

LAW OFFICES

RECORDATION No. 20623

ROSS & HARDIES

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

150 NORTH MICHIGAN AVENUE
CHICAGO, ILLINOIS 60601-7567

312-558-1000

TELECOPIER
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PARK AVENUE TOWER
65 EAST 55TH STREET
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WASHINGTON D.C. 20006-4103
202-296-8600

WRITER'S DIRECT LINE
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April 9, 1997

VIA OVERNIGHT COURIER

Mr. Vernon A. Williams
Secretary
Office of the Secretary
The Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

Attention: Janice Fort, Room 704

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 48 U.S.C. Section 11301(a) are three original executed copies and one photostatic copy of a Memorandum of Lease Agreement, dated as of March 17, 1997 (the "Memorandum of Lease"), which Memorandum of Lease is a primary document as defined in the Commission's Rules for the Recordation of Documents. The Memorandum of Lease relates to that certain Railroad Equipment Lease, dated as of March 5, 1997 (the "Lease") and Rider 1 to the Lease, dated as of March 5, 1997, between JAIX Leasing Company as Lessor, and Dakota, Minnesota & Eastern Railroad Corporation as Lessee,

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

Lessor: JAIX Leasing Company
980 North Michigan Avenue
Suite 1000
Chicago, Illinois 60611

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

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SURFACE TRANSPORTATION
BOARD

Mr. Vernon A. Williams
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A description of the railroad equipment covered by the enclosed document is set forth in the Memorandum of Lease Agreement.

Also enclosed is a check in the amount of \$24.00 payable to the order of The Surface Transportation Board covering the required recordation fee.

Kindly return two stamped original copies, the stamped photostatic copy of the enclosed document and the stamped photostatic copy of this letter to Susan F. Lifvendahl at Ross & Hardies, 150 North Michigan Avenue, Suite 3100, Chicago, Illinois 60601.

Following is a short summary of the enclosed document:

Document to be Recorded

Memorandum of Lease Agreement, dated as of March 17, 1997 between JAIX Leasing Company, as Lessor, and Dakota, Minnesota & Eastern Railroad Corporation, as Lessee, covering 250 open top hopper cars.

Very truly yours,


Susan F. Lifvendahl

w/encl.

cc: Robert W. Kleinman
Susan G. Lichtenfeld

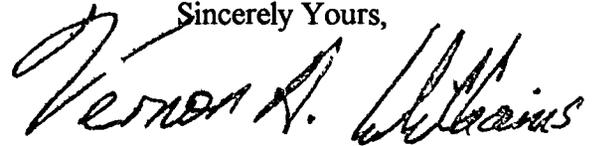
Surface Transportation Board
Washington, D.C. 20423-0001

4/10/97

Dear Madam:

The enclosed document(s) was recorded pursuant to the provisions of 49 U.S.C. 11301
and 49 CFR 1177.3 (c), on 4/10/97 at 3:48 PM and
assigned recordation number(s) 20623.

Sincerely Yours,



Vernon A. Williams
Secretary

Enclosure (s)

\$ 24.00 The amount indicated at the left has been received in payment of a fee
in connection with a document filed on the date shown This receipt is issued for the
amount paid and in no way indicates acknowledgement the fee paid is correct. This is
accepted subject to review of the document which has been assigned the transaction
number corresponding to the one typed on this receipt. In the event of an error or any
questions concerning this fee, you will received a notification after the Surface Transportation
Board has had an opportunity to examine your document.

Signature:



MEMORANDUM OF LEASE AGREEMENT

APR 10 3 48 PM '97

This Memorandum of Lease Agreement is made and entered into as of March 17, 1997, by and between JAIX Leasing Company, (hereinafter referred to as "Lessor") and Dakota, Minnesota & Eastern Railroad Corporation (hereinafter referred to as "Lessee"), respecting that certain Railroad Equipment Lease, dated as of March 5, 1997 (the "Lease"), and Rider 1 thereto, dated as of March 5, 1997 ("Rider 1"), between Lessor and Lessee.

Pursuant to the provisions of the Lease and Rider 1, Lessor and Lessee hereby acknowledge and affirm that:

1. For good and valuable consideration, Lessor is leasing to Lessee and Lessee is leasing from Lessor 250 open top hopper cars marked DME 39000 - DME 39249, inclusive (the "Railcars").
2. The term of the Lease for any Railcar under Rider 1 shall commence on April 1, 1997 and shall terminate no later than March 31, 2002, provided that the Lease may be sooner terminated as provided therein.
3. Lessor and Lessee further acknowledge and affirm that this Memorandum of Lease Agreement is not a summary of either the Lease or Rider 1 nor a complete recitation of the terms and provisions thereof. Accordingly, Lessor and Lessee hereby agree that in the event of a conflict between this Memorandum of Lease Agreement and the provisions of the Lease or Rider 1, the provisions of the Lease or Rider 1, as the case may be, shall control.

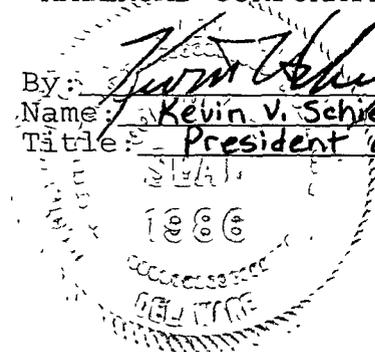
IN WITNESS WHEREOF, each of the parties hereto, pursuant to due corporate authority, has caused this Memorandum of Lease Agreement to be duly executed in its corporate name by its officers, thereunto duly authorized, all as of the date first above written.

JAIX LEASING COMPANY

By: *Edward J. Halen*
Name: EDWARD J. HALEN
Title: PRESIDENT

DAKOTA, MINNESOTA & EASTERN
RAILROAD CORPORATION

By: *Kevin V. Schieffer*
Name: Kevin V. Schieffer
Title: President and CEO

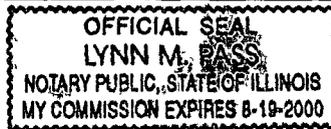


STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

On this 8th day of April, 1997 before me personally appeared Edward J. Whalen, to me personally known, who being duly sworn, says that he is a President of JAIX LEASING COMPANY, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Lynn M. Pass
Notary Public

[NOTARIAL SEAL]



My Commission Expires: 8-19-2000

STATE OF SOUTH DAKOTA)
) SS:
COUNTY OF Brookings)

On this 19th day of March, 1997, before me personally appeared Kevin V. Schieffer, to me personally known, who being by me duly sworn, says that he is the President and CEO of DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION, that said instrument was signed on behalf of said corporation by an officer duly authorized to sign said instrument, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Joyce E. Hock
~~Commissioner for Oaths~~ Notary Public

My Commission expires: 5/1/02

