

**Minutes of the
East Wisconsin Counties Railroad Consortium
Meeting of July 11, 2012**

East Wisconsin Counties Railroad Consortium Meeting was called to order by Dodge County Corporation Counsel, John F. Corey, Attorney for the East Wisconsin Counties Railroad Consortium, on July 11, 2012, at 10:00 a.m., at the Dodge County Administration Building, Rooms H and I, 127 E. Oak Street, Juneau, 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; Russell Kottke and Harold J. Johnson, Dodge 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; Dan Goetz and Rick Gundrum, Washington County; and Joel Rasmussen, Winnebago County.

Excused: Mark Borkowski and Theodore Lipscomb, Milwaukee County, and Stan Kline, Winnebago County.

Others Present: Ken Brandt, Washington County; Dan Amato, Observer; Don Pohlman, Mayor for the City of Plymouth; Jerry Thompson, Railroad Services Coordinator for the City of Plymouth; Benji Timm, City of Milwaukee; Shelly Bernhagen, Badger Mining; Jodi Hauman, Badger Mining; Bill Gardner and Ken Lucht, WSOR; Frank Huntington, WisDOT Bureau of Railroads and Harbors; John F. Corey, Dodge County Corporation Counsel; and Kelly L. Lepple, Recording Secretary.

Election of Officers:

John Corey reminded the Board of Directors that the Bylaws do not allow the election of more than one officer from the same member county. John Corey called for nominations from the floor for the office of Chairman.

Chairman: Ken Hutler nominated Stan Kline for Chairman. Dan Goetz nominated Rick Gundrum for Chairman. There were no other nominations. A secret ballot vote was taken. The results were Rick Gundrum 8 votes and Stan Kline 7 votes. Rick Gundrum was elected Chairman of the EWCRC.

Upon election, Rick Gundrum assumed the office of Chairman.

Vice Chairman: Dan Goetz nominated Stan Kline for Vice Chairman. There were no other nominations. Motion by Goetz/Koch to cast a unanimous ballot for Stan Kline as Vice Chairman. Motion carried by unanimous vote. Stan Kline was elected Vice Chairman of the EWCRC.

Secretary: Karen Madigan nominated Joe Koch for Secretary. There were no other nominations. Motion by Kottke/Peters to cast a unanimous ballot for Joe Koch as Secretary. Motion carried by unanimous vote. Joe Koch was elected Secretary of the EWCRC.

Treasurer: Harold Johnson nominated Russell Kottke for Treasurer. There were no other nominations. Motion by Hutler/Henke to cast a unanimous ballot for Russell Kottke as Treasurer. Motion carried by unanimous vote. Russell Kottke was elected Treasurer of the EWCRC.

Public Comment: None.

Approval of Minutes of May 9, 2012: Motion by Bemis/Dohrwardt to approve the minutes of the May 9, 2012 meeting, as presented. Motion carried by unanimous vote.

Financial Report: Kelly Lepple, Recording Secretary, reported the following: The balance in the checkbook as of April 30, 2012 was \$8,048.98. Deposits were \$54,690.00. There were no expenditures. There were no transfers. As of June 30, 2012 the balance in the checkbook was \$62,738.98. Total EWCRC money on deposit in the Investment Account as of June 30, 2012 is \$643,787.09. Motion by Winker/Koch to approve the Financial Report. Motion carried by unanimous vote.

Consider, Discuss and Take Action on the Level of Funding by Member Counties for 2013: There was consideration of and discussion about the level of funding for member counties for 2013. Motion by Koch/Henke that the Board of Directors of the EWCRC recommend to each member county that each member county budget \$25,000 for its 2013 member county contribution to the EWCRC. Motion carried by unanimous vote.

Consider, Discuss and Take Action to send invoice to Milwaukee County for 2010 and 2012 member county contributions: There was consideration of and discussion about Milwaukee County not making its member county contributions for 2010 and for 2012. John Corey reported that he sent an invoice in the amount of \$50,000 to Milwaukee County and to Supervisor Mark Borkowski and to Supervisor Theodore Lipscomb for Milwaukee County's 2010 and 2012 member county contributions. John Corey further reported that he spoke with Supervisor Theodore Lipscomb, who told John Corey that Supervisor Lipscomb was in the process of investigating why Milwaukee County has not paid its member county contributions for 2010 and 2012. John Corey further reported that Supervisor Lipscomb told John Corey that Supervisor Lipscomb intends to ask the County Executive to appoint another Milwaukee County Board Supervisor to the Board of Directors of the EWCRC, because Supervisor Lipscomb was recently appointed to an additional Milwaukee County Board Committee, and the Committee holds its meetings on the same days on which the Board of Directors of the EWCRC holds its meetings. John Corey further reported that Jeff Plalel, Wisconsin Railroad Commissioner, has not reported back to him. There was discussion about taking action to arrange a meeting with Milwaukee County Executive, Chris Abele, to discuss nonpayment of Milwaukee County's 2010 and 2012 member county contributions. There was discussion about forming a committee to meet with Chris Abele. Dan Goetz, Rick Gundrum and Thomas Winker volunteered to meet with Chris Abele. Frank Huntington stated that he will provide a letter from the State of Wisconsin in support of the EWCRC and setting forth the favorable economic impact of freight rail service. Bill Gardner stated that he will provide an economic profile of Milwaukee County to present to Chris Abele. Motion by Winker/Winkel to authorize and direct John Corey to schedule an appointment with Chris Abele to meet with John Corey, Dan Goetz, Rick Gundrum, and Thomas Winker to provide information to Chris Abele and to discuss with him the favorable economic impact freight rail service has on Milwaukee County. Motion carried by unanimous vote.

Update on the Plymouth to Sheboygan Falls Rail Line Rebuild Project: Mayor Don Pohlman reported that ties are being unloaded in the rail yard in Plymouth and tree and brush cutting is scheduled to start later this week and should be completed by early September of 2012.

Consider, Discuss, and Take Action on Report of WisDOT, Bureau of Railroads and Harbors: Frank Huntington reported the following: WisDOT has submitted to the Surface Transportation Board the required documentation for the purchase of the Gibson Line and is waiting for the Surface Transportation Board to make a decision regarding the purchase of the Gibson Line, WisDOT is in the process of selecting specific rehabilitation projects for approval for funding, and a bridge management program is being developed and implemented.

Save the Date Wisconsin Freight Rail Day 2012, scheduled for Friday, October 26, 2012: Wisconsin Freight Rail Day 2012 will be held on Friday, October 26, 2012.

Consider, Discuss, and Take Action on Report of WSOR: Ken Lucht reported the following: WSOR has completed checking its rail lines on the Northern Division and Southern Division for defects by means of a rail defect detector test car. The rail defect detector test car sends an ultrasonic beam through the rail and it thereby detects cavities and other internal defects. The Maintenance of Way Superintendent will report the results of the rail defect detector test car at the September 12, 2012 EWCR meeting.

The oppressive hot weather has affected WSOR's maintenance crews. WSOR has established restrictions on the use of the rails based on the temperature of the rails. When the ambient air temperature is 90 degrees Fahrenheit or above, then WSOR track inspectors are required to take rail temperature readings at specific locations every 2 hours and report the results to the train dispatcher, who then makes a decision to either prohibit trains from operating on the rails, or to restrict train speed on the rails to not more than 10 MPH. When the temperature of jointed rail is 90 degrees Fahrenheit or above, but less than 140 degrees Fahrenheit, then train speed is restricted to not more than 10 MPH. When the temperature of jointed rail is greater than 145 degrees Fahrenheit, then trains are not allowed to operate on the rails. When the temperature of continuous welded rail is 90 degrees Fahrenheit or above, but less than 134 degrees Fahrenheit, then train speed is restricted to not more than 10 MPH. When the temperature of continuous welded rail is 135 degrees Fahrenheit or above, trains are not allowed to operate on the rails. The precautionary measures are necessary in order to prevent derailments caused by sun kinks in the rails while trains are moving on the rails. On occasion in the Northern Division dispatchers have prohibited trains from operating on the rails due to high rail temperatures. Dispatchers have frequently restricted train speed to not more than 10 MPH in the Northern Division and the Southern Division, due to high rail temperatures. These precautionary measures have caused delays in service to customers. WSOR has explained to customers the manners in which high rail temperatures have caused delays in service to customers. WSOR has scheduled the complete replacement of a crossing-at-grade at Highway 144, Kettle Moraine Drive, in Slinger, Wisconsin. Work on this project will start during the week of September 17, 2012. There are a number of capital improvement projects in process in the Northern Division and in the Southern Division. The Slinger to Milwaukee Phase II continuous welded rail project is about 15% complete. The intersection of 91st Street and Bradley Street is currently under construction. The roadway authorities have done a good job of rerouting traffic and blocking traffic so that WSOR crews can work continuously to get this very substantial intersection reconstruction project completed. Three capital improvement projects are currently in process in the Southern Division. WSOR is installing continuous welded rail between Madison and Milton, and that project is almost complete. WSOR contracted for bridge construction

work to complete the replacement of 10 bridges between Madison and Milton. Starting in August of 2012, WSOR will rebuild 10 public crossing between Janesville and Monroe. All of these projects are state rehabilitation projects which have been funded in part by various counties and rail transit commissions located throughout the southern part of the State of Wisconsin. WSOR has signed a grant agreement for the installation of 40,000 ties between Saukville and Plymouth. 1,000 ties for this project have already been delivered to the rail yard in Plymouth and another 1,000 ties will soon be delivered there. Also as part of this project, a number of crossings-at-grade will be rebuilt. WSOR divides capital projects into phases. Typically, the first phase will be to install ties. There are approximately 3,500 ties per mile of railroad track, and WSOR ordinarily installs new ties about every third tie, so about 1,000 replacement ties are installed per mile. Phase I projects are tie installation projects. WSOR is starting a Phase I project between Saukville and Plymouth in Ozaukee and Sheboygan Counties. At some time in the future, as required by the amount of freight rail traffic, and as allowed by the availability of funding, WSOR will move to a Phase II project, which will be to install continuous welded rail in Ozaukee and Sheboygan Counties. There are four large bridge construction projects in process. WSOR sent out requests for proposals for three of the large bridge construction projects. One of the projects is located in Woodman, which is along the Wisconsin River in Grant County, on WSOR's Prairie du Chien line. Two of the projects are located on the western edge of the City of Janesville. One of the projects located on the western edge of the City of Janesville is on Crosby Street. WSOR is hopeful that its request for proposals will result in competitive bids so that it will be able to award contracts for these four large bridge construction projects in the next several months. The grant/match project that WSOR uses to rebuild the State of Wisconsin-owned railroad infrastructure is the Freight Railroad Preservation Program (FRPP), which provides 80% funding from the State of Wisconsin, and which requires 20% match funding which comes from WSOR and participating counties and participating rail transit commissions. WSOR has applied for FRPP funding for a number of projects. The State of Wisconsin has not yet announced which applications have been approved for funding. WSOR expects the State to make an announcement within the next 30 days. WSOR applied for funding for a major tie replacement project in Green Lake County on the rail line that goes out to Markesan. WSOR also applied for funding for a Phase II project to remove jointed rail and replace it with continuous welded rail between Janesville and Avalon on WSOR's Fox Lake Subdivision. The Fox Lake Subdivision is located between Janesville and Chicago, and is WSOR's main arterial line to the Chicago market. WSOR has previously completed Phase I tie replacement project between Janesville and Avalon. There is a large, local-based support effort in Sauk County and Dane County for the State of Wisconsin to acquire the rail line that goes between Madison and Reedsburg. Acquisition of this rail line by the State of Wisconsin is also a large priority for WSOR. This line is still owned by the Union Pacific Railroad. WSOR leases it from Union Pacific Railroad. The Union Pacific Railroad is unwilling to invest any capital funds into this line. This line is an anomaly in the WSOR system, because it is not owned by the State of Wisconsin, it is not owned by any rail transit commission, and it is still privately owned. WSOR is unwilling to invest capital funds into this line, until such time as it is owned by the State of Wisconsin. On July 4, 2012, there was a derailment of six railcars loaded with grain. The derailment took place just west of Cottage Grove. The hot weather caused the temperature of the rails to increase, which in turn caused a sun kink in the rails to occur as the train was traveling over the rails. Three cars tipped over on their sides. WSOR was able to salvage approximately 75% of the grain that had been loaded in the derailed cars. There were no injuries. No hazardous materials were involved in the derailment. This derailment was a major reason why WSOR initiated established restrictions on the use of the rails based on the temperature of the rails. Ken Lucht and Bill Gardner are engaged in discussions with WisDOT on the funding level for the FRPP for the next biennium budget. In a year from now the Governor will sign into law the new budget for 2013-2015. The State Budget for the FRPP was \$60 million for the 2009-2011 biennium (\$30 million per year). The State Budget for the

FRPP for the 2011-2013 biennium was reduced to \$30 million (\$15 million per year). This reduction in FRPP funding has presented extreme challenges for WSOR. There are rehabilitation projects that are necessary and which WSOR wants to undertake, but WSOR cannot undertake them because of the lack of available funds. The State is likely to use FRPP funds to acquire railroad right-of-way and infrastructure in several Wisconsin Counties, including Sauk County and Dane County. WSOR is waiting for WisDOT to release its budget request to the Governor. The WisDOT budget will include a request for a specific level of FRPP funding for the 2013-2015 biennium. After the WisDOT releases its budget request to the Governor, WSOR will know the specific amount of FRPP funding that WisDOT has requested, and WSOR will likely request the Governor and the Legislature to increase the proposed FRPP funding level. WSOR has been pleased with EWCRC's support of WSOR's efforts in the past to increase funding for the FRPP, and the WSOR will continue to ask for the EWCRC's support. At the next meeting of the EWCRC, Ken Lucht will make a PowerPoint presentation on a proposal to increase funding for the FRPP and will then ask for EWCRC's endorsement by way of letter to the Secretary of WisDOT and the Governor, which WSOR will also share with legislators. The PowerPoint presentation will include statements of economic benefits of the state-owned railroad system in Wisconsin. The reason why the State of Wisconsin invests millions of dollars each year in the publicly-owned rail system is that there are economic benefits to doing so. One economic benefit is job growth. Another economic benefit is increases in the property tax base, which benefit local units of government.

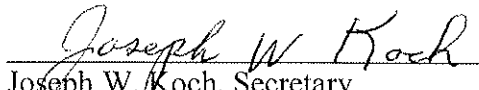
Bill Gardner reported the following: Some of you have seen the Soo Line 1003 steam locomotive operate on the WSOR rail line. The Soo Line 1003 has gone through an extensive rebuild program in the Wisconsin Auto Museum in Hartford, Wisconsin. The steam locomotive is now in Horicon in the WSOR paint shop, where it will be repainted. After it has been repainted, it will be fully operational. WSOR will sponsor two events, using the Soo Line 1003. The two events will be Toys for Tots with the United States Marine Corps Reserve. WSOR will operate one train from Oshkosh to Germantown on a Saturday. WSOR will advertise the events. Representatives of the United States Marine Corps Reserve, will be present on the Soo Line 1003, for the purpose of collecting Toys for Tots.

Date, time, and place of next meeting (September 12, 2012): The next regular EWCRC meeting will be held on September 12, 2012, at 10:00 a.m. Fond du Lac County will host the meeting.

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

Meeting adjourned at 11:16 a.m.

Respectfully submitted,


Joseph W. Koch, Secretary

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