

DISPATCH



December construction work for the rebuilding of the La Selva bridge. The project was finished at the end of January.



Crews continue bridge construction.



The 340-foot bridge project will secure the rail infrastructure in Santa Cruz County from Watsonville through Santa Cruz to Davenport.



The La Selva Bridge prior to being torn down in September.

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La Selva bridge project completed

The rebuilding of the La Selva Bridge, a key link on the Santa Cruz & Monterey Bay Railway's (SC&MB) line between Watsonville and Santa Cruz, California, was completed on Jan. 30 and was returned to service in early February. Final work included installing ties and rails across the rebuilt 340-foot-long structure.

The project, which began in September, presented special challenges, as the bridge is adjacent to La Selva Beach and the Pacific Ocean. The old bridge was dismantled before being completely rebuilt using new structural steel that was fabricated at Stinger Bridge and Iron in Coolidge,

Arizona. Stacy and Witbeck was the General Contractor.

The bridge project was funded by the Santa Cruz County Regional Transportation Commission, which owns the line. SC&MB operates the line under contract. SCCRTC is studying the feasibility of implementing scheduled passenger service over SC&MB. Separately, Iowa Pacific is considering developing a dinner train service on the line.

Freight service was restricted to the east end of the line during the project but will now be available for the entire line. Freight business opportunities are also being explored.

Behind the scenes: Dispatcher Pieter Michels

Not many train crews get to see behind the scenes of those with whom they are working. Here is a chance to get to know one of the dispatchers behind the radio and controls from the Network Operations Center.

Although Pieter Michels joined Iowa Pacific Holdings in



The main entrance of Iowa Pacific Holding's Network Operations Center.

2012, he has been dispatching since 2005. He joined Wisconsin Southern Railroad as a Milwaukee conductor before becoming a dispatcher. He came to Iowa Pacific to be closer to home and to broaden his horizons.

"Dispatching helps me see the big picture on many railroad aspects," he said. "Being behind the scenes, I can see a lot more. It enables me to get more of an idea of my surroundings."

In October 2013, Michels traveled to help establish diagrams for customer locations.

He also ensures train crews receive the future guidance and assistance they need by training new dispatchers.

Michels also turned his attention to the future through his involvement as a trainmaster for last year's Polar Express train ride.

He lives in Janesville with his wife, Deanna. Their son, Christofer, is a field geologist in Oklahoma City. In his free time, he plays golf, specifically on courses in Wisconsin and Illinois.

Michels' goal this new year is to continue to expand his experience as a dispatcher and to work his way up in the company.

"When I came Iowa Pacific Holdings, I brought the experience with me," he said. "It helps me do my job that much better because I can understand what the train crews go through and what customer concerns are."

Hot meals on wheels: meet Rio Grande's palatable chef

One of Joseph Arellano's biggest challenges as a railroad chef was cooking a batch of scallops and salmon on a Rio Grande Scenic Railroad train in Alamosa, Colorado.

He fed hungry passengers on that ride, but his dish was so good that other railroads asked RGSR if he could cook for their trains.

"Every day has its challenges," Arellano said. "There's never been a dull moment on the railroad."

At the recommendation of a friend, he joined the railroad in 2012, cooking on trains throughout the summer, and he is now RGSR's Food and Beverage Manager/Head Chef. Among his accomplishments are significant increases in food and beverage revenue and customer satisfaction scores. He won an award at the San Luis Valley Local Foods Coalition for a farm-to-table organic quinoa salad recipe that is used on trains. Beyond RGSR, he's also served as chef on Iowa Pacific's Pullman and High Iron Travel trips.

"Joseph has been a fabulous addition to many High Iron excursions and private charters," said Clark Johnson, director of High Iron Travel. "He is cheerful and friendly under pressure and our passengers look forward to the next meal to see what new treat is in store."

"Not many chefs are called to other



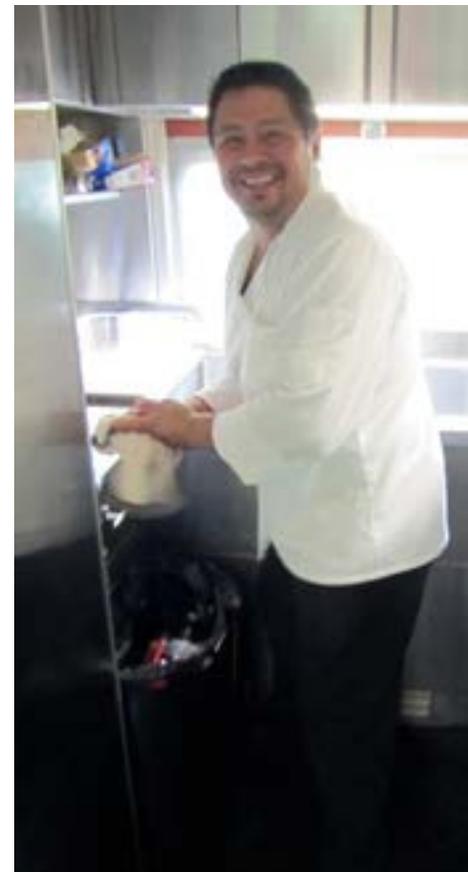
Chef Joseph Arellano will help Texas State Railroad develop a food and beverage service.

railroads," Arellano said. "It's been an awesome experience; I enjoy getting to travel."

He worked 17 years at the Forbes Trinchera Ranch in Fort Garland, Colorado. His parents were the inspiration to become a chef. They operated a cafe in his hometown of Salida, Colorado, before he was born, and his mother later worked in his school's cafeteria.

However, Arellano faced a difficult decision between becoming a teacher, musician or chef. Today, he juggles all three roles. He is a founding member of Mariachi San Luis, a local band program that teaches Centennial School District students to play guitar, violin and trumpet.

His main focus in 2015 will be helping Texas State Railroad prepare its food and beverage service.



Chef Joseph Arellano cooks for Rio Grande Scenic Railroad and Chicago Terminal Railway.

Hammond, Lindsey promoted to management roles

In November, Iowa Pacific Holdings chose Timothy Hammond to take the seat as Permian Basin Railways' regional vice president of operations at the Lubbock headquarters.

He reports to Mike McConville, executive vice president operations. Hammond also manages operations for Texas-New Mexico Railroad and West Texas & Lubbock Railway. One of his goals for 2015 is to standardize both railroads, provide more cross training for employees and serve customers with great quality.

"Customers keep coming, and it's helping our industry grow," he said. "The challenge is tackling the upcoming businesses and keeping both railroads efficient and profitable."

Hammond was a regional leader for RailServe Inc., a provider of in-plant rail switching. He also held senior operations management assignments with CSX.

He manages about 50 crew members and maintains big expectations. He relies on 25 years of railroad experience to help train and counsel employees to ensure proper safety techniques are followed.

Away from work, Hammond enjoys time with his family in Wolfforth, Texas. He and his wife, Ana, have four children. Joe, 23, is an Iowa Pacific Holdings conductor and fourth-generation railroader, daughter Mitzy, 18, is in boot camp for the Navy in Chicago. Melanie, 14, is a Coronado High School freshman, and 9-year-old TJ enjoys visiting his father in the office.

"Customers keep coming, and it's helping our industry grow. The challenge is tackling the upcoming businesses and keeping both railroads efficient and profitable."

– Timothy Hammond, regional vice president

Kurtis Lindsey has a list of goals to achieve since promoting in November to Permian Basin Logistics director.

"It's a new assignment for me, but it will be a nice journey," he said. "I'm going to be behind the scenes seeing the inner workings, something I have never done before."

Lindsey wants to focus on customer connections. He plans to merge Sales and Marketing with Operations to provide customers with excellent service.

"The biggest challenge of this role is stepping into the customer service role and having to wear the customer's shoes," he said. "We need to ascertain what their needs are and handle exactly what they're looking for."

Lindsey served as Texas-New Mexico Railroad general superintendent since 2012. He also worked various roles with San Luis & Rio Grande Railroad.

While managing customer relations for WTLC and TNMR, he will help both railroads work on new projects for prospective customers and ensure clients remain satisfied.

Lindsey also will work closely with Engineering and customers on facility designs.

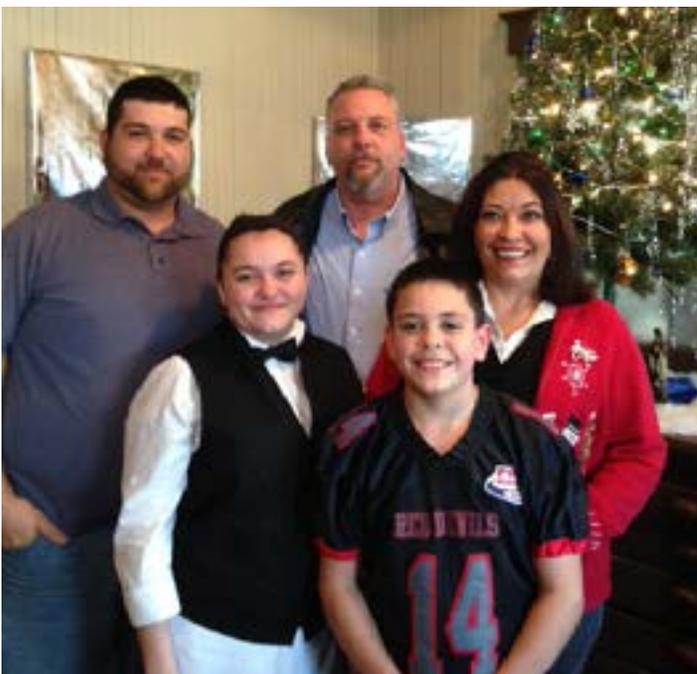
"This technique will work not just to our customers' benefit and our needs, but for growth in general," he said. "I want to ensure — no matter what — we seamlessly connect the operations and marketing. Essentially, that's where my heart is."

When not working, Lindsey enjoys time with his wife, Kassi, and 2-year-old son, Aiden. They are expecting their second child in May.

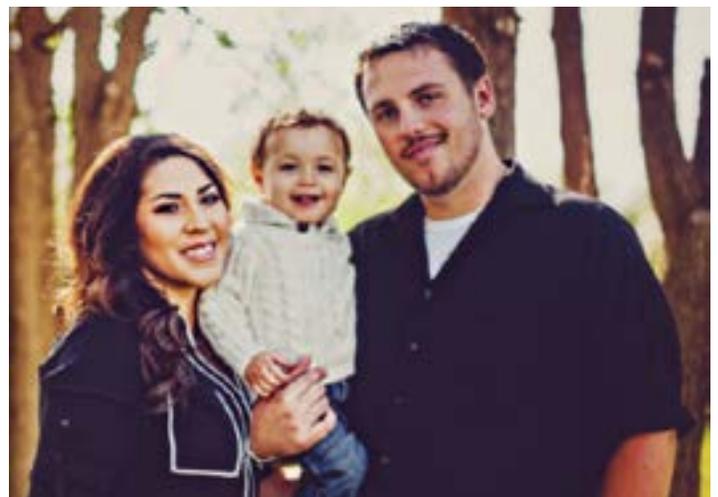
He also enjoys riding dirt bikes, trapshooting and snowboarding in Colorado.

"It's a new assignment for me, but it will be a nice journey. I'm going to be behind the scenes seeing the inner workings, something I have never done before."

– Kurtis Lindsey, logistics director



The Hammond family includes, from left, Joe, Melanie, Timothy, TJ and Ana.



Kurtis Lindsey, Permian Basin Logistic's new director, with his wife, Kassi, and their son, Aiden.



Erin Baldwin and Jacob Overby perform a dispatch turnover at Iowa Pacific's Network Operations Center.



Dispatchers review events occurring on all properties.

Room to grow: Network Operations Center expands into training division

In 2007, Iowa Pacific Holdings opened its first Dispatch Office in a small space inside the Chicago headquarters suite with three full-time dispatchers. Additional part-time help was later added.

From the beginning, the task of bringing the fledgling organization to full regulatory compliance and efficiency was challenging, with on-the-job training and education becoming its most valuable tool.

As traffic increased across properties, the need for more space and equipment became evident. The Dispatch Office was moved to Janesville, Wisconsin, and Geoff McCormick was brought in as the new Chief Dispatcher.

With the experience he carried from having worked in other dispatch centers, Geoff brought the knowledge required to help the office work at higher efficiency and within expected compliance parameters. He also initiated the process of changing the name from the Iowa Pacific Dispatch Office to Network Operations Center, though at the time it was little more than exactly that — a name change.

Geoff McCormick eventually moved on from the rail industry, but the initiatives he began during his tenure have been carried on by his successors who have included, in turn; Erik Myers, Andrew Christl, and currently Rick Tessman

Two years later, Hugh McConville, and Erik Myers, began drafting plans to expand the scope of the center's purview. They envisioned a place where the endless compliance and operations needs throughout the company's organization could be centered in

one place, and addressed by a team of employees.

Recognizing the abilities and skills already present in the NOC staff, dispatchers were trained and reassigned to meet the various compliance and operational needs. More dispatchers were hired to fill in the vacancies, and bigger accommodations were ordered to meet the needs of a growing staff.

The NOC often resembles a school, in that it has become a place to learn about the various rules and regulations required to run safe and compliant operation. This continuing education is not confined to only the NOC, but is shared throughout the company. The knowledge and training gained are important tools for the company as a whole, as IPH continues to expand and grow.

As Iowa Pacific Holdings has welcomed more railroads into the company, adding to the workload and time requirements, so has the Network Operations Center expanded to meet these needs.

"The focus of every employee at the NOC is safety," Erik said. "This includes the wellbeing of all employees, as well as the safe operation of all rail traffic."

"Everyone who works at the NOC, regardless of job or title, works tirelessly to meet the needs of our growing company," he said. "This often means that employees will work in any area required of them. We cross-train whenever possible so that when the need arises, any of us can fill in wherever we are pointed."

In addition to a full complement of Dispatchers, the Network Operations Center also employs Compliance Managers, Operations Clerks, Refrigerated Rail Fleet Managers, Purchasing Agents, and Vehicle Fleet Managers.

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– Chief Operations Clerk Erik Myers

ALL ABOARD THE POLAR EXPRESS:

Railroad celebrates the holidays with magic

Texas State Railroad brought a popular Christmas story to life during the holidays.

It is the Polar Express, which only happens once a year.

Based on the movie and popular children's book, TSR is among the railways licensed to offer Polar Express train rides from November to December. The train leaves from the Palestine Depot and heads to the North Pole for an hour-long, round-trip journey.

Just like the movie, passengers can hop aboard in their pajamas. Inside of the brightly-decorated passenger cars, the event features a reading of "The Polar Express" storybook and music from the film. Santa and his elves eventually arrive, and passengers are encouraged to participate in Christmas carols.

As Santa visits each child down the aisle, he ensures they receive their own special sleigh bell that rings for all who believe in the magic of Christmas.

The onboard experience is a festive affair as chef's dance down the aisles serving hot chocolate and cookies. Meals are available at the depot pre-and-post the Polar trip to the North Pole. The winter menu is created with a family in mind, offering burgers, hot dogs, chicken nuggets, nachos and drinks.

To plan ahead for next year's Polar Express experience, tickets are scheduled to be available for sale Feb. 20 and can be ordered on-line through Texas State Railroad's website. Anticipated ticket pricing is \$20 for children and \$40 for adults for standard-class seating and will be finalized when tickets go on sale. All tickets include a personal sleigh bell from Santa, cookies and hot chocolate. Note that

the location of the North Pole remains a well-guarded secret, keeping the magic of the ride and the Christmas Spirit alive!

In addition to TSR, other Iowa Pacific railroads that presented Polar Express in 2014 are Mount Hood, Saratoga & North Creek, and West Texas & Lubbock. IPH also added two Polar Express events on railroads owned by the Watco Companies in Oklahoma and Wisconsin. IPH's creativity and special event expertise delivered holiday joy and a heartwarming Christmas story to families on the Cape Cod Central, Rio Grande Scenic and Santa Cruz & Monterey Bay railroads with our branded Train To Christmas Town productions. Over 230,000 guests enjoyed IPH Christmas-theme events this season, a very significant line of business for the company and is looking at other destinations to produce new Polar Express events in 2015.



The front of the Polar Express Engine resembles that from the film.



Hot chocolate and cookies are served as Santa distributes special sleigh bells to each child.



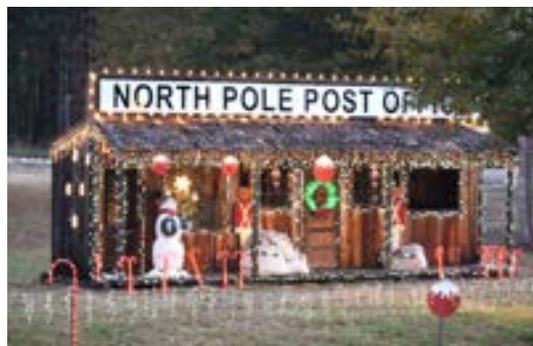
The Polar Express is a round-trip, hourlong ride to the North Pole.



Passengers prepare to climb aboard the Polar Express.



The Polar Express runs through the North Pole during daytime and nighttime hours.



Houses, decorations and lights are placed throughout the Polar route to bring holiday cheer.



Like the movie, children hop aboard the magical ride in their pajamas, starting at Palestine Depot.

This newsletter appears under the direction of the president. For news coverage, contact Molly at the newsletter office by phone at 402-475-6397, mail to 2201 Winthrop Rd., Lincoln, NE 68502-4158 or email molly.moser@newslink.com. This material is intended to be an overview of the division news. If there are any discrepancies between this newsletter and any collective bargaining process, insurance contracts or other official documents, those documents will govern. Iowa Pacific Holdings continues to maintain and reserves the right, at any time, to alter, suspend, discontinue or terminate all plans and programs described in this newsletter. This newsletter is not an employment contract or any type of employment guarantee. Thanks to everyone at Iowa Pacific Holdings who took time to contribute to this newsletter, including but not limited to, Joseph Arellano, Howard Cohen, John Garbutt and Janet Gregg of Texas State Railroad, Steve Hill, Kurtis Lindsey and Erik Myers.

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Various railroads benefit from new equipment.

Crews receive new maintenance-of-way equipment

Iowa Pacific Holdings is acquiring new equipment for track forces, thanks to a financing effort with Nations Equipment Finance LLC.

The company is receiving new hy-rails, backhoes and trailers, hydraulic tool sets, tie crane, tie inserter and excavator. A major focus of the equipment acquisition is work on San Luis & Rio Grande's (SLRG) La Veta Pass while the trains continue operating.

"This equipment is to give the crews better means to do their work," said Steve Hill, vice president and chief engineer.

The track crew assigned to the SLRG includes John Aragon, Warren Chavez, Darren Montoya, Taylor Strange and Dave Trujillo. They maintain a challenging territory — the highest operating main line railroad pass in North America.

A tie and surfacing team will operate in the spring.

Also benefiting from the new equipment are Mount Hood Railroad, Texas-New Mexico Railroad, Saratoga & North Creek Railroad and West Texas & Lubbock Railway. The last truck of tools should arrive in January and February.

Iowa Pacific Holdings receives Best Marketing Award

Iowa Pacific Holdings' popular Polar Express event earned the first-ever Polar Bell award for best marketing presented by Rail Events Inc., the licensor for the popular Polar Express event, at the Association of Tourist Railroads and Railway Museums' annual convention hosted by Texas State Railroad. Rail Events recognized Philip Beachler, Iowa Pacific's Webmaster and Designer, for his work throughout the year. To match the celebration for the special event and holidays, a real sleigh bell hangs off the tip of the trophy.

Iowa Pacific is the largest single Polar Express event producer and REI partner in the world with seven years of successful operation and growth. Iowa Pacific President Ed Ellis was the conference keynote speaker and accepted the award on behalf of Iowa Pacific.



Rail Events Inc. presents a polar bell award to Iowa Pacific Holdings for Best Marketing in The Polar Express® train ride event.