

**SOUTH DAKOTA STATE RAILROAD BOARD MEETING MINUTES
JUNE 20, 2018 – 11:00 A.M.
BECKER-HANSEN BUILDING – 700 EAST BROADWAY
PIERRE, SOUTH DAKOTA**

- MEMBERS PRESENT:** Harlan Quenzer, Chair
Jerry Cope, Vice Chair
Steve Scharnweber, Member
Sheldon Cotton, Member
- MEMBERS PRESENT
VIA CONFERENCE CALL:** Jack Nelson, Member
- DOT STAFF PRESENT:** Joel Jundt, Karla Engle, Bonnie Olson, Misty Siedschlaw,
Jack Dokken, Rayleen Rathbun, and Katherine Anderson
- DOT STAFF PRESENT
VIA CONFERENCE CALL:** Becky Janssen
- OTHERS PRESENT:** Alex Huff; Dick Huff; Tobin Morris – Dakota Rail Park; Matt Winsand – Dakota Plains Ag Center (DPAC); Heath Haden – Dakota Southern Railway Company (DSRC); Scott Van Den Top – D & I Railroad Co. (D&I); and Jack Parliament – D&I

Harlan Quenzer, Chair, called the meeting of the South Dakota State Railroad Board (the “Board”) to order at 11:06 a.m. Roll call was taken and a quorum was determined.

Chair Quenzer 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.

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

Karla Engle, Office of Legal Counsel, provided annual disclosure information to the Board and reminded Board members to submit their annual disclosures before the next Board meeting for consideration.

Chair Quenzer asked for a motion to approve the minutes of the May 16, 2018, Board meeting.

A MOTION WAS MADE by Scharnweber and seconded by Cope to approve the May 16, 2018, meeting minutes. All present voted aye by roll call vote. The motion carried.

Deputy Secretary Joel Jundt presented the Secretary’s Report. Jundt distributed a handout to the Board regarding the recent train derailed on the Dakota, Missouri Valley and Western (“DMVW”) line. The handout was DMVW’s response regarding why the train derailment occurred.

Jundt discussed a letter that was received by the Department of Transportation (the "Department") from Dick Huff dated June 8, 2018, questioning collection of late payments submitted by Dakota Southern Railway Company ("DSRC") and any action that was taken by the Department. The Board discussed the current lease and sublease arrangements, at which point payment is considered late, and how should that late fee be assessed. The Board will establish a procedure at a later meeting.

Jundt addressed a new bill that was recently passed by the legislators and signed by the Governor that requires Boards and Commissions to include a public input time on the agenda. At the Board's request, the Department will list public input at the end of each agenda.

Matt Winsand of Dakota Plains Ag Center ("DPAC") provided information regarding the updated layout and valuation of the property to be sold by the Department to DPAC. The property is Lot 3 of Lot 1 of Dakota Rail Park Subdivision in Yankton County, South Dakota.

A MOTION WAS MADE by Cope and seconded by Scharnweber to approve the sale of the 2.88 acre parcel at a rate of \$22,638.00 per acre and authorize the Department to execute all documents necessary to accomplish the sale. All present voted aye by roll call vote. The motion carried.

A MOTION WAS MADE by Scharnweber and seconded by Cotton to amend the lease agreement between the Department and DPAC for this parcel so as to extend the lease term for three months. This lease extension will allow time for the sale of the parcel to DPAC to be finalized. All present voted aye by roll call vote. The motion carried.

Jack Dokken, Program Manager for the Office of Air, Rail, and Transit, provided the Board with a summary of the memo received from the Federal Railroad Association with the results from the current FRA inspections of state-owned lines, including the purpose, method, and results of a focused inspection of the Mitchell to Rapid City (MRC) line, Aberdeen Subdivision, and the Sioux Valley line.

Heath Haden, a representative of DSRC, provided a brief update of DSRC's corrections that have been made to address the defects and violations found during the recent FRA inspection.

Jundt informed the Board that the Department will submit a grant application for CRISI funds for the RCP&E project.

Jundt provided an update on the other grants and when those applications are due. Jack Parliament, a representative of D&I Railroad Company ("D&I"), advised the Board of projects D&I would like to have considered for grant funding.

Dokken provided the following project updates:

- RCP&E project – construction has started in Philip. The Department is having weekly meetings. Construction is on time.
- MRC & Britton Salvage – completion is expected to be on time or before the due date, which is September 15.
- Sioux Valley analysis – anticipated to be completed by August 31.
- Operator’s gross revenue review – no update from last month, except the completion date is still anticipated to be in November.
- Sargent-Richland Drainage project – the project has been let and nine bids were received on the project. The lowest bidder was JAV Construction. The lowest bid came in less than the engineer’s estimate.

Board member Sheldon Cotton announced he will resign from the South Dakota State Railroad Board as of the end of June 2018.

The Board and the Department thanked Cotton for his many years of exemplary service.

With no other business to come before the Board, the meeting was adjourned at 12:57 p.m.