Memorandum

Office of Senator Carl Levin – Detroit

TO: Carl
FR: Cassandra/Harold
RE: ~~Conference Call with~~ Charles Moorman – President, Norfolk Southern Railroad
DA: February 25, 2011

DATE/TIME: Wednesday, March 2, 20100
9:00 am – 9:30 am

PURPOSE: You have been communicating with Mr. Moorman for several months over the issue of the Norfolk Southern property on Detroit's West Riverfront, which you would like to see them sell to the Detroit Riverfront Conservancy.

LOGISTICS: You are scheduled to have a phone discussion with Mr. Moorman today beginning at 9:00 am. Cassandra has been invited to join the call. Alison Warner will have to patch Cassandra in once your call begins.

BACKGROUND: The $32 mill SAFETEA LU reauthorization funding you secured for the DRFC of was intended to be used to purchase property on the west riverfront beginning with the purchase of the Gannett property. That purchase was completed in 2007. At your direction, the DRFC moved forward in an effort to acquire the entire adjacent 66 acres of railroad property owned by numerous railroad companies. Unfortunately, Manny Maroun purchased the majority of that property (approximately 50 acres) in 2008, in spite of your face to face discussion with him about your desire to have the Conservancy acquire that property. Still open for acquisition is approximately 16 acres – 6 parcels variously owned. Mr. Moorman's Norfolk Southern parcels makeup the majority of the 16 acres although official registrations don't support this charge. I have attached a property ownership chart.

Over the past year, the Conservancy has communicated clearly, its intention to purchase the property and assumed they were negotiating in good faith with Mr. Sibley, a CSX representative who initially represented himself as a spokesperson for both CSX and Norfolk Southern. It was not until early 2010, after very aggressive efforts by the Conservancy to move the transaction forward that Mr. Sibley stated that he was not authorized to speak for Norfolk Southern. See April 2010 Conservancy response to Sibley's statements attached.

With this understanding, DRFC and you moved forward to communicate with appropriate Norfolk Southern representatives. You wrote Charles Moorman, in Norfolk Southern Chairman (June 9, 2010 letter attached) asking for a meeting and expressing your desire to have the DRFC

NS owns Detroit to Kalamazoo
Amtrack owns from Kzoo to Porter
NS owns Porter into Chicago

Plan is to upgrade NS track to 110 mph
Not enough traffic on NS rail to maintain rail at 79 mph
signals don't work, rust.
NS would like to transfer/sell corridor to the state
Most is high speed rail money available that was secured
from other states.

* Do ask
Would like to eventually sell to the state. Then Amtrack could upgrade.
Freight traffic to Chicago goes down to Toledo then across to Chicago
Can we still ARRA funds?

We will send NS a copy of our flyer and to the Conservancy

acquire the riverfront property. Mr. Moorman's July 2010 response is attached. The followup was a meeting on August 26, 2010 in Detroit. Faye Nelson, Matt Cullen and Cassandra Woods met with Patti Carroll, Assistant Vice President (Real Estate) for Norfolk Southern, John Kelly, Property Manager, Malcolm Roop, Director Real Estate, Solomon Jackson, Senior Real Estate Manager, and Marc Higginbotham (consultant). Meeting outcome: Norfolk Southern representatives stated that they would take the Conservancy's proposal to their administrators who did not seem inclined to be prepared to entertain a proposal to purchase at this time.

The representatives indicated that while the property in question seemed inactive, the company did not consider it out of commission and had to consider its potential value in the big picture of the company's future operations and potential value. Clearly, there was no genuine interest to engage in this transaction. You sent a second letter to Mr. Moorman in September 2010 – copy attached. I assume this call is a follow up to that communication.

You have a copy of the colored map showing ownership and acreage. Parcels 3 through 8 are the available sites. Parcels 1 and 2 were purchased by Manny Maroun.

Biography of Mr. Moorman

Charles Moorman is the Chairman, CEO and President of Norfolk Southern Railway. Moorman has served as President since 2004, CEO since 2005 and became Chairman on February 1, 2006 and serves in all 3 roles simultaneously. Mr. Moorman joined Norfolk Southern in 1970 while attending Georgia Tech; he is also a graduate of Harvard Business School.

Mr. Moorman's compensation in 2009 included base pay of $950,000, cash bonus of $613,700, granted stock worth $4,870,000, stock options worth $2,499,750 and other benefits valued at $144,611. In December 2010, Railway Age magazine named Mr. Moorman 2011 Railroader of the Year.

Think all are eligible to direct stock

Norfolk Southern operates 21,500 miles of rail in 22 eastern states. Coal for steel mills and power plants is the primary commodity shipped by the railroad; they are also a major shipper of auto parts and completed vehicles. Norfolk Southern was created in 1982 from the merger of the Norfolk and Western Railway and the Southern Railway Company. In 1997, Norfolk Southern purchased 58% of Conrail, the purchase was made jointly with CSX which obtained 42% of Conrail. CSX is the major east coast competitor to Norfolk Southern.

if we know what it is

Norfolk Southern and CSX can't afford the riverfront property
Maroun has offered $ million for the rail property
Appraised value is north of $25 million (Residential/Condos)
NS is open to an offer
NS just started the appraisal process
Trying to sit down w/ both companies and discuss
Carl is going to follow up w/ them
Carl asked if NS would share appraisal -