



Division of Finance & Management
Office of Air, Rail & Transit
700 East Broadway Avenue
Pierre, SD 57501
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TO: South Dakota Railroad Board
FROM: Jack Dokken, Office of Air, Rail and Transit
DATE: March 19, 2025
SUBJECT: Sully County Regional Railroad Authority (RRA) Loan

On April 1, 2016, the Department of Transportation (DOT) entered into a loan agreement with Sully County RRA and Ring-Neck Energy & Feed, LLC, for amount not to exceed \$3,550,00.00 with loan payments based on fifteen (15) year amortization schedule at an interest rate of two percent (2%) per annum on the unpaid balance with a balloon payment for the entire balance due plus interest April 1, 2025.

Currently the loan has a balance of \$2,220,753.30 with a balloon payment due April 1, 2025.

Sully County RRA and Ring-Neck Energy & Feed. LLC, submitted a request to amend the current loan agreement to expand the lead track additional 2,382 feet. This project will allow them to move cars more efficiently between storage lines to ethanol and corn oil loading areas. When switching cars from Ring-neck's lines 1 and 2, they are currently limited to 5 cars. The expansion project will allow for the switching of an additional 20 cars and reduce the number of switches and breaks when moving cars between lines as well as the time it takes to get empty cars from the storage tracks to under the loading skids. The project is expected to be completed by August 2025.

The request is to increase the loan balance by \$1,300,000 and revise the amortization schedule and payoff date. Sully County RRA requested an amortization of fifteen (15) years at 2% interest and balloon payment in 7 years starting April 1, 2026 on the new loan balance of \$3,520,753.30.

RAILROAD TRUST FUND LOAN APPLICATION

SECTION I. APPLICATION INFORMATION

DATE: 2/26/2025

Name of Applicant: Sully County Rail Road Authority

Applicants Address: PO Box 505

City/State/Zip: Onida, SD 57564 County: Sully

Contact Telephone: 605-258-2546

Date Regional Railroad Authority Established in South Dakota: _____

Regional Railroad Authority has Taxing Authority: yes no

Is Tax Authority conditional: yes no

If yes explain: Conditioned upon approval of the City of Onida and County of Sully pursuant to SDCL 49-17A

Name of Industry: Ringneck Energy, LLC

Industry Address: 901 Redwood Ave.

City/State/Zip: Onida SD, 57564

Contact Telephone: 605-945-6900

Requested Amount of Loan: \$1,300,000 for the track expansion in addition with requested consolidation of exiting loan obligation of \$2,220,753.30 for a total of \$3,520,753.30 amortized over 15 years with a 7 year balloon payment at 2% interest.

Project: Expansion of Ringneck Energy, LLC's trail track south of their facility along the main line that heads south out of Onida, SD.

Location of Project: Ringneck Energy, LLC's facility at 901 Redwood Ave. in Onida, SD.

Mainline the Project will be Located on: _____ RCPE _____

Is Regional Railroad Authority requesting collateral for loan: yes no

Identify Personal and Corporate Guarantees and other Collateral for Loan: Corporate Guarantee is Ringneck Energy, LLC. Existing collateral of Mainline Switch shall remain in place. Taxing authority in case of default as stated above pursuant to SDCL 49-17A.

SECTION II. PROJECT INFORMATION

Description of Project (attach plans/drawings and cost budget):

Ringneck Energy is expanding the lead line south of their facility (roughly southeast of 305th Ave to 187th St.) The expansion will allow Ringneck to move an additional 20 cars in one string.

Description of Economic Benefits of the Project During and After Construction: _____

This project will allow Ringneck to more efficiently move cars between storage lines to ethanol and corn oil loading areas. When switching cars from Ringneck's lines 1 and 2 they are currently limited to 5 cars. Lines 3-5 are limited to 12 cars and lines 6-7 are 16 cars. These lines can hold approximately 25 to 29 cars. The expansion project will allow for the switching of an additional 20 cars and reduce the number of switches and breaks when moving cars between lines as well as the time it takes to get empty cars from the storage tracks to under the loading skids. This will increase Ringnecks ability to meet deadlines and overcome logistical, mechanical and production problems that arise.

Explain the Transportation Needs of the Area Served by the Project:

Increased ethanol production, increased corn oil production and increasing size of ethanol shuttles are requiring Ringneck to be more efficient with their rail moves. Ethanol production has moved from approximately 80 million gallons a year to 90 million gallons. Additionally, our ethanol shuttles have increased from 96 cars to 110 cars per unit train. Corn oil production has risen from 28.5 million pounds to 39 million pounds on an annualized basis. Currently, nearly 100% of Ringneck's ethanol moves via rail and 95% of their corn oil has moved by rail this year.

Has City/County/State & Federal Permits been obtained: _____yes ___X___no

Explain:_____Construction Stormwater Permits will be obtained through the SD DANR

Date of Construction will commence:_____Estimate Spring of 2025 _____

Estimated Completion date of Project:_____ Estimate Spring of 2025 _____

Estimated Date Project Will Be Fully Operational:_____ Estimate Summer of 2025 _____

REMIT TO:

South Dakota Department of Transportation
Office of Air, Rail and Transit
700 E. Broadway Avenue
Pierre, SD 57501

SECTION III. CERTIFICATION

All information contained above and in schedules attached hereto is true and complete to the best knowledge and belief of the applicant. There is no intent to deceive or defraud the Railroad Board or any potential participant in any loans to finance this project.

The applicant recognizes that the Division or the State Railroad Board may not process any application that is not complete. Incomplete applications will be returned to the applicant for completion.

The applicant recognizes that a letter of promise must be included stating the borrower does and/or will comply with all State/Federal environmental laws concerning business activities, local zoning laws and building codes before disbursement of funds from the Railroad Trust Fund.

The applicant also recognizes that Chapter 70:05:03 of the South Dakota Administrative Rules states notwithstanding any assurance, guarantee, communication, or representation to the contrary. THERE SHALL BE NO COMMITMENT OF THE RAILROAD TRUST FUND WITHOUT SPECIFIC AUTHORIZATION OF THE STATE RAILROAD BOARD.

Applicant: Sully Co. RR Authority

Officer's Signature: William Floyd

Officer's Name: William Floyd

Officer's Title: Chairman

Telephone number: _____ Date: 3-4-25

RESOLUTION NO. _____ APPROVED SOUTH DAKOTA STATE RAILROAD BOARD

Chairman

Date _____