

# HELM FINANCIAL CORPORATION

One Embarcadero Center • San Francisco, CA 94111

415/398-4510

FAX 415/398-4816

VIA AIR COURIER

September 25, 1996

Mr. Vernon Williams  
Recordations Unit  
Surface Transportation Board  
Department of Transportation  
12th and Constitution Avenue, N.W.  
Washington, DC 20423

20322  
RECORDATION NO. \_\_\_\_\_ FILED 1:25  
OCT 24 1996 9:40 AM  
MERCY COMMISSION



Dear Mr. Williams:

Enclosed are three (3) originals of the Memorandum of Lease of Railroad Equipment dated as of April 1, 1996 between the following parties:

Lessor: Helm Financial Corporation  
One Embarcadero Center, Suite 3700  
San Francisco, CA 94111

Lessee: Dakota, Minnesota & Eastern Railroad Corporation  
337-22nd Avenue South  
Brookings, SD 57006-0178

The equipment involved in this transaction is as follows:

Equipment: Four (4) locomotives (See Schedule A attached for reporting mark & numbers.)

Please file this agreement as a primary document. The filing fee of \$21.00 is enclosed.

Sincerely,

A handwritten signature in cursive script that reads "Chris Dilley".

Chris Dilley  
Administrative Assistant

/cpd  
Enclosure

OCT 24 1996 9:40 AM

**MEMORANDUM OF  
LOCOMOTIVE LEASE AGREEMENT**

THIS MEMORANDUM OF LOCOMOTIVE LEASE AGREEMENT (the "Memorandum") is made as of April 1, 1996 and is intended to evidence that certain Locomotive Lease Agreement dated as of April 1, 1996 (the "Lease") between HELM FINANCIAL CORPORATION, a California corporation ("Lessor"), and DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION, a Delaware corporation ("Lessee"), for the purpose of satisfying the requirements of recordation with the Surface Transportation Board of the Department of Transportation under Section 49 of U.S.C. 11303. Lessor has the right to lease the locomotives, more fully described in Schedule A hereto (the "Units"). Lessee leased from Lessor the Units at the Rent and upon the terms and conditions provided in the Lease.

The Lease and the Units cannot be assigned, subleased or in any way encumbered without the prior written consent of Lessor. Lessee has granted a security interest unto Lessor in and to any and all Payments, as such term is defined in the Lease, including, without limitation, any and all Rent and other Payments pursuant to any sublease of the Units. In the Event of Default, as such term is defined in the Lease, Lessee assigns any and all subleases to Lessor.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum to be executed by their duly authorized representative as of the day and year first above written.

LESSOR

HELM FINANCIAL CORPORATION

By: [Signature]  
Print Name: Richard C. Kirchner  
Its: President

LESSEE

DAKOTA, MINNESOTA & EASTERN  
RAILROAD CORPORATION

By: [Signature]  
Print Name: Kurt V. Feaster, Chief Financial Officer  
Treasurer & Ass't Secretary  
Its: \_\_\_\_\_



*cm*

SCHEDULE A  
TO THE MEMORANDUM OF LEASE

THE UNITS

Equipment Description: Locomotives

<u>Unit Numbers:</u>	<u>Type:</u>
HLCX 4411	GP40-3
HLCX 3951	GP39-2
HATX 175	GP38AC
HATX 176	GP38AC

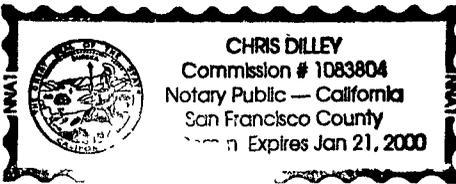
STATE OF CALIFORNIA )  
 ) S.S.  
COUNTY OF SAN FRANCISCO )

On September 3, 1996, before me, Chris Dilley personally  
appeared Richard C. Kirchner, President of HELM FINANCIAL CORPORATION,

personally known to me -OR-

proved to me on the basis of satisfactory evidence to be the person(s)  
whose name(s) is/are subscribed to the within instrument and acknowledged  
to me that he/she/they executed the same in his/her/their authorized  
capacity(ies), and that by his/her/their signature(s) on the instrument  
the person(s), or the entity upon behalf of which the person(s) acted,  
executed the instrument.

Witness my hand and official seal.



[Notarial Seal]

Chris Dilley  
SIGNATURE OF THE NOTARY

STATE OF SOUTH DAKOTA )  
 ) S.S.  
COUNTY OF BROOKINGS )

On August 28<sup>th</sup>, 1996, before me, Joyce E. Hock  
personally appeared Kurt V. Feaster, Chief Financial Officer of  
DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION,

personally known to me ~~-OR-~~

~~proved to me on the basis of satisfactory evidence~~ to be the person(s)  
whose name(s) is/are subscribed to the within instrument and acknowledged  
to me that he/she/they executed the same in his/her/their authorized  
capacity(ies), and that by his/her/their signature(s) on the instrument  
the person(s), or the entity upon behalf of which the person(s) acted,  
executed the instrument.

Witness my hand and official seal.



Joyce E. Hock  
SIGNATURE OF THE NOTARY  
My Commission Expires:  
MAY 5, 2002