

**SOUTH DAKOTA STATE RAILROAD BOARD MEETING MINUTES  
FEBRUARY 15, 2017 – 11:00 A.M.  
BECKER-HANSEN BUILDING – 700 EAST BROADWAY  
PIERRE, SOUTH DAKOTA**

**MEMBERS PRESENT:** Todd Yeaton, Chair  
Sheldon Cotton, Vice Chair  
Jeff Burket, Member  
Jerry Cope, Member  
Gary Doering, Member  
Harlan Quenzer, Member

**DOT STAFF PRESENT:** Darin Bergquist, Kellie Beck, Jack Dokken, Karla Engle, Bonnie Olson,  
Lynn Kennison, Misty Siedschlaw, and Tessa Wenner

**OTHERS PRESENT**

**VIA CONFERENCE CALL:** Jack Parliament

**OTHERS PRESENT:** Carey Bretsch, Andy Rankin, Heath Haden, Alex Huff, Dustin Buntrock,  
Dick Huff, Bill Ferguson, and John Zaiko

Chair Yeaton called the meeting of the South Dakota State Railroad Board (the "Board") to order at 11:00 a.m. Roll call was taken and a quorum was determined.

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**Consideration of Conflicts of Interest**

Chair Yeaton opened the floor to Board members to disclose potential conflicts of interest and to present requests for waivers pursuant to South Dakota Codified Law (SDCL) chapter 3-23.

Cope disclosed a potential conflict in the consideration of the Presho property listed on the agenda. Cope previously provided a written letter of disclosure, dated June 16, 2016, to the Board requesting a waiver. At the Board's regular meeting held on July 20, 2016, the Board determined the matter underlying the conflict was fair, reasonable, and not contrary to the public interest, but required that Cope disclose the details of any specific contracts or other conflicts of which he becomes aware for the Board's particular consideration. Cope explained that he is employed by Dakota, Mill & Grain, Inc. Cope will abstain from the discussion and vote on the consideration of the Presho property.

Secretary Bergquist requested the consideration of the Presho property be removed from the meeting agenda and deferred to a later meeting. There being no objections, Chair Yeaton agreed to this request.

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Chair Yeaton asked for a motion to approve the minutes of December 21, 2016.

The Department of Transportation (the "Department") requested a correction be made to the December 21, 2016, minutes to correct the name of the company listed in item number 10 from Civil Engineering Inc. to Civil Design Inc.

A MOTION WAS MADE by Burket and seconded by Quenzer to approve the December 21, 2016, meeting minutes as corrected. All present voted aye by roll call vote. The motion carried.

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#### Secretary's Report

Bergquist presented an informational document consisting of a list of potential projects for consideration by the Board. These projects came out of the 2014 State Rail plan, but there may be other potential projects that interested parties want to propose for funding consideration by the Board. Bergquist suggested the Board hold a meeting in the near future to allow interested parties to propose potential projects.

A meeting was set for February 28, 2017, at 10:00 a.m. The agenda will include future rail project funding requests and the consideration of the proposed Presho property transfer.

Bergquist also provided a handout for past, current, and projected rail trust fund balances.

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Heath Haden, representative of Dakota Southern Railway Company ("Dakota Southern"), presented Dakota Southern's updates to the prior deficiency report and their plan of action to the Board. Haden announced all deficiencies have been completed on the report, with the exception of the deficiencies involving the movement or placement of ballast and mismatched rail. The reason Dakota Southern was unable to correct those deficiencies is due to winter weather conditions. Dakota Southern will provide the Board with an updated version of the deficiency report that will include dates the items were completed as well as the status of the items yet to be completed.

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Bergquist provided the Board with a background on a request from the Richland-Sargent Joint Water Resource District ("the District") for the Department to replace a drainage structure on a segment of the State-owned Britton line located in North Dakota. The drainage structure ties into a larger drainage improvement project which is being undertaken by the District. The Department is requesting the Board authorize the Department to replace the drainage structure as requested by the District.

A MOTION WAS MADE by Burket and seconded by Cope to authorize the Secretary of the Department, or his designee, to negotiate and execute agreements to replace a drainage structure on the State-owned Britton line located in the North Dakota. The total cost of replacement of the structure may not exceed \$250,000. All present voted aye by roll call vote. The motion carried.

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The Department provided the Board with possible dates for the Board sub-committees to tour the State-owned rail lines. The Board reached a consensus that the committee appointments would remain the same as was appointed last year. The Board decided on April dates for touring the lines. The Department will coordinate with the sub-committees.

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The Board previously authorized a loan to Marshall County Regional Railroad Authority in the amount of \$5.25 million for fifty percent (50%) of the costs for the Britton rehabilitation project. The final project costs came in under the original estimated amount. The Marshall County Regional Railroad Authority utilized \$3.269 million of the original promissory note of \$5.25 million. The Department is requesting authorization from the Board to amend all loan documents to reflect this change.

A MOTION WAS MADE by Cope and seconded by Burket to authorize the Department to amend the documents regarding the Marshall County loan to reflect the change from the original loan amount to the actual loan amount.. All present voted aye by roll call vote. The motion carried.

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The Department is requesting the Board to approve the final construction change order (“CCO”) for the contract with Railworks Track Systems, Inc. for the rehabilitation of the MRC line from Chamberlain to Presho (the “MRC 2 Project”). Executing the final CCO will enable the Department to finalize and close the MRC 2 Project.

A MOTION WAS MADE by Quenzer and seconded by Burket to authorize approval and execution of the final CCO for the contract with Railworks Track System, Inc., on the MRC 2 Project. All present voted aye by roll call vote. The motion carried.

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Jack Dokken, Office of Air, Rail, and Transit Program Manager, provided updates to the Board on the following projects:

**Britton line**

Recent rail traffic includes 4 Canadian Pacific shuttles traveling north. No rail traffic traveling south thus far. All salvage materials left over from the reconstruction are currently under snow and not accessible, therefore requesting a request for proposals for collection of salvage materials is unwarranted at this time.

**RCP&E**

Currently under negotiations for funding agreements and project documents for the TIGER grant.

**Sioux Valley**

D&I Railroad Co., is working to finalize the design engineering on the T480 bridge. D&I Railroad Company expects to complete the engineering by the end of February.

**NAPA**

Stored coal cars are being moved off the line.

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Bill Ferguson, Secretary/Treasurer representing Rails to the Future, addressed the Board regarding reconstruction of state owned rail from Presho to Murdo.

John Zaiko also addressed the Board regarding reconstruction of rail from Presho to Murdo.

No action taken.

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With no other business to come before the Board, the meeting was adjourned at 12:00 p.m.