



## Minnesota Rail Service Improvement Program Capital Improvement Loans

**Purpose:** To assist rail users improve the efficiency of their rail transportation. Funds are available for capital improvement projects that increase rail usage; (e.g. expanding industrial spurs, adding storage and transfer capacity, loading efficiency improvements).

**Loan Provisions:** Mn/DOT will provide loans with up to a ten-year repayment schedule, to qualified applicants. The maximum loan amount is \$200,000. Capital improvements must be directly related to rail transportation. Project eligibility will be determined on a priority basis:

- (1) Projects on lines rehabilitated under the Minnesota Rail Service Improvement (MRSI) Program where the applicant has made a financial investment in the rehabilitation.
- (2) Projects on lines rehabilitated under MRSI Program; no applicant financial investment.
- (3) Projects on non-MRSI lines owned by Class II or III (short line or regional) railroads.
- (4) Projects on Class I railroads carrying less than 5,000,000 gross tons per mile per year.
- (5) All other projects.

**Interest Rate/Fees:** Applicants in category (1) that have invested \$10,000 or more toward the rehabilitation of a railroad line will be eligible for interest-free loans. Other applicants will pay a one-time fee equal to 10 percent of the loan. This fee will be prorated over the life of the loan.

### Program Benefits

- Interest-free loans
- Improvement in rail service
- Improvement in rail users facilities

**Requirements:** Rail users who wish to obtain a capital improvement loan are required to:

- Complete a loan application signed by the owners and/or the governing boards of the facility requesting the loan.
- Provide a detailed description of the proposed project including any available plans, sketches, and estimates.
- Submit audited financial statements for the past two years.
- Attain a letter from the applicant's primary lender indicating approval of additional indebtedness.
- Submit a written description of the collateral that will be committed to protect the state's investment.
- Provide a letter of support from the railroad serving the facility.
- Secure three bids on the project.
- Legal Description of Property to be improved.
- **CONSTRUCTION CANNOT BEGIN UNTIL ALL NECESSARY AGREEMENTS ARE FINAL**