

**SOUTH DAKOTA STATE RAILROAD BOARD MEETING MINUTES
APRIL 18, 2018 – 11:00 A.M.
BECKER-HANSEN BUILDING – 700 EAST BROADWAY
PIERRE, SOUTH DAKOTA**

MEMBERS PRESENT: Harlan Quenzer, Chair
Jerry Cope, Vice Chair
Jeffrey Burket, Secretary-Treasurer
Jack Nelson, Member
Steve Scharnweber, Member
Sheldon Cotton, Member

**MEMBERS PRESENT
VIA CONFERENCE CALL:** Gary Doering, Member

DOT STAFF PRESENT: Joel Jundt, Karla Engle, Bonnie Olson, Lynn Kennison,
Misty Siedschlaw, Jack Dokken, and Patricia Saukel

OTHERS PRESENT: Alex Huff, Dick Huff; Blake Jones – Rapid City, Pierre, and
Eastern Railroad (RCPE), Daniel Dalton (RCPE), Jerry Vest
(RCPE), Dean Krogman (RCPE), Heath Haden – Dakota
Southern Railroad Company (DSRC), Mark Cutright
(DSRC), Rick Vallery – Rep. Noem's office, and Bob
Mercer-press

**OTHERS PRESENT
VIA CONFERENCE CALL:** Jack Parliament – D & I Railroad Co. (D&I); several
unknown individuals

Harlan Quenzer, Chair, 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.

Chair Quenzer 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.

Jerry Cope, Member, disclosed a potential conflict in the consideration of ratification of the Dakota
Mill & Grain, Inc. ("DM&G") agreement listed on the agenda. Cope previously provided a written
letter of disclosure, dated August 16, 2017, to the Board requesting a waiver. At the Board's
regular meeting held on August 16, 2017, the Board determined the matter underlying the conflict
was fair, reasonable, and not contrary to the public interest, but required 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. and will abstain
from the discussion and vote on the consideration of the ratification of the DM&G Agreement,
which concerns Dakota, Mill & Grain, Inc.

Chair Quenzer asked for a motion to approve the minutes of the February 21, 2018, Board meeting.

A MOTION WAS MADE by Cope and seconded by Scharnweber to approve the February 21, 2018, meeting minutes. All present voted aye by roll call vote. The motion carried.

Deputy Secretary Joel Jundt presented the Secretary's Report. Jundt distributed an updated State Railroad Trust Fund Balance chart to the Board and explained the actual and projected cash flow balance. Jundt also presented the Board with a memorandum regarding Federal Discretionary Funds and explained each grant available for fiscal years 2017 and 2018.

Jundt provided the Board with an update on the status of the Bowers & Company agreement and the Fountainhead Advisors, Inc. agreement. Both agreements have been executed and the Department will be setting up meetings with both companies soon. The Department of Transportation (the "Department") also entered into an agreement with L. G. Everist Incorporated for reimbursement of fifty percent (50%) of the costs incurred under the Fountainhead Advisory Company agreement.

Jundt also provided an update on a filing made before the Surface Transportation Board. On March 29, 2018, the Department filed an adverse discontinuance of operating authority of the Napa-Platte Regional Railroad Authority. The Surface Transportation Board has up to 110 days before it makes a final ruling.

Jack Dokken, Program Manager for the Office of Air, Rail, and Transit requested Board consideration of a weed control contract with Pennington County. Dokken also requested approval from the Board to use Railroad Trust Fund money for this contract.

A MOTION WAS MADE by Scharnweber and seconded by Cotton to authorize the Department to execute a joint powers agreement with Pennington County, South Dakota, for weed control services on the portion of the line from Interior, South Dakota, to Rapid City, South Dakota, in an amount not to exceed \$6,500.00 in Railroad Trust fund money. All present voted aye by roll call vote. The motion carried.

Dokken discussed the next item on the agenda regarding Regional Railroad Authority Reports. The Department would like to foster better communication and strengthen relationships between the regional railroad authorities and the Department. The Department will be submitting a letter or a request to each regional railroad authority asking each authority to commit to a time and date to come to the Board on a regular basis.

Cope recused himself from the discussion and any potential vote on the consideration of the Dakota Mill & Grain, Inc., ("DM&G") agreement.

Jundt distributed a copy of Resolution 2017-B12 signed by Governor Daugaard on August 21, 2017, regarding the sale of property to DMG, and a proposed amended resolution. The

Department requested the Board adopt the amended resolution. The amended resolution eliminates the provision authorizing the department to grant a perpetual easement to DM&G and instead authorizes a perpetual industry track agreement between the rail operator and DM&G for construction and maintenance of a siding.

A MOTION WAS MADE by Burket and seconded by Nelson to adopt the amended resolution as proposed. All present voted aye by roll call vote, except for Cope who abstained from the discussion and vote. The motion carried.

Cope returned to the meeting.

Jundt referred to the previously distributed handout regarding federal discretionary funds and recommended the Board consider moving forward with submitting an application for the Special Transportation Circumstances (STC) Grant for FY 2017, utilizing the \$978,200 of funds available for a meet and pass project on the Mitchell to Rapid City ("MRC") line and to finalize the actual location for the siding.

A MOTION WAS MADE by Cotton and seconded by Cope to authorize and direct the Department to move forward on preparing and submitting the application for the \$978,000 STC grant for the meet and pass project and to work with the operator of the rail line to finalize the actual location for the siding. All present voted aye by roll call vote. The motion carried.

Dokken provided the following project updates:

- RCP&E project: The final Request for Proposal for construction has been posted with bids due on May 2, 2018. The pre-bid meeting is being held on-site in Philip.
- MRC & Britten Salvage: The contract was awarded to Omaha Track. The Department is obtaining final signature on the contract. There will be a conference call on April 20, 2018, with the consultant.

Dick Huff offered public input regarding sublease payments on the MRC rail line.

With no other business to come before the Board, the meeting was adjourned at 12:15 p.m.