

Rail Infrastructure Loan Program - Report for Fiscal Year 2018

This report on the rail infrastructure loan program is required under Section 15a (4) of Public Act 295 of 1976, as amended (MCL 474.65a(4)).

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 railroads, local governments, economic development corporations, 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. Through this revolving fund, loans can continue to be made for rail infrastructure improvements in perpetuity.

The program has made \$22.1 million in loans since its inception. In all, forty-four loans have been awarded to twenty-eight separate applicants throughout the state.

Rail Infrastructure Loan Fund

At the beginning of fiscal year (FY) 2018, the balance of the Rail Infrastructure Loan Fund was \$7,876,016.36. Interest earnings of \$97,344.88 increased the fund balance to \$7,973,361.24.

Status of Projects

Information on all currently-outstanding loans funded under the program as of the end of FY2018, as well as all loans paid in full during the fiscal year, is provided on the attached chart entitled "Status of Rail Infrastructure Loan Agreements".

The next call for projects is anticipated in early 2019.

Loans Outstanding

At the beginning of FY 2018, outstanding loans amounted to \$1,943,846.49. Loan repayments of \$1,811,601.10 and new disbursements of \$847,366.67 increased the amount of outstanding loans to \$951,937.00.

Amount Available for New Loans

At fiscal year-end 2018, the Rail Infrastructure Loan Fund had a balance of \$7,973,361.24. The fund has outstanding loans of \$951,937.00 and \$3,199,660.59 in unexpended obligations, leaving a balance of \$3,821,763.65 available for disbursement.

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Status of Active Rail Infrastructure Loan Agreements as of September 30, 2018						
Company	Contract #	FY	Loan Amount	Amount Disbursed	Amount Repaid	Amount Outstanding
Adrian & Blissfield Rail Road	2005-0138	2005	\$171,000.00	\$171,000.00	\$149,625.00	\$21,375.00
National Standard, LLC	2006-0260	2006	\$625,136.62	\$619,676.91	\$619,676.91	\$0.00
Fresh Solution Farms, LLC (L. Walther & Sons, Inc.)	2006-0261	2006	\$1,000,000.00	\$1,000,000.00	\$1,000,000.00	\$0.00
Tri-State Forest Products, Inc.	2009-0210	2009	\$554,352.73	\$554,352.73	\$443,482.34	\$110,870.39
Great Lakes Central Railroad*	2017-0311	2017	\$524,135.49	\$524,135.49	\$524,135.49	\$0.00
Great Lakes Central Railroad*	2017-0313	2017	\$62,925.35	\$62,925.35	\$62,925.35	\$0.00
Huron & Eastern Railway*	2017-0310	2017	\$900,000.00	\$0.00	\$0.00	\$0.00
Lake State Railway*	2017-0309	2017	\$1,000,000.00	\$1,000,000.00	\$1,000,000.00	\$0.00
Indiana Northeastern Railway*	2018-0385	2018	\$999,997.00	\$819,691.61	\$0.00	\$819,691.61
Lake State Railway*	2018-0386	2018	\$1,000,000.00	\$0.00	\$0.00	\$0.00
Huron & Eastern Railway*	2018-0480	2018	\$879,355.20	\$0.00	\$0.00	\$0.00
Coopersville & Marne Railway	2018-0265	2018	\$240,000.00	\$0.00	\$0.00	\$0.00
Total Loans Outstanding			\$7,956,902.39	\$4,751,782.09	\$3,799,845.09	\$951,937.00

*project on state-owned rail line

Rail Freight Fund – Report for Fiscal Year 2018

This report on the Rail Freight Fund (RFF) is required by MCL 474.65a(4). 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 is specified in MCL 474.67.

The amount of the fund at the beginning of FY2018 was \$7,557,783.68. Revenues totaling \$1,404,338.54 increased the balance to \$8,962,122.22. No expenditures were made from the account during FY2018, leaving the fund balance at the close of the fiscal year \$8,962,122.22.

Details of loans made under the Freight Economic Development Program (FEDP) that previously received funding from the RFF, and were still in repayment status during FY2018, are reflected on the attached chart.

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Status of Active Freight Economic Development Program (FEDP) Loans that Received Funding from the Rail Freight Fund

Company	Contract No.	FY	Amount Funded from RFF	Total Amount Disbursed	Amount Paid Back
Marengo Enterprise, LLC	2014-0231	2014	\$157,076.20	\$74,893.86	\$0.00

The proceeds of the loan awarded to Marengo Enterprise, LLC under contract 2014-0231 are being retained by MDOT and will be provided to Marengo, as appropriate, following an annual review of the company's performance relative to meeting its contractual shipping commitments. The disbursed amount reflects the first four years of the scheduled five-year payment period.