

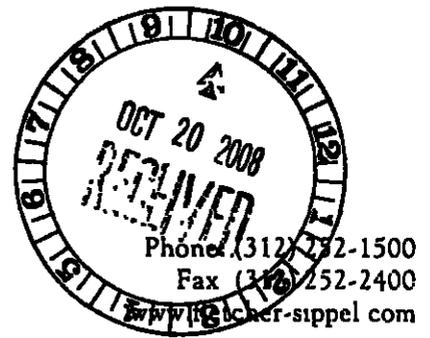
FLETCHER & SIPPEN LLC

ATTORNEYS AT LAW

29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832

MYLES L. TOBIN
(312) 252-1502
mtobin@fletcher-sippel.com

October 17, 2008



VIA FEDERAL EXPRESS

Ms Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, S W
Washington, DC 20024

ENTERED
Office of Proceedings

OCT 20 2008

Part of
Public Record

FEE RECEIVED

OCT 20 2008

**SURFACE
TRANSPORTATION BOARD**

Re: **Finance Docket No. 35184**
East Central Regional Railroad Authority -- Acquisition Exemption --
Dakota, Minnesota & Eastern Railroad Corporation

Finance Docket No. 35185
State of South Dakota By and Through Its South Dakota Railroad
Authority and Its South Dakota Department of Transportation --
Acquisition Exemption -- East Central Regional Railroad Authority

Dear Secretary Quinlan:

Enclosed for filing in the above-captioned proceedings are an original and ten copies of Verified Notices of Exemption of East Central Regional Railroad Authority and the State of South Dakota By and Through its South Dakota Railroad Authority and its South Dakota Department of Transportation pursuant to 49 C.F.R. §§ 1150.31 and 1150.41 et seq., respectively, dated October 17, 2008. Two checks each in the amount of \$1,800, representing the appropriate fees for these filings, and a compact disc containing the text of the Notices and the *Federal Register* caption summary in MS Word 2003 format, are attached.

One extra copy of the Notices and this letter also are enclosed. I would request that you date-stamp those items to show receipt of this filing and return them to me in the provided envelope.

If you have any questions regarding these filings, please feel free to contact me. Thank you for your assistance on this matter.

FILED
OCT 20 2008
**SURFACE
TRANSPORTATION BOARD**

FLETCHER & SIPPEL LLC

Respectfully submitted,



Myles L. Tobin
Attorney for South Dakota Railroad Authority and
South Dakota Department of Transportation

Enclosures.

cc **Mr. Bruce Lindholm**
 Mr Douglas E Kludt
 Mr Brian Donahoe
 Mr. John Brooks

ORIGINAL

BEFORE THE
SURFACE TRANSPORTATION BOARD



FINANCE DOCKET NO. 35184

EAST CENTRAL REGIONAL RAILROAD AUTHORITY
-- ACQUISITION EXEMPTION --
DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION

FINANCE DOCKET NO 35185

STATE OF SOUTH DAKOTA BY AND THROUGH ITS SOUTH DAKOTA RAILROAD
AUTHORITY AND ITS DEPARTMENT OF TRANSPORTATION -- ACQUISITION
EXEMPTION -- EAST CENTRAL REGIONAL RAILROAD AUTHORITY

FEE RECEIVED
OCT 20 2008

FILED

OCT 20 2008

**SURFACE TRANSPORTATION BOARD VERIFIED NOTICES OF EXEMPTION
OF
EAST CENTRAL REGIONAL RAILROAD AUTHORITY AND
STATE OF SOUTH DAKOTA BY AND THROUGH ITS SOUTH DAKOTA RAILROAD
AUTHORITY AND ITS DEPARTMENT OF TRANSPORTATION
PURSUANT TO 49 C.F.R. §§ 1150.31 AND 1150.41**

SURFACE TRANSPORTATION BOARD

Myles L. Tobin
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832
(312) 252-1500

ENTERED
Office of Proceedings
OCT 20 2008
Part of
Public Record

Douglas E Kludt
Churchill, Manolis, Freeman,
Kludt, Shelton and Burns
333 Dakota Avenue, South
P O Box 176
Huron, South Dakota 57350-1076
(605) 352-8624

**ATTORNEY FOR SOUTH DAKOTA
RAILROAD AUTHORITY AND
SOUTH DAKOTA DEPARTMENT OF
TRANSPORTATION**

**ATTORNEY FOR EAST
CENTRAL REGIONAL
RAILROAD AUTHORITY**

Dated: October 17, 2008

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 35184

EAST CENTRAL REGIONAL RAILROAD AUTHORITY
-- ACQUISITION EXEMPTION --
DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION

FINANCE DOCKET NO 35185

STATE OF SOUTH DAKOTA BY AND THROUGH ITS SOUTH DAKOTA RAILROAD
AUTHORITY AND ITS DEPARTMENT OF TRANSPORTATION-- ACQUISITION
EXEMPTION -- EAST CENTRAL REGIONAL RAILROAD AUTHORITY

**VERIFIED NOTICES OF EXEMPTION
OF
EAST CENTRAL REGIONAL RAILROAD AUTHORITY AND
STATE OF SOUTH DAKOTA BY AND THROUGH ITS SOUTH DAKOTA RAILROAD
AUTHORITY AND ITS DEPARTMENT OF TRANSPORTATION
PURSUANT TO 49 C.F.R. §§ 1150.31 AND 1150.41**

Pursuant to 49 C F R § 1150 31 et seq , East Central Regional Railroad Authority ("ECRRA"), a non-carrier, hereby files this Verified Notice of Exemption to acquire from Dakota, Minnesota & Eastern Railroad Corporation ("DM&E") a line of railroad extending from Milepost 145 0 near Yale, South Dakota to Milepost 160.33 near Huron, South Dakota, as shown on Exhibit A hereto, in Beadle County, South Dakota (the "Yale-Huron line") Based on projected revenues for the line, ECRRA expects to become and remain a non-operating Class III rail carrier after consummation of the transaction proposed herein

Also, pursuant to 49 C F R §1150 41 et seq , the South Dakota Railroad Authority ("SDRA") and the South Dakota Department of Transportation ("SDDOT"), political subdivisions of the State of South Dakota and collectively a non-operating Class III rail carrier, hereby file this Verified Notice of Exemption for SDRA to acquire the Yale-Huron line from

ECRRA and, in turn, for SDDOT to concurrently acquire the Yale-Huron line from SDRA. Based on projected revenues for the line, SDRA/SDDOT expect to remain a Class III non-operating rail carrier after consummation of the transactions proposed herein.

As part of the relevant purchase and sale agreements contemplated by these transactions, ECRRA will retain lease rights with respect to the Yale-Huron line, and DM&E will retain sublease rights on the line. Thus, after the series of proposed transactions is completed, SDDOT will be the non-operating rail carrier/owner of the Yale-Huron line, ECRRA will be the non-operating rail carrier/lessee of the Yale-Huron line, and DM&E will be the sublessee and will remain as the actual rail operator of the Yale-Huron line.

In accordance with the requirements of 49 C.F.R. §§ 1150.33 and 1150.43, the parties submit the following information:

Names and Addresses of Applicants: 49 C.F.R. §§ 1150.33(a) and 1150.43(a)

The full name and address of applicant in Finance Docket No. 35184 is as follows:

Mr. Jeff Tschetter, Chairman
East Central Regional Railroad Authority
P.O. Box 74
Cavour, South Dakota 57324-0074
Facsimile: (605) 354-2919

The full name and address of applicants in Finance Docket No. 35185 are as follows:

Mr. Jerry Prostrullo, Chairman
South Dakota Railroad Authority
700 East Broadway Avenue
Pierre, South Dakota 57501-2586
Facsimile: (605) 773-3921

South Dakota Department of Transportation
700 East Broadway Avenue
Pierre, South Dakota 57501-2586
Facsimile (605) 773-3921

Applicants' Representatives: 49 C.F.R. §§ 1150.33(b) and 1150.43(b)

ECRRA's representative to whom correspondence regarding this transaction should be sent is as follows:

Douglas E Kludt
Churchill, Manolis, Freeman
Kludt, Shelton and Burns
333 Dakota Avenue, South
P O Box 176
Huron, South Dakota 57350-1076
Facsimile (605) 352-2205

SDRA's and SDDOT's representative to whom correspondence regarding this transaction should be sent is as follows:

Myles L Tobin
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832
Facsimile. (312) 252-2400

Statement Concerning Agreements: 49 C.F.R. §§ 1150.33(c) and 1150.43(c)

ECRRA has reached a sale agreement with DM&E for acquisition of the Yale-Huron line, with DM&E retaining subleasehold rights. SDRA has, in turn, reached agreement with ECRRA for SDRA's acquisition of the Yale-Huron line, with ECRRA retaining leasehold rights. Immediately upon consummation of the SDRA-ECRRA transaction, the Yale-Huron line will, in turn, be decided to SDDOT, and the parties have reached agreement with respect thereto.

Operator of the Property: 49 C.F.R. §§ 1150.33(d) and 1150.43(d)

The Yale-Huron line is currently owned and operated by DM&E. Following consummation of the series of transactions contemplated herein, all of which will be completed virtually simultaneously, DM&E will remain the operator of the Yale-Huron line by virtue of having retained subleasehold rights in the sale agreement with ECRRA.

Summary of the Transaction: 49 C.F.R. §§ 1150.33(e) and 1150.43(e)

The Yale-Huron line extends from Milepost 145 near Yale, South Dakota to Milepost 160.33 near Huron, South Dakota, a total distance of approximately 15.33 miles. Currently, DM&E is the owner and operator of the Yale-Huron line, which connects with DM&E at Huron and with BNSF Railway Company at Yale. The line is primarily used to service the Yale Elevator, and also can be utilized for overhead movements. DM&E purchased a small portion of the line (Milepost 145 – 148.5) from BNSF on June 19, 2008, pursuant to authorization in Dakota, Minnesota & Eastern Railroad Corporation -- Acquisition Exemption -- Line of BNSF Railway Company, Finance Docket No. 35125 (STB served May 14, 2008).

When the series of transactions proposed herein is completed, DM&E will still be the operator of the Yale-Huron line (pursuant to a retained subleasehold interest), ECRRA will be the lessee of the line (pursuant to a retained leasehold interest), and SDDOT will be the owner of the Yale-Huron line. SDDOT will be the ultimate owner of the Yale-Huron line so that it can fund necessary rehabilitation of the line pursuant to South Dakota statutes. However, due to specific language in the applicable South Dakota statutes, it is necessary that ECRRA first acquire the Yale-Huron line from DM&E and then, in turn, transfer the line to SDRA, before it can ultimately be acquired by SDDOT. These statutory considerations are the reason for the slightly complex transactional structure involved here.

In Finance Docket No 35184, DM&E will sell the Yale-Huron line to ECRRA, while retaining subleasehold rights for actual operations on the line

In Finance Docket No 35185, ECRRA will, in turn, immediately sell the Yale-Huron line to SDRA, while retaining leasehold rights SDRA will concurrently deed the Yale-Huron line to SDDOT. Ultimately, as indicated above, SDDOT will be the owner, ECRRA the lessee, and DM&E the sublessee and operator of the line

BNSF will retain overhead trackage rights on the Yale-Huron line pursuant to pre-existing agreements with DM&E

In Finance Docket No 35184, the name and address of the entity selling the Yale-Huron line to ECRRA and retaining subleasehold interests is.

Dakota, Minnesota & Eastern Railroad Corporation
140 North Phillips Avenue
Sioux Falls, South Dakota 57104
Facsimile (605) 782-1299

In Finance Docket No. 35185, the name and address of the entity selling the Yale-Huron line to SDRA, while retaining leasehold rights is:

East Central Regional Railroad Authority
P.O. Box 74
Cavour, South Dakota 57324-0074
Facsimile (605) 354-2919

SDRA will, in turn, convey its interest to SDDOT SDRA's address is

South Dakota Railroad Authority
700 East Broadway Avenue
Pierre, South Dakota 57501-2586
Facsimile (605) 773-3921

The parties intend to consummate these transactions on or after November 20,

2008

Map: 49 C.F.R. §§ 1150.33(f) and 1150.43(f)

A map showing the Yale-Huron line and the surrounding area is attached as Exhibit A to this notice

Certificate of Compliance: 49 C.F.R. §§ 1150.33(g) and 1150.43(g)

Certificates of Compliance with the provisions of 49 C F R §§ 1150 33(g) and 1150.43(g) are attached as Exhibits B-1 through B-3 to this notice. The rail revenues of ECRRRA, SDRA and SDDOT, respectively, as a result of these transactions will not result in the creation of a Class II or Class I rail carrier

Advance Notice: 49 C.F.R. §§ 1150.32(e) and 1150.42(e)

The projected annual rail revenue of each of the applicants, upon consummation of the proposed transactions, does not exceed \$5 million, and, accordingly, the advance notice requirements of 49 C.F.R. §§ 1150 32(e) and 1150.42(e) are not applicable to this transaction See Exhibits B-1 through B-3 hereto.

Environmental and Historic Preservation Data: 49 C.F.R. § 1105

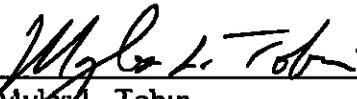
Under 49 C.F.R. § 1105 6(c)(2), the proposed acquisitions of the Yale-Huron line are exempt from environmental reporting requirements The proposed transactions will not result in significant changes in carrier operations, i.e., changes that exceed the thresholds established in 49 C F R § 1105.7(e)(4) or (5)

Under 49 C F R § 1105 8(b)(1), the proposed acquisitions of the Yale-Huron line also are exempt from historic preservation reporting requirements The proposed acquisitions are for the purpose of continued rail operations Further Surface Transportation Board approval is required to discontinue or abandon any service, and there are no plans to dispose of or alter properties subject to Board jurisdiction that are fifty years old or older

Caption Summary: 49 C.F.R. §§ 1150.34 and 1150.44

A caption summary in appropriate form is attached as Exhibit C to this notice

Respectfully submitted,

By 
Myles L. Tobin
Fletcher & Sippel LLC
29 North Wacker Drive, Suite 920
Chicago, Illinois 60606-2832
(312) 252-1500

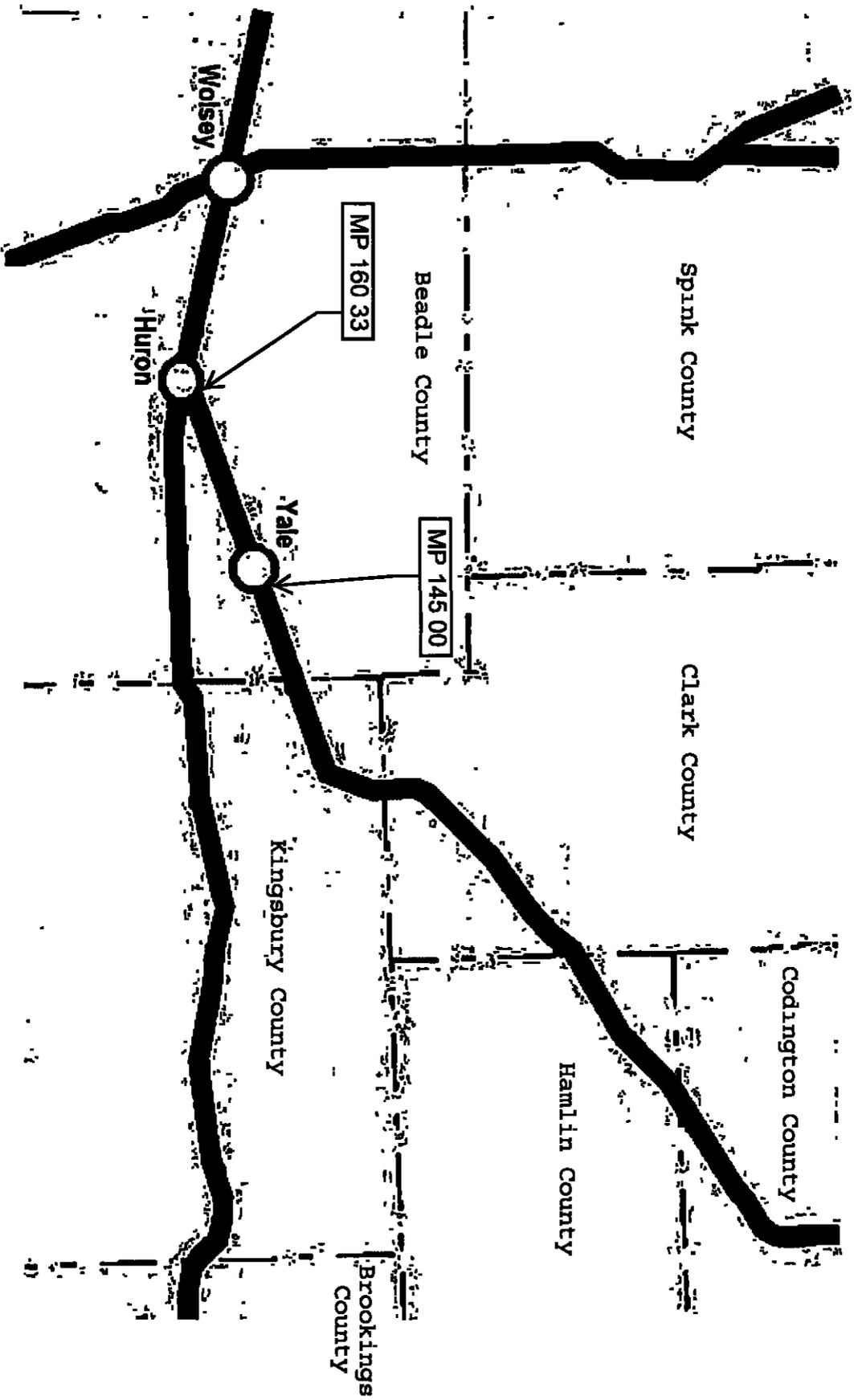
**ATTORNEY FOR SOUTH DAKOTA RAILROAD
AUTHORITY AND
SOUTH DAKOTA DEPARTMENT OF
TRANSPORTATION**

By 
Douglas E. Kludt
Douglas F. Kludt
Churchill, Manolis, Freeman
Kludt, Shelton and Burns
333 Dakota Avenue, South
P O Box 176
Huron, South Dakota 57350-1076
(605) 352-8624

**ATTORNEY FOR EAST CENTRAL REGIONAL
RAILROAD AUTHORITY**

Dated October 7, 2008

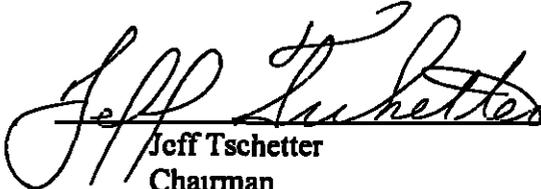
EXHIBIT A - MAP



CERTIFICATION

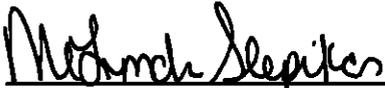
State of South Dakota)
)
County of Beadle) ss.

Jeff Tschetter, being duly sworn, hereby certifies that the projected annual rail revenue of East Central Regional Railroad Authority will not exceed \$5 million and will not result in the creation of a Class II or Class I carrier under the provisions of 49 C.F.R. § 1201 (1-1)



Jeff Tschetter
Chairman

SUBSCRIBED AND SWORN TO
before me this 6th day
of October, 2008



Notary Public

My Commission expires 4-15-11



CERTIFICATION

State of South Dakota)
)
County of Hughes) ss

Jerry Prostrollo, being duly sworn, hereby certifies that the projected annual rail revenue of South Dakota Railroad Authority will not exceed \$5 million and will not result in the creation of a Class II or Class I carrier under the provisions of 49 C.F.R. § 1201 (1-1).



Jerry Prostrollo
Chairman

SUBSCRIBED AND SWORN TO
before me this 7 day
of October, 2008



Notary Public

My Commission expires 1-13-2013

CERTIFICATION

State of South Dakota)
)
County of Hughes)

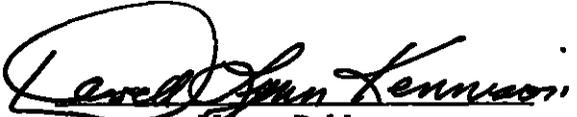
 ss.

Bruce Lindholm, being duly sworn, hereby certifies that the projected annual rail revenue of the South Dakota Department of Transportation will not exceed \$5 million and will not result in the creation of a Class II or Class I carrier under the provisions of 49 C.F.R. § 1201 (1-1)

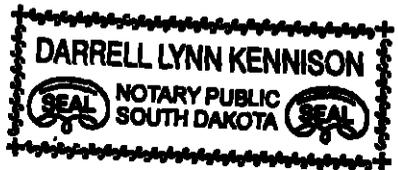


Bruce Lindholm
Program Manager

SUBSCRIBED AND SWORN TO
before me this 27 day
of October, 2008


Notary Public

My Commission expires: 01/24/2014



SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO 35184

**EAST CENTRAL REGIONAL RAILROAD AUTHORITY
-- ACQUISITION EXEMPTION --
DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION**

FINANCE DOCKET NO. 35185

**STATE OF SOUTH DAKOTA BY AND THROUGH ITS SOUTH DAKOTA RAILROAD
AUTHORITY AND ITS DEPARTMENT OF TRANSPORTATION-- ACQUISITION
EXEMPTION -- EAST CENTRAL REGIONAL RAILROAD AUTHORITY**

East Central Regional Railroad Authority ("ECRRA"), a non-carrier, has filed a Verified Notice of Exemption to acquire from Dakota, Minnesota & Eastern Railroad Corporation ("DM&E") a line of railroad extending from Milepost 145.0 near Yale, South Dakota to Milepost 160 33 near Huron, South Dakota, a distance of approximately 15 33 miles (the "Yale-Huron line"), with DM&E retaining subleasehold rights.

Simultaneously, South Dakota Railroad Authority ("SDRA"), a non-operating Class III rail carrier, has filed a Verified Notice of Exemption to acquire the Yale-Huron line from ECRRA, with ECRRA retaining leasehold rights. In turn, the South Dakota Department of Transportation ("SDDOT") will immediately acquire the Yale-Huron line from SDRA

The parties expect to consummate all of the contemplated transactions involving the Yale-Huron line on November 20, 2008.

Comments in Finance Docket No. 35184 must be filed with the Board and served on

Douglas E Kludt
Churchill, Manolis, Freeman
Kludt, Shelton and Burns
333 Dakota Avenue, South
P.O. Box 176
Huron, South Dakota 57350-1076
(605) 352-8624

Comments in Finance Docket No 35185 must be filed with the Board and served

on:

Myles L. Tobin
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832
(312) 252-1500

This Notice is filed under 49 C F R §§ 1150.31 and 1150.41. If the Notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U S C § 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

Dated. _____, 2008

By the Board

Anne K. Quinlan
Secretary

VERIFICATION

State of South Dakota)
)
County of Beadle) ss

Jeff Tschetter, being duly sworn, deposes and says that he is Chairman of East Central Regional Railroad Authority, that he has read the foregoing Notice of Exemption and knows the facts asserted therein, and that the same are true as stated



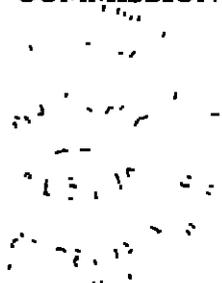
Jeff Tschetter
Chairman

SUBSCRIBED AND SWORN TO
before me this 6th day
of October, 2008



Notary Public

MY COMMISSION EXPIRES. 4-15 11



VERIFICATION

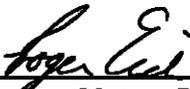
State of South Dakota)
)
County of Hughes) ss

Jerry Prostrollo, being duly sworn, deposes and says that he is Chairman of South Dakota Railroad Authority, that he has read the foregoing Notice of Exemption and knows the facts asserted therein, and that the same are true as stated.



Jerry Prostrollo
Chairman

SUBSCRIBED AND SWORN TO
before me this 7 day
of October, 2008



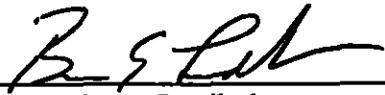
Notary Public

MY COMMISSION EXPIRES 1-13-2013

VERIFICATION

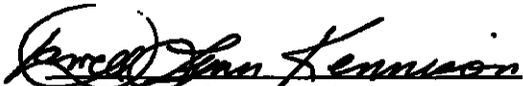
State of South Dakota)
)
County of Hughes) ss

Bruce Lindholm, being duly sworn, deposes and says that he is Program Manager of South Dakota Department of Transportation, that he has read the foregoing Notice of Exemption and knows the facts asserted therein, and that the same are true as stated.



Bruce Lindholm
Program Manager

SUBSCRIBED AND SWORN TO
before me this 6th day
of October, 2008


Notary Public

My Commission expires: 01/24/2014

