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INTERSTATE COMMERCE COMMISSION

NO. 9-053A017

FEB 22 1979
Date

Fee \$ 30.00

ITEL

Rail Lease Division

Two Embarcadero Center
San Francisco, California 94111
(415) 955-0123
Telex 34234

ICC Washington, D. C.



February 14, 1979

Hon. H.G. Homme, Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Counterpart sent to Carlson

Dear Sir:

Enclosed for filing with and recording by the Interstate Commerce Commission is one original, two certified copies and three photocopies of a Lease Agreement dated as of July 26, 1978 between Itel Corporation, acting through its Rail Division, Two Embarcadero Center, San Francisco, California 94111 and Minnesota, Dakota & Western Railway Company, One Jefferson Square, Boise, Idaho, 83728 covering the following railroad equipment:

- 300 70-ton, 50'7" single sheath boxcars bearing the identifying numbers MDW 9000-10199, both inclusive.
- 100 100-ton, 50'7" single sheath boxcars bearing the identifying numbers MDW 11000-11099, both inclusive.
- 100 100-ton, 50'6" single sheath boxcars bearing the identifying numbers MDW 6000-6099, both inclusive.
- 50 70-ton, 50'6" single sheath boxcars bearing the identifying numbers MDW 8000-8049, both inclusive.

Identifying marks on all of the foregoing equipment: The words "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED UNDER THE INTERSTATE COMMERCE COMMISSION", printed on each side of each unit.

Also enclosed is our check in the amount of \$50, payable to the Interstate Commerce Commission, being the prescribed fee for filing and recording the foregoing document.

Please return all additional copies of the enclosed counterparts not required by the Interstate Commerce Commission to David Schwartz, Esq. of Sullivan & Worcester, who will be delivering this letter on our behalf.

Sincerely,

Paul Willard
Counsel

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LEASE AGREEMENT

INTERSTATE COMMERCE COMMISSION

THIS LEASE AGREEMENT, made as of this 26th day of July, 1978, between ITEL CORPORATION, a Delaware corporation, acting through its Rail Division, Two Embarcadero Center, San Francisco, California, 94111 ("ITEL"), as Lessor, and MINNESOTA, DAKOTA & WESTERN RAILWAY COMPANY, a Minnesota corporation, One Jefferson Square, Boise, Idaho, 83728 ("Lessee"), as Lessee.

W I T N E S S E T H:

WHEREAS, SSI Rail Corp. ("SSI") which was merged into ITEL Corporation on December 30, 1977, entered into a Lease Agreement dated June 22, 1976, filed with the Interstate Commerce Commission on October 1, 1976, at 3:00 p.m. and assigned recordation number 8501 which covered the leasing of certain railroad equipment set forth in Schedule A thereto (the "Original Lease Agreement");

WHEREAS, ITEL is in the business of leasing railroad equipment and Lessee operates a railroad in the State of Minnesota;

WHEREAS, Lessee requires the use of certain railroad equipment as herein set forth to furnish transportation services to its customers;

WHEREAS, ITEL proposes to lease additional railroad equipment to Lessee for a period of years as herein provided for; and

WHEREAS, Lessee and ITEL desire to restate the Original Lease Agreement, and also desire to lease certain additional railroad equipment set forth in Schedule C and D hereto.

NOW THEREFORE, ITEL and Lessee do hereby agree as follows:

1. Scope of Agreement

A. ITEL agrees to lease to Lessee, and Lessee agrees to lease from ITEL railroad equipment of the types and descriptions as set forth in any equipment schedules (hereafter "Schedules") executed by the parties concurrently herewith or hereafter and made a part of this Agreement. The scheduled items of equipment are hereinafter referred to as the "Boxcar" or "Boxcars."

B. It is the intent of the parties to this Agreement that ITEL shall at all times be and remain the lessor of all Boxcars. Lessee agrees that it will at no time take any action or file any document which is inconsistent with the foregoing intent and that it will take such action and execute such documents as may be necessary to accomplish this intent.

C. ITEL and Lessee agree that, as between themselves, Lessee shall be entitled to claim the benefits on any available Investment Tax Credit for Federal income tax purposes in connection with the acquisition of the Boxcars bearing the reporting marks MDW 9000-9099, MDW 8000-8049, MDW 6000-6099 set forth on Schedules A, C & D to the Agreement. Such

Boxcars shall be new equipment when delivered to Lessee hereunder and ITEL agrees to execute such documents as may be required to permit Lessee to claim any Investment Tax Credits relating to such Boxcars. Lessee never exercised its option prior to the expiration date thereof to acquire the Boxcars listed in Schedule B.

2. Term

A. This Agreement shall remain in full force until it shall have been terminated as to all of the Boxcars as provided herein. The term of lease with respect to all of the Boxcars described on each Schedule shall be for fifteen years commencing upon the date when all Boxcars on such Schedule have been delivered as set forth in Section 3A hereof.

B. If this Agreement has not been earlier terminated and no default has occurred and is continuing, it shall automatically be extended for not more than five consecutive periods of twelve months each with respect to all of the Boxcars described on each Schedule, provided, however, ITEL or Lessee may terminate this Agreement as to all, but not fewer than all, of the Boxcars on any such Schedule by written notice delivered to the other not less than twelve months prior to the end of the initial lease term or any extended lease term.

3. Supply Provisions

A. ITEL will inspect each of the Boxcars tendered by the manufacturer for delivery to Lessee. Prior to such inspection, however, Lessee shall confirm in writing to ITEL that the sample Boxcar (one for each different type of Boxcar on each Schedule) made available for Lessee's inspection prior to the commencement of deliveries conforms to the specifications of the equipment agreed to by Lessee. Upon such approval by Lessee and ITEL's determination that the Boxcar conforms to the specifications ordered by ITEL and to all applicable governmental regulatory specifications, and provided this Agreement has not been terminated, ITEL will accept delivery thereof at the manufacturer's facility and shall notify Lessee in writing of such acceptance. Each of the Boxcars shall be deemed delivered to Lessee upon acceptance by ITEL at the manufacturer's facility. The Boxcars shall be moved to Lessee's railroad line at no cost to Lessee as soon after acceptance of delivery by ITEL as is consistent with mutual convenience and economy. Due to the nature of railroad operations in the United States, ITEL can neither control nor determine when the Boxcars leased hereunder will actually be available to Lessee for its use on its railroad tracks. To move the Boxcars to Lessee's railroad line and insure optimal use of the Boxcars after the first loading of freight for each Boxcar whether on the railroad line of Lessee or on any other railroad line selected by

Lessee (the "Initial Loading"), ITEL agrees to assist Lessee in monitoring Boxcar movements and, when deemed necessary by Lessee and ITEL, to issue movement orders with respect to such Boxcars to other railroad lines in accordance with Interstate Commerce Commission and AAR interchange agreements and rules; provided Lessee shall be primarily responsible for insuring all Boxcars arrive at Lessee's railroad tracks as soon as reasonably possible and ITEL shall bear all costs and expenses incurred in connection with such movement including costs or expenses required to move the Boxcars for Initial Loading on a railroad line selected by Lessee and agreed to by ITEL.

B. Lessee agrees that so long as it shall have on lease any Boxcars, it shall not lease boxcars substantially similar to Boxcars as herein described that are used in interchange service from any other party (except from Boise Cascade Corporation or a subsidiary thereof) without using its best efforts to give 20 days' written notice to ITEL of Lessee's desire to lease such boxcars. Lessee shall give preference to ITEL and shall load the Boxcars leased from ITEL prior to loading boxcars leased from other parties or purchased by Lessee subsequent to the date of this Agreement or interchanged with railroads; provided, however, that this shall in no event prevent or prohibit Lessee from fulfilling its obligations to provide transportation and facilities upon reasonable request to shippers on its railroad tracks,

and provided further, Lessee shall not have to provide ITEL Boxcars priority at the expense of unreasonably disrupting Lessee's normal operations.

C. Except as hereinafter provided, additional Boxcars may be leased from ITEL by Lessee only upon the mutual agreement of the parties hereto. Upon such agreement, such additional Boxcars shall be identified in Schedules to this Agreement and shall benefit from and be subject to this Agreement upon execution of the Schedules by ITEL and Lessee. Notwithstanding the execution on any Schedules, including Schedules for additional Boxcars, the delivery of any Boxcar to Lessee shall be subject to manufacturers' delivery schedules, financing satisfactory to ITEL and the mutual acknowledgment of the parties that the addition of such Boxcars is not likely to reduce Utilization (as defined in Section 7) of all Boxcars on lease to Lessee to less than 87.5 percent in any calendar quarter. If, due to the factors listed in the preceding sentence, fewer than all of the Boxcars listed on a Schedule shall be delivered to Lessee, the Lease term shall be deemed to have commenced on the date the final Boxcar of the most recent group of Boxcars was delivered to Lessee.

4. Railroad Markings and Record Keeping

A. ITEL and Lessee agree that on or before delivery of any Boxcars to Lessee, said Boxcars will be lettered with the reporting marks of Lessee and may also be marked with

the name and other insignia used by Lessee. Such name and insignia shall comply with all applicable regulations.

B. At no cost to Lessee, ITEL shall during the term of this Agreement prepare for Lessee's signature and filing all documents relating to the registration, maintenance and record keeping functions involving the Boxcars. Such documents shall include but are not limited to the following:

(i) appropriate AAR documents including an application for relief from AAR Car Service Rules 1 and 2; (ii) registration in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; and (iii) such reports as may be required from time to time by the Interstate Commerce Commission and other regulatory agencies.

C. Each Boxcar leased hereunder shall be registered at no cost to Lessee in the Official Railway Equipment Register and the Universal Machine Language Equipment Register. ITEL shall, on behalf of Lessee, perform all record keeping functions related to the use of the Boxcars by Lessee and other railroads in accordance with AAR railroad interchange agreements and rules, such as car hire reconciliation. Correspondence from railroads using such Boxcars shall be addressed to Lessee at such address as ITEL shall select and to which Lessee shall consent in writing.

D. All record keeping performed by ITEL hereunder and all record of payments, charges and correspondence related to the Boxcars shall be separately recorded and maintained

by ITEL in a form suitable for reasonable inspection by Lessee from time to time during regular ITEL business hours. Lessee shall supply ITEL with such reports, including daily reports of the number of Boxcars on Lessee's tracks and use of the Boxcars by Lessee on its railroad line as ITEL may reasonably request.

E. The Lessee shall have the right as provided for in Section 5 upon two months' notice to ITEL to perform all of the record keeping functions mentioned in this section.

5. Lessee's Assumption of Record Keeping and Receipt of Payments

A. At any time during the term of this Agreement at its sole discretion Lessee may if it shall reasonably determine that ITEL has not performed its record keeping in an accurate and prompt manner upon prior written notice to ITEL, take over and assume from ITEL as soon as is practicable but in no event later than two months after receipt of notice to ITEL, all record keeping functions, record of payments, charges and correspondence related to the use of the Boxcars. In addition, upon the giving of the notice provided for above, the parties will, as soon as practicable but in no event later than two months, make arrangements for the receipt of Payments (as defined in Section 7) by Lessee rather than ITEL, it being understood that upon receipt of such Payments by Lessee, Section 7B of the Agreement will automatically be deemed to be revised to read as follows:

"B. The calculations required above shall be made within three months after the end of each calendar year. However, since the parties desire that rental payments be made currently so that ITEL may meet its financial commitments, Lessee shall remit to ITEL on the first business day of each month, the full amount of all Payments received by Lessee (less any deduction authorized to be made by Lessee under the terms of this Agreement) during the next preceding calendar month from any car hire settlement with respect to any Boxcar leased hereunder. Following the yearly calculation, one-half of any amount paid to ITEL in excess of the ITEL Base Rental shall be deducted by Lessee from subsequent Rental Charges."

6. Maintenance, Taxes and Insurance

A. Except as otherwise provided herein, ITEL will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each of the Boxcars during its lease term and any extension thereof, including but not limited to repairs, maintenance and servicing, unless the same was occasioned by the fault of Lessee while such Boxcar is in the physical possession of Lessee. Lessee shall inspect all Boxcars interchanged to it to insure that such Boxcars are in good working order and condition and shall be liable to ITEL for any repairs required for damage not noted at the time of interchange. Lessee hereby transfers and

assigns to ITEL for and during the lease term of each Boxcar all of its right, title and interest in any warranty in respect to the Boxcars except for Lessee's right to recover any damages from the manufacturer of the Boxcars that arise directly or indirectly as a result of a loss to cargo being transported in the Boxcars. All claims or actions on any warranty so assigned shall be made and prosecuted by ITEL at its sole expense and Lessee shall have no obligation to make any claim on such warranty; provided Lessee retains the right to prosecute any claim against a manufacturer for product defect if Lessee claims damages arising from loss to cargo transported in the Boxcars. Any recovery under such warranty shall be payable solely to ITEL except as to any action brought by Lessee to recover for claims arising from damages to cargo carried in the Boxcars. Only for purposes of Section 6A, the railroad car manufacturer shall include both the original maker of the Boxcar and any person who repairs or rebuilds a Boxcar during the term of this Agreement or any extension thereof.

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B. Except as otherwise provided, ITEL shall make or cause to be made such inspections of, and maintenance and repairs to, the Boxcars as may be required. Upon request of ITEL, Lessee shall, to the extent it is capable of repairing Boxcars, perform any necessary maintenance and repairs to Boxcars on Lessee's railroad tracks as may reasonably be requested by ITEL. ITEL shall also make, at its expense,

all alterations, modifications or replacement of parts, as shall be necessary to maintain the Boxcars in good operating condition throughout the term of the lease of such Boxcars. Lessee may make running repairs to facilitate continued immediate use of a Boxcar, but shall not otherwise make any repairs, alterations, improvements or additions to the Boxcars without ITEL's prior written consent. If Lessee makes an alteration, improvement or addition to any Boxcar without ITEL's prior written consent, Lessee shall be liable to ITEL for any revenues lost due to such alteration. Title to any such alteration, improvement or addition shall be and remain with ITEL.

C. Lessee will at all times while this Agreement is in effect be responsible for the Boxcars while on Lessee's railroad tracks in the same manner that Lessee is responsible under Rule 7 of the AAR Car Service and Car Hire Agreement Code of the Car Service Rules-- Freight for boxcars not owned by Lessee on Lessee's railroad tracks. Lessee shall protect against the consequences of an event of loss involving the Boxcars while on Lessee's railroad tracks by either obtaining insurance or maintaining a self insurance program which conforms to sound actuarial principles and Lessee shall provide ITEL with a certificate of insurance with respect to such insurance carried on the Boxcars 30

days prior to the delivery of any Boxcar and thereafter at intervals of not more than twelve calendar months at ITEL's request. If Lessee elects to replace ITEL's insurance on any Boxcars while not on Lessee's tracks, Lessee shall furnish ITEL concurrently with the execution of any Schedule or upon Lessee's election to replace such insurance, an insurance certificate acceptable to ITEL for Boxcars listed on such Schedule or for the Boxcars upon which the Lessee elects to replace ITEL's insurance. In the event Lessee provides its own insurance for Boxcars off Lessee's tracks acceptable to ITEL, the Utilization rate shall be reduced by a mutually agreed upon percentage in recognition of Lessee absorbing the insurance expense borne by ITEL. All insurance shall be taken out in the name of Lessee and ITEL (or its assignee) as their interests may appear. Lessee shall also maintain bodily injury and property damage liability insurance while the Boxcars are on Lessee's railroad.

D. ITEL agrees to reimburse Lessee for all taxes, assessments and other governmental charges of whatsoever kind or character paid by Lessee relating to each Boxcar and on the lease, delivery or operation thereof which may remain unpaid as of the date of delivery of such Boxcar to Lessee or which may be accrued, levied, assessed or imposed during the lease term, except taxes on income imposed on Lessee and sales or use taxes

imposed on the mileage charges and/or car hire revenues; provided, ITEL shall pay a portion of all income, sales, use, gross receipts, or other tax levied against the gross amount of Payments equal to the amount of the tax times a fraction, the numerator of which is the total Payments received in a calendar year by ITEL and the denominator of which is the total Payments received in each calendar year by the Lessee. ITEL shall forward to Lessee all sales and use tax payments received by it on behalf of Lessee and such sales or use tax payments shall not be deemed Payments. ITEL and Lessee will comply with all state and local laws requiring the filing of ad valorem tax returns on the Boxcars. The Lessee shall provide ITEL, not later than ten days prior to filing any sales, use or other tax return, with relevant information from the Lessee's proposed sales, use or other tax returns and obtain ITEL's consent prior to the payment of any taxes on account of the Boxcars and further ITEL shall pay all penalties plus interest resulting from its failure to consent on a timely basis. Notwithstanding the foregoing, Lessee shall pay and ITEL need not reimburse Lessee for any customs' duties imposed by the Government of Canada or withholding taxes imposed as a result of the use of the Boxcars bearing the reporting marks MDW 8000-8049 in Canada; Lessee shall indemnify ITEL and hold ITEL

harmless from any claim, loss or expense of any kind to as a result of any such customs' duties and or withholding taxes being imposed or asserted against either ITEL or such Boxcars by reason of their use in Canada.

7. Lease Rental

A. Lessee agrees to pay the following as rent to ITEL for the use of the Boxcars and ITEL agrees to accept the following as rent on the Boxcars:

(i) Subject to adjustments for Lessee providing insurance for the Boxcars, ITEL shall receive on Lessee's behalf all payments including but not limited to mileage charges, straight car hire payments and incentive car hire payments (all of which payments made to Lessee are hereinafter collectively referred to as "Payments") made to Lessee by other railroad companies for their use or handling of the Boxcars bearing reporting marks MDW 6000-6099, MDW 9000-9099 and MDW 10000-10199 if the Utilization of all of such Boxcars delivered to Lessee on an aggregate basis for each calendar year shall be equal to or less than 92.5 percent. For the purpose of this Agreement, Utilization of the Boxcars shall be determined by a fraction, the numerator of which is the aggregate number of days in each calendar year that car hire payments are earned by Lessee on the Boxcars, commencing from the Initial Loading, and the denominator

of which is the aggregate number of days in each year that the Boxcars are on lease to Lessee, commencing from the Initial Loading.

(ii) In the event Utilization exceeds 92.5 percent in any calendar year for the Boxcars described in Section 7A(i) hereof, ITEL shall receive an amount equal to the ITEL Base Rental plus an amount equal to one-half of the Payments earned in excess of the ITEL Base Rental. For purposes hereof ITEL Base Rental shall be an amount equal to the total Payments for the Boxcars described in Section 7A(i) for the calendar year multiplied by a fraction, the numerator of which is 92.5 percent and the denominator of which is the Utilization of such Boxcars for such calendar year. (The above determination of ITEL Base Rental insures that Lessee will, if Utilization is greater than 92.5 percent in any calendar year, receive one-half of all the Payments for such Boxcars made by other railroads for use or handling of such Boxcars in excess of the ITEL Base Rental.)

(iii) ITEL shall receive all Payments made to Lessee by other railroad companies for their use or handling of the Boxcars bearing reporting marks MDW 8000-8049.

(iv) The rental charges payable to ITEL by Lessee shall be paid from the Payments received by Lessee in

the following order until ITEL receives the amounts due it pursuant to this section: (1) incentive car hire payments; (2) straight car hire payments; (3) mileage charges and (4) other. Such rental charges shall not be cumulative from year to year.

(v) In the event damage or destruction of a Boxcar has been reported in accordance with Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Hire Rules--Freight and the appropriate amount due as a result thereof is received by ITEL, said damaged or destroyed Boxcar will be removed from the coverage of this Agreement as of the date that payment of Boxcar hire payments ceased.

(vi) While any Boxcar bearing reporting marks MDW 8000-8049 is on Lessee's railroad tracks, Lessee shall pay ITEL, as additional rent, an amount equal to the car hire revenues Lessee would have earned if such Boxcar was in the physical possession and use of another railroad, provided, however, such additional rent shall not exceed the Payments received by Lessee on all the Boxcars subject to the Agreement, less any amounts payable to ITEL pursuant to Section 7A(i) and 7A(ii) of the Agreement. There shall be excluded from the above, those days Lessee is required to hold Boxcars at the direction of, or due to action taken or used by, ITEL.

(vii) If ITEL pays other railroads to move Boxcars, except for any expenses incurred to deliver such Boxcars to Lessee's railroad line or a railroad line selected by Lessee and agreed to by ITEL for the Initial Loading, Lessee shall reimburse ITEL for such expenses only from and out of the monies received by Lessee pursuant to Section 7A(ii).

B. The calculations required above shall be made ^{five} within ~~three~~ months after the end of each calendar year. enable ITEL to meet its monthly financial commitments, ITEL may obtain, prior to such calculations 96 percent of the Payments received by it on behalf of Lessee; provided all Payments received by ITEL on Lessee's behalf shall be deposited in the bank account established by Lessee for the purpose of receiving Payments; and provided further, ITEL shall render to Lessee a monthly statement of all funds withdrawn from Lessee's bank account. Since the parties desire to determine on a quarterly basis the approximate amount of the rental charges due ITEL, ITEL shall within three months after the end of each calendar quarter, calculate on a quarterly basis rather than a yearly basis the amount due it pursuant to this section. Any amounts payable pursuant to the preceding sentence shall be paid promptly following such calculation, provided, however, that following the yearly calculation, any amount paid to either party in

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excess of the amounts required by the yearly calculation shall be promptly refunded to the appropriate party.

C. Lessee may at its option open a bank account with Bank of America National Trust and Savings Association, Bank of America Center, San Francisco, California, 94104 for accumulating and disbursing lease payments under this Agreement. Lessee agrees to give the sole power to withdraw money from the foregoing bank account to ITEL. ITEL agrees that the entire balance of the bank account shall be used exclusively by Lessee or Boise Cascade Corporation and any subsidiary thereof as compensatory balances to the extent the rental payments accumulate in the bank account, provided this section shall not limit ITEL's right to withdraw up to 96 percent of the rentals pursuant to Section 7B. In the event Lessee exercises its option under Section 5A, Lessee may select any bank in the United States and shall have the sole power in accordance with this Agreement to withdraw money from any bank account created or existing for accumulating and disbursing lease payments under this Agreement.

D. In the event Utilization in any calendar quarter is less than 87.5 percent, for Boxcars bearing the reporting marks MDW 6000-6099, MDW 9000-9099 and MDW 10000-10199, ITEL may, at its option and upon not less than 30 days prior written notice to Lessee, terminate this Agreement as to such Boxcars as ITEL shall determine, provided, however, Lessee shall have the option at Lessee's sole discretion to

pay ITEL within ten days of receipt of the Utilization for the calendar quarter, a sum of money equal to the rent lost by ITEL as a result of the Boxcars failing to maintain a Utilization of 87.5 percent and ITEL shall after such payment not terminate this Agreement until such time as the Utilization at the end of a subsequent quarter is less than 87.5 percent.

E. In the event Utilization in any calendar quarter is less than 96 percent for Boxcars bearing the reporting marks MDW 8000-8049 ITEL may, at its option and upon not less than 30 days' prior written notice to Lessee (i) terminate this Agreement as to such Boxcars as ITEL shall determine, provided however, Lessee shall have the option at Lessee's sole discretion to pay ITEL within ten days of receipt of the Utilization for such calendar quarter, a sum of money equal to the rent lost by ITEL as a result of the Boxcars failing to maintain a Utilization of 96 percent and ITEL shall after such payment not terminate this Agreement until such time as the Utilization at the end of a subsequent quarter is less than 96 percent or (ii) require Lessee at its sole cost and expense to (a) immediately remove such Boxcars from assigned service and (b) reregister such Boxcars to the XM mechanical designation. If ITEL shall select the option set forth in subclause (ii) of the preceding sentence, then, upon the date that the change in registration is effective, this Agreement shall be amended by adding to the reporting marks

set forth in Sections 7A(i) and 7D the reporting marks MDW 8000-8049 and Sections 7A(iii), 7A(vi), and 7E shall thereafter be null and void and of no force and effect.

F. ITEL may, at its option, terminate this Agreement if the Interstate Commerce Commission shall, at any time, issue an order reducing incentive car hire for Boxcars on an annual basis to three months or less without a corresponding increase in straight car hire or other monies available to both ITEL and Lessee at least equal in amount to such reduction. ITEL or Lessee may, at its option, terminate this Agreement if the Interstate Commerce Commission shall either determine that Lessee may not apply its incentive car hire receipts in payment of the rental charges set forth in this section or require that Lessee spend funds not earned by the Boxcars in order for Lessee to continue to meet its obligations set forth in this section. Lessee may, in any event, terminate this Agreement if for any reason governmental regulations orders prohibit the Lessee from making the payments described in Section 7. ITEL may also terminate this Agreement at its option if the exemption from Canadian customs' duty currently applicable to railway rolling stock placed in international services (which is set forth in Railway Rolling Stock International Service remission order Number Four of the Deputy Minister of National Revenue, Customs and Excise, established by Order in Council P.C. 1975-1975) shall be adversely affected by the passage of,

change in, or amendment of, any law, statute, rule, regulation, order or action of the Canadian Government or any agency thereof.

G. Subsequent to the Initial Loading, if any Boxcar remains on Lessee's railroad tracks for more than seven consecutive days, ITEL may, at its option and upon not less than 24 hours prior written notice, terminate this Agreement as to such Boxcar and withdraw such Boxcar from Lessee's railroad tracks. If any such Boxcar remains on Lessee's railroad tracks more than seven consecutive days because Lessee has not given preference to the Boxcars as specified in Section 3B, Lessee shall be liable for and remit to ITEL an amount equal to the car hire revenues Lessee would have earned if such Boxcars were in the physical possession and use of another railroad for the entire period.

H. If Lessee gives ITEL notice of a strike at International Falls, Minnesota, Kenora or Fort Frances, Ontario, Canada or such other location to which the Boxcars may be assigned, this Agreement shall not, with respect to the Boxcars referred to in Sections 7D and 7E, be terminated unless the Utilization for such Boxcars computed for a three month period commencing one month after the strike occurs shall be less than 87.5 percent with respect to the Boxcars referred to in Section 7D or 96 percent with respect to the Boxcars referred to in Section 7E, and the Lessee does not choose to exercise its options as provided in Sections 7D

and 7E, as the case may be; provided Lessee will use its best efforts to obtain maximum Utilization for such Boxcars during the period of any such strike. In computing such Utilization ITEL may terminate this Agreement after giving the Lessee the right to exercise its option under Sections 7D and 7E, as the case may be, if at any time following the strike date until the strike terminates the number of days that the Boxcars have not earned car hire payments is such as to make it mathematically certain that the Utilization for such Boxcars cannot be equal to or greater than 87.5 percent or 96 percent, as the case may be.

8. Possession and Use

A. So long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession, use and quiet enjoyment of the Boxcars in accordance with the terms of this Agreement and in the manner and to the extent boxcars are customarily used in the railroad freight business. However, Lessee's rights shall be subject to the rights of any owner or secured party under any financing agreement entered into by ITEL in connection with the acquisition of Boxcars, i.e., upon notice to Lessee from any such secured party or owner that an event of default has occurred and is continuing under such financing agreement, such party may require that all rent shall be made directly to such party or that the Boxcars be returned to such party pursuant to the terms and conditions of this Agreement. ITEL shall

provide the Lessee at the date of execution of this Agreement or at such date as financing is arranged conformed copies of all financing agreements and Exhibits thereto. ITEL and Lessee agree that to the extent they have physical possession and can control use of the Boxcars, the Boxcars will at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same may be located and in compliance with all lawful acts, rules and regulations and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, except that either ITEL or Lessee may in good faith and by appropriate proceedings contest the application of any such rule, regulation or order in any reasonable manner at the expense of the contesting party.

B. Lessee will not directly or indirectly create, incur, assume, or suffer to exist any mortgage, pledge, lien, charge, encumbrance, or other security interest or claim on or with respect to the Boxcars or any interest therein or in this Agreement or Schedule thereto. If any creditor of the Lessee or Boise Cascade Corporation or a subsidiary thereof files a mortgage, pledge, lien, charge, encumbrance, security interest, or any claim against the Boxcars, Lessee will promptly, at its expense, take such action as may be necessary to duly discharge such encumbrance.

9. Default

A. The occurrence of any of the following events shall be an event of default:

(i) The nonpayment by Lessee or ITEL of any payment ten days after notice from one party to the other that a payment pursuant to this Agreement is delinquent;

(ii) The breach by Lessee or ITEL of any other term, covenant, or condition of this Agreement, which is not cured within ten days after notice has been given Lessee or ITEL;

(iii) Any act of insolvency by Lessee or ITEL, or the filing by Lessee or ITEL of any petition or action under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors;

(iv) The filing of any involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law against Lessee or ITEL that is not dismissed within 60 days thereafter, or the appointment of any receiver or trustee to take possession of the properties of Lessee or ITEL, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within 60 days from the date of said filing or appointment;

(v) The subjection of substantially all of Lessee's or ITEL's property to any levy, seizure,

assignment, application or sale for or by any creditor or governmental agency; or

(vi) Except as a result of a strike or other act or acts beyond Lessee's control, any action by Lessee to discontinue rail service on all or a portion of its tracks or abandon any of its rail properties pursuant to applicable provisions of the Interstate Commerce Act or the laws of any state.

B. Upon the occurrence of any event of default, ITEL or the Lessee may, at its option, terminate this Agreement and may

(i) Proceed by any lawful means to enforce performance by the other party to this Agreement or to recover damages for a breach thereof (and the defaulting party agrees to bear the other party's costs and expenses, including reasonable attorneys' fees, in securing such enforcement), or

(ii) By notice in writing to the defaulting party, terminate the Lessee's right of possession and use of the Boxcars, whereupon all right and interest of Lessee in the Boxcars shall terminate and thereupon the Lessee shall render such reasonable cooperation as shall be reasonably requested by ITEL to give ITEL possession and enjoyment of the Boxcars. ITEL shall nevertheless have the right to recover from Lessee any and all rental amounts which under the terms of this

Agreement may then be due or which may have accrued to that date.

10. Termination

At the expiration or termination of this Agreement as to any Boxcars, Lessee will surrender control of such Boxcars to ITEL. A Boxcar shall be no longer subject to this Agreement upon the removal of Lessee's railroad reporting marks from the Boxcar and the placing thereon of such marks as may be designated by ITEL, either, at the option of ITEL, (1) by Lessee upon return of such Boxcars to Lessee's railroad line or (2) by another railroad line which has physical possession of the Boxcar at the time of or subsequent to termination of the lease term as to such Boxcar. If such Boxcars are not on the railroad line of Lessee upon termination, any cost of removing Lessee's railroad reporting marks, assembling, delivering, storing, and transporting such Boxcars to Lessee's railroad line or the railroad line of a subsequent lessee shall be borne by ITEL. If such Boxcars are on the railroad line of Lessee upon such expiration or termination or are subsequently returned to Lessee's railroad line, Lessee shall at its own expense within five working days remove Lessee's railroad reporting marks from the Boxcars and place thereon such reporting marks as may be designated by ITEL. After the removal and replacement of reporting marks, Lessee shall use its best efforts to load such Boxcars with freight and deliver them to a connecting carrier for shipment.

Lessee shall provide to the extent Lessee has available storage space up to 30 days free storage on its railroad tracks for ITEL or the subsequent lessee of any terminated Boxcar.

11. Indemnities

A. Except for risks assumed by Lessee if it obtains insurance on any Boxcar while not on Lessee's tracks as set forth in Section 6C, ITEL will defend, indemnify and hold Lessee harmless from and against (1) any and all loss or damage of or to the Boxcars, usual wear and tear excepted, unless occurring while Lessee has physical possession of Boxcars and (2) any claim, cause of action, damage, liability, cost or expense which may be asserted against Lessee with respect to the Boxcars (other than loss or physical damage to the cars as provided in [1] above) unless occurring through the fault of Lessee; and except as provided in Section 6D including without limitation the construction, purchase and delivery of the Boxcars to Lessee's railroad line, ownership, leasing or return of the Boxcars, or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects, if any, are latent or are discoverable by ITEL or Lessee). Lessee will further indemnify and hold ITEL harmless from withholding taxes and Canadian customs' duties as set forth in Section 6D of this Agreement.

B. Any expense of any kind whatsoever incurred by Lessee, which is required under the terms of this Agreement to be borne by ITEL, shall be paid promptly by ITEL to Lessee upon written request therefor by Lessee, including, but not limited to, costs, expenses, fees and charges relating to maintenance, repair or inspection performed on any railroad rolling stock which Lessee is required to perform or caused to have performed pursuant to governmental or AAR regulations as a result of this Agreement.

12. Representations, Warranties and Covenants

A. Lessee represents, warrants and covenants that:

(i) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the state where it is incorporated and has the corporate power, authority and is duly qualified and authorized to do business wherever necessary, to carry out its present business and operations and to own or hold under lease its properties and to perform its obligations under this Agreement;

(ii) The entering into and performance of this Agreement will not violate any judgment, order, law or regulation applicable to Lessee, or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Lessee or on the Boxcars pursuant to any instrument to which Lessee is a party or by which it or its assets may be bound;

(iii) There is no action or proceeding pending or threatened against Lessee before any court or administrative agency or other governmental body which might result in any material adverse effect on the business, properties and assets, or conditions, financial or otherwise, of Lessee;

(iv) There is no fact which Lessee has not disclosed to ITEL in writing, nor is Lessee a party to any agreement or instrument or subject to any charter or other corporate restriction which, so far as the Lessee can now reasonably foresee, will individually or in the aggregate materially adversely affect the business, condition or any material portion of the properties of the Lessee or the ability of the Lessee to perform its obligations under this Agreement; and

(v) Lessee has during the years 1964-1968 neither leased nor purchased any boxcars.

B. ITEL represents, warrants and covenants that:

(i) SSI was a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and had the corporate power, authority and was duly qualified and authorized to do business wherever necessary and prior to the delivery of any Boxcars under the Lease Agreement dated June 22, 1976, was qualified to do business in the state of Minnesota and was merged into ITEL Corporation as of December 30, 1977;

(ii) ITEL Corporation is a corporation duly organized, validly existing and in good standing under the laws of the state of Delaware and had corporate power, authority and is duly qualified and authorized to do business wherever necessary and is qualified to do business in the state of Minnesota;

(iii) The entering into and performance of this Agreement will not violate any judgment, order, law or regulation applicable to ITEL, or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of ITEL or on the Boxcars to be acquired pursuant to this Agreement;

(iv) There is no action or proceeding or threatened against ITEL or SSI before any court or administrative agency or other governmental body which might result in any material adverse effect on the business, properties and assets, or conditions, financial or otherwise, of ITEL or SSI;

(v) There is no fact which ITEL has not disclosed to the Lessee in writing, nor is ITEL a party to any agreement or instrument or subject to any charter or other corporate restriction which, so far as the ITEL can now reasonably foresee, will individually or in the aggregate materially adversely affect the business, condition or any material portion of the properties of

the ITEL or the ability of the ITEL to perform its obligations under this Agreement; and

(vi) Pursuant to a plan of merger duly adopted by ITEL, all of SSI's assets and obligations have been distributed to and assumed by ITEL.

13. Conditions Precedent.

The obligations of ITEL and Lessee under this Agreement are subject to the delivery of the following opinions:

A. Lessee will give ITEL an opinion of its counsel in a form satisfactory to ITEL; and

B. ITEL will give Lessee an opinion of its counsel in a form satisfactory to Lessee and the opinion of its outside counsel stating that this Agreement does not violate any rule or regulation of the Interstate Commerce Commission.

C. ITEL will give Lessee a certified resolution and such other documentation as Lessee shall reasonably request of the Board of Directors of ITEL Corporation permitting officers of ITEL Corporation, Rail Division to sign lease agreements on behalf of ITEL Corporation.

14. Inspection

After giving the Lessee reasonable notice, ITEL shall at any time during normal business hours have the right to enter the premises of Lessee where the Boxcars may be located for the purpose of inspecting and examining the Boxcars to insure Lessee's compliance with its obligations hereunder. Lessee shall immediately notify ITEL of any accident connected with the malfunctioning or operation of the Boxcars, including

in such report the time, place and nature of the accident and the damage caused, the names and addresses of any persons injured and of witnesses, and other information pertinent to Lessee's investigation of the accident. Lessee shall also notify ITEL in writing within 15 days after any attachment, tax, lien or other judicial process shall attach to any Boxcar. Lessee shall furnish to ITEL promptly upon its becoming available, a copy of its annual report submitted to the Interstate Commerce Commission and, when requested, copies of any other income or balance sheet statements required to be submitted to the Interstate Commerce Commission.

15. Miscellaneous

A. This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, except that Lessee may not without the prior written consent of ITEL assign this Agreement or any of its rights hereunder or sublease the Boxcars to any party, and any purported assignment or sublease in violation hereof shall be void.

B. Both parties agree to execute the documents contemplated by this transaction and such other documents as may be required in furtherance of this Agreement.

C. It is expressly understood and agreed by the parties hereto that this Agreement constitutes a lease of the Boxcars only and no joint venture or partnership is

being created. Notwithstanding the calculation of rental payments, nothing herein shall be construed as conveying to Lessee any right, title or interest in the Boxcars except only as a lessee.

D. No failure or delay by ITEL shall constitute a waiver or otherwise affect or impair any right, power or remedy, available to ITEL nor shall any waiver or indulgence by ITEL or any partial or single exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

E. This Agreement shall be governed by and construed according to the laws of the state of Delaware.

F. All notices hereunder shall be in writing and shall be deemed given when delivered personally or when deposited in the United States mail postage prepaid, certified or registered, addressed to the president of the other party at the address set forth above or as mutually agreed to by the parties of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

ATTEST:

David N. Kuhn
Assistant Secretary

ITEL CORPORATION, RAIL DIVISION

BY

TITLE

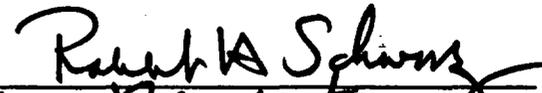
John M. [Signature]
President

MINNESOTA, DAKOTA & WESTERN RAILWAY
COMPANY

ATTEST:



Assistant Secretary

BY 
ITS President

STATE OF CALIFORNIA)
CITY AND COUNTY OF SAN FRANCISCO) ss.

On this 17th day of September, 1978, before me personally appeared Joseph M. Costello, Jr., to me personally known, who being by me duly sworn says that such person is President of the Rail Division of ITEL Corporation, that the foregoing Lease Agreement was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of such corporation.



Terry L. Russell
Notary Public

STATE OF IDAHO

COUNTY OF ADA

)
) ss.
)

On this 26 day of July, 1978, before me personally appeared Robert H. Schwarz to me personally known, who being by me duly sworn says that such person is President of MINNESOTA, DAKOTA & WESTERN RAILWAY COMPANY, that the foregoing Lease Agreement was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Carl Starch
Notary Public

MDW 9000-9099
MDW 10000-10199

SCHEDULE A

THIS SCHEDULE, made as of the 22nd day of June, 1976 between SSI RAIL CORP., a Delaware corporation, Two Embarcadero Center, San Francisco, California 94111 ("SSI") as Lessor and MINNESOTA, DAKOTA & WESTERN RAILWAY COMPANY, a Minnesota corporation ("Lessee") as Lessee.

W I T N E S S E T H:

WHEREAS, SSI and Lessee have executed a Lease Agreement dated June 22, 1976 (the "Agreement") whereby SSI agrees to lease to the Lessee certain equipment designated in schedules attached to the Agreement;

WHEREAS, the Lessee has agreed to lease from SSI pursuant to the Agreement three hundred Boxcars (as defined in the Agreement) and as set forth in Schedule A to the Agreement;

NOW THEREFORE, SSI and the Lessee do hereby agree as follows:

1. Boxcars: SSI will use its best efforts to obtain Boxcars which meet the following specifications and which are acceptable to the Lessee as provided for in the Agreement. SSI represents and warrants that it will obtain financing for all Boxcars listed in this Schedule prior to or on the date of deliver for the first Boxcar.

2. Specifications of the Boxcars: Unless the Lessee gives SSI written notice on or prior to September 1, 1976 to the contrary, SSI and the Lessee agree that the general specifications of the first three hundred Boxcars under this Agreement shall be as follows and Lessee shall consent to all detailed specifications submitted by SSI to the manufacturer:

- A. Each truck shall have a 70 ton capacity;
- B. Each Boxcar shall have 20 inches of car cushioning;
- C. Every Boxcar shall be of a single sheath, exterior post design;
- D. All Boxcars shall have the following interior dimensions:
 - (i) Length of 50 feet 7 inches;
 - (ii) Height of 11 feet 0 inches; and
 - (iii) Width of 9 feet 6 inches;
- E. Each Boxcar shall have the following interior anchor securements spaced one foot from the ceiling in each Boxcar:

(i) One vertical set of interior anchor
securments one and one-half feet
from the end of each Boxcar.

(ii) One vertical set at the mid-point
between the door and the end of the
Boxcar; and

(iii) One vertical set one-half foot from
each Boxcar's doorpost;

F. All Boxcar interiors shall be painted
with paint which shall be expressly approved
by Lessee;

G. All Boxcars shall have nailable steel floors
which shall be of the highest, standard strength;

H. All Boxcars shall be painted on the exterior
pursuant to Lessee's design and instructions
which shall be provided SSI as soon as possible;

I. All Boxcars provided for in this Schedule shall
all have doors 10 feet 6 inches high. Boxcars
with the following door configuration shall be
provided:

(i) Two hundred Boxcars with 6 foot plug
doors and 10 foot sliding doors with a
total width of 16 feet; and

(ii) One hundred Boxcars with 10 foot plug doors.

J. The manufacturer shall place in consecutive order a Minnesota, Dakota & Western railroad reporting mark on each Boxcar with single plug doors starting with the reporting mark of "MDW 9000" and ending with the reporting mark of "MDW 9099" and for the Boxcars with both plug and sliding doors the manufacturer shall place in consecutive order a Minnesota, Dakota & Western railroad reporting mark starting with the reporting mark of "MDW 10000" and ending with railroad reporting mark "MDW 10199".

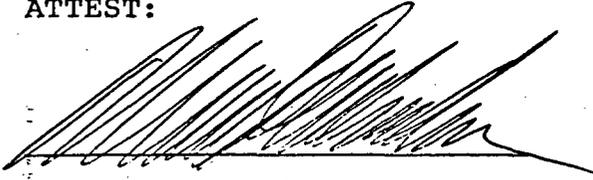
3. Delivery: The delivery of Boxcars at Portland, Oregon shall commence on or about September 23, 1976.

4. Conflict of Terms: To the extent a provision of this Schedule is inconsistent with a section of the Agreement, this Schedule shall be controlling and the parties to the Agreement shall treat this Schedule as an amendment to the Agreement.

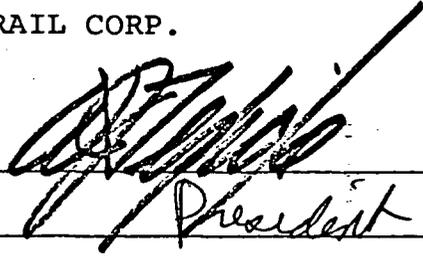
IN WITNESS WHEREOF, the parties hereto have executed this Schedule as of the date first above written.

SSI RAIL CORP.

ATTEST:



BY



ITS

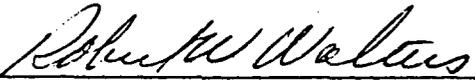
President

MINNESOTA, DAKOTA & WESTERN RAILWAY COMPANY

ATTEST:


Assistant Secretary

BY



ITS

MDW 11000-11689

SCHEDULE B

THIS SCHEDULE, made as of the 22nd day of June, 1976 between SSI RAIL CORP., a Delaware corporation, Two Embarcadero Center, San Francisco, California 94111 ("SSI") as Lessor and MINNESOTA, DAKOTA & WESTERN RAILWAY COMPANY, a Minnesota corporation ("Lessee") as Lessee.

W I T N E S S E T H:

WHEREAS, SSI and Lessee have executed a Lease Agreement dated June 22nd, 1976 (the "Agreement") whereby SSI agrees to lease to the Lessee certain equipment designated in schedules attached to the Agreement;

WHEREAS, the Lessee has agreed to lease from SSI pursuant to the Agreement three hundred Boxcars (as defined in the Agreement) and as set forth in Schedule A to the Agreement; and

WHEREAS, the Lessee and SSI have agreed that the Lessee shall have an option to lease certain Boxcars set forth on Schedule B,

NOW THEREFORE, SSI and the Lessee do hereby agree as follows:

1. Boxcars: SSI will use its best efforts to obtain Boxcars which meet the following specifications and which are acceptable to the Lessee as provided for in the Agreement.

- (ii) One vertical set at the mid-point between the door and the end of the Boxcar; and
 - (iii) One vertical set one-half foot from each Boxcar's doorpost;
- F. All Boxcar interiors shall be painted with paint which shall be expressly approved by Lessee;
 - G. All Boxcars shall have nailable steel floors which shall be of the highest, standard strength;
 - H. All Boxcars shall be painted on the exterior pursuant to Lessee's design and instructions which shall be provided SSI as soon as possible;
 - I. All Boxcars provided for in this Schedule shall all have doors 12 feet 0 inches high and all doors shall be plug doors which are 10 feet wide;
 - J. The manufacturer shall place in consecutive order a Minnesota, Dakota & Western railroad reporting mark on each Boxcar starting with the reporting mark of "MDW 11000 and ending with the reporting mark of "MDW 11099".

SSI represents and warrants that it will use its best efforts to obtain the necessary financing for the one hundred boxcars described below.

2. Manufacturer: SSI shall have the right to select the manufacturer for all Boxcars designated by this Schedule; provided, the MD&W shall consent to SSI's selection of a manufacturer.

3. Specifications of the Boxcars: Unless the Lessee gives SSI written notice to the contrary, SSI and the Lessee agree that the general specifications of each Boxcar to be leased pursuant to the Agreement and this Schedule shall be as follows:

- A. Each truck shall have a 100 ton capacity;
- B. Each Boxcar shall have 20 inches of car cushioning;
- C. Every Boxcar shall be of a single sheath, exterior post design;
- D. All Boxcars shall have the following interior dimensions:
 - (i) Length of 50 feet 7 inches;
 - (ii) Height of 12 feet 10 inches; and
 - (iii) Width of 9 feet 6 inches;
- E. Each Boxcar shall have the following interior anchor securements spaced one foot from the ceiling in each Boxcar:
 - (i) One vertical set of interior anchor securements one and one-half feet from the end of each Boxcar.

SCHEDULE C

THIS SCHEDULE, made as of the 26th day of July, 1978, between ITEL CORPORATION, a Delaware corporation, acting through its Rail Division, Two Embarcadero Center, San Francisco, California 94111 ("ITEL") as Lessor, and MINNESOTA, DAKOTA & WESTERN RAILWAY COMPANY, a Minnesota corporation ("Lessee"), as Lessee.

W I T N E S S E T H:

WHEREAS, SSI RAIL CORP. ("SSI") and Lessee executed a Lease Agreement dated June 22, 1976, (the "Original Agreement") and a Lease Agreement dated July 26, 1978, (the "Agreement") restating the Original Agreement has been executed between ITEL (Successor to SSI) and Lessee whereby ITEL agreed to lease to Lessee certain equipment previously designated in Schedule A hereof and in addition certain equipment designated on this Schedule;

WHEREAS, Lessee has agreed to lease from ITEL pursuant to this Schedule and the Agreement 100 Boxcars (as defined in the Agreement) as set forth in this Schedule C to the Agreement;

NOW THEREFORE, ITEL and Lessee do hereby agree as follows:

1. Boxcars. ITEL will use its best efforts to obtain 100 Boxcars which meet the following specifications and which are acceptable to Lessee as provided for in the Agreement.

2. Specifications of the Boxcars. ITEL and Lessee agree that the general specifications of the Boxcars under this Schedule shall be as follows and Lessee shall consent to all detailed specifications submitted by ITEL to the manufacturer:

- A. Each truck shall have a 100 ton capacity;
- B. Each Boxcar shall have 15 inches end of car cushioning;
- C. Every Boxcar shall be of a single sheath, exterior post design;
- D. All Boxcars shall have the following interior dimensions:
 - (i) Length of 50 feet 6 inches;
 - (ii) Height of 12 feet 10 inches; and
 - (iii) Width of 9 feet 6 inches;
- E. Each Boxcar shall have continuous interior anchor securements from the floor to the ceiling:
 - (i) One vertical set at the mid-point between the door and the end of the Boxcar; and
 - (ii) One vertical set one-half foot from each Boxcar's doorpost;
- F. All Boxcar interiors shall be painted white;

- G. All Boxcars shall have nailable steel floors which shall be of the highest, standard strength;
- H. All Boxcars shall be painted on the exterior pursuant to Lessee's design and instructions which shall be provided ITEL as soon as possible;
- I. All Boxcars provided for in this Schedule shall have double 8 foot centered plug doors and such door opening shall be a minimum 12 feet in height.
- J. The manufacturer shall place in consecutive order a Minnesota, Dakota & Western railroad reporting mark on each Boxcar starting with the reporting mark of "MDW 6000" and ending with the reporting mark of "MDW 6099."
- K. All Boxcars provided for in this Schedule shall have the Mechanical Designation "XM."

3. Delivery. The delivery of the Boxcars shall commence no earlier than January 1, 1979, and not later than December 31, 1979.

4. Conflict of Terms. To the extent a provision of this Schedule is inconsistent with a section of the

Agreement, this Schedule shall be controlling and the parties to the Agreement shall treat this Schedule as an amendment to the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Schedule as of the date first above written.

ATTEST:

Amund N. Kurb

Assistant Secretary

ATTEST:

[Signature]

Assistant Secretary

ITEL CORPORATION, RAIL DIVISION

BY
ITS

[Signature]
President

MINNESOTA, DAKOTA & WESTERN
RAILWAY COMPANY

BY
ITS

[Signature]
President

SCHEDULE D

THIS SCHEDULE, made as of the 26th day of July, 1978 between ITEL CORPORATION, a Delaware corporation, acting through its Rail Division, Two Embarcadero Center, San Francisco, California 94111 ("ITEL") as Lessor and MINNESOTA, DAKOTA & WESTERN RAILWAY COMPANY, a Minnesota corporation ("Lessee") as Lessee.

W I T N E S S E T H:

WHEREAS, SSI RAIL CORP., ("SSI") and Lessee executed a Lease Agreement dated June 22, 1976, (the "Original Agreement") and a Lease Agreement dated July 26, 1978 (the "Agreement") restating the Original Agreement has been executed between ITEL ("Successor to SSI") and Lessee whereby ITEL agreed to lease to Lessee certain equipment previously designated in Schedule A hereof and in addition certain equipment designated on this Schedule;

WHEREAS, Lessee has agreed to lease from ITEL pursuant to this Schedule and the Agreement 50 Boxcars (as defined in the Agreement) and as set forth in this Schedule D to the Agreement;

NOW THEREFORE, ITEL and the Lessee do hereby agree as follows:

1. Boxcars. ITEL will use its best efforts to obtain 50 Boxcars which meet the following specifications and which are acceptable to Lessee as provided for in the Agreement.

2. Specifications of the Boxcars. Unless the Lessee gives ITEL written notice on or prior to March 1, 1979 to the contrary, ITEL and the Lessee agree that the following general specifications be submitted by ITEL to manufacturer:

- A. Each truck shall have a 70 ton capacity;
- B. Each Boxcar shall have 10 inches end of car cushioning;
- C. Every Boxcar shall be of a single sheath, exterior post design;
- D. All Boxcars shall have the following interior dimensions:
 - (i) Length of 50 feet 6 inches;
 - (ii) Height of 11 feet 0 inches; and
 - (iii) Width of 9 feet 6 inches;
- E. Each Boxcar shall have continuous interior anchor securement from the floor to the ceiling:
 - (i) One vertical set at the mid-point between the door and the end of the Boxcar; and
 - (ii) One vertical set one-half foot from each Boxcar's doorpost;
- F. All Boxcar interiors shall be painted white;

- G. All Boxcars shall have nailable steel floors which shall be of the highest, standard strength;
- H. All Boxcars shall be painted on the exterior pursuant to Lessee's design and instructions which shall be provided ITEL as soon as possible;
- I. All Boxcars provided for in this Schedule shall have ten foot centered plug doors and such door opening shall be a minimum of 10 feet 6 inches in height.
- J. The manufacturer shall place in consecutive order a Minnesota, Dakota & Western railroad reporting mark on each Boxcar starting with the reporting mark of "MDW 8000" and ending with the reporting mark of "MDW 8049."
- K. All Boxcars provided for in this Schedule shall have the Mechanical Designation "XP."

3. Delivery. The delivery of the Boxcars shall be completed no later than December 31, 1979.

4. Conflict of Terms. To the extent a provision of this Schedule is inconsistent with a section of the Agreement, this Schedule shall be controlling and the parties

4. Additional Specifications: By written notice to SSI, Lessee reserves the right at or prior to the exercise of its option under the Agreement to alter, change, supplement, or modify any Boxcar specification as herein set forth or as hereafter altered, changed, supplemented or modified; provided, SSI reserves the right to approve any such alteration, change, supplement or modification.

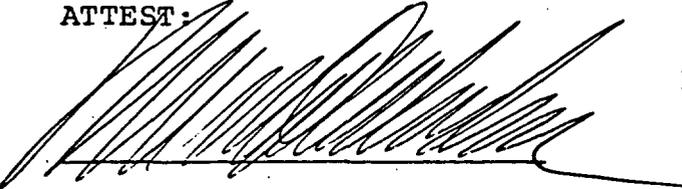
5. Conflict of Terms: To the extent a provision of this Schedule is inconsistent with a section of the Agreement, this Schedule shall be controlling and the parties to the Agreement shall treat this Schedule as an amendment to the Agreement.

MINNESOTA, DAKOTA & WESTERN
RAILROAD COMPANY

ATTEST:

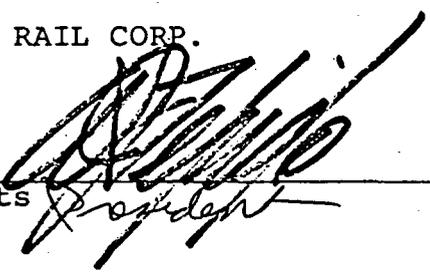
By _____
Its

ATTEST:



SSI RAIL CORP.

By _____
Its



L-0194
6/10/81

SCHEDULE II

LEASES

I. RAILCARS

<u>Lessee</u>	<u>Date of Lease</u>	<u>Interstate Commerce Commission Filing Data</u>	
		<u>Hour and Date</u>	<u>Recordation Number</u>
1. Minnesota, Dakota & Western Railway	July 26, 1978	February 22, 1979 (11:40 a.m.)	✓10129 - B
2. Bath & Hammondsport Railroad Company	March 20, 1978	November 9, 1978 (3:30 p.m.)	✓9829 - E
3. Greenville & Northern Railway Company	August 6, 1976	November 25, 1977 (1:15 p.m.)	9102 - H
4. Savannah State Docks Railroad Company	July 24, 1978	July 18, 1979 (8:50 a.m.)	✓10636 - A
5. The Texas Mexican Railway Company	March 15, 1978	October 17, 1978 (3:30 p.m.)	✓9778 - H
6. American Rail Heritage, Ltd. d/b/a Crab Orchard and Egyptian Railroad	June 21, 1978	December 22, 1978 (3:55 p.m.)	✓9936 - E
7. Providence and Worcester Company	March 13, 1978	December 19, 1978 (2:45 p.m.)	✓9924 - H
8. Cadiz Railroad Company	November 10, 1976	January 10, 1977 (2:05 p.m.)	✓8654 - J
9. The Corinth & Counce Railroad Company	April 29, 1977	May 27, 1977 (1:45 p.m.)	✓8838 - K
10. North Louisiana and Gulf Railroad Company	July 21, 1977	November 10, 1977 (2:20 p.m.)	✓9073 - I
11. Cadiz Railroad Company	November 10, 1976	January 10, 1977 (2:05 p.m.)	✓8654 - J

ITEL RAIL

55 Francisco
San Francisco, California 94133
(415) 955-9090
Telex 34234

November 17, 1983

RECORDATION NO. 10129 Filed 1425

DEC 7 1983 -9 05 AM

Ms. Agatha Mergenovich, Secretary
Interstate Commerce Commission
Washington, D.C. 20423

INTERSTATE COMMERCE COMMISSION

Dear Ms. Mergenovich:

This is to request that you cross-index the Consolidated, Amended, and Restated Equipment Trust Agreement, dated as of January 1, 1982, which was filed under I.C.C. Recordation No. 14165, on September 20, 1983 at 3:00 p.m., with the following documents:

1. Lease between Itel Corporation, Rail Division and Apalachicola Northern Railroad, dated January 25, 1977 and filed under I.C.C. Recordation No. 8796, on April 27, 1977 at 12:45 p.m.
2. Lease between Itel Corporation, Rail Division and Arcata and Mad River Railroad, dated July 10, 1978, and filed under I.C.C. Recordation No. 10034, on January 19, 1979 at 2:10 p.m.
3. Lease between Itel Corporation, Rail Division and Atchison, Topeka and Santa Fe Railway Co., dated May 14, 1982, and filed under I.C.C. Recordation No. 13706, on July 26, 1982 at 1:45 p.m.
4. Lease between Itel Corporation, Rail Division and New Orleans Public Belt Railway, dated October 26, 1978, and filed under I.C.C. Recordation No. 10033, on January 19, 1979 at 2:10 p.m.
5. Lease between Itel Corporation, Rail Division and Atchison, Topeka and Santa Fe Railway Co., dated July 30, 1982, and filed under I.C.C. Recordation No. 13818, on October 26, 1982 at 12:40 p.m.

Ms. Agatha Mergenovich
November 17, 1983
Page Two

6. Lease between Itel Corporation, Rail Division and Cadiz Railroad, dated November 10, 1976, and filed under I.C.C. Recordation No. 8654, on January 10, 1977 at 2:05 p.m.
7. Lease between Itel Corporation, Rail Division and Camino, Placerville and Lake Tahoe Railroad Co., dated February 9, 1977, and filed under I.C.C. Recordation No. 8798 on April 27, 1977
8. Lease between Itel Corporation, Rail Division and Crab Orchard and Egyptian Railroad, dated June 21, 1978, and filed under I.C.C. Recordation No. 9936, on December 22, 1978 at 3:55 p.m.
9. Lease between Itel Corporation, Rail Division and Detroit, Toledo and Ironton Railway Co., dated March 10, 1981, and filed under I.C.C. Recordation No. 13077, on April 30, 1981 at 2:25 p.m.
10. Lease between Itel Corporation, Rail Division and East Camden and Highland, dated April 26, 1978, and filed under I.C.C. Recordation No. 9756, on October 11, 1978 at 2:45 p.m.
11. Lease between Itel Corporation, Rail Division and Green Bay and Western Railroad Company, dated October 21, 1981, and filed under I.C.C. Recordation No. 13554, on February 18, 1982 at 2:40 p.m.
12. Lease between Itel Corporation, Rail Division and Green Bay and Western Railroad Company, dated March 8, 1979, and filed under I.C.C. Recordation No. 10362, on May 10, 1979 at 2:00 p.m.
13. Lease between Itel Corporation, Rail Division and Maine Central Railroad Company, dated March 22, 1982, and filed under I.C.C. Recordation No. 13664, on June 16, 1982 at 10:10 a.m.
14. Lease between Itel Corporation, Rail Division and Maine Central Railroad Company, dated April 11, 1980, and filed under I.C.C. Recordation No. 11899, on June 11, 1980 at 11:25 a.m.
15. Lease between Itel Corporation, Rail Division and New Orleans Public Belt Railway, dated June 17, 1977, and filed under I.C.C. Recordation No. 8904, on July 26, 1977 at 9:15 a.m.

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16. Lease between Itel Corporation, Rail Division and Port Huron and Detroit Railroad Co., dated February 22, 1977, and filed under I.C.C. Recordation No. 8799 on April 27, 1977 at 12:45 p.m.
17. Lease between Itel Corporation, Rail Division and Rahway Valley Railroad, dated September 19, 1978, and filed under I.C.C. Recordation No. 10111, on February 14, 1979 at 12:30 p.m.
18. Sublease between Texas Mexican Railroad Co. and Soo Line Railroad, dated April 11, 1983, and filed under I.C.C. Recordation No. 14066, on June 21, 1983 at 3:00 p.m.
19. Lease between Itel Corporation, Rail Division, and Soo Line Railroad Co., dated February 17, 1983, and filed under I.C.C. Recordation No. 14002 on April 11, 1983 at 1:05 p.m.
20. Lease between Itel Corporation, Rail Division and Texas Mexican Railroad Co., dated March 15, 1978, and filed under I.C.C. Recordation No. 9778, on October 17, 1978 at 3:30 p.m.
21. Lease between Itel Corporation, Rail Division and Toledo, Peoria and Western Railroad Co., dated September 10, 1980, and filed under I.C.C. Recordation No. 12314 on October 16, 1980 at 2:40 p.m.
22. Lease between Itel Corporation, Rail Division and Valley and Siletz Railroad, dated July 26, 1978, and filed under I.C.C. Recordation No. 10032 on January 19, 1979 at 2:10 p.m.
23. Lease between Itel Corporation, Rail Division and Providence and Worcester Co., dated March 13, 1978, and filed under I.C.C. Recordation No. 9924, on December 19, 1978 at 2:45 p.m.
24. Assignment between Providence and Worcester Company and Warwick Railway Corp., dated April 24, 1980, and filed under I.C.C. Recordation No. 9924-E, on October 17, 1980 at 12:45 p.m.
25. Lease between Itel Corporation, Rail Division and Arkansas and Louisiana Missouri Railroad, dated June 14, 1977, and filed under I.C.C. Recordation No. 9049, on October 21, 1977 at 1:05 p.m.

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26. Lease between Itel Corporation, Rail Division and Atlanta and St. Andrews Bay Railway Co., dated May 5, 1978, and filed under I.C.C. Recordation No. 9703, on September 22, 1978 at 2:15 p.m.

27. Lease between Itel Corporation, Rail Division and Greenville and Northern Railroad Co., dated August 6, 1976, and filed under I.C.C. Recordation No. 9102, on November 25, 1977 at 1:15 p.m.

28. Lease between Itel Corporation, Rail Division and Marinette, Tomahawk and Western Railroad Co., dated December 23, 1977, and filed under I.C.C. Recordation No. 9406, on May 26, 1978 at 2:30 p.m.

29. Lease between Itel Corporation, Rail Division and North Louisiana and Gulf Railroad Co., dated July 21, 1977, and filed under I.C.C. Recordation No. 9073, on November 10, 1977 at 2:20 p.m.

30. Lease between Itel Corporation, Rail Division and Escanaba and Lake Superior Railroad Company, dated December 22, 1976, and filed under I.C.C. Recordation No. 8653, on January 10, 1977 at 2:20 p.m.

31. Lease between SSI Rail Corp. and Lake Erie, Franklin and Clarion Railroad, dated January 3, 1977, and filed under I.C.C. Recordation No. 8668, on January 21, 1977 at 2:30 p.m.

32. Lease between SSI Rail Corp. and Minnesota, Dakota and Western Railroad, dated July 26, 1978, and filed under I.C.C. Recordation No. 10129, on February 22, 1979 at 11:40 a.m.

33. Lease between SSI Rail Corp. and Pearl River Valley Railroad Co., dated March 24, 1976, and filed under I.C.C. Recordation No. 8487-A, on August 27, 1976 at 1:30 p.m.

34. Lease between SSI Rail Corp. and Sierra Railroad Co., dated September 27, 1978, and filed under I.C.C. Recordation No. 10152, on February 26, 1979 at 2:30 p.m.

35. Sublease between McCloud River Railroad Co. and Camino, Placerville and Lake Tahoe Railroad Co., dated January 24, 1980 and filed under I.C.C. Recordation No. 8819-G, on May 5, 1980 at 3:15 p.m.

36. Lease between SSI Rail Corp., and McCloud River Railroad Co., dated April 20, 1977, and filed under I.C.C. Recordation No. 8819, on May 11, 1977 at 1:15 p.m.
37. Lease between SSI Rail Corp., and City of Prineville Railway Co., dated April 26, 1977, and filed under I.C.C. Recordation No. 8896 on July 20, 1977.
38. Lease between Itel Corporation, Rail Division and Kyle Railways, Inc., dated February 17, 1982, and filed under I.C.C. Recordation No. 13666, on June 17, 1982 at 10:50 a.m.
39. Sublease between Kyle Railways, Inc. and Natchez Trace Railroad, dated February 18, 1982, and filed under I.C.C. Recordation No. 13666-B, on June 17, 1982 at 10:50 a.m.
40. Sublease between McCloud River Railroad Co. and Sierra Railroad Co., dated August 29, 1980, and filed under I.C.C. Recordation No. 8819-N, on September 16, 1980 at 1:35 p.m.
41. Lease between SSI Rail Corp. and Terminal Railway of Alabama, dated April 4, 1977, and filed under I.C.C. Recordation No. 8797, on April 27, 1977 at 12:45 p.m.
42. Lease between SSI Rail Corp. and Toledo, Peoria and Western Railroad Co., dated January 12, 1977, and filed under I.C.C. Recordation No. 8676, on January 24, 1977 at 2:45 p.m.
43. Lease between Itel Corp. and Ashley, Drew and Northern Railway Co., dated March 29, 1977, and filed under I.C.C. Recordation No. 8837 on May 27, 1977.
44. Lease between SSI Rail Corp. and Corinth and Counce Railroad Company, dated April 29, 1977, and filed under I.C.C. Recordation No. 8838, on May 27, 1977 at 1:45 p.m.
45. Lease between Itel Corporation, Rail Division and Green Bay and Western Railroad Co., dated April 22, 1981, and filed under I.C.C. Recordation No. 13073, on April 30, 1981 at 10:50 a.m.
46. Lease between Itel and Meridian and Bigbee Railroad Company, dated June 1, 1977, and filed under I.C.C. Recordation No. 9072, on November 10, 1977 at 2:20 p.m.

47. Lease between Itel Rail and Apache Railway, dated June 1, 1976, and filed under I.C.C. Recordation No. 8709, on February 23, 1977 at 11:40 a.m.

48. Lease between Itel Corporation, Rail Division and Clarendon & Pittsford Railroad Co., dated October 18, 1976, and filed under I.C.C. Recordation No. 8658, on January 12, 1977 at 1:45 p.m.

49. Lease between Itel Corporation, Rail Division and FMC/Chemical Group, dated December 3, 1976, and filed under I.C.C. Recordation No. 8809-A, on May 11, 1977 at 1:15 p.m.

50. Lease between SSI Rail Inc., and Green Mountain Railroad Co., dated January 2, 1976, and filed under I.C.C. Recordation No. 9050, on October 21, 1977 at 1:05 p.m.

51. Lease between Itel Corporation, Rail Division and Hartford & Slocomb Railway Co., dated July 1, 1975, and filed under I.C.C. Recordation No. 9168, on January 9, 1978 at 2:05 p.m.

52. Lease between Itel Corporation, Rail Division and Lake Erie, Franklin and Clarion Railroad, dated January 3, 1977, and filed under I.C.C. Recordation No. 8853-A, on June 1, 1977 at 1:10 p.m.

53. Lease between Itel Corporation, Rail Division and McCloud River Railroad, dated April 20, 1983, and filed under I.C.C. Recordation No. 14029, on May 27, 1983 at 1:40 p.m.

54. Lease between Itel Corporation, Rail Division and Mississippi Export Railway Co., dated April 25, 1978 and filed under I.C.C. Recordation No. 9460, on June 27, 1978 at 8:50 a.m.

55. Lease between Itel Corporation, Rail Division and Sabine River and Northern Railroad Co., dated December 23, 1977, and filed under I.C.C. Recordation No. 9407, on May 26, 1978 at 2:30 p.m.

56. Lease between Itel Corporation, Rail Division and Valdosta Southern Railway Co., dated March 26, 1976, and filed under I.C.C. Recordation No. 8343-A on May 25, 1976 at 10:45 p.m.

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57. Lease between Itel Corporation, Rail Division and Valdosta Southern Railway Co., dated December 23, 1977, and filed under I.C.C. Recordation No. 9408, on May 26, 1978 at 2:30 p.m.

58. Lease between Itel Corporation, Rail Division and Vermont Railway Co., dated December 4, 1975, and filed under I.C.C. Recordation No. 9279 on March 13, 1978 at 2:20 p.m.

Enclosed is a check in the amount of \$580.00 covering the appropriate cross-indexing fees. If you have any questions please feel free to contact me at (415) 955-0547.

Sincerely,



Patricia Salas Pineda
Counsel

PSP:dmm
Enclosures

ITEL RAIL CORPORATION
INDEX TO CROSS-INDEXING
REQUESTED
IN LETTER OF NOVEMBER 17, 1983

Each ICC Recordation No. listed below to be cross-indexed to (1) Recordation No. 14165, and (2) all Recordation Nos. listed below to be cross-indexed under Recordation No. 14165.

<u>ICC RECORDATION NO.</u>	<u>PARAGRAPH NO. IN LETTER OF NOVEMBER 17, 1983</u>
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8809-A	49
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