

**SOUTH DAKOTA STATE RAILROAD BOARD MEETING MINUTES
JUNE 19, 2019 AT 11:00 A.M. CDT
BECKER-HANSEN BUILDING – DOT COMMISSION ROOM
700 EAST BROADWAY AVE, PIERRE, SOUTH DAKOTA**

MEMBERS PRESENT: Jerry Cope, Chairman
Greg Carmon, Member
Steve Scharnweber, Member
Gary Doering, Member
Jack Nelson, Member

DOT STAFF PRESENT: Darin Bergquist, Joel Jundt, Karla Engle, Jack Dokken, Misty Siedschlaw, Bonnie Olson, and Kari Kroll

OTHERS PRESENT: Rod Wiseman – Rapid City Pierre & Eastern Railroad, Inc. (RCP&E); Blake Jones – RCP&E; Dale Summers – GWI; Alex Huff; Dick Huff; Dan Kippley – Ellis & Eastern Company; Dean Krogman – RCP&E; Jerry Vest – RCP&E; Jeff Cooley – Civil Design, Inc. (CDI); Dustin Buntrock – Agtegra (Aberdeen); Chad Roob – G&W; Jack Parliament – D & I Railroad Co (D&I); Nick Smith – RCP&E; Scott Van Den Top – D&I; Clark Meyer – Ellis & Eastern Company

OTHERS PRESENT

VIA CONFERENCE CALL: John LeSeur – Slover & Loftus; Rob Everist – D&I; Philip Deal – Wheaton Dumont Co-Op Elevator (WDCE)

Chairman Jerry Cope called the meeting of the South Dakota State Railroad Board (the “Board”) to order at 11:00 a.m.

Chairman Cope opened the floor to Board members to disclose potential conflicts of interest and to present requests for waivers pursuant to South Dakota Law (SDCL) chapters 3 – 23.

Karla Engle, Office of Legal Counsel, provided annual disclosure information to the Board and reminded Board members to submit their annual disclosures before the July meeting for Board consideration.

No conflicts of interest were disclosed, and no waivers were requested.

Cope determined a quorum by those present.

Cope asked for a motion to approve the May 31, 2019, Board meeting minutes.

A MOTION WAS MADE by Carmon and seconded by Nelson to approve the May 31, 2019, meeting minutes. All present voted aye by voice vote. The motion carried.

Cope asked for a motion to approve the June 7, 2019, Board meeting minutes.

A MOTION WAS MADE by Scharnweber and seconded by Doering to approve the June 7, 2019, meeting minutes. All present voted aye by voice vote. The motion carried.

Cope opened the floor for public input. No members of the public address the Board or offered input.

Jack Dokken, Program Manager for the Office of Air, Rail, and Transit withdrew the agenda item concerning fencing for the Yale Line at the applicant's request.

Dokken introduced Jeff Cooley of Civil Design, Inc. who addressed the Board regarding the state sponsorship of a federal Better Utilizing Investments to Leverage Development (BUILD) grant for Sisseton-Milbank Railroad. Cooley shared the specifics of the railroad's grant request.

Philip Deal, Wheaton Dumont Co-op Elevator, spoke in support of the grant request.

A MOTION WAS MADE by Scharnweber and seconded by Carmon to authorize the Secretary or his designee to submit an application for a BUILD grant for this project and to authorize the Secretary to execute all documents relating to a grant award and administer the grant funds in accordance with the grant requirements. All present voted aye by voice vote. The motion carried.

Dokken introduced Clark Meyer, President of Ellis & Eastern Company who addressed the Board about amending the State Rail Plan from 2014 to include a project proposed by the company. Inclusion of the project in the State Rail Plan may allow the project to become eligible for federal grant funding.

A MOTION WAS MADE by Carmon and seconded by Scharnweber to add the proposed Ellis & Eastern Company project to the South Dakota Rail Plan if necessary to comply with any federal grant eligibility requirements. All present voted aye by voice vote. The motion carried.

Deputy Secretary Joel Jundt presented the Secretary's Report.

Jundt shared that on June 12, 2019, the CRISI grants were awarded and South Dakota was not awarded any funds. Jundt explained that the United States Department of Transportation/Federal Railroad Administration will put out a Notice of Funding Opportunity for 2019 funds.

Jundt then proceeded to discussion about the sale of the state-owned rail lines. Jundt has reached out to a number of states that have sold state assets and rail and will be receiving information from those states in order to learn more about the process they employed. Jundt provided an example of a simplified, best-case scenario timeline for the process of the sale of the state-owned rail lines.

Secretary Darin Bergquist explained the Department of Transportation (the "Department") is interested in investigating the sale of the rail lines but wants to be sure that any sale is what is in the best interest for South Dakota. Bergquist indicated that the Department does not recommend simply selling to the highest bidder but would instead recommend selling to the most qualified bidder based on terms determined by the State of South Dakota. Bergquist stated that some important items may include a right of first refusal to protect rail service, special conditions relating to railbanked lines and steel salvage, and how to address the rights of current operators on the lines.

A MOTION WAS MADE by Nelson and seconded by Scharnweber to authorize the Department to prepare packages for Railroad Board review and approval relating to disposition of the state-owned rail lines. All present voted aye by voice vote. The motion carried.

Dale Summers of GWI provided an update on the progress of flooding and washout repairs to the rail line owned by Rapid City, Pierre, & Eastern Railroad Inc.

Jack Parliament of D & I Railroad Co. provided an update on D & I Railroad Co.'s progress on the rail lines and the Canton Bridge due to the flooding in the Sioux Valley rail line.

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