Rail Freight Fund – Report for Fiscal Year 2009

This report on the Rail Freight Fund (RFF) is required by Section 15a (4) of Public Act 747 of 2002 which amended Public Act 295 of 1976. 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 amount of the fund at the beginning of FY 2009 was $219,815.62. Revenues totaling $452,253.70 increased the fund to $672,069.32. There are outstanding encumbrances totaling $5,740.74 reducing the fund to $666,328.58 at fiscal year end 2009.

The encumbrances will pay part of the cost of heating units for the state-owned engine house in Cadillac.

No Freight Economic Development Program (FEDP) projects were funded from the RFF in FY 2009. Please note that FEDP projects that received funding from the RFF and are still under contractual obligation to meet certain car loading requirements, are listed on the attached chart entitled, "Status of Freight Economic Development Loans/Grants – Funded from the Rail Freight Fund".

Freight Services & Safety Division
Bureau of Aeronautics and Freight Services
Michigan Department of Transportation

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

Company	Contract No.	FY	Total Cost of Project	Amount Funded from RFF	Amount Disbursed	Amount Paid Back
Victor Fiber & Supply Inc.	2002-0125	2002	$70,000.00	$25,408.90	$25,408.90	$9,732.31
Luce County EDC	2003-0493	2003	$647,000.00	$126,000.00	$126,000.00	$3,990.67
*J. Rettenmaier USA, LP	2004-0227	2004	$707,212.00	$85,188.00	$88,771.70	$0.00
*Global Engine Asset Co., LLC	2004-0339	2004	$1,059,422.00	$339,252.61	$529,711.00	$80,095.25
*Lake State Railway Co. - A&L Iron	2004-0237	2005	$4,500,000.00	$161,855.00	$971,609.95	$0.00
City of Bangor	2007-0664	2008	$478,514.00	$239,257.00	$0.00	$0.00
*Total FEDP Loans/Grants - Funded from the RFF***			$7,462,148.00	$976,961.51	$1,741,501.55	$93,818.23

*Note 1: J. Rettenmaier USA, LP (2004-0227) received $88,771.70 in FEDP Loan/Grant funding; however, only $85,188.00 was funded from the Rail Freight Fund; the balance of funding was from other sources.

*Note 2: Global Engine Asset Co., LLC (2004-0339) received $529,711.00 in FEDP Loan/Grant funding; however, only $339,252.61 was funded from the Rail Freight Fund; the balance of funding was from other sources.

*Note 3: Lake State Railway Co. (2004-0237) received $971,609.95 in FEDP Loan/Grant funding; however, only $161,855.00 was funded from the Rail Freight Fund; the balance of funding was from other sources.

***These are all FEDP loans/grants funded from the RFF which are under contractual obligation to meet certain car loading requirements during the subject fiscal year.*

THRU FISCAL YEAR ENDING 9/30/09

Rail Infrastructure Loan Program - Report for Fiscal Year 2009

This report on the rail infrastructure loan program is required under Section 15a (4) of Public Act 295 of 1976.

Originally established under Section 710 of Public Act 341 of 1996 to help finance capital improvements on Michigan's freight railroad infrastructure, the rail infrastructure loan program, also known as the Michigan Rail Loan Assistance Program (MiRLAP), was placed in statute through the enactment of Public Act 747 of 2002 which amended 1976 P.A. 295 by adding Section 15a. The loan program 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, together with 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. Therefore, the fund is structured as a "revolving" loan fund so that loans can continue to be made for rail infrastructure improvements in perpetuity.

Rail Infrastructure Loan Fund

At the beginning of fiscal year (FY) 2009, the amount of the Rail Infrastructure Loan Fund was $13,481,921.48. The appropriation of $300,000.00 and interest earnings of $72,776.60 increased the fund to $13,854,698.08. A loan for $406,602.50 was written off due to bankruptcy reducing the fund at fiscal year end to $13,448,095.58.

Loans Outstanding

At the beginning of FY 2009, outstanding loans amounted to $5,633,793.70. Loan repayments of $1,272,277.22 and a write off of a loan due to bankruptcy of $406,602.50 reduced the amount of outstanding loans to $3,954,913.98. New loans of $2,147,966.00 made in FY 2009 increased the amount of loans outstanding at year end to $6,102,879.98.

Amount Available for New Loans

At fiscal year end 2009, the Rail Infrastructure Loan Fund had a balance of $13,448,095.58. The fund has outstanding loans of $6,102,879.98 leaving $7,345,215.60 available for new loans. There is an additional $1,704,388.21 that is obligated, but not yet disbursed, leaving an unobligated balance of $5,640,827.39.

Information on all loan contracts funded under the loan program since its inception, are listed on the attached chart entitled "Status of Rail Infrastructure Loan Agreements". All loans remain in good standing.

Freight Services & Safety Division
Bureau of Aeronautics and Freight Services
Michigan Department of Transportation

Status of Rail Infrastructure Loan Agreements
FY 2009

Status of Rail Infrastructure Loan Agreements FY 2009						
Company	Contract #	FY	Loan Amount	Amount Disbursed	Amount Paid Back	Amount Outstanding
Luce County Economic Developent 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	$975,000.29	$24,999.71
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	$450,000.00	$0.00
Norfolk Southern Corporation	1999-0317	1999	$424,804.59	$424,804.59	$318,603.30	$106,201.29
Great Lakes Central Railroad (Middleton Investment Group)	2000-0010	1999	$500,000.00	$500,000.00	$475,000.56	$24,999.44
Central Michigan Railway Company	2000-0291	2000	$607,500.00	$607,500.00	$440,437.50	$167,062.50
Monitor Sugar Company	2000-0292	2000	$573,000.00	$573,000.00	$300,825.00	$272,175.00
Conrad Yelvington (3rd Coast)	2000-0293	2000	$751,500.00	$751,500.00	$751,500.00	$0.00
The Anderson's, Inc.	2000-0294	2000	$410,602.63	$410,602.63	$359,623.08	$50,979.55
Charlotte Southern Railway Company	2000-0740	2000	$135,000.00	$135,000.00	$89,505.00	$45,495.00
Detroit Connecting Railroad Company	2000-0741	2000	$49,593.54	$49,593.54	$32,235.84	$17,357.70
Lapeer Industrial Railroad Company	2000-0742	2000	$40,000.00	$40,000.00	$26,000.00	$14,000.00
Lake State Railway Company	2001-0938	2001	$898,750.25	$898,750.25	$539,250.24	$359,500.01

Status of Rail Infrastructure Loan Agreements
FY 2009

Company	Contract #	FY	Loan Amount	Amount Disbursed	Amount Paid Back	Amount Outstanding
Depot Enterprise	2002-0352	2002	$666,803.87	$666,803.87	$666,803.87	$0.00
Kerry Steel Pickling (Kasle)	2002-0554	2002	$633,960.00	$633,960.00	$633,960.00	$0.00
CSX Transportation Inc.	2002-0328	2002	$672,603.00	$672,603.00	$369,952.00	$302,651.00
Central Michigan Railway Company	2002-0552	2002	$135,037.62	$135,037.62	$84,398.50	$50,639.12
Lapeer Industrial Railroad Company	2001-0368	2001	$78,800.00	$78,800.00	$43,340.00	$35,460.00
Great Lakes Central Railroad (Tuscola & Saginaw Bay Railway)	2003-0495	2003	$280,163.77	$280,163.77	$151,539.71	$128,624.06
Luce County Economic Developent Corporation	2003-0494	2003	$198,000.00	$198,000.00	$94,050.00	$103,950.00
Wayne Industries, Inc.	2003-0496	2003	$74,947.00	$74,947.00	$41,228.00	$33,719.00
Indiana Northeastern Railroad	2004-0233	2004	$360,000.00	$360,000.00	$171,000.00	$189,000.00
Lake State Railway Company	2004-0236	2004	$396,589.61	$396,589.61	$99,147.40	$297,442.21
J. Rettenmaier USA LP	2004-0228	2004	$450,552.88	$450,552.88	$157,696.00	$292,856.88
Lake State Railway Company	2005-0155	2005	$458,069.54	$458,069.54	$183,227.84	$274,841.70
Great Lakes Central Railroad (Tuscola & Saginaw Bay Railway)	2005-0142	2005	$247,948.00	$247,948.00	$99,179.20	$148,768.80
US Bio Woodbury, LLC (Superior Corn Products, LLC)	2005-0143	2005	$478,355.90	$478,355.90	$71,753.40	$406,602.50
US Bio Woodbury, LLC (Superior Corn Products, LLC)	2005-0143	2005	Write off balance			($406,602.50)

Status of Rail Infrastructure Loan Agreements
FY 2009

Company	Contract #	FY	Loan Amount	Amount Disbursed	Amount Paid Back	Amount Outstanding
Detroit Connecting Railroad Company	2005-0140	2005	$90,000.00	$90,000.00	$0.00	$90,000.00
Adrian & Blissfield Rail Road	2005-0138	2005	$171,000.00	$171,000.00	$0.00	$171,000.00
National Standard, LLC	2006-0260	2006	$674,874.00	$594,937.79	$97,772.15	$497,165.64
Fresh Solution Farms, LLC (L. Walther & Sons, Inc.)	2006-0261	2006	$1,000,000.00	$1,000,000.00	$75,000.00	$925,000.00
Saginaw Bay Southern Rwy. Co.	2008-0199	2008	$640,027.44	$640,027.44	$48,002.07	$592,025.37
Columbian Enterprises	2008-0200	2008	$72,540.00	$51,521.00	$0.00	$51,521.00
Tri-State Forest Products, Inc.	2009-0210	2009	$603,433.00	$0.00	$0.00	$0.00
Saginaw Bay Southern Railway Company	2009-0425	2009	$835,445.00	$835,445.00	$0.00	$835,445.00
Auburn Bean & Grain Co. (awaiting contract execution)	2009-0494	2009	$1,000,000.00	$0.00	$0.00	$0.00
Total MiRLAP Loans FY 2009			**$16,394,573.64**	**$14,690,185.43**	**$8,180,702.95**	**$6,102,879.98**