



Summer 2018

Lake State Railway

Railway Age 2018 Short Line of the Year



FROM THE PRESIDENT

MRA

BUSINESS DEVELOPMENT

Port Huron Operation

SAFETY

Dangers of Rushing

From the President...



Lake State Railway is proud to announce the addition of track serving customers, CDW Consulting LLC, Domtar Paper and Dunn Paper located in Port Huron, Michigan. LSRC plans to provide rail service to them at

least five days per week and possibly more if needed. This operation is leased from the Grand Trunk Railroad, an American subsidiary of the Canadian National Railway. Our entire team here at Lake State would like to welcome them and we look forward to providing service that meets their needs and helps improve their ability to better utilize rail and grow their businesses in the future.

Over the past couple of years, I have had the opportunity to represent the 20 railroads that belong to the Michigan Railroads Association as their Chairman. This has allowed me the good fortune of working closely with the President of the MRA, Jon Cool, his Assistant, Barbara Russell, with many different railroads and the MRA associate members on various topics. I'm amazed at the number of legislative issues that arise concerning the railroad industry. Many of these issues can greatly affect not only railroads, but their customers, suppliers, and public consumers. The effort in lobbying to protect rail property and help increase Michigan businesses is never-ending. The drive to improve safety, provide increased capacity and improve service requires hard work, commitment and capital.

With the amount of regulations imposed on the rail industry, it is important to have a strong voice in legislation on what is fair for business owners as well as the State and

its citizens. I am convinced we have seen significant results under Jon Cool's efforts, not only for the railroad industry but also the customers we serve. I would encourage any business who has the desire to see economic growth and fair legislation to get involved with the Michigan Railroads Association and be a part of a collaborative group working to help the Great Lakes State grow and prosper.

In May, LSRC hosted a reception for being named 2018 Short Line Railroad of the Year by Railway Age. We would like to thank our customers, suppliers, MDOT, State Officials, Members of Congress, and many others who came out to help us celebrate such an honor. A special thank you goes out to Jon Cool for graciously emceeing the event and to Stuart Chirls of Railway Age for attending and presenting the award. It's our pleasure



to work so closely with all of you and do our part to provide growing levels of service.

—John Rickoff
President & CEO

Jon Cool, President
MRA



Sen. Ken Horn, Rep. Vanessa Guerra,
John Rickoff and Sen. Jim Stamas



Jason Allen
USDA State Director



Business Development

The second quarter has been very busy for LSRC, with higher volumes on our northern lines and special trains going to our partners at HESR for a wind project in the Thumb. We had our busiest carload month since 2014 in May of this year and look forward for that trend to continue with new customers ARAUCO and Bit-Mat coming online in the third quarter.

Lake State Railway commenced operations on the Bluewater Subdivision in Port Huron, Michigan on June 18th, 2018. This marks the first expansion of our service area since acquiring lines from CSX back in 2005. The three major customers on the line have been great to work with and are very welcoming. While the line is a short run of less than 4 miles, the customer base is solid and we believe there are ample growth opportunities to improve market share for rail. Welcome Domtar, Dunn Paper, and CDW to Lake State Railway, we look forward to serving you for years to come.

The ARAUCO rail project is nearing completion, with final surfacing being completed in early July for all track except the segments inside the warehouse and resin unloading areas. The new rail yard and track scale in Grayling being installed to support expansion at Georgia Pacific should be complete by the end of July, allowing for better service to GP and all of our Grayling customers.

Camp Grayling has completed their second unloading track for military equipment, allowing for efficient unit train operations. Lastly, the rail asphalt terminal for Bit-Mat is complete in Bay City, ready to receive the first railcars into the new facility in the third quarter.

It has been a very busy construction season for new industries along the LSRC line. We are excited to see projects completed and look forward to providing service to our new customers.

- **Mike Stikel**
EVP & Chief Operating Officer



Port Huron Crew—(Mike Ewing (Trainmaster), Rich Joles & Allen Gooch (dual-qualified Engineers/Conductors)

UPCOMING EVENTS

Independence Day	07/04
Labor Day	09/03
September Equinox	09/23
Columbus Day	10/08
Halloween.....	10/31



RIP TRACK REPORT

The Car Repair Shop has been busy keeping our fleet of railcars in shape to handle the growing traffic levels. Especially important at this time of year has been the fleet of small cube open top hoppers that handle aggregates. This car type handled a record volume of stone during 2017. In 2018, we expect to see an even greater amount. Nearly as fast as they are emptied and returned to Alpena, they get reloaded and shipped out.



Customer Spotlight



their clients with the logistics service needed to excel in today's markets while maintaining a cost structure that fits any budget.

CDW operates and manages a large rail-served 165,000 sq. ft. of warehouse space with multiple boxcar docks to handle and protect any commodities that are weather sensitive while providing flexibility with short and long-term storage.

In addition to a secure warehouse, CDW offers their clients added flexibility with ample track capacity for direct rail to truck transloading of bulk commodities. The ability to remain nimble with clients' changing needs has allowed CDW to remain a top service provider to multiple companies with locations stretching across the United States and Canada.



CDW Warehouse

CDW Consulting is an industry leader of international warehousing logistics and furnishes daily support for many supply chain needs within and around Port Huron, Michigan. They provide

Lake State Railway is happy to work with CDW to help engineer solutions that are molded to meet the expectations of Customers while growing business across the network. Contact CDW Consulting for any of your Port Huron logistics needs.

www.cdwconsulting.info

- Shasta Duffey
AVP of Sales & Marketing

Lake State Welcomes Michigan State University Railway Management Students

Lake State's Train & Terminal Operations Manager, Jeremy Johnson, joined fellow students enrolled in the Railway Management Certificate Program through Michigan State University's Center for Railway Research and Education as they visited LSRC's Saginaw and Bay City facilities. This educational experience provided the students with a short line railroad's perspective on various facets of management and operations. The tour included a presentation and discussion surrounding LSRC's operations and growth strategy, as well as an outlook on the industry as a whole. Also included in the tour were visits to our dispatch tower, roundhouse, and locomotive shop. The site visit concluded at Port Fisher in Bay City as a means to provide multimodal transportation discussion. We're pretty sure Jeremy aced this section of the program.



- Sean Pengelly, Project & Dev. Engineer

LSRC SAFETY REALLY COUNT

Employees of all crafts often feel pressure to rush to complete a job so they can move on to another or simply finish the day early. Rushing and taking shortcuts are two of the leading causes of human error in the workplace, increasing the likelihood of accidents, injuries, and poor workmanship. Statistics show incidents increase on Fridays, holiday weekends or when a job has fallen behind schedule. Safe work practices require taking the time to stop and think



and applying rules compliance at each step of the way. Every railroad employee has a responsibility to consider their own safety, their co-workers' and that of the general public. Rushing isn't just a physical hazard, it's a health hazard as well. According to a Wall Street Journal article published in 2012, workers who operate at a feverish pace tend to have higher levels of stress, which may lead to heart disease and headaches, and also may cause their colleagues to feel stressed. It is important all Railroad employees manage their time in a manner allowing for critical thinking, safe work habits and solid workmanship. LSRC is fully committed to building a culture of safety that will be the benchmark of the short line industry. Below, are a few quotes that certainly apply in the railroad environment:

- ◊ “**Every shortcut has a price usually greater than the reward.**” - Bryant McGill
- ◊ “**Shortcuts make long delays.**” - J.R.R. Tolkien
- ◊ “**You are your last line of defense in safety. It boils down to you.**” - Kina Repp
- ◊ “**Prepare and prevent, don't repair and repent.**” - Unknown

-Michael O'Sullivan/D. Hennessy
Safety & Training Manager



<http://www.pinpointnews.net/wordpress/the-dangers-of-rushing-in-the-workplace/>

Lake State Railway Company 2018 Short Line Railroad of the year Celebration



Employee Spotlight

Les (Jesse) Erickson—Certified Engineer & Conductor

Meet Jesse Erickson! Jesse is a certified locomotive Engineer & Conductor who joined Lake State over 17 years ago. Jesse was born and raised in Hale, MI where he graduated High School and still resides today. He is the proud father of 3 lovely daughters, Brittney, Becca and Jessica with two sweet 1-year old granddaughters Brooklyn and Harper. Before joining LSRC, Jesse already had a considerable amount of railroad knowledge, having worked for Maintenance of Way subcontractor, Tryban Rail Service for 3 years and National Signal for 1 year. With his railroading knowledge spanning across several skill sets and his value placed on safety, Jesse is able to foresee many potential problems and proactively help in avoiding bigger issues.

When asked what he enjoys most about his job he jokes, “giving Rickoff a hard time and listening to Charley’s far-fetched fishing stories”.. Joking aside, the fact is he simply enjoys working in the great outdoors and facing a different challenge every day.



Jesse in 1976



Achievements

Joe Mitrzyk—Graduated with a bachelor's degree in Integrated Physiology and Health Sciences from Alma College and has been accepted into the Physical Therapy doctorate program at Central Michigan University.



Noah Joles—Graduated from Bangor John Glenn High School and is interested in pursuing railroading.

Jeremy Johnson and Ray Stomberski—Certificate of Completion for Derailment Investigation and Prevention Seminar.

Charley (crew mate) & Jesse



2018 3rd Qtr. Birthdays

Michael Keenan	07/03
Randy Bessey	07/11
David Murringer.....	07/18
Dylan Wiggins	07/21
Steven Rainey	07/24
Christopher Smith	07/26
Ralph Rogers.....	07/28
Brian Balenda.....	08/05
Helen Huneycutt	08/06
Nick Wirtz	08/06
Shasta Duffey	08/09
Corey Violette	08/17
Don Hasty	08/29
Charley Zeleck.....	09/01
Dora Fitzgerald.....	09/03
Philip Bailey	09/05
Quinton Huff.....	09/05
Jeremy Johnson.....	09/06
Nathan Frasier	09/19
Mike Ewing	09/20
Dave McKnight.....	09/24
James Reed	09/28
Cody Jellison	09/29

2018 3rd Qtr. Work Anniversaries

Sandy Miller.....	17 Years
Charley Zeleck.....	16 Years
Kevin Podgorniak	15 Years
Steven Johnson	13 Years
Joe Vongrey	13 Years
Lloyd Douglas.....	13 Years
Joshua Johnson	13 Years
Troy Mott.....	13 Years
Helen Huneycutt	12 Years
Ed Currie	10 Years
Richard Ruse	10 Years
Ray Stomberski	10 Years
John Rickoff	8 Years
David Murringer.....	7 Years
Quinton Huff.....	6 Years
Mike VanAllen	6 Years
Mike Stickel	5 Years
Ben Schramm	4 Years
James Reed	3 Years
Kelsey Fettlers	2 Years
Kevin Klepser	2 Years
Darrell Collins	2 Years
Amber Neumeyer	2 Years
Joshua Miller.....	2 Years
Christopher Smith	1 Year
Cody Jellison	1 Year

Lake State Railway Company receiving the ASLRRA 2018 Marketing Award



LSRC Family Day at the Ballpark



Welcome

All Aboard

We want to give a warm welcome to our newest team members who joined Lake State April—June 2018. Welcome aboard! We look forward to all the great knowledge and workmanship you will bring to LSRC.

Philip Bailey
Brendan Forrest
Matt Laude

- Trainmaster
- Locomotive Mechanic
- Train Service

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

Lake State Railway Company

750 N. Washington Ave.
Saginaw, MI 48607

Phone: 989-393-9800
Fax: 989-757-2134
E-mail: info@lsrc.com

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STAMP
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Fun Fact

Wigwag is the nickname given to a type of railroad grade crossing signal once common in North America. Albert Hunt, a mechanical engineer at Southern California's Pacific Electric (PE) interurban streetcar railroad, invented it in 1909 to help make railroad crossings safer. Production of these signals continued until 1949, and replacement parts continued until 1960.

The WigWag pictured here was LSRC's last one in operation on State Street in Sterling, MI when it was replaced in the late 90'S by modern day flashing signals. Rick Fleming, a retired National Signal employee, rebuilt and refurbished the wigwag in 2013. Today it proudly stands next to the Lake State's coach track outside of our Headquarters In Saginaw, MI.

Only one wigwag in the U.S. remains on a main rail line at a rural crossing in Delhi, Colorado on the BNSF Railway. In speaking with the Signal Superintendent for BNSF in Pueblo, Colorado, he

Photo courtesy of Kevin Burkholder



indicated that it is indeed still working today and is inspected almost daily by his crew.

—Deanna Hennessy