

**Minnesota Department of Transportation  
Office of Freight & Commercial Vehicle Operations  
Freight, Railroads & Waterways  
395 John Ireland Boulevard  
St. Paul, MN 55155  
(651) 215-6230**

**Minnesota Rail Service Improvement Program Loan Application**

***\*\*\*You must read the following narrative to fully  
understand the application process\*\*\****

**INTRODUCTION**

**Purpose/Background:** The Minnesota Rail Service Improvement Program was established in 1976 to preserve and improve essential rail service within the State of Minnesota and to assist with the development of complex and costly railroad projects that might not occur without public financial assistance. Pursuant to Minnesota Statutes 222.46 – 222.633, the Minnesota Department of Transportation (MnDOT) has the authority to award loans to assist the rail line and rail users with eligible costs as defined below. The Minnesota Rail Service Improvement Program is available to those shippers, consignors and other business entities that depend upon or benefit from the movement of goods and products by means of rail service.

**Eligible Uses for Loans:**

1. To make transfers or to pay interest adjustments on loans guaranteed under the state rail user and rail carrier loan guarantee program;
2. To pay a portion of the costs of capital improvement projects designed to improve rail service including construction or improvement of short segments of rail line such as side track, team track and connections between existing lines, and construction and improvement of loading, unloading, storage and transfer facilities of a rail user;
3. To acquire, maintain, manage and dispose of railroad right-of-way pursuant to the state rail bank program;
4. to provide for aerial photography survey of proposed and abandoned railroad tracks for the purpose of recording and reestablishing by analytical triangulation the existing alignment of the in place track;

5. to pay a portion of the costs of acquiring a rail line by a regional railroad authority
6. to pay the state matching portion of federal grants for rail-highway grade crossing improvement projects.

**Funding Availability:** There was a legislative appropriation for the MRSI Program in 2005 and 2006. During 2005, the Legislature appropriated \$1.5 million in bond funds to the MRSI Program. The Legislature also appropriated \$2.0 million in bond funds in 2006 available after July 1st. Quarterly receipts from previous loans will be used at the discretion of MnDOT. Based on the number and quality of applications received, MnDOT will determine funding availability. Only \$200,000 per project will be loaned out. If there are two current loans in repayment status to the same facility location and it would like another loan, one of the current loans will need to be fully repaid before another loan is considered to that facility. If the facility has participated in a rehabilitation of the rail line through this program, there will be no program maintenance fee attached to the loan. If the line has not been rehabilitated through the MRSI Program, the fee is 10% of the loan value. The program maintenance fee will be attached to each loan distributed to a facility.

**Deadlines/Requirements:** Applications will begin to be considered on a quarterly basis. Each January 10<sup>th</sup>, April 10<sup>th</sup>, July 10<sup>th</sup> and October 10<sup>th</sup> applications will be accepted for consideration in that particular quarter. If an application is received after the 10<sup>th</sup>, it will be considered for the next quarter. A written response from Mn/DOT will be received by the last working day of the following month. If the project is not approved in one quarter in can be held over for a decision in the next quarter with the facility's written approval. If the facility cannot wait until the next quarter, it is suggested that alternative sources of funding be pursued. It is suggested that if the facility will potentially be considering any track or rail spur projects that they contact this office for a set of standard track specifications to follow during their bid process. This is necessary for the longevity of the track without additional funds. It is necessary that an application be submitted to the Program Manager before a project is started, and the work not begins until an agreement has been executed. If work is started prior to an executed agreement from MnDOT, it is not guaranteed that payments will be made toward the facility's project. Once an agreement has been issued to the facility, it is necessary for the facility to remit all filing fees to the County the facility is located in to process the filing of a mortgage against the

property. The mortgage will be in place until all debt repayments have been received at the State of Minnesota.

**Billing Procedures:** After all parties have signed the agreement and the work has started, the facility can submit invoices for work completed. The invoices will include: an invoice from the facility to MnDOT stating an interest to collect loan funds, a detailed description of invoiced work, and a copy of cancelled checks for invoiced work. Before the final payment to the facility will be paid, a phone call should be made to the Program Manager 20 days prior to the completion of the project to arrange a final inspection of the project, and dated photographs of the facility improvement must be submitted.

**Reporting Procedures:** Once an agreement has been reached by MnDOT and the facility, it is **MANDATORY** that the facility submit to MnDOT each January 30<sup>th</sup> of the calendar year following the receipt of a loan, a report stating how much they have shipped by rail for the period that they have a loan with Mn/DOT. Included in the information will be records of the shipping prior to the improvement and shipping records after completion of the project. On the January 30<sup>th</sup> following the final repayment of the loan, there will be one final report issued to Mn/DOT. At this point the facility has fulfilled its obligations to the State of Minnesota.

**\*\*Work cannot begin until an agreement has been executed.\*\***

### **Information that must be submitted to the State before a loan is approved**

- A formal loan application signed by the owners and/or the governing boards of the facility requesting the loan.
- A detailed description and sketch of the proposed project.
- Audited financial statements for the past two years.
- A letter from your primary lender indicating that they approved the additional indebtedness and that there is sufficient collateral to protect the State's interest.
- A letter of support from the railroad that serves you.
- A minimum of three bids on the project to be accomplished with the loan proceeds. Please identify the preferred bid, if known.
- Photos of the proposed construction site before any work takes place.
- The Legal Description of the Improved Property. This is the legal description from the County Recorder's Office (not the description on the Property Tax Statement).
- Plat map showing parcels, indicating on which parcel the improvements will be made
- Map showing the nearest grade crossing/s
- Owners Encumbrance Certificate listing the encumbrances/liens on the property, when they were recorded and who they are with (usually from a title company or a title opinion from an attorney setting forth the same information)
- Notarized statement that no improvements have been made on the property within the last 120 days. If improvements have been made to the property within the last 120 days, the facility must produce a lien waiver for any improvements that have taken place within that time period.
- Photos of the construction site with the new improvements shown should be submitted with your final invoice.



**Minnesota Rail Service Improvement Program**

**Applicant:** \_\_\_\_\_

**Project Contact Person:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip Code:** \_\_\_\_\_

**Phone:** (    ) \_\_\_\_\_

**Fax:** (    ) \_\_\_\_\_

**E-Mail Address:** \_\_\_\_\_

**Federal Tax Number** \_\_\_\_\_

**State Tax Number** \_\_\_\_\_

**Site Description**

**Name of Project Site:** \_\_\_\_\_

**Project Site Address:** \_\_\_\_\_

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip Code:** \_\_\_\_\_

**Current Property Owner:** \_\_\_\_\_

**Is the project site publicly or privately owned?** \_\_\_\_\_

**Is the facility a subsidiary or division of any other entity? Who?**  
\_\_\_\_\_  
\_\_\_\_\_

**Does this facility have an ownership or control agreement with any other entity? With whom?**  
\_\_\_\_\_  
\_\_\_\_\_

**Has applicant received previous funds from the Minnesota Rail Service Improvement Program?**  
\_\_\_\_\_

**When?** \_\_\_\_\_

**Has facility location ever been behind in making repayments to the Minnesota Rail Service Improvement Program?**

No

Yes Why? \_\_\_\_\_



**Railroad Traffic Information**

What Railroad is serving the Facility? \_\_\_\_\_

How often does this railroad serve the facility? \_\_\_\_\_

What is the annual number of rail cars shipped or received at this facility in the last 5 years?

	Year 1	Year 2	Year 3	Year 4	Year 5
Shipped					
Received					

Will the car loadings increase if the project is completed?

Yes    If yes, amount of additional increase?    Shipped \_\_\_\_\_    Received \_\_\_\_\_

No

What State, County or Township roads are adjacent to the proposed construction area?

\_\_\_\_\_  
\_\_\_\_\_

Where and how far is the nearest grade crossing to the facility? Exact location needed.

\_\_\_\_\_  
\_\_\_\_\_

What type of truck traffic would be impacted by this project after it is completed? (kinds of trucks hauling material, number of trucks increased, route taken to the facility, etc)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



**Financial/Debt Information**

Financial Institution Name \_\_\_\_\_

Financial Institution Address \_\_\_\_\_

Financial Institution Account Number \_\_\_\_\_

Are any other entities providing financial assistance to this project?

Yes \_\_\_\_\_ (Indicate name, address and amount below. If more than one, indicate each below.)

No \_\_\_\_\_

Financial Entity Name \_\_\_\_\_ Value (\$)

Financial Entity Name \_\_\_\_\_ Value (\$)

How long has the business or facility been in business at this location?

Is applicant involved in or threatened with any lawsuit or legal proceedings including any bankruptcy proceedings?

Has the facility or any persons associated with the facility been involved in any bankruptcy proceedings in the past 3 years? Who?

Do any other entities have a financial interest in this facility?

**Financial/Debt Information**

List all liens presently filed against the property. (Use separate sheet, if necessary)

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Will the other funding sources have a lien/mortgage on the property once project is completed?

Yes                      No

What position will the Minnesota Department of Transportation have on the property if a Minnesota Rail Service Improvement loan is executed?

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Is applicant leasing any equipment or property?

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Is the facility's property being leased from the Railroad?

Yes    \_\_\_\_\_  
No     \_\_\_\_\_

Are facility's Officers and Director's willing to sign a Personal Liability Agreement to guarantee the loan will be paid in full?

Yes

No    If not, why? \_\_\_\_\_

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**Loans Associated with Facility**

<b>Financial Source</b>	<b>What was loan used for?</b>	<b>What are the loan payments?</b>	<b>How often is the loan paid?</b>	<b>What is used as collateral to secure loan?</b>	<b>Was a lien recorded with the County Recorder?</b>	<b>Is the loan current in making payments?</b>

The following information is obtained for the purpose of knowing what other businesses or entities have a financial interest in the property (include separate sheet, if needed).

**RESOLUTION  
OF  
BOARD OF DIRECTORS**

BE IT RESOLVED, That the President, Vice President, Secretary, Treasurer, and \_\_\_\_\_ of this Association are jointly and severally authorized to obtain loans on behalf of this Association from the Minnesota Rail Service Improvement Program in an amount not exceeding \$ \_\_\_\_\_ at any one time outstanding, exclusive of borrowings authorized under any other Resolution, and are hereby authorized and directed to do all things which may be necessary or proper for carrying out this Resolution, including but not limited to the following:

- (1) To obligate this Association in such amounts, at such rates of interest, and on such other terms and conditions as they shall deem proper;
- (2) To execute and deliver to the Minnesota Department of Transportation (hereinafter Department) all such written instruments as may be required by the Department;
- (3) To pledge, mortgage, convey or assign any or all property of this Association as security for all obligations of this Association to said Department;

RESOLVED, FURTHER, that the provisions of the Resolution shall remain in full force and effect until a certified copy of a duly adopted resolution effecting a rescission or amendment of this Resolution shall be furnished to the Department.

**CERTIFICATION**

The undersigned, as Secretary of the applicant Association, hereby certifies that the Board of Directors, at a duly called meeting, at which a quorum was present, held on the \_\_\_\_\_ day of \_\_\_\_\_ has not been rescinded or amended in any way.

\_\_\_\_\_  
Secretary

WE THE UNDERSIGNED, as duly elected or appointed officers of the association named on page one, certify that:

1. We are the duly qualified incumbents of the offices set opposite our names and that the signatures are true and genuine specimens thereof.
2. All statements, answers, and representations given in connection with this loan application are factual and warranted correct.

<b>Title</b>	<b>Name</b> (Please Print)	<b>Address</b> (Please Print)	<b>Signature</b>	<b>Date Term as Officer Expires</b>
President	_____	_____	_____	_____
Vice President	_____	_____	_____	_____
Secretary	_____	_____	_____	_____
Treasurer	_____	_____	_____	_____
Asst. Secretary	_____	_____	_____	_____
Manager	_____	_____	_____	_____
_____	_____	_____	_____	_____