

SOUTH DAKOTA STATE RAILROAD BOARD MEETING MINUTES

Wednesday, March 19, 2025 at 11:00 a.m. CDT

Becker-Hansen Building/Commission Room – 700 East Broadway Avenue, Pierre, SD

MEMBERS PRESENT: Jeff Burket, Chairman
Jack Nelson, Vice-chairman
Scott Lockwood

**MEMBERS PRESENT
VIA CONFERENCE CALL:** Steve Scharnweber
Greg Carmon

DOT STAFF PRESENT: Joel Jundt, Kellie Beck, Karla Engle, Perry Griffith, and Kari Kroll
**DOT STAFF PRESENT
VIA CONFERENCE CALL:** Jack Dokken and Misty Siedschlaw

OTHER PRESENT: Mark Trottier – Dakota, Missouri River & Western Railroad Inc. (DMVW); Clint Saylor – DMVW; Kevin Kjorsvik – Ring-neck Energy & Feed, LLC; Danci Baker – Ringneck Energy; Tim Luken – Sully County Railroad Authority; Mike Lauritsen– Mitchell Area Development Corporation; Toby Morris – Colliers Securities LLC; Tom Kersting – South Dakota Soybean Processors/High Plains Processing, LLC (HPP); and Bob Mercer – KELOLAND News

**OTHERS PRESENT
VIA CONFERENCE CALL:** Steve Blair – South Dakota Attorney General’s Office; Salley Currier - Ringneck & Western Railroad, LLC; Cory Lund – Rapid City, Pierre & Eastern Railroad, Inc. (RCPE); Mike Williams – Dakota Southern Railway Company; Dan Bilka – All Aboard; and Dick Huff

Chairman Jeff Burket called the meeting of the South Dakota State Railroad Board (the “Board”) to order at 11:00 a.m. CT. A roll call was taken, and a quorum was determined.

Burket opened the floor to the Board members to disclose potential conflicts of interest and to present requests for waiver pursuant to the South Dakota Codified Law (SDCL) chapter 3 – 23.

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

Burket asked for a motion to approve the Board meeting minutes from December 18, 2024.

Dick Huff addressed the Board to share a typo he noted and asked for it to be corrected. The correction is that the Board returned from Executive Session in the p.m. not the a.m.

A MOTION WAS MADE by Nelson and seconded by Lockwood to approve the Board meeting minutes from December 18, 2024 with the typo correction replacing a.m. to p.m. regarding the Board's return from Executive Session. All present voted aye by roll call vote. The motion carried.

Burket opened the floor to public input.

Dick Huff addressed the Board. He alleged the Board engages in "secret meetings" and took issue with the amount of time the Board was in Executive Session at the December 18, 2024 meeting and asked that the posted agenda item for Executive Session be moved to the end of the meeting agenda. Secretary Joel Jundt responded that the Board does not hold secret meetings but holds Executive Session as authorized by state law and recommended the Board leave Executive Session where it appears in the agenda.

No other members of the public addressed the Board nor offered input.

Steve Blair from the South Dakota Attorney General's Office gave a presentation on Open Meeting Laws.

Burket asked for a motion for the Commission to enter into executive session.

A MOTION WAS MADE by Lockwood and seconded by Nelson to enter into executive session pursuant to SDCL 1-25-2(3) for the purpose of consulting with legal counsel and reviewing communications from legal counsel about proposed or pending litigation or contractual matters. All present voted aye by roll call vote. The motion carried.

Executive session began at 11:57 a.m. CT.

Executive session ended at 12:21 p.m. CT.

Secretary Joel Jundt presented the following items to the Board in his Secretary's Report:

- Federal: Congress passed a third Continuing Resolution for Federal Fiscal Year (FFY) 2025, resulting in the full year's appropriation. The passage of this bill avoided a federal government shutdown and provides funding for government and its programs for the entire federal fiscal year, through September 30, 2025. It will extend FY 2024 funding and policies for the remaining

seven months. The bill eliminates all funding that was designated for earmarks for the fiscal year.

- As you recall, SD receives a sub-pot of the Consolidated Rail Infrastructure and Safety Improvements (CRISI) Program, called the Special Transportation Circumstance (STC) funds and these funds are provided to South Dakota on a non-competitive basis.
- The Continuing Resolution will provide \$1.1 billion of funding for Consolidated Rail Infrastructure and Safety Improvement (CRISI) grants. The previous amount for this program was approximately \$1.25 Billion, so there is a slight reduction in funding. The South Dakota Department of Transportation (the "Department") is still waiting for FRA's Notice of Funding Opportunity (NOFO) to come out for both the FY24 STC grants and it is anticipated FRA will combine FY24 and FY25 in one NOFO late this summer.

Jundt asked to adjust the agenda to next consider the revised loan request for Davison County Regional Railroad Authority. Board member Carmon recused himself from the discussion and vote on the following item concerning the reconsideration of a loan request from Davison Regional Railroad Authority at 12:34 p.m.

Jundt shared that the Department has reconsidered the administrative fee that was added to this loan and do not feel the fee should be applied. He also shared that the request from Davison County Railroad Authority came to the Department last summer when the practice was a 2% interest rate.

Tom Kerstring of South Dakota Soybean Processors and HHP presented an update to the Board on the progress of the plant. Mike Lauritsen from Mitchell Area Development Corporation expressed the continued support for this project. Toby Morris of Colliers Securities, LLC restated the loan request at \$12.6 million at 2% on a 15-year amortization with a 7-year balloon payment.

A MOTION WAS MADE by Lockwood and seconded by Scharnweber to re-authorize the Secretary of the South Dakota Department of Transportation, or his designee, to execute all necessary documents to issue a railroad trust fund loan for construction of the above-referenced loop track infrastructure project subject to the following terms and conditions:

- The loan will be made to the Davison Regional Railroad Authority;
- The loan amount may not exceed Twelve Million Six Hundred Thousand Dollars (\$12,600,000.00);
- The amount of the annual loan payments will be based on a fifteen-year amortization schedule at an interest rate of 2% per annum on the unpaid balance. A balloon payment for the entire unpaid loan balance will become due seven (7) years after the first loan repayment installment is due;
- High Plains Processing, LLC will execute a promissory note and guaranty for the loan.

All present voted aye by roll call vote except Carmon who had recused himself. The motion carried.

Board member Carmon rejoined the meeting table at 12:36 p.m.

Kevin Kjorsvik of Ring-neck Energy & Feed, LLC (Ring-neck Energy) addressed the Board to request an extension of time for repayment of the railroad trust fund loan made to Sully County Regional Railroad Authority. Currently, the final balloon payment is due on April 1, 2025. Ring-neck Energy asked that the due date for the current loan be extended and the loan amount be increased by an additional \$1.3 million. The additional loan would be to help Ring-neck Energy build a roughly 2,400-foot track extension, which will increase the train capacity at the Ring-neck facility. Ring-neck indicated the interest due on the current loan, of approximately \$50,000.00, would be paid to the Department on April 1, 2025, even if the loan extension is granted.

A MOTION WAS MADE by Lockwood and seconded by Carmon to authorize the Secretary of the South Dakota Department of Transportation, or his designee, to execute all necessary documents to issue a railroad trust fund loan for construction of the above-referenced loop track infrastructure project subject to the following terms and conditions:

- The loan will be made to the Sully County Regional Railroad Authority;
- The loan amount will be the current loan balance of \$2,220,753.30 plus an additional one million three hundred thousand dollars (\$1,300,00.00) for a total of \$3,520,753.30;
- Ring-neck Energy, LLC will make the full interest payment due on the unpaid balance of the current loan on April 1, 2015;
- The first principal repayment installment on the loan balance will be due April 1, 2026;
- The amount of the annual loan payments will be based on a fifteen-year amortization schedule at an interest rate of 2% per annum on the unpaid balance. A balloon payment for the entire unpaid loan balance will become due seven (7) years after the first loan repayment installment is due;
- Ring-neck Energy, LLC will execute a promissory note and guaranty for the total loan.

All present voted aye by roll call vote. The motion carried.

Jack Dokken presented the 2025 Annual Railroad Maintenance Plans to the Board for consideration. He shared that each of the rail line users would present their plan.

Cory Lund, Rapid City, Pierre & Eastern Railroad, Inc. (RCPE), shared RCPE's plan for maintenance on the Yale Line and the Wolsey Interchange for 2025.

A MOTION WAS MADE by Lockwood and seconded by Nelson to approve the 2025 Annual Railroad Maintenance Plans by RCPE on the Yale Line and Wolsey Interchange. All present voted aye by roll call vote. The motion carried.

Clint Saylor of Dakota, Missouri Valley & Western Railroad Inc. (DMVW) shared DMVW's plan for maintenance on the Britton Line for 2025.

A MOTION WAS MADE by Nelson and seconded by Lockwood to approve the 2025 Annual Railroad Maintenance Plan by DMVW on the Britton Line. All present voted aye by roll call vote. The motion carried.

Mike Williams of Dakota Southern Railway Company (DSRC) shared DSRC's plan for maintenance on the Napa-Platte Line for 2025.

Burket asked Williams about the additional crossings in Tabor that were not listed in the current maintenance plan. Williams said DSRC would inspect the crossings with City of Tabor and Department staff. He also committed to reporting back the outcome of the inspection to the Department within one month and how it may impact the proposed maintenance plan for 2025.

A MOTION WAS MADE by Lockwood and seconded by Carmon to approve the 2025 Annual Railroad Maintenance Plan by DSRC on the Napa-Platte Line with the condition that DSRC coordinate an inspection of the rail crossings in Tabor with city of Tabor and Department representatives and DSRC submit a written report regarding crossing condition and proposed repairs for Board review at next month's meeting. All present voted aye by roll call vote. The motion carried.

Dokken presented for Board consideration the current schedule for the 2025 observation tours on the state-owned rail lines for May 6 – 8. He noted each tour should have 2 – 3 members of the Board on them at most.

Lockwood said he was interested in each of the tours.

The Board agreed to look at calendars and contact Department staff to confirm availability.

Burket asked for a motion for the Commission to enter into executive session.

A MOTION WAS MADE by Nelson and seconded by Lockwood to enter into executive session pursuant to SDCL 1-25-2(3) for the purpose of consulting with legal counsel and reviewing communications from legal counsel about proposed or pending litigation or contractual matters. All present voted aye by roll call vote. The motion carried.

Executive session began at 1:21 p.m.

Executive session ended at 1:44 p.m. CT.

Carmon left the meeting.

With no further business to come before the Board, Burket declared the meeting adjourned at 1:45 p.m. CT.

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