



Northern Lines

2022

Message from Justin Chalich



News for Customers, Employees & Friends of the Northern Lines Railway



Northern Lines Railway shipments always involve at least one other railroad. In many cases, our customers use truck transload services for first- or

last-mile connections. Through careful coordination with customers, solutions are created that work for all parties and makes service responsive to market needs.

We are proud of our ability to offer solutions that deliver safe, efficient, and reliable service, examples of which you'll see in this newsletter.

Our close coordination with BNSF is important to all our shippers, even for BNSF's own shipments. Our handling of BNSF'S ballast trains from a quarry on our lines demonstrates that even aggregates—which might not seem high priority—deserve the kind of expeditious handling NLR provides.

Overall, our future looks bright with many new business prospects.

We have already increased capacity at our main BNSF interchange yard, and

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Carefully coordinated moves of ballast unit trains for BNSF result in a reliable and quick turnaround, from the delivery of empty cars to the interchange of loads to support track maintenance and construction sites on the Class I.

BNSF 'Proud to Work with NLR'

BNSF is our key connection to the North American rail network. As one of our customers, BNSF depends on NLR for a steady supply of ballast to keep its roadbed in top shape.

According to the railroad, "BNSF is proud to work with short lines such as NLR who are dedicated to promoting safety initiatives, customer relationships, and the efficient transportation of goods."

NLR plays a key role in BNSF's success with the safe and timely delivery of ballast to destinations on its Midwest network and extending into Montana. Ballast supports seasonal maintenance schedules as well as any recovery efforts from floods or washouts that occur from unplanned natural events. In August

2022, NLR safely delivered more than 110,000 tons of ballast to BNSF.

We work closely with our on-line aggregate supplier to expeditiously move empty unit trains of ballast cars from our BNSF interchange to the quarry for rapid loading and dispatch.

Our crews board inbound trains as soon as they arrive at our yard and depart for the quarry—usually arriving within an hour of interchange.

Quick turnaround keeps critical materials flowing

In close communication with the quarry loading team, we run the trains in a low-speed, continuous operation as cars move under a conveyor for loading. A train as long as 100 cars can be filled

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enhanced our focus on helping car owners and lessors who need track to store idled equipment, and more space for material laydown service and transload operations.

This year also marks a significant transition at our parent company—Anacostia Rail Holdings. Our highly accomplished incoming Chief Safety and Compliance Officer, Herman E. Crosson, will continue the strong safety focus established by Tom Leopold, who is retiring. Herman brings a wealth of experience and success, and we look forward to many more years of safe operations for the benefit of our employees, customers, and community.

Justin Chalich, President
Northern Lines Railway

Planning Ahead for State Support



Minnesota State Senator Aric Putnam recently toured the NLR property to research the railroad's need for grant funding. NLR plans to apply for a 2023 Minnesota Rail Service Improvement Program (MRSI). After the tour, Sen. Putnam said he intends to draft a support letter for that application. From left: NLR President Justin Chalich, Compliance Coordinator Mark Muraski, Sen. Putnam, and Engineer Stuart Johnson.

Anacostia On the Move

by Eric Jakubowski
Vice President & Chief Commercial Officer, Anacostia Rail Holdings

Service



In this time of crew shortages there are few—if any—North American rail customers who aren't concerned about service disruptions. As a short line holding company, we are constantly working with our Class I partners to plan moves, adjust schedules, and respond with last-mile flexibility.

From my experience, this is what matters:

1. Cooperation within the rail industry must improve. Short lines are responsive because we are local—and we touch a high percentage of customer facilities. We can provide even better service in a more collaborative environment.

2. We need effective interchange performance built on explicit plans, performance measurement, and with provisions for intervention when necessary. Both Class Is and short lines should designate responsible parties to participate. Short lines are investing in technology for improved ETAs and network connectivity.

3. ETAs must be real-time, with input from experienced railroaders for accurate and frequent adjustments. Already scarce resources can be wasted waiting for deliveries that are not on schedule.

4. More generally, metrics on all service touch points must be readily available. With that data, we can monitor mutual obligations and improve service—from pick-up to delivery and everywhere in between.

5. We can never have enough well-trained, empowered customer service advocates. A true advocate is someone who is familiar with each individual customer's business, expectations, and management. This is a critical part of our construct as a short line railroad.

As we move through today's challenges, our focus is to build more reliable communication and planning in support of our customers' critical supply chain requirements. It is imperative that we respond effectively and that we apply the lessons learned now, and even when times are a little easier. ♦

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A Flexible Resource for Storage, Transload, and Industrial Site Development

NLR is more than a safe, economical, and environmentally friendly way to move goods. Our fixed facilities are also available for other vital transport and supply chain uses.

Railcar storage is one example. Cars can be in productive service for 50 years or longer. Over that time, demand for various car types ebbs and flows. It's likely a car will need to move into and out of storage on occasion.

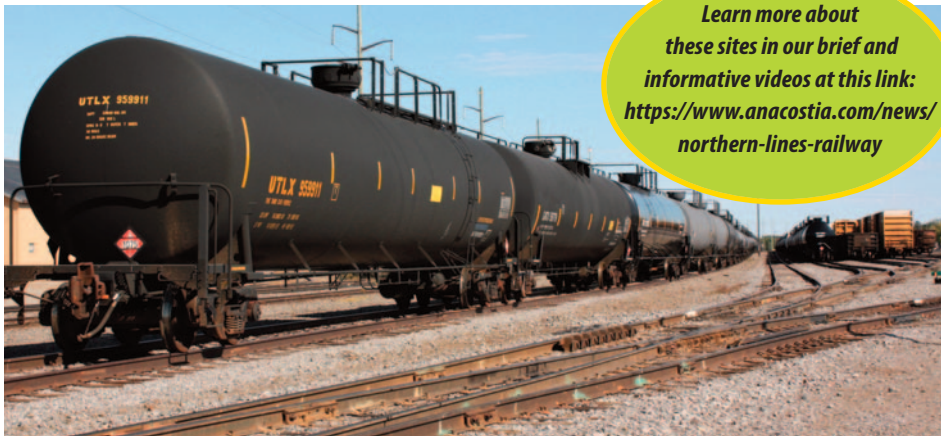
That's where NLR comes in. We have sections of track and parts of yards across our system that are also available for railcar storage. Based on availability, we can be flexible in providing track to keep a single

car—or miles of cars—safely stored and ready for return to service when needed.

Storage and transfer of materials is another option for our customers. We have outdoor areas available for a variety of large products including wind turbine blades, construction supplies, and other items suitable for ground storage. Our easy interstate access also makes these sites attractive transload locations.

Finally, property on and along our lines is available for industrial developments, including warehousing and production facilities. ◆

Learn more about these sites in our brief and informative videos at this link: <https://www.anacostia.com/news/northern-lines-railway>



A few years ago, NLR was able to expand operations in the interchange yard to three tracks: two outbound and one inbound. That gives the railroad a total of eight tracks to use in that location, depending on unit train traffic.



BNSF

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in eight to 10 hours, and then returned to the interchange yard.

We load five or more trains per week, and our coordination with experienced quarry personnel is well-practiced—normally accomplished without delay.

BNSF also recognizes the benefits of our operations

"The communication between our maintenance desk and NLR's operations

personnel is impeccable and leads to the efficient loading and delivery of ballast trains," the railroad says. "NLR provides further assistance by setting out bad-order cars to allow BNSF to quickly locate and repair equipment."

BNSF connects with approximately 200 short lines, regional carriers, and switch carriers. These long-term relationships with short lines such as NLR help sustain the railroad's operations, as well as supply shippers and receivers with seamless, efficient transportation, providing the most direct, efficient, and cost-effective passage possible. ◆

Safety: All Winter, All Year

Winter can arrive early in Minnesota, and NLR is always ready

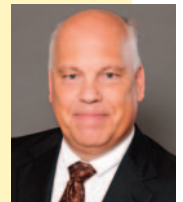
"Cold weather slips and falls are a leading cause of injuries in this industry. That's why we are zealous about good footwear, paying 70-80 percent of the cost of safety boots, traction devices, and over-shoes with tungsten carbide studs," says retiring ARH safety leader Tom Leopold.

Leopold will miss his ARH family but is glad for the appointment of Herman E. Crosson as Chief Safety and Compliance Officer to continue the focus on safety as our first priority.



Crosson

"ARH is a deeply professional organization, and everyone takes pride in their work," says Crosson. "This gives us a foundation for achieving even greater results. My goal is to have a single culture where operations and safety are fully integrated. A singular focus assures our continued success as a safe, efficient, reliable, and sustainable business partner."



Leopold

Crosson's career in railroad safety includes many notable accomplishments, including winning the American Short Line & Regional Railroad Association (ASLRRRA) "Safety Professional of the Year" in 2021.

Crosson is also a military veteran, and currently serves as a Brigade Commander with the South Carolina Army National Guard.

"My rail and military experience complement one another," Crosson says. "Both involve logistics and movement of heavy equipment, where the only thing that can stop operations is a serious safety incident. It is imperative that safety be our continuous focus, so that we get our job done and everyone goes home safely every day."

Crosson believes that NLR's strong commitment to safety has laid the groundwork for even better future performance. ◆



Around NLR

Here are a few notes about what's new with our railroad over the past year.

In the Community

We like to lend a helping hand to our neighbors in Central Minnesota whenever we can. That is why we support the Fisher House Foundation, which provides services for veterans and their families.

This September, we once again helped sponsor the Walk to End Alzheimer's held in Minneapolis. Almost 3,000 walkers participated to raise more than \$1 million for the cause. ◆



Members of Team NLR and their supporters participated in the Minneapolis Walk to End Alzheimer's in September.

Good Track=Good Supply Chain

Railroads generate a continuous need for capital investments in trackwork to keep trains moving safely and on time.

To keep our railroad running smoothly, this year's track program includes the following projects:

- install 200 mainline ties,
- rebuild two switches at the ballast train pit,
- install 30 switch ties,
- tamp areas of low track or joints, and
- raise portions of our main yard's grade with fill and ties as needed.

Looking ahead to 2023, we are planning to purchase 1,000 mainline ties and 14 new crossing panels to support the rebuilding of the 28th Avenue crossing in the summer.

The work of maintaining the railroad supports everything we do and is critical to supporting the supply chain needs of our customers. ◆



Milestones

In the past year, the following employee anniversaries have been celebrated:

- 17 Years** Justin Chalich, *President*
- 16 Years** Brian Butkowski, *Engineer*
- 12 Years** Mark Muraski, *Compliance Coordinator*
- 6 Years** Joseph Kedrowski, *Track Supervisor*
- 2 Years** Cliff Ovitt, *Conductor*
- 2 Years NLR / 5 Years ARH** Katie Sackett, *Sr. Director Sales & Marketing*

Thanks to our employees for all you do!

Welcome Stuart Johnson

Our newest hire is Engineer Stuart Johnson who joined us in April 2022.

"We are happy that Stuart has become part of our NLR family," said President Justin Chalich.

Johnson has a strong railroad background, having previously worked at BNSF and St. Croix Valley Railroad.

"At NLR, I have been enjoying a wide variety of successful short line railroading work during my first six months on the job," said Johnson. ◆



Congrats to our 'Eagle Eyes'

ARH honors employees across all its railroads who have a keen eye for safety, watching for hazards before they become serious problems. In the past year at NLR, Joe Kedrowski, Mark Muraski, Stuart Johnson, Cliff Ovitt and Brian Butkowski all earned the right to call themselves "Eagle Eye" honorees.

Everyone at NLR takes safety very seriously, and ongoing efforts are emphasized with specialized trainings, safety barbecues, and awards. ◆