

**SOUTH DAKOTA STATE RAILROAD BOARD SPECIAL MEETING MINUTES  
DECEMBER 4, 2019**

**BECKER-HANSEN BUILDING / DOT COMMISSION ROOM  
700 EAST BROADWAY AVENUE, PIERRE, SOUTH DAKOTA**

**MEMBERS PRESENT:** Jerry Cope, Chairman  
Jeff Burket, Vice-chairman  
Greg Carmon, Member  
Steve Scharnweber, Secretary  
Jack Nelson, Member

**MEMBERS PRESENT**

**VIA CONFERENCE CALL:** Gary Doering, Member  
Jon Kirby, Member

**DOT STAFF PRESENT:** Darin Bergquist, Joel Jundt, Karla Engle, Bonnie Olson, Jack Dokken,  
Misty Siedschlaw, Perry Griffith, Lynn Kennison, and Kari Kroll

**OTHERS PRESENT:** Alex Huff; Dick Huff; Dan Bilka – Rail Passengers Association; John Schmidt of Woonsocket; Scott Van Den Top – D & I Railroad Co. (D&I); Rob Everist – L.G. Everist Inc. / D&I; Steve Mousel – L.G. Everist Inc.; Russ Hazel – Sioux Valley Regional Railroad Authority (SVRRA); Heath Haden – Dakota Southern Railway Company (DSRC); Mike Williams – SDR Holding Company; Avory Beggs – SDR Holding Company; Chuck Jepson – Blue Hen Holding, Inc.; Blake Jones – Genesee & Wyoming, Inc. (G&W); Mark Blyth – G&W; Jerry Vest – G&W; Rod Wiseman – Rapid City, Pierre & Eastern Railroad, Inc. (RCP&E); Nick Smith – RCP&E; Dean Krogman – RCP&E; Mark Trottier – Dakota, Missouri Valley & Western Railroad, Inc. (DMVW); Troy Fast – DMVW; Jeff Wood – DMVW; Dan Kippley – Ellis & Eastern Company; Jeff Cooley – Civil Design, Inc (CDI); Bob Mercer – Keloland; Rick Webb – WATCO; Dave Husby – Marquardt Companies; Ralph Marquardt – Marquardt Companies; Toby Morris; and Monte Anker – MRC Regional Railroad Authority (MRCRRA)

**OTHERS PRESENT**

**VIA CONFERENCE CALL:** Bruce Lindholm; Mark Wagner – Sisseton-Milbank Railroad Company (SMRR); John LeSeur – Slover & Loftus; Doug Davis – A&K Railroad Materials, Inc.; Hollie Smith – Ranchers Railway, LLC; Brad Carlson - MRCRRA; Mark Mickelson; and Drew Fredrickson

Chairman Jerry Cope called the meeting of the South Dakota State Railroad Board (the “Board”) to order at 9:00 a.m.

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Cope determined a quorum by those present.

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

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

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Cope asked for a motion to approve the October 16, 2019, Board meeting minutes.

A MOTION WAS MADE by Burket and seconded by Nelson to approve the October 16, 2019, Board meeting minutes. All present voted aye by roll call vote. The motion carried.

Cope asked for a motion to approve the November 6 – 7, 2019, Board meeting minutes.

A MOTION WAS MADE by Carmon and seconded by Scharnweber to approve the November 6 – 7, 2019, Board meeting minutes. All present voted aye by roll call vote. The motion carried.

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Cope opened the floor to public input.

Dave Husby of Marquardt Companies addressed the Board. Husby made the Board aware of some information in regard to the state-owned railroad lines that are currently up for bid. Marquardt Companies owns a business that is adjacent to the Napa-Platte line. Marquardt Companies has an elevator in Tabor with equipment and truck access driveway that encroaches into the railroad right of way. Husby asked the Board to consider affording Marquardt Companies the opportunity to purchase a strip of land adjacent to the mainline in order to allow truck access to the elevator.

Marquardt Companies did submit a proposal for this property and requested the Board to put this item on the agenda for the December 18<sup>th</sup> Board meeting.

Dan Bilka, representative of Rail Passengers Association addressed the Board regarding the importance of passenger rail service.

John Schmidt of Woonsocket addressed the Board regarding thermal expansion on the roadways and his future concerns with climate changes and the hauling of fossil fuels.

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Jack Dokken, Program Manager for the Office of Air, Rail, and Transit presented for Board consideration the property management agreement with the city of Chatsworth, Iowa. Dokken requested authorization to enter into an agreement for property maintenance services to be performed on the state-owned rail property in Chatsworth, Iowa from January 1, 2019, to December 31, 2020, at a rate of \$250.00 per year.

A MOTION WAS MADE by Scharnweber and seconded by Nelson to approve the property management agreement for the term of January 1, 2019, through December 31, 2020, at a rate of \$250.00 per year. All present voted aye by roll call vote. The motion carried.

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Cope asked for a motion for the Board to enter into Executive Session.

A MOTION WAS MADE by Carmon 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. All present voted aye by roll call vote. The motion carried.

The Board entered into Executive Session at 9:26 a.m.

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Cope called the meeting back to order at 10:12 a.m.

The Board listened to presentations on each of the proposals relating to the sale of state-owned rail lines for the purpose of continued railroad operations. By random draw, the order to which the bid proposers presented was as follows:

1. WATCO – presented by Rick Webb
2. A&K Railroad Materials, Inc. – presented by Doug Davis
3. Dakota, Missouri Valley & Western Railroad, Inc. (DMVW) – presented by Jeff Wood
4. Blue Hen Holding Inc. – presented by Chuck Jepsen
5. L.G. Everist, Inc. / D & I Railroad Co. – presented by Scott Van Den Top
6. Genesee & Wyoming, Inc. – Blake Walsh, Jerry Vest, Mark Blyth, Nick Smith, and Rod Wiseman
7. SDR Holding Company – presented by Heath Haden

The Board took a 15-minute break at 11:50 a.m.

Kirby left the meeting at 1:30 p.m.

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Cope opened the floor to allow for public input and comment on the proposals.

Dan Bilka questioned various proposers about their commitment to retaining certain portions of the rail lines as railbanked.

Alex Huff wanted to make the proposers aware that the agreement giving multiple carrier access to operators of the Napa-Platte line and the MRC line could be extinguished unilaterally by the BNSF if either of those lines are taken over by a Class II railroad.

John Schmidt questioned the bid proposers on the percentage of fossil fuel hauling and what the plans are, if any, for the hauling of fossil fuels.

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Executive Session began at 2:36 p.m.

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Coped called the meeting back into session at 3:26 p.m. With no other business to come before the Board, Cope adjourned the meeting at 3:27 p.m.

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