

**SOUTH DAKOTA STATE RAILROAD BOARD SPECIAL MEETING MINUTES
JUNE 7, 2019 AT 2:00 P.M. VIA CONFERENCE CALL
BECKER-HANSEN BUILDING – 700 EAST BROADWAY
PIERRE, SOUTH DAKOTA**

MEMBERS PRESENT

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

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

OTHERS PRESENT: Toby Morris – Dakota Southern Railway Company (DSRC)

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VIA CONFERENCE CALL: Mark Wegner – Sisseton-Milbank Railroad Company (SMRR)
Blake Jones – Rapid City, Pierre & Eastern Railroad Inc. (RCP&E); Rob Weisman – RCP&E; Heath Haden – DSRC; Jeff Cooley – Civil Design, Inc. (CDI); Dan Kipling – Ellis & Eastern/Rail to Road, Inc.

Chairman Jerry Cope called the meeting of the South Dakota State Railroad Board (the “Board”) to order at 2:00 p.m.

Steve Scharnweber left the call at 2:01 p.m.

Cope called for roll call and each Board member announced their presence. A quorum was determined.

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.

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

Cope opened the floor for public input.

Scharnweber rejoined the meeting via conference call at 2:02 p.m.

Mark Wegner of the Sisseton-Milbank Railroad Company (SMRR), announced that SMRR is considering applying for a BUILD Grant for SMRR and will be asking the Board to request the State of South Dakota to sponsor the application as a public entity. SMRR will commit \$450,000.00 for preliminary engineering and environmental costs. The application is due July 15, 2019.

Jack Dokken of the Office of Air, Rail and Transit presented for Board consideration funding requests for flood damages. Secretary Darin Bergquist shared additional background information on the purpose of DSRC's request and that DSRC is requesting a loan from the Railroad Board in the amount of \$3,000,000.00 to be used in flood damage repairs, with the hope that Federal Emergency Management Agency ("FEMA") funds will be available to cover a vast majority of the work. The FEMA funds would be applied to repay part of the loan balance. Bergquist explained that the Board does not have the authority to provide a direct loan to DSRC, but rather the loan would be made to the MRC Regional Railroad Authority ("MRCRRA") and would be subject to concurrence by the MRCRRA and the consent of the Governor.

A MOTION WAS MADE by Doering and seconded by Scharnweber to authorize Secretary Bergquist or his designee to execute all necessary documents to loan up to \$3 million to the MRCRRA for repairs and rehabilitation of the MRC line leased by DSRC, subject to the application and concurrence of the MRCRRA and the consent of the Governor. Terms of the loan would include a 2% annual interest rate amortized over 20 years with a balloon payment at the end of 7 years. Loan disbursements will be made after submission of invoices that have been reviewed and approved by the South Dakota Department of Transportation. Any FEMA funding received by the State of South Dakota for the project work would be retained by the State of South Dakota and applied to the principal balance of the loan.

Scharnweber left the call at 2:35 p.m.

All present voted aye by roll call vote, except Scharnweber who was absent from the vote. The motion carried.

Dan Kipling of Ellis & Eastern Company shared that Ellis & Eastern Company is also looking into submitting an application for a BUILD Grant. If a grant is pursued, Ellis & Eastern Company will be requesting sponsorship from the Board and the State of South Dakota as the necessary public entity administering the funds.

Blake Jones of Rapid City, Pierre & Eastern Railroad, Inc. ("RCP&E") shared that the RCP&E lines also have significant damage due to flooding and washouts but RCP&E will not be asking for financial assistance from the Board.

Scharnweber rejoined the call at 2:38 p.m.

Jones provided an update on the progress of the washouts and the damage to the RCP&E rail line. Jones updated the Board on the actions RCP&E is taking to fix issues. Jones explained what parts of the line are open and when RCP&E expects to be back up to full service.

With no other business to come before the Board, the meeting was adjourned at 2:42 p.m.