

NEWS from DM&E

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DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION

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FOR IMMEDIATE RELEASE

Minnesota Communities Support DM&E Rail Project

Rochester only city on DM&E route that opposes rail renewal

(Sioux Falls, SD) – The city of Eagle Lake, MN last night approved a “Community Partnership Agreement” with the DM&E Railroad that addresses certain mitigation issues and lends its formal support to the DM&E rail revitalization project. “We are very pleased to have worked through the issues. Reasonable people can work out problems, and we are happy to have accomplished that in Eagle Lake,” said DM&E President and Chief Executive Officer Kevin V. Schieffer.

All of the cities on the DM&E line in South Dakota support of the project; and as of last night all but one in Minnesota support it. It will create thousands of jobs and provide vastly better rail service in South Dakota and Minnesota. It is strongly supported by all agriculture organizations, economic development groups, and many others in both MN and SD. It is opposed by Rochester and Mayo Clinic.

The agreement sets forth the city’s preference for using the existing line going through Eagle Lake instead of a route south of town. DM&E is also in negotiations with the neighboring city of Mankato and Blue Earth county on similar local issues, even though Mankato is not on the DM&E line currently. The goal of DM&E and Eagle Lake is to avoid the need to build a new line south of Mankato and Eagle Lake, and instead use an existing rail corridor through those towns. Current DM&E operations in Mankato are on the Union Pacific (UP) rail line. The Surface Transportation Board (STB), the agency which oversees railroad matters, ruled earlier this year that DM&E may build a new line south of these communities instead of relying on UP trackage rights.

One purpose of the Eagle Lake agreement is to avoid building the southern route if possible. It also provides mitigation for the city of Eagle Lake regardless of which route is ultimately built, and it provides additional formal support for the rail project.

When the STB initially approved DM&E’s application, the railroad had entered into agreements with 52 of the 56 SD & MN communities on its proposed route. Since that time, of the four remaining communities, DM&E has entered into agreements with Pierre, SD and Eagle Lake. It remains in discussions with Brookings, SD (which supports the project). Rochester, MN is the only community that remains opposed to the DM&E project. DM&E has said it remains open to negotiations with any community on mitigation issues.

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