

**SOUTH DAKOTA STATE RAILROAD BOARD MEETING MINUTES
SEPTEMBER 19, 2018 – 11:00 A.M.
BECKER-HANSEN BUILDING – 700 EAST BROADWAY
PIERRE, SOUTH DAKOTA**

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

DOT STAFF PRESENT: Darin Bergquist, Joel Jundt, Karla Engle, Misty Siedschlaw, Perry Griffith, Lynn Kennison, and Katherine Anderson

OTHERS PRESENT: Jack Parliament – D & I Railroad Co. (D&I); Bob Mercer – Associated Press; Heath Haden – Dakota Southern Railway Company (DSRC); Scott Van Den Top – D&I; Dean Krogman – Rapid City, Pierre & Eastern Railroad Inc. (RCP&E)

OTHERS PRESENT VIA CONFERENCE CALL: Dick Huff; Bruce Lindholm (joined at 11:55 a.m.)

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

Jeff Burket informed the Board that he had previously submitted a conflict of interest disclosure and would be abstaining from discussion and vote on the Maple Street Yard Lease item.

Cope asked for a motion to approve the minutes of the August 15, 2018, Board meeting.

A MOTION WAS MADE by Carmon and seconded by Nelson to approve the August 15, 2018, meeting minutes. All present voted aye by roll call vote. The motion carried.

Cope asked for a motion to approve the minutes of the August 21, 2018, Board meeting.

A MOTION WAS MADE by Burket and seconded by Scharnweber to approve the August 21, 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.

Secretary Bergquist announced that at the end of the agenda, he would request that the Board go into executive session pursuant to South Dakota Codified Law (“SDCL”) §1-25-2(3) and (4). Due to storms occurring on the East and Southeast, the application deadline for CRISI grants has been extended from September 17 to October 12. Bergquist announced that Rapid City, Pierre & Eastern Railroad Inc. (“RCP&E”) has decided not to pursue the CRISI grant and distributed a written statement to the Board from Jerry Vest. The statement described RCP&E’s reasons for not pursuing the CRISI grant at this time.

Hughes County Commissioner Roger Inman provided the Board with an update on the Hughes County Regional Railroad Authority and the loans the authority currently has with the Department of Transportation (the “Department”).

Deputy Secretary Joel Jundt requested the Board consider approval of the Revised Property Management Guidelines.

Karla Engle, Office of Legal Counsel, explained the procedural steps that were followed concerning the revisions to the Property Management Guidelines. The Department published notice pursuant to Administrative Rule 70:05:01:05. A written comment, regarding railroad protective liability insurance, was received by Jack Parliament and was provided to the Board by e-mail. Engle explained that Jack Parliament’s recommendation, to include a reference to railroad protective liability insurance, was incorporated into a new draft of the guidelines. Engle distributed the new draft, which also included grammatical changes and one other substantive change. Jack Parliament addressed the Board to explain his request for railroad protective liability insurance and to offer other comments. No other members of the public appeared to offer testimony in support of or in opposition to the revisions to the Property Management Guidelines.

A MOTION WAS MADE by Burket and seconded by Scharnweber to approve the Revised Property Management Guidelines as presented and recommended by the Department. All present voted aye by roll call vote. The motion carried.

Jundt presented consideration of the Maple Street Yard Lease in Rapid City.

A MOTION WAS MADE by Doering and seconded by Nelson authorizing the Maple Street Yard Lease at a rate to be negotiated by the Department and RCP&E at a rate no less than \$5,426.00. All present voted aye by voice vote, except Burket who abstained from the discussion and vote. The motion carried.

Jundt presented consideration of the City of Wagner Property Maintenance Agreement.

A MOTION WAS MADE by Doering and seconded by Burket to approve the City of Wagner Property Maintenance Agreement as presented and recommended by the Department. All present voted aye by voice vote. The motion carried.

Jundt presented consideration of a fencing request along the Mitchell to Rapid City line ("MRC").

A MOTION WAS MADE by Scharnweber and seconded by Doering to provide \$26,000.00 from the Railroad Trust Fund to finance this fencing request along the MRC line west of Oacoma in the area known as the "gorge." All present voted aye by voice vote. The motion carried.

A MOTION WAS MADE by Nelson and seconded by Burket 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 voice vote. The motion carried.

With no other business to come before the Board, the meeting was adjourned at 1:05 p.m.