

**SOUTH DAKOTA STATE RAILROAD BOARD
CONFERENCE CALL MEETING MINUTES
APRIL 15, 2020**

MEMBERS PRESENT

VIA CONFERENCE CALL: Jerry Cope, Chairman
Jeff Burket, Vice-chairman
Greg Carmon, Member
Steve Scharnweber, Secretary
Jack Nelson, Member
Gary Doering, Member
Jon Kirby, Member

DOT STAFF PRESENT

VIA CONFERENCE CALL: Joel Jundt, Karla Engle, Bonnie Olson, Jack Dokken, Misty Siedschlaw, and Perry Griffith

DOT STAFF PRESENT: Kari Kroll

OTHERS PRESENT

VIA CONFERENCE CALL: Dick Huff; Scott Van Den Top – D & I Railroad Co. (D&I); Heath Haden – Dakota Southern Railway Company (DSRC); Jerry Vest – Genesee & Wyoming, Inc. (G&W); Dan Kippley – Ellis & Eastern Company; Shane Peterson – Chamberlain Redimix; Kathy Zander; Mark Wagner; Greg Twist – AGP; Gary Devin – AGP; Mark Trottier – Dakota, Missouri Valley & Western Railroad, Inc. (DMVW); Troy Fast – DMVW; Scott O’Meara – OM Properties; Mark Wagner – Sisseton-Milbank Railroad Company (SMRR); Walt Wendland – Ring-neck Energy & Feed, LLC.; Jane Pitlick, and Tim Luken – Sully County Regional Railroad Authority; and Todd Ohrs

Chairman Jerry Cope called the meeting of the South Dakota State Railroad Board (the “Board”) to order at 9:00 a.m. A roll call was taken to verify a quorum.

Cope 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.

Due to his work for a competitor of Ring-neck Energy & Feed, LLC, Jack Nelson declared a potential conflict of interest concerning the request for a deferment of loan payment by Sully County Regional Railroad Authority and Ring-neck Energy & Feed, LLC. When this item is addressed during the meeting, Nelson will recuse himself from the discussion and vote.

Cope asked for a motion to approve the December 18, 2019, Board meeting minutes.

A MOTION WAS MADE by Carmon and seconded by Kirby to approve the December 18, 2019, Board meeting minutes. All present voted aye by roll call vote. The motion carried.

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

Deputy Secretary Joel Jundt presented the Secretary's Report. Jundt shared the Governor's directive that state employees work remotely until May 31, 2020. The May Board meeting will also need to be conducted via teleconference.

Jundt discussed the plan for moving forward with selling of property that is excess to the railroad needs of the State. Jundt recommended the Board start with the Sioux Valley and Mitchell to Rapid City (MRC) lines then prioritize the remaining rail lines.

Jundt informed the Board the four Special Transportation Circumstances ("STC") grants submitted by the Board were approved. Jundt requested the Board to authorize the Department of Transportation (the "Department") to execute STC grant agreements with the Federal Railroad Administration ("FRA") and the four subrecipients.

A MOTION WAS MADE by Scharnweber and seconded by Doering to authorize the Department to execute STC grant agreements with the FRA and the subrecipients. All present voted aye by roll call vote. The motion carried.

Jundt asked the Board if the same review and approval process should be used for the 2020 CRISI and STC grant applications that the Board used in the past year. The Board expressed a desire to proceed with the same process as was used last year. Jundt informed the Board that a special meeting may be needed to accomplish what needs to be done by the impending deadline.

Jack Dokken, Program Manager for the Office of Air, Rail and Transit, asked the Board to allow consideration of the letter of support for Sisseton-Milbank Railroad (SMRR) out of order on the agenda. The Chair agreed and no members of the Board objected.

Mark Wagner from the SMRR asked the Board to consider approving a letter of support for SMRR's submittal of a 2020 BUILD grant.

A MOTION WAS MADE by Carmon and seconded by Scharnweber to approve issuance of a letter of support with the language of the letter to be approved by the Board at the May 20, 2020, Board meeting. All present voted aye by roll call vote. The motion carried.

Nelson recused himself from the discussion and vote on the next agenda item.

Dokken introduced Walt Wendland of Ring-neck Energy & Feed LLC, who presented a request to amend the loan agreement with Sully County Regional Railroad Authority. The loan is guaranteed by Ring-neck Energy & Feed LLC and an annual payment was due April 1, 2020. Wendland explained that deferring the payment will allow the company time to make budget plans to handle the current COVID19 situation and its effect on the energy industry. Representatives from Sully County Regional Railroad Authority appeared on behalf of the authority in support of the amendment.

A MOTION WAS MADE by Burket and seconded Kirby to authorize the Secretary, or his designee, to execute the necessary documents to amend the loan agreement entered into among the Department, Sully County Regional Railroad Authority, and Ring-neck Energy & Feed, LLC, to extend the due date for the April 1, 2020, interest and principal payment of \$285,000.00 until October 1, 2020, with no late fees or penalties. All present voted by roll call vote, except Nelson who abstained. There were 5 aye (Cope, Burket, Carmon, Kirby and Scharnweber) and 1 nay (Doering). The motion carried.

Dokken presented to the Board the Operator Maintenance Plans for the Sioux Valley, Yale, MRC, and Britton rail lines. Scott Van Den Top from D&I, Heath Haden from DSRC, Mark Trottier from DMVW, and Jerry Vest from G&W presented their plans.

A MOTION WAS MADE by Burket and seconded by Carmon to accept the Operator Maintenance Plans as presented. All present voted aye by roll call vote. The motion carried.

Dokken presented for Board consideration DMVW's request for connection to AGP soybean processing plant. Mark Trottier of DMVW shared the specifics of the request with the Board. DMVW is requesting permission and funding (estimated cost \$463,936.00) to build an access track from the state-owned Britton line to the AGP soybean processing plant. Troy Fast of DMVW as well as Greg Twist and Gary Devlin were available to assist Trottier in answering questions regarding the request.

After much discussion, no action was taken on the funding request.

A MOTION WAS MADE by Doering and seconded by Carmon to authorize the Department to execute all documents necessary to construct a switch and access track from the state-owned

Britton line to the AGP soybean processing plant property line. All present voted aye by roll call vote. The motion carried.

Dokken introduced Mark Trottier to present the request by DMVW to extend its sublease on the Britton rail line. DMVW requested to extend the lease an additional 5 years with the same terms as the current lease.

No action was taken.

Dokken presented for Board consideration the annual Board member observation tours. The Department recommended deferring the tours until a later time. The Board decided to postpone the observation tours for the time being but asked the Department to bring the matter back before the Board at the July or August meeting.

Dokken provided an update to the Board on the status of the STC grants and CRISI grants.

Cope asked for a motion for the Board to enter into Executive Session.

A MOTION WAS MADE by Carmon and seconded by Burket to enter an Executive Session pursuant to SDCL 1-25-2(3) for the purpose of consulting with legal counsel or reviewing communications from legal counsel about proposed or pending litigation or contractual matters. All present voted aye by roll call vote. The motion carried.

Executive Session began at 2:00 p.m.

Jeff Burket left the meeting at 3:25 p.m.

Coped called the meeting back into session at 3:27 p.m.

The Board acknowledged receipt of the letters of support included in the agenda packets and posted on the Board & Commission webpage.

With no other business to come before the Board, Cope adjourned the meeting at 3:40 p.m.