

**SOUTH DAKOTA STATE RAILROAD BOARD MEETING MINUTES
OCTOBER 17, 2018 – 11:00 A.M.
BECKER-HANSEN BUILDING – 700 EAST BROADWAY
PIERRE, SOUTH DAKOTA**

MEMBERS PRESENT: Jerry Cope, Vice Chair
Jeff Burket, Secretary
Gary Doering, Member
Greg Carmon, Member
Jack Nelson, Member

**MEMBERS PRESENT
VIA CONFERENCE CALL:** Steve Scharnweber, Member

DOT STAFF PRESENT: Joel Jundt, Karla Engle, Jack Dokken, Misty Siedschlaw, Perry Griffith, Lynn Kennison, Bonnie Olson, and Katherine Anderson

OTHERS PRESENT: Dick Huff; Alex Huff; Danny Dalton – Rapid City, Pierre & Eastern Railroad Inc. (RCP&E); Scott Van Den Top – D&I Railroad Co.; Rod Wiseman – RCP&E; Crystal Blasus – RCP&E; Rick Vallery – Rep. Noem’s office; Kevin Hipple – Hughes County Regional Railroad Authority (HCRRA); Roger Inman – HCRRA; Marty Winckler – HCRRA; and Tom Tveit – South Dakota Pulse Processors LLC (SDPP)

**OTHERS PRESENT
VIA CONFERENCE CALL:** Jeff Cooley (joined at 11:05 a.m.) and Dell Bartels (joined at 11:28 a.m.)

Vice Chairman Jerry Cope called the meeting of the South Dakota State Railroad Board (the “Board”) to order at 11:02 a.m.

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

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

Cope asked for a motion to approve the minutes of the September 19, 2018, Board meeting.

A MOTION WAS MADE by Burket and seconded by Nelson to approve the September 19, 2018, meeting minutes. All present voted aye by roll call vote. The motion carried.

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

Deputy Secretary Joel Jundt presented the Secretary's Report. Jundt provided an update on Board Chairman Quenzer.

Jundt provided an update of the total funding available in Special Transportation Circumstances ("STC") grant funds are \$9.2 million. The deadline to submit a project for STC grant funds was October 12th, but the Federal Railroad Administration ("FRA") will issue a Notice of Funding Availability ("NOFA") and allow the Department of Transportation (the "Department") to submit a project for STC grant funds after October 12th.

Jundt suggested the Board identify a process for reviewing requests for funding projects for the STC grant funds. The Board decided to follow a three-meeting process. At the first meeting, the Board would receive the STC funding requests and begin asking questions. The second meeting would allow applicants to respond to questions and provide additional details to the Board. At the third meeting, the Board would make its determination as to which funding applications to approve for submittal to the FRA.

Hughes County Commissioner Roger Inman and Tom Tveit of South Dakota Pulse Processors LLC ("SDPP") presented a loan modification request by South Dakota Pulse Processors.

A MOTION WAS MADE by Burket and seconded by Doering to amend the loan agreement with Hughes County Regional Railroad Authority to allow Hughes County Regional Railroad Authority to split the loan payment due February 1, 2019, into two installments with the first installment in the amount of \$25,000.00 due September 30, 2019, and the second installment of \$33,000.00, including interest accruing from February 1, 2019 to December 31, 2019, due December 31, 2019. All present voted aye by roll call vote. The motion carried.

The Board acknowledged receipt of Doering's verbal disclosure of potential conflicts of interest regarding his relationship with East Central Regional Railroad Authority. Doering explained that he acts as the agent for the regional railroad authority when submitting paperwork to the Department.

A MOTION WAS MADE by Carmon and seconded by Nelson to determine that the matter underlying the conflict is fair, reasonable, and not contrary to the public interest. All present voted aye by roll call vote, except Doering, who abstained from the Board discussion and vote. The motion carried.

Jack Dokken, Program Manager for the Office of Air, Rail, and Transit, presented consideration of East Central Regional Railroad Authority lease payment due date.

A MOTION WAS MADE by Nelson and seconded by Burket to amend East Central Regional Railroad Authority's sub-lease agreement to move the sub-lease payment due date from March 1st to August 1st and amend East Central Regional Railroad Authority's main line lease agreement to move the lease payment due date from March 1st to September 1st, beginning in 2019. All present voted aye by roll call vote, except Doering, who abstained from the Board discussion and vote. The motion carried.

Dokken provided the Board with updates on the following projects:

- Richland-Sargent Drainage Project – the project was completed by JEV Construction and planned and managed by Interstate Engineering. Dakota, Missouri Valley & Western performed the final surfacing, removed the panel, and reinstalled the panel. The ballast was also replaced. The Board committed \$250,000.00, but it looks like it will only cost about \$200,000.00.
- TIGER VII
 - Huron – Huron part of this project is completed.
 - Philip – Philip siding is nearly complete. They are scheduled to finish the welds Sunday, October 21. There will be a final walkthrough Monday, October 22 with staff from the Department. The original estimate for this project was \$12.4 million, final costs are coming in, and we're looking at about a \$4.2 million to \$4.4 million underrun. The applicant, RCP&E, will request to repurpose those dollars to rehabilitate or move from jointed rail to ribbon rail west of Fort Pierre.
- MRC & Britton Salvage – The Department estimated this project to produce about 8,800 tons, but so far it's produced about 11,000 tons of scrap material. The Department is expecting approximately \$1.3 million in scrap material funds .
- GIS Mapping of rail lines – The project will be completed in December 2019.

Karla Engle of the Office of Legal Counsel asked for a motion to enter into executive session pursuant to South Dakota Codified Law (“SDCL”) §1-25-2(3) and (4).

A MOTION WAS MADE by Burket and seconded by Carmon to enter into executive session pursuant to SDCL § 1-25-2(3) for the purpose of consulting with legal counsel or reviewing communications from legal counsel about proposed or pending litigation or contractual matters, and SDCL § 1-25-2(4) for the purpose of preparing for contract negotiations. All present voted aye by roll call vote. The motion carried.

The Board came out of executive session at 12:21 p.m. With no other business to come before the Board, the meeting was adjourned at 12:21 p.m.