

**SOUTH DAKOTA STATE RAILROAD BOARD MEETING MINUTES
AUGUST 17, 2016 @ 11:00 A.M.
BECKER-HANSEN BUILDING, 700 EAST BROADWAY
PIERRE, SD 57501**

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

STAFF: Darin Bergquist, Joel Jundt, Bonnie Olson, Karla Engle, Misty Siedschlaw, Dave Voeltz, and Tessa Wenner

OTHERS: Alex Huff, Dick Huff, Blake Jones, Rick Spiering, Matt Windsand, Jeff Schrook, John Hauch, Lester Thompson, John Myre, Mike Williams, Dave Hushy, Ralph Marquardt, Tim Kleinsasser, John Marquardt, John Kramer, Jack Parliament, Toby Morris, and Bob Mercer

Agenda Items:

Call to order

- 1) Consideration of Conflicts of Interest
- 2) Consideration of July 20, 2016 Minutes
- 3) Secretary's Report
- 4) Consideration of Dakota Plains encroachment at Napa Junction
- 5) Consideration of Dakota Southern's MRC maintenance efforts and long term plan
- 6) Update on MRC TIGER project
- 7) Update on Britton line project
- 8) Update on RCP&E TIGER project
- 9) Update on Sioux Valley Slide project

Chair Yeaton called the regular meeting of the South Dakota State Railroad Board (the "Board") to order at 11:05 a.m. with a quorum present.

1) 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.

There were no waivers to address.

2) Consideration of July 20, 2016 Minutes

Motion by Burket, second by Cotton, to approve the July 30, 2016, Railroad Board meeting minutes. Motion carried by roll call vote (all aye).

3) Secretary's Report

Secretary Bergquist discussed the following two items for the Secretary's Report:

- a. The Department of Transportation (the "Department") is currently working on revisions to the Property Management Guidelines.
- b. The details of the proposed sale of Department-owned property in Presho, South Dakota, to Dakota Mill & Grain, Inc. has not yet been finalized. Conversations are ongoing and Dakota Mill & Grain, Inc. continues to work with landowners.

4) Consideration of Dakota Plains encroachment at Napa Junction

Matt Windsand and Jeff Shrook presented information and technical data to the Board on behalf of Dakota Plains Ag Center, LLC ("Dakota Plains") regarding a potential land trade between the Department and Dakota Plains. The proposed terms of the land trade are as follows:

- Dakota Plains would transfer to the Department a 2.88 acre strip of property located adjacent to the state-owned railroad right of way and currently owned by Dakota Plains in exchange for the Department transferring to Dakota Plains 0.99 acre of state-owned railroad right of way near the Napa Wye;
- Dakota Plains will place sub ballast to fill in the ditch located between its industrial loop track and the state-owned mainline track at the location of the 0.99 acre being transferred to Dakota Plains;
- Dakota Plains will provide the Department with a copy of the wetland report for the 2.88 acres being transferred to the Department;
- Dakota Plains will provide the plats for the proposed land exchange for both properties; and
- Dakota Plains will allow for connection of a state-owned siding to its industrial loop track in the future, should the Department desire a connection.

Motion by Quenzer, second by Anderson to approve the land trade as proposed and authorize the Secretary or his designee to negotiate and execute an agreement consistent with the terms as proposed. Motion carried by roll call vote (all aye).

5) Consideration of Dakota Southern's MRC maintenance efforts and long term plan

Quenzer, along with Department staff, and Mike Williams from Dakota Southern Railway Company ("Dakota Southern"), toured the MRC line from Mitchell to Chamberlain. Harlan Quenzer prepared a written report of his observations and recommendations, which was included in the Board's meeting packet.

Chair Yeaton read the written report submitted by Quenzer to the Board.

Mike Williams, a representative of Dakota Southern, along with John Myre addressed the Board concerning maintenance activities on the MRC line and what was accomplished in order to meet the deadline imposed by the Board. Williams provided the following updates to the maintenance activities:

Bridges

All are completed with an additional 14 caps on the bridges.

Ballast and Tamping

Completed ½ mile

Dakota Southern will pre-place ballast in problem areas throughout October.

As of today Dakota Southern has 1,700-2,200 tons per mile on 42 miles of the 108 total miles. Estimating placing 12,500 tons per year- 25 miles at 500 tons per mile -- all over a three year period.

Tie replacement and disposal

Old ties removed and stored off the first project. Pukwana Landfill has agreed to allow the disposal of ties at its facility. The remaining ties on the TIGER project will be gathered and disposed of by year's end.

Tree/Brush Removal

Completed and will continue to monitor.

Crossing

Completed at 436.2 Wana Lane.

Waiting on contractor on Plankinton school.

Chair Yeaton acknowledged Dakota Southern's completion of maintenance activities requested by the Board within the deadline.

Williams stated he will submit a written maintenance plan to the Board on September 21, 2016.

Chair Yeaton requested the Department include Dakota Southern's Maintenance Plan as an agenda item for the next Board meeting on September 21, 2016.

Joel Jundt, Deputy Secretary of SDDOT

6) Update on MRC TIGER project

Deputy Secretary Jundt provided the Board with an update on the MRC TIGER project. All of the rail has been completed with the exception of the transition rail. Tie replacement is complete to the end of the project. Ten crossings remain to be completed. Surfacing is completed from Chamberlain to Reliance, and from Lyman three miles west towards Kennebec. Ballast has been dumped to one mile east of Kennebec. Quality control has been completed to Chamberlain and working its way west towards Presho.

7) Update on Britton line project

Relay overlap is complete. Waiting on rail to come in at the end of August. The rest of the relay is to be completed by the end of September.

8) Update on RCP&E TIGER project

Environmental approval for Phillip was received with a category exclusion for wetland. A request has been made for an update on the Huron environmental. Permission to buy rail has been given.

9) Update on Sioux Valley Slide project

Currently waiting on environmental approval.

Adjourn

Motion to adjourn by Cope, second by Burket. Motion carried. Meeting adjourned at 12:35 PM.

Next meeting to be held September 21, 2016.