



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: Reconsideration of Davison Regional Railroad Authority Loan

On November 20, 2024, the Davison Regional Railroad Authority (RRA) and High Plains Processing, LLC appeared before the Railroad Board to request a loan for the construction of a 33,159-foot siding track at their new facility south of Mitchell, SD. They requested \$16.1 million with a 2% interest rate, amortized over 15 years, with a balloon payment after 7 years.

The Railroad Board approved a loan for Davison RRA in the amount of \$12.6 million with a 2.95% interest rate, amortized over 15 years, with a balloon payment after 7 years.

Davison Regional RRA is now requesting to amend the approved loan terms, specifically seeking to lower the interest rate from 2.95% to 2%, while maintaining the original loan amount of \$12.6 million, amortized over 15 years, with a balloon payment after 7 years.

RAILROAD TRUST FUND LOAN APPLICATION

SECTION I. APPLICATION INFORMATION

DATE: 3-05-2025

Name of Applicant: DAVISON REGIONAL RAIL AUTHORITY

Applicants Address: 200 East 4th Avenue

City/State/Zip: Mitchell, SD 57301

County: Davison

Contact Telephone: 605-995-8608

Date Regional Railroad Authority Established in South Dakota: August 12th, 2024

Regional Railroad Authority has Taxing Authority: yes no

Is Tax Authority conditional: yes no

If yes explain: _____

Name of Industry: High Plains Processing, LLC

Industry Address: 41021 257th Street

City/State/Zip: Mitchell, South Dakota 57301

Contact Telephone: 605-627-6124

Requested Amount of Loan: \$12,600,000 - 2% interest rate amortized over 15 years with a with a 7 year balloon payment.

Project: soybean & high oilseed crush & processing facility

Location of Project: Davison County, SD

Mainline the Project will be Located on: Adjacent to the Burlington Northern/Santa Fe railroad between mileposts 645.270 and 646.052, south of Mitchell, SD.

Is Regional Railroad Authority requesting collateral for loan: yes no

Identify Personal and Corporate Guarantees and other Collateral for Loan: Corporate Guarantee from High Plains Processing and full taxing authority of the Davison County Regional Rail Authority

SECTION II. PROJECT INFORMATION

Description of Project (attach plans/drawings and cost budget) As part of this project, a total of 33,159 track-ft of new rail, 22 new industrial turnouts and 2 new BNSF Mainline turnouts. See attached page for preliminary layout from Civil Design Inc. Current traffic estimates are: 147 rail cars and 3-5 switches per week. Manifest trains will range from 30-60 cars. Unit trains of 100 cars will ship 1-2 times per month. Fleet size is estimated at 450 hoppers, 265 tanks.

Description of Economic Benefits of the Project During and After Construction High Plains Processing (HPP) is developing a multi-seed, switch-processing facility that is capable of processing 35M bushels of soybeans annually, equivalent to 1M tons of high-oil content seed crops. The facility is projected to produce approximately 570,000 tons of seed meal and 300,000 tons of oil annually after Year 4. Planned storage volume is as follows: 4M bushels of soybeans/high oil content seeds, 8,000 MT of meal/hulls, 12.3M gallons of crude oil, and 3.52M gallons of refined oil. Employment projections are estimated at 85 FTEs with approximately \$5.5M+/- in annual salaries. This project will also have an extremely large impact on local sales tax due to the spike in construction and long term employment

Explain the Transportation Needs of the Area Served by the Project: High Plains Processing has worked and is working closely with the SDDOT and the County High Superintendent on improving Highway 37 to include ~1,000 feet of turn lane extensions on both the northbound and southbound land. Additionally, HPP is required per the traffic impact study that was performed to widen and lengthen the turn land on 257th (landfill road) that is in the county's jurisdiction to allow safe truck flow in and out of the plant.

Has City/County/State & Federal Permits been obtained: yes no

Explain: HPP has successfully went through the Davison County Local Permitting process (conditional use permit) in July of 2022. HPP is currently in the process of obtaining all necessary state permits via DANR and has frequent communication with their office to ensure these permits are done correctly and streamlined.

High Plains Processing has also been diligently working with DANR on the Air Permit (obtained but sent back in for an amendment), Wastewater Permit (ready to submit), Above Ground Storage Tank Permit (ready to submit), and Stormwater Permit.

Date of Construction will commence: Fall of 2023

Estimated Completion date of Project: Fall of 2025

Estimated Date Project Will Be Fully Operational: September-October 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: Davison Regional Rail Authority

Officer's Signature: _____

Officer's Name: Randy Reider

Officer's Title: Chair – Davison County Regional Rail Authority

Telephone number: 605-996-6075 Date: _____

RESOLUTION NO. _____ APPROVED SOUTH DAKOTA STATE RAILROAD BOARD

Chairman

Date _____