

Rail Infrastructure Loan Program - Report for Fiscal Year 2021

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 \$25.8 million in loans since its inception. In all, forty-eight loans have been awarded to twenty-eight separate applicants throughout the state.

Rail Infrastructure Loan Fund

At the beginning of fiscal year (FY) 2021, the balance of the Rail Infrastructure Loan Fund was \$8,202,626.32. Interest earnings of \$3,445.71 increased the fund balance to \$8,206,072.03.

Status of Projects

Information on all currently-outstanding loans funded under the program as of the end of FY2021 is provided on the attached chart entitled "Status of Rail Infrastructure Loan Agreements". No loans were paid in full during the fiscal year,

Two new loans, totaling \$1,678,345, were awarded during FY2021.

Loans Outstanding

At the beginning of FY 2021, outstanding loans amounted to \$3,781,958.22. Loan repayments of \$406,241.69, and new disbursements of \$1,000,000.00 increased the amount of outstanding loans to \$4,375,716.53.

Amount Available for New Loans

At fiscal year-end 2021, the Rail Infrastructure Loan Fund had a balance of \$8,206,072.03. The fund has outstanding loans of \$4,375,716.53 and \$2,656,041.00 in unexpended obligations, leaving a balance of \$1,174,314.50 available for disbursement.

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Status of Active Rail Infrastructure Loan Agreements as of September 30, 2021						
Company	Contract #	FY	Loan Amount	Amount Disbursed	Amount Repaid	Amount Outstanding
Huron & Eastern Railway*	2017-0310	2017	\$887,109.64	\$887,109.64	\$88,710.96	\$798,398.68
Indiana Northeastern Railway*	2018-0385	2018	\$995,952.07	\$995,952.07	\$280,053.90	\$715,898.17
Lake State Railway*	2018-0386	2018	\$1,000,000.00	\$1,000,000.00	\$200,000.00	\$800,000.00
Huron & Eastern Railway*	2018-0480	2018	\$879,355.20	\$879,355.20	\$87,935.52	\$791,419.68
Coopersville & Marne Railway	2018-0265	2018	\$300,000.00	\$300,000.00	\$30,000.00	\$270,000.00
Lake State Railway*	2020-0290	2020	\$1,000,000.00	\$1,000,000.00	\$0.00	\$1,000,000.00
Huron & Eastern Railway*	2020-0508	2020	\$977,696.00	\$0.00	\$0.00	\$0.00
Great Lakes Central Railway*	2021-0192	2021	\$982,352.00	\$0.00	\$0.00	\$0.00
Huron & Eastern Railway*	2021-0193	2021	\$695,993.00	\$0.00	\$0.00	\$0.00
			\$7,718,457.91	\$5,062,416.91	\$686,700.38	\$4,375,716.53
Total Loans Outstanding						\$4,375,716.53

*project on state-owned rail line

Rail Freight Fund – Report for Fiscal Year 2021

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 in the fund at the beginning of FY2021 was \$9,427,378.06. Revenues totaling \$2,146,243.51 increased the balance to \$11,583,621.60. Obligations (expenditures and encumbrances) from the account during FY2021 totaled \$2,012,921.45, leaving the unencumbered fund balance at the close of the fiscal year \$9,570,700.12.

Details of loans awarded made under the Freight Economic Development Program (FEDP) that were allocated funding from the RFF, and were still open during FY2021, 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
West Michigan Railroad Company*	2019-0936	2019	\$369,652.50	\$0.00	\$0.00
Kiros Energy**	2018-002/A1	2018	\$85,185.48	\$85,185.48	\$0.00
G4 Energy***	2021-0833	2021	\$2,000,000.00	\$0.00	\$0.00

* The proceeds of the loan awarded to West Michigan Railroad Company under contract 2019-0936 will be disbursed to West Michigan as construction is completed and appropriate collateral is in place. MDOT will monitor West Michigan's performance relative to meeting its contractual shipping commitments and will invoice the railroad, as appropriate, should any annual commitment not be met.

** The Rail Freight Fund was used for a portion of the additional costs needed to complete the project for Kiros Energy, initiated in FY2018. MDOT will monitor Kiros' performance relative to meeting its contractual shipping commitments and will invoice the company, as appropriate, should any annual commitment not be met.

*** The proceeds of the loan awarded to G4 Energy under contract 2021-0833 will be disbursed to G4 Energy as construction is completed and appropriate collateral is in place. MDOT will monitor G4 Energy's performance relative to meeting its contractual shipping commitments and will invoice the company, as appropriate, should any annual commitment not be met.