

Volume I Issue 3

Lake State Railway



25 Years of Service



2017 Summer Edition

Photo courtesy of Kevin Burkholder

CAPITAL INVESTMENT

Project Completions

BUSINESS DEVELOPMENT

FEDP Benefits

Legislator Train Tour

SAFETY

Weight Loss Challenge Winners



From the President...



This summer has brought Mid-Michigan some devastating weather patterns hitting national news with record flooding caused by torrential rains and rising rivers. The Tittabawassee river level between Midland and Saginaw, MI crested at nearly 32 ft. (flood stage—24 ft.) and the Saginaw

River near Saginaw hit levels approximately 19 feet (flood stage - 17 ft.). We have had many of our local communities suffer losses with flooded streets, basements, homes, businesses and many crops. Some of our own employees were victims of flood water damage. Thankfully, most here were minor compared to the vast devastation we are seeing all around us. Our hearts go out to all our friends, neighbors, colleagues, and customers who are facing long recovery processes.

Not only can heavy rain afflict personal and commercial structures, but it also can wreak havoc on community infrastructures, washing away roads, causing sink holes and damaging bridges. Lake State strives to serve our customers in a safe and timely fashion but sometimes Mother



age. The picture below shows a washout in a track subgrade caused by moving water. Our MOW team quickly addressed and secured it before any further damage occurred.

Water levels are also a concern as the locomotives have traction motors in their wheel sets/trucks that can be shorted out in water levels of 3 inches or more. Also, pooling water can cause long term degradation to track structures if not drained properly.

Flood water can also have a devastating effect on farmers and their crops. We are seeing a drastic impact on the Mid-Michigan pickle and bean crops this summer. Some farmers have lost partial crops while others have seen a total loss. Initial estimates gave a 10% to 20% loss in dry bean crops, which are quite vulnerable to excessive water. Crop losses can severely impact a farmer's bottom line. These crop reductions have a trickle down effect from businesses servicing farmers all the way down to the end consumer. The railroad is one of those businesses that is directly impacted because a reduction in crops results in a reduction in rail carloads.



We are hoping for a quick recovery and want to extend our sincere thoughts to all that were affected by the flooding.

—John Rickoff
President & CEO

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LSRC Upcoming Events

- Train rides..... FALL
- Christmas Party 12/09

Nature has different plans and we have to adjust. It has been said that Railroading is an "Outdoor Sport" and as such, is subject to severe weather. Heavy rains can interrupt transportation schedules and/or routes or literally shut down a locomotive in its tracks. Our Maintenance of Way Department was on high alert during these torrential storms. They were out scouting ditch lines, culverts and checking bridges for washouts, debris or dam-



Photo courtesy of: Joe Cramer— MI Bean Commission

Capital Investment

LSRC's 2017 Capital Program is progressing nicely. The Saginaw Yard improvement project is nearing completion with some surfacing work left along with some other minor details. It is expected that the job will be finished by the middle of July. The 7.5 miles of welded rail has been installed and should be completed in the next couple of weeks. Rail on a track in our Alpena Yard has been replaced, main line tie



Saginaw yard

the next few weeks.

As you can tell, it has been a busy year at LSRC. These capital investments along with the numerous projects recently completed or currently in progress, will position LSRC to grow and perform better than ever for our new and existing customers. The future has never been more exciting.

Celebrating our 25th year in existence and being able to im-

prove the railroad while growing and diversifying our traffic base gives us much to be proud of and look forward to.

- John Rickoff
President & CEO

work finished, bolt tightening and anchoring have been completed. Rail replacement through Tawas, as well as the construction of a new yard track at North Bay City Yard should commence shortly. Surfacing of approximately 80 miles of track on our Huron Subdivision is expected to begin in



Huron Subdivision

Birthdays

Judy George.....	07/02
Randal Bessey.....	07/11
Dave Murringer	07/18
Steve Rainey.....	07/24
Ralph Rogers.....	07/28
Brian Balenda	08/05
Helen Huneycutt	08/06
Shasta Duffey.....	08/09
Kyle James.....	08/14
Corey Violette.....	08/17
Edwin Krajiak.....	08/21
Don Hasty.....	08/29
Charles Zelek	09/01
Dora Fitzgerald	09/03
Quinton Huff.....	09/05
Adam Fritz	09/05
Jeremy Johnson	09/06
Nathan Frasier	09/19
Marc Syring	09/22
David McKnight	09/24
James Reed.....	09/28

Work Anniversaries

Sandy Miller	07/08/01
Charles Zelek	07/30/02
Kevin Podgorniak.....	07/01/03
Steven Johnson.....	08/22/05
Joseph Vongrey.....	08/22/05
Lloyd Douglas	08/29/05
Joshua Johnson.....	08/29/05
Troy Mott	09/01/05
Helen Huneycutt	08/16/06
Edgar Currie Jr.....	08/24/08
Richard Ruse.....	08/24/08
Ray Stomberski.....	08/24/08
John Rickoff	07/12/10
Dave Murringer	07/06/11
Quinton Huff.....	09/04/12
Mike Van Allen	09/04/12
Mike Stickel	07/22/13
Benjamin Schramm.....	09/24/14
James Reed.....	08/24/15
Kelsey Feters	08/01/16
Kevin Klepser	08/08/16
Darrell Collins	08/15/16
Amber Neumeyer	09/06/16
Joshua Miller	09/13/16



Business Development

There is no doubt that rail infrastructure is critical for industrial development and job growth. We are fortunate here in Michigan that the State had the foresight in the 1970's and 1980's to save many rail corridors from abandonment. These corridors now are flourishing with new economic development across the region, including the LSRC Mackinac Subdivision that operates south from Gaylord towards Bay City. The State of Michigan also established MDOT's Freight Economic Development Program (FEDP) which supports job creation and economic growth by aiding in track construction projects servicing industries within the State.

Lake State Railway and many of the other shortline railroads in Michigan have been able to utilize the FEDP to bring new customers and jobs here. Having sat through many initial site selection meetings, it is obvious the FEDP is well received as an indicator that our State is pro-business and has been a strong selling point for businesses and industries to select sites here in the State of Michigan. In 2017 alone, the FEDP is responsible for bringing private investment of more than \$426,000,000 and 281+ jobs to the LSRC service area.

One of the reasons the FEDP is so successful is due to the way it is structured. The private industry has skin in the game to produce jobs and increase rail carloads. The program will cover up to 50% of the industry's rail infrastructure cost through a low interest loan. The loan may be forgiven over a 5-year period if the industry produces the jobs and carloads originally pledged through the application process.

A list of LSRC's industrial development projects utilizing the FEDP in 2017 is listed in the table provided. These projects will bring tremendous economic benefits to the region. If you have any questions regarding the program, please let us know. Additional information can also be found at www.michigan.gov/mdot and clicking on the "RAIL" tab on the left side of the page.

- Mike Stickel
EVP & Chief Operating Officer



FEDP utilized to help with the site selection and construction of the Andersons facility in Standish, MI."

Recent Investments on LSRC Lines with FEDP Involvement				
Year	Location	Customer	Direct Jobs	Private Investment
2012	Bay City	Brink Farms*	#	\$3.2 Million
2017	Bay City	Bit-Mat	#	#
2017	Bay City	S.C. Johnson**	25	#
2017	Grayling	ARAUCO***	200	\$400 Million
2017	Saginaw	Menards****	46	\$10 Million
2013	Standish	Andersons*****	10	\$13 Million
<div>*Mlive.com, April 18, 2012</div> <div>**SCJohnson.com</div> <div>***Aracuo-na.com</div> <div>****Mlive.com, June 7, 2017</div> <div>*****FarmProgress.com , August 2013</div> <div># Number not disclosed</div>				

ROUNDHOUSE REPORT

Business Car #424, *Jim George*, is named in honor of the late Jim George, who founded LSRC in 1992. The #424 is a former Atchison, Topeka, and Santa Fe Railway (ATSF) business car, once part of a fleet of 18 specially built business cars for their Division Superintendents. These specially built cars generally lacked the opulent wood and décor of executive cars and were shorter, allowing room for only limited staff. They were heavyweight all steel cars built in the 1920s, with the #424 as part of the first lot in 1924 manufactured by Pullman Standard. A railroad business car was a portable office, with a steward assigned for cooking meals or attending to other housekeeping needs on the rail car and room for a secretary to travel with their manager as well. For example, ATSF records show #424 was assigned to J.P. Spears, Middle Division Superintendent, based in Newton, KS as of 1/1/1960.

All Class I railroads and many short line railroads retain business cars in modern times, although the days of individual managers having an assigned car are long gone. Business cars are now used for inspection trips and entertaining invited guests on tours of the railroad.

The 424 has spent many decades in Michigan and was pur-



#424 "Jim George" - 2017



#424 - 1957

chased by LSRC in 2008. The railcar was fully restored in 2008. In 2016-2017, the car was modernized and upgraded with new roller bearing wheelsets, H couplers, and equipped to run off of 480V head end power.

LSRC SAFETY REALLY COUNT

engagement were established to ensure employees did not practice unhealthy means to accomplish their weight loss goals. To give all employees an opportunity to win, three categories were created: 1) The most pounds lost, 2) The highest % of body weight lost, and 3) A cookout for the department with the highest total amount of weight lost divided by the number of participants. 12 employees lost a minimum of 10 lbs. totaling 243 lbs. averaging over 20 lbs. per person in a 3-month period! Please join LSRC in congratulating the winners of the LSRC Weight Loss Competition.



Richard Ruse

Congratulations to LSRC's Maintenance of Way Department for winning the cookout with the highest weight loss average.



Brian Balenda

Place	Most Lbs. Lost	Highest % of Body Weight Lost
1st	Richard Ruse	Brian Balenda
2nd	John Agnew	Jack Laurin
3rd	Charley Zelek	Quentin Huff

FUN FACT:

The Detroit & Mackinac Railway, most of which is now LSRC's Huron Subdivision, was the first railroad in the country to completely switch from steam to diesel-electric locomotives in 1946.

LSRC SAFETY & HEALTH COMMITTEE MEMBERS:

Chairman: Don Hasty – Transportation
 Vice-Chairman: Mark Eickholt – Locomotive Shop
 Members: Richard Joles—Transportation
 Joe DeWaele—Car Shop
 Quinn Huff—Locomotive Shop
 Louie Tremble—MOW
 Quentin Johnson—MOW
 Mike O'Sullivan - Safety & Training Manager
 Jack Laurin— Superintendent of Mechanical Department



Customer Spotlight

LC Materials has been a privately held concrete and aggregate supplier in Northern Michigan for over 40 years with 12 permanent concrete plants, 1 high output portable concrete plant, 60+ concrete mixers and 5 concrete pumps. They also have a fleet of dump trucks and gravel trains to assist in the delivery of a wide array of aggregate needs. Some of the supplied aggregates include sewer stone, crushed limestone, fill sand, road gravel, crushed concrete, pea stone, mortar sand and black dirt. Additionally, LC Materials manufactures and delivers septic tanks and carries a full line of building supplies including concrete block, retaining wall and pavers at their Cadillac, Big Rapids and Houghton Lake Concrete Stores.

One of LC's facilities is located on Lake State's rail line in Grayling, Michigan where they are expected to triple their rail traffic over previous years. LC Materials sources their commodity from various locations, one of which is another Lake State rail served customer in Alpena, MI. LSRC moves each railcar for LC in a cost effective and efficient manner ensuring they are among the top suppliers within their marketplace.

LC will expand their existing 5 car loadout to 20 cars this year with a projected increase in Capital Investment. Lake State Railway is proud to partner with LC Materials today and look forward to working together for years to follow!



"Proud Partnership" - LSRC



LC Materials—Grayling, MI

Guest Corner

We were honored to have hosted Michigan Rep. Triston Cole, Rep. Daire Rendon, and MI Railroads Association President, Jon Cool on a train tour of LSRC's current and potential customers and business sites throughout Gaylord and Grayling.



During the trip, discussions covered a multitude of subjects from existing businesses to the development of new business. The tour began at LSRC's new 24-acre rail-served site in Gaylord to be used as a transload facility for existing and potential customers through the region and neighboring territories. As we continued, discussions surrounded local industries and possibilities for growth. The tour brought

us to the new Arauco facility being constructed in Grayling. It was exciting to consider all the positive impacts and growth opportunities to other rail and non-railed served customers and businesses in the area as a result of the development. The tour gave the Legislators a first hand look at railroading and how access to rail transportation can positively impact industrial and economic growth.



Employee Spotlight

Kevin Filarski— Assistant Superintendent (Maintenance of Way Department)



Kevin is one of Lake State's long-time employees recently promoted to Assistant Superintendent in our Maintenance of Way Department. He started his railroading career in 1981 with Detroit & Mackinac Railway also in the MOW Department. Kevin felt he grew up with the railroad as both his Grandfather and Father had worked for D & M as well. From 1984-1987, Kevin served in the Army and was stationed in Savannah, Georgia as an MP. Later in 1987, he returned to D & M until the MOW Department was sold to a railroad contractor. In 1999, Lake State brought his Department on staff full time. His favorite aspect of his job is working outdoors with his team, "a good group of guys", making sure the tracks are in good working order and the trains are able to make it to their destinations safely.

Kevin is from Pinconning, MI where he lives with his wife Sue of 25 years. He grew up in Posen, MI with 4 younger brothers and claims that none of them were trouble makers 😊. Kevin's hobbies include fishing and golfing. We think he golfs more than he fishes as he has been Lake State's 3-time golf champion at our annual golf outing. When asked what else he could tell us about himself, he answered with quiet humility, "I'm just a normal guy".

Kevin has been a loyal and dedicated asset to Lake State with his great work ethic and vast rail knowledge. He also has been a great role model with his hard-working dependable attitude as he is often called out in the middle of the night to address urgent issues, but never complains. We are proud and honored to have him on our team.



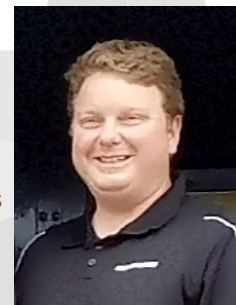
LSRC Employee's Charity Drive

CAN COUNCIL
GREAT LAKES BAY REGION



LSRC employees collected many needed items for the local CAN Council combating child abuse and neglect. Thank you to all who participated. The CAN Council appreciates your kindness and generosity.

Congratulations to Mike Stickel for winning one of the 20 Rising Star Awards for Progressive Railroading. Mike was among 220 people nominated from across the railroading industry. Progressive Railroad defines a Rising Star as "a railroader under the age of 40 who has made or is making a positive impact on his or her company, organization, department or team and are viewed as up-and-coming leaders in the rail industry". Nominees were



weighed for their "contributions to the rail industry, career achievements, leadership, professional association activity or community involvement. Look for Mike's winning profile in the September issue of Progressive Railroading or online at progressiverailroading.com. LSRC is proud of Mike's achievements and leadership and look forward to a bright future ahead together.

Progressive Railroading May 2017

Welcome

All Aboard!!

We want to give a warm welcome to our newest team members who joined Lake State April-June 2017. Welcome aboard! We look forward to all the great knowledge and workmanship you will bring to LSRC.

Adam Fritz	- 05/22/17 Train Service
Ralph Rogers	- 06/12/17 Dispatcher/Yardmaster
Michael Davis	- 06/12/17 Human Resources Manager
Sean Pengelly	- 06/19/17 Projects & Development Engineer



"The Turntable" - Lake State Railway Company's official newsletter

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EMPLOYEE SPOTLIGHT CONT....

LSRC FAMILY FUN AT THE LOONS GAME— Day started out a little rough with a delay of game due to the rain, but the clouds cleared and the game resumed!!!

