

**SOUTH DAKOTA STATE RAILROAD BOARD MEETING MINUTES
APRIL 17, 2019, AT 11:00 A.M.
BECKER-HANSEN BUILDING – 700 EAST BROADWAY
PIERRE, SOUTH DAKOTA**

- MEMBERS PRESENT:** Jeff Burket, Vice-Chair
Greg Carmon, Member
Gary Doering, Member
Jack Nelson, Member
Steve Scharnweber, Member
- MEMBER PRESENT
VIA CONFERENCE CALL:** Harlan Quenzer, Member
- DOT STAFF PRESENT:** Darin Bergquist, Joel Jundt, Karla Engle, Jack Dokken, Ben Orsbon, Misty Siedschlaw, Perry Griffith, Bonnie Olson, and Kari Kroll
- OTHERS PRESENT:** Jack Parliament – D&I Railroad Co. (D&I); Dick Huff; Alex Huff; Scott Van Den Top –D&I; Del Bartels – Capitol Journal; Carey Bretsch – Civil Design, Inc. (CDI); Philip Deal – SMRR/WDCE; Dan Nigg – SMRR/WDCE; Jerry Vest – Rapid City, Pierre & Eastern Railroad, Inc. (RCP&E); Bruce Lindholm – Grant Solutions; Hollie Stalder – Belle Fourche Development Corporation (BFDC); Heath Haden – Dakota Southern Railway Company (DSRC); Bob Mercer – Keloland; Mark Cutright – DSRC; and Mark Wegner – Sisseton-Milbank Railroad Company (SMRR)
- OTHERS PRESENT
VIA CONFERENCE CALL:** Chris Brozik – CDI

Vice-chair Jeff Burket called the meeting of the South Dakota State Railroad Board (the “Board”) to order at 11:00 a.m.

Vice-chair Burket 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.

Board Member Doering declared a conflict of interest concerning the consideration of East Central Regional Railroad Authority lease and sublease. Doering has previously made a written disclosure of this conflict of interest to the Board. When this item is addressed, Doering will recuse himself from the discussion and the vote.

Burket called for roll call to be taken. A quorum was determined.

Burket asked for a motion to approve the minutes from March 20, 2019, Board meeting.

A MOTION WAS MADE by Scharnweber and seconded by Nelson to approve the March 20, 2019, meeting minutes. All present voted aye by roll call vote. The motion carried.

Burket asked for a motion to approve the minutes from the April 5, 2019, Board Special Meeting.

A MOTION WAS MADE by Carmon and seconded by Scharnweber to approve the April 5, 2019, meeting minutes. All present voted aye by roll call vote. The motion carried.

Burket 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 presented for consideration a draft Request For Proposals (RFP) for a comprehensive State Rail Plan and Investment Guide. Jundt indicated the RFP would go through the State of South Dakota's normal RFP process. The Department of Transportation (the "Department") would organize a technical panel comprised of Department staff, representatives of the Board, an operator, and select industry representatives.

A MOTION WAS MADE by Scharnweber and seconded by Doering to approve the Department to issue an RFP for the development of the State Rail Plan and Investment Guide and authorize the Department to enter into a contract with the successful proposer. All present voted aye by roll call vote. The motion carried.

Jundt provided information to the Board on the Transportation Hall of Honor Nomination and encouraged members of the Board and the public to consider submitting a nomination for an individual that has made a lasting, valuable, or unique contribution to the rail system in the State of South Dakota. Nomination forms were made available at the meeting and are also available on the Department's web page. The deadline for a Transportation Hall of Honor nomination form is May 10, 2019.

Doering recused himself from the discussion and vote on the East Central Regional Railroad Authority consideration.

Jack Dokken, Program Manager for Office of Air, Rail, and Transit presented the East Central Regional Railroad Authority lease and sublease for Board consideration. Dokken indicted this request is a follow-up from the October 17, 2018, meeting. The request is to change the reporting period to sync up with the payment requirements that were approved at the October 17, 2018, meeting. The request is to amend the reporting period to be July 1 through June 30 with payment due to the East Central Regional Railroad Authority ("ECRRA") on August 1 and the payment due to the Department from the ECRRA on September 1.

A MOTION WAS MADE by Nelson and seconded by Carmon to modify East Central Regional Railroad Authority's lease and sublease so that the reporting period under both is July 1 through June 30, the reporting due date for the sub-lease is August 1st and the reporting due date for the lease is September

1st. All present voted aye by roll call vote, except Doering who abstained from the discussion and vote. The motion carried.

The Board then moved on to Special Transportation Circumstances (“STC”) grant application requests.

Secretary Darin Bergquist requested the Board defer action on the Yankton Energy STC grant application due to continuing discussions between the Department and the applicant.

A MOTION WAS MADE by Scharnweber and seconded by Nelson to defer action on the Yankton Energy Napa to Platte STC grant application. All present voted aye by roll call vote. The motion carried.

The Board elected to allow time for questions of each entity which had submitted proposals for the STC grant funding. The Board chose to follow-up with each entity in the following order: Belle Fourche Development Corporation, D&I Railroad Company, Dakota Southern Railway Company, and Sisseton-Milbank Railroad Company.

The Board ranked the proposals in order of priority as follows:

1. Sisseton-Milbank Railroad Company
2. D & I Railroad, Co.
3. Dakota Southern Railway Company
4. Belle Fourche Development Corporation

A MOTION WAS MADE by Scharnweber and seconded by Carmon to move forward with the process to submit an application to the Federal Railroad Administration (“FRA”) for the Sisseton-Milbank Railroad Company STC grant application project funding request. All present voted aye by roll call vote. The motion carried.

A MOTION WAS MADE by Carmon and seconded by Doering to move forward with the process to submit an application to the FRA for the D & I Railroad Co., STC grant application project funding request. All present voted aye by roll call vote. The motion carried.

A MOTION WAS MADE by Nelson and seconded by Doering to move forward with the process to submit an application to the FRA for the Dakota Southern Railway Company STC grant application project funding request conditioned upon the Mitchell to Rapid City Regional Railroad Authority submitting a loan application for the requested state funding in the amount of \$278,000.00.

THE MOTION WAS WITHDRAWN by Nelson with the consent of the second, Doering.

Dakota Southern Railway Company approached the Board and offered an alternative to the state share match in the amount of \$278,000.00 in their original project funding request. Dakota Southern Railway Company stated it would be prepared to pay the entire match which includes the \$278,000.00 state match previously requested in the application; however, in return, Dakota Southern Railway Company requested the lease and sub-lease agreements for the Mitchell to Rapid City rail line be extended by an additional four years.

A MOTION WAS MADE by Nelson and seconded by Carmon to defer action on the Dakota Southern Railway Company STC grant application until the May 15, 2019, meeting. All present voted aye by roll call vote. The motion carried.

A MOTION WAS MADE by Doering to move forward with the process to submit an application to the FRA for the Belle Fourche Development Corporation STC grant application project funding request. The motion failed due to a lack of a second.

A five minutes recess was taken at 12:38 p.m.

Burket informed the Board they needed to make a motion to either defer or to decline the Belle Fourche Development Corporation STC grant application.

A MOTION WAS MADE by Scharnweber and seconded by Nelson to defer the Belle Fourche Development Corporation STC grant application. All present voted aye by roll call vote. The motion carried.

Dokken shared information regarding the Mitchell to Rapid City ("MRC") rail line's ballast concerns due to freeze/thaw issues causing soft subgrades. Dokken indicated the Department has received updates from other lines that are also dealing with flooding, freeze/thaw, and soft subgrade issues. Heath Haden of Dakota Southern Railway Company ("DSRC") provided an update to the Board on DSRC's efforts to date.

Dokken provided a draft to the Board of the committee assignments and observation inspections schedule. The schedule and committee assignments are as follows:

May 21 - D & I and Napa Junction
Gary, Steve, and Greg

May 22 - MRC
Jerry, Jeff, and Jack

May 28 - Wolsey and Yale Sub
Gary and Steve

May 29 - G&P Sub and Britton Spur
Greg, Jack, and Gary

Dokken presented for consideration an additional request related to the subject of the April 5, 2019, Special Meeting. The Department is requesting authorization for emergency procurement of concrete girders including all elements that need to be pre-cast for the concrete girders for the Canton Bridge on the D&I project. The purchase would stay inline with the already agreed arrangement made at the April 5, 2019, Board Special Meeting.

A MOTION WAS MADE by Doering and seconded by Scharnweber to authorize the Department to execute all documents necessary for the emergency procurement of the concrete girders including all pre-cast elements, subject to D&I agreeing to finance all repairs to the Sioux Valley Line not otherwise eligible for federal funding reimbursements from FEMA, and with the caveat that D&I reserves the right to request additional funds from other sources and D&I's liability would be reduced to account for any additional funding awarded. All present voted aye by roll call vote. The motion carried

With no other business to come before the Board, the meeting was adjourned at 1:07 p.m.

DRAFT