



Iron Prairie Rail LLC
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Submission of Redacted Proposal for Board Review and Public Posting

Dear Members of the South Dakota State Railroad Board and South Dakota Department of Transportation - Office of Rail Programs:

Attached for your review is a redacted version of the Iron Prairie Rail LLC proposal submitted for consideration regarding the Napa-Platte Rail Line. This version has been prepared specifically for Board circulation and public posting.

All proprietary commercial and financial information—including purchase price, lease rates, valuation language, and revenue-sharing mechanics—has been redacted on a line-by-line basis and which exempts confidential commercial, financial, and negotiating-position information from public, permanently removed. These redactions are justified under South Dakota Codified Laws § 1-27-28 (4) and (5).

The attached proposal has been flattened and secured to prevent editing, copying, annotation, or recovery of redacted content. The unredacted proposal remains confidential and is intended solely for authorized State review as part of the procurement and negotiation process.

Iron Prairie Holdings LLC and Iron Prairie Rail LLC authorize dissemination and public posting of the attached redacted version in accordance with applicable public-records requirements and Board procedures.

Respectfully submitted,

Iron Prairie Rail LLC
Attn: David Fachman, Vice President of Operations
7307 N 106 Avenue
Omaha, NE 68122
Email: NRIX.consulting@gmail.com
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Transmittal Letter

December 2025
South Dakota Department of Transportation
Office of Rail Programs
700 E. Broadway Avenue
Pierre, SD 57501

Subject: Proposal to Lease and Purchase the Napa-Platte Rail Line

Dear Members of the South Dakota State Railroad Board and Department of Transportation:

Iron Prairie Rail LLC (IPR), a subsidiary of Iron Prairie Holdings LLC of Omaha, Nebraska, respectfully submits this formal proposal to lease and ultimately purchase the Napa-Platte Rail Line. This corridor—extending from Napa Junction (MP 0.0) to Platte (MP 80.3)—is among the most agriculturally productive regions in the Upper Midwest and presents a strategic opportunity to reestablish sustainable freight service and economic vitality.

IPR proposes a 30-year lease-to-purchase agreement valued at approximately \$2 million, payable incrementally throughout the lease term. During the initial three years, the State would upgrade the Napa Junction-Tyndall segment (MP 0.0–21.5) to FRA Class 2 standards, while IPR would begin operations with railcar storage and light freight handling, progressing toward full common-carrier service as customers are developed.

The lease will include the right to utilize the rail-banked portion (MP 20.9–80.3) if and when service needs arise, with the State remaining trail sponsor until a final disposition is determined. After the Class 2 upgrade is completed IPR is committed to replacing 1,000 ties annually, maintaining crossings and drainage, and partnering with the State to pursue federal infrastructure grants to strengthen long-term line viability.

Iron Prairie Rail's goals are preserving public investment, expanding agricultural market access, and ensuring that South Dakota's rural communities continue to benefit from safe, reliable, and efficient rail service. We believe a public-private partnership between the State and IPR offers the most effective path to restore full operational potential to the Napa-Platte Line.



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This proposal and the information contained herein constitute confidential industry work product of Iron Prairie Rail LLC. The contents are provided exclusively for the review and evaluation of the South Dakota Department of Transportation and the State Railroad Board. Until a formal agreement is executed, no portion of this document may be disclosed publicly or to any third party without the prior written authorization of Iron Prairie Rail LLC.

We appreciate your consideration of this proposal and welcome the opportunity to present and discuss with the Board. Please direct correspondence to:

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Respectfully submitted,

A handwritten signature in black ink that reads "Kenneth G Bean".

Kenneth Bean
Managing Member, Iron Prairie Holdings LLC

A handwritten signature in black ink that reads "David A Fachman".

David Fachman
Vice President of Operations, Iron Prairie Rail LLC



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Executive Summary

Iron Prairie Rail LLC (IPR), a subsidiary of Iron Prairie Holdings LLC, submits this proposal to lease and ultimately purchase the Napa-Platte Line from the South Dakota Department of Transportation. The line traverses one of the Midwest's most fertile grain-producing regions, offering the potential to support unit-train agricultural operations.

IPR proposes a 30-year lease-to-own structure valued at \$2 million, with payments credited toward final purchase. The State would upgrade the Napa Junction-Tyndall segment (MP 0.0–20.9) to FRA Class 2 standards, as it previously did for the MRC line. The State's investment in upgrading the route to 115-pound rail 286k loading and assistance with restoring freight service, would allow IPR to transition from the initial car storage operation to full common carrier status upon acquisition of shippers.

The State would remain trail sponsor for the rail-banked segment (MP 20.9–80.8) until its final disposition is determined. IPR commits to maintaining infrastructure, creating regional jobs, improving crossings, and complying with STB and FRA requirements. This public-private partnership preserves essential rail infrastructure, promotes economic growth, and aligns with South Dakota's long-term transportation development goals.



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Section 1 – Proposer Information

1.1 Entity Overview

Iron Prairie Rail LLC (IPR) is a Nebraska-based short-line operator and subsidiary of Iron Prairie Holdings LLC (IPH), headquartered at 7307 N 106 Ave, Omaha, NE 68122. IPH serves as a regional investment and management company specializing in railroad consulting, railroad operations, and heritage-industry ventures.

IPR was established to acquire and operate regional branch lines within the central U.S., emphasizing restoration of agricultural service corridors and car-storage facilities on underutilized track. Its objective is to return rural rail infrastructure to sustainable common-carrier status through phased investment and public-private collaboration.

1.2 Organizational Structure

Iron Prairie Holdings LLC serves as the parent of three core subsidiaries:

- Iron Prairie Rail LLC (IPR): Responsible for short-line operations, freight handling, and railcar storage.
- Midwest Rail Consulting LLC (MRC): Provides operational analysis, compliance management, and engineering oversight.
- Metro Hobbies Nebraska LLC (MHN): A retail subsidiary supporting model railroads and US railroad history education programs.

Each entity shares centralized administrative, accounting, and safety-compliance resources under IPH to reduce overhead and maintain consistent governance across projects.

1.3 Leadership and Management

The company is managed by two principal members:

- Kenneth Bean – Managing Member and President
 - Over 20 years of railroad and construction management experience.
 - Education in construction and construction management.
 - Co-founder of Midwest Rail Consulting LLC.
 - Founder of Metro Hobbies LLC and Vice President of Operations for a railroad museum.
 - More than 25 years in public safety and logistics, including dispatch operations and rail project coordination.
 - Background in rail infrastructure planning, business development, and grant administration.
 - Experience in heritage railroad train services.



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- David Fachman – Managing Member and Vice President of Operations
 - Former Executive Director and President of a railroad museum and currently Vice President of Midwest Rail Consulting LLC.
 - Extensive experience with railcar storage logistics, FRA compliance, and short-line rehabilitation projects including President of a Class 3 Short-line.
 - Business development background and education.
 - Experience with Class 1 and heritage railroad train services.

Both principals hold equal ownership stakes of 26 percent in Iron Prairie Holdings, with an additional 24 percent available to outside investors under an approved \$3 million private offering. This would leave a remaining 24% stake unused to allow for additional future capital investment without diluting the existing equity of the initial investors.

1.4 Experience and Qualifications

The team has managed projects ranging from Class I interchange coordination to museum equipment movement and restoration and STB filings for line leases and acquisitions. MRC and IPR collectively are knowledgeable in:

- Track inspection and maintenance program design.
- STB and FRA regulatory submissions.
- Railcar storage facility operation and pricing strategy.
- Public agency coordination for grant funding and infrastructure rehabilitation.
- Economic development partnerships.

1.5 Financial Standing and Performance

Iron Prairie Holdings maintains a strong balance sheet supported by private capital and income from existing subsidiaries. Midwest Rail Consulting provides technical and financial backing for operational projects, assuring adequate liquidity for lease obligations and maintenance programs. No member company has been subject to bankruptcy, civil penalties, or FRA non-compliance actions within the last five years.

1.6 Commitment to State Goals

Iron Prairie Rail shares the State of South Dakota's objectives to preserve rural rail access, enhance economic growth, and safeguard public investment in transportation infrastructure. Through its multi-subsidiary structure and professional management, IPR is prepared to deliver safe, reliable, and sustainable rail service under a public-private lease-purchase framework.



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Section 2 – Lease and Purchase Terms

2.1 Lease Structure and Duration

Iron Prairie Rail LLC (IPR) proposes a 30-year lease term (2026–2056), with full purchase of the Napa–Platte Line to be completed at or near the conclusion of the lease. There will be no penalty for completing the final purchase early. During this period, IPR will invest in infrastructure rehabilitation, maintain FRA- and STB-compliant operations, and transition from car storage to full common-carrier freight service as customers are developed and retained.

The lease shall include the right to use the rail-banked segment (MP 20.9–80.3) if and when needed for rail operations, development, or customer expansion, subject to coordination with the State, and in compliance with federal rail-banking regulations.

2.2 Purchase Price and Payment Terms

The total purchase price for the entire 80.3-mile corridor is \$2,000,000 (negotiable), based on current line conditions. All lease payments will be credited toward the final purchase price, ensuring an equitable and transparent transition to ownership.

2.3 Lease Rate and Revenue Sharing

[REDACTED] Iron Prairie Rail proposes a performance-based lease payment structure that directly links the State's level of support, infrastructure readiness, and customer development efforts to the lease rate applied. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

2.3.1 Performance-Based Lease Payment Framework

[REDACTED]

[REDACTED] lease payments will utilize a performance-based structure that adjusts according to the level of State support and infrastructure readiness:

Base Lease Rate (Minimum Condition)

If the State provides only minimal compliance-level support and does not make progress toward track upgrades or customer development, Iron Prairie Rail shall remit:

- 15% of railcar storage revenue, and



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- 1.0% of future freight revenue (upon onset of common-carrier service).

Incentive Lease Rate (State Improves Infrastructure)

If the State fulfills its responsibilities to improve the corridor—specifically completing stabilization work, initiating the upgrade toward FRA Class 2 standards on MP 0.0 to MP 21.5, and repairing the Tyndall-area bridge —the lease rate shall increase to:

- 20% of railcar storage revenue, and
- 1.5% of freight revenue once shippers are served.

Premium Cooperative Rate (State Assists in Customer Acquisition)

If the State actively assists Iron Prairie Rail in acquiring one or more freight customers—through marketing, economic-development coordination, or direct shipper engagement—the lease rate shall increase to:

- 20% of railcar storage revenue, and
- 2.0% of freight revenue.

Disincentive Adjustment (State Fails to Act)

If the State does not complete stabilization work, does not repair the damaged Tyndall bridge, or fails to participate in shipper outreach efforts as outlined in this proposal, the lease reverts to the Base Lease Rate (15% storage / 1.0% freight) until such time as deficiencies are corrected.



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2.4 State Responsibilities

The State of South Dakota, through the Department of Transportation, shall:

- Upgrade the Napa Junction–Tyndall segment (MP 0.0–21.5) to FRA Class 2 standards within three years of contract execution, consistent with upgrades performed on the MRC line. Public records show in August 2023 the state did indeed propose the upgrade of the line from MP 0.0 to MP 21.5 to FRA Class 2 standards. Though this was not pursued due to the quality of the contracted operator at that time.
- Assist IPR in developing and retaining rail customers and actively market the corridor to agricultural, industrial, and transload shippers.
- Remain the official trail sponsor for the rail-banked MP 20.9–80.3 segment until such time as final disposition or reactivation is determined.
- Transfer management of all existing leases, permits, and right-of-way use agreements (including property, driveway, haying, and utility permits) to IPR during the lease term to facilitate proper transition and continuity of services. Revenues from these agreements would continue to be collected and paid to the State minus a reasonable administrative fee.
- Support IPR in pursuing state and federal infrastructure grants, including Rebuilding American Infrastructure with Sustainability and Equity (RAISE), Consolidated Rail Infrastructure and Safety Improvements (CRISI), and Infrastructure for Rebuilding America (INFRA) programs, to fund long-term improvements of the corridor.
- The State shall also initiate and negotiate the reversal or nullification of any agreements made between the former operator and local road maintenance authorities to pave over rail crossings in the Tabor area. Reversal of these actions is essential to restore rail access, preserve public right-of-way continuity, and safeguard future service to the Tabor community and surrounding areas under Iron Prairie Rail's operation.
- As part of the State's obligation to upgrade the Napa Junction–Tyndall segment (MP 0.0–21.5) to FRA Class 2 standards, the State shall guarantee that all structural deficiencies are corrected as part of the Class 2 modernization program including, but is not limited to, the full repair or replacement of the damaged bridge located east of Tyndall, as this structure currently prevents safe Class 2 operations and restricts the corridor to limited use.



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2.4.1 Infrastructure Stabilization and Recovery of Prior Damages

The State shall provide a usable and safe baseline infrastructure at the commencement of the lease. This includes immediate stabilization of the existing track structure where necessary, which currently prevents safe movement along the corridor. These deficiencies are in contradiction with FRA regulations.

The State retains full authority to pursue financial recovery or legal remedy against the former operator for the cost of restoring the line to minimum safe operating condition, including bridge reconstruction, drainage corrections, and other deferred-maintenance impacts.

2.4.2 State Timeline for Delivery of Safe and Usable Baseline Infrastructure

The State shall complete all required baseline stabilization, including correction of safety-critical deficiencies, within a reasonable and industry-standard timeline.

Assuming execution of a lease agreement in March–April 2026, the State shall complete the necessary work no later than November 30, 2026, allowing for:

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-

If seasonal weather or bid timing delays occur, the State shall exercise its authority to make certain stabilization work and structural repairs remain on a priority schedule, with final delivery of all baseline infrastructure no later than the close of the 2026 construction season.



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2.5 IPR Responsibilities

Upon completion of the State's Class 2 upgrade, IPR will assume full maintenance and operational control of the entire corridor, including:

- Replacement of 1,000 ties on the active portion of the corridor annually for the duration of the lease.
- Ongoing maintenance and improvement of public crossings, bridges, culverts, and drainage systems as required.
- Compliance with FRA, STB, and environmental standards for common-carrier operations.
- Maintenance of all insurance, safety, and regulatory certifications necessary to operate the line.
- Proactive coordination with the State to manage and service transferred leases and permits responsibly.

These responsibilities do not include major structural rehabilitation or repair work that is part of the State's obligation to deliver a corridor at a Class 2 standard, including correction of delinquencies caused by the negligence of the previous operator.

2.6 Valuation and Adjustment Mechanism

All lease payments shall be applied toward the final purchase price. The initial independent valuation will reflect the corridor's condition at the time of execution and exclude any IPR-funded improvements or capital additions. Any future adjustment to the valuation or purchase price will be determined through a mutually agreed, fair, and transparent process to protect the long-term interests of both the State and Iron Prairie Rail.

2.7 Additional Valuation Considerations

[REDACTED]

[REDACTED]

[REDACTED]



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[REDACTED]

[REDACTED]

[REDACTED]

2.8 Preservation of BNSF Haulage and Trackage Rights

If the Napa-Platte Line were sold outright and immediately transferred to a new owner, the existing BNSF haulage and trackage-rights agreement would be nullified, requiring full renegotiation and likely creating significant barriers to restoring interchange and customer confidence. Under Iron Prairie Rail's proposed lease-to-purchase structure, the existing BNSF agreement would remain in force for the majority of the duration of the 30-year lease term, ensuring uninterrupted connectivity and operational stability through the final transfer of ownership. This continuity provides the State and prospective shippers assurance that the line will remain interchange-capable and aligned with Class I traffic flows throughout the transition period.

Consistent with our philosophy that "every carload matters," Iron Prairie Rail is committed to serving customers of all sizes. As a common carrier, IPR will not restrict service based on train size or frequency and will work with individual shippers requesting single-car movements to maintain equitable rail access for all customers.



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Section 3 – Service and Operational Plan

3.1 Overview and Phases

Iron Prairie Rail LLC (IPR) will implement a phased operational strategy to stabilize the Napa–Platte Line, maintain safe limited use, and prepare the corridor for full rehabilitation and future freight service. Each phase is designed to minimize redundant expenditures while building a clear, sustainable path from initial stabilization to full common-carrier operations.

Phase 1 (Years 1–2): Stabilization and Storage Operations

Phase 1 activities will begin with the State completing the baseline stabilization of the corridor, including correction of safety-critical deficiencies such as track stabilization. These actions are necessary for the State to provide a safe, usable infrastructure suitable for limited operations.

Once this baseline stabilization is complete, IPR will begin Phase 1 operations consisting of:

- Establishing an local office and crew base near Napa Junction
- Conducting FRA Part 213 inspections to document post-stabilization conditions
- Implementing operational, safety, and compliance systems
- Offering railcar storage services within the limits of the stabilized corridor
- Performing routine minor maintenance required for day-to-day operational safety excluding structural or deferred-maintenance remediation
- Coordinating with local road authorities, emergency responders, and BNSF for safe limited-service access

Phase 1 is not intended as a capital rehabilitation period; it is a controlled, limited-operational phase that allows IPR to build organizational capacity after the State fulfills its responsibility to deliver a functional, safe corridor.

This conservative approach prevents unnecessary costs and, duplication of efforts prior to the State's full renewal program while keeping the corridor active and secure under IPR management.



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Phase 2 (Years 3–5): State-Led Track Upgrade and System Modernization

During this period, the State of South Dakota will assume full responsibility for the Class 2 track upgrade between MP 0.0 and MP 21.5, consistent with prior State-funded rail rehabilitation projects.

While the State performs the major infrastructure work, IPR will:

- Coordinate with SDDOT and, its contractors, to assure and maintain regulatory compliance with FRA Part 213 during reconstruction.
- Provide operational oversight and safety liaison support for work zones and material movements.
- Implement IPR's maintenance-of-way compliance system and electronic record keeping platform.
- Deploy the customer and railcar management portal for real-time inventory, billing, and service coordination in preparation for expanded operations post-upgrade.

This phase will transform the corridor into a modern, reliable Class 2 route capable of handling 286,000-pound railcars and unit grain trains, while maintaining safety and regulatory standards through IPR's operational oversight.

Phase 3 (Years 5–10): Customer Development and Service Expansion

After completion of the State's upgrades, IPR will shift its focus to customer development, retention, and operational expansion, ultimately restoring the Napa–Platte Line to productive freight use.

Key initiatives shall:

- Launch targeted marketing effort to attract agricultural, fertilizer, ethanol, and bulk commodity shippers.
- Work with local development corporations to identify and serve transload and industrial development sites.
- Restore or construct sidings and customer access tracks as shipper demand grows.
- Evaluate reactivation of rail-banked segments (MP 21.5–80.3) based on economic feasibility and shipper interest.
- Establish scheduled freight service between Napa Junction and Tyndall with BNSF interchange at Napa Junction.
- Continue annual tie renewal, drainage improvements, and crossing maintenance to sustain Class 2 compliance.



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This phase will mark the return of full freight operations on the line, positioning IPR as a dependable short-line partner for South Dakota's agricultural and industrial sectors.

3.2 Staffing and Community Engagement

IPR will maintain a field office near Napa Junction, employing [REDACTED] local staff members within five years, including train crews, track maintenance personnel, administrative staff, and a compliance officer.

Hiring will emphasize local workforce development, including partnerships with regional technical schools and community colleges to provide railroad training and internship opportunities. IPR will continue to work closely with local governments, first responders, and community stakeholders to assure transparent, safe, and community-focused operations.

3.3 Operational Philosophy

Iron Prairie Rail's approach establishes a phased, fiscally disciplined strategy for the restoration of rail service along the Napa–Platte Line. Phase 1 is intentionally limited to critical stabilization activities necessary to preserve the corridor and allow safe, minimal operations. Comprehensive infrastructure rehabilitation is planned in coordination with the State during Phase 2, followed by a targeted focus on shipper engagement and traffic development in Phase 3. This structured progression demonstrates that each investment is deliberate, cost-effective, and directly aligned with the State of South Dakota's goals for rural railroad development.

3.4 Shipper Interest and Common Carrier Service Commitment

Iron Prairie Rail has engaged in discussions with multiple potential rail users regarding future service on the Napa–Platte Line. These parties have expressed interest in utilizing rail transportation services contingent upon the corridor being upgraded to accommodate modern rail operations.

While formal transportation agreements are necessarily dependent upon completion of infrastructure improvements and execution of operating authority, the level of interest expressed indicates demonstrated market demand for rail service and supports the economic viability of the corridor following rehabilitation.

3.5 Common Carrier Services Commitment and Service Area

Subject to receiving the operating contract and applicable regulatory authority, Iron Prairie Rail commits to providing common carrier rail service, as defined under 49 U.S.C. § 11101, at a minimum in the Napa Junction, Tabor, and Tyndall upon completion of the State-led upgrade to FRA Class 2 standards. Iron Prairie Rail is further prepared to expand the provision of common carrier service along the corridor as additional shipping demand is identified and as operational conditions warrant. For



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purposes of common carrier service, the station of Tyndall shall include the area necessary to reasonably serve existing and future rail shippers in the Tyndall vicinity, including trackage extending beyond Milepost 20.8 to at least Milepost 21.5, contingent upon corridor expansion or reactivation by the South Dakota Department of Transportation during the FRA Class 2 upgrade.

This service commitment is structured to comply with federal common-carrier obligations while allowing service levels to scale in a commercially reasonable manner. The combination of expressed shipper interest, State infrastructure investment, and Iron Prairie Rail's readiness to provide common carrier service establishes a credible and sustainable framework for restoring freight activity on the Napa-Platte Line.



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Section 4 – Economic and Public Benefits

4.1 Economic Impact

Iron Prairie Rail's proposal directly supports the State of South Dakota's strategic objectives for rural economic development, agricultural competitiveness, and transportation efficiency. By returning the Napa–Platte corridor to productive use, measurable benefits are created for the State, local communities, and the broader Midwest economy.

Reactivation of the Napa–Platte Line will create and sustain local employment opportunities across the spectrum. IPR anticipates [REDACTED] direct jobs within [REDACTED] years and numerous indirect positions in trucking, elevator operations, and transloading services.

The reestablishment of freight capability will enable regional producers to:

- Reduce dependence on long-haul trucking to distant railheads;
- Lower transportation costs per ton of grain and bulk commodities; and
- Access competitive markets for corn, soybeans, fertilizer, and ethanol feedstocks through BNSF Railway interchange at Napa Junction.

These efficiencies translate to improved profitability for local producers and expanded export capacity for South Dakota agriculture.

4.2 Transportation and Infrastructure Benefits

By restoring rail operations on the Napa–Platte corridor, IPR's plan will reduce truck congestion on regional highways, particularly along U.S. Highway 50 and other key rural arterials. Each unit train moved by rail eliminates approximately 275–300 truckloads from the highway system, lowering road maintenance costs and improving public safety. Additionally, reactivation of the line strengthens the State's multimodal logistics network, ensuring resilient freight options for future economic expansion.

4.3 Rural and Community Development

The line traverses communities that have experienced limited industrial access due to the loss of rail service. Restoring the corridor will:

- Enhance property values and economic viability for local businesses;
- Create opportunities for new agricultural cooperatives and other enterprises;
- Encourage private investment in grain-handling, storage, and processing facilities; and
- Support long-term population retention in small towns dependent on agricultural economies.



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IPR will also collaborate with local development boards and chambers of commerce to market available rail-served sites and foster new business attraction along the corridor.

4.4 Environmental and Public Policy Benefits

Rail transport is among the most fuel-efficient and environmentally sustainable freight modes. Each ton-mile moved by rail produces up to 75% fewer greenhouse gas emissions compared to truck transport.

This project directly advances South Dakota's environmental and infrastructure resilience goals by:

- Reducing highway emissions and heavy-truck wear;
- Lowering fuel consumption through modal efficiency; and
- Encouraging public-private partnerships that optimize existing State-owned infrastructure rather than constructing new corridors.

These benefits align with the U.S. Department of Transportation's RAISE and CRISI program priorities, further improving the State's eligibility for federal grant participation.

4.5 Long-Term Public Return

Lease revenue sharing under this proposal follows the performance-based structure outlined in section 2.3, ensuring that the State's financial return increases as it fulfills key responsibilities related to infrastructure and customer development. Under this framework, the highest revenue-sharing tier (25% storage/ 2.0% freight) is achieved only when the State actively participates in customer acquisition and retention efforts, ensuring that both parties receive increased value from cooperative economic development. The continued maintenance obligations (1,000 ties per year, crossing maintenance, drainage control) after the Class 2 upgrade safeguard the line's physical condition without additional cost to taxpayers.

This partnership will yield:

- Sustained local employment;
- A stable logistics platform for future industries; and
- A self-sufficient short-line operation contributing to the State's tax base and rural vitality.



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4.6 Summary

IPS's proposal represents a low-risk, high-impact public-private partnership. It revitalizes critical rail infrastructure, advances South Dakota's agricultural export capacity, reduces highway costs, and enhances economic resilience in rural communities. Iron Prairie Rail's phased, investment-based approach assures that the Napa-Platte Line becomes a long-term transportation asset supporting the State's strategic growth for decades to come.



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Section 5 – Trail and Railbanked Sections

5.1 Overview

As part of the overall operational framework outlined in the Service and Operational Plan, IPR recognizes that certain portions of the corridor remain railbanked and subject to recreational trail use under the State's jurisdiction.

IPR's role and authority are specific to railroad operations, maintenance, and rehabilitation. Recreational trail management is not a function of railroad operations and remains the responsibility of the State. Interim trail use is recognized as a temporary measure under federal railbanking law, and IPR retains the right to potentially reactivate rail service at any time following federal regulations.

5.2 Rights and Responsibilities

IPR acknowledges and respects the State of South Dakota's continued trail-sponsorship responsibilities for Milepost 21.5 to 80.8 under existing federal railbanking provisions. As the designated trail sponsor, the State retains responsibility for the management, maintenance, and public safety of all recreational trail activities conducted on or adjacent to the railbanked right-of-way until such time as reactivation or final disposition of the corridor is determined. The State shall not transfer sponsorship to any third party without Iron Prairie Rail's consent. The State shall be agreeable to reactivation of segments in accordance with providing regulatory Common Carrier Service along the railbanked portion of the line as service demands increase.

Accordingly, IPR requests that the State continue to act as trail sponsor and assume full responsibility for liability, insurance, and public trail-user management during the railbanking period. IPR reserves the right, consistent with federal regulations, to reclaim control of any or all portions of the corridor for rail rehabilitation or active service with limited notice, as operational needs or economic conditions warrant.

IPR will coordinate with SDDOT and local stakeholders to ensure corridor access and safety. Should rail and trail use coexist in the future, IPR would remain open to allowing trail use along portions of the right-of-way away from the active track, provided adequate separation and safety measures are maintained as the State continues oversight of all trail-related activities.



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Section 6 – Capital Investment and Funding Strategy

6.1 Overview

At present, the Napa-Platte line generates no active freight or storage revenue. To initiate operations and begin establishing financial sustainability, IPR will focus on developing railcar storage contracts as a reliable revenue source. This early-stage activity will not only provide IPR with the operating capital necessary to maintain the line, but will also generate lease-based revenue for the State of South Dakota. Such an arrangement creates an active use for the corridor while allowing the State time to plan, fund, and execute the Phase 2 FRA Class 2 track rehabilitation program.

6.2 Strategies

Initial funding for the project will be drawn from Iron Prairie Holdings' capital reserves and participating private investors. These funds will cover essential startup costs, including insurance, limited maintenance, and administrative expenses necessary to initiate railcar storage service. By directing storage-derived income toward essential maintenance and business development, Iron Prairie Rail establishes the financial and operational foundation required to transition to freight service readiness once State-led upgrades are complete.

Beyond private investment, IPR will pursue Federal and State rail infrastructure programs such as the RAISE, CRISI, and INFRA grants. These programs align with the State's objectives to enhance rural transportation connectivity, promote agricultural exports, and reduce highway congestion.



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Section 7 – Compliance and Environmental Commitments

7.1 Overview

Iron Prairie Rail (IPR) recognizes that the successful reactivation and operation of the Napa-Platte line must be conducted with full transparency, regulatory compliance, and environmental responsibility. The company's approach to compliance and environmental stewardship in all activities including operational, maintenance-related, or developmental are performed in accordance with federal, state, and local laws governing rail operations, safety, and environmental protection. IPR's commitment to responsible railroading is central to its partnership with the State of South Dakota and the communities along the corridor.

7.2 Regulatory Compliance

Upon signed agreement, IPR will file the appropriate Surface Transportation Board (STB) notice to obtain common carrier operating authority, which shall become effective in accordance with STB regulatory timelines, establishing the company as the federally authorized common carrier operator of the line. IPR will comply with applicable Federal Railroad Administration (FRA) regulations, including track safety standards, equipment maintenance requirements, operating practices, and employee certification programs. All documentation will be available for review by SDDOT and FRA representatives upon request.

A IPR will maintain an internal safety management program designed to exceed minimum regulatory requirements by promoting a proactive safety culture among all employees, contractors, and partners. This system will integrate regular safety briefings, emergency response coordination with local first responders, and periodic third-party audits to ensure accountability and continuous improvement.

In coordination with the South Dakota Department of Transportation (SDDOT), IPR will confirm that operations are conducted in a manner consistent with applicable state administrative, contractual, and reporting requirements for leased rail corridors. The company will implement a structured compliance and reporting program designed to adhere to federal and state mandates. Through these commitments, IPR will uphold the highest standards of rail safety, and public accountability while preparing the corridor for full reactivation and long-term sustainable operation.



Iron Prairie Rail LLC
7307 N 106 Avenue • Omaha, NE 68122
NRIX.consulting@gmail.com • (402) 706-0301

7.3 Environmental Stewardship

IPR will comply with all applicable environmental protection laws and permitting requirements. The company will coordinate with appropriate regulatory agencies, as required, to protect environmental resources during maintenance or construction activities undertaken by or on behalf of IPR. IPR will also require, through contractual provisions, that all contractors performing work on the line adhere to applicable environmental standards and reporting obligations.



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Section 8 – Conclusion

Iron Prairie Rail's proposal presents a balanced, achievable approach to preserving and reactivating the Napa-Platte corridor as a critical element of South Dakota's transportation infrastructure. Through phased implementation, disciplined capital management, and close coordination with the State, the project protects prior public investment while restoring rail service and maintaining the corridor as a productive public asset. This partnership model supports new economic activity through railcar storage, maintenance operations, and future freight service, while advancing South Dakota's agricultural economy, rural job creation, and transportation efficiency by reducing highway impacts, lowering logistics costs, and expanding export capacity for grain and other commodities.

Iron Prairie Rail stands as the most capable and trustworthy partner for the State of South Dakota. The company's approach blends private-sector efficiency with public-sector oversight, ensuring transparency, reliability, and long-term stewardship of the corridor. Together, this public-private partnership will preserve the Napa-Platte line, strengthen South Dakota's economic competitiveness, and deliver lasting benefits for the State, its citizens, and its industries.



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Section 9 – Acknowledgment

The undersigned representatives hereby acknowledge that this proposal reflects the intent and understanding of both parties regarding the potential lease and operation of the Napa-Platte rail corridor. This document is submitted in good faith as the basis for further negotiation, formal agreement, and partnership between Iron Prairie Rail, LLC (IPR) and the State of South Dakota.

By signing below, each party affirms its commitment to work collaboratively toward the preservation, rehabilitation, and sustainable operation of the corridor in accordance with the principles, responsibilities, and objectives outlined herein.

For Iron Prairie Rail, LLC
(A subsidiary of Iron Prairie Holdings, LLC)

By: A handwritten signature in black ink, appearing to read "Kenneth G. Bean".

Name: Kenneth Bean
Title: Managing Member
Date: December 17, 2025

By: A handwritten signature in black ink, appearing to read "David A. Fachman".

Name: David A. Fachman
Title: Managing Member
Date: December 17, 2025



CHICAGO ROCK ISLAND & PACIFIC RAILROAD

RESPONSE TO:

SOUTH DAKOTA DEPARTMENT OF TRANSPORTATION STATE-OWNED RAIL LINE IFP





TABLE OF CONTENTS

- 1. Letter of Interest**
- 2-5. Background Information**
- 5-6. Short-term Goals**
- 7. Long-term Goals**
- 7-8. Financial Stability**
- 9-16. Marketing Materials**
- 17. Strategies, Safety, & Track Record**





Monday, January 12, 2026
 South Dakota Department of Transportation
 700 E. Broadway Ave.
 Pierre, SD 57501
 RE: State-Owned Rail Line IFP

Dear SD DOT Team:

Rock Island Rail sincerely appreciates this opportunity to be considered as an IFP bidder by SD DOT, and we look forward to submitting our proposal with great enthusiasm. Pursuant to a review of your IFP instructions, we believe that Rock Island Rail's mission, qualifications, financial health, and skill set make us a uniquely-tailored fit to serve the instant need for a rail operator.

Our mission is: "To continuously improve our value-added service offering to our customers through: creativity, ingenuity, and flexibility." We live and breathe our customer-focused mission daily, whether we are conducting a complex international logistics move or replacing a single tie. Rock Island Rail serves a diverse customer base across multiple industries, not limited to: Alternative Energy, Petrochemicals, Oil and Gas Exploration, Chemicals, Critical Infrastructure Materials, Railcar Repair, Coal Fired Power Generation, Cotton Oil Manufacturing, Tire and Rubber Manufacturing, Railcar Storage, and Agriculture.

Rock Island Rail has been growing rapidly and organically for over a decade. Our current operational footprint covers facilities from Kansas to Mississippi. Our ongoing expansion initiative specifically targets opportunities to add value to regional and short line properties in need of infrastructural rehabilitation for continued growth. We have implemented our organic growth strategy without incurring any short-term debt, and very little long-term debt. Our high liquidity ratio strategically positions us to continue to expand without sacrificing service quality, delivery, or value-added to the customer.

We come prepared to deliver a full-service offering for marketing and buildout, and will bring our own locomotives, switch engine(s) and crew to the table. Rock Island Rail is one of very few short lines in the country which owns its own fleet of track maintenance equipment, including spikers, tie scarifiers, ballast hoppers, and more. With a considerable stock of track materials in inventory, we are fully prepared to address any current track rehabilitation needs.

Given the foregoing, Rock Island Rail believes that we are uniquely positioned to fill the needs of SD DOT and its affiliates, and to exceed your expectations for safety, service quality, and delivery if we are selected to be your next strategic partner. We sincerely appreciate this opportunity, and we look forward to serving you as our next customer.

Best regards,

Robert J. Riley

 Robert. J. Riley, CEO



Background Information

I. Description of the Company

Rock Island Rail is a privately owned railroad headquartered in Biloxi, MS. From February, 2019 until 2025, Rock Island Rail operated the Mississippi Delta Railroad (MSDR), totaling 85 miles of main line infrastructure, which was added to its portfolio in 2019. Since the 2019 operational takeover, Rock Island Rail quickly amassed a very diverse customer base across multiple industries, including: Petrochemicals, Oil and Gas Exploration, Railcar Repair, Coal Fired Power Generation, Cotton Oil Manufacturing, Tire and Rubber Manufacturing, Railcar Storage, and Agriculture. Examples of current clients include, but are not limited to: Shell Oil USA, Shell Oil Canada, Chevron, Exxon, CIT, the Canadian Government (via APMC), Macquarie, Mitsubishi Chemical, Total Refining, PFL, Elbow River Petroleum, and Methanex. Prior to the Rock Island Rail's assumption of its operations, the MSDR was mostly derelict, and was in very poor physical condition with frequent derailments. As a result, the MSDR operated well below its potential capacity. After Rock Island Rail began operation of the line, both the physical condition and throughput were enhanced dramatically. A massive track improvement initiative was implemented to solve infrastructural issues. We brought the entire property from sub-220k lb rating to 286k lb, allowing Rock Island Rail to unlock the property's full potential. Specifically, this end-to-end refurbishment and rejuvenation effort included: renewing thousands of cross ties, adding tons of ballast, significant improvements to lining, and surfacing of miles of track. Having resolved the physical limitations, Rock Island Rail focused upon increasing customer traffic volume, and thereby driving significant revenue increases in kind. Total 2018 annual volume for MSDR was fewer than 250 cars. As a result of Rock Island Rail's aggressive marketing techniques and sound operations management strategies, annualized car counts at the MSDR increased by more than 6,000 cars in the first year. 2019-20 volume grew again in kind, and the MSDR continues to improve each year on our watch. Thanks to these efforts, Rock Island Rail indirectly supported more than 5,000 jobs in the otherwise economically-depressed Mississippi Delta region during our tenure at MSDR. Our railroad operations revived a vital transportation link to the rest of the country for nearly every major business in Northwest Mississippi and Southeastern Arkansas. See the links below for more information. Additionally, there are before and after pictures of the MSDR in the Marketing Materials section at the end of this proposal.

<https://rockislandrail.com/msdr-railroad>

<https://hawkinsrails.net/shortlines/msdr/msdr.html>

<https://www.trains.com/trn/magazine/archive-access/trains-october-2020/>

Most recently, the Rock has partnered with Vestas North America, a major alternative energy company to transport all of the components for a massive windmill farm in the Mississippi River



Delta region. Other strategic partners in this initiative include Canadian National, BNSF and Union Pacific. A video link showing part of this undertaking is below, and pictures are at the end of the proposal.

<https://www.youtube.com/watch?v=l4UgDMv4wgU>

The Rock's customer-focused strategy is also being implemented successfully at the Great River Railroad, serving the Port of Rosedale, which was added to the Rock's portfolio in Q3, 2020. The same is true for the Gulf & Ship Island Seaway Rail, for which the Rock became sole operator and revived a key partnership with Kansas City Southern in 2021. Links to press releases and videos regarding these acquisitions can be found below.

<https://rockislandrail.com/g%26si-railroad>

<https://www.facebook.com/RockIslandRail/videos/gulf-ship-island-railroad-to-reopen-through-biloxi/871078070172750/>

<https://www.railwayage.com/freight/short-lines-regionals/back-in-business-mississippi-gulf-ship-island/>

<https://hawkinsrails.net/shortlines/gsi2/gsi2.html>

<https://rockislandrail.com/great-river-railroad>

<https://www.railwayage.com/intermodal/the-rock-to-begin-phase-1-of-port-of-rosedale-restoration/>

<https://www.commercialappeal.com/story/money/2020/08/21/delta-rail-line-aims-upgrade-tracks-port-rosedale/3412541001/>

In February 2023, Rock Island Rail acquired substantially all of the assets of the former Midland Railway running between Baldwin City and Ottawa, Kansas. This includes a key interchange with BNSF at Ottawa. The Rock's agricultural and petroleum market segments are already on line, following our recent improvements to the local bridge infrastructure. Multiple revenue streams present new opportunities daily, and Rock Island Rail is extremely enthusiastic about continuing to expand opportunities in the Midwest. More information can be found at the links below.

<https://rockislandrail.com/ottawa-northern-railroad>

<https://www.federalregister.gov/documents/2023/03/15/2023-05223/ottawa-northern-railroad-llc-acquisition-and-change-in-operator-exemption-midland-historical-railway>



Rock Island Rail has recently partnered with Westlake Chemical to provide in-plant switching at Madison, MS with plans to expand our service to Gallman, MS. We handle all maintenance for the in-plant track and for additional track leased from CN. Our services also include:

1. classifying all inbound and outbound cars,
2. spotting requested cars at the various location spots in the yard and plant tracks inside the Westlake facility,
3. supplying the locomotives and crews to accommodate the needs of daily plant operations, and
4. interfacing with CN to get Westlake cars outbound towards their customer destinations efficiently and with little to no dwell time.

II. Key Personnel:

Robert J Riley, CEO

Robert Riley is a 30-year railroad industry veteran with experience at nearly every level of the rank structure. His dynamic implementation of best practices at Rock Island Rail and its subsidiaries has increased throughput, improved infrastructure, and driven customer cost savings at properties from Eastern Kansas to Southern Mississippi. Robert was recognized alongside executives from Class 1 railroads when he was counted by Railway Age magazine among the industry's most influential leaders. The link below will take you to a copy of the award listings on the Railway Age website. Just below the link is an embedded copy of Robert Riley's CV. Double click the word Icon to open the document.

<https://www.railwayage.com/freight/class-i/railway-age-2021-readers-influential-leaders/>



Robert Riley CV

Gwen Riley, CFO

Gwen Riley brings over 25 years of progressive finance and accounting experience to the table. She has honed these skills across a wide array of industries, including but not limited to: retail, medical, sports, transportation, and government service. Below is a link to Gwen's LinkedIn profile, where more detailed information about her experience and career history can be found.

<https://www.linkedin.com/in/gwen-riley-3830b085/>

Reid Dawe, GM of Operations

Reid Dawe brings a 30+ year career in transportation, government, and infrastructure to the Rock



Island team. Our General Manager is responsible for coordinating the efforts of all track crews, supervising engineers, conductors, and roadmasters, training new employees, and maintaining compliance with federal and state regulations. Reid is a wealth of knowledge, both technical and practical, and our team would not be who we are without him. Below is a link to Reid's LinkedIn profile.

<https://www.linkedin.com/in/reid-dawe-6b966b32/>

Ryan Grady, Contracts Manager

Ryan Grady has worked in supply chain and contracts management, with progressive levels of responsibility since 1997. Ryan holds an MBA and a J.D. His domestic and international experience touches multiple industries, including aftermarket automotive, oil and gas, fabric architecture, railroad, and more. Currently, his responsibilities at Rock Island Rail include contracts authorship and management, analyses and metrics for M&A, process improvement, and best practice implementation for KPI and policy. Ryan's résumé is embedded below, following the link to his LinkedIn profile.

<https://www.linkedin.com/in/ryan-grady-mba-869aa374>



Short-term Goals

1. Rock Island Rail seeks to acquire the Napa-Tyndall Segment (as defined in the IFP) via an asset purchase and contract with SD DOT to provide vegetation maintenance on the rail-banked Tyndall-Platte Segment to SD DOT at actual cost. To initiate negotiations with SD DOT, Rock Island Rail commits to a starting offer of One Hundred Thousand Dollars (\$100,000.00) to acquire title to the Tyndall-Platte Segment via warranty deed. We will entertain any counter-proposals from SD DOT and will be pleased to work from any standard contract templates that the State of South Dakota uses for asset sales.
2. We are capable of an immediate start in terms of customer service delivery following acquisition. All of our FRA plans are currently approved to facilitate a seamless operational transition with no regulatory lead time. We have an excellent working relationship with relevant contacts at the FRA to streamline compliance initiatives on an emergency basis for minimal future impact. Given the foregoing, all required FRA compliance audits can begin on the day we sign an asset purchase agreement.
3. Upon transfer of title, we would endeavor to commit a combination of grant funding and our own capital to track and infrastructure improvements on the Napa-Tyndall Segment to

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increase car volume with a focus on storage and freight. By leveraging our relationship with grant authorship professionals who have a 98% CRISI approval success rate, we would work toward the goal of performing a total infrastructure improvement. In our estimates, based upon the track mileage at SD DOT and our past success in rehabilitation initiatives, this should be sufficient to bring the entire line up to 286k lb rating and perform additional construction and expansion projects with SD DOT's prior approval.

4. Where required, track infrastructure rehabilitation would begin immediately. We have crews and equipment ready to move within 24 hours of deal finalization. Our \$5M track materials inventory includes over 150k linear feet of 90# rail, 2,500 tons of ballast, \$1.5M worth of ties, and over \$500k in steel OTM components. Rock Island Rail is the only short line in the country with its own fleet of track maintenance equipment. Currently, our fleet includes 28 locomotives, and we can have engines en-route to SD DOT immediately. Our railroad in Kansas, owned by a subsidiary, has a full complement of MOW machines and stores on-site to get this project off the ground. There is currently an inventory of 500 tons of AREMA-4 ballast on-site at that location, which is pre-loaded into our own hoppers and ready to deliver. We have an in-house bridge maintenance crew and strategic relationships with contractors and engineering firms.

Our supplier negotiation strategies command deep savings on a price-to-price and total cost of ownership basis, allowing us to maintain a cost leadership position among our competitors and to leverage this to drive demand. Rock Island Rail's robust marketing approach and solid client relationships have created positive indirect impact to the local economies we serve through job creation and tax revenue generation. We look forward to delivering the same along the Napa-Tyndall Segment.

5. We would immediately leverage our strong relationships with rail brokers to drive traffic and increase car storage counts. Rock Island Rail's marketing strategy is extremely aggressive, and we always keep customer benefits in mind. Our current customer base, from whom we intend to leverage storage and freight opportunities includes, but is not limited to: Southern Company (Mississippi Power and Gulf Power), Westlake Chemical Corp, Chevron, Exxon Mobile, Shell Chemical, Wilmar, Valero, Total Energies, Wells Fargo Rail, Goodyear Tire and Rubber, Superior Feed, Due West Grain, Popeyes (restaurant chain), Fayard Moving and Storage, Blackridge Emulsions, Bunge Corp, Atlantic Railcar, and GATX Locomotive Group.

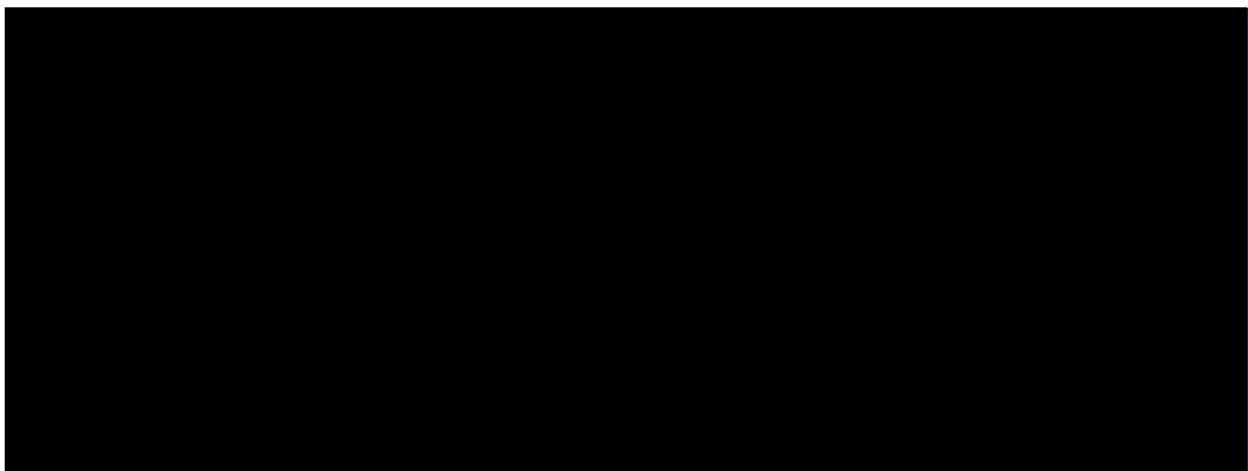
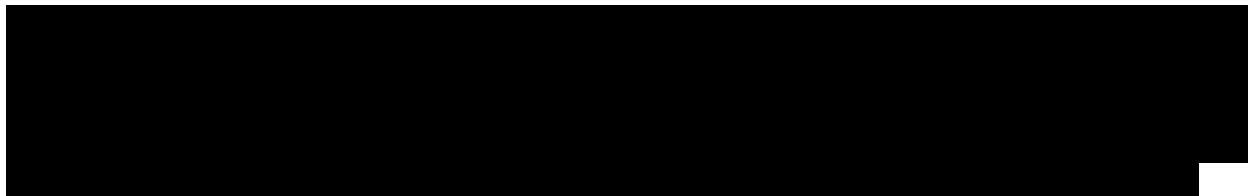
6. Rock Island Rail has a strong working relationship with CPKCS through the operation of the Seaway Lead by our wholly-owned subsidiary, Gulf & Ship Island Railroad, LLC. Additionally, CEO Robert Riley has excellent relationships with management at UP. Our Kansas line interchanges with BNSF, with whom we also maintain a healthy relationship. From the first day of ownership, we would bring our understanding of the operational needs of Class 1 railroads to the table to ensure a smooth transition.



Long-term Goals

1. We would rely on our solid working relationship with Vestas North America to explore opportunities for wind and alternative energy development along the line. We have successfully partnered with Vestas for multimillion-dollar projects in the Southeast U.S., and would look for opportunities to bring this type of traffic along in the event of our selection as operator.
2. From the aforementioned grant funding and our capital match, we would explore opportunities for facilities expansion through local contractor partnering and with the approval of SD DOT. We currently maintain a strong professional relationship with a major logistics provider in the transload space who is intimately familiar with our safety protocols. With contracts in place and a clearly defined set of roles and responsibilities that has proven to produce results, we are confident that any future expansion efforts will be an instant success. Past transload projects in which we have leveraged this relationship include a major international logistical move for a massive generator and our ongoing partnership with Vestas North America for windmill components.
3. Rock Island Rail will continuously endeavor to remain flexible in our value-added approach and to implement continuous process improvement to ensure that we grow together as partners with SD DOT through mutually beneficial means.

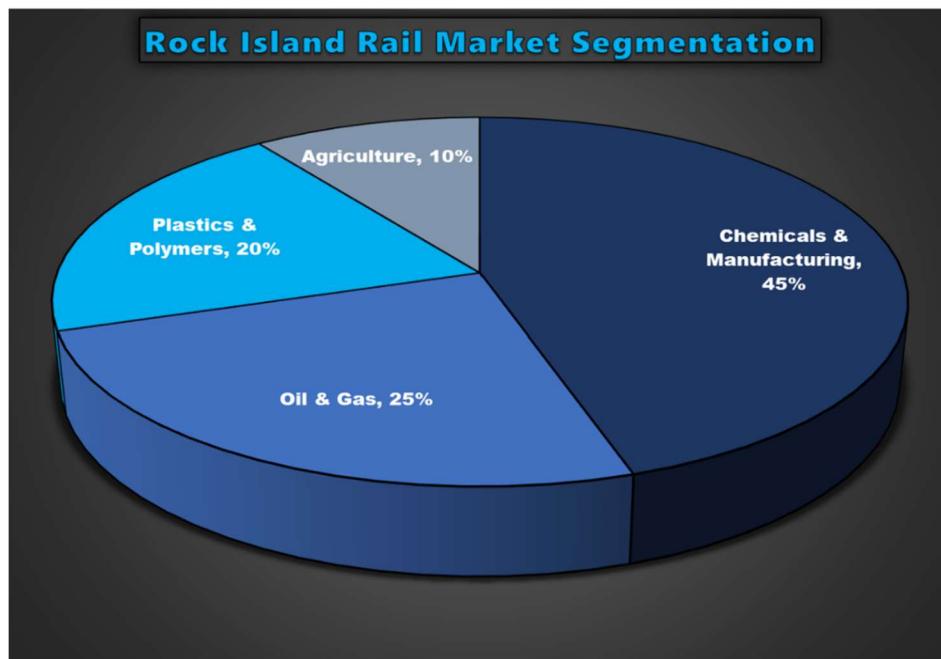
Financial Stability





Benchmarking is a key component of our ongoing commitment to be the overall-best-value solution among regional short lines and to outpace our competition. Successful small businesses should always measure their own performance against industry giants in order to gauge the level of success in implementing best-practice techniques. In keeping with this philosophy, the Chicago Rock Island & Pacific Railroad boasts significantly higher Profitability, ROA, and ROE than the world's 3 largest railroad operators and the S&P 500 average. What this means is that a dollar reinvested by the Rock Island Rail into our own operation generates considerably more impact than the same dollar invested by any of the world's 3 largest railroads. Since a leaner company stands a better chance of meeting its outstanding obligations and is better suited to manage growth, our financial strategy makes us a strong candidate for partnership.

Below is a pie chart showing Rock Island Rail's current market segmentation, as a percentage, by industry.



Marketing Materials

Moving Windmill Blade Trains for Vestas



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Blades Being Transloaded





Turbine Moves for Windmills



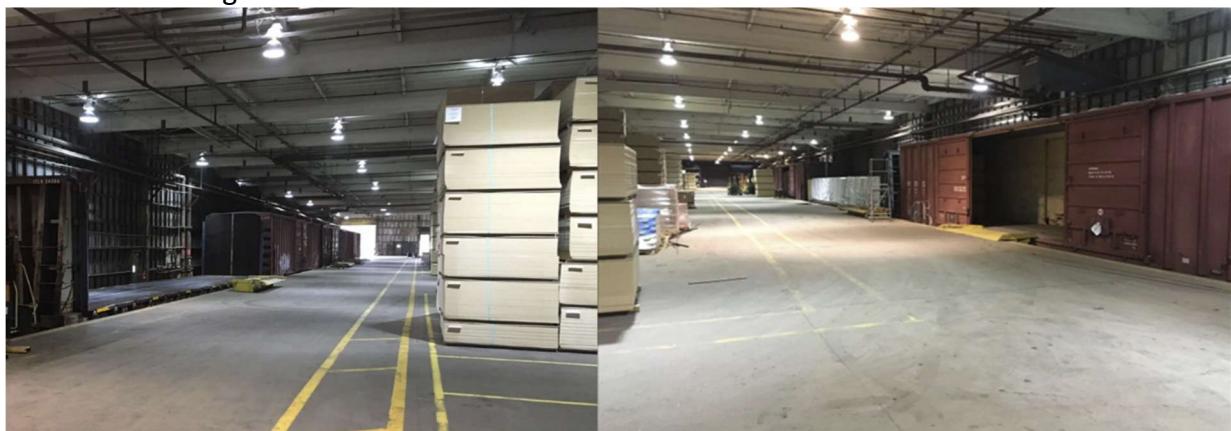


Nacelles On the Move with Rock Island Rail in partnership with CN, BNSF and Vestas:





Contract Switching





Track Conditions Before and After Rock Island Rail Operational Takeovers

Before



After



Before



After

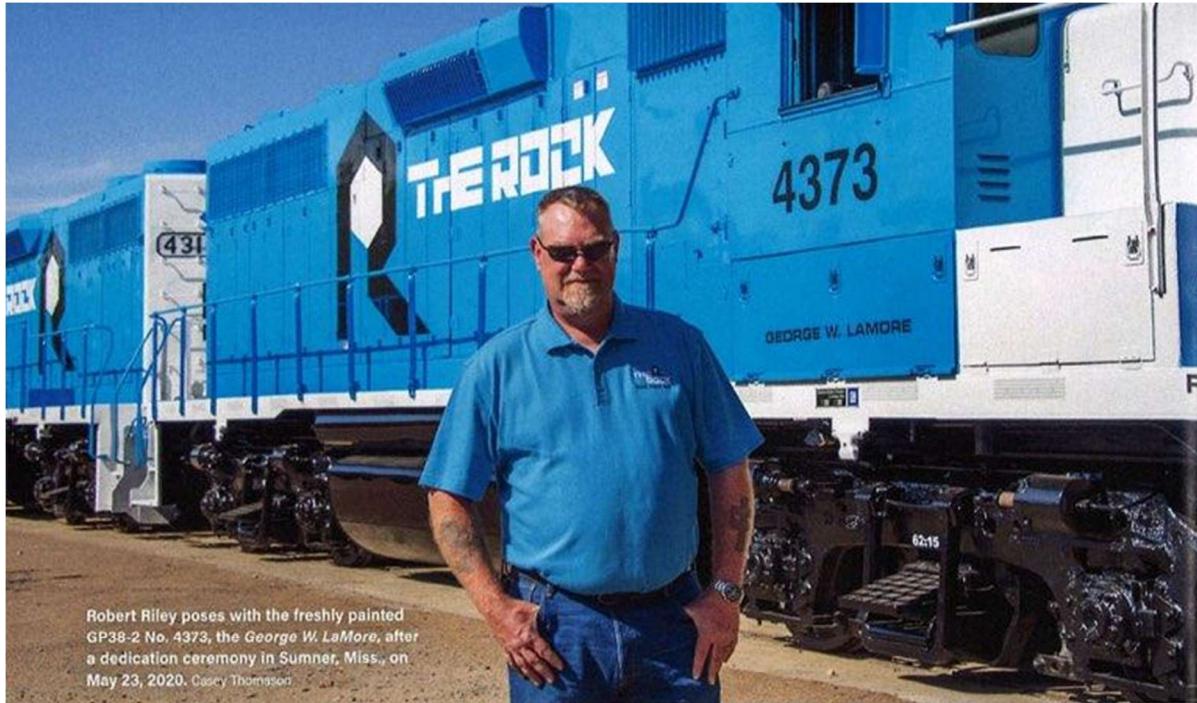


Bridge Projects Completed by Rock Island Rail





News Articles:



Robert Riley poses with the freshly painted GP38-2 No. 4373, the George W. LaMore, after a dedication ceremony in Sumner, Miss., on May 23, 2020. Casey Thompson

As the train crew looks out their window to the east, the sun has just begun to top the Romanesque clock tower of Mississippi's historic Tallahatchie County Courthouse. More striking is the blue Southern sky is the blue adorning the locomotives setting out on the day's duties. Straying from the farmlands

that line U.S. Highway 49E as you enter Sumner, Miss., one does not expect to be greeted by such an electric image as the blue paint of the Chicago, Rock Island & Pacific Railroad. But that is what you will find with the rebirth of a storied railroad name in an unlikely location.

As the railroad industry has been hit by an overall decline in 2020, economic uncertainty seems to have missed a familiar railroad in unfamiliar territory. Welcome to the new Chicago, Rock Island & Pacific Railroad LLC of Mississippi — a railroad reborn through the eight-year journey of Robert and Gwen Riley to bring The Rock to the Delta.

WHERE REBIRTH BEGINS

By the time of its demise in 1980, the name Rock Island had become associated with struggle and failure. Enter the Rileys and the reborn Rock Island Line. With no investors, former Union Pacific and Canadian National employee Robert Riley had for a number of years dreamed of bringing back a dead railroad from the era of deregulation. The top two contenders were the Rock

Island and the Milwaukee Road. With Canadian Pacific owning the Milwaukee Road name through its acquisition of the Soo Line, completed in 1990 — the Soo had acquired the Milwaukee in 1985 — that railroad was copyrighted and operational, leaving the Rock Island as the only option.

A great deal of research concluded that after the bankruptcy trustee dissolved Chicago, Rock Island & Pacific Railroad LLC, no one had pursued reincorporation. Riley researched every name and company logo previously associated with the line with the Federal Railroad Administration. The name was available, and the Rileys set out to secure it for future operations and to bring The Rock out of the ashes. Riley quickly acted to trademark and copyright nearly a dozen associated logos and variations of The Rock name. (The company now sells a variety of Rock merchandise on its website, and has information about licensing the logos.)

"The idea was to make a splash in the railroading industry on the scale of dropping a meteor into a swimming pool,"

says Robert. "I believe we have accomplished that feat."

The Rileys began by establishing a leasing company, Rock Island Leasing (reporting marks RILX). They then set out to become an established common carrier. A property search for the new endeavor began, leading to the takeover of operations on the Mississippi Delta Railroad in early 2019.

Formerly part of the Illinois Central, then a subsidiary of Gulf & Ohio Railways short-line group, the Mississippi Delta Railroad is owned by Coahoma County. The county took ownership in 2000 when Gulf & Ohio sought to abandon the 60-mile railroad because of a decline in agricultural customers and carloads. The county purchased 20 miles from IC successor Canadian National; CN donated another 30 miles. Major customer Delta Oil Mill — which had previously purchased 10 miles of the right-of-way — also donated its segment. The county agreed to let Gulf & Ohio continue as operator.

In June 2001, C&J Railroad Co. took over operations, but the next decade was marked by

Rock Island Rail locomotive roster

- RILX 4310:** GP38DC, "The American Railfan." Former SOU 2764 and IAIS 603
- RI 4373:** GP38DC, "George W. LaMore." Former PC/CR 7716 and CSXT 1961
- RI 1106:** GP15-1, former C&NW 4411
- RI 2003:** GP20E, former SSW 4153
- RI 2127:** C40-8, former CN 2127, UP 9092, C&NW 8854
- LREX 3024:** GP30, former DRGW 3024, owned by Lambert Rail Equipment



INTERMODAL LANES SHIFT TO THE EAST p. 28

Trains

www.TrainsMag.com • October 2020

THE magazine of railroading

Time for
railroads
to try new
things p. 9

RGS 20
in steam
p. 53

THE ROCK ROCKS ON!

Midwest icon returns after 40 years – in Mississippi! p. 20



Class I railroads
in surprising places p. 12

Transcons:
Canadian National p. 40

PLUS

New threat from trucking p. 38

'I don't want you talking to the customer!' p. 50

BONUS
ONLINE
CONTENT
CODE PG. 3

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Strategies, Safety, & Track Record

Rock Island Rail's Operations Management philosophy offers significant advantages in our ability to mitigate costly terminal dwell times for our customers. In addition, Rock Island Rail makes strategic investments designed to maximize the infrastructural capabilities of the facilities we operate, allowing us to offer volume-based discounts that further drive customer success. Furthermore, the Rock Island Rail has a comprehensive, end-to-end service model, which makes us uniquely hedged to maintain profitability whether the market lends itself to car storage or transportation. This truth stems from two contributing factors.

The first of these is our people. Rock Island Rail's management team pride ourselves on our ability to: (i) survey the capabilities of our competitors; (ii) listen to the voices of our customers; (iii) understand the gaps between customers' needs and competitive service capabilities; and (iv) develop a plan to address those needs via a comprehensive service offering.

Additionally, Rock Island Rail has never had a reportable on-track safety incident against our record. The reasons for this are as follows. First, we have chosen to benchmark the safest Class 1 railroads and operators in the industry to shape our rigorous training curricula. Our in-seat and classroom requirements for hourly training time for engineers are identical to those required by AMTRAK for their engineers. We impose the same training standards as Union Pacific for conductors. At Rock Island Rail, safety is not about dollars and cents. We implement best-in-class safety protocols because it is the right thing to do for the communities we serve and for our customers. Ultimately, our approach to continuous improvement in safety is rooted in our belief that what is good for them is good for us. That is why safety at Rock Island Rail is more than a policy. It is a way of life.

The Rock's unique ability to address the full spectrum of customer requirements for: Point of Initiation, Point of Destination, Switching, and Car Storage services is a key differentiator that distinguishes us from our competitors. We understand that customers requiring the simultaneous delivery of multiple services strongly prefer to deal with a single operator who can accommodate on the entire spectrum of their logistical needs. Delivering a comprehensive service offering at best-in-region pricing is central to our overall best value approach to the market. We sincerely appreciate this opportunity to share our story with you and look forward to continued communication with SD DOT in the near future. Once again, I thank you for your time and consideration on behalf of Rock Island Rail.

Respectfully yours,

A handwritten signature in black ink that reads "Robert J. Riley".

Robert. J. Riley, CEO

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Sunflour Rail

Napa to Platte Rail Lease to Purchase Proposal

for the
South Dakota Department of Transportation

December 18, 2025

Suzan Caylen; swcaylen@yahoo.com

OVERVIEW 1

Step 1: Rebuild

Step 2: Reinvest

Step 3: Remarket

WHO WE ARE 2

Proven Leadership with Experience in Revitalizing Rail

OUR PROPOSAL 4

Lease to Leverage Stable Rates and Service for Customers

SUMMARY 7

**ATTACHMENT A — SUPPORT LETTER FROM FARMER'S
PRIDE**

→ OVERVIEW

Sunflour Railroad, Inc. ("Sunflour") is proud to submit this proposal to provide rail common carriage from Napa Junction to Platte ("Line"). Belying Sunflour's careful research, deep understanding of local traffic opportunities, and commitment to share with the state in restoring service on an incremental basis, the proposal provides the State with a clear pathway to restore rail service on the Line. No other registered bidder can compare; for 25 years, Sunflour has served South Dakota, and is pleased to submit this proposal to continue to do just that.

STEPS AND OBJECTIVES

Each step in Sunflour's plan serves the State's objectives in IFP 1.3; together they provide a comprehensive plan that meets all of them.

- **Step 1: Near-Term restoration of track and service on from Napa Junction to Milepost 35, will:**
 - Generate immediate returns via increased rail freight volume, tax revenues, and job creation
 - Connect key grain industries to 4 Class I rail carriers, connecting South Dakota producers to world markets
 - Improve the Line's safety, security, and resiliency
- **Step 2: Sunflour's "Revenue Reinvestment" will use Line revenues to**
 - improve track and service speeds
 - spur further on line development with consistent, accountable service offerings
 - bring new users online by improving access facilities and service
- **Step 3: Purchase Option**—Sunflour's Purchase Option will drive market interest in the Line to return it to private hands, while returning substantial value to the State



WHO WE ARE: HISTORY AND BACKGROUND¹

THOMAS Z. MARS

Owner, President — Sunflour Railroad, Inc.-South Dakota

- *Serving South Dakota for 25 Years.*

Owner, President — The Denver Rock Island Railroad—Colorado

Tom Mars began short line development with the Denver Rock Island Railroad (DRIR) in 1993. The railroad had operated as the Denver Terminal Railroad (DTMR) and resumed operations under the Denver Rock Island name after a directed service order expired.

History of Success

- **1989:** The previous operator, Denver Railway, Inc. (DRI), defaulted on a loan. The Interstate Commerce Commission authorized the Great Western Railway to operate the line, but they declined to continue service once the service order expired.
- **1993:** Tom Mars founded the Denver Rock Island Railroad (DRIR).
- **1993:** After the expiration of the directed service order, the Denver Terminal Railroad (DTMR) resumed operations of the line under the Denver Rock Island Railroad name.

Since its inception, DRIR has continued to grow and serve its customers across three yards in the Denver and Commerce City, Colorado area. Starting with a few carloads of grain, the railroad now carries more than 7500 carloads a year across multiple commodity classes. Belying its success, a new transload yard—the Silver yard—was opened in 2014 based on DRIR investment.

On July 25, 2000 Tom Mars started **Sunflour Railroad, Inc. (SNR)** with track from the Soo Line Railroad Company. Sunflour connects to CPKCS and provides needed rail storage capacity and facilities.

Tom Mars is a retired airline captain and remains active in the management of several companies that he owns.

¹ As required by IFP Section 3.1; lead contact information is on cover page.

JASON TRAVERS

General Manager — Denver Rock Island Railroad

Jason Travers joined the Denver Rock Island Railroad in 2011. Through his talent, hard work, and dedication, he quickly earned the respect and trust of the railroad's owner, Tom Mars.

Jason initially oversaw the Maintenance of Way staff and managed all mechanical operations for the railroad—responsibilities that ranged from maintaining vehicles to ensuring the reliability of locomotives.

In 2017, his leadership and expertise led to his promotion to General Manager of the Denver Rock Island Railroad, as well as all other companies owned by Tom Mars.

Today, Jason is responsible for all day-to-day aspects of railroad operations. Although Tom Mars remains the owner and President of his companies, Jason Travers serves as the trusted overseer who ensures the smooth and efficient operation of all Mars-owned entities.²

Mr. Travers will oversee all operations on the Line and will staff operations on the Line in accordance with demand and best operating and maintenance practices.³

→ OUR PROPOSAL

3 STEPS: REBUILD, REINVEST, REMARKET

This is a hybrid-lease/purchase proposal. The sequential nature allows the operations and marketability of the Line to stabilize (Rebuild/Reinvest) before the Line is remarketed for sale.

² Neither Messrs. Mars nor Travers have any instances reportable under IFP Section 3.1 Nos. 5-7, nor will they undertake to employ a person who has such a reportable incident. There are no guarantor or parental relationships.

³ IFP Section 3.1.

STEP 1 – REBUILD

The biggest market opportunities on the Line are just out of reach. (See Attachment A, Support Letter for Sunflour from Farmer's Pride Cooperative).

- *But the State can help with a proven solution.*

We admire the state's targeted deployment of funds and past record of success with the Mitchell – Rapid City Line. Improvements there inspired confidence in line users and real investment. With an "anchor tenant" at milepost 35, additional on-line grain elevators are likely to follow.

In accordance with that approach and the State's experience, Sunflour will:

- Support State-Sponsored Line improvements to Federal Railroad Administration excepted track standards up to milepost 35.
 - This includes supporting line condition assessment and assisting grant and funding support. Initially Sunflour has identified the federal Special Transportation Circumstance Grant program as a likely source of funds for the State.
- Immediately⁴ begin common carrier service on the Line to Tyndall and building beyond—as reactivation rights permit—to milepost 35 when State commits to funding
 - Including to move materials for Line upgrade
 - Includes underserved, on line customers at

STEP 2 – REBUILD (LEASE PERIOD; OPERATING PLAN)

Concurrent with the funding commitments Step 1, Sunflour will

- lease⁵ the Line up to any reactivated portions for 10 years with a 10-year extension option;
- devote the greater of 3% of gross revenues or \$25,000 annually as annual rent/re-investment in Line upgrades.

⁴ Per IFP Section 3.9, Sunflour intends to obtain Surface Transportation Board authorization within 45 days of the State's commitment. Service would commence as track condition permits.

⁵ Per IFP Section 3.11, Sunflour acknowledges the Lease Conditions of IFP Section 5.

A lease where the State retains ownership during Step 2 is critical to building and stabilizing traffic opportunities on the Line. The Settlement Agreement with BNSF Railway Company does not guarantee the haulage commitments and rates will continue when the State does not own (e.g., sells) the Line. Likewise, a lease where the State retains environmental responsibility necessarily eliminates the operator's downside and latent exposure risk in beginning operation.

This is part of Sunflour's complete commitment to abide by and preserve the Settlement Agreement pending cooperation from BNSF Railway Company.⁶

Operating Plan⁷

During the lease, growth will be supported by the following Operating Plan:

- Integrate with AAR and Railinc to be a Junction Settlement carrier
- Restore confidence with customers in Tyndall (Central Farmer's Co-op) and Tabor (Kaylor Agri-Services)
- Identify shipper-desired routings and destinations
- Market new service and develop through rates to bring South Dakota products to global markets
- Hire local employees to support demand; draw on Sunflour's local roots and existing workforce to operate as necessary
- Devote revenue to capital improvements, no less than the rental amounts committed above

Maintenance Plan

Inspection Program

- Monthly: Rail inspection covering entire leased mileage
- Quarterly: Culvert Inspection
- Annually: Bridge Inspection

Maintenance – FRA Excepted Class Standard

- Replace defective rail sections (cracks, breaks, excessive wear)
- Maintain minimum 8 non-defective ties per 39 feet
- Sunflour responsible for minor day-to-day maintenance on track

⁶ See IFP Section 3.5.

⁷ Combined with the maintenance plan, and other proposal sections, this is intended to meet IFP Section 3.4 requirements.

- State retains responsibility for capital renewal on structures, drainage and road crossings during lease period.

Record Keeping

- Inspection Logs: Maintained physically, accessible to FRA and State

STEP 3 – REMARKET

After expiration of the initial lease term and any extended lease term, Sunflour would have a right-of-first refusal purchase option for the Line and reactivation rights for the lesser of the Line's (1) Replacement Cost New Less Depreciation (valuing land at across the fence, non-corridor value) or (2) the capitalized earnings valuation of the entire Line, according to now-current regulatory principles.⁸ Exercise of the purchase would not be exclusive to any other agreement Sunflour and the State make. Any purchase price would be offset by the lease payments.

The transaction would close with a lump-sum payment at the latter of (1) 90 days after presentation of a bona-fide offer to purchase the Line or (2) receipt of all regulatory approvals.⁹ Sunflour would become the trail sponsor, subject to its reactivation rights.



SUMMARY

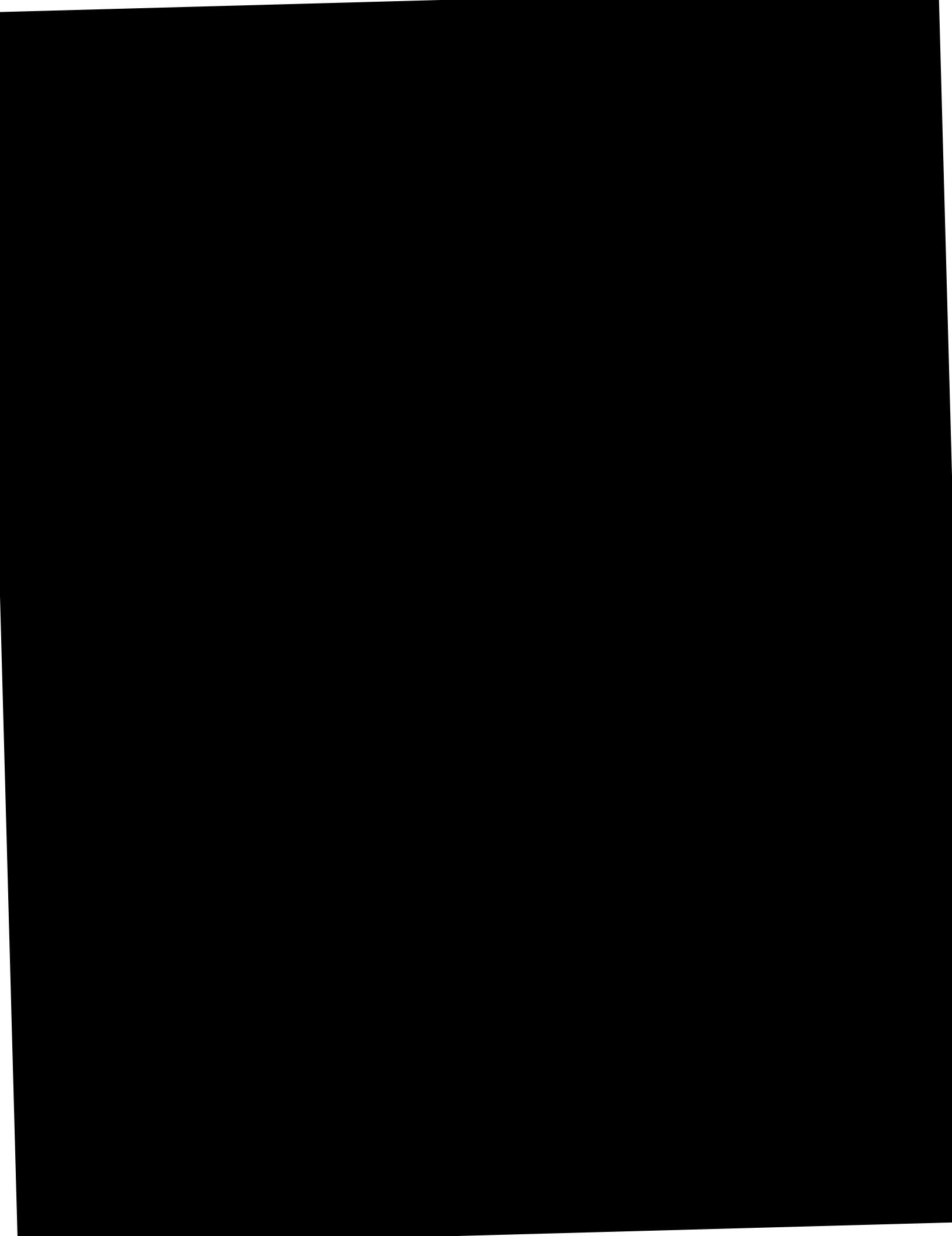
Based on its 25 years of service to South Dakota and the success the team has had in Denver, Sunflour has a clear vision for the Line. Capital upgrades to reach key opportunities at Avon will drive intermediate traffic and create revenue for reinvestment. Sunflour will commit rent payments to line upgrades with the ultimate goal of returning the Line to private ownership for free-market investment.

⁸ Per IFP Section 3.11, Sunflour acknowledges the Sale Conditions of IFP Section 4.

⁹ Per IFP Section 3.9, anticipated to be received from the Surface Transportation Board within 45 days of agreement to a binding sale contract

ATTACHMENT A

Support Letter from Farmer's Pride



Napa Junction – Platte Rail Line Proposal

Prepared For:

South Dakota Department of Transportation
South Dakota State Rail Board

December 19, 2025



Missouri Valley & Eastern Railroad

Missouri Valley & Eastern Railroad
C: Will Woodward
P: 260-571-7017
E: w.woodward@mverr.com

Section 3.1: Proposer Information

1. General & Contact Information

Proposer: Missouri Valley & Eastern Railroad Railroad
 Address: 25931 484th Avenue
 Valley Springs, South Dakota 57068

Primary Contact: Will Woodward, Managing Member
 Phone: 260-571-7017
 Email: w.woodward@mverr.com

2. Historical & Relevant Background Information

Missouri Valley & Eastern Railroad

The Missouri Valley & Eastern Railroad (MVERR) is an entity that was established within the State of South Dakota specifically intended to pursue, develop and operate the Napa Junction - Platte rail line which is the purpose of this Proposal. The entity is wholly owned by William A. Woodward of Valley Springs, South Dakota. Being a newly created entity, the MVERR lacks any historical information, records or precedence. As a result, following is a historical summary of William Woodward's business/industrial experience including more in-depth explanations of Woodward's railroad related transactions and experiences.

William (Will) Woodward - Historical Background

Will Woodward, age 46, is a primary resident of Valley Springs, South Dakota. He and his wife (Bri) and two daughters (Bailey (10) & Vandalia (2)) also maintain a residence in Roann, Indiana. Woodward's current professional role is Corporate Senior Vice President of Aggregate & Rail for Knife River Corporation based in Bismarck, North Dakota.

Woodward's professional career has been primarily in the aggregate mining industry with commencement in the industry beginning in November 1993 when he was at the age of 13. Woodward spent seven years as an equipment operator and maintenance worker at a gravel pit in Warsaw, Indiana while completing high school and undergraduate studies at Wabash College (Crawfordsville, Indiana) graduating with degrees in World History, Behavior Psychology and Quantum Mechanics (Physics).

Woodward was slotted to attend the Air Force Flight Training Program, but a chance encounter his senior year of college afforded him the opportunity to manage multiple mining operations in Northwest Indiana/Chicago region. These operations consisted of a million ton-per year quarry, five sand & gravel pits, three portable crushers and 26 OTR trucks. In total Woodward managed 76 employees and all daily aspects of operations.

This business was sold in August of 2004 and Woodward relocated to Indianapolis, Indiana to pursue his Master's in Business Administration (MBA) at Butler University. A degree he graduated

with in May of 2006 with a Finance concentration. During his pursuit of his Masters, Woodward was hired by Martin Marietta Materials, the second largest construction aggregate company within North America. During his time at Martin Marietta, he was promoted to Region Strategy Director overseeing business development and strategy for a five state Region. (Indiana/Ohio/W. Virginia/Virginia & Maryland). Under this role, Woodward became heavily involved in all rail rate negotiations/movements within Martin Marietta due to his knowledge of rail industry.

In March 2007 Woodward founded and developed his own company, West Plains Mining LLC. West Plains was a greensite quarry operation located in Wabash, Indiana. Woodward was the researcher of the geological conditions and developer of the quarry. When West Plains broke ground in May 2007, the quarry location was agricultural ground with no previous mining development. Woodward developed all business plans/scope and had obtained over \$3M in financing to start operations.

The strategic positioning of West Plains was a result of mending unique geological conditions and rail network logistics. The Conrail merger of 1998/1999 created a unique situation where Norfolk Southern had direct access from high quality geological formations to extreme Northern Indiana and Michigan markets where high quality stone was in demand. Woodward's rail knowledge of this feature was the essence of the macro business plan for West Plains and the theory proved successful. Over the following 16 years West Plains grew with subsidiaries (*West Plains Distribution & Wabash Valley Northern Railway*) to produce over 2 million tons annually of limestone serving both local and distribution markets throughout Indiana and Michigan.



In 2022, the West Plains companies sold 2.1 million tons of stone, mined through both open pit and underground methods. The West Plains operations shipped over 14,000 carloads annually of stone in unit train service. The Wabash mining site has over three miles of rail alone with the capability to

load three 90 car unit-trains at any given moment. From the quarry a network extended to multiple unloading distribution yards all capable of turning unit trains in less than 14 hours with 1,200 tons per hour unloading facilities. Gross revenues of the West Plains companies were more than \$40M per year in 2022. Woodward was President and majority owner of the West Plains and oversaw all aspects of operations, marketing and strategy.



West Plains Mining Unit Train

In January 2023 Woodward accepted a buyout of his ownership of West Plains. Within months of quiet idle time Woodward grew restless and started seeking new positions to seek active strategy. In August 2023 Woodward interviewed with Knife River Corporation and was offered the position of Region Vice President – Aggregates, Central Region. This roll encompassed oversight of all aggregate operations within the States of North Dakota/South Dakota/Minnesota/Iowa/Nebraska and Texas. It was at this time Woodward and family moved to the Sioux Falls metro.

Woodward's time within the Central Region proved successful working in conjunction with Clark Meyer (Knife River South Dakota President). The duo is spearheading Knife River's largest internal capital project in history currently taking place in Corson, South Dakota. Much of Woodward's daily activities involved Knife River's interaction/strategy of rail including the wholly Knife River owned Ellis & Eastern Railroad. In June 2025 Woodward was promoted to Corporate Senior Vice President – Aggregate & Rail. In this role



Woodward now has oversight over all the Company's 251 active mining and rail operations in 16 states representing over \$700 million in annual revenue.

Executive management within Knife River is aware and supportive of Woodward to apply to South Dakota Department of Transportation for operation and development of the Napa-Platte rail line. Both Woodward and Knife River feel development of the Napa-Platte line will not pose a conflict nor detract from Woodward's Knife River responsibilities.

Woodward Rail Specific Experience

Woodward's fascination with railroads is like many children/young adults. Heavy interest came at an early age and continued to progress with many trackside visits, train watching and locomotive operating sessions. At the age of 11 and 12, Woodward rode with local railroad crews and ran trains for two summers. The 1980's and 1990's offered stark transition for the railroad industry post deregulation of the Staggers Act of 1980. Railroad consolidation, abandonments, traffic rerouting and modernization all continued the evolutionary process. Woodward had a front row seat to many of these developments and as his business education continued, both formal and hands-on, he recognized opportunities within the changing landscape.

- *Martin Marietta –Unit Train Rail Negotiations/Efficiencies (2004-2007)*

In late 2004 Martin Marietta began negotiations with Union Pacific and BNSF regarding Texas rail operations. Martin Marietta was investing heavily in a quarry west of San Antonio identified as Beckmann (Hondo) which was to be dual served by both Union Pacific and BNSF. At issue was the rapidly changing landscape of Texas economies and rail networks.

As we know, Texas has had a multi-decade growth rate which has required substantial construction aggregate feedstock. Due to the unique geology of Texas, high quality aggregate is primarily found along the I-35 corridor from Dallas, south-southwest to San Antonio. This creates a unique situation where vast amounts of aggregate must be shipped primarily by rail to hundreds of distribution points to the east. The Beckman quarry alone is over 8 million tons per year.



Martin Marietta's Beckmann Quarry - Texas

Complicating the landscape was the 1996 acquisition of Southern Pacific by Union Pacific and the BNSF merger of Santa Fe and Burlington Northern in September of 1995. Texas through these mergers became a unique case where the Surface Transportation Board (STB) required a multitude of dual-served trackage rights agreements throughout various major lines within the State.

Following a three-year traffic meltdown/gridlock on the Union Pacific within Texas following the 1996 Southern Pacific merger, both Class I's were taking major steps to gain efficiencies in Texas. A major component of this was trying to consolidate all loose car (1-10 individual railcars) and block car (10-25 railcars) traffic to a then standard 80-car Unit Train. In addition, there was the continued push to transition from 263k to 286k railcars.

At the time Martin Marietta did not have a dedicated individual within the Company who negotiated railcar rates and movements. All negotiation was done on the District or Division level. Due to the magnitude and complexity of the Texas negotiations, Woodward was called in from another Region to assist in the process.



When discussing a general customer's railroad knowledge base with individuals who are typically lifelong railroad employees, there is typically a sense of frustration. The railroad industry is a unique animal with their own set of standards, rules and regulations. Most standards were learned from hard lessons of the past such as railroad curvature standards, grade crossing placements, power-to-ton ratios, grades profiles, crew districts, etc. Nomenclatures such as UMLER, degree of Frogs, PTC and other facets are foreign terminology to most outsiders, and the learning curve takes a long time for individuals from the outside.

In 2004 when Woodward started investigating the Texas project it became apparent there was an impasse between the railroads and the mining operators. Both groups lived in different worlds and did not understand each other's restrictions and pressure points. Being from the mining industry for his whole career, Woodward inherently understood the mining needs and being raised studying railroads, watching their post-Staggers actions, Woodward understood what the railroads were seeking. It was at this point that Woodward started fresh and developed a philosophy that he still utilizes to this day: Work with the railroad you have.



Step one in any rail rate negotiations is to understand what the physical, economic and regulatory characteristics of the railroad district in question are.

Questions such as:

- What is the ruling grade for the rail move
- What is the average siding length
- What is the shortest siding
- What is the traffic density of the proposed route
- What is the volume of time sensitive traffic (*Intermodal/Auto/etc.*)
- What kind of operating agreements on the route (*Overhead rights/trackage rights/etc.*)
- What kind of signal system? (*Traffic warrant, CTC, ABS, PTC, etc.*)
- What is crew availability
- What are the bridges rated for? (*263k/286k/315k*)
- What is the minimum HP per ton ratio

Once one compiles these questions a plan can start being developed for a shipper to tailor their train sizes, car types, car weights, cycle times. The Class I railroad individuals are many times overwhelmed with work responsibilities and the more the shipper can do to streamline the process to show traffic can effectively flow through their network, the effort is typically rewarded with better rates and negotiations.

This was the case within Texas. Upon multi-month in-depth analysis, both Union Pacific and BNSF provided rate structures and frequency that was satisfactory to Martin Marietta. One of the marque aspects of the negotiations was the flexibility of Martin Marietta to allow the unit aggregate trains to run at periods slack traffic between the multitude of export intermodal traffic. Aggregate (rock) is not typically a time sensitive commodity if there is enough storage capacity at the distribution site to handle surges in day-to-day demand while waiting on trainsets. On a busy railroad, mining companies may use this nonperishable aspect to their advantage.

At current date, rail traffic at Beckman/Hondo continues at a rapid clip with rail movements being 6.5-7.5 Mtpy or approximately 60,000 carloads annually. This network was developed in conjunction with Woodward's efforts and the two Class I carriers.

- **Fort Wayne Railroad Historical Society (2005-2015)**

The Fort Wayne Railroad Historical Society, Inc. (FWRHS) is a 501(c)3 non-profit corporation founded in 1972. In 1974, the Fort Wayne Railroad was successful in removing historic Nickel Plate Road steam locomotive no. 765 from display in Lawton Park in Fort Wayne, Indiana. In 1979, the organization became the first all-volunteer, non-profit organization to successfully restore and operate a steam locomotive, writing a significant chapter in the early days of the country's rail preservation movement. Since 1980, the Fort Wayne Railroad has operated passenger train excursions, private charters, public exhibitions, and education outreach programs with the 765 and a variety of other vintage railroad equipment throughout the Midwest and Eastern United States. Since the beginning of its excursion career in 1980, the 765/FWRHS has traveled 300,000 excursion miles and over 500,000 passengers.

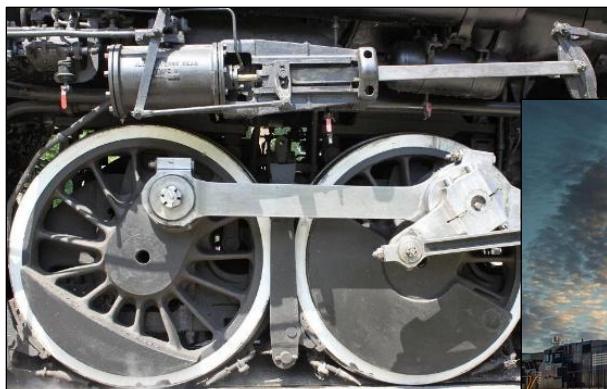
While a non-profit excursion steam engine may not seem like relevant experience to owning, operating and developing a railroad, there were many lessons learned. The 765 is a 420-ton modern steam locomotive capable of 4,500hp and traveling at speeds more than 80 mph. It is the most well-traveled steam locomotive ambassador east of the Mississippi River. These excursions take an incredible amount of planning, scout work, coordination and negotiation with railroads of all sizes, from short-line to Class I.



Nickel Plate 765 Steam Locomotive

Woodward started volunteering with the FWRHS in 2005 as a source of recreation. Initial duties were basic such as cleaning, painting and performing functions on the excursion train. In 2008 Woodward was nominated to the Society's Board of Directors due to his business knowledge. In 2009 he was one of the point individuals for negotiation and planning rail excursions for the following seasons. This included rate/fee negotiations, review of various railroad track infrastructures, trip planning, insurance planning and general management of activities. In 2010 he was nominated as Vice President of the Society.

In 2011 a major opportunity drastically changed the scope of the Society. Norfolk Southern, one of the major eastern Class I railroads, approached the Society to serve as one of the primary engines for their "21st Century" steam program. The goal of these trips was to provide appreciation trips to Norfolk Southern employees and the public. The program ran heavy from 2012-2015 with trips throughout the Norfolk Southern system and proved very successful.



Woodward was head of interaction/development with Norfolk Southern officers throughout the program from local trainmaster to CEO Wick Moorman. The trips were high in visibility and risk in nature for the steam locomotive inherently invites large crowds and scrutiny. A great amount of upfront planning with local, District, Subdivision, Division and Corporate managers took place to precisely plan routing moves, time schedules, and breakdown contingencies. All routes were preplanned; all schedules adhered to and a daily call every morning with the railroads Vice President of Operations took place to review the prior day's performance. These moves had justification to be heavily scrutinized for some of the rail lines the excursion train traveled on saw more than 150 trains movement on a 24-hour basis.

For Woodward it was a three-year exposure to the details of how a Class I railroad operates, manages, communicates and prioritizes. Not only was this opportunity exposure to Class I philosophies, but also exposure to all corners of the vast Norfolk Southern network where one could witness different operating tempos, challenges and cultures. This allowed Woodward to understand and adapt his knowledge base to better work with railroads in the future.

▪ West Plains Mining (2015 – 2023)

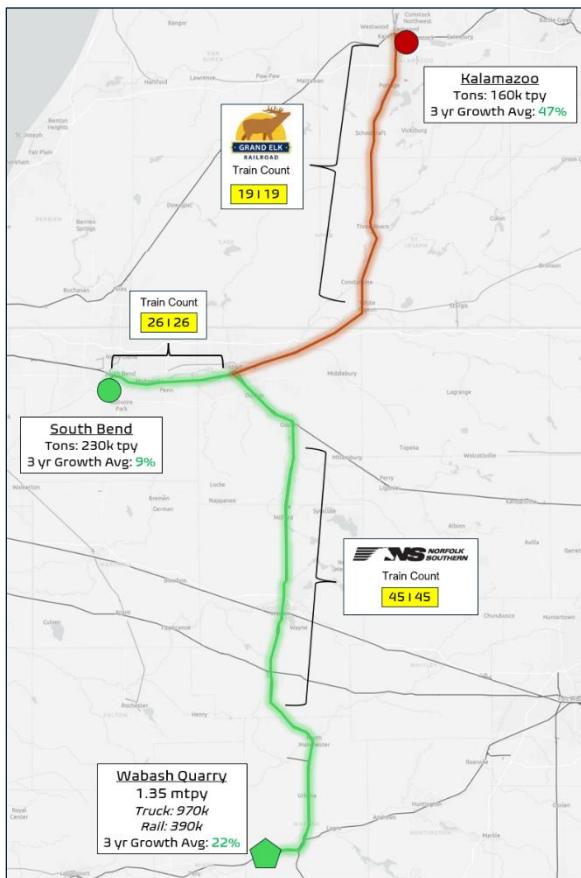
Woodward resigned his role as Vice President of the FWRHS in 2015 for he did not want to develop a conflict for the Society and his own business, West Plains Mining. As mentioned prior, West Plains Mining was formed to capitalize upon the Norfolk Southern rail network in Northern Indiana/Michigan by utilizing their single line haul to points scarce of high-quality aggregate. From 2007-2015, Woodward developed West Plains from a mining extraction point to reach a high-quality rock formation 117' from surface level. By 2015 the high-quality rock formation was uncovered, and it was time to start negotiation with Norfolk Southern for rail service.

Negotiations with Class I railroads may be difficult.

Class I management are under constant demands to improve shareholder value and streamline their respective systems. As mentioned prior, many new customers often do not understand the details or desired efficiencies of railroads. This lack of understanding can create an environment of dismissal within Class I's because of the trouble of



bringing a new customer online is not worth the potential workload/risk of creating waves within the system.



West Plains initial rail routing



West Plains South Bend, IN Distribution Yard



West Plains Kalamazoo, MI Distribution Yard

Two years of negotiations with Norfolk Southern proved successful and 5-year contracts were agreed upon. To gain competitive rates the following unique qualifiers were enacted:

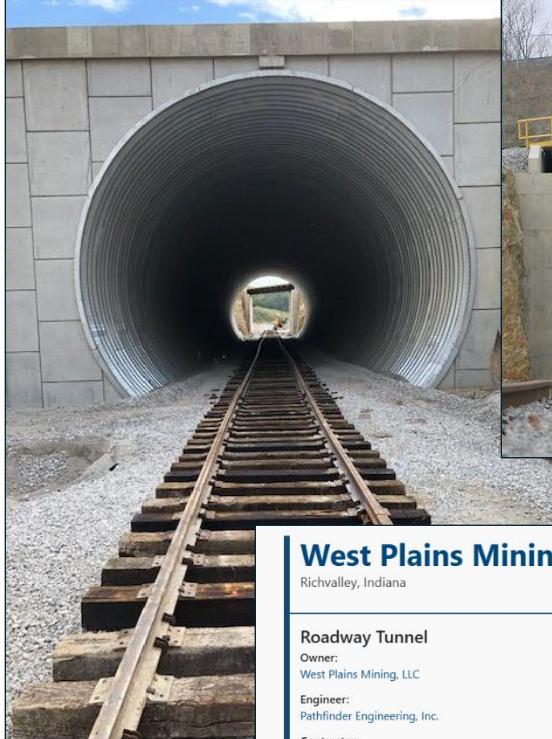
- All unit train traffic, 80-car minimum
- All trains must be loaded and unloaded within 24-hours
- Group 6 Road engines must always stay with the train
- The penalty per hour over 24 hours was \$2,000 per hour
- All distribution yards must handle 120 cars of storage at any given time
- The Wabash source quarry must be able to handle three unit trains on-site at any given time
- The Wabash quarry must have no tighter than 10-degree curves, no public grade crossings and all tracks must be flat grade (excluding lead tracks)

The criteria were enacted to ensure maximum efficiency but also required an extensive rail development plan.

Building Wabash Rail Site

The first two West Plains rail distribution sites in South Bend, Indiana and Kalamazoo, Michigan are traditional unit train unloading sites with a ladder configuration, unloading pits and discharge conveyors. Exploration of the development of these sites is not warranted for this document because both initial distribution locations are standard configurations without noteworthy aspects besides their discharge volume capacity of 1,200 tons per hour.

What is noteworthy was the development of the Wabash quarry rail site and the various physical aspects coupled with Norfolk Southern's design criteria that created one of the most unique rail serviced facilities in North America.





West Plains Mining
Richvalley, Indiana

Print Case Study
View Case Study

Roadway Tunnel

Owner: West Plains Mining, LLC

Engineer: Pathfinder Engineering, Inc.

Contractor: Balkema Excavating

Railroad Coordination: Norfolk Southern Rail

Installation: January-June 2020



The 350-acre West Plains Mining's (WPM) Kentner Creek operation is located outside of Wabash, Indiana near Richvalley and mines Silurian-age limestone in a unique geological formation featuring predominately non-reef rock. The stone quarry extends 218' in depth with both open pit and underground mining, and its latest expansion in 2019 included the addition of a rail system looping through the west property.

Technical Description:

- BridgeCor® Structural Plate
- Span: 30-ft.

The Wabash quarry is located within the Wabash River Valley. Due to the topographical nature of the valley the Norfolk Southern railroad mainline runs along the north valley ledge with the quarry located below on the valley floor. Approximately 75% of the quarry was located within Floodplain and Floodways of the Wabash River. Another noteworthy feature of the quarry area is former US Highway 24 bisects the northwest quadrant of the quarry-controlled property. This former US Highway, now a heavily travel county road, could not be crossed with an at-grade crossing per the Norfolk Southern design criteria.

These natural features and the required railroad design requirements proved a difficult challenge to design and build. To accommodate all design criteria and have the capability to store three 80-car unit trains on-site the following was developed:

- 3,200' Wabash River levee – largest levee project in Wabash River Valley in 45 years
- 16,780' of track constructed
- 36-141# welded rail construction
- 10 Degree curve minimum
- #10/11 Switches
- Double loop track layout with 5,300 westward lead track spur
- Two mainline switches – both electronically locked and PTC controlled
- One bridge constructed over creek
- One parallelogram bridge custom designed/built for incoming lead track over loading track
- 286' railroad tunnel 28' in diameter under Old US 25 built through rock cut
- Total cost of Wabash railroad development: \$11.7M
- Time to complete: 16 months

Woodward oversaw all design, development and construction of the project

- Knife River Corporation (2023 to Current)

Knife River Corporation has a multitude of railroad functions including owning the Ellis & Eastern Railroad which operates in South Dakota and Minnesota. Other railroad functions include unit train origination and distribution in Texas, Minnesota and North Dakota. Loose car and block traffic take place at various other points in six other states predominately on the West coast. Due to the confidential nature of business activities, Woodward is unable to expound upon particulars of projects, negotiations and practices within Knife River. Woodward has corporate oversight over all functions of Knife River railroad activities.



3. Leadership Personnel & Command Structure

As of the date of this proposal there is no set leadership structure defined besides William Woodward will be the Managing Member of the Missouri Valley & Eastern Railroad. Due to the current state of the Napa-Platte line and the extensive rehabilitation required, a defined plan of action needs to establish with outlays, schedules and contingent scenarios determined once initial groundwork is completed. Depending on the timing of these events, a Leadership & Command Structure will be defined and implemented when necessary. It is imperative to keep overhead costs to a minimum while planning and prework takes place. Upon key threshold points of the development process, Woodward will seek out capable individuals who have the tenacity, drive and entrepreneurial spirit required for a venture such as rebuilding the Napa – Platte line.

4. Parental & Guarantor Relationships

No relationships will exist. The Missouri Valley & Eastern Railroad is wholly owned by William A. Woodward

5. Prior Bankruptcies, Operational Issues, Non-Compliance

William A. Woodward has no bankruptcies personally or through one of his own business entities.

William A. Woodward has no personal record of regulatory non-compliance.

West Plains Mining LLC based in Wabash, Indiana, under majority ownership of William A. Woodward had regulatory non-compliance that would be considered common under Mine Safety Health Administration (MSHA) inspections. To view a record of these inspections please refer to the link below:

<https://www.msha.gov/data-and-reports/mine-data-retrieval-system>

Operator: West Plains Mining LLC

Mine Name: Kentner Creek Underground

Mine ID: 1202457

Woodward Management Dates: May 2007 – Jan 1, 2023

6. Instances where the Proposer has been fined or assessed a civil penalty by Federal, State, or municipal services in the last five years.

William A. Woodward has not been personally fined or assessed a penalty by any agency in the past five years.

West Plains Mining LLC based in Wabash, Indiana, under majority ownership William A. Woodward was fined by the Mine Safety and Health Administration (MSHA) in common mine inspections, a total amount of \$4,746 in the past five years during Woodward's oversight. During this period West Plains Mining had a cumulative total of 305,211 manhours worked.

7. Details of instances of Proposer/Leadership have failed to comply with requirements set forth by the Federal Railroad Administration or STB

There are no instances where Proposer or Leadership have failed to comply with the Federal Railroad Administration or Surface Transportation Board (STB)

8. Description of how the Proposer intends to meet the applicable goals and objectives set out in Section 1.3

The Missouri Valley & Eastern Railroad's goals and objectives align directly to those outlined in Section 1.3. General economic growth, increased freight rail traffic/volume, correlated increase tax revenues and general job creation is the goal of the revitalization of the Napa Jct. – Platte rail line.

The MVERR does not view the rail corridor as a long-term rail storage asset, rather as a long-term viable operating railroad endeavor. This strategy will require an incremental rebuilding approach with car storage remaining a revenue generation source in the short-medium term as the long dormant stretches of rails are reactivated. The ultimate goal is to serve all communities along the length of the line. Detailed plans and proposed actions are outlined in section 3.4 of this proposal

9. Anticipated successes and challenges in achieving these goals and objectives.

Section 3.4 of this proposal will go in to details on various proposals, reconstruction, development, marketing, operations, etc. of the Napa Jct. – Platte line with MVERR's goal dovetailing with the objectives set out in Section 1.3 of the IFP.

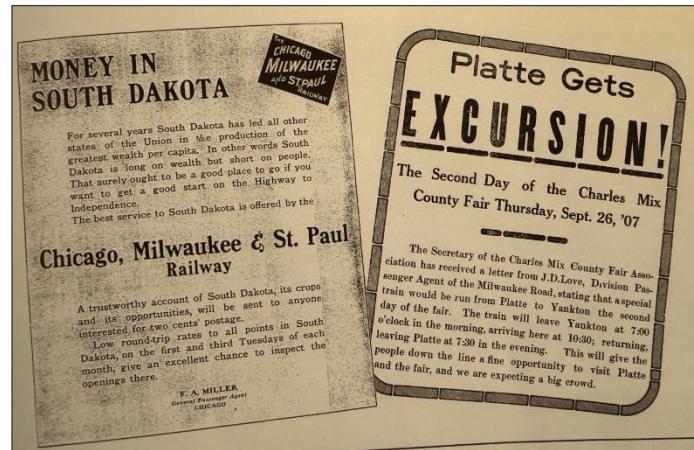
Regarding anticipated success and challenges of achieving these goals and objectives it is necessary to speak on a macro level for there are number of unknowns in an endeavor of this scale/type and it is difficult to speculate how smaller actions/developments will improve or impede the larger scope/project. These are hard lessons learned from the development of prior businesses from the ground up. In addition, this analysis is from the lens of December 2025 and five years hindsight may offer completely different perspectives. In general, one must take stock of the general business picture and calculate the entrepreneurial risk threshold. That stated, following are general macro anticipated successes and challenges to revitalize the Platte line.

▪ **Successes (Strengths)**

Economic need

The Napa Jct – Platte line is unique in the United States for it is one of the few branch lines that survived the Staggers Act of 1980, deregulation, and wholesale abandonment thanks to the foresight of the State of South Dakota. What makes the rail line unique is due to other abandonments of branch lines, the surviving line retains an economic pool to draw from.

The rapid railroad building of the 1880-1925 saturated the United States with many redundant rail lines. The Milwaukee Road's construction of the Platte line was part of the buildout expansionism when ground was broken at what is now Napa Jct. on June 8, 1900. Later as automobiles and improved road systems took hold and Federal Regulation stalled the Adam Smith economic principals of the "invisible hand", many of these cheaply built rail lines languished. Staggers changed all that and during the 1980-90's wholesale abandonments took place.



Where it is relevant to the Platte line is many of the lines that competed were abandoned. The Chicago & Northwestern's "Cowboy Line" of northern Nebraska for example. Prior to these abandonments, the Milwaukee Road competed with the CNW line that ran to South Dakota communities such as Wood, Gregory and Fairfax. To the north the Milwaukee Road had their own line to Corsica and Stickney. Simply put, the Platte line was boxed in with few competitive advantages, even fewer when modern highway systems were established.

Approaching 50 years later the Platte line corridor still exists and may now capture market share from economic regions that have been underserved for five decades from a rail perspective. From a sole agricultural economy perspective, the South Dakota counties of Tripp, Gregory, Charles Mix, Douglas, Bon Homme and the Nebraska Counties of Boyd and Knox represent a combined total of 3.5 million farm acres, 3,800 farms and an agricultural economy of \$1.8 billion, yet these counties predominately have one rail option and sometimes that rail option is more than 65 miles away. In addition, this lack of viable rail service/competition has large ramifications in both commercial and industrial development with this area for the same logistical hurdles.

Changing Rail Dynamics

From 1985-1989 the Dakota Southern Railway (DSRC) attempted to make a business venture of the Platte line. This was five years following Milwaukee Road's final train on April 30, 1980. Dakota Southern core business philosophy seemed to be based predominantly on grain export as reflected in the leasing of 125 263k hopper cars by the DSRC. Unfortunately, at this time many of the later abandoned competitor branch lines were still active, which created an environment where the DSRC lacked a clear competitive advantage. This coupled with the then only Burlington Northern (BN) interchange, BN's pricing structure economically forcing unit trains and lack of diversification in traffic mix eroded DSRC's business model further.

36 years later the Platte line will enjoy a competitive advantage not afforded in the 1980's with it being the last railroad sentinel in this portion of the State. In addition, the other rail interchanges afforded by the BNSF purchase of the State's core lines negotiations are a complete game-changer for pricing, logistics and macro traffic flows. Finally, proportionally private/non-published rail rates

have decreased over time when compared to CPI. Through efficiency gains such as longer unit trains, longer crew districts, DPU (Distributive Power Units), captive power, rail rates on a per-mile basis are trending up at a slower rate versus trucking/road rates. This is less apparent when captive to one Class I railroad, but with the Platte line's interchange agreements, it is felt that lower negotiated private rates can be obtained that allows extended competitive advantage.

Transload

Logistically the Counties adjacent to the Platte line are difficult transportation areas for they lack backhaul opportunities for over-the road trucks. Items such as lumber, steel, animal feed additives and construction aggregate are hauled by trucks with deadhead empty backhauls. A viable rail option provides a transload opportunity where these products may be brought in by rail by bulk, off-loaded/staged or directly transloaded for final delivery. This template has proved successful over the past 20 years trucking costs continue to increase. Transloading provides a fertile springboard for entrepreneurial growth for such hubs can quickly adapt to handling different commodities.

- Challenges

Physical state

The physical state of the Platte line is the area of greatest concern. When the rail line was constructed from June to October of 1900 it was built to the standards of a branch line. The quality of the survey, cut/fill and placement of track was built to a standard that is acceptable for modern railroads with acceptable grades of no more than 1% and only one moderately sharp curve of 7.5 degrees (Tyndall). The larger foundational concern is the rail line was built upon sod, ballasted with cinders and was constructed with light rail. The #60 Rail and wood pile bridge structures compound the limitations for today's operating standards of 286K cars and modern locomotives. To handle modern equipment on a daily frequency will require an extensive rebuilding of the line with possibly heavier rail and probable complete replacement of ties. The largest unknowns are the bridge structures and how the track subgrade will perform with increased pressures of modern traffic.



Track Rehabilitation Funding

Due to the physical state of the rail infrastructure referenced above, substantial funding will be required to bring the railroad to daily operating steady state. Returning rail customers or organic growth opportunities will not cash flow the heavy investments required to get the railroad ready for service. The track rehabilitation will bring heavy upfront costs and mechanisms need to be established to fund such upgrades until steady rail service general revenue. These funding sources may be private investment, loans and grants, but an understanding that a probable multi-year rebuilding process will need to take place before adequate revenue generation occurs.

Demographics

The counties that the Platte line serves are not currently growing from a population perspective. The local economies are largely agriculturally based without major commercial/industrial bases. This lack of commercial/industrial businesses reflects population demographics and transportation logistics. The revitalization of the Platte line will offer a transportation conduct that is not currently available to the region, but the stagnant population in the short-medium term will mean the railroad will be heavily reliant on the agricultural economy and transloading opportunities.

Market Volatility

Due to the region being heavily reliant upon the agricultural economy, rail movements and revenue will reflect the global market of the commodities produced. This coupled with yearly weather conditions creates a business model that must account for extreme volatility in products shipped. Global market pricing, droughts, and livestock disease may all play into revenue and operating conditions. The railroad must be able to accommodate/react to surges in traffic in good economic times while weathering poor times with cost reduction actions. To compensate for this probable volatility, transloading and diversified product mix of shipments must be priority for rail traffic development.

3.2/3.3 Lease or Purchase Options & Purchase Price and Lease Rates

The Missouri Valley & Eastern proposes a Lease of the Napa-Platte rail line (Milepost 0.0 – 80.8). Proposed terms of Lease:

- Lease Rate: \$1.00 per year with no escalator
- Term: Initial 10 years with four (4) automatic 10-year renewal options
- Option to Purchase for life of Lease
- Compliance: MVERR will obtain STB common carrier authority within 90 days of lease execution.

Proposed Option to Purchase

MVERR proposes an Option to Purchase at any time during the Lease terms with 120-day notice to the State of South Dakota. Proposed Option to Purchase terms as follows:

Purchase Price: Initial Purchase Price (IPP) of the complete Napa – Platte rail line will be determined by average sale price per acre of adjacent agricultural properties within a 4-mile corridor adjacent to the rail line. Upon determination of average sale price per acre, total acres of railroad ROW/parcels will be valued to average adjacent agricultural acre price points determining the IPP. Any public/grant dollars invested in the line during a MVERR lease will be added to the IPP determining the Total Purchase Price (TPP). MVERR proposes a \$100 per carload credit be applied

to the (TPP) for every revenue car handled by MVERR operations. \$100 credit will be based on 2026 dollars and escalated annually by the reported Consumer Price Index (CPI). Upon commitment to exercise Option to Purchase, MVERR will pay 50% of the balance of the TPP at closing and the remaining 50% in two equal installments on each anniversary date of closing for a two (2) year period. MVERR proposes the right to prepay, in full, at any time, any outstanding Purchasing Price amounts.

Theoretical example of Purchase Price offer:

Total acres of Napa Jct. to Platte ROW: 100' (avg. ROW width) X 5,280' (feet per mile) X 80.8 (miles of ROW)
= 42,662,400 sq ft ÷ 43,560 (sq ft per acre) = 979.4 acres
X
\$8,000.00 (avg. sale price of surrounding acreage)
=
\$7,835,200 Initial Purchase Price (IPP)
+
\$10,500,000 Grant/Public Dollars Contributed during Lease Period
=
\$18,335,200 Total Purchase Price (TPP)

Total Purchase Price: **\$18,335,200**

Year	Car Credit	CPI	Car Count	Credit Applied	Balance
2027	\$102.50	2.50%	350	\$35,875.00	\$18,299,325.00
2028	\$105.06	2.85%	1,200	\$126,075.00	\$18,173,250.00
2029	\$108.06	4.00%	1,800	\$194,502.21	\$17,978,747.79
2030	\$112.38	3.70%	3,500	\$393,326.68	\$17,585,421.11
2031	\$116.54	3.30%	4,250	\$495,282.58	\$17,090,138.53
2032	\$120.38	4.15%	4,000	\$481,531.20	\$16,608,607.33
2033	\$125.38	4.00%	6,500	\$814,961.47	\$15,793,645.86
2034	\$130.39	3.60%	7,000	\$912,756.84	\$14,880,889.02
2035	\$135.09	2.40%	7,450	\$1,006,405.70	\$13,874,483.32
2036	\$138.33	2.20%	8,000	\$1,106,641.00	\$12,767,842.32
2037	\$141.37	2.40%	8,500	\$1,201,673.80	\$11,566,168.52
2038	\$144.77	2.90%	7,500	\$1,085,747.62	\$10,480,420.91
2039	\$148.96	3.50%	5,300	\$789,512.24	\$9,690,908.67
2040	\$154.18	3.64%	9,000	\$1,387,605.00	\$8,303,303.67

3.4 Service Protections

1. Expected operations improvements or methods

This section will be addressed in two segments: The first exploring the Napa- Tyndall segment of the rail line and the second exploring Tyndall to Platte portion of the rail line. This format allows demarcation between recent car storage activity portion of the railroad and the portion of the railroad that has been long out of service.

Napa – Tyndall

As recently as 2024 the portion of the railroad from Napa Junction to Tabor (MP 0.0 – 10.3) was actively utilized as a car storage operation. This segment closest to the BNSF interchange was suited for such an arrangement due to the proximity to the interchange, the straight nature of ROW and the lack of significant bridges. It appears maintenance was allocated sparsely, and vegetation control was lacking during the car storage operations. Beyond MP 10.3 in Tabor it does not appear that car storage activities have taken place for a long period of time due to the growth of vegetation, paved crossings and general disrepair.

Operational improvements – Napa to Tyndall

An in-depth analysis was performed on the business case and model for car storage operations on the Napa Jct. – Tabor portion of the rail line. The MVERR analyzed the business case and through discussions/relationships with rail car storage customers, operators and individuals involved within the railcar storage of the industry, it was determined that an experienced operator in the car storage business would best serve this portion of the business model. Rail car storage is a niche industry that relies on industry relationships, operators who know how to sort and classify cars correctly, who can respond to customers' needs for railcar drops and pulls quickly and have established billing/accounting records.

With this philosophy in mind, the MVERR will request to the South Dakota DOT/State Rail Board permission to sublease car storage activities to the Ellis & Eastern Railroad (E&E), a subsidiary of Knife River Corporation. The Ellis & Eastern, based in Sioux Falls, already has a large customer base of car storage customers who utilize the E&E for car storage on their South Dakota and



Minnesota lines. The E&E is FRA compliant, properly insured and veterans in this industry. Their management and operators are near the Napa Jct. location and can quickly respond to customer requests/needs. It was determined that with the MVERR working in conjunction with the E&E,

revenue generation, car storage utilization and instant expertise scale up operations quickly and effectively versus forming a startup car storage business with MVERR going alone. The overall macro goal of the MVERR is to revitalize the Napa – Platte line as an operating railroad. By subleasing the car storage aspect to an expert in the industry, it allows the MVERR to remain focused on the larger goal of a complete operating railroad.

The MVERR will initially focus on reactivating the portion of railroad between Tabor and Tyndall (MP 10.3 – 20.9). This portion of reactivation will be considered Phase I. Grade crossing reconstruction and vegetation control will be the priority while initiation of bridge strengthening studies will take place on two wood pile bridges (T1000 & T1002). Concurrently two small bridges are proposed to be replaced with culverts. Upon the completion of these activities this segment will be utilized for expanded car storage activities while progressive rebuilding takes place further west on the rail line.

Operational improvements – Tyndall to Platte

As mentioned above, MVERR's primary goal is to reactivate the railroad for shipping commerce. The rail line west of Tyndall is projected to be broken down in four reconstruction phases. They are as follows:

- Phase II: Tyndall to Avon (MP 20.9 – 32.0)
- Phase III: Avon to Wagner (MP 32.0 – 46.0)
- Phase IV: Wagner to Lake Andes (MP 46.0 – 60.0)
- Phase V: Lake Andes to Platte (MP 60.0 – 81.0)

Each reconstruction phase will have its own timeline to be determined by resources available in terms of financing, materials and equipment. Concurrently each reconstruction phase will have an individual business case/model that will determine the justification for continued reconstruction. Some phases such as II & III have multiple bridge structures that need to be studied and analyzed. A business justification will be required for each phase with the appropriate cost-benefit matrix. Reconstruction will not take place simply for the sake of reconstruction. The goal is to have a complete running railroad from milepost 0.0 – 81.0, but the business justification will be required.

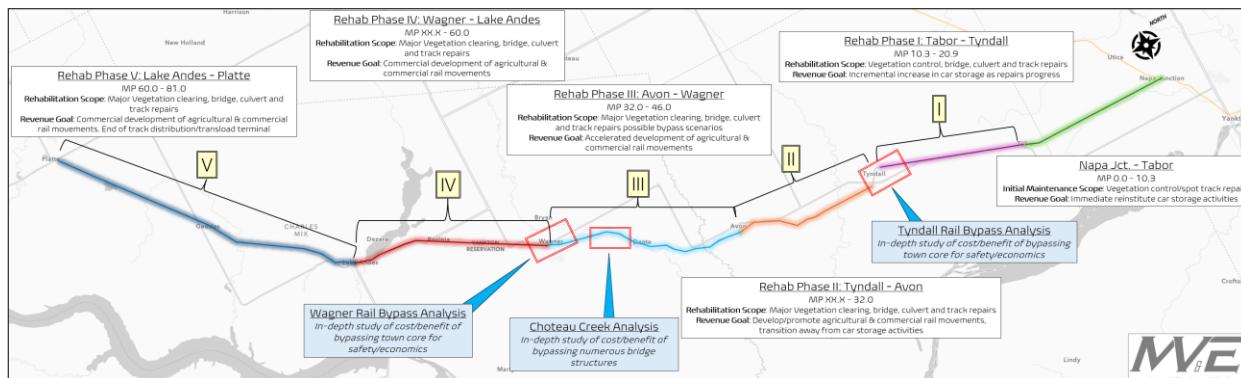
As the phases are completed marching west, corresponding rail service will follow. The type and frequency of service will be determined by customer base/needs. The goal is for healthy traffic counts requiring unit train facilities populating along the rail line at strategic points. More in-depth discussion will follow in subsection 6, but ideal threshold locations for large unit train locations are Avon, Wagner, and Platte.

2. Capital investment commitments or capital investment plan

As discussed in Section 3.1, the Platte line has positive fundamental advantages once reactivated. Strategic competitive advantage due to abandonment of adjacent branch lines and the interchange agreements to name two of the chief advantages. That stated, the reconstruction of the railroad is an ambitious endeavor due to the original construction criteria (tracks laid on sod, cinder ballast, light rail) and no maintenance over the past 35 years. The reconstruction will be a “Field of Dreams” type business strategy of depending on the act of reconstruction to encouraging economic investment by potential shippers. It will take a level of risk to commence reconstruction without predetermined large shippers waiting for service.

The MVERR is willing to embark on the endeavor of reconstruction and willing to provide private capital investments, but a large share of reconstruction funds will need to be provided by grants and/or loans. The risk tolerance for complete private investment is simply too great without a guaranteed traffic generation source. As reconstruction marches west, the competitive advantages afforded by the railroad increases and the goal is capital outlays will be self-fulfilling as customers/shippers utilize the renewed rail service.

Below are estimated reconstruction cost by phase. These figures are based on known costs of railroad reconstruction projects that have taken place in the last four years in the States of Ohio, Indiana, Minnesota and South Dakota. As mentioned prior, the largest unknown factors are the rail roadbed subgrade and if the light #60 rail can withstand loads. As a result, the ballast calculation accommodates a 40% replacement of the subgrade with coarse aggregate material. The table also illustrates total cost with or without prospective rail replacement.



Phase	Brush	Ballast	Ties	Rail	Bridges	Switches	Grade Crossings	Total for Phase less rail	Total for Phases with Rail Replacement
Napa Jct - Tabor	\$51,500	\$1,854,000	\$1,779,840.00	\$3,263,040	\$50,000	\$164,000	\$54,000	\$3,953,340	\$7,216,380
Tabor - Tyndall	\$63,600	\$1,908,000	\$1,831,680.00	\$3,358,080	\$225,000	\$328,000	\$88,000	\$4,444,280	\$7,802,360
Tyndall - Avon	\$111,000	\$1,998,000	\$2,157,840.00	\$3,516,480	\$800,000	\$246,000	\$808,000	\$6,120,840	\$9,637,320
Avon - Wagner	\$126,000	\$2,520,000	\$2,721,600.00	\$4,435,200	\$1,810,001	\$328,000	\$72,000	\$7,577,601	\$12,012,801
Wagner - Lake Andes	\$91,000	\$2,520,000	\$2,721,600.00	\$4,435,200	\$345,000	\$246,000	\$814,000	\$6,737,600	\$11,172,800
Lake Andes - Platte	\$136,500	\$3,780,000	\$4,082,400.00	\$6,652,800	\$825,000	\$328,000	\$474,000	\$9,625,900	\$16,278,700
Totals:	\$579,600	\$14,580,000	\$15,294,960	\$25,660,800	\$4,055,001	\$1,640,000	\$2,310,000	\$38,459,561	\$64,120,361

Ballast & Rail are largely dependent upon more in-depth analysis. These figures assume poor current conditions and total replacement

Reconstruction Cost Table – Refer to Appendix for larger version

Brush Clearing



Phase	Miles	Total per Phase
Napa Jct - Tabor	10.3	\$51,500
Tabor - Tyndall	10.6	\$63,600
Tyndall - Avon	11.1	\$111,000
Avon - Wagner	14.0	\$126,000
Wagner - Lake Andes	14.0	\$91,000
Lake Andes - Platte	21.0	\$136,500
Total:		\$579,600

Ties



Phase	Miles	Number of ties installed	Total per Phase
Napa Jct - Tabor	10.3	23,731	\$1,779,840
Tabor - Tyndall	10.6	24,422	\$1,831,680
Tyndall - Avon	11.1	28,771	\$2,157,840
Avon - Wagner	14.0	36,288	\$2,721,600
Wagner - Lake Andes	14.0	36,288	\$2,721,600
Lake Andes - Platte	21.0	54,432	\$4,082,400
Total:			\$15,294,960

Bridges/Culvert



Phase	Total per Phase
Napa Jct - Tabor	\$50,000
Tabor - Tyndall	\$225,000
Tyndall - Avon	\$800,000
Avon - Wagner	\$1,810,001
Wagner - Lake Andes	\$345,000
Lake Andes - Platte	\$825,000
Total:	\$4,055,001

Grade Crossings



Phase	Total per Phase
Napa Jct - Tabor	\$54,000
Tabor - Tyndall	\$88,000
Tyndall - Avon	\$808,000
Avon - Wagner	\$72,000
Wagner - Lake Andes	\$814,000
Lake Andes - Platte	\$474,000
Total:	\$2,310,000

Rail



Phase	Total per Phase
Napa Jct - Tabor	\$3,263,040
Tabor - Tyndall	\$3,358,080
Tyndall - Avon	\$3,516,480
Avon - Wagner	\$4,435,200
Wagner - Lake Andes	\$4,435,200
Lake Andes - Platte	\$6,652,800
Total:	\$25,660,800

Switches



Phase	Total per Phase
Napa Jct - Tabor	\$164,000
Tabor - Tyndall	\$328,000
Tyndall - Avon	\$246,000
Avon - Wagner	\$328,000
Wagner - Lake Andes	\$246,000
Lake Andes - Platte	\$328,000
Total:	\$1,640,000

Ballast



Phase	Total per Phase
Napa Jct - Tabor	\$1,854,000
Tabor - Tyndall	\$1,908,000
Tyndall - Avon	\$1,998,000
Avon - Wagner	\$2,520,000
Wagner - Lake Andes	\$2,520,000
Lake Andes - Platte	\$3,780,000
Total:	\$14,580,000

3. Potential railroad expansion options

Expansion options will be limited to commercial/industrial development along the current Platte line ROW. This will include unit train loop/ladder facilities, industrial spur developments and passing sidings as operations require. Initial identification of possible unit train facility locations are Avon, Wagner, Lake Andes and Platte. Due to the population density and projected demographic data, the MVERR does not anticipate mainline rail expansion to other cities/counties without a major economic justification.

4. Projected industry developments for current and future shippers

With the reactivation of the Platte line opportunities will return for rail served industry development and shippers. As mentioned previously, currently a seven-county region within South Dakota and Nebraska only have access to one railroad within a 60-mile radius. The reactivation of the Platte line allows industrial developers and shippers to gain competitive options and opportunities. MVERR focus will be multi-faceted development with a strong emphasis on unit train facilities for bulk commodities. This philosophy maximizes the trackage rights agreements in place for the Platte line and allows both the MVERR and shippers to leverage multiple Class I's in a competitive environment with the Sioux City interchanges being key. Much of the region is solely dependent upon BNSF rates/structure and the MVERR will allow a competitive alternative.

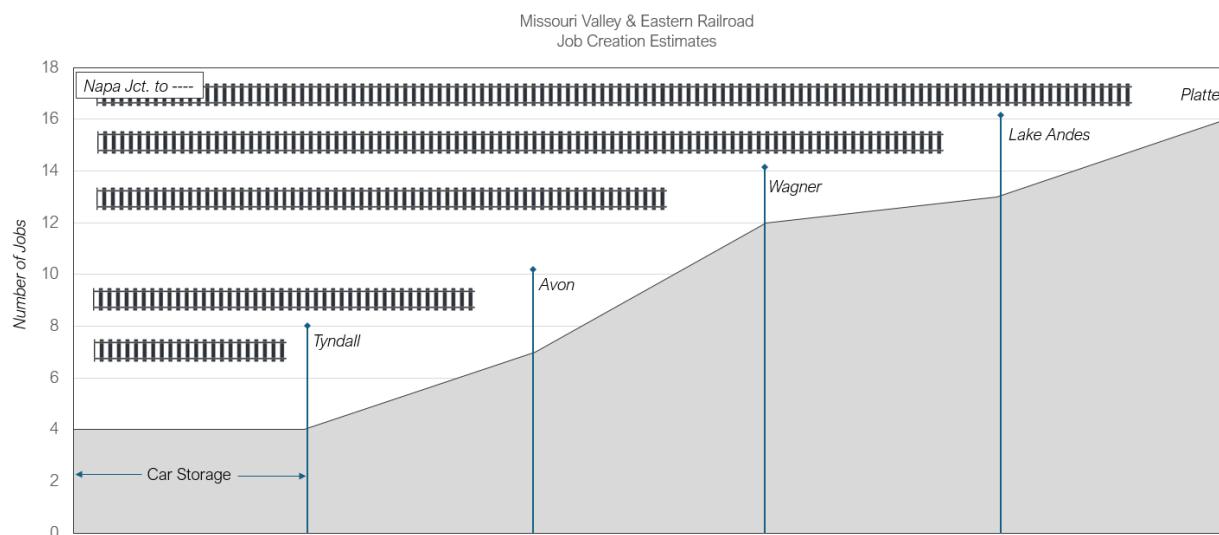


5. Identification of management headquarters, employee needs, and job creation estimates

Management headquarters are yet to be identified due to the initial years of operations will be focused mainly on reactivation activities and planning. Upon commencement of operations, the MVERR plans to base management, clerical, maintenance and crews in a central location, with Tyndall or Wagner being the most likely candidates. This centrally located post will allow the most efficient distribution of work duties and access to railroad activities.

The reactivation/rebuilding of the railroad will naturally bring revenue dollars to the communities through the multitude of contractors, suppliers and professional parties partaking in the reconstruction activities. From a steady state perspective of long-term stable employment, the MVERR will employ progressively more individuals as rail service activities commence and grow.

Operation Phase	Management	Clerical	Maintenance (Equipment)	Maintenance (Track/Bridges)	Engine Crew	Total
Napa Jct - Tabor	1	1	1	1		4
Tabor - Tyndall	1	1	1	1		4
Tyndall - Avon	1	1	1	2	2	7
Avon - Wagner	2	1	2	3	4	12
Wagner - Lake Andes	2	2	2	3	4	13
Lake Andes - Platte	2	2	3	4	5	16

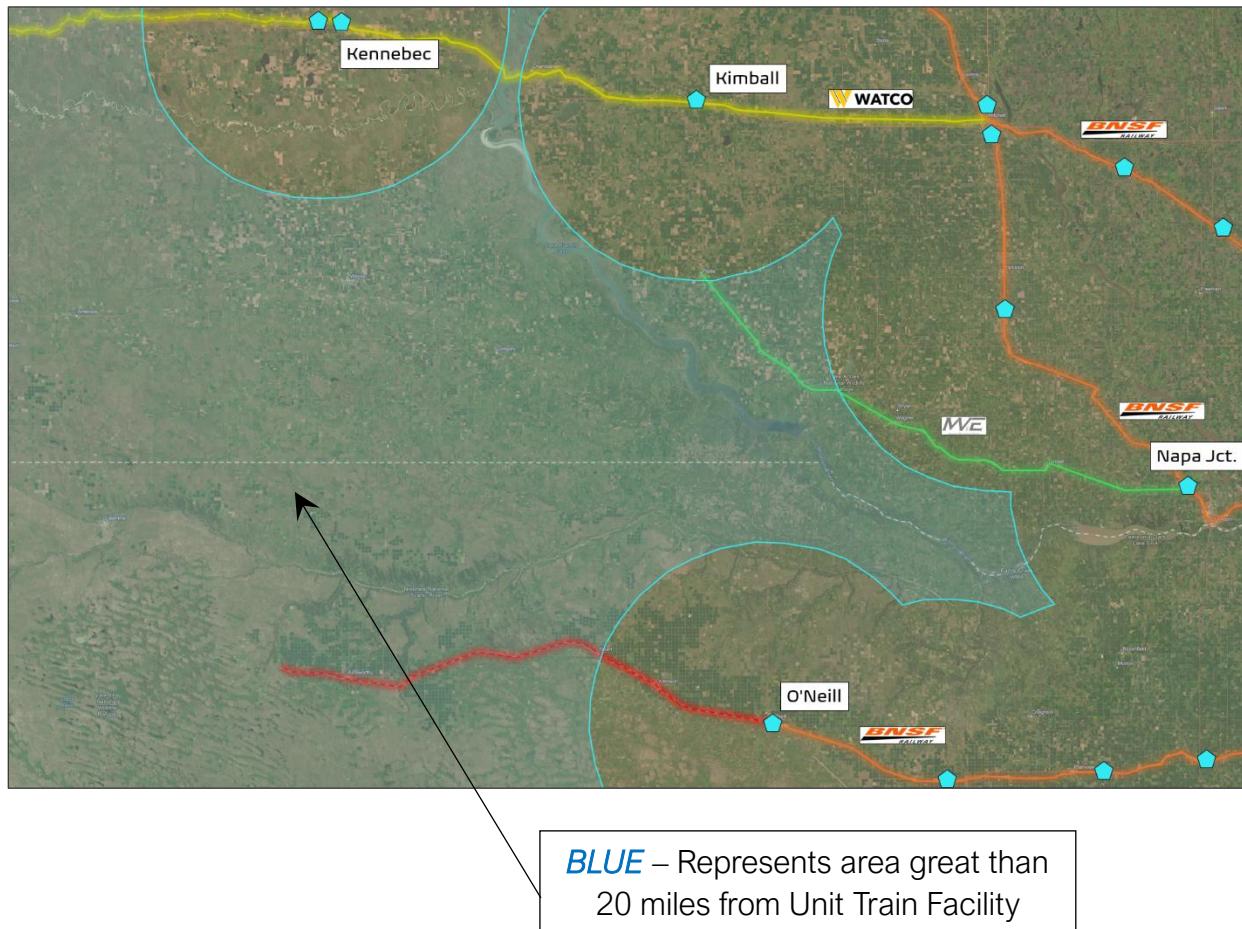


6. Marketing plan for rail customers and users

The marketing plan for customers and users is based on straightforward economics. At this time consumers of rail in the geographic region of the Platte line must truck their products further distances to elevators/collection points on active rail. If this active rail is a Class I, the customer is hostage to a one-rate carrier, and it is difficult to gain competitive advantage. The option of another railroad from a rate perspective is a large advantage to current captive customers. This is especially valid considering the Platte line has the option to reach multiple Class I's in Sioux City interchange.

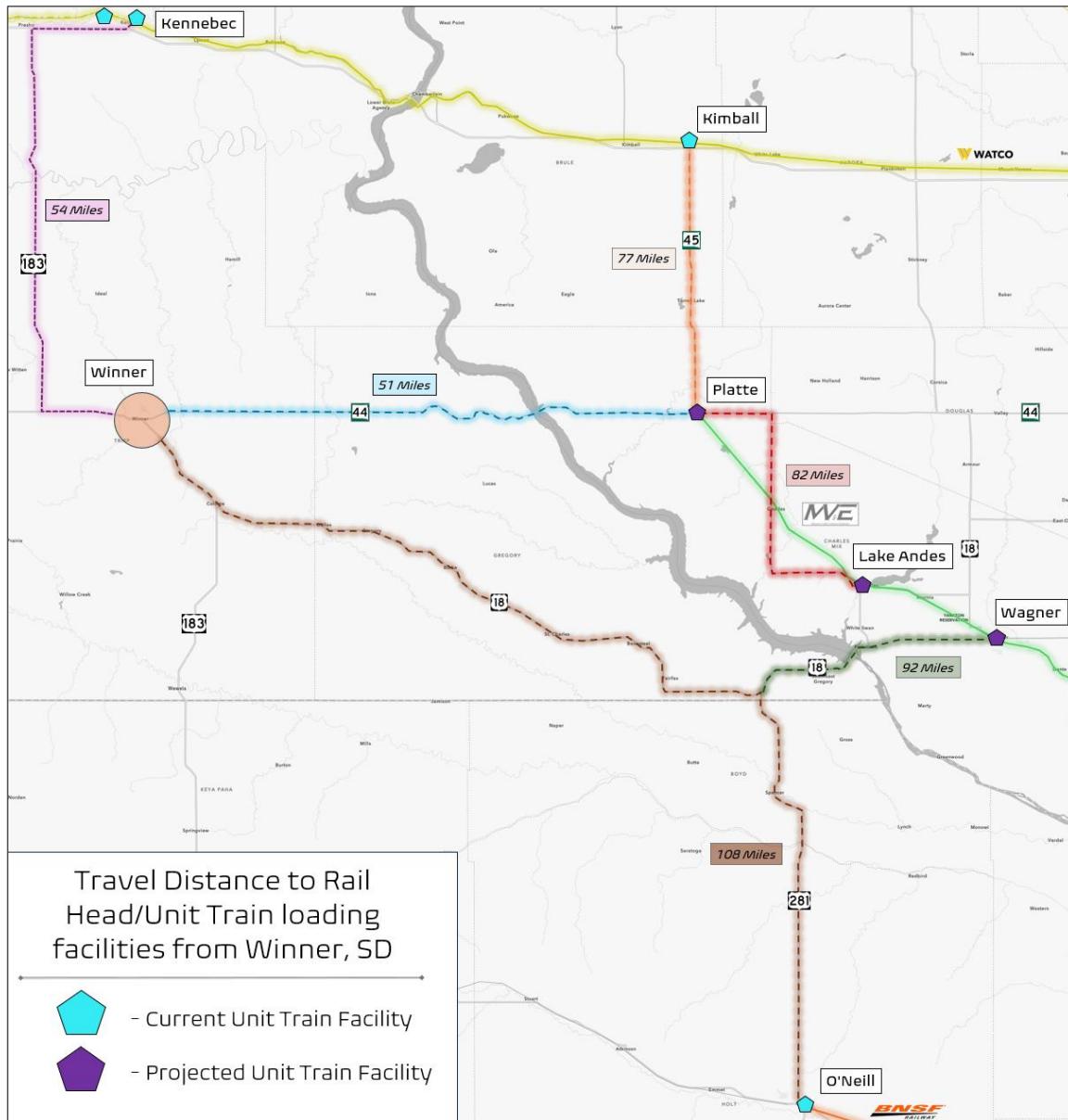
Projected rail rate savings is difficult to project for the Class I's tend to keep private pricing close to the vest. What is known through experience is that Class I rates tend to reduce rates between 20-35% when faced with competition.

From a time-distance perspective it is much easier to illustrate the inherent advantages to the customers with a reactivated rail line. Below is an illustration of the current market profile regarding distance from Unit Train terminals. The Blue shaded area represents all areas further than 20 miles from a terminal.

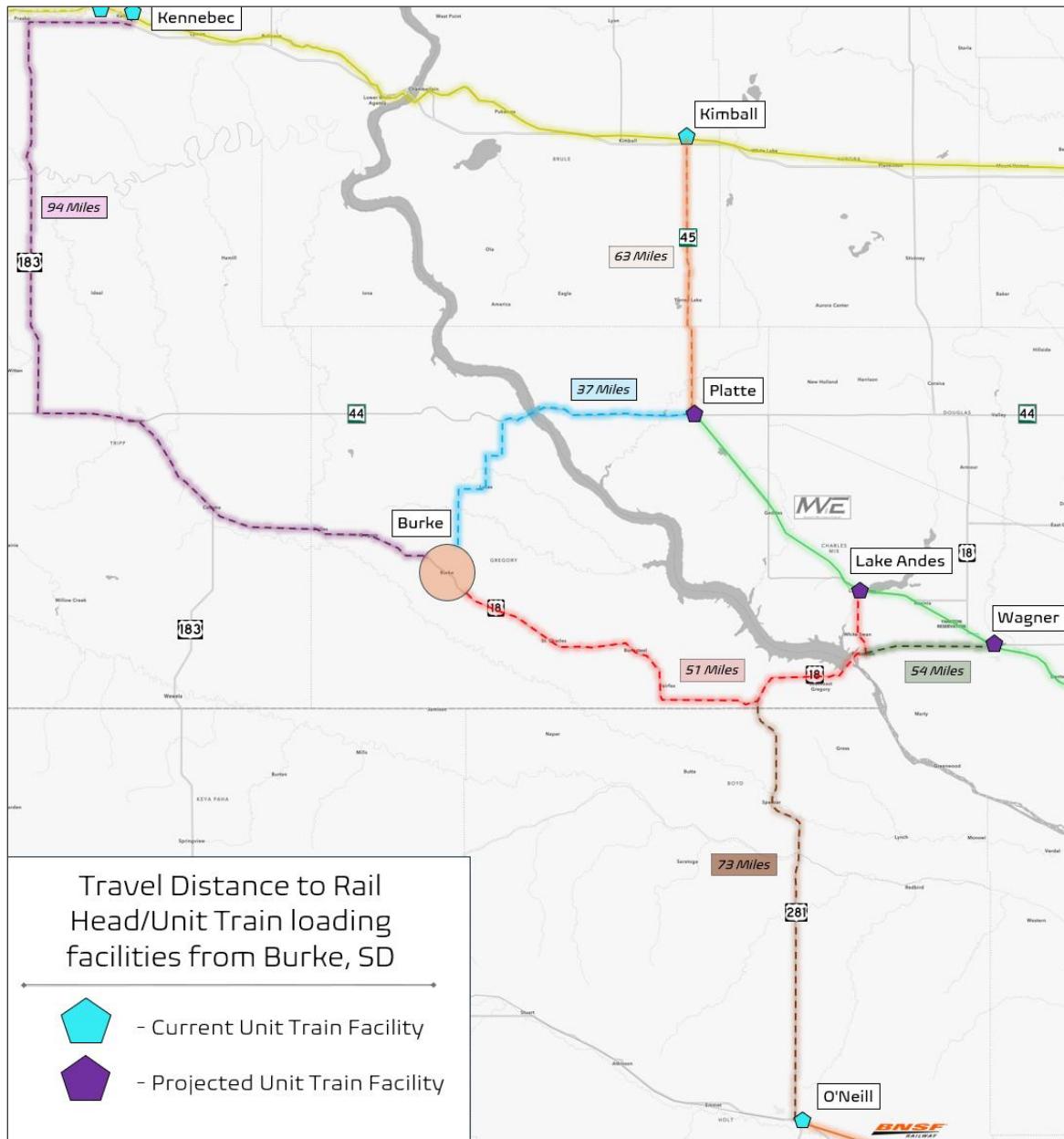


For further emphasis we will look at distance figures for two towns currently 50+ miles from active rail: Winner and Burke.

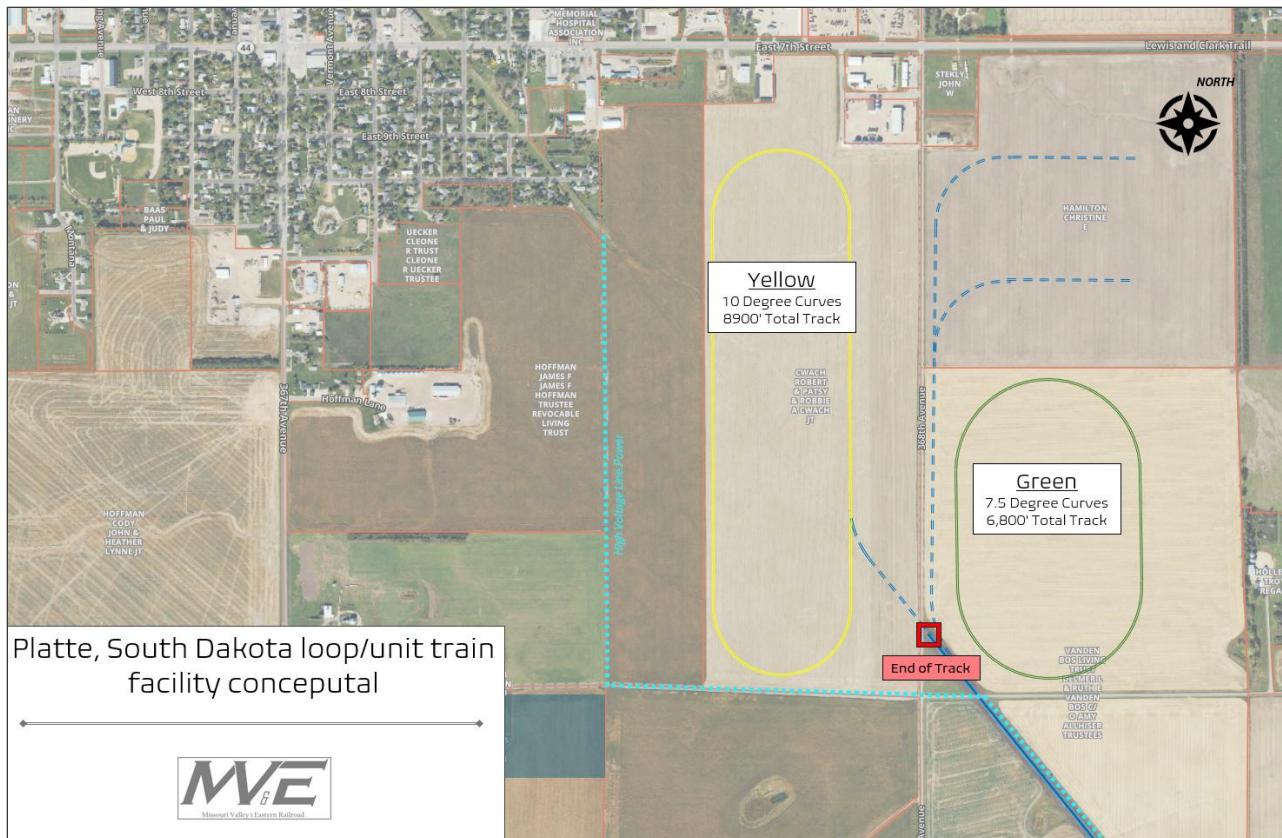
Winner in Tripp County has currently two railroad options for unit train loading facilities, Kennebec on Watco's line at 54 miles and O'Neill, NE on BNSF at 108 miles one-way. With a reactivated Platte line, the Tripp County customers will have two options for railroad service, both approximately 50 miles in distance.



Burke in Gregory County gains are even more significant with the reactivation of the Platte line. Currently Burke has two rail options, Kimball (Watco) at 63 miles or O'Neill (BNSF) at 73 miles. By placing unit train terminals at Platte or Lake Andes the one-way trucking haul distance is reduced to 37 – 51 miles which will be significant savings to shippers.



The time-distance analysis also is relevant in inbound products such fertilizer, nutrients, steel, lumber and construction aggregate. By offering transload and/or distribution terminals at strategic locations the railroad offers the surrounding Counties potentially large cartage savings versus originating loads in Omaha, Sioux City and Sioux Falls and trucking them into the market. Proposed transload/distribution sites will be best positioned on the far west/north end of the rail line to utilize inherent rail efficiencies as much as possible. Below is a conceptual drawing of unit train terminals and rail industrial sites in Platte.



7. Rate or service modifications to better serve customers

The aspect that will best serve customers is the direct reactivation of the Platte line. As summarized in the section above, the geographic region in proximity to the Platte line is entirely dependent upon 50+ mile truck hauls to viable rail options. The Platte line will offer ease of convenience, access and leverage for export pricing in bulk. Currently, there is no general service standard for rail service has not existed in over 35 years.

Rates structures are difficult to project currently due to the number of unknowns such as time and costs of the rail reactivation, customer volumes, car and service type, etc. Upon commencement of operations rate structures will be established and will be competitive because the MVERR will require revenue generation to be successful.

8. Projected impact on shippers and other rail users

Projected impact to shippers and other rail users is generally covered in subsections 4 and 6 above. The reactivation of the Platte line will offer alternatives shippers do not currently have which brings increases in economic vitality and growth.

9. Expected impact on communities located along or near the affected line

The community impact can be divided into the categories of economic, disturbance and general liability.

The economic component of community impact is generally positive. With revitalization of the rail line, economic opportunities for new industry/development grow because of the additional means of transportation. Rail service allows more efficient use of scale which translates to lower cost, better competitive advantages and general ease of logistics for large scale, bulk commodities.

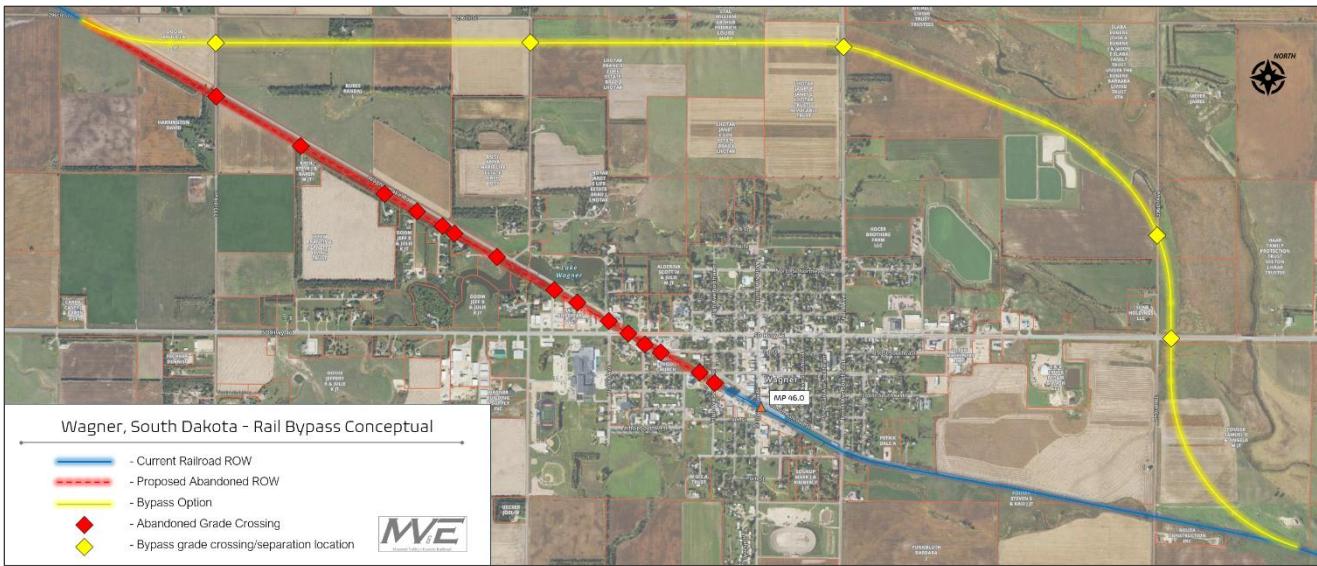
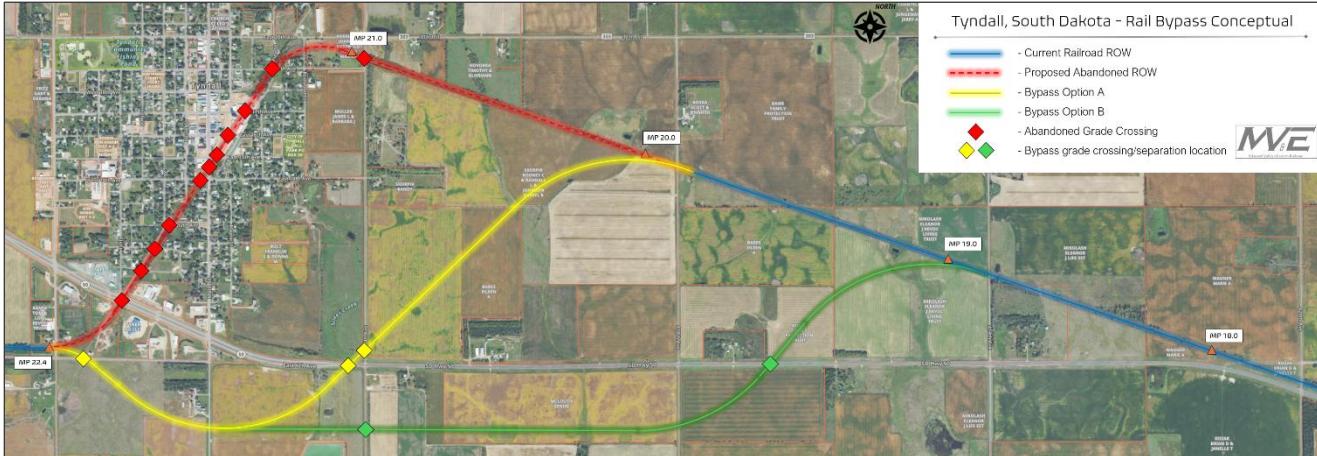
In a macro sense that economic advantages of a reactivated rail line outweigh the negative aspects. Regardless we must acknowledge reactivation does bring some perceived negative aspects.

The disturbance aspect is associated with the general aspects of running an active railroad. Almost all the communities along the Platte line have not witnessed a train since 1989. As a result, horns, bells and general noise of railroad operations will be a new aspect to most residences of the various communities and individuals may not be pleased with the added noise or grade crossing delays.

This new aspect of reactivating trains brings general liability into the discussion. Due to the inherent nature of railroads, liability aspects such as grade crossing accidents and trespassers on railroad ROW are both unfortunate results of rail serve reactivation. Steps will be taken such as upgraded crossing, signage, and fencing will be incorporated, but general community outreach and education are important.



To help mitigate potential disturbance and general liability, the MVERR would like to explore bypasses of the towns of Tyndall and Wagner. In both communities the original mainline ran through the heart of the communities with multiple grade crossing, some at odd angles. When performing the cost-benefit analysis for rebuilding and studying the costs associated with upgrading the numerous grade crossings, it initially appears that town bypasses by a reactivated railroad are appealing. It will reduce noise, risk and general delays associated with train movements through the communities.



10. Experience operating short line railroads or experience working in concert with or hiring short line railroad operators for business purposes

As outlined in Woodward's personal experience in Section 3.1, Woodward has had 20+ years in working with, developing and operating railroad associated business. Woodward's primary scope of his career is in the mining industry but has had heavy interaction in the railroad industry. From contract rate negotiations, to building large rail served facilities, to railroad trip planning Woodward has benefited from experiencing a complete cross section of the railroad industry from short line to Class I.

In Woodward's current role he has oversight over all of Knife River Corporation's rail assets and business units. This role allows additional exposure to general financials, daily cadences of operations and strategic planning.

11. Projected economic impact of the Proposal

Due to most of the Platte rail line being out of service for over 35 years, it is difficult to project/model out definitive economic impact figures. There are several unknowns as discussed in prior sections such as timeline to rebuild the various sections of the rail line or how quickly investment capital will be contributed to facilities along the line once it is reactivated.

As a result of the general fog regarding timelines and order of events, we are left with simply looking at the macro-economic factors.

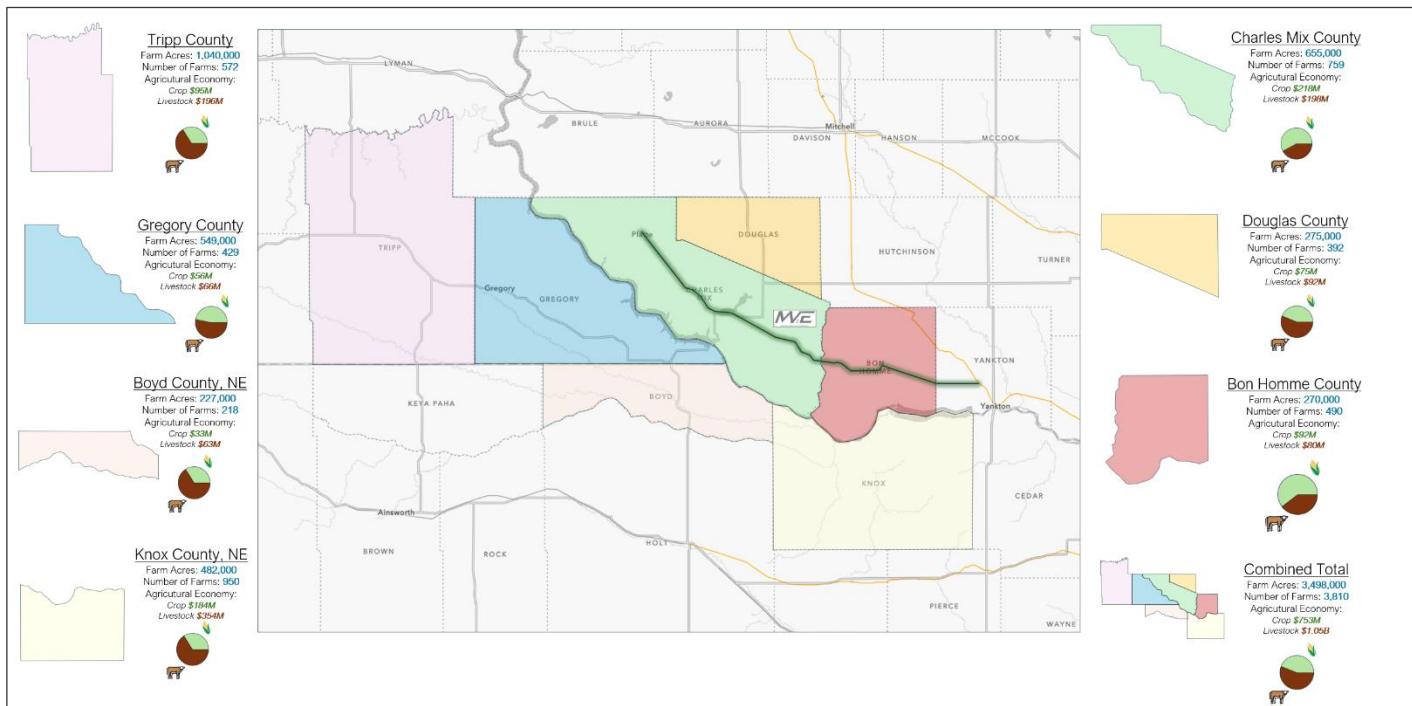
As discussed above, the Platte line reactivation allows largest advantages to the agricultural economy from a time-distance perspective versus current distribution hubs. That was illustrated in Section 3.1 (6). It is now important to step back and explore the general macro agriculture economy within the Counties that will most likely benefit from rail reactivation.

In South Dakota the Counties of Tripp, Gregory, Charles Mix, Douglas and Bon Homme all benefit from a Platte line reactivation by providing additional rail options, less transportation costs and convenience of access. Boyd and Knox Counties within Nebraska will also similarly benefit. When performing a



detailed study of the macro agriculture economies of these counties they total \$1.8 billion in revenue on an annual basis.

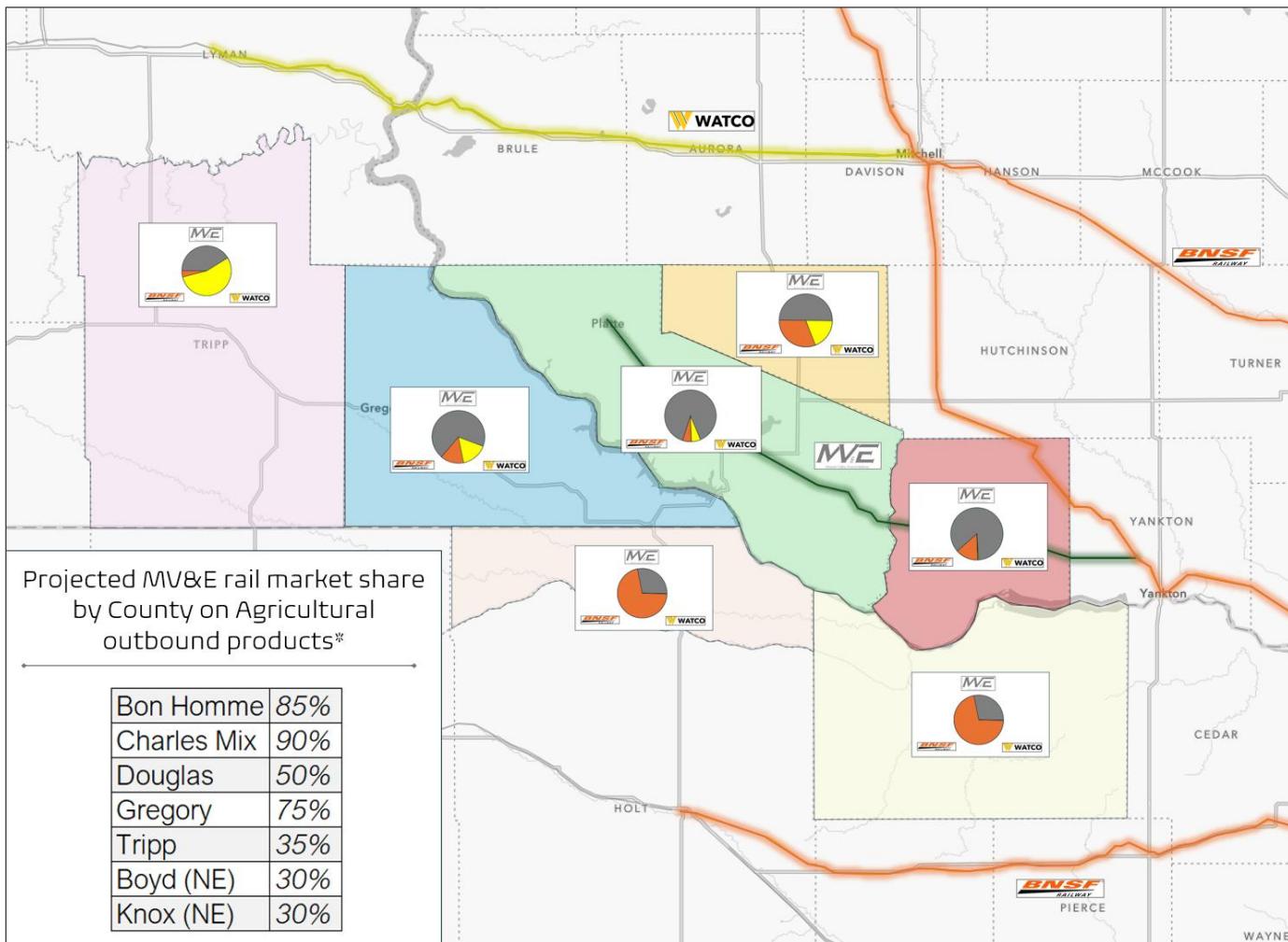
Please refer to the illustration below:



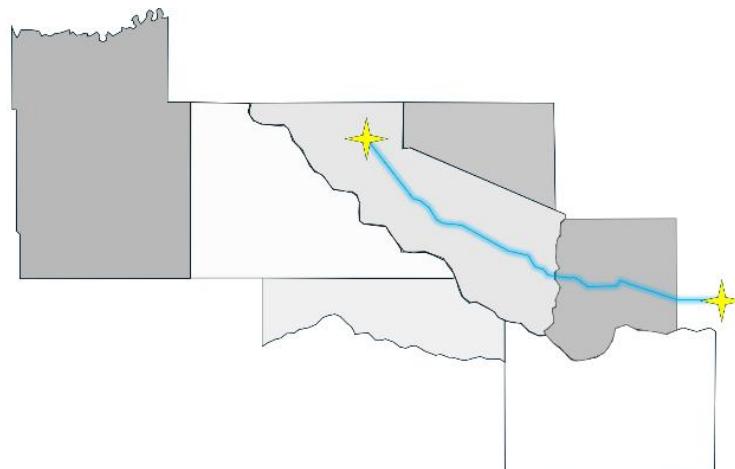
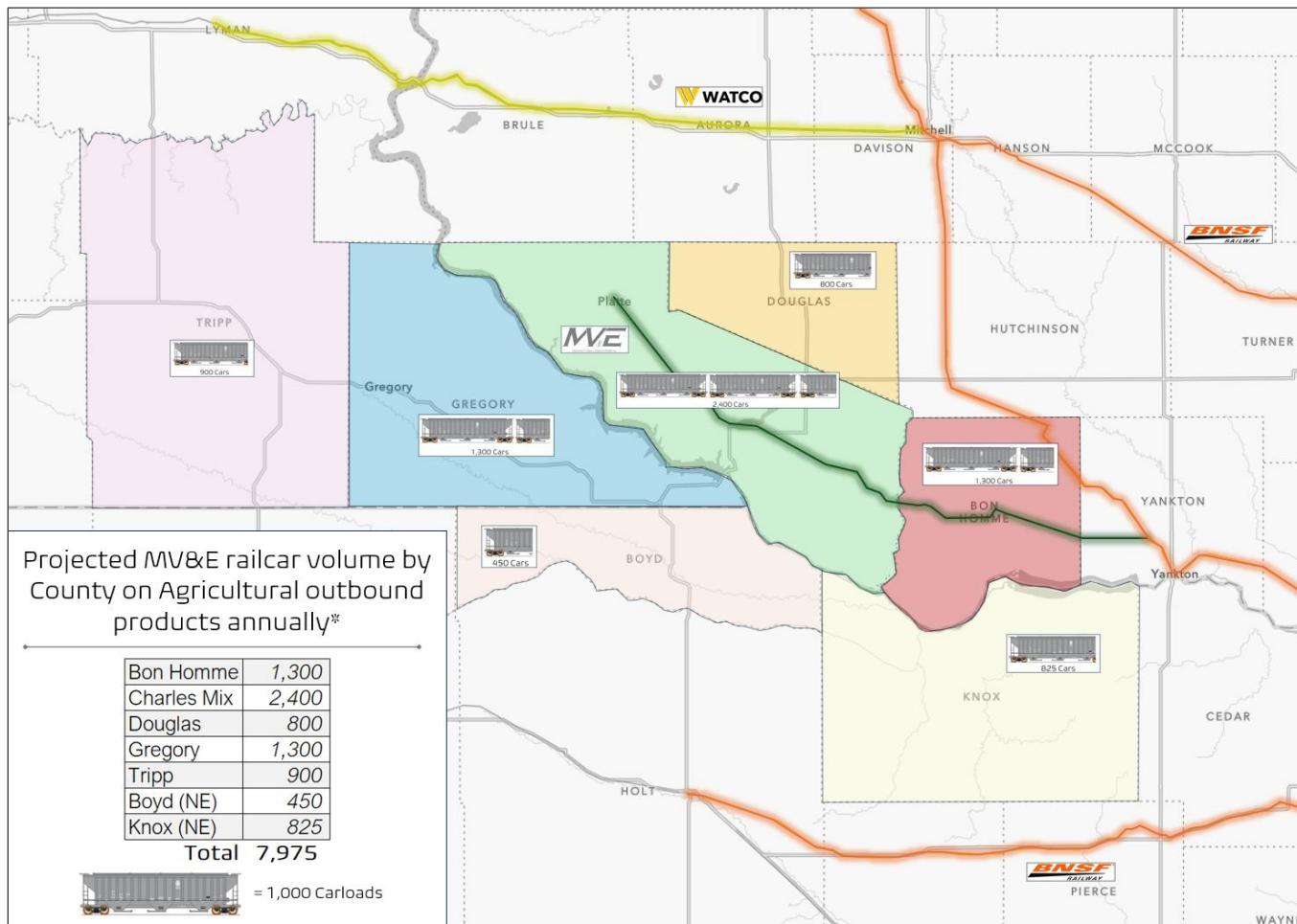
Agricultural Macro Economy – Refer to Appendix for larger version



Using the time-distance studies, one can project out potential agricultural crop market share captured by a reactivated railroad by outbound products by County:



Taking this information a step further, it is possible to approximate potential railcar volume of outbound agricultural crop products:



Utilizing this data, one can model the savings per year of simply having unit train/agricultural distribution points closer to the fields they were grown.

Total potential bushels shipped by MVERR: 32,000,000

÷

1,000 (Bushels per Truck)



=

32,000 (Semi loads)



X

38 Miles (average distance saved by reactivated Railroad)

X

2 (round trip)

=

2.43 Million road miles saved per year



÷

7.0 (Average mpg of Semi)

=

347,428 gallons of diesel saved per year



Total potential bushels shipped by MVERR: 32,000,000



÷

1,000 (Bushels per Truck)



=

32,000 (Semi loads)



X

1.25 Hours (average time savings per round trip)



=

40,000 hrs. saved in travel time per year

X

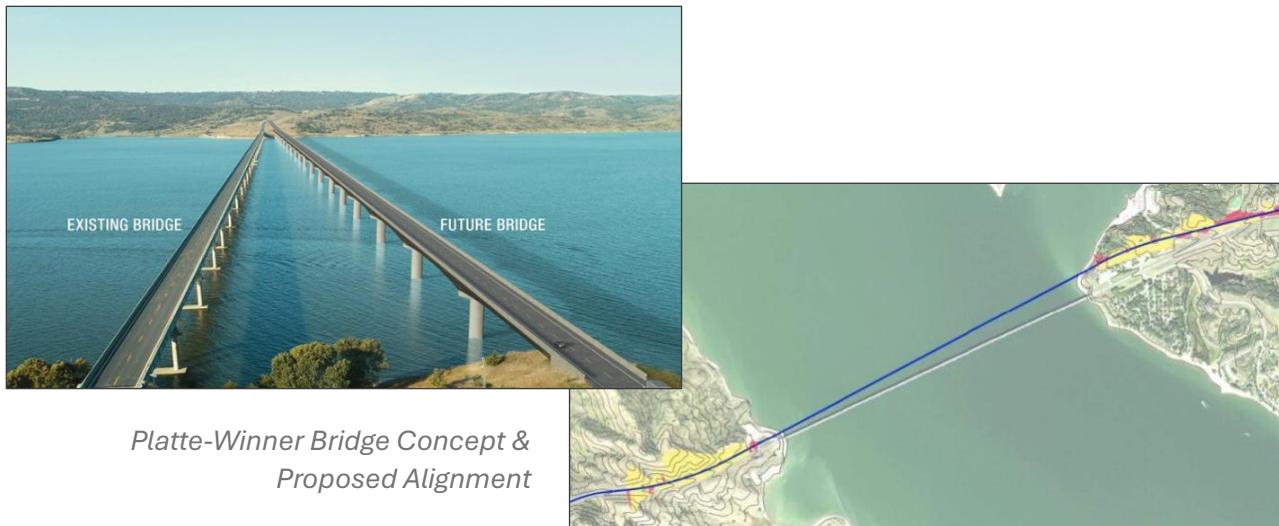
\$110 (Average cost per hour to operate semi)

=

\$4,400,000 saved in operating cost by reduced haul annually

The prior illustrations are examples of economic impacts of the reactivated rail line simply from an agricultural perspective. When one considers all possible inbound products such as steel, lumber, nutrients and aggregate it becomes apparent of the scale of economic impact to the community. Definitive economic models will be established as railroad reactivation occurs and the communities coupled with business development occur in earnest.

Another economic impact that often goes unnoticed is the time drag and logistical hurdles of trucking material that could be transloaded at a strategic point along the rail line. Take the new Platte – Winner bridge for example. The bridge construction will require large, prestressed beams, pillars, fly ash, rebar and concrete. All these items could arrive by rail to a transload yard in Platte with greatly reduced highway travel, costs and risks for the public by getting most of the transportation haul off the roads. One can quantify the reduced cost of a shorter truck haul, but it is much harder to place a figure on the time delays, logistical drag opportunities and gained safety from an economic impact perspective, but such variables are significant.



12. Long-term maintenance plan to meet or exceed current applicable rail standards

As outlined in subsection 2 above (Capital Investments) the railroad will need significant rebuilding to be a viable entity. That stated, the overarching goal is to have a railroad infrastructure that can handle 286k cars (upgradable to 315k if possible), large Group 6 six axle locomotives at Class II track standards (25 mph). This standard will allow efficient movement of large unit train sets. To obtain this standard the primary issue in question is the subgrade, rail and bridge conditions. These three items will dictate a large portion of the rebuilding costs.

Under preliminary planning, MVERR has identified the following is required:

Bridges/Culvert



Phase	Number of bridges replaced with culverts	Number of bridges strengthened	Number of Total Bridge Replacement
Napa Jct - Tabor	2		
Tabor - Tyndall	3	1	
Tyndall - Avon	2	5	
Avon - Wagner	6	6	1
Wagner - Lake Andes	3	3	
Lake Andes - Platte	3	5	
Total:	19	20	1

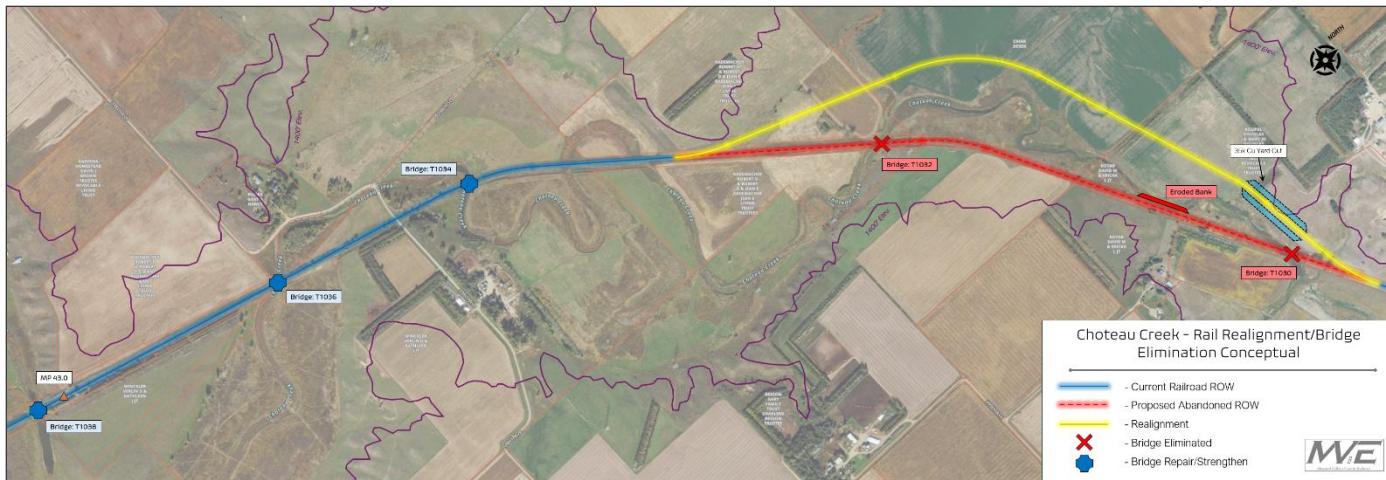
Grade Crossings



Phase	Refurbish	Completely New/Rebuild	Controlled New
Napa Jct - Tabor	9		
Tabor - Tyndall	13	1	
Tyndall - Avon	18		2
Avon - Wagner	12		
Wagner - Lake Andes	19		2
Lake Andes - Platte	19	1	1
Total:	90	2	5

Rail, switches and ballast requirements will all be determined in more in-depth studies with soil borings, bridge expert inspections and rail flaw analysis. The Capital Investment (subsection 2) details potential costs under each material subitem.

To help mitigate some of the potential cost of Bridge/Culvert and Grade Crossing upgrades, the MVERR proposes studies on Tyndall and Wagner bypasses (See above, page 29) and a bypass of bridge structures on Choteau Creek, just east of Wagner. The Platte line crosses the creek five times in a short distance. By realigning the rail line, two of these bridges may be avoided and a concerning erosional feature eliminated.



3.5 Trackage Rights, Haulage Rights, and Interchange Rights

The MVERR agrees and makes assurances to protect any applicable rights (Trackage, Haulage and Interchange) secured as a result of the settlement agreement between the State of South Dakota and BNSF railway and any related documents pertaining to said agreement.

3.6 Future Grant Commitments

MVERR understands that during the period of Proposals, the South Dakota Department may have submitted federal grant applications for improvements to the Line. MVERR agrees that to comply with all local, state and federal grant requirements in the event a grant was awarded and work in conjunction with all parties to see projects/grants forward.

3.7 Interim Trail Use

MVERR understands that the Tyndall-Platte segment is rail-banked and has been approved for interim trail use by the Surface Transportation Board (STB). It is understood that in the event MVERR pursues operation over the segment, MVERR must acquire common carrier service activation rights over the segment. MVERR does intend to assume trail sponsorship responsibilities with the goal of line reactivation.

3.8 Permits, Licenses, Excess Property Leases, and other Land Use Agreements.

MVERR understands and agrees that sales and leases are subject to the crossings, permits, licenses, excess property leases, and other land use agreements that apply to the Line. MVERR further understands and agrees that the Department reserves the right to exclude any excess property from the sale or lease of the Line at any time prior to execution of a purchase or lease agreement.

3.9 Approval of Sale or Lease

MVERR upon approval of proposal from the Department and Board will immediately file to obtain all necessary approvals from the Surface Transportation Board (STB). Upon filing, MVERR will provide timely updates to the Department and Board regarding approval timelines.

3.10 Environmental Liabilities

Upon acceptance of the Proposal, MVERR will commission a Phase I environmental study of the Line to determine potential environmental liabilities or obligations. Upon completion of the Phase I analysis, MVERR will identify and share steps/actions to address identified environmental liabilities/obligations with the Department and Board.

3.11 Conditions of Sale or Lease

Refer to Section 4&5 below.

Section 4 – Conditions of Sale

If Missouri Valley & Eastern exercises the Option to Purchase, the MVERR affirms compliance with the conditions of sale below. MVERR is prepared to address any other contingencies that are required by SDDOT.

1. MVERR agrees that the State of South Dakota will have an ability to repurchase the Napa Jct. – Platte line if MVERR were to seek to abandon it.
2. MVERR agrees that the State of South Dakota has the right of first refusal if MVERR offers to sell all or any of the assets to a third party
3. MVERR agrees with the SDDOT requirement that any assignee or successor to MVERR must abide by the terms of the sale agreement
4. MVERR agrees the SDDOT requirement that the sale of the asset/rail line be considered “AS IS, WHERE IS”, as allowed by law
5. MVERR agrees with provisions requiring MVERR to identify SDDOT harmless for any claims related to any acts or omissions of MVERR related to the assets after closing of the sale.
6. MVERR agrees to the provisions requiring MVERR to fully protect any haulage, trackage, and interchange rights that apply to the Assets as a result of SDDOT’s settlement with BNSF.
7. MVERR understands SDDOT will retain mineral rights as required by South Dakota law.
8. MVERR agrees that a 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. MVERR understands that SDDOT will reserve a right to crossings that have no yet been constructed but are identified in SDDOT’s current Statewide Transportation Improvement Plan
10. MVERR agrees that Assets will be conveyed by quit claim deed and MVERR will waive any title defects.
11. MVERR understand that within 90-days of the execution of the sales agreement, all STB required authorizations necessary to legally implement the sales agreement terms, including authorization to common carrier service over the Napa – Tyndall Stegment.

Section 5 – Conditions of Lease

Missouri Valley & Eastern proposes to initially lease of the entirety of Napa – Platte rail line. MVERR affirms compliance with the below conditions of Lease. MVERR is prepared to address any other contingencies that are required by SDDOT.

1. MVERR agrees to lease termination for cause, including, but not limited to, abandonment, nonpayment of rent, failure to provide common carrier service, and inadequate maintenance or repair
2. MVERR agrees to the operational and service commitments, including prompt obtainment of STB common carrier authority within 90 days of execution of the lease agreement, with continuous common carrier service consistent with STB requirements
3. MVERR agrees to provisions that obligate the lessee to fully protect any haulage, trackage, and interchange rights that apply to the line as a result of the Department’s settlement

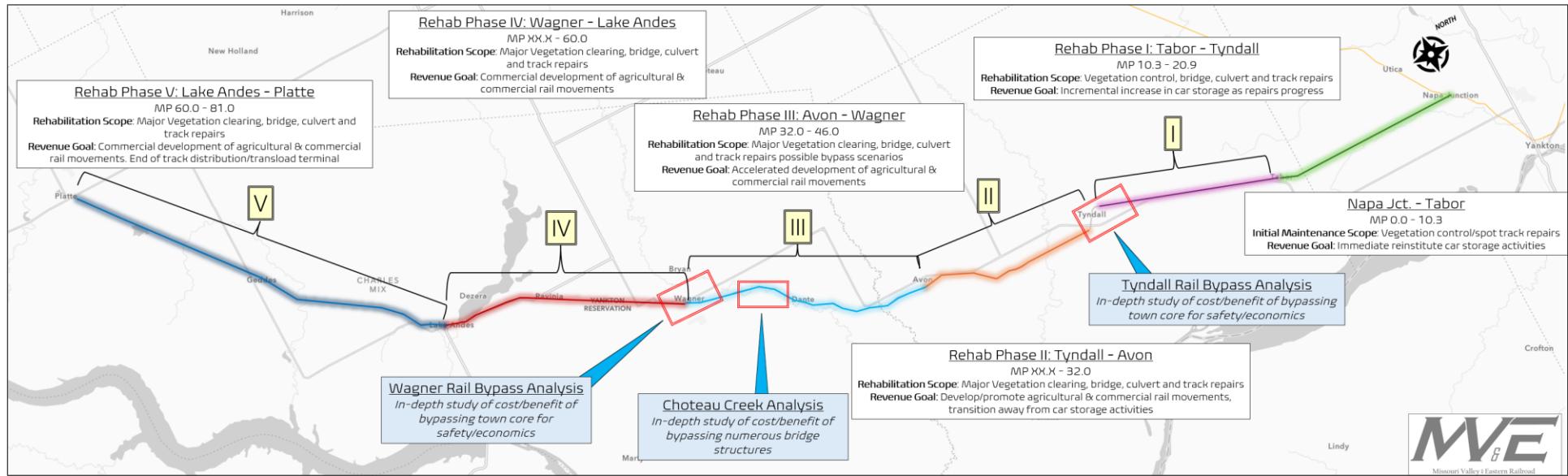
agreement with BNSF, and to fully comply with any other obligations that apply to the lessee pursuant to that settlement agreement

4. MVERR agrees to compliance with all environmental, safety, and operational responsibilities during the lease term
5. MVERR agrees to indemnification of the Department and Board for claims arising from acts of omission of the lessee
6. MVERR agrees that it is prohibited to assign leases or subleases with prior written consent of the Department and Board
7. MVERR agrees to provide the Department and Board with timely updates on frequency of service, interchange commitments and switching arrangements
8. MVERR agrees to produce a public interest and economic benefits plan to sustain or expand service for existing shippers. Frequency of presentation of plans shall be mutually agreed upon by MVERR, the Department and Board.

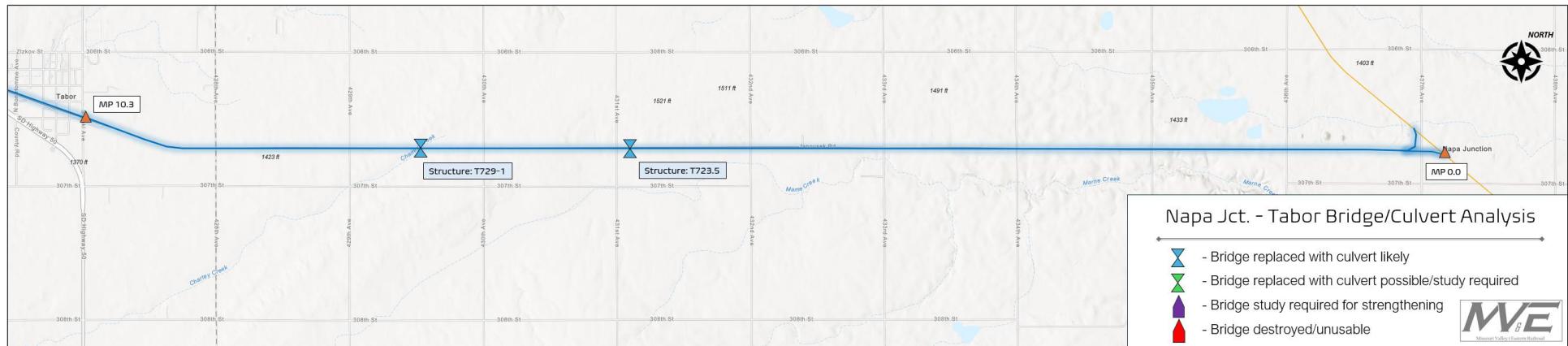
Conclusion

The Missouri Valley & Eastern/Woodward looks forward to discussing the opportunities of the Napa Junction – Platte rail line. It is due to the State of South Dakota's foresight in 1980 that this opportunity exists to this day and it is the goal to see the complete rail line reactivated to serve its original purpose that the Milwaukee Road intended when it began laying rails in June 1900. That goal is to bring economic growth and stability to a region that was not being served. History repeats and 35 years after rail service evaporated, the opportunity now exists to revitalize a corridor that now has more economic advantages available due to cost economics than any other time in the last 100 years. The open bidding/proposal arrangement is appreciated, and we look forward to the opportunity.

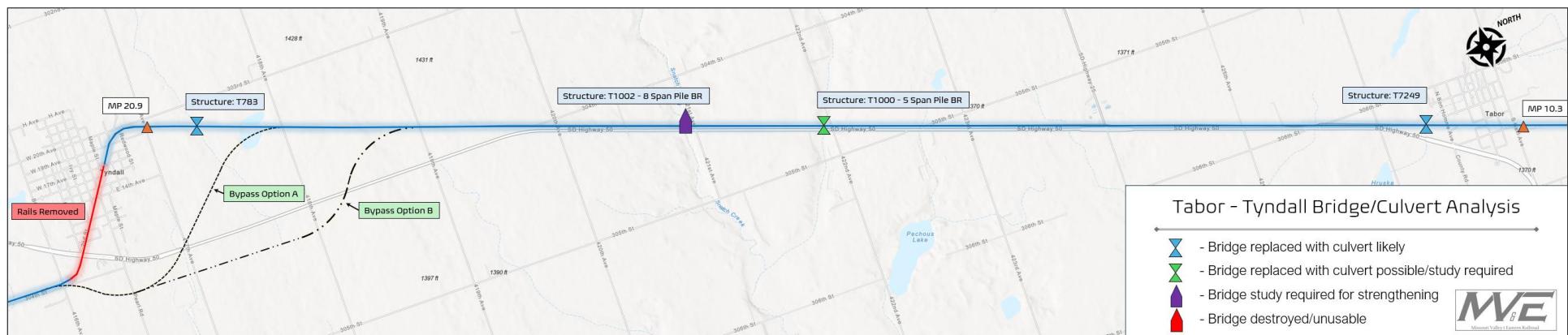
Appendix Item I – Rail Rebuild Macro



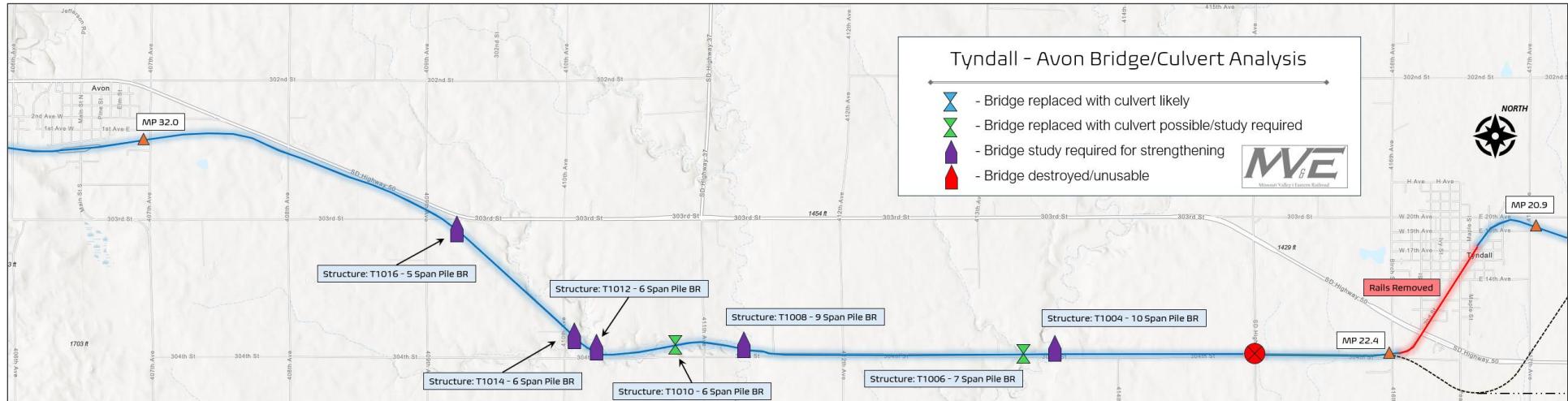
Appendix Item II – Napa Jct. – Tabor Bridge/Culvert Analysis



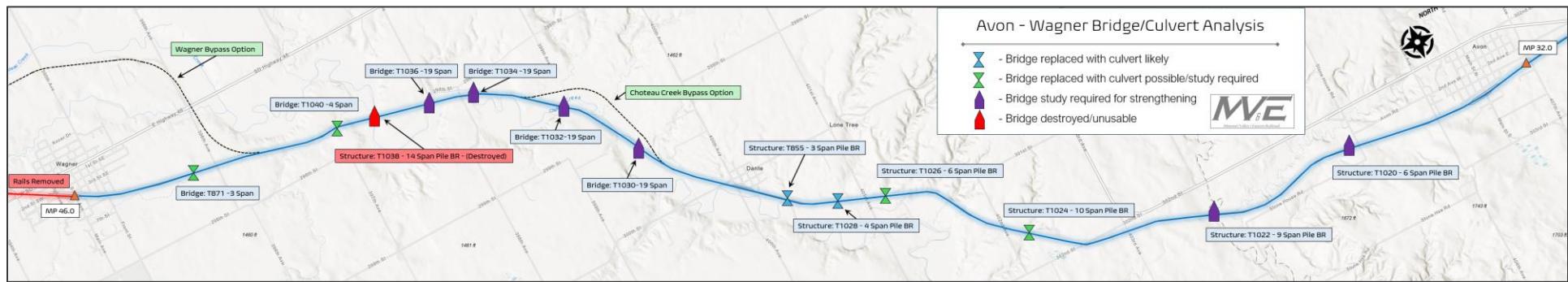
Appendix Item III – Tabor - Tyndall Bridge/Culvert Analysis



Appendix Item IV – Tyndall - Avon Bridge/Culvert Analysis



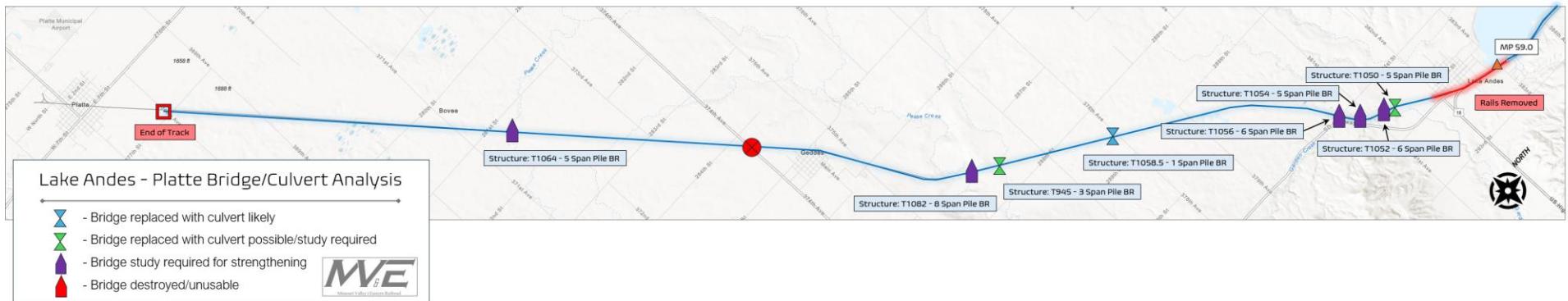
Appendix Item V – Avon - Wagner Bridge/Culvert Analysis



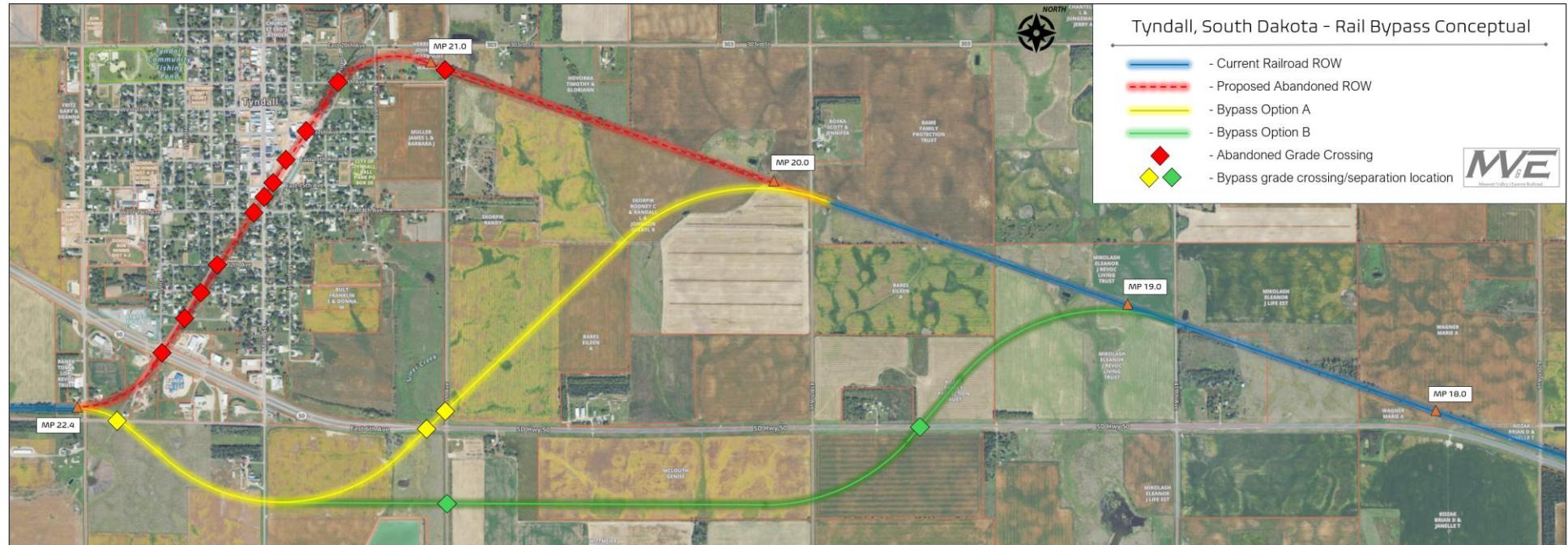
Appendix Item VI – Wagner – Lake Andes Bridge/Culvert Analysis



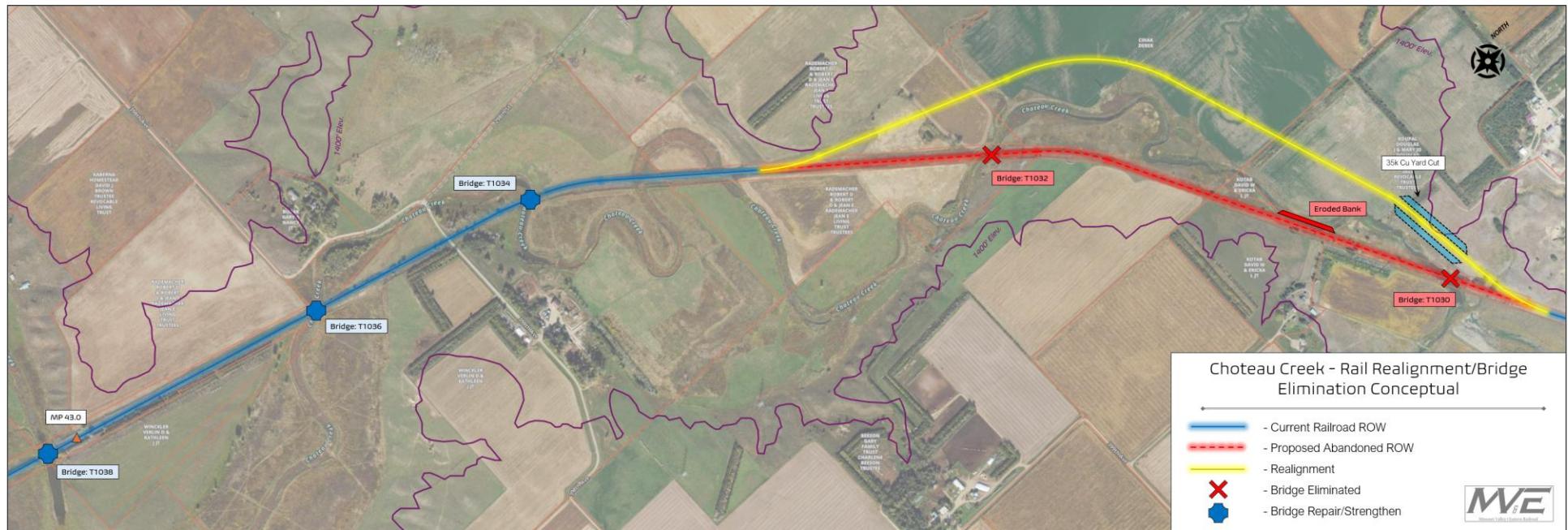
Appendix Item VII – Lake Andes - Platte Bridge/Culvert Analysis



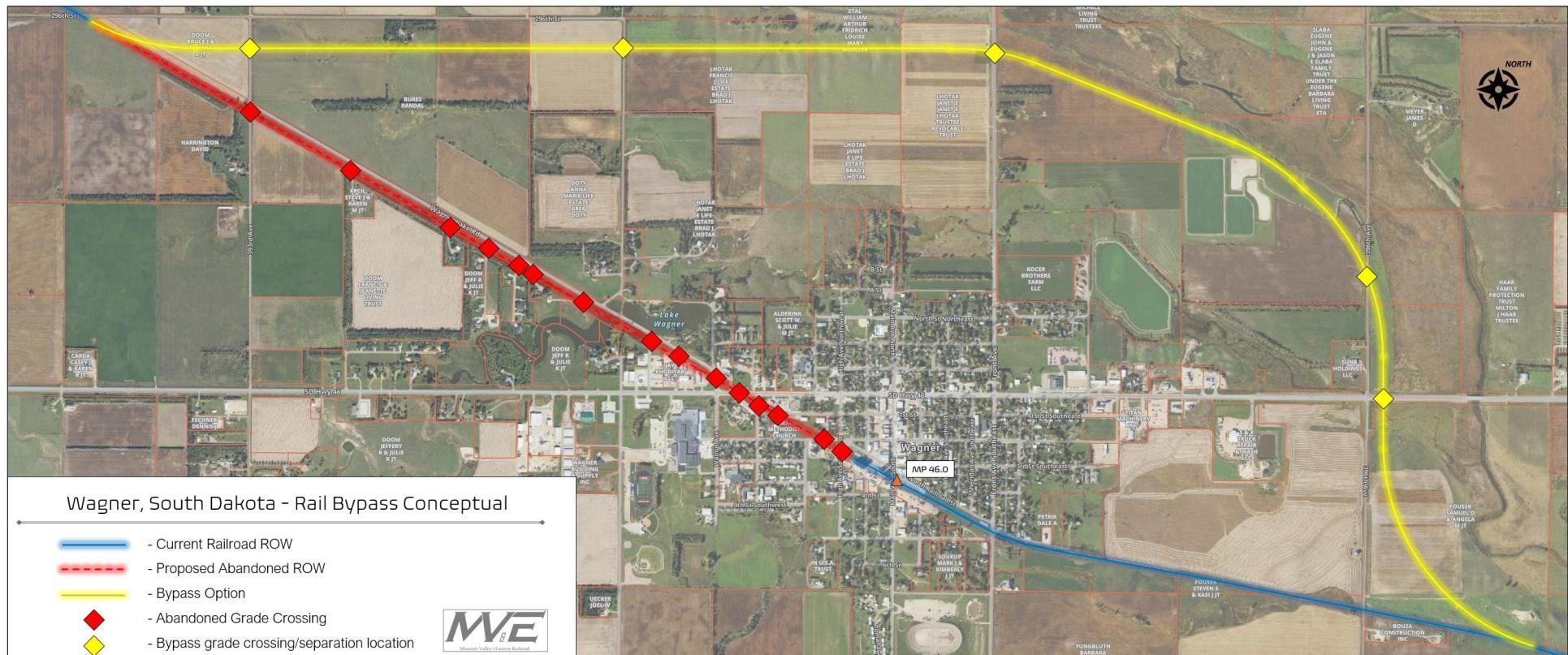
Appendix Item VIII – Tyndall Bypass Conceptual



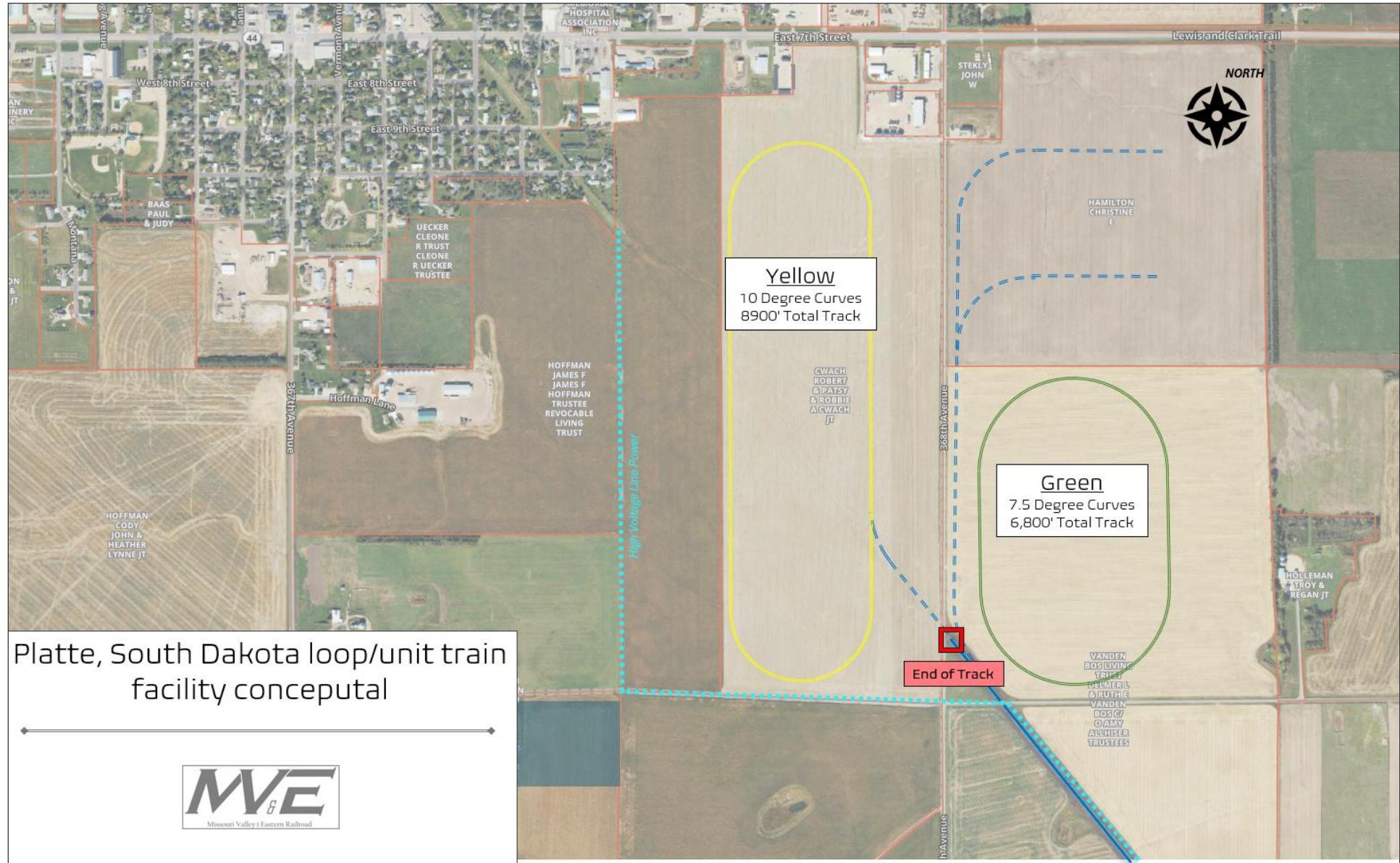
Appendix Item VIII – Choteau Creek Bypass Conceptual



Appendix Item IX – Wagner Bypass Conceptual



Appendix Item X – Platte loop/unit train facility concept



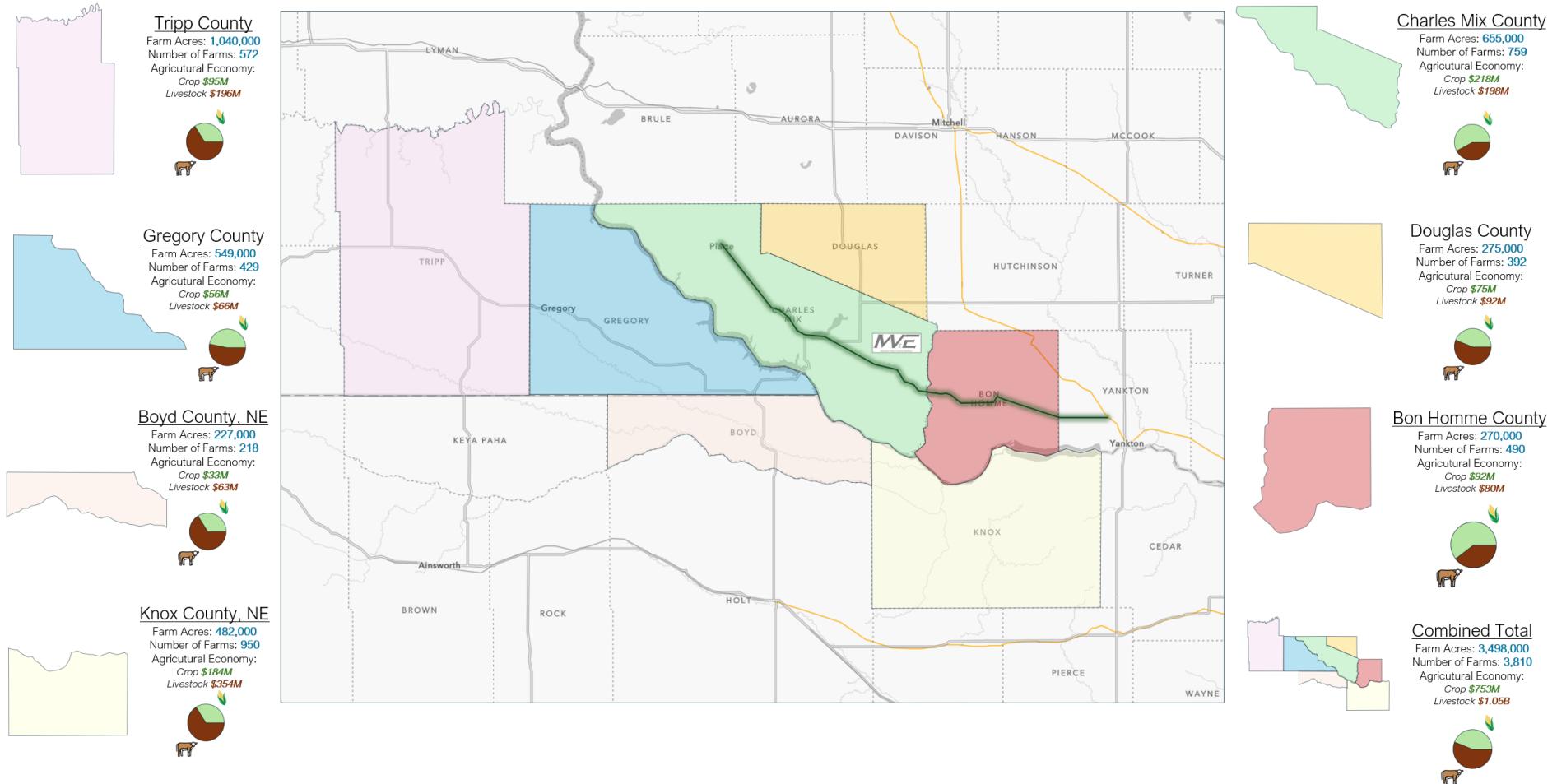
Appendix Item XI – Projected Rebuilt Cost by Phase

Phase	Brush	Ballast	Ties	Rail	Bridges	Switches	Grade Crossings	Total for Phase less rail	Total for Phases with Rail Replacement
Napa Jct - Tabor	\$51,500	\$1,854,000	\$1,779,840.00	\$3,263,040	\$50,000	\$164,000	\$54,000	\$3,953,340	\$7,216,380
Tabor - Tyndall	\$63,600	\$1,908,000	\$1,831,680.00	\$3,358,080	\$225,000	\$328,000	\$88,000	\$4,444,280	\$7,802,360
Tyndall - Avon	\$111,000	\$1,998,000	\$2,157,840.00	\$3,516,480	\$800,000	\$246,000	\$808,000	\$6,120,840	\$9,637,320
Avon - Wagner	\$126,000	\$2,520,000	\$2,721,600.00	\$4,435,200	\$1,810,001	\$328,000	\$72,000	\$7,577,601	\$12,012,801
Wagner - Lake Andes	\$91,000	\$2,520,000	\$2,721,600.00	\$4,435,200	\$345,000	\$246,000	\$814,000	\$6,737,600	\$11,172,800
Lake Andes - Platte	\$136,500	\$3,780,000	\$4,082,400.00	\$6,652,800	\$825,000	\$328,000	\$474,000	\$9,625,900	\$16,278,700
Totals:	\$579,600	\$14,580,000	\$15,294,960	\$25,660,800	\$4,055,001	\$1,640,000	\$2,310,000	\$38,459,561	\$64,120,361

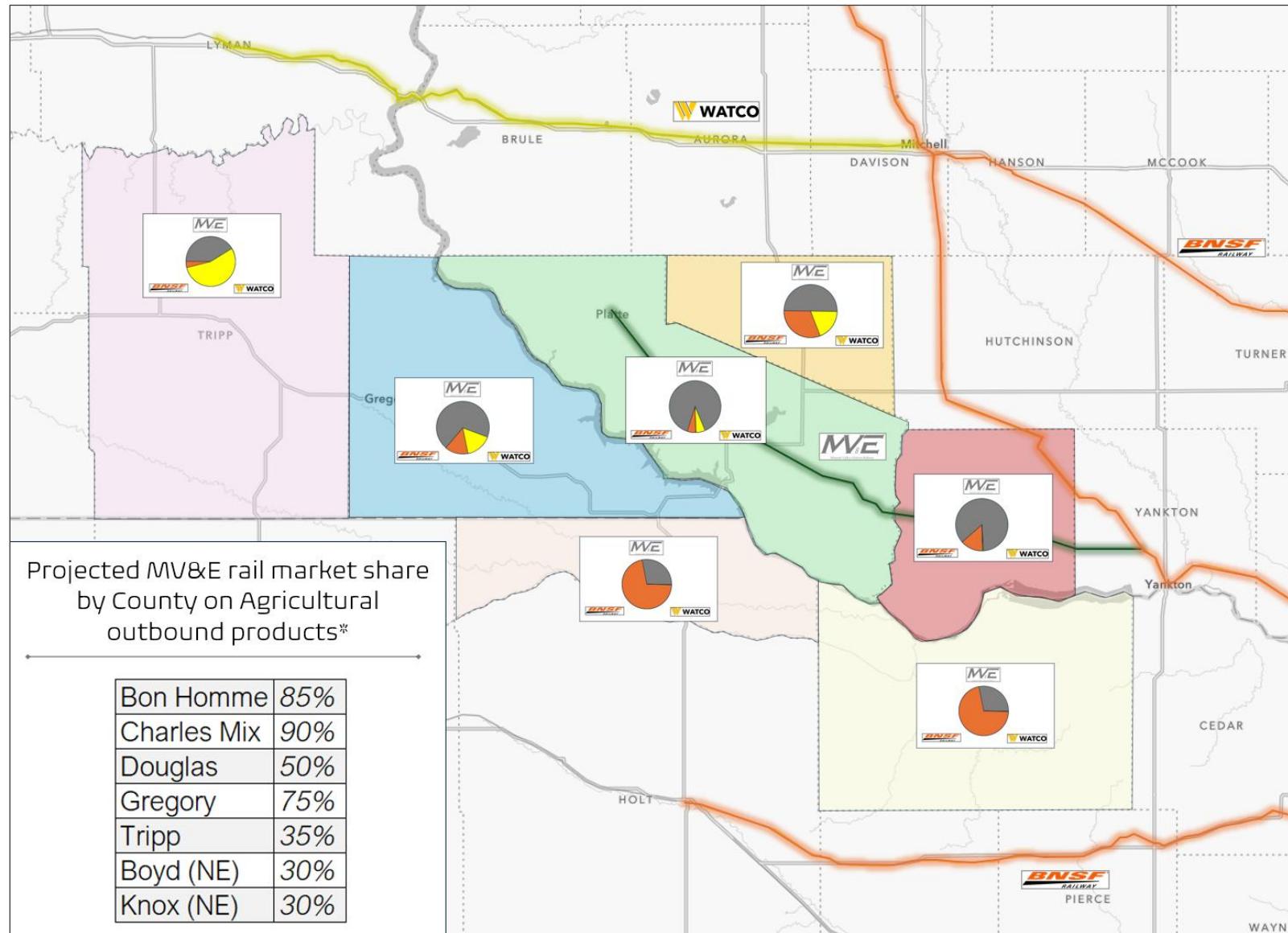


Ballast & Rail are largely dependent upon more in-depth analysis. These figures assume poor current conditions and total replacement

Appendix Item XII – Region Agricultural Economy Macro



Appendix Item XIII – Projected MV&E Agricultural Market Share



Appendix Item XIV – Projected MV&E Agricultural Outbound Volume

