

**SOUTH DAKOTA STATE RAILROAD BOARD MEETING MINUTES
AUGUST 1, 2018 – 11:00 A.M.
BECKER-HANSEN BUILDING – 700 EAST BROADWAY
PIERRE, SOUTH DAKOTA**

MEMBERS PRESENT: Harlan Quenzer, Chair
Jerry Cope, Vice Chair (joined at 11:12 a.m.)
Jeff Burket, Secretary
Steve Scharnweber, Member
Jack Nelson, Member
Gary Doering, Member

DOT STAFF PRESENT: Darin Bergquist, Karla Engle, Bonnie Olson, Misty Siedschlaw, Jack Dokken, Perry Griffith, and Katherine Anderson

OTHERS PRESENT: Alex Huff; Dick Huff; Daniel Dalton – Rapid City, Pierre & Eastern Railroad (RCP&E); Blake Jones – RCP&E; Dean Krogman – RCP&E; Nicholas Smith – RCP&E; Jerry Vest – RCP&E; Dustin Buntrock – Agtegra Cooperative; Heath Haden – Dakota Southern Railway Company (DSRC); Scott Van Den Top – D & I Railroad Co. (D&I); Jack Parliament – D&I; Bob Mercer – Associated Press

**OTHERS PRESENT
VIA CONFERENCE CALL:** Kim Halverson – MRC Regional Railroad Authority (MRC RRA) (joined the meeting at 11:20 a.m.)

Chairman Harlan Quenzer called the meeting of the South Dakota State Railroad Board (the “Board”) to order at 11:04 a.m.

Chairman Quenzer opened the floor to Board members to disclose potential conflicts of interest and to present requests for waivers pursuant to South Dakota Codified Law (SDCL) chapter 3-23.

The Board acknowledged receipt of Burket’s written annual disclosure of potential conflict of interest, which will be filed with the required state agencies. A copy of the written annual disclosure form is attached to and incorporated into these minutes as **Exhibit A**.

Chairman Quenzer opened the floor for public input.

Alex Huff presented a page from a Dakota Southern report to correct a statement he made regarding the Dakota Southern Railway Company (“DSRC”) derailment. Huff requested the record reflect that the cost of the derailment was \$2,500,000.00 and not \$1,000,000.00 as he had previously reported. The page is attached as **Exhibit B**.

Jack Dokken, Program Manager for the Office of Air, Rail, and Transit, provided the Board with an update on the State Railroad Trust Fund balance.

Member Jerry Cope joined the meeting at 11:12 a.m.

Jack Parliament, a representative of D&I Railroad Co. (“D&I”), presented a proposal to the Board for the potential submission of a CRISI grant. The grant funds would be used to replace approximately 11.7 miles of 100 lb. jointed rail with approximately 7 miles of new 115 lb. continuously welded rail and 4.7 miles of 80-foot lengths of 115 lb. jointed rail. This project would also include the construction of a meet and pass siding in the Fairview, South Dakota area. The funding package would consist of CRISI grant funds in the amount of \$4,050,000.00; a loan from the Railroad Trust Fund in the amount of \$3,050,000.00; and a grant from the State Railroad Trust Fund in the amount of \$1,000,000.00. The Department of Transportation (the “Department”) would be tasked with developing the grant application, with support from the Sioux Valley Regional Railroad Authority (“SVRRA”). The Department and SVRRA would share equally in the cost of the grant writing services.

Jerry Vest, a representative of Rapid City, Pierre & Eastern Railroad (“RCP&E”), presented a proposal to the Board for the potential submission of a CRISI grant. The grant funds would be used to modernize and upgrade the capacity of the RCP&E main line west of Fort Pierre between Mileposts 488.3 (Fort Pierre) and 520.6 (Capa, South Dakota). The project would replace 25.6 miles of old, obsolete, and defect-prone 90 lb. and 100-35 lb. main line rail with new modern 115 lb. continuous welded rail; upgrade seventeen (17) separate bridges to be able to handle modern 286,000 lb. freight cars; and rebuild the “JC siding” at MP 505, replacing 72 lb. rail with new 115 lb. continuous welded rail. The funding package would consist of CRISI grant funds in the amount of \$10 million; RCP&E match in the amount of \$10,000,000.00; and a supplemental grant from the State Railroad Trust Fund in the amount of \$2,500,000.00. The CRISI grant application would be prepared by RCP&E management and a consulting firm. RCP&E would pay for the consultant.

Heath Haden, a representative of Dakota Southern Railway Company (“DSRC”), presented a grant request to the Board for the potential submission of a CRISI grant or other type of grant. The project would consist of placing approximately 50,000 to 60,000 tons of ballast (40,000 West River and 20,000 East River), double tamp the entire line, and place 2,000-3,000 ties. The funding package would consist of CRISI grant funds in the amount of \$1,250,000.00 and DSRC would use an in-kind match for the remainder of the \$2,300,000.00 cost of the project. Haden was unsure who would be responsible for the application and associated cost of any grant writing services.

Dokken presented a letter the Department received from Ken Cotton, an attorney representing the MRC Regional Railroad Authority (“MRC RRA”) in response to the potential submission of a CRISI grant application. The project would consist of expanding the MRC rail line west to Murdo, South Dakota. Although a proposed estimated project cost was not indicated in the letter, MRC RRA indicated that the cost of the project would necessitate a large grant with a corresponding large “match” being put up by the MRC RRA, or other entities. The MRC RRA would need assistance from the Department to complete the grant application.

With no other business to come before the Board, the meeting was adjourned at 12:57 p.m.

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

THIS IS A PUBLIC DOCUMENT

Name of Member: Jeff Buket

Name of Board, Authority or Commission: South Dakota State Railroad Board
+ South Dakota Railroad Authority

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

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

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

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

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

1. Contracts in which you have an interest pursuant to SDCL Chapter 3-23 and which do not violate any other provision of law - Provide the following for each contract in which you have, or will have, an interest. For further information see SDCL 3-23-2.1 and 3-23-3.1.

Description of the contract	Parties	Description of your interest/role in the contract	Date contract was previously disclosed, if applicable
Lease of Milwaukee Yard in Rapid City SD	MTI American Colloid	Employee of MTI who leases the yard	Aug 16 2017

Attach additional pages, if necessary:

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

Description of the contract	Parties	Description of the direct benefit	Date contract was authorized
Lease of Milwaukee Yard in Rapid City SD	MTI American Colloid	Employee of MTI who leases the yard	

Attach additional pages, if necessary:

3. Entities in which you possess an ownership interest of five percent or more that receive grant money from the State, either directly or by a pass-through grant, or that contract with the State or any political subdivision for services – Provide the following for each such entity. See SDCL 3-23-3.1.

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

Attach additional pages, if necessary.

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

Signature of Member:



Date:

8/1/18

EXHIBIT B

Summary Table --- All Railroads
Originally on Old Query 3.12 (Accident Table By Railroad)

2017

Selections: State - SOUTH DAKOTA, County - AURORA
Type of Accident - ALL
Time Frame - From January 2017 To December 2017

Railroad	Total	Reportable Damage	Casualty		Causes
	Cnt	Amount (\$)	Kld	Inj	Trk
Dakota Southern Rwy Co. [DSRC]	1	2,500,000	0	0	1
Total Count all Railroads	1	2,500,000	0	0	1

Causes: Eqp=Equipment Defect HRC=Highway-Rail Crossing Hmn=Human factor Sig=Signal Defect Trk=Track Defect Othr=Other