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Loritz & Associates, Ltd.
1100 Ravinia Place • Orland Park, IL 60462

Richard F. Loritz

RECORDATION NO. 24908 FILED

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APR 14 '04 11-02 AM

SURFACE TRANSPORTATION BOARD
March 10, 2004



Office of the Secretary
Surface Transportation Board
12th Street & Constitution Ave., N.W.
Washington, D.C. 20423-0001

Re: Lease of Locomotive Equipment
National Railway Equipment Co., Lessor
Utah Railway Company, Lessee

Dear Secretary:

I have enclosed an original and one copy of the document described below to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a lease of locomotive equipment and is a primary document dated March 30, 2001. The names and addresses of the parties to the documents are as follows:

Lessor: National Railway Equipment Co.
14400 South Robey
P.O. Box 2270
Dixmoor, IL 60426

Lessee: Utah Railway Company
340 Hardscrabble Road
Helper, Utah 84526

A description of the equipment covered by the document follows:

<u>UNIT NO.</u>	<u>TYPE</u>	<u>GENERAL DESCRIPTION</u>
6615	EMD GP40	Four Axle 3,000 Horsepower
6621	EMD GP40	Four Axle 3,000 Horsepower

Surface Transportation Board
March 10, 2004
Page 2

A fee of \$30.00 is enclosed. Please return the original after recordation to:

Richard F. Loritz
Loritz & Associates
1100 Ravinia Place
Orland Park, IL 60462

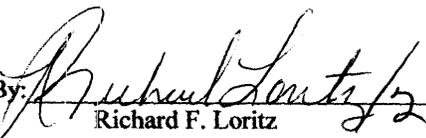
A short summary of the document to appear in the index follows:

A lease of locomotive equipment identified as two (2) locomotives,
with National Railway Equipment Co., as Lessor and Utah
Railway Company, Lessee

I certify under my oath and state that I have compared the copy with the original and I found the
copy to be complete and identical in all respects to the original document.

Very truly yours,

LORITZ & ASSOCIATES

By: 
Richard F. Loritz

RFL/mj
nrec#310.04d

Enclosures

RECORDATION NO. 24908 FILED

GP40

APR 14 '04 11-02 AM

SURFACE TRANSPORTATION BOARD

LOCOMOTIVE LEASE AGREEMENT

THIS LOCOMOTIVE LEASE AGREEMENT ("Lease"), entered into as of this 30th day of March, 2001, between the National Railway Equipment Company, an Illinois corporation, ("LESSOR"), and Utah Railway Company, a Utah corporation, ("LESSEE").

LESSOR AND LESSEE HEREBY AGREE AS FOLLOWS:

1. LEASE AND LEASED PROPERTY

Lessee hereby leases from Lessor, the locomotive(s), ("Locomotives"), together with the parts, accessories, attachments and devices, if any, affixed thereto, as described in Schedule "A" attached to and made part hereof.

2. TERM

The term of this Lease for each locomotive shall be the fixed term set forth in Schedule "A", commencing on the date each locomotive is Accepted (as hereinafter defined) by Lessee ("Commencement Date"). Upon termination of the lease, Lessee shall affect prompt delivery of the locomotive(s) to Lessor at one of its contiguous United States facilities as designated by Lessor at time of termination.

3. RENTAL

A. The rental payable shall be the sum identified in Schedule "A" payable in advance monthly installments, with one months rent payable on acceptance of the locomotive(s) and one months rent to be held as security. If the Commencement Date for any locomotive does not fall on the first day of the calendar month, the first rental payment shall be prorated accordingly.

B. Payments past due for more than thirty (30) days shall bear interest at the rate of eighteen percent (18%) per annum.

C. All rentals shall be paid to Lessor at:

The National Railway Equipment Company
135 South LaSalle Street
Department 1473
Chicago, IL 60674-1473

or at such other address as Lessor may direct in writing.

4. TAXES

Lessee shall pay all use, excise, ad valorem, stamp, documentary and similar taxes on or relating to this lease of the locomotive(s), or the use, registration, rental, maintenance, possession or operation thereof, (excluding any and all taxes imposed on Lessor's income from this Lease or any other source of income), and shall file any returns required therefor, and shall hold Lessor harmless against any liability and expense (including attorney fees and costs) on account of Lessee's failure to do the same.

5. OWNERSHIP AND LESSOR'S INSPECTION

A. The locomotive(s) shall at all times remain the sole and exclusive property of the Lessor.

B. Upon reasonable notice to Lessee, Lessor or its agents shall have free access to the locomotive(s) at reasonable times for the purpose of inspections.

C. No accessions, additions, alterations or improvements to the locomotive(s) of any nature shall be made without Lessor's consent. If any are made without Lessors consent, they immediately shall become part of the locomotive(s) and shall become Lessor's property.

D. Lessor shall keep the locomotive(s), at all times, free and clear from all claims, liens and encumbrances.

E. This Lease is intended to be a true lease of the locomotive(s) and is not and in no way shall be construed as creating a sale of the locomotive(s) to Lessee.

6. DELIVERY/RETURN

A. Prior to and after shipment from Lessor's facility, Lessee shall have the right, but not the obligation, to inspect and observe the operation of each locomotive. Upon Lessee's approval, Lessor will ship the locomotive at Lessee's expense and as directed by Lessee. Delivery of the locomotive(s) shall be to the Lessee's Provo, Utah Yard. Upon arrival at Lessee's Provo, Utah Yard, the locomotive shall be put into service as promptly as possible.

B. Except as set forth in Paragraph 11, upon expiration or other termination of this Lease, Lessee shall return such locomotive(s) to Lessor at one of its designated contiguous United States facilities in good order and condition, reasonable wear and tear accepted. Prior to shipment from Lessee's facility, Lessee and Lessor shall jointly inspect each locomotive and Lessee shall, subject to the preceding sentence, cause any repairs that are necessary and reasonable to be made to the locomotive at Lessee's expense. Lessee shall bear freight return costs. If repairs are not made as required as set forth in the preceding sentences, then Lessee shall pay or reimburse Lessor for any reasonable and ordinary expenses incurred by Lessor in returning the locomotive(s) to good order and condition, reasonable wear and tear excepted

7. LESSEE'S INSPECTION/WARRANTY DISCLAIMER

A. Lessee hereby acknowledges that Lessee will have the right, but not the obligation to inspect and test each locomotive prior to and/or after delivery of same. The completion of an Acceptance Certificate for each locomotive by Lessee will constitute acknowledgment that they have been received in good condition and repair except as thereon noted by Lessee.

B. Inspection of the locomotive(s) prior to and/or after shipment, and execution of a Schedule with respect thereto by Lessee, shall constitute Lessee's acknowledgment that the locomotive(s) are of the manufacture, design and utility, quality and capacity selected by the Lessee. Lessor, to the extent permitted by law or contract, hereby assigns to Lessee any and all manufacturer's warranties. In addition, Lessor warrants the engine crankshaft, alternator/generator, air compressor and traction motors for one hundred eighty (180) days from date of Acceptance as specified in 7C below. This warranty shall cover the cost of repair or replacement of the component only (the decision on repair versus replacement shall be at Lessor's discretion after consultation with Lessee) and will not include the cost of labor associated with the component without the written authorization of Lessor. LESSOR MAKES NO REPRESENTATION OR WARRANTY EXPRESS OR IMPLIED, WITH RESPECT TO THE, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE LOCOMOTIVE (S), AFTER ACCEPTANCE BY LESSEE and Lessor hereby disclaims all such representation and warranties.

C. Lessee shall complete a Certificate of Acceptance (Acceptance) for each locomotive after it has been delivered and inspected by Lessee at Lessee's yard at Provo, Utah.

8. USE AND MAINTENANCE

Lessee agrees that:

A. Lessee shall be responsible and pay for all registrations, certificates, and permits, and all other similar requirements of governmental authorities, whether required to be obtained in the name of the Lessor or Lessee, pertaining to the use and operation of the locomotives.

B. The locomotive(s) shall be used and operated only by properly qualified, trained and registered personnel authorized by Lessee.

C. Lessee shall materially comply with all federal, state, municipal and local laws, ordinances, and rules, and regulations relating to the possession, insuring, use and operation of the locomotive(s).

D. Lessee shall be solely responsible for the payment of any and all fines, penalties or forfeitures (including without limitation the confiscation of the locomotive(s)) levied upon or arising out of the use, operation, maintenance or insuring of the locomotive(s) in violation of any law, ordinance, rule or regulation of any governmental authority, by Lessee or its agents.

E. Lessee shall pay all costs, expenses and charges incurred in connection with the maintenance, lease, use and operation of the locomotive(s) following Acceptance as described in 7C above, and subject to the terms of 6B above pertaining to reasonable wear and tear.

F. Lessee shall maintain the locomotive(s) in good mechanical condition and running order in compliance with OEM specifications and safety rules and applicable regulations now or hereafter promulgated by applicable governmental authorities.

G. Lessee shall keep and maintain any and all books and records and make any filings required of Lessee, in accordance with 8A above, by any governmental authority with respect to the possession, lease, use or operation of the locomotive(s).

9. INSURANCE/INDEMNIFICATION

A. Public liability insurance providing coverage in an amount not less than three million (\$3,000,000.00) dollars combined single limit per occurrence shall be provided by Lessee at Lessee's sole expense throughout the term of this Lease. The insurance policy or policies providing the foregoing coverage shall:

- i. be written by an insurance company or companies authorized to transact business in all of the states in which the locomotive(s) will be used and operated.
- ii. name Lessor, as additional, insured party.
- iii. protect the interests of Lessor and Lessee, including Lessee's authorized operators, with respect to liability for injuries to or the death of third party persons and damage to or loss of use of property of third persons resulting from the ownership, maintenance, use or operation of the locomotive(s).
- iv. provide by endorsement or otherwise that the coverage shall be primary coverage as to Lessor.
- v. provide that the insurance company or companies issuing such policy or policies shall notify Lessor of any cancellation thereof at least thirty- (30) days prior thereto.

B. Lessee, at Lessee's sole expense, shall provide collision and comprehensive physical damage insurance on each locomotive. The insurance policy or policies providing the foregoing coverages shall:

- i. be written in standard form by an insurance company acceptable to Lessor.
- ii. provide coverage in an amount not less than the replacement value of the locomotive(s).
- iii. provide for losses to be payable to Lessor and Lessee as their respective interests may appear.

C. Lessee shall furnish Lessor with a certificate(s) of insurance or other evidence of said insurance coverage.

D. Notwithstanding that Lessee shall provide certain insurance hereunder, Lessee does hereby agree to defend, indemnify, protect and hold harmless Lessor and any assignees or successors of Lessor, and their respective employees and agents, from and against any and all losses, liabilities (including without limitation strict liability imposed by law), damages, injuries, demands and expenses (including legal expenses) of whatsoever kind and nature, resulting from or arising out of the use, operation or ownership by Lessee of any locomotive, and the condition of any locomotive not maintained by Lessee in accordance with this Lease. This covenant of indemnity shall continue in full force and effect notwithstanding the termination of this lease or the termination of the lease of any locomotive.

E. Lessee assumes and agrees to indemnify, protect and hold free and harmless Lessor, any assignee or successor of Lessor, and their respective employees or agents, from any loss, damage, theft or destruction of any locomotive. In the event of damage to a Locomotive, Lessee shall

immediately place the same in good repair (ordinary wear and tear excepted). If Lessee, to the extent not covered by insurance, in the exercise of its reasonable judgment, determines that any item of Equipment is lost, stolen, destroyed, damaged beyond repair or rendered permanently unfit for use for any reason, or in the event of condemnation or seizure of a Locomotive, Lessee shall (at Lessee's option provided Lessee is not then in default under the Lease) (i) replace such locomotive with substantially similar equipment of equal or greater value and in good repair and transfer title thereto to Lessor free and clear of any all liens, claims and encumbrances of any kind or nature whatsoever, or (ii) pay Lessor in cash the sum of (a) any installments of rent and other amounts payable by Lessee hereunder with respect to such item due but unpaid at the date of such payment plus (b) the Stipulated Loss Value of such Locomotive determined in accordance with Schedule A. Upon payment of such amount to Lessor, such item shall become the property of Lessee, Lessor will transfer to Lessee, without recourse or warranty, all of Lessor's right, title and interest therein, the rent with respect to such item shall terminate, and the basic rental payments on the remaining items shall be reduced accordingly. Lessee shall pay any sales and use taxes due on such transfer.

F. If Lessee shall fail to obtain or maintain the insurance coverage required in this lease, or shall fail to furnish Lessor with evidence thereof, Lessor at its option, may obtain such required insurance coverage on behalf of Lessee and at Lessee's expense.

10. ASSIGNMENT.

WITHOUT LESSOR'S PRIOR WRITTEN CONSENT, LESSEE WILL NOT SELL, ASSIGN, SUBLET OR OTHERWISE ENCUMBER OR PERMIT A LIEN ARISING THROUGH LESSEE TO EXIST ON OR AGAINST ANY INTEREST IN THIS LEASE OR THE LOCOMOTIVES. Lessor may assign its interest in this lease and sell or grant a security interest in all or any part of the Locomotives without notice to or the consent of Lessee. Lessee agrees not to assert against any assignee of Lessor any claim or defense Lessee may have against Lessor, it being understood that in the event of a default or breach by Lessor, Lessee shall pursue any rights on account thereof solely against Lessor. Lessor and Lessee further agree that no such assignment shall change Lessee's duties or obligations under this lease or increase Lessee's risks or burdens, all of which shall remain as set forth herein. Each party to this Lease acknowledges notice of and consents in all respects to, the terms of this Lease.

11. RENEWAL/PURCHASE OPTION

So long as no Event of Default shall have occurred and be continuing, the Lessee may upon 90 days notice, elect the option to renew the Lease or purchase the locomotive at the end of the initial lease term. The renewal/purchase options are listed on Schedule A. The Lessee shall elect either option with a written notice.

12. FINANCIAL DATA

Upon the written request of Lessor, Lessee shall furnish to Lessor, the audited financial statements of Lessee's parent company, Mueller Industries, Inc. and such other reports and statements concerning this Lease and the locomotive(s) as Lessor reasonably may request.

13. DEFAULT

Failure by Lessee to perform as outlined in (i) and (ii) below shall be reason for Lessor to begin default actions, however, Lessee shall not be in default until the time and events described in (iii)

below shall have elapsed ("Reason for Default").

- i. Failure to make the payment when due of any installment of rental hereunder or of any other obligation for the payment of money now or hereafter owed by Lessee to Lessor.
- ii. Failure to timely perform any other liability, obligation, covenant or agreement hereunder.

iii. In the event Lessee fails to perform as described in (i) and (ii) above, Lessor shall give written notice of Default to Lessee by US Postal Certified Mail or Commercial Courier, return receipt requested, at the address listed herein. Lessee shall thereafter have fifteen (15) business days to cure such Reason for Default or Lessee will be declared in Default. "Business days" as used herein means all weekdays except for federal and Utah State holidays.

14. REMEDIES UPON DEFAULT

A. Upon the occurrence of any Event of Default or at any time hereafter, Lessor, in its sole discretion, may take any one or more of the following actions with respect to the locomotive(s):

- i. Declare all unpaid amounts of rental to be immediately due and payable.
- ii. Terminate the lease of any or all locomotives by written notice to Lessee.
- iii. Require that Lessee shall, upon written demand by Lessor and at Lessee's expense, promptly make available to Lessor at Lessee's expense, any or all Equipment at places designated by Lessor, which is reasonably convenient to both parties.
- iv. Use, hold, sell, lease or otherwise dispose of any or all such locomotive(s) as Lessor in its sole discretion may decide, without affecting the obligations of Lessee as provided in this Lease.
- v. Proceed by appropriate action either at law or in equity to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof or to rescind the lease hereunder of any or all locomotive(s).
- vi. Exercise any and all rights and remedies available to Lessor under any applicable law. In addition, Lessee shall be charged with and shall pay to Lessor all reasonable costs and expenses of Lessor incurred as a result of each Event of Default by Lessee.

B. None of the rights and remedies under or referred to in this paragraph 14 is intended to be exclusive, but each such right or remedy shall as to each locomotive be cumulative and may be availed of separately or concurrently with or in addition to any other right or remedy provided or referred to herein or otherwise available to Lessor at law or in equity. Any repossession or subsequent sale or lease by Lessor of any locomotive shall not bar an action against Lessee for a deficiency.

C. Without limitation of any rights of Lessor otherwise existing or otherwise available to Lessor, it is expressly covenanted and agreed by the parties hereto that in the event of any assignment by operation of law of this Lease or of any lease hereunder, or of a bankruptcy of

Lessee within the meaning of the Federal Bankruptcy Act, then Lessor may, at Lessor's election, terminate this Lease or any one or more leases hereunder.

15. RECORDATION OF LESSOR'S INTEREST

Lessee agrees to execute all recording documents requested by Lessor to show Lessor's interest in the locomotive(s). Lessee further authorizes Lessor to execute and file financial statements or other documents evidencing Lessor's interest in the locomotive(s) without Lessee's signature.

16. OBLIGATIONS OF LESSOR

A. Lessor shall deliver the locomotives to Lessee in good operating condition and in compliance with all applicable laws and regulations, and licensing requirements.

B. Lessor shall indemnify and hold harmless Lessee, its affiliates, parcels and assigns, of and from any and all claims and liabilities caused by or arising out of its negligence or intentional actions, and its violation of 16A, including, but not limited to, personal injury, property damage, death, whether to Lessee, its employees or agents, or third parties.

C. Lessor shall indemnify and hold harmless Lessee, its affiliates, parents and assigns, from and of any claims and liabilities for alleged infringement of any intellectual property.

D. Lessor shall name Lessee as an additional insured of its insurance policies.

17. MISCELLANEOUS

A. This Lease and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Illinois.

B. Neither this Lease nor any schedule shall be amended, and no provision hereof or of any Schedule shall be waived or varied unless by a writing signed by the parties.

C. No delay or omission by Lessor or Lessee in exercising any right hereunder shall operate as a waiver of such right or any other right. A waiver by Lessor or Lessee of any Event of Default by the other party shall not be construed as a waiver of any future occasion.

D. In case any provision (or portions thereof) in this Lease shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions (or portions thereof) hereby shall not in any way be affected or impaired thereby.

E. This Lease shall be binding upon and inure to the benefit of Lessor and Lessee and their respective successors.

F. All notices permitted or required to be given pursuant to this Lease shall be mailed by U.S. Postal Certified Mail or Commercial Courier, return receipt requested to the parties at the following addresses or at such other addresses as each party may notify the other.

If to Lessor: The National Railway Equipment Co.
P.O. Box 2270
Dixmoor, Illinois 61282

If to Lessee: Utah Railway Company
340 Hardscrabble Road
Helper, Utah 84526

WITNESS WHEREOF, the parties have executed this Lease the day and year first mentioned above.

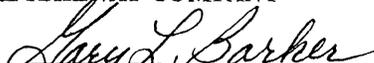
LESSOR:

LESSEE:

NATIONAL RAILWAY EQUIPMENT CO.

UTAH RAILWAY COMPANY

BY: 

BY: 

NAME: Patrick C. Frangella

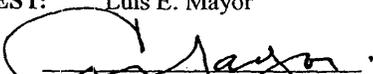
NAME: Gary L. Barker

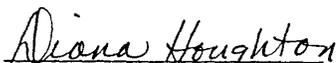
TITLE: Vice President & G.M.

TITLE: President

ATTEST: Luis E. Mayor

ATTEST:

BY: 

BY: 

TITLE: Vice President &
Director of Finance

TITLE: Office Mgr.

SCHEDULE "A"

Attached to and incorporated into the Lease dated the 30th day of March, 2001 by and between the National Railway Equipment Co. (LESSOR) and Utah Railway Company (LESSEE).

Type and General Description of Locomotive Unit, Marks and Numbers:

UNIT NO.	TYPE	GENERAL DESCRIPTION
6615	EMD GP40	Four Axle 3,000 Horsepower
6621	EMD GP40	Four Axle 3,000 Horsepower

LEASE RATE

UNIT NO.	REPLACEMENT VALUE	LEASE TERM	LEASE RATE PER LOCOMOTIVE	
			MONTHLY	DAILY
6615	\$315,000.00	60 Months	\$4,562.50	\$150.00
6621	\$315,000.00	60 Months	\$4,562.50	\$150.00

PURCHASE OPTION: Subject locomotives may be purchased at the end of the 60 month lease period at a buyout price of \$150,000.00 per locomotive (each).

COMMENCEMENT DATE: March 30th, 2001

Lessee agrees to pay the first month of rent and one month's rent to be held as security with their execution of the lease.

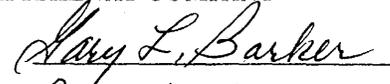
LESSOR: THE NATIONAL RAILWAY EQUIPMENT CO.

BY: 

NAME: Patrick C. Frangella

TITLE: Vice President & G.M.

LESSEE: UTAH RAILWAY COMPANY

BY: 

NAME: GARY L. BARKER

TITLE: PRESIDENT

The National Railway Equipment Company

QUALIFICATION WORK SCOPE FOR GP40 LOCOMOTIVES

A. ENGINES

1. Cylinders to be inspected for scoring, scuffing, broken rings, and high ring land wear per OEM specifications. Any assembly with a .090+ lead reading will be replaced.
2. Leads to be taken on each assembly. All defects will be corrected.
3. Lube oil samples taken prior to start up and after load test.
4. Rods and main bearings visually inspected and spot checks made. Bearings replaced as required.
5. Injectors, rockers and valve bridges replaced as required.
6. Turbochargers inspected. Defects corrected or replaced as necessary.
7. Engine load tested and governors and racks set to gain proper horsepower.
8. Oil leaks corrected.
9. Check exhaust for leaks and repair or replace as necessary.

B. TRUCKS

1. All wheels to be a minimum of 1 1/2" inch wheel thickness above the witness mark and flanges to be no more than 0 to 6.
2. Bad order brake shoes to be renewed.
3. Bent or off running shoes and rigging to be repaired.
4. Bad order pedestal liners replaced when cracked or out of limits.

5. Traction motors will be inspected and repaired or replaced as necessary.
6. Motor supports, wicks and journal boxes will be serviced and inspected.
7. Gear case leakage will be corrected and all relubed per standards.
8. Sander at present combination between single and inboard will be repaired in kind.
9. Center bearing and side bearing clearances to be within specification.
10. Trucks cleaned as necessary.
11. Axles shall be roller bearing equipped.

C. ALTERNATOR

1. Electrically qualified for service.
2. Brushes renewed as required.
3. Commutators and Slip Rings to meet specification.
4. Interior cleaned as practical.
5. Armature bearing monitored for noise and repaired as necessary.
6. Diodes checked and replaced as necessary.

D. ELECTRICAL SYSTEM

1. Will be inspected for defects and corrected.
2. Free locomotive of grounds.
3. System function test all circuits.
4. Cycle and recalibrate transition circuits.
5. Install good batteries.
6. Set voltage regulation.

7. Apply all missing covers.
8. Apply all light bulbs as necessary.
9. Load test system.
10. Replace brushes as required.
11. Install Ditch Lights if not already equipped (front only).
12. Install Dummy Receptacles on both end if not so equipped.

E. AIR SYSTEM

1. Perform a fresh 92-day inspection per FRA requirements.
2. Inspect air compressor for pumping oil. Repair or replace as necessary.
3. Renew air intake filters.

F. COOLING SYSTEM

1. Inspect for leaks while under hydro test and correct defects.
2. Load test and monitor all systems.

G. LUBE OIL SYSTEM

1. Repair leaks as necessary.
2. Load test and monitor temperature difference on lube oil cooler, repair as necessary.

H. FUEL SYSTEM

1. 60 lb. test to engine fuel lines and injectors for leakage.
2. Change all filters.
3. All units to be equipped with fuel gauges, check for accuracy and repair if necessary.

I. ENGINE AIR FILTERS

1. Renew all filters on engine air intake.
2. Car body filters, if equipped, will be renewed.

J. LOAD TEST

1. Do standard 4-hour load test.
2. Adjust and correct defects.

K. CAB AND MISCELLANEOUS

1. Install side wall heaters if not so equipped.
2. Install high back seats with armrests.
3. Provide radio and head-end device brackets, antennae and electrical connections.
4. Vent Automatic Brake air outside the cab if not so equipped.
5. Provide mirrors on both sides.
6. Equip with locomotive alerter/event recorder system.
7. Equip with axle generator and associated wiring and hardware AND Speed Control kit, cable bracket and wiring for Model Q-88200/5 Q- Tron Speed Control II Pace Setter.
8. Install Retention Tanks if not so equipped.