

**National Grain Car Council (NGCC)
2010 Annual Meeting
Omaha Hilton
Omaha, NE
September 16, 2010**

Annual Meeting Minutes

1:00 PM Meeting begins.

NGCC Chairman McNulty – Meeting called to order.

Introduction to NGCC meeting given. Acknowledged significant change in location and assistance by Transportation, Elevator and Grain Merchants Association (TEGMA).

Meeting safety and what-to-do-in-emergency instructions issued.

Self-introductions by all NGCC members and guests. (Attendance list at bottom of minutes. 41 NGCC members, 4 STB representatives and 36 guests. Total of 81 in attendance.)

McNulty completes summary.

Introduces STB Commissioners. Statements:

NGCC Co-Chair and Vice Chair STB Mulvey: Greetings. Appreciating TEGMA attendees at NGCC meeting. Thanks them for their interest. Mentions previous day's Coal meeting in Denver and STB's request to individual railroads for Fall Peak rail plans.

STB Chairman Elliott: Greetings and updates audience on previous day's Senate Hearings in Washington DC. Updated NGCC members on revenue adequacy, captive shippers, filing fees. Referred listeners to press coverage for details.

STB Commissioner Nottingham: Greetings. Discussed previous STB reviews of rail transportation of grain in previous years, importance of grain to the US, history of ICC and the role of agriculture's "agrarian movement of 1880's in creation of the Interstate Commerce Commission, since succeeded by the STB.

1:30 PM. NGCC Sec/Treas Bouquet issues Treasurers report. 2009 meeting was low cost, dues payment by members is improving, and cost to NGCC membership for the 2010 meeting is \$850.00 (thanks to TEGMA co scheduling their meeting on the next day). Result is a balance of \$3,000. Bouquet suggests waiving dues for one year. Co Chair McNulty asks for motion to waive dues one year. Motioned and seconded. Unanimous voice vote (zero opposed), motion carried.

1:35 PM Railroad Updates Begin.

Union Pacific: current volume growing on UP – 175,000 cars per day. Grain starting to increase. Past weather problems – hurricane in Mexico, severe flooding in Nebraska and Iowa, new tropical depression in Gulf. In spite of all, RR operating well. Some congestion in south Texas Gulf area due to weather. A few export elevators in Tex Gulf are down for various reasons. Should be back up soon.

Grain train speed 25.2 mph. 11% increase in volume. Shuttle turns per month 2009-4.05; 2010 – 4.03 turns. Ag manifest grain shipments showing 1.72 turns per month YTD; 1.6 August. Service delivery index for agriculture is 82% versus goal of 87%. Non agriculture is 90%. Ag customer satisfaction was 86% in 2009; 87% in 2010; 94% average for all commodity groups. UP taking steps to improve service – handling of released trains; additional use of DPU (distributed power units) through grain trains – 85 % of grain trains now DPU'ed. 110 car grain train program will continue through new crop.

UP grain fleet – 17,000 cars in 2010; 19,000 in 2009. Adding 1610 additional cars through lease and purchase.

Other resources – 1,100 train and engine employees being recalled. Cap program is 2.6 billion in 2010; over 30 billion spent since 1999 – expanding Donner Pass; replacing Iowa River Bridge at Boone IA; adding three 8,000 ft sidings throughout system.

Summary: UP has the power and crews; expecting large volumes; need ports to be fluid to handle large export program expected this year.

Question from NGCC member – hopper cars in storage?

Answer – 1080 cars still in storage.

BNSF: BNSF current car fleet 26,000 active cars and expect that number to increase to 29,000 in October. Average velocity is consistent with 14% additional volume. Network remains fluid. 1149 cars past due currently. Continuing to seek improvements.

Question – how will BNSF reach 29,000 cars in October?

Answer – everything will be active.

Question – How many cars of the 29,000 will be allotted to the COTS program?

Answer – no solid number available.

CP: has acquired additional crews and power. Will wrestle with surge demand. Confident work log will be up to date by end of year.

Concerns - vessel handling by P&W in Superior. 24,100 cars handled in 2009; previous forecast for 2010 was 20100; now updated to 21000 cars this season.

CP grain fleet 8100 cars, 2900 cars to supplement from Canada. Reduction of excess fleet on DME. Productivity on grain fleet has improved marginally. Cycle times on target – improved 25% in 2010. Fleet profile and quality meeting expectations. CP mechanical is improving grain car maintenance efforts – focusing on car gates not closed by receivers. Question from NGCC member - How about crew problems? Are there enough qualified crewmen?

Answer – Progress is being made.

Norfolk Southern: Service down 8%. Have several service issues related to unprecedented swings in volume. 20% jump in February and March. Problems in Alabama Division, CNO&TP, Conway and Roanoke.

Aggressively hiring. Expect 400 new conductors over next 4 months. All locomotives out of storage. Have 400 more locomotives active this year vs. last year. All Ag equipment (grain cars) are out of storage. Current fleet 1100 grain cars, 100 more than previous year.

CN: Grain fleet 13000 cars in US and Canada. 10000 are active. 25% of grain fleet is stored in US positioned for US loadings to begin. Last 2 weeks, volumes have doubled – less than 100 cars on wait list – Canadian demand also up but not as aggressive as US demand.

Summary: Comfortable. CN has the fleet available to meet seasonal demand. Discussed productivity measures – consistent YOY. US side – increase in car cycles – 17 days - mostly to gulf. Car supply is comfortable. Cap spending 1.5 billion.

Question from NGCC member - concerned with mechanical inspection process. Made friendly suggestion to improve.

Answer – suggestion accepted.

KCS: Service issues – Hurricane Alex; major problems in Mexico; dam releasing water; flooding damage 35 miles from dam – shut down for 21 days. KCS assisted by other railroads. Concern that few shippers in the US have heard of these problems.

Leased 550 additional grain cars to assist shippers from hurricane delays – these additional cars will also help other shippers in peak grain season. Discussed service metrics – service returning to normal. Still have 50 locomotives in storage to assist with fall peak.

Summary: Going into this harvest with additional capacity for grain.

Question from Member: Are you comfortable with power and crews?

Answer – Yes.

CSX: Approximately 8700 cars in grain fleet; less than 1000 in storage; small increase in service velocity.

Mentioning 90 car grain train program - increasing average train size on CSX. Asking shippers to communicate with CSX throughout this grain season. Mentions CSX "Express" program offering shippers incentives to turn cars faster at origin and destination.

Question from NGCC member: pointing out express program is only for 90 car trains and has been discontinued for smaller 65 car shippers.

Answer: Thinks the program as is will work.

CLASS TWO AND THREE RAILROAD UPDATES

GENESSEE & WYOMING INC: Not a large originator of grain products. Grain season nearly complete in served areas.

GREEN PLAINS: Tennessee grain harvest nearly complete. Still have soybeans to get out. And have a car fleet of about 350 cars.

RED RIVER VALLEY & WESTERN RR: Wheat harvest almost complete. Beans will start shortly – record anticipated. Car supply is mainly BNSF cars; RRV car fleet was 160 cars in 2009; and anticipate 250 cars for local use in 2010. Track maintenance projects underway. Personnel matters – hiring conductors. Also acquired 2 new locomotives. Should be ready for balance of grain season.

WATCO TRANSPORTATION SERVICES/SOUTH KANSAS & OKLAHOMA: Using stimulus project to improve service. Anticipate no problems for season.

RAIL AMERICA: Owns 7 grain heavy railroads and agriculture represents 12% of total RA business. Exciting crop expected in 2010-11. More wheat expected. No service issues to address. Rehiring furloughed crews; no manpower shortages to report. Cars on-line improved YOY. Grain fleet will be 2300 covered hopper cars, mostly leased, and can shift cars from railroad to railroad as needed. No change in locomotive fleet – still 305 units.

2009-2010 was a great opportunity to store cars, but that trend is ending. Grain shippers adding permanent storage.

IOWA INTERSTATE: No change in grain car fleet size; changing out smaller cars for larger cars overall. Expect bumper crop of beans; corn second best; harvest gearing up; new elevator on line opening November. Leasing some additional grain cars to supplement fleet. Added 14 GE AC locomotives in the last year.

FARMRAIL SYSTEM: High exposure to grain as a percentage of overall volume. Harvest is OK in serving region; no floods, tornados, or frost damage to restrain potential. Russian demand for has begun to kick in. Added to locomotive fleet this year. Doubled fleet of covered hopper cars for captive business. Anticipated car supply will be tight; otherwise outlook for season is good.

Question to BNSF and UP from Guest (Whiteside): How are the railroads preparing to handle business in light of the Columbia River shutdown from December to March?

BNSF: Have adequate volume of cars and service to meet needs.

UP: also have adequate equipment and assets to meet increased demand.

Question from NGCC member to BNSF: What concern for regional crew shortages?

Answer: BNSF feels they have the situation under control.

SHIPPER UPDATES

CARGILL: Very exciting crop year in front of us. Corn yields are lower than USDA forecast. Russia has turned the export wheat market around. China is buying beans at unprecedented volumes. Export potential for corn is lower – previous crop year damage problems – last year’s harvest late – put into storage wet – resulting product quality issue. Vessels holding damaged crop from 2009. Shippers and railroads will have to cooperate and communicate to assist smooth export market this year.

Question from NGCC member: Size of Cargill private fleet?

Answer: Down about 500 cars YOY. Downsizing smaller cube cars.

LAND O’ LAKES: Last years fleet 550 cars; adding cars this year to over 600 cars. Processors feeling impact of profitability side of business. Has had service delay issues with NS. Wants to discuss BNSF COT program on car availability for processors.

NORTH DAKOTA MILLS: 500 car fleet. Added 50 over the last 8-9 months. Service issues somewhat better now. Uses a significant number of RR equipment for feed business.

TATE & LYLE: Complimenting NS service for bottlers. Positive comments about STB’s RCPA program. Mentioned car excess weight issue. Still seeing unpredictable grain train service. More communication needed from Railroads on service problems. RRs reducing fleet; result is more corn received by truck.

Question from NGCC member: Any switching service issues?

Answer: Seem to be related to labor issues – when trainmasters are away, service becomes spotty.

LOUIS DREYFUS: Echoing very good year on export side. Foreseeing major port regions (Cent Tex Gulf, PNW, etc) all operating at or beyond capacity. LD grain fleet has downsized slightly on smaller covered hopper cars. Compliment to BNSF on handling of “contract” trains. Otherwise has major concerns for ethanol service during a potentially tough winter.

CHS INCORPORATED: Discusses concerns for crew availability as large challenge to peak season service. Seeing downtick in service overall. Also concerned about congestion to Gulf for near future . Some facilities currently shutdown. Repeated crew issues on train movements.

HERITAGE COOPERATIVE: Eastern US grain view. Last year grain yields exceeded quality; also last year’s market gave us lots of carry but low quality. This year extreme temperatures have impacted crop – corn will be three weeks earlier. Expect harvest pattern of corn – beans – corn. Significant increases on on-farm storage for grain can lead to extreme market play – meaning extreme high-low volume movements.

TRUPOINTE COOPERATIVE: anticipates big shifts in corn movement creating a tough year on RR grain desks.

AGP: Has increased car fleet size this fall anticipating longer cycle times on cars. Concerned there will be one helluva mess this Fall. Nervous about more freight moving on the processing side of the industry; concerned for train handling and also concerned for single car business not getting the attention it needs from RRs. Service is going to be a big issue; grain competing with other commodities for service.

3:00 PM Meeting continues

BUNGE NORTH AMERICA, INC: Echoing concerns of AGP. Worried there may be a perfect storm forming on rail service for grain in the coming season. Hope we haven't lulled ourselves into believing everything is perfect. Could be headed to a train wreck. Again supports AGP statement.

Question STB Mulvey: could weather be the determining factor?

Answer Bunge: if we have normal weather we will have problems.

Mulvey: Board has requested peak period plans for several years. What impact weather conditions?

Answer AGP: cold weather would prove to be worse than snow, requiring railroads to reduce train size to accommodate air brake technology limitations.

Answer UP: Electro Pneumatic Braking ("EP" Braking) will mean the problem will not be as large as before. UP has hardened its infrastructure feels confident it can handle winter weather if shippers and railroads communicate and cooperate.

Heritage Cooperative answer: more on weather potential. Adds to concerns for weather impact on rail service.

Cargill answer: Greatest concern would be another hurricane into Gulf of Mexico – NOLA. Bad weather is worse for service than good weather.

TruPointe answer: Farmers pressure to complete harvest in 10 days with pressure to ship on network.

BNSF answer: feels it can handle the challenge.

PERDUE FARMS, INC: 47 rail served facilities with 3000 cars in use of all types. In East, harvest is underway.

One regulatory concern – FRA crew service problems – another regulation would take away crew time and hurt service.

Bunge North America, Inc

Perdue Farms, Inc

ice.
Other regulatory concern – recent tsunami of regulations – FDA regs – requiring traceability of previous car loader information as well as follow-up loads. FDA rulemaking underway. Problem with insufficient information available from railroads on past loads. Different railroads have different rules – current shipper not a party to previous loads, needs access to past history to comply with FDA requirements. Car history difficult to attain.

NIK: 16 shuttle loaders – great opportunity for crop season. Anticipates service issues and high demand for the entire crop year. Soybean trains start spotting next week. System is going to be stretched. Need a great deal of cooperation.

FARMERS COOPERATIVE CO: do not own or lease cars. No issues with railroads – not using them as much. Ethanol plants in Iowa draw locally by truck. Not using the system as much as they'd like to.

ADM: mostly private fleet – 2400 car range. Service wise – no real changes.

CAR LEASING/BUILDING COMPANIES

SC RAIL LEASING AMERICA runs a fleet of approximately 3,000 covered hoppers most of which are in grain service. Over 90% utilization at this time. No plans to increase the fleet through new car acquisition at this time.**CIT Rail:** 20000 covered hopper cars, ranging in size from 4750 cube to 5361 cube. Currently 90% utilization of cars.

GE RAIL: 32000 cars designated for grain. Some larger cube cars acquired. Up tick in grain car demand - placed 1000 4750 cube cars in last few days. Utilization close to 90%.

3:30 PM **AMERICAN RAILCAR INDUSTRIES:** reduced car production. We can start increasing production on 5 months lead time. Currently running one shift, and would meet any

increased demand by shifting workers from the tank car line to the covered hopper car line. The only covered hoppers currently being constructed are small cube cars for frac sand. No grain cars being produced at this time.

CHICAGO FREIGHT CAR LEASING CO: Current lease rates do not justify additional investment in grain cars. Car costs have increased. Only CSX and UP building new grain cars.

CITIGROUP GLOBAL MARKETS INC: Currently have 10000 covered hopper cars of which 4000 are grain cars, 1000 of those are older smaller 4750 cube cars. Have no immediate plans to add to fleet.

GATX (GUEST): 110000 rail cars all types; 20% are grain cars; currently 97% utilization on fleet. No C5 covered hopper cars available; no returns expected until 2011; no plans to build new grain cars.

3:37 PM 10 minute break called.

4:00 PM Meeting resumes

Presentation by Tony Jacobi, up on Positive Train Control

Undeveloped and unproven technology.

Overlay new system over all existing systems for all involved railroads.

Restrictions on interchanging locomotives not among class-one carriers.

Q: Future Maintenance costs? A: looks like 15 percent of cost to install PTC per year.

Q: Benefit to cost ratio? A: 1:22.

4:45 PM

NGCC White Paper project. Opening and intro by Tim McNulty: may have been too large a task. Took a year to complete. Gist of paper: supply side changes; demand side; railroad trends.

Before the committee: Do we accept the white paper as is...

Do we add to it...

Group discussion follows.

Keith Borman ASLRRRA (guest): paper does a great job, however it does not touch on the impacts on small shippers. Also left out of paper – common carrier obligation.

Darrell Wallace Bunge: several items missing including car ownership changes and grain car fleet size. Wallace proposes adding to the paper before accepting.

Sharon Clark Perdue: lot of discussion of investment by railroads, but leaves out shipper investments. Also Eastern situation is different than Western US and rural areas.

NGCC Co chair Mulvey: data could be updated; population figures for year 2000; also US meat demand on page 7. Overall good paper, but could be punched up a bit.

Tim McNulty CSX: Good suggestions all. Send comments to Tim McNulty.

Eric Parthemore Heritage Coop: increased use of intermodal should be added to white paper.

Tim McNulty CSX: in the next session, we should get our arms around export containers.

Recap: Going back to Committee for re-work.

Open Forum: Forum issues already dealt with.

Closing comments:

STB Vice-Chair and NGCC Co-Chairman Mulvey: very useful meeting. STB very busy these days – will continue hearings and deliberation with oral arguments. STB maintains an open mind on the Uniform Rail Costing System and options to make system more accurate. Calculation for revenue adequacy.

STB Chairman Elliott: Will be making a speech at tomorrow's TEGMA meeting. See you then.

McNulty: Meeting adjourned at 5:03 PM.

NATIONAL GRAIN CAR COUNCIL
ATTENDANCE LIST FOR SEPT 16, 2010

FIRST NAME	LAST NAME	TITLE	COMPANY	
RR-CLASS 1				
Michael	Adams	AVP Grain Marketing	Canadian Pacific Railway	
Frank	Anderson	General Director, BNSF Ag Operations	BNSF	
Wayne	Atamanchuk	General Manager - Car Fleet	CN	
Mike	Bilovesky	Vice President Marketing and Sales, Ag & Minerals Business Unit	Kansas City Southern RR	
Fred	Ehlers	VP Customer Service	Norfolk Southern RR	
Bill	Eilbracht	General Director Logistics	Union Pacific RR	
Steve	Gehrt	Senior Manager Bulk Commodities	CN	
Gregory	Guthrie	Marketing Director	BNSF	
Paul	Hammes	VP Agricultural Marketing	Union Pacific RR	
Steve	Milligan	Approved sub for Ireland	Canadian Pacific Railway	
Tim	McNulty	Director of Marketing	CSX	Chairman
Patrick J.	Simonic	Director Agricultural Marketing	Norfolk Southern RR	
John	Todd	Director Network Operations – Bulk	CSX	
Wayne	Winkle	Sr. Manager, International Asset Mgmt	Kansas City Southern RR	
RR-CLASS 2-3				
George C.	Betke, Jr.	Chief Executive Officer	Farmrail System	
Michael A.	Haeg	AVP Sales	Rail America	
Doug	Story	Approved Sub for Hawley	Watco Transportation Services/South Kansas & Oklahoma	
Tony	Long	SVP – Operations Support	Genessee & Wyoming Inc	
Dennis	Miller	President	Iowa Interstate Railroad,	

Ed	Sims	General Manager, Kenton Grain Division	LTD Green Plains Grain Company TN LLC	
Sharon	Trudell	VP Marketing	Red River Valley & Western RR	
SHIPPER				
DuWayne	Bauman	Rail Transportation Manager	Land O' Lakes Purina Feed LLC	
Randy	Bryden	Fleet and Logistics Manager	CHS Incorporated	
Sharon G.	Clark	VP of Transportation Grain & Oilseed Division	Perdue Farms, Inc	
Dana	Hansen	Approved Sub for Fredricksen	Archer Daniels Midland	
Randall K	Broady	Approved Sub for Hammond	Advanced Agri Solutions Coop	
Brad	Hildebrand	Assistant Vice President	Cargill AgHorizons	
Lynn	Hiser	VP Transportation	Tate & Lyle Ingredients Americas, Inc.	Vice Chair
Mark A.	Huston	Director North America Transportation	Louis Dreyfus Commodities	
Michael S.	Jones	Director – Transportation/Logistics	North Dakota Mill& Elevator Assn	
Jay	Larson	President	NIK Marketing Cooperative	
Eric	Parthemore	President CEO	Heritage Cooperative	
John	Setterdahl	Sr. VP – Grain	Farmers Cooperative Co.	
Terry	Voss	Senior Vice President - Transportation	Ag Processing	
Darrell	Wallace	Vice President Transportation Commodities Group	Bunge North America, Inc	
RR-EQUIP				
Keith	Bouquet	President, COO	Southern Illinois Railcar	Sec Treas
Columbus	Johnson	Product Line Leader - Fixed Leasing	GE Rail Services	
Mike	Keasling	Senior Vice President - Leasing	CIT Rail	
Al	Lullman	Senior Vice President	American Railcar Industries	
Thomas	McGraw	Director	Citigroup Global Markets Inc	
Paul	Deasy	Approved Sub for Sasser	Chicago Freight Car Leasing Co	
STB REPRESENTATIVES				
Daniel	Elliott III	Chairman STB	Surface Transportation Board	
Frank	Mulvey	Vice Chairman	Surface Transportation Board	Co Chair
Charles	Nottingham	Commissioner	Surface Transportation Board	
Tom	Brugman	Designated Federal Officer (DFO)	Surface Transportation Board	
DID NOT ATTEND. UNABLE TO SEND SUBSTITUTE				
Mark C.	Van Cleave	Vice President Commercial Sales	Trinity Rail	

NATIONAL GRAIN CAR COUNCIL
GUEST ATTENDANCE LIST FOR SEPT 16, 2010

FIRST NAME	LAST NAME	COMPANY
Todd J.	McQueen	Scoular
Michael	McLaughlin	Port of Seattle
Scott Pattison	Port of Seattle	Port of Seattle
Greg	Twist	AGP
Lou Anne	Rinn	UP
Gayla	Thal	UP
Elisa	Davies	UP
Jim	McKinstry	The Andersons
Diane	Weaver	ARI
Terry	Whiteside	Whiteside & Assoc
Matt	Franko	CIT Rail
P	Relsch	ATP
Paul	Lyon	ATP
Roderick	Riley	UP
Eric	Wilkey	Arizona Grain
Tom	Caron	UP - Retired
Antonio	Amerigo	KCS
Mike	Rock	UP
Jana	Padilla	Ferromex
Dale	Hayek	Dorchester Co-op
Katie	Hadenfeldt	GATX
Ken	Bisping	Cereal Food Processors
Constantine	Cotsoradis	Petersen Consulting
Jerry	Finan	Gavilon
Pete	Goetzmann	ADM
Rich	Stroot	Port of Corpus Christi
Brian	Graskreutz	NIK Marketing
Dustin	Buntrock	South Dakota Wheat Growers
Bill	Fellows	Bartlett Grain
Bob	Kneif	Bartlett Grain
Robert	Peterson	TEGMA
Keith	Borman	ASLRRA
Mike	Steenhoek	Soy Transportation Coalition
Joe	Smith	Arizona Grain
Ali	Mermercioglu	Bunge
Billy	Travois	Bunge

Meeting minutes and attendance records by Tom Brugman, DFO, Surface Transportation Board