

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

**STB Docket No. FD 36386
KCVN, LLC AND COLORADO PACIFIC RAILROAD, LLC – FEEDER LINE
APPLICATION – LINE OF UNION PACIFIC RAILROAD COMPANY LOCATED
IN PUEBLO, FREMONT, CHAFFEE, LAKE, AND EAGLE COUNTIES,
COLORADO, COLORADO**

This Filing Contains Color Photographs

VERIFIED STATEMENT OF WILLIAM S. OSBORN

My name is William S. Osborn. I am a partner at Osborn, Griffith & Hargrove, LLC, in Austin, Texas and attorney-in-fact for KCVN, LLC (“KCVN”). I am also general counsel and attorney-in-fact for the Colorado Pacific Railroad Company (“CPRR”), the wholly owned subsidiary of KCVN which acquired the 121.9-mile line of railroad known as the “Towner Line” from V&S Railway LLC pursuant to a Feeder Line Application granted by the Board in Docket FD 36005, *KCVN, LLC and Colorado Pacific Railroad, LLC – Feeder Line Application – Line of V AND S Railway, LLC Located in Crowley, Pueblo, Otero, and Kiowa Counties, Colorado* (served July 31, 2017). At attachment 1 are copies of powers of attorney.

As attorney-in-fact for KCVN, LLC and CPRR, I am authorized to speak on behalf of the principals of KCVN and CPRR, which are Stefan Soloviev and his father, Sheldon H. Solow. Mr. Soloviev readopted the original family name, which had been shortened upon immigration to America some 100 years ago. I have represented the family in their western business affairs for more than 20 years. This Verified Statement is offered in support of KCVN’s and CPRR’s Feeder Line Application in this docket, which contemplates that CPRR would acquire by purchase the railroad line and other tracks and facilities currently owned by

the Union Pacific Railroad Company (“UP”) that traverses the top of the front range of the Rocky Mountains, from Pueblo, Colorado to Dotsero, Colorado. The rail line sought in the Application is generally known historically as the Tennessee Pass Line. Even though the Board in FD 36005 already found KCVN and CPRR to be financially responsible parties for purposes of purchasing the Towner Line, this Verified Statement provides information that demonstrates that KCVN and CPRR are both financially responsible parties for the purchase of the Tennessee Pass Line and provides other information relevant to the Application.

1. KCVN and CPRR

KCVN is a Delaware limited liability company headquartered in New York City, and its manager and active principal is Mr. Soloviev. Mr. Soloviev and Mr. Solow continue to maintain considerable landholdings and other assets. Mr. Solow is one of the 400 wealthiest Americans as determined by Forbes Magazine, which lists his net worth at \$4.6 billion. Mr. Soloviev is listed as one of the largest American landowners on the Land Report Magazine “Top 100” list. While based in New York, KCVN’s interests and assets are centered on farmland in several western United States. When CPRR acquired the Towner Line in 2018, KCVN owned 58,000 acres of Colorado farmland. It has since expanded its Colorado farmland holdings to 81,000 acres. Title to other western farm and ranch lands is held by the family (primarily by Mr. Soloviev) in the name of KGCK LLC, KICT LLC and Crossroads West Phoenix LLC. These companies operate collectively under the name of Crossroads Agriculture, and have a website at www.kanagri.com. Attachment 2 to this statement is a spreadsheet listing company-owned lands, which total 81,367 acres of farmland in Colorado, 18,214 acres of farmland in Kansas, and 252,450 acres of farm and ranch land in New Mexico, for a total of 352,032 acres of ground. Additional purchases are currently under

contract. All of these land purchase closings were handled through my office, and the collective price paid to date slightly exceeds \$100 million. The principal farm crop is dryland wheat, of which the companies harvested 1.3 million bushels in 2019. The companies experimented with cultivation of hemp in the 2019 crop season and will be one of the largest hemp growers in Colorado in the 2020 season, cultivating the crop for fiber and for CBD oil. The companies also run a cow-calf operation with about 2500 mother cows. Some 120,000 acres of western company ground has been leased to renewable power companies Invenegy and Orsted, and construction of wind turbines on this acreage has commenced. The assets and total liability and equity of the consolidated companies are summarized in greater detail in the financial statement which is Attachment 3 (covering only Mr. Soloviev's interest in the properties, and not that of his father). This statement can be updated and expanded to cover both father and son's western interests, if considered necessary by the Board. The first land purchase in Colorado happened in 2006, and since then the value of Colorado farmland has increased dramatically. As noted in Attachment 3, the Federal Farm Credit Bank system at the end of 2018 carried in its records a valuation of \$237 million for all of the western acreage owned by KCVN and its affiliates, against which there was long term purchase mortgage debt of about \$85 million. The western land investment has more than doubled in value since inception of the project in 2006.

CPRR is a wholly owned subsidiary of KCVN that was created for the initial purpose of purchasing and overseeing the rehabilitation, operation and maintenance of the Towner Line. In FD 36005, CPRR demonstrated to the satisfaction of the Board that it is independently financially responsible through my sworn testimony as attorney-in-fact. For purchase and rehabilitation of the Tennessee Pass Line, KCVN and/or its affiliated western

business entities will provide CPRR with any level of funding ultimately considered necessary by the Board for CPRR to acquire the Tennessee Pass Line and secure the financial solvency of its operations at least for the first three years. Upon acceptance of this application by the Board as complete, CPRR offers to post a letter of credit in favor of Union Pacific Railroad for \$8,835,833 million in order to demonstrate financial responsibility sufficient to cover the suggested constitutional minimum value of \$8,835,833 set forth in the Application. KCVN and CPRR also estimate annual operating expenses of \$6,718,303 for three years.¹ Consequently, KCVN and CPRR estimate that the total cost associated with the Preferred Acquisition and the showing of financial responsibility as of the date of its filing is approximately \$29,000,000.

In its feeder line application, CPRR estimates a constitutional minimum value (“CMV”) of \$8,835,833million for the purchase price of UP’s tracks, reserved interests, and related assets associated with the Tennessee Pass Line, and a rehabilitation cost of about \$278 million, most of which would be for the rehabilitation of the 208.36 miles of main line tracks and siding of the segment of the line between Parkdale, Colorado and Sage, Colorado This figure assumes complete replacement of all rail and tie components for this segment. These amounts, particularly the rehabilitation cost estimate, are being submitted initially as a “desktop analysis” figure for the avoidance of argument as to how much of the line might be possible for use without replacement, because CPRR and its experts have not yet received permission from the Union Pacific to physically inspect the line (which in any event is covered with snow at the time of this writing, making onsite inspection impractical). CPRR anticipates that the CMV and rehabilitation cost estimates might change once that inspection

¹ Verified Statement of Thomas D. Crowley at 58-59.

is performed. In any event CPRR would pay the CMV in cash without need of borrowing same, and it will thereafter seek to finance the rehabilitation cost of the line with a loan from the Federal Railroad Rehabilitation & Improvement Financing Program (“RRIF”). The RRIF program is authorized by 45 U.S.C. §822 and §823 and administered by the Office of Passenger and Freight Programs within the Federal Railroad Administration (“FRA”) pursuant to regulations promulgated at 49 CFR Part 260. Under this program the FRA Administrator is authorized to provide direct loans and loan guarantees up to \$35.0 billion to finance development of railroad infrastructure. At least \$7.0 billion of the amount is reserved for projects benefiting freight railroads other than Class I carriers. FRA-generated program documents state that the FRA prefers that applicants provide equity to the project. The interest rates on direct loans “will be equal to the rate on Treasury securities of a similar term.” 49 C.F.R. §260.9. A new streamlined “RRIF Express” program has just been announced, and it eases the application process.

Eligible applicants include States or local governments, a government sponsored authority or corporation, railroads, or a combination of these entities in a joint venture, as long as one of the entities is a railroad. Consequently, the CPRR, which has been issued railroad reporting mark CXR by the FRA, is an eligible applicant. CPRR will fund whatever equity requirement is made by the FRA for an RRIF loan, and if for any reason the FRA declines to approve such loan application, CPRR will seek commercial bank financing to cover a portion of the cost of rehabbing the Tennessee Pass Line for service.

1. Restoration of the Towner Line

The financial commitment and responsibility of KCVN and CPRR has also been demonstrated in their undertaking to repair and put back into service the 121.9-mile long

Towner Line. The record in FD 36005 revealed to the Board how the former owner of the Towner Line had allowed it to fall into a serious state of disrepair and much of the line was accordingly out of service and unusable for freight service. To date, nearly \$3,500,000 million has been spent by KCVN and CPRR to restore the entire line to FRA Class 2 standards. All of these repairs were paid for by cash, and neither KCVN nor CPRR incurred any debt to restore the Towner Line.

These repairs are detailed in the Verified Statement of Mr. Harvey Crouch of Crouch Engineering that also accompanies the Application. As of the end of December 2019 all of the track had been restored and passed FRA inspection for operation at a 25 mph speed. Commencement of service was thereafter delayed in response to some community protests filed with the Colorado State Public Utility Commission (“CPUC”) regarding plans for signalization of four state highway grade crossings along the line. CPRR resolved these protests with the communities and then the CPUC approved the crossing signalization plans in late December. Progress Rail Company concluded work for CPRR on the installation of these signals at the end of January 2020. On January 29, 2020 the CPUC approved applications for signalization of nine other road crossings, and those will be installed shortly, allowing the railroad to reopen for common carrier service by April 1, 2020 after all of the new signals are fully tested and pass regulatory inspection. A test run of some grain traffic from the Stuart siding near Sheridan Lake CO to the eastern terminus of the line at Towner, KS was operated in December 2019. In February, a test run for grain pickup from the Scoular Grain Elevator at Haswell, Colorado (at the approximate midpoint of the line) will be operated to the Towner interchange. Freight operations on the Towner Line are conducted by the Kansas & Oklahoma Railroad (“K&O”), a Class III shortline pursuant to an Operating Agreement with

CPRR that went into effect January 1, 2019. The K&O's existing system in Kansas connects to the CPRR track at Towner, KS, which in effect makes the Towner Line a westward extension of the K&O lines for the term of the Operating Agreement. CPRR and K&O anticipate opening the entire Towner Line to regular common carrier service on or about April 1, 2020, in time for the upcoming wheat harvest. For this purpose, in 2019 CPRR also commenced discussions with BNSF Railway to re-construct the interchange tracks at NA Junction at the western terminus of the Towner Line. This will allow traffic to be transported to and from the Towner Line and Pueblo, CO over that carrier's 26-mile long track, which it owns jointly with UP, but fully maintains on behalf of both companies. Such reconstruction has been accompanied by discussions with both BNSF and UP to reach mutually agreeable terms for interchange.

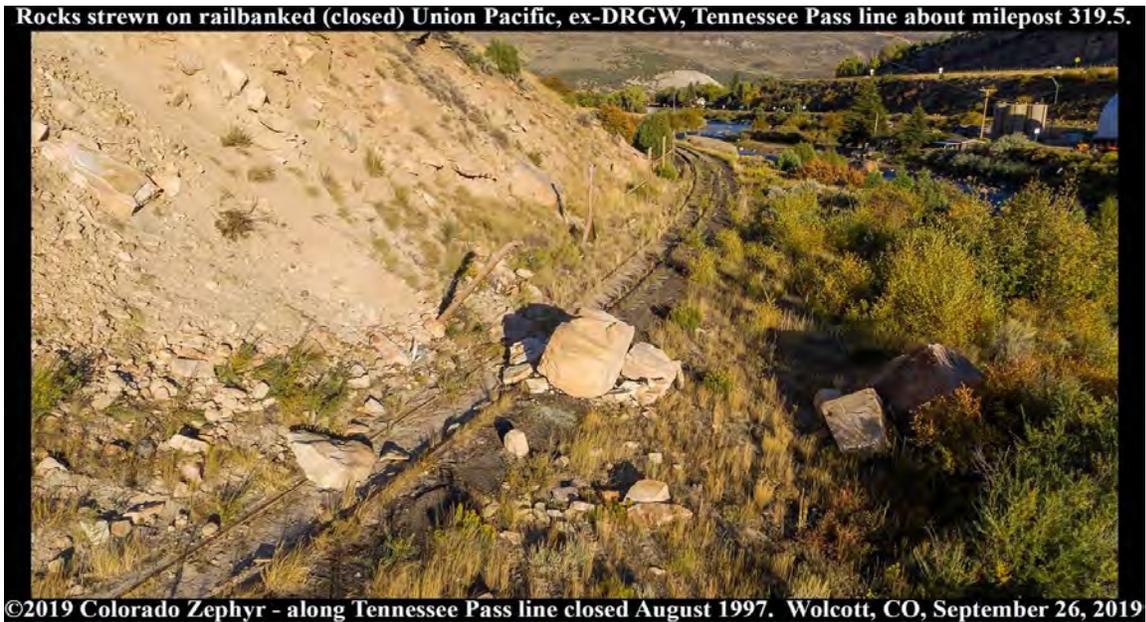
2. Discussions with UP and CPRR Plans for Tennessee Pass Line

On November 14, 2019, on behalf of CPRR I presented an offer to UP's Chief Executive Officer, Mr. Lance M. Fritz, to purchase the Tennessee Pass Line for \$10 million. (Attachment 4). This was a cash offer. Attachment 5 is a copy of UP's reply letter dated December 30, 2019. UP stated in part that "[w]e are in active discussions with other parties to restore service on this line, and we intend to see these discussions through before we explore other options." No further details of such discussions were provided. CPRR's subsequent inquiries to CDOT, shippers along the line, short line railroads, and other parties has yielded no public evidence yet of these discussions. CPRR has also searched the trade press and western rail comment boards for any recent mention of the possibility, and finds none, nor even any speculation about it. CPRR's purchase offer for the Tennessee Pass Line was commented on in these media sources, and no other potential purchaser has reached out to it.

There have been no further discussions between UP and CPRR. The occasional discussions about the Tennessee Pass Line in the trade press and on social media focus mostly on its



increasing decrepitude, illustrating trees now growing between the rails, and blockade by



fallen boulders, for instance near mileposts 300 and 319.5, as illustrated on the embedded photographs.

KCVN and its affiliated western companies are like many locally situated wheat growers in that they are presently captive to UP with regard to grain shipments out of eastern Colorado and Western Kansas. The companies own trackside grain storage elevators at First View, Colorado (on the UP line) and at Astor, Kansas (on the K&O line, which it leases from UP, and to which it looks for grain cars). The KCVN companies presently have about 500,000 bushels of wheat in storage at Astor, and their plight is similar to that of other locally situated wheat growers. If they want to move grain west, either to flour mills at Salt Lake City/Ogden or Los Angeles, or for export from Pacific Northwest points along the Columbia River in Washington, the wheat must first move 250 miles east to Hutchison Kansas, and then be placed on another westbound UP line, along which it travels 250 miles back west just to reach the State of Colorado again, having traveled 500 miles without any net westward progress. Most of the time, grain producers along the Colorado/Kansas state line find that it is more profitable to ship to the Texas gulf coast. However, Scoular Grain Company, a principal grain buyer from KCVN in Colorado, reports to me that many times it is more profitable to ship west. Presently, efforts to economically ship west by rail are confounded by the 500-mile detour described above, and by the long-closed western gateway at NA Junction, cutting off the ability to directly reach Pueblo and western points beyond via the Towner line. CPRR is reopening that western gateway through its reactivation of the Towner Line, but the efficient westward path of grain from that point remains stymied. BNSF no longer operates freight service over the Raton Pass to Albuquerque New Mexico, so grain cannot travel to the west coast by that route, instead it would have to backtrack through Texas first to reach a different line to the West Coast. <https://www.abqjournal.com/14854/bnsf-discontinues-freight-route-raton-loses-jobs.html> *This 2009 decision to close the Raton Pass to freight*

traffic completely changed the future balance and directionality of traffic flow for rail service in the state of Colorado, in a way as yet little realized or cared about in the popular imagination. Enclosed as Attachment 6 is a color map on two pages (being a reproduction of Exhibit TDC-2 and 3 of Thomas Crowley’s Verified Statement) illustrating the “Rocky Mountain Bottleneck” at the Moffat Tunnel. Rail customers now tend to be routed away from use of the tunnel; it sees only very light traffic. Barring a backtrack through Texas or Kansas, the only current western outlet for this grain traffic to reach the Pacific Coast or intermediate points would be to travel north to Denver or Cheyenne, and then west on UP-owned lines. Due in part to improved plant genetics and improved fertilizer application technology, these days there is so much grain being produced in eastern Colorado that storage capacity is overwhelmed. The inset photograph shows a mountain of excess wheat delivered by area farmers and stored on the ground at Scoular Grain Company’s facility at Haswell, Colorado on July 25, 2019. Haswell is located at about at the midpoint of the CPRR Towner line. Improvements in agricultural productivity are outracing the local infrastructure capability,

which requires improvement and expansion to meet market demand. Restoration to service of idle transportation assets such as the Tennessee Pass



railroad line can help meet this demand and provide Colorado farmers with additional market outlets for their grain.

Small scale wheat shippers such as KCVN and other growers in its territory do not receive good service from UP, and the problems are growing worse as that company implements its version of “precision scheduled railroading.” UP’s PSR practices make it difficult for KCVN to obtain the cars it needs for wheat loading at its Astor, Kansas elevator. KCVN is but one among many small shippers suffering in the same way. In order to empty storage at the Astor elevator by June 2020, when it is needed for the next harvest, KCVN needs to move six cars a week, every week. But it has trouble reliably obtaining these cars, even with diligent advance planning by competent personnel who are highly familiar with the UP computerized car ordering system. UP blames “missed connections” for car delivery failures, but it seems now that some of these connections can only happen once a week under the new PSR scheduling, so a single “miss” kills an entire week. UP’s shedding of assets, equipment and personnel, and the accompanying reduction in service and interest in capturing market share can be somewhat countered by the Board by directing the sale to CPRR of the Tennessee Pass Line and its subsequent reactivation. KCVN considers that if this continuous routing from Pueblo and Dotsero can be reactivated and placed in the operating hands of a qualified shortline railroad, whether it is K&O or one of its competitors, small and large shippers located along the 400 mile line of rail between Towner KS and Dotsero Colorado will receive better attention. These shippers will have competitive choices, gaining the ability to at least reach another Class I carrier, and the operator will begin to offer an alternative to both BNSF and UP for crossing the front range of the Rockies.

While UP has for decades resisted reactivating the Tennessee Pass Line, KCVN through CPRR is willing to gamble that if the continuous routing of the Tennessee Pass Line is restored, other customers will use it, enabling its profitable operation. Potential industrial

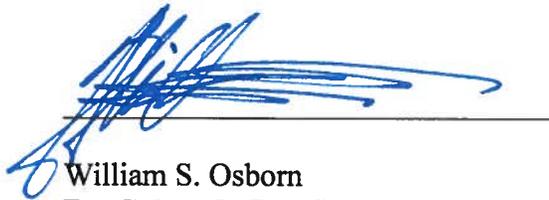
customers alongside or near the line and its tributaries include Martin Marietta Materials (Parkside, Colorado quarry), LaFarge Holcim (Florence, Colorado cement plant), Freeport McMoran (Climax, Colorado molybdenum mine), American Gypsum (Gypsum, Colorado wallboard plant), Vestas Wind (Pueblo, Colorado factory), Evraz Steel (Pueblo, Colorado mill), Vossloh (Pueblo, Colorado concrete railroad tie plant), Scoular Grain Company (Haswell, Colorado grain elevator) and Hutchinson Salt (Hutchinson, Kansas mine – road salt). KCVN anticipates that many of these shippers wanting to cross the Front Range of the Rockies would avail themselves of competitive rail access offered by a shortline operator with connections to two Class I railroads at Dotsero, since BNSF has trackage rights over UP's tracks that begin at that interchange.

The Tennessee Pass Line route over the Rocky Mountains has laid silent for nearly 25 years. In that time, the population of Colorado has increased from 3.8 to 5.8 million people, with the State Demographer projecting a population of 8 million people by mid-century. A territory this dynamic and growing should not suffer itself to only one railway across the mountains which divide it. The Colorado State Freight and Passenger Rail Plan has long classified the Tennessee Pass Line as a State Significant Rail Corridor and has advocated for restoration of service on the Tennessee Pass Line to allow shippers to avoid Denver congestion, to accommodate increased rail demand due to development on Colorado's Western Slope, and to have an alternate way west in case the Moffat Tunnel fails or should ever be temporarily closed. CPRR's acquisition of the Tennessee Pass Line followed by its reactivation for freight rail service would well serve rail shippers in or across Colorado and fulfill one of the transportation planning desires of the State of Colorado, helping to achieve its goals.

Verification

I, William S. Osborn, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to sponsor this testimony.

Executed: February 13, 2020



William S. Osborn
For **Colorado Pacific Railroad, LLC**

Osborn, Marsland & Hargrove
515 Congress Avenue Suite 2450
Austin, Texas 78701
www.texasenergylaw.com

ATTACHMENT 1

GENERAL POWER OF ATTORNEY



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2 PGS

THE STATE OF COLORADO

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KNOW ALL MEN BY THESE PRESENTS

THAT, I, STEFAN Q. SOLOVIEV, acting on behalf of COLORADO PACIFIC RAILROAD, LLC; a Delaware limited liability company, (the "Company"), whose address is 515 Congress Avenue, Suite 2450, Austin, Texas 78701, have made, constituted, and by these presents do make, constitute and appoint WILLIAM S. OSBORN ("Attorney-in-Fact"), whose address is 515 Congress Avenue, Suite 2450, Austin, Texas 78701, the true and lawful Attorney-in-Fact, for said Company.

I hereby give and grant unto said Attorney-in-Fact all power to do any act in the name of said Company and covenant and agree to hold harmless any person who may act in reliance upon the authority hereby granted to said Attorney-in-Fact. This Power of Attorney shall become effective when recorded in Travis County, Texas and remains in force and effect until amended or revoked, and notice of amendment or revocation thereof is filed of record in said County. The Company indemnifies and holds harmless William S. Osborn from any claims against him which may arise from the exercise of this Power of Attorney.

EXECUTED this the 16th day of March, 2016.

COLORADO PACIFIC RAILROAD, LLC

By _____
STEFAN Q. SOLOVIEV, Manager

The State of Colorado §
County of Prowers §

This instrument was acknowledged before me on the 16th day of March 2016, by STEFAN Q. SOLOVIEV, _____ in the capacity stated herein.

ALICE NELSON
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20134068725
MY COMMISSION EXPIRES OCTOBER 31, 2017

Alice Nelson
Notary Public, State of Colorado
My Commission Expires: 10-31-2017

SEAL

Ret:

OSBORN GRIFFITH & HARROVE
515 CONGRESS AVE
STE 2450
AUSTIN TX 78701

Recorders Memorandum-At the time of recordation this instrument was found to be inadequate for the best reproduction, because of illegibility, carbon or photocopy, discolored paper, etc. All blockouts, additions and changes were present at the time the instrument was filed and recorded.

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Dana DeBeauvoir, County Clerk

Travis County TEXAS

GENERAL POWER OF ATTORNEY

Patricia Daugherty, County Clerk & Recorder
Cheyenne County Colorado RP \$0.00
06-16-2015 12:42 PM Recording Fee \$16.00

THE STATES OF TEXAS
NEW MEXICO, COLORADO
KANSAS, OKLAHOMA, WYOMING
MONTANA, SOUTH DAKOTA,
NEBRASKA and ARIZONA

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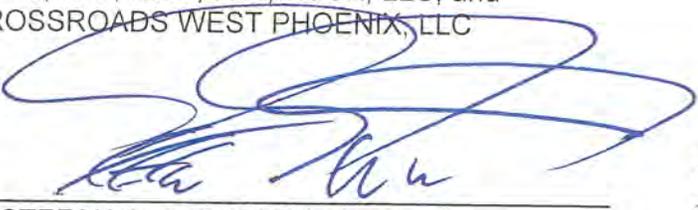
KNOW ALL MEN BY THESE PRESENTS

THAT, I, STEFAN Q. SOLOVIEV, acting on behalf of KCVN, LLC; KICT, LLC; and KGCK, LLC, all Delaware limited liability companies, and CROSSROADS WEST PHOENIX, LLC, an Arizona limited liability company (the "Companies"), whose address is 515 Congress Avenue, Suite 2450, Austin, Texas 78701, have made, constituted, and by these presents do make, constitute and appoint WILLIAM S. OSBORN ("Attorney-in-Fact"), whose address is 515 Congress Avenue, Suite 2450, Austin, Texas 78701, the true and lawful Attorney-in-Fact, for said Companies.

I hereby give and grant unto said Attorney-in-Fact all power to do any act in the name of said Companies and covenant and agree to hold harmless any person who may act in reliance upon the authority hereby granted to said Attorney-in-Fact. This Power of Attorney shall become effective when recorded in Travis County, Texas and remains in force and effect until amended or revoked, and notice of amendment or revocation thereof is filed of record in said County. The Companies indemnify and hold harmless William S. Osborn from any claims against him which may arise from the exercise of this Power of Attorney.

EXECUTED this the 25th day of March, 2013.

KCVN, LLC; KICT, LLC; KGCK, LLC; and
CROSSROADS WEST PHOENIX, LLC

By 
STEFAN Q. SOLOVIEV, Manager

2013 JUL 29 AM 10 49

The State of Texas

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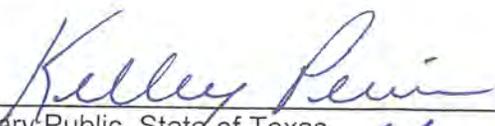


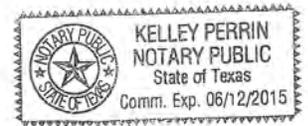
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2013059404

County of Travis

This instrument was acknowledged before me on the 25th day of March, 2013, by STEFAN Q. SOLOVIEV, MANAGER in the capacity stated herein.


Notary Public, State of Texas
My Commission Expires: 6/12/2015



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Donna J. Carpenter, Roosevelt Co. Clk., Roosevelt, NM



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OSBORN AND GRIFFITH IOLTA
515 CONGRESS AVE
STE 2450
AUSTIN TX 78701

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Dana DeBeauvoir, County Clerk

Travis County TEXAS

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Donna J. Carpenter, Roosevelt Co. Clk., Roosevelt, NM



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ATTACHMENT 2

Solow/Soloviev Western USA Land Holdings

Unit Name	County	State	Size	Purchased	Owner
Haswell East Unit	Kiowa	CO	3,456.00	10/25/06	KICT
Haswell West Unit	Kiowa	CO	7,666.00	02/01/07	KCVN
Shafer II Unit	Kiowa	CO	627.75	01/05/07	KICT
J-B Farms Unit	Kiowa	CO	320.00	03/01/07	KICT
Busby Unit	Kiowa	CO	2,240.00	03/28/07	KCVN
Wells Rev. Trust Unit	Kiowa	CO	320.00	07/10/09	KCVN
Brining Estate Unit	Prowers	CO	2,440.00	04/25/07	KCVN
Hopkins Unit	Kiowa	CO	320.00	05/31/07	KICT
Darrel Humble Unit	Kiowa	CO	300.00	04/12/07	KICT
Paul Fleener Unit	Prowers	CO	320.00	05/03/07	KCVN
Steckel Auction	Kiowa	CO	5,661.40	03/05/08	KCVN
GSR Properties Unit	Kiowa	CO	320.00	03/07/08	KCVN
Fallwell Unit	Prowers	CO	19.66	03/10/10	KCVN
Watch Hill Unit	Kiowa	CO	320.00	12/17/10	KICT
Redetzke Unit	Prowers	CO	479.00	01/18/11	KCVN
Midnight Sun Unit	Kiowa & Cheyenne	CO	13,289.00	02/28/11	KICT
Pathfinder Unit	Kiowa	CO	320.00	07/22/11	KICT
Mitchek Unit	Cheyenne	CO	2,361.00	08/25/11	KCVN
Kenecreek Unit	Cheyenne	CO	640.00	08/25/11	KCVN
Stavelly Unit	Kiowa	CO	240.00	03/16/12	KICT
Wild Horse Unit	Cheyenne	CO	875.00	10/17/12	KCVN
Pfeifer (Teeter Trust) Unit	Kiowa	CO	1,120.00	11/14/14	KCVN
Simmerman Unit (First View Trade)	Cheyenne	CO	1,440.00	10/30/15	KCVN
Cozart Unit (First View Trade)	Cheyenne	CO	160.00	11/13/15	KCVN
Sharp Unit (First View Trade)	Cheyenne	CO	1,560.00	10/30/15	KCVN
Mohorcich Unit (First View Trade)	Cheyenne	CO	1,200.00	11/02/15	KCVN
KCM Trust Unit (First View Trade)	Cheyenne	CO	160.00	11/13/15	KCVN
Gunderson Unit	Cheyenne, Prowers, Kiowa	CO	7,831.00	12/22/15	KCVN
Schick Unit	Cheyenne	CO	66.00	01/14/16	KCVN
Lowe Farms Auction Unit	Cheyenne	CO	8,645.05	01/08/16	KCVN
Schnittker Unit	Kiowa	CO	82.14	05/10/16	KCVN
Mitchek Purchase Option	Cheyenne	CO	2,280.00	03/01/16	KCVN
Criss Inc Unit	Prowers	CO	2,263.80	06/03/16	KCVN
Golden Grain Resources Unit	Kiowa, Powers	CO	5,516.62	05/26/16	KCVN
Deines Unit	Kiowa	CO	1,040.00	05/05/17	KCVN
V&S Railway-Towner Line	Various Counties	CO	RAILWAY	1/5/2018	KCVN
Armstrong Trust	Prowers	CO	1,217.00	09/18/18	KCVN
Dwyer Unit	Kiowa	CO	160.00	10/12/18	CRWP
Mervin Page Unit	Kiowa	CO	160.00	05/03/19	KCVN
J-S Farms, Inc.	Prowers	CO	1,140.00	05/02/19	KCVN
Vanderpool Unit	Prowers	CO	1,120.00	5/18/2019	KCVN
C. Land	Kiowa	CO	1,120.00	10/6/2019	KCVN
Hopkins Unit	Kiowa	CO	551.00	9/23/2019	KCVN
		Total:	81,367.42		
Unit Name	County	State	Size	Purchased	Owner
Shafer I Unit	Hamilton	KS	771	01/08/07	KICT
Matney Unit	Greeley	KS	1,920	12/07/06	KGCK
Krieger Unit	Greeley	KS	254	01/15/07	KGCK
Connie Hurd	Greeley	KS	160	05/23/07	KGCK
Guldner Unit	Greeley	KS	160	11/08/07	KICT
Brining Estate Unit	Hamilton	KS	409	04/09/07	KICT
Sue Calhoun Unit	Hamilton	KS	160	04/18/07	KICT
Sinsabaugh South	Hamilton	KS	640	04/24/07	KICT
Hanna/Ogg Unit	Greeley	KS	160	04/04/08	KGCK
Shafer Farms	Greeley	KS	1,440	05/30/08	KICT

J. Moritz Unit	Greeley	KS	160	05/30/09	KGCK
Meyer Unit	Greeley	KS	160	01/15/10	KGCK
Wright Unit	Greeley	KS	1,760	02/04/10	KGCK
Leonida Unit	Hamilton	KS	480	04/26/10	KICT
Stout Trust Unit	Greeley	KS	640	06/17/11	KICT
Hansen Unit	Greeley	KS	160	06/26/12	KGCK
3M Farms Unit	Hamilton	KS	640	10/26/12	KICT
Meyer II Unit	Hamilton	KS	640	10/26/12	KICT
Barrett Family Trust Unit	Hamilton	KS	320	07/23/13	KGCK
CHS-Farmco Unit	Greeley	KS	n/a, bldgs, eqpmt	10/21/14	KGCK
Hansen "June 7th 2016 Auction"	Greeley	KS	160	06/10/16	KGCK
Hildebrand "June 7 th 2016 Auction"	Kearny	KS	320	06/11/16	KGCK
Kitch "June 7 th 2016 Auction"	Hamilton	KS	160	06/11/16	KICT
Smith Unit	Greeley	KS	160	03/18/15	KGCK
Hazlett IRA Unit	Greeley	KS	640	12/07/16	KGCK
Moritz Unit	Greeley	KS	15	05/26/17	KGCK
613 Agro	Gray	KS	5,725	11/01/19	KICT
		Total:	18,214		
Unit Name	County	State	Size	Purchased	Owner
Don Field Unit	Roosevelt	NM	2,476	05/18/07	CRWP
Lowry Unit	Roosevelt	NM	1,155	04/01/07	CRWP
Ganada Unit	Roosevelt	NM	368	03/15/07	CRWP
Horn Farms	Roosevelt	NM	13,582	04/18/08	KGCK-1560
Corbin Unit	Roosevelt	NM	1,280	06/11/08	CRWP
Mullins Unit	Roosevelt	NM	480	07/18/08	CRWP
Kizer I Unit	Roosevelt	NM	160	01/13/10	KGCK
Kizer III Unit	Chaves	NM	4,040	12/18/12	CRWP
Billingsley Unit	Roosevelt	NM	480	12/29/09	KGCK
Franklin Unit	Curry	NM	n/a, grain elev.	01/22/10	CRWP
Dement Unit	Roosevelt	NM	2,080	04/28/10	KGCK
Mullins 2 Unit	Roosevelt	NM	480	07/06/10	CRWP
Dora Unit	Roosevelt	NM	640	11/01/10	CRWP
OS Farms	Roosevelt	NM	1,085	06/14/11	CRWP
Miller Unit	Chaves	NM	34,571	02/28/12	KGCK
K. O'Hare Unit	Roosevelt	NM	633	10/26/12	CRWP
Boyd Unit	Roosevelt	NM	1,120	03/01/13	CRWP
Leer Unit	Chaves	NM	3,259	05/03/13	KGCK
Russell Unit	Roosevelt	NM	2,042	05/03/13	KGCK
Hays (Kizer) Unit	Roosevelt	NM	1,920	06/26/13	CRWP
Collins Unit	Roosevelt	NM	160	12/16/13	CRWP
Moss Unit	Roosevelt	NM	1,060	03/31/14	CRWP
Dement II Unit	Roosevelt	NM	830	08/07/14	KGCK
O'Hare Settlement Unit	Roosevelt	NM	3,444	01/09/15	CRWP
Pierce Unit	Chaves	NM	2	12/23/14	CRWP
Gavilon Grain/Curry Ave Complex Unit	Curry	NM	n/a, grain elev.	04/11/16	KGCK
Scott Unit	Roosevelt	NM	160	10/07/16	CRWP
Kizer Mitchell Unit	Chaves	NM	30,535	11/16/16	KGCK
Kizer Kenna Unit	Roosevelt	NM	20,000	11/16/16	KGCK
Kizer Yeso Unit	De Baca	NM	28,000	11/16/16	KGCK
Marley Ranch Unit	Chaves	NM	25,961	02/10/17	KGCK
White Lakes Ranch Unit	Chaves	NM	69,325	08/21/17	CRWP
Horn Heirs	Roosevelt	NM	1,122	10/01/19	KGCK
		Total:	252,450		
		Grand Total:	352,032		

ATTACHMENT 3

Consolidated Balance Sheet

KICT Cons (KICT, Stephan + entities)

Case #

			KICT, LLC	Stefan Quinn Soloviev	KGCK, LLC	KCVN LLC	CROSSROADS WEST PHOENIX, LLC
	Cons AC Hoffman Pur 01/02/2019		01/02/2019 AC Hoffman Land 100%	01/02/2019 AC Hoffman Land Pur 100%	12/31/2018 12/31/2018 B/S 50%	01/01/2019 PF CO ranches 50%	12/31/2018 12/31/2018 B/S 100%
	Total	Net +/-					
Cash & Equivalents	1,450,335		107,004		1,171,782	159,617	11,932
Cash & Savings	14,968,806			14,653,523			315,283
Accounts Receivable	26,594			26,594			
Crop Inventory	105,231						105,231
Production Livestock	2,710,134						2,710,134
Other Current Assets	1,666,217			12,613	1,653,604		
Total Current Ag Assets	20,927,317		107,004	14,692,730	2,825,386	159,617	3,142,580
Purchased Breeding Stock	3,879,300						3,879,300
Machinery & Equipment	3,958,814				140,601	3,276,076	542,137
Computer software/Hardware	46,295					46,295	
Other Intermediate Assets	426,501			426,501			
Total Interm. Ag Assets	8,310,910			426,501	140,601	3,322,371	4,421,437
Buildings & Improvements	458,204				138,919	319,285	
Farm Real Estate	95,717,118			67,760,501			27,956,617
Other Real Estate	43,227,492			42,100,000			1,127,492
Real Estate - Land	62,389,834		8,561,424		27,251,213	26,577,197	
Equity in Corps/Partnerships		-38,450,671		38,450,671			
Other Long Term Assets	6,464,283		80,725		7,095	6,044,990	331,473
Other LT Assets	116,264			116,264			
Total LT Ag Assets	208,373,195	-38,450,671	8,642,149	148,427,436	27,397,227	32,941,472	29,415,582
Total Ag Assets	237,611,422	-38,450,671	8,749,153	163,546,667	30,363,214	36,423,460	36,979,599
Accounts Payable	811,422			159	641,291	27,195	126,935
Current Notes Payable - Other	300						300
Cur. Portion Term Debt - Ours	224,122		153,473			70,649	
Cur. Portion Term Debt - Other	2,846,927		253,441	1,125,719	670,207	269,523	528,037
Accrued Interest	1,506,168		206,074		735,164	239,582	325,348
Total Current Ag Liab.	5,388,939		613,147	1,767,010	1,432,566	595,596	980,620
Intermediate Term Debt - Other	566,270			89,484		476,786	
Total Interm. Ag Liab.	566,270			89,484		476,786	
Long Term Debt - Ours	7,825,178		6,188,763			1,636,415	
Long Term Debt - Other	77,260,148		4,969,372	36,515,800	17,080,436	6,230,292	12,464,248
Total LT Ag Liab.	85,085,326		11,158,135	36,515,800	17,080,436	7,866,707	12,464,248
Total Ag Liab.	91,040,535		11,771,282	38,372,294	18,513,002	8,939,089	13,444,868
Total Ag Equity	146,570,887	-38,450,671	-3,022,129	125,174,373	11,850,212	27,484,371	23,534,731
Variance	146,570,887	-38,450,671	-3,022,129	125,174,373	11,850,212	27,484,371	23,534,731
GRAND TOTALS							
Total Assets	237,611,422	-38,450,671	8,749,153	163,546,667	30,363,214	36,423,460	36,979,599
Total Liab.	91,040,535		11,771,282	38,372,294	18,513,002	8,939,089	13,444,868
Total Equity	146,570,887	-38,450,671	-3,022,129	125,174,373	11,850,212	27,484,371	23,534,731
Total Variance	146,570,887	-38,450,671	-3,022,129	125,174,373	11,850,212	27,484,371	23,534,731

ATTACHMENT 4

OSBORN, MARSLAND & HARGROVE

ATTORNEYS AT LAW
515 CONGRESS AVENUE, SUITE 2450
AUSTIN, TEXAS 78701

(512) 476-3529
FACSIMILE:
(512) 476-8310

ELMER F. PATMAN
(1907-1987)
PHILIP F. PATMAN
(1937-2005)

WILLIAM S. OSBORN
ANA MARIA MARSLAND
ROBERT G. HARGROVE

November 14, 2019

By Federal Express
Airbill 8146 8597 9550

Mr. Lance M. Fritz
Chief Executive Officer
Union Pacific Railroad Company
1400 Douglas Street
Omaha, Nebraska 68179

Re: Offer to Purchase UP's Interest in Tennessee Pass Railroad Line - Colorado

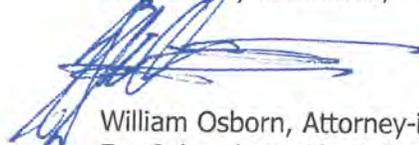
Dear Mr. Fritz:

Since 1995 Union Pacific has held inactive its Tennessee Pass railroad line across central Colorado, between milepost 171.9 (west of Parkdale) and milepost 341.9 (near Dotsero.) Our client Colorado Pacific Railroad LLC (a Delaware LLC with rail reporting mark CXR) offers to purchase these track assets and all associated rights, including UP's retained trackage rights to Pueblo, for \$10,000,000. CXR proposes to restore the Tennessee Pass line to service, thus providing an alternative to using the Moffat Tunnel and routing freight rail traffic through Denver. A map is enclosed, for convenience of reference.

CXR acquired the nearby Towner line in 2018 as a result of STB Finance Docket 36005, and that line is now under lease to Watco for operational purposes. The line was rehabilitated this year to serve at a 25 mph speed with a rated carload weight of 286,000 pounds, and service will commence shortly, pending final Colorado PUC approval of signaling requirements.

May I come to your office and discuss this offer further with Union Pacific representatives?

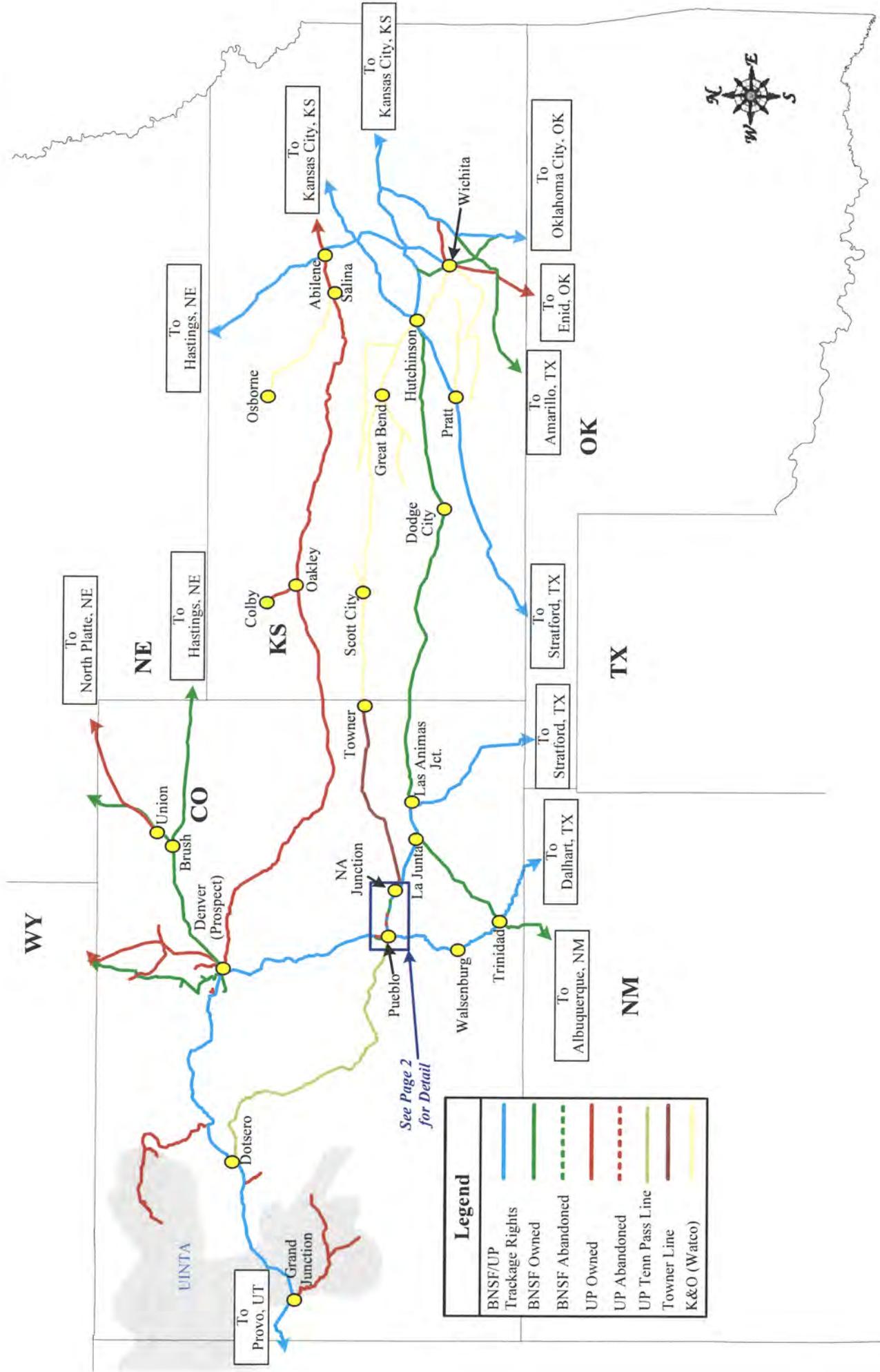
Respectfully Submitted,



William Osborn, Attorney-in-Fact
For Colorado Pacific Railroad LLC
william@texasenergylaw.com

cc: Hon. Bill Thiebaut - CDOT Chairman
David Krutsinger - CDOT Rail Division Director
Pam Fischhaber - Colorado DORA
Doug Friednash - Brownstein Hyatt
Tom Wilcox - GKG Law
Doug Story - Watco Company
Chris Bertel - Rio Grande Pacific
Curt Engel - Scoular Grain
Michael Sheahan - Martin Marietta Materials

Schematic of Tennessee Pass Subdivision and Towner Line
 (Colorado and Kansas)



ATTACHMENT 5



December 30, 2019

William Osborn
Osborn, Marsland & Hargrove
515 Congress Avenue, Suite 2450
Austin, Texas 78701

Re: Tennessee Pass Rail Line

Dear Mr. Osborn:

I am responding on behalf of Chairman, President and CEO Lance Fritz to the letter addressed to him, dated November 14, 2019. Union Pacific appreciates your interest in restoring rail service on the Tennessee Pass line. At this time, we cannot entertain your offer to purchase the line. We are in active discussions with other parties to restore service on this line, and we intend to see these discussions through before we explore other options.

We would be happy to place your client on Union Pacific's list of potentially interested bidders for future rail line dispositions, if you would like.

Sincerely,

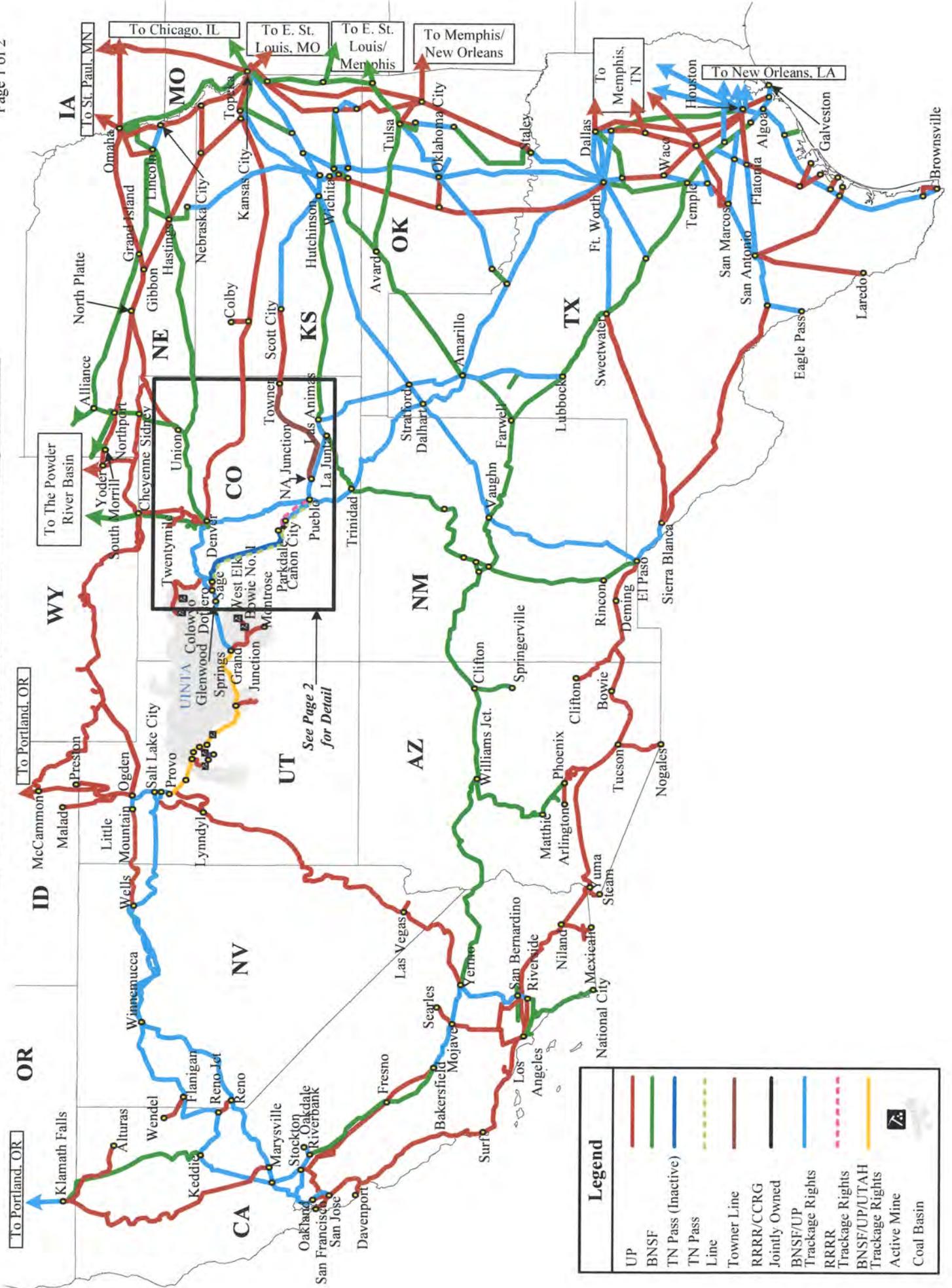
A handwritten signature in blue ink that reads "Chris D. Goble".

Chris D. Goble
Assistant Vice President – Real Estate

cc: Mr. Lance M. Fritz

ATTACHMENT 6

Schematic of Tennessee Pass Subdivision and Surrounding Rail Lines



Schematic of Tennessee Pass Subdivision and Surrounding Rail Lines

