

**Minutes of the
East Wisconsin Counties Railroad Consortium
Meeting of March 13, 2013**

East Wisconsin Counties Railroad Consortium Meeting was called to order by Chairman Rick Gundrum on March 13, 2013, at 10:00 a.m., at the Washington County Courthouse-Government Center, Rooms 1020/1026, 432 E. Washington Street, West Bend, Wisconsin.

Certification Of Public Notice: John F. Corey certified that the notice of this meeting complies with all applicable requirements of Wisconsin's open meetings law.

Doug Johnson, Washington County Administrative Coordinator, welcomed everyone to Washington County.

Roll call was taken.

Present: Kenneth Hutler and James E. Foley, Columbia County; Russell Kottke and Harold J. Johnson, Dodge County; Joseph Koch, Fond du Lac County; Eugene Henke and Donald L. Peters, Green Lake County; Thomas E. Winker and Donald Dohrwardt, Ozaukee County; Richard Bemis and Mark Winkel, Sheboygan County; Rick Gundrum and Dan Goetz, Washington County; and Joel Rasmussen, Winnebago County.

Excused: Karen Madigan, Fond du Lac County; Steve F. Taylor, Milwaukee County; and Ron Hardy, Winnebago County.

Others Present: Jerry Latcher, Spectator; Jerry Reiter, Spectator; Don Pohlman, Mayor for the City of Plymouth; Jerry Thompson, Railroad Services Coordinator for the City of Plymouth; Forrest Van Schwartz, Managing Director of Global Transportation Consultancy, LLC; Dave Rank, West Bend Daily News; Jerry Holub, Spectator; James Fuchs and Ken Lucht, WSOR; Frank Huntington, Roger Larson, and Marty Morin, WisDOT Bureau of Railroads and Harbors; John F. Corey, Dodge County Corporation Counsel; and Kelly L. Lepple, Recording Secretary.

Public Comment: None.

Approval of Minutes of November 14, 2012: Motion by Bemis/Goetz to approve the minutes of the November 14, 2012 meeting, as presented. Motion carried by unanimous vote.

Financial Report: Russell Kottke reported the following: The balance in the checkbook as of October 31, 2012 was \$1,000.00. Deposits were \$398,346.36. Expenditures were \$398,346.36. There were no transfers. As of February 28, 2013 the balance in the checkbook was \$1,000.00. Total EWCRC money on deposit in the Investment Account as of February 28, 2013 is \$359,270.59. Motion by Winker/Koch to approve the Financial Report. Motion carried by unanimous vote.

Consider, discuss, and take action on EWCRC annual audited financial report for 2012 by Johnson Block, Inc.: There was consideration of and discussion about the annual audited financial report for 2012 prepared by Johnson Block & Company, Inc. John Corey reported that at the November 14, 2012, meeting of the Board of Directors of the EWCRC, the Board of Directors took formal action to contract with Johnson Block & Company, Inc., at a cost of \$1,800, to conduct an

annual audit of financial statements for fiscal year 2012, but to reserve the right to request Mr. Block to personally present the annual audit, if requested by the EWCRC after review by the EWCRC of the annual audit, and to pay the \$300 presentation fee to Johnson Block and Company, Inc., in the event that Mr. Block will personally present the annual audit to the EWCRC. Motion by Henke/Rasmussen to approve the 2012 Financial Report as presented in written form. Motion carried by unanimous vote.

Consider, discuss, approve, and authorize payment of invoice of Dodge County for services provided by the Dodge County Finance Department in 2012: There was consideration of and discussion about the statement for services that was presented for payment from Dodge County, in the amount of \$175.00, for services provided by the Dodge County Finance Director and staff, in recordkeeping, accounting assistance, and in preparing the EWCRC Annual Financial Report for 2012. Motion by Dorwardt/Peters to approve payment of this invoice and to authorize and direct the Office of Dodge County Corporation Counsel to send payment to Dodge County, in the amount of \$175.00 for services provided by the Dodge County Finance Director and staff, in recordkeeping, accounting assistance, and in preparing the EWCRC Annual Financial Report for 2012. Motion carried by unanimous vote.

Consider, discuss, approve, and authorize payment of invoice of Dodge County for services provided by the Dodge County Corporation Counsel Office in 2012: There was consideration of and discussion about the statement for services that was presented for payment from Dodge County, in the amount of \$6,785.99, for services provided by the Dodge County Corporation Counsel and staff in 2012. John Corey reviewed and explained the invoice. Motion by Bemis/Peters to approve payment of this invoice and to authorize and direct the Office of Dodge County Corporation Counsel to send payment to Dodge County, in the amount of \$6,785.99, for services provided by the Dodge County Corporation Counsel and staff in 2012. Motion carried by unanimous vote.

Update on the Plymouth to Sheboygan Falls Rail Line Rebuild Project: Don Pohlman reported that railway system engineering activities will start this spring and that the rail line has ignited a lot of interest in the industrial park.

Consider, discuss, and take action on Report of WisDOT, Bureau of Railroads and Harbors: Frank Huntington reported the following: Railway system engineering activities will start this spring on the Plymouth to Sheboygan Falls rail line, WSOR is in the process of completing the specifications for bids for construction contracts, WSOR will likely solicit bids in either July or August of 2013, the time period between the award of bids and next spring will allow contractors to purchase and arrange for the delivery of necessary supplies and materials and to arrange for the timely mobilization of equipment and labor in order to begin construction activities onsite next spring, the deadline for filing new applications for Freight Railroad Preservation Program (FRPP) assistance for 2014 rehabilitation projects was February 1, 2013, WisDOT received applications wherein requests were made for funding in a total amount of over \$100 million, funds for FRPP in the amount of \$60 million (\$30 million per year) have been included in the 2013-2015 State Biennial Budget, WisDOT has approximately \$20 million of grant funds left over from the 2011-2013 State Biennial Budget that have not yet been awarded, therefore, WisDOT will potentially have \$80 million in funds available for FRPP in the 2013-2015 Biennium, WisDOT will select rehabilitation projects for funding on or about July 1, 2013, WisDOT is currently attempting to acquire the rail line from Madison to Reedsburg, which is located in the Wisconsin counties of Dane, Columbia, and Sauk, WisDOT is in the process of preparing an offer to purchase the rail line and wants to complete

the purchase price negotiations before the State Budget will be adopted in July, so that prior to adoption of the State Budget, Wisconsin State Legislators and the Governor will know the cost of acquisition of that rail line, WisDOT will not conclude the acquisition of that rail line until sometime later this year, Canadian National Railway Company (CN) owns and operates rail lines throughout Wisconsin, and is discussing with various short line operators the possibility of selling about 300 miles of rail line in the northern part of the State, CN has described these discussions as exploratory, and has stated that CN may or may not sell any of the rail lines it owns, CN has stated that it wants to determine the type of purchase proposals it will receive from various short line operators, and the sale by CN and purchase by short line operators of 300 miles of rail line in the northern part of the State will significantly change the rail ownership structure in the State.

Consider, discuss, and take action on consulting with Bill Gardner on railroad matters: There was consideration of and discussion about consulting with Bill Gardner on railroad matters. John Corey reported that by contract, the State of Wisconsin has leased rail lines and other railroad infrastructure to the EWCRC, in turn, by contract, the EWCRC has hired WSOR, as operator, to provide freight rail service on the rail lines and other railroad infrastructure that EWCRC has leased from the State of Wisconsin, the duties, responsibilities, and rights of the EWCRC and of the State of Wisconsin are set forth in detail in the contract by and between the EWCRC and the State of Wisconsin, the duties, responsibilities, and rights of the EWCRC and WSOR are set forth in detail in the contract by and between the EWCRC and WSOR, it is possible that a situation may arise in the future that had not been addressed by these contracts, and the EWCRC may therefore want to hire a consultant to advise the EWCRC regarding this unforeseen situation, Bill Gardner has a lot of railroad experience and is very knowledgeable in railroad matters, in the event that the EWCRC wants, in the future, to hire a consultant to advise the EWCRC regarding railroad matters, the EWCRC should consider engaging Bill Gardner to provide advice on railroad matters to the EWCRC. Ken Lucht stated that it was WSOR's understanding that Bill Gardner is no longer interested in consulting with the EWCRC on railroad matters and Ken Lucht encouraged the Board of Directors of the EWCRC to inquire directly of Bill Gardner whether or not Bill Gardner is now willing to consult with the EWCRC on railroad matters, before taking any action to engage Bill Gardner as a consultant. Motion by Bemis/Peters to authorize and direct John F. Corey, Corporation Counsel, to contact Bill Gardner and find out whether or not Bill Gardner will be available to consult with the Board of Directors of the EWCRC regarding railroad matters on an as-needed and no-fee basis. A request was made that a roll call vote be taken. There was discussion. Ken Lucht stated that legal counsel has told him that a consultant cannot speak on behalf of WSOR. Ken Lucht requested that John Corey clarify what he means by the phrase "consulting on railroad matters." A motion by Dohwart/Johnson to table the motion to authorize and direct John F. Corey, Corporation Counsel, to contact Bill Gardner and find out whether or not Bill Gardner will be available to consult with the Board of Directors of the EWCRC regarding railroad matters on an as-needed and no-fee basis. A request was made that a roll call vote be taken. A roll call vote was taken. 11 ayes and 3 noes. Motion carried.

UW-Madison Freight Rail Study Presentation – Forrest Van Schwartz: Forrest Van Schwartz, Managing Director for Global Transportation Consultancy, LLC, and also a consultant to the WRTC, made an oral and PowerPoint presentation of the results of a study that had been sponsored and conducted by the UW Extension, the topic of which is the economic contributions of the railroad industry to Wisconsin. Mr. Van Schwartz reported that the study determined the number of people who are employed by businesses that use freight rail services, the amount of compensation these individuals receive, the number of individuals who are employed by WSOR, the amount of

compensation these individuals receive, the nature and amount of indirect benefits that are generated by individuals who are employed by businesses which use freight rail services and by individuals who are employed by WSOR, the study reviewed supply-chain companies that supply businesses that use freight rail services, and the results of the study were structured in a manner that allows UW Extension personnel to easily and accurately extract from the results of the study, information that is specific to a region or to a smaller designated area.

Consider, discuss, and take action on report of WSOR: Ken Lucht reported the following: WSOR has recently been working very diligently on its maintenance plan, in June or July of 2013, WSOR will check its rail lines for defects by means of a rail defect detector test car, the rail defect detector test car transmits an ultrasonic sound wave through the rail and it thereby detects cavities and other internal defects in the rail, WSOR will also use a geometry car to check the tracks on the entire WSOR system, the geometry car travels on the rails and detects elevation discrepancies and gauge discrepancies in the rail, and is used by WSOR to determine whether or not the rail meets the applicable standards set forth in the various FRA classes, this spring WSOR will conduct its annual brush cutting and weed spraying control plan activities to kill weeds and brush so that they do not present any type of safety hazards to its crews or members of the general public, WSOR will soon install approximately 41,000 new ties on the Saukville to Plymouth rail line, the ties have been ordered and will be delivered within the next 30 days, WSOR is nearing completion of the installation of 115 pound continuous welded rail from Slinger to Milwaukee, WSOR is also in the process of completing a continuous welded rail installation in the Southern Division, between Madison and Milton, WSOR is in the process of rebuilding three bridges between Madison and Milton, WSOR recently completed a public at-grade crossing project between Janesville and Monroe, WSOR used a state grant and funds that were contributed by the Pecatonica Rail Transit Commission for that project, WSOR has completed an application to WisDOT for funds to complete a Phase I tie replacement project and the installation of continuous welded rail between Fairwater and Markesan, on the Markesan Subdivision which is located in Green Lake County, WSOR anticipates that funds for that project will be awarded in the next few months, many car loadings of sand originate on that subdivision, and track conditions there are getting worse, the estimated total cost of the project is \$6.5 million and \$5 million will be solicited from the State of Wisconsin, WSOR anticipates ordering ties for that project later this year, on February 1, 2013, WSOR submitted a number of applications to WisDOT, WSOR submitted an application to rehabilitate a rail line between Madison and Oregon, this rail line has not been in service for 16 years, a business owner wants to build a new aggregate concrete ready mix plant in Oregon, Wisconsin, construction and operation of the plant will not be economically feasible unless freight rail service is provided to the plant, WSOR also submitted an application for a system-wide bridge replacement program, WSOR has over 65 bridge structures that are considered to be in priority 2 condition, a priority 1 condition is out of service, WSOR is optimistic that implementation of the system-wide bridge replacement program will allow all of these 65 bridge structures to remain in service, WSOR plans to implement a Phase I tie replacement project between Madison and Watertown, the Waukesha Subdivision begins in the City of Waukesha at the point at which WSOR trains come off the CN rail line, between Waukesha and Milton the track conditions are getting worse, and transit speeds are relatively low, in certain segments the transit speed is 25 MPH and in other segments for which slow orders have been issued, the transit speed is reduced to 10 MPH, WSOR needs to enhance rail transit times for its customers, and can do so by installing welded rail, WSOR plans to complete a Phase II continuous welded rail installation between Waukesha and Milton in 2013, if it is approved by WisDOT, Ken Lucht will make a presentation at the next meeting of the EWCRC regarding a proposed 2013 rehabilitation project for consideration of the EWCRC, WSOR has had problems with a snowmobile crossing at Minnesota

Junction, WSOR dispatched maintenance of way crews to that location several times in the past 3 weeks to remove ice from a crossing at which snowmobiles traveled over the tracks, WSOR will engage snowmobile clubs in conversations to ensure that the snowmobile clubs are properly and safely maintaining snowmobile trail at-grade rail crossings, FRPP funds in the amount of \$60 million (\$30 million per year) have, to date, been included in the 2013-2015 State Biennial Budget, and Ken Lucht introduced Jim Fuchs, who was named the General Manager of WSOR in December of 2012.

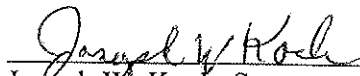
Date, time, and place of next meeting (May 8, 2013): The next regular EWCRC meeting will be held on May 8, 2013, at 10:00 a.m. Ozaukee County will host the meeting.

John Corey stated that there was included in the document packet for this meeting a copy of a resignation letter from Stan Kline from Winnebago County, who resigned from the Board of Directors of the EWCRC on January 29, 2013, at the time that Stan Kline resigned he was vice chairman of the EWCRC, his term will end in July of 2014, the bylaws provide that vacancies in an office shall be filled by the Board of Directors by an election following the election rules set forth in the bylaws, the election rules state that the chair, vice chair, secretary, and treasurer shall not represent the same county, therefore, because the current chair is from Washington County, the current secretary is from Fond du Lac County, and the current treasurer is from Dodge County, the other members of the consortium from Washington County, Fond du Lac County, and Dodge County, will not be eligible to serve as vice chair, and that he will place on the agenda for the next meeting of the EWCRC, the matter of election of vice chair to fill the vacant position of vice chair for the unexpired term that will end in July of 2014.

Motion by Bemis/Winkel to adjourn. Motion carried by unanimous vote.

Meeting adjourned at 12:00 p.m.

Respectfully submitted,



Joseph W. Koch, Secretary

Disclaimer: The above minutes may be approved, amended or corrected at the next committee meeting.