



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GLORIA J. JEFF
DIRECTOR

December 21, 2004

The Honorable Shirley Johnson, Chair
Senate Appropriations Subcommittee on Transportation
P.O. Box 30036
Lansing, Michigan 48909-7536

The Honorable Scott Shackleton, Chair
House Appropriations Subcommittee on Transportation
P.O. Box 30014
Lansing, Michigan 48909-7514

Dear Senator Johnson and Representative Shackleton:

RE: Rail Infrastructure Loan Program - Report for Fiscal Year 2004

The rail infrastructure loan program was placed in statute through the enactment of Public Act 747 of 2002, which amends 1976 Public Act 295 by adding Section 15a. This report on the loan program is required under Section 15a (4).

The fund balance at the beginning of FY 2004 was \$5,777,478.71. After adding the appropriation of \$100,000.00 for FY 2004, the fund balance increased to \$5,877,478.71. Revenues received in FY 2004 total \$804,534.28.¹ Expenditures incurred total \$2,436,071.63; this is the amount reimbursed to loan recipients for rail freight infrastructure improvements during the subject fiscal year. The fund balance at the end of FY 2004 was \$4,245,941.36. This amount includes funding that is obligated, but not yet expended.

The amount available for new loans at the beginning of FY 2004 was \$3,593,813.88. After adding the FY 2004 appropriation of \$100,000.00, this amount increased to \$3,693,813.88. Additional adjustments were made to reduce the amount obligated under certain loan contracts because, at project completion, eligible costs were less than anticipated.² As such, a total of

¹ Revenue amount includes \$746,826.59 in loan repayments, plus \$57,681.00 of interest accrued, plus \$26.69 received as a penalty for a late payment, for a total of \$804,534.28.

² The loan amount for Contract Number 2000-0741 was reduced by \$406.46. The loan amount for Contract Number 2002-0352 was reduced by \$29,121.13. The loan amount for Contract Number 2002-0552 was reduced by \$24,262.38; and the loan amount for Contract Number 2003-0495 was reduced by \$53,803.23.

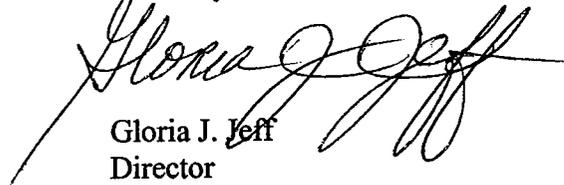
The Honorable Shirley Johnson
The Honorable Scott Shackleton
December 21, 2004
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\$107,593.20 was returned to the fund and is now available for new loans. Revenues received were \$804,534.28; and encumbrances incurred were \$2,757,691.00. Therefore, the amount available for loans at the end of FY 2004 was \$1,848,250.36. With the FY 2005 appropriation of \$100,000.00, there is currently \$1,948,250.36 available for new loans.

Projects placed under contract in Fiscal Year 2004, together with information on all loan contracts funded under the loan program since its inception, are listed on the enclosed chart entitled "Status of Rail Infrastructure Loan Agreements". Projects funded under Contract Numbers 2004-0232, 2004-0236 and 2004-0228 are still in the construction phase. All other projects have been completed and are in the repayment phase with the exception of two loan contracts (Contract Numbers 1997-0585 and 1998-0629) that have been paid in full.

The rail infrastructure loan program was originally established under Section 710 of Public Act 341 of 1996 to help finance capital improvements on Michigan's freight railroad infrastructure. The loan program, also known as the Michigan Rail Loan Assistance Program (MiRLAP), helps preserve and improve freight railroad infrastructure by making interest free loans to local governments, economic development corporations, railroads, and current or potential users of freight railroad services for qualifying projects. Money received as repayment for loans made under this program, as well as interest earned and any penalties assessed and received for failure to repay loans on time, are credited to the fund to be allocated for the purposes of the program. The fund is structured as a "revolving" loan fund so that loans can continue to be made for rail infrastructure improvements in perpetuity. All loans are in good standing.

Sincerely,

A handwritten signature in black ink, appearing to read "Gloria J. Jeff", is written over a horizontal line. The signature is fluid and cursive.

Gloria J. Jeff
Director

Enclosure

Status of Rail Infrastructure Loan Agreements

Company	Contract #	FY	Loan Amount	Amount Disbursed	Amount Paid Back	Amount Outstanding
Luce County Economic Development Corporation	1997-0585	1997	\$62,896.00	\$62,896.00	\$62,896.00	\$0.00
Central Michigan Railway Company	1997-0588	1997	\$1,000,000.00	\$1,000,000.00	\$475,000.19	\$524,999.81
Indiana & Ohio Railway	1998-0629	1998	\$271,776.00	\$271,776.00	\$271,776.00	\$0.00
Lake State Railway Company	1998-0632	1998	\$450,000.00	\$450,000.00	\$236,250.00	\$213,750.00
Norfolk Southern Corporation	1999-0317	1999	\$424,804.59	\$424,804.59	\$116,821.21	\$307,983.38
Middleton Investment Group	2000-0010	1999	\$500,000.00	\$500,000.00	\$225,000.36	\$274,999.64
Central Michigan Railway Company	2000-0291	2000	\$607,500.00	\$607,500.00	\$136,687.50	\$470,812.50
Monitor Sugar Company	2000-0292	2000	\$573,000.00	\$573,000.00	\$14,325.00	\$558,675.00
Conrad Yelvington (3rd Coast)	2000-0293	2000	\$751,500.00	\$751,500.00	\$131,512.50	\$619,987.50
The Anderson's, Inc.	2000-0294	2000	\$410,602.63	\$410,602.63	\$153,975.80	\$256,626.83
Charlotte Southern Railway Company	2000-0740	2000	\$135,000.00	\$135,000.00	\$22,005.00	\$112,995.00
Detroit Connecting Railroad Company	2000-0741	2000	\$49,593.54	\$49,593.54	\$7,439.04	\$42,154.50
Lapeer Industrial Railroad Company	2000-0742	2000	\$40,000.00	\$40,000.00	\$6,000.00	\$34,000.00
Lake State Railway Company	2001-0938	2001	\$898,750.25	\$898,750.25	\$89,875.04	\$808,875.21
Depot Enterprise	2002-0352	2002	\$666,803.87	\$666,803.87	\$66,678.21	\$600,125.66

FOR THE FISCAL YEAR ENDING 9/30/04

Status of Rail Infrastructure Loan Agreements

Company	Contract #	FY	Loan Amount	Amount Disbursed	Amount Paid Back	Amount Outstanding
Kerry Steel Pickling (Kasle)	2002-0554	2002	\$633,960.00	\$633,960.00	\$95,094.00	\$538,866.00
CSX Transportation Inc.	2002-0328	2002	\$672,603.00	\$672,603.00	\$33,632.00	\$638,971.00
Central Michigan Railway Company	2002-0552	2002	\$135,037.62	\$135,037.62	\$16,879.70	\$118,157.92
Lapeer Industrial Railroad Company	2001-0368	2001	\$78,800.00	\$78,800.00	\$3,940.00	\$74,860.00
Tuscola & Saginaw Bay Railway	2003-0495	2003	\$280,163.77	\$280,163.77	\$12,308.00	\$267,855.77
Luce County Economic Development Corporation	2003-0494	2003	\$198,000.00	\$198,000.00	\$0.00	\$198,000.00
Wayne Industries, Inc.	2003-0496	2003	\$74,947.00	\$74,947.00	\$3,748.00	\$71,199.00
Indiana Northeastern Railroad	2004-0233	2004	\$360,000.00	\$360,000.00	\$0.00	\$360,000.00
T&M Partners, LLC and Depot Enterprise, LLC	2004-0232	2004	\$1,000,000.00	\$0.00	\$0.00	\$0.00
Lake State Railway Company	2004-0236	2004	\$860,855.00	\$0.00	\$0.00	\$0.00
J. Rettenmaier USA LP	2004-0228	2004	\$536,836.00	\$0.00	\$0.00	\$0.00
Total MiRLAP Loans			\$11,673,429.27	\$9,275,738.27	\$2,181,843.55	\$7,093,894.72

FOR THE FISCAL YEAR ENDING 9/30/04



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

11/22/04
GLORIA J. JEFF
DIRECTOR

December 22, 2004

The Honorable Shirley Johnson, Chair
Senate Appropriations Subcommittee on Transportation
P. O. Box 30036
Lansing, Michigan 48909

The Honorable Scott Shackleton, Chair
House Appropriations Subcommittee on Transportation
P. O. Box 30014
Lansing, Michigan 48909

Dear Senator Johnson and Representative Shackleton:

RE: Rail Freight Fund – Report for Fiscal Year 2004

This report on the Rail Freight Fund is required by Section 15a (4) of Public Act 747 of 2002 which amends 1976 Public Act 295, by adding Section 15a. The Department's authority to deposit funds in the Rail Freight Fund and to provide financial assistance for facilities of rail freight and marine freight transportation are specified in Section 17 of this Public Act.

The fund balance at the beginning of FY 2004 was \$2,147,489.74. We made an adjustment of \$28,440.42 to correct an accounting error. The beginning balance, as corrected, is \$2,119,049.32. Revenues received total \$861,245.18. Expenditures were \$1,428,347.46 and additional encumbrances incurred total \$571,185.25. The fund balance at the end of FY 2004 was \$980,761.79.

Projects funded from the Rail Freight Fund in Fiscal Year 2004 include two Freight Economic Development Program (FEDP) projects. The Freight Economic Development Program awards low interest loans to eligible applicants. Loan recipients may be forgiven for some, or all, of their loan provided they meet specified contractual car loading commitments.

The two FEDP projects funded from the Rail Freight Fund during the subject fiscal year include J. Rettenmaier (2004-0227), who received a loan/grant for up to \$85,188.00 to construct a rail spur at their facility in Schoolcraft; and Global Engine Asset Company (2004-0339) who received a loan/grant for up to \$339,252.61 to construct a rail spur and install grade crossing warning devices at their facility in Dundee. These two projects are under construction and are listed on the enclosed chart entitled, "Status of Freight Economic Development Loans/Grants Funded from the Rail Freight Fund" together with the projects that are still under contractual requirements to meet certain car loading requirements.

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THE HONORABLE SHIRLEY JOHNSON
THE HONORABLE SCOTT SHACKLETON

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Additional projects funded from the Rail Freight Fund include: (a) in-house support for Freight Services and Safety Division's FY 2004 bid jobs - \$20,039.74; (b) partial funding for the Vassar – Caro track rehabilitation project - \$1,553,316.08; (c) advertising rail freight projects for bid - \$334.74; and (d) to cover retainage that was inadvertently liquidated on an old project - \$1,401.54. If you have questions or need additional information regarding the Rail Freight Fund, please feel free to contact me or Rob Abent, Director, Multi-Modal Transportation Services at (517) 335-9568.

Sincerely,



for Gloria J. Jeff
Director

Enclosure

cc: Members of the Senate and House Appropriations
Subcommittees on Transportation
Craig Thiel, Senate Fiscal Agency
Bill Hamilton, House Fiscal Agency
Ronald DeCook
Rob Abent

Status of Freight Economic Development Program Loans/Grants - Funded from the Rail Freight Fund

Company	Contract No	FY	Total Cost of Project	Loan/Grant Amount	Amount Disbursed	Amount Paid Back
Ogihara America Corp.	1998-0365	1998	\$905,000.00	\$433,065.16	\$433,065.16	\$78,299.54
Poly-Chesterfield, LLC	2001-0406	2001	\$130,000.00	\$65,000.00	\$65,000.00	\$1,437.03
Victor Fiber & Supply Inc.	2002-0125	2002	\$70,000.00	\$34,728.00	\$25,408.90	\$0.00
Depot Enterprise, LLC	2002-0129	2002	\$128,500.00	\$64,250.00	\$64,250.00	\$57.05
Luce County EDC	2003-0493	2003	\$647,000.00	\$126,000.00	\$126,000.00	\$0.00
D&K Investments LLC	2003-0633	2003	\$20,733.00	\$10,366.50	\$10,366.50	\$0.00
J. Rettenmaier USA, LP	2004-0227	2004	\$707,212.00	\$85,188.00	\$0.00	\$0.00
Global Engine Asset Co., LLC	2004-0339	2004	\$1,509,422.00	\$339,252.61	\$0.00	\$0.00
Total FEDP Loans/Grants - Funded from Rail Freight Fund				\$1,157,850.27	\$724,090.56	\$79,793.62

THRU FISCAL YEAR ENDING 9/30/04