

SOUTH DAKOTA STATE RAILROAD BOARD MEETING

June 25, 2015 @ 1:00 PM

DOT Building – Commission/Boardroom

Pierre, South Dakota

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

OTHERS: William Ferguson, Rendim Schaefer, Kathy Zander, Jack Parliament, Brian Hammerbeck, Warren Karlen, and Carey Bretsch

STAFF: Bruce Lindholm, Lynn Kennison, Misty Siedschlaw, Darin Bergquist, Kellie Beck, Bonnie Olson, Karla Engle, Kristi Sandal, and Jeryl Lynn Stein.

Agenda Items:

Call to order

- Discussion on Legislative Audits on Regional Railroad Authority audits finding
- Discussion on 06-10-2015 Rail rehab bid opening
- MRC Rehab project funding

Chair Yeaton called the meeting of the South Dakota State Railroad Board (the "Board") to order at 1:00 p.m. with a quorum present.

Bruce Lindholm, Office of Air, Rail and Transit

Discussion on Legislative Audits on Regional Railroad Authority audits finding

Follow-up discussion from the prior Board meeting on June 17, 2015, regarding the audit results for 13 Regional Railroad Authorities provided to the Board by Legislative Audit. The Board accepted the report and requested the Department of Transportation (the "Department") to send each individual audit to the respective Regional Railroad Authority and its member political subdivisions.

Discussion on 06-10-2015 Rail rehab bid opening

Motion by Cotton, seconded by Burket to: (1) reject the bids of Musselman and Hall Contractors and Belfour Beatty due to failure to comply with requirements in the bidding documents; and (2) accept the bid of Railworks Track Systems, Inc., for Schedule A in the amount of \$7,650,509 and Alternate A-1 in the amount of \$6,758,687.25, and direct the Department's Secretary or his designee, to execute all necessary contract documents.

Motion carried by roll call vote (all aye).

MRC Rehab project funding

Chair Yeaton and Cope recused themselves from the discussion on the MRC Rehab project funding. Vice Chair Cotton presided over the discussion.

Motion by Quenzer, seconded by Doering to: (1) forgive the current loan balance, of approximately \$2,239,000, owed by MRC Regional Railroad Authority for rehabilitation of the state-owned MRC line; (2) terminate the agreement between MRC Regional Railroad Authority and the Department for a loan in the amount of \$3,500,000, which has not yet been disbursed; (3) authorize the expenditure of \$6,000,000, from the Railroad Trust Fund for the MRC rehabilitation project from Chamberlain to Presho; (4) direct the Department to impose a surcharge of \$50 per car on all traffic originating on the MRC line and all traffic with a destination on the MRC line, until such time as the Board determines the surcharge should be modified or terminated; and (5) direct the Department's Secretary, or his designee, to execute all documents necessary to implement this motion.

Motion carried by roll call vote (4 aye, 2 abstain [Cope and Yeaton]).

Chair Yeaton re-entered the meeting as Chair.

The meeting was adjourned at 1:40 p.m. upon a motion for adjournment by Cotton, seconded by Cope.

Next meeting is scheduled for July 15, 2015, at 11 a.m.

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