

EMPLOYER STATUS DETERMINATION
Sacramento Valley Railroad, Inc.

This is a determination of the Railroad Retirement Board concerning the status of Sacramento Valley Railroad, Inc. (SAVR) as an employer under the Railroad Retirement Act (45 U.S.C. § 231 et seq.)(RRA) and the Railroad Unemployment Insurance Act (45 U.S.C. § 351 et seq.)(RUIA). The status of SAVR under the Acts has not previously been considered.

SAVR is a subsidiary of Patriot Rail Corporation. Mr. Gary O. Marino is the CEO of SAVR. SAVR began operations on March 1, 2008 and first began compensating employees on March 20, 2008.

In Surface Transportation Board (STB) Finance Docket No. 35117, decided February 7, 2008, SAVR filed a verified notice of exemption to operate approximately 7 miles of unmarked railroad line located entirely within McClellan Business Park, in McClellan, Sacramento County, CA. The Surface Transportation Board decision stated that SAVR, Patriot Rail Holdings and McClellan Business Park consummated the transaction on or about March 1, 2008 and began operations that day. SAVR reports that 100% of its business will consist of switching rail cars between interchange points with BNSF Railway and Union Pacific Railroad and industries located on property of McClellan Business Park.

Information regarding SAVR was provided by Mr. Robert I. Schellig, Jr., Vice President - Law. SAVR certified to the STB that its projected annual revenues as a result of operations would not exceed \$5 million annually, which would qualify it as a Class III rail carrier.

Section 1(a)(1) of the Railroad Retirement Act (45 U.S.C. § 231(a)(1)), insofar as relevant here, defines a covered employer as:

- (i) any carrier by railroad subject to the jurisdiction of the Surface Transportation Board under Part A of subtitle IV of title 49, United States Code;

Section 1 of the RUIA (45 U.S.C. § 351) contains essentially the same definition, as does section 3231 of the Railroad Retirement Tax Act (26 U.S.C. § 3231).

The evidence of record establishes that SAVR is a rail carrier operating in interstate commerce. Accordingly, it is determined that Sacramento Valley Railroad, Inc. became an employer within the meaning of section 1(a)(1)(i) of the Railroad Retirement Act and its corresponding provision of the Railroad Unemployment Insurance Act effective March 1, 2008, the date on which it began operations.

Original signed by:

FOR THE BOARD
Beatrice Ezerski
Secretary to the Board