

Fall 2020

Lake State Railway

The Turntable



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From the President...



Lake State Railway, like most companies, is facing challenges that are unprecedented during the COVID-19 pandemic. One of the hardest challenges for the management team here has been the need to cancel yearly scheduled events. These events have always given LSRC the opportunity to show appreciation and gratitude to our customers, business partners and employees for their loyalty and hard work throughout the year. These events give us time outside of the office setting

to focus on the relationships we have built and have some well-deserved fun. Canceling these events was a hard decision, however, it was in the best interest and well-being of all. LSRC understands what a challenge it has been for many over the last couple of months to remain focused and motivated. We have been especially proud of the way the LSRC team has risen to the challenges and remained diligent in their duties.



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LSRC has remained focused on building a stronger company by continuing to invest in infrastructure. While it would have been easy to back away from some projects during 2020, LSRC instead has continued to invest in the future. The year 2020 will end up as a record year for Capital Investments which will position us to handle future traffic increases. Some of the investments include:

- 15 miles of new continuous welded rail,
- the expansion of the Grayling Yard,
- growth and improvements in the physical plants at the Gaylord, Greenbush and Saginaw transload facilities,
- improvements to yard tracks in Saginaw, Coldwater and McGrew Yards,
- the addition of locomotives to the fleet including significant locomotive upgrades acquired in the past,
- growth in the number of employees and,
- many other smaller projects.



While there is still 1 quarter to go in 2020, LSRC is experiencing an incredible period of business development. Our team is working on more projects than ever before, with some deals already producing new traffic.



Meeting these challenges by staying focused on our goals will drive LSRC to improve and strengthen our company for the future.

I will close by thanking our incredible team at all levels, our entire valued customer base and the business partners who work closely with LSRC. May 2020 be great for all of you.

- John Rickoff
President & CEO

Operations

Lake State Railway continues to grow in many ways. Our team has grown to almost 120 railroad professionals, nearly double what it was several years ago. We have made the jump from a short line to a regional railroad, and our car-load volume is trending at 50,000/year, up significantly from the last few years. Another area of rapid growth is our locomotive and railcar fleet. In the last two years, our locomotive fleet has grown by about 40% and our railcar fleet has grown by over 50%. We now provide purpose-built aggregate hoppers, gondola cars, three types of boxcars, log cars, bulkhead flatcars, centerbeams, and covered hoppers for originating loads on LSRC. Many of these car types are available for multiple customers and the fleet is right-sized according to projected volumes. This is a departure from years past when we may have had ample supply under per diem leases waiting for the next load, with very low utilization. This focus on asset utilization is a necessary change that requires the LSRC team and customers to be pro-active in fulfilling car orders.

As we grow, we see increasing and competing requirements for our assets. This is driving a need for greater asset utilization to ensure we can meet our customers' needs, including service and competitive pricing. Our Customer Service department will be working more closely with our customers to ensure accurate orders. We will be more stringent in assessing fees for cars ordered and not used, or that are not promptly loaded. We are also continually seeking ways to reduce dwell on all cars to improve transit times. This process may be uncomfortable for some customers, but it is necessary to ensure we have enough car supply along with an adequate return on our equipment. We are committed to growing with our customers and ask that our customers help in turning our assets.



(Continued on page 4)

Customer Spotlight



Kiros Energy Marketing is a full-service natural gas liquids (NGL) and crude oil marketing company servicing Producers, Refiners, Gasoline Blenders and Retailers throughout North America. The Kiros team specializes in the physical movement of Propane, Butane, Iso-butane, Olefins, Crude Oil and Condensate as well as providing their customers with risk management, hedging and market-making activities.

Kiros Energy Marketing currently operates two bulk propane transloading facilities within Michigan located in Bay City on Lake State Railway along with another in Grand Rapids. Kiros is excited to announce a third terminal, operational November 2020, located on Lake State Railway in Gaylord. The new Gaylord facility will provide a cost-effective supply of propane to many distributors within Northern Michigan.

The trusted partnership between Kiros Energy and Lake State Railway will assist in securing reliable propane from sources throughout North America whilst helping minimize truck transportation risks, cost and timing throughout the state.



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Operations cont.....

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In the third quarter, we instituted a new locomotive rotation. This rotation is going to accomplish several objectives:

1. Daily scheduled service will only require 60% of our locomotive fleet.
2. Four axle sets will cycle north of Saginaw, returning to the fuel pad for servicing every 4th day.
3. Six-axle sets will cycle Novi – Midland, returning to the fuel pad for servicing every 3rd day.
4. Extra sets are available of four and six axle units for maintenance rotation, and unscheduled trains (unit trains).
5. 20% of the fleet will be placed in stored serviceable status, allowing for future growth.
6. Quarterly inspections and scheduled maintenance are reduced by 20%.
7. LSRC can take units out of service for long term capital upgrades without impacting locomotive rotation or customer service.
8. Fuel consumption is lowered with fewer units in service.

Having our locomotives return to the fuel pad each week along with more available time for capital upgrades will result in a better locomotive fleet with higher availability. We are aiming to do more locomotive capital program work with our own capable shop forces as well, reducing out of service time while in transit to/from contract shops and ensuring better quality control.

- **Mike Stickel**
EVP & COO

Roundhouse Report

The Lake State Railway locomotive facility has been busy with many repairs, inspections and upgrades throughout the summer. We just hit the one year mark of reorganizing the facilities into three areas of work. The inspection side (schedule inspections), fuel pad and the backshop have settled into their roles, working in conjunction with each other. The inspection side has been busy getting the locomotives ready for winter and new slide locks on cab doors. Backshop has been installing new event recorder systems and layover boilers and the Fuel Pad has been charged with sanitizing locomotives, improving radio communications and zeroing in on the dynamic brake fine-tuning on the SD50 fleet.

With Covid-19 being a big part of 2020, the change within the locomotive facility couldn't have come at a better time. With the three groups working in separate areas, separation of work without cross-contamination is achieved easier as a result of the assignments.

Wintertime is fast approaching. Lake State has been working with a new standby boiler system over the last two years. Additional systems will be added as older diesel engine systems are phased out through failures. The boiler systems are currently installed on eight locomotives with a ninth being equipped by November 1st. In a recent analysis of the boiler systems, it was determined that 90 days of continuous running of a boiler system versus idling saved 7,872-11,808 gallons of fuel (low idle vs high idle). That translates into the burner on the boiler only running 8 full days out of 90. During that time, the burner was off 72 days and the system was only circulating water and oil utilizing the ground power that the system was plugged into. In Port Huron alone, we are estimated to save 16,000 gallons of fuel in one year. Ground power plugs are currently locat-

ed between the service tracks at Saginaw, just outside the roundhouse on LSRC's west dispatch, Port Huron and near the caboose at Wixom. Additional plugs are going in at the turnstead in Flint, the tower end of the west dispatch and Grayling. The older systems will continue to be maintained until the repairs exceed their benefit.

Our newest yard engine is becoming a favorite at the Saginaw Yard. MP15E, 1503 spent the last five years as the Enola, PA shop switcher for the Norfolk Southern. Equipped with an advanced adhesion control system, the locomotive has exceeded all expectations as a solid pulling locomotive.



Locomotive 4325, our 25th anniversary locomotive now has a mate. Rewired as a slug mother like the 4303 & 4304, the 4325 never has had an assigned road slug. On October 15th, locomotive 302 made

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Roundhouse Report cont.....

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its debut as the assigned slug for 4325. That now brings the total count to four complete road slug sets. Safety has always been a priority at Lake State Railway. We have seen a fine-tuning with the guidance and leadership of Brian Edwards. Extra steps for Covid along with continued improvement with new types of PPE have been the focus lately. The safety program is continuing to evolve utilizing sound principles adapted through years of experience within our management team throughout the Lake State family.

"Safety First" is a familiar sign to many of us. We first started seeing it in the late 70's on the railroad, but how far have we come with safety



over the years? I found a January 1929 Frisco railroad employee newsletter that spoke of the new first aid room at their Springfield terminal. So let's jump in our DeLorean and get up to 88 mph to flashback to 1929 and see what safety was like, in a then modern-day locomotive shop.



The newly established first aid room at the West Shops at Springfield proved in one month that it filled a long felt need when forty minor cases of cuts and bruises were given emergency treatment by Mr. M. L. Ryan, inspector of safety. Mr. Ryan was granted authority to outfit a small room at the entrance to the machine shop wash room on September 1st. The room has all the appearance of a hospital room, with the necessary equipment to efficiently treat emergency cases. A cabinet, furnished by the Frisco Hospital Association, holds gauze, bandages and a variety of medicine for treating various cuts. A cot and two chairs, with a small table comprise the balance of the furnishings. Mr. Ryan keeps his personal injury records in a cabinet in one corner. "We have never had any place to treat our cases before," he said. "We have a number of stairs in and around the shops and sometimes we have cases of fainting we have to treat. The room is invaluable to us. "Just to show you how handy it is, here is the record which I have kept for November," and he took from the cabinet his report of personal injuries. Among the emergency cases treated at the First Aid room were the following: head cut on top, lacerated finger, wrist burnt, index finger cut, thumb ground, right ankle burnt, finger pinched, toe bruised, elbow skinned, head struck, and a number of eye injuries such as the removal of foreign body in the eye, steel in the eye, flying grease in eye, eye lid burned, eye burned and others. These accidents were all considered minor ones, and were all taken care of in the West Shop first aid room, with the exception of several of the eye injuries. In the case of cuts and bruises, the men report to the first aid room each morning and get their wounds washed and dressed. Then, they are ready for the day's work. In case of an infection, they are sent to the hospital where the cut is treated by the hospital staff. Mr. Ryan has been handling safety work for many years, having been with Frisco Lines since 1924 in the capacity of safety inspector. Not satisfied entirely with just a new first aid room, he is already making plans to establish first aid teams in the various departments at the west shops. As it is now, every time somebody is cut or hurt they run for me. What I would like to see established now, is a first aid team in each shop. These two or three men could then immediately take charge of the situation and see that the patient was given proper attention. This of course, would mean that each team would be required to take a course of first aid lessons in order to treat all manner of cases which might come to their attention."

Back to 2020... Wasn't that a crazy look at how far we have come? That is a facility that wasn't that much different than our 30 bay Saginaw locomotive facility in 1929. The mentality was "patch them up, and send them back out". Fifty years before that, you knew you were working with a rookie switchmen on a train crew if he had all his fingers. The experienced ones had at least three fingers missing. In addition, you worked at applying the brakes on a moving train by walking the roofs with your brake stick used to apply the brake wheels located on the roofs. They had the title of "Brakeman".



We've come a long way with safety since 1929. We all can be thankful for innovation and our forefathers that made many sacrifices to learn the hard way. Now our safety and human resource departments face new challenges with Covid-19. As they learn to adapt new safety protocols to combat this virus, it's up to all of us to help stop the spread to keep our coworkers and families safe.

Imagine 91 years from now. Someone will be looking back on the issues we deal with today in regards to safety and say, "wow that was rough". Point is, learning never stops.

-Be Safe,
W. Roger Fuehring
Chief Mechanical Officer

Brian Balenda—Track Foreman

Lake State Railway is proud to recognize outstanding team members over the course of the year and this quarter we would like to spotlight another one of our loyal long-time employees, Brian Balenda.

Brian came to work for LSRC 21 years ago in November 1999 and takes the lead as a track foreman on LSRC's rail line from Bay City north to Pinconning, Standish and West Branch.

Brian was born and raised in Pinconning, MI with an older brother and sister and a younger step-brother and half-sister. He graduated from Pinconning High School and still resides there today with his wife Cari who works for the Midland Hospital in the Housekeeping Department. Brian and Cari share a daughter, Kennedy, who is 23 and currently enrolled in the Accelerated Nursing Program at Madonna University in Detroit and also proudly serves in the Army Reserve.



Before coming on board with Lake State, Brian drove trucks for Faygo Pop, delivering all your favorite flavors of the Michigan-made soda to your local stores. For those who have lived in Michigan, you are probably quite familiar with the Faygo brand and have a few favorite flavors of your own. Who knows, Brian may have been the one who made sure you always had your supply of Rock & Rye or Red Pop.

Brian not only works hard while on the railroad but he also has been farming for a life-long friend on the side for over 30 years now. He remembers his first job as a young boy picking pickles in the summer so he is no stranger to hard work. In his free time, which he claims isn't much these days, Brian likes to hunt and fish and ride his Harley. He has taken his Harley from one side of the country to the next, completing 2 journeys this last year nearly coast to coast.

Brian enjoys working outside as he has done most of his life, but he admits the winters are getting a little tougher to handle these days. However, working with a good group of guys makes it a bit easier. His main goal every day is "making sure the trains stay on the

Riding in Arizona!



tracks", so he remains diligent in inspecting and maintaining the miles of track along his designated territory.

We want to thank Brian for his dedication and hard work over the years. We are proud to have him on our team.

—Deanna Hennessy
A/R & Newsletter Editor

"I hired him over 21 years ago and he has been a great worker and really cares about the railroad." - Kevin Filarski

"I'll never forget one of his dry jokes he told me many years ago, 'Just remember where ever you go, there you are.'" - Ray Stomberski

"He's very dependable and always looking out for the railroad" - Mark Pennell

LSRC IS A PROUD EMPLOYER OF ACTIVE MILITARY AND VETERANS.
THANK YOU FOR YOUR SERVICE TO OUR COUNTRY. WE SALUTE YOU!



Employee Corner

Promotions

Congratulations! LRSC thanks you for your commitment to Excellence in Transportation!

Alec McLennan—Lead Railcar Mechanic/Inspector

Welcome

We want to give a warm welcome to our newest team members who joined Lake State July—September 2020. Welcome aboard! We look forward to all the great knowledge and workmanship you will bring to Lake State Railway.

Christopher Vaughn—Transportation
Jonathon Kepich—MOW
John Junga—Transportation
Jarod Bucholtz—Car Repair

UPCOMING EVENTS

Halloween 10/31
 Daylight Savings Ends 11/01
 Election Day 11/03
 Veterans Day 11/11
 Thanksgiving 11/26
 Winter Solstice 12/21
 Christmas Day 12/25
 New Years Day 01/01

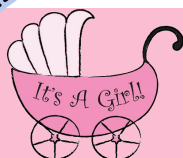
2020 4th Qtr. Work Anniversaries

Brian Balenda 21 years
 Jesse Erickson 15 years
 Jack Laurin 15 years
 Gregg Campbell..... 15 years
 Steve Rainey 15 years
 Rick Krajnak 15 years
 Louie Tremble 15 years
 Christopher Copp 10 years
 Dora Fitzgerald..... 6 years
 Brandon Pennington 5 years
 Quentin Johnson 4 years
 Alec McLennan..... 4 years
 Shasta Duffey..... 4 years
 Nickolas Wirtz 3 years
 Nathan Beach 3 years
 Mike Rose..... 3 years
 Dylan Wiggins 3 years
 Michael Edwards..... 3 years
 Jade Dowdy 2 years
 Rebecca Krabbe 2 years
 Addison Willford 1 year
 Cody Wiseheart..... 1 year

Thank You to All Lake State Employees!
We Value Your Commitment And Loyalty!

Stay Safe!

FUTURE RAILROADERS



Remmi Christine Haubenstricker

Congratulations to Tyler Haubenstricker (Car Shop) and Anjelica Marie Hunter who welcomed their sweet angel on August 3rd weighing in at 7 pounds 9 ounces and 20 1/2 inches long.



Hadlee Rose Reilly

Congratulations to Kyle Reilly (Transportation) and Lexi Illig who welcomed their bundle of joy on September 10th weighing at 8 lbs. 1 oz and 20 1/2 inches long.



Lincoln Wayne Allen Willford

Congratulations to Addison Willford (Transportation) and his wife Haily on the birth of their future railroader, born September 17th weighing in at 6 lbs. 15 oz. and 19 inches long.



“The Turntable” - Lake State Railway Company’s official newsletter

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LSRC 6351 & 6352 were delivered in 2019 with a patched CSX paint job due to the immediate need for locomotive power. This fall, both units have received LSRC graphics to better match the fleet until they are repainted into the signature LSRC “lightning stripe” paint scheme.

