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SEP 4 1986 9 20 AM

September 4, 1986

INTERSTATE COMMERCE COMMISSION

6-247A030

SEP 4 1986

10:00

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
12th and Constitution Ave., N.W.
Washington, D. C. 20423

100 OFFICE OF
THE SECRETARY
SEP 4 9 24 AM '86
MOTOR OPERATING UNIT

Dear Ms. McGee:

ICC Washington, D. C.

Enclosed are the original, one counterpart and one copy of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a Security Agreement, dated September 3, executed by Dakota, Minnesota & Eastern Railroad Corporation for the benefit of the First Illinois Bank of Evanston, N.A. The names and addresses of the parties to the document are as follows:

Secured Party: First Illinois Bank of
Evanston, N.A.
800 Davis Street
Evanston, Illinois 60204

Debtor: Dakota, Minnesota & Eastern
Railroad Corporation
337 22nd Avenue
Brookings, South Dakota 57006

The equipment consists of the 28 items of miscellaneous rolling stock described in Exhibit E to the Security Agreement. The serial numbers shown on page 2 of the Exhibit correspond to the vehicle numbers of the same equipment listed on page 1. For your convenience, we have summarized this information on the attachment to this letter.

A fee of \$10.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to the person presenting this letter with enclosures for recordation.

C. S. L...
S. L...

Ms. Noreta R. McGee
September 4, 1986
Page 2

A short summary of the document to appear in the index is as follows:

Security Agreement between First Illinois Bank of Evanston, N.A., 800 Davis Street, Evanston, Illinois 60204 and Dakota, Minnesota & Eastern Railroad Corporation, 337 22nd Avenue, Brookings, South Dakota 57006, dated September 3, 1986 and covering 28 items of miscellaneous rolling stock.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Robert J. Corber", written over the typed name.

Robert J. Corber
Counsel for Dakota, Minnesota
& Eastern Railroad Corporation

Enclosures as stated

Attachment

- 1) 1979 Canron EAJD Serial # X540080/677379
- 2) 1979 Canron EAJD Serial # X540081/677449
- 3) 1979 Canron EAS Serial # X560072/1076539
- 4) 1979 Canron EAS Serial # X560073/1076498
- 5) 1979 Kershaw Ballast Regulator Serial # X060094/26-1218
- 6) 1979 Kershaw Ballast Regulator Serial # X060095/26-1219
- 7) 1979 Little Giant Crane Serial # X150047/327907
- 8) 1979 Little Giant Crane Serial # X150046/327908
- 9) 1978 Canron EAJ Tamper Serial # 72RC/676618
- 10) 1978 Canron EAJ Tamper Serial # 86RC/676888
- 11) 1976 GMC 2 Ton Hyrail Welder Vehicle #21-2762
F1850 Hyrail Serial # TCE616V596929
- 12) 1975 Int'l. Boom Truck Vehicle #21-2168
Serial # D0715ECA22519
- 13) 1980 GMC 1 Ton Hyrail Utility Vehicle #21-3982
Serial # TCM33AB514023
- 14) 1980 GMC Hyrail Pickup Vehicle #21-3963
Serial # TCM34AJ511915
- 15) 1979 GMC Hyrail Pickup Vehicle #21-3965
Serial # TCL349J517582
- 16) 1977 GMC 2 Ton Hyrail Welder Vehicle #21-3055
F1850 Hyrail Serial # TCE677V599558
- 17) 1975 Int'l. Boom Truck Vehicle #21-2342
Serial # D0715ECA22942
- 18) 1980 GMC 1 Ton Hyrail Utility Vehicle #21-3977
Serial # TCM33AB513869
- 19) 1980 GMC 1 Ton Hyrail Utility Vehicle #21-3980
Serial # TCM33AB516022
- 20) 1979 Chev. 1 Ton Hyrail Utility Vehicle #21-3678
Serial # CCL339B144650

21) 1980 GMC	1 Ton Hyrail Pickup	Vehicle #21-3651
	Serial # TCM34AB515514	
22) 1980 GMC	1 Ton Hyrail Pickup	Vehicle #21-3660
	F1850 Hyrail	Serial # TCM34AB515382
23) 1974 Int'l.	Boom Truck	Vehicle #21-2104
	Serial # D0715ECA19513	
24) 1979 GMC	1 Ton Hyrail Pickup	Vehicle #21-3320
	Serial # TCL349B512260	
25) 1978 GMC	3/4 Ton Hyrail Utility	Vehicle #21-3429
	Serial # TCL238J523118	
26) 1979 GMC	1 Ton Hyrail Pickup	Vehicle #21-3783
	Serial # TCL349J517159	
27) 1978 Chev.	1 Ton Hyrail Utility	Vehicle #21-3291
	Serial # CCL348B177935	
28) 1978 Ford	F250 Hyrail Pickup	Vehicle #21-3155
	Serial # F25HCAG2491	

Interstate Commerce Commission
Washington, D.C. 20423

9/4/86

OFFICE OF THE SECRETARY

Robert J. Corber
Steptoe & Johnson
1330 Conn. Ave. N.W.
Washington, D.C. 20423

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 9/4/86 at 9:30am, and assigned re-
recording number(s). 15044

Sincerely yours,

Noreta R. McGehee
Secretary

Enclosure(s)

SE-30
(7/79)

15044

REGISTRATION NO. Filed 1426

335/320/161

8/23/86

SEP 4 1986 9 30 AM

INTERSTATE COMMERCE COMMISSION
SECURITY AGREEMENT

THIS SECURITY AGREEMENT is made as of the 2nd day of September, 1986 by DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION ("Debtor"), a Delaware corporation, with its principal place of business located at 337 22nd Avenue South, Brookings, South Dakota 57006, for the benefit of FIRST ILLINOIS BANK OF EVANSTON, N.A. ("Secured Party"), a national banking association with an office located at 800 Davis Street, Evanston, Illinois 60204.

WITNESSETH:

WHEREAS, Debtor has entered into a Loan and Security Agreement with Secured Party dated as of September 2, 1986 (the "Loan Agreement") pursuant to which Secured Party has agreed to make certain loans and advances to Debtor in accordance with the terms and provisions contained therein;

WHEREAS, Debtor has issued to Secured Party its promissory note^s of even date herewith ~~in the principal amount of~~ _____ Dollars (\$ _____) payable as provided therein and in the Loan Agreement (the "Term Note^s").

NOW THEREFORE, in consideration of the terms and conditions contained herein and in the Loan Agreement, and of any extension of credit heretofore, now or hereafter made by Secured Party to Debtor, Debtor agrees as follows:

1. CREATION OF SECURITY INTEREST; COLLATERAL. For value received, Debtor, hereby grants to Secured Party a security interest in the locomotives^{*} described on Exhibit A^F attached hereto and made a part hereof and all accessions to, substitutions for and all replacements, products and proceeds of the foregoing, including without limitation proceeds of insurance policies insuring the foregoing (collectively, the "Collateral").

2. OBLIGATIONS. The security interest granted hereby is given to secure the payment of the ~~Term Note^s~~ and any and all other "Liabilities" (as defined in the Loan Agreement).

3. WARRANTIES. Debtor represents and warrants as follows: (a) Debtor is duly organized and existing under the laws of State of Delaware and is duly qualified and in good standing in each jurisdiction in which the failure to be so qualified would have a material adverse effect on Debtor; (b) the execution, delivery and performance hereof are within Debtor's corporate powers, have been duly authorized, are not in contravention of law or the terms of Debtor's certificate of incorporation, bylaws or of any indenture, agreement or

* rolling stock and equipment

undertaking to which Debtor is party or by which it is bound; (c) except for the security interest granted hereby Debtor is, or, as to Collateral to be acquired after the date hereof, will be, the owner of the Collateral free from any adverse lien, security interest or encumbrance; and Debtor agrees that it will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.

4. INSPECTION OF COLLATERAL AND RECORDS. Debtor shall at all reasonable times and from time to time allow Secured Party, by or through any of its officers, agents, attorneys or accountants, to examine and inspect the Collateral and to examine and inspect and make extracts from Debtor's books and records.

5. MAINTENANCE OF COLLATERAL. Debtor will maintain or cause to be maintained in good repair, working order and condition for its intended purpose all of the Collateral and will make or cause to be made all appropriate repairs, renewals and replacements thereof.

6. FURTHER ASSURANCE. Debtor shall do, make, execute and deliver all such additional and further acts, things, deeds, assurances and instruments as Secured Party may require, to more completely vest in and assure to Secured Party its rights hereunder and in or to the Collateral.

7. PRESERVATION AND DISPOSITION OF COLLATERAL. Debtor will keep the Collateral free from any adverse lien, security interest, or encumbrance.

8. EVENTS OF DEFAULT. Debtor shall be in default under this Agreement upon the happening of any of the following events or conditions: (a) Debtor fails to pay the principal of or interest on the ~~Term~~ Note, or any other of the Liabilities when due and payable or declared due and payable; or (b) an Event of Default occurs under the Loan Agreement.

9. ACCELERATION; RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any such event of default, and at any time thereafter, Secured Party may declare all obligations secured hereby immediately due and payable, and shall have the rights and remedies of a secured party under the Uniform Commercial Code, in addition to the rights and remedies provided herein, in the Loan Agreement or in any other agreement by and between Debtor and Secured Party. Debtor shall pay to Secured Party on demand any and all expenses, including legal expenses and reasonable attorneys' fees, incurred or paid by Secured Party in protecting or enforcing the obligations and other rights of Secured Party hereunder, and such expenses shall be one of the obligations hereby secured.

10. ADDITIONAL SECURITY. Any and all instruments, documents, policies and certificates of insurance, securities, goods, accounts receivable, choses in action, chattel paper,

cash, property and the proceeds thereof (whether or not the same are Collateral hereunder) owned by Debtor or in which Debtor has an interest, which now or hereafter are at any time in the possession or control of Secured Party, shall constitute additional security for the obligations hereby secured and may be applied at any time to said obligations which are then due whether by acceleration or otherwise.

11. GENERAL. Secured Party shall not be deemed to have waived any of its rights hereunder or under any other agreement, instrument or paper signed by Debtor unless such waiver be in writing and signed by Secured Party. No delay or omission on the part of Secured Party in exercising any right shall operate as a waiver of such right or any other right. A waiver on one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion. All of Secured Party's rights and remedies, whether evidenced hereby or by any other agreement, instrument or paper, shall be cumulative and may be exercised singularly or concurrently. All rights of Secured Party hereunder shall inure to the benefit of its successors and assigns; and all obligations of Debtor shall bind its successors and assigns. The unenforceability or invalidity of any one or more provisions, clauses or sentences hereof shall not render any other provision, clause or sentence herein contained unenforceable or invalid. This Agreement and all rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by the law of the State of Illinois. This Agreement shall constitute an "Other Agreement" as defined in the Loan Agreement.

IN WITNESS WHEREOF, Debtor has caused this Agreement to be executed by its duly authorized representatives as of the day and year first above written.

DAKOTA, MINNESOTA & EASTERN
RAILROAD CORPORATION

By: Edward J. Hurley

Title: President

Attest:

By: David L. Vobz

Title: Secretary

(Affix Corporate Seal)

(800/E)

EXHIBIT E

Schedule of Equipment to Purchase
From Equipment Loan Proceeds

1979 Canron EAJD	Serial # X540080/677379
1979 Canron EAJD	Serial # X540081/677449
1979 Canron EAS	Serial # X560072/1076539
1979 Canron EAS	Serial # X560073/1078498 ⁶
1979 Kershaw Ballast Req.	Serial # X060094/26-1218
1979 Kershaw Ballast Req.	Serial # X060095/26-1219
1979 Little Giant Crane	Serial # X150047/3279067
1979 Little Giant Crane	Serial # X150046/327908
* 1979 Pettibone Speedswing	Serial # X240016/2379
* 1979 Pettibone Speedswing	Serial # X240117/2380
1978 Canron EAJTammer	SERIAL # 72RC/676618
1978 Canron EAJTammer	SERIAL # 86RC/676888
1978 Fairmont Scarifier/ Inserter W87E	
* 1978 GMC Suburban	Vehicle #21-3352
* 1980 GMC 1 Ton Pickup	Vehicle #21-3918
1976 GMC 2 Ton Hyrail Welder	Vehicle #21-2762
	F1850 Hyrail
1975 Int'l.	Boom Truck Vehicle #21-2168
* 1974 Ford F600 Dump Truck	Vehicle #21-2027
1980 GMC 1 Ton Hyrail Utility	Vehicle #21-3982
1980 GMC Hyrail Pickup	Vehicle #21-3963
1979 GMC Hyrail Pickup	Vehicle #21-3965
1977 GMC 2 Ton Hyrail Welder	Vehicle #21-3055
	F1850 Hyrail
1975 Int'l.	Boom Truck Vehicle #21-2168 ³⁴²
1980 GMC 1 Ton Hyrail Utility	Vehicle #21-3977
1980 GMC 1 Ton Hyrail Utility	Vehicle #21-3980
1979 Chev. 1 Ton Hyrail Utility	Vehicle #21-3678
* 1977 GMC 3/4 Ton Utility	Vehicle #21-3161
1980 GMC 1 Ton Hyrail Pickup	Vehicle #21-3651
1980 GMC 1 Ton Hyrail Pickup	Vehicle #21-3660
	F1850 Hyrail
1974 Int'l.	Boom Truck Vehicle #21-2104 ¹⁹
* 1974 GMC 2 Ton Dump	Vehicle #21-2383
1979 GMC 1 Ton Hyrail Pickup	Vehicle #21-3320
* 1979 Chev. 1 Ton Utility	Vehicle #21-3551
1978 GMC 3/4 Ton Hyrail Utility	Vehicle #21-3429
1979 GMC 1 Ton Hyrail Pickup	Vehicle #21-3783
1978 Chev. 1 Ton Hyrail Utility	Vehicle #21-3291
1978 Ford F250 Hyrail Pickup	Vehicle #21-3155
* 1980 Chev. 3/4 Ton Suburban	Vehicle #21-3938
* 1980 Chev. 3/4 Ton Suburban	Vehicle #21-3944
* 1977 Chev. C67 Wheel Change Truck	Vehicle #21-2935
* 1978 GMC C67 Wheel Change Truck	Vehicle #21-3184
* 1980 GMC 1 Ton Utility	Vehicle #21-4132

* - NOT CAPABLE OF USE ON RAIL AT PRESENT

*1974 Ford Cab & Chassis F600	Serial # F61DCT15436
1975 IHC Cab & Chassis F-1850	Serial # D0715ECA22942
*1974 GMC Cab & Chassis CE66703	Serial # TCE664V605624
1975 IHC Cab & Chassis F-1850	Serial # D0715ECA22519
1974 IHC Cab & Chassis F-1850	Serial # D0715ECA19513
*1980 GMC Wideside Pickup TC30 8	Serial # TCM34AJ511969
1980 GMC Crew Cab & Chassis 8C	Serial # TCM33AB514023
1978 Chevrolet Bonus 8-ft C30 PU 8C	Serial # CCL348B177935
*1978 GMC Cab & Chassis CE67313	Serial # TCE677V606637
*1977 GMC Cab & Chassis TC20903	Serial # TCL237J522825
1978 Ford Crew Pickup F250 8C	Serial # F25HCAG2491
1977 GMC Cab & Chassis CE67003	Serial # TCE677V599558
*1977 Chevrolet Cab & Chassis CE67313	Serial # CCE677V142567
1976 GMC Cab & Chassis	Serial # TCE616V596929
1980 GMC Crew Cab & Chassis 8C	Serial # TCM33AB516022
1980 GMC Crew Cab & Chassis 8C	Serial # TCM33AB513869
1979 GMC Wideside Pickup TC30 8	Serial # TCL349J517582
1980 GMC Wideside Pickup TC30 8	Serial # TCM34AJ511915
*1980 Chevrolet Suburban Panel C20 8C	Serial # CCL26AF138349
*1980 Chevrolet Suburban Gate C20 8C	Serial # CCL26AF101570
*1980 GMC Wideside Pickup TC30 8	Serial # TCM34AJ512278
1979 GMC Wideside Pickup TC30 8	Serial # TCL349J517159
1979 Chevrolet Bonus Cab & Chassis 164W8 8C	Serial # CCL339B144650
1980 GMC Crew/Cab Pickup T30 8C	Serial # TCM34AB515382
1980 GMC Crew/Cab Pickup T30 8C	Serial # TCM34AB515514
*1979 Chevrolet Cab & Chassis 131WB C30 8C	Serial # CCL339B145306
1978 GMC Cab & Chassis TC20903	Serial # TCL238J523118
*1978 GMC Suburban TC20906	Serial # TCL268F530031
1979 GMC Crew/Cab Pickup T30 8C	Serial # TCL349B512260

* - NOT CAPABLE OF USE ON RAIL AT PRESENT

Note: ALL EQUIPMENT LISTED ON THIS PAGE ALSO
APPEARS ON THE PREVIOUS PAGE

