

# Industry Financial CORPORATION

RECORDATION NO. 15088 Filed & Recorded

444 Lafayette Road  
St. Paul, Minnesota 55101  
(612) 228-4500

October 23, 1986

OCT 29 1985 11-0 5 AM

INTERSTATE COMMERCE COMMISSION

Interstate Commerce Commission  
12th and Constitution Avenue Northwest  
Washington, DC 20423

RECORDATION NO. 15088 Filed & Recorded

OCT 29 1985 11-0 5 AM

INTERSTATE COMMERCE COMMISSION

Attention: Mildred Lee, Room 2303

Dear Ms. Lee:

Attached you will find two (2) certified and true copies of an assignment between Independent Locomotive Service, Inc. and Industry Financial Corporation covering an underlying lease for Enron Chemical Company. These two copies are to be filed with the Interstate Commerce Commission.

*10/29/86*  
*10.00*  
*Washington, D. C.*

I understand you will return one copy to us with the file numbers indicated.

We are enclosing a \$ 10.00 fee.

If you have any questions, please call me at 612-228-4511 collect.

Sincerely yours,

INDUSTRY FINANCIAL CORPORATION

*Mary Jane Weierke*  
Mary Jane Weierke  
Portfolio Administrator

*Enron Chem Co*  
*P.O. Box 819*  
*Highway 30*  
*West Anamosa Rd*  
*Clinton, Ohio 52732*

MJW/ssm  
Encl.  
Certified Mail - #P 290 029 508

*Independent Locomotive Serv*  
*11 Main St*  
*Bethel, Minn 55432*

Interstate Commerce Commission

Washington, D.C. 20423

10/29/86

OFFICE OF THE SECRETARY

Mary Jane Weierke  
Portfolio Administrator  
Industry Financial Corp.  
444 Lafayette Rd.  
St. Paul, Minnesota 55101

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 10/29/86 at 11:05am, and assigned re-  
recording number(s) 15088 & 15088-A & 15089 & 15089-A

Sincerely yours,

*Noreta R. McGee*  
Secretary

Enclosure(s)

SE-30  
(7/79)

OCT 29 1985 11-0 5 AM

LOCOMOTIVE LEASE

INTERSTATE COMMERCE COMMISSION

Agreement made this 1st day of May, 1986, between Independent Locomotive Service Corporation, a Minnesota corporation, hereinafter called "Lessor" and Norchem, Inc., a Delaware corporation doing business in the State of Iowa, hereinafter called "Lessee".

1. DESCRIPTION. Lessor hereby leases and lets to Lessee and Lessee hereby hires and takes from Lessor, for the term and conditions hereinafter stated, one (1) diesel-electric locomotive unit(s), hereinafter called "unit(s)", described as follows:

<u>MAKE</u>	<u>TYPE</u>	<u>MODEL</u>	<u>H.P.</u>	<u>SERIAL NO.</u>	<u>UNIT NO.</u>
EMD	SWITCH	SW-7	1200		1367

2. DELIVERY. Lessor shall deliver said unit(s) to Lessee at Bethel, Minnesota. Lessee shall be responsible for all freight charges, trackage and fuel costs port to port. Representatives of each of the parties hereto shall perform a joint inspection of each of the unit(s) and, except as otherwise determined by said joint inspection, each unit(s) shall be considered to be in good repair and operating condition at the time of delivery. Lessee shall have the right to refuse to accept any unit(s) not found to be in good repair at said inspection and Lessor may, at its election, repair such unit(s) to correct any deficiency found during said inspection.

3. TITLE. It is understood that at all times title of these units remains with Independent Locomotive Services Corporation.

4. ASSIGNMENT. Lessee shall not assign this lease or sublease any of said locomotives or deliver possession thereof to any other person, and shall keep them free of any mechanics' liens or other liens. Lessee shall display upon each locomotive, while in its possession, a lease board of stencil bearing substantially the following legend:  
 "THIS LOCOMOTIVE LEASED FROM INDEPENDENT LOCOMOTIVE SERVICE CORPORATION."

5. REPAIRS AND MAINTENANCE. Lessee agrees that said unit(s) shall be returned to the Lessor clean and in good order and in proper repair, ordinary wear and tear excepted. Lessee shall assume all expenses for repairs or reconstruction of the unit(s) due to improper usage, operator error, derailment, accident, neglect, or vandalism, however sustained, while in Lessee's possession. Lessee shall keep the unit(s) clean and inspected daily and fully supplied with the necessary consumables, to include the following:

- a. Daily inspection
- b. Lubricating oil
- c. Fuel oil
- d. Water and Water Treatment
- e. Sand
- f. All lubricating oil filters
- g. All fuel oil filters
- h. All air filters
- i. Light bulbs
- j. All fuses
- k. Brushes (all electric motors and generators)
- l. Traction motor gear lube
- m. Lubricating oil (journal) for traction motors, boxes, support bearings, and journal boxes
- n. Air hoses (train line)
- o. Brake shoes

Lessor, at its expense, will be responsible for periodic preventative maintenance in accordance with Lessor's recommended procedures, a copy of which is attached hereto and incorporated herein. If any modifications are made to the unit(s) by Lessee, the unit(s) shall be restored to their original condition before their return to Lessor. Lessee agrees to report to Lessor monthly the total gallons of fuel oil and lubricating oil consumed by each unit during the preceding month.

Lessor, at its expense, will be responsible for all maintenance of these units during the term of this lease in coordination with paragraph 10, which provides for certain repairs to be the responsibility of Lessee.

6. TAXES AND OTHER CHARGES. Lessee shall pay all costs relating to said unit(s) during the period of its possession relating to all federal, state and local taxes, including ad valorem personal property taxes, and/or sales and use taxes, imposed upon the use, possession or ownership of said unit(s). Taxes on the income of Lessor are excluded.

7. INSPECTION. Lessee will allow Lessor free access to the unit(s) for the purpose of examining or exhibiting the same, or to make any repairs or alterations thereto which Lessor may deem necessary, access shall be subject to Lessee's Plant Safety Rules and Regulations.

8. TERM. This lease shall be for a term of 3 years, commencing May 1, 1986, and terminating April 30, 1989.

9. RENT. Lessee shall pay to the Lessor a rental for the use of the unit(s) as follows:

Unit No. 1367

Dollars (\$59.16) per day

or

Dollars (\$1,775.00) per month

The rental charge will apply and begin on the date the locomotive arrives at Clinton, Iowa, but not on the date of return. Rental charges shall be abated while unit is originally in transit. Lessee shall pay two months rental for each unit in advance, which shall be first credited against any additional charges payable by the Lessee hereunder and any balance remaining shall then be credited against the last two months rental hereunder. Lessor shall render a monthly statement to Lessee for said lease payment, and Lessee shall pay the same within fifteen (15) days thereof, unless otherwise stated on the invoice such payments shall be due on the 15th of each month.

10. LIABILITY AND INDEMNIFICATION. Lessor shall not be liable under any circumstances for any loss or delay or any damage of any kind to any property or shipments caused by or resulting from the use of the unit(s). Lessor shall not be liable to Lessee because of any damage or injury caused directly or indirectly by the unit(s) or resulting in any way from the use thereof. Lessee shall fully indemnify, save harmless and defend Lessor against all claims, demands or causes of action asserted against Lessor by any other person, including employees and agents of Lessee, firm, or corporation on account of damages or injury caused by the unit(s) or resulting in any way from the use thereof. Lessee shall defend, at Lessee's expense, any litigation, including investigation expenses, arising from the operation of the unit(s). In the furtherance of such obligations of Lessee, Lessee shall provide proof of adequate insurance coverage to cover such liabilities. Lessee's duty to defend and indemnify Lessor hereunder does not extend or apply to losses or damages due to Lessor's negligence.

11. DAMAGE OR DESTRUCTION. Any expenses incurred for repairs or reconstruction of the unit(s) due to improper usage, operator error, derailment, accident, neglect or vandalism, however sustained while in Lessee's possession, shall be the sole obligation of the Lessee and bills for repairs or reconstruction because of said damage shall be promptly presented to and paid by Lessee. In the event any of the unit(s) are not returned by Lessee in as good condition and repair as when delivered to it, ordinary wear and tear excepted, Lessor is authorized to make necessary repairs thereto at the expense of Lessee, which expense shall be paid by Lessee on demand, and should any unit(s) be destroyed, lost or damaged beyond repair as determined by Lessor, or for any other reason not be returned to Lessor, Lessee shall pay Lessor the amount listed below:

Unit No. 1367

Dollars (\$69,000.00)

The amount specified above as the value of the unit(s) shall be due and payable by Lessee to Lessor within thirty (30) days following the loss, destruction or damage to the unit(s). The daily rental charge herein shall terminate as to each unit upon its loss, destruction or damage beyond repair. If unit(s) should fail due to maintenance required by Lessor, rent shall abate for the period of failure measured from forty-eight (48) hours after notification of failure until the unit(s) is returned to service. Rent shall be computed at a daily rate of 1/30th of the monthly rate. Notice of the facts and circumstances giving rise to said loss, destruction or damage beyond repair shall be given by Lessee to Lessor within twenty-four (24) hours of said occurrence.

12. LIMITATIONS ON USE. Lessee shall not permit the unit(s) to leave the continental United States.

13. DEFAULT AND BANKRUPTCY. In the case of insolvency of Lessee or the institution of any proceeding in bankruptcy by or against the Lessee, the appointment of a receiver, custodian or trustee, or the institution of any legal proceeding of any kind or character affecting possession of any unit(s) subject to this lease, Lessor may, at its option, retake immediate and exclusive possession of and remove the unit(s) wherever they may be found, with notice and without legal proceeding unless a legal proceeding is specifically required by law. In the event Lessee is generally not paying its debts as they become due or Lessor, in good faith, deems Lessee unable to continue to perform all the terms and covenants hereunder, Lessor may, at its option, retake immediate and exclusive possession of and remove the unit(s) wherever they may be found, with notice but without legal proceeding unless a legal proceeding is specifically required by law.

All payments required by this lease to be made by Lessee shall be made at the office of the Lessor. In the event Lessee fails to make any of the payments within five (5) days from the date payment is due, Lessor may, at its option, terminate this lease and take possession of the unit(s) with notice, all at the expense of Lessee.

Lessor, in the case of any default by Lessee, retains the right, at its option and in its sole discretion, to not resume absolute possession of unit(s) until the end of the lease term and hold Lessee responsible for all payments and without abatement of any other terms.

Any failure or refusal of Lessee to properly and fully observe the terms and conditions herein shall entitle Lessor to immediately terminate this lease and resume absolute possession of the unit(s) wheresoever situated without legal demand, or proceeding,

unless legal demand, or proceeding is specifically required by law, and at the expense of Lessee, which expense shall be repaid by Lessee to Lessor on demand. A waiver of any default of Lessee shall not be taken of this lease for any reason relieve or release Lessee from any liability or obligation growing out of or connected with the lease of the unit(s). Lessee further agrees to pay all costs of collection for any amounts due hereunder, including reasonable attorneys fees, and other costs incurred for collection.

14. TERMINATION AND RETURN OF EQUIPMENT. This lease shall terminate on the expiration of the lease term or as provided in paragraphs 11 and 13. At the termination of this lease for any reason Lessee shall, at its own expense, return the unit(s) to Lessor at Minneapolis, Minnesota, or such other place as mutually agreed upon and the returned unit(s) shall be in the same condition as received, ordinary wear and tear excepted. Upon return of the unit(s) at the termination of this lease, Lessee shall pay to Lessor and Lessor will bill to Lessee the cost of fuel the unit(s) to the same level as when delivered to Lessee.

Should the unit(s) be returned to the Lessor with its fuel tank in such condition that it cannot hold fuel, the tank will be considered completely empty and the Lessee will be billed for the level of fuel at the time of its delivery to Lessee.

15. OPTION TO RENEW. None.

16. CONSTRUCTION OF AGREEMENT. The rights of all parties and the validity, construction and effect of every provision of this agreement shall be subject to and construed according to the laws of the State of Minnesota.

IN WITNESS WHEREOF, the parties pursuant to due corporate authority have executed this lease at Minneapolis, Minnesota, the day and year first written above.

ATTEST:

Audrey J. Nesbit  
Secretary

INDEPENDENT LOCOMOTIVE SERVICE CORPORATION

By: Frank W Nesbit  
Its pres

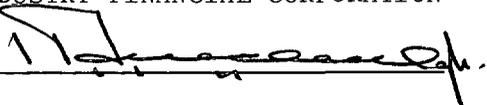
ATTEST:

\_\_\_\_\_  
Secretary

By: Walter J Mayo  
Its V.P., MFC

The undersigned hereby certifies  
that this is a true and correct  
copy of the original.

INDUSTRY FINANCIAL CORPORATION

By 

**PRESIDENT**

Subscribed and sworn to me this

24 day of October A.D., 1986.

My Commission expires 7/7-89

Dawn C. Wille  
Notary Public

