

**BALL JANIK LLP**

A T T O R N E Y S

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WASHINGTON, D.C. 20005

TELEPHONE 202-638-3307  
FACSIMILE 202-783-6947

LOUIS E. GITOMER  
OF COUNSEL  
(202) 466-6532

September 8, 1998

RECEIVED  
SURFACE TRANSPORTATION  
BOARD

SEP 8 11 57 AM '98

lgitomer@bjllp.com

RECORDATION NO. 21536-B, C, D FILED

SEP 8 '98 11-57AM

Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, DC 20423

Dear Secretary Williams:

I have enclosed two originals of the first document described below and the original and a certified of the other two documents described below, all to be recorded pursuant to 49 U.S.C. § 11301.

The first document is a Memorandum of Lease Agreement, a secondary document, dated as of September 8, 1998. The primary document to which this is connected is recorded under Recordation No. 21536. We request that one copy of this document be recorded under Recordation No. 21536-B.

The names and addresses of the parties to the Memorandum of Lease Agreement are:

Lessor:

Banc One Leasing Corporation  
1111 Polaris Parkway, Suite A3  
Columbus, OH 43240

Lessees:

Huron and Eastern Railway Company, Inc.  
Saginaw Valley Railway Company, Inc.  
South Central Tennessee Railroad Corporation  
Delaware Valley Railway Company, Inc.  
Dakota Rail, Inc.  
West Texas and Lubbock Railroad Company, Inc.  
Cascade and Columbia River Railroad Company, Inc.  
Otter Tail Valley Railroad Company, Inc.  
Minnesota Northern Railroad, Inc.  
St. Croix Valley Railroad Company, Inc.

*Counterpart of [Signature]*

BALL JANIK LLP

Honorable Vernon A. Williams  
September 8, 1998  
Page 2

301 Yamato Road, Suite 1190  
Boca Raton, FL 33431

A description of the equipment covered by the Memorandum of Lease Agreement consists of six GP-38 locomotives numbered NS 2793 and NS 2811, and HESR 201, 202, 203, and 204; one GP-9 locomotive numbered SCTR (HESR) 103; and two GP-10 locomotives numbered MNR 1001 and 1002.

The second document is a Bill of Sale, a secondary document, dated as of September 2, 1998. The primary document to which this is connected is recorded under Recordation No. 21536. We request that one copy of this document be recorded under Recordation No. 21536-C.

The name and address of the party to the Bill of Sale is:

Seller:

Huron and Eastern Railway Company, Inc.  
301 Yamato Road, Suite 1190  
Boca Raton, FL 33431

A description of the equipment covered by the Bill of Sale consists of four GP-38 locomotives numbered HESR 201, 202, 203, and 204; and one GP-9 locomotive numbered SCTR (HESR) 103.

The third document is a Bill of Sale, a secondary document, dated as of September 2, 1998. The primary document to which this is connected is recorded under Recordation No. 21536. We request that one copy of this document be recorded under Recordation No. 21536-D.

The name and address of the party to the Bill of Sale is:

Seller:

Minnesota Northern Railroad, Inc.  
301 Yamato Road, Suite 1190  
Boca Raton, FL 33431

A description of the equipment covered by the Bill of Sale consists of one GP-10 locomotive numbered MNR 101.

A fee of \$78.00 is enclosed. Please return one original of each document to:

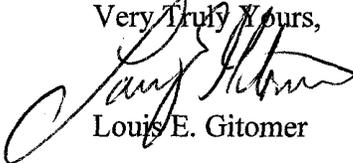
BALL JANIK LLP

Honorable Vernon A. Williams  
September 8, 1998  
Page 3

Louis E. Gitomer  
Of Counsel  
Ball Janik LLP  
Suite 225  
1455 F Street, N.W.  
Washington, DC 20005

A short summary of the documents to appear in the index follows: (1) Memorandum of Lease Agreement between Banc One Leasing Corporation, 1111 Polaris Parkway, Suite A3, Columbus, OH 43240, and Huron and Eastern Railway Company, Inc., Saginaw Valley Railway Company, Inc., South Central Tennessee Railroad Corporation, Delaware Valley Railway Company, Inc., Dakota Rail, Inc., West Texas and Lubbock Railroad Company, Inc., Cascade and Columbia River Railroad Company, Inc., Otter Tail Valley Railroad Company, Inc., Minnesota Northern Railroad, Inc., and St. Croix Valley Railroad Company, Inc., 301 Yamato Road, Suite 1190, Boca Raton, FL 33431, covering six GP-38 locomotives numbered NS 2793 and NS 2811, and HESR 201, 202, 203, and 204; one GP-9 locomotive numbered SCTR (HESR) 103; and two GP-10 locomotives numbered MNR 1001 and 1002; (2) Bill of Sale by Huron and Eastern Railway Company, Inc., 301 Yamato Road, Suite 1190, Boca Raton, FL 33431, covering four GP-38 locomotives numbered HESR 201, 202, 203, and 204; and one GP-9 locomotive numbered SCTR (HESR) 103; and (3) a Bill of Sale by Minnesota Northern Railroad, Inc., 301 Yamato Road, Suite 1190, Boca Raton, FL 33431, covering one GP-10 locomotive numbered MNR 101.

Very Truly Yours,



Louis E. Gitomer

Enclosures

SEP 8 '98

11-57AM

## MEMORANDUM OF LEASE AGREEMENT

This MEMORANDUM OF LEASE AGREEMENT (the "MEMORANDUM"), is made and entered into as of September 8, 1998, by and between BANC ONE LEASING CORPORATION ("Lessor"), and HURON AND EASTERN RAILWAY COMPANY, INC., SAGINAW VALLEY RAILWAY COMPANY, INC., SOUTH CENTRAL TENNESSEE RAILROAD CORPORATION, DELAWARE VALLEY RAILWAY COMPANY, INC., DAKOTA RAIL, INC., WEST TEXAS AND LUBBOCK RAILROAD COMPANY, INC., CASCADE AND COLUMBIA RIVER RAILROAD COMPANY, INC., OTTER TAIL VALLEY RAILROAD COMPANY, INC., MINNESOTA NORTHERN RAILROAD, INC., and ST. CROIX VALLEY RAILROAD COMPANY, INC. ("Lessees"), with reference to the following:

1. Lessor has agreed to purchase and lease to Lessees nine locomotives identified in the Attachment hereto. All of such locomotives are more fully described in that certain Master Lease Agreement dated as of July 27, 1998, and Lease Schedule No. 1000067303 thereto, incorporating the terms thereof and dated as of September 8, 1998 (together with all the rides, schedules, and other attachments thereto, collectively, the "Lease") each between the Lessor and Lessees.

2. The Lease shall be effective as of the date hereof and shall be subject to the term specified in the Lease, and any extension of such term to the extent provided for in the Lease.

This Memorandum of Lease Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one Memorandum of Lease Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed or caused this Memorandum of Lease Agreement to be executed as of the date first above written.

BANC ONE LEASING CORPORATION

By: *Todd A. Henniger*  
Name: *TODD A. HENNINGER*  
Its: *MBR, FUND INC*

HURON AND EASTERN RAILWAY COMPANY, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

SAGINAW VALLEY RAILWAY COMPANY, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

SOUTH CENTRAL TENNESSEE RAILROAD CORPORATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

DELAWARE VALLEY RAILWAY COMPANY, INC.,

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

DAKOTA RAIL, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

IN WITNESS WHEREOF, the parties hereto have executed or caused this Memorandum of Lease Agreement to be executed as of the date first above written.

BANC ONE LEASING CORPORATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

HURON AND EASTERN RAILWAY COMPANY, INC.

By: *Gary O. Marino*  
Name: GARY O. MARINO  
Its: CEO

SAGINAW VALLEY RAILWAY COMPANY, INC.

By: *Gary O. Marino*  
Name: GARY O. MARINO  
Its: CEO

SOUTH CENTRAL TENNESSEE RAILROAD CORPORATION

By: *Gary O. Marino*  
Name: GARY O. MARINO  
Its: CEO

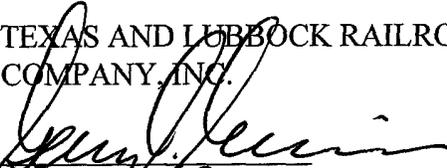
DELAWARE VALLEY RAILWAY COMPANY, INC.,

By: *Gary O. Marino*  
Name: GARY O. MARINO  
Its: CEO

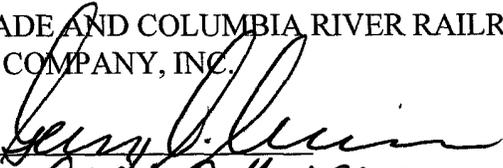
DAKOTA RAIL, INC.

By: *Gary O. Marino*  
Name: GARY O. MARINO  
Its: CEO

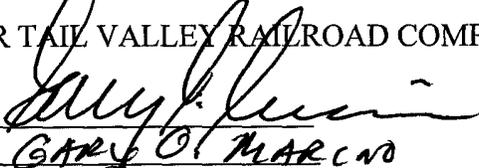
WEST TEXAS AND LUBBOCK RAILROAD  
COMPANY, INC.

By:   
Name: GARY O. MARCINO  
Its: CEO

CASCADE AND COLUMBIA RIVER RAILROAD  
COMPANY, INC.

By:   
Name: GARY O. MARCINO  
Its: CEO

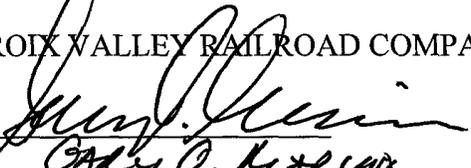
OTTER TAIL VALLEY RAILROAD COMPANY, INC.,

By:   
Name: GARY O. MARCINO  
Its: CEO

MINNESOTA NORTHERN RAILROAD, INC.

By:   
Name: GARY O. MARCINO  
Its: CEO

ST. CROIX VALLEY RAILROAD COMPANY, INC.

By:   
Name: GARY O. MARCINO  
Its: CEO

STATE OF OHIO                    )  
  )ss:  
COUNTY OF DELAWARE    )

On this 3<sup>rd</sup> day of September 1998, before me personally appeared Todd Ehninger, to me personally known, who being by me duly sworn, did say that he is an Authorized Officer of BANC ONE LEASING CORPORATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and that he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(Seal)

James E Adams  
Notary Public

My Commission Expires:

**FRANCES E. ADAMS**  
Notary Public, STATE OF OHIO  
My Commission Expires Feb. 10, 1999

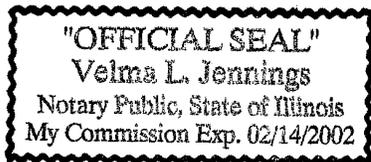
STATE OF IL. )  
 )ss:  
COUNTY OF COOK )

On this 3<sup>rd</sup> day of September 1998, before me personally appeared GARY O. MARINO, to me personally known, who being by me duly sworn, did say that he is an Authorized Officer of Huron And Eastern Railway Company, Inc., Saginaw Valley Railway Company, Inc., South Central Tennessee Railroad Corporation, Delaware Valley Railway Company, Inc., Dakota Rail, Inc., West Texas And Lubbock Railroad Company, Inc., Cascade And Columbia River Railroad Company, Inc., Otter Tail Valley Railroad Company, Inc., Minnesota Northern Railroad, Inc., and St. Croix Valley Railroad Company, Inc., that the seal affixed to the foregoing instrument is the corporate seal of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and that he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(Seal)

Velma L. Jennings  
Notary Public

My Commission Expires: 2.14.02



ATTACHMENT

MODEL	CAR NUMBER
GP-38	NS 2793
GP-38	NS 2811
GP-38-2	HESR 202
GP-38-2	HESR 204
GP-38-2	HESR 201
GP-38-2	HESR 203
GP-9	SCTR (HESR) 103
GP-10	MNR 1001
GP-10	MNR 1002