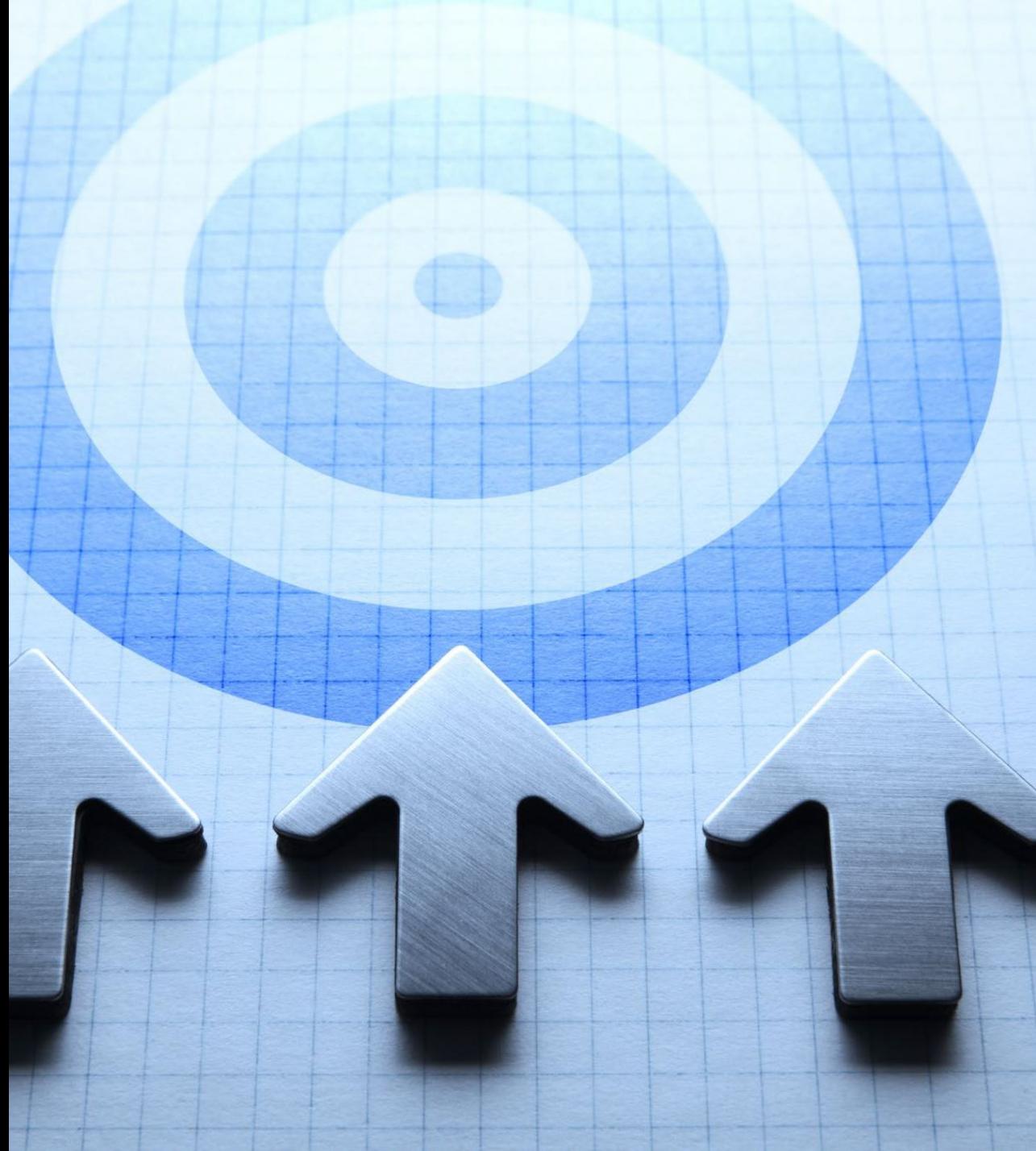
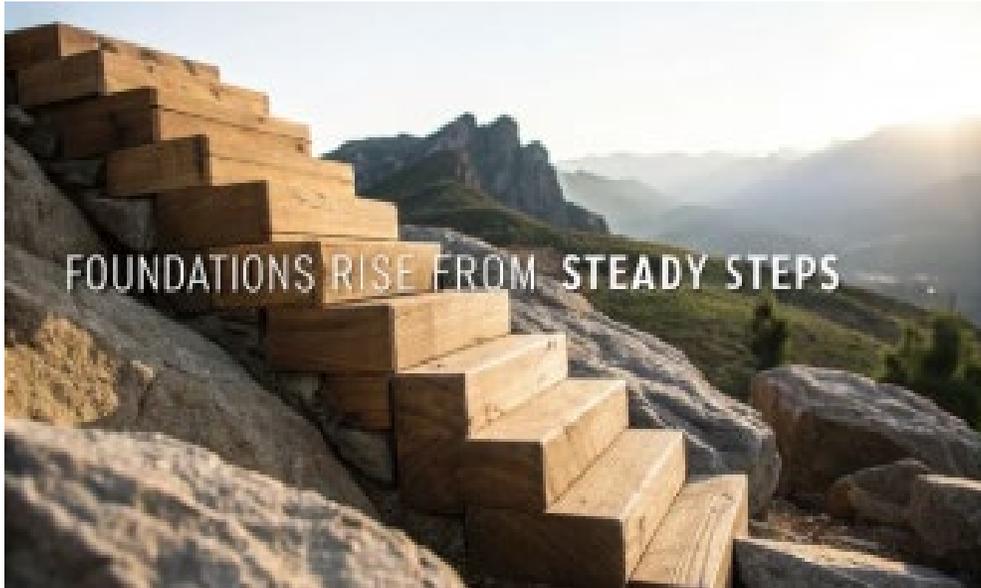


**HYBRID LEASE/PURCHASE
PROPOSAL: REBUILD,
REINVEST, GROW**

Strategic approach for Napa Platte
Line



SHARED VISION



Partner with South Dakota to build a Revenue Producing Railroad

Partner to revitalize the line.

Drive new business growth in local communities.

Contract and Hire locally supporting local economies.

Connect local products to global markets.

INTRODUCTION AND PURPOSE



Strategic Approach

The proposal follows a structured plan:

Rebuild infrastructure and Reinvest in traffic growth.

Leveraging Expertise and Support

Combines state support with Sunflour's operational expertise to restore service and build customer trust.

Risk Mitigation and Sustainability

Proposal mitigates risks, preserves agreements, and aligns with successful state rail development strategies.

Win-Win Ownership Transition

State retains control during growth, while Sunflour reinvests and prepares for remarketing to shippers.



INFRASTRUCTURE UPGRADE AND INITIAL SERVICE

Line Rebuilding and Standards

Rebuild the railway to support business growth along line to meet Federal Railroad Administration for 286K car standards.

Funding and Assessments

Support state line condition assessments and identify federal funding i.e., Special Transportation Circumstance Grant.

Service Initiation and Growth

Begin carrier service to underserved customers, moving upgrade materials and attracting new tenants for growth.

LEADERSHIP



Tom Mars

30 plus year railroad veteran. Owner of Denver Rock Island Railroad (DRIR) in Commerce City, CO., and Sunflour Railroad (SNR) near Rosholt, SD.

History of Success

DRIR started operations in 1993 with 15 carloads daily. Since its inception, DRIR has continued to grow and serve its customers across three yards in the Denver and Commerce City, Colorado area. Starting with carloads of grain, the railroad now carries more than 7500 carloads a year across multiple commodity classes. Belying its success, a new transload yard—the Silver yard—was opened in 2014.

Expansion

On July 25, 2000, Tom Mars started **Sunflour Railroad, Inc. (SNR)** with track from the Soo Line Railroad Company. Sunflour connects to CPKCS and provides needed railcar storage capacity and mechanical facilities.

Jason Travers

20 plus year railroad veteran with a skill set including maintenance of way, operations and general management. Jason oversees the daily operations of the DRIR and is responsible for the oversight of maintenance and car storage on the SNR.



LEASE TERMS, OPERATING PLAN, AND MAINTENANCE

Lease Agreement and Reinvestment

Sunflour leases the line for 10 years with an option to extend and commits to annual reinvestment and maintenance upgrades.

Option to purchase upon agreed price determination mechanism and final price.

Operating Plan and Market Integration

The plan focuses on line regeneration, customer confidence restoration, and connecting local products to global markets.

Maintenance and Inspection Standards

Maintenance follows FRA standards with regular inspections; Sunflour manages daily operations and maintenance, state assists in capital renewals.

PURCHASE OPTION AND TRANSITION



Right-of-First-Refusal Purchase Option

Sunflour will commit to partner with state for line upgrades with the ultimate goal of returning the Line to private ownership for free-market investment.

Sunflour and State come to an agreement on the purchase price.

A closing date is determined.

Sunflour takes over all responsibilities related to all aspects for the ongoing management of the line (Maintenance, Inspection, Operations, and Marketing).

ADVANTAGES OF THE SUNFLOUR APPROACH



State Benefits

The approach ensures state control during upgrades while reducing environmental liability and preserving regulations.

Sunflour Advantages

Sunflour ownership has 30+ years in rail.

Sunflour has a clear vision for the Line.

Developing key revenue opportunities at along line to Avon will drive intermediate traffic and create revenue for reinvestment.

Traffic commitment from Farmer's Pride.

Sunflour gains operational certainty, structured reinvestment, and a clear path to ownership.

Risk Mitigation Strategy

Phased improvements align with traffic growth and market development to mitigate risks effectively.

Collaborative Framework

The plan fosters economic growth, regional connectivity, and long-term sustainability through collaboration.