The seven Class I railroads might even be household names in households without railfans. Do you know there are 550 railroads in North America? And do you know that 543 small railroads touch one of every five carloads of rail freight? So while the Class I railroads dominate 90% of the railroad industry, the small railroads are important partners that do a lot of the heavy lifting in railroading—originating, switching and delivering carloads.

Small railroads need capital for maintenance of way and equipment just like the Class I’s. So where do they get the money? In addition to RRIF loans and state grants, they rely on the commercial banks.

How does a commercial bank decide whether to make a loan to a small railroad? That’s the question Rob Hart’s presentation will try to answer at the June 23 meeting of the Sandhouse Gang. To arrive at the answer Rob will deconstruct the small railroad sector; discuss how the small railroading has changed over the last 25 years; describe how banks make loans in general and to small railroads in particular; and what barriers small railroads face to get loans. He will touch on current events and how they impact small railroads’ access to capital.

**BIO:** Rob Hart is a Northwestern graduate with both a BA and MBA. He has been working in and around the railroad industry mostly in finance for almost 31 years. He has been both a borrower and a lender. Starting in 1978 he spent 12 years at Illinois Central (Gulf) ending up as Treasurer. He joined Railroad Financial Corporation and spent five years learning how to raise capital for regional railroads and shortlines. In 1995 Rob joined the Transportation lending group of ABN Amro Bank and moved with the group to LaSalle Bank in 2000. He has provided financing for 22 small railroads and wrote the “white paper” that defined LaSalle’s policy for extending credit to railroads, rail supply companies and rail equipment lessors. In 2007 Bank of America bought LaSalle from ABN Amro. Rob is currently Senior Vice President and Product Delivery Senior Officer-Credit for Specialized Industries in the Midwest Region.