

SOUTH DAKOTA STATE RAILROAD BOARD MEETING MINUTES

Wednesday, December 17, 2025 at 11:00 a.m. CST

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

MEMBERS PRESENT: Jeff Burket, Chairman

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VIA COFERENCE CALL: Ralph Schmidt
Scott Lockwood
Greg Carmon

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

OTHERS PRESENT

VIA CONFERENCE CALL: Danny Dalton – Rapid City, Pierre & Eastern Railroad (RCPE); Ross Lane – Genessee & Wyoming, Inc. (G&W); Mark Blyth - G&W; Chadd Thimesch - Ringneck & Western Railroad, LLC (RWRR); Dan Bilka – All Aboard; Dick Huff; Alex Huff; and Jerome Bentz

Chairman Jeff Burket called the meeting of the South Dakota State Railroad Board (the “Board”) to order at 11:00 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.

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

Burket opened the floor to public input.

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

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

- **Federal:** The current Continuing Resolution (CR) for the federal FY26 appropriation funding, which was passed on November 12, is set to expire on January 30, 2026. Congress will need to pass another CR or the full year appropriations bills to keep the federal government running.

- **State:** The bid opening for the Invitation for Proposal (IFP) on the sale of the Napa / Platte Railroad line is this Friday December 19, 2025 at 10 a.m.
- **Draft bill:** There are four bills that the Department of Transportation (the “Department”) will be working to get passed during this next legislative session. Of the four, one will impact the Board. (The current draft bill was provided in a handout.) The purpose of the bill is to consolidate the three of the four board/commissions that handle state transportation-related issues, *i.e.* the Transportation Commission, the Aeronautics Commission, and State Railroad Board into one Commission – the Transportation Commission. The goal is to eliminate the silos of these separate commissions and encompass all their respective functions into one entity that will handle all transportation-related issues. By ensuring we have at least two members with expertise in railroad-related topics and two members with expertise in aeronautics-related topics – the new proposed Transportation Commission would have needed expertise to be able to make informed decisions regarding all the modes of transportation. In the end, a combined Commission will better serve the state and the users of these transportation modes. If the bill is passed in its current form, the Transportation Commission would remain at nine members and the new law would not take effect until July 1, 2026.

Jundt introduced for Board consideration the sale of the Wolsey Interchange and Huron to Yale Rail Line. It was noted these assets are currently under lease with RCPE. RCPE is desirous of acquiring these two assets in lieu of continuing to lease them. Representatives from RCPE and G&W were on the line to present their purchase request. Any action on the request may be taken at the January meeting of the Board.

Danny Dalton from RCPE discussed the terms of the proposed purchase, which was summarized in a handout provided to the Board and is attached to these minutes as **ATTACHMENT A**.

Burket acknowledged the Board’s receipt of the purchase request, the importance of the department and RCPE being prepared to discuss the proposal and any conditions in greater detail at the January 2026 meeting, and the potential of Board action on the request at that meeting.

With no further business to come before the Board, Burket declared the meeting adjourned at 11:20 CT.

Proposal to Purchase Wolsey Interchange and Yale Rail Line

Prepared By RCP&E

December 12, 2025

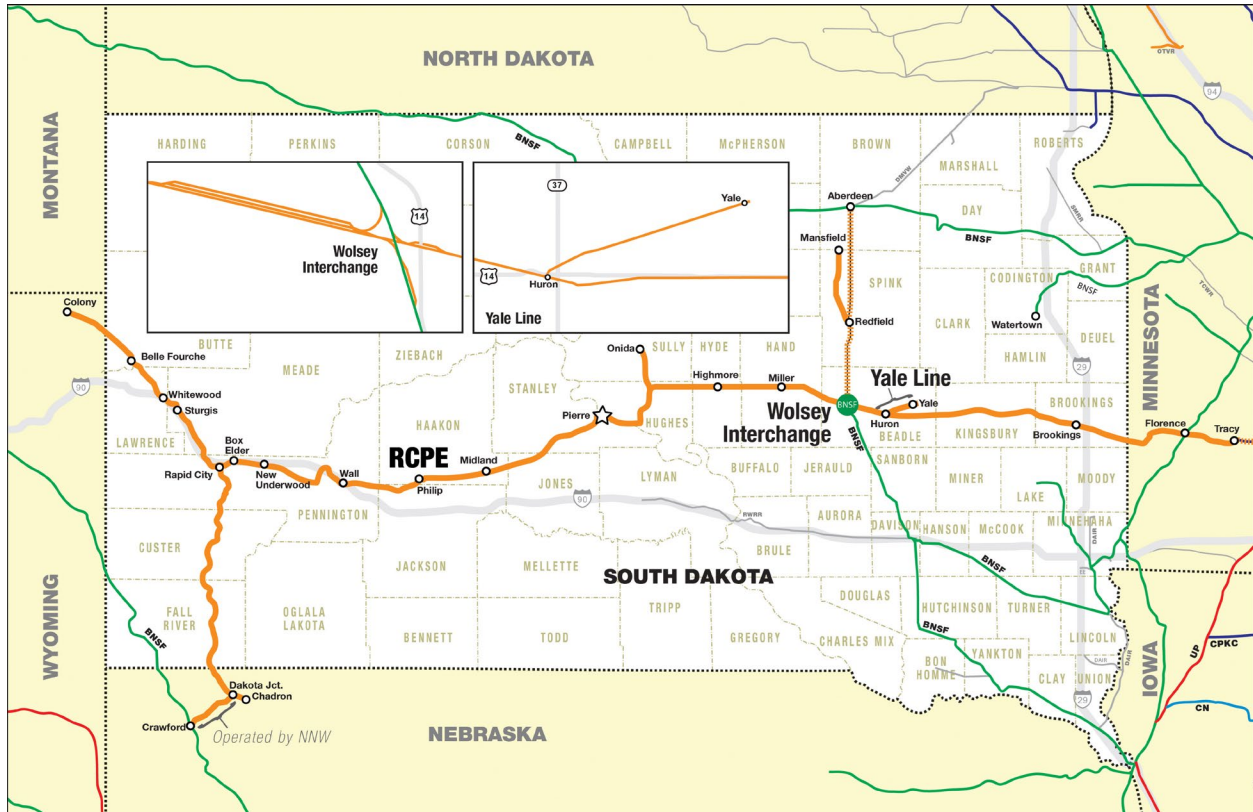


Overview

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.