

Winter 2017

# *Lake State Railway*

## 25 Years of Service

*The Turntable*

**FROM THE PRESIDENT**  
2017 Reflection

**BUSINESS DEVELOPMENT**  
Growth Strategy

**WINTER SAFETY**

Photo courtesy of Evan Locke — winner  
of the LSRC Facebook photo competition



## From the President...



**A**S 2018 begins, I find myself reflecting fondly on the year past as 2017 marked Lake State's 25th year of operation and was definitely a year to celebrate and be proud of. We saw lots of ups and

downs and had unexpected challenges, learned valuable lessons and worked hard on ways to improve. We survived another year of Michigan's unpredictable weather from miserably hot to sub-zero temps and from beautiful sunny days to devastating floods. Through it all, we managed to see tremendous growth on the business development side with several new projects either underway or completed, with new customers and many existing customer expansions requiring more rail and/or transload services. To help prepare itself for the volume increases expected in 2018 and 2019, LSRC had a record year in Capital Improvements, expanded its train and engine forces, ramped up its customer service and dispatching departments, and upgraded to electronic tracking of employee safety training and certified records. We enhanced our safety training program, instituted a Safety & Health Committee and earned the Jake Award for Safety last year as well.

2017 also marked the inaugural year of LSRC's newsletter *The Turntable* allowing us to better connect with our customers and employees. In reflecting on all we have accomplished in the year past, not only on the business side but also within the company family itself, there are many reasons to be proud; LSRC now employs more people than ever and held the highest attended Christmas party in our history. As you can see from the pictures, some were winners and some.... well, made the fashion statement for the night. Everyone seemed to enjoy themselves and it was a great way for our staff to connect with colleagues from different depart-



ments that we may not often see during the year.

Throughout 2017, we hosted a number of rail trips for business partners, customers, state officials and employee appreciation and team building as well. In early December, LSRC ran its first Santa Train benefitting Toys for Tots in Grayling, MI. Many LSRC customers, employees and their families volunteered their time and donated many boxes of toys for this great cause. We would like to take this opportunity to thank all those who participated and kindly gave. LSRC strives for a culture of giving back to our local communities and are proud of our employees and customers who have partnered with us and were generous in their donations to deserving charities like Toys for Tots and the CAN Council Great Lakes Bay region.

Reaching the 25th year of existence is a reason to celebrate and be thankful. We have a great team and many great opportunities to look forward to. To all our loyal customers and hard-working, dedicated employees who helped build this company to what it is today, we thank you and look forward to even greater things to come in 2018.

—John Rickoff  
President & CEO





# Business Development

LAKE State Railway’s growth strategy continues to focus on working with our existing rail customers in finding ways to achieve a more competitive supply chain by incorporating rail, whether that is via economics, better transit times, increased car supply, or more frequent and reliable service. This strategy has paid off on the northern subdivisions of the LSRC network. In 2017, the Mackinac and Huron Subdivisions saw car-load growth of 25% from our existing customer base over 2016. Most of this growth is a result of increased modal market share for rail and from customer expansions.

In addition to the organic volume growth from our customer base, LSRC has seen overall volumes on the northern subdivisions grow by 135% in the last five years as a result of organic growth and economic development projects.

The coming year will bring several more exciting economic development projects up north. ARAUCO is expecting to begin production at the world’s largest particle board continuous press in Grayling by late 3<sup>rd</sup> Quarter 2018. Coupled with the multiple other customer projects in the Grayling area, traffic on the Mackinac Subdivision is projected to double once more in the next two years.

In order to handle this growth and not lose track of providing service to our valued existing customer base, LSRC has expanded the number of T&E employees by nearly 20% in anticipation of the new traffic. The new business means additional scheduled jobs in Grayling, which we are now staffed to handle. Additionally, LSRC is working on establishing a new yard office and on duty location in Grayling to handle the employment increase.

I am proud of our team for working with our customers to understand their needs, and for achieving this growth through establishing new markets with our customers and not by simply shifting loads from other rail carriers. This is an exciting time to be on the Lake State team, watching our customers grow and seeing lower density subdivisions once again thrive with rail traffic.

- Mike Stickel  
EVP & Chief Operating Officer



Sean Pengelly, LSRC Engineer Projects and Development, inspects the progress on extensive grading for the ARAUCO project. When completed later this year, the rail spur will include approximately 10,000 track-feet of new construction to service the new facility.

## 2018 1st Qtr Birthdays

Michael VanAllen .....	01/06
Kevin Mitrzyk .....	01/11
Kelsey Feters .....	01/17
Quentin Johnson .....	01/19
Ben Schramm .....	01/21
Brian Bauer .....	02/08
Richard Wittkopp .....	02/10
Chris Copp .....	02/13
Jesse Erickson .....	02/17
Deanna Hennessy .....	02/22
Lloyd Douglas .....	03/06
Gregg Campbell .....	03/07
Mark Pennell .....	03/07
Michael Edwards .....	03/09
Joshua Johnson .....	03/11

## 2018 1st Qtr Work Anniversaries

Kevin Mitrzyk .....	25 Years
Ken Suszek .....	22 Years
Kevin Filarski .....	19 Years
Ed Krajniak .....	19 Years
Corey Violette .....	19 Years
Jeremy Johnson .....	15 Years
Randy Bessey .....	13 Years
Elliot Hubbard .....	7 Years
Ken Schramm .....	7 Years
John Bolesky .....	7 Years
Dan Heimberger .....	6 Years
Melissa Podgorski .....	4 Years
Keith Jammer .....	2 Years
Zach Valeck .....	2 Years
Deanna Hennessy .....	1 Year
Mike O’Sullivan .....	1 year
Devin Kern .....	1 Year

## RIP TRACK REPORT

Lake State Railway has over 500 system cars owned or leased by LSRC. The Car Repair Department, based in Saginaw, MI handles the maintenance and upgrades to our railcar fleet. The Car Shop routinely performs work such as changing out wheel sets, installing new gates and hatches, or more involved tasks like structural work on end sheets or top chords. Maintaining this fleet is a continuous task, proactively making sure that we provide clean, reliable railcars for our customers. Part of the winter time routine is to cycle all of the 200+ aggregate cars through the Car Shop, making sure that they are in good mechanical condition, are current on air testing, equipped with proper safety appliances, and lubricating and testing the outlet gates. These routine inspections ensure that each spring and summer, LSRC is able to provide reliable equipment for our stone customers.



### FUN FACT:

R.I.P. Track is a railroad term that stands for Repair In Place. LSRC's R.I.P. track in Saginaw is a fully functional car shop. In 2017, LSRC's R.I.P. track performed repairs to over 1700 foreign railroad and private railcars, in addition to working on over 500 cars owned or leased by LSRC.

## Customer Spotlight



Lake State Railway is pleased to highlight Freeland Bean & Grain in our Customer Spotlight this quarter.

In July of 1983, John Hupfer purchased a piece of property in Freeland from a closed co-op. John had envisioned a family owned business whereas he could offer valued services to farmers and his local community. Today, John (91) along with his sons Roger, Troy and Victor Hupfer work side by side to ensure that their business is managed in a fashion that keeps costs down and provides value to their customers each and every day.

One of the ways the Hupfer family ensures they are competitive is to utilize the local rail service provid-

ed by Lake State Railway. Freeland Bean & Grain handles a variety of edible beans, soybeans, corn, and wheat produced by local growers. The agricultural products are then shipped in covered hoppers and boxcars to markets throughout North America via LSRC. In addition, to shipping out various commodities they also receive in fertilizer via rail that allows them to share that cost savings with their customers.

Freeland Bean & Grain recently opened a new retail store as well to serve the local community. After 34 years in business Freeland Bean & Grain still lives by their slogan "Serving You is Our Business".

Thank you Freeland Bean & Grain for your business and allowing us to serve your family, employees and community!

- **Shasta Duffey**  
AVP of Sales & Marketing



Slips, trips and falls are the highest cause of injury in the Railroad industry. Sprains are the 2<sup>nd</sup> highest cause. It is crucial that we all do our part to ensure the safety of our employees so we can provide the service our valued customers expect. If we encounter conditions that make it unsafe to switch a facility, we will do our very best to get the condition corrected, to keep our trains moving and ensuring ALL customers get serviced. We thank all our valued customers and loyal employees for their continued cooperation in keeping rail transportation safe.

-**Michael O'Sullivan**  
Safety & Training Manager

# LSRC SAFETY REALLY COUNT

Winter in Michigan, while beautiful, presents many safety challenges for Customers and Lake State Employees alike. LSRC has provided our Customers with a Winter Customer Track Maintenance Guide to provide guidance on how tracks and switches are to be kept free from snow and ice so our Employees can provide safe and efficient service.

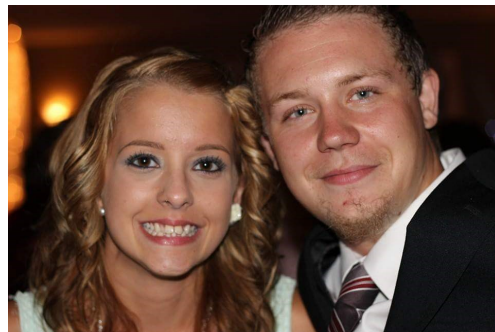
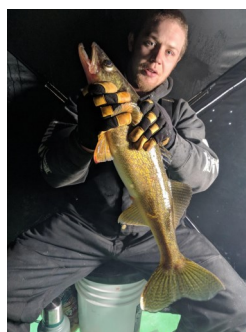


## 2017 LSRC Christmas Party



## Employee Spotlight

### Joe DeWaele—Train Car and Freight Car Mechanic



Joe started in railcar repair right out of high school at the age of 19 and has gotten pretty good at it according to his supervisor. He worked for Tri City Railcar Repair (TCRR) for 3 1/2 years before leaving for another shortline railroad. In 2016, Joe joined most of his old TCRR co-workers here at Lake State as a new LSRC employee. Joe enjoys his job and the crew he works with but what inspires him the most is that, "there is nothing quite like railcar repair—it's a unique trade". He feels that efficiency and safety are the two most important aspects of his job. As a result, Joe is a primary member of Lake State Railway's Safety & Health Committee.

Joe grew up in the Linwood, MI area and attended Linwood Elementary then graduated from Pinconning High School in 2011 where he resides today.

In his free time, Joe enjoys ice fishing, camping, tinkering around in his garage, and spending time with his girlfriend Lydia, who is currently in the Nursing program at Kirtland Community College.

We are proud and happy to have Joe as member of our Lake State family.

## Welcome

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

<b>Nickolas Wirtz</b>	- 10/02/17 Train Service
<b>Michael Keenan</b>	- 10/09/17 Train Service
<b>Nathan Beach</b>	- 10/09/17 Train Service
<b>Brian Bauer</b>	- 10/23/17 Train Service
<b>Dylan Wiggins</b>	- 11/06/17 Train Service
<b>Wm. Mike Rose</b>	- 11/06/17 IT Support Manager
<b>Michael Edwards</b>	- 11/07/17 Train Service



All Aboard!!



# 2017 Santa Train benefiting Toys for Tots





## Congratulations

### Promotions:

Kevin Klepser—Conductor/Engineer  
Keith Jammer—Conductor/Engineer  
Zack Valeck—Conductor/Engineer  
Denver Hine—Conductor  
Chris Smith—Conductor  
Dustin Eno—Conductor  
Cody Jellison—Conductor  
Ralph Rogers—Dispatcher/Yardmaster  
Jeremy Johnson—Train & Terminal Operations Manager



### Meet Alivia

Proud parents Joe Baniasiak (National Signal) and his wife Diane welcomed their second child on December 4, 2017 weighing in at 5lbs. 2 oz.



## Honoring Years of Service

LSRC is proud to recognize our loyal and dedicated employees and their many years of service.



### 5 Years of Service

(From left)

(Judy George)  
Allen Gooch  
Dan Heimberger  
Chris Kent  
Mark Pennell  
Quin Huff  
Mike VanAllen  
(John Rickoff)  
Nathan Frasier (not pictured)



### 10 Years of Service

(From left)

(Judy George)  
Trista Wolgast  
Don Hasty  
(John Rickoff)



### 15 Years of Service

(From left)

(Judy George)  
Charley Zeleck  
(John Rickoff)



# ***“The Turntable”*** - Lake State Railway Company's official newsletter

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## News Spotlight



In the latter part of 2017, LSRC acquired 24 additional covered hoppers with 4750 cubic ft. of capacity to help support our online agricultural customers. These cars will be used for outbound loads going to the national rail network.