-228-9300 (office)

864-228-9230 (fax)

864-420-2521 (cell)

**BEFORE THE SURFACE TRANSPORTATION BOARD  
WASHINGTON, DC**

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**STB DOCKET NO. AB-490-1-X**

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**GREENVILLE COUNTY ECONOMIC DEVELOPMENT CORPORATION  
PETITION FOR EXEMPTION  
FOR PARTIAL DISCONTINUANCE AND PARTIAL ABANDONMENT  
IN GREENVILLE COUNTY, SC**

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**REQUEST FOR ESTABLISHMENT OF TERMS AND CONDITIONS**

**EXHIBIT E**

# **WESTERN CAROLINA RAILWAY SERVICE**

**C O R P O R A T I O N**

Post Office Box 16614, Greenville, South Carolina 29606 - 7614

February 8, 2006

**COPY**

**By Hand Delivery to:**

**Sandra Yudice, County Square, 301 University Ridge, Greenville, SC 29601-3636**

Board of Directors, Greenville County Economic Development Corporation

Re: STB Docket No. AB-490-1-X  
Greenville County Economic Development Corporation  
Petition for Exemption for Partial Discontinuance and Partial Abandonment  
In Greenville County, SC

Dear Director:

I am in receipt of Chairman Kirven's letter of February 7, 2006 (copy enclosed), establishing GCEDC's intention with regard to the STB's OFA process.

In a February 6, 2006 e-mail to Chairman Kirven (copy enclosed), I attempted to explain that the ongoing OFA negotiating process and GCEDC's interest in a lease of the rail line to WCRS are not separate issues that need to be addressed one after another. Rather, a lease can potentially conclude the negotiating period and close the outstanding abandonment docket without creating unnecessary cost and difficulty for either GCEDC or WCRS.

First, if GCEDC holds a genuine interest in entering into a lease of the subject rail line, as Chairman Kirven has expressed in his letter, it is entirely unnecessary for either party to expend the effort or expense of having the STB establish Terms and Conditions for a sale of the line. Such a process would be, at the very least, counterproductive to reaching a lease agreement, and at worst, an unnecessary cost on the part of both parties.

Secondly, should either party request that the STB establish Terms and Conditions, there shall exist the potential that WCRS will indeed purchase the line at the arbitrated price and effectively conclude the matter in a manner that would not necessarily benefit all parties.

Lastly, should the STB set the Terms and Conditions at such a value that WCRS deems the cost too high, then WCRS would be forced to forfeit its interest in re-establishing rail service. In such a scenario, WCRS would have effectively given up its legal right to provide rail service on the line and GCEDC would be under no legal obligation to negotiate with WCRS on the matter again. Placing itself at such a risk for undermining its interest in the subject line is simply a risk that WCRS cannot afford to allow.

In such an alternate scenario, GCEDC would have two choices: 1) enter into a trail-use agreement with a third party to preserve the corridor, or 2) make effective the now tentatively approved abandonment. In either case, the cost to enter into a lease agreement to restore rail service over the corridor afterwards would become greatly increased for WCRS.

February 8, 2006  
Board of Directors  
Greenville County Economic Development Corporation  
Page 2

If GCEDC should choose Option 1 and enter into a trail-use agreement, the cost to later enter into a lease agreement with WCRS may potentially be limited to the expense of a Finance Docket filing with the STB along with the possible reimbursement of any implemented trail-related improvements. If GCEDC should choose Option 2, the cost, in addition to the expense of a Finance Docket filing with the STB, could greatly increase. WCRS may be additionally required to file a Construction Application with the STB, which could potentially require a full environmental review as a part of such application.

While the handling of such cases by the STB (abandoned lines being restored to service) is "all over the board" due to the requirements for each being determined on a case-by-case basis, either of these alternate scenarios creates a great potential for tremendous additional expense, greater regulatory involvement, and each adds greater amounts of time to reaching an amenable solution to the matter.

I do not ask that you take my word on this information, but rather I suggest you consult your counsel in Washington, DC and get their advice based on the Board's true intentions. I believe you will find that I am correct in what we shall collectively face to restore service via a lease if we do not reach a general agreement now, before February 14, 2006.

I look forward to the opportunity to meet with each of you this week and bring this matter to a mutually satisfactory resolution.

Sincerest regards,



Steven C. Hawkins,  
President

Cc: Jason M. Byrd, Western Carolina Railway Service Corporation (via e-mail)  
Andrew J. White, Jr., Attorney for Greenville County Economic Development Corporation  
Sandra Yudice, Greenville County (via e-mail)

I hereby certify that on this 13<sup>th</sup> day of February 2006, a copy of the foregoing document and the referenced attachment were served by:

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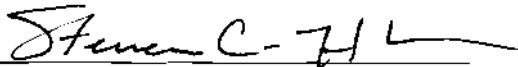
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