

**Minutes of the
East Wisconsin Counties Railroad Consortium
Meeting of May 14, 2014**

East Wisconsin Counties Railroad Consortium Meeting was called to order by Chairman Rick Gundrum on May 14, 2014, at 10:00 a.m., at the Fond du Lac County Fairgrounds, Expo Building, located at 601 Martin Avenue, Fond du Lac, 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.

Roll call was taken.

Present: Kenneth Hutler and James E. Foley, Columbia County; Harold J. Johnson, Dodge County; Joseph Koch and Karen Madigan, Fond du Lac County; Eugene Henke and Vicki Bernhagen, Green Lake County; Thomas E. Winker and Donald Dohrwardt, Ozaukee County; Richard Bemis and Mark Winkel, Sheboygan County; Rick Gundrum, Washington County; and Ron Hardy and Joel Rasmussen, Winnebago County.

Excused: Russell Kottke, Dodge County; Steve F. Taylor, Milwaukee County; and Daniel Goetz, Washington County.

Others Present: Ken Lucht, WSOR; Frank Huntington, WisDOT Bureau of Railroads and Harbors; Don Pohlman, Mayor for the City of Plymouth; Rose Hass Leider, Ozaukee County; Charles Beck, Citizen; John F. Corey, Dodge County Corporation Counsel; and Kelly L. Lepple, Recording Secretary.

Approval of Minutes of January 8, 2014: Motion by Bemis/Rasmussen to approve the minutes of the January 8, 2014 meeting, as presented. Motion carried by unanimous vote.

Financial Report: John Corey reported the following: The balance in the checkbook as of December 31, 2013 was \$1,000.00. Deposits were \$150,000.00. There were no expenditures. Transfers were \$150,000.00. As of April 30, 2014 the balance in the checkbook was \$1,000.00. Total EWCRC money on deposit in the Investment Account as of April 30, 2014 is \$488,214.87. Motion by Foley/Winker to approve the Financial Report. Motion carried by unanimous vote.

Consider, discuss, and take action on EWCRC annual audited financial report for 2013 by Johnson Block, Inc.: There was consideration of and discussion about the annual audited financial report for 2013 prepared by Johnson Block & Company, Inc. John Corey reported that at the November 13, 2013, 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 2013, but to reserve the right to request a representative of Johnson Block & Company, Inc., 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 a representative of Johnson Block &

Company, Inc., will personally present the annual audit to the EWCRC. Motion by Bemis/Hutler to approve the 2013 Financial Report as presented in written form. Motion carried by unanimous vote.

Consider, discuss, and take action to require biennial audits of the EWCRC's financial statements: John Corey reported that at the January 8, 2014 meeting of the Board of Directors of the EWCRC, there was discussion about whether or not an annual audit of the EWCRC's financial statements is required and John Corey reported that he had reviewed the Agreements by and between EWCRC and WisDOT and the Agreements by and between EWCRC and WSOR, and it was his considered opinion that it is not necessary to conduct an annual review of the EWCRC's financial statements, and the Board of Directors of the EWCRC authorized and directed John Corey to put this item on the agenda for the next meeting of the EWCRC. Motion by Winkel/Dohrwardt to require a biennial audit of the EWCRC's financial statements. 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 2013: There was consideration of and discussion about the statement for services that was presented for payment from Dodge County, in the amount of \$200.00, for services provided by the Dodge County Finance Director and staff, in recordkeeping, accounting assistance, and in preparing the EWCRC Annual Financial Report for 2013. Motion by Winkel/Koch 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 \$200.00 for services provided by the Dodge County Finance Director and staff, in recordkeeping, accounting assistance, and in preparing the EWCRC Annual Financial Report for 2013. 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 2013: There was consideration of and discussion about the statement for services that was presented for payment from Dodge County, in the amount of \$5,281.66, for services provided by the Dodge County Corporation Counsel and staff in 2013. John Corey reviewed and explained the invoice. Motion by Bemis/Foley 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 \$5,281.66, for services provided by the Dodge County Corporation Counsel and staff in 2013. Motion carried by unanimous vote.

Consider, discuss, and take action on WSOR Rent: John Corey reported that pursuant to Article 3.0 – Rent of the Operating Agreement for Rail Service Continuation By and Between East Wisconsin Counties Railroad Consortium and Wisconsin & Southern Railroad Company, Agreement No. 0490-40-50(F-1), dated March 28, 2008, rent for the calendar years of 2012 through 2013, both inclusive, was calculated by multiplying the Rate Per Mile (RPM) of \$100.00 by 187.6, the number of miles of track operated, excluding yard, passing, and sidetracks, and that for calendar years 2014 through 2018, the EWCRC will need to adjust WSOR's rent based on the terms set forth in Agreement No. 0490-40-50(F-1). The RPM of \$100.00 will increase to \$110.90, so the WSOR rent for the calendar years 2014 through 2018 will be \$20,804.84 per year. John Corey further reported that he has not sent an invoice to WSOR for 2014 rent and that he prepared a letter to send to WSOR explaining the adjustment in rent for the calendar years 2014 through 2018. Motion by Johnson/Winker to adjust WSOR's rent to \$20,804.84 per year for the calendar years 2014 through 2018. Motion carried by unanimous vote.

Consider and discuss election of officers to be held on July 9, 2014: Rick Gundrum reported that election of officers will take place at the July 9, 2014 EWCRC meeting. John Corey stated that a copy of the Bylaws of the EWCRC was included in the meeting packet. John Corey reviewed Article IV – Officers, of the Bylaws, with the Board of Directors of the EWCRC.

Consider and discuss the WSOR annual financial presentation: John Corey reported that Eileen Liftke, Dodge County Assistant Finance Director, attended the WSOR Annual Financial Presentation at the Hill Farms State Transportation Building in Madison, Wisconsin, on March 19, 2014. John Corey further reported that the purpose of the financial presentation was to present WSOR's 2013 financial information in compliance with the language set forth in WSOR's Operating Agreements with EWCRC, PRTC, and WRRTC. John Corey further reported that Eileen Liftke reported to him that based on the presentation, it appeared to her that WSOR is in sound financial condition and that WSOR placed a lot of emphasis on making strong continuing efforts to expand business and operations in Wisconsin.

Consider and discuss the revised language to the insurance and liability sections of the EWCRC/WSOR/WisDOT Grant and Operating Agreements: There was consideration of and discussion regarding the proposed revision of the sections of the EWCRC/WSOR/WisDOT Grant and Operating Agreements that deal with liability and insurance. Frank Huntington explained the proposed revisions to the liability and insurance sections of the Agreements. Mr. Huntington stated that the revisions to the insurance requirements and to the self-insured retention requirements have been proposed because Watco is a much larger business entity than WSOR and Watco has the financial capability to purchase and maintain greater limits of liability insurance and property insurance and also has the financial capability to undertake a larger self-insured retention amount. John Corey reported that he will meet with Frank Huntington in the near future to finalize the proposed revisions of the sections of the EWCRC/WSOR/WisDOT Grant and Operating Agreements that deal with liability and insurance, and that the amended grant and operating agreements will be ready for the Chairman and the Secretary of the EWCRC to sign, on behalf of the EWCRC, at the next meeting of the EWCRC which is scheduled for July 9, 2014.

Consider, discuss, and take action on Report of WisDOT, Bureau of Railroads and Harbors: Frank Huntington reported that there are several rehabilitation projects in the EWCRC area, specifically, the Saukville to Elkhart Lake tie project and the Plymouth to Sheboygan Falls reconstruction project. Frank Huntington further reported that 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 a formal, written offer to purchase the rail line, and WisDOT will not conclude the acquisition of this rail line until either June or July of 2014.

Consider, discuss, and take action on report of WSOR: Ken Lucht reported as follows: That the Saukville to Elkhart Lake rail line tie replacement project is nearly complete and he thanked the EWCRC for its financial support of the project, completion of the project will allow WSOR to increase the speed of its trains from 10 MPH to 25 MPH, it is the goal of WSOR to provide rail service to Sheboygan Falls by the end of calendar year 2014, and to conclude all construction on the remaining part of the corridor from Sheboygan Falls to Kohler by next spring, the construction

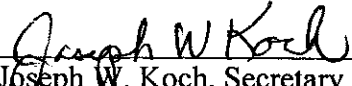
documents have been completed and are being reviewed by WisDOT and will likely be released to construction contract bidders in the next few weeks, WSOR will prioritize construction of the segment which will provide rail service to Sheboygan Falls, because WSOR has a direct customer on the rail line at Sheboygan Falls, another rehabilitation project that will hopefully occur soon in the EWCRC area is on the Markesan Subdivision, from Fairwater to Markesan, this rehabilitation project is a big priority for WSOR, WSOR submitted this project to WisDOT in February of 2013, WSOR is also committed to a project to upgrade the rail line from Madison to Watertown to Class II standards, the rail line from Madison to Watertown is approximately 33 miles in length, WSOR's Waukesha Subdivision is located between Waukesha and the City of Milton, it connects WSOR's northern district to WSOR's southern district, approximately 20,000 cars travel on the Waukesha Subdivision every year, and there is a lot of bridge traffic and some originating and terminating traffic on the Waukesha Subdivision, there are numerous public crossings on the Waukesha Subdivision that are in need of rehabilitation and there are also a small number of bridges that require rehabilitation, there is 100-year-old jointed track on the Waukesha Subdivision that has a lot of internal defects, and the 100-year-old jointed track needs to be removed and replaced with continuous welded rail, WSOR submitted a TIGER 6 application to the Federal Government for a major rehabilitation project between Madison and Spring Green, this is a \$25 million rehabilitation project, WSOR is requesting \$12 million from the US DOT, \$10 million from the State of Wisconsin, and WSOR will provide \$3 million, this is the third time that WSOR has applied to the federal government for this rehabilitation project, previously the federal government ranked this project in the top 10% of all applications across the entire United States of America, the Secretary of the United States Department of Transportation will make the decision on whether or not this project will be funded, this project has been very competitive regarding cost considerations and has also been very competitive regarding public/private partnership considerations, WSOR experienced a very difficult winter in terms of snow and ice removal which created significant overtime for WSOR crews, WSOR is experiencing a decrease in the shipment of grain due to the low prices of grain, grain shipments constitute 35% of WSOR's business, but WSOR has made up some of the revenues in transportation of other commodities, such as silica sand.

Date, time, and place of next meeting (July 9, 2014): The next regular EWCRC meeting will be held on July 9, 2014, at 10:00 a.m. Sheboygan County will host the meeting.

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

Meeting adjourned at 10:50 a.m.

Respectfully submitted,


Joseph W. Koch, Secretary

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