SOUTH DAKOTA STATE RAILROAD BOARD MEETING
November 18, 2015 @ 11:00 AM
DOT Building – Commission/Boardroom
Pierre, South Dakota

MEMBERS: Sheldon Cotton, Vice Chair
Carl Anderson via phone
Jeff Burket via phone
Jerry Cope
Gary Doering
Harlan Quenzer

OTHERS: Dustin Buntrock, Jim Seurer, Bill Brennan, Brad Schultz, Rick Vallery, John Zaiko, Kevin Knepper, Bill Ferguson, Randy Englund, Andy Rankin, Alex Huff, Jack Parliament, and Lester Thompson.

STAFF: Darin Bergquist, Kellie Beck, Misty Siedschlaw, Lynn Kennison, Bruce Lindholm, Bonnie Olson, and Bill Nevin

Agenda Items:

Call to order

- 1) Approve the minutes of meeting on October 7, 2015
- 2) Discussion on Pukwana property maintenance agreement
- 3) Discussion on A & R Land agreement
- 4) Discussion on bridge timber salvage
- 5) Discussion on sale of leased property in Alcester, SD
- 6) Discussion on sale of leased property in Murdo, SD
- 7) Discussion on Guideline #3 – Haying, grazing, and farming State owned land
- 8) Discussion on Codington County RRA loan
- 9) Update on MRC project
- 10) Update on Britton line project
- 11) Update on Sioux Valley line bridge project
- 12) Update on Sioux Valley line relocation project
- 13) Update on TIGER 2015 grant
- 14) Update on potential new rail customer in Draper & Murdo area

- Executive Session

- 15) Discussion on Napa-Platte lease

Vice Chair Cotton called the regular meeting of the South Dakota State Railroad Board (the “Board”) to order at 11:01 a.m. with a quorum present.

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1) Cope requested a correction to the October 7, 2015, meeting minutes in order to correct the spelling of Dave Cole's last name.

   Motion by Cope, second by Doering, to amend the meeting minutes to correct the spelling of Dave Cole's last name and to approve the revised October 7, 2015, Railroad Board meeting minutes. Motion carried by roll call vote (all aye).

Bruce Lindholm, Office of Air, Rail, and Transit

2) Discussion on Pukwana property maintenance agreement

   Pukwana submitted a request to the South Dakota Department of Transportation (the "Department") to enter into a five (5) year property maintenance agreement with the Department for property located in the Town of Pukwana where three (3) old elevators were removed earlier this year. The Town of Pukwana would level, seed, and mow the area. The Department would pay the Town of Pukwana $500.00 for the first year of the agreement and $300.00 for each successive year of the agreement.

   Motion by Doering, second by Quenzer, to approve the property maintenance agreement with the Town of Pukwana as submitted to the Board. Motion carried by roll call vote (all aye).

3) Discussion A & R Land agreement

   The Sioux Valley Relocation project required the South Dakota Department of Transportation to acquire property in Iowa for relocating the track and wetland mitigation. The Department previously entered into two agreements with A & R Land Services, Inc., for railroad right of way property. Both agreements have expired with work still needed to be performed. The Department requests permission to enter into a third agreement with A & R Land Services to complete the work that was required under the original agreement and subsequent second agreement.

   Motion by Anderson, second by Cole, to approve to the service agreement for railroad right of way property with A & R Land Services, Inc., to complete the services required under the prior agreements. Motion carried by roll call vote (all aye).

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4) Discussion on Bridge Timber Salvage

At the October Board meeting the Board declared walk way planks to be excess to the needs of the State and authorized the sale of the salvage walk way planks. Lindholm updated the Board that since the October Board meeting the contractor removed more material from bridges, including guard planks, 4x4 hand rail, walkway planking and stubs from new planks. The Department requested the Board declare all the removed material to be excess to the needs of the State and authorize the sale of excess material except the material used for repairing of other bridges on the project.

Motion by Burkett, second by Doering, to declare the material from bridges including guard blanks, 4x4 hand rail, walkway planking and stubs from new planks to be excess and direct the Department to advertise for bids for the excess salvage materials. Motion carried by roll call vote (all aye).

5) Discussion on sale of leased property in Alcester, SD

Mr John Howard submitted a request to the Department to purchase State owned property within the town of Alcester, SD. Mr. Howard is currently a lease holder. The property is less than .2 of an acre. The Department requests the Board to either: 1) approve the sale of the State owned property at its appraised value; or 2) require the Department to present the appraisal to the Board for approval prior to sale.

Motion by Doering, second by Anderson, to approve the sale of the property at its appraised value. Motion carried by roll call vote (all aye).

6) Discussion on sale of leased property in Murdo SD

Christopher Nix and Katie Nix submitted a request to the Department to purchase State owned property within the town of Murdo, SD. Mr. and Mrs. Nix have been lease holders of the property for over 25 years. The property is about 3.2 acres. The Department requests the Board approve to either: 1) approve the sale of the State owned property at its appraised value; or 2) require the Department to present the appraisal to the Board for approval prior to sale.

Motion by Anderson, second by Quenzer, to approve the sale of the property at its appraised value. Motion carried by roll call vote (all aye).

7) Discussion on Guideline #3 – Haying, grazing, and farming State owned land

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Lindholm requested the Board to set a public hearing date to delete Paragraph 3 from property management guideline No. 3 which reads: “An agricultural permit shall be granted only to the adjoining landowner, provided, however, an agricultural permit may be granted to other than the adjoining landowner if the adjoining landowner waives, in writing, his/her right to use the property.”
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After discussion with the Board’s attorney, it was determined that a public hearing was not needed.

Motion by Anderson, second by Doering, directed the Department to add revising guideline 3 to the next Board meeting agenda. Motion carried by roll call vote (all aye).

8) Discussion on Codington County RRA loan

Jim Seurer, Brad Schultz, and Bill Brennan, representatives of Glacial Lakes Energy, LLC, provided a presentation to the Board regarding Codington County Regional Railroad Authority/Glacial Lakes Energy, LLC’s loan request. Glacial Lakes will submit the loan application and other required documentation in the near future.

Vice Chair Cotton advised Glacial Lakes Energy that the Codington County Regional Railroad Authority will need to have taxing authority when submitting the loan application to the Board.

Secretary Bergquist advised Glacial Lakes Energy, LLC, there is currently not enough funding available for the entire amount of the loan Glacial Lakes Energy, LLC, will be requesting.

9) Update on MRC Project

Lindholm provided the Board with an update on the MRC project. The project is on schedule. Koppers should be done with the Missouri Bridge the 2nd or 3rd week of December. The smaller bridges from Chamberlain to Reliance have a completion date of December 31, 2015, and from Reliance west has a completion date of March 2016. R P & H, Inc., should be done with culverts 2nd week of December. Railworks started laying out rail east of Kennebec. All material is expected to be on-site 1st week of December.

10) Update on Britton line Project

Lindholm provided the Board with an update on the Britton line project. The dirt work for the south leg of the Jarrett Junction wye is completed. Dakota, Missouri Valley and Western Railroad (DMVW) secured #1 relay 112 lb rail for this project. DMVW may start the relay project this winter.

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11) Update on Sioux Valley line bridge project

Jack Parliament with D & I Railroad Co., provided the Board with an update on the Sioux Valley line bridge project. Mr. Parliament stated 5 out of 9 bridges have been rehabbed so far. They plan to rehab 3 bridges in the first quarter of 2016 and start on T-480 in 2017.

12) Update on Sioux Valley line relocation project

Lindholm provided the Board with an update on the Sioux Valley line relocation project. The Department is in the process of entering into an easement with Plymouth County to wrap up the mitigation process.

13) Update on TIGER 2015 grant

The Department will administer the TIGER 2015 grant project for Rapid City, Pierre & Eastern Railroad, Inc., (RCP&E) which consists of a 7,000 foot siding near Phillip and rehabbing 10 miles of mainline track east of Huron. The funding package totals $12,400,000 and consists of $6,000,000 from RCP&E, $2,000,000 from Governor's office, and $4,400,000 from TIGER grant.

14) Update on potential new rail customer in Draper & Murdo area

John Zaiko, an independent consultant, and Kevin Knepper with Big Sioux Terminal presented to the Board a brief description of the company and the benefit of locating a fertilizer terminal near the Murdo and Draper area.

Motion by Cope, second by Doering, to enter into executive session. Motion carried by roll call vote (all aye).

The Board went into executive session from12:33 to 12:50 P.M.

15) Discussion on Napa – Platte lease

Secretary Bergquist updated the Board on the Dakota Southern Railway Company lease for the Napa to Platte rail line. The lease is set to expire on November 19, 2015. The Department is currently negotiating terms of the 20 year lease and is awaiting results from the Surface Transportation Board proceedings. Secretary Bergquist requested the Board approve a time extension for another 60 days.

Motion by Doering, second by Quenzer, to direct the Department to enter into an agreement for an additional 60 days with Dakota Southern Railway Company for the Napa to Platte rail line to: (1) allow additional time for the Department to work out the details of the 20 year lease agreement; and (2) allow time for the Surface Transportation Board approvals to be worked out. Motion carried by roll call vote (all aye).

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The meeting was adjourned at 1:03 p.m. upon a motion for adjournment by Cope, seconded by Doering.

Next meeting is scheduled for December 16, 2015, at 11:00 a.m.

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