

SOUTH DAKOTA STATE RAILROAD BOARD MEETING MINUTES

Wednesday, January 21, 2026 at 11:00 a.m. CST

Becker-Hansen Building/Commission Room – 700 East Broadway Avenue, Pierre, SD

MEMBERS PRESENT: Jeff Burket, Chairman
Scott Lockwood

MEMBER PRESENT

VIA COFERENCE CALL: Ralph Schmidt
Steve Scharnweber

DOT STAFF PRESENT: Joel Jundt, Karla Engle, Kellie Beck, Jack Dokken, Misty Siedschlaw, Perry Griffith, Rocky Matson and Kari Kroll

DOT STAFF PRESENT

VIA CONFERENCE CALL: Paul Coppock

OTHERS PRESENT: Danny Dalton – Rapid City, Pierre & Eastern Railroad, Inc. (RCPE); Ryan Englebright – RCPE; Ross Lane – Genessee & Wyoming, Inc. (G&W); Mark Blyth - G&W; Ryan Hunsard – Ellis & Eastern Railroad; Will Woodward – Missouri Valley & Eastern Railroad; Jeff Tschetter – East Central Regional Railroad Authority (ECRRA); Stewart Friedrichsen– ECRRA; Suzan Caylen – Sunflour Railroad, Inc.; Kenneth Bean – Iron Prairie Rail, LLC; David Fachman – Iron Prairie Rail, LLC; Noah McCann – Dieselmotive Company, Inc.; Reid Dawe – Chicago Rock Island & Pacific Railroad and Timothy Bell – Chicago Rock Island & Pacific Railroad

OTHERS PRESENT

VIA CONFERENCE CALL: Laverne Schieffer – Mayor of Tabor; John LeSuer – Slover & Loftus; Shellee Currier – WATCO; Chadd Thimesch - Ringneck & Western Railroad, LLC (RWRR); Dan Bilka – All Aboard; Dick Huff; Jerome Bentz; and Bob Foley

Chairman Jeff Burket called the meeting of the South Dakota State Railroad Board (the “Board”) to order at 11:06 a.m. CT. A roll call was taken, and a quorum was determined.

Burket opened the floor to the Board members to disclose potential conflicts of interest and to present requests for waiver pursuant to the South Dakota Codified Law (SDCL) chapter 3 – 23.

Board Member Ralph Schmidt disclosed a potential conflict of interest. He explained that he worked for Sunflour Railroad, Inc. as a part-time locomotive engineer in the 2022 to 2023 timeframe. He has

no continuing employment or ownership interest in Sunflour Railroad, Inc. Nor does he have any personal relationship with anyone affiliated with Sunflour Railroad, Inc.

Karla Engle, Office of Legal Counsel, offered the opinion that the disclosed former employment relationship did not require disclosure, waiver, or recusal under SDCL chapter 3-23. She advised Board Member Schmidt that he may recuse himself should he choose to do so. Schmidt indicated he could be fair and unbiased and did not plan to recuse himself from consideration of the competitive proposals to purchase and/or lease the state-owned Napa Platte line, which includes a proposal from Sunflour Railroad, Inc.

No other members disclosed any conflicts of interest and no waivers were requested.

Burket asked for a motion to approve the December 17, 2025 Railroad Board meeting minutes.

A MOTION WAS MADE by Lockwood and seconded by Scharnweber to approve the December 17, 2025 Railroad Board meeting minutes. All present voted aye by roll call vote. The motion carried.

Burket opened the floor to public input.

No members of the public addressed the Board or offered input.

Burket asked for a motion for the Board to enter into executive session.

A MOTION WAS MADE by Schmidt and seconded by Lockwood to enter into executive session pursuant to SDCL 1-25-2(3) for the purpose of consulting with legal counsel and reviewing communications from legal counsel about proposed or pending litigation or contractual matters. All present voted aye by voice vote. The motion carried.

Executive session began at 11:13 a.m. CT

Executive session ended at 11:40 a.m. CT.

Secretary Jundt presented to the Board the following items in his Secretary's Report:

- **State Legislature:** SB70 was sent to the Legislative 41st Day by the Senate Transportation Committee. This was the bill to consolidate the three public bodies that handle state transportation-related issues, *i.e.* the Transportation Commission, the Aeronautics Commission, and the State Railroad Board into one Commission – the Transportation Commission. The biggest opponent was the aviation industry.

- **Federal:** The current Continuing Resolution (CR) for the federal FY26 appropriation funding is set to expire on January 30, 2026. Congress has passed 8 of the 12 appropriation bills so far but the transportation funding is yet to be passed.
- **Acknowledgment:** Perry Griffith will be retiring from the Department. Jundt acknowledged Griffith's dedication and service to the State of South Dakota and its railroad system. The Board applauded his work on behalf of South Dakota.

Jundt presented for Board consideration the sale of the Wolsey Interchange and Huron to Yale Rail Line. This item was previously discussed at the December 2025 meeting. He introduced the presenters from Rapid City, Pierre & Eastern Railroad (RCPE) and Genessee & Wyoming, Inc. (G&W).

Danny Dalton from RCPE as well as Ross Lane and Mark Blyth from G&W presented the terms of the proposed purchase, which was summarized in a handout provided to the Board.

Jeff Tschetter, East Central Regional Rail Authority, shared concerns regarding access to farms if the Huron to Yale Rail Line is sold. The application process for receiving crossing permits and other use permits was summarized and Mr. Tschetter was encouraged to visit with Jack Dokken about pursuing that process prior to any sale.

A MOTION WAS MADE by Lockwood and seconded by Scharnweber, subject to the approval of the Governor, to authorize the Department Secretary, or his designee, to execute all agreements, documents, and regulatory filings necessary to sell the Yale Line and the Wolsey Interchange to RCPE for the total purchase price of Three Million One Hundred and Twenty-Five Thousand Dollars (\$3,125,000.00). Of this purchase price, Two Million Dollars (\$2,000,000.00) will be paid by RCP&E at closing and the balance will be paid in four equal installments of Two Hundred Eighty-one Thousand Two Hundred Fifty Dollars (\$281,250) on or before each anniversary of the closing date for a period of four years. The agreements, documents, and filings executed by the Secretary of Transportation will be in conformance with the following terms and conditions:

1. Issuance of any necessary approvals, authorizations, or exemptions by the Surface Transportation Board;
2. Adherence to the conditions of sale listed in RCP&E's proposal to purchase, dated December 12, 2025, and attached as **ATTACHMENT A**; and
3. Termination of the following agreements:
 - the lease and sublease of the Yale Line and the lease of the Wolsey Interchange;
 - the loan agreement and related promissory note between East Central Regional Railroad Authority and the Department that was entered into on June 9, 2009, and designated Agreement Number 713845 by the Department; and
 - the surcharge agreement between East Central Regional Railroad Authority and RCP&E.

All present voted aye by roll call vote. The motion carried.

RESOLUTION 2026-B1 was adopted.

The Board took a break from 12:09 – 12:15 p.m.

Burket acknowledged that the Board received two letters from Dick Huff regarding the proposed sale of the Napa to Platte Rail Line and that the letters have been posted on the State of South Dakota's Board and Commission webpage.

Jack Dokken, Program Manager of the Office of Air, Rail & Transit, acknowledged receipt of four proposals in response to the Invitations for Proposals (IFP) for the sale or lease of the State-owned Napa to Platte railroad line. The proposals are posted on the State of South Dakota's Board and Commission webpage. The following companies summarized their proposals and answered questions from the Board:

Ken Bean, President of Operations, and Dave Fachman, Vice President of Operations presented the lease to purchase proposal from Iron Prairie Rail, LLC.

Reid Dawe, General Manager, and Timothy Bell, Train Master, presented the purchase and maintenance proposal from Chicago Rock Island & Pacific Railroad.

Suzen Caylen, consultant, presented the lease proposal from Sunflour Railroad, Inc., which includes a right of first refusal to purchase the line.

Will Woodward, owner of Missouri Valley & Eastern Railroad (MVERR), presented MVERR's lease with option to purchase proposal.

Secretary Jundt asked the proposal presenters to return for the Board meeting in February to answer any further questions from the Board.

Due to scheduling conflicts, the Chair announced the next meeting of the Board would be moved from February 18 to February 25 at 11 a.m. CT.

With no further business to come before the Board, Burket declared the meeting adjourned at 2:04 p.m. CT.

Proposal to Purchase Wolsey Interchange and Yale Rail Line

Prepared By RCP&E

December 12, 2025



Overview

We are very appreciative of the strong level of support that the State of South Dakota (**State**), the South Dakota Department of Transportation (**SDDOT**), and the South Dakota Railroad Board (**Board**) provide to Rapid City, Pierre & Eastern Railroad, Inc (**RCP&E**). In a desire to continue this level of support and to continue to foster private railroad's ability to maintain and expand freight rail in the State and recognizing that SDDOT continues to evaluate transferring State-owned rail infrastructure to private ownership at appropriate value, RCP&E submits this proposal (**Proposal**) to acquire land and track infrastructure from the State for the State-owned railroad assets (**Assets**) listed below, which RCP&E currently leases/subleases

Assets to be Purchased

Wolsey Interchange and the Yale Rail Line, including all land (right-of-way), track and bridge infrastructure.



Purchase Price

The proposed Purchase Price for the combined purchase of the Wolsey Interchange and the Yale Rail Line is \$3,125,000 (**Purchase Price**).

Payment Terms

The Purchase Price will be paid by RCP&E to the State, with \$2,000,000 paid at closing and \$1,125,000 paid in four equal installments of \$281,250 on each anniversary of the closing date for a period of four (4) years. RCP&E will have the right to prepay, in full, at any time, any outstanding Purchase Price amounts.

Purchase Terms

This Proposal assumes a purchase of 100% of the associated land (comprising right of way varying between 50 to 600 feet in width) and bridge and track infrastructure (including 4.2 miles of 115 lb. jointed rail and four turnouts for Wolsey Interchange and 15.3 miles of 85 lb. and 90 lb. jointed rail and six structures for the Yale Rail Line) comprising the Wolsey Interchange and the Yale Rail Line, with no encumbrances of debt or grant obligations attached. Therefore, the Purchase Price is contingent on the State, SDDOT, and the Board fulfilling all approved loan commitments.

Approval of Sale

Upon the execution and delivery of definitive sale documentation for the Assets, RCP&E will submit any necessary filings with the STB and other regulatory agencies. Our expectation is that RCPE’s authority to purchase the Yale Rail Line will be effective 30 days after filing.

Conditions of Sale

RCP&E affirms compliance with the below conditions of sale. RCP&E is prepared to address any other contingencies that are required by SDDOT.

1. RCP&E agrees that SDDOT will have an ability to re-purchase the Yale Rail Line if RCP&E were to seek to abandon it.
2. RCP&E agrees that SDDOT has a right of first refusal if RCP&E offers to sell all or any of the Assets to a third party.
3. RCP&E agrees with the SDDOT requirement that any assignee or successor to RCP&E must abide by the terms of the sale agreement.
4. RCP&E agrees with the SDDOT requirement that the sale of the Assets be considered “AS IS, WHERE IS”, as allowed by law.
5. RCP&E agrees with the provision requiring RCP&E to indemnify SDDOT and hold SDDOT harmless for any claims related to any acts or omissions of RCP&E related to the Assets after the closing of the sale.
6. RCP&E agrees to the provisions requiring RCP&E to fully protect any haulage, trackage, and interchange rights that apply to the Assets as a result of SDDOT’s settlement with BNSF Railway Company (**BNSF**), which RCP&E understands to be:

- a) RCP&E's right to interchange with the operator of the State-owned Britton Line on BNSF-owned trackage in Aberdeen for (i) all traffic that originates or terminates on the Britton Line and (ii) agricultural product, fertilizer, ethanol, bentonite and forest products traffic that originates or terminates on RCP&E in South Dakota and is moving to or from points served by CPKC's network as it existed as of the effective date of the settlement agreement in North Dakota (excluding unit train traffic) and Canada.
 - b) Overhead haulage rights with BNSF (convertible to overhead trackage rights) to lessees and operators of then State-owned rail lines connecting only with BNSF on the South Dakota Core lines, to reach and interchange with each other and all connecting rail carriers at Sioux City, Wolsey, Napa Junction, Mitchell and Aberdeen in South Dakota; only applicable for traffic (excluding coal and intermodal) originating or terminating on the State-owned rail lines connecting only with BNSF on the South Dakota Core lines as they existed in South Dakota at execution of the settlement agreement.
 - c) D&I Railroad Company's overhead trackage rights with BNSF for aggregates traffic from Canton, SD and Sioux Falls, SD across the South Dakota Core lines to Wolsey, SD for interchange with RCP&E for termination at points existing on RCP&E in South Dakota at execution of the settlement agreement.
 - d) Trackage rights with BNSF for RCP&E to move business cars from Wolsey, SD on the South Dakota Core lines to Sioux Falls, SD.
7. RCP&E understands SDDOT will retain mineral rights as required by South Dakota law.
 8. RCP&E agrees that the purchase will be subject to the right of highway authorities to maintain, construct, re-construct, sign, mark and repair all existing public highway crossings.
 9. RCP&E understands that SDDOT will reserve a right to crossings that have not yet been constructed but are identified in SDDOT's current Statewide Transportation Improvement Plan.
 10. RCP&E agrees that the Assets will be conveyed by quit claim deed and RCP&E will waive any immaterial title defects.

Conclusion

RCP&E appreciates the opportunity to make this Proposal and considers it to be a compelling offer to SDDOT. We greatly appreciate the strength of our partnership with the State. Following your feedback, we would work expeditiously to negotiate definitive sale documentation to effect the sale of the Assets.