

SOUTH DAKOTA STATE RAILROAD BOARD MEETING MINUTES

Wednesday, July 16, 2025 at 11:00 a.m. CDT

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

MEMBERS PRESENT: Jeff Burket, Chairman
Steve Scharnweber
Scott Lockwood
Greg Carmon
Ralph Schmidt

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

DOT STAFF PRESENT

VIA CONFERENCE CALL: Kari Kroll

OTHER PRESENT: Bobby Butcher - Ringneck & Western Railroad, LLC (RWRR); Chadd Thimesch - RWRR; and Bob Mercer – KELOLAND Media

OTHERS PRESENT

VIA CONFERENCE CALL: Shellee Currier - Ringneck & Western Railroad, LLC (RWRR); Ross Lane – Genesee & Wyoming Railroad Services, Inc.; Mike Williams — Dakota Southern Railway Co. (DSRC); Heath Haden – DSRC; Bob Foley – City of Tyndall; Eric Larson; Tammy Williams -- DSRC; and Dick Huff

Chairman Jeff Burket called the meeting of the South Dakota State Railroad Board (the “Board”) to order at 11:01 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.

Karla Engle, Chief Legal Counsel, acknowledged the Board’s receipt of two annual conflict of interest disclosures submitted by Greg Carmon and Ralph Schmidt, attached to these minutes as **ATTACHMENT A** and **ATTACHMENT B**. The disclosures will be filed as required by law.

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

Burket asked for a motion to approve the Board meeting minutes from May 21, 2025.

A MOTION WAS MADE by Lockwood and seconded by Scharnweber to approve the Board meeting minutes from May 21, 2025. All present voted aye by voice vote. The motion carried.

Burket opened the floor to public input.

No members of the public addressed the Board nor offered input.

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

A MOTION WAS MADE by Carmon and seconded by Schmidt 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 11:07 a.m.

Executive session ended at 11:29 a.m. CT.

Secretary Joel Jundt presented his Secretary's Report. He indicated there is the potential for an increase in CRISI funding.

Jundt asked the Board to consider termination of the Department's lease with Dakota Southern Railway Company (DSRC) for the Napa Junction to Tyndall railroad line. He shared that as lease holders on this line, DSRC is responsible for making a rental payment to the Department by May 1st of each year. The rental payment is based on a percentage of the revenue received by DSRC for car storage. DSRC is also responsible for timely and adequate maintenance of the line.

Jundt reported that as of the meeting, the Department had not received the rental payment from DSRC of \$179,134 that was due on May 1, 2025. With interest, the payment due as of the date of the meeting would be \$182,850.40. Jundt reported that DSRC has also failed to adequately and timely maintain the leased line, even after multiple reminders from the Department. Jundt discussed DSRC's dilatory efforts to address out-of-repair crossings in and around Tabor and failure to maintain vegetation control. Jundt referred to photos, taken during the Department's inspection of the line on July 8, 2025, showing noxious weed infestations, overgrown brush, and debris in the railroad right of way. Jundt reported that DSRC was in default under the lease and, despite notice of default, failed to cure the default within the 60-day timeframe required under the lease and under the notice provided to DSRC.

Health Haden, Vice President of Operations for DSRC, addressed the Board. Haden reported that he'd spoken to DSRC President Mike Williams about the past-due rental payment, and Williams indicated he was waiting on closure of a property deal to obtain funds to pay the rent. Haden also reported that an agreement was ultimately worked out with the City of Tabor and Bon Homme County to allow the crossings to be paved over until needed for rail operations. Haden stated DSRC had sprayed the entire line for noxious weeds in April 2025. When asked about photos from the Department's inspection showing only spot spraying, Haden acknowledged he had not looked at the line.

Mike Williams, President and shareholder of DSRC, joined the meeting and addressed the Board. Williams suggested the City of Tabor was at fault for the crossing issues. Williams claimed car storage revenue has declined due to precision railroading. He speculated that the noxious weed infestation was caused by rain after DSRC sprayed. He discussed his efforts to obtain funds to pay the past-due rent. He acknowledged that DSRC received the car storage revenue that determines the rent payment.

Jundt recommended the Board authorize termination of DSRC's lease of the Napa Junction to Tyndall line and authorize the Department to take the following additional steps in connection with the lease termination:

1. Make all necessary filings with the Surface Transportation Board to terminate DSRC's operating rights over the Napa Junction to Tyndall line, if DSRC fails to promptly terminate said rights;
2. Execute contracts for all necessary repairs and maintenance of the Napa Junction to Tyndall line;
3. Prosecute a lawsuit against DSRC and its principals to collect all compensation, damages, fees, interest, and disbursements owed to the department due to DSRC's default under its lease of the Napa Junction to Tyndall line.

A MOTION WAS MADE by Carmon and seconded by Scharnweber to terminate Dakota Southern Railway Company's lease of the state-owned Napa Junction to Tyndall railroad line due to default. All present voted aye by roll call vote. The motion carried.

A MOTION WAS MADE by Lockwood and seconded by Scharnweber to authorize the Department to make all necessary filings with the Surface Transportation Board to terminate Dakota Southern Railway Company's operating rights over the Napa Junction to Tyndall line, if Dakota Southern Railway Company fails to promptly terminate said rights. All present voted aye by roll call vote.

A MOTION WAS MADE by Scharnweber and seconded by Schmidt to authorize the Department to execute contracts for all necessary repairs and maintenance of the Napa Junction to Tyndall line. All present voted aye by roll call vote. The motion carried.

A MOTION WAS MADE by Carmon and seconded by Lockwood to authorize the Department to prosecute a lawsuit against Dakota Southern Railway Company and its principals to collect all compensation, damages, fees, interest, and disbursements owed to the department due to Dakota Southern Railway Company's default under its lease of the Napa Junction to Tyndall line. All present voted aye by roll call vote. The motion carried.

Mike Williams addressed the Board to ask for a list of items that DSRC should have completed. He emphasized that DSRC wants to make things right. He was informed that the minutes of the meeting will be made available.

Burket asked for a motion for the Commission 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 12:11 p.m.

Executive session ended at 12:36 p.m. CT.

Scharnweber left the meeting.

With no further business to come before the Board, Burket declared the meeting adjourned at 12:37 p.m. CT.

ANNUAL DISCLOSURE FOR AUTHORITY/BOARD/COMMISSION MEMBER
PURSUANT TO SDCL CHAPTER 3-23

THIS IS A PUBLIC DOCUMENT

Name of Member:

Greg Carmon

Name of Board, Authority, or Commission:

South Dakota State Rail Board and Rail Authority

The Member shall disclose below any contract in which the Member has an interest or from which the Member derives a direct benefit if the contract is:

- 1) With the state agency to which the Member's board, authority, or commission is attached for reporting or oversight purposes and which contract requires the expenditure of government funds;
- 2) With the state and which contract requires the approval of the Member's board, authority, or commission and the expenditure of government funds; or
- 3) With a political subdivision of the state if the political subdivision approves the contract and:
 - a. Is under the regulatory oversight of the authority, board, or commission, or
 - b. Is under the regulatory oversight of the agency to which the Member's board, authority, or commission is attached.

The Member shall disclose the contract even though no additional authorization is needed from the Member's board, authority, or commission to have an interest or derive a benefit from the contract.

The Member shall also identify every entity in which the Member possesses an ownership interest of five percent or greater if:

- 1) The entity receives grant money from the State, either directly or by a pass-through grant or
- 2) The entity contracts with the State or any political subdivision for services.

1. Contracts in which you have an interest pursuant to SDCL Chapter 3-23 and which do not violate any other provision of law – Provide the following for each contract in which you have, or will have, an interest. For further information see SDCL 3-23-2.1 and 3-23.3.1.

Description of the contract	Parties	Description of your interest/role in the contract	Date contract was previously disclosed, if applicable

Attach additional pages, if necessary.

2. Contract in which you have a direct benefit pursuant to SDCL Chapter 3-23 – Provide the following for each contract from which you derive, or will derive, a direct benefit. For more information see SDCL 3-23-2, 3-23-2.2, and 3-23-3.1.

Description of the contract	Parties	Description of the direct benefit	Date contract was authorized

Attach additional pages, if necessary.

Please See attached form.

3. Entities in which you possess an ownership interest of five percent or more that receive grant money from the State, either directly or by a pass-through grant, or that contract with the State or any political subdivision for services – Provide the following for each such entity. See SDCL 3.23-3.1.

Description of the contract or grant	Party in which you possess the interest	State agency or subdivision

Attach additional pages, if necessary.

The Member shall complete a separate authorization request for any contract identified above that requires authorization from the Member's board, authority, or commission in order for the Member to legally derive a direct benefit.

Signature of Member:  Date 07-16-25

REQUEST FOR STATE BOARD WAIVER

THIS IS A PUBLIC DOCUMENT

Date: 11/25/24

Name of Board Member or Former Board Member: Greg

Carmon

Name of Board, Authority or Commission: SD Rail Board

Brief explanation of your potential conflict of interest:

I invested in the High Plains Processing plant being built in Mitchell.

Brief explanation of the current or anticipated business transaction with a State agency or with a political subdivision of the State and your role in the transaction:

I will not vote on the proposed request for a SD Rail Board loan for track being built in the new facility.

Brief explanation of the essential terms of the contract or transaction:

I purchased shares of the Soybean/Sunflower processing plant located in the Mitchell area.

Brief explanation of why you believe a waiver should be granted:

(See above)

Signature of Person Requesting Waiver:

Greg Carmon

ANNUAL DISCLOSURE FOR AUTHORITY/BOARD/COMMISSION MEMBER
PURSUANT TO SDCL CHAPTER 3-23

THIS IS A PUBLIC DOCUMENT

Name of Member:

Ralph Schmidt

Name of Board, Authority, or Commission:

SD State Railroad / Rail Authority

The Member shall disclose below any contract in which the Member has an interest or from which the Member derives a direct benefit if the contract is:

- 1) With the state agency to which the Member's board, authority, or commission is attached for reporting or oversight purposes and which contract requires the expenditure of government funds;
- 2) With the state and which contract requires the approval of the Member's board, authority, or commission and the expenditure of government funds; or
- 3) With a political subdivision of the state if the political subdivision approves the contract and:
 - a. Is under the regulatory oversight of the authority, board, or commission, or
 - b. Is under the regulatory oversight of the agency to which the Member's board, authority, or commission is attached.

The Member shall disclose the contract even though no additional authorization is needed from the Member's board, authority, or commission to have an interest or derive a benefit from the contract.

The Member shall also identify every entity in which the Member possesses an ownership interest of five percent or greater if:

- 1) The entity receives grant money from the State, either directly or by a pass-through grant or
- 2) The entity contracts with the State or any political subdivision for services.

1. Contracts in which you have an interest pursuant to SDCL Chapter 3-23 and which do not violate any other provision of law – Provide the following for each contract in which you have, or will have, an interest. For further information see SDCL 3-23-2.1 and 3-23.3.1.

Description of the contract	Parties	Description of your interest/role in the contract	Date contract was previously disclosed, if applicable
Sisseton Millbank RR Crisis Grant STC Grant Wheeler-Dumont Corp	Sisseton Millbank RR SMRR Roberts Regional Rail Authority	Manager of SMRR Secretary of Roberts Regional Rail Authority	11-24-24

Attach additional pages, if necessary.

2. Contract in which you have a direct benefit pursuant to SDCL Chapter 3-23 – Provide the following for each contract from which you derive, or will derive, a direct benefit. For more information see SDCL 3-23-2, 3-23-2.2, and 3-23-3.1.

Description of the contract	Parties	Description of the direct benefit	Date contract was authorized

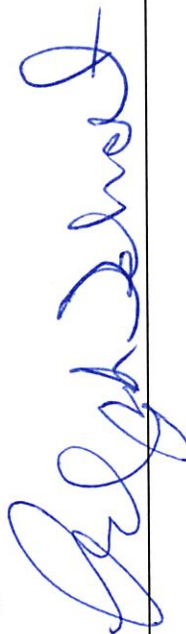
Attach additional pages, if necessary.

3. Entities in which you possess an ownership interest of five percent or more that receive grant money from the State, either directly or by a pass-through grant, or that contract with the State or any political subdivision for services – Provide the following for each such entity. See SDCL 3.23-3.1.

Description of the contract or grant	Party in which you possess the interest	State agency or subdivision

Attach additional pages, if necessary.

The Member shall complete a separate authorization request for any contract identified above that requires authorization from the Member's board, authority, or commission in order for the Member to legally derive a direct benefit.

Signature of Member:  Date 6-16-2025