

WILMER, CUTLER & PICKERING

1666 K STREET, N. W.

WASHINGTON, D. C. 20006

NOV 15 1985 -4 15 PM

14843

971

ALLEN H. HARRISON, JR.  
DIRECT LINE (202)

No. 5-319A101  
NOV 15 1985

Date  
Fee \$ 10.00

ICC Washington, D.C. November 15, 1985

INTERSTATE COMMERCE COMMISSION

EUROPEAN OFFICE  
100 GARDENS  
LONDON, SW11 5AA, ENGLAND  
TELEPHONE 011-441-839-4466  
TELEX: 8813918 WCPDNL  
TELETYPE: 839 3537  
ADDRESS: WICRING LONDON

14843-A

NOV 15 1985 -4 15 PM

Dear Mr. Bayne:

INTERSTATE COMMERCE COMMISSION

On behalf of ITT Industrial Credit Company I submit for filing and recording under 49 U.S.C. § 11303(a) and the regulations promulgated thereunder, one executed counterpart and one certified true copy of a primary document not previously recorded entitled "Lease for Second Locomotive" dated October 31, 1985 and one executed counterpart and one certified true copy of a related secondary document not previously recorded entitled "Assignment of Lease Full Recourse" dated October 31, 1985.

New Number

The parties to the Locomotive Lease are:

Inman Service Company, Inc. - Lessor  
115 North Main  
Baytown, Texas 77520

North Star Steel Texas, Inc.  
P. O. Box 2390  
Old Highway 90  
Beaumont, Texas 77704

NOV 15 4 12 PM '85  
TOP OFFICE OF THE SECRETARY  
ACTION OPERATING UNIT

-A  
are:

The parties to the Assignment of Lease Full Recourse

Inman Service Company Inc. - Assignor  
115 North Main  
Baytown, Texas 77520

ITT Industrial Credit Company - Assignee  
8251 Maryland Avenue  
Clayton, Missouri 63105

The said documents relate to a loan not to exceed \$430,000.32, and the instant documents cover the lease of, and the granting of a security interest by assignment in one EMD locomotive, Road #145, Model SW-9, Serial Number 6182-12.

Countersigned by Allen H. Harrison

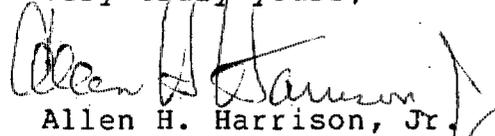
A short summary of the documents to appear in the Index is as follows:

"Lease and assignment of 1 EMD Locomotive, Road #145, Model SW-9, Serial No. 6182-12."

Enclosed is our firm's check in the amount of \$10 in payment of the filing fee.

Once the filings have been made, please return to bearer the stamped counterparts of the documents not required for filing purposes, together with the fee receipt, the letter from the ICC acknowledging the filings, and the two extra copies of this letter of transmittal.

Very truly yours,

  
Allen H. Harrison, Jr.  
Attorney for ITT Industrial  
Credit Company for the  
purpose of this filing

Honorable James H. Bayne  
Secretary  
Interstate Commerce Commission  
Washington, D.C. 20423

Enclosures  
AHH/iw

BY HAND



Inman Service Company Inc. 14843

Diesel-Electric

LOCOMOTIVES 15 1985 -4 15 PM

INTERSTATE COMMERCE COMMISSION

LOCOMOTIVE LEASE

Lease No. 145

October 31, 1985
Date

LESSOR: INMAN SERVICE COMPANY, INC.
115 North Main
Baytown, Texas 77520
(713) 427-6677

LESSEE: NORTH STAR STEEL TEXAS, INC.
P.O. Box 2390
Old Highway 90
Beaumont, Texas 77704

LOCOMOTIVE DESCRIPTION: EMD SW-9 1200 Horsepower, 120-ton Diesel-Electric

SERIAL NUMBER: 6182-12

LEASED EQUIPMENT LOCATION: North Star Steel Texas, Inc. Steel Manufacturing Plant in Vidor, Texas

TERM OF LEASE: Sixty (60) months from November 21, 1985. After the expiration of sixty (60) months, North Star's option to purchase the Leased Equipment will apply according to the letter from James L. Countiss to Harold F. Olden dated October 21, 1985 (copy attached).

RENTAL CHARGES: \$4,500.00 per month, including maintenance. Payment will be due within ten (10) days of invoice receipt. Identical locomotive to be furnished as on-site spare at no charge.

1. LEASE. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the above described Locomotive(s) (all locomotives are hereinafter referred to as "Leased Equipment"), pursuant to the terms contained herein for the consideration set out above. All payments to Lessor shall be made at the above address.

2. OPERATORS. Lessee shall supply its own operators for the Leased Equipment and Lessee agrees all operators using such Leased Equipment shall be competent and qualified.

3. DELIVERY AND ACCEPTANCE. All Leased Equipment shall be delivered to the Leased Equipment location as set out above. Such Leased Equipment shall not be removed from such location except with written consent from Lessor. By accepting delivery of the Leased Equipment, Lessee acknowledges that said Leased Equipment is in good condition.

4. LESSOR'S MAINTENANCE DUTIES. Lessor agrees to provide maintenance service and keep the Leased Equipment in good working condition. Additionally, Lessor shall provide a Monthly or Bi-Monthly maintenance inspection at periods deemed most appropriate by Lessor and Lessee.

5. LESSEE'S DUTIES OF CARE AND MAINTENANCE. Lessee shall be obligated to exercise a reasonable degree of care in its use of the Leased Equipment and to perform the dially fluid and maintenance checklist pursuant to the guidelines that may be established from time-to-time by Lessor. Lessee shall not allow the Leased Equipment to be used in an unlawful manner, not in any manner that would result in nor cause the suspension or cancellation of insurance coverage on the Leased Equipment.

6. LESSOR'S INSURANCE COVERAGE. Lessor agrees to provide the insurance coverages shown in Exhibit "A" attached hereto and incorporated herein.

7. LESSEE'S INSURANCE COVERAGE. Lessee agrees to provide the insurance coverages shown in Exhibit "A" attached hereto and incorporated herein.

8. LESSEE'S INDEMNITY. The Lessee further agrees, as part consideration of this Lease, to forever indemnify and save harmless the Lessor, and its successors and assigns, from and against any and all loss, damage, injury, death, claims, demands and liability of every nature arising directly or indirectly in connection with the negligent use or handling of the Leased Equipment by the Lessee and its employees.

9. LESSOR'S INDEMNITY. The Lessor further agrees, as part consideration of this Lease, to forever indemnify and save harmless the Lessee, and its successors and assigns, from and against any and all loss, damage, injury, death, claims, demands and liability in connection with employees and agents of Lessor in their activities in the plant where the Leased Equipment is kept. Lessor further indemnifies and holds Lessee harmless from and against any and all loss in the event any of the Leased Equipment which may not be wholly owned is repossessed or foreclosed upon.

10. INSPECTION. Lessor shall have the right to inspect Leased Equipment at any time during normal business hours on reasonable notice to Lessee.

11. FUELS AND OTHER FLUIDS. This lease carries no obligation on the part of Lessor to furnish any fuel, oil, water, filters or other thing required for the operation of the Leased Equipment, or any of it, by Lessee.

12. ACCIDENTS AND DAMAGE. The Lessee shall notify the Lessor of each accident or other occurrence which causes damage to the Leased Equipment within (72) hours thereafter, give all information and cooperation which the Lessor may reasonably request in connection therewith, promptly advise the Lessor of all claims and demands relating to the Leased Equipment or the use, operation, or possession thereof, and aid in the investigation and defense of all such claims arising out of each accident or occurrence.

13. TITLE TO LEASED EQUIPMENT. Title to all Leased Equipment shall be and remain in the Lessor and the Lessee shall acquire no right, title or interest except the leasehold interest created herein except as specified under "Term of Lease" on page one. Lessee agrees to execute a UCC-1 Financing Statement evidencing this Lease.

14. RISK OF LOSS. Lessee shall bear all risk of loss, damage, theft and destruction, of the Leased Equipment while in the control and possession of said Lessee hereunder. At the end of the lease term, possession of the Leased Equipment shall be returned to Lessor at the Leased Equipment location in good condition, normal wear and tear and Acts of God excepted.

Any repairs necessitated by damage(s) caused by Lessee; and/or peculiar chemical reaction causing contamination/deterioration (necessitating replacement of parts/components) and resultant repairs in order to restore the Leased Equipment, normal wear, tear and acts of God excepted, to compliance with AAR and FRA Regulations\*, at the time the Leased Equipment was placed in service, will be so invoiced.

15. TAXES. Lessor shall be responsible for all personal property taxes that may accrue in connection with the Leased Equipment. Any other taxes, license charges or regulation fees levied against the Leased Equipment or its use, except taxes based on Lessor's Net Income, shall be paid by Lessee.

16. POSSESSION AFTER TERM. Any holding over at the end of the Lease term hereof without entering into a new lease shall create a month-to-month lease cancellable by either party on thirty (30) days notice. The rent during any such holdover period shall continue at the above stated monthly charges.

17. ALTERATIONS AND REPAIRS. Without the prior written consent of Lessor, the Lessee shall not make any alterations, addition or improvements to the Leased Equipment. All approved additions and improvements shall belong to and become the property of Lessor on termination of this lease. Lessee, except for the daily maintenance and fuel checks set out above, shall not allow the Leased Equipment to be serviced, maintained or repaired by any company other than Lessor.

18. BREAKDOWN. The Lessee has selected the Leased Equipment for its own operation. The Lessor shall not be responsible for any loss of time or any other loss resulting from any breakdown or other failure of the Leased Equipment. The Lessor will repair any inoperative Leased Equipment within a reasonable time of being notified of the breakdown. Lessee shall be entitled to a prorated abatement of rent for any downtime as a result of breakdown. Such abatement shall commence when Lessee notifies Lessor of the breakdown. Lessor will use Lessor's best efforts to supply an alternate Locomotive at Lessee's plant.

19. NO WARRANTY. THE LESSOR MAKES NO OTHER WARRANTIES, EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY, OR ITS FITNESS FOR ANY PARTICULAR PURPOSE.

20. TERMINATION UPON DEFAULT. This Lease may be terminated by the Lessor prior to the expiration date set forth herein on ten (10) days' written notice delivered or mailed to the Lessee at its address as set forth above in the event that the Lessee:

- (a) Fails to pay the rental charges within the time specified herein;
- (b) Makes any breach or default under this Lease.
- (c) Discontinues operation, abandons, or permits Leased Equipment to be subjected to unreasonable hazards or risks.

Such termination of the Lease by the Lessor or the taking or recovery of the Leased Equipment shall not deprive the Lessor of any of its rights, remedies, or actions against the Lessee for rents or damages or affect the Lessee's obligation to make payments provided hereunder. On termination of this Lease for whatever reason, the Lessee agrees that the Lessor may immediately take possession of the Leased Equipment covered hereby and remove it from the Lessee's premises without the necessity of resorting to any legal process. This Lease may be terminated by the Lessee prior to the expiration date set forth herein on ten (10) days' written notice delivered or mailed to the Lessor at its address set forth above in the event the Lessor makes any breach or default under this Lease (including, without limitation, any breach of Lessor's obligation to provide maintenance and to keep the Leased Equipment in good working condition), unless any such breach or default is cured within said ten (10) day period. Upon any such termination by Lessee, (i) the rent shall cease as of the effective date of termination and Lessee shall be relieved of all its obligations under this Lease and (ii) Lessee, shall, at Lessee's premises, make the Leased Equipment available for Lessor's removal. Any such termination of the Lease by Lessee shall not deprive Lessee of any of its rights, remedies or actions against the Lessor for damages or other legal redress.

21. USE OF MAINTENANCE FACILITIES. Lessee hereby consents to Lessor's use of Lessee's Locomotive maintenance facilities and fluid containers for Lessor's performance of its maintenance duties. Lessor and its employees shall, during its use, keep all of Lessee's maintenance facilities free of debris and fluids.

22. Lessee hereby agrees and consents to the use of the Leased Equipment on its plant facilities and will not operate, sublease or permit the usage of said Leased Equipment outside the NORTH STAR STEEL TEXAS plant in Vidor, Texas, premises without the expressed written consent of authorized personnel in ISC management.

23. RADIO INSTALLATION. Lessor hereby consents to the installation of two way radios on the Leased Equipment and such radios shall remain the Lessee's property and shall be returned to Lessee upon termination of this Lease. Lessee shall not damage the Leased Equipment in the installation or removal of the radios.

24. ESCALATION OR REDUCTION IN LEASE RATE. After twelve months of the Lease term have elapsed, the monthly lease rate will be adjusted annually based on the National Inflation or Deflation Rate as measured by the Bureau of Labor Statistics Consumer Price Index, however, in no event will annual escalation exceed five percent (5%). For example, if the National Inflation Rate for the first twelve months were seven percent (7%), the maximum rate of five percent (5%) would apply and a monthly lease rate of \$4,725.00 would be in effect for the second twelve months of the lease.

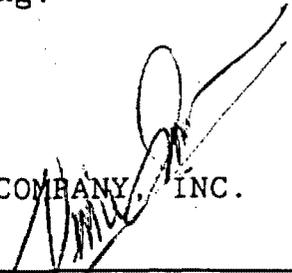
25. MISCELLANEOUS.

- (a) Time is of the essence in this Lease.
- (b) The Lessee may, in whole or in part, assign or sublet this lease of the Leased Equipment, to any party acceptable to Lessor. Lessor agrees not to be unreasonable in determining acceptability of an assignee as long as the assignee is a reputable party.

(c) This Lease constitutes the entire and final Agreement between the parties and may not be amended except by agreement in writing.

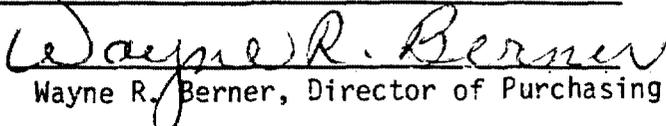
LESSOR:

INMAN SERVICE COMPANY, INC.

By:   
Vince Inman, Executive Vice Pres.

LESSEE:

NORTH STAR STEEL TEXAS, INC.

By:   
Wayne R. Berner, Director of Purchasing

ADDENDUM TO PAGE (3)

The following is a list of AAR and FRA Requirements ISC is required to meet in order for our switch engines to be transported on Line-Haul Carriers rails.

NORTH STAR STEEL TEXAS, INC. AAR AND FRA REQUIREMENTS

ADDENDA - \*Referred to on page two (3) item (14) of the North Star Steel Texas, Inc. Contract.

All window glass in unit

Front and rear headlights must be working

The window wiper must be operating if (installed)

Horn must be operable

Emergency brake system functional according to FRA safety standards

Brake rigging cannot be bent or damaged

Train line hoses and angle cock-valve must be functioning

Pilot Plates (front and rear) intact

All hand rails are required

Coupling levers must be functioning

Wheels must be at least 3/4" thick

Flanges at least 1" thick

Knuckle on front and rear coupling functioning properly

Limit blocks must prevent locomotive frame from touching truck assembly

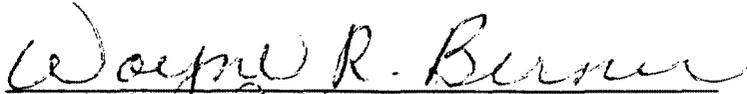
Broken springs in truck assembly are not allowed

All steps must be complete

Permanent lids on battery boxes required

I hereby certify the above stated are those Requirements as specified in the translation of the terms "FRA" "AAR" Requirements listed in item (14) of the North Star Steel Texas Contract.

Corporate Seal -

  
\_\_\_\_\_  
North Star Steel Texas, Inc.

  
\_\_\_\_\_  
ISC Authorized Signature



Inman Service Company Inc.<sup>SM</sup>

*Diesel-Electric*  
**LOCOMOTIVES**

October 21, 1985

Mr. Harold F. Olden  
Superintendent - Steelmaking  
North Star Steel Texas  
Post Office Box 2390  
Old Highway 90  
Beaumont, Texas 77704

RE: Lease or Lease-Sale of  
Locomotive

Dear Mr. Olden:

Supplementing our proposal of August 28, 1985, and confirming our verbal discussion on this date, you will find enclosed a revised copy of the lease contract. We are pleased to also offer the option to North Star of a lease-sale alternative whereby the locomotive would become the property of North Star at the end of seventy-two months and a pro rata payoff basis equivalent to \$730.56 per month would be available after sixty months with the pro rata payoff being computed from the beginning of the lease.

The certificate of insurance will be of the form included in the information left with you. We have asked our insurance agent to forward an original certificate in favor of North Star directly to you. We feel that we have made you a very attractive offer and sincerely hope to be favored with your business. If any obstacle is encountered in your reaching a favorable decision, please let me know and we will attempt to overcome it.

As we discussed, on receipt verbally of a purchase order number, we will immediately dispatch one locomotive to your plant to function as a spare at no charge for a period not to exceed thirty (30) days. The second locomotive will be shipped to arrive at the North Star plant no less than ten days prior to the first day of actuation of the lease.

Please contact me directly if you should have questions or comments.

Sincerely,

James L. Countiss

JLC/ewi

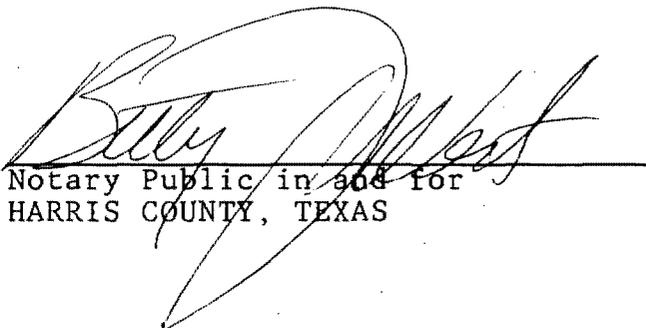
cc: Mr. Wayne R. Berner - North Star  
Enclosures

THE STATE OF TEXAS  
COUNTY OF HARRIS

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Vince Inman and Wayne R. Berner known to me to be the persons whose name subscribed to the foregoing instrument and acknowledged to me that executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS THE 31st day of October, A.D. 1985.

(L.D.)



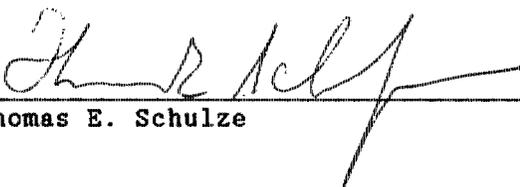
Notary Public in and for  
HARRIS COUNTY, TEXAS

STATE OF MISSOURI     )  
                                  ) SS.  
COUNTY OF ST. LOUIS    )

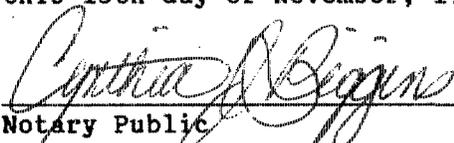
CERTIFICATION OF TRUE COPY

I, Thomas E. Schulze, a member of the Bar of the State of Illinois, do hereby certify that I have compared the attached copy of the document entitled "Locomotive Lease" with an executed original counterpart thereof and find the said attached copy to be in all respects a true, correct and complete copy of the aforesaid executed original counterpart.

IN WITNESS WHEREOF, the undersigned has hereto affixed his signature this 13th day of November, 1985.

  
\_\_\_\_\_  
Thomas E. Schulze

Subscribed and sworn to before me  
this 13th day of November, 1985.

  
\_\_\_\_\_  
Notary Public

My commission expires:  
10-28-88

Cynthia J. Biggins, Notary Public  
St. Charles County, State of Missouri  
My Commission Expires Oct. 28, 1988